



MLC MasterKey Unit Trust

Financial Report

For the year ended 31 May 2017

Preparation date
15 September 2017

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 2017 for MLC MasterKey Unit Trust.

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

Yours sincerely,

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

Kathy Vincent
General Manager
Retail Super & Investments

MLC MasterKey Unit Trust

Financial Report

For the year ended 31 May 2017

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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 2017 and the independent audit report thereon.

The Schemes are disclosed in the Masterkey Product Disclosure Statement and therefore they are presented together in this financial report and related notes in accordance with Class Order 10/654.

Directors of the Responsible Entity

The names of the persons who were Directors of MLC Investments Limited during or since the year ended 31 May 2017 are as follows:

Name	Appointment/Resignation Date
S C Birkenleigh	Appointed 9 September 2015/Resigned 3 October 2016
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

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 (2016: 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 Statements.

Distributions

The distributions for the year ended 31 May 2017 were as follows

	\$'000	c/unit
IncomeBuilder	160,978	17.19
Horizon 4 Balanced Portfolio	48,560	3.76
Platinum Global Fund	49,151	10.41
Horizon 3 Conservative Growth Portfolio	22,892	2.33
Horizon 5 Growth Portfolio	15,142	3.55
Share Index Fund	64,465	55.48
Horizon 6 Share Portfolio	9,161	3.29
Horizon 2 Income Portfolio	2,534	2.35
Property Securities Fund	3,662	3.30
Australian Share Fund	6,868	11.43
Global Share Fund	1,110	4.83
Horizon 7 Accelerated Growth Portfolio	697	3.64

	Whole Dollars \$	c/unit
Australian Share Growth Style Fund	429,579	6.24
Australian Share Value Style Fund	400,283	4.78
Global Share Value Style Fund	84,413	1.97
Horizon 1 Bond Portfolio	38,342	1.63
Global Share Growth Style Fund	61,761	3.81

	\$'000	Annualised % rate
Cash Fund	702	0.71

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

During the year, the Schemes' Constitutions which are eligible to elect into the Attribution Managed Investment Trust Regime were amended to allow election in when the Responsible Entity has determined that it is in the best interests of the investors of those relevant Schemes.

In the opinion of the Responsible Entity, there were no other significant changes in the state of affairs of the Schemes that occurred during the year end 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 6.

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 2017 are detailed in Note 8(h) and Note 8(i) to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 31 May 2017 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 2017. 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 Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, and in accordance with that Corporations Instrument, 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: P. W.

Signature: P. W.

Dated at Sydney this 10th day of August 2017



Building a better
working world

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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 2017, 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 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

Ernst & Young

Darren Handley-Greaves

Partner

10 August 2017

MLC MasterKey Unit Trust
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May 2017

		IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	Notes	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investment income									
Dividend and distribution income	2, 8(h)	115,775	123,420	89,214	160,953	18,981	18,503	43,295	66,136
Interest income		1,294	2,756	42	59	191	467	40	42
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss	11	148,746	(255,377)	100,959	(166,482)	146,711	(72,372)	36,961	(60,130)
Total investment income		265,815	(129,201)	190,215	(5,470)	165,883	(53,402)	80,296	6,048
Expenses									
Responsible Entity's fees	8(e)	47,036	46,472	28,519	24,605	20,347	23,396	15,153	12,073
Performance fees		-	-	-	1	-	-	-	-
Other expenses		1,200	1,556	-	-	1,449	1,709	-	-
Total operating expenses		48,236	48,028	28,519	24,606	21,796	25,105	15,153	12,073
Net operating profit/(loss)		217,579	(177,229)	161,696	(30,076)	144,087	(78,507)	65,143	(6,025)
Financing costs									
Distributions	4	160,978	157,472	48,560	101,556	49,151	101,614	22,892	41,356
Net profit/(loss)		56,601	(334,701)	113,136	(131,632)	94,936	(180,121)	42,251	(47,381)
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		56,601	(334,701)	113,136	(131,632)	94,936	(180,121)	42,251	(47,381)

		Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	Notes	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investment income									
Dividend and distribution income	2, 8(h)	27,664	60,860	53,857	13,108	16,205	36,090	4,643	6,545
Interest income		22	27	9	11	11	14	7	11
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss	11	36,113	(65,079)	(23,595)	(22,934)	22,326	(39,542)	1,757	(4,448)
Total investment income		63,799	(4,192)	30,271	(9,815)	38,542	(3,438)	6,407	2,108
Expenses									
Responsible Entity's fees	8(e)	8,625	8,164	3,736	3,859	4,477	4,262	1,547	1,817
Other expenses		-	-	1	-	-	-	-	-
Total operating expenses		8,625	8,164	3,737	3,859	4,477	4,262	1,547	1,817
Net operating profit/(loss)		55,174	(12,356)	26,534	(13,674)	34,065	(7,700)	4,860	291
Financing costs									
Distributions	4	15,142	38,980	64,465	12,946	9,161	23,335	2,534	3,919
Net profit/(loss)		40,032	(51,336)	(37,931)	(26,620)	24,904	(31,035)	2,326	(3,628)
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		40,032	(51,336)	(37,931)	(26,620)	24,904	(31,035)	2,326	(3,628)

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 2017

		Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	Notes	2017	2016	2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income									
Dividend and distribution income	2, 8(h)	5,235	5,706	13,290	8,565	-	-	2,546	14,742
Interest income		5	7	5	8	183	2,206	3	5
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss	11	(1,485)	10,139	(1,301)	(9,547)	1,540	-	2,440	(14,721)
Total investment income		3,755	15,852	11,994	(974)	1,723	2,206	4,989	26
Expenses									
Responsible Entity's fees	8(e)	1,587	1,584	1,828	1,898	1,052	1,064	696	1,428
Other expenses		-	-	-	-	-	4	-	-
Total operating expenses		1,587	1,584	1,828	1,898	1,052	1,068	696	1,428
Net operating profit/(loss)		2,168	14,268	10,166	(2,872)	671	1,138	4,293	(1,402)
Financing costs									
Distributions	4	3,662	3,829	6,868	5,528	702	1,123	1,110	9,664
Net (loss)/profit		(1,494)	10,439	3,298	(8,400)	(31)	15	3,183	(11,066)
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		(1,494)	10,439	3,298	(8,400)	(31)	15	3,183	(11,066)

		Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	Notes	2017	2016	2017	2016	2017	2016	2017	2016
		\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Investment income									
Dividend and distribution income	2, 8(h)	1,041	2,360	577,240	496,565	547,900	562,129	166,546	186,666
Interest income		8	3	985	1,306	898	1,313	586	858
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss	11	2,747	(3,092)	424,491	(681,759)	483,927	(853,402)	643,226	(433,865)
Total investment income		3,796	(729)	1,002,716	(183,888)	1,032,725	(289,960)	810,358	(246,341)
Expenses									
Responsible Entity's fees	8(e)	350	339	148,082	158,578	148,517	158,482	83,065	98,338
Other expenses		-	-	34	2	20	29	18	24
Total operating expenses		350	339	148,116	158,580	148,537	158,511	83,083	98,362
Net operating profit/(loss)		3,446	(1,068)	854,600	(342,468)	884,188	(448,471)	727,275	(344,703)
Financing costs									
Distributions	4	697	1,995	429,579	339,787	400,283	405,939	84,413	89,691
Net profit/(loss)		2,749	(3,063)	425,021	(682,255)	483,905	(854,410)	642,862	(434,394)
Other comprehensive income		-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders		2,749	(3,063)	425,021	(682,255)	483,905	(854,410)	642,862	(434,394)

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 2017

		Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
		2017 Whole	2016 Whole	2017 Whole	2016 Whole
	Notes	Dollars \$	Dollars \$	Dollars \$	Dollars \$
Investment income					
Dividend and distribution income	2, 8(h)	68,597	72,614	104,007	517,414
Interest income		317	499	288	434
Changes in the fair value of financial assets and liabilities designated at fair value through profit or loss	11	<u>169</u>	<u>(4,200)</u>	<u>273,599</u>	<u>(459,528)</u>
Total investment income		<u>69,083</u>	<u>68,913</u>	<u>377,894</u>	<u>58,320</u>
 Expenses					
Responsible Entity's fees	8(e)	35,532	43,537	35,835	35,973
Other expenses		<u>18</u>	<u>102</u>	<u>6</u>	<u>8</u>
Total operating expenses		<u>35,550</u>	<u>43,639</u>	<u>35,841</u>	<u>35,981</u>
Net operating profit/(loss)		<u>33,533</u>	<u>25,274</u>	<u>342,053</u>	<u>22,339</u>
 Financing costs					
Distributions	4	<u>38,342</u>	<u>29,239</u>	<u>61,761</u>	<u>353,664</u>
Net (loss)/profit		<u>(4,809)</u>	<u>(3,965)</u>	<u>280,292</u>	<u>(331,325)</u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets attributable to unitholders		<u>(4,809)</u>	<u>(3,965)</u>	<u>280,292</u>	<u>(331,325)</u>

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 2017

		IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	Notes	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets									
Cash and cash equivalents	10(b)	51,968	44,499	2,954	3,761	109,502	95,734	4,030	2,762
Receivables	6	26,876	22,228	2,679	8	5,487	10,741	955	4
Financial assets designated at fair value through profit or loss	5	2,385,978	2,371,797	1,932,349	1,553,686	885,158	859,189	1,044,698	804,203
Financial assets held for trading	9(c)	-	-	-	-	7,961	27,182	-	-
Total assets		<u>2,464,822</u>	<u>2,438,524</u>	<u>1,937,982</u>	<u>1,557,455</u>	<u>1,008,108</u>	<u>992,846</u>	<u>1,049,683</u>	<u>806,969</u>
Liabilities									
Accounts payable and accrued expenses	7	3,754	1,365	2,759	1,021	3,693	2,286	1,034	522
Financial liabilities held for trading	9(c)	-	-	-	-	7,144	7,169	-	-
Total liabilities excluding net assets attributable to unitholders		<u>3,754</u>	<u>1,365</u>	<u>2,759</u>	<u>1,021</u>	<u>10,837</u>	<u>9,455</u>	<u>1,034</u>	<u>522</u>
Net assets attributable to unitholders		<u>2,461,068</u>	<u>2,437,159</u>	<u>1,935,223</u>	<u>1,556,434</u>	<u>997,271</u>	<u>983,391</u>	<u>1,048,649</u>	<u>806,447</u>
		Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets									
Cash and cash equivalents	10(b)	1,912	1,178	664	520	1,452	613	562	531
Receivables	6	586	4	269	2	292	2	118	2
Financial assets designated at fair value through profit or loss	5	568,960	541,777	261,203	301,092	300,328	277,027	124,146	134,161
Total assets		<u>571,458</u>	<u>542,959</u>	<u>262,136</u>	<u>301,614</u>	<u>302,072</u>	<u>277,642</u>	<u>124,826</u>	<u>134,694</u>
Liabilities									
Accounts payable and accrued expenses	7	564	373	226	180	303	177	98	66
Total liabilities excluding net assets attributable to unitholders		<u>564</u>	<u>373</u>	<u>226</u>	<u>180</u>	<u>303</u>	<u>177</u>	<u>98</u>	<u>66</u>
Net assets attributable to unitholders		<u>570,894</u>	<u>542,586</u>	<u>261,910</u>	<u>301,434</u>	<u>301,769</u>	<u>277,465</u>	<u>124,728</u>	<u>134,628</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 2017

