ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING 30 JUNE 2018

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 2018.

The Manager

AMF has acted in the capacity of Responsible Entity of the Fund for the year ended 30 June 2018. Bendigo and Adelaide Bank Ltd ('Bendigo and Adelaide Bank') is the Custodian and Service Provider and as such has prepared these accounts.

Directors

The names of the Directors of AMF during the year and until the date of this report (unless stated otherwise) are:

S Treanor
B Speirs
J Dawson (Chairman)

Principal Activities

The principal activity of the Fund during the year was the investment in notes backed by loans to agricultural managed investment scheme investors.
There has been no significant change in the nature of this activity during the year. Upon the realisation of these last remaining assets, AMF will wind up and deregister the Fund.

Fund Information

The Fund is an Australian registered Trust. AMF, the Responsible Entity of the Fund is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at The Bendigo Centre, PO Box 480, Bendigo, VIC, 3552.

As at 30 June 2018 the Fund had no employees.

Review of Operations

On 19 September 2017 an Extraordinary Resolution was passed such that no further cash flows have been received by the Fund in relation to the MIS Trust Class C and D Notes (Notes) it holds, with the senior Class A2 Noteholder (Bendigo and Adelaide Bank (the Bank)), receiving future cash flows from the MIS Trust in priority to AYT, until all monies owing to it are repaid in full. The potential for this change in repayment structure had previously been highlighted to AYT Unitholders by AMF in full and half year financial reports issued for AYT.

During the period AMF received an offer from the Bank to purchase the Notes. Upon receipt of the offer the Independent Directors of AMF considered a management assessment of the likelihood of future cashflows being received in relation to the Notes. This assessment concluded that there would be no expected recovery on the Notes.

The Independent Directors sought further analysis by an independent accounting and consultancy firm. The assessment noted that it was their view that the informal offer received from the Bank to purchase the Class C notes will likely result in a better return than relying on recoveries from the MIS Trust. Upon reviewing the available information including the independent third-party assessment the Independent Directors negotiated with the Bank before receiving a revised and final offer of $105,000.

This revised offer was considered in light of the consistent assessment of both management and the independent firm and having regard to the best interests of Unitholders with a key consideration being the expectation of no recovery under the Notes. The Independent Directors have resolved to accept the final offer from the Bank and to commence the formal process to wind up the AYT. The constitution of AYT gives AMF the power to terminate the Fund on a date determined by AMF, this power was approved by unitholders at an Extraordinary General Meeting. AMF has set a date for termination of 31 October 2018. The wind-up process will involve AMF notifying ASIC, realising the assets of the MIS Trust in accordance with AYT’s constitution and distributing in full any remaining income and capital once available. The constitution provides that the realisation must be completed in 180 days if practical.

Once this has occurred the net proceeds of realisation plus any other cash that forms the assets of AYT, after making allowance for all liabilities of AYT and meeting the expenses of the termination will be distributed to Unitholders.

A distribution of 0.416 cents per unit was paid on 14 September 2018 and AMF expects a further distribution upon completion of the windup.

Results

The performance of the Fund for the year ended 30 June 2018, as represented by the results of its operations, was as follows:

Total Income:	$35,456
Finance Costs - Distribution to Unitholders:	$222,288

Custodian fees payable to Bendigo and Adelaide Bank during the year ended 30 June 2018 were $532 (30 June 2017: $682).

Management fees payable to AMF during the year ended 30 June 2018 were $53,315 (30 June 2017: $68,305). No other fees were payable to AMF out of the Fund's property during the year.

Units on Issue

The total number of Units issued as at 30 June 2018 was 94,115,809 (30 June 2017: 94,115,809).

Fund Assets

The total value of assets held by the Fund as at 30 June 2018 was $1,734,369 (30 June 2017: $5,252,365). The basis for valuation of the Fund's assets is disclosed in Note 2 to the financial statements.

Distributions

Total income distributions for the year to 30 June 2018 were 0.416 cents per Unit (30 June 2017: 4.014 cents per Unit). This includes the payment of an income distribution to Unitholders of 0.415819 cents per Unit which is payable on 14 September 2018.

