



MLC MasterKey Unit Trust

Financial Report

For the year ended 31 May 2016

Preparation date
14 September 2016

Issued by MLC Investments Limited
ABN 30 002 641 661 AFSL 230705



Annual Financial Report

Dear Investor,

I am pleased to present the reports for the financial year ended 31 May 2016 for MLC MasterKey Unit Trust.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kathy Vincent', with a stylized, cursive script.

Kathy Vincent
General Manager
Retail Super & Investment Platforms

If you have any questions about the Annual Financial Report, please call us on 132 652 Monday to Friday 8 am – 6 pm, AEST.

MLC MasterKey Unit Trust
Financial report
For the year ended 31 May 2016

Contents	Page
List of Schemes	2
Directors' report	3
Auditor's independence declaration	5
Statements of Profit or Loss and Other Comprehensive Income	6
Statements of Financial Position	9
Statements of Changes in Net Assets Attributable to Unitholders	12
Statements of Cash Flows	14
Notes to the financial statements	19
Directors' declaration	45
Independent auditor's report	46

The MLC MasterKey Unit Trust consists of 18 separate schemes:

MLC MasterKey Unit Trust IncomeBuilder
ARSN 087 944 287

MLC MasterKey Unit Trust Balanced Portfolio
ARSN 087 944 625

MLC MasterKey Unit Trust MLC - Platinum Global Fund
ARSN 087 940 065

MLC MasterKey Unit Trust Conservative Growth Portfolio
ARSN 097 221 077

MLC MasterKey Unit Trust Growth Portfolio
ARSN 087 944 438

MLC MasterKey Unit Trust Share Index Fund
ARSN 087 939 919

MLC MasterKey Unit Trust Share Portfolio
ARSN 097 220 945

MLC MasterKey Unit Trust Income Portfolio
ARSN 087 940 592

MLC MasterKey Unit Trust Property Securities Fund
ARSN 087 944 652

MLC MasterKey Unit Trust Australian Share Fund
ARSN 087 945 293

MLC MasterKey Unit Trust Cash Fund
ARSN 087 940 467

MLC MasterKey Unit Trust Global Share Fund
ARSN 087 943 682

MLC MasterKey Unit Trust Accelerated Growth Portfolio
ARSN 102 215 725

MLC MasterKey Unit Trust Australian Share Growth Style Fund
ARSN 106 465 418

MLC MasterKey Unit Trust Australian Share Value Style Fund
ARSN 106 465 383

MLC MasterKey Unit Trust Global Share Value Style Fund
ARSN 106 465 454

MLC MasterKey Unit Trust Bond Portfolio
ARSN 112 925 274

MLC MasterKey Unit Trust Global Share Growth Style Fund
ARSN 106 465 356

Directors' report

The Directors of MLC Investments Limited, the Responsible Entity of the following schemes (the 'Schemes'):

MLC MasterKey Unit Trust IncomeBuilder (IncomeBuilder)	MLC MasterKey Unit Trust Balanced Portfolio (Horizon 4 Balanced Portfolio)
MLC MasterKey Unit Trust MLC - Platinum Global Fund (Platinum Global Fund)	MLC MasterKey Unit Trust Conservative Growth Portfolio (Horizon 3 Conservative Growth Portfolio)
MLC MasterKey Unit Trust Growth Portfolio (Horizon 5 Growth Portfolio)	MLC MasterKey Unit Trust Share Index Fund (Share Index Fund)
MLC MasterKey Unit Trust Share Portfolio (Horizon 6 Share Portfolio)	MLC MasterKey Unit Trust Income Portfolio (Horizon 2 Income Portfolio)
MLC MasterKey Unit Trust Property Securities Fund (Property Securities Fund)	MLC MasterKey Unit Trust Australian Share Fund (Australian Share Fund)
MLC MasterKey Unit Trust Cash Fund (Cash Fund)	MLC MasterKey Unit Trust Global Share Fund (Global Share Fund)
MLC MasterKey Unit Trust Accelerated Growth Portfolio (Horizon 7 Accelerated Growth Portfolio)	MLC MasterKey Unit Trust Australian Share Growth Style Fund (Australian Share Growth Style Fund)
MLC MasterKey Unit Trust Australian Share Value Style Fund (Australian Share Value Style Fund)	MLC MasterKey Unit Trust Global Share Value Style Fund (Global Share Value Style Fund)
MLC MasterKey Unit Trust Bond Portfolio (Horizon 1 Bond Portfolio)	MLC MasterKey Unit Trust Global Share Growth Style Fund (Global Share Growth Style Fund)

present their report together with the financial report of the Schemes for the year ended 31 May 2016 and the independent audit report thereon.

Directors of the Responsible Entity

The names of the persons who were Directors of MLC Investments Limited during or since the end of the year are as follows:

Name	Appointment / Resignation Date
S C Birkenleigh	Appointed 9 September 2015
S Dave	Appointed 7 July 2014/ Resigned 30 June 2015
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
N J Milne	Appointed 17 December 2014/ Resigned 3 June 2015
G J Mulcahy	Appointed 7 July 2014

The registered office of MLC Investments Limited is located at Ground Floor, MLC Building, 105-153 Miller St, North Sydney NSW 2060.

Principal activities

The Schemes are unlisted registered managed investment schemes domiciled in Australia.

The Schemes invest and transact in money market securities, equities, unlisted managed investment schemes and derivatives in accordance with the provisions of the Constitutions of the Schemes. Investment activities include the use of hedging instruments in the Platinum Global Fund to reduce the volatility of investment returns due to currency exchange rate fluctuations.

The Schemes did not have any employees during the year (2015: Nil).

There have been no significant changes to the activities of the Schemes during the year.

The Schemes are for profit entities for the purposes of preparing financial statements.

Results and review of operations

The results of the operations of the Schemes are disclosed in the Statements of Profit or Loss and Other Comprehensive Income. These results are affected by the performance of the markets to which the individual Schemes have exposure.

For details in relation to the Schemes' investment exposure and strategy, information can be obtained from the investment fund profiles located on the MasterKey website at mlc.com.au or alternatively in the Product Disclosure Statement.

Distributions

The distributions for the year ended 31 May 2016 were as follows:

	\$'000	c/unit
IncomeBuilder	157,472	16.54
Horizon 4 Balanced Portfolio	101,556	9.52
Platinum Global Fund	101,614	20.73
Horizon 3 Conservative Growth Portfolio	41,356	5.38
Horizon 5 Growth Portfolio	38,980	9.33
Share Index Fund	12,946	9.94
Horizon 6 Share Portfolio	23,335	8.78
Horizon 2 Income Portfolio	3,919	3.29
Property Securities Fund	3,829	3.11
Australian Share Fund	5,528	8.58
Global Share Fund	9,664	24.45
Horizon 7 Accelerated Growth Portfolio	1,995	10.60
	Whole Dollars \$	c/unit
Australian Share Growth Style Fund	339,787	4.37
Australian Share Value Style Fund	405,939	4.41
Global Share Value Style Fund	89,691	1.80
Horizon 1 Bond Portfolio	29,239	1.15
Global Share Growth Style Fund	353,664	23.83

Distributions (continued)

	S'000	Annualised % rate
Cash Fund	1,123	1.07

Units on issue

Units on issue as at year end and movements during the year are shown in Statements of Changes in Net Assets Attributable to Unitholders. The total assets of the Schemes are set out in the Statements of Financial Position. The basis for valuation of the Schemes' assets is disclosed in Note 1 to the financial statements.

State of affairs

In the opinion of the Responsible Entity, there were no significant changes in the state of affairs of the Schemes that occurred during the year unless otherwise disclosed.

Likely developments

The Schemes will continue to pursue their policy of competitive returns through a selection process that identifies investment managers in each asset class.

Further information about likely developments in the operations of the Schemes and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Schemes.

Auditor's independence

The Directors received a declaration of independence from the auditor of the Schemes, a copy of which is attached to the Directors' report on page 5.

Events subsequent to the balance date

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Schemes, the results of those operations, or the state of affairs of the Schemes, in future financial years.

Interests of the Responsible Entity

Units held by MLC Investments Limited and its related parties in the Schemes during the financial year ended 31 May 2016 are detailed in Note 8(h) and 8(i) to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 31 May 2016 are detailed in Note 8(e) to the financial statements.

Environmental regulation

The operations of the Schemes are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Indemnities and insurance premiums for Officers or Auditors

Indemnification

The Schemes have not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Schemes during the year.

Insurance premiums

During the year the ultimate parent company of the Responsible Entity, National Australia Bank Limited, has paid, or agreed to pay, premiums in respect of its officers for liability, legal expenses, insurance contracts, and premiums in respect of such insurance contracts, for the financial year ended 31 May 2016. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been the officers of the Responsible Entity.

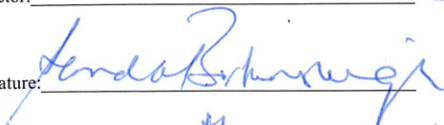
Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

Rounding

With the exception of Australian Share Growth Style Fund, Australian Share Value Style Fund, Global Share Value Style Fund, Horizon 1 Bond Portfolio and Global Share Growth Style Fund, the Schemes meet the criteria set out in Class Order 98/100 issued by the Australian Securities and Investments Commission, and in accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors of MLC Investments Limited:

Director: SANDRA BIRKENSLEIGH

Signature: 

Dated at Sydney this 26th day of July 2016

Auditor's Independence Declaration to the Directors of MLC Investments Limited, as Responsible Entity for MLC MasterKey Unit Trust

As lead auditor for the audit of MLC MasterKey Unit Trust consisting of the Schemes listed below for the financial year ended 31 May 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

MLC MasterKey Unit Trust Accelerated Growth Portfolio

MLC MasterKey Unit Trust Growth Portfolio

MLC MasterKey Unit Trust Conservative Growth Portfolio

MLC MasterKey Unit Trust Cash Fund

MLC MasterKey Unit Trust IncomeBuilder™

MLC MasterKey Unit Trust Australian Share Fund

MLC MasterKey Unit Trust MLC - Platinum Global Fund

MLC MasterKey Unit Trust Australian Share Value Style Fund

MLC MasterKey Unit Trust Global Share Value Style Fund

MLC MasterKey Unit Trust Share Portfolio

MLC MasterKey Unit Trust Balanced Portfolio

MLC MasterKey Unit Trust Income Portfolio

MLC MasterKey Unit Trust Property Securities Fund


MLC MasterKey Unit Trust Share Index Fund

MLC MasterKey Unit Trust Global Share Fund

MLC MasterKey Unit Trust Australian Share Growth Style Fund

MLC MasterKey Unit Trust Global Share Growth Style Fund

MLC MasterKey Unit Trust Bond Portfolio



Ernst & Young



Rita Da Silva
Partner
26 July 2016

MLC MasterKey Unit Trust
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May 2016

	Notes	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Dividend and distribution income	2, 8(h)	123,420	124,171	160,953	91,501	18,503	14,440	66,136	31,547
Interest income		2,756	3,224	59	103	467	378	42	54
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	11	(256,928)	258,277	(166,482)	126,924	(74,079)	266,640	(60,130)	46,069
Total investment income		(130,752)	385,672	(5,470)	218,528	(55,109)	281,458	6,048	77,670
Expenses									
Responsible Entity's fees	8(e)	46,472	49,298	24,605	25,784	23,396	23,859	12,073	10,991
Performance fees	8(c)	-	-	1	102	-	-	-	44
Other expenses		5	-	-	-	2	6	-	-
Total operating expenses		46,477	49,298	24,606	25,886	23,398	23,865	12,073	11,035
Net operating profit/(loss)		(177,229)	336,374	(30,076)	192,642	(78,507)	257,593	(6,025)	66,635
Financing costs									
Distributions	4	157,472	213,294	101,556	56,781	101,614	147,925	41,356	18,296
Net profit/(loss)		(334,701)	123,080	(131,632)	135,861	(180,121)	109,668	(47,381)	48,339
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		(334,701)	123,080	(131,632)	135,861	(180,121)	109,668	(47,381)	48,339
	Notes	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Dividend and distribution income	2, 8(h)	60,860	27,624	13,108	14,680	36,090	14,314	6,545	5,790
Interest income		27	34	11	16	14	18	11	14
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	11	(65,079)	49,157	(22,934)	17,281	(39,542)	31,670	(4,448)	8,027
Total investment income		(4,192)	76,815	(9,815)	31,977	(3,438)	46,002	2,108	13,831
Expenses									
Responsible Entity's fees	8(e)	8,164	8,139	3,859	4,453	4,262	4,373	1,817	2,072
Performance fees	8(c)	-	37	-	-	-	18	-	-
Other expenses		-	-	-	1	-	-	-	1
Total operating expenses		8,164	8,176	3,859	4,454	4,262	4,391	1,817	2,073
Net operating profit/(loss)		(12,356)	68,639	(13,674)	27,523	(7,700)	41,611	291	11,758
Financing costs									
Distributions	4	38,980	16,746	12,946	17,837	23,335	8,345	3,919	3,211
Net profit/(loss)		(51,336)	51,893	(26,620)	9,686	(31,035)	33,266	(3,628)	8,547
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		(51,336)	51,893	(26,620)	9,686	(31,035)	33,266	(3,628)	8,547

The above Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May 2016

	Notes	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Dividend and distribution income	2, 8(h)	5,706	5,688	8,565	7,760	-	-	14,742	2,192
Interest income		7	10	8	11	2,206	2,388	5	6
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	11	10,139	22,337	(9,547)	6,334	-	-	(14,721)	20,815
Total investment income		15,852	28,035	(974)	14,105	2,206	2,388	26	23,013
Expenses									
Responsible Entity's fees	8(e)	1,584	1,605	1,898	2,207	1,064	969	1,428	1,541
Performance fees	8(c)	-	-	-	-	-	-	-	-
Other expenses		-	1	-	-	4	2	-	-
Total operating expenses		1,584	1,606	1,898	2,207	1,068	971	1,428	1,541
Net operating profit/(loss)		14,268	26,429	(2,872)	11,898	1,138	1,417	(1,402)	21,472
Financing costs									
Distributions	4	3,829	4,130	5,528	5,521	1,123	1,450	9,664	1,092
Net profit/(loss)		10,439	22,299	(8,400)	6,377	15	(33)	(11,066)	20,380
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		10,439	22,299	(8,400)	6,377	15	(33)	(11,066)	20,380
	Notes	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Investment income									
Dividend and distribution income	2, 8(h)	2,360	948	496,565	574,227	562,129	683,034	186,666	166,627
Interest income		3	4	1,306	1,824	1,313	1,952	858	1,324
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	11	(3,092)	3,418	(681,759)	381,103	(853,402)	592,046	(433,865)	1,110,010
Total investment income		(729)	4,370	(183,888)	957,154	(289,960)	1,277,032	(246,341)	1,277,961
Expenses									
Responsible Entity's fees	8(e)	339	361	158,578	177,383	158,482	191,235	98,338	113,872
Performance fees	8(c)	-	-	-	-	-	-	-	-
Other expenses		-	-	2	1	29	57	24	73
Total operating expenses		339	361	158,580	177,384	158,511	191,292	98,362	113,945
Net operating profit/(loss)		(1,068)	4,009	(342,468)	779,770	(448,471)	1,085,740	(344,703)	1,164,016
Financing costs									
Distributions	4	1,995	514	339,787	395,477	405,939	490,334	89,691	51,993
Net profit/(loss)		(3,063)	3,495	(682,255)	384,293	(854,410)	595,406	(434,394)	1,112,023
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		(3,063)	3,495	(682,255)	384,293	(854,410)	595,406	(434,394)	1,112,023

