ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

REPORT FOR THE YEAR ENDED 30 JUNE 2008
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Release date – 1 August 2008

Prepared in accordance with ASX Listing Rule 4.3A
Appendix 4E

It is recommended that the annual financial report is read in conjunction with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust for the year ending 30 June 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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MEDIA RELEASE

Investments Yield 11.5% for AYT Investors
1 August 2008

HIGHLIGHTS

> **Annualised return of 11.5%**
> **Forecast return of between 11.6% and 12.1% for 2008-2009[1]**
> **Fund conservatively geared to mitigate refinancing risk**
> **All assets performing to or above expectations**

Adelaide Managed Funds Asset Backed Yield Trust (the 'Fund') has reported an annualised return of 11.5% in its second full-year results released today.

The result represents a yield of 4.4% above the average 30-day BBSW for the financial year, and is at the higher end of guidance released to the market. Investment income grew by 78.9% over the prior corresponding period, while distributions to Unitholders grew by 128.4%.

According to the Chief Executive Officer of Adelaide Managed Funds, Bruce Speirs, the result reflects the conservative investment strategy and strong risk management protocols employed by the Fund.

"The past 12 months have been turbulent for financial markets and structured investment vehicles across the globe," Mr Speirs said.

"But the AYT has come through this period in great shape and continues to deliver sustainable yields for its Unitholders that are superior to many alternative investments."

Forecast yield for the 2008-2009 year is in a range of 4.0% to 4.5% above 30-day BBSW[2]. This represents an annual distribution of between 23.0 and 24.0 cents per Unit, or an 11.6% to 12.1% floating rate yield[3].

"This represents an equivalent yield of 17.7% to 18.5% based on a $1.30 per Unit trading price[4]," Mr Speirs said.

"This is a unique product, offering retail investors the opportunity to invest in a range of assets that are normally out of reach for individuals.

"The assets currently under management have all delivered to or above expectations, and we see no material changes in the quality or performance of our investments. We remain very confident of the future performance and sustainability of the Fund," he said.

The managers of the AYT continue to employ a disciplined investment strategy, resulting in conservative levels of gearing, managed by the effective use of the Fund's free cash flow. In addition, all distributions are paid in cash from the interest earned on the investments in the portfolio.

The AYT was listed on the ASX in August 2006 with issued capital of $200 million. As at 30 June 2008, the Fund was trading with an audited NTA equal to $1.93 per Unit.

For further information, please contact:

Bruce Speirs
Chief Executive Officer
Adelaide Managed Funds
08 8300 6194

Kym Masters
Chief Investment Officer
Adelaide Managed Funds
08 8220 7258

ABOUT ADELAIDE MANAGED FUNDS

Adelaide Managed Funds, a wholly owned subsidiary of Bendigo and 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 adelaidemanagedfunds.com.au

[1]Based on FY2009 forecast return of BBSW +4.0% to BBSW +4.5%
[2]30-day BBSW as at June 30, 2008, was 7.61%
[3]Based on weighted average Units on issue and par value
[4]As at 30 June 2008

MANAGEMENT COMMENTARY

INVESTMENT HIGHLIGHTS

> Delivered annualised return of 11.54% to Unitholders, which was at the higher end of forecasts.

> FY2008 Unitholder cash distribution of 21.1 cents per Unit was 10.5% above original forecast of 19.1 cents per Unit.

> Interest income increased 79% to $24.7m and distributable income increased 126% on previous comparable period (pcp).

> Quality of investments remains high, performance has been better than forecast and portfolio continues to generate stable, predictable returns.

> The Fund has a strong capital position and is conservatively geared to mitigate refinancing risk.

> All distributions are paid in cash from the interest earned by the Fund’s investment portfolio.

INVESTMENT STRATEGY

> The Fund will continue to conduct the on-market Unit buyback while the purchase of Units represents most appropriate use of Unitholder funds relative to other investment opportunities.

> Conservative approach to investing with a focus on achieving an appropriate Unitholder return while minimising associated credit risk.

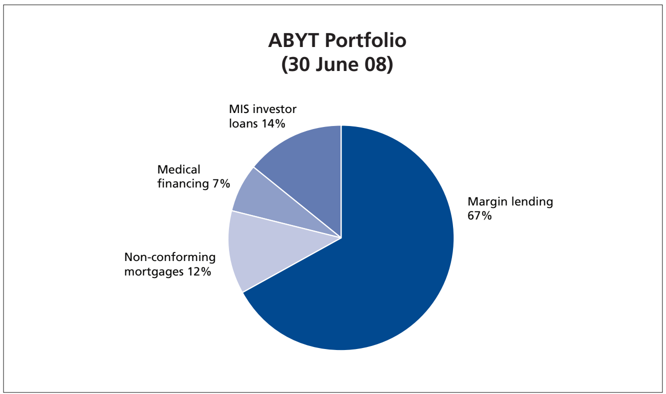
> Investments continue to be managed on a ‘held-to-maturity’ basis and therefore are not required to be marked to market.

