

# Adelaide Managed Funds

ASX Release

5 November 2008

## ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST UNITHOLDER BRIEFING PRESENTATION

The Board and Management of Adelaide Managed Funds, responsible entity for the Adelaide Managed Funds Asset Backed Yield Trust (ASX: AYT), are today briefing Unitholders on the AYT's annual results for the period ending 30 June 2008 and on the prospects for the current year (refer attached).

Those Unitholders who are unable to attend the briefing in Adelaide can listen to the presentation from 12:00pm (AEST) today via the following link:

<http://www.brr.com.au/event/52721>

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**About Adelaide Managed Funds**

Adelaide Managed Funds, a wholly owned subsidiary of the 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 Asset Backed Yield Trust, please visit: [www.adelaidemanagedfunds.com.au](http://www.adelaidemanagedfunds.com.au)



ADELAIDE MANAGED FUNDS  
ASSET BACKED YIELD TRUST

November 2008

Adelaide Managed Funds

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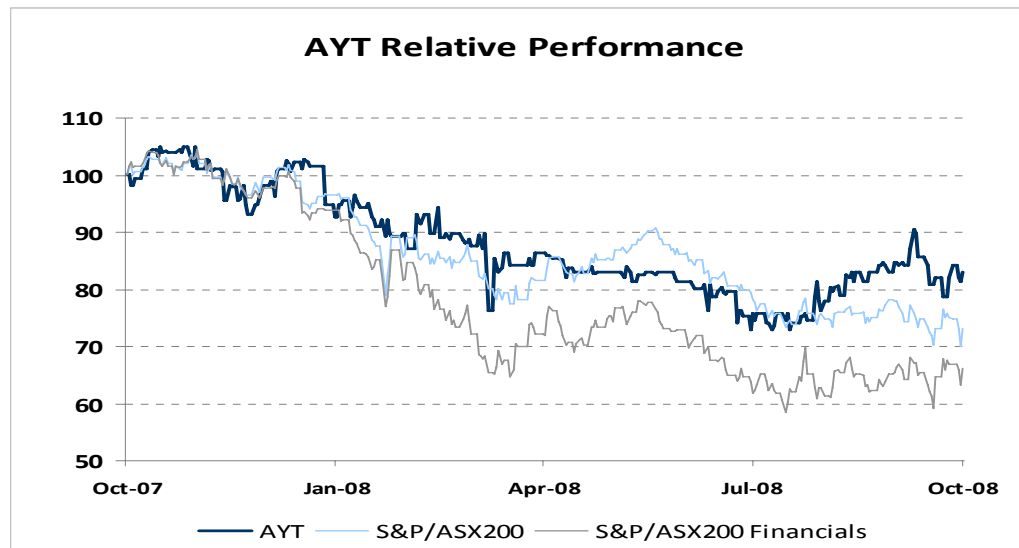
## APPENDICES

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# 1. CURRENT ENVIRONMENT

# CURRENT ENVIRONMENT

- > Significant volatility in global financial markets
- > AYT Unit price negatively effected by market sentiment
  - > Your Board actively working to generate investor demand for AYT Units
  - > Risk mitigation to insulate the Fund from external factors
- > Assets in the Fund continue to perform to or above expectations
- > Portfolio continues to generate stable, predictable margins



## 2. OVERVIEW OF THE FUND

## UNIQUE INVESTMENT

<b>Description</b>	<ul style="list-style-type: none"><li>&gt; ASX Listed (ASX: AYT) with issued capital of \$200 million</li><li>&gt; NTA per Unit equal to \$1.95 as at 30 September 2008 after paying a quarterly distribution of 5.5 cents per Unit</li></ul>
<b>Unique Investment</b>	<ul style="list-style-type: none"><li>&gt; Portfolio of investments not generally publicly available</li><li>&gt; Investment in predominantly high yielding assets</li><li>&gt; Investments backed by pools of loan and lease assets</li></ul>
<b>Investment Mandate</b>	<ul style="list-style-type: none"><li>&gt; Invests in high yielding assets</li><li>&gt; Focused on investments that maximise Unitholder return for associated risk</li><li>&gt; Investments sourced from Bendigo and Adelaide Bank and from third parties</li></ul>
<b>Attractive Floating Yield</b>	<ul style="list-style-type: none"><li>&gt; FY2009 forecast return of BBSW + 4.0% to BBSW + 4.5% on Issue Price</li><li>&gt; Equivalent Investor Yield equal to 9.9% to 10.4% at 31 October 2008<sup>(1)</sup></li><li>&gt; Running yield at current Unit price of 13.8% to 14.5%<sup>(2)</sup></li><li>&gt; This forecast return compares favourably with similar investments</li></ul>

