ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

REPORT FOR THE YEAR ENDED 30 JUNE 2010
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Release Date – 4 August 2010

Prepared in accordance with ASX Listing Rule 4.3A
Appendix 4E

It is recommended that the annual financial report is read in conjunction with any public announcements made by Adelaide Managed Funds Asset Backed Yield Trust for the year ending 30 June 2010 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Index

Media Release

4 August 2010

AYT ANNOUNCES FULL-YEAR RESULTS

SUMMARY

> FY10 Earnings of $14.3 million or 15.35 cents per Unit

> Equivalent yield of 7.68% on a fully paid basis (average 30-day BBSW[1] + 3.82%) or a running yield of 11.29%[2]

> Unitholders expected to vote on proposed strategy in September 2010

> Net Tangible Asset backing of $1.62 per Unit[3]

Adelaide Managed Funds (**AMF**) as Responsible Entity for the Adelaide Managed Funds Asset Backed Yield Trust (**AYT**) has reported earnings of $14.3 million (before impairment provisions) or 15.35 cents per Unit in AYT's full-year results, released today. This is equivalent to a yield of 7.68% on a fully paid basis (average 30-day BBSW + 3.82%) for the period, or a running yield of 11.29%.

According to the Chairman of Adelaide Managed Funds, Nancy Fox, the result is pleasing in light of the ongoing challenging conditions in financial markets over the period.

"Despite an increase in the impairment provision raised against AYT's MIS investments last October and the earlier than expected repayment of the Medical Equipment Financing Program investment, AYT has continued to generate a sound yield for investors" Ms Fox said.

On 6 April 2010, AMF announced that, subject to Unitholder approval, no superior proposals and no favourable change in market conditions, it intends to implement an orderly wind down of AYT by returning capital to Unitholders as its underlying assets mature.

AMF will seek general Unitholder approval to implement this strategy at an Extraordinary General Meeting expected to be held in Adelaide in September. AMF will also be seeking approval to delist AYT once material amounts of capital have been returned to Unitholders and to amend AYT's Constitution to enable AYT to be terminated and ultimately wound up and a time appointed by AMF.

"I look forward to giving Unitholders the opportunity to vote on the proposed strategy in September," Ms Fox said. "The AMF Board believes that the proposed strategy is in the best interests of Unitholders and will be unanimously recommending that all those eligible vote in favour of its implementation."

Further details regarding the Extraordinary General Meeting will be included in a Notice of Meeting and Explanatory Memorandum expected to be provided to Unitholders prior to the end of August.

As at 30 June 2010, the Net Tangible Asset backing of AYT was $1.62 per Unit, excluding the capital return of 16.00 cents per Unit paid on 19 July 2010 and the quarterly income distribution of 3.90 cents per Unit payable on 16 August 2010.

For further information, please contact:

Mark McKay

Adelaide Managed Funds

08 8300 6686

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 Fund, please visit www.adelaidemanagedfunds.com.au

[1]Average 30-day BBSW for the year ended 30 June 2010 was 3.86%
[2]Average closing price of AYT Units for the year ended 30 June 2010 was $1.36
[3]As at 30 June 2010

MANAGEMENT COMMENTARY

PERFORMANCE

> Earnings of $14.3 million (before impairment provisions) over the period, or 15.35 cents per Unit.

> Equivalent to an annual yield of 7.68% on a fully paid basis (average 30-day BBSW[1] + 3.82%), or a running yield of 11.29%[2].

> With the exception of the MIS investment, asset performance has met or exceeded forecasts and the portfolio continues to generate stable returns.

> AYT has no debt.

> All distributions are paid in cash from the interest earned by AYT's investment portfolio.

OUTLOOK

> AMF is proposing to implement an orderly wind down of AYT by returning capital to Unitholders as its underlying assets mature (subject to Unitholder approval, no superior proposals and no favourable change in market conditions).