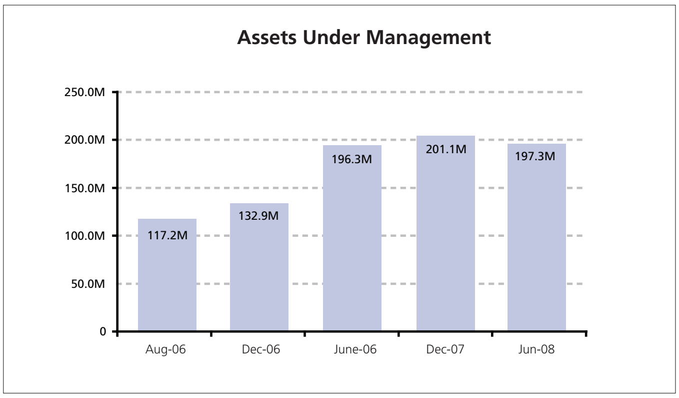
PORTFOLIO OVERVIEW

> No material change in asset mix, with 49% of assets shadow rated Investment Grade at 30 June 2008.

> Assets under management total $197 million at 30 June 2008.

> New originations were deliberately slowed in FY08 as management took a conservative approach to new investments and focussed on reducing the debt facility.





ASSET QUALITY

- Program arrears and cumulative losses recorded to date are considerably lower than those originally forecast for each individual program.
- The volatility in the Australian equity markets has not impacted on the Fund's margin lending investment, which continues to perform better than expected.
- There were negligible losses in the non-conforming mortgage portfolio of just 0.16% - well below the forecast of 0.74% - despite deterioration in the broader Australian market.
- The Fund's investments are only impacted if actual losses on the underlying portfolios are substantially higher than the original loss assumptions.

Investment	Actual losses to 30/06/08	Original loss assumptions	Losses where Fund investment impacted
Margin lending	0.06%	0.35%	>1.75%
Non-conforming mortgages	0.16%	0.74%	> 1.30%
Mortgage program #1	0.52%	6.00%	>13.0%
Medical financing program #1	0.77%	1.02%	> 1.87%
Medical financing program #2	0.22%	0.49%	> 4.15%
MIS investor loans	1.15%	1.88%	> 2.60%

SUMMARY

- Annualised return was 11.5% in FY2008 up 3.6% from FY2007.
- The Fund has exceeded its forecasts for the reporting year and expects to continue to deliver a strong cash yield to Unitholders in FY2009.
- Quality of investment portfolio remains high and losses in underlying pools of receivables continue to be substantially lower than forecast.
- Forecast return for FY2009 is in a range between 11.6% and 12.1% on Issue Price, a 400bps to 450bps margin based on the 30 June 2008 30-day BBSW.
- The Fund continues to maintain a strong capital position.
- Conservative approach to investing with focus on achieving an appropriate Unitholder return while minimising associated credit risk.
- Our management expertise and strong relationship with Bendigo and Adelaide Bank Limited continues to benefit Unitholders.

ABOUT ADELAIDE MANAGED FUNDS

Adelaide Managed Funds, a wholly owned subsidiary of Bendigo and Adelaide Bank Group, 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 adelaidemanagedfunds.com.au

APPENDIX 4E

The Directors of Adelaide Managed Funds Limited (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the 'Fund') (ARSN 120 038 002), are pleased to announce the results of the Fund for the year 1 July 2007 to 30 June 2008.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The consolidated profit before tax for the twelve months from 1 July 2007 to 30 June 2008 attributable to the Unitholders of the Fund was $22,411,000. The Fund derived a profit before tax of $21,046,000 after deducting $1,365,000 of revenue from the Second Instalment(1). The following table provides a summary of the main line items reported in the income statement.

	A$	A$	% Change
	2008	**2007**	
Interest income	24,694,000	13,831,000	78.5%
Revenue from Second Instalment(1)	1,365,000	6,528,000	(79.1%)
Earnings before interest and tax (EBIT)	23,840,000	19,036,000	25.2%
Net profit	21,046,000	9,282,000	126.7%
Distributions paid to Unitholders	21,020,000	9,240,000	127.5%

DISTRIBUTIONS FOR THE YEAR

On 31 July 2008, the Directors of Adelaide Managed Funds, resolved to pay a final distribution of 6.35 cents per Unit, 0.10 cents per Unit above its earlier estimates (refer announcement on 16 June 2008). A summary of distributions paid during the year is represented below:

	Amount per security (cents)	Franked amount per security (cents)
Interim half-yearly distribution > record date 31 December 2007 > payable date 14 January 2008	9.50	-
Interim quarterly distribution > record date 31 March 2008 > payable date 14 April 2008	5.25	-
Final quarterly distribution > record date 30 June 2008 > payable date 11 August 2008	6.35	-

NET TANGIBLE ASSET BACKING PER SECURITY

	30 June 2008 per security
Net tangible asset backing per security(2)	$1.932

The remainder of the information requiring disclosure to comply with the ASX Listing Rule 4.3A is contained in the 2008 Full Year Financial Report, which has been released to the ASX today.

