

ADELAIDE MANAGED FUNDS
ASSET BACKED YIELD TRUST



1H09 RESULTS AND PROPOSAL FROM BENDIGO AND
ADELAIDE BANK

February 2009

Adelaide Managed Funds

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1. 1H09 FINANCIAL RESULTS - SNAPSHOT

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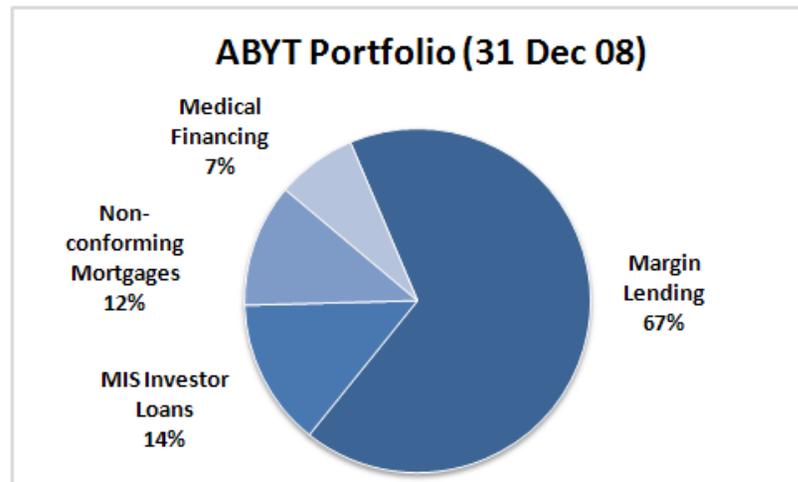
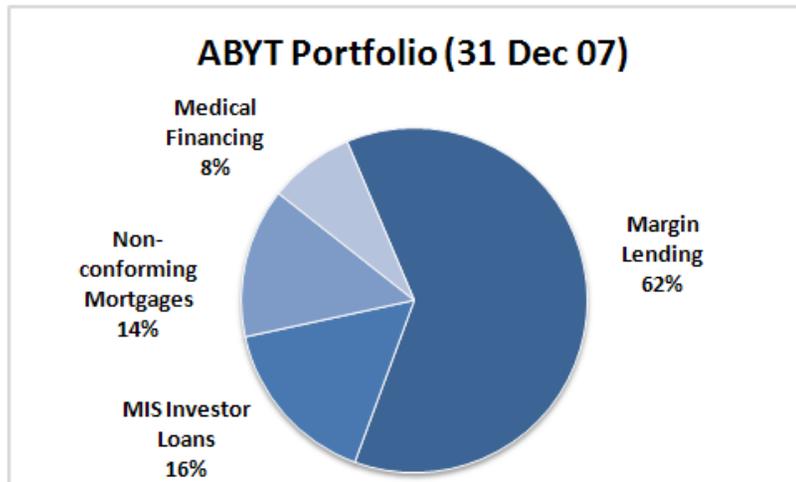
- > Distributable Income increased by 11.0% to \$10.6 million and Unitholder Distributions increased by 16% when compared with the previous corresponding period (pcp)
- > This increase was principally due to lower interest costs for the half as the Fund reduced its gearing
- > Total 1H09 cash yield for investors of 11.0% p.a., equivalent to BBSW + 4.65% which is above our forecast range

	Change from pcp	01 Jul 2008 to 31 Dec 2008 A\$M	01 Jul 2007 to 31 Dec 2007 A\$M
Investment Income	-	11.96	12.00
Operating Expenses	1%	(1.16)	(1.15)
Distributable Income	11%	10.59	9.58
Unitholder Distribution (cents per Unit)	16%	11.00c	9.50c

2. INVESTMENT PORTFOLIO UPDATE

HIGH QUALITY INVESTMENT PORTFOLIO

- > Credit quality of Investment Portfolio remains high
- > Each individual investment remains sound
- > Investment Portfolio continues to generate stable, predictable returns



PORTFOLIO PERFORMANCE UPDATE

- > Margin Lending, Non-conforming Mortgage and Medical Financing Program arrears and cumulative losses recorded to date are considerably lower than originally forecast
- > The MIS Program is being closely monitored but the investment remains sound
- > AYT's investments are only impacted if actual losses on the underlying portfolio are higher than the current loss assumption for each individual program

