

# Adelaide Managed Funds

ASX Release

11 February 2011

## ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST INVESTOR PRESENTATION

Adelaide Managed Funds as Responsible Entity for the Adelaide Managed Funds Asset Backed Yield Trust (**AYT**) has today released to the market an Investor Presentation (attached) to accompany the release of AYT's half year results.

**For further information, please contact:**

Mr Mark McKay  
Adelaide Managed Funds  
08 8300 6686

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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 AYT, please visit:  
[www.adelaidemanagedfunds.com.au](http://www.adelaidemanagedfunds.com.au)



ADELAIDE MANAGED FUNDS  
ASSET BACKED YIELD TRUST

February 2011

Adelaide Managed Funds

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# 1. HALF YEAR FINANCIAL PERFORMANCE

## 1H11 FINANCIAL PERFORMANCE

- > Investment income decreased by 43.2% to \$4.6 million compared to the previous comparable period (pcp)
- > The decline in investment income was primarily due to the impact of asset maturities and subsequent capital returns to Unitholders
- > Unitholders received total income distributions of 3.90 cents per Unit during 1H11
- > Unitholders received total capital returns of \$1.49 per Unit during 1H11

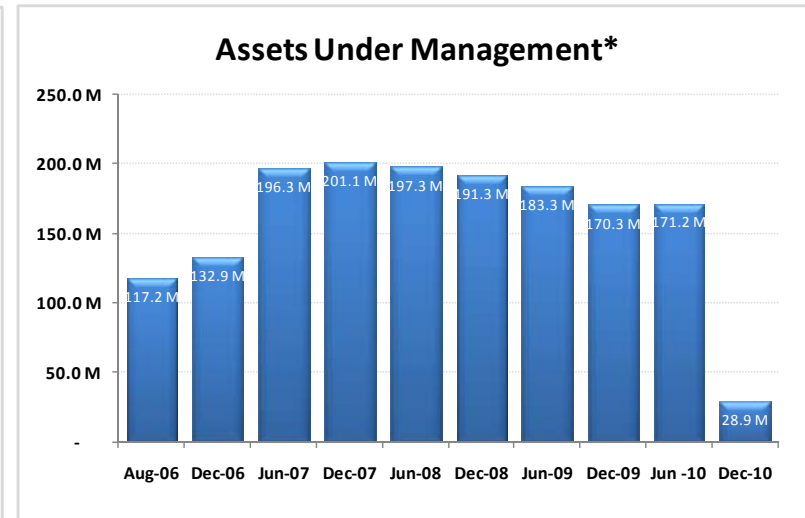
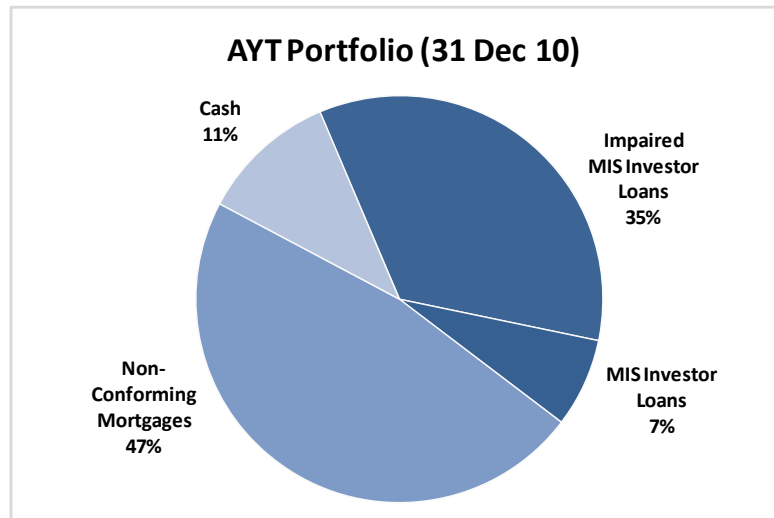
	Change from pcp	1H11 (\$m)	1H10 (\$m)
<b>Investment Income</b>	<b>(43.2%)</b>	<b>4.6</b>	<b>8.1</b>
Operating Expenses <sup>1</sup>	(27.3%)	(0.8)	(1.1)
Distributable Income	(46.5%)	3.8	7.1
<b>Unitholder Distribution (cents per Unit)</b>	<b>(49.4%)</b>	<b>3.9</b>	<b>7.7</b>
<b>Average 30-day BBSW</b>	<b>36.6%</b>	<b>4.70%</b>	<b>3.44%</b>
<b>Average Investment Balance (\$m)<sup>1</sup></b>	<b>(37.7%)</b>	<b>116.1</b>	<b>186.4</b>
<b>Weighted Average Investment Margin</b>	<b>1.0%</b>	<b>5.86%</b>	<b>5.83%</b>

