

MAX TRUST UNITHOLDER UPDATE

ISSUE 1

Up to 30 June 2010

ARSN: 115 268 669

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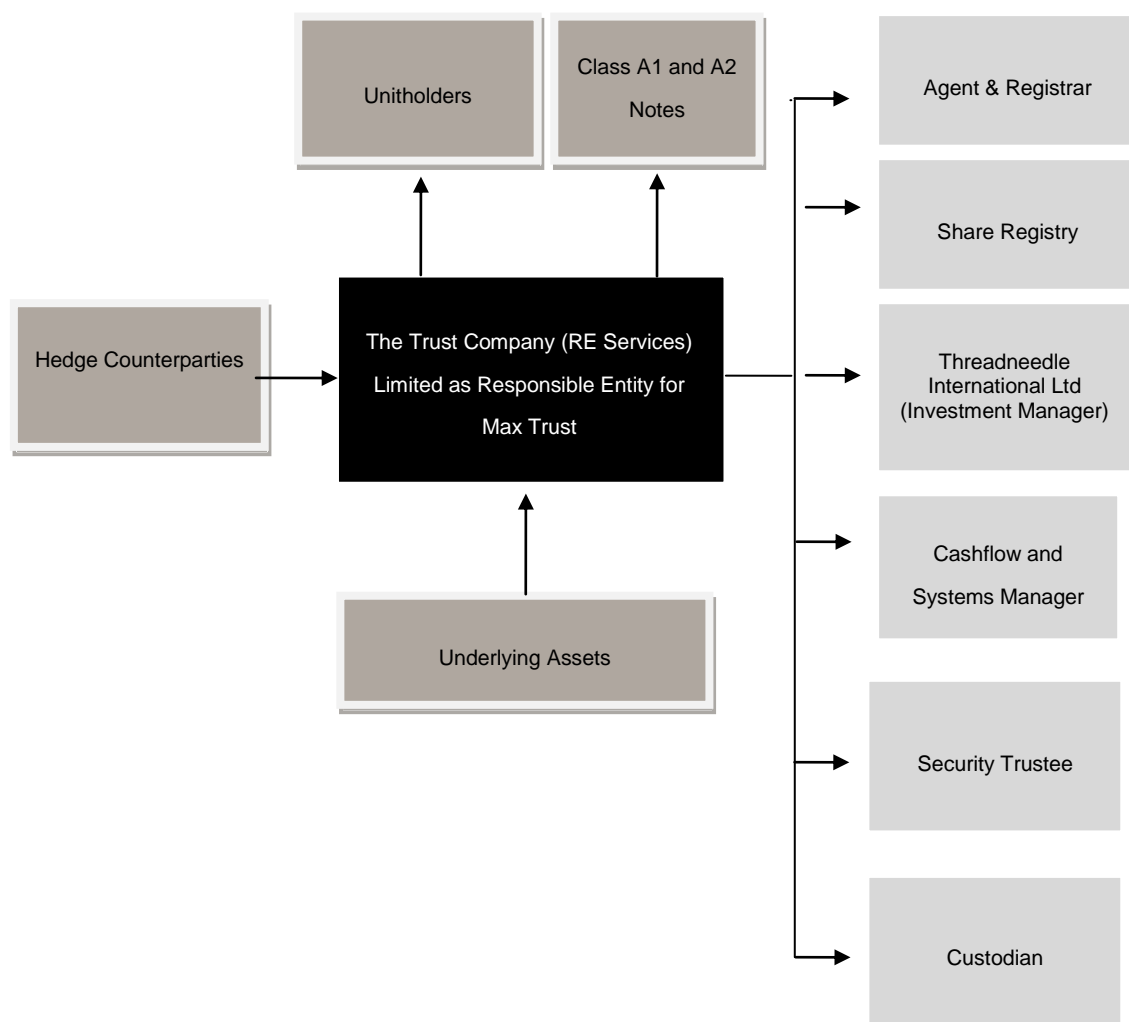
1. INTRODUCTION

The following Scheme Unitholder update (“Update”) will be prepared on a quarterly basis with the focus of the review to provide an update on the performance of the Scheme’s portfolio and management of the outstanding Notes and Hedges.

