

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

**REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2009
RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Release date – 23 February 2010

**Prepared in accordance with ASX Listing Rule 4.2A.3
Appendix 4D**

It is recommended that the half year financial report is read in conjunction with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust for the half year ending 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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Media Release

23 February 2010

AYT ANNOUNCES HALF-YEAR RESULTS

SUMMARY

> 1H10 Earnings of \$7.1 million or 7.50 cents per Unit

> FY10 yield forecast to be at the lower end of target range of between BBSW + 4.0% and BBSW + 4.5%

> Net Tangible Asset backing of \$1.78 per Unit¹

Adelaide Managed Funds Asset Backed Yield Trust (AYT) has reported earnings of \$7.1 million (before impairment provisions) for the six months to 31 December 2009, in its half-year result released today.

According to the Chairman of Adelaide Managed Funds, Anthony Baum, AYT remains on track to deliver a full year return to Unitholders within AYT's target range of between 400 and 450 basis points above the average 30-day BBSW.

"Despite a challenging six months, we are confident of achieving a yield for Unitholders at the lower end of our targeted range for the full year to 30 June 2010" said Mr Baum.

AYT investors receive a floating rate of return and the fall in Unitholder distributions over 1H10 was primarily due to significantly lower interest rates. Earnings of 7.50 cents per Unit, whilst down 33% compared to the previous corresponding period, followed a 46% decline in the average 30-day BBSW over the same period². This impact is expected to reverse over the forthcoming financial year, as Unitholders benefit from the forecast rise in benchmark interest rates.

"With the exception of the MIS investment, all of AYT's assets continue to perform well," Mr Baum said. "However, as previously indicated, future returns may be affected by the impaired MIS investment."

As at 31 December 2009, the Net Tangible Asset backing of AYT was equal to \$1.78 per Unit, after paying a quarterly distribution of 3.85 cents per Unit on 14 January 2010.

For further information, please contact:

Mr Mark McKay

Adelaide Managed Funds

08 8300 6686

¹As at 31 December 2009

²Average 30-day BBSW during 1H10 was 3.4389% (1H09: 6.3475%)

APPENDIX 4D

The Directors of Adelaide Managed Funds Limited (ABN 81 062 274 533), the Responsible Entity of the Adelaide Managed Funds Asset Backed Yield Trust (the Fund) (ARSN 120 038 002), are pleased to announce the results of the Fund for the half year ended 31 December 2009. This report covers the reporting period beginning 1 July 2009 to 31 December 2009. This announcement is to be read in conjunction with the attached Financial Report for the half-year ended 31 December 2009.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The consolidated profit before tax (before impairment provision) for the period to 31 December 2009 attributable to the Unitholders of the Fund was \$6,898,000 (31 December 2008: \$10,586,000). The Fund derived a profit before tax (before impairment provision) of \$6,898,000 (31 December 2008: \$10,586,000). The following table provides a summary of the main line items reported in the income statement.

	Dec-09 A\$000's	Dec-08 A\$000's	% change
Interest income	8,051	11,958	-33%
Earnings before interest and taxation (EBIT)	(5,420)	10,803	-150%
Profit before tax	(5,420)	10,586	-151%
Adjustment for impairment provision	12,318	-	-
Distributable income	6,898	10,586	-35%
Distributions payable for the period to Unitholders	7,055	10,586	-33%

DISTRIBUTIONS FOR THE PERIOD

On 17 December 2009, the Directors of Adelaide Managed Funds resolved to pay a quarterly distribution of 3.85 cents per Unit (refer announcement on 18 December 2009). This brings total distributions for the half year to 31 December 2009 to 7.65 cents per Unit (31 December 2008: 11.00 cents per Unit). A summary of this is presented below:

	Amount per security (cents)	Franked amount per security (cents)
Interim distribution - record date 31 December 2009 - payable date 14 January 2010	3.85	-
Interim distribution - record date 30 September 2009 - payable date 14 October 2009	3.80	-

NET TANGIBLE ASSET BACKING PER SECURITY

	31 December 2009 \$ per security	31 December 2008 \$ per security
Net tangible asset backing per security	\$1.776 ¹	\$1.951 ²

COMPARATIVE INFORMATION

The comparative figures from 1 July 2008 to 31 December 2008 have been included.