Significant Changes in the State of Affairs

Since 30 June 2018, AMF received an offer from the Bank to purchase the Notes and after further analysis by an independent accounting and consultancy firm, the Independent Directors negotiated with the Bank and received a final offer of $105,000. This revised offer was considered in light of the consistent assessment of both management and the independent firm and having regard to the best interests of Unitholders with a key consideration being the expectation of no recovery under the Notes. The Independent Directors have resolved to accept the final offer from the Bank and to commence the formal process to wind up the AYT.

Significant Events after Balance Date

No matters or circumstances have arisen since 30 June 2018, 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 2018. 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 2019. 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.

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

Jenny Dawson

Jenny Dawson
Chairman
27 September 2018
Bendigo

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Independent Auditor's Report to the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

Opinion

We have audited the financial report of Adelaide Managed Funds Asset Backed Yield Trust, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in net assets attributable to Unitholders and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors 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 Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Mark Phelps
Partner
Adelaide
27 September 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Jun-18 $	Jun-17 $
INCOME			
Interest Income	3(a)	35,456	765,269
Total Income		35,456	765,269
EXPENSES			
Operating Expenses	3(b)	72,806	87,195
Recovery of Accrued Interest Income	6	(259,638)	(3,098,911)
Total Expenses		(186,832)	(3,011,716)
Net Profit Before Finance Costs		222,288	3,776,985
Finance Costs - Distribution to Unitholders	3(c)	222,288	3,776,985
Net Profit/(loss) for the year		-	-
Other Comprehensive Income		-	-
Change in Net Assets Attributable to Unitholders		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Jun-18 $	Jun-17 $
Assets			
Cash	4 (a)	1,731,890	5,101,223
Trade and Other Receivables	5	2,479	6,404
Loans and Receivables	6	-	165,395
Total Assets		**1,734,369**	**5,273,023**
Liabilities			
Management / Responsible Entity Fees Payable	7	37,524	20,657
Distribution Payable	8	391,809	3,778,266
Total Liabilities (excluding Net Assets Attributable to Unitholders)		**429,333**	**3,798,923**
Net Assets Attributable to Unitholders		**1,305,036**	**1,474,099**
Represented by:			
Unitholders Funds		(3,748,128)	(3,748,128)
Accumulated Gains/(Losses)		5,053,164	5,222,227
Net Assets Attributable to Unitholders		**1,305,036**	**1,474,099**

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2018

	Units on Issue	Net Assets Attributable to Unitholders
Balance at 30 June 2016	94,115,809	1,474,099
Net Profit Attributable to Unitholders	-	3,776,985
Other Comprehensive Income	-	-
Total Comprehensive Income	-	3,776,985
Distribution to Unitholders	-	(3,776,985)
Balance at 30 June 2017	**94,115,809**	**1,474,099**
Net Profit Attributable to Unitholders	-	222,288
Other Comprehensive Income	-	-
Total Comprehensive Income	-	222,288
Distribution to Unitholders	-	(391,351)
Balance at 30 June 2018	**94,115,809**	**1,305,036**

The above Statement of Changes in Net Assets Attributable to Unitholders should be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Jun-18 $	Jun-17 $
Cash flows from operating activities			
Interest Received on Investments		425,033	3,903,470
Interest Received on Cash Deposit		39,124	47,285
Manager Fee Paid		(40,808)	(130,638)
GST refunded		5,473	5,766
Payments to Service Providers		(20,346)	(19,540)
Net cash flows from operating activities	4 (b)	**408,476**	**3,806,344**
Cash flows from financing activities			
Distributions to Unitholders		(3,777,810)	(1,220,682)
Net cash flows used in financing activities		**(3,777,810)**	**(1,220,682)**
Cash flows from investing activities			
Receipts from Investments	4 (c)	-	-
Net cash flows generated by investing activities		**-**	**-**
Net increase / (decrease) in cash and cash equivalents		(3,369,334)	2,585,662
Cash and cash equivalents held at 1 July 2017		5,101,224	2,515,562
Cash and cash equivalents held at 30 June 2018	4 (a)	**1,731,890**	**5,101,224**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate Information

The financial report of the Fund for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 27 September 2018.