2. BACKGROUND TO THE SCHEME

The Max Trust (formerly the “Allco Max Securities & Mortgage Trust”) was established in 2005 to provide the Scheme Unitholders (“Unitholders”) with return through leveraged exposure to investments in highly rated mortgage loans and other debt-based securities. The acquisition of the Scheme’s portfolio (“Portfolio”) was funded through a combination of equity and debt. The equity was raised through an initial public offering and listing on the ASX while the debt funding was raised through a combination of Notes issued under a short term warehouse facility and rated term Notes issued into the capital markets (collectively, the “Debt Programme”). During 2008 there were a number of events outlined in previous ASX announcements which resulted in an agreement to restructure the Debt Programme. The restructure addressed the adverse movement the Scheme had experienced in its asset portfolio and the risks inherent in its debt funding structure following the severe deterioration in the finance markets during 2008 and early 2009. The restructure significantly simplified the Scheme structure including removing the need for a number of the transaction parties. Threadneedle was appointed as replacement Investment Manager on 12 March 2009 and a new responsible entity, The Trust Company (RE Services) Limited, was appointed after the implementation of the restructure. On 22 June 2009 the Scheme announced to the market that it had affected a restructure of its debt on 19 June 2009.

MAX TRUST TRANSACTION STRUCTURE



3. SUMMARY OF THE NOTE RESTRUCTURE

On 22 June 2009 the Scheme announced to the market that it had effected a restructure of its debt on 19 June 2009. Following the restructure of the debt funding, the scheme became a static investment vehicle with a strategy of holding assets to maturity. No new investments will be made. As noted in previous ASX announcements and the Max Trust 30 June 2010 Annual Financial Statements, the key terms of the restructure are as follows;

- The debt facilities were restructured into two classes of Pass-Through Notes ("PT Notes"). The former Warehouse Facility has been converted into A1 PT Notes, while the two series of Medium Term Notes ("MTN's") issued have been aggregated into a single class titled, A2 PT Notes.
- The legal final maturity date of the notes held by the warehouse provider and other investors was extended to 20 December 2039. (Noteholders agreed a further extension past the previous maturity date of 31 December 2027).
- The margin payable on the A1 notes is 2.15%pa.
- The margin payable on the A2 notes is 0.75%pa.
- In addition, a deferred margin accrues on outstanding notes at a rate of 6.0%pa (in the case of notes held by the warehouse facility provider) and 2.0%pa (in the case of notes held by other investors). The deferred margin is only payable following the repayment in full of the principal amount of the notes and then only to the extent the Scheme has excess cash flow or if the legal final maturity date or an event of default has occurred. This additional amount will be subordinate to all other secured amounts owed by the Scheme (including interest owing on the notes) but will be paid ahead of distributions to Unitholders.

PASS THROUGH NOTE SUMMARY

Class	Note Balance	Benchmark	Stated Margin	Legal Final Maturity	Deferred
Class A1	107,227,181	BBSW	2.15%	20-Dec-39	6.00%
Class A2	313,072,060	BBSW	0.75%	20-Dec-39	2.00%
Total	420,299,241				

- The principal amount outstanding on the notes will be repaid on a pro-rata basis during the term of the notes to the extent the Scheme has excess cash flow.
- The Scheme undertakes not to dispose of assets at less than certain specified percentages of par value and unless certain other conditions are met, unless the approval of the Noteholders is obtained.
- In Income years where the Scheme has net income to which the Unitholders are presently entitled for tax purposes, Unitholders will be liable to tax on that net income irrespective of whether they receive the amount of the net income as a cash distribution.
- The scheme undertakes not to pay any cash distributions to the Scheme Unitholders until all amounts owing to Noteholders are paid in full. The Scheme will retain the ability to make distributions to Unitholders by issuing new units in accordance with its constitution.
- The portfolio tests under the Scheme's debt programme were restructured and the Scheme has established and maintains certain liquidity and expense reserves which comply with the new portfolio tests.

