



National Investment Trusts

Financial Report

For the year ended 30 June 2015

Preparation date
10 September 2015

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 30 June 2015 for National Investment Trusts.

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
MasterKey and Wrap Platforms

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The National Investment Trusts consists of 4 separate schemes:

National Australia Balanced Fund

ARSN 093 198 817

National Australia Monthly Income Fund

ARSN 093 198 684

National Australia Property Fund

ARSN 093 198 513

National Australia Dividend Imputation Fund

ARSN 093 198 602

Directors' report

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

National Australia Balanced Fund (('Balanced Fund'))	National Australia Monthly Income Fund (('Monthly Income Fund'))
National Australia Property Fund (('Property Fund'))	National Australia Dividend Imputation Fund (('Dividend Imputation Fund'))

present their report together with the financial report of the Schemes for the year ended 30 June 2015 and the independent audit report thereon.

Directors of the Responsible Entity

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

Name	Appointment / Resignation Date
S C Birkenleigh	Appointed 27 February 2012/Resigned 7 July 2014
P Coad	Appointed 22 August 2013/Resigned 7 July 2014
S Dave	Appointed 7 July 2014/ Resigned 30 June 2015
J G Duffield	Appointed 24 August 2011
J L Flavell	Appointed 7 July 2014/Resigned 23 January 2015
P Gupta	Appointed 1 September 2012
D M Hackett	Appointed 29 January 2014/Resigned 7 July 2014
A Hagger	Appointed 22 May 2013/Resigned 7 July 2014
N J Milne	Appointed 17 December 2014/ Resigned 3 June 2015
G J Mulcahy	Appointed 7 July 2014
A W Rothery	Appointed 14 April 2009/Resigned 31 October 2014
E Rubin	Appointed 22 May 2013/Resigned 7 July 2014
M F Snowden	Appointed 25 August 2009/Resigned 7 July 2014
G J Symons	Appointed 14 April 2009/Resigned 7 July 2014
G A Tomlinson	Appointed 19 February 2001/Resigned 18 December 2014

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

Principal activities

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

The Schemes invest and transact in listed equities, unlisted managed investment schemes and derivatives in accordance with the provisions of the Constitutions of the Schemes.

The Schemes did not have any employees during the year (2014: Nil).

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 National website at mlc.com.au or alternatively in the Product Disclosure Statement.

Distributions

The distributions for the year ended 30 June 2015 were as follows:

	Entry Fee Units		Nil Entry Fee Units	
	\$'000	c/unit	\$'000	c/unit
Balanced Fund	1,023	5.35	1,103	4.38
Monthly Income Fund	527	4.15	753	3.79
Dividend Imputation Fund	6,737	19.86	2,306	18.81
	\$	c/unit	\$	c/unit
Property Fund	191,741	2.35	137,406	2.00

Units on issue

Units on issue as at year end and movements during the year are shown in Note 4 to the financial statements.

The total assets of the Schemes are set out in the Statements of Financial Position. The basis for valuation of the Schemes' assets is disclosed in Note 1 to the financial statements.

State of affairs

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

Likely developments

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

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

Auditor's independence

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

Events subsequent to the balance date

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

Interests of the Responsible Entity

Units held by MLC Investments Limited and its related parties in the Schemes during the financial year ended 30 June 2015 are detailed in Note 9 to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 30 June 2015 are detailed in Note 9 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

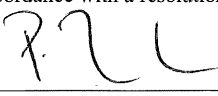
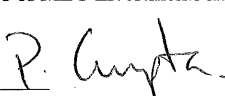
During the period the ultimate parent company of the Responsible Entity, National Australia Bank Limited, has paid, or agreed to pay, premiums in respect of its officers for liability and legal expenses insurance contracts, and premiums in respect of such insurance contracts, for the financial year ended 30 June 2015. 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 the Property Fund, the Schemes meet the criteria set out in Class Order 98/100 issued by the Australian Securities and Investments Commission, and in accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