[1]The revenue on the Second Instalment represents the accounting entry required under AIFRS as a result of discounting the proceeds of the Second Instalment to the Allotment date. It is not a cash item for the year to 30 June 2008, and accordingly has been subtracted to calculate the Distributable Income.

[2]The NTA per Unit excludes the announced, but unpaid estimated distribution of $0.0625 per Unit payable on 31 August 2008.

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING 30 JUNE 2008

DIRECTORS' REPORT

In accordance with the Corporations Act 2001, the Directors of Adelaide Managed Funds Ltd ('AMF') (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the 'Fund') (ARSN 120 038 002), submit their report for the Fund for the year ended 30 June 2008.

THE MANAGER

Adelaide Managed Funds Ltd has acted in the capacity of Responsible Entity of the Fund for the year ended 30 June 2008. Adelaide Bank Ltd ('Adelaide Bank') is the Custodian and Service Provider and as such has prepared these accounts.

DIRECTORS

The names of the Directors of Adelaide Managed Funds Ltd during the year and until the date of this report (unless stated otherwise) are:

S Crane (resigned 11/04/2008)
J L Dawson (appointed 11/04/2008)
A Lloyd (resigned 26/06/2008)
J McPhee
S Treanor
N Fox
A Baum

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the year was the investment in notes backed by a range of assets including margin loans, non-conforming residential mortgages, agricultural managed investment schemes, medical equipment loans and leases. There has been no significant change in the nature of this activity during the year.

FUND INFORMATION

The Fund is an Australian registered Trust. Adelaide Managed Funds Ltd, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at 169 Pirie St, Adelaide, SA, 5000.

At 30 June 2008 the Fund had no employees.

REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities, with portfolio exposure to margin loans, non-conforming residential mortgages, agricultural managed investment schemes and medical equipment loans and leases. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

RESULTS

The performance of the Fund for the year ended 30 June 2008, as represented by the results of its operations, was as follows:

Interest income:	$24,694,000
Finance costs - Distribution to Unitholders:	$21,046,000

The total value of assets held by the Adelaide Managed Funds Asset Backed Yield Trust as at 30 June 2008 was $198,964,442 (June 2007: $296,467,734). Management fees payable to Adelaide Managed Funds Ltd during the financial year were $2,028,262 (June 2007: $1,264,191).

The total number of Units issued as at 30 June 2008 was 98,820,622 (June 2007: 100,000,000).

DISTRIBUTIONS

During the year distributions were made for the half year to 31 December 2007 of 9.50 cents per Unit and for the quarter to 31 March 2008 of 5.25 cents per Unit. On 31 July 2008, the Directors resolved to pay a final distribution of 6.35 cents per Unit on 11 August 2008, for the year ended 30 June 2008.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year there was no significant change in the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No other matter or circumstance has arisen since 30 June 2008, not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect:

(i) the operation of the Fund in future financial periods, or

(ii) the results of those operations in future financial periods, or

(iii) the state of affairs of the Fund in subsequent financial periods.

LIKELY DEVELOPMENTS

In the opinion of the Directors, disclosure of any further information on likely developments would be prejudicial to the Fund.

ENVIRONMENTAL ISSUES

The operations of the Fund are not subject to particular or significant environmental regulations under a Commonwealth, State or Territory Law. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

INSURANCE AND INDEMNIFICATION FOR OFFICERS OR AUDITORS

Indemnification

The Fund has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Fund. So long as the officers of both the Manager and the Custodian act in accordance with the Constitution/Trust Deed and the Law, both parties remain fully indemnified out of the assets of the Fund against any losses incurred while acting on behalf of the Fund.

Insurance Premiums

During the financial year the Responsible Entity has paid premiums in respect of its Directors and officers for liability and legal expenses on insurance contracts for the financial year ended 30 June 2008. This entity has paid or agreed to pay in respect of the Fund, premiums in respect of such insurance contracts for the financial year ending 30 June 2009. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been Directors of the Responsible Entity or executive officers of the Responsible Entity and this entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's review of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Ltd as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 12.

ROUNDING

The amounts contained in this report and the financial report have been rounded to the nearest thousand where rounding is applicable, under the option available to the Fund under ASIC Class Order 98/0100. The Fund is an entity to which this Class Order applies.

This report has been made in accordance with the resolution of Directors.

Jenny Dawson

Jennifer Lynn Dawson
Chairman
31 July 2008
Adelaide

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Independent auditor's report to the unitholders of Adelaide Managed Funds Asset Backed Yield Trust

We have audited the accompanying financial report of Adelaide Managed Funds Asset Backed Yield Trust (the Fund), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in net assets attributable to unitholders and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Adelaide Managed Funds Asset Backed Yield Trust is in accordance with the *Corporations Act 2001*, including:
   - (i) giving a true and fair view of the financial position of Adelaide Managed Funds Asset Backed Yield Trust at 30 June 2008 and of its performance for the year ended on that date; and
   - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Ernst & Young

Alan Herald
Partner
Adelaide
31 July 2008

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust

In relation to our audit of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Alan Herald

