EVEREST
ALTERNATIVE INVESTMENT TRUST

May 2009

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 May 2009

Estimated Monthly return [1]	1.75%
NTA as at 31 May 2009[1,2]	$2.33
Leverage ratio [3]	54.8%
Gross Assets	A$ 249.8 million

Investment manager summary

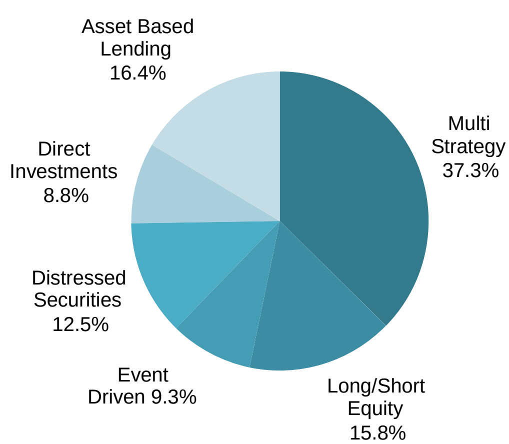
Positive return	26
Negative return	5
Largest allocation	8.4%
Smallest allocation	0.1%

NTA returns (net)[2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009[1]	-2.97%[4]	0.00%	-0.44%	0.44%	1.75%								**-1.27%**
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. The exposure chart shows the actively managed allocations of the Trust.

The investment strategy exposures are shown net of cash. As at the date of this report there was approximately US$ 89.9 million cash in EAIT. It is our intention to use the cash to cover potential FX liabilities, investor withdrawals at 31 December 2009 and progressively reduce the leverage of EAIT over the medium term.

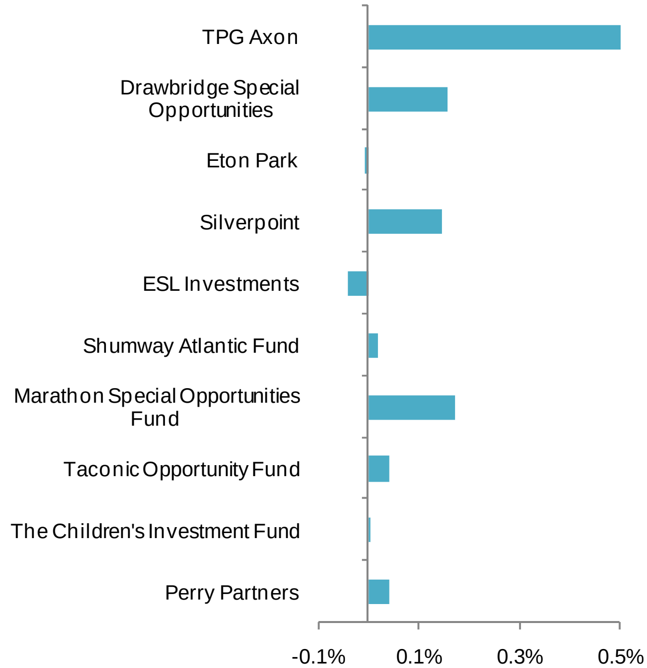
Investment strategy and exposure data as at the first business day of the following month.

Top ten exposures shown on a look through basis, as appropriate.

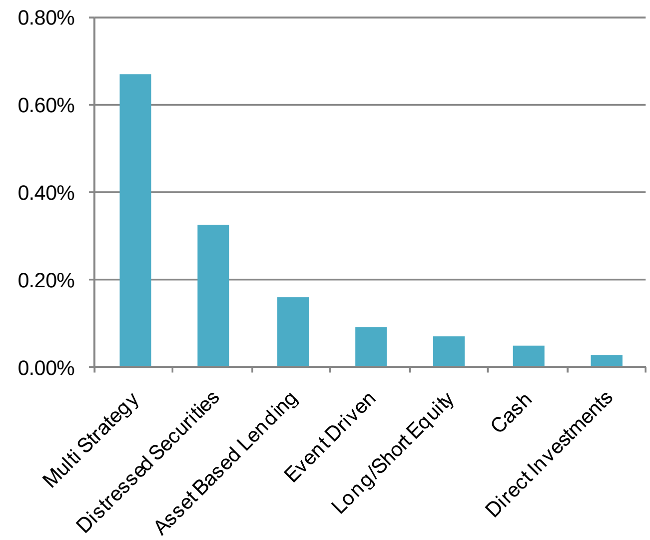
EAIT top ten exposures*

Fund	Strategy	Weight
TPG Axon	Multi Strategy	8.4%
Drawbridge Special Opportunities	Asset Based Lending	7.8%
Eton Park	Multi Strategy	2.7%
Silver Point	Distressed Securities	2.4%
ESL Investments	Long Biased Equity	2.4%
Shumway	Long/Short Equity	2.3%
Marathon Special Opportunities	Distressed Securities	2.1%
Taconic	Event Driven	1.8%
TCI	Long/Short Equity	1.3%
Perry Partners	Event Driven	1.1%
Total		**32.3%**

