

Centrelink ruling will help PIF investors

by Nick Nichols
business editor

MORE cash-strapped investors in the former MFS-controlled Premium Income Fund will be able to access government benefits after Centrelink agreed to write down the value of the investment by 55 per cent.

Intense lobbying by Jenny Hutson's Wellington Capital, which has taken on the job of restoring full value to investors in the \$770 million fund, has led to the acceptance by both Centrelink and the Department of Veteran Affairs that the fund was now worth just 45c in the dollar.

The move will lead to more investors, mainly retirees, accessing previously denied welfare payments by reducing their asset thresholds.

The fund's 10,350 investors were gutted this year when the Premium Income Fund (PIF) froze redemptions and monthly distributions.

Many investors had been relying on monthly distributions to meet all their living expenses and since the payment freeze in February have been without an income.

Some have resorted to chewing up home equity to survive.

Wellington Capital yesterday said the Centrelink agreement was a 'significant out-



Jenny Hutson

come' for unit holders who originally paid \$1 for each PIF unit.

"This is a very positive step forward for those who are enduring financial hardship," said Ms Hutson who has just completed a gruelling round of investor briefings which drew a total of 4000 concerned unit holders in five cities.

She hopes to convince unit holders to stick with her plan to restore full value to the fund over the next three to five years.

At the end of May, PIF had net 'realisable' investor funds of just \$341.1 million, well down on the carrying value of \$691.9 million.

The fund was valued at \$760 million at the end of December. Ms Hutson said that liquidation would return just 14c in the dollar to investors, compared with 45c as a going concern.

This could rise to 65c if Wellington Capital secures a promised \$50 million support facility and wins \$147.5 million in damages from MFS, now known as Octaviar.