<sup>1</sup> Excludes impairment provision

## 2. INVESTMENT PORTFOLIO UPDATE

## PORTFOLIO OVERVIEW

- > Margin Lending Program investment fully repaid in September 2010
- > Total capital returns of \$1.49 paid to Unitholders in 1H11
- > 25% of all assets were rated investment grade as at 31 December 2010 (30 December 2009: 41%)
- > Performing assets under management (including cash) total \$29 million as at 31 December 2010



\* includes impairment provision and cash balances



## PORTFOLIO PERFORMANCE UPDATE

- > Non-Conforming Mortgage investments remain well supported by funded subordination and have a substantial buffer against losses
- > Continued Management focus on impaired MIS investment

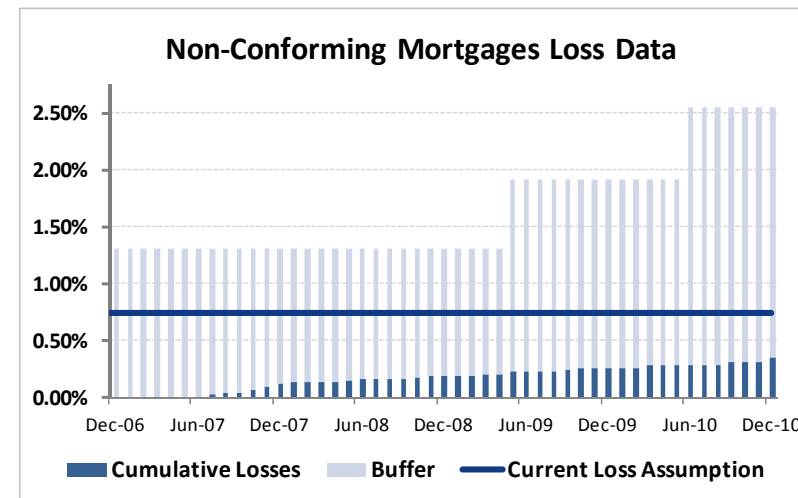
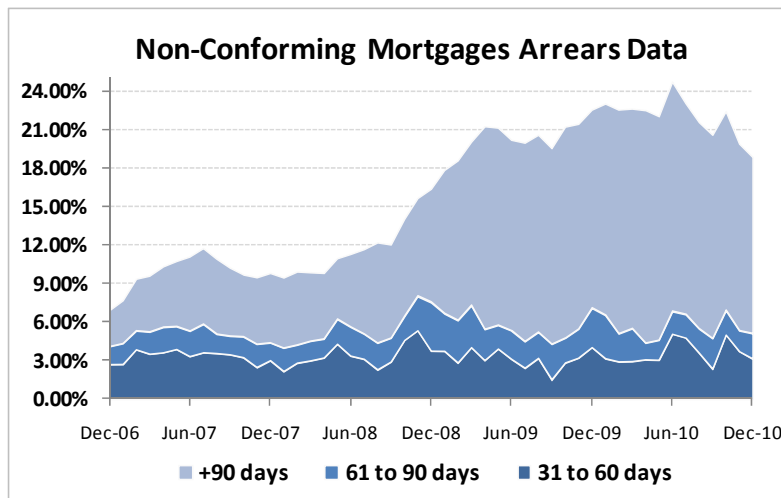
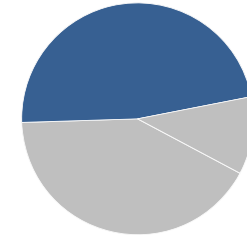
Investment	Actual Losses Recorded to 31 Dec 2010	Current Loss Assumptions	Losses where Fund Investment is Impacted	Loss Buffer Multiple (Current)	Loss Buffer Multiple (Previous)
Non-Conforming Mortgages	0.35%	0.74%	> 2.55%	7.3 x	9.1 x
MIS Investor Loans <sup>1</sup>	25.12%	28.24%	> 4.82%	0.0 x	0.0 x