Top ten gross contributions for the month



Contribution by investment strategy



EAIT performance versus market benchmarks as at 31 May 2009

	May 2009	Calendar YTD	Rolling 12 months	Since Inception[1]	Annualised Rate of Return Since Inception
EAIT[2]	1.75%	-1.27%	-40.00%	-23.71%	-6.29%
HFRX Global Hedge Fund Index	3.15%	5.53%	-18.85%	-4.25%	-1.04%
MSCI World Index[3]	5.62%	4.84%	-32.35%	-10.40%	-2.60%
S&P 500[4]	5.59%	2.96%	-32.57%	-15.04%	-3.84%

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

As the economic debate intensifies around the impact of bank and business bail-outs, deficit spending and quantitative easing, asset prices have continued to rally particularly those at the riskier end of the spectrum. Opinion remains divided as to whether this rally is a correct anticipation of an economic recovery, or a temporary wave of optimism based on a slowdown in the decline of fundamentals. Depending upon the interpretation, these risky assets either appear to be fairly valued, or to have priced in a recovery ahead of reality.

Global equity markets continued to rally in May, albeit with reduced momentum. While developed stock markets have now become largely positive year-to-date (YTD), emerging markets continue to out-perform.

The prospect of a reflationary recovery has become the base case for many but there is still great uncertainty as to how durable a recovery would be. Given the low visibility regarding any potential recovery, in our view, a period of correction should be expected over the coming months, and we will continue to cautiously monitor our positions.

Fund Commentary

EAIT's performance for the month (up 1.75%) reflects moderate gains from multi strategy and distressed securities investment managers. Many of our investment managers remain doubtful about the quality of recent market gains and continue to reflect this concern in conservatively positioned portfolios.

In preparation for a reduction in leverage and the 31 December Withdrawal Offer, EAIT has also been steadily increasing its cash reserves. Combined with our investment manager's conservative positioning this has somewhat limited the ability of the Fund to capture the recent market rallies.

The majority of our investment managers have long term investment horizons and this is reflected in their investment terms, which can lock in investors to their funds for a period of time. While EAIT was in the listed EBI form, this type of liquidity profile was considered appropriate as capital was, at the time, considered as long term and relatively stable. However, given the redemption facilities now available in EAIT, investment managers with this type of liquidity profile will continue to be reduced.

May was a positive month for the majority of hedge fund strategies. In EAIT, multi strategy investment managers experienced broad based gains across their various portfolios. They noted that investors were once again beginning to take into account company specific factors with both stock and industry specific news the major drivers of performance. Gains were experienced across relative value positions in financials and selected company specific short credit positions. Detractors from performance came from a number of positions in US technology and retail stocks. Higher interest rate volatility during the month resulted in gains across the hedges. Our multi strategy managers remain conservatively positioned with low exposures.

Our distressed securities managers posted gains across a number of positions such as GMAC, CIT and Delphi. Gains were also recorded in financials such as banks and credit card issuers, whilst higher commodity prices led to gains in investments across the chemical, steel and energy sectors. The belief amongst these investment managers is that high leverage, relatively limited access to capital and high credit spreads will see a continued supply of corporate defaults and restructurings going forward. This environment will provide many investment opportunities in the short to medium term.

The majority of our asset based lending investments are with one underlying investment manager (representing 7.8% of the portfolio), who was up 2.0% for the month of May. As we seek to rebalance EAIT, we are currently reducing our exposure to this manager. This investment has 'slow pay' redemption terms which, as discussed above, were accepted in the historic EBI listed structure, however given EAIT's revised liquidity terms these investments are no longer appropriate. This investment manager will remain a significant holding of EAIT even though we are redeeming. It is expected that it will take well into 2010 to fully redeem from this investment.

Our long/short equity investment managers recorded gains across long positions in healthcare stocks. Losses were posted across technology stocks and companies such as Mastercard, amid new credit card reform legislation in the US. In general, our long/short equity investment managers remain cautious and conservatively positioned with both low net and gross exposures with an emphasis on capital preservation.

The Fund continues to hold cash, with the intention of reducing leverage, covering potential FX liabilities and preparing to implement the 31 December Withdrawal Offer. Following the reduction in leverage and the setting aside of appropriate reserves for FX (currently minimal) and the Withdrawal Offer, the Fund will seek to rebalance the portfolio in light of prevailing market conditions. In light of the current requirements for liquidity in EAIT accumulated cash is not being allocated to investment managers at this point.

We are very conscious that the current performance of EAIT is below our own and our investor's expectations. We are working diligently to resolve the structural impediments such as illiquid managers to allow us to deliver the investment outcomes our investors expect.

As noted last month the closing date for requests to participate in the 31 December 2009 Withdrawal Offer was 31 May 2009. The offer has now closed and investors will be sent the formal Withdrawal Offer documentation in early November 2009.

Contact us
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