

EAIT Direct Investments Fund Quarterly Report – June 2013



EAIT Direct Investments Fund (EDIF or the Fund)

As investors are aware, the Fund is being managed to preserve value, realise assets where appropriate and return capital to unitholders. Based on information received from management on the remaining assets of the Fund, the aggregate value of EDIF's assets is estimated to be approximately \$0.01 per unit as at 30 June 2013.

Valuations

The assets of the fund are held in cash and a sub trust which holds units that are backed by cash. Further information on the CDO investment is provided below.

A summary of the status of the underlying investments on a look-through basis is provided below.

Investment	Description	Status
Babcock & Brown CDO Investments Pty Ltd	Investment in the Babcock & Brown CDO Investment Fund.	<p>The value of the Babcock & Brown CDO Investment Fund ("CDO Fund") is tied to the value of its key remaining investment in the A1 notes of the Euler CDO ("Euler"). The Euler portfolio has a portfolio of assets consisting of 2 sub asset classes: US Residential Mortgage Backed Securities ("RMBS") and Inner CDOs.</p> <p>The prospects of the CDO Fund diminished greatly over the period as a result of a payment default within Euler leading to cashflow lockup. This in turn has led to insufficient cashflow to meet CDO Fund senior expenses and an anticipated insolvency event of default at the CDO Fund level.</p> <p>As such we have maintained the value of the investment at zero.</p>

Contact us

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