<sup>(1)</sup> 30-Day BBSW at 31 October 2008 was 5.93%

<sup>(2)</sup> Unit Price at 31 October 2008 was \$1.44



## DELIVERING FOR INVESTORS

### Strong FY2008 Financial Performance

- > Delivered a cash yield for investors of 11.54%<sup>(1)</sup>, which was at the upper end of forecast range
- > FY2008 Unitholder distribution of 21.1 cents per Unit
- > Portfolio arrears and losses considerably lower than originally forecast

### Strong Capital Position

- > Balance sheet will be ungeared at expiry of debt facility in August 2009
- > Fund has no other outstanding liabilities or funding commitments
- > All distributions are paid in cash from interest earned by the Fund's Investment Portfolio

### Clear Investment Strategy

- > Buyback to continue while purchase of Units represents best use of funds
- > Clear focus on achieving an appropriate Unitholder return
- > Investments will continue to be maintained on a 'held-to-maturity' basis and not required to be marked-to-market

### High Quality Investment Portfolio

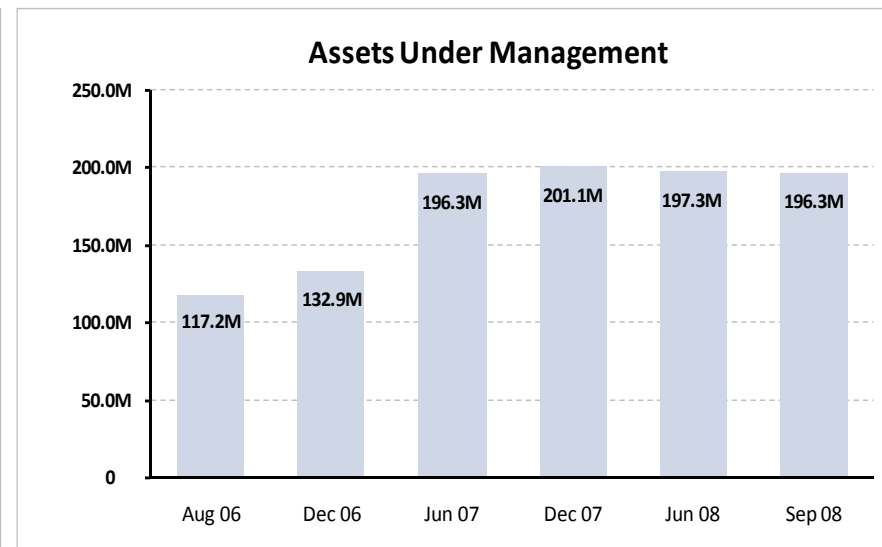
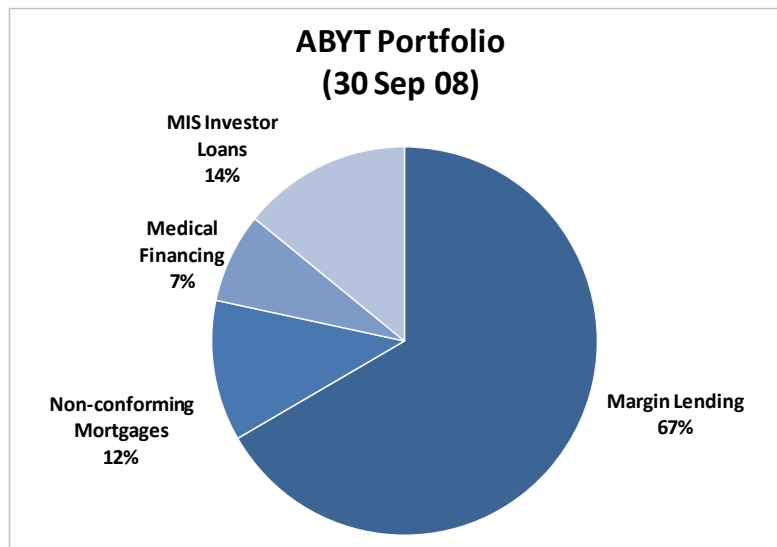
- > Quality of underlying investments remains high and Investment Portfolio continues to generate stable, predictable margins
- > Investments remain sound, despite international credit events and the volatility of the Australian equity market