Investment	Actual Losses Recorded to 31 December 2008	Current Loss Assumptions	Losses where AYT Investment Is Impacted	Loss Buffer Multiple
Margin Lending	0.07%	0.35%	1.75%	25.0 x
Non-conforming Mortgages	0.19%	0.74%	1.30%	6.8 x
Medical Financing Program #1	0.82%	1.02%	1.87%	2.3 x
Medical Financing Program #2	0.34%	0.49%	4.15%	12.2 x
MIS Investor Loans	3.15%	3.60%	4.82%	1.5 x

3. RECOMMENDED PROPOSAL FROM BENDIGO AND ADELAIDE BANK

OVERVIEW OF THE PROPOSAL

Proposal	<ul style="list-style-type: none"> > Bendigo and Adelaide Bank (BEN) proposes to acquire all the Units in AYT by way of Trust scheme
Proposal Terms	<ul style="list-style-type: none"> > \$1.835 per Unit in mandatory convertible preference shares (CPS) in BEN⁽¹⁾ > A cash distribution calculated by reference to any increase in net tangible assets of AYT for the March 2009 quarter (net of AMF’s estimated transaction costs to completion) – this is currently estimated at \$0.02 per Unit > Represents a premium of 54.3% over the 1 month VWAP⁽²⁾ in AYT Units
Recommendation	<ul style="list-style-type: none"> > Unanimously recommended by AMF’s Independent Directors, subject to: <ul style="list-style-type: none"> > No superior proposal > Confirmation from the Independent Expert that the proposal is fair and reasonable and in the best interests of AYT Unitholders
CPS Key Terms	<ul style="list-style-type: none"> > BEN will apply for quotation of the CPS on ASX > Conversion at 2.5% discount into BEN ordinary shares expected 12 months after issue⁽³⁾ > Expected to pay fully franked quarterly dividends calculated as the sum of the 90 day Bank Bill Rate plus the Margin (4.50%), multiplied by (1 – Tax Rate)
Key Conditions	<ul style="list-style-type: none"> > AYT Unitholder approval > No material adverse change in AYT > Confirmation from the Independent Expert that the proposal is fair and reasonable and in the best interests of AYT Unitholders

⁽¹⁾ Based on the \$100 face value of the CPS, and does not reflect the expected or actual trading price of the CPS.

⁽²⁾ Volume weighted average price.

⁽³⁾ Subject to the Mandatory Conversion Conditions being satisfied.

BENEFITS TO AYT UNITHOLDERS

1

Proposal value

- > Significant premium to recent trading prices of AYT Units
 - > \$1.835 per Unit represents a 54.3% premium to 1 month VWAP

2

Liquidity

- > Conversion into BEN ordinary shares expected 12 months after issue⁽¹⁾
 - > Significantly greater historical liquidity of BEN ordinary shares than AYT Units

3

Favourable
CPS terms

- > Fully franked dividend of 450 basis points over the relevant reference rate (including the benefit of franking credits) at the top end of the current AYT yield guidance
- > Conversion at a 2.5% discount⁽¹⁾
- > Conversion into fixed dollar value of shares provides a degree of protection against share price volatility prior to conversion⁽¹⁾

4

Enhanced credit
profile

- > Enhanced investment credit versus direct holding in AYT
 - > CPS is expected to be an investment grade instrument (provisional rating of Baa1 from Moody's)