¹ Excludes the quarterly distribution equal to 3.85 cents per Unit paid on 14 January 2010

² Excludes the quarterly distribution equal to 5.50 cents per Unit paid on 14 January 2009

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

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 half year ended 31 December 2009.

THE MANAGER

Adelaide Managed Funds Ltd has acted in the capacity of Responsible Entity of the Fund for the half year ended 31 December 2009. 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 Adelaide Managed Funds Ltd during the half year and until the date of this report (unless stated otherwise) are:

J Dawson (resigned 7 August 2009)
 J McPhee (resigned 7 August 2009)
 S Treanor
 N Fox
 A Baum
 B Speirs (appointed 7 August 2009)

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the half year was the investment in notes backed by a range of loans and receivables including margin loans, non-conforming residential mortgages, agricultural managed investment schemes and medical equipment loans and leases. There has been no significant change in the nature of this activity during the period.

FUND INFORMATION

The Fund is an Australian registered Trust. Adelaide Managed Funds Ltd, 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.

At 31 December 2009 the Fund had no employees.

REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities, with portfolio exposure to margin loans, non-conforming residential mortgages, agricultural managed investment schemes and medical equipment loans and leases. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

RESULTS

The interim financial report is to be read in conjunction with the 30 June 2009 annual financial report.

The performance of the Fund for the period ended 31 December 2009 as represented by the results of its operations, was as follows:

Interest Income:	\$8,050,880
Finance Costs - Distribution to Unitholders:	\$7,054,950

The total value of assets held by the Adelaide Managed Funds Asset Backed Yield Trust as at 31 December 2009 was \$171,242,180 (June 2009: \$184,541,319). Management fees payable to Adelaide Managed Funds Ltd during the financial half year were \$968,957 (December 2008: \$1,012,297).

The total number of Units issued as at 31 December 2009 was 94,115,809 (December 2008: 94,881,846).

An impairment provision of \$12,318,000 has been raised against the Fund's agricultural managed investment scheme investment during the half year ended 31 December 2009. This impairment provision is in addition to the \$4,335,000 impairment provision raised during the year ended 30 June 2009.

DISTRIBUTIONS

At its meeting on 17 December 2009, the Directors resolved to pay a quarterly distribution of 3.85 cents per Unit on 14 January 2010, for the period ended 31 December 2009. This brings total distributions for the half year to 31 December 2009 to 7.65 cents per Unit (December 2008: 11.00 cents per Unit).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's review of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 10.

ROUNDING

The amounts contained in this report and the financial report have been rounded to the nearest thousand where rounding is applicable, under the option available to the Fund under ASIC Class Order 98/0100. The Fund is an entity to which this Class Order applies.

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



Anthony Baum
Chairman
22 February 2010
Bendigo

To the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust ("the Trust"), which comprises the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

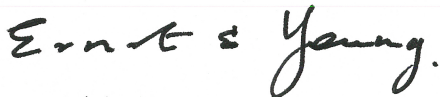
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adelaide Managed Funds Asset Backed Yield Trust is not in accordance with the Corporations Act 2001, including:

- i giving a true and fair view of the Trust's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

A stylized, handwritten signature of 'Ernst & Young' in black ink.

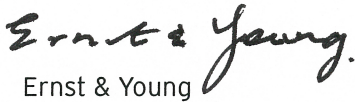
Ernst & Young

A handwritten signature in black ink, appearing to be 'CD'.

Colin Dunsford
Partner
Adelaide
22 February 2010

Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Limited as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust

In relation to our review of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young logo.

Ernst & Young

A handwritten signature in black ink, appearing to read 'C. Dunsford'.