	Notes	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Assets									
Cash and cash equivalents	10(b)	384	549	530	303	13,070	23,028	145	304
Receivables	6	118	2	131	2	84	11	76	2
Financial assets designated at fair value through profit or loss	5	<u>104,333</u>	<u>115,180</u>	<u>108,722</u>	<u>111,854</u>	<u>90,781</u>	<u>74,389</u>	<u>42,036</u>	<u>71,390</u>
Total assets		<u>104,835</u>	<u>115,731</u>	<u>109,383</u>	<u>112,159</u>	<u>103,935</u>	<u>97,428</u>	<u>42,257</u>	<u>71,696</u>
Liabilities									
Accounts payable and accrued expenses	7	<u>96</u>	<u>98</u>	<u>117</u>	<u>83</u>	<u>66</u>	<u>31</u>	<u>64</u>	<u>63</u>
Total liabilities excluding net assets attributable to unitholders		<u>96</u>	<u>98</u>	<u>117</u>	<u>83</u>	<u>66</u>	<u>31</u>	<u>64</u>	<u>63</u>
Net assets attributable to unitholders		<u>104,739</u>	<u>115,633</u>	<u>109,266</u>	<u>112,076</u>	<u>103,869</u>	<u>97,397</u>	<u>42,193</u>	<u>71,633</u>

	Notes	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
		2017 \$'000	2016 \$'000	2017 Whole Dollars \$	2016 Whole Dollars \$	2017 Whole Dollars \$	2016 Whole Dollars \$	2017 Whole Dollars \$	2016 Whole Dollars \$
Assets									
Cash and cash equivalents	10(b)	237	198	104,072	94,309	87,891	84,920	60,196	54,537
Receivables	6	24	1	11,315	572	10,888	578	2,726	377
Financial assets designated at fair value through profit or loss	5	<u>22,666</u>	<u>20,762</u>	<u>8,596,351</u>	<u>9,279,620</u>	<u>8,528,576</u>	<u>8,876,749</u>	<u>5,410,064</u>	<u>5,565,292</u>
Total assets		<u>22,927</u>	<u>20,961</u>	<u>8,711,738</u>	<u>9,374,501</u>	<u>8,627,355</u>	<u>8,962,247</u>	<u>5,472,986</u>	<u>5,620,206</u>
Liabilities									
Accounts payable and accrued expenses	7	<u>24</u>	<u>14</u>	<u>9,481</u>	<u>9,060</u>	<u>9,322</u>	<u>8,122</u>	<u>5,614</u>	<u>4,390</u>
Total liabilities excluding net assets attributable to unitholders		<u>24</u>	<u>14</u>	<u>9,481</u>	<u>9,060</u>	<u>9,322</u>	<u>8,122</u>	<u>5,614</u>	<u>4,390</u>
Net assets attributable to unitholders		<u>22,903</u>	<u>20,947</u>	<u>8,702,257</u>	<u>9,365,441</u>	<u>8,618,033</u>	<u>8,954,125</u>	<u>5,467,372</u>	<u>5,615,816</u>

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

	Notes	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
		2017 Whole Dollars \$	2016 Whole Dollars \$	2017 Whole Dollars \$	2016 Whole Dollars \$
Assets					
Cash and cash equivalents	10(b)	43,703	25,539	26,292	19,658
Receivables	6	3,700	313	3,621	120
Financial assets designated at fair value through profit or loss	5	<u>2,337,355</u>	<u>2,429,283</u>	<u>2,375,308</u>	<u>2,149,702</u>
Total assets		<u>2,384,758</u>	<u>2,455,135</u>	<u>2,405,221</u>	<u>2,169,480</u>
Liabilities					
Accounts payable and accrued expenses	7	<u>3,158</u>	<u>1,805</u>	<u>3,624</u>	<u>1,620</u>
Total liabilities excluding net assets attributable to unitholders		<u>3,158</u>	<u>1,805</u>	<u>3,624</u>	<u>1,620</u>
Net assets attributable to unitholders		<u>2,381,600</u>	<u>2,453,330</u>	<u>2,401,597</u>	<u>2,167,860</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 2017

	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 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
Applications	245,706	96,917	399,173	289,848	56,045	28,302	291,571	291,391
Redemptions	(278,398)	(110,309)	(133,520)	(96,836)	(137,101)	(72,936)	(91,620)	(91,568)
Change in net assets attributable to unitholders	56,601	-	113,136	-	94,936	-	42,251	-
Balance at 31 May 2017	2,461,068	974,460	1,935,223	1,320,445	997,271	492,024	1,048,649	1,005,799

	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 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
Applications	91,478	72,524	43,940	21,495	32,074	32,658	10,868	9,456
Redemptions	(103,202)	(81,840)	(45,533)	(19,244)	(32,674)	(34,137)	(23,094)	(20,199)
Change in net assets attributable to unitholders	40,032	-	(37,931)	-	24,904	-	2,326	-
Balance at 31 May 2017	570,894	437,416	261,910	133,426	301,769	286,462	124,728	108,324

	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 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
Applications	3,665	3,831	7,028	3,941	129,461	129,463	2,658	1,560
Redemptions	(13,065)	(13,824)	(13,136)	(7,444)	(122,958)	(122,959)	(35,281)	(22,710)
Change in net assets attributable to unitholders	(1,494)	-	3,298	-	(31)	-	3,183	-
Balance at 31 May 2017	104,739	111,582	109,266	61,932	103,869	103,845	42,193	23,432

No. = number of units issued

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 2017

	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 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
Applications	1,688	1,538	684,217	542,566	367,107	359,157	112,072	92,536
Redemptions	(2,481)	(2,325)	(1,772,422)	(1,434,721)	(1,187,104)	(1,170,792)	(905,754)	(794,886)
Change in net assets attributable to unitholders	2,749	-	425,021	-	483,905	-	642,862	-
Balance at 31 May 2017	22,903	19,660	8,702,257	6,976,628	8,618,033	8,421,370	5,464,996	4,329,975

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	Whole Dollars \$	No.	Whole Dollars \$	No.
Net assets attributable to unitholders				
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
Applications	479,601	474,324	173,783	129,999
Redemptions	(546,522)	(540,530)	(220,338)	(173,663)
Change in net assets attributable to unitholders	(4,809)	-	280,292	-
Balance at 31 May 2017	2,381,600	2,371,617	2,401,597	1,654,305

No. = number of units issued

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 2017

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Dividend and distribution income received	118,043	122,974	-	196	19,038	20,455	-	85
Interest received	1,306	2,748	44	60	219	458	41	44
Responsible Entity's fees paid	(48,824)	(48,535)	(29,452)	(25,693)	(22,058)	(24,387)	(15,592)	(12,462)
Performance fees paid	-	-	-	(91)	-	-	-	(39)
Other expenses paid	(1,200)	(1,555)	(1)	(1)	(1,455)	(1,710)	-	-
Net cash provided by/(used in) operating activities	10(a) 69,325	75,632	(29,409)	(25,529)	(4,256)	(5,184)	(15,551)	(12,372)
Cash flows from investing activities								
Proceeds from sale of investments	601,687	695,600	355,094	596,460	485,367	546,776	179,684	164,852
Purchases of investments	(469,807)	(645,768)	(543,586)	(364,555)	(335,979)	(378,441)	(339,924)	(176,654)
Net cash provided by/(used in) investing activities	131,880	49,832	(188,492)	231,905	149,388	168,335	(160,240)	(11,802)
Cash flows from financing activities								
Applications received	97,802	164,213	354,276	101,446	13,441	23,718	269,405	86,311
Redemptions paid	(278,398)	(265,838)	(133,520)	(297,680)	(137,101)	(133,693)	(91,620)	(60,719)
Distributions paid	(13,140)	(25,563)	(3,662)	(15,546)	(6,548)	(35,581)	(726)	(2,550)
Net cash (used in)/provided by financing activities	(193,736)	(127,188)	217,094	(211,780)	(130,208)	(145,556)	177,059	23,042
Net increase/(decrease) in cash and cash equivalents	7,469	(1,724)	(807)	(5,404)	14,924	17,595	1,268	(1,132)
Cash and cash equivalents at the beginning of the financial year	44,499	46,223	3,761	9,165	95,734	76,468	2,762	3,894
Effects of exchange rate changes on cash	-	-	-	-	(1,156)	1,671	-	-
Cash and cash equivalents at end of financial year	10(b) 51,968	44,499	2,954	3,761	109,502	95,734	4,030	2,762

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 2017

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities								
Dividend and distribution income received	-	82	-	-	-	44	-	-
Interest received	23	26	8	14	10	14	7	10
Responsible Entity's fees paid	(8,983)	(8,481)	(3,956)	(4,036)	(4,641)	(4,439)	(1,632)	(1,909)
Performance fees paid	-	(35)	-	-	-	(19)	-	-
Other expenses paid	(34)	33	-	-	-	-	-	-
Net cash provided by/(used in) operating activities	(8,994)	(8,375)	(3,948)	(4,022)	(4,631)	(4,400)	(1,625)	(1,899)
10(a)								
Cash flows from investing activities								
Proceeds from sale of investments	122,791	151,175	71,649	28,640	33,691	68,995	34,143	51,623
Purchases of investments	(86,198)	(137,614)	(1,499)	(1,218)	(18,460)	(52,141)	(17,727)	(29,151)
Net cash provided by/(used in) investing activities	36,593	13,561	70,150	27,422	15,231	16,854	16,416	22,472
Cash flows from financing activities								
Applications received	77,299	41,020	5,508	9,042	23,578	16,244	9,160	10,176
Redemptions paid	(103,202)	(44,164)	(45,533)	(27,274)	(32,674)	(27,306)	(23,094)	(29,607)
Distributions paid	(962)	(3,742)	(26,033)	(10,457)	(665)	(2,576)	(826)	(1,943)
Net cash provided by/(used in) financing activities	(26,865)	(6,886)	(66,058)	(28,689)	(9,761)	(13,638)	(14,760)	(21,374)
Net increase/(decrease) in cash and cash equivalents	734	(1,700)	144	(5,289)	839	(1,184)	31	(801)
Cash and cash equivalents at the beginning of the financial year	1,178	2,878	520	5,809	613	1,797	531	1,332
Cash and cash equivalents at end of financial year	1,912	1,178	664	520	1,452	613	562	531
10(b)								

