

The Everest Alternative Investment Trust (EAIT) has exposure to a portfolio of absolute return funds and selected direct investments. The objective of the Investment Portfolio is to generate attractive risk-adjusted absolute returns over the medium-to-long term.

Fund facts as at 28 February 2009

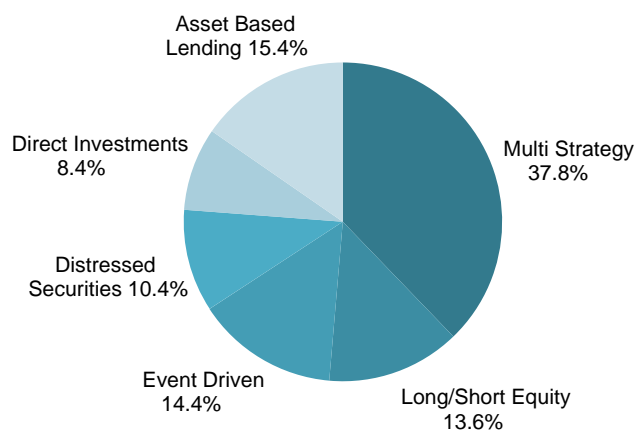
Monthly return ¹	0.00%
NTA as at 28 February 2009 ^{1,2}	\$2.29
Leverage ratio ³	60.5%

NTA returns (net)²

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009¹	-2.97% ⁴	0.00%											-2.97%
2008	-4.18%	0.77%	-2.29%	1.04%	1.80%	-2.15%	-1.58%	-2.14%	-9.84%	-15.15%	-8.57%	-7.81%	-41.02%
2007	2.60%	-0.13%	2.33%	2.51%	-4.89% ⁵	0.65%	0.00%	-3.44%	1.27%	3.27%	-1.70%	0.74%	2.90%
2006	4.15%	-0.21%	2.63%	2.01%	-3.94%	0.32%	-2.40%	1.72%	1.69%	2.85%	3.70%	2.67%	15.92%
2005	-	-	-	-3.60%	1.00%	2.71%	4.80%	0.23%	3.20%	-3.76%	2.76%	2.46%	9.83%

- 1 Unaudited – In calculating the NTA, EAIT asset values have been calculated using unaudited absolute return fund performance estimates for the month being reported.
- 2 For the purposes of calculating the above figures, the Australian Equivalents to International Financial Reporting Standards (AEIFRS) have been applied (other than for classification of net assets attributable to unitholders of EAIT where Australian Generally Accepted Accounting Principles (AGAAP), as applied before the introduction of AEIFRS, have been used).
- 3 Gross Debt / Gross Assets
- 4 On 29 January 2009, the EBI portfolio was split proportionately between EAIT and EBI; accordingly historical performance figures before that date are for EBI.
- 5 The May 2007 monthly NTA performance was impacted by the EBI rights issue and placement which were completed that month and does not include the implied value of EBB shares received by investors who successfully participated in the EBI capital raising. The May 2007 performance of the underlying investment portfolio (excluding the effect of the capital raising) was +2.40%.

Investment strategy exposure (excluding cash)*



- * Exposure numbers may not total exactly due to rounding. Based on the gross value of the Investment Portfolio. Does not include impact of FX, interest rate or equity hedges. Investment strategy and exposure data as at the first business day of the following month. Top ten exposures shown on a look through basis, as appropriate. The investment strategy exposure chart is shown net of cash. As at the date of this report there was approximately US\$ 78.3 million cash in EAIT. It is our intention to use the cash to cover FX liabilities and progressively reduce the leverage of EAIT over the medium term.

EAIT top ten exposures*

Fund	Strategy	Weight
Drawbridge Special Opportunities	Asset Based Lending	8.6%
TPG Axon	Multi Strategy	7.9%
Eton Park	Multi Strategy	4.7%
Perry Partners	Event Driven	2.9%
Silver Point	Distressed Securities	2.3%
Shumway	Long/Short Equity	2.2%
Marathon Special Opportunities	Distressed Securities	2.0%
ESL Investments	Long Biased Equity	1.8%
Atticus Global	Event Driven	1.7%
Taconic	Event Driven	1.7%
Total		35.8%

EAIT performance versus market benchmarks as at 28 February 2009

	February 2009	Calendar YTD	Rolling 12 months	Since Inception ¹	Annualised Rate of Return Since Inception
EAIT ²	0.00%	(2.97)%	(40.73)%	(25.02)%	(7.09)%
HFRX Global Hedge Fund Index	(0.38)%	(0.72)%	(22.44)%	(8.62)%	(2.28)%
MSCI World Index ³	(8.96)%	(15.41)%	(42.39)%	(27.71)%	(7.95)%
S&P 500 ⁴	(10.65)%	(18.18)%	(43.32)%	(32.49)%	(9.54)%

¹ Cumulative since inception performance not annualised. ² On 29 January 2009, the portfolio was split proportionately between EAIT and EBI; accordingly historical performance figures before that date are for EBI. ³ Refers to The MSCI World net index, local currency. ⁴ Refers to S&P 500 Total Return Index. Please note: MSCI has ceased publishing the previously used Hedge Invest Index.