<sup>1</sup> Impairment provision of \$15.4 million outstanding as at 31 December 2010

# NON-CONFORMING MORTGAGES

- > Investment continues to perform well despite high arrears
- > The continued high level of +90 day arrears reflects ongoing financial hardship cases however we note that these borrowers are still meeting payment arrangements and losses have not increased substantially
- > Cumulative losses remain substantially less than forecast and need to increase by more than 7 times before the Fund's investment is impacted
- > Investment forecast to be fully repaid by October 2011

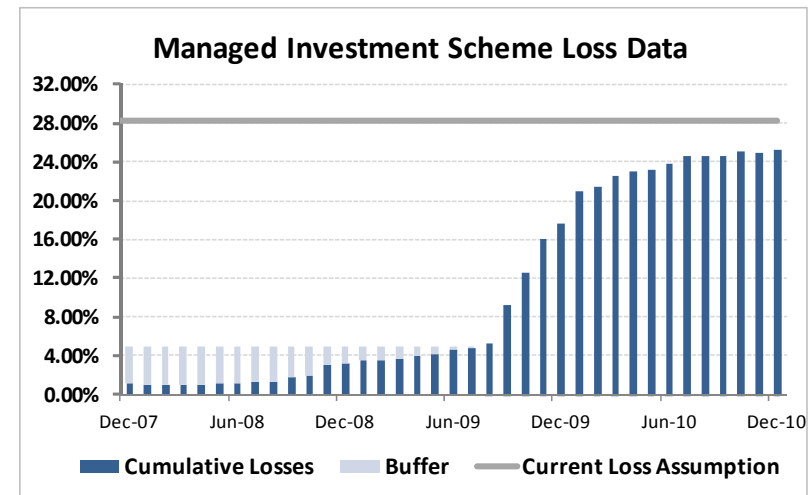
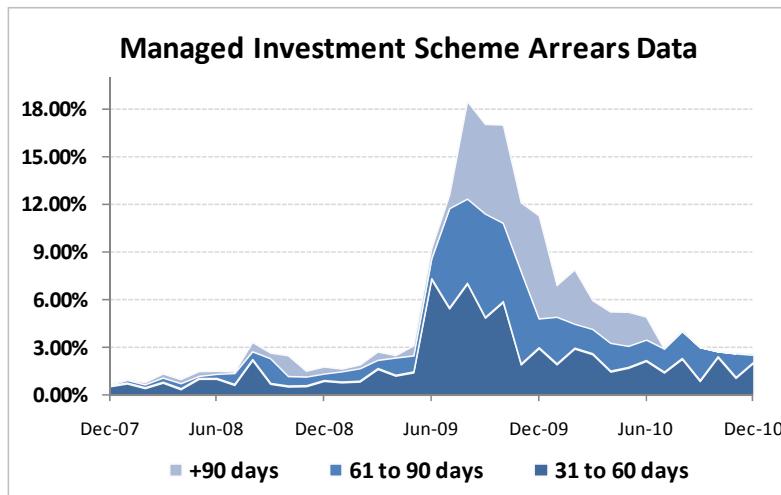
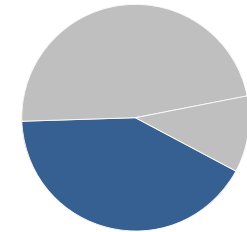
Non-Conforming Mortgages (47%)



