



8th October, 2009

Shareholders Update No. 14

Dear Shareholder,

Monthly Net Tangible Asset Backing per Share and Investment Portfolio

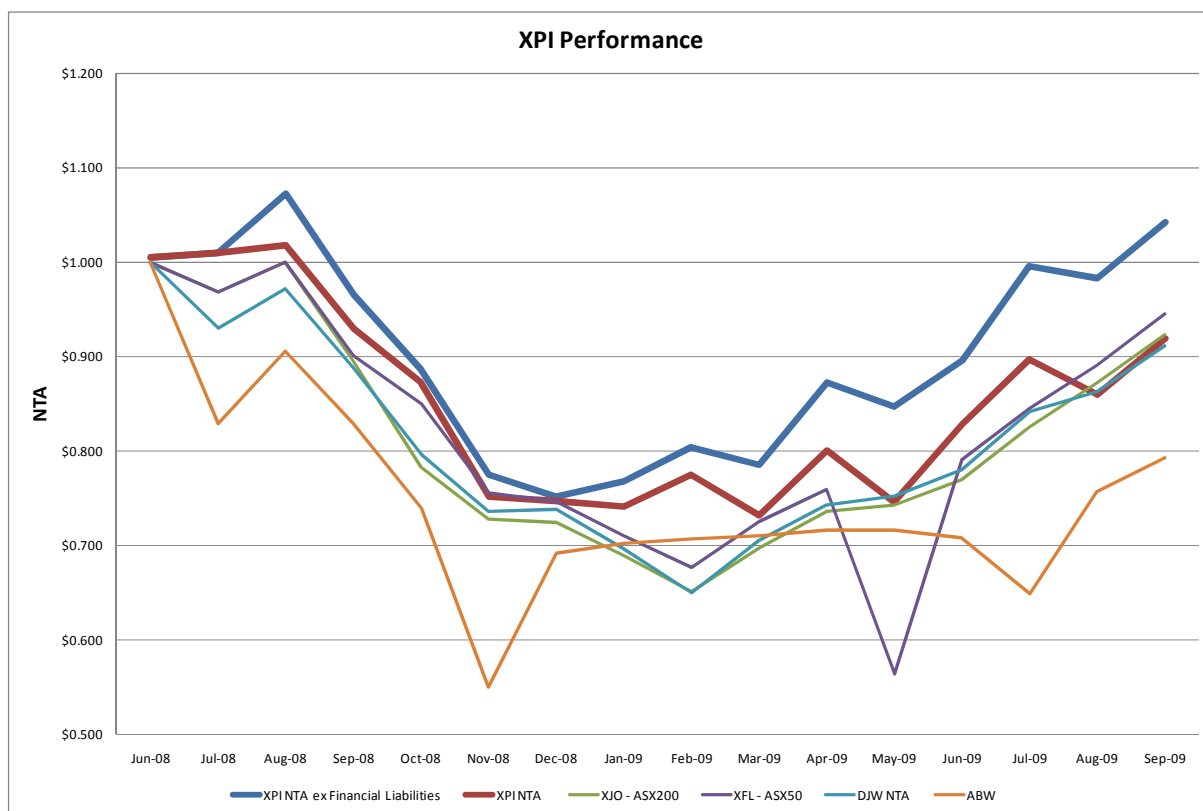
Before Tax* & Excluding current open option positions.

30-Sep-09 **\$1.0426**

Including current open options positions

\$0.919

*The before and after tax numbers relate to the provision for deferred tax on the unrealised gains in the Company's investment portfolio. Under current Accounting Standards, the Company is required to provide for tax on any gains that may arise on such a theoretical disposal, after the utilisation of any brought forward losses. The higher NTA figure excludes the value of the current open options position on the portfolio. These figures are subject to Audit.



Performance measurement is from 1 July 2008 to 30 September 2009 (15 months).

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Chart Legend and Outperformance.

XPI NTA is XPI's NTA excluding current Financial Liabilities (current open options positions).

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XJO is the S&P/ASX 200 Index.

XFL is the S&P/ASX 50 Index.

DJW (Djerriwarrh Investment Limited) is an ASX listed investment company and its investment strategy is similar to XPI's.

ABW is an ASX listed Buy-write trust.

Monthly Market Review – September 2009

The Australian Equity market continued its strong performance during September finishing the month at 4,744 (+5.9%). The market has now rallied +50.8% from its low in March 2009 and remains -30.5% off its pre GFC high in November 2007.

Investor focus during September centred on interpreting the trends from reporting season and economic releases, which maintained a positive bias. With no significant negatives emerging, investors continued to embrace sectors with leverage to an improving economy.

The economic data in September continued to surprise on the upside. The June quarter GDP report came in above consensus expectations growing 0.6% qoq, whilst the unemployment rate was steady at 5.8% for a third month, showing the Australian labour market remains resilient to the broader downturn.