> Unitholders will be asked to vote on the proposed strategy at an upcoming Extraordinary General Meeting (EGM) (expected to be held in Adelaide in September).

> No yield guidance is being provided for FY11 pending the outcome of the upcoming EGM.

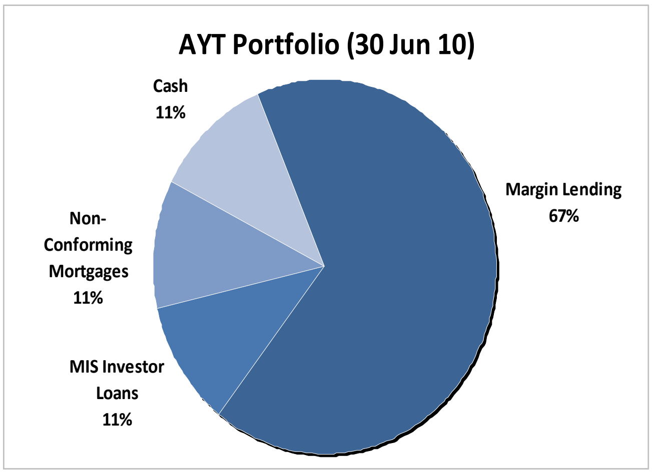
> Cash distributions will continue to be paid quarterly.

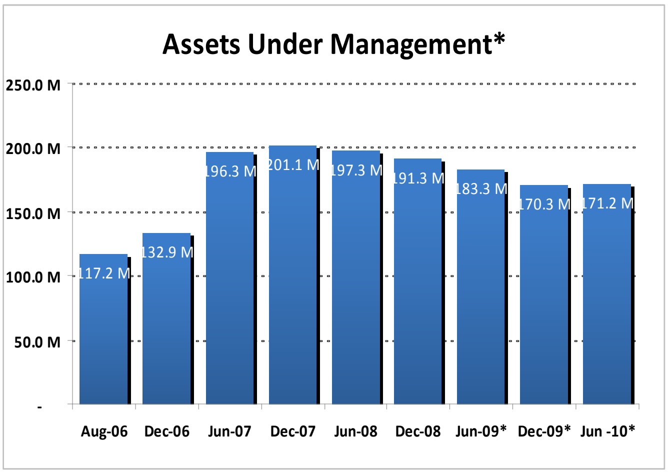
> Investments continue to be managed on a 'held-to-maturity' basis and therefore are not required to be marked to market.

PORTFOLIO OVERVIEW

> AYT's Medical Equipment Financing Program investment was fully repaid in June 2010.

> Assets under management total $171.2 million at 30 June 2010, with 51.1% rated (or shadow rated) investment grade.





*includes impairment provisions and cash balances

¹Average 30-day BBSW for the year ended 30 June 2010 was 3.86%
²Average closing price of AYT Units for the year ended 30 June 2010 was $1.36

ASSET QUALITY

> With the exception of the MIS investment, program losses recorded to date remain well below levels where AYT's investment will be impacted.

> No losses were incurred by the margin lending program over the period, with cumulative losses remaining steady at just 0.07%.

> Both of the non-conforming mortgage backed notes held by AYT were upgraded by Standard & Poor's during the year.

> A total impairment provision of $15.8M is outstanding against AYT's $20.1M MIS investment and represents Management's best estimate of future losses at this time.

> Management continue to monitor developments in relation to the MIS investment closely.

Investment	Actual Losses to 30/06/10	Current Loss Assumptions	Losses Where Fund Investment Impacted
Margin Lending	0.07%	0.35%	>1.44%
Non-Conforming Mortgages	0.28%	0.74%	>2.55%
MIS Investor Loans	23.78%	28.24%	>4.82%

SUMMARY

> Sound yield generated for investors despite the ongoing challenging conditions in financial markets.

> With the exception of the MIS investment, the quality of the asset portfolio remains high and losses in underlying pools of receivables need to increase substantially before the Fund's investments are impacted.