4. SCHEME PORTFOLIO SUMMARY

The credit risk to Noteholders and Unitholders is linked to the underlying Scheme portfolio. A summary of the Scheme portfolio as at 30 June 2010 is provided below.

Asset Type	Total # Exposures	AUD Face Value ¹	% of Total Assets
RMBS	17	133,938,261	24%
Max Realty	5	27,678,345	5%
CMBS	3	34,317,272	6%
Financials & Industrials	19	210,389,149	37%
CDO	10	77,727,500	14%
Aircraft	13	63,524,637	11%
Total Securities	67	547,575,164	97%
Liquidity Reserve Balance	1	13,045,148	2%
Expenses Reserve Balance	1	1,003,420	0%
Bank Accounts Balance	4	5,107,823	1%
Total Cash Balance		19,156,391	3%
Total Asset Balance		566,731,555	100%

1. Face Value is defined as the AUD outstanding principal balance with the foreign currency denominated assets converted at their swap rate. The portfolio balance is not expected to reconcile with the 30 June 2010 Financial Statements due to accounting adjustments and the application of different foreign currency rates.

A description of each asset class and a detailed list of the securities (including those assets which are on the Investment Manager's Credit Watch List) and whether the relevant asset has an interest rate, currency or is basis hedged, is provided below.

RESIDENTIAL MORTGAGE BACKED SECURITIES

The Scheme holds A\$133.9m in residential mortgage backed securities ("RMBS"). These securities comprise underlying prime and non-conforming mortgages. The RMBS assets held by the Scheme as at 30 June 2010 are tabled below.

Asset Name	Currency	AUD Face Value ¹	WAL ²	Legal Maturity	Credit Watch List ³	Hedged
APLLO 2007-1E 1A	AUD	2,024,825	2.7	9-Aug-38	No	No
SWAN 2007-1E A2	AUD	2,405,291	2.8	12-Jun-38	No	No
PROGS 2006-1 A	AUD	3,918,980	1.4	10-Mar-37	No	No
REDS 2006-1E A2	AUD	5,662,834	2.7	17-Nov-37	No	No
SMHL 2005-2 A	AUD	4,788,591	3.1	12-Aug-36	No	No
TORR 2005-2 A	AUD	1,204,971	1.8	13-Jul-37	No	No
TORR 2005-3E A2	AUD	5,060,506	1.1	15-Oct-36	No	No
WBT 2005-1 D	AUD	1,469,367	1.8	16-Nov-36	No	No
PARGN 12X B1B	EUR	8,277,576	9.3	15-Nov-38	No	Yes
MOB NCM-03 B	AUD	10,336,625	2.2	14-Oct-50	No	No
MOB NCM-03 C	AUD	7,650,000	2.2	14-Oct-50	No	No
MOB NCM-04 C	AUD	22,800,000	2.2	16-Nov-51	No	No
MOB NCM-04 D	AUD	18,900,000	2.2	16-Nov-51	No	No
NCM-04 CLASS M	AUD	423,739	2.1		No	No
PEPAU 7 A3	AUD	4,014,956	1.8	15-Dec-48	No	No
SPPNZ 2007-1 MZ	NZD	5,000,000	3.1	14-Oct-41	Yes	Yes
Mobius AMT M1	AUD	30,000,000	1.3		No	No
Total	AUD	133,938,261				

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2. "WAL" or "Weighted Average Life" represents the average number of years that each dollar of principal remains outstanding. Pass through securities use assumptions which may change from time to time and several securities are calculated using the "Call Date" instead of their "Legal Maturity".
3. The "Credit Watch List" is a list of securities compiled by the Investment Manager which have a greater likelihood of impairment. The list is constantly being evaluated and we make reference to the disclaimer on page 2.

