

# Adelaide Managed Funds Protected Global Opportunities Fund Quarterly Performance Summary as at 30 September 2008

## PERFORMANCE

As global markets faltered amidst recession and bank liquidity fears the effect on the Fund's global investment exposures was pronounced, with both BRIC and REIT constituents experiencing challenging quarters.

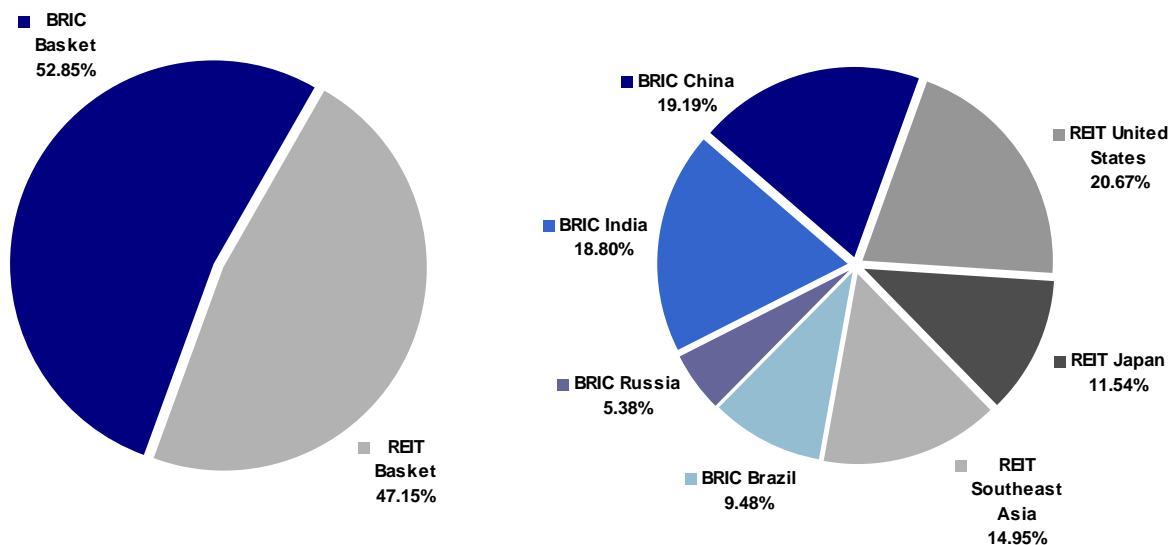
- > The capital protection feature of the Fund was employed this quarter in the form of the BRIC dynamic asset allocation, as global market headwinds, turbulent events in Russia and inflationary concerns in China conspired to dilute the value in the BRIC investment exposures.
- > Of the Fund's REIT investments, the US constituents performed well in an otherwise bleak quarter as increasingly tight credit conditions, higher cost of capital and concerns over slower economic growth continued to weigh heavily on investor sentiment in global real estate.

| Date              | NAV Price <sup>1</sup> | Quarterly Performance | Performance since inception |
|-------------------|------------------------|-----------------------|-----------------------------|
| 30 September 2008 | \$0.741                | (12.31%)              | (25.90%)                    |
| 30 June 2008      | \$0.877                | (11.68%)              | (12.30%)                    |
| 31 March 2008     | \$0.917                | (14.86%)              | (8.30%)                     |
| 31 December 2007  | \$1.077                | 0.00%                 | 7.70%                       |
| 30 September 2007 | \$1.077                | 6.95%                 | 7.70%                       |
| 30 June 2007      | \$1.007                | 0.70%                 | 0.70%                       |

<sup>1</sup>This value reflects the value of the portfolio if it is held to Maturity. The redemption price that would apply to any early redemption as at 30 September 2008 was \$0.857. Redemption proceeds are subject to the conditions outlined in the relevant sections of the PDS.

## PORTFOLIO COMPOSITION

The below charts provide the portfolio breakdown as at 30 September 2008.



## » BRIC PORTFOLIO SUMMARY

This quarter, the BRIC dynamic asset allocation came into play as the performance of its constituents warranted an exposure shift into the notional fixed income portfolio as per the terms of the BRIC Deferred Purchase Agreement. The dynamic asset allocation mechanism is designed to provide the capital protection for the Fund and allows Credit Suisse products as the protection provider to shift the exposure of the BRIC Reference portfolio's investment products between the underlying BRIC Basket and a notional fixed income portfolio depending on the performance of each. The objective of this rebalancing is that the BRIC Delivery Parcel is valued at not less than the initial investment by the Fund at maturity. At 30 September, the exposure to the underlying investments in the BRIC portfolio was 40%. As set out in the PDS the exposure to the BRIC funds will move within the upper and lower limits of 100% and 10% for the remainder of the Fund's term.

| Underlying asset                           | Change this quarter | Change since inception |
|--|---------------------|------------------------|
| Aberdeen Global - India Opportunities Fund | (11.40%)            | (16.05%)               |
| DWS India Fund                             | (5.92%)             | (26.81%)               |
| First State China Growth Fund              | (28.44%)            | (20.77%)               |
| Dit-RCM Asian Selections Fund - China      | (24.06%)            | (18.77%)               |
| DWS Russia Fund                            | (51.54%)            | (47.53%)               |
| Templeton Latin America Fund               | (28.23%)            | (7.53%)                |