The above Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May 2016

		Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	Notes	2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$
Investment income					
Dividend and distribution income	2, 8(h)	72,614	88,923	517,414	53,044
Interest income		499	817	434	391
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	11	(4,200)	35,294	(459,528)	478,350
Total investment income		68,913	125,034	58,320	531,785
Expenses					
Responsible Entity's fees	8(e)	43,537	59,507	35,973	32,231
Performance fees	8(c)	-	-	-	-
Other expenses		102	147	8	20
Total operating expenses		43,639	59,654	35,981	32,251
Net operating profit/(loss)		25,274	65,380	22,339	499,534
Financing costs					
Distributions	4	29,239	28,555	353,664	44,747
Net profit/(loss)		(3,965)	36,825	(331,325)	454,787
Other comprehensive income		-	-	-	-
Change in net assets attributable to unitholders		(3,965)	36,825	(331,325)	454,787

The above Statements of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Financial Position
As at 31 May 2016

		IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Cash and cash equivalents	10(b)	44,499	46,223	3,761	9,165	95,734	76,468	2,762	3,894
Receivables	6	22,228	21,775	8	67,612	10,741	8,039	4	21,510
Financial assets designated as held at fair value through profit or loss	5	2,371,797	2,678,149	1,553,686	1,723,712	859,189	1,062,092	804,203	764,976
Financial assets held for trading	9(c)	-	-	-	-	27,182	71,663	-	-
Total assets		<u>2,438,524</u>	<u>2,746,147</u>	<u>1,557,455</u>	<u>1,800,489</u>	<u>992,846</u>	<u>1,218,262</u>	<u>806,969</u>	<u>790,380</u>
Liabilities									
Accounts payable and accrued expenses	7	1,365	4,572	1,021	2,200	2,286	5,541	522	950
Financial liabilities held for trading	9(c)	-	-	-	-	7,169	5,267	-	-
Distributions payable	7	-	161,171	-	51,864	-	147,925	-	16,366
Total liabilities excluding net assets attributable to unitholders		<u>1,365</u>	<u>165,743</u>	<u>1,021</u>	<u>54,064</u>	<u>9,455</u>	<u>158,733</u>	<u>522</u>	<u>17,316</u>
Net assets attributable to unitholders		<u>2,437,159</u>	<u>2,580,404</u>	<u>1,556,434</u>	<u>1,746,425</u>	<u>983,391</u>	<u>1,059,529</u>	<u>806,447</u>	<u>773,064</u>
		Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets									
Cash and cash equivalents	10(b)	1,178	2,878	520	5,809	613	1,797	531	1,332
Receivables	6	4	20,836	2	5,636	2	11,332	2	2,944
Financial assets designated as held at fair value through profit or loss	5	541,777	538,807	301,092	332,705	277,027	286,046	134,161	151,593
Financial assets held for trading	9(c)	-	-	-	-	-	-	-	-
Total assets		<u>542,959</u>	<u>562,521</u>	<u>301,614</u>	<u>344,150</u>	<u>277,642</u>	<u>299,175</u>	<u>134,694</u>	<u>155,869</u>
Liabilities									
Accounts payable and accrued expenses	7	373	693	180	356	177	372	66	159
Financial liabilities held for trading	9(c)	-	-	-	-	-	-	-	-
Distributions payable	7	-	15,888	-	12,098	-	8,345	-	1,977
Total liabilities excluding net assets attributable to unitholders		<u>373</u>	<u>16,581</u>	<u>180</u>	<u>12,454</u>	<u>177</u>	<u>8,717</u>	<u>66</u>	<u>2,136</u>
Net assets attributable to unitholders		<u>542,586</u>	<u>545,940</u>	<u>301,434</u>	<u>331,696</u>	<u>277,465</u>	<u>290,458</u>	<u>134,628</u>	<u>153,733</u>

The above Statements of Financial Position are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Financial Position
As at 31 May 2016

		Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Notes									
Assets									
Cash and cash equivalents	10(b)	549	1,170	303	1,806	23,028	19,075	304	462
Receivables	6	2	1,359	2	4,670	11	50	2	2,183
Financial assets designated as held at fair value through profit or loss	5	115,180	113,680	111,854	123,538	74,389	67,324	71,390	100,048
Financial assets held for trading	9(c)	-	-	-	-	-	-	-	-
Total assets		115,731	116,209	112,159	130,014	97,428	86,449	71,696	102,693
Liabilities									
Accounts payable and accrued expenses	7	98	126	83	165	31	84	63	152
Financial liabilities held for trading	9(c)	-	-	-	-	-	-	-	-
Distributions payable	7	-	1,220	-	4,076	-	297	-	1,092
Total liabilities excluding net assets attributable to unitholders		98	1,346	83	4,241	31	381	63	1,244
Net assets attributable to unitholders		115,633	114,863	112,076	125,773	97,397	86,068	71,633	101,449

		Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Notes									
Assets									
Cash and cash equivalents	10(b)	198	334	94,309	152,317	84,920	206,781	54,537	79,317
Receivables	6	1	949	572	331,281	578	414,477	377	167,018
Financial assets designated as held at fair value through profit or loss	5	20,762	22,475	9,279,620	10,134,125	8,876,749	10,774,151	5,565,292	7,343,863
Financial assets held for trading	9(c)	-	-	-	-	-	-	-	-
Total assets		20,961	23,758	9,374,501	10,617,723	8,962,247	11,395,409	5,620,206	7,590,198
Liabilities									
Accounts payable and accrued expenses	7	14	29	9,060	15,437	8,122	16,254	4,390	10,528
Financial liabilities held for trading	9(c)	-	-	-	-	-	-	-	-
Distributions payable	7	-	514	-	281,767	-	360,737	-	51,993
Total liabilities excluding net assets attributable to unitholders		14	543	9,060	297,204	8,122	376,991	4,390	62,521
Net assets attributable to unitholders		20,947	23,215	9,365,441	10,320,519	8,954,125	11,018,418	5,615,816	7,527,677

The above Statements of Financial Position are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Financial Position
As at 31 May 2016

		Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	Notes	2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$
Assets					
Cash and cash equivalents	10(b)	25,539	30,007	19,658	35,799
Receivables	6	313	21,148	120	53,159
Financial assets designated as held at fair value through profit or loss	5	2,429,283	3,384,337	2,149,702	2,050,773
Financial assets held for trading	9(c)	-	-	-	-
Total assets		<u>2,455,135</u>	<u>3,435,492</u>	<u>2,169,480</u>	<u>2,139,731</u>
Liabilities					
Accounts payable and accrued expenses	7	1,805	4,363	1,620	2,922
Financial liabilities held for trading	9(c)	-	-	-	-
Distributions payable	7	-	11,532	-	44,747
Total liabilities excluding net assets attributable to unitholders		<u>1,805</u>	<u>15,895</u>	<u>1,620</u>	<u>47,669</u>
Net assets attributable to unitholders		<u>2,453,330</u>	<u>3,419,597</u>	<u>2,167,860</u>	<u>2,092,062</u>

The above Statements of Financial Position are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Changes in Net Assets Attributable to Unitholders
For the year ended 31 May 2016

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000
Net assets attributable to unitholders								
Balance at 31 May 2014	2,495,365	930,055	1,631,159	1,184,735	1,074,258	543,164	649,532	654,310
Applications	207,266	74,032	145,954	100,548	24,892	11,710	108,453	105,350
Redemptions	(245,307)	(87,700)	(166,549)	(117,139)	(149,289)	(70,131)	(33,260)	(32,290)
Change in net assets attributable to unitholders	123,080	-	135,861	-	109,668	-	48,339	-
Balance at 31 May 2015	2,580,404	916,387	1,746,425	1,168,144	1,059,529	484,743	773,064	727,370
Applications	457,294	175,464	239,321	167,016	237,676	116,987	141,483	137,307
Redemptions	(265,838)	(103,999)	(297,680)	(207,727)	(133,693)	(65,072)	(60,719)	(58,701)
Change in net assets attributable to unitholders	(334,701)	-	(131,632)	-	(180,121)	-	(47,381)	-
Balance at 31 May 2016	2,437,159	987,852	1,556,434	1,127,433	983,391	536,658	806,447	805,976
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000
Net assets attributable to unitholders								
Balance at 31 May 2014	504,368	416,831	353,503	145,606	271,323	283,161	165,897	150,977
Applications	21,861	17,167	14,162	5,760	15,828	15,718	10,243	9,037
Redemptions	(32,182)	(25,603)	(45,655)	(18,414)	(29,959)	(29,691)	(30,954)	(27,349)
Change in net assets attributable to unitholders	51,893	-	9,686	-	33,266	-	8,547	-
Balance at 31 May 2015	545,940	408,395	331,696	132,952	290,458	269,188	153,733	132,665
Applications	92,146	72,755	23,630	10,141	45,348	45,160	14,130	12,356
Redemptions	(44,164)	(34,418)	(27,272)	(11,918)	(27,306)	(26,407)	(29,607)	(25,954)
Change in net assets attributable to unitholders	(51,336)	-	(26,620)	-	(31,035)	-	(3,628)	-
Balance at 31 May 2016	542,586	446,732	301,434	131,175	277,465	287,941	134,628	119,067
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000
Net assets attributable to unitholders								
Balance at 31 May 2014	106,747	150,632	140,525	80,471	98,173	98,102	92,308	61,397
Applications	3,374	4,151	3,037	1,710	182,844	182,844	1,510	908
Redemptions	(17,557)	(21,978)	(24,166)	(13,519)	(194,916)	(194,916)	(12,749)	(7,977)
Change in net assets attributable to unitholders	22,299	-	6,377	-	(33)	-	20,380	-
Balance at 31 May 2015	114,863	132,805	125,773	68,662	86,068	86,030	101,449	54,328
Applications	4,278	4,803	9,993	5,745	253,960	253,958	11,140	6,673
Redemptions	(13,947)	(16,033)	(15,290)	(8,972)	(242,646)	(242,647)	(29,890)	(16,419)
Change in net assets attributable to unitholders	10,439	-	(8,400)	-	15	-	(11,066)	-
Balance at 31 May 2016	115,633	121,575	112,076	65,435	97,397	97,341	71,633	44,582

The above Statements of Changes in Net Assets Attributable to Unitholders are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Changes in Net Assets Attributable to Unitholders
For the year ended 31 May 2016

	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	\$'000	No. '000	Whole Dollars \$	No.	Whole Dollars \$	No.	Whole Dollars \$	No.
Net assets attributable to unitholders								
Balance at 31 May 2014	21,647	21,375	10,684,518	8,713,430	11,995,418	12,084,471	7,127,057	7,014,122
Applications	1,323	1,210	303,860	245,412	380,784	374,632	249,884	234,477
Redemptions	(3,250)	(2,968)	(1,052,152)	(838,761)	(1,953,190)	(1,941,980)	(961,287)	(908,235)
Change in net assets attributable to unitholders	3,495	-	384,293	-	595,406	-	1,112,023	-
Balance at 31 May 2015	23,215	19,617	10,320,519	8,120,081	11,018,418	10,517,123	7,527,677	6,340,364
Applications	3,088	2,888	656,440	542,643	693,058	698,609	348,088	312,214
Redemptions	(2,293)	(2,058)	(929,263)	(793,941)	(1,902,941)	(1,982,727)	(1,825,555)	(1,620,253)
Change in net assets attributable to unitholders	(3,063)	-	(682,255)	-	(854,410)	-	(434,394)	-
Balance at 31 May 2016	20,947	20,447	9,365,441	7,868,783	8,954,125	9,233,005	5,615,816	5,032,325

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	Whole Dollars \$	No.	Whole Dollars \$	No.
Net assets attributable to unitholders				
Balance at 31 May 2014	4,550,640	4,555,411	1,890,335	1,594,167
Applications	600,347	599,264	220,163	159,228
Redemptions	(1,768,215)	(1,762,201)	(473,223)	(354,824)
Change in net assets attributable to unitholders	36,825	-	454,787	-
Balance at 31 May 2015	3,419,597	3,392,474	2,092,062	1,398,571
Applications	288,467	286,039	626,110	446,823
Redemptions	(1,250,769)	(1,240,690)	(218,987)	(147,425)
Change in net assets attributable to unitholders	(3,965)	-	(331,325)	-
Balance at 31 May 2016	2,453,330	2,437,823	2,167,860	1,697,969

The above Statements of Changes in Net Assets Attributable to Unitholders are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Cash Flows
For the year ended 31 May 2016

	Notes	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
		2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities									
Dividends and distribution income received		122,974	123,665	196	-	20,455	14,781	85	-
Interest received		2,748	3,221	60	102	458	385	44	52
Responsible Entity's fees paid		(48,535)	(49,023)	(25,693)	(25,609)	(24,387)	(23,987)	(12,462)	(10,850)
Performance fees paid		-	-	(91)	(39)	-	-	(39)	(16)
Payment of other expenses		(4)	-	(1)	-	(3)	(6)	-	-
Net cash provided by/(used in) operating activities	10(a)	<u>77,183</u>	<u>77,863</u>	<u>(25,529)</u>	<u>(25,546)</u>	<u>(3,477)</u>	<u>(8,827)</u>	<u>(12,372)</u>	<u>(10,814)</u>
Cash flows from investing activities									
Proceeds from sale of investments		694,049	735,583	596,460	205,875	545,069	591,755	164,852	43,898
Purchases of investments		(645,768)	(702,003)	(364,555)	(148,690)	(378,441)	(455,632)	(176,654)	(104,776)
Net cash provided by/(used in) investing activities		<u>48,281</u>	<u>33,580</u>	<u>231,905</u>	<u>57,185</u>	<u>166,628</u>	<u>136,123</u>	<u>(11,802)</u>	<u>(60,878)</u>
Cash flows from financing activities									
Applications received		164,213	161,831	101,446	141,574	23,718	24,892	86,311	106,629
Redemptions paid		(265,838)	(245,307)	(297,680)	(166,549)	(133,693)	(149,289)	(60,719)	(33,260)
Distributions paid		(25,563)	(6,688)	(15,546)	(537)	(35,581)	-	(2,550)	(106)
Net cash provided by/(used in) financing activities		<u>(127,188)</u>	<u>(90,164)</u>	<u>(211,780)</u>	<u>(25,512)</u>	<u>(145,556)</u>	<u>(124,397)</u>	<u>23,042</u>	<u>73,263</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1,724)</u>	<u>21,279</u>	<u>(5,404)</u>	<u>6,127</u>	<u>17,595</u>	<u>2,899</u>	<u>(1,132)</u>	<u>1,571</u>
Cash and cash equivalents at the beginning of the financial year		46,223	24,944	9,165	3,038	76,468	72,075	3,894	2,323
Effects of exchange rate changes on cash		-	-	-	-	1,671	1,494	-	-
Cash and cash equivalents at the end of the financial year	10(b)	<u>44,499</u>	<u>46,223</u>	<u>3,761</u>	<u>9,165</u>	<u>95,734</u>	<u>76,468</u>	<u>2,762</u>	<u>3,894</u>

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Cash Flows
For the year ended 31 May 2016

	Notes	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities									
Dividends and distribution income received		82	-	-	-	44	-	-	-
Interest received		26	34	14	17	14	18	10	14
Responsible Entity's fees paid		(8,481)	(8,078)	(4,036)	(4,464)	(4,439)	(4,347)	(1,909)	(2,083)
Performance fees paid		(35)	(11)	-	-	(19)	(6)	-	-
Payment of other expenses		33	-	-	(1)	-	-	-	(1)
Net cash provided by/(used in) operating activities	10(a)	(8,375)	(8,055)	(4,022)	(4,448)	(4,400)	(4,335)	(1,899)	(2,070)
Cash flows from investing activities									
Proceeds from sale of investments		151,175	49,685	28,640	46,387	68,995	30,732	51,623	29,525
Purchases of investments		(137,614)	(28,305)	(1,218)	-	(52,141)	(10,900)	(29,151)	(4,739)
Net cash provided by/(used in) investing activities		13,561	21,380	27,422	46,387	16,854	19,832	22,472	24,786
Cash flows from financing activities									
Applications received		41,020	21,065	9,042	10,820	16,244	15,828	10,176	9,421
Redemptions paid		(44,164)	(32,182)	(27,274)	(45,655)	(27,306)	(29,959)	(29,607)	(30,954)
Distributions paid		(3,742)	(63)	(10,457)	(2,397)	(2,576)	-	(1,943)	(411)
Net cash provided by/(used in) financing activities		(6,886)	(11,180)	(28,689)	(37,232)	(13,638)	(14,131)	(21,374)	(21,944)
Net increase/(decrease) in cash and cash equivalents		(1,700)	2,145	(5,289)	4,707	(1,184)	1,366	(801)	772
Cash and cash equivalents at the beginning of the financial year		2,878	733	5,809	1,102	1,797	431	1,332	560
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
Cash and cash equivalents at the end of the financial year	10(b)	1,178	2,878	520	5,809	613	1,797	531	1,332