MAX REALTY

The Scheme holds \$27.67m in Loan Notes issued by Max Realty Pty Ltd (Gosford Series). Max Realty has provided a loan to CRC Gosford Pty Limited a special purpose vehicle established for the purpose of financing an office property located in Gosford, NSW. The tenant is The State Property Authority ("SPA"), a NSW government department. SPA recently exercised an option to extend the lease for a further five year period from 1 July 2012.

The Gosford Loan Notes held by the Scheme as at 30 June 2010 are tabled below.

Asset Name	Currency	AUD Face Value ¹	WAL ²	Legal Maturity	Credit Watch List ³	Hedged
Gosford A	AUD	13,409,688	2.1	9-Jan-14	No	Yes
Gosford B	AUD	2,955,224	2.1	9-Jan-14	No	Yes
Gosford C	AUD	4,432,836	2.1	9-Jan-14	No	Yes
Gosford D	AUD	5,417,910	2.1	9-Jan-14	No	Yes
Gosford E	AUD	1,462,687	2.1	9-Jan-14	No	Yes
Total	AUD	27,678,345				

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COMMERCIAL MORTGAGE BACKED SECURITIES

The Scheme holds A\$34.3m in commercial mortgage backed securities ("CMBS").

The Scheme holds the most junior tranche of the Centro Shopping Centre Securities Limited – CMBS Series 2006-1 (CSCS 2006-1 E). CSCS 2006-1 is a securitisation of a portfolio of non cross collateralised nor cross defaulted real estate backed debt facilities to 12 Centro managed ownership funds. Each financing is backed by between one and eleven retail commercial properties located in major Australian cities and regional centres. This transaction is facing many challenges including, among others, valuation reductions, asset performance, pressure on managing the collateral portfolio and generally weaker conditions in Australian property marketing including the availability of financing for property backed transactions. In December 2009, CSCS 2006-1 was restructured with the main purpose of the restructure being an extension of the maturity dates in return for providing for payment of additional interest in certain circumstances.

The scheduled interest and principal on the amortising loan notes issued by the Fountain Trust Securitisation Trust are expected to be fully funded through lease payments receivable from the Bendigo Bank.

Rock & Rubble Debt Vehicle are equipment lease-backed floating rate notes whereby the Noteholders are ultimately exposed to the creditworthiness of Leighton as the Holdings Ltd as the guarantor of the payment obligations of the leases. Each lessee is a subsidiary of Leighton with medium to large mobile mining equipment being leased for use in the Leighton Group Australian operations.

The CMBS assets held by the Scheme as at 30 June 2010 are tabled below.

Asset Name	Currency	AUD Face Value ¹	WAL ²	Legal Maturity	Credit Watch List ³	Hedged
CSCS 2006-1 E	AUD	8,628,816	3.0	20-Jun-13	Yes	No
FPST 1 1	AUD	15,688,456	10.9	1-Sep-25	No	Yes
Rock & Rubble	AUD	10,000,000	1.2	15-Aug-15	No	No
Total	AUD	34,317,272				

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FINANCIAL & INDUSTRIAL SECURITIES

The Scheme holds A\$210.3m in positions to both the Industrial and Financial sector. The Scheme has exposure to 10 Financial Institutions in banking, broking, lending and insurance in Australia, Europe and the United States and 6 exposures to Australian Industrial companies.

The positions held by the Scheme as at 30 June 2010 are tabled below.

