

# Adelaide Managed Funds

A subsidiary of Adelaide Bank

ASX Release

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## ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST INVESTOR PRESENTATION FOR FULL YEAR RESULT

Adelaide Managed Funds, as Responsible Entity for the Adelaide Managed Funds Asset Backed Yield Trust (ASX: AYTCA), has released to the market its Full Year Investor Presentation (refer attached).

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**About Adelaide Managed Funds**

Adelaide Managed Funds, a wholly owned subsidiary of Adelaide Bank, is the responsible entity of the Adelaide Managed Funds Asset Backed Yield Trust.

For further information about Adelaide Managed Funds and the Fund, please visit:  
[www.adelaidemanagedfunds.com.au](http://www.adelaidemanagedfunds.com.au)



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# 1. Overview of the Fund

## Overview of the Fund

<b>Responsible Entity</b>	<ul style="list-style-type: none"><li>&gt; Adelaide Managed Funds (AMF), a wholly owned subsidiary of Adelaide Bank and its specialist funds management division</li></ul>
<b>Investment Manager</b>	<ul style="list-style-type: none"><li>&gt; Adelaide Bank, listed on ASX and capitalised at \$1.6 billion, with a strong record of innovation in the securitisation market</li></ul>
<b>Investment Mandate</b>	<ul style="list-style-type: none"><li>&gt; Investment in notes issued by securitisation structures that have a granular portfolio of underlying receivables</li><li>&gt; Focused on lower rated notes and investment, selection is made based on the risk-return profile of the investment and its place in the portfolio</li><li>&gt; Investments sourced from Adelaide Bank and some Third Party Partners</li></ul>
<b>ASX Listing</b>	<ul style="list-style-type: none"><li>&gt; ASX Listing on 31 August 2006 issuing 100 million units</li><li>&gt; First Instalment price of \$1.00 per unit raising \$100 million</li><li>&gt; Second Instalment price of \$1.00 per unit (due on 31 August 2007)</li></ul>
<b>Unique Investment Opportunity</b>	<ul style="list-style-type: none"><li>&gt; Exposure to investments not generally publicly available</li><li>&gt; Investment in predominantly high yielding investments</li><li>&gt; Investments backed by pools of loan and lease assets</li></ul>
<b>Solid Growth Pipeline</b>	<ul style="list-style-type: none"><li>&gt; Adelaide Bank expected to contribute strongly to future investment flow</li><li>&gt; AMF has identified potential additional investments</li><li>&gt; Industry dynamics remain conducive to future opportunities</li></ul>

## Investment highlights for FY2007

### 11.1% Yield Delivered

- > 11.1% annualised yield delivered for FY2007, outperforming PDS forecasts
- > Total cash distributions paid of 9.24 cents per Unit
- > Exceeded all PDS projections for FY2007

### Attractive FY2008 Yield

- > FY2008 forecast return of BBSW + 4.0% to BBSW + 4.5%
- > Equivalent Investor Yield equal to 10.5% to 11.0% at current BBSW <sup>(1)</sup>
- > This forecast return compares favourably with similar investments

### Fully Invested

- > Underwritten Final Call of \$100 million due 31 August
- > Fund will be fully invested with Issued Capital of \$200 million by 31 August

### High Quality Portfolio

- > Investment Portfolio diversity has increased since listing
- > Portfolio quality significantly higher than forecast and no losses on Investments
- > Losses in underlying portfolios low and significantly below forecast
- > No US sub-prime exposure and conservative non-conforming investment