Colin Dunsford
Partner
Adelaide
22 February 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Dec-09 \$000's	Dec-08 \$000's
INCOME			
Interest income	3(a)	8,051	11,958
Total interest income		8,051	11,958
EXPENSE			
Operating expenses	3(b)	1,153	1,155
Impairment provision	3(c)	12,318	-
Earnings before interest and taxation		(5,420)	10,803
Net interest expense	3(d)	-	217
Net profit/(loss) attributable to Unitholders		(5,420)	10,586
Finance costs: Distribution to Unitholders	3(e)	7,055	10,586
Change in net assets attributable to Unitholders		(12,475)	-
		Cents per Unit	Cents per Unit
Earnings per Unit – basic and diluted	3(f)	(5.76)	10.99
Distributable earnings per Unit – basic and diluted	3(g)	7.50	11.16

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	Dec-09 \$000's	Jun-09 \$000's
Assets			
Cash	4	6,125	5,164
Trade and other receivables	5	791	942
Loans and receivables	6	164,326	178,435
Total assets		171,242	184,541
Liabilities			
Trade and other payables	7	523	521
Distribution payable	8	3,624	4,450
Total liabilities		4,147	4,971
Net assets attributable to Unitholders		167,095	179,570
Represented by:			
Unitholders' funds	9	176,013	176,013
Retained earnings/(accumulated losses)		(8,918)	3,557
Net assets attributable to Unitholders		167,095	179,570

**STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Dec-09 \$000's	Dec-08 \$000's
Net assets attributable to Unitholders at the beginning of the period	179,570	190,786
Unit buy back	-	(5,889)
Net profit/(loss) attributable to Unitholders	(5,420)	10,586
Distribution to Unitholders	(7,055)	(10,586)
Net assets attributable to Unitholders at the end of the period	167,095	184,897

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Dec-09 \$000's	Dec-08 \$000's
Cash flows from operating activities		
Interest received on investments	8,227	12,019
Interest received on cash deposit	72	189
Interest expense on borrowings	-	(208)
Manager fee paid	(1,048)	(1,096)
GST refunded	79	64
Payments to service providers	(139)	(105)
Net cash flows from operating activities	7,191	10,863
Cash flows from financing activities		
Unit buyback	-	(5,889)
Distributions to Unitholders	(7,881)	(11,516)
Proceeds from borrowings	-	5,000
Repayment of borrowings	-	(3,750)
Net cash flows used in financing activities	(7,881)	(16,155)
Cash flows from investing activities		
Loans and receivables principal repayments	1,651	4,422
Net cash provided by financing activities	1,651	4,422
Net increase/(decrease) in cash and cash equivalents	961	(870)
Cash and cash equivalents held at the beginning of the half year	5,164	6,656
Cash and cash equivalents held at the end of the half year	6,125	5,786

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate information

The financial report of Adelaide Managed Funds Asset Backed Yield Trust for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 22 February 2010.

Adelaide Managed Funds Asset Backed Yield Trust is an Australian registered Trust, constituted in August 2006. Adelaide Managed Funds Ltd, 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. The Fund is listed on the Australian Stock Exchange.

NOTE 2 Summary of significant accounting policies

(a) Basis of accounting

This general purpose condensed financial report for the half year ended 31 December 2009 has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Changes in accounting policies

The accounting policies and method of computation are the same as those adopted in the most recent annual financial report.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 3 Interest income and distribution to Unitholders

	Dec-09 \$000's	Dec-08 \$000's
(a) Finance income		
Income from investments	8,114	12,021
Capitalised costs	(63)	(63)
Total finance income	8,051	11,958
(b) Operating expenses		
Custodian fee	10	10
Manager's remuneration	969	1,012
Other operating expenses	164	133
Total operating expenses	1,143	1,155
(c) Impairment provision		
Impairment provision	12,318	-
	12,318	-

An impairment provision of \$12,318,000 has been raised against the Fund's agricultural managed investment scheme investment during the half year ended 31 December 2009. This impairment provision is in addition to the impairment provision raised during the year ended 30 June 2009. The total impairment provision of \$16,345,000 reflects Management's best estimate of future losses on the investment as at 31 December 2009. This estimate of future losses is subject to a number of variables, including borrower behaviour, recovery of losses and assumed timing of cash flows.