Asset Name	Currency	AUD Face Value ¹	WAL ²	Legal Maturity	Credit Watch List ³	Hedged
ASSGEN5.479 02/49	EUR	16,843,536	6.6	Perp/Call	No	Yes
BAC 0 12/16/10	AUD	15,000,000	0.5	16-Dec-10	No	Yes
BAC6.085 10/06/10	AUD	10,000,000	0.3	6-Oct-10	No	Yes
HANRUE5 06/29/49	EUR	9,824,596	5.0	Perp/Call	No	Yes
MQGAU 0 09/18/15	USD	13,647,643	0.2	18-Sep-15	No	Yes
MQGAU 0 12/06/16	EUR	6,582,719	1.5	6-Dec-16	No	Yes
MS 0 03/01/13	AUD	13,000,000	2.7	1-Mar-13	No	No
MS 0 08/08/12	AUD	7,000,000	2.1	8-Aug-12	No	No
NAB 0 12/29/49	EUR	8,287,500	6.3	Perp/Call	No	Yes
NAB III 01/49	AUD	11,000,000	6.3	Perp/Call	No	No
SCHREI 5.252 05/49	EUR	16,703,155	5.9	Perp/Call	No	Yes
SLMA 0 12/15/10	AUD	10,000,000	0.5	15-Dec-10	No	Yes
CFXAU 5.075 08/14	AUD	20,000,000	2.2	21-Aug-14	No	Yes
COCA 0 08/10/10	AUD	5,500,000	0.1	10-Aug-10	No	No
GPTAU 0 11/07/10	AUD	10,000,000	0.4	7-Nov-10	No	Yes
TABAU 6 1/2 10/11	AUD	10,000,000	1.3	13-Oct-11	No	Yes
TCLAU 0 09/15/11	AUD	12,000,000	1.2	15-Sep-11	No	Yes
WDCAU 5 1/2 07/10	AUD	10,000,000	0.1	15-Jul-10	No	Yes
WOWAU 0 03/14/11	AUD	5,000,000	0.7	14-Mar-11	No	No
Total	AUD	210,389,149				

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COLLATERALISED DEBT OBLIGATIONS (CDO)

The Scheme holds 10 CDO's totalling A\$77.72m. This asset class has experienced the greatest price fluctuations in the Scheme portfolio. With the exception of Belo and Rainbow CDO's, all of the other CDO's reference corporate portfolios. The reason for the material price fluctuations is that CDOs in essence are a levered investment in the underlying assets (mainly corporate credit) of each of the CDOs. Therefore as the quality of each asset within the CDO improves or deteriorates this has a multiplier effect on the pricing of the CDO. Given the compression in corporate credit spreads we have witnessed, the impact on the CDO pricing has improved significantly on a number of the CDOs. Saying that, there are 4 CDOs in which the CDO pricing has remained relatively stable or in fact declined which is a result of poor performance in the underlying credit assets of the CDO. The Evergreen CDO reached its maturity date in November 2009 and the Scheme was repaid in full. The Belo is a CDO backed by a portfolio of Commodity Trigger Swaps and Rainbow is a static CDO squared exposed to not only corporate credit but also a portfolio of Asset Backed Securities.

The positions held by the Scheme as at 30 June 2010 are tabled below.

Asset Name	Currency	AUD Face Value ¹	WAL ²	Legal Maturity	Credit Watch List ³	Hedged
Belo Plc	USD	6,613,750	1.3	6-Oct-11	No	Yes
Belo Plc	USD	6,613,750	1.3	24-Oct-11	No	Yes
Silver Bell	AUD	10,000,000	6.5	21-Dec-16	Yes	No
Silver Lake	AUD	15,000,000	6.8	20-Mar-17	Yes	No
HERALD 0 12/20/10	AUD	5,000,000	0.5	20-Dec-10	No	No
Eden 2006-3 04/07/13	AUD	10,000,000	2.0	7-Apr-13	Yes	Yes
Eden 2006-1 04/07/11	AUD	5,000,000	N/A	7-Apr-11	Yes	Yes
Mica 05-3 09/22/10	AUD	6,500,000	0.3	22-Sep-10	No	Yes
Rainbow - 7 10/11/10	EUR	8,000,000	0.3	11-Oct-10	No	Yes
Bishopgate 2005-6X A	AUD	5,000,000	0.3	30-Sep-10	No	No
Total	AUD	77,727,500				