Investors and company management appear increasingly convinced the worst has passed. There is a general feeling the rate of decline in sales has bottomed and we are largely through the inventory destocking phase, with growing signs of stabilisation and less volatility. The key issues investors are grappling with are: (1) how much of the recovery has already been priced in; (2) the sustainability of the recovery; and (3) risk of fiscal fade in the global economy. The trends from reporting season and improving macro data heading into Q4 2009 reinforce XPI's view that investors should be buying the dips rather than selling the rallies at this stage. Across a wide range of valuation metrics (margins, yields, earnings leverage) we believe the alpha opportunities remain in the cyclicals.

Our investment portfolio is currently overweight Banks, Materials, Energy, Healthcare and Consumer Staples.

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Portfolio Highlights.

Wesfarmers (+5.4%) shares traded higher during the month. During September it announced the issue of \$500m Medium Term Notes maturing in 2014 with proceeds to be used for general group funding and to repay existing shorter term borrowings.

Woodside Petroleum (+6.4%) shares rallied after positive drilling results from the Sierra Leone exploration well improved the chances of "at least one more Jubilee-sized field – *Financial Times* 17/09/09".

Santos (-3.8%) shares followed the oil price lower this month. During the month, STO redeemed its Franked Unsecured Equity Listed Securities (FUELS) at \$100 per security.

The Banking sector (+10.4%) outperformed the market this month following further positive macro-economic news flow, offshore sentiment and some stock-specific announcements.

NAB (+8%) announced the purchase of TierOne Corporation, a bank based in Nebraska through its subsidiary Great Western Bank. This purchase included 32 branches in Nebraska and Iowa, a \$1.1bn Deposit portfolio and \$800m of selected loans from TierOne's Portfolio. The business was purchased for a net premium of \$39m and remains subject to regulatory approval. In addition, NAB also completed a Tier 1 hybrid capital raising for US\$600m. These notes are on a perpetual basis at a fixed distribution rate of 8%pa. NAB is expecting to use the proceeds for general business purposes.

CSL (+5.1%) was stronger, supported by the share buy-back and positive flu vaccine news.

Diversified Resources. Commodity prices were mostly market lower in September, with nickel (-14%), copper (-9%) and aluminium (-5%) all down sharply, along with oil (-5%). Zinc (+3%) and lead (+3%) were the only major base metals to enjoy very modest gains. While data and news flow continue to point to a broad-based economic recovery, the rate of restocking outside of China is proving somewhat anaemic, and Chinese imports of most raw materials have fallen significantly from their peaks earlier in the year. Of the diversified companies, **Rio Tinto (+5.6%)** enjoyed a strong performance, with the market becoming enthused by the news that a deal with the Mongolian government on Oyu Tolgoi has been announced. **BHP Billiton (+2.5%)** made only marginal gains. **Alumina Ltd (+9.6%)** was also stronger this month.

New Offer for Shares: XPI Offer Information Statement

An Offer Information Statement (OIS) to issue new shares was lodged with ASIC on Friday September 25th and the offer will open on Monday October 12th.

In the most difficult market conditions since the Great Depression, XPI paid consistent dividends to its shareholders and outperformed the ASX200 Share Index by 16.3%

From December 2008 onwards, XPI increased its options trading and this is reflected in the divergence between the two NTA figures (**XPI NTA** & **XPI NTA**). As the sentiment in

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the market improved, XPI wrote more options positions. When the sentiment in the market was negative, as it was from August to November 2008, XPI reduced significantly its options trading exposure. The convergence of the two NTA figures confirms that during periods of downward pressure on markets, XPI reduced significantly the size of its options portfolio and thus reduced its risk exposure. This is consistent with our stock selection methods.

The Offer

Offer Price per Share	\$0.86
Minimum Investment	10,000 shares or \$8,600
Shares offered under this OIS	Max
	11,627,906
Shares on issue following the Offer	12,941,906
Market Capitalisation	\$11.13 million

Historical Financials Financial Year 2009

Earnings per Share	10.96 cents
PE multiple	7.84 times
Dividends per Share	8.0 cents
Dividend yield	9.30%

The Dividend Yield is expected to be 15% franked going forward and ultimately 100% franked.

Dividends were possible, will be paid quarterly (End NOV, FEB, MAY & AUG)

Over the 12 months to 30th June 2009, XPI's portfolio declined 10.4% whereas the S&P/ASX200 was down 23%. Note the performance figures for XPI are before the financial liabilities of the current open option positions but after expenses and tax paid by XPI whereas the Index comparisons do not bear such costs.

The Offer Information Statement (OIS) and the Investor Summary can be downloaded from www.xcelerator.com.au. Printed copies shall be available for delivery late next week.

I would encourage you to download the XPI OIS and consider increasing your investment in the company. I would also encourage you to mention to interested family and friends about the offer. Please direct them to our website and I welcome their questions about our new offer.

Thank you for your support.

A handwritten signature in black ink, appearing to read 'A. Semple', is written over a white background.

Andy Semple
Managing Director and Company Secretary.

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