> AYT has no debt.

> AMF is proposing to implement an orderly wind down of AYT by returning capital to Unitholders as its underlying assets mature (subject to Unitholder approval, no superior proposals and no favourable change in market conditions).

> Unitholders will be asked to vote on the proposed strategy at an upcoming Extraordinary General Meeting (EGM) (expected to be held in Adelaide in September).

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 Fund, please visit www.adelaidemanagedfunds.com.au

APPENDIX 4E

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 year 1 July 2009 to 30 June 2010.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The consolidated profit before tax (before impairment provision) for the twelve months from 1 July 2009 to 30 June 2010 attributable to the Unitholders of the Fund was $14,305,000 (30 June 2009: $16,359,000). The Fund derived a profit before tax (before impairment provision) of $14,305,000 (30 June 2009: $16,359,000). The following table provides a summary of the main line items reported in the statement of comprehensive income.

	A$ '000's	A$ '000's	% Change
	2010	**2009**	
Interest income	16,505	20,406	(19.1%)
Earnings before interest and tax (EBIT)	1,997	12,340	(83.8%)
Profit before tax	1,987	12,024	(83.5%)
Adjustment for impairment provision	12,318	4,335	184.2%
Distributable income	14,305	16,359	(12.6%)

DISTRIBUTIONS FOR THE PERIOD

On 3 August 2010, the Directors of Adelaide Managed Funds resolved to pay a final distribution of 3.903 cents per Unit. A summary of distributions paid during the year is represented below:

	Amount per security (cents)	Franked amount per security (cents)
Interim quarterly distribution - record date 30 September 2009 - payable date 14 October 2009	3.80	-
Interim quarterly distribution - record date 31 December 2009 - payable date 14 January 2010	3.85	-
Interim quarterly distribution - record date 31 March 2010 - payable date 14 April 2010	3.80	-
Final quarterly distribution - record date 30 June 2010 - payable date 16 August 2010	3.903	-

NET TANGIBLE ASSET BACKING PER SECURITY

	30 June 2010 $ per security
Net tangible asset backing per security[1]	$1.617

The remainder of the information requiring disclosure to comply with the ASX Listing Rule 4.3A is contained in the 2010 Annual Financial Report, which has been released to the ASX today.

[1]The NTA per Unit excludes the capital return of $0.16 per Unit paid on 19 July 2010 and the unpaid distribution of $0.03903 per Unit payable on 16 August 2010.

ADELAIDE MANAGED FUNDS ASSET BACKED YIELD TRUST

ARSN 120 038 002

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING 30 JUNE 2010

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 2010.

THE MANAGER

AMF has acted in the capacity of Responsible Entity of the Fund for the year ended 30 June 2010. 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:

J Dawson (resigned 7 August 2009)
J McPhee (resigned 7 August 2009)
S Treanor
N Fox
A Baum (resigned 21 June 2010)
B Speirs (appointed 7 August 2009)

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the year was the investment in notes backed by a range of loans and receivables including margin loans, non-conforming residential mortgages and agricultural managed investment schemes. There has been no significant change in the nature of this activity during the year. However, on 6 April 2010, AMF announced that, subject to Unitholder approval, no superior proposals and no favourable change in market conditions, it intends to implement an orderly wind down of the Fund by returning capital to Unitholders as its underlying assets mature. Unitholders will vote on this proposed strategy at an Extraordinary General Meeting expected to be held in September 2010.

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 2010 the Fund had no employees.

REVIEW OF OPERATIONS

The Fund maintained its holding of asset backed securities and as at 30 June 2010 had portfolio exposure to margin loans, non-conforming residential mortgages and agricultural managed investment schemes. The revenue earned by the Fund was derived solely as interest from its cash and investment holdings.

The Fund increased the impairment provision raised against its agricultural managed investment scheme investment to $15,780,631 as at 30 June 2010 (30 June 2009: $4,355,000).