### Substantial Portfolio Growth

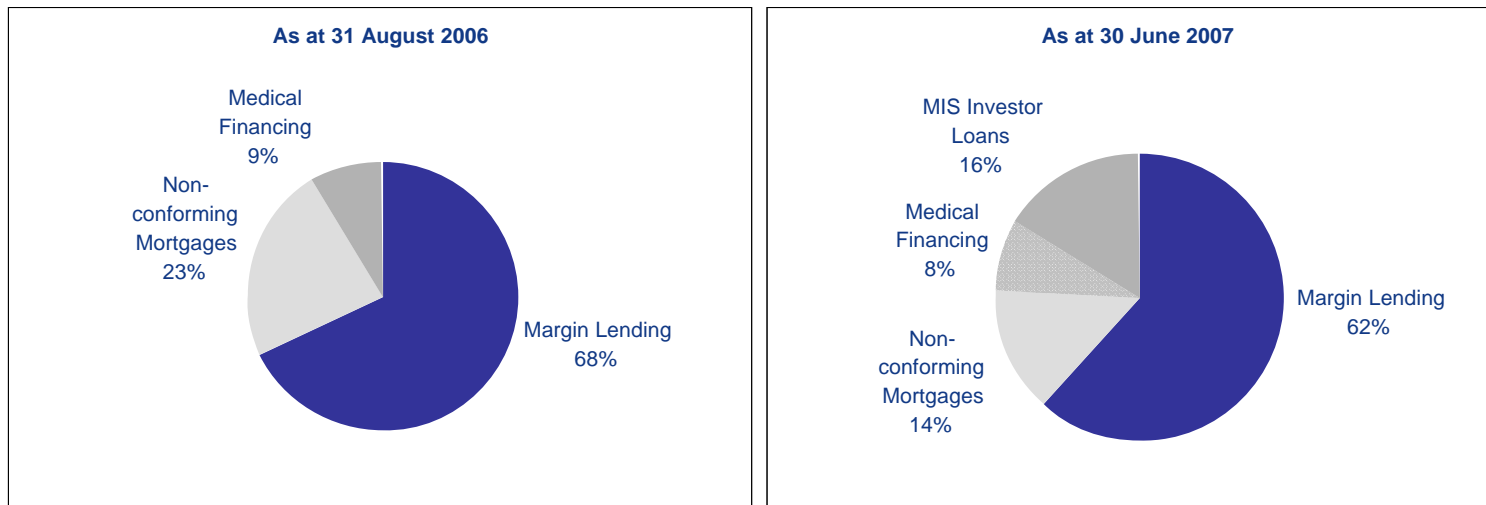
- > Current asset portfolio value is \$190 million up from \$111 million at listing
- > Future growth expected from organic growth, Adelaide Bank's Portfolio Funding business and Third Party Partners of Adelaide Bank

<sup>(1)</sup> BBSW at 31 July 2007

## **2. Investment Portfolio Update**

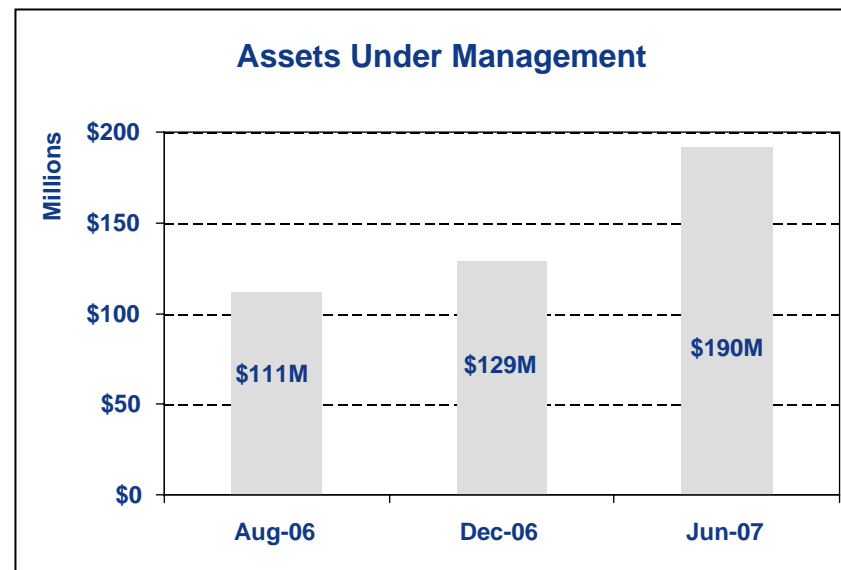
## Portfolio Overview

- > Diversity of Fund's exposure to types of underlying receivable has increased
- > Proportion of assets that are shadow rated Investment Grade has increased from 45% at listing (on 31 August 2006) to 51% at 30 June 2007
- > \$200 million raised from Unitholders will be fully invested by 31 August 2007 as forecast in the PDS



## Portfolio growth

- > Asset growth and amortisation of Initial Investments since listing has been substantially better than forecast in the PDS
- > Assets under management have grown from \$111 million on 31 August 2006 to \$190 million at 30 June 2007
  - > Net organic growth of existing investments has totalled \$46.8 million
  - > New investments have totalled \$32.3 million



## Portfolio Performance Update

- > Quality of Investment Portfolio remains high and performance of assets has been better than forecast
- > Individual program losses recorded to date and portfolio arrears are considerably lower than those forecast in the PDS
- > Non-conforming mortgage losses are only 0.01% versus an original loss assumption of 0.74% - losses need to be more than 1.30% before Fund's investment is impacted
- > The Fund's Investments are only impacted if actual losses on the underlying portfolios are substantially higher than the original loss assumptions

<b>Percentage of Original Face Value</b>	<b>Actual Losses Recorded to 30 June 2007</b>	<b>Original Loss Assumptions</b>	<b>Losses where Fund Investment is Impacted</b>
Margin Lending	0.05%	0.35%	>1.75%
Non-conforming Mortgages	0.01%	0.74%	> 1.30%
Medical Financing Program #1	0.17%	1.02%	> 1.87%
Medical Financing Program #2	0.15%	0.49%	> 4.15%
MIS Investor Loans	nil	1.51%	> 2.60%