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Cash Flows
For the year ended 31 May 2016

		Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities									
Dividends and distribution income received		-	-	-	-	-	-	-	-
Interest received		7	10	9	11	2,245	2,397	5	6
Responsible Entity's fees paid		(1,636)	(1,600)	(1,979)	(2,224)	(1,097)	(977)	(1,516)	(1,530)
Performance fees paid		-	-	-	-	-	-	-	-
Payment of other expenses		25	(1)	-	-	(23)	(1)	(1)	-
Net cash provided by/(used in) operating activities	10(a)	(1,604)	(1,591)	(1,970)	(2,213)	1,125	1,419	(1,512)	(1,524)
Cash flows from investing activities									
Proceeds from sale of investments		15,700	19,350	15,368	25,630	350,110	294,462	31,181	13,480
Purchases of investments		-	(201)	-	-	(357,174)	(284,422)	(320)	(520)
Net cash provided by/(used in) investing activities		15,700	19,149	15,368	25,630	(7,064)	10,040	30,861	12,960
Cash flows from financing activities									
Applications received		1,248	1,652	2,823	1,963	252,978	181,817	2,030	1,510
Redemptions paid		(13,947)	(17,557)	(15,290)	(24,166)	(242,647)	(194,916)	(29,890)	(12,749)
Distributions paid		(2,018)	(1,187)	(2,434)	(370)	(439)	(124)	(1,647)	-
Net cash provided by/(used in) financing activities		(14,717)	(17,092)	(14,901)	(22,573)	9,892	(13,223)	(29,507)	(11,239)
Net increase/(decrease) in cash and cash equivalents		(621)	466	(1,503)	844	3,953	(1,764)	(158)	197
Cash and cash equivalents at the beginning of the financial year		1,170	704	1,806	962	19,075	20,839	462	265
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
Cash and cash equivalents at the end of the financial year	10(b)	549	1,170	303	1,806	23,028	19,075	304	462

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Cash Flows
For the year ended 31 May 2016

		Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
		2016	2015	2016	2015	2016	2015	2016	2015
	Notes	\$'000	\$'000	Whole	Whole	Whole	Whole	Whole	Whole
		Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$
Cash flows from operating activities									
Dividends and distribution income received		-	-	-	-	-	-	-	-
Interest received		3	4	1,324	1,778	1,341	1,946	871	1,299
Responsible Entity's fees paid		(354)	(358)	(164,947)	(182,255)	(166,614)	(192,209)	(104,446)	(115,715)
Performance fees paid		-	-	-	-	-	-	-	-
Payment of other expenses		-	-	(10)	(32)	(28)	(56)	(54)	(104)
Net cash provided by/(used in) operating activities	10(a)	(351)	(354)	(163,633)	(180,509)	(165,301)	(190,319)	(103,629)	(114,520)
Cash flows from investing activities									
Proceeds from sale of investments		2,101	2,699	1,000,001	1,089,999	2,020,000	2,210,000	1,758,000	834,999
Purchases of investments		(170)	(170)	-	-	-	(240,000)	(60,000)	-
Net cash provided by/(used in) investing activities		1,931	2,529	1,000,001	1,089,999	2,020,000	1,970,000	1,698,000	834,999
Cash flows from financing activities									
Applications received		992	1,323	150,941	210,918	139,106	285,382	260,373	249,884
Redemptions paid		(2,293)	(3,250)	(929,263)	(1,052,152)	(1,902,941)	(1,953,190)	(1,825,555)	(961,287)
Distributions paid		(415)	-	(116,054)	(20,768)	(212,725)	(34,195)	(53,969)	-
Net cash provided by/(used in) financing activities		(1,716)	(1,927)	(894,376)	(862,002)	(1,976,560)	(1,702,003)	(1,619,151)	(711,403)
Net increase/(decrease) in cash and cash equivalents		(136)	248	(58,008)	47,488	(121,861)	77,678	(24,780)	9,076
Cash and cash equivalents at the beginning of the financial year		334	86	152,317	104,829	206,781	129,103	79,317	70,241
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
Cash and cash equivalents at the end of the financial year	10(b)	198	334	94,309	152,317	84,920	206,781	54,537	79,317

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

MLC MasterKey Unit Trust
Statements of Cash Flows
For the year ended 31 May 2016

	Notes	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
		2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$
Cash flows from operating activities					
Dividends and distribution income received		-	-	-	-
Interest received		503	812	430	384
Responsible Entity's fees paid		(46,099)	(60,746)	(37,270)	(42,780)
Performance fees paid		-	-	-	-
Payment of other expenses		(99)	(147)	(13)	(16)
Net cash provided by/(used in) operating activities	10(a)	(45,695)	(60,081)	(36,853)	(42,412)
Cash flows from investing activities					
Proceeds from sale of investments		1,224,398	1,917,869	261,000	465,000
Purchases of investments		(180,100)	(682,000)	(249,000)	(155,000)
Net cash provided by/(used in) investing activities		1,044,298	1,235,869	12,000	310,000
Cash flows from financing activities					
Applications received		256,864	586,576	319,347	220,163
Redemptions paid		(1,250,769)	(1,768,215)	(218,987)	(473,223)
Distributions paid		(9,166)	(3,251)	(91,648)	-
Net cash provided by/(used in) financing activities		(1,003,071)	(1,184,890)	8,712	(253,060)
Net increase/(decrease) in cash and cash equivalents		(4,468)	(9,102)	(16,141)	14,528
Cash and cash equivalents at the beginning of the financial year		30,007	39,109	35,799	21,271
Effects of exchange rate changes on cash		-	-	-	-
Cash and cash equivalents at the end of the financial year	10(b)	25,539	30,007	19,658	35,799

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial report of the Schemes for the financial year ended 31 May 2016 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 26 July 2016.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board.

(b) Basis of preparation

The Schemes' financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on the basis of historical costs, except for financial assets and financial liabilities held at fair value and held for trading, that have been measured at fair value.

The Statements of Financial Position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets and liabilities at fair value and net assets attributable to unitholders.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The financial statements are presented in Australian Dollars, and all values are rounded to the nearest \$'000 except where otherwise indicated.

(c) Basis of consolidation

The Schemes are investment entities and, as such, do not consolidate any entities subject to their control. Instead, interests in controlled entities are classified at fair value through profit or loss, and measured at fair value. The Schemes do not hold a controlling interest in any of their underlying investments and therefore are not required to provide additional disclosures.

(d) Unit prices

The unit price for the units of the Schemes is calculated as at the close of business on each business day.

(e) Terms and conditions on units

Each unit issued confers upon the unitholders of each Scheme an equal interest in the Scheme, and is of equal value. A unit does not confer any interest in any particular asset or investment of each Scheme. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- (i) have their units redeemed;
- (ii) receive income distributions;
- (iii) attend and vote at meetings of unitholders; and
- (iv) participate in the termination and winding up of the Scheme.

The rights, obligations and restrictions attached to any unit of a Scheme are identical in all respects.

(f) Financial assets and liabilities held at fair value through profit or loss

The Schemes have classified all of their investments as designated at fair value through profit or loss except derivatives which are held for trading for risk management purposes. Securities designated as at fair value through profit or loss are initially recognised at fair value.

Investments are valued at their fair value as at reporting date. Gains and losses arising from changes in the fair value of the financial assets designated as held at fair value through profit or loss are included in the Statements of Profit or Loss and Other Comprehensive Income in the period in which they arise.

(g) Financial assets and liabilities held for trading

Derivative financial instruments are categorised for accounting purposes as held for trading, as the Schemes do not designate any derivatives as hedges in a hedging relationship. Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value with movements taken to the Statements of Profit or Loss and Other Comprehensive Income. Fair values are obtained from quoted market prices in active markets and valuation techniques, including discounted cash flow models and options pricing models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

(i) Futures contracts

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established on an organised market. Futures contracts are collateralised by cash and cash equivalents or by other assets ("initial margin"). Subsequent payments, known as "variation margin," are made or received by the Scheme each day, depending on the daily fluctuations in the fair value of the underlying security. The futures contracts are marked to market daily.

(ii) Foreign Exchange Forward Contracts

The value of a foreign exchange forward contract fluctuates with changes in currency exchange rates. The forward is marked to market daily.

(iii) Options

The current fair value of an option listed on a traded exchange is valued at the last sale price. In the case of domestic options, if the bid price is greater than the last sale price, it is valued at the bid price. If the ask price is less than the last sale price, it is valued at the ask price.

(h) Fair value measurement

Assets and liabilities measured at fair value in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety as detailed below:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Significant accounting judgements, estimates, or assumptions

The Schemes may make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements.

Estimates and assumptions

Estimates are continually evaluated and based on historical experience, available information and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of financial assets and liabilities held through profit or loss

Fair value is the price that would be received from disposing an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Schemes measure investments in financial assets and financial liabilities at fair value through profit or loss. Management applies judgement in selecting valuation techniques where there is no market price available for an instrument. Further details on the determination of fair values of financial instruments is set out in Note 9(g).

Fair value of financial assets held for trading

The Schemes have assessed the impact of credit value adjustments to their derivative positions to comply with the requirements of AASB 13, and concluded that there are no adjustments to the valuation of derivatives.

Judgements

(i) The Schemes meet the definition criteria of an investment entity under AASB 10 and therefore are required to measure their interests in controlled entities at fair value through profit or loss. The criteria which define an investment entity are as follows:

- (a) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- (b) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- (c) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

(ii) The Schemes have assessed whether their investments in unlisted registered managed investment schemes should be classified as structured entities. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The Schemes have considered the voting rights and other similar rights and concluded on whether these rights are the dominant factor in determining control. The Schemes have concluded that their investments in unlisted registered managed investment schemes meet the definition of structured entities as the voting rights of these unlisted registered managed investment schemes are not substantive in nature.

(j) Cash and cash equivalents

Cash and cash equivalents in the Statements of Financial Position comprise cash at bank, demand deposits, futures margin, short term deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, such as units held in a cash trust.

(k) Receivables

Receivables may include amounts for dividends, interest, distributions, outstanding settlements and other income and are measured initially at fair value plus transaction costs. Amounts are generally received within 30 days of being recorded as receivable. Given the short-term nature of most receivables, the recoverable amount approximates fair value.

(l) Accounts payable and accrued expenses

Payables include outstanding settlements and accrued expenses owing by the Schemes which are unpaid as at balance date. They are measured initially at fair value plus transaction costs. Given the short-term nature of most payables, the nominal amount payable approximates fair value.

(m) Foreign currency transactions

Transactions during the year denominated in foreign currency have been translated at the exchange rate prevailing at the transaction date. Overseas investments and monetary items held, together with any accrued income, are translated at the exchange rate prevailing at the year end.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in the Statements of Profit or Loss and Other Comprehensive Income as part of the 'Changes in the fair value of financial assets and liabilities at fair value through profit or loss'.

(n) Income and expenses

Revenue is brought to account on an accrual basis except where otherwise stated.

Dividend and distribution income, from listed securities and unlisted registered managed investment schemes, are recognised on the date the shares or trust units are quoted ex dividend/distribution. Income on fixed interest securities and money market securities is recognised on an ex interest accrual basis.

Interest income on discount securities is brought to account on a straight line basis and is derived from interest earned and amortised premium or discount to face value on investments.

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the year).

Expenses are brought to account on an accrual basis.

The Responsible Entity is entitled to receive a fee, calculated in accordance with the Schemes' Constitutions, for the provision of management services to the Schemes. The Responsible Entity is entitled to be reimbursed, under the Schemes' Constitutions, for certain expenses incurred in administering the Schemes. The amount reimbursed has been calculated in accordance with the Schemes' Constitutions.

Performance fees are incurred or paid by the Horizon 3 Conservative Growth Portfolio, Horizon 4 Balanced Portfolio, Horizon 5 Growth Portfolio, and Horizon 6 Share Portfolio for their investment allocations into the MLC Low Correlation Strategy Trust, as outlined in the Product Disclosure Statement.

Other expenses also include government duties and bank interest expense. Auditors' remuneration has not been charged against the Schemes' income as this cost is borne by the Responsible Entity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Transfers to/from net assets attributable to unitholders

Unrealised gains and losses arising on movements in the fair value of assets, unrealised foreign currency movements on other assets, accrued dividends and interest not yet payable to the Schemes are transferred to net assets attributable to unitholders. They are included in the determination of distributable income when assessable for taxation purposes. The taxable portion of realised capital gains is included in distributable income (net of any realised capital losses) by transfer from net assets attributable to unitholders. Non assessable income and net capital losses carried forward are also reflected as movements against components of net assets attributable to unitholders for the current financial year.

(p) Taxation

Under current legislation the Schemes are not subject to income tax as unitholders are presently entitled to the taxable income (including assessable realised net capital gains), which is distributed each year.

The unit price is based upon fair values of underlying assets and thus may include a share of unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed.

Net realised capital losses are not distributed to unitholders, but are retained to be offset against any future realised capital gains. Where realised assessable capital gains exceed realised capital losses, the excess is distributed to unitholders as assessable income for taxation purposes.

(q) Distributions to unitholders

The income of the Schemes is accumulated and reinvested or paid to unitholders on the last Sunday of August, November, February and May, except for the Horizon 7 Accelerated Growth Portfolio, Horizon 6 Share Portfolio, Global Share Fund, Platinum Global Fund, Global Share Growth Style Fund and Global Share Value Style Fund which reinvested or paid income to unitholders on the last Sunday of May only.

Undistributed income/(loss) includes income earned and expenses not yet paid at the last distribution day on 31 May 2016 and realised capital losses which are retained to offset future realised capital gains. These are not distributed but held for distributions in future periods.

Distributable income does not include unrealised gains and losses arising on movements in the fair value of investments; as such, unrealised gains and losses are transferred to net assets attributable to unitholders and are not assessable or distributable until realised.

The Cash Fund's income distributions are based on an interest rate determined daily, and expressed as an annual rate for the distribution period.

For the remaining Schemes distributions are expressed as cents per unit for the distribution period.

(r) Goods and services tax

Responsible Entity fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office ('ATO') as a reduced input tax credit ('RITC').

Creditors and accruals are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in payables in the Statements of Financial Position.

(s) Derecognition of financial instruments

The derecognition of financial instruments takes place when the Schemes no longer control the contractual rights of the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(t) Capital management

The Responsible Entity manages its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Schemes.

In order to maintain or adjust the capital structure, the Responsible Entity may return capital to unitholders. The Schemes do not have any externally imposed capital requirements.

(u) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Schemes at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to put the units back to the Schemes.

(v) Application of accounting standards

Changes in Accounting Policy

Since 1 June 2015, the Schemes have not adopted any mandatory new and amended Australian Accounting Standards that effect the financial statements.

Australian Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Schemes for the annual reporting period ended 31 May 2016. The impact of these standards and interpretations has been assessed, to the extent applicable to the Schemes and are discussed below.

