



EQUITITRUST CAPITAL

29 September 2011

**Equititrust Income Fund ASRN 089 079 854 (EIF)
Equititrust Premium Fund (EPF)
Social Security Update**

Equititrust is aware that a number of investors who receive part pensions from Centrelink have reduced payments as Social Security rules deem that they are receiving an income from their investment in EIF or EPF even though distributions from the EIF and EPF were postponed in April 2011 and there have been no income distributions in the 2010/11 year.

Earlier this year Equititrust Limited made application to the Honourable Jenny Macklin MP, Minister for the Department Families, Housing, Community Services and Indigenous Affairs (FHCSIA) to exempt units in the EIF and EPF (together the "Funds") from social security deeming rules to assist pensioners who are income and asset tested and who hold investments in these Funds. Relief from the deeming provisions would help support our investors through this difficult time.

On 21 September 2011 Equititrust received notice from the Minister that the FHCSIA had declined to provide an exemption for investments in the Funds. This means that investments in the Funds will continue to be assessed under the income test deeming rules. While this decision is not strictly appealable under the Social Security appeal system we are in the process of replying to FHCSIA asking that they reconsider the position although that does appear unlikely given the criteria adopted. In addition, we will seek the support from our local Member of Parliament.

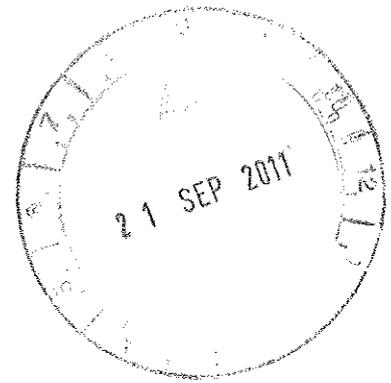
We suggest relevant investors keep Centrelink informed of any changes to unit value, such as when capital distributions recommence, as a decrease in unit value will reduce the asset value upon which the deemed income is calculated. In addition, if any investors are experiencing severe financial hardship they are able to contact Centrelink to discuss their situation.

Investors may also wish to contact their local Member of Parliament or FHCSIA directly to express their concerns.



Australian Government

Department of Families, Housing,
Community Services and Indigenous Affairs



Mr Matt Corkin
Director Financial Services
Equititrust Limited
Box 8111
GCMC QLD 9726

Dear Mr Corkin

I refer to your letter of 4 July 2011 to the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, requesting an exemption from the social security income test deeming rules in respect of investments in Equititrust Income Fund and Equititrust Premium Fund (the Funds). The Minister has requested that I reply on her behalf.

As you are aware under the *Social Security Act 1991* (the Act), the Minister for Families, Housing, Community Services and Indigenous Affairs has the discretion to exempt financial investments from the deeming rules.

To preserve the fairness and simplicity of the deeming rules, the Minister only provides exemptions in very limited circumstances. The Minister provides exemptions in respect of financial investments that are not operating as per the terms of the investment product, investors have no access to their investments, and where the investors have commenced all reasonable action to obtain access to the investments.

The Minister has considered the circumstances relating to investments in the above mentioned Funds. The information indicates the investments are performing in accordance with the terms set out in the product disclosure statement (PDS) and the Constitution. That is, Equititrust Limited manages the Funds, as is allowed for in the PDS, and is adhering to the terms of the Constitution.

In these circumstances, the Minister has declined to provide an exemption for investments in the Funds. This means investments in the Funds will continue to be assessed under the income test deeming rules. This decision is not appealable under the social security appeals system. However, if the situation changes, the request can be reconsidered taking into account the new circumstances.

I understand that investors have been repaid some of their capital. Investors may wish to advise Centrelink if the value of their investments changes so Centrelink can review their circumstances. If investors have any questions about their social security payments, they can contact Centrelink on 13 2300 for the cost of a local call.

If any investors are experiencing severe financial hardship they are able to contact Centrelink to discuss their situation.

Yours sincerely

A handwritten signature in cursive script that reads "Anderson".

Stuart Anderson
A/g Manager
Financial Markets Section
Seniors and Means Test Branch

19 September 2011