## Nil exposure to US sub-prime market

- > The Fund does have 14% exposure to Australian non-conforming mortgages but this is a substantially higher quality investment
- > The US sub-prime market is materially different to the Australian non-conforming mortgage market and a comparison is provided below

<b>AYT Non-Conforming Mortgages (Q10)</b>	<b>US Sub-Prime Mortgages</b>
Average LVR is 71%	Average LVR > 80%
Lender has <u>FULL</u> recourse to the Borrower	Lender has <u>NO</u> recourse to the Borrower
Full valuations	“Desktop” valuations
No “Honeymoon” Rate Loans	2 year Honeymoon Rate loans reverting to full rate for remaining term
Mature portfolio with average life of 22 months	
Trapped excess spread (ABL profit impacted first)	

## **3. Full Year Financial Results**

## Profit and Loss Statement

Period from Allotment to 30 June 2007	Forecast in Fund's PDS A\$M	Actual A\$M
Investment income	12.7	13.8
Revenue from second instalment <sup>(1)</sup>	6.5	6.5
<b>Total revenue</b>	<b>19.2</b>	<b>20.3</b>
Operating expenses	(1.3)	(1.3)
Earnings before Interest and Taxation ("EBIT")	17.9	19.0
Net interest expense	(2.4)	(3.2)
<b>Profit before tax</b>	<b>15.5</b>	<b>15.8</b>
Less: revenue from second instalment <sup>(1)</sup>	(6.5)	(6.5)
Distributable Income	9.0	9.3
<b>Unitholder Distribution (cents per Unit)</b>	<b>8.96</b>	<b>9.24</b>

<sup>(1)</sup>IFRS non-cash accounting adjustment

## **4. Fund Outlook**

## Outlook

- > FY2008 forecast yield of between BBSW + 4.0% to BBSW + 4.5%
  - > Floating rate yield of between 10.5% and 11.0% at the current BBSW (based on weighted average units on issue) <sup>(1)</sup>
  - > Equivalent to between 19.2 and 20.1 cents per Unit
- > Underlying program arrears and losses expected to remain within levels forecast in PDS
- > Supply of quality investments expected to continue in FY2008 with future portfolio growth expected from:
  - > Organic growth in the margin lending and medical financing programs
  - > Investment flow from Adelaide Bank's Portfolio Funding division
  - > Selected assets from Adelaide Bank Partners
- > The Fund's debt facility will help to fund future growth and enhance Unitholder returns, with gearing expected to be less than 25% for FY2008
- > Adelaide Managed Funds' management expertise and strong relationship with Adelaide Bank continues to benefit Unitholders

<sup>(1)</sup> BBSW at 31 July 2007

# Appendix I

## Additional details on the Investment Portfolio

## Additional details on the Investment Portfolio

Name	Asset Category	Investment Grade	Value (\$M)	% of Portfolio	Margin over BBSW (%)
Lighthouse No. 4 Trust	Margin Lending	U/R Investment Grade	75.0	39.5%	1.25%
Lighthouse No. 4 Trust	Margin Lending	U/R Sub-investment Grade	41.9	22.0%	12.50%
Q10 Trust E Note	Mortgage Portfolio	BB Rated	15.0	7.9%	3.75%
Q10 Trust F Note	Mortgage Portfolio	B Rated	11.0	5.8%	6.00%
Mortgage Program No. 1 B Note	Mortgage Portfolio	U/R Sub-investment Grade	1.0	0.5%	6.00%
Program No. 1 B Note	Medical Financing	U/R Sub-investment Grade	2.0	1.1%	3.75%
Program No. 2 D Note	Medical Financing	U/R Sub-investment Grade	12.8	6.7%	6.00%
MIS Program 1 C Note	MIS Investor Loans	U/R Investment Grade	21.5	11.3%	4.50%
MIS Program 1 D Note	MIS Investor Loans	U/R Sub-investment Grade	9.8	5.2%	12.50%
<b>Total</b>			<b>190.1</b>	<b>100%</b>	

# **Appendix II**

## **Timetable for Final Instalment**

## Timetable for Final Instalment

<b>Call Notice dispatched to Unitholders</b>	Thursday, 5 July 2007
<b>Last day for trading partly paid Units</b>	Friday, 17 August 2007
<b>Commencement of trading of fully paid securities on a deferred settlement basis</b>	Monday, 20 August 2007
<b>Record Date for partly paid Units</b>	Wednesday, 22 August 2007
<b>Due date for payment of final instalment</b>	Friday, 31 August 2007
<b>Dispatch date of Registry Notice</b>	Wednesday, 5 September 2007
<b>Normal trading (T+3) begins</b>	Thursday, 6 September 2007

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