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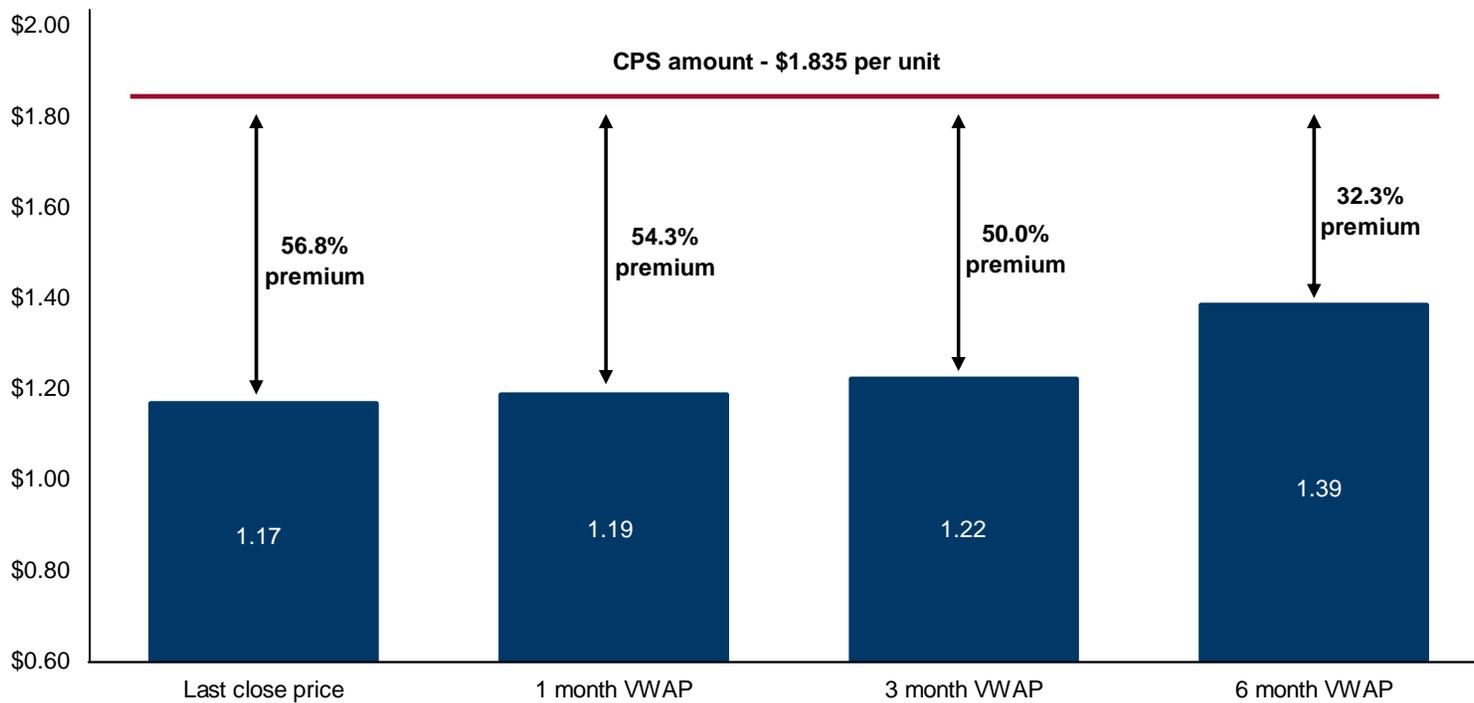
Recommendation

- > Adelaide Managed Funds' Independent Directors unanimously recommend the proposal, and intend to vote all AYT Units they hold or control in favour of the proposal, subject to:
 - > No superior proposal being received
 - > Confirmation from the Independent Expert that the proposal is fair and reasonable and in the best interests of AYT Unitholders

⁽¹⁾ Subject to the Mandatory Conversion Conditions being satisfied.