The Fund is an Australian registered Trust, constituted in August 2006.

AMF, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at The Bendigo Centre, PO Box 480, Bendigo, VIC, 3552.

NOTE 2 Summary of Significant Accounting Policies

(a) Basis of Accounting

This general purpose financial report for the year ended 30 June 2018 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 statements for the year ended 30 June 2018 have been prepared on a liquidation basis.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

The financial report is presented in Australian dollars.

(b) Application of Accounting Standards

The financial report complies with Australian Accounting Standards and 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 and have not been adopted for the reporting period ended 30 June 2018 are:

Reference	Title	Summary	Application date of standard	Impact on Fund financial report	Application date for Fund
AASB 9	Financial Instruments	AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the	1 January 2018	The Fund does not expect to have a material impact	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of Significant Accounting Policies (Cont)

(b) Application of Accounting Standards (Cont)

Reference	Title	Summary	Application date of standard	Impact on Fund financial report	Application date for Fund
AASB 9 (Cont)		criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.			
AASB 15, and relevant amending standards	Revenue from Contracts with Customers	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: ► Step 1: Identify the contract(s) with a customer ► Step 2: Identify the performance obligations in the contract ► Step 3: Determine the transaction price ► Step 4: Allocate the transaction price to the performance obligations in the contract ► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	1 January 2018	The Fund is not expected to have a material impact	1 July 2018

*All other standards, amendments and interpretations that have been issued up to the date of signing, but are not yet effective, are not relevant to the entity and will have no impact on the results, financial position or disclosures by the entity.

(c) 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 period are:

Impairment of Assets

The Fund determines whether its assets are impaired at least annually. This requires an estimation of the value of the future cash flows.

The Fund's policy on impairment is disclosed in Note 2(g).

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 2 Summary of Significant Accounting Policies (Cont)

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position and for the purpose of the Statement of Cash Flows includes cash at bank, bank deposits held at call and short term investments with an original maturity of three months or less.

(e) 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. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

(f) 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 Statement of Comprehensive Income 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.

(g) 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 Statement of Comprehensive Income.

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 period 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 in the Statement of Comprehensive Income. If, in a subsequent period, 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 Statement of Comprehensive Income, to the extent that the carrying value of the assets does not exceed its amortised cost at the reversal date.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 2 Summary of Significant Accounting Policies (Cont)

(h) 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 Manager/Responsible Entity fees payable. The carrying period is dictated by market conditions and is generally less than 30 days. Payables are measured at amortised cost.

(i) 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.

(j) 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.

(k) 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, the Responsible Entity may distribute up to the amount of the adjusted accounting income.

(l) Distribution of Income

Income, if any, is distributed to Unitholders on an annual basis.

(m) 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.

(n) Goods & 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 Statement of Financial Position.

(o) 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.

Unitholders funds are classified as financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

(p) 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 undistributed 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.

(q) 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 (CONT)

	Jun-18 $	Jun-17 $
NOTE 3 Income, Expenses and Distribution to Unitholders		
(a) Interest Income		
Interest Received on Cash Deposit	35,456	49,629
Interest Received on Investments (including interest received not previously brought to account)	-	715,640
	35,456	**765,269**
(b) Operating Expenses		
Custodian Fee	532	682
Manager's Remuneration	53,315	68,305
Legal expenses	-	0
Other Operating Expenses	18,959	18,208
	72,806	**87,195**

(c) Finance Costs - Distribution to Unitholders

	Jun-18			Jun-17		
	$	No. of units	Cents per Unit	$	No. of units	Cents per Unit
Accrued Distribution at the beginning of the year	(3,778,266)		(4.014)	(1,221,964)		(1.298)
Distributions Paid during the year	3,777,809		4.014	1,220,682		1.297
Accrued Distribution Proposed and Payable on 14 Sep 2018	391,351	94,115,809	0.416	3,778,266	94,115,809	4.014
Accrued Distribution Payable to Unitholders	(168,606)		(0.002)	1,282		0.001
	222,288		**0.414**	**3,778,266**		**4.014**