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 2017

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from operating activities								
Interest received	5	7	6	9	185	2,245	3	5
Responsible Entity's fees paid	(1,680)	(1,636)	(1,923)	(1,979)	(1,092)	(1,097)	(770)	(1,516)
Other expenses paid	(25)	25	-	-	-	(23)	-	(1)
Net cash provided by/(used in) operating activities	10(a) (1,700)	(1,604)	(1,917)	(1,970)	(907)	1,125	(767)	(1,512)
Cash flows from investing activities								
Proceeds from sale of investments	14,597	15,700	15,119	15,368	358,063	350,110	35,581	31,180
Purchases of investments	-	-	-	-	(372,917)	(357,174)	(1,240)	(320)
Net cash provided by/(used in) investing activities	14,597	15,700	15,119	15,368	(14,854)	(7,064)	34,341	30,860
Cash flows from financing activities								
Applications received	1,446	1,248	1,920	2,823	129,463	252,978	1,835	2,030
Redemptions paid	(13,065)	(13,947)	(13,136)	(15,290)	(122,958)	(242,647)	(35,281)	(29,890)
Distributions paid	(1,443)	(2,018)	(1,759)	(2,434)	(702)	(439)	(287)	(1,647)
Net cash (used in)/provided by financing activities	(13,062)	(14,717)	(12,975)	(14,901)	5,803	9,892	(33,733)	(29,507)
Net increase/(decrease) in cash and cash equivalents	(165)	(621)	227	(1,503)	(9,958)	3,953	(159)	(159)
Cash and cash equivalents at the beginning of the financial year	549	1,170	303	1,806	23,028	19,075	304	463
Cash and cash equivalents at end of financial year	10(b) 384	549	530	303	13,070	23,028	145	304

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 2017

	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Cash flows from operating activities								
Dividend and distribution income received	7	-	-	-	-	-	-	-
Interest received	2	3	1,014	1,324	926	1,341	613	871
Responsible Entity's fees paid	(363)	(354)	(158,449)	(164,947)	(157,654)	(166,614)	(81,842)	(104,446)
Other expenses paid	-	-	(17)	(10)	(20)	(28)	(18)	(54)
Net cash provided by/(used in) operating activities	10(a) (354)	(351)	(157,452)	(163,633)	(156,748)	(165,301)	(81,247)	(103,629)
Cash flows from investing activities								
Proceeds from sale of investments	2,351	2,100	1,834,999	1,000,001	1,479,999	2,020,000	965,002	1,758,000
Purchases of investments	(467)	(170)	(150,000)	-	(100,000)	-	-	(60,000)
Net cash provided by/(used in) investing activities	1,884	1,930	1,684,999	1,000,001	1,379,999	2,020,000	965,002	1,698,000
Cash flows from financing activities								
Applications received	1,106	992	324,955	150,941	69,263	139,106	54,709	260,373
Redemptions paid	(2,481)	(2,293)	(1,772,422)	(929,263)	(1,187,104)	(1,902,941)	(905,754)	(1,825,555)
Distributions paid	(116)	(415)	(70,317)	(116,054)	(102,439)	(212,725)	(27,051)	(53,969)
Net cash provided by/(used in) financing activities	(1,491)	(1,716)	(1,517,784)	(894,376)	(1,220,280)	(1,976,560)	(878,096)	(1,619,151)
Net (decrease)/increase in cash and cash equivalents	39	(137)	9,763	(58,008)	2,971	(121,861)	5,659	(24,780)
Cash and cash equivalents at the beginning of the financial year	198	335	94,309	152,317	84,920	206,781	54,537	79,317
Cash and cash equivalents at end of financial year	10(b) 237	198	104,072	94,309	87,891	84,920	60,196	54,537

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

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	2017 Whole Dollars \$	2016 Whole Dollars \$	2017 Whole Dollars \$	2016 Whole Dollars \$
Cash flows from operating activities				
Interest received	326	503	295	430
Responsible Entity's fees paid	(37,569)	(46,099)	(37,340)	(37,270)
Other expenses paid	(23)	(99)	(4)	(13)
Net cash provided by/(used in) operating activities	10(a) <u>(37,266)</u>	<u>(45,695)</u>	<u>(37,049)</u>	<u>(36,853)</u>
Cash flows from investing activities				
Proceeds from sale of investments	676,793	1,224,398	192,000	261,000
Purchases of investments	(516,100)	(180,100)	(40,000)	(249,000)
Net cash provided by/(used in) investing activities	<u>160,693</u>	<u>1,044,298</u>	<u>152,000</u>	<u>12,000</u>
Cash flows from financing activities				
Applications received	453,157	256,864	125,875	319,347
Redemptions paid	(546,522)	(1,250,769)	(220,338)	(218,987)
Distributions paid	(11,898)	(9,166)	(13,854)	(91,648)
Net cash provided by/(used in) financing activities	<u>(105,263)</u>	<u>(1,003,071)</u>	<u>(108,317)</u>	<u>8,712</u>
Net increase/(decrease) in cash and cash equivalents	18,164	(4,468)	6,634	(16,141)
Cash and cash equivalents at the beginning of the financial year	<u>25,539</u>	<u>30,007</u>	<u>19,658</u>	<u>35,799</u>
Cash and cash equivalents at end of financial year	10(b) <u>43,703</u>	<u>25,539</u>	<u>26,292</u>	<u>19,658</u>

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 2017 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 10 August 2017.

(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 ('IASB').

(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 designated at fair value through profit and loss and held for trading, that have been measured at fair value through profit and loss.

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, as they are expected to be recovered or settled within twelve months, except for financial assets and liabilities designated at fair value through profit and loss 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 prices for the units of the Schemes are 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 designated 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 and liabilities designated at fair value through profit or loss are included in the Statements of Profit or Loss and Other Comprehensive Income in the year 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.

Financial assets and liabilities held for trading are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(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 Schemes 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets and liabilities held for trading (continued)

(iii) Warrants

The current fair value of a warrant is valued at the last sale price. In the case of domestic warrants, 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.

(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 designated at fair value 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 liabilities designated 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 and liabilities 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 at call 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 a 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'.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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 Schemes for their investment allocations in the 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.

(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 since the last distribution day on 31 May 2017 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 that comprise 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 financial year, 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 2016, the Schemes have adopted the following Australian Accounting Standard:

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 Statements of Profit or Loss and Other Comprehensive Income and the Statements 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 did not impact the Schemes' financial position or performance and became effective for the annual periods beginning on or after 1 January 2016 and therefore applied to the Schemes from 1 June 2016.

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 year ended 31 May 2017. 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 and liabilities 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 15 Revenue from Contracts with Customers

This standard requires an entity to measure revenue from contracts with customers at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. AASB15 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 15 as permitted by the standard. The application of the standard is still being assessed, but it is expected that it will have no significant changes to the Schemes' current financial instruments.

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 is detailed in the table below:

	IncomeBuilder		Platinum Global Fund	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Dividend/Scheme distribution income:				
Listed equities and unit trusts	<u>115,775</u>	123,420	<u>18,981</u>	18,503
	<u>115,775</u>	123,420	<u>18,981</u>	18,503

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 (2016: \$11,000) per Scheme for audit and review of the financial reports, and \$2,374 (2016: \$2,374) per Scheme for Compliance plan audits. The Schemes listed in the table below have an additional cost for the Specified Assertions audit of their direct investments.

	Cash Fund		IncomeBuilder		Platinum Global Fund	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Auditor of the Scheme:						
Other assurance engagements	<u>1,250</u>	1,250	<u>5,250</u>	5,750	<u>2,250</u>	2,750
	<u>1,250</u>	1,250	<u>5,250</u>	5,750	<u>2,250</u>	2,750

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
2017								
August	13,235	1.38	921	0.07	-	-	487	0.05
November	19,240	2.03	392	0.03	-	-	-	-
February	14,849	1.58	130	0.01	-	-	97	0.01
May	<u>113,654</u>	<u>12.20</u>	<u>47,117</u>	<u>3.65</u>	<u>49,151</u>	<u>10.41</u>	<u>22,308</u>	<u>2.27</u>
	<u>160,978</u>	<u>17.19</u>	<u>48,560</u>	<u>3.76</u>	<u>49,151</u>	<u>10.41</u>	<u>22,892</u>	<u>2.33</u>
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>
	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
2017								
August	-	-	1,441	1.15	-	-	228	0.20
November	43	0.01	2,026	1.66	-	-	66	0.06
February	46	0.01	2,234	1.88	-	-	120	0.11
May	<u>15,053</u>	<u>3.53</u>	<u>58,764</u>	<u>50.79</u>	<u>9,161</u>	<u>3.29</u>	<u>2,120</u>	<u>1.98</u>
	<u>15,142</u>	<u>3.55</u>	<u>64,465</u>	<u>55.48</u>	<u>9,161</u>	<u>3.29</u>	<u>2,534</u>	<u>2.35</u>
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>

NOTE 4 - DISTRIBUTIONS (continued)

	Property Securities Fund		Australian Share Fund		Global Share Fund		Horizon 7 Accelerated Growth Portfolio	
	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit
2017								
August	427	0.36	349	0.55	-	-	-	-
November	-	-	539	0.87	-	-	-	-
February	281	0.25	286	0.47	-	-	-	-
May	2,954	2.69	5,694	9.54	1,110	4.83	697	3.64
	<u>3,662</u>	<u>3.30</u>	<u>6,868</u>	<u>11.43</u>	<u>1,110</u>	<u>4.83</u>	<u>697</u>	<u>3.64</u>
2016								
August	594	0.46	61	0.09	-	-	-	-
November	867	0.69	897	1.35	-	-	-	-
February	394	0.32	662	1.01	-	-	-	-
May	1,974	1.64	3,908	6.13	9,664	24.45	1,995	10.60
	<u>3,829</u>	<u>3.11</u>	<u>5,528</u>	<u>8.58</u>	<u>9,664</u>	<u>24.45</u>	<u>1,995</u>	<u>10.60</u>

	Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund		Horizon 1 Bond Portfolio	
	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit
2017								
August	34,830	0.46	37,297	0.41	-	-	3,651	0.14
November	50,743	0.70	41,227	0.47	-	-	-	-
February	26,209	0.38	35,983	0.42	-	-	-	-
May	317,797	4.70	285,776	3.48	84,413	1.97	34,691	1.49
	<u>429,579</u>	<u>6.24</u>	<u>400,283</u>	<u>4.78</u>	<u>84,413</u>	<u>1.97</u>	<u>38,342</u>	<u>1.63</u>
2016								
August	-	-	28,646	0.28	-	-	4,476	0.14
November	77,389	0.98	67,988	0.72	-	-	1,768	0.06
February	49,205	0.63	55,973	0.61	-	-	-	-
May	213,193	2.76	253,332	2.80	89,691	1.80	22,995	0.95
	<u>339,787</u>	<u>4.37</u>	<u>405,939</u>	<u>4.41</u>	<u>89,691</u>	<u>1.80</u>	<u>29,239</u>	<u>1.15</u>

	Global Share Growth Style Fund		Cash Fund	
	Whole Dollars \$	c/unit	\$'000	c/unit
2017				
August	-	-	244	0.96
November	-	-	157	0.62
February	-	-	146	0.61
May	61,761	3.81	155	0.64
	<u>61,761</u>	<u>3.81</u>	<u>702</u>	<u>0.71</u>
2016				
August	-	-	256	1.00
November	-	-	273	1.02
February	-	-	288	1.14
May	353,664	23.83	306	1.13
	<u>353,664</u>	<u>23.83</u>	<u>1,123</u>	<u>1.07</u>

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

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money market securities								
Money market securities	35,909	48,921	-	-	-	-	-	-
Listed equities								
Shares and units listed on a stock exchange	2,349,912	2,322,876	-	-	878,609	858,034	-	-
Unlisted equities								
Shares and units not listed on a stock exchange	157	-	-	-	325	325	-	-
Fixed Interest Securities								
Fixed Interest Securities	-	-	-	-	6,224	830	-	-
Unlisted managed investment schemes	-	-	1,932,349	1,553,686	-	-	1,044,698	804,203
Total financial assets designated at fair value through profit or loss	2,385,978	2,371,797	1,932,349	1,553,686	885,158	859,189	1,044,698	804,203
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unlisted managed investment schemes	568,960	541,777	261,203	301,092	300,328	277,027	124,146	134,161
Total financial assets designated at fair value through profit or loss	568,960	541,777	261,203	301,092	300,328	277,027	124,146	134,161
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money market securities								
Money market securities	-	-	-	-	90,781	74,389	-	-
Unlisted managed investment schemes	104,333	115,180	108,722	111,854	-	-	42,036	71,390
Total financial assets designated at fair value through profit or loss	104,333	115,180	108,722	111,854	90,781	74,389	42,036	71,390
	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	Whole	Whole	Whole	Whole	Whole	Whole	Whole	Whole
	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$
Unlisted managed investment schemes	22,666	20,762	8,596,351	9,279,620	8,528,576	8,876,749	5,410,064	5,565,292
Total financial assets designated at fair value through profit or loss	22,666	20,762	8,596,351	9,279,620	8,528,576	8,876,749	5,410,064	5,565,292
	Horizon 1 Bond Portfolio		Global Share Growth Style Fund					
	2017	2016	2017	2016				
	Whole	Whole	Whole	Whole				
	Dollars \$	Dollars \$	Dollars \$	Dollars \$				
Unlisted managed investment schemes	2,337,355	2,429,283	2,375,308	2,149,702				
Total financial assets designated at fair value through profit or loss	2,337,355	2,429,283	2,375,308	2,149,702				

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	3,599	-	-	-	669	7,669	-	-
Amounts owing from Responsible Entity	3,327	-	2,672	-	1,824	-	951	-
Distribution receivables	19,936	22,205	-	-	2,975	3,032	-	-
Other receivables	14	23	7	8	19	40	4	4
	26,876	22,228	2,679	8	5,487	10,741	955	4
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts owing from Responsible Entity	581	-	266	-	291	-	117	-
Other receivables	5	4	3	2	1	2	1	2
	586	4	269	2	292	2	118	2
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts owing from Responsible Entity	115	-	130	-	75	-	75	-
Other receivables	3	2	1	2	9	11	1	2
	118	2	131	2	84	11	76	2
	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Amounts owing from Responsible Entity	23	-	10,772	-	10,338	-	2,377	-
Other receivables	1	1	543	572	550	578	349	377
	24	1	11,315	572	10,888	578	2,726	377
	Horizon 1 Bond Portfolio		Global Share Growth Style Fund					
	2017	2016	2017	2016				
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$				
Amounts owing from Responsible Entity	3,396	-	3,508	-				
Other receivables	304	313	113	120				
	3,700	313	3,621	120				

NOTE 7 - ACCOUNTS PAYABLE & ACCRUED EXPENSES

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	851	-	-	-	2,278	983	-	-
Amounts owing to Responsible Entity	2,903	1,365	2,759	1,020	1,415	1,303	1,034	522
Other payables	-	-	-	1	-	-	-	-
	3,754	1,365	2,759	1,021	3,693	2,286	1,034	522

NOTE 7 - ACCOUNTS PAYABLE & ACCRUED EXPENSES (continued)

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
Amounts owing to Responsible Entity	564	341	226	180	303	177	98	66
Other payables	-	32	-	-	-	-	-	-
	564	373	226	180	303	177	98	66
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts owing to Responsible Entity	96	73	117	83	66	31	64	63
Other payables	-	25	-	-	-	-	-	-
	96	98	117	83	66	31	64	63
	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Amounts owing to Responsible Entity	24	14	9,465	9,060	9,322	8,122	7,990	4,390
Other payables	-	-	16	-	-	-	-	-
	24	14	9,481	9,060	9,322	8,122	7,990	4,390
	Horizon 1 Bond Portfolio		Global Share Growth Style Fund					
	2017	2016	2017	2016				
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$				
Amounts owing to Responsible Entity	3,158	1,799	3,622	1,620				
Other payables	-	6	2	-				
	3,158	1,805	3,624	1,620				

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 holding company is National Wealth Management Services Limited ABN 97 071 514 264 and the ultimate parent company is National Australia Bank Limited ABN 12 004 044 937.

The Responsible Entity is incorporated and domiciled in Australia.

(b) Key management personnel

Directors

The names of the 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/Resigned 3 October 2016
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
C M Keating	Appointed 5 December 2016
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

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 parties.

NOTE 8 - RELATED PARTIES (continued)

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

The net amount of payables/(receivables) to MLC Investments Limited by the Schemes at balance date are shown in the table below. A net receivable balance reflects a GST receivable balance larger than any management fees payable to the Responsible Entity.

	2017	2016
	\$	\$
IncomeBuilder	(423,135)	1,364,830
Horizon 4 Balanced Portfolio	86,384	1,020,271
Platinum Global Fund	(408,739)	1,302,525
Horizon 3 Conservative Growth Portfolio	83,001	522,448
Horizon 5 Growth Portfolio	(17,504)	340,867
Share Index Fund	(39,845)	180,094
Horizon 6 Share Portfolio	12,599	176,548
Horizon 2 Income Portfolio	(18,274)	66,464
Property Securities Fund	(19,069)	73,359
Australian Share Fund	(11,350)	83,221
Cash Fund	(9,423)	30,732
Global Share Fund	(10,848)	62,636
Horizon 7 Accelerated Growth Portfolio	993	14,345
Australian Share Growth Style Fund	(1,307)	9,060
Australian Share Value Style Fund	(1,016)	8,122
Global Share Value Style Fund	5,614	4,390
Horizon 1 Bond Portfolio	(238)	1,799
Global Share Growth Style Fund	114	1,620

(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:

	2017	2016
	\$	\$
IncomeBuilder	47,035,608	46,471,536
Horizon 4 Balanced Portfolio	28,518,542	24,604,702
Platinum Global Fund	20,346,821	23,395,595
Horizon 3 Conservative Growth Portfolio	15,152,522	12,072,797
Horizon 5 Growth Portfolio	8,625,338	8,164,303
Share Index Fund	3,736,288	3,859,318
Horizon 6 Share Portfolio	4,476,691	4,262,355
Horizon 2 Income Portfolio	1,546,927	1,816,741
Property Securities Fund	1,587,302	1,583,606
Australian Share Fund	1,828,192	1,897,622
Cash Fund	1,052,273	1,063,704
Global Share Fund	696,403	1,427,761
Horizon 7 Accelerated Growth Portfolio	350,007	339,201
Australian Share Growth Style Fund	148,082	158,578
Australian Share Value Style Fund	148,517	158,482
Global Share Value Style Fund	83,065	98,338
Horizon 1 Bond Portfolio	35,532	43,537
Global Share Growth Style Fund	35,835	35,973

(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 (2016: 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, 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.