<sup>(1)</sup> Average 30-Day BBSW for the 12 months to 30 June 2008 was 7.13%

# 3. INVESTMENT PORTFOLIO UPDATE

## HIGH QUALITY PORTFOLIO

- > Assets under management total \$196 million at 30 September 2008
- > New originations were deliberately slowed in FY2008 as management took a conservative approach to new investments and reduced the debt facility
- > Credit quality of Investment Portfolio remains high and performance of assets has been better than forecast



## CONTINUED STRONG PERFORMANCE

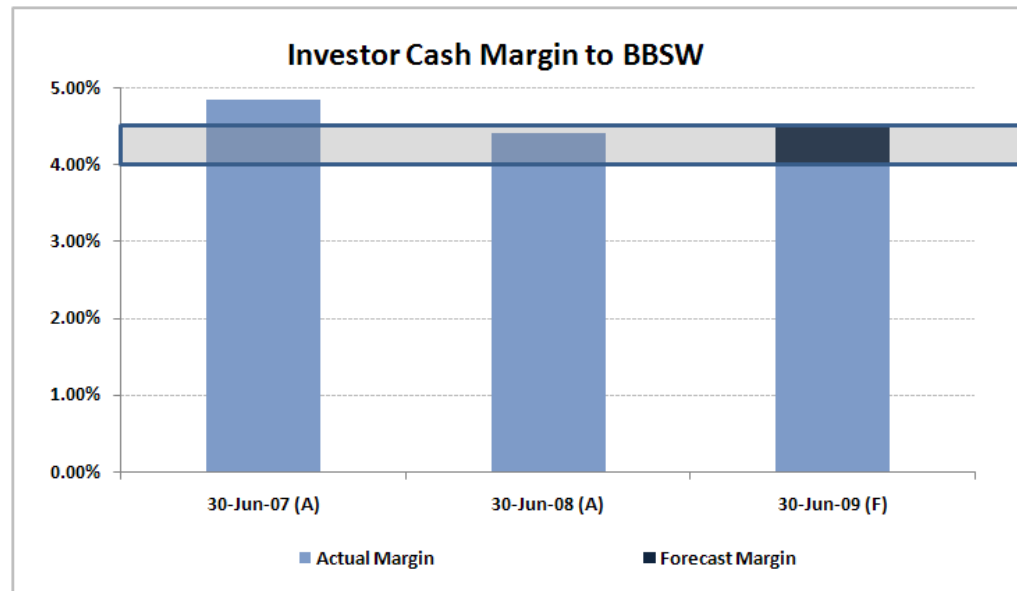
- > Arrears and cumulative losses to date are lower than originally forecast
- > Investments are only impacted if losses are substantially higher than original loss assumptions

<b>Investment</b>	<b>Actual Losses Recorded to 30 Sep 2008</b>	<b>Original Loss Assumptions</b>	<b>Losses where Fund Investment is Impacted</b>	<b>Loss Buffer Multiple</b>
Margin Lending	0.07%	0.35%	> 1.75%	25 x
Non-Conforming Mortgages	0.16%	0.74%	> 1.30%	8 x
Medical Financing Program #1	0.82%	1.02%	> 1.87%	2 x
Medical Financing Program #2	0.30%	0.49%	> 4.15%	13 x
MIS Investor Loans	1.74%	1.88%	> 2.60%	1 x

## 4. FUND OUTLOOK

## SUSTAINABLE YIELD

- > FY2009 forecast yield of between BBSW + 4.0% to BBSW + 4.5%
  - > Equivalent to annual distribution of between 19.9 and 20.9 cents per Unit
  - > Floating rate yield of between **9.93%** and **10.43%** at the current BBSW (based on weighted average Units on issue and par value)<sup>(1)</sup>
  - > Equivalent to a yield of **13.80%** to **14.49%** at a \$1.44 Unit price<sup>(2)</sup>
  