	Jun-18 $	Jun-17 $
NOTE 4 Cash		
(a) Reconciliation of cash and cash equivalents		
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise:		
Cash At Bank Balance	1,731,890	5,101,223
Cash investments are valued in accordance with accounting policy Note 2(d)		
Average balance	2,363,717	3,268,803
Average interest rate	1.50%	1.52%
Maturity analysis based on remaining term to maturity at 30 June 2018		
At call	1,731,890	5,101,223
(b) Reconciliation of net profit attributable to Unitholders to net cash flows from operating activities		
Net Profit Attributable to Unitholders	222,288	3,776,985
Adjustments for Non Cash Movements:		
Changes in assets and liabilities		
Decrease in Receivables	169,321	86,052
Increase / (Decrease) in Payables	16,867	(56,693)
Net cash flows from operating activities	**408,476**	**3,806,343**

(c) Receipts from investments

Cash flows received in relation to the Fund's agricultural managed investment scheme investment during the year ended 30 June 2018 have been treated as interest for presentation in the Statement of Cash Flows. Future cash flows in relation to the Fund's agricultural managed investment scheme investment, if any, will be treated as income for accounting purposes upon receipt.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

	Jun-18 $	Jun-17 $
NOTE 5 Trade and Other Receivables		
Accrued Interest	2,136	5,804
Other Receivables	343	600
	2,479	**6,404**
Maturity analysis based on remaining term to maturity at 30 June 2018		
Less than 3 Months	2,479	6,404
NOTE 6 Loans and Receivables		
Accrued Interest	-	165,395
	-	**165,395**

The carrying value of the Fund's agricultural managed investment scheme investment as at 30 June 2018 is nil (30 June 2017: nil), with the Fund having applied sufficient cash flows against initial principal invested. The majority of the cash flows received in relation to the Fund's agricultural managed investment scheme investment during the year ended 30 June 2018 have been reflected in the Fund's financial statements as amendments to the $259,638 asset and equal but offsetting provision in place as at 30 June 2017 to account for accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment. As at 30 June 2018, no such asset and equal but offsetting provision remains. Cash flows received during the year ended 30 June 2018 in excess of $259,638 have been treated as income for accounting purposes upon receipt. With the majority of underlying term loans having matured by 30 June 2018, the MIS portfolio now consists largely of charged-off (non-performing) loans.

On 19 September 2017, an Extraordinary Resolution was passed at a meeting of Voting Secured Creditors resulting in significant uncertainty in relation to the receipt of further cash flows by the Fund in relation to its agricultural managed investment scheme investment (with the senior Noteholder to receive any future cash flows in priority to the Fund until all monies owing to it are repaid in full). The potential for this change in repayment structure has previously been highlighted to Fund Unitholders in recent full and half year reports issued for the Fund.

Average Cash Balance	2,363,717	3,268,803
Earnings on Cash	35,456	49,629
Average Interest Rate	1.50%	1.52%
Average Investment Balance	-	-
Earnings on Investments	-	715,640
Average Interest Rate*	n/a	n/a

*With the Fund's investment balance nil as at 30 June 2018 (30 June 2017: nil), no average interest rate has been calculated. Also, Earnings on Investments above does not contemplate movements over either period in the asset and equal but offsetting provision in place to account for accrued but unpaid interest income in relation to the Fund's agricultural managed investment scheme investment.