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/Entity %	Fair value of investment \$	Distributions/ Dividends received \$
IncomeBuilder				
2017				
National Australia Bank Limited	<u>6,135,722</u>	<u>0.26</u>	<u>184,685,232</u>	<u>9,705,077</u>
2016				
National Australia Bank Limited	<u>6,588,815</u>	<u>0.25</u>	<u>178,886,327</u>	<u>12,852,428</u>
Horizon 4 Balanced Portfolio				
2017				
Antares Enhanced Cash Trust	63,509,994	0.78	65,669,525	1,152,789
Low Correlation Strategy Trust	48,730,089	4.97	56,481,545	-
WM Pool - Australian Equities Trust No.2	2,211,509	2.37	160,753,102	6,260,007
WM Pool - Equities Trust No. 47	1,714,285	8.73	206,068,519	17,835,773
WM Pool - Equities Trust No. 59	1,063,667	8.73	112,327,008	3,606,612
WM Pool - Equities Trust No. 73	550,429	9.95	55,701,180	929,998
WM Pool - Fixed Interest Trust No. 23	-	-	-	1,453,806
WM Pool - Fixed Interest Trust No. 5	340,873	1.26	37,777,070	1,213,108
WM Pool - Fixed Interest Trust No. 24	908,098	6.83	92,519,787	354,069
WM Pool - Global Properties Trust	662,490	5.95	76,018,983	2,054
WM Pool - Inflation Linked Securities Trust	47,988,412	2.59	56,561,781	1,447,652
WM Pool - LTAR Part 1 NS Trust	1,114,525	15.62	96,860,199	5,763,885
WM Sector - Australian Equities Trust	3,506,400	7.84	378,217,902	25,442,238
WM Sector - Diversified Debt (All) Trust	1,595,956	4.08	162,700,715	7,451,491
WM Sector - Global Equities (Hedged) Trust	1,422,463	13.89	148,003,873	2,591,941
WM Sector - Global Equities (Unhedged) Trust	<u>1,717,533</u>	<u>3.44</u>	<u>226,687,956</u>	<u>13,708,086</u>
	<u>177,036,723</u>		<u>1,932,349,145</u>	<u>89,213,509</u>
2016				
Antares Enhanced Cash Trust	56,920,276	0.81	58,502,318	795,262
Low Correlation Strategy Trust	43,367,470	4.56	48,762,643	194,839
WM Pool - Australian Equities Trust No.2	1,909,797	2.28	130,335,772	400,035
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	<u>1,427,660</u>	<u>2.77</u>	<u>171,424,539</u>	<u>35,398,125</u>
	<u>114,974,005</u>		<u>1,553,685,981</u>	<u>160,952,413</u>
Platinum Global Fund				
2017				
MasterKey Unit Trust Cash Fund	<u>863,282</u>	<u>0.83</u>	<u>863,316</u>	<u>6,909</u>
	<u>863,282</u>		<u>863,316</u>	<u>6,909</u>
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/Entity %	Fair value of investment \$	Distributions/ Dividends received \$
Horizon 3 Conservative Growth Portfolio				
2017				
Antares Enhanced Cash Trust	27,415,714	0.34	28,347,931	406,118
Low Correlation Strategy Trust	26,111,071	2.66	30,264,899	-
WM Pool - Australian Equities Trust No.2	790,886	0.85	57,488,980	2,170,638
WM Pool - Fixed Interest Trust No. 24	524,980	3.95	53,486,546	200,260
WM Pool - Inflation Linked Securities Trust	34,334,710	1.85	40,468,777	1,013,932
WM Pool - Equities Trust No. 47	558,428	2.84	67,126,746	5,809,997
WM Pool - Equities Trust No. 58	483,186	8.08	50,748,161	1,243,551
WM Pool - Equities Trust No. 59	475,465	3.90	50,210,819	1,612,183
WM Pool - Equities Trust No. 73	99,482	1.80	10,067,135	168,083
WM Pool - Fixed Interest Trust No. 23	-	-	-	1,000,844
WM Pool - Fixed Interest Trust No. 5	137,917	0.51	15,284,574	489,744
WM Pool - Global Properties Trust	263,728	2.37	30,262,094	818
WM Sector - Australian Equities Trust	1,236,221	2.76	133,345,012	8,925,774
WM Sector - Diversified Debt (All) Trust	910,023	2.33	92,772,821	4,150,771
WM Sector - Diversified Debt (Short) Trust	2,076,397	3.75	209,902,322	7,459,376
WM Sector - Global Equities (Hedged) Trust	432,920	4.23	45,044,265	788,845
WM Sector - Global Equities (Unhedged) Trust	984,034	1.97	129,877,328	7,853,834
	<u>96,835,162</u>		<u>1,044,698,410</u>	<u>43,294,768</u>
2016				
Antares Enhanced Cash Trust	13,769,860	0.20	14,152,580	812,505
Low Correlation Strategy Trust	20,277,307	2.13	22,799,926	85,187
WM Pool - Australian Equities Trust No.2	667,246	0.80	45,536,801	142,271
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>
Horizon 5 Growth Portfolio				
2017				
Antares Enhanced Cash Trust	5,171,589	0.06	5,347,439	116,558
WM Pool - Australian Equities Trust No.2	741,121	0.79	53,871,557	2,146,214
Low Correlation Strategy Trust	14,162,885	1.45	16,415,808	-
WM Pool - Inflation Linked Securities Trust	9,816,612	0.53	11,570,398	286,344
WM Pool - Equities Trust No. 47	483,701	2.46	58,144,115	5,032,526
WM Pool - Equities Trust No. 59	216,859	1.78	22,901,123	736,002
WM Pool - Equities Trust No. 73	112,912	2.04	11,426,207	183,486
WM Pool - Fixed Interest Trust No. 23	-	-	-	300,207
WM Pool - Fixed Interest Trust No. 24	165,165	1.24	16,827,483	64,356
WM Pool - Fixed Interest Trust No. 5	103,708	0.38	11,493,432	366,464
WM Pool - Global Properties Trust	198,999	1.79	22,834,644	643
WM Pool - LTAR Part 1 NS Trust	501,409	7.03	43,576,030	2,593,090
WM Sector - Australian Equities Trust	1,166,939	2.61	125,871,905	8,541,287
WM Sector - Diversified Debt (All) Trust	218,120	0.56	22,236,395	1,008,920
WM Sector - Global Equities (Hedged) Trust	574,388	5.61	59,763,665	1,046,621
WM Sector - Global Equities (Unhedged) Trust	656,739	1.31	86,679,500	5,241,611
	<u>34,291,146</u>		<u>568,959,701</u>	<u>27,664,329</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/Entity %	Fair value of investment \$	Distributions/ Dividends received \$
Horizon 5 Growth Portfolio (continued)				
2016				
Antares Enhanced Cash Trust	7,552,265	0.11	7,762,173	202,252
Low Correlation Strategy Trust	14,162,885	1.49	15,924,833	81,916
WM Pool - Australian Equities Trust No.2	774,479	0.92	52,855,006	153,344
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>
Share Index Fund				
2017				
WM Pool - Equities Trust No. 30	<u>232,258,986</u>	<u>20.99</u>	<u>261,203,566</u>	<u>53,856,926</u>
	<u>232,258,986</u>		<u>261,203,566</u>	<u>53,856,926</u>
2016				
WM Pool - Equities Trust No. 30	238,961,582	16.77	301,092,072	13,108,087
	<u>238,961,582</u>		<u>301,092,072</u>	<u>13,108,087</u>
Horizon 6 Share Portfolio				
2017				
Low Correlation Strategy Trust	5,021,846	0.51	5,820,583	-
WM Pool - Australian Equities Trust No.2	454,646	0.49	33,047,889	1,275,855
WM Pool - Equities Trust No. 47	251,607	1.28	30,244,877	2,715,428
WM Pool - Global Properties Trust	49,314	0.44	5,658,627	153
WM Pool - LTAR Part 1 NS Trust	344,344	4.83	29,925,972	1,780,813
WM Sector - Australian Equities Trust	736,795	1.65	79,474,439	5,338,613
WM Sector - Global Equities (Hedged) Trust	431,702	4.22	44,917,563	786,626
WM Sector - Global Equities (Unhedged) Trust	539,746	1.08	71,238,157	4,307,855
	<u>7,830,000</u>		<u>300,328,107</u>	<u>16,205,343</u>
2016				
Low Correlation Strategy Trust	5,021,846	0.53	5,646,594	43,663
WM Pool - Australian Equities Trust No.2	441,278	0.53	30,115,379	96,042
WM Pool - Equities Trust No. 37	-	-	-	249,759
WM Pool - Equities Trust No. 47	253,390	1.32	28,644,674	10,604,942
WM Pool - Global Properties Trust	54,926	0.79	5,885,391	485,124
WM Pool - LTAR Part 1 NS Trust	313,546	5.05	26,619,946	2,782,470
WM Sector - Australian Equities Trust	732,706	1.52	75,198,491	5,970,223
WM Sector - Global Equities (Hedged) Trust	463,024	4.83	40,104,251	2,474,415
WM Sector - Global Equities (Unhedged) Trust	539,766	1.05	64,811,788	13,383,240
	<u>7,820,482</u>		<u>277,026,514</u>	<u>36,089,878</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/Entity %	Fair value of investment \$	Distributions/ Dividends received \$
Horizon 2 Income Portfolio				
2017				
Antares Enhanced Cash Trust	13,965,476	0.17	14,440,344	246,993
MasterKey Unit Trust Incomebuilder	8,184,112	0.84	20,659,310	1,372,980
WM Pool - Equities Trust No. 58	59,470	0.99	6,246,044	153,342
WM Pool - Equities Trust No. 73	13,518	0.24	1,368,017	22,841
WM Pool - Fixed Interest Trust No. 17	61,724	0.58	6,310,148	196,604
WM Pool - Fixed Interest Trust No. 5	34,574	0.13	3,831,662	123,791
WM Pool - Fixed Interest Trust No. 23	-	-	-	201,266
WM Pool - Fixed Interest Trust No. 24	52,794	0.40	5,378,780	22,122
WM Pool - Inflation Linked Securities Trust	6,643,539	0.36	7,830,440	200,414
WM Pool - Global Properties Trust	43,705	0.39	5,015,056	135
WM Sector - Diversified Debt (All) Trust	23,543	0.06	2,400,085	109,564
WM Sector - Diversified Debt (Short) Trust	398,606	0.72	40,294,995	1,451,683
WM Sector - Global Equities (Hedged) Trust	12,753	0.12	1,326,926	23,238
WM Sector - Global Equities (Unhedged) Trust	49,810	0.10	6,574,097	397,543
WM Sector - Property Securities Trust	30,696	0.31	2,469,901	120,818
	<u>29,574,320</u>		<u>124,145,805</u>	<u>4,643,334</u>
2016				
Antares Enhanced Cash Trust	16,068,885	0.23	16,515,503	381,968
MasterKey Unit Trust Incomebuilder	9,189,479	0.93	22,662,606	1,382,478
WM Pool - Equities Trust No. 58	67,147	1.06	6,904,679	241,537
WM Pool - Equities Trust No. 73	19,946	0.63	2,005,629	35,842
WM Pool - Fixed Interest Trust No. 17	66,442	0.79	6,787,639	104,997
WM Pool - Fixed Interest Trust No. 23	133,172	0.68	13,420,538	555,934
WM Pool - Fixed Interest Trust No. 5	38,130	0.69	4,111,848	74,359
WM Pool - Global Properties Trust	43,704	0.63	4,682,939	386,611
WM Sector - Diversified Debt (All) Trust	22,475	0.08	2,328,942	232,410
WM Sector - Diversified Debt (Short) Trust	426,311	2.10	43,492,600	1,272,254
WM Sector - Global Equities (Hedged) Trust	18,647	0.19	1,615,107	99,651
WM Sector - Global Equities (Unhedged) Trust	60,380	0.12	7,250,016	1,497,084
WM Sector - Property Securities Trust	29,210	0.29	2,383,106	280,366
	<u>26,183,928</u>		<u>134,161,152</u>	<u>6,545,491</u>
Property Securities Fund				
2017				
WM Sector - Property Securities Trust	1,296,635	13.29	104,333,195	5,235,362
	<u>1,296,635</u>		<u>104,333,195</u>	<u>5,235,362</u>
2016				
WM Sector - Property Securities Trust	1,411,817	14.24	115,180,274	5,705,983
	<u>1,411,817</u>		<u>115,180,274</u>	<u>5,705,983</u>
Australian Share Fund				
2017				
WM Pool - Equities Trust No. 41	1,045,322	8.36	108,722,350	13,289,510
	<u>1,045,322</u>		<u>108,722,350</u>	<u>13,289,510</u>
2016				
WM Pool - Equities Trust No. 41	1,057,914	8.73	111,854,211	8,564,873
	<u>1,057,914</u>		<u>111,854,211</u>	<u>8,564,873</u>
Global Share Fund				
2017				
WM Sector - Global Equities (Unhedged) Trust	318,496	0.64	42,036,606	2,546,231
	<u>318,496</u>		<u>42,036,606</u>	<u>2,546,231</u>
2016				
WM Sector - Global Equities (Unhedged) Trust	594,552	1.15	71,390,090	14,741,620
	<u>594,552</u>		<u>71,390,090</u>	<u>14,741,620</u>
Horizon 7 Accelerated Growth Portfolio				
2017				
MLC Horizon 7 Trust	15,023,610	2.44	18,519,560	925,106
WM Pool - LTAR Part 1 NS Trust	11,732	0.16	1,019,574	60,672
WM Sector - Global Equities (Hedged) Trust	30,055	0.29	3,127,159	54,765
	<u>15,065,397</u>		<u>22,666,293</u>	<u>1,040,543</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/Entity %	Fair value of investment \$	Distributions/ Dividends received \$
Horizon 7 Accelerated Growth Portfolio (continued)				
2016				
MLC Horizon 7 Trust	15,549,129	2.65	16,876,636	2,079,923
WM Pool - LTAR Part 1 NS Trust	11,043	0.18	937,521	97,995
WM Sector - Global Equities (Hedged) Trust	34,032	0.36	2,947,614	181,867
	<u>15,594,204</u>		<u>20,761,771</u>	<u>2,359,785</u>
Australian Share Growth Style Fund				
2017				
WM Sector - Australian Equities Growth Trust	<u>67,400</u>	<u>18.25</u>	<u>8,596,351</u>	<u>577,240</u>
	<u>67,400</u>		<u>8,596,351</u>	<u>577,240</u>
2016				
WM Sector - Australian Equities Growth Trust	76,258	18.61	9,279,620	496,565
	<u>76,258</u>		<u>9,279,620</u>	<u>496,565</u>
Australian Share Value Style Fund				
2017				
WM Sector - Australian Equities Value Trust	<u>81,065</u>	<u>21.72</u>	<u>8,528,576</u>	<u>547,900</u>
	<u>81,065</u>		<u>8,528,576</u>	<u>547,900</u>
2016				
WM Sector - Australian Equities Value Trust	89,003	21.04	8,876,749	562,129
	<u>89,003</u>		<u>8,876,749</u>	<u>562,129</u>
Global Share Value Style Fund				
2017				
WM Sector - Global Equities Value Trust	<u>40,518</u>	<u>27.31</u>	<u>5,410,064</u>	<u>166,546</u>
	<u>40,518</u>		<u>5,410,064</u>	<u>166,546</u>
2016				
WM Sector - Global Equities Value Trust	47,176	26.72	5,565,292	186,666
	<u>47,176</u>		<u>5,565,292</u>	<u>186,666</u>
Horizon 1 Bond Portfolio				
2017				
Antares Enhanced Cash Trust	559,436	0.01	578,459	8,946
WM Pool - Fixed Interest Trust No. 17	2,295	0.02	234,580	7,332
WM Pool - Fixed Interest Trust No. 22	1,328	0.01	129,294	2,179
WM Pool - Fixed Interest Trust No. 5	1,473	0.01	163,215	5,374
WM Sector - Diversified Debt (Short) Trust	<u>12,185</u>	<u>0.02</u>	<u>1,231,807</u>	<u>44,766</u>
	<u>576,717</u>		<u>2,337,355</u>	<u>68,597</u>
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	<u>12,195</u>	<u>0.06</u>	<u>1,244,170</u>	<u>36,909</u>
	<u>597,886</u>		<u>2,429,283</u>	<u>72,614</u>
Global Share Growth Style Fund				
2017				
WM Sector - Global Equities Growth Trust	<u>15,058</u>	<u>8.43</u>	<u>2,375,308</u>	<u>104,007</u>
	<u>15,058</u>		<u>2,375,308</u>	<u>104,007</u>
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>