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

Director:  

Signature: 

Dated at Sydney this 28 day of August 2015

Auditor's Independence Declaration to the Directors of MLC Investments Limited, as Responsible Entity for National Investment Trusts


In relation to our audit of the financial report of the National Investment Trusts consisting of the Schemes listed below for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

National Australia Balanced Fund

National Australia Property Fund

National Australia Monthly Income Fund

National Australia Dividend Imputation Fund



Ernst & Young



Rita Da Silva
Partner
Sydney
28 August 2015

National Investment Trusts
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Notes	Balanced Fund		Monthly Income Fund	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Investment income					
Dividend and distribution income	2	3,975	2,765	2,000	1,706
Interest income		6	18	5	6
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	13	<u>3,952</u>	<u>7,789</u>	<u>(141)</u>	<u>1,162</u>
Total investment income		<u>7,933</u>	<u>10,572</u>	<u>1,864</u>	<u>2,874</u>
Expenses					
Responsible Entity's fees	9(e)	1,480	1,541	296	312
Performance fees		5	5	-	-
Other expenses		-	-	-	-
Total operating expenses		<u>1,485</u>	<u>1,546</u>	<u>296</u>	<u>312</u>
Net operating profit		<u>6,448</u>	<u>9,026</u>	<u>1,568</u>	<u>2,562</u>
Financing costs					
Distributions	5	<u>2,126</u>	<u>989</u>	<u>1,280</u>	<u>1,119</u>
Net profit/(loss)		<u>4,322</u>	<u>8,037</u>	<u>288</u>	<u>1,443</u>
Other comprehensive income		-	-	-	-
Items reclassified to profit or loss		-	-	-	-
Change in net assets attributable to unitholders	4	<u>4,322</u>	<u>8,037</u>	<u>288</u>	<u>1,443</u>

	Notes	Property Fund		Dividend Imputation Fund	
		2015 \$	2014 \$	2015 \$'000	2014 \$'000
Investment income					
Dividend and distribution income	2	479,090	409,131	3,681	3,676
Interest income		1,568	2,059	92	93
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	13	<u>1,198,302</u>	<u>483,643</u>	<u>1,551</u>	<u>11,144</u>
Total investment income		<u>1,678,960</u>	<u>894,833</u>	<u>5,324</u>	<u>14,913</u>
Expenses					
Responsible Entity's fees	9(e)	171,854	166,292	1,764	1,885
Performance fees		-	-	-	-
Other expenses		<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses		<u>171,868</u>	<u>166,292</u>	<u>1,764</u>	<u>1,885</u>
Net operating profit		<u>1,507,092</u>	<u>728,541</u>	<u>3,560</u>	<u>13,028</u>
Financing costs					
Distributions	5	<u>329,147</u>	<u>254,074</u>	<u>9,043</u>	<u>6,703</u>
Net profit/(loss)		<u>1,177,945</u>	<u>474,467</u>	<u>(5,483)</u>	<u>6,325</u>
Other comprehensive income		-	-	-	-
Items reclassified to profit or loss		-	-	-	-
Change in net assets attributable to unitholders	4	<u>1,177,945</u>	<u>474,467</u>	<u>(5,483)</u>	<u>6,325</u>