Alan Herald
Partner
Adelaide
31 July 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Jun-08 $000's	Jun-07 $000's
INCOME			
Interest income	3(a)	24,694	13,831
Interest income from Second Instalment		1,365	6,528
Total interest income		26,059	20,359
EXPENSE			
Operating expenses	3(b)	2,219	1,323
Earnings before interest and taxation		23,840	19,036
Net interest expense	3(d)	1,429	3,226
Net profit attributable to Unitholders		**22,411**	**15,810**
Finance costs: distribution to Unitholders		21,046	9,282
Change in net assets attributable to Unitholders		**1,365**	**6,528**
		Cents per Unit	Cents per Unit
Earnings per Unit - Basic and Diluted	3(c)	21.13	9.28

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Jun-08 $000's	Jun-07 $000's
Assets			
Cash	4	6,656	6,217
Trade and other receivables	5	1,285	99,670
Loans and receivables	6	191,023	190,581
Total assets		**198,964**	**296,468**
Liabilities			
Trade and other payables	7	584	569
Interest bearing liabilities	8	1,250	98,700
Distribution payable	9	6,344	5,952
Total liabilities excluding net assets attributable to Unitholders		**8,178**	**105,221**
Net assets attributable to Unitholders		**190,786**	**191,247**
Represented by			
Unitholders funds	10	182,894	184,719
Undistributed income		7,892	6,528
Net assets attributable to Unitholders		**190,786**	**191,247**

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 30 JUNE 2008

	Jun-08 $000's	Jun-07 $000's
Net assets attributable to Unitholders at the beginning of the year	191,247	-
Units issued - First Instalment	-	100,000
Second Instalment	-	92,107
Unit buy back	(1,797)	-
Capitalised issue costs	(29)	(7,388)
Net profit attributable to Unitholders	22,411	15,810
Distribution to Unitholders	(21,046)	(9,282)
Net assets attributable to Unitholders at the end of the year	**190,786**	**191,247**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Jun-08 $000's	Jun-07 $000's
Cash flows from operating activities			
Interest received on investments		23,928	12,634
Interest received on cash deposit		630	265
Interest expense on borrowings		(1,445)	(3,173)
Manager fee paid		(2,167)	(854)
GST refunded		169	72
Payments to service providers		(233)	(271)
Net cash flows from operating activities	4(b)	**20,882**	**8,673**
Cash flows from financing activities			
Receipts from Unitholders		100,000	100,000
Unit buyback		(1,774)	-
Payments for issue costs		0	(7,388)
Distributions to Unitholders		(20,654)	(3,330)
Proceeds from borrowings		8,100	104,200
Repayment of borrowings		(105,550)	(5,500)
Net cash flows used in financing activities		**(19,878)**	**187,982**
Cash flows from investing activities			
Investments acquired		(8,685)	(195,443)
Investments repaid		8,120	5,005
Net cash provided by financing activities		**(565)**	**(190,438)**
Net increase in cash and cash equivalents		439	6,217
Cash and cash equivalents held at the beginning of the financial year		6,217	-
Cash and cash equivalents held at the end of the financial year		**6,656**	**6,217**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate information

The financial report of Adelaide Managed Funds Asset Backed Yield Trust for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 31 July 2008.

Adelaide Managed Funds Asset Backed Yield Trust is an Australian registered Trust, constituted in August 2006. Adelaide Managed Funds Ltd, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at 169 Pirie St, Adelaide, SA, 5000. The Fund is listed on the Australian Stock Exchange.

NOTE 2 Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report has been prepared on a historical cost convention. The balance sheet is presented on a liquidity basis. The financial report is presented in Australian dollars.

(b) Accounting period

The Trust was formally constituted on 31 August 2006 and therefore the comparative accounting period represents the period from 31 August 2006 to 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(c) Application of Accounting Standards

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that recently have been issued or amended but are not yet effective have not been adopted for the reporting year ended 30 June 2008:

Reference	Title	Summary	Application date of standard	Impact on Fund financial report	Application date for Fund
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1/1/2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Fund's financial statements.	1/7/2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1/1/2009	These amendments are only expected to affect the presentation of the Fund's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Fund has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1/7/2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1/1/2009 except for amendments to IFRS 5, which are effective from 1/7/2009.	The Fund has not yet determined the extent of the impact of the amendments, if any.	1/7/2009

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(c) Application of Accounting Standards (continued)

The following amendments are not applicable to the Fund and therefore have no impact.

Reference	Title
AASB Int. 12 and AASB 2007-2	Service Concession Arrangements and consequential amendments to other Australian Accounting Standards
AASB Int. 4 (Revised)	Determining whether an Arrangement contains a Lease
AASB Int. 129	Service Concession Arrangements: Disclosures
AASB Int. 13	Customer Loyalty Programmes
AASB Int. 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
AASB 2007-9	Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31
AASB 1004 (Revised)	Contributions
AASB Int. 1038 (Revised)	Contributions by Owners Made to Wholly-Owned Public Sector Entities
AASB 1049	Whole of Government and General Government Sector Financial Reporting
AASB 1050	Administered Items
AASB 1051	Land Under Roads
AASB 1052	Disaggregated Disclosures
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation
AASB 3 (Revised)	Business Combinations
AASB 127 (Revised)	Consolidated and Separate Financial Statements
AASB2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127

(d) Significant accounting judgements, estimates and assumptions

Significant accounting judgements
In the process of applying the Fund's accounting policies, management has made judgements, apart from those involving estimations, which have an impact on the amounts recognised in the financial statements.

