

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 31 March 2009

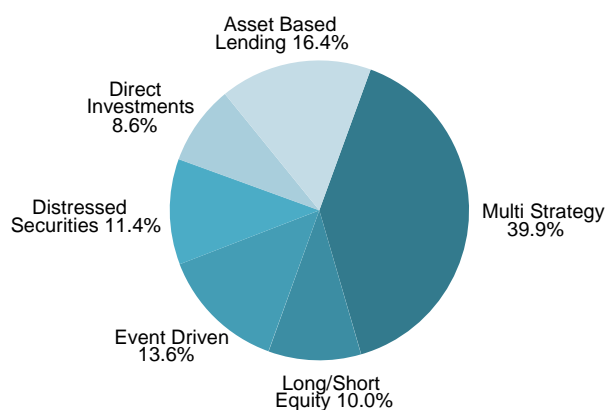
Monthly return ¹	0.00%
NTA as at 31 March 2009 ^{1,2}	\$2.29
Leverage ratio ³	58.7%
Gross Assets	A\$ 268.9 million

NTA returns (net)²

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009¹	-2.97% ⁴	0.00%	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\$ 87.3 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	8.7%
TPG Axon	Multi Strategy	8.3%
Perry Partners	Event Driven	3.0%
Eton Park	Multi Strategy	2.9%
Silver Point	Distressed Securities	2.4%
Shumway	Long/Short Equity	2.4%
ESL Investments	Long Biased Equity	2.1%
Taconic	Event Driven	1.8%
Euroports	Direct investment	1.7%
Marathon Special Opportunities	Distressed Securities	1.7%
Total		35.1%

EAIT performance versus market benchmarks as at 31 March 2009

	March 2009	Calendar YTD	Rolling 12 months	Since Inception ¹	Annualised Rate of Return Since Inception
EAIT ²	0.00%	-2.97%	-39.39%	-25.02%	-6.95%
HFRX Global Hedge Fund Index	-0.03%	0.69%	-20.51%	-8.65%	-2.24%
MSCI World Index ³	6.36%	-10.04%	-37.40%	-23.12%	-6.36%
S&P 500 ⁴	8.76%	-11.01%	-38.09%	-26.57%	-7.43%

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.

Market Commentary

March was a strong month for world equity markets. The MSCI World Index gained 6.4% whilst in the US the S&P 500 index was up 8.8%. Nevertheless, the strong results masked a highly volatile month.

For example, by March 9th, the S&P 500 index had declined 8% and it appeared likely that the sharp losses of January and February would continue into the quarter end. However, the market's mood swung to optimism as investors began to focus on news with any positive semblance, such as reports that US consumer spending was higher and durable goods inventories were down. This news, along with the myriad of US government announcements such as the Public Private Investment Program (PPIP), led to one of the biggest intra-month rallies on record. The S&P 500 gained 23.1% from its lows to reach an intra-month peak on March 26th. It is still worthwhile noting that despite the rally, the S&P 500 still posted one of the worst quarterly returns to date - down 11.7%

Meanwhile, credit markets were largely range bound and did not experience the swings of the global equity markets. For the month of March, the Merrill High Yield Master II index was up 3.3% whilst the S&P/LSTA Leveraged Loan Index was up 2.4%. Credit spreads remain at elevated levels with US high yield bonds offering a massive 17% spread above benchmark treasury rates. During the month the US Treasury also announced the Term Asset-backed Securities Loan Facility (TALF) - another initiative in the government's continued effort to increase liquidity within credit markets amid the negative environment of rising default rates. More generally, the level of US government intervention has been without precedent. As Warren Buffett stated in his most recent annual letter, "Government is determining the 'haves' and 'have-nots'...At the moment, it is much better to be a financial cripple with a government guarantee than a Gibraltar without one."

Our investment managers are analysing the impact and opportunities presented by schemes such as the TALF and PPIP, but generally remain unconvinced of the investment case of buying impaired assets at higher than market prices while using leverage to enhance returns (even if that leverage is provided by the government on attractive terms). In this environment, our investment managers are

avoiding leverage and focusing on buying undervalued assets that can produce attractive risk and reward characteristics on an unlevered basis.