NOTE 8 - RELATED PARTIES (continued)

(h) Related party investments (continued)

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:

	Fair value of investment \$
Cash Fund	
2017	
Money Market Securities - National Australia Bank	8,000,000
2016	
Money Market Securities - National Australia Bank	27,604,940
IncomeBuilder	
2017	
Money Market Securities - National Australia Bank	22,945,621
2016	
Money Market Securities - National Australia Bank	13,966,698

(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 unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid \$
IncomeBuilder				
2017				
MasterKey Income Portfolio	8,184,112	0.84	20,669,560	1,012,977
Masterkey Investment Services	118,690,576	12.18	299,761,528	20,350,013
MLC Investment Trusts	250,382,147	25.69	632,357,999	29,796,456
MLC Limited	456,576,800	46.85	1,153,117,326	55,209,990
NULIS Nominees (Australia) Limited	-	-	-	49,113
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
Horizon 4 Balanced Portfolio				
2017				
Masterkey Investment Services	100,954,431	7.65	147,960,037	3,802,766
MLC Investment Trusts	984,353,344	74.55	1,442,680,181	36,117,719
NULIS Nominees (Australia) Limited	-	-	-	2,844
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
Platinum Global Fund				
2017				
Masterkey Investment Services	6,858,449	1.39	13,901,215	713,965
MLC Limited	147,654,645	30.01	299,277,401	14,729,024
MLC Super Fund	25,672,642	5.22	52,035,218	2,570,528
MLC Platinum Global Fund	46,398,814	9.43	94,044,562	4,594,560
G J Mulcahy	33,289	0.01	67,473	3,298
J J Mulcahy	18,387	-	31,337	2,932
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

NOTE 8 - RELATED PARTIES (continued)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid \$
Horizon 3 Conservative Growth Portfolio				
2017				
Masterkey Investment Services	84,453,470	8.40	88,052,909	1,971,342
MLC Investment Trusts	863,239,661	85.83	900,031,263	19,620,841
NULIS Nominees (Australia) Limited	-	-	-	67
2016				
Masterkey Investment Services	96,059,618	11.92	96,115,549	4,976,733
MLC Investment Trusts	652,666,363	80.98	653,046,377	33,357,068
NULIS Nominees (Australia) Limited	133,558	0.02	133,636	7,209
Horizon 5 Growth Portfolio				
2017				
Masterkey Investment Services	40,653,323	9.29	53,059,787	1,443,474
MLC Investment Trusts	321,833,150	73.58	420,049,268	11,105,267
2016				
Masterkey Investment Services	47,209,229	10.57	57,338,774	4,158,397
MLC Investment Trusts	318,696,932	71.34	387,078,794	27,614,153
NULIS Nominees (Australia) Limited	438,893	0.10	533,065	40,949
Share Index Fund				
2017				
Masterkey Investment Services	75,270,072	56.41	147,752,302	41,929,222
NULIS Nominees (Australia) Limited	-	-	-	621
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
Horizon 6 Share Portfolio				
2017				
Masterkey Investment Services	49,107,722	17.14	51,732,836	1,615,644
MLC Investment Trusts	196,493,270	68.59	206,997,060	6,269,439
2016				
Masterkey Investment Services	55,079,301	19.13	53,075,549	4,521,605
MLC Investment Trusts	187,192,973	65.01	180,383,004	15,065,709
NULIS Nominees (Australia) Limited	334,576	0.12	322,404	29,376
Horizon 2 Income Portfolio				
2017				
Masterkey Investment Services	59,809,328	55.21	68,866,039	1,419,136
NULIS Nominees (Australia) Limited	-	-	-	251
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
Property Securities Fund				
2017				
Masterkey Investment Services	22,543,934	20.20	21,161,639	754,698
NULIS Nominees (Australia) Limited	-	-	-	6,707
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
Australian Share Fund				
2017				
Masterkey Investment Services	21,131,268	34.12	37,280,640	2,435,036
MLC Limited	3,740	0.01	6,599	405
NULIS Nominees (Australia) Limited	-	-	-	2,669
AUSMAQ Systems Limited	-	-	-	332

NOTE 8 - RELATED PARTIES (continued)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid \$
Australian Share Fund (continued)				
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
Cash Fund				
2017				
Masterkey Investment Services	65,700,315	63.27	65,714,938	466,987
Platinum Global Fund	864,698	0.83	864,890	6,909
G J Mulcahy	3,396	-	3,397	24
J J Mulcahy	391	-	391	2
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
Global Share Fund				
2017				
Masterkey Investment Services	6,653,184	28.39	11,980,141	321,349
MLC Limited	1,685	0.01	3,035	79
MLC Investment Trusts	-	-	-	-
NULIS Nominees (Australia) Limited	-	-	-	-
2016				
Masterkey Investment Services	7,876,278	17.67	12,655,178	1,725,980
MLC Limited	1,641	-	2,637	348
MLC Investment Trusts	19,655,960	44.09	31,582,133	4,171,876
NULIS Nominees (Australia) Limited	107,470	0.24	172,678	26,277
Horizon 7 Accelerated Growth Portfolio				
2017				
Masterkey Investment Services	10,011,077	50.92	11,661,690	364,403
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
Australian Share Growth Style Fund				
2017				
Masterkey Investment Services	4,217,871	60.46	5,261,136	266,041
2016				
Masterkey Investment Services	4,603,540	58.50	5,479,142	198,358
Australian Share Value Style Fund				
2017				
Masterkey Investment Services	3,439,123	40.84	3,519,436	169,773
NULIS Nominees (Australia) Limited	-	-	-	277
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
Global Share Value Style Fund				
2017				
Masterkey Investment Services	2,403,343	55.50	3,033,127	47,346
NULIS Nominees (Australia) Limited	-	-	-	-
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
Horizon 1 Bond Portfolio				
2017				
Masterkey Investment Services	2,328,227	98.17	2,338,028	38,342

NOTE 8 - RELATED PARTIES (continued)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid \$
Horizon 1 Bond Portfolio (continued)				
2016				
Masterkey Investment Services	2,437,822	100.00	2,453,330	29,238
Global Share Growth Style Fund				
2017				
Masterkey Investment Services	939,383	56.79	1,363,914	35,791
2016				
Masterkey Investment Services	1,036,414	61.05	1,323,406	218,266

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 Income Builder are the only Schemes with significant concentrations of exposure to counterparties as at 31 May 2017. Their concentrations are all held with authorised deposit-taking institutions. There is no exposure to an individual counterparty in excess of 31% of the net assets attributable to unitholders at 31 May 2017 (2016: not in excess of 29%).