No judgements have been determined to be individually significant.

Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Impairment of assets
The Fund determines whether the assets are impaired at least annually. This requires an estimation of the value of the future cashflows. The Fund's policy on impairment is disclosed in note 2(h).

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and for the purpose of the cash flow statement includes cash at bank, bank deposits held at call and short term investments with original maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(f) Trade and other receivables

Receivables are amounts where settlement has not yet occurred. Receivables are carried at original amounts less any provision for uncollectible amounts. Interest is accrued at the reporting date from the last payment. Amounts are generally received within 30 days of being recorded as receivables.

(g) Investments

Investments are classified as loans and receivables. It is the Fund's intention to hold these investments to maturity.

Loans and receivables
Loans and receivables have fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective yield method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. These assets are derecognised when the rights to receive cash flows have expired or the Fund has transferred substantially all the risks and rewards of ownership.

(h) Impairment of assets

Loan and investment assets are regularly reviewed to assess whether there is objective evidence that the loan asset or group of assets is impaired. If there is objective evidence that an impairment loss on the investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of a provision account. The amount of the loss shall be recognised in the income statement.

A specific provision is made for all identified impaired loans and investments, and is recognised when there is reasonable doubt over the collectability of the principal balance and the interest in accordance with the respective loan agreement. All bad debts are written off against the specific provision in the year in which they are classified as irrecoverable.

If it is determined that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, the asset is included in a group of assets according to their credit risk characteristics and that group of assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Based on historical loss data and current available information for assets with similar risk characteristics, the appropriate collective provision is raised. Adjustments to the collective provisions are recognised as an expense to the income statement. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the assets does not exceed its amortised cost at the reversal date.

(i) Trade and other payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund, and include outstanding settlements on the purchase of investments and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days. Payables are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(j) Interest bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the income statement when the liabilities are derecognised and through the amortisation process.

Interest when charged by the lender is recognised as an expense on an accrual basis.

(k) Instalment receivable

The instalment receivable is recognised as the discounted fair value of the Second Instalment to the allotment date. The revenue on the Second Instalment is as a result of the unwinding of discounting of the proceeds of the Second Instalment to the allotment date.

(l) Revenue

Interest income is recognised to the extent that it is probable the economic benefits will flow to the Fund and the income can be reliably measured.

Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

(m) Distributable income

Distributable income will be a minimum of the Fund's taxable income for the relevant distribution period. However, if adjusted accounting income is greater than the Fund's taxable income, Adelaide Managed Funds may distribute up to the amount of the adjusted accounting income.

(n) Distribution of income

Income is distributed to Unitholders at the end of each quarter.

(o) Income tax

Under current Income Tax Legislation, the Fund is not liable to pay income tax provided the Unitholders are presently entitled to the income of the Fund and the Fund fully distributes its taxable income.

(p) Goods and services tax (GST)

Expenses incurred by the Fund are recognised net of the amount of GST that can be recovered from the Australian Taxation Office (ATO). Amounts recognised as receivables and payables at balance date are inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Fund from the ATO are recognised as receivables in the balance sheet.

(q) Terms and conditions of Units on issue

Each Unit confers upon the Unitholder an equal interest in the Fund and is of equal value. A Unit does not confer an interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their Units redeemed
- receive income distributions
- attend and vote at meetings of Unitholders, and
- participate in the termination and winding up of the Fund.

(r) Net assets attributable to Unitholders

Net assets attributable to Unitholders are represented by the residual interest in the assets of the Fund after deducting its liabilities. It is represented by Units to be issued and undistributable income attributable to Unitholders (otherwise termed as changes in net assets attributable to Unitholders.)

Costs directly attributable to the issue of Units are shown in net assets attributable to Unitholders as a deduction, from the proceeds of issuance.

(s) Derecognising of assets and liabilities

The derecognition of a financial instrument takes place when the Fund no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 Interest income and distribution to Unitholders

	Jun-08 $000's	Jun-07 $000's
(a) Finance income		
Income from investments	24,712	13,910
Interest income	107	1
Capitalised costs	(125)	(80)
	24,694	**13,831**
(b) Operating expenses		
Custodian fee	20	13
Manager's remuneration	2,028	1,264
Other operating expenses	171	46
	2,219	**1,323**

	Jun-08		Jun-07	
	Cents per Unit	$000's	Cents per Unit	$000's
(c) Finance costs - distribution to Unitholders				
Accrued distribution at the beginning of the year	(5.95)	(5,952)	-	-
Distributions paid during the year	20.66	20,654	3.33	3,330
Accrued distribution proposed and payable on 11 August 2008	6.35	6,275	5.91	5,910
Accrued distribution payable to Unitholders	0.07	69	0.04	42
	21.13	**21,046**	**9.28**	**9,282**
(d) Borrowing costs				
Interest expense on borrowings		1,429		3,226
		1,429		**3,226**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 Cash and cash equivalents