The Fund received full repayment of its investment backed by medical equipment loans and leases in June 2010.

RESULTS

The performance of the Fund for the year ended 30 June 2010, as represented by the results of its operations, was as follows:

Interest income:	$16,505,055
Finance costs - Distribution to Unitholders:	$14,305,409

The total value of assets held by the Fund as at 30 June 2010 was $171,442,624 (30 June 2009: $184,541,319). Management fees payable to AMF during the financial year were $1,918,499 (2009: $1,973,110).

The total number of Units issued as at 30 June 2010 was 94,115,809 (30 June 2009: 94,115,809).

DISTRIBUTIONS

During the year distributions were made for the quarter ended 30 September 2009 of 3.80 cents per Unit, for the quarter ended 31 December 2009 of 3.85 cents per Unit and for the quarter ended 31 March 2010 of 3.80 cents per Unit. On 3 August 2010, the Board resolved to pay a final distribution of 3.903 cents per Unit, payable on 16 August 2010.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year there was no significant change in the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No other matter or circumstance has arisen since 30 June 2010, 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 2010. 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 2011.

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.

AUDITOR'S INDEPENDENCE DECLARATION

The audit of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of Adelaide Managed Funds Ltd as Responsible Entity for Adelaide Managed Funds Asset Backed Yield Trust" on page 13.

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.

Nancy Fox

Nancy Fox
Chairman
3 August 2010
Sydney

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Independent auditor's report to the Unitholders of Adelaide Managed Funds Asset Backed Yield Trust

We have audited the accompanying financial report of Adelaide Managed Funds Asset Backed Yield Trust, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility 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 the 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 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. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met 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.

Ernst & Young

Auditor's Opinion

In our opinion:

1. the financial report of Adelaide Managed Funds Asset Backed Yield Trust is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of Adelaide Managed Funds Asset Backed Yield Trust at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Mark Phelps
Partner
Adelaide
3 August 2010

ERNST & YOUNG

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

In relation to our audit of the financial report of Adelaide Managed Funds Asset Backed Yield Trust for the financial year ended 30 June 2010, 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.

Ernst & Young

Mark Phelps
Partner
Adelaide
3 August 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Jun-10 $000's	Jun-09 $000's
INCOME			
Interest income	3(a)	16,505	20,406
Total interest income		16,505	20,406
EXPENSE			
Operating expenses	3(b)	2,190	2,126
Impairment provision	3(c)	12,318	4,335
Costs associated with assessing proposed acquisition	3(d)	-	1,605
		14,508	8,066
Earnings before interest and taxation		1,997	12,340
Interest expense		10	316
Net profit attributable to Unitholders		**1,987**	**12,024**
Finance costs: Distribution to Unitholders	3(e)	14,305	16,359
Change in net assets attributable to Unitholders		**(12,318)**	**(4,335)**
		Cents per Unit	**Cents per Unit**
Earnings per Unit - Basic and Diluted	3(f)	2.11	12.78
Distributable Earnings per Unit - Basic and Diluted	3(g)	15.35	17.13

BALANCE SHEET

AS AT 30 JUNE 2010

	Note	Jun-10 $000's	Jun-09 $000's
Assets			
Cash	4(a)	20,743	5,164
Trade and other receivables	5	849	942
Loans and receivables	6	149,851	178,435
Total assets		**171,443**	**184,541**
Liabilities			
Trade and other payables	7	518	521
Distribution payable	8	3,673	4,450
Provision for capital return	9	15,059	-
Total liabilities excluding net assets attributable to Unitholders		**19,250**	**4,971**
Net assets attributable to Unitholders		**152,193**	**179,570**
Represented by:			
Unitholders funds	9	160,954	176,013
Retained earnings		(8,761)	3,557
Net assets attributable to Unitholders		**152,193**	**179,570**

