



ADELAIDE MANAGED FUNDS
ASSET BACKED YIELD TRUST

February 2008

Adelaide Managed Funds

A subsidiary of Adelaide Bank

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1. OVERVIEW OF THE FUND

OVERVIEW OF THE FUND

| | |
|--------------------------------------|---|
| Description | <ul style="list-style-type: none">> ASX Listed (ASX: AYT) with issued capital of \$200 million> NTA per Unit equal to \$1.93 as at 31 December 2007 (ex 9.5c distribution) |
| Investment mandate | <ul style="list-style-type: none">> Invests in high yielding assets in securitisation transactions> Focused on investments that maximise Unitholder return for associated risk> Investments sourced from Bendigo & Adelaide Bank and third parties |
| Exceeded all PDS forecasts | <ul style="list-style-type: none">> 11.1% annualised yield delivered for FY2007> Substantially grew investment portfolio to \$190M during FY2007> Fund was fully invested on 31 August 07 |
| Unique investment opportunity | <ul style="list-style-type: none">> Exposure to investments not generally publicly available> Investment in predominantly high yielding investments> Investments backed by pools of loan and lease assets |
| Gearing | <ul style="list-style-type: none">> Fund has a debt facility of \$100M> Balance sheet currently ungeared |

INVESTMENT HIGHLIGHTS

Attractive yield

- > **FY2008 forecast return of BBSW + 4.0% to BBSW + 4.5%**
- > **Equivalent Investor Yield equal to 10.78% to 11.28% at average BBSW ⁽¹⁾**
- > **This forecast return compares favourably with similar investments**
- > **Floating yield and any rate increases passed to Unitholders**

Quarterly cash distributions

- > **Quarterly cash distributions**
- > **Interim distributions to be paid within two weeks of quarter end**
- > **Final distribution to be paid after announcement of audited results**

High quality portfolio

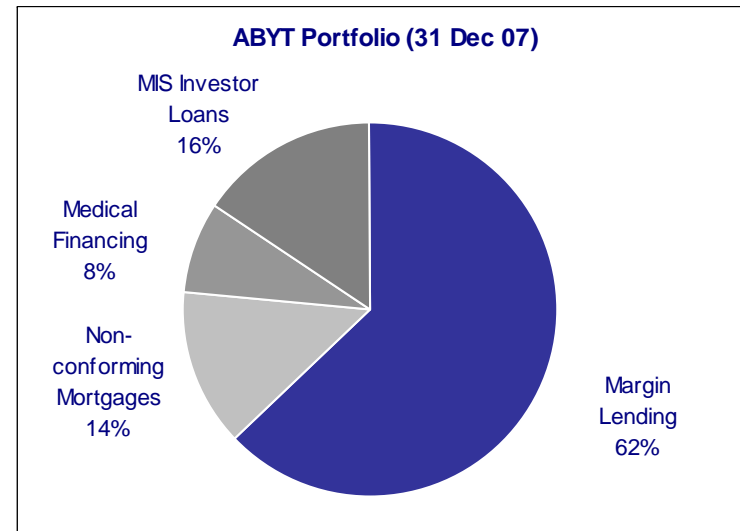
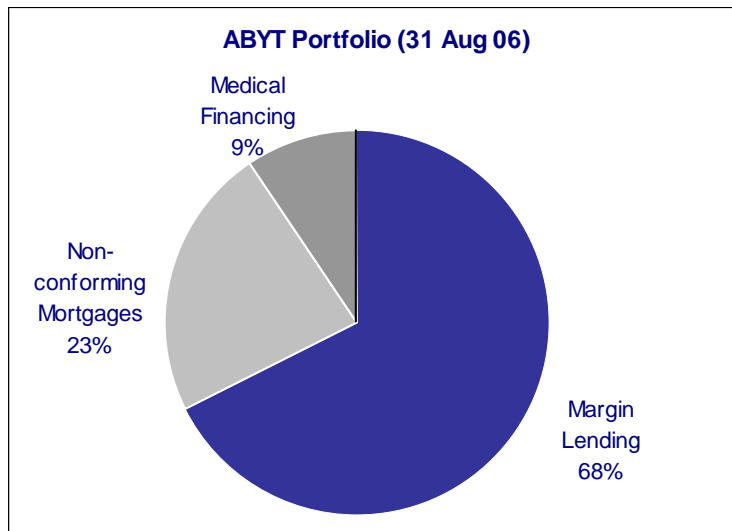
- > **Investment Portfolio diversity has increased since listing**
- > **Portfolio quality remains significantly higher than forecast**
- > **Losses in underlying pools remain low**
- > **ASX volatility has not increased losses in Margin Lending investment**
- > **Investment portfolio remains sound despite international credit events**