AASB 9 Financial Instruments

This standard makes changes to the way financial assets are classified for the purpose of determining their measurement basis. AASB 9 applies to annual reporting periods beginning on or after 1 January 2018 and will therefore apply to the Schemes from 1 June 2018. The Schemes do not intend to early adopt AASB 9 as permitted by the standard. The application of the standard is not expected to change the measurement basis of any of the Schemes current financial instruments.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure initiative: AASB 101 Presentation of Financial Statements

These amendments clarify the materiality requirements in AASB 101. These amendments also clarify that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated and that the entities have flexibility as to the order in which they present the notes to financial statements. These amendments are not expected to impact the Schemes' financial position or performance and become effective for the annual periods beginning on or after 1 January 2016 and will therefore apply to the Schemes from 1 June 2016.

NOTE 2 - DIVIDEND AND DISTRIBUTION INCOME

The Schemes receive distribution income from their underlying investments in unlisted managed investment schemes, which is detailed in Note 8(h), except for Income Builder and Platinum Global Fund which received dividend income as detailed in the table below:

	IncomeBuilder		Platinum Global Fund	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Dividend/Scheme distribution income:				
Listed equities and unit trusts	<u>123,420</u>	124,171	<u>18,503</u>	14,440
	<u>123,420</u>	124,171	<u>18,503</u>	14,440

NOTE 3 - AUDITOR'S REMUNERATION

The Schemes have regular audits on the financial reports. The Responsible Entity pays the cost of the audit fees being \$11,000 (2015: \$11,000) for audit and review of the financial reports, and \$2,374 (2015: \$2,374) for Compliance plan audits. The Schemes Cash Fund, IncomeBuilder and Platinum Global Fund have an additional audit being the Specified Assertions audit for their direct investments, as stated in the table below:

	Cash Fund		IncomeBuilder		Platinum Global Fund	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Auditor of the Scheme:						
Other assurance engagements	<u>1,250</u>	1,250	<u>5,750</u>	5,750	<u>2,750</u>	3,000
	<u>1,250</u>	1,250	<u>5,750</u>	5,750	<u>2,750</u>	3,000

NOTE 4 - DISTRIBUTIONS

Distributions paid during the year by the Schemes were as follows:

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit
2016								
August	12,652	1.33	708	0.06	-	-	599	0.08
November	25,225	2.63	2,808	0.26	-	-	1,136	0.15
February	15,465	1.60	2,695	0.25	-	-	1,306	0.17
May	<u>104,130</u>	<u>10.98</u>	<u>95,345</u>	<u>8.95</u>	<u>101,614</u>	<u>20.73</u>	<u>38,315</u>	<u>4.98</u>
	<u>157,472</u>	<u>16.54</u>	<u>101,556</u>	<u>9.52</u>	<u>101,614</u>	<u>20.73</u>	<u>41,356</u>	<u>5.38</u>
2015								
August	12,832	1.40	1,655	0.14	-	-	675	0.10
November	21,513	2.33	3,031	0.26	-	-	1,255	0.18
February	17,778	1.93	231	0.02	-	-	-	-
May	<u>161,171</u>	<u>17.59</u>	<u>51,864</u>	<u>4.44</u>	<u>147,925</u>	<u>30.52</u>	<u>16,366</u>	<u>2.25</u>
	<u>213,294</u>	<u>23.25</u>	<u>56,781</u>	<u>4.86</u>	<u>147,925</u>	<u>30.52</u>	<u>18,296</u>	<u>2.53</u>
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit
2016								
August	-	-	1,047	0.79	-	-	351	0.27
November	659	0.16	3,323	2.53	-	-	326	0.26
February	789	0.19	1,396	1.07	-	-	170	0.14
May	<u>37,532</u>	<u>8.98</u>	<u>7,180</u>	<u>5.55</u>	<u>23,335</u>	<u>8.78</u>	<u>3,072</u>	<u>2.62</u>
	<u>38,980</u>	<u>9.33</u>	<u>12,946</u>	<u>9.94</u>	<u>23,335</u>	<u>8.78</u>	<u>3,919</u>	<u>3.29</u>
2015								
August	83	0.02	1,154	0.81	-	-	469	0.32
November	734	0.18	3,183	2.29	-	-	423	0.30
February	43	0.01	1,402	1.03	-	-	342	0.25
May	<u>15,886</u>	<u>3.89</u>	<u>12,098</u>	<u>9.10</u>	<u>8,345</u>	<u>3.10</u>	<u>1,977</u>	<u>1.49</u>
	<u>16,746</u>	<u>4.10</u>	<u>17,837</u>	<u>13.23</u>	<u>8,345</u>	<u>3.10</u>	<u>3,211</u>	<u>2.36</u>

NOTE 4 - DISTRIBUTIONS (continued)

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	\$'000	c/unit	\$'000	c/unit	\$'000	Annualised % rate	\$'000	c/unit
2016								
August	594	0.46	61	0.09	256	1.00	-	-
November	867	0.69	897	1.35	273	1.02	-	-
February	394	0.32	662	1.01	288	1.14	-	-
May	1,974	1.64	3,908	6.13	306	1.13	9,664	24.45
	<u>3,829</u>	<u>3.11</u>	<u>5,528</u>	<u>8.58</u>	<u>1,123</u>	<u>1.07</u>	<u>9,664</u>	<u>24.45</u>
2015								
August	983	0.68	131	0.17	425	1.69	-	-
November	630	0.45	1,008	1.38	384	1.69	-	-
February	1,297	0.95	306	0.43	331	1.67	-	-
May	1,220	0.92	4,076	5.94	310	1.28	1,092	2.01
	<u>4,130</u>	<u>3.00</u>	<u>5,521</u>	<u>7.92</u>	<u>1,450</u>	<u>1.58</u>	<u>1,092</u>	<u>2.01</u>
	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	\$'000	c/unit	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit
2016								
August	-	-	-	-	28,646	0.28	-	-
November	-	-	77,389	0.98	67,988	0.72	-	-
February	-	-	49,205	0.63	55,973	0.61	-	-
May	1,995	10.60	213,193	2.76	253,332	2.80	89,691	1.80
	<u>1,995</u>	<u>10.60</u>	<u>339,787</u>	<u>4.37</u>	<u>405,939</u>	<u>4.41</u>	<u>89,691</u>	<u>1.80</u>
2015								
August	-	-	11,986	0.14	20,653	0.18	-	-
November	-	-	87,544	1.04	67,950	0.62	-	-
February	-	-	14,180	0.17	40,994	0.38	-	-
May	514	2.62	281,767	3.47	360,737	3.43	51,993	0.82
	<u>514</u>	<u>2.62</u>	<u>395,477</u>	<u>4.82</u>	<u>490,334</u>	<u>4.61</u>	<u>51,993</u>	<u>0.82</u>
	Horizon 1 Bond Portfolio		Global Share Growth Style Fund					
	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit				
2016								
August	4,476	0.14	-	-				
November	1,768	0.06	-	-				
February	-	-	-	-				
May	22,995	0.95	353,664	23.83				
	<u>29,239</u>	<u>1.15</u>	<u>353,664</u>	<u>23.83</u>				
2015								
August	10,275	0.25	-	-				
November	5,700	0.14	-	-				
February	1,048	0.03	-	-				
May	11,532	0.34	44,747	3.20				
	<u>28,555</u>	<u>0.76</u>	<u>44,747</u>	<u>3.20</u>				

NOTE 5 - FINANCIAL ASSETS DESIGNATED AS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money market securities								
Money market securities	48,921	82,671	-	-	-	-	-	-
Listed equities								
Shares and units listed on a stock exchange	2,322,876	2,595,478	-	-	858,034	1,060,906	-	-
Unlisted equities								
Shares and units not listed on the stock exchange	-	-	-	-	325	325	-	-
Fixed Interest Securities								
Fixed Interest Securities	-	-	-	-	830	861	-	-
Unlisted managed investment schemes								
Units held in unlisted managed investment schemes	-	-	1,553,686	1,723,712	-	-	804,203	764,976
Total financial assets designated as held at fair value through profit or loss	2,371,797	2,678,149	1,553,686	1,723,712	859,189	1,062,092	804,203	764,976
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unlisted managed investment schemes								
Units held in unlisted managed investment schemes	541,777	538,807	301,092	332,705	277,027	286,046	134,161	151,593
Total financial assets designated as held at fair value through profit or loss	541,777	538,807	301,092	332,705	277,027	286,046	134,161	151,593
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money market securities								
Money market securities	-	-	-	-	74,389	67,324	-	-
Unlisted managed investment schemes								
Units held in unlisted managed investment schemes	115,180	113,680	111,854	123,538	-	-	71,390	100,048
Total financial assets designated as held at fair value through profit or loss	115,180	113,680	111,854	123,538	74,389	67,324	71,390	100,048
	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Unlisted managed investment schemes								
Units held in unlisted managed investment schemes	20,762	22,475	9,279,620	10,134,125	8,876,749	10,774,151	5,565,292	7,343,863
Total financial assets designated as held at fair value through profit or loss	20,762	22,475	9,279,620	10,134,125	8,876,749	10,774,151	5,565,292	7,343,863

NOTE 5 - FINANCIAL ASSETS DESIGNATED AS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$
Unlisted managed investment schemes				
Units held in unlisted managed investment schemes	2,429,283	3,384,337	2,149,702	2,050,773
Total financial assets designated as held at fair value through profit or loss	2,429,283	3,384,337	2,149,702	2,050,773

Units held in unlisted managed investment schemes are detailed in Note 8(h).

NOTE 6 - RECEIVABLES

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Outstanding settlements	-	-	-	-	7,669	3,028	-	-
Distribution receivables	22,205	21,759	-	67,602	3,032	4,985	-	21,504
Other receivables	23	16	8	10	40	26	4	6
	22,228	21,775	8	67,612	10,741	8,039	4	21,510

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Distribution receivables	-	20,833	-	5,634	-	11,330	-	2,942
Other receivables	4	3	2	2	2	2	2	2
	4	20,836	2	5,636	2	11,332	2	2,944

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Distribution receivables	-	1,358	-	4,668	-	-	-	2,182
Other receivables	2	1	2	2	11	50	2	1
	2	1,359	2	4,670	11	50	2	2,183

	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2016 \$'000	2015 \$'000	2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$
Distribution receivables	-	948	-	330,689	-	413,870	-	166,627
Other receivables	1	1	572	592	578	607	377	391
	1	949	572	331,281	578	414,477	377	167,018

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	2016 Whole Dollars \$	2015 Whole Dollars \$	2016 Whole Dollars \$	2015 Whole Dollars \$
Distribution receivables	-	20,831	-	53,044
Other receivables	313	317	120	115
	313	21,148	120	53,159

NOTE 7 - ACCOUNTS PAYABLE & ACCRUED EXPENSES

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	1,144	-	1	983	3,246	-	-
Amounts owing for performance fees	-	-	-	91	-	-	-	38
Amounts owing to Responsible Entity	1,365	3,428	1,020	2,108	1,303	2,295	522	912
Other payables	-	-	1	-	-	-	-	-
Distributions payable	-	161,171	-	51,864	-	147,925	-	16,366
	<u>1,365</u>	<u>165,743</u>	<u>1,021</u>	<u>54,064</u>	<u>2,286</u>	<u>153,466</u>	<u>522</u>	<u>17,316</u>
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	-	-	-	-	-	-	-
Amounts owing for performance fees	-	35	-	-	-	18	-	-
Amounts owing to Responsible Entity	341	658	180	356	177	354	66	159
Other payables	32	-	-	-	-	-	-	-
Distributions payable	-	15,888	-	12,098	-	8,345	-	1,977
	<u>373</u>	<u>16,581</u>	<u>180</u>	<u>12,454</u>	<u>177</u>	<u>8,717</u>	<u>66</u>	<u>2,136</u>
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	-	-	-	-	19	-	1
Amounts owing for performance fees	-	-	-	-	-	-	-	-
Amounts owing to Responsible Entity	73	126	83	165	31	65	63	151
Other payables	25	-	-	-	-	-	-	-
Distributions payable	-	1,220	-	4,076	-	297	-	1,092
	<u>98</u>	<u>1,346</u>	<u>83</u>	<u>4,241</u>	<u>31</u>	<u>381</u>	<u>63</u>	<u>1,244</u>
	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Outstanding settlements	-	-	-	-	-	-	-	30
Amounts owing for performance fees	-	-	-	-	-	-	-	-
Amounts owing to Responsible Entity	14	29	9,060	15,429	8,122	16,254	4,390	10,498
Other payables	-	-	-	8	-	-	-	-
Distributions payable	-	514	-	281,767	-	360,737	-	51,993
	<u>14</u>	<u>543</u>	<u>9,060</u>	<u>297,204</u>	<u>8,122</u>	<u>376,991</u>	<u>4,390</u>	<u>62,521</u>
	Horizon 1 Bond Portfolio		Global Share Growth Style Fund					
	2016	2015	2016	2015				
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$				
Outstanding settlements	-	2	-	4				
Amounts owing for performance fees	-	-	-	-				
Amounts owing to Responsible Entity	1,799	4,361	1,620	2,918				
Other payables	6	-	-	-				
Distributions payable	-	11,532	-	44,747				
	<u>1,805</u>	<u>15,895</u>	<u>1,620</u>	<u>47,669</u>				

NOTE 8 - RELATED PARTIES

(a) Responsible Entity

The Responsible Entity of each of the Schemes is MLC Investments Limited ABN 30 002 641 661, whose immediate and ultimate holding companies are MLC Holdings Limited ABN 32 003 113 068 and National Australia Bank Limited ABN 12 004 044 937 respectively.

The Responsible Entity is incorporated and domiciled in Australia.

(b) Key management personnel

Directors

The names of persons who were Directors of MLC Investments Limited at any time during the financial year were as follows:

Name	Appointment / Resignation Date
S C Birkenleigh	Appointed 9 September 2015
S Dave	Appointed 7 July 2014/ Resigned 30 June 2015
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
N J Milne	Appointed 17 December 2014/ Resigned 3 June 2015
G J Mulcahy	Appointed 7 July 2014

In addition to the Directors noted above, the Responsible Entity is considered to be a Key Management Personnel of the Schemes.

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Schemes to the Responsible Entity do not include any amounts directly attributable to key management personnel remuneration.

(c) Other related party transactions with the Schemes

From time to time the Directors of MLC Investments Limited, or their Director related entities, may invest into or withdraw from the Schemes.

These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors. The performance fees are paid to related party.

(d) Amounts payable to/(receivable from) the Responsible Entity

The net amount of payables to MLC Investments Limited by the Schemes at balance date are shown in the table below:

	2016	2015
	\$	\$
IncomeBuilder	1,364,830	3,428,416
Horizon 4 Balanced Portfolio	1,020,271	2,108,162
Platinum Global Fund	1,302,525	2,294,569
Horizon 3 Conservative Growth Portfolio	522,448	911,554
Horizon 5 Growth Portfolio	340,867	657,960
Share Index Fund	180,094	355,894
Horizon 6 Share Portfolio	176,548	353,651
Horizon 2 Income Portfolio	66,464	158,600
Property Securities Fund	73,359	125,708
Australian Share Fund	83,221	164,709
Cash Fund	30,732	64,520
Global Share Fund	62,636	151,316
Horizon 7 Accelerated Growth Portfolio	14,345	29,151
Australian Share Growth Style Fund	9,060	15,429
Australian Share Value Style Fund	8,122	16,254
Global Share Value Style Fund	4,390	10,498
Horizon 1 Bond Portfolio	1,799	4,361
Global Share Growth Style Fund	1,620	2,918

(e) Responsible Entity's fees

The Responsible Entity's fees have been calculated in accordance with the Schemes' Constitutions. Total fees paid and payable (net of rebates where applicable) are as follows:

	2016	2015
	\$	\$
IncomeBuilder	46,471,536	49,297,763
Horizon 4 Balanced Portfolio	24,604,702	25,784,143
Platinum Global Fund	23,395,595	23,858,884
Horizon 3 Conservative Growth Portfolio	12,072,797	10,991,261
Horizon 5 Growth Portfolio	8,164,303	8,139,405
Share Index Fund	3,859,318	4,452,994
Horizon 6 Share Portfolio	4,262,355	4,372,761
Horizon 2 Income Portfolio	1,816,741	2,072,405
Property Securities Fund	1,583,606	1,604,725
Australian Share Fund	1,897,622	2,207,340
Cash Fund	1,063,704	969,249
Global Share Fund	1,427,761	1,540,701
Horizon 7 Accelerated Growth Portfolio	339,201	360,822
Australian Share Growth Style Fund	158,578	177,383
Australian Share Value Style Fund	158,482	191,235
Global Share Value Style Fund	98,338	113,872
Horizon 1 Bond Portfolio	43,537	59,507
Global Share Growth Style Fund	35,973	32,231

NOTE 8 - RELATED PARTIES (continued)

(f) Expense reimbursement

The Responsible Entity is entitled, under the Schemes' Constitutions, to be reimbursed for certain expenses incurred in administering the Schemes. The basis on which the expenses are reimbursable is defined in the Constitutions. There were no expense reimbursements during the year (2015:Nil).