- > Arrears and losses expected to remain within original forecasts



(1) 30-day BBSW at 31 October 2008 is 5.93%

(2) As at 31 October 2008

## INITIATIVES TO ENHANCE INVESTOR RETURNS

- > Conducting on-market Unit buyback
  - > Have purchased 5.1 million Units (5.1% of original issue of 100.0 million Units) as at 31 October 2008
  - > Board approval to purchase up to 10 million Units utilising available free cash and debt facility without incurring unnecessary refinance risk
- > Quarterly distributions paid in cash
- > Commissioned research
- > Regular communication to investors

# APPENDIX I

## Additional Details on the Investment Portfolio



## ADDITIONAL DETAILS ON THE INVESTMENT PORTFOLIO

Name	Asset Category	Value (\$M)	% of Portfolio	Margin Over BBSW (%)	Funded Subordination (%)	Excess Spread <sup>(1)</sup>	Total Support <sup>(2)</sup> (\$M)
Lighthouse No. 4 Trust	Margin Lending	75.0	40.0%	1.25%	2.04%	1.75%	98.1
Lighthouse No. 4 Trust	Margin Lending	50.1	26.7%	12.50%	0.00%	1.75%	48.0
Q10 Trust E Note	Mortgage Portfolio	11.0	5.9%	3.75%	4.09%	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	0.9	0.5%	3.75%	2.48%	0.30%	1.0 <sup>(3)</sup>
Program No. 2 D Note	Medical Financing	13.2	7.0%	6.00%	4.47%	1.10%	14.1
MIS Program 1 C Note	MIS Investor Loans	18.3	9.7%	4.50%	9.05%	2.60%	11.2
MIS Program 1 D Note	MIS Investor Loans	8.3	4.4%	12.50%	0.00%	2.60%	2.9

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

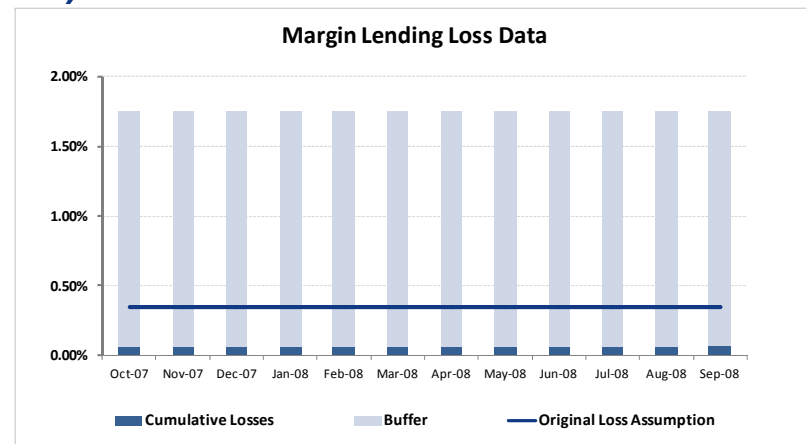
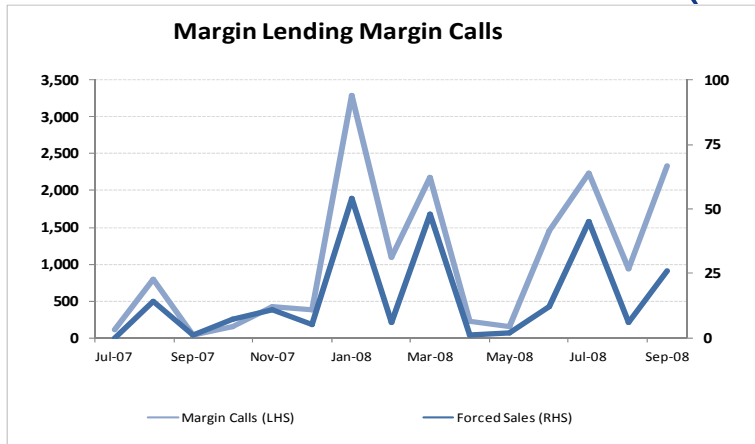
(2) Funded subordination and cumulative excess spread based on investment as at 30 September 2008