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2010

	Jun-10 $000's	Jun-09 $000's
Net assets attributable to Unitholders at the beginning of the year	179,570	190,786
Unit buyback	-	(6,881)
Net profit attributable to Unitholders	1,987	12,024
Distribution to Unitholders	(14,305)	(16,359)
Provision for capital return	(15,059)	-
Net assets attributable to Unitholders at the end of the year	**152,193**	**179,570**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Jun-10 $000's	Jun-09 $000's
Cash flows from operating activities			
Interest received on investments		16,547	20,613
Interest received on cash deposit		179	261
Interest expense on borrowings		(10)	(280)
Manager fee paid		(1,922)	(1,946)
GST refunded / (paid)		(2)	2
Payments to service providers		(272)	(1,886)
Net cash flows from operating activities	**4(b)**	**14,520**	**16,764**
Cash flows from financing activities			
Unit buyback		-	(6,881)
Distributions to Unitholders		(15,081)	(18,253)
Proceeds from borrowings		-	1,000
Repayment of borrowings		-	(2,250)
Net cash flows used in financing activities		**(15,081)**	**(26,384)**
Cash flows from investing activities			
Principal receipts from investments		16,140	8,128
Net cash flows from / (used in) investing activities		**16,140**	**8,128**
Net increase / (decrease) in cash and cash equivalents		15,579	(1,492)
Cash and cash equivalents held at the beginning of the financial year		5,164	6,656
Cash and cash equivalents held at the end of the financial year		**20,743**	**5,164**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Corporate information

The financial report of the Fund for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 3 August 2010.

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.

The Fund is listed on the Australian Stock Exchange.

NOTE 2 Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general-purpose financial report, which 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 report has been prepared on a historical cost convention. The balance sheet is presented on a liquidity basis.

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 2010 are:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 & 139)	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; ► bears the credit risk. The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	01/01/2010	The Fund has not yet determined the extent of the impact of the amendments, if any.	01/07/2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 9 AASB 2009-11	Financial Instruments Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 & Interpretations 10 & 12)	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: ► two categories for financial assets being amortised cost or fair value ► removal of the requirement to separate embedded derivatives in financial assets ► strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows ► an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition ► reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes ► changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	01/01/2013	The Fund has not yet determined the extent of the impact of the amendments, if any.	01/07/2013
AASB 2009-12	Amendments to Australian Accounting Standards (AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 & Interpretations 2, 4, 6, 1039 & 1052)	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.	01/01/2011	The Fund has not yet determined the extent of the impact of the amendments, if any.	01/07/2011

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Fund financial report	Application date for Fund*
AASB 124	Related party disclosures	The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself).	01/01/2011	The Fund has not yet determined the extent of the impact of the amendments, if any.	01/07/2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	01/07/2010	The Fund has not yet determined the extent of the impact of the amendments, if any.	01/07/2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(b) Application of Accounting Standards (continued)

*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 the assets are impaired at least annually. This requires an estimation of the value of future cashflows. The Fund's policy on impairment is disclosed in Note 2(g).

(d) Cash and cash equivalents

Cash and cash equivalents in the balance sheet and for the purpose of the cash flow statement 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 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).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(g) Impairment of assets (continued)

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.

(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 statement of comprehensive income 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 is distributed to Unitholders post the end of each quarter.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 Summary of significant accounting policies (continued)

(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 Balance Sheet.

(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.

(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

NOTE 3 Interest income, expenses and distribution to Unitholders	Jun-10 $000's	Jun-09 $000's
(a) Interest income		
Income from investments	16,630	20,531
Capitalised costs	(125)	(125)
	16,505	**20,406**
(b) Operating expenses		
Custodian fee	20	20
Manager's remuneration	1,918	1,973
Other operating expenses	252	133
	2,190	**2,126**
(c) Impairment provision		
Impairment provision	12,318	4,335
	12,318	**4,335**

The Fund expensed an impairment provision of $12,318,000 against its agricultural managed investment scheme investment during the period ended 30 June 2010 (30 June 2009: $4,335,000). This impairment provision reflects management's best estimate of future losses on the Fund's MIS investment.

