

Adelaide Managed Funds

ASX Release

6 April 2010

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST STRATEGY UPDATE

- **AMF intends to implement an orderly wind down of AYT by returning capital to Unitholders as assets mature, subject to no superior proposals or a favourable change in market conditions**
- **Unitholder approval of this proposed strategy will be sought at an Extraordinary General Meeting**
- **No new investments will be made in the meantime and the on-market Unit buy-back program will cease**
- **FY2010 yield forecast confirmed at lower end of target range of between BBSW + 4.00% and BBSW + 4.50%**

Adelaide Managed Funds (**AMF**) as Responsible Entity for the Adelaide Managed Funds Asset Backed Yield Trust (**ASX: AYT**) has today announced that, subject to Unitholder approval, it intends to implement an orderly wind down of the Fund by returning capital to Unitholders as its underlying assets mature. With a substantial amount of AYT's assets expected to be repaid within the coming 6 to 18 months, the Board conducted a comprehensive strategic review of AYT. The Board of AMF unanimously concluded that, subject to no superior proposal being forthcoming or a favourable change in market conditions, this course of action is in the best interests of Unitholders.

The Chairman of Adelaide Managed Funds, Mr Anthony Baum, said that a number of alternatives had been considered as part of the review, but that the Board believes that a gradual return of capital and orderly wind down of the Fund is in the best interests of Unitholders.

"The Board examined a range of different strategies, giving consideration not only to the expected asset maturity dates, but also AYT's original value proposition, the ongoing disconnect between the Unit price and AYT's Net Tangible Asset (**NTA**) backing, current market conditions and investor feedback. The Board's decision is a positive outcome for Unitholders and demonstrates the ongoing commitment of the Board and Management to maximise value for Unitholders" he said.

Under ASX Listing Rule 11.1, Unitholder approval will be required to implement an orderly wind down of AYT, but only in relation to material capital returns. Unitholder approval will therefore be sought at an Extraordinary General Meeting, likely to be held within the next 6 months. Further details regarding this meeting, the process for any wind down and the nature and timing of any capital returns, will be provided to Unitholders as soon as practicable following consultation with ASX and ahead of the meeting.

In the meantime, AMF will not look to make any new investments and the on-market Unit buy-back program currently in place will cease.

This announcement only relates to a decision by AMF to return capital to Unitholders as the underlying assets of AYT mature. AMF has not yet made a decision to terminate AYT or commence a formal winding up in accordance with the Corporations Act and AYT's

constitution. AMF reserves the right, either before or after the Unitholder meeting referred to in this announcement is convened, to take necessary actions, as contemplated by the Corporations Act and AYT's constitution, to terminate or wind up AYT. It may do so, if it forms the view, on the basis of prevailing market conditions, that the purpose of AYT cannot be accomplished.

The March quarter distribution (currently estimated to be 3.80 cents per Unit), announced on 22 March 2010 and payable on 14 April 2010, will proceed. AMF reiterates that AYT's FY2010 yield for Unitholders is forecast to be at the lower end of the targeted range of 30-day BBSW + 4.0% to 4.5%.

Cash distributions will continue to be paid to Unitholders on a quarterly basis. However, no guidance is currently being given for AYT's FY2011 yield pending the outcome of the Unitholder meeting.

AYT was listed on the ASX in August 2006 with an issue price of \$2.00 per Unit, paid in two instalments of \$1.00 each. As at 28 February 2010, AYT was trading with an unaudited NTA equal to \$1.80 per Unit. Since listing, AYT has paid distributions totalling \$0.55 to Unitholders, representing an average annualised yield of 9.7% (on a fully paid basis).

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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 AYT, please visit:
www.adelaidemanagedfunds.com.au