(g) Interests in unconsolidated structured entities

The Schemes' maximum exposure to loss from their investments in unlisted managed investment schemes, which have been assessed to be structured entities, is restricted to their fair value which are disclosed in Note 8(h). The Schemes have not sponsored or provided support, financial or otherwise to the unlisted managed investment schemes they hold.

(h) Related party investments

The Schemes may purchase and sell units in other unlisted managed investment schemes managed by MLC Investments Limited or its related parties in the ordinary course of business at application and redemption prices calculated in accordance with the Constitutions.

Details of both shares in National Australia Bank Limited and units in other managed investment schemes operated by the Responsible Entity held by the Schemes are set out below. Cash and cash equivalents in the Statements of Financial Position for all the Schemes are held with the National Australia Bank Limited.

The principal activities of all the below named Schemes are to invest and transact in money market securities, listed equities, fixed interest securities, unlisted managed investment schemes, unlisted property trusts, other debt instruments and derivatives in accordance with the provisions of the Schemes' Constitutions. Investment activities may include the use of hedging instruments to reduce the volatility of investment returns.

The Schemes are unlisted registered managed investment schemes and along with their related parties are domiciled in Australia.

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
IncomeBuilder				
2016				
National Australia Bank Limited	<u>6,588,815</u>	<u>0.25</u>	<u>178,886,327</u>	<u>13,325,762</u>
2015				
National Australia Bank Limited	<u>7,636,285</u>	<u>0.29</u>	<u>262,077,301</u>	<u>13,649,470</u>
Horizon 4 Balanced Portfolio				
2016				
Antares Enhanced Cash Trust	56,920,276	0.81	58,502,318	795,262
MLC (NCIT) Low Correlation Trust	43,367,470	4.56	48,762,643	194,839
WM Pool - Australian Equities No.2	1,909,797	2.28	130,335,772	400,035
WM Pool - Equities Trust No. 18	-	-	-	-
WM Pool - Equities Trust No. 29	-	-	-	668,930
WM Pool - Equities Trust No. 37	-	-	-	661,476
WM Pool - Equities Trust No. 47	1,379,241	7.18	155,917,400	58,149,761
WM Pool - Equities Trust No. 59	766,205	6.19	78,747,407	3,338,808
WM Pool - Equities Trust No. 73	219,063	6.96	22,027,840	369,567
WM Pool - Fixed Interest Trust No. 23	1,083,347	5.54	109,175,088	4,435,998
WM Pool - Fixed Interest Trust No. 5	289,371	5.26	31,205,332	564,502
WM Pool - Global Properties Trust	590,905	8.52	63,316,201	5,220,623
WM Pool - LTAR Part 1 NS Trust	911,034	14.66	77,346,364	8,084,687
WM Pool - NSIM Australian Fixed Interest (A) Trust	-	-	-	195,066
WM Pool - UBS Australian Fixed Interest (A) Trust	-	-	-	263,009
WM Sector - Australian Equities Trust	2,951,761	6.14	302,942,819	24,912,667
WM Sector - Diversified Debt (All) Trust	1,791,357	6.41	185,623,021	9,567,382
WM Sector - Diversified Debt (Short) Trust	-	-	-	428,962
WM Sector - Global Equities (Hedged) Trust	1,366,518	14.26	118,359,237	7,302,714
WM Sector - Global Equities (Unhedged) Trust	1,427,660	2.77	171,424,539	35,398,125
	<u>114,974,005</u>		<u>1,553,685,981</u>	<u>160,952,413</u>
2015				
Antares Enhanced Cash Trust	27,243,585	0.57	28,000,385	177,356
MLC (NCIT) Low Correlation Trust	22,235,801	2.82	25,397,220	196,803
WM Pool - Australian Equities No.2	-	-	-	-
WM Pool - Equities Trust No. 18	126,013	1.90	14,791,319	389,911
WM Pool - Equities Trust No. 29	148,476	4.47	16,657,664	1,615,836
WM Pool - Equities Trust No. 37	131,673	1.95	17,913,500	2,063,860
WM Pool - Equities Trust No. 47	960,844	6.10	162,940,908	18,442,734
WM Pool - Equities Trust No. 59	323,974	8.93	34,458,379	2,362,918
WM Pool - Equities Trust No. 73	117,213	5.32	11,763,562	334,437
WM Pool - Fixed Interest Trust No. 23	1,166,085	5.51	121,461,000	6,192,200
WM Pool - Fixed Interest Trust No. 5	367,246	6.74	40,137,880	2,381,499
WM Pool - Global Properties Trust	599,117	5.85	69,888,635	2,081,979
WM Pool - LTAR Part 1 NS Trust	522,294	16.12	49,488,807	6,911,832
WM Pool - NSIM Australian Fixed Interest (A) Trust	155,614	0.96	16,133,022	1,262,757
WM Pool - UBS Australian Fixed Interest (A) Trust	16,472,179	0.99	16,983,278	1,030,768
WM Sector - Australian Equities Trust	4,516,170	5.18	506,991,273	29,554,394
WM Sector - Diversified Debt (All) Trust	2,071,751	6.27	217,313,175	9,869,771
WM Sector - Diversified Debt (Short) Trust	503,776	1.84	51,395,371	868,792
WM Sector - Global Equities (Hedged) Trust	1,119,528	12.10	107,210,387	1,080,121
WM Sector - Global Equities (Unhedged) Trust	1,430,765	2.42	214,786,483	4,683,322
	<u>80,212,104</u>		<u>1,723,712,248</u>	<u>91,501,290</u>
Platinum Global Fund				
2016				
MasterKey Unit Trust Cash Fund	<u>1,282,433</u>	<u>1.32</u>	<u>1,282,433</u>	<u>62,992</u>
	<u>1,282,433</u>		<u>1,282,433</u>	<u>62,992</u>

NOTE 8 - RELATED PARTIES (continued)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Platinum Global Fund (continued)				
2015				
MasterKey Unit Trust Cash Fund	4,007,797	4.64	4,009,600	69,035
	<u>4,007,797</u>		<u>4,009,600</u>	<u>69,035</u>
Horizon 3 Conservative Growth Portfolio				
2016				
Antares Enhanced Cash Trust	13,769,860	0.20	14,152,580	812,505
MLC (NCIT) Low Correlation Trust	20,277,307	2.13	22,799,926	85,187
WM Pool - Australian Equities No.2	667,246	0.80	45,536,801	142,271
WM Pool - Equities Trust No. 18	-	-	-	-
WM Pool - Equities Trust No. 29	-	-	-	296,107
WM Pool - Equities Trust No. 37	-	-	-	323,506
WM Pool - Equities Trust No. 47	450,728	2.35	50,952,889	18,393,078
WM Pool - Equities Trust No. 58	383,733	6.03	39,458,944	1,206,264
WM Pool - Equities Trust No. 59	401,475	3.24	41,261,936	1,668,263
WM Pool - Equities Trust No. 73	120,108	3.81	12,077,447	189,279
WM Pool - Fixed Interest Trust No. 23	632,679	3.24	63,758,623	2,508,791
WM Pool - Fixed Interest Trust No. 5	111,869	2.03	12,063,777	218,219
WM Pool - Global Properties Trust	233,523	3.37	25,022,297	2,062,549
WM Sector - Australian Equities Trust	1,025,377	2.13	105,235,638	8,407,475
WM Sector - Diversified Debt (All) Trust	800,898	2.87	82,990,156	4,166,486
WM Sector - Diversified Debt (Short) Trust	1,593,365	7.86	162,556,202	4,324,560
WM Sector - Global Equities (Hedged) Trust	379,234	3.96	32,846,911	2,026,640
WM Sector - Global Equities (Unhedged) Trust	778,594	1.51	93,488,715	19,304,851
	<u>41,625,996</u>		<u>804,202,842</u>	<u>66,136,031</u>
2015				
Antares Enhanced Cash Trust	40,945,178	0.85	42,082,595	762,315
MLC (NCIT) Low Correlation Trust	9,721,926	1.23	11,104,160	96,232
WM Pool - Australian Equities No.2	-	-	-	-
WM Pool - Equities Trust No. 18	61,423	0.93	7,209,709	190,053
WM Pool - Equities Trust No. 29	62,684	1.89	7,032,573	682,178
WM Pool - Equities Trust No. 37	55,519	0.82	7,553,085	870,210
WM Pool - Equities Trust No. 47	263,959	1.68	44,762,412	5,066,507
WM Pool - Equities Trust No. 58	64,703	3.45	6,789,330	387,080
WM Pool - Equities Trust No. 59	137,110	3.78	14,583,163	997,730
WM Pool - Equities Trust No. 73	58,852	2.67	5,906,401	144,890
WM Pool - Fixed Interest Trust No. 23	581,268	2.74	60,545,692	3,042,020
WM Pool - Fixed Interest Trust No. 5	120,582	2.21	13,178,914	742,982
WM Pool - Global Properties Trust	216,347	2.11	25,237,480	750,585
WM Sector - Australian Equities Trust	1,333,153	1.53	149,661,568	8,583,895
WM Sector - Diversified Debt (All) Trust	817,618	2.47	85,762,784	3,843,312
WM Sector - Diversified Debt (Short) Trust	1,551,340	5.66	158,268,184	3,044,280
WM Sector - Global Equities (Hedged) Trust	346,654	3.75	33,196,913	334,452
WM Sector - Global Equities (Unhedged) Trust	613,515	1.04	92,100,846	2,008,217
	<u>56,951,831</u>		<u>764,975,809</u>	<u>31,546,938</u>
Horizon 5 Growth Portfolio				
2016				
Antares Enhanced Cash Trust	7,552,265	0.11	7,762,173	202,252
MLC (NCIT) Low Correlation Trust	14,162,885	1.49	15,924,833	81,916
WM Pool - Australian Equities No.2	774,479	0.92	52,855,006	153,344
WM Pool - Equities Trust No. 18	-	-	-	-
WM Pool - Equities Trust No. 29	-	-	-	220,498
WM Pool - Equities Trust No. 37	-	-	-	282,413
WM Pool - Equities Trust No. 47	479,076	2.49	54,157,502	20,267,694
WM Pool - Equities Trust No. 59	203,750	1.65	20,940,557	804,924
WM Pool - Equities Trust No. 73	82,421	2.62	8,287,844	125,685
WM Pool - Fixed Interest Trust No. 23	256,216	1.31	25,820,392	1,040,110
WM Pool - Fixed Interest Trust No. 5	99,489	1.81	10,728,769	190,541
WM Pool - Global Properties Trust	196,732	2.84	21,080,033	1,738,587
WM Pool - LTAR Part 1 NS Trust	480,532	7.74	40,796,926	4,264,329
WM Pool - NSIM Australian Fixed Interest (A) Trust	-	-	-	58,434
WM Pool - UBS Australian Fixed Interest (A) Trust	-	-	-	80,969
WM Sector - Australian Equities Trust	1,176,764	2.45	120,772,703	9,763,032
WM Sector - Diversified Debt (All) Trust	210,167	0.75	21,777,831	1,088,223
WM Sector - Diversified Debt (Short) Trust	-	-	-	38,417
WM Sector - Global Equities (Hedged) Trust	688,207	7.18	59,608,152	3,677,797
WM Sector - Global Equities (Unhedged) Trust	676,782	1.31	81,263,791	16,780,479
	<u>27,039,765</u>		<u>541,776,512</u>	<u>60,859,644</u>