(3) Function of amortised portfolio and expected December 2008 repayment

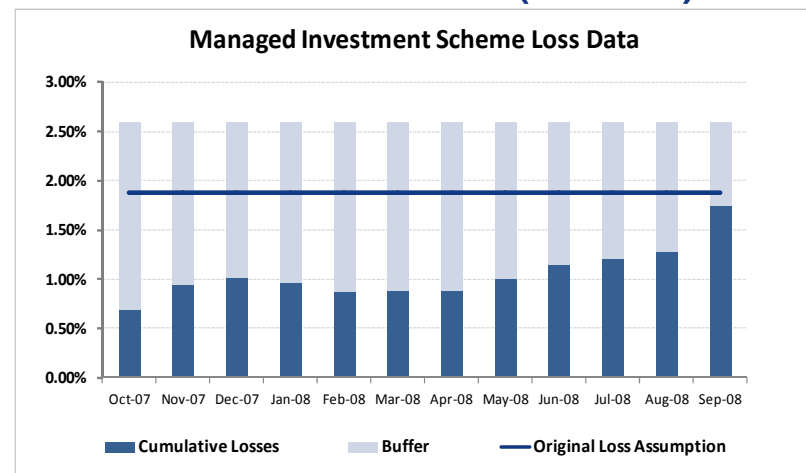
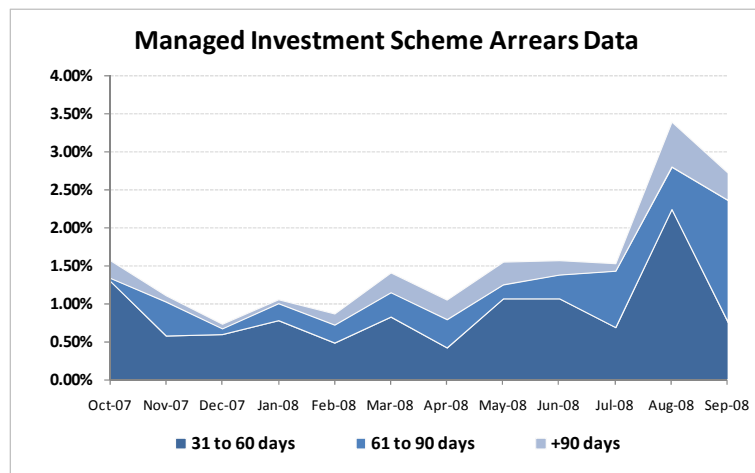
## ADDITIONAL DETAILS ON THE INVESTMENT PORTFOLIO

Name	Asset Category	Value (\$M)	Forecast Maturity	Mechanism
Lighthouse No. 4 Trust	Margin Lending	75.0	3.0 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	11.0	2.5 years	Program called on 16 June 2011 or at 5% of initial pool balance. Call at the discretion of the Trust Manager (Perpetual).
Q10 Trust F Note	Mortgage Portfolio	11.0		
Program No. 1 B Note	Medical Financing	0.9	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	3.5 years	Issuer (Perpetual) has the option to redeem all Notes on the 6 <sup>th</sup> anniversary of the initial distribution date, 10 February 2012.
MIS Program 1 C Note	MIS Investor Loans	18.3	4.3 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	8.3		

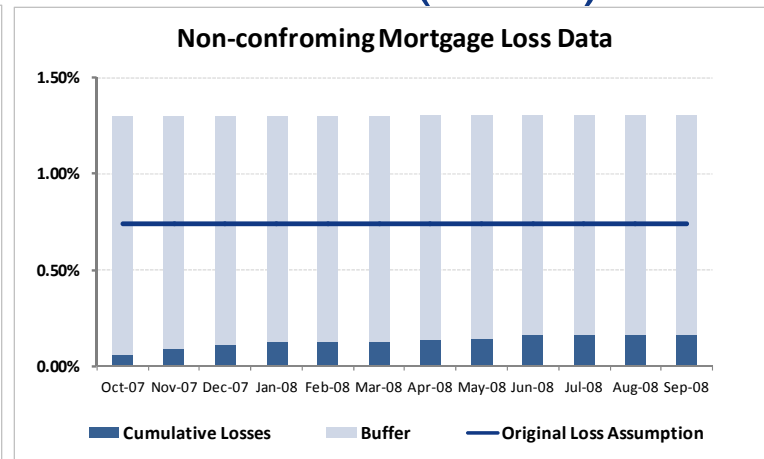
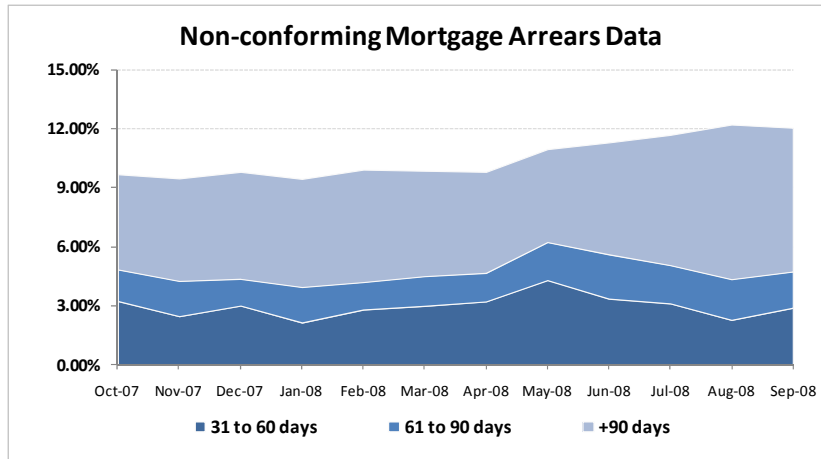
# MARGIN LENDING (67%)