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

National Investment Trusts
Statements of Financial Position
As at 30 June 2015

	Notes	Balanced Fund		Monthly Income Fund	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets					
Cash and cash equivalents	10(b)	765	781	411	329
Receivables	7	10	4	895	613
Financial assets designated as held at fair value through profit or loss	6	73,822	77,400	27,060	29,103
Total assets		74,597	78,185	28,366	30,045
Liabilities					
Accounts payable and accrued expenses	8	595	609	77	81
Distributions payable	5	2,038	940	630	336
Total liabilities excluding net assets attributable to unitholders		2,633	1,549	707	417
Net assets attributable to unitholders	4	71,964	76,636	27,659	29,628
	Notes	Property Fund		Dividend Imputation Fund	
		2015 \$	2014 \$	2015 \$'000	2014 \$'000
Assets					
Cash and cash equivalents	10(b)	100,263	116,365	4,750	3,376
Receivables	7	102	113	583	1,111
Financial assets designated as held at fair value through profit or loss	6	9,184,931	9,087,539	71,610	81,372
Total assets		9,285,296	9,204,017	76,943	85,859
Liabilities					
Accounts payable and accrued expenses	8	39,251	40,734	595	589
Financial liabilities held for trading	11 (c)	-	-	12	-
Distributions payable	5	103,914	59,902	7,239	4,977
Total liabilities excluding net assets attributable to unitholders		143,165	100,636	7,846	5,566
Net assets attributable to unitholders	4	9,142,131	9,103,381	69,097	80,293

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

National Investment Trusts
Statements of Changes in Net Assets Attributable to Unitholders
For the year ended 30 June 2015

	Balanced Fund		Monthly Income Fund	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Net assets attributable to unitholders at the beginning of the financial year	76,636	77,612	29,628	31,904
Change in net assets attributable to unitholders	4,322	8,037	288	1,443
Applications for units	1,282	1,596	760	698
Redemptions of units	(10,276)	(10,609)	(3,017)	(4,417)
Net assets attributable to unitholders at the end of the financial year	71,964	76,636	27,659	29,628

	Property Fund		Dividend Imputation Fund	
	2015	2014	2015	2014
	\$	\$	\$'000	\$'000
Net assets attributable to unitholders at the beginning of the financial year	9,103,381	9,537,070	80,293	84,315
Change in net assets attributable to unitholders	1,177,945	474,467	(5,483)	6,325
Applications for units	210,971	199,530	6,306	2,469
Redemptions of units	(1,350,166)	(1,107,686)	(12,019)	(12,816)
Net assets attributable to unitholders at the end of the financial year	9,142,131	9,103,381	69,097	80,293

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

National Investment Trusts
Statements of Cash Flows
For the year ended 30 June 2015

	Notes	Balanced Fund		Monthly Income Fund	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash flows from operating activities					
Dividends received		-	20	-	-
Interest received		7	17	5	6
Responsible Entity's fees paid		(1,492)	(1,324)	(299)	(316)
Performance fees paid		(6)	(4)	-	-
Payment of other expenses		-	-	(1)	-
Net cash provided by/(used in) operating activities	10(a)	<u>(1,491)</u>	<u>(1,291)</u>	<u>(295)</u>	<u>(310)</u>
Cash flows from investing activities					
Proceeds from sale of investments		13,302	15,945	4,290	5,150
Purchases of investments		<u>(1,804)</u>	<u>(6,250)</u>	<u>(670)</u>	<u>(1,400)</u>
Net cash provided by/(used in) investing activities		<u>11,498</u>	<u>9,695</u>	<u>3,620</u>	<u>3,750</u>
Cash flows from financing activities					
Applications received		470	781	217	163
Redemptions paid		(10,276)	(10,609)	(3,017)	(4,417)
Distributions paid		<u>(217)</u>	<u>(205)</u>	<u>(443)</u>	<u>(531)</u>
Net cash provided by/(used in) financing activities		<u>(10,023)</u>	<u>(10,033)</u>	<u>(3,243)</u>	<u>(4,785)</u>
Net increase/(decrease) in cash and cash equivalents		(16)	(1,629)	82	(1,345)
Cash and cash equivalents at the beginning of the financial year		<u>781</u>	<u>2,410</u>	<u>329</u>	<u>1,674</u>
Cash and cash equivalents at the end of the financial year	10(b)	<u>765</u>	<u>781</u>	<u>411</u>	<u>329</u>
	Notes	Property Fund		Dividend Imputation Fund	
		2015 \$	2014 \$	2015 \$'000	2014 \$'000
Cash flows from operating activities					
Dividends received		-	-	3,829	3,645
Interest received		1,580	2,177	93	94
Responsible Entity's fees paid		(173,334)	(166,008)	(1,799)	(1,891)
Payment of other expenses		<u>(17)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by/(used in) operating activities	10(a)	<u>(171,771)</u>	<u>(163,831)</u>	<u>2,123</u>	<u>1,848</u>
Cash flows from investing activities					
Proceeds from sale of investments		1,580,000	1,315,000	23,155	22,536
Purchases of investments		<u>-</u>	<u>(200,000)</u>	<u>(11,410)</u>	<u>(11,223)</u>
Net cash provided by/(used in) investing activities		<u>1,580,000</u>	<u>1,115,000</u>	<u>11,745</u>	<u>11,313</u>
Cash flows from financing activities					
Applications received		30,660	8,822	890	772
Redemptions paid		(1,350,166)	(1,107,686)	(12,019)	(12,816)
Distributions paid		<u>(104,825)</u>	<u>(111,264)</u>	<u>(1,365)</u>	<u>(465)</u>
Net cash provided by/(used in) financing activities		<u>(1,424,331)</u>	<u>(1,210,128)</u>	<u>(12,494)</u>	<u>(12,509)</u>
Net increase/(decrease) in cash and cash equivalents		(16,102)	(258,959)	1,374	652
Cash and cash equivalents at the beginning of the financial year		<u>116,365</u>	<u>375,324</u>	<u>3,376</u>	<u>2,724</u>
Cash and cash equivalents at the end of the financial year	10(b)	<u>100,263</u>	<u>116,365</u>	<u>4,750</u>	<u>3,376</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 30 June 2015 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 28 August 2015.