ATTRACTIVE PROPOSAL – ENHANCED VALUE

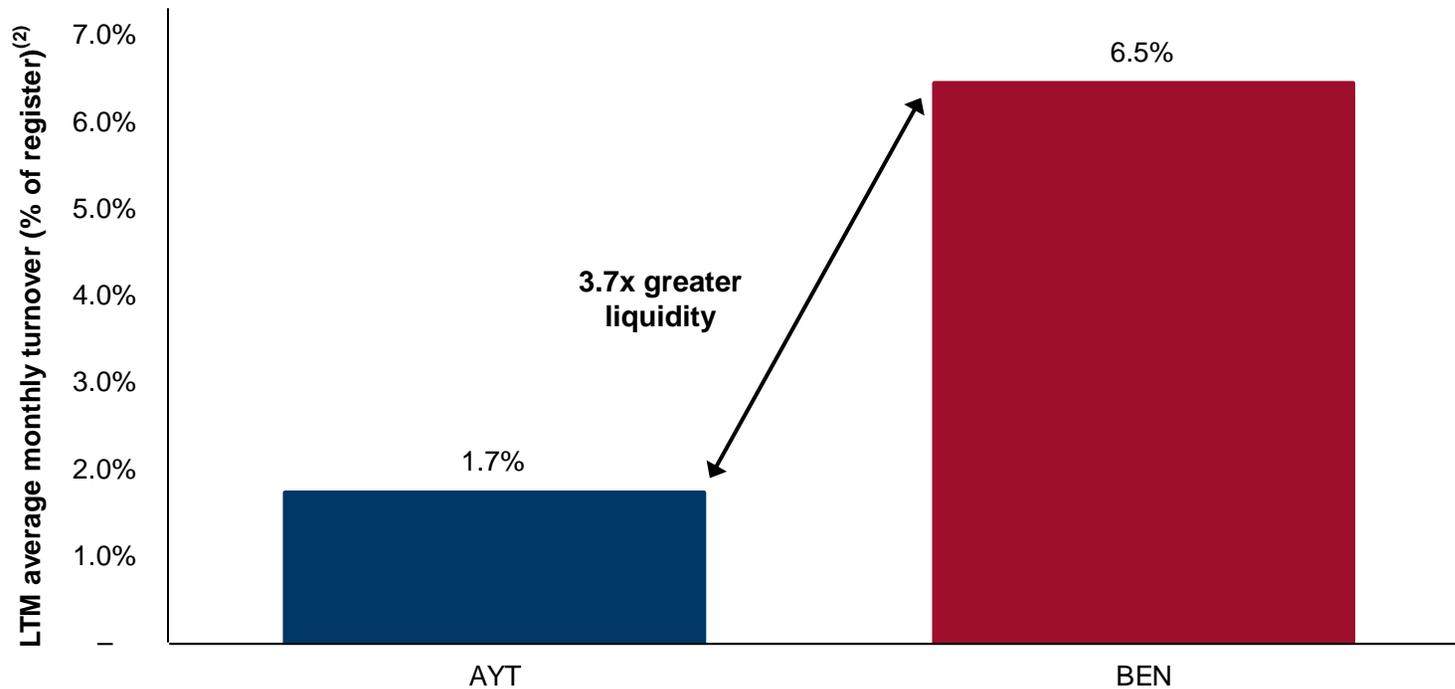
- > \$1.835 per AYT Unit⁽¹⁾ represents a significant premium to the recent trading VWAPs of AYT's Units



⁽¹⁾ Based on the \$100 face value of the CPS, and does not reflect the expected or actual trading price of the CPS.

ATTRACTIVE PROPOSAL – IMPROVED LIQUIDITY

- > The CPS are expected to convert into BEN ordinary shares in 12 months⁽¹⁾, providing exposure to a historically more liquid security than AYT Units



⁽¹⁾ Subject to the Mandatory Conversion Conditions being satisfied.

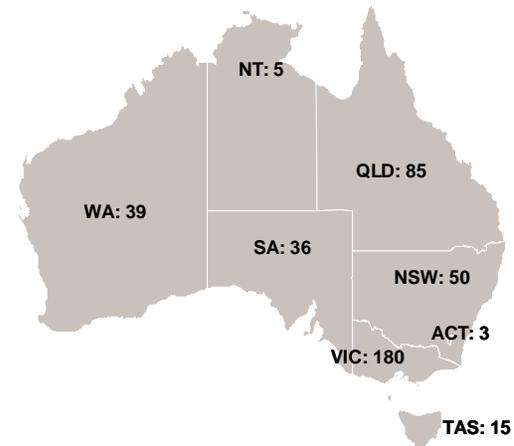
⁽²⁾ LTM period represents February 2008 – January 2009.

OVERVIEW OF BENDIGO AND ADELAIDE BANK

Profile

- > One of Australia's largest banks, with market capitalisation of \$2.78bn as at 13 February 2009
- > Founded in 1858, with enlarged entity formed in November 2007 through the merger of Bendigo Bank and Adelaide Bank
- > More than 1.3 million direct customers
- > Rating of BBB+ / A2 (S&P / Moody's) with Tier 1 capital of 7.99% as at 31 December 2008
- > Strong retail customer deposit base – 83% of on balance sheet funding provided through retail deposits
- > Core business platforms include retail banking, partner advised banking, specialised products and wealth management
- > Several joint ventures and alliances in regional financial services businesses

Geographical footprint (branch presence)



Branches	No.
Community bank branches	224
Bendigo corporate-owned	164
Adelaide Bank	25
Total	413

Note: Further information on BEN, including details of its 1H09 financial results, can be found at www.bendigobank.com.au
Information is correct as at 13 February 2009.

TRANSACTION TIMETABLE

	Date
AYT half year results and announcement of transaction	16 Feb 2009
Dispatch scheme booklet to shareholders	Apr 2009
Expected date of March quarter distribution	Apr 2009
Scheme meeting	Apr 2009
Effective date of the transaction and issue of BEN CPS	May 2009

Note: This timetable is subject to change and could be influenced by factors outside the control of Adelaide Managed Funds.

