

ASIC fights Gold Coast meeting

Small jump in the action at auctions

Lisa Allen

The Australian Securities and Investments Commission has started proceedings in the Supreme Court of Queensland to stop Wellington Investment Management from holding a meeting involving Premium Income Fund unit holders on the Gold Coast this week.

The meeting was called to ask the fund's 10,300 unit holders to approve several proposals including its listing on the National Stock Exchange, which would allow some investors to start retrieving their funds.

But ASIC has sought a restraining order stopping Wellington from holding the meeting claiming that unit holders require additional information in order to make informed decisions. The proceedings will be heard on September 17 in Brisbane, while the meeting is set down for September 18 on the Gold Coast.

The PIF fund was one of the key financial vehicles of the former MFS. It has been frozen for months with investors unable to draw out their cash.

An angered Jenny Hutson, managing director of Wellington Investment Management, said she was disappointed that she had offered ASIC a solution to the issues it had raised and she would vigorously oppose the corporate watchdog's application.

"What is disappointing to me is on Friday I offered ASIC a solution to the issues they have raised," she said.

"I indicated to ASIC in corre-



Wellington Investment Management's Jenny Hutson.

Photo: JESSICA SHAPIRO

spondence sent at 2pm as chairman of the meeting scheduled for next Thursday I was more than prepared to advise the meeting of any issue of concern to ASIC and invite the meeting to adjourn until such time they had had the opportunity to consider whatever ASIC thought was reasonable.

"Instead of responding positively to what was a practical solution to a procedural difficulty ASIC have now served me with documents seeking an injunction from the Supreme Court the day before the meeting is to be held. I am currently anticipating that more than 1000 people will attend that meeting."

Ms Hutson said more than 5320 of the 10,387 investors in the fund had already lodged a proxy rep-

resenting more than \$400 million, or 53 per cent of the value of the fund. "On every resolution more than 95 per cent of the vote by value is in favour of what is proposed," she said.

"ASIC asked me in July to ensure they had the opportunity to review all documents prior to it being printed. ASIC was provided with the meeting material seven days before it was due to be finalised. I had three discussions with them in relation to issues. It was consultative. I made adjustments to ensure everything they raised was fully addressed.

"This is a last minute inappropriate reaction to the voice of the minority who remain distressed and angry about their situation."

Ms Hutson said it would cost more than \$100,000 to adjourn the meeting with some investors travelling from Tokyo and Auckland as well as from every Australian city.

Ms Hutson argued there were a lot of issues, such as the fund's \$55 million exposure to the stricken Raptis Group, that had to be dealt with in the next month.

"We have got to move now because we have a lot of issues that have been waiting an outcome of this meeting. If we wait a month it could cost the PIF \$20 million in lost opportunities," she said.

Meanwhile, ratings agency Lonsec, has supported and recommended to their clients they vote yes to all three resolutions Wellington had proposed for PIF investors at the meeting on Thursday.

"... in the absence of any alternatives which potentially offer a better outcome than the 45¢ (plus any recovery from MFS) and taking a medium-term view as to the best total return outcome for investors, Lonsec recommends voting yes to all three proposals."

Lonsec also notes that while Wellington is a "relatively new investment banking and funds management boutique", the firm's extensive legal experience "is likely to be of significant assistance over the short to medium term".

"Despite limited direct funds management experience, Jenny Hutson and her team at Wellington have a strong motivation to make the PIF successful and are enthusiastic about tackling the challenges presented," Lonsec said.

Small jump in the action at auctions

Michelle Singer

The weekend's auctions across the country are showing small signs of improvement in Sydney and Melbourne after spring and an interest rate cut had no impact on a market that has remained soft throughout the year.

According to Australian Property Monitors, Brisbane and Adelaide's auction figures fell to 17.5 per cent and 26.1 per cent sold respectively, although a number of results went unrecorded. Last year more than 50 per cent of properties were selling at auction in each capital city, and as many as 80 per cent in Melbourne.

The interest rate cut earlier this month was expected to have some impact, while the arrival of spring usually heralds renewed interest in the industry. But agents said buyers remained cautious and the number of properties going under the hammer remained well below the same time last year.

On Saturday local government elections in NSW had some impact on the number of auctions, but 50.8 per cent of properties sold under the hammer, up 5 per cent on last week and the highest clearance in six weeks. In Melbourne 58.5 per cent of properties sold under the hammer compared with 56.8 per cent from last Saturday. In Brisbane the most expensive auction sale was a \$560,000 block of land at Cleveland.