# MANAGED INVESTMENT SCHEMES

- > All receivables are investor loans offered to borrowers to facilitate their investment in various Great Southern MIS
- > All loans secured by plantations and have full recourse to borrower
- > Total impairment provision of \$15.4 million recognised as at 31 December 2010, reflecting AMF's current best estimate of loss
- > All investment cash flows expected to be received by July 2012

Managed Investment Schemes (42%)



## 3. STRATEGY UPDATE

## STRATEGY UPDATE

- > On 17 September 2010 Unitholders approved the implementation of an orderly wind down of the Fund
- > Total capital of \$1.49 per Unit has been returned to Unitholders to date
- > A further capital return of \$0.02 per Unit will be paid on 8 March 2011 following the receipt of principal repayments on the Fund's MIS investment
- > Quarterly income distributions for the remainder of FY2011 are expected to be in the order of \$0.004 to \$0.005 per Unit
- > AMF expect to delist the Fund following the repayment of the non-conforming mortgage investment (forecast to occur in October 2011)
- > Management and Board continue to seek to maximise returns to Unitholders throughout the implementation of the wind down

# APPENDIX I

## Additional Details on the Investment Portfolio

## ADDITIONAL DETAILS ON THE INVESTMENT PORTFOLIO

Name	Asset category	Face Value (\$M) <sup>1</sup>	Stated Value (\$M) <sup>2</sup>	% of Portfolio <sup>3</sup>	Margin over BBSW (%)	Forecast Maturity	Repayment Mechanism
Cash	Cash at Bank	4.8	4.8	10.9%	-	-	-
Q10 Trust E Note	Mortgage Portfolio	10.0	10.0	22.6%	3.75%	October 2011	Program called on 16 June 2011 or at 5% of initial pool balance. Call at the discretion of the Trust Manager (NAML).
Q10 Trust F Note	Mortgage Portfolio	11.0	11.0	24.8%	6.00%		
MIS Program 1 C Note	MIS Investor Loans	12.7	2.4	28.7%	4.50%	July 2012	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	5.8	0.7	13.0%	12.50%		

<sup>1</sup> Does not include impairment provisions – impairment provision of \$15.4 million outstanding against MIS investment as at 31 December 2010

<sup>2</sup> Includes impairment provisions

<sup>3</sup> Based off investment face value

# APPENDIX II

## Half Year Financial Statements



## STATEMENT OF COMPREHENSIVE INCOME

	1H11 <b>A\$M</b>	1H10 <b>A\$M</b>
Interest Income	4.56	8.05
<b>Total Income</b>	<b>4.56</b>	<b>8.05</b>
Operating Expenses	(0.78)	(1.15)
Impairment Provision	-	(12.32)
<b>Earnings Before Interest and Taxation (EBIT)</b>	<b>3.78</b>	<b>(5.42)</b>
Profit Before Tax	3.78	(5.42)
Adjustment for: Impairment Provision	-	12.32
Distributable Income	3.78	6.90
<b>Distributable Income (cents per Unit)</b>	<b>4.01c</b>	<b>7.50c</b>

\* Rounding differences may occur

# STATEMENT OF CASH FLOWS

	1H11 A\$M	1H10 A\$M
<b>Cash Flows from Operating Activities</b>		
Interest Received	4.92	8.30
Management Fee Paid	(0.98)	(1.05)
Other	(0.11)	(0.06)
<b>Net Cash Flows from Operating Activities</b>	<b>3.83</b>	<b>7.19</b>
<b>Cash Flows from Financing Activities</b>		
Distributions to Unitholders	(6.92)	(7.88)
<b>Net Cash Flows used in Financing Activities</b>	<b>(6.92)</b>	<b>(7.88)</b>
<b>Cash Flows from Investing Activities</b>		
Principal Receipts from Investments	127.37	1.65
Capital Returned to Unitholders	(140.23)	-
<b>Net Cash provided by Financing Activities</b>	<b>(12.86)</b>	<b>1.65</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(15.95)</b>	<b>(0.96)</b>

\* Rounding differences may occur