SUMMARY

- > Significant premium to recent trading prices of AYT Units
- > Opportunity to enhance investment credit versus a direct investment in AYT, with potential for significant improvement in liquidity upon conversion into BEN ordinary shares⁽¹⁾
- > Favourable CPS terms, with a dividend (including the benefit of franking credits) at the upper end of current AYT distribution guidance
- > Unanimously recommended by Adelaide Managed Funds' Independent Directors, in the absence of a superior proposal and subject to the independent expert determining that the proposal is fair and reasonable and in the best interests of AYT Unitholders

⁽¹⁾ Subject to the Mandatory Conversion Conditions being satisfied.

QUESTIONS?

APPENDIX I

Detailed Profit and Loss Statement

PROFIT AND LOSS STATEMENT

	01 Jul 2008 to 31 Dec 2008 A\$M	01 Jul 2007 to 31 Dec 2007 A\$M
Investment income	11.96	12.00
Revenue from second instalment ⁽¹⁾	-	1.37
Total revenue	11.96	13.37
Operating expenses	(1.16)	(1.15)
Earnings before Interest and Taxation ("EBIT")	10.80	12.22
Net interest expense	(0.21)	(1.27)
Profit before tax	10.59	10.95
Less: revenue from second instalment	-	(1.37)
Distributable income	10.59	9.58
Unitholder distribution (cents per Unit)	11.00c	9.50c

(1) IFRS non-cash accounting adjustment.

APPENDIX II

Details on Investment Portfolio

ADDITIONAL DETAILS ON THE INVESTMENT PORTFOLIO

Name	Asset category	Value (\$M)	% of Portfolio	Margin over BBSW (%)	Funded Subordination (%)	Excess Spread ⁽¹⁾	Total Support (\$M) ⁽²⁾
Lighthouse No. 4 Trust	Margin Lending	75.0	40.3%	1.25%	3.18%	1.75%	98.1
Lighthouse No. 4 Trust	Margin Lending	50.1	26.9%	12.50%	0.00%	1.75%	48.0
Q10 Trust E Note	Mortgage Portfolio	10.5	5.6%	3.75%	4.50%	1.30%	24.0
Q10 Trust F Note	Mortgage Portfolio	11.0	5.9%	6.00%	0.00%	1.30%	13.0
Program No. 1 B Note	Medical Financing	0.8	0.4%	3.75%	3.21%	0.30%	1.0 ⁽³⁾
Program No. 2 D Note	Medical Financing	13.2	7.1%	6.00%	4.57%	1.10%	15.1
MIS Program 1 C Note	MIS Investor Loans	17.6	9.5%	4.50%	9.17%	2.80%	11.1
MIS Program 1 D Note	MIS Investor Loans	8.0	4.3%	12.50%	0.00%	2.80%	3.1

⁽¹⁾ Cumulative over the life of the Program, noting that only the Q10 program “traps” excess spread.

⁽²⁾ Funded subordination and cumulative excess spread based on investment as at 31 December 2008.

⁽³⁾ Function of amortised portfolio and expected March 2009 repayment.

ADDITIONAL DETAILS ON THE INVESTMENT PORTFOLIO

Name	Asset Category	Value (\$M)	Forecast Maturity	Mechanism
Lighthouse No. 4 Trust	Margin Lending	75.0	2.7 years	Program maturity on 30 September 2010. Subordinated Notes are to be repaid within 13 months of this date but only if the Senior Notes have been repaid or the repayment can be funded by the issue of new Subordinated Notes.
Lighthouse No. 4 Trust	Margin Lending	50.1		
Q10 Trust E Note	Mortgage Portfolio	10.5	2.4 years	Program called on 16 June 2011 or at 5% of initial pool balance. Call at the discretion of the Trust Manager (National Australia Managers Limited).
Q10 Trust F Note	Mortgage Portfolio	11.0		
Program No. 1 B Note	Medical Financing	0.8	0.3 years	Program called at 10% of initial pool balance. Call at the discretion of the Trust Manager (National Australia Managers Limited).
Program No. 2 D Note	Medical Financing	13.2	3.2 years	Issuer (Perpetual) has the option to redeem all Notes on the 6 th anniversary of the initial distribution date, 10 February 2012.
MIS Program 1 C Note	MIS Investor Loans	17.6	4.0 years	Program called at 10% of initial pool balance. Call at the discretion of the Trust Manager (AB Management).
MIS Program 1 D Note	MIS Investor Loans	8.0		