(d) Costs associated with assessing proposed acquisition		
Costs associated with assessing proposed acquisition	-	1,605
	-	**1,605**

The proposed acquisition of the Fund by Bendigo and Adelaide Bank resulted in the Fund incurring one-off costs associated with the assessment of that proposal during the year ended 30 June 2009. The proposed acquisition did not proceed.

(e) Finance costs - distribution to Unitholders		Jun-10		Jun-09
	Cents per Unit	**$'000**	**Cents per Unit**	**$'000**
Accrued distribution at beginning of the period	(4.72)	(4,450)	(6.42)	(6,344)
Distributions paid during the period	16.02	15,082	18.95	18,253
Accrued distribution proposed and payable on 16 August 2010	3.90	3,673	4.57	4,305
Accrued distribution payable to Unitholders	-	-	0.15	145
	15.20	**14,305**	**17.25**	**16,359**
Weighted average number of units for the calculation of earnings per unit		94,116		95,507

(f) Earnings per Unit – basic and diluted

Includes the impairment provision of $12,318,000 expensed during the period ended 30 June 2010.

(g) Distributable earnings per Unit – basic and diluted

Excludes the impairment provision of $12,318,000 expensed during the period ended 30 June 2010 but includes distributable income payable to Unitholders carried forward from the period ended 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 Cash and cash equivalents	Jun-10 $000's	Jun-09 $000's
(a) 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	20,743	5,164
Cash investments are valued in accordance with accounting policy Note 2(d)		
Average balance	5,368	5,045
Average interest rate	3.75%	5.41%
Maturity analysis based on remaining term to maturity at 30 June 2010:		
At call	**20,743**	**5,164**

(b) Reconciliation of net profit attributable to Unitholders to net cash flows from operating activities		
Net Profit Attributable to Unitholders	1,987	12,024
Adjustments for Non Cash Movements:		
Impairment expense	12,318	4,335
Unwind capitalised costs	125	125
Changes in Assets and Liabilities		
(Increase) / decrease in receivables	93	343
Increase / (decrease) in payables	(3)	(63)
Net cash flows from operating activities	**14,520**	**16,764**

NOTE 5 Trade and other receivables	Jun-10 $000's	Jun-09 $000's
Accrued interest	835	930
Other receivables	14	12
	849	**942**
Maturity analysis based on remaining term to maturity at 30 June 2010		
Less than 3 months	849	942

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 Loans and receivables	**Jun-10 $000's**	**Jun-09 $000's**
Loans and receivables at amortised cost	165,486	182,500
Acquisition costs	146	270
Provision for impairment – specific	(15,781)	(4,335)
	149,851	**178,435**

Provision for impairment - specific		
Opening balance	4,335	-
Increase in specific impairment provision	12,318	4,335
Discount of impairment provision	(872)	-
Closing balance	**15,781**	**4,335**

A total impairment provision of $15,780,631 is noted against the Fund's agricultural managed investment scheme investment as at 30 June 2010 (30 June 2009: $4,335,000), due to reasonable doubt over the collectability of the principal balance and the 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.

Investments in margin lending programs	125,109	125,109
Investment in non conforming mortgage programs	21,009	21,009
Investment in medical finance programs	-	13,153
Investment in MIS programs (net of provision)	3,587	18,894
Acquisition costs	146	270
	149,851	**178,435**

Average balance of investments (including cash)	186,057	191,237
Average interest rate	8.42%	10.73%

NOTE 7 Trade and other payables	**Jun-10 $000's**	**Jun-09 $000's**
Manager/Responsible Entity fee	518	521
	518	**521**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 Distributions proposed	Jun-10 $000's	Jun-09 $000's
The distribution payable is as follows:		
Final Unit distributions proposed for the year ended 30 June 2010 (payable 16 August 2010)	3,673	4,305
Accrued distribution payable to Unitholders	-	145
	3,673	**4,450**
	Cents per Unit	**Cents per Unit**
Final Unit distributions proposed for the year ended 30 June 2010 (payable 16 August 2010)	3.90	4.57