NOTE 7 Trade and Other Payables		
Management/Responsible Entity fee	37,524	20,657
	37,524	**20,657**
NOTE 8 Distributions Proposed		
The distribution payable is as follows:		
Final Unit distributions proposed for the year ended 30 June 2018 (payable 14 September 2018)	391,521	3,776,984
Accrued distribution payable to Unitholders	288	1,282
	391,809	**3,778,266**
	Cents per Unit	Cents per Unit
Final Unit distributions proposed for the year ended 30 June 2018 (payable 14 September 2018)	0.416	4.014

NOTES TO THE FINANCIAL STATEMENTS (CONT)

	Jun-18 $	Jun-17 $
NOTE 9 Auditor's Remuneration		
The audit fee paid/payable by AMF to Ernst & Young on behalf of the Fund	26,750	29,000

NOTE 10 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 on investments.

NOTE 11 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(e).

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.

Some 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 was liquidated may be higher or lower than the fair value disclosed. Management's estimate of the fair value of the Fund's investments as at 30 June 2018 as compared to 30 June 2017 is as follows:

	Jun-18		Jun-17	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Total Portfolio	-	-	-	-

Any difference noted between the carrying value and estimated fair value does not necessarily indicate impairment with regard to the loan and receivable investments. Any carrying value of these investments may be recovered over the term to maturity through future cash flows as noted above.

In accordance with AASB 13, the Fund’s investments for which fair value is estimated above are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, being:

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

As mentioned above, the Fund’s ability to dispose of any or all assets or to receive a fair price for those assets in response to changes in economic and other conditions may be limited. Furthermore, as there is not a readily available market for the Fund’s assets, the Fund’s ability to obtain reliable information about the value of such investments is limited. This is reflected in the fair value estimation.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 11 Financial Instruments (Cont)

(b) Interest Rate Risk Exposures

Interest rates are managed on the basis that all of the Fund's investments earn a floating rate of return. Accordingly, distributions to Unitholders and the annualised distribution yield for the period from allotment to 30 June 2018 have moved up or down in line with changes in interest rates.

Interest Rate Sensitivity based on balances as at 30 June 2018

	Increase in Interest Rate	Sensitivity of Profit & Loss ($)	Decrease in Interest Rate	Sensitivity of Profit & Loss ($)
Financial Asset				
Cash	+ 1.00%	17,319	- 0.50%	(8,659)
Investments	+ 1.00%	-	- 0.50%	-

Interest Rate Sensitivity based on balances as at 30 June 2017

	Increase in Interest Rate	Sensitivity of Profit & Loss ($)	Decrease in Interest Rate	Sensitivity of Profit & Loss ($)
Financial Asset				
Cash	+ 1.00%	51,012	- 0.50%	(25,506)
Investments	+ 1.00%	-	- 0.50%	-

Maturity Analysis based on the expected remaining term to maturity of the Fund's assets at 30 June 2018:

	Jun-18 $	Jun-17 $
Cash		
Less than 3 Months	1,731,890	5,101,223
Total	1,731,890	5,101,223

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 11 Financial Instruments (Cont)

(c) Liquidity and Cash Flow Risk

Some of the Fund's investments are illiquid. As a result of this illiquidity, the Fund's ability to vary its portfolio in a timely fashion, to dispose of underperforming 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. The Fund manages its liquidity ratio on a monthly basis.

Maturity profile of liabilities:-

	Maturity Profile 30 June 2018				Maturity Profile 30 June 2017			
	Less than 3 Months	Between 3 months & 12 months	Between 1 year & 5 years	More Than 5 Years	Less than 3 Months	Between 3 months & 12 months	Between 1 year & 5 years	More Than 5 Years
Management Fees Accrued	37,524	-	-	-	20,657	-	-	-
Capital Return Payable to Unitholders	-	-	-	-	-	-	-	-
Distribution Payable to Unitholders	391,809	-	-	-	3,778,266	-	-	-
Total	**429,333**	**-**	**-**	**-**	**3,798,923**	**-**	**-**	**-**

Unitholders funds are classified as financial liabilities and are not required to be redeemed by the Fund until 2086.

(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. As at 30 June 2018 the underlying investments of the Fund are backed by agricultural managed investment schemes.

Refer to Note 6 to review the concentration risk of the investment portfolio.