(d) Borrowing costs

Interest expense on borrowings	-	217
	-	217

(e) Finance costs - distribution to Unitholders

Accrued distribution at beginning of the period	(4,450)	(6,344)
Distributions paid during the period	7,881	11,516
Accrued distribution proposed and payable on 14 January 2010	3,624	5,219
Accrued distribution payable to Unitholders	-	195
	7,055	10,586

(f) Earnings per Unit – basic and diluted

Includes the impairment provision of \$12,318,000 expensed during the period ended 31 December 2009.

(g) Distributable earnings per Unit – basic and diluted

Excludes the impairment provision of \$12,318,000 expensed during the period ended 31 December 2009 and reflects the level of income distributable to Unitholders.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 4 Cash and cash equivalents

Dec-09
\$000's

Jun-09
\$000's

Reconciliation of cash and cash equivalents

For the purposes of the Balance Sheet and Cash Flow Statement, cash and cash equivalents comprise:

Cash at bank balance	6,125	5,164
Average balance	4,853	5,045
Average interest rate	3.25%	5.41%

Maturity analysis based on remaining term to maturity at 31 December 2009:

At call	6,125	5,164
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NOTE 5 Trade and other receivables

Other receivables	13	12
Accrued interest	778	930

791	942
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Maturity analysis based on remaining term to maturity at 31 December 2009:

Less than 3 months	791	942
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NOTE 6 Loans and receivables

Loans and receivables at amortised cost	180,443	182,500
Acquisition costs	228	270
Provision for impairment - specific	(16,345)	(4,335)

164,326	178,435
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Provision for impairment - specific

Opening balance	4,335	-
Increase in specific impairment provision	12,318	4,335
Discount of provision	(308)	-

Closing balance

16,345	4,335
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An impairment provision of \$12,318,000 has been raised against the Fund's agricultural managed investment scheme investment during the half year ended 31 December 2009. This impairment provision is in addition to the \$4,335,000 impairment provision raised during the year ended 30 June 2009. The total impairment provision of \$16,345,000 reflects Management's current best estimate of future losses given reasonable doubt over the payment of the principal and interest in accordance with the securitisation documentation. This estimate of future losses is subject to a number of variables, including borrower behaviour, recovery of losses and assumed timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

NOTE 6 Loans and receivables (continued)	Dec-09 \$000's	Jun-09 \$000's
Investment in margin lending programs	125,109	125,109
Investment in non-conforming mortgage programs	21,009	21,009
Investment in medical equipment finance programs	13,153	13,153
Investment in MIS programs (net of provisions)	4,827	18,894
Acquisition costs	228	270
	164,326	178,435
Average balance of investments	186,405	191,237
Average interest rate	9.07%	10.73%
NOTE 7 Trade and other payables		
Manager/Responsible Entity fee	523	521
	523	521
NOTE 8 Distributions proposed		
The distribution payable is as follows:		
Interim Unit distributions proposed for the period	3,624	4,305
Accrued distribution payable to Unitholders	-	145
	3,624	4,450
	Cents per Unit	Cents per Unit
Interim Unit distributions proposed for the period	3.85	4.57
NOTE 9 Unitholders funds		
Unit issue – 31 August 2006	100,000	100,000
Unit issue – Second instalment received 31 August 2007	92,107	92,107
Unit buy back	(8,678)	(8,678)
Capitalised issue costs	(7,416)	(7,416)
	176,013	176,013

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/distributions on investments.

NOTE 11 Subsequent events

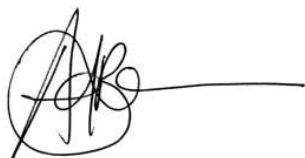
Since 31 December 2009 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

DIRECTORS' DECLARATION

In the opinion of the Directors of Adelaide Managed Funds Ltd:

- (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 31 December 2009 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard '*AASB 134 Interim Financial Reporting*' and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

A handwritten signature in black ink, consisting of a circle with the letters 'A' and 'B' intertwined inside, followed by a horizontal line extending to the right.

Anthony Baum
Chairman
22 February 2010
Bendigo