(a) Statement of compliance

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

(b) Basis of preparation

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

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

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

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

(c) Basis of consolidation

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

(d) Unit prices

The unit price for the units of the Schemes 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 held at fair value through profit or loss

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets 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.

Futures contracts

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

(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 held through profit or loss

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

The Schemes measure investments in financial assets and financial liabilities at fair value through profit or loss. Management applies judgement in selecting valuation techniques where there is no market price available for an instrument. Further details on the determination of fair values of financial instruments is set out in Note 11(g).

Fair value of financial assets held for trading

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

Judgements

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

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

(ii) The Schemes have assessed whether their investments in unlisted 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 managed investment schemes meet the definition of structured entities as the voting rights of these unlisted 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, futures margin and short term deposits at call.

(k) Receivables

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) 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 managed investment schemes, are recognised on the date the shares or trust units are quoted ex dividend/distribution.

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.

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

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

Unrealised gains and losses arising on movements in the fair value of 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.

(o) 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.

(p) Distributions to unitholders

The income of the Schemes is accumulated and reinvested or paid to unitholders on the last day of September, December, March and June. The income of Monthly Income Fund is accumulated and reinvested or paid on the last day of each month.

Undistributed income/(loss) includes income earned and expenses not yet paid at the last distribution day on 30 June 2015 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 Schemes' distributions are expressed as cents per unit for the distribution period.

(q) 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Derecognition of financial instruments

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

(s) Capital management

The Responsible Entity manages its net assets attributable to unitholders as capital (refer note 4), notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

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

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.

(t) Net assets attributable to unitholders

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

(u) Application of accounting standards

Changes in Accounting Policy

Since 1 July 2014, the Schemes have adopted the following mandatory new and amended Australian Accounting Standards:

AASB 2012-3 Amendments to Australian Accounting Standard – Offsetting

The adoption of the above mandatory new and amended accounting standards is not considered to have had a material impact on the financial statements.

Australian Accounting Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Schemes for the annual reporting period ended 30 June 2015. The impact of these standards and interpretations has been assessed, to the extent applicable to the Schemes and are discussed below.