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AIRCRAFT

The Scheme holds 13 Aircraft positions totalling A\$63.5m. The Aviation industry rebounded strongly in 2010 - passenger traffic (as measured by Revenue Passenger Kilometres ("RPK's")) was up quite substantially and is now above pre-recession levels. Locally, the Asia-Pacific carriers recorded an increase in traffic numbers, while globally Latin America was the strongest region and Europe the weakest. Further, in July 2010 the International Air Transport Association (IATA) reiterated it's forecast that the aviation industry would report an increase in global profits in 2010 - up from a multi-billion dollar loss in 2009.

To confirm this upward momentum in the aircraft industry, the Schemes CAL 7.918 position was redeemed at its soft bullet date in May 2010. Combining the recent redemption (issuer honouring a soft bullet date) with the improved macro outlook for the sector we have seen the credit spreads on this asset class contract significantly.

The positions held by the Scheme as at 30 June 2010 are tabled below.

Asset Name	Currency	AUD Value ¹	Face	WAL ²	Legal Maturity	Credit Watch List ³	Hedged
AERCO 2X A4	USD	1,649,880		0.7	15-Jul-25	No	Yes
AMR 7.858 10/01/11	USD	6,863,418		1.3	1-Oct-11	No	Yes
CAL 6.545 02/02/19	USD	3,258,741		5.9	2-Feb-19	No	Yes
CAL 7.256 03/15/20	USD	3,964,709		6.1	15-Mar-20	No	Yes
LIFT 1 A3	USD	6,008,035		4.9	15-Jul-16	Yes	Yes
NWA 7.575 03/01/19	USD	10,248,015		5.5	1-Mar-19	No	Yes
Qantas VQS	AUD	408,081		1.1	13-Jul-12	No	Yes
Qantas VQP	AUD	558,362		2.3	14-Nov-14	No	Yes
Qantas VQR	AUD	671,575		3.3	15-Jul-16	No	Yes
Qantas VQQ Snr	AUD	17,104,596		2.8	13-Nov-15	No	Yes
Qantas VQI	AUD	563,250		1.9	14-Jan-14	No	Yes
Qantas VQG	USD	11,610,963		5.9	20-May-16	No	Yes
Qantas VQJ	AUD	615,012		2.4	15-Jan-15	No	Yes
Total	AUD	63,524,637					

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5. WEIGHTED AVERAGE LIFE (“WAL”) OF THE SCHEME PORTFOLIO

In the tables above, we have provided a base case WAL for each asset. While many assets do not have scheduled principal repayment dates but rather are pass through securities with many assumptions needed to be made in order to estimate the securities expected WAL's, these calculations are important for Unitholders. The slower the prepayment speed of the portfolio, the longer it will take for principal to be passed through to Noteholders, therefore the larger the impact of negative yield on the cash flows including the repayment of the deferred margins on the Notes. The deferred margin will be paid ahead of distributions to Unitholders.

6. ASSET HEDGING

The Scheme's hedging policy is that each asset in the portfolio must be hedged if it:

- is fixed rate;
- is denominated in a currency other than Australian dollars; or
- has payment dates less frequent than quarterly payment dates,

In these cases, the Scheme has swapped the cashflows of the asset into quarterly, Australian dollar, floating rate (referenced to 3 month BBSW) cashflows; and the term of the swap has been matched to the expected maturity of the asset.

The term of the swaps were executed to the expected maturity of the underlying asset. The Scheme holds several hedges that have a termination date shorter than the expected final maturity of the asset. This will expose the portfolio to partially hedged positions and potential swap break costs.