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

2017

	AAA to AA- \$'000	A+ to A- \$'000	BBB + to BBB - \$'000	Total \$'000
Money market securities	90,781	-	-	90,781
Cash securities	7,310	-	-	7,310
Total	98,091	-	-	98,091

2016

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

Income Builder

2017

	AAA to AA- \$'000	A+ to A- \$'000	BBB + to BBB - \$'000	Total \$'000
Money market securities	35,909	-	-	35,909
Cash securities	38,094	-	-	38,094
Total	74,003	-	-	74,003

2016

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

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

	2017			2016		
	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	1,226	11,743	12,969	1,198	-	1,198
Warrants	6,596	-	6,596	25,984	3,999	29,983
Futures Contracts	139	3,779	3,918	-	-	-
Closing balance	7,961	15,522	23,483	27,182	3,999	31,181
Financial liabilities						
Foreign Exchange Forward Contracts	(6,327)	-	(6,327)	(3,054)	-	(3,054)
Futures Contracts	(817)	-	(817)	(4,115)	-	(4,115)
Closing balance	(7,144)	-	(7,144)	(7,169)	-	(7,169)

(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 2017. 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	2017				2016			
	Change in currency rate		Effect on net profit attributable to unitholders		Change in currency rate		Effect on net profit attributable to unitholders	
	%		\$'000		%		\$'000	
	+	-	+	-	+	-	+	-
CAD	11%	-6%	275	(150)	4%	-6%	495	(742)
EUR	8%	-6%	11,628	(8,721)	8%	-6%	13,607	(10,205)
HKD	11%	-11%	11,252	(11,252)	11%	-12%	11,990	(13,081)
KRW	7%	-8%	6,068	(6,935)	8%	-7%	822	(719)
USD	10%	-6%	29,259	(17,556)	10%	-12%	35,673	(42,808)
INR	5%	-10%	2,486	(4,972)	6%	-9%	3,312	(4,968)
MYR	5%	-7%	605	(848)	5%	-6%	494	(593)
NOK	3%	-4%	2,360	(3,147)	3%	-5%	1,726	(2,877)
JPY	17%	-6%	4,962	(1,751)	17%	-8%	7,519	(3,539)
GBP	7%	-10%	1,694	(2,420)	7%	-7%	2,800	(2,800)
SEK	7%	-4%	982	(561)	7%	-4%	1,506	(861)
CHF	8%	-6%	852	(639)	8%	-8%	588	(588)
BRL	6%	-7%	88	(103)	3%	-7%	1	(1)
THB	8%	-8%	771	(771)	n/a	n/a	n/a	n/a
TWD	7%	-5%	355	(253)	n/a	n/a	n/a	n/a
DKK	7%	-8%	344	(393)	n/a	n/a	n/a	n/a
Total			73,981	(60,472)			80,533	(83,782)

(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.

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(ii) Interest Rate Risk (continued)

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.

The following tables demonstrate the sensitivity of the Schemes' financial assets designated 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

	2017				2016			
	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)	(129)	129	100	(100)	(61)	61

IncomeBuilder

	2017				2016			
	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)	(54)	54	100	(100)	(42)	42

(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	2017				2016			
	Change in price %		Effect on net profit attributable to unitholders \$'000		Change in price %		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	490,782	(350,558)	26%	-15%	603,948	(348,431)
Fixed interest	11%	-4%	5,381	(1,468)	7%	-7%	3,201	(3,201)
Total			496,163	(352,026)			607,149	(351,632)

Horizon 4 Balanced Portfolio

Category	2017				2016			
	Change in price %		Effect on net profit attributable to unitholders \$'000		Change in price %		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	135,254	(96,610)	26%	-15%	134,639	(77,677)
International equities	25%	-14%	150,630	(84,252)	26%	-14%	125,954	(67,741)
Property equities	29%	-26%	24,153	(21,654)	34%	-26%	22,768	(17,411)
Fixed interest	11%	-4%	66,277	(18,076)	7%	-7%	31,702	(31,702)
Total			376,314	(220,592)			315,063	(194,531)

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and other price risk (continued)

Platinum Global Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
International equities	25%	-14%	221,494	(123,889)	26%	-14%	228,593	(122,942)
Total			221,494	(123,889)			228,593	(122,942)

Horizon 3 Conservative Growth Portfolio

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	49,012	(35,009)	26%	-15%	46,711	(26,949)
International equities	25%	-14%	61,116	(34,184)	26%	-14%	48,928	(26,314)
Property equities	29%	-26%	9,695	(8,692)	34%	-26%	8,750	(6,691)
Fixed interest	11%	-4%	58,678	(16,003)	7%	-7%	26,871	(26,871)
Total			178,501	(93,888)			131,260	(86,825)

Horizon 5 Growth Portfolio

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	46,252	(33,037)	26%	-15%	54,528	(31,458)
International equities	25%	-14%	56,584	(31,649)	26%	-14%	56,035	(30,137)
Property equities	29%	-26%	7,112	(6,376)	34%	-26%	7,939	(6,071)
Fixed interest	11%	-4%	10,765	(2,936)	7%	-7%	6,098	(6,098)
Total			120,713	(73,998)			124,600	(73,764)

Share Index Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	54,853	(39,181)	26%	-15%	78,284	(45,164)
Total			54,853	(39,181)			78,284	(45,164)

Horizon 6 Share Portfolio

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	27,511	(19,651)	26%	-15%	31,418	(18,126)
International equities	25%	-14%	40,740	(22,787)	26%	-14%	39,082	(21,019)
Property equities	29%	-26%	1,846	(1,655)	34%	-26%	1,997	(1,527)
Total			70,097	(44,093)			72,497	(40,672)

Horizon 2 Income Portfolio

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	3,191	(2,279)	26%	-15%	4,270	(2,463)
International equities	25%	-14%	1,583	(885)	26%	-14%	1,779	(957)
Property equities	29%	-26%	4,781	(4,287)	34%	-26%	6,058	(4,632)
Fixed interest	11%	-4%	9,475	(2,584)	7%	-7%	6,091	(6,091)
Total			19,030	(10,035)			18,198	(14,143)

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and other price risk (continued)

Property Securities Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Property equities	29%	-26%	30,257	(27,127)	34%	-26%	39,161	(29,947)
Total			30,257	(27,127)			39,161	(29,947)

Australian Share Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	22,832	(16,308)	26%	-15%	29,082	(16,778)
Total			22,832	(16,308)			29,082	(16,778)

Global Share Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
International equities	25%	-14%	10,509	(5,878)	26%	-14%	18,561	(9,983)
Total			10,509	(5,878)			18,561	(9,983)

Horizon 7 Accelerated Growth Portfolio

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	2,012	(1,437)	26%	-15%	2,282	(1,317)
International equities	25%	-14%	3,271	(1,830)	26%	-14%	3,116	(1,676)
Total			5,283	(3,267)			5,398	(2,993)

Australian Share Growth Style Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	1,805,234	(1,289,453)	26%	-15%	2,412,701	(1,391,943)
Total			1,805,234	(1,289,453)			2,412,701	(1,391,943)

Australian Share Value Style Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
Australian equities	21%	-15%	1,791,001	(1,279,286)	26%	-15%	2,307,955	(1,331,512)
Total			1,791,001	(1,279,286)			2,307,955	(1,331,512)

Global Share Value Style Fund

Category	2017				2016			
	Change in price		Effect on net profit		Change in price		Effect on net profit	
	%		attributable to		%		attributable to	
	+	-	+	-	+	-	+	-
International equities	25%	-14%	1,352,516	(756,507)	26%	-14%	1,446,976	(778,213)
Total			1,352,516	(756,507)			1,446,976	(778,213)

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and other price risk (continued)

Horizon 1 Bond Portfolio

Category	2017				2016			
	Change in price %		Effect on net profit attributable to unitholders		Change in price %		Effect on net profit attributable to unitholders	
	+	-	+	-	+	-	+	-
Fixed interest	11%	-4%	257,109	(70,121)	7%	-7%	158,972	(158,972)
Total			257,109	(70,121)			158,972	(158,972)

Global Share Growth Style Fund

Category	2017				2016			
	Change in price %		Effect on net profit attributable to unitholders		Change in price %		Effect on net profit attributable to unitholders	
	+	-	+	-	+	-	+	-
International equities	25%	-14%	593,827	(332,147)	26%	-14%	558,923	(300,600)
Total			593,827	(332,147)			558,923	(300,600)

(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 2017, the overall direct market exposures were as follows:

Platinum Global Fund

	31 May 2017		31 May 2016	
	Contract amount \$'000	Fair value \$'000	Contract amount \$'000	Fair value \$'000
Derivative instruments held for trading:				
- Futures Contracts	(69,130)	(677)	(115,776)	(4,115)
- Foreign Exchange Forward Contracts	(5,103)	(5,103)	(3,300)	(1,856)
- Warrants	4	6,596	23,347	25,745
	(74,229)	816	(95,729)	19,774

(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
Listed Equities	2	Valued from independent valuations based on observable market data provided by pricing vendors.
Money Market securities	2	Valued by sourcing appropriate yield curves based on credit rating, security type and term to maturity.
Unlisted managed investment schemes	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 or based on selling price determined by fund manager

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 levels during the year.

NOTE 9 - FINANCIAL RISK MANAGEMENT (continued)

(g) Fair value of financial instruments (continued)

Cash Fund

Financial Instruments	2017			2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money Market securities	-	90,781	-	-	74,389	-
Total	-	90,781	-	-	74,389	-

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

IncomeBuilder

Financial Instruments	2017			2016		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	2,349,912	-	-	2,322,875	-	-
Money Market securities	-	35,909	-	-	48,922	-
Unlisted Equities	-	-	157	-	-	-
Total	2,349,912	35,909	157	2,322,875	48,922	-

* Level 3 for the years ended 31 May 2017 and 31 May 2016 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, except for BGP Holdings PLC. BGP Holdings PLC revised their price in February 2017 to reflect the expected distribution from its sale of assets. These investments are assessed for sensitivity to their unobservable inputs, and as the market value for the investments are nil, except for BGP Holdings, 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 2017 & 31 May 2016.