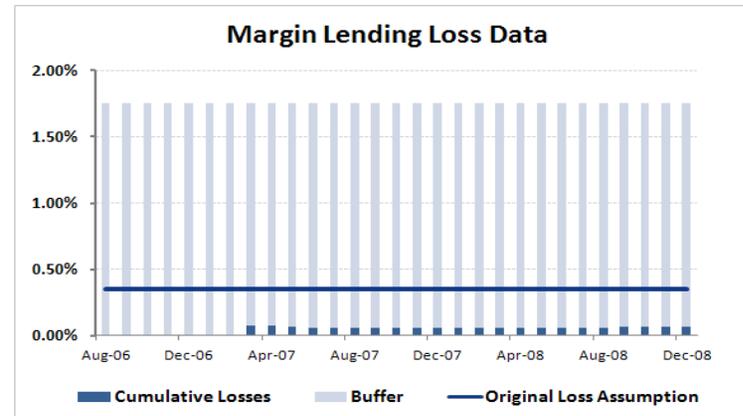
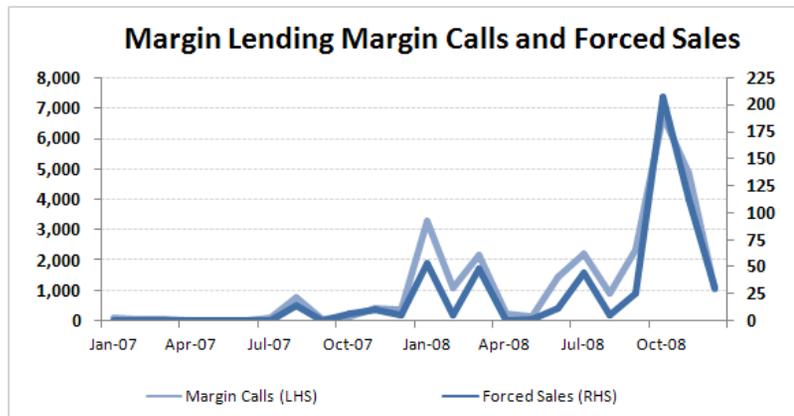
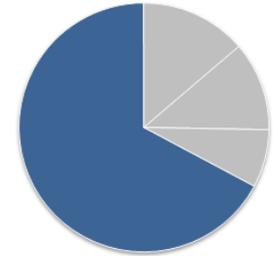
APPENDIX III

Investment Portfolio Sector Performance

MARGIN LENDING

- > The volatility in the Australian equity market has not impacted on AYT's investment, which continues to perform better than expected
- > In the 12 months to 31 December 2008 there was an average of 2,207 margin calls, valued at \$92 million, and 46 forced sales per month. The portfolio did not record any losses
- > Highest volume reached in November 2008 with 4,840 margin calls, valued at \$131 million

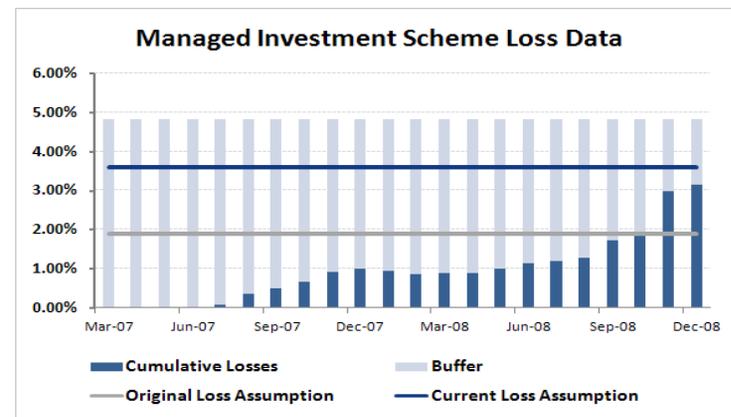
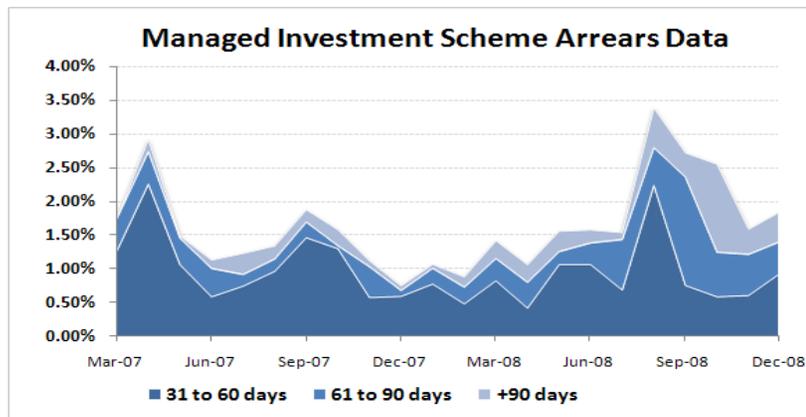
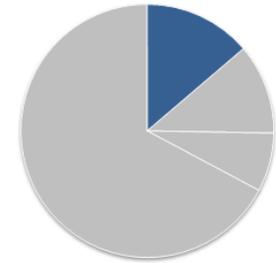
Margin Lending (67%)