	Jun-08 $000's	Jun-07 $000's
(a) Reconciliation of cash and cash equivalents		
For the purposes of the balance sheet and cash flow statement, cash and cash equivalents comprise:		
Cash at bank balance	6,656	6,217
Cash investments are valued in accordance with accounting policy note 2(d)		
Average balance	7,289	4,975
Average interest rate	7.16%	6.36%
Maturity analysis based on remaining term to maturity at 30 June 2008		
At call	**6,656**	**6,217**
(b) Reconciliation of net profit attributable to Unitholders to net cash flows from operating activities		
Net profit attributable to Unitholders	22,411	15,810
Adjustments for non cash movements:		
Second Instalment	(1,365)	(6,528)
Other expenses	(51)	377
Changes in assets and liabilities		
(Increase) in receivables	(128)	(1,555)
Increase in payables	15	569
Net cash flows from operating activities	**20,882**	**8,673**

NOTE 5 Trade and other receivables

Receivables other	12	23
Second Instalment receivable	-	98,635
Accrued interest	1,273	1,012
	1,285	**99,670**
Maturity analysis based on remaining term to maturity at 30 June 2008		
Less than 3 months	1,285	99,670

NOTES TO THE FINANCIAL STATEMENTS

	Jun-08 $000's	Jun-07 $000's
NOTE 6 Loans and receivables		
Loans and receivables at amortised cost	190,626	190,061
Acquisition costs	397	520
	191,023	**190,581**
Investments in margin lending programs	125,109	116,943
Investments in non-conforming mortgage programs	22,742	26,000
Investments in medical finance programs	14,253	14,831
Investments in MIS programs	28,522	32,287
Acquisition costs	397	520
	191,023	**190,581**
Average balance of investments	196,595	147,502
Average interest rate	12.56%	11.32%

NOTE 7 Trade and other payables

Interest payable	37	53
Manager/Responsible Entity fee	547	516
	584	**569**

NOTE 8 Interest bearing liabilities

Borrowings	1,250	98,700
	1,250	**98,700**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 Distributions proposed

	Jun-08 $000's	Jun-07 $000's
The distribution payable is as follows:		
Final Unit distributions proposed for the year ended 30 June 2008 (payable 11 August 2008)	6,275	5,910
Accrued distribution payable to Unitholders	69	42
	6,344	**5,952**

	Cents per Unit	Cents per Unit
Final Unit distributions proposed for the year ended 30 June 2008 (payable 11 August 2008)	6.35	5.91

NOTE 10 Unitholders funds

	Jun-08 $000's	Jun-07 $000's
Unit issue - 31 August 2006	100,000	100,000
Unit issue - Second Instalment received 31 August 2007	92,107	92,107
Unit buy back	(1,797)	-
Capitalised issue costs	(7,416)	(7,388)
	182,894	**184,719**

NOTE 11 Auditors' remuneration

	Jun-08	Jun-07
The audit fee paid/payable by Adelaide Managed Funds Ltd to Ernst & Young on behalf of the Fund	26,000	25,000

NOTE 12 Segment information

The Fund operates in one business segment, being investment management. The Fund also operates from one geographic location, being Australia, from where its investing activities are managed. Revenue is derived from interest/distributions on investments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 Financial instruments

The Fund's principal financial instruments comprise cash and investments. The main purpose of these financial instruments is to generate a return on Unitholders' funds. The Fund has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The Fund does not enter into or trade financial instruments for speculative purposes.

The main risks arising from the Fund's financial instruments are interest rate risk, liquidity and cash flow risk, credit risk and market risk. The Responsible Entity reviews and agrees policies for managing these risks. The objectives, policies and process for managing these risks is disclosed below.

(a) Net fair values

The Fund's trade and other receivables assets are valued in accordance with note 2(f).

The Fund's financial assets are valued in accordance with note 2(g).

It is the Fund's intention to hold investments to maturity and recover the carrying value through future cash flows received. Under AASB 7 however, the Fund is required to place fair value on the loan and receivable investments. For the purposes of the fair value disclosure requirements under AASB 7, the calculation assumes that the Fund is required to liquidate its entire portfolio of investments immediately under current market conditions.

Many of the Fund's investments are illiquid. As a result, the Fund's ability to vary its portfolio in a timely fashion, to dispose of any or all assets or to receive a fair price for assets in response to changes in economic and other conditions may be limited. Furthermore, as the Fund acquires investments for which there is not a readily available market, the Fund's ability to obtain reliable information about the value of such investments may be limited.

Given the nature of estimations involved, the actual realised value for the portfolio in the event that it is liquidated may be higher or lower than the fair value disclosed. Applying management assumptions of a discount rate equal to 2% for those investments that are not publicly rated, and a further discount equal to 25% where a market for selling these assets immediately is not readily available, management's estimate of fair value as at 30 June 2008 is $84,318,298 as compared to carrying value of $190,626,137 (2007 fair value was $199,780,054 as compared to carrying value of $190,060,667).