(1) Average year to date BBSW at 31 December 2007 is 6.78%

2. INVESTMENT PORTFOLIO UPDATE

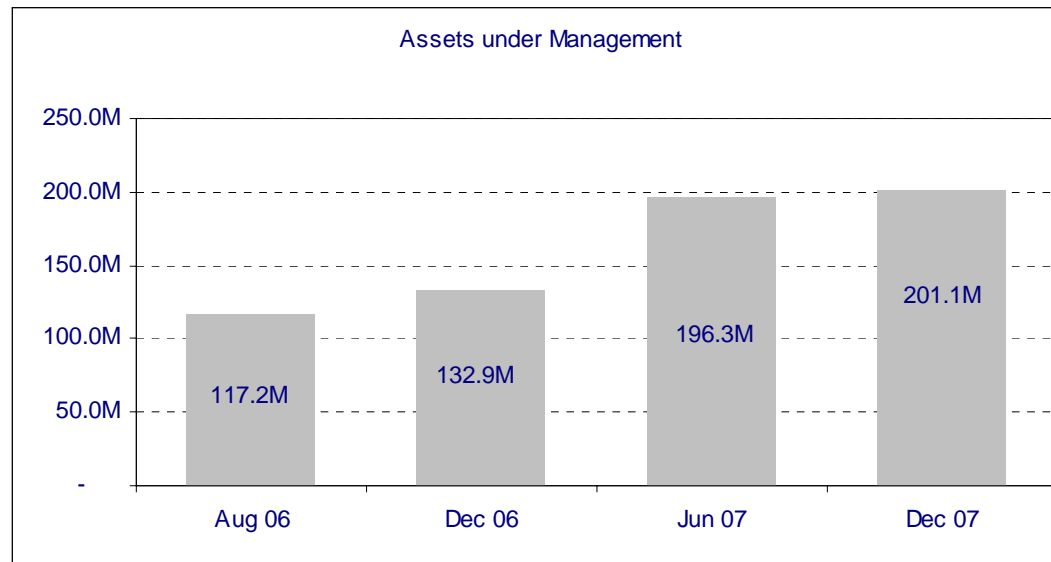
PORTFOLIO OVERVIEW

- > Quality of Investment Portfolio remains high and performance of assets has been better than forecast.
- > Proportion of assets that are shadow rated Investment Grade has increased from 45% at listing (on 31 August 2006) to 51% at 31 December 2007.
- > The recent volatility in Australian equity markets has not impacted on the Fund's margin lending investment, which continues to perform better than forecast.



PORTFOLIO GROWTH

- > Asset growth and amortisation of Initial Investments since listing has been substantially better than forecast.
- > Assets under management have grown from \$117 million on 31 August 2006 to \$201 million at 31 December 2007.
- > New originations have been deliberately slowed as management has taken a conservative approach to new investments in 1H08.