NOTE 8 - RELATED PARTIES (continued)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Horizon 5 Growth Portfolio (continued)				
2015				
Antares Enhanced Cash Trust	8,663,493	0.18	8,904,156	-
MLC (NCIT) Low Correlation Trust	9,348,605	1.18	10,677,761	79,813
WM Pool - Australian Equities No.2	-	-	-	-
WM Pool - Equities Trust No. 18	46,641	0.70	5,474,679	144,317
WM Pool - Equities Trust No. 29	46,678	1.41	5,236,844	507,987
WM Pool - Equities Trust No. 37	42,387	0.63	5,766,556	664,379
WM Pool - Equities Trust No. 47	307,861	1.96	52,207,357	5,909,175
WM Pool - Equities Trust No. 59	-	-	-	-
WM Pool - Equities Trust No. 73	37,940	1.72	3,807,695	108,252
WM Pool - Fixed Interest Trust No. 23	245,776	1.16	25,600,350	1,305,337
WM Pool - Fixed Interest Trust No. 5	57,462	1.06	6,280,221	370,120
WM Pool - Global Properties Trust	193,859	1.89	22,614,227	673,194
WM Pool - LTAR Part 1 NS Trust	164,879	5.09	15,622,735	2,181,942
WM Pool - NSIM Australian Fixed Interest (A) Trust	43,749	0.27	4,535,615	369,022
WM Pool - UBS Australian Fixed Interest (A) Trust	4,819,907	0.29	4,969,459	301,612
WM Sector - Australian Equities Trust	1,672,550	1.92	187,762,673	10,974,028
WM Sector - Diversified Debt (All) Trust	240,599	0.73	25,237,298	1,304,682
WM Sector - Diversified Debt (Short) Trust	42,126	0.15	4,297,724	35,651
WM Sector - Global Equities (Hedged) Trust	509,036	5.50	48,747,253	491,118
WM Sector - Global Equities (Unhedged) Trust	673,222	1.14	101,064,168	2,203,658
	<u>27,156,770</u>		<u>538,806,771</u>	<u>27,624,287</u>
Share Index Fund				
2016				
WM Pool - Equities Trust No. 30	<u>238,961,582</u>	<u>16.77</u>	<u>301,092,072</u>	<u>13,108,087</u>
	<u>238,961,582</u>		<u>301,092,072</u>	<u>13,108,087</u>
2015				
WM Pool - Equities Trust No. 30	<u>246,083,895</u>	<u>19.69</u>	<u>332,704,933</u>	<u>14,680,133</u>
	<u>246,083,895</u>		<u>332,704,933</u>	<u>14,680,133</u>
Horizon 6 Share Portfolio				
2016				
MLC (NCIT) Low Correlation Trust	<u>5,021,846</u>	<u>0.53</u>	<u>5,646,594</u>	<u>43,663</u>
WM Pool - Australian Equities No.2	<u>441,278</u>	<u>0.53</u>	<u>30,115,379</u>	<u>96,042</u>
WM Pool - Equities Trust No. 37	-	-	-	249,759
WM Pool - Equities Trust No. 47	<u>253,390</u>	<u>1.32</u>	<u>28,644,674</u>	<u>10,604,942</u>
WM Pool - Global Properties Trust	<u>54,926</u>	<u>0.79</u>	<u>5,885,391</u>	<u>485,124</u>
WM Pool - LTAR Part 1 NS Trust	<u>313,546</u>	<u>5.05</u>	<u>26,619,946</u>	<u>2,782,470</u>
WM Sector - Australian Equities Trust	<u>732,706</u>	<u>1.52</u>	<u>75,198,491</u>	<u>5,970,223</u>
WM Sector - Global Equities (Hedged) Trust	<u>463,024</u>	<u>4.83</u>	<u>40,104,251</u>	<u>2,474,415</u>
WM Sector - Global Equities (Unhedged) Trust	<u>539,766</u>	<u>1.05</u>	<u>64,811,788</u>	<u>13,383,240</u>
	<u>7,820,482</u>		<u>277,026,514</u>	<u>36,089,878</u>
2015				
MLC (NCIT) Low Correlation Trust	4,982,956	0.63	5,691,418	41,757
WM Pool - Australian Equities No.2	-	-	-	-
WM Pool - Equities Trust No. 37	39,098	0.58	5,319,109	612,828
WM Pool - Equities Trust No. 47	163,039	1.04	27,648,355	3,129,424
WM Pool - Global Properties Trust	50,650	0.49	5,908,510	175,888
WM Pool - LTAR Part 1 NS Trust	132,715	4.10	12,575,152	1,756,303
WM Sector - Australian Equities Trust	1,005,431	1.15	112,870,981	6,593,322
WM Sector - Global Equities (Hedged) Trust	467,738	5.05	44,792,383	451,273
WM Sector - Global Equities (Unhedged) Trust	474,557	0.80	71,240,528	1,553,367
	<u>7,316,184</u>		<u>286,046,436</u>	<u>14,314,162</u>
Horizon 2 Income Portfolio				
2016				
Antares Enhanced Cash Trust	<u>16,068,885</u>	<u>0.23</u>	<u>16,515,503</u>	<u>381,968</u>
MasterKey Unit Trust IncomeBuilder	<u>9,189,479</u>	<u>0.93</u>	<u>22,662,606</u>	<u>1,382,478</u>
WM Pool - Equities Trust No. 58	<u>67,147</u>	<u>1.06</u>	<u>6,904,679</u>	<u>241,537</u>
WM Pool - Equities Trust No. 73	<u>19,946</u>	<u>0.63</u>	<u>2,005,629</u>	<u>35,842</u>
WM Pool - Fixed Interest Trust No. 17	<u>66,442</u>	<u>0.79</u>	<u>6,787,639</u>	<u>104,997</u>
WM Pool - Fixed Interest Trust No. 23	<u>133,172</u>	<u>0.68</u>	<u>13,420,538</u>	<u>555,934</u>
WM Pool - Fixed Interest Trust No. 5	<u>38,130</u>	<u>0.69</u>	<u>4,111,848</u>	<u>74,359</u>
WM Pool - Global Properties Trust	<u>43,704</u>	<u>0.63</u>	<u>4,682,939</u>	<u>386,611</u>
WM Sector - Diversified Debt (All) Trust	<u>22,475</u>	<u>0.08</u>	<u>2,328,942</u>	<u>232,410</u>
WM Sector - Diversified Debt (Short) Trust	<u>426,311</u>	<u>2.10</u>	<u>43,492,600</u>	<u>1,272,254</u>
WM Sector - Global Equities (Hedged) Trust	<u>18,647</u>	<u>0.19</u>	<u>1,615,107</u>	<u>99,651</u>
WM Sector - Global Equities (Unhedged) Trust	<u>60,380</u>	<u>0.12</u>	<u>7,250,016</u>	<u>1,497,084</u>
WM Sector - Property Securities Trust	<u>29,210</u>	<u>0.29</u>	<u>2,383,106</u>	<u>280,366</u>
	<u>26,183,928</u>		<u>134,161,152</u>	<u>6,545,491</u>

NOTE 8 - RELATED PARTIES (continued)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Horizon 2 Income Portfolio (continued)				
2015				
Antares Enhanced Cash Trust	16,171,593	0.34	16,620,824	388,422
MasterKey Unit Trust IncomeBuilder	6,165,250	0.67	17,353,724	1,470,418
WM Pool - Equities Trust No. 58	29,058	1.55	3,049,027	176,672
WM Pool - Equities Trust No. 73	12,797	0.58	1,284,276	36,512
WM Pool - Fixed Interest Trust No. 17	-	-	-	-
WM Pool - Fixed Interest Trust No. 23	145,615	0.69	15,167,431	810,556
WM Pool - Fixed Interest Trust No. 5	16,170	0.30	1,767,235	114,291
WM Pool - Global Properties Trust	49,299	0.48	5,750,841	171,572
WM Sector - Diversified Debt (All) Trust	97,289	0.29	10,204,984	513,429
WM Sector - Diversified Debt (Short) Trust	570,309	2.08	58,183,078	1,228,345
WM Sector - Global Equities (Hedged) Trust	17,318	0.19	1,658,410	16,708
WM Sector - Global Equities (Unhedged) Trust	42,590	0.07	6,393,559	139,409
WM Sector - Property Securities Trust	190,406	1.80	14,160,097	723,896
	<u>23,507,694</u>		<u>151,593,486</u>	<u>5,790,230</u>
Property Securities Fund				
2016				
WM Sector - Property Securities Trust	<u>1,411,817</u>	14.24	<u>115,180,274</u>	<u>5,705,983</u>
	<u>1,411,817</u>		<u>115,180,274</u>	<u>5,705,983</u>
2015				
WM Sector - Property Securities Trust	<u>1,528,616</u>	14.46	<u>113,679,807</u>	<u>5,688,481</u>
	<u>1,528,616</u>		<u>113,679,807</u>	<u>5,688,481</u>
Australian Share Fund				
2016				
WM Pool - Equities Trust No. 41	<u>1,057,914</u>	8.73	<u>111,854,211</u>	<u>8,564,873</u>
	<u>1,057,914</u>		<u>111,854,211</u>	<u>8,564,873</u>
2015				
WM Pool - Equities Trust No. 41	<u>1,080,216</u>	9.23	<u>123,538,035</u>	<u>7,760,017</u>
	<u>1,080,216</u>		<u>123,538,035</u>	<u>7,760,017</u>
Global Share Fund				
2016				
WM Sector - Global Equities (Unhedged) Trust	<u>594,552</u>	1.15	<u>71,390,090</u>	<u>14,741,620</u>
	<u>594,552</u>		<u>71,390,090</u>	<u>14,741,620</u>
2015				
WM Sector - Global Equities (Unhedged) Trust	<u>666,456</u>	1.13	<u>100,048,386</u>	<u>2,191,845</u>
	<u>666,456</u>		<u>100,048,386</u>	<u>2,191,845</u>
Horizon 7 Accelerated Growth Portfolio				
2016				
MLC Horizon 7 Trust	<u>15,549,129</u>	2.65	<u>16,876,636</u>	<u>2,079,923</u>
WM Pool - LTAR Part 1 NS Trust	<u>11,043</u>	0.18	<u>937,521</u>	<u>97,995</u>
WM Sector - Global Equities (Hedged) Trust	<u>34,032</u>	0.36	<u>2,947,614</u>	<u>181,867</u>
	<u>15,594,204</u>		<u>20,761,771</u>	<u>2,359,785</u>
2015				
MLC Horizon 7 Trust	<u>14,287,740</u>	3.19	<u>18,236,600</u>	<u>774,396</u>
WM Pool - LTAR Part 1 NS Trust	<u>10,666</u>	0.33	<u>1,010,616</u>	<u>141,147</u>
WM Sector - Global Equities (Hedged) Trust	<u>33,706</u>	0.36	<u>3,227,823</u>	<u>32,520</u>
	<u>14,332,112</u>		<u>22,475,039</u>	<u>948,063</u>
Australian Share Growth Style Fund				
2016				
WM Sector - Australian Equities Growth Trust	<u>76,258</u>	18.61	<u>9,279,620</u>	<u>496,565</u>
	<u>76,258</u>		<u>9,279,620</u>	<u>496,565</u>
2015				
WM Sector - Australian Equities Growth Trust	<u>77,899</u>	17.26	<u>10,134,125</u>	<u>574,227</u>
	<u>77,899</u>		<u>10,134,125</u>	<u>574,227</u>
Australian Share Value Style Fund				
2016				
WM Sector - Australian Equities Value Trust	<u>89,003</u>	21.04	<u>8,876,749</u>	<u>562,129</u>
	<u>89,003</u>		<u>8,876,749</u>	<u>562,129</u>
2015				
WM Sector - Australian Equities Value Trust	<u>99,889</u>	19.16	<u>10,774,151</u>	<u>683,034</u>
	<u>99,889</u>		<u>10,774,151</u>	<u>683,034</u>
Global Share Value Style Fund				
2016				
WM Sector - Global Equities Value Trust	<u>47,176</u>	26.72	<u>5,565,292</u>	<u>186,666</u>
	<u>47,176</u>		<u>5,565,292</u>	<u>186,666</u>
2015				
WM Sector - Global Equities Value Trust	<u>58,363</u>	15.60	<u>7,343,863</u>	<u>166,627</u>
	<u>58,363</u>		<u>7,343,863</u>	<u>166,627</u>

NOTE 8 - RELATED PARTIES (continued)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Horizon 1 Bond Portfolio				
2016				
Antares Enhanced Cash Trust	579,826	0.01	595,942	16,992
WM Pool - Fixed Interest Trust No. 17	2,446	0.03	249,903	7,581
WM Pool - Fixed Interest Trust No. 22	1,613	0.01	154,691	7,931
WM Pool - Fixed Interest Trust No. 5	471	0.01	50,782	919
WM Pool - Fixed Interest Trust No. 7	1,335	0.01	133,795	2,240
WM Pool - Fixed Interest Trust No. 9	-	-	-	42
WM Sector - Diversified Debt (Short) Trust	12,195	0.06	1,244,170	36,909
	<u>597,886</u>		<u>2,429,283</u>	<u>72,614</u>
2015				
Antares Enhanced Cash Trust	812,129	0.02	834,688	26,350
WM Pool - Fixed Interest Trust No. 17	3,366	0.08	343,060	10,834
WM Pool - Fixed Interest Trust No. 22	1,830	0.02	181,957	1,089
WM Pool - Fixed Interest Trust No. 5	712	0.01	77,808	6,049
WM Pool - Fixed Interest Trust No. 7	1,617	0.02	162,113	13
WM Pool - Fixed Interest Trust No. 9	22	0.10	869	4,229
WM Sector - Diversified Debt (Short) Trust	17,485	0.06	1,783,842	40,359
	<u>837,161</u>		<u>3,384,337</u>	<u>88,923</u>
Global Share Growth Style Fund				
2016				
WM Sector - Global Equities Growth Trust	15,499	7.40	2,149,702	517,414
	<u>15,499</u>		<u>2,149,702</u>	<u>517,414</u>
2015				
WM Sector - Global Equities Growth Trust	11,872	7.46	2,050,773	53,044
	<u>11,872</u>		<u>2,050,773</u>	<u>53,044</u>

From time to time, the Schemes may invest in money market securities issued or guaranteed by National Australia Bank Limited. These investments are in the normal course of business and on normal terms and conditions. Details of these investments held by the Schemes are set out below:

Cash Fund	Fair value of investment \$
2016	
Money Market Securities - National Australia Bank	27,604,940
2015	
Money Market Securities - National Australia Bank	15,603,686
IncomeBuilder	
2016	
Money Market Securities - National Australia Bank	13,966,698
2015	
Money Market Securities - National Australia Bank	38,860,135

(i) Unitholder investing activities

Details of holdings in the Schemes by MLC Investments Limited and its related parties or other Schemes managed by MLC Investments Limited and its related parties are set out below:

MLC Investments Limited and its related parties	Number of units held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
IncomeBuilderTM				
2016				
MasterKey Income Portfolio	9,189,479	0.93	22,671,644	1,382,478
Masterkey Investment Services	131,695,389	13.33	324,909,701	21,347,953
MLC Investment Trusts	239,673,369	24.26	591,305,462	37,659,416
MLC Limited	462,842,674	46.85	1,141,893,245	73,852,435
NULIS Nominees (Australia) Limited	3,023,100	0.31	7,458,383	388,901
2015				
MasterKey Income Portfolio	6,549,955	0.71	18,443,674	1,470,418
Masterkey Investment Services	134,911,854	14.72	379,891,205	30,830,454
MLC Investment Trusts	220,670,081	24.08	621,373,291	48,030,707
MLC Limited	455,600,791	49.72	1,282,902,336	99,647,167
NULIS Nominees (Australia) Limited	3,716,750	0.41	10,465,802	843,952

NOTE 8 - RELATED PARTIES (continued)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of units held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Horizon 4 Balanced Portfolio				
2016				
Masterkey Investment Services	111,599,011	9.90	154,063,435	10,139,496
MLC Investment Trusts	767,615,868	68.09	1,059,700,587	68,584,239
MLC Limited	83,176	0.01	114,826	66,232
NULIS Nominees (Australia) Limited	3,767,811	0.33	5,201,497	358,951
AUSMAQ Systems Limited	-	-	-	-
2015				
Masterkey Investment Services	115,462,186	9.88	172,562,878	5,625,815
MLC Investment Trusts	706,339,848	60.47	1,055,653,300	33,240,980
MLC Limited	105,935,253	9.07	158,324,495	5,045,351
NULIS Nominees (Australia) Limited	3,835,899	0.33	5,732,905	186,964
AUSMAQ Systems Limited	-	-	-	36
Platinum Global Fund				
2016				
Masterkey Investment Services	8,192,524	1.53	15,012,286	1,568,464
MLC Limited	189,036,492	35.22	346,397,525	35,477,937
MLC Platinum Global Fund	55,913,359	10.42	102,457,727	10,410,297
G J Mulcahy	18,795	-	34,441	3,499
J J Mulcahy	17,101	-	31,337	3,167
2015				
Masterkey Investment Services	7,505,291	1.55	16,404,734	2,290,615
MLC Limited	192,495,488	39.71	420,748,166	51,589,758
MLC Platinum Global Fund	61,752,879	12.74	134,976,725	16,550,082
G J Mulcahy	33,535	0.01	73,299	10,235
J J Mulcahy	15,674	-	34,260	4,784
Horizon 3 Conservative Growth Portfolio				
2016				
Masterkey Investment Services	96,059,618	11.92	96,115,549	4,976,733
MLC Wholesale Horizon 3 Conservative Growth Portfolio	652,666,363	80.98	653,046,377	33,357,068
NULIS Nominees (Australia) Limited	133,558	0.02	133,636	7,209
2015				
Masterkey Investment Services	99,917,115	13.74	106,193,727	2,540,483
MLC Wholesale Horizon 3 Conservative Growth Portfolio	576,225,634	79.22	612,423,082	14,153,712
NULIS Nominees (Australia) Limited	142,513	0.02	151,465	3,612
Horizon 5 Growth Portfolio				
2016				
Masterkey Investment Services	47,209,229	10.57	57,338,774	4,158,397
MLC Wholesale Horizon 5 Growth Portfolio	318,696,932	71.34	387,078,794	27,614,153
NULIS Nominees (Australia) Limited	438,893	0.10	533,065	40,949
2015				
Masterkey Investment Services	48,312,647	11.83	64,584,238	1,987,712
MLC Wholesale Horizon 5 Growth Portfolio	284,469,272	69.66	380,277,881	11,323,409
NULIS Nominees (Australia) Limited	474,207	0.12	633,918	19,355
Share Index Fund				
2016				
Masterkey Investment Services	84,040,389	64.07	193,119,783	8,294,364
NULIS Nominees (Australia) Limited	54,025	0.04	124,147	5,370
2015				
Masterkey Investment Services	84,989,055	63.92	212,035,085	11,393,625
NULIS Nominees (Australia) Limited	57,831	0.04	144,280	7,236
Horizon 6 Share Portfolio				
2016				
Masterkey Investment Services	55,079,301	19.13	53,075,549	4,521,605
MLC Wholesale Horizon 6 Share Portfolio	187,192,973	65.01	180,383,004	15,065,709
NULIS Nominees (Australia) Limited	334,576	0.12	322,404	29,376
2015				
Masterkey Investment Services	59,820,910	22.22	64,548,510	1,854,448
MLC Wholesale Horizon 6 Share Portfolio	168,488,135	62.59	181,803,621	5,078,089
NULIS Nominees (Australia) Limited	469,006	0.17	506,071	14,539
Horizon 2 Income Portfolio				
2016				
Masterkey Investment Services	68,084,145	57.18	76,981,457	2,243,402
NULIS Nominees (Australia) Limited	134,592	0.11	152,181	4,545
2015				
Masterkey Investment Services	77,483,050	58.41	89,788,260	1,880,792
NULIS Nominees (Australia) Limited	152,018	0.11	176,160	3,588