Platinum Global Fund

Financial Instruments	2017			2016		
	Level 1	Level 2#	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities #	874,024	11,730	-	851,059	6,975	-
Unlisted equity securities	-	-	325	-	-	325
Interest bearing securities	-	6,224	-	-	830	-
Foreign Exchange Forward Contracts	-	(5,103)	-	-	(1,855)	-
Futures Contracts	(677)	-	-	(4,115)	-	-
Options	-	6,596	-	-	25,984	-
Total	873,347	19,447	325	846,944	31,934	325

Level 2 for the years ended 31 May 2017 and 31 May 2016 contain listed equities Jiangsu Yanghe Brewery Participatory Note and Weichai Power Participation Note, where the inputs to derive the prices are observable from their underlying securities.

* Level 3 for the years ended 31 May 2017 and 31 May 2016 contain stale priced investments in the Smith Investment Company with nil market value and Vantage Goldfield Delisted which moved from Level 2 to Level 3 for the year ended 31 May 2016, as the stale price had remained at \$0.05 per unit from the delisting on 9 December 2014. There had been no unrealised gains/(losses) from the transfer from Level 2 to Level 3.

These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are not significant to the Scheme, 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating profit/(loss)	217,579	(177,229)	161,696	(30,076)	144,087	(78,507)	65,143	(6,025)
Income reinvested	-	-	(89,214)	(228,360)	-	-	(43,295)	(87,554)
Changes in the fair value of investments	(148,746)	255,377	(100,959)	166,482	(146,711)	72,372	(36,961)	60,129
Changes in assets and liabilities during the financial year:								
Decrease/(increase) in distribution receivables	2,268	-	-	67,602	59	1,953	-	21,504
(Increase)/decrease in other receivables	(3,315)	(453)	(1,819)	1	(1,797)	(14)	(950)	2
Increase/(decrease) in other accounts payable	1,539	(2,063)	887	(1,178)	106	(988)	512	(428)
Net cash provided by/(used in) operating activities	69,325	75,632	(29,409)	(25,529)	(4,256)	(5,184)	(15,551)	(12,372)

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000

(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	13,874	13,503	2,948	3,755	7,386	8,314	4,028	2,760
Cash on deposit - domestic	38,094	30,996	6	6	17,763	4,492	2	2
Cash on deposit - overseas	-	-	-	-	83,490	71,675	-	-
Futures margin	-	-	-	-	-	9,971	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-	863	1,282	-	-
	51,968	44,499	2,954	3,761	109,502	95,734	4,030	2,762

(c) Non-cash financing and investing activities

Distributions to unitholders reinvested

	147,838	293,081	44,898	137,874	42,603	213,958	22,166	55,172
	147,838	293,081	44,898	137,874	42,603	213,958	22,166	55,172

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating profit/(loss)	55,174	(12,356)	26,534	(13,674)	34,065	(7,700)	4,860	291
Income reinvested	(27,664)	(81,610)	(53,857)	(18,742)	(16,205)	(47,377)	(4,643)	(9,488)
Changes in the fair value of investments	(36,113)	65,079	23,595	22,934	(22,326)	39,542	(1,757)	4,448
Changes in assets and liabilities during the financial year:								
Decrease/(increase) in distribution receivables	-	20,832	-	5,636	-	11,330	-	2,942
(Increase)/decrease in other receivables	(580)	(1)	(266)	-	(291)	-	(117)	-
Increase/(decrease) in other accounts payable	189	(319)	46	(176)	126	(195)	32	(92)
Net cash (used in)/provided by operating activities	(8,994)	(8,375)	(3,948)	(4,022)	(4,631)	(4,400)	(1,625)	(1,899)

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

	Horizon 5		Share		Horizon 6		Horizon 2	
	Growth Portfolio		Index Fund		Share Portfolio		Income Portfolio	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

(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	1,910	1,176	664	520	1,451	612	562	531
Cash on deposit - domestic	2	2	-	-	1	1	-	-
	<u>1,912</u>	<u>1,178</u>	<u>664</u>	<u>520</u>	<u>1,452</u>	<u>613</u>	<u>562</u>	<u>531</u>

(c) Non-cash financing and investing activities

Distributions to unitholders
reinvested

	14,180	51,125	38,431	14,587	8,497	29,104	1,708	3,954
	<u>14,180</u>	<u>51,125</u>	<u>38,431</u>	<u>14,587</u>	<u>8,497</u>	<u>29,104</u>	<u>1,708</u>	<u>3,954</u>

	Property		Australian		Cash		Global	
	Securities Fund		Share Fund		Fund		Share Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

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

Net operating profit/(loss)	2,168	14,268	10,166	(2,872)	671	1,138	4,293	(1,402)
Income reinvested	(5,235)	(7,061)	(13,290)	(13,231)	-	-	(2,546)	(16,923)
Changes in the fair value of investments	1,485	(10,140)	1,301	9,547	(1,540)	-	(2,440)	14,721
Changes in assets and liabilities during the financial year:								
Decrease/(increase) in distribution receivables	-	1,357	-	4,668	-	-	-	2,182
Decrease/(increase) in other receivables	-	-	(128)	-	(73)	39	(75)	-
(Decrease)/increase in other accounts payable	(118)	(28)	34	(82)	35	(52)	1	(90)
Net cash (used in)/provided by operating activities	<u>(1,700)</u>	<u>(1,604)</u>	<u>(1,917)</u>	<u>(1,970)</u>	<u>(907)</u>	<u>1,125</u>	<u>(767)</u>	<u>(1,512)</u>

(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	384	549	530	303	4,988	5,089	145	304
Cash on deposit - domestic	-	-	-	-	8,082	17,422	-	-
Futures margin	-	-	-	-	-	517	-	-
	<u>384</u>	<u>549</u>	<u>530</u>	<u>303</u>	<u>13,070</u>	<u>23,028</u>	<u>145</u>	<u>304</u>

(c) Non-cash financing and investing activities

Distributions to unitholders
reinvested

	2,219	3,030	5,108	7,170	22,024	981	822	9,109
	<u>2,219</u>	<u>3,030</u>	<u>5,108</u>	<u>7,170</u>	<u>22,024</u>	<u>981</u>	<u>822</u>	<u>9,109</u>

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

	Horizon 7 Accelerated Growth Portfolio		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Value Style Fund	
	2017	2016	2017	2016	2017	2016	2017	2016
	Whole	Whole	Whole	Whole	Whole	Whole	Whole	Whole
	\$'000	\$'000	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating profit/(loss)	3,446	(1,068)	854,600	(342,468)	884,188	(448,471)	727,275	(344,703)
Income reinvested	(1,041)	(3,308)	(577,240)	(827,255)	(547,901)	(975,999)	(166,546)	(353,293)
Changes in the fair value of investments	(2,747)	3,092	(424,491)	681,759	(483,927)	853,402	(643,226)	433,865
Changes in assets and liabilities during the financial year:								
Decrease/(increase) in distribution receivables	-	948	-	330,689	-	413,870	-	166,627
(Increase)/decrease in other receivables	(22)	-	(10,742)	19	(10,309)	29	27	14
Increase/(decrease) in other accounts payable	10	(15)	421	(6,377)	1,201	(8,132)	1,223	(6,139)
Net cash (used in)/provided by operating activities	(354)	(351)	(157,452)	(163,633)	(156,748)	(165,301)	(81,247)	(103,629)

(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	237	198	104,072	94,309	87,891	84,920	60,196	54,537
	<u>237</u>	<u>198</u>	<u>104,072</u>	<u>94,309</u>	<u>87,891</u>	<u>84,920</u>	<u>60,196</u>	<u>54,537</u>

(c) Non-cash financing and investing activities

Distributions to unitholders reinvested	582	2,095	359,262	505,499	297,843	553,952	57,362	87,715
	<u>582</u>	<u>2,095</u>	<u>359,262</u>	<u>505,499</u>	<u>297,843</u>	<u>553,952</u>	<u>57,362</u>	<u>87,715</u>

	Horizon 1 Bond Portfolio		Global Share Growth Style Fund	
	2017	2016	2017	2016
	Whole	Whole	Whole	Whole
	Dollars \$	Dollars \$	Dollars \$	Dollars \$
(a) Reconciliation of operating profit to net cash flows from operating activities				
Net operating profit/(loss)	33,533	25,274	342,053	22,339
Income reinvested	(68,597)	(93,445)	(104,007)	(570,459)
Changes in the fair value of investments	(169)	4,200	(273,599)	459,528
Changes in assets and liabilities during the financial year:				
Decrease/(increase) in distribution receivables	-	20,831	-	53,044
(Increase)/decrease in other receivables	(2,419)	4	(2,455)	(5)
Increase/(decrease) in other accounts payable	386	(2,559)	959	(1,300)
Net cash (used in)/provided by operating activities	(37,266)	(45,695)	(37,049)	(36,853)

(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	43,703	25,539	26,292	19,658
	<u>43,703</u>	<u>25,539</u>	<u>26,292</u>	<u>19,658</u>

(c) Non-cash financing and investing activities

Distributions to unitholders reinvested	26,444	31,604	47,907	306,763
	<u>26,444</u>	<u>31,604</u>	<u>47,907</u>	<u>306,763</u>

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

	IncomeBuilder		Platinum Global Fund	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Net changes in fair value on financial assets through profit or loss:				
Held for trading	-	66	(6,003)	1,242
At fair value through profit or loss	<u>148,746</u>	<u>(255,443)</u>	<u>152,714</u>	<u>(73,614)</u>
	<u>148,746</u>	<u>(255,377)</u>	<u>146,711</u>	<u>(72,372)</u>

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 2017 (2016: 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 7 to 48, 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 2017 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: _____

P. Gupta

Signature: _____

P. Gupta

Dated at Sydney this 10th day of August 2017

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

Opinion

We have audited the 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 2017, 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Schemes is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' financial position as at 31 May 2017 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Schemes in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Schemes 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Schemes' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.

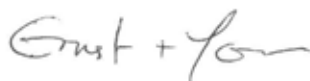
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Darren Handley-Greaves
Partner
Sydney
10 August 2017

Your notes

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Your notes

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

MLC Investments Limited ABN 30 002 641 661 AFSL 230705. Part of the National Australia Bank Group of Companies.