### EMERGING MARKET HIGHLIGHTS

- India** India could not withdraw from the negative mood of investors globally as the India SENSEX Index lost 11.7% in September to close 4.5% down for the quarter. The wholesale price index (WPI) rose to +12.1% YoY for the week ended September 6, 2008, cooling down marginally after a fall in crude oil prices. In a historical event, India entered the nuclear club after the Nuclear Suppliers Group passed a waiver, allowing it to do business with India. The best performing sectors were consumer staples and discretionary, while the worst performing were IT and materials.
- China** August proved a challenging month for the Chinese equity market with the Shanghai Composite Index falling 14% to close the quarter 16% down. Inflation rose +4.9% YoY in August, lower than the +6.3 YoY rise in July, attributed to a fall in food prices and shrinking demand due to an economic slowdown. The central bank cut its benchmark bank lending rate by 27 basis points to 7.2%, its first rate cut in six years. The bank also reduced required reserves for most banks by 1% to 16.5%. The sectors which lost least were telecoms and utilities, while the worst performing sectors were materials and consumer staples.
- Russia** In August, the Russian equity market was hit by the Georgian-Ossetian conflict, slipping commodity prices and poor global equity markets. However, the conflict between Russia and the West became a key driver for Russian shares. A full-scale Russia's military involvement into the conflict and the following international discussions put the Russian equity market under heavy pressure. Another shock for market was President Dmitry Medvedev signing a decree, acknowledging South Ossetia's and Abkhazia's independence. The result saw a sell off in Russian shares across the board, with financials, metals and mining stocks leading the way. On September 17 and 18 the authorities halted trading in shares and bonds after the benchmark RTS share index fell 21% earlier in the week. Down by nearly 60% since its peak in May, the finance ministry was prompted to pledge \$60 billion to prop up the banking system.
- Brazil** Although a commodity price correction produced much needed relief in domestic inflation, the Central Bank remained concerned about the strong pace of economic growth and persistently high inflation expectations. The Central Bank hiked interest rates by another 75bps and while there have not yet been any signs that the economy has begun to decelerate, higher interest rates will take a toll on domestic demand and lead to lower GDP growth. Brazil's Bovespa Stock Index endured a consistently challenging quarter to close down 24%.

## » REIT PORTFOLIO SUMMARY

The global property's sector continued to be impacted by the credit crisis, which has seen the availability of finance decrease and debt become more expensive. Debt continued to be very difficult and expensive to source, while stock market volatility and negative sentiment impacted the listed property sector worldwide.

| Underlying asset               | Region        | Change this quarter | Change since inception |
|--------------------------------|---------------|---------------------|------------------------|
| Simon Property Group Inc       | USA           | 7.91%               | (14.79%)               |
| Equity Office Property Trust   | USA           | 16.04%              | (3.77%)                |
| Nippon Building Fund           | Japan         | (19.84%)            | (49.39%)               |
| Japan Real Estate Inv Corp     | Japan         | (25.36%)            | (49.33%)               |
| The Link Real Estate Inv Trust | SE Asia (HNK) | (9.80%)             | (10.50%)               |
| Fortune Real Estate Inv Trust  | SE Asia (HNK) | (33.70%)            | (49.41%)               |
| Capitamall Trust               | SE Asia (SNG) | (24.75%)            | (46.68%)               |
| Ascendas Real Estate           | SE Asia (SNG) | (15.38%)            | (31.00%)               |

### USA

US capital markets were subjected to a continued escalation of financial shocks during the September quarter – The US government took over Fannie Mae and Freddie Mac, Lehman Brothers filed for bankruptcy, insurance giant AIG was nationalised and Bank of America entered into an agreement to purchase Merrill Lynch. However, against this backdrop, US REITs performed relatively well over the quarter, outperforming the broader market as investors placed a premium on their transparent and predictable cash flows. Against the AME Capital US REIT Index return of (0.48%) over the quarter, the PGOF US REIT constituents fared considerably better owing to their strong balance sheets and ability to create significant acquisition opportunities.

### Japan

A slowing Japanese economy contributed to the country's real estate market declines, as the AME Capital Japan REIT Index declined 12.4% in the three months to September. Demand for office space continued to soften and asking rents eased, although vacancy rates in major metropolitan areas remained in a modest uptrend.

### South East Asia

Hong Kong was disproportionately affected by the financial news out of the US and the subsequent failures of large US financial companies. The interbank lending rate rose more than 100 points in the week following the news of Lehman Brothers' bankruptcy. Second quarter GDP results released during the September quarter was lower than expected and inflation eased amid decelerating economic growth in the region.

Singapore's property stocks endured a challenging quarter amid concerns over office demand from overseas financial institutions and tourism remained on a downward trend for the third consecutive month. The Fund's Hong Kong exposures were on par with the performance of the AME Capital Hong Kong REIT Index which declined 22% over the quarter.

## FURTHER INFORMATION

For further information please contact your financial adviser, visit [adelaidemanagedfunds.com.au](http://adelaidemanagedfunds.com.au) or call 1800 224 124.

The Fund is a 7 year investment and the performance reported in this summary relates to the performance of the underlying funds to which the Fund is exposed. The return at maturity will be subject to the averaging mechanism outlined in the Product Disclosure Statement. Due to the nature of the structure any request for early redemption will be subject to additional costs, therefore the performance reflected in this summary should not be interpreted as the current redemption value of an investment in the Fund. The offers for Units in the Fund are now closed. The information in this document is current as at 30 September 2008 and is subject to change without notice. This document has been prepared by Adelaide Managed Funds Limited and does not take into account your personal objectives, financial situation or needs. Please note that past performance is not a reliable indicator of future performance. Investments in the Fund are not deposits with or liabilities of Adelaide Bank Limited or any of its related bodies corporate (the Adelaide Bank Group) and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. None of Adelaide Bank Limited, Adelaide Managed Funds Limited, any member of the Adelaide Bank Group nor any other person guarantees the performance of the Fund or any particular rate of return.