NOTE 8 - RELATED PARTIES (continued)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of units held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Property Securities Fund				
2016				
Masterkey Investment Services	26,080,003	21.45	24,806,242	824,973
NULIS Nominees (Australia) Limited	1,843,570	1.52	1,753,529	58,391
AUSMAQ Systems Limited	107,072	0.09	101,843	2,698
2015				
Masterkey Investment Services	29,351,671	22.10	25,386,757	907,611
NULIS Nominees (Australia) Limited	1,989,748	1.50	1,720,967	61,163
AUSMAQ Systems Limited	8,057	0.01	6,968	1,462
Australian Share Fund				
2016				
Masterkey Investment Services	23,509,751	35.93	40,266,230	1,997,041
MLC Limited	3,512	0.01	6,015	290
NULIS Nominees (Australia) Limited	485,307	0.74	831,207	41,639
AUSMAQ Systems Limited	17,558	0.03	30,072	1,076
2015				
Masterkey Investment Services	24,715,342	35.99	45,271,621	1,990,101
MLC Limited	3,342	-	6,121	256
NULIS Nominees (Australia) Limited	584,761	0.85	1,071,120	46,796
AUSMAQ Systems Limited	-	-	-	-
Cash Fund				
2016				
Masterkey Investment Services	63,140,967	64.87	62,637,323	666,514
NULIS Nominees (Australia) Limited	297	-	297	4
Platinum Global Fund	1,282,433	1.32	1,282,433	62,992
G J Mulcahy	3,349	-	3,351	233
J J Mulcahy	162	-	162	7
2015				
Masterkey Investment Services	49,936,370	58.05	49,958,842	802,338
NULIS Nominees (Australia) Limited	297	-	297	4
Platinum Global Fund	4,007,797	4.66	4,009,600	69,035
G J Mulcahy	3,273	-	3,274	343
J J Mulcahy	428	-	428	10
Global Share Fund				
2016				
Masterkey Investment Services	7,876,278	17.67	12,655,178	1,725,980
MLC Limited	1,641	-	2,637	348
MLC Wholesale Global Share Fund	19,655,960	44.09	31,582,133	4,171,876
NULIS Nominees (Australia) Limited	107,470	0.24	172,678	26,277
2015				
Masterkey Investment Services	7,650,786	14.08	14,286,424	153,781
MLC Limited	1,425	-	2,661	28
MLC Wholesale Global Share Fund	30,591,653	56.31	57,124,238	608,409
NULIS Nominees (Australia) Limited	120,807	0.22	225,586	2,428
Horizon 7 Accelerated Growth Portfolio				
2016				
Masterkey Investment Services	10,708,611	52.37	10,969,294	1,039,596
NULIS Nominees (Australia) Limited	40,818	0.20	41,812	4,327
2015				
Masterkey Investment Services	10,080,331	51.38	11,928,861	264,105
NULIS Nominees (Australia) Limited	-	-	-	1,735
Australian Share Growth Style Fund				
2016				
Masterkey Investment Services	4,603,540	58.50	5,479,142	198,358
2015				
Masterkey Investment Services	4,705,177	57.94	5,980,220	227,871
Australian Share Value Style Fund				
2016				
Masterkey Investment Services	4,139,725	44.84	4,014,686	183,402
NULIS Nominees (Australia) Limited	67,677	0.73	65,633	2,985
2015				
Masterkey Investment Services	5,025,243	47.78	5,264,769	183,402
NULIS Nominees (Australia) Limited	132,160	1.26	138,460	6,093
Global Share Value Style Fund				
2016				
Masterkey Investment Services	2,981,243	59.24	3,326,718	53,086
NULIS Nominees (Australia) Limited	50,324	1.00	56,156	906
2015				
Masterkey Investment Services	4,059,742	64.03	4,819,756	33,290
NULIS Nominees (Australia) Limited	154,433	2.44	183,344	1,266

NOTE 8 - RELATED PARTIES (continued)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of units held	Interest held in the Scheme %	Fair value of investment \$	Distributions received \$
Horizon 1 Bond Portfolio				
2016				
Masterkey Investment Services	2,437,822	100.00	2,453,330	29,238
2015				
Masterkey Investment Services	3,392,474	100.00	3,419,597	28,555
Global Share Growth Style Fund				
2016				
Masterkey Investment Services	1,036,414	61.05	1,323,406	218,266
2015				
Masterkey Investment Services	978,841	70.00	1,464,446	31,323

NOTE 9 - FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives, Policies and Processes

The Schemes' activities expose them to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity price risk), liquidity and cash flow risk. The Schemes' overall risk management programme is aligned to the investment strategy of each Scheme as detailed in their Constitution and Product Disclosure Statement. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Schemes' financial performance. The Responsible Entity monitors the risk management framework, which is performed internally and reported on a quarterly basis. Certain Schemes may use derivative financial instruments to moderate certain risk exposures.

(b) Credit Risk

The Schemes take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Cash Fund and IncomeBuilder are the only Schemes with significant concentrations of exposure to counterparties as at 31 May 2016. Their concentrations are all held with authorised deposit-taking institutions. There is no exposure to an individual counterparty in excess of 29% of the net assets attributable to unitholders at 31 May 2016 (2015: not in excess of 24%).

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Schemes restrict their exposure to credit losses on trading derivative instruments by entering into master netting arrangements with counterparties (approved brokers). The credit risk associated with contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, there is the opportunity to settle outstandings on a net basis.

The Schemes minimise their exposure to credit risk on cash equivalents by only holding instruments with top-tier financial institutions.

In accordance with the Schemes' mandates, the Schemes' credit positions are monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis. Credit quality of debt instruments is managed using Standard & Poor's rating categories, in accordance with the investment mandates of the Schemes.

The carrying amounts of financial assets best represent the maximum credit risk exposures at the year end date. The tables below show the credit quality by class of asset for debt instruments.

Cash Fund

2016

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	70,401	3,988	-	74,389
Cash securities	17,144	-	-	17,144
Total	87,545	3,988	-	91,533

2015

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	60,348	6,976	-	67,324
Cash securities	12,031	-	-	12,031
Total	72,379	6,976	-	79,355

Income Builder

2016

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	48,921	-	-	48,921
Cash securities	30,996	-	-	30,996
Total	79,917	-	-	79,917

2015

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	82,671	-	-	82,671
Cash securities	16,822	-	-	16,822
Total	99,493	-	-	99,493

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(c) Financial Assets and Liabilities Held for Trading

Financial assets and financial liabilities for the Platinum Global Fund are presented on a gross basis in the Statements of Financial Position as there is not an enforceable legal right to offset the recognised amounts. In the normal course of business, the Scheme also enters into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as default on contracts.

Offsetting Financial Assets and Financial Liabilities

	2016			2015		
	Amounts not offset		Net amount	Amounts not offset		Net amount
	Other financial instruments	Cash collateral		Other financial instruments	Cash collateral	
Platinum Global Fund	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Foreign Exchange Forward Contracts	1,198	-	1,198	4,084	-	4,084
Options	25,984	3,999	29,983	67,579	8,161	75,740
Futures Contracts	-	-	-	-	-	-
Closing balance	27,182	3,999	31,181	71,663	8,161	79,824
Financial liabilities						
Foreign Exchange Forward Contracts	(3,054)	-	(3,054)	(3,807)	-	(3,807)
Options	-	-	-	-	-	-
Futures Contracts	(4,115)	-	(4,115)	(1,460)	-	(1,460)
Closing balance	(7,169)	-	(7,169)	(5,267)	-	(5,267)

(d) Market Risk

(i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate due to changes in foreign exchange rates.

The Schemes are exposed to foreign currency risk as a result of investments in financial instruments denominated in foreign currencies. Certain Schemes may enter into foreign currency contracts designed to either hedge some or all of this exposure, or alternatively increase exposure to preferred foreign currencies.

The reasonably possible change in currency rates as disclosed in this note are based on an analysis of the past 10 year volatility in various relevant exchange rates.

The following table summarises the Platinum Global Fund's direct exposure to foreign currency risk on their monetary assets and liabilities net of any applied foreign currency hedges at 31 May 2016. The analysis calculates the effect on the Statements of Profit or Loss and Other Comprehensive Income of the reasonably possible change in currency rate against the Australian dollar with all other variables held constant.

Platinum Global Fund

Currency	2016				2015			
	Change in currency rate		Effect on net profit attributable to unitholders \$'000		Change in currency rate		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
CAD	4%	-6%	495	(742)	6%	-6%	1,330	(1,330)
EUR	8%	-6%	13,607	(10,205)	6%	-6%	2,353	(2,353)
HKD	11%	-12%	11,990	(13,081)	12%	-10%	19,044	(15,870)
KRW	8%	-7%	822	(719)	8%	-9%	1,780	(2,002)
USD	10%	-12%	35,673	(42,808)	11%	-10%	81,990	(74,536)
INR	6%	-9%	3,312	(4,968)	6%	-10%	3,798	(6,330)
MYR	5%	-6%	494	(593)	5%	-6%	513	(616)
NOK	3%	-5%	1,726	(2,877)	4%	-6%	2,255	(3,383)
JPY	17%	-8%	7,519	(3,539)	16%	-8%	2,490	(1,245)
GBP	7%	-7%	2,800	(2,800)	8%	-7%	304	(266)
SEK	7%	-4%	1,506	(861)	6%	-4%	1,387	(925)
CHF	8%	-8%	588	(588)	8%	-8%	1,114	(1,114)
Other*	9%	-9%	1	(1)	9%	-9%	1,140	(1,140)
Total			80,533	(83,782)			119,498	(111,110)

* Composed of monetary items denominated in various different currencies, the fair value of which do not individually exceed 2% of the net assets attributable to unitholders at 31 May 2016.

(ii) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Schemes interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The Schemes are exposed to varying levels of interest rate risk as a result of differences in their investment strategies. The risk focused investment process actively assesses the level of interest rate risk and seeks to manage the interest rate exposure accordingly.

The changes in interest rates as disclosed in this note are based on assumed fluctuations in interest rates on floating rate financial assets. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(ii) Interest Rate Risk (continued)

The following tables demonstrate the sensitivity of the Schemes' financial assets designated as held at fair value through profit or loss contained in the Statements of Financial Position to a reasonably possible change in interest rates on discount securities.

Cash Fund

	2016				2015			
	Change in interest rate (basis points)		Effect on net profit attributable to unitholders \$'000		Change in interest rate (basis points)		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
AUD	100	(100)	(61)	61	100	(100)	(78)	78

IncomeBuilder

	2016				2015			
	Change in interest rate (basis points)		Effect on net profit attributable to unitholders \$'000		Change in interest rate (basis points)		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
AUD	100	(100)	(42)	42	100	(100)	(154)	154

(iii) Equity and other price risk

Equity and other price risk is the risk that the fair value of equities and unit prices decrease as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market.

To mitigate the impact of equity and other price risk the investment process ensures there is diversification of equity exposures within the Schemes.

Changes in price as disclosed in this note are based on an analysis of the yearly change in relevant market indices over the last 10 years. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

The effect on the Statements of Profit or Loss and Other Comprehensive Income due to reasonably possible changes in market factors, as represented by the equity indices, with all other variables held constant are indicated in the following tables:

IncomeBuilder

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	603,948	(348,431)	28%	-15%	726,734	(389,322)
Fixed interest	7%	-7%	3,201	(3,201)	7%	-7%	5,786	(5,787)
Total			607,149	(351,632)			732,520	(395,109)

Horizon 4 Balanced Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	134,639	(77,677)	28%	-15%	160,864	(86,177)
International equities	26%	-14%	125,954	(67,741)	26%	-14%	139,738	(75,243)
Property equities	34%	-26%	22,768	(17,411)	34%	-26%	25,259	(19,316)
Fixed interest	7%	-7%	31,702	(31,702)	7%	-7%	37,622	(37,622)
Total			315,063	(194,531)			363,483	(218,358)

Platinum Global Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	228,593	(122,942)	26%	-14%	293,407	(157,988)
Total			228,593	(122,942)			293,407	(157,988)

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and other price risk (continued)

Horizon 3 Conservative Growth Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	46,711	(26,949)	28%	-15%	47,851	(25,634)
International equities	26%	-14%	48,928	(26,314)	26%	-14%	46,541	(25,061)
Property equities	34%	-26%	8,750	(6,691)	34%	-26%	8,323	(6,365)
Fixed interest	7%	-7%	26,871	(26,871)	7%	-7%	27,342	(27,342)
Total			131,260	(86,825)			130,057	(84,402)

Horizon 5 Growth Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	54,528	(31,458)	28%	-15%	58,400	(31,286)
International equities	26%	-14%	56,035	(30,137)	26%	-14%	55,728	(30,007)
Property equities	34%	-26%	7,939	(6,071)	34%	-26%	7,896	(6,038)
Fixed interest	7%	-7%	6,098	(6,098)	7%	-7%	6,487	(6,487)
Total			124,600	(73,764)			128,511	(73,818)

Share Index Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	78,284	(45,164)	28%	-15%	93,157	(49,906)
Total			78,284	(45,164)			93,157	(49,906)

Horizon 6 Share Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	31,418	(18,126)	28%	-15%	34,937	(18,716)
International equities	26%	-14%	39,082	(21,019)	26%	-14%	40,354	(21,729)
Property equities	34%	-26%	1,997	(1,527)	34%	-26%	2,062	(1,577)
Total			72,497	(40,672)			77,353	(42,022)

Horizon 2 Income Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	4,270	(2,463)	28%	-15%	5,195	(2,783)
International equities	26%	-14%	1,779	(957)	26%	-14%	2,010	(1,082)
Property equities	34%	-26%	6,058	(4,632)	34%	-26%	6,845	(5,234)
Fixed interest	7%	-7%	6,091	(6,091)	7%	-7%	7,362	(7,362)
Total			18,198	(14,143)			21,412	(16,461)

Property Securities Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Property equities	34%	-26%	39,161	(29,947)	34%	-26%	38,651	(29,557)
Total			39,161	(29,947)			38,651	(29,557)

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and other price risk (continued)

Australian Share Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	29,082	(16,778)	28%	-15%	34,591	(18,531)
Total			29,082	(16,778)			34,591	(18,531)

Global Share Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	18,561	(9,983)	26%	-14%	26,012	(14,007)
Total			18,561	(9,983)			26,012	(14,007)

Horizon 7 Accelerated Growth Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	2,282	(1,317)	28%	-15%	2,660	(1,425)
International equities	26%	-14%	3,116	(1,676)	26%	-14%	3,373	(1,816)
Total			5,398	(2,993)			6,033	(3,241)

Australian Share Growth Style Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders Whole Dollars \$		Change in price		Effect on net profit attributable to unitholders Whole Dollars \$	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	2,412,701	(1,391,943)	28%	-15%	2,837,555	(1,520,119)
Total			2,412,701	(1,391,943)			2,837,555	(1,520,119)

Australian Share Value Style Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders Whole Dollars \$		Change in price		Effect on net profit attributable to unitholders Whole Dollars \$	
	+	-	+	-	+	-	+	-
Australian equities	26%	-15%	2,307,955	(1,331,512)	28%	-15%	3,016,762	(1,616,123)
Total			2,307,955	(1,331,512)			3,016,762	(1,616,123)

Global Share Value Style Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders Whole Dollars \$		Change in price		Effect on net profit attributable to unitholders Whole Dollars \$	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	1,446,976	(778,213)	26%	-14%	1,909,404	(1,028,141)
Total			1,446,976	(778,213)			1,909,404	(1,028,141)

Horizon 1 Bond Portfolio

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders Whole Dollars \$		Change in price		Effect on net profit attributable to unitholders Whole Dollars \$	
	+	-	+	-	+	-	+	-
Fixed interest	7%	-7%	158,972	(158,972)	7%	-7%	236,904	(236,904)
Total			158,972	(158,972)			236,904	(236,904)

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and other price risk (continued)

Global Share Growth Style Fund

Category	2016				2015			
	Change in price		Effect on net profit attributable to unitholders Whole Dollars \$		Change in price		Effect on net profit attributable to unitholders Whole Dollars \$	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	558,923	(300,600)	26%	-14%	533,201	(287,108)
Total			558,923	(300,600)			533,201	(287,108)

(e) Liquidity and Cash Flow Risk

The Schemes are exposed to daily cash redemptions of redeemable units. Therefore, they invest the majority of their assets either in unlisted schemes with daily redemptions, or in investments that are readily disposed of in an active market, which under normal market conditions are readily convertible to cash.