NOTE 9 Unitholders funds

Units issued	192,107	192,107
Unit buyback	(8,678)	(8,678)
Capitalised issue costs	(7,416)	(7,416)
Provision for capital return (paid 19 July 2010)	(15,059)	-
	160,954	**176,013**

NOTE 10 Auditors' remuneration	Jun-10 $	Jun-09 $
The audit fee paid/payable by AMF to Ernst & Young on behalf of the Fund	30,000	26,500

NOTE 11 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 12 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 Unitholder's 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 Financial instruments (continued)

(a) Net fair values (continued)

Many 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. In determining fair value, the expected net cash flows applicable to each investment have been discounted to their present value, applying management assumptions of a discount rate equal to 2% for those investments that are not publically rated, and a further discount equal to 25% where a market for selling these assets immediately is not readily available. Management's estimate of fair value as at 30 June 2010 is $98,385,283 as compared to carrying value of $149,705,187 (2009 fair value was $81,141,441 as compared to carrying value of $178,164,451).

The difference noted between the carrying value and estimated fair value as at 30 June 2010 does not necessarily indicate impairment with regard to the loan and receivable investments. The carrying value of these investments will be recovered over the term to maturity through future cash flows as noted above.

(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 2010 have moved up or down in line with changes in interest rates.

	Weighted average effective interest rate	Closing balance	Weighted average effective interest rate	Closing balance
	Jun-10 (% p.a.)	Jun-10 ($000’s)	Jun-09 (% p.a.)	Jun-09 ($000’s)
Financial asset				
Cash	3.75%	20,743	5.41%	5,164
Investments	8.42%	149,851	10.73%	178,435

Interest Rate Sensitivity based on balances as at 30 June 2010

	Increase in Interest Rate	Sensitivity of Profit & Loss ($000’s)	Decrease in Interest Rate	Sensitivity of Profit & Loss ($000’s)
Financial asset				
Cash	+1.00%	207	-0.50%	(103)
Investments	+1.00%	1,499	-0.50%	(749)

Interest Rate Sensitivity based on balances as at 30 June 2009

	Increase in Interest Rate	Sensitivity of Profit & Loss ($000’s)	Decrease in Interest Rate	Sensitivity of Profit & Loss ($000’s)
Financial asset				
Cash	+1.00%	52	-0.50%	(26)
Investments	+1.00%	1,784	-0.50%	(892)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 Financial instruments (continued)

(b) Interest rate risk exposures (continued)

Maturity Analysis based on remaining term to maturity at 30 June 2010

Cash	**Jun-10 $000's**	**Jun-09 $000's**
Less than 3 months		
Total	20,743	5,164
	20,743	**5,164**
Investments		
Less than 3 months	-	-
Between 3 months and 12 months	-	-
Between 1 year and 5 years	149,851	178,435
Greater than 5 years	-	-
Total	**149,851**	**178,435**

(c) Liquidity and cash flow risk

Many 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 2010	**Less than 3 months**	**Between 3 months and 12 months**	**Between 1 year and 5 years**	**More than 5 years**
Management fees accrued	517,509	-	-	-
Capital return payable to Unitholders	15,058,529	-	-	-
Distribution payable to Unitholders	3,673,340	-	-	-
Total	**19,249,378**	-	-	-
Maturity profile 30 June 2009	**Less than 3 months**	**Between 3 months and 12 months**	**Between 1 year and 5 years**	**More than 5 years**
Management fees accrued	521,000	-	-	-
Capital return payable to Unitholders	-	-	-	-
Distribution payable to Unitholders	4,449,767	-	-	-
Total	**4,970,767**	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 Financial instruments (continued)

(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 2010 the underlying investments of the Fund are backed by high yielding assets including margin loans, non-conforming residential mortgages and agricultural managed investment schemes.