Finally, the Federal Reserve's printing of money to purchase US Treasuries and support the financial system has led to increasing concerns about the longer term effects of inflation and a weakening US dollar. In response, a number of investment managers have taken long positions in gold and gold producers.

The US auto industry continues to struggle and the dire situation of new car sales was discussed in last month's report. GM and Chrysler have been the beneficiaries of highly conditional government loans to forestall bankruptcy and allow time for restructuring plans to be organised. During the month, GM's Rick Wagoner was forced to step down as CEO when the US government rejected his restructuring plans as unworkable. GM has been given 60 days to strengthen their restructuring plan, whilst Chrysler was given a mere 30 days to negotiate a deal with Fiat in order to receive additional government funds and avoid liquidation.

The equity market rally in March was no doubt a relief for many investors. However our investment managers do not believe that this market rally is sustainable. The global economy remains weak and is expected to continue to decline, albeit at less precipitous rate than the experience of the fourth quarter. The March rally was characterised by a repositioning towards cyclical and economically sensitive stocks and away from defensively positioned businesses. This shift appears to have been predicated on the judgment that significant bad news has already been priced in and expectations are low. As one of our investment managers suggested, when investors are repositioning their portfolios they "rarely focus on company specific factors...everything is subsumed to portfolio macro positioning". The next few weeks should see investor attention refocus on company fundamentals as the earnings reporting season gets underway and stock picking once again comes to the fore.

Fund Commentary

EAIT produced another flat monthly return with gains in equity strategies broadly offset by losses in the credit markets.

EAIT's long/short equity investment managers continued to hold market exposures at historically low levels and the average long/short equity fund in EAIT returned 4.6% in March. A number of our investment managers had been positioned in defensive sectors such as healthcare, defence and consumer staples. In light of the rallying equity markets, some investment managers have reduced their overall short exposures, whilst others have selectively closed out short positions in more volatile stocks. Investment managers continue to be wary of the risks associated with shorting companies that could receive a bailout or be subject to government intervention. On the long side, our investment managers are continuing their focus on defensive sectors in light of their negative views of the economic outlook.

Multi strategy investment managers reported flat to modestly positive returns for March and the average fund in this category returned 0.6%. Multi strategy investment managers are maintaining low net exposures which while helping them preserve capital in the declining markets of January and February, meant they did not participate in the bulk of the March rally. Areas that were positive contributors included relative value positions in US banks with high quality franchises trading at low valuations, hedged against other banks trading at much higher multiples. Positions in selected convertible bonds were also profitable as valuations increased from previously oversold levels. Our multi strategy investment managers remain defensively positioned and are typically holding significant cash balances to take advantage of future market dislocations.

EAIT's credit and distressed securities investment managers reported mixed results and were a negative contributor in aggregate, with the average fund returning -1.4%. Our investment managers reported gains from publicly traded positions such as Harrah's (gambling), Nortel (telecommunications), WaMu (banking) and LyondellBasell (chemicals) on positive fundamental news. However this was more than offset by losses on short positions in European banks and the US automotive sector. Our investment managers expect these rallies (and subsequent losses) to be temporary in nature.

Losses were also recorded due to short positions in emerging market sovereign debt as bond markets strengthened in response to the IMF's proposed US\$1 trillion aid package. Corporate defaults continue to increase as financing terms for troubled companies remain onerous and large LBO's face restructurings.

As we have previously noted, significant redemptions from underlying investment managers became effective at the end of the March and we expect to receive these proceeds in the coming weeks. We intend to use these proceeds to reduce Fund leverage. Additionally, during March members of the investment research team completed a US focused due diligence trip to meet with existing and prospective investment managers. The team met with several new prospects and we have moved to full due diligence on a small number of promising new investment managers. Further information will be provided to investors if any of these prospective investment managers pass our due diligence process and are included in the Fund.

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