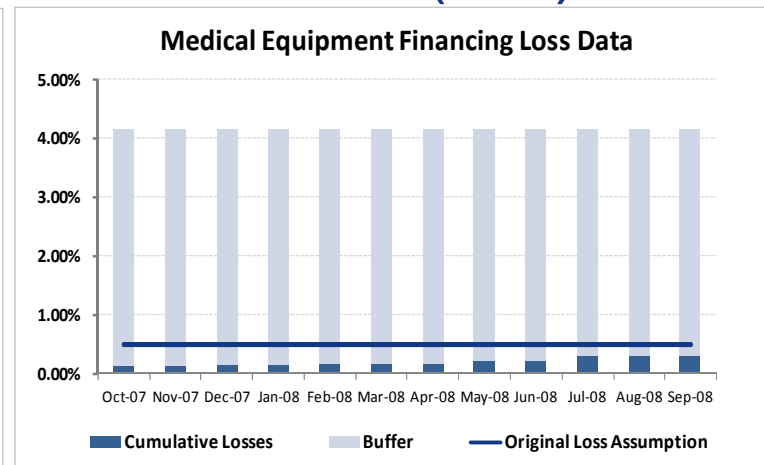
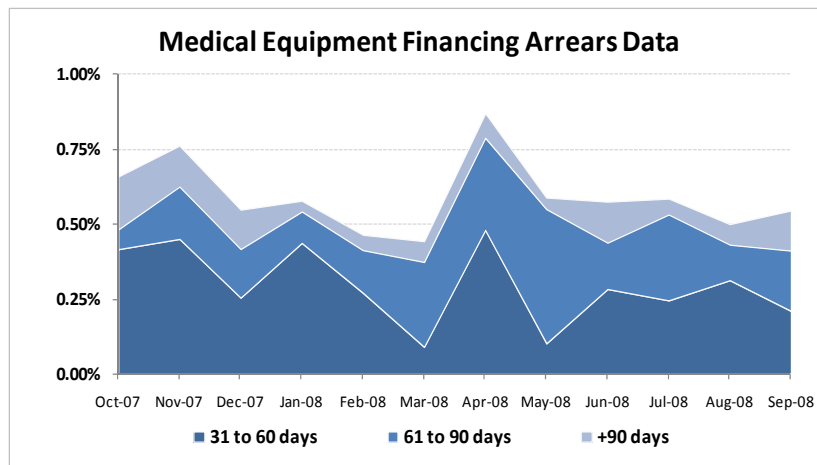
# MANAGED INVESTMENT SCHEMES (14%)



# NON-CONFORMING MORTGAGES (12%)



# MEDICAL EQUIPMENT FINANCING (7%)



# APPENDIX II

## Peer TSR Comparison

## PEER TSR COMPARISON

<b>Comparable Total Shareholder Return</b>	<b>01 Oct 2007 to 30 Sep 2008</b>
AMF Asset Backed Yield Trust (ASX:AYT)	-1.85%
Elstree Australian Enhanced Income Fund (ASX:AYF)	-21.43%
S&P/ASX200 Accumulation Index	-26.76%
Hastings High Yield Fund (ASX: HHY)	-26.86%
S&P/ASX200 Financial Accumulation Index	-32.93%
Allco Max Securities and Mortgage Trust (ASX: AXQ)	-86.77%