Net assets attributable to unitholders are repayable on demand, subject to redemption freeze provisions. In addition the Schemes' policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

In accordance with the Schemes' policies, the Schemes' liquidity position is monitored on a daily basis, and the Responsible Entity reviews this on a quarterly basis.

The Schemes' liabilities are expected to be settled within less than one month, except for amounts owing to the Responsible Entity which are expected to be settled within one to three months.

(f) Derivatives

The Schemes' derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

As at 31 May 2016, the overall direct market exposures were as follows:

Platinum Global Fund

	31 May 2016		31 May 2015	
	Contract amount \$'000	Fair value \$'000	Contract amount \$'000	Fair value \$'000
Derivative instruments held for trading:				
- Futures Contracts	(115,776)	(4,115)	(102,767)	(1,460)
- Foreign Exchange Forward Contracts	(3,300)	(1,856)	(163)	277
- Options	23,347	25,984	43,067	67,579
	(95,729)	20,013	(59,863)	66,396

(g) Fair value of financial instruments

The Schemes' financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table details how the fair values of these financial assets and financial liabilities are determined in particular, the valuation techniques applied where valuation techniques involve the use of non-market observable inputs.

Financial assets / (financial liabilities)	Fair Value Hierarchy	Valuation Techniques
Interest bearing securities	2	Valued by sourcing appropriate yield curves based on credit rating, security type and term to maturity.
Unlisted managed investment funds	2	Valued at redemption price as established by the Responsible Entity of the underlying trust.
Options	2	Valued from independent valuations based on observable market data provided by pricing vendors, using option pricing models.
Foreign Exchange Forward Contracts	2	Valued based on observable market data i.e broker quoted prices.
Unlisted equities (suspended/stale priced)	3	Valued based on last available price at the date of delisting.

All Schemes, except listed separately below, invest only in unlisted managed investment schemes which are classified as level 2, and there have been no transfers between level during the year.

Cash Fund

Financial Instruments	2016			2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing securities	-	74,389	-	4,000	63,324	-
Total	-	74,389	-	4,000	63,324	-

There have been no transfers between the levels during the year.

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value of financial instruments (continued)

IncomeBuilder

Financial Instruments	2016			2015		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	2,322,876	-	-	2,595,478	-	-
Interest bearing securities	-	48,921	-	-	82,671	-
Total	2,322,876	48,921	-	2,595,478	82,671	-

* Level 3 for the years ended 31 May 2016 and 31 May 2015 contain investments in BGP Holdings PLC, Virgin Australia International Holdings Pty Ltd and AET & D Holdings No 1 Pty Ltd which have nil market values. These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are nil, there is no impact to their fair value.

There have been no movements into or out of Level 2 and Level 3 for the year ended 31 May 2016 or 31 May 2015.

Platinum Global Fund

Financial Instruments	2016			2015		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	851,059	6,975	-	1,045,855	15,051	-
Unlisted equity securities	-	-	325	-	325	-
Interest bearing securities	-	830	-	-	861	-
Foreign Exchange Forward Contracts	-	(1,856)	-	-	277	-
Futures Contracts	(4,115)	-	-	(1,460)	-	-
Options	-	25,984	-	5,096	62,483	-
Total	846,944	31,933	325	1,049,491	78,997	-

* Level 3 for the years ended 31 May 2016 and 31 May 2015 contain stale priced investments in the Smith Investment Company with nil market value. These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are nil, there is no impact to their fair value.

* Vantage Goldfield Delisted moved from Level 2 to Level 3 for the year ended 31 May 2016, as the stated price has remained at \$0.05 per unit from the delisting on 9 December 2014. There has been no unrealised gains/(losses) from the transfer from level 2 to level 3. The market value for this investment is not significant to the Scheme hence no sensitivity analysis has been stated in the notes to the financial report.

NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating profit/(loss)	(177,229)	336,374	(30,076)	192,642	(78,507)	257,593	(6,025)	66,635
Income reinvested	-	-	(228,360)	(23,899)	-	-	(87,555)	(10,043)
Changes in the fair value of investments	256,928	(258,277)	166,482	(126,924)	74,079	(266,640)	60,130	(46,069)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	-	(507)	67,602	(67,602)	1,953	341	21,504	(21,504)
(Increase)/decrease in other receivables	(453)	(2)	1	(1)	(14)	7	2	(2)
(Decrease)/increase in other accounts payable	(2,063)	275	(1,178)	238	(988)	(128)	(428)	169
Net cash provided by/(used in) operating activities	77,183	77,863	(25,529)	(25,546)	(3,477)	(8,827)	(12,372)	(10,814)
(b) Cash and cash equivalents								

For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash at bank	13,503	29,401	3,755	9,159	8,314	10,113	2,760	3,892
Cash on deposit - domestic	30,996	16,822	6	6	4,492	40,322	2	2
Cash on deposit - overseas	-	-	-	-	71,675	21,259	-	-
Futures margin	-	-	-	-	9,971	764	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-	1,282	4,010	-	-
	44,499	46,223	3,761	9,165	95,734	76,468	2,762	3,894

(c) Non-cash financing and investing activities

Distributions to unitholders	293,081	45,434	137,874	4,380	213,958	-	55,172	1,824
	293,081	45,434	137,874	4,380	213,958	-	55,172	1,824

NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating profit/(loss)	(12,356)	68,639	(13,674)	27,523	(7,700)	41,611	291	11,758
Income reinvested	(81,610)	(6,790)	(18,742)	(9,045)	(47,377)	(2,986)	(9,488)	(2,848)
Changes in the fair value of investments	65,079	(49,157)	22,934	(17,281)	39,542	(31,670)	4,448	(8,027)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	20,832	(20,833)	5,636	(5,634)	11,330	(11,330)	2,942	(2,942)
(Increase)/decrease in other receivables	(1)	(1)	-	-	-	-	-	-
(Decrease)/increase in other accounts payable	(319)	87	(176)	(11)	(195)	40	(92)	(11)
Net cash provided by/(used in) operating activities	(8,375)	(8,055)	(4,022)	(4,448)	(4,400)	(4,335)	(1,899)	(2,070)

(b) Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash at bank	1,176	2,877	520	5,809	612	1,796	531	1,332
Cash on deposit - domestic	2	1	-	-	1	1	-	-
Cash on deposit - overseas	-	-	-	-	-	-	-	-
Futures margin	-	-	-	-	-	-	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-	-	-	-	-
	1,178	2,878	520	5,809	613	1,797	531	1,332

(c) Non-cash financing and investing activities

Distributions to unitholders	51,125	795	14,587	3,342	29,104	-	3,954	822
	51,125	795	14,587	3,342	29,104	-	3,954	822

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating profit/(loss)	14,268	26,429	(2,872)	11,898	1,138	1,417	(1,402)	21,472
Income reinvested	(7,062)	(4,330)	(13,231)	(3,092)	-	-	(16,923)	(10)
Changes in the fair value of investments	(10,139)	(22,337)	9,547	(6,334)	-	-	14,721	(20,815)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	1,357	(1,358)	4,668	(4,668)	-	-	2,182	(2,182)
(Increase)/decrease in other receivables	-	-	-	-	39	10	-	-
(Decrease)/increase in other accounts payable	(28)	5	(82)	(17)	(52)	(8)	(90)	11
Net cash provided by/(used in) operating activities	(1,604)	(1,591)	(1,970)	(2,213)	1,125	1,419	(1,512)	(1,524)
(b) Cash and cash equivalents								

For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash at bank	549	1,170	303	1,806	5,089	6,196	304	462
Cash on deposit - domestic	-	-	-	-	17,422	12,362	-	-
Cash on deposit - overseas	-	-	-	-	-	-	-	-
Futures margin	-	-	-	-	517	517	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-	-	-	-	-
	549	1,170	303	1,806	23,028	19,075	304	462

NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

(c) Non-cash financing and investing activities

Distributions to unitholders	3,030	1,722	7,170	1,074	981	1,027	9,109	-
	3,030	1,722	7,170	1,074	981	1,027	9,109	-

	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$

(a) Reconciliation of operating profit to net cash flows from operating activities

Net operating profit/(loss)	(1,068)	4,009	(342,468)	779,770	(448,471)	1,085,740	(344,703)	1,164,016
Income reinvested	(3,308)	-	(827,255)	(243,537)	(975,999)	(269,163)	(353,293)	-
Changes in the fair value of investments	3,092	(3,418)	681,759	(381,103)	853,402	(592,046)	433,865	(1,110,010)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	948	(948)	330,689	(330,689)	413,870	(413,870)	166,627	(166,627)
(Increase)/decrease in other receivables	-	1	19	(47)	29	(6)	14	(25)
(Decrease)/increase in other accounts payable	(15)	2	(6,377)	(4,903)	(8,132)	(974)	(6,139)	(1,874)
Net cash provided by/(used in) operating activities	(351)	(354)	(163,633)	(180,509)	(165,301)	(190,319)	(103,629)	(114,520)

(b) Cash and cash equivalents

For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash at bank	198	334	94,309	152,317	84,920	206,781	54,537	79,317
Cash on deposit - domestic	-	-	-	-	-	-	-	-
Cash on deposit - overseas	-	-	-	-	-	-	-	-
Futures margin	-	-	-	-	-	-	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-	-	-	-	-
	198	334	94,309	152,317	84,920	206,781	54,537	79,317

(c) Non-cash financing and investing activities

Distributions to unitholders	2,095	-	505,499	92,943	553,952	95,402	87,715	-
	2,095	-	505,499	92,943	553,952	95,402	87,715	-

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	2016	2015	2016	2015
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$

(a) Reconciliation of operating profit to net cash flows from operating activities

Net operating profit/(loss)	25,274	65,380	22,339	499,534
Income reinvested	(93,445)	(68,093)	(570,459)	-
Changes in the fair value of investments	4,200	(35,294)	459,528	(478,350)
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in distribution receivables	20,831	(20,831)	53,044	(53,044)
(Increase)/decrease in other receivables	4	(4)	(5)	(7)
(Decrease)/increase in other accounts payable	(2,559)	(1,239)	(1,300)	(10,545)
Net cash provided by/(used in) operating activities	(45,695)	(60,081)	(36,853)	(42,412)

NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	2016	2015	2016	2015
	Whole	Whole	Whole	Whole
	Dollars \$	Dollars \$	Dollars \$	Dollars \$
(b) Cash and cash equivalents				
For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:				
Cash at bank	25,539	30,007	19,658	35,799
Cash on deposit - domestic	-	-	-	-
Cash on deposit - overseas	-	-	-	-
Futures margin	-	-	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-
	25,539	30,007	19,658	35,799

(c) Non-cash financing and investing activities

Distributions to unitholders	31,604	13,771	306,763	-
	31,604	13,771	306,763	-

NOTE 11 - CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	IncomeBuilder		Platinum Global Fund	
	2016	2015	2016	2015
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$
Net changes in fair value on financial assets through profit or loss				
Held for trading	66	(92)	1,242	55,293
Designated at fair value through profit or loss	(256,994)	258,369	(75,321)	211,347
	(256,928)	258,277	(74,079)	266,640

The changes in fair value relate to instruments designated at fair value through profit or loss for all other Schemes.

NOTE 12 - EVENTS OCCURRING AFTER THE BALANCE DATE

There has not arisen in the interval between the year end and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to significantly affect the operations of the Schemes, the results of those operations, or the state of affairs of the Schemes, in future financial years.

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

The Schemes had no known commitments or contingent liabilities as at 31 May 2016 (2015: Nil).

Directors' declaration

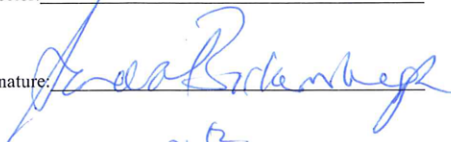
In the opinion of the Directors of MLC Investments Limited, the Responsible Entity of the Schemes:

The financial statements and notes set out on pages 6 to 44, are in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the financial positions of the Schemes as at 31 May 2016 and of their performance for the year ended on that date;
- (b) complying with Accounting Standards and Corporations Regulations 2001;
- (c) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable; and
- (d) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

This declaration is made in accordance with a resolution of the Directors.

Director: SANDRA BIRKENSLEIGH

Signature: 

Dated at Sydney this 26th day of July 2016

Independent auditor's report to the unitholders of MLC Masterkey Unit Trust:

MLC MasterKey Unit Trust Accelerated Growth Portfolio	MLC MasterKey Unit Trust Share Portfolio
MLC MasterKey Unit Trust Growth Portfolio	MLC MasterKey Unit Trust Balanced Portfolio
MLC MasterKey Unit Trust Conservative Growth Portfolio	MLC MasterKey Unit Trust Income Portfolio
MLC MasterKey Unit Trust Cash Fund	MLC MasterKey Unit Trust Property Securities Fund
MLC MasterKey Unit Trust IncomeBuilder™	MLC MasterKey Unit Trust Share Index Fund
MLC MasterKey Unit Trust Australian Share Fund	MLC MasterKey Unit Trust Global Share Fund
MLC MasterKey Unit Trust MLC - Platinum Global Fund	MLC MasterKey Unit Trust Australian Share Growth Style Fund
MLC MasterKey Unit Trust Australian Share Value Style Fund	MLC MasterKey Unit Trust Global Share Growth Style Fund
MLC MasterKey Unit Trust Global Share Value Style Fund	MLC MasterKey Unit Trust Bond Portfolio

We have audited the accompanying financial report of MLC MasterKey Unit Trust consisting of the schemes listed above (the 'Schemes'), which comprises the statements of financial position as at 31 May 2016, the statements of profit or loss and other comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

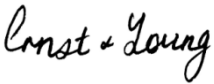
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

Opinion

In our opinion:

- a. the financial report of the Schemes is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Schemes' financial position as at 31 May 2016 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).



Ernst & Young



Rita Da Silva
Partner
26 July 2016

Your notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



**For more information call MLC
from anywhere in Australia
on 132 652 or contact your
financial adviser.**

Postal address

PO Box 200
North Sydney NSW 2059

Registered office

Ground Floor, MLC Building
105–153 Miller Street
North Sydney NSW 2060

mlc.com.au

a NAB company