The difference noted between the carrying value and estimated fair value as at 30 June 2008 does not indicate impairment with regard to the loan and receivable investments. The carrying value of these investments will be recovered over the term to maturity through future cash flows as noted above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 Financial instruments (continued)

(b) Interest rate risk exposures

All of the investments earn a floating rate return. Accordingly, distributions to Unitholders and the forecast annualised distribution yield for the year from allotment to 30 June 2008 will move up or down in line with changes in interest rates.

	Weighted avg effective interest rate Jun-08 % p.a.	**Closing balance** Jun-08 $000's	**Weighted avg effective interest rate** Jun-07 % p.a.	**Closing balance** Jun-07 $000's
Financial asset				
Cash	7.16%	6,656	6.36%	6,217
Investments	12.56%	191,023	11.49%	190,581
Financial liability				
Debt Facility	7.26%	1,250	7.09%	97,800

Interest rate sensitivity based on balances as at 30 June 2008:

	Increase in interest rate	**Sensitivity of interest income($)**	**Decrease in interest rate**	**Sensitivity of interest income($)**
Financial asset				
Cash	+1.00%	66,559	-0.50%	(33,279)
Investment in notes	+1.00%	1,910,231	-0.50%	(955,116)
Financial liability				
Debt facility	+1.00%	12,500	-0.50%	(6,250)

Maturity analysis based on remaining term to maturity at 30 June 2008.

	Jun-08 $000's	**Jun-07 $000's**
Cash		
Less than 3 months	6,656	6,217
Total	6,656	6,217
Investments		
Less than 3 months	-	-
Between 3 months and 12 months	1,100	-
Between 1 year and 5 years	189,923	190,581
Greater than 5 years	-	-
Total	191,023	190,581

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 Financial instruments (continued)

(c) Liquidity and cash flow risk

Many of the Fund's investments are illiquid. As a result, the Fund's ability to vary its portfolio in a timely fashion, to dispose of assets or to receive a fair price for assets in response to changes in economic and other conditions may be limited. Furthermore, as the Fund acquires investments for which there is not a readily available market, the Fund's ability to obtain reliable information about the value of such investment may be limited.

The Fund manages its liquidity ratio on a monthly basis.

Maturity profile of liabilities:

Maturity Profile 30 June 2008	Less than 3 months	Between 3 months and 12 months	Between 1 year and 5 years	More than 5 years
Interest payable on debt facility	37,000	-	-	-
Management fees accrued	547,000	-	-	-
Interest bearing liabilities	1,250,000	-	-	-
Distribution payable to Unitholders	6,344,000	-	-	-
Total	**8,178,000**	-	-	-

Maturity Profile 30 June 2007	Less than 3 months	Between 3 months and 12 months	Between 1 year and 5 years	More than 5 years
Interest payable on debt facility	52,627	-	-	-
Management fees accrued	516,020	-	-	-
Interest bearing liabilities	98,700,000	-	-	-
Distribution payable to Unitholders	5,952,087	-	-	-
Total	**105,220,734**	-	-	-

There is a $100,000,000 dollar debt facility available with ABN Amro Bank N.V. Australian Branch. The facility is rolled on 30 day basis at the end of each month. The facility has standard debt covenants that include interest cover ratio and average investment rating but can not be called due to changes in the Unit price. As at the date of this report, the ABN Amro debt facility was in the process of being renegotiated on similar terms to the existing facility. In the event that the facility is not in place, the Fund will be in a position to repay the outstanding balances.

(d) Credit risk exposures

Credit risk is one of the major risks faced by the Fund and may be broken down into two main categories:

> The risk that issuers of assets in which the Fund has invested (usually special purpose securitisation vehicles), are unable to make the interest payments or principal repayments when due, and

> The risk that the credit quality of the receivables in the underlying portfolio of assets held by the Fund deteriorates.

Obligations of issuers include the payment of scheduled interest and the repayment of the loans at maturity. Failure by an issuer to make these payments may lead to a reduction in yield and a loss of capital for noteholders. A decline in the credit quality of an investment held by the Fund could occur even though the issuer is meeting its obligations. This could occur in the event that the borrowers in the underlying portfolio of receivables begin to default or if market movements cause the value of security held as a proportion of the debt (loan to valuation ratio) to increase, making it more likely that borrowers will default. A decline in the credit quality of an investment held by the Fund could ultimately result in the issuer failing to meet its obligations or a loss of capital if the asset is sold prior to its maturity at a discount to its redemption rate.

The investment assets of the Fund are located in Australia. The underlying investments of the Fund are backed by high yield assets including margin loans, non-conforming residential mortgages, managed investment schemes, medical equipment loans and leases. Refer to note 6 to review the concentration risk of the investment portfolio. No impairment has been noted on these investments during the year ended 30 June 2008.