Investment commentary

February marked another poor month for global equity markets. The MSCI World index was down 8.9% whilst in the US the S&P 500 index was down 10.6%. This result was the worst February performance for the US equity markets since 1932, as continued poor economic data releases left investors with few reasons to celebrate.

Poor US auto sales of 9 million annually highlighted the plight of consumers' strained balance sheets and reduced access to credit. A little over a year ago, this rate was running at over 15 million vehicles per year. The significant volume declines and fixed cost bases continued to play havoc with the auto manufacturers. Elsewhere, new housing starts remained low, whilst the latest consumer confidence and retail sales declines left businesses with little choice but to shut down capital expenditure.

The virtuous cycle of excess liquidity and easy money is now well and truly a vicious cycle of deleveraging and wealth destruction. Our investment managers believe that significant demand was 'pulled forward' in the last few years, and as such any economic turnaround will be slow and subdued. This is a view that we share.

Markets had remained stable throughout the month, however concerns that firms will need to cut production due to falling demand and concerns over earnings stability, given pressure on government budgets, led to uncertainty and equity market falls in the last week of the month. Our managers continue to believe these issues are already priced into the prices of certain stocks. Whilst the size of the moves in the markets were comparable to the weakness in late 2008, our investment managers continue to note that market behaviour is much more orderly and fundamentally driven. With this in mind, our investment managers continue to position their portfolios with low market exposure. This has served the fund well; EAIT performance was flat for February against the backdrop of falling markets.

The portfolio's long/short equity investment managers continue to defensively position their investments by introducing a higher return hurdle on their portfolios, reducing exposure to less attractive positions and

minimising overall gross and net equity exposures. By focusing on more defensive sectors with clearer earnings

visibility and less GDP sensitive companies (healthcare, defence and consumer staples) these managers were largely able to preserve capital in a falling market.

For the month the portfolio's top performing long/short equity investment manager returned +2.5%, whilst our worst performing returned -8.8%. The portfolio's top performing long/short equity investment manager profited from their defensively positioned portfolio (pharmaceutical, medical devices, credit card transaction processors) and low market exposure. The worst-performing long/short equity manager faced losses on some of their financials positions and shorts on consumer retail (restaurants) which appreciated during the month. However, several managers were able to reap significant profits on the short side of their portfolios.

The portfolio's multi strategy investment managers also had a good month in light of the market turmoil. Average performance across the multi-strategy portfolio was +0.3%, with the top performing manager returning +1.6% and the worst performing returning -0.9%. The multi strategy investment managers posted positive returns, beginning the month well positioned having lightened their corporate credit exposures in the January credit rally. By maintaining low exposures, broad diversification and high cash balances, these investment managers were able to preserve capital, whilst maintaining upside optionality within their equity portfolios. These managers continue to see attractive relative value investment opportunities within (and between) equities, convertible bonds and credit basis trades (an arbitrage between cash bonds and credit derivatives). The portfolio's multi strategy managers profited with their credit/commodity exposures and certain agricultural stocks, whilst certain company specific announcements detracted from performance.

With the deteriorating economic environment, corporate defaults have accelerated pace. The notional value of defaults in the first two months of the 2009 year has already exceeded the calendar year 2008 levels. The portfolio's distressed securities investment managers

continue to find senior secured, first lien loans attractive and agree that these are likely to be the 'fulcrum' security in any default. During the month, some of the distressed managers were able to find profitable short positions in retailers, insurance companies and REIT's through a combination of equity and credit default swap positions. The portfolio's distressed investment managers have been

measured in their approach to deploying capital, with the expectation that defaults will continue throughout 2009 with poor recovery rates amid the slower economic recovery. Nonetheless, they expect good restructuring opportunities to present themselves going forward, given banks remain capital constrained and the elimination of the securitisation market.

The funds management industry (both traditional and absolute return funds) continues to experience unprecedented levels of client redemption requests. These higher demands for investor liquidity have also coincided with a sharp reduction in market liquidity which has resulted in a number of investment managers suspending or restricting client redemptions. The industry sectors which have imposed restrictions on redemptions is wide and include funds investing in the money markets, high yield debt, property, mortgage trusts and absolute return funds. EAITs investment managers have not been immune to this and as announced in previous reports a small number of the portfolio's underlying investment managers have imposed gates on our redemption requests. However, we believe our investment managers remain well positioned from a capital position; overall their redemptions remain manageable with some managers receiving net inflows in the current environment.

Moving forward we intend to rebalance the investment portfolio to reflect the current investment environment and have already started this process with the redemption from certain underlying investment managers. As part of our ongoing due diligence process, during March 2009 members of the investment team are meeting existing underlying investment managers and conducting on-site due diligence on prospective investment managers. We anticipate this research visit will highlight a number of investment opportunities which the Fund and investors can benefit from.

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