PORTFOLIO PERFORMANCE UPDATE

- > Individual program losses recorded to date and portfolio arrears are considerably lower than those forecast in the PDS.
- > The Fund's investments are only impacted if actual losses on the underlying portfolios are substantially higher than the original loss assumptions.
- > In January there were 3,339 margin calls, valued at \$250M. There were 46 forced sales and the portfolio did not record any losses.

| Investment | Actual Losses Recorded to 31 December 2007 | Original Loss Assumptions | Losses where Fund Investment is Impacted |
|------------------------------|---|----------------------------------|---|
| Margin Lending | 0.06% | 0.35% | > 1.75% |
| Non-conforming Mortgages | 0.10% | 0.74% | > 1.30% |
| Mortgage Program #1 | 0.82% | 6.00% | > 13.0% |
| Medical Financing Program #1 | 0.74% | 1.02% | > 1.87% |
| Medical Financing Program #2 | 0.14% | 0.49% | > 4.15% |
| MIS Investor Loans | 0.67% | 1.88% | > 2.60% |

3. HALF YEAR FINANCIAL RESULTS

PROFIT AND LOSS STATEMENT

| | 01 Jul 2007 to 31 Dec 2007 | Allotment to 31 Dec 2006 |
|---|-------------------------------|-----------------------------|
| | A\$M | A\$M |
| Investment income | 12.00 | 4.50 |
| Revenue from second instalment ⁽¹⁾ | 1.37 | 2.59 |
| Total revenue | 13.37 | 7.09 |
| Operating expenses | (1.15) | (0.44) |
| Earnings before Interest and Taxation ("EBIT") | 12.22 | 6.65 |
| Net interest expense | (1.27) | (0.73) |
| Profit before tax | 10.95 | 5.92 |
| Less: revenue from second instalment ⁽¹⁾ | (1.37) | (2.59) |
| Distributable Income | 9.58 | 3.33 |
| Unitholder Distribution (cents per Unit) | 9.50c | 3.33c |

⁽¹⁾ IFRS non-cash accounting adjustment

4. FUND OUTLOOK

OUTLOOK

- > FY2008 forecast yield of between BBSW + 4.0% to BBSW + 4.5%
 - > Equivalent to between 19.2 and 20.1 cents per Unit
 - > Floating rate yield of between **10.78%** and **11.28%** at the average BBSW (based on weighted average units on issue and par value) ⁽¹⁾
 - > Equivalent to a yield of **13.0%** at a \$1.55 Unit price
 - > Cash Distributions now paid **quarterly**
- > Underlying program arrears and losses expected to remain within original levels forecast
- > Adelaide Managed Funds' management expertise and strong relationship with Adelaide Bank continues to benefit Unitholders

⁽¹⁾ Average year to date BBSW at 31 December 2007 is 6.78%

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 | 40.2% | 1.25% |
| Lighthouse No. 4 Trust | Margin Lending | U/R Sub-investment Grade | 41.9 | 22.5% | 12.50% |
| Q10 Trust E Note | Mortgage Portfolio | BB Rated | 13.7 | 7.3% | 3.75% |
| Q10 Trust F Note | Mortgage Portfolio | B Rated | 11.0 | 5.9% | 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 | 1.5 | 0.8% | 3.75% |
| Program No. 2 D Note | Medical Financing | U/R Sub-investment Grade | 13.2 | 7.1% | 6.00% |
| MIS Program 1 C Note | MIS Investor Loans | U/R Investment Grade | 20.1 | 10.8% | 4.50% |
| MIS Program 1 D Note | MIS Investor Loans | U/R Sub-investment Grade | 9.1 | 4.9% | 12.50% |

APPENDIX II

QUARTERLY DISTRIBUTION DATES

QUARTERLY DISTRIBUTION DATES

| Distribution | Date Declared | Ex-Date | Record Date | Payment Date |
|-------------------------------------|----------------------|----------------|--------------------|---------------------|
| Third Quarter Interim Distribution | 20 March | 27 March | 31 March | 14 April |
| Final Distribution | 19 June | 26 June | 30 June | 1 August |
| First Quarter Interim Distribution | 20 September | 27 September | 31 September | 14 October |
| Second Quarter Interim Distribution | 20 December | 27 December | 31 December | 14 January |

Note that these dates are approximate and each year the exact timing may vary slightly

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