(e) Market Risk Exposures

Whilst the Fund does monitor the concentration of its portfolio and its exposure to asset classes, borrowers and issuers, being in the latter stages of an orderly wind down, the Fund is not diversified and has exposure solely to cash and agricultural managed investment schemes.

NOTE 12 Director Disclosures

(a) The Directors of AMF during the financial year were :

J Dawson (Chairman)
S Treanor
B Speirs

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 12 Director Disclosures (Cont)

(c) The following Directors of AMF held Units in the Fund as at 30 June 2018:
- Mr. B Speirs held 50,000 Units.

No other Directors as at 30 June 2018 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 ('KMP') employed by the Fund.

NOTE 13 Related Parties Disclosures

(a) **Key Management Personnel**
Disclosures in relation to KMP during the year and until the date of this report are set out in Note 14.

(b) **Other Related Parties - the Responsible Entity.**
The Responsible Entity of the Fund is AMF whose immediate and ultimate holding company is Bendigo and Adelaide Bank.

As at 30 June 2018 the Fund invested $1,731,890 in an at call account with Bendigo and Adelaide Bank. There are no fees payable on the account and interest is equivalent to the Reserve Bank of Australia cash rate.

All remuneration and fees have been calculated in accordance with the Trust Deed/Constitution. Management /Responsible Entity remuneration entitled to AMF amounted to $53,315 for the year ended 30 June 2018 (30 June 2017: $68,305). Custodian fees amounted to $532 for the year ended 30 June 2018 (30 June 2017: $682).

As at 30 June 2018, Custodian fees of $125 were payable to Bendigo and Adelaide Bank (30 June 2017: $205).

As at 30 June 2018, Management/Responsible Entity remuneration of $37,400 was payable to AMF (30 June 2017: $20,453).

NOTE 14 Key Management Personnel

(a) **Key Management Personnel**

The 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 (unless otherwise stated) are:

J Dawson (Chairman)
S Treanor (Director)
B Speirs (Chief Executive Officer / Director)
M McKay (Senior Portfolio Manager) - Ceased 19 January 2018
J Hoare (Senior Portfolio Manager) - Commenced 19 January 2018

(b) **Compensation of Key Management Personnel**

KMP of the Responsible Entity are paid by Bendigo and Adelaide Bank 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 Fund 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 13(b).

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 14 Key Management Personnel (Cont)

(c) **Other Key Management Personnel**

In addition to the KMP noted above, AMF, the Responsible Entity of the Fund, is considered to be KMP with the authority for the strategic direction and management of the Fund.

(d) **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-18	Jun-17
S Treanor	Director	-	-
J Dawson	Chairman	-	-
B Speirs	Chief Executive Officer / Director	50,000	50,000
M McKay	Senior Portfolio Manager	57,720	57,720
J Hoare	Senior Portfolio Manager	-	-

(e) **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-18	Jun-17
		$	$
S Treanor	Director	-	-
J Dawson	Chairman	-	-
B Speirs	Chief Executive Officer / Director	208	2,007
M McKay	Senior Portfolio Manager	240	2,317
J Hoare	Senior Portfolio Manager	-	-

(f) **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-18	Jun-17
		$	$
S Treanor	Director	-	-
J Dawson	Chairman	-	-
B Speirs	Chief Executive Officer / Director	208	2,007
M McKay	Senior Portfolio Manager	240	2,317
J Hoare	Senior Portfolio Manager	-	-

NOTE 15 Events after balance date

Since 30 June 2018, AMF received an offer from the Bank to purchase the Notes and after further analysis by an independent accounting and consultancy firm, the Independent Directors negotiated with the Bank and received a final offer of $105,000. This revised offer was considered in light of the consistent assessment of both management and the independent firm and having regard to the best interests of Unitholders with a key consideration being the expectation of no recovery under the Notes. The Independent Directors have resolved to accept the final offer from the Bank and to commence the formal process to wind up the AYT.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of AMF, I state that:

In the opinion of the Directors of AMF:

(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 2018 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2;

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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance

On behalf of the Board of Directors:

Jenny Dawson

Jenny Dawson
Chairman
27 September 2018
Bendigo