MANAGED INVESTMENT SCHEMES

- > All receivables are investor loans offered to borrowers to facilitate their investment in various MIS that have an ATO public ruling
- > Losses are higher than originally forecast but still remain within the buffer where AYT's investment is impacted
- > At 31 December 2008 average loan size is \$46k and the portfolio has a 32 month average seasoning

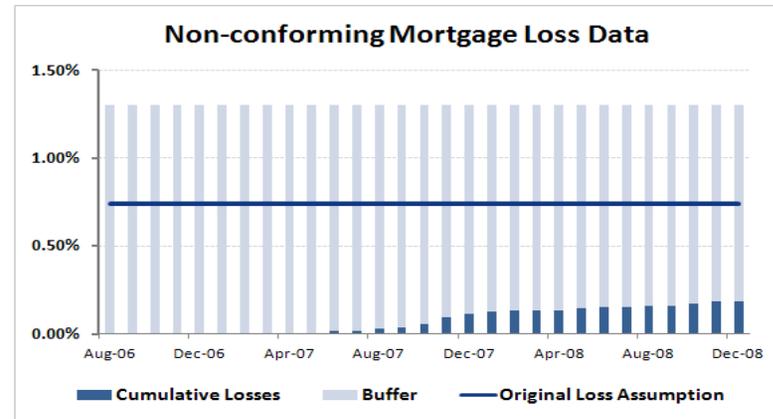
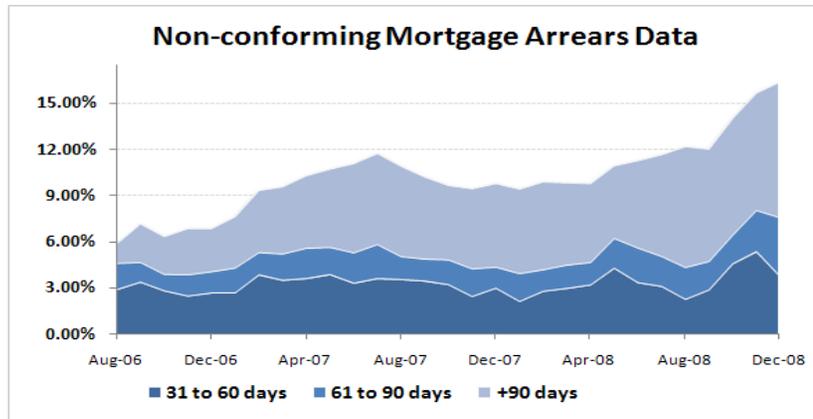
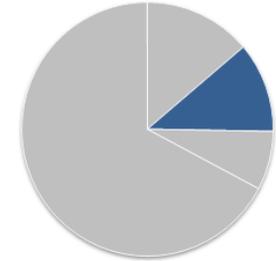
MIS Investor Loans (14%)



NON-CONFORMING MORTGAGES

- > Cumulative losses remain substantially less than forecast and need to increase by 6 times before AYT's investment is impacted
- > Portfolio arrears have remained within expectations despite deterioration in broader Australian market and the investment continues to perform better than forecast
- > Average LVR of 68.8% at 31 December and 40 month average seasoning