(e) Market risk exposures

The Fund regularly monitors the concentration of its portfolio and its exposure to any given asset class, single borrower or single issuer. From time to time, the Fund may be less diversified than desired by the Investment Manager, particularly with regards to asset class. This may be driven by attractive yields available in certain asset classes or lack of investment opportunities. In addition, management mitigate this risk by maintaining a hold to maturity investment strategy.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 Director disclosures

(a) The Directors of Adelaide Managed Funds Ltd during the financial year were:

S Crane (resigned 11/04/2008)
J L Dawson (appointed 11/04/2008)
A Lloyd (resigned 26/06/2008)
J McPhee
S Treanor
N Fox
A Baum

(b) The Fund has not made, guaranteed or secured, directly or indirectly any loans to the Directors or their Director related entities during the year.

(c) The following Directors of Adelaide Managed Funds Ltd held Units in the Fund: Mr Jamie McPhee held 90,723 Units, Mrs Nancy Fox held 7,500 Units and Mr Anthony Baum held 10,000 Units in the Fund during the year ended 30 June 2008.

No other Directors held any interests during the year covered by these financial reports. All interests held are on arms length basis and under normal circumstances.

(d) There were no key management personnel employed by the Fund.

NOTE 15 Related parties disclosures

(a) Key management personnel

Disclosures in relation to key management personnel (KMP) during the year and until the date of this report are set out in note 16.

(b) Other related parties - the Responsible Entity

The Responsible Entity of the Fund is Adelaide Managed Funds Ltd whose immediate and ultimate holding company is Adelaide Bank Ltd.

As at 30 June 2008 the Fund invested $6,655,861 in the AMF Yield Fund, another Fund managed by the Responsible Entity. This investment is on normal terms and conditions with the exception that any management fees payable to the responsible entity are reimbursed to the Fund.

All remuneration and fees have been calculated in accordance with the Trust Deed/Constitution. Manager/Responsible Entity remuneration amounted to $2,028,262 (June 2007: $1,264,191) for the year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 Key management personnel

(a) Key management personnel

The key management personnel (KMP) of the Fund only include persons who are KMP of the Responsible Entity. The names of the KMP of the Responsible Entity during the year and until the date of this report are (unless otherwise stated) are:

S Crane (resigned 11/04/2008)	Chairman
J L Dawson (appointed 11/04/2008)	Chairman
A Lloyd (resigned 26/06/2008)	Director
J McPhee	Director
S Treanor	Director
N Fox	Director
A Baum	Director
B Speirs	Chief Executive Officer
K Masters	Chief Investment Officer

(b) Compensation of key management personnel

KMP of the Responsible Entity are paid by Bendigo and Adelaide Bank Ltd in their roles as KMP of the Responsible Entity, not of the Fund. KMP of the Responsible Entity are not remunerated by the Fund.

No securities of the Adelaide Managed Fund Assets Backed Yield Trust were granted to any KMP during the year as compensation.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note 15(b).

(c) Key management personnel's interest in financial instruments issued by the Fund.

Interests in the Units issued by the Fund held by the KMP and their related entities at balance date are as follows:

		Units held	
		Jun-08	**Jun-07**
J L Dawson	Chairman (appointed 11/04/2008)	-	-
J McPhee	Director	90,723	-
S Treanor	Director	-	-
N Fox	Director	7,500	7,500
A Baum	Director	10,000	50,000
B Speirs	Chief Executive Officer	10,000	10,000
K Masters	Chief Investment Officer	50,000	50,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 Key management personnel (continued)

(d) Distributions paid or payable by the Fund to key management personnel.

Distributions paid or payable by the Fund to KMP and their related entities during the year are as follows:

	Distributions paid or payable	**Jun-08 $**	**Jun-07 $**
J L Dawson	Chairman (appointed 11/04/2008)	-	-
J McPhee	Director	14,380	-
S Treanor	Director	-	-
N Fox	Director	2,025	694
A Baum	Director	5,065	4,625
B Speirs	Chief Executive Officer	2,700	925
K Masters	Chief Investment Officer	13,502	4,625

(e) Outstanding balances between the Fund and key management personnel.

Outstanding balances between the Fund and the KMP and their related entities are as follows:

	Distribution payable	**Jun-08 $**	**Jun-07 $**
J L Dawson	Chairman (appointed 11/04/2008)	-	-
J McPhee	Director	5,761	-
S Treanor	Director	-	-
N Fox	Director	476	444
A Baum	Director	635	2,960
B Speirs	Chief Executive Officer	635	592
K Masters	Chief Investment Officer	3,175	2,960

(f) Key management personnel related entities:

J Dawson is a Non Executive Director of Bendigo and Adelaide Bank Ltd.

J McPhee is an Executive Director of Bendigo and Adelaide Bank Ltd.

A Baum is the Chief General Manager of the Wealth Management division of Bendigo and Adelaide Bank Ltd.

All transactions between the Fund and KMP occurred on normal commercial terms and conditions.

NOTE 17 Subsequent events

Since 30 June 2008 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

DIRECTOR'S DECLARATION

In the opinion of the Directors of Adelaide Managed Funds Ltd:

(a) the financial statements and notes of the Fund are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Fund's financial position as at 30 June 2008 and of its performance for the year ended on that date, and

  (ii) complying with Accounting Standards and the Corporations Regulations 2001

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

Jenny Dawson

Jennifer Lynn Dawson
Chairman
31 July 2008
Adelaide