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

No impairment has been noted on any investment other than the MIS note investment as of 30 June 2010.

(e) Market risk exposures

The Fund regularly monitors the concentration of its portfolio and its exposure to any given asset class, single borrower or single issuer. From time to time, the Fund may be less diversified than desired by the Investment Manager, particularly with regards to asset class. This may be driven by attractive yields available in certain asset classes or lack of investment opportunities.

NOTE 13 Director disclosures

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

J Dawson	(resigned 7 August 2009)
J McPhee	(resigned 7 August 2009)
S Treanor	
N Fox	
A Baum	(resigned 21 June 2010)
B Speirs	(appointed 7 August 2009)

(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

NOTE 13 Director disclosures (continued)

(c) The following Directors of AMF held Units in the fund as at 30 June 2010:

N Fox	7,500 Units
B Speirs	50,000 Units

No other Directors held any interests during the period covered by these financial reports. All interests held are on arms length basis and under normal circumstances.

(d) There were no Key Management Personnel employed by the Fund.

NOTE 14 Related party disclosures

(a) Key management personnel

Disclosures in relation to Key Management Personnel (KMP) during the year and until the date of this report are set out in Note 15.

(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 2010 the Fund invested $20,743,259 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. Manager/Responsible Entity remuneration amounted to $1,918,499 for the year ended 30 June 2010 (2009: $1,973,110).

NOTE 15 Key management personnel

(a) Key management personnel

The KMP of the Fund only includes 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	Director	(resigned 7 August 2009)
J McPhee	Director	(resigned 7 August 2009)
S Treanor	Director	
N Fox	Director	
A Baum	Director	(resigned 21 June 2010)
B Speirs	Chief Executive Officer / Director	(appointed Director 7 August 2009)
K Masters	Chief Investment Officer	(resigned 26 February 2010)
M McKay	Senior Portfolio Manager	(appointed 1 March 2010)

(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 Adelaide Managed Funds Asset Backed Yield Trust 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 14(b).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 Key management personnel (continued)

(c) 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-10	Units held Jun-09
S Treanor	Director	-	-
N Fox	Chairman	7,500	7,500
B Speirs	Chief Executive Officer / Director	50,000	50,000
M McKay	Senior Portfolio Manager	37,720	-

Interests in the Units issued by the Fund as at 30 June 2009 held by individuals who are no longer KMP as at 30 June 2010 are as follows:

		Units held Jun-09
J Dawson	Director	-
J McPhee	Director	90,723
A Baum	Director	10,000
K Masters	Chief Investment Officer	-

(d) 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-10**	**Jun-09**
		$	**$**
S Treanor	Director	-	-
N Fox	Chairman	1,151	1,288
B Speirs	Chief Executive Officer / Director	7,677	8,587
M McKay	Senior Portfolio Manager	2,906	-

Distributions paid or payable by the Fund as at 30 June 2009 to individuals who are no longer KMP as at 30 June 2010 are as follows:

Distributions paid or payable		**Jun-09**
		$
J Dawson	Director	-
J McPhee	Director	15,581
A Baum	Director	1,717
K Masters	Chief Investment Officer	6,300

(e) 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-10**	**Jun-09**
		$	**$**
S Treanor	Director	-	-
N Fox	Chairman	293	343
B Speirs	Chief Executive Officer / Director	1,952	2,287
M McKay	Senior Portfolio Manager	1,472	-

Outstanding balances between the Fund as at 30 June 2009 and individuals who are no longer KMP as at 30 June 2010 are as follows:

Distribution payable		**Jun-09**
		$
J Dawson	Director	-
J McPhee	Director	4,150
A Baum	Director	457
K Masters	Chief Investment Officer	-

NOTE 16 Subsequent events

Since 30 June 2010 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 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 2010 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 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 payable;

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

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

Nancy Fox

Nancy Fox
Chairman
3 August 2010
Sydney