

Adelaide Managed Funds

A subsidiary of Adelaide Bank

26 October 2018

UNITHOLDER UPDATE AND WIND UP NOTIFICATION

This communication is to provide an update on the process of winding up the Adelaide Managed Funds Asset Backed Yield Trust (**AYT**) and to make available to all unitholders the responses to a small number of queries raised to date. This communication should be read in conjunction with the communication dated 27 September 2018.

As at 31 August 2018 the carrying value of the Class C and D notes held by AYT in the ABL Portfolio Funding Trust 2007-1 (**MIS Trust**) recognised in the accounts of AYT was nil. Due to the nature of the accounting treatment of historical income collections this differs to the principal amount recognised on the register of the MIS Trust of \$1,922,755.20 for the Class C note and \$873,980.53 for the Class D note.

As previously disclosed to unitholders, in assessing whether any of the principal amount outstanding could be recovered in the future the Independent Directors of AMF arranged for both a management and a third party assessment (**the Assessments**). The Assessments separately considered the likelihood of future cash flows being received in relation to AYT's notes. This involved an evaluation of potential recoveries on all loans outstanding, the ongoing expenses of the MIS Trust, the priority of principal and interest payments to the Class A2 noteholder and the accrued and anticipated legal costs of achieving any recoveries on the loans not yet charged to the MIS Trust. The Assessments found the legal costs of loan recoveries that the MIS Trust is responsible for paying to be significant and in excess of the expected cash flows that would be received from the notes previously held by AYT.

Holdings of the Class C and D Notes in the MIS Trust have now been realised in line with previous communication, resulting in AYT holding only cash as at 30 September 2018.

The net tangible assets (NTA) as at 30 September 2018 was 1.39 cents per unit. This reflects the reduction for the payment of the income distribution for the year ended 30 June 2018. This distribution was 0.20 cents per unit higher than estimated, resulting in a fall in NTA from 31 August 2018 to 30 September 2018. Final expenses will be considered during the wind up process before a final distribution amount is determined.

Indicative dates for the process of winding up AYT are:

Termination Date	31 October 2018
Completion of final audited accounts	On or around 30 November 2018
Payment of final Distribution	On or around 10 December 2018

AMF will continue to keep Unitholders informed in relation to milestones for the wind up. Ongoing Unitholder communications will continue to be made via the AMF website at www.adelaidemanagedfunds.com.au and, where appropriate, by direct correspondence.

For further information, please contact:

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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