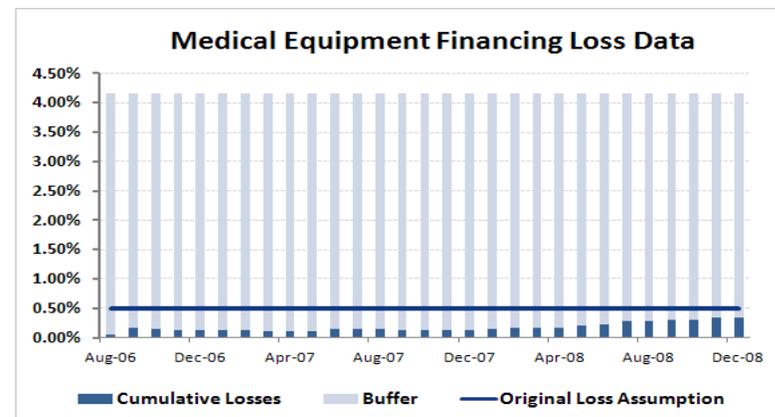
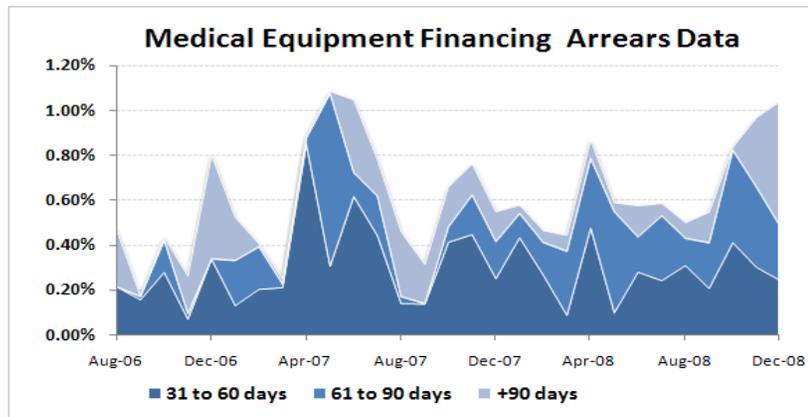
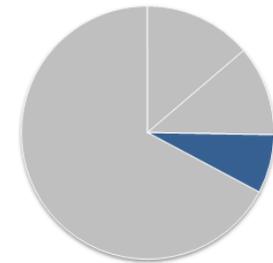
Non-conforming Mortgages (12%)



MEDICAL EQUIPMENT FINANCING

- > Granular portfolio of high performing loans to medical professionals
- > Portfolio arrears remain less than 1.1% and losses need to increase by more than 12 times before AYT's investment is impacted
- > Remains a preferred asset class for AYT

Medical Financing (7%)



APPENDIX IV

CPS – Key Terms

CPS – KEY TERMS

Issuer	> Bendigo and Adelaide Bank Limited (BEN)
Issue rating	> Baa1 ⁽¹⁾
Term	> CPS are perpetual instruments, until such time as Conversion, Redemption or Resale occurs. CPS are expected to convert into ordinary shares of BEN twelve months after issue, provided the Mandatory Conversion Conditions are satisfied
Dividends	> Non-cumulative dividends based on a floating rate paid quarterly in arrears, commencing on 15 September 2009. Dividends are expected to be fully franked and will be grossed up if not fully franked
Dividend rate	> (Bank Bill Rate + Margin) x (1 – Tax Rate)
Margin	> 450 basis points per annum
Conversion	<p>> Conversion into \$102.56 (2.5% discount) in BEN ordinary shares on the date 12 months after issue, based on the 20 business day VWAP of BEN ordinary shares prior to conversion, provided the Mandatory Conversion Conditions are satisfied and Resale or Redemption does not occur</p> <p>> Mandatory Conversion Conditions</p> <ul style="list-style-type: none"> > the VWAP of BEN ordinary shares on the 25th business day before (but not including) a possible mandatory conversion date is greater than 56.0% of the Issue Date VWAP > the VWAP of BEN ordinary shares during the 20 business days before (but not including) a possible mandatory conversion date is greater than 51.28% of the Issue Date VWAP > the VWAP of ordinary shares during the period of 10 business days before (but not including) a possible conversion date is greater than 75.0% of the VWAP of ordinary shares during the 10 business day period commencing 40 business days before (but not including) a possible mandatory conversion date > BEN ordinary shares remain listed on the ASX, and trading of ordinary shares has not been suspended for more than five consecutive business days prior to an including a possible mandatory conversion date
Resale	> Before a possible conversion date, BEN may choose to arrange for all CPS to be acquired by a third party for a cash amount of \$100 per CPS. The nominated purchaser must have a credit rating of no less than A- from Standard & Poor's or A3 from Moody's
Redemption	> In certain circumstances the Issuer will be entitled to redeem the CPS for their face value

(1) Provisional issue rating from Moody's.