AASB 9 Financial Instruments

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

AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

This Amendment to Australian Accounting Standards' provides further clarity to the exemption from consolidation of subsidiaries under AASB 10 Consolidated Financial Statement that meet the definition of investment entity. The standard is not mandatory until 1 January 2016. The impact of the amendment to the managed investment schemes is not yet determined.

NOTE 2 - DIVIDENDS AND DISTRIBUTIONS

	Balanced Fund		Monthly Income Fund	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Dividend/Scheme distribution income				
Listed equities and unit trusts	-	-	-	-
Unlisted managed investment schemes	<u>3,975</u>	<u>2,765</u>	<u>2,000</u>	<u>1,706</u>
	3,975	2,765	2,000	1,706
	Property Fund		Dividend Imputation Fund	
	2015	2014	2015	2014
	\$	\$	\$'000	\$'000
Dividend/Scheme distribution income				
Listed equities and unit trusts	-	-	3,681	3,676
Unlisted managed investment schemes	<u>479,090</u>	<u>409,131</u>	<u>-</u>	<u>-</u>
	479,090	409,131	3,681	3,676

NOTE 3 - AUDITOR'S REMUNERATION

The audit of the Schemes' is conducted by Ernst & Young. The Responsible Entity pays the cost of the audit fees being \$11,000 for audit and review of the financial reports, and \$2,374 for Compliance Plan audits for each of the Schemes. The Dividend Imputation Fund receives additional assurance services from the auditor being the Specified Assertions audit for its direct investments, as stated in the table below:

	Dividend Imputation Fund	
	2015	2014
	\$	\$
Auditors of the Scheme:		
Other assurance engagements	<u>2,500</u>	<u>2,500</u>
	<u>2,500</u>	<u>2,500</u>

Audit fees for the Schemes have been paid by MLC Investments Limited.

NOTE 4 - NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in number of units on issue and net assets attributable to unitholders during the year:

	Balanced Fund (Entry Fee)		Monthly Income Fund (Entry Fee)	
	\$'000	No. '000	\$'000	No. '000
Net assets attributable to unitholders				
Balance at 30 June 2013	33,330	23,907	12,578	15,410
Applications	731	504	187	224
Redemptions	(4,318)	(2,894)	(2,026)	(2,409)
Change in net assets attributable to unitholders	<u>3,405</u>	<u>-</u>	<u>550</u>	<u>-</u>
Balance at 30 June 2014	33,148	21,517	11,289	13,225
Applications	629	400	248	285
Redemptions	(4,673)	(2,904)	(807)	(918)
Change in net assets attributable to unitholders	<u>1,851</u>	<u>-</u>	<u>110</u>	<u>-</u>
Balance at 30 June 2015	30,955	19,013	10,840	12,592

	Balanced Fund (Nil Entry Fee)		Monthly Income Fund (Nil Entry Fee)	
	\$'000	No. '000	\$'000	No. '000
Net assets attributable to unitholders				
Balance at 30 June 2013	44,282	31,811	19,326	23,710
Applications	865	601	511	609
Redemptions	(6,291)	(4,188)	(2,391)	(2,842)
Change in net assets attributable to unitholders	<u>4,632</u>	<u>-</u>	<u>893</u>	<u>-</u>
Balance at 30 June 2014	43,488	28,224	18,339	21,477
Applications	653	406	512	586
Redemptions	(5,603)	(3,446)	(2,210)	(2,528)
Change in net assets attributable to unitholders	<u>2,471</u>	<u>-</u>	<u>178</u>	<u>-</u>
Balance at 30 June 2015	41,009	25,184	16,819	19,535

NOTE 4 - NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

	Property Fund (Entry Fee)		Dividend Imputation Fund (Entry Fee)	
	\$	No.	\$'000	No. '000
Net assets attributable to unitholders				
Balance at 30 June 2013	4,986,146	9,429,348	59,305	38,888
Applications	114,060	219,364	1,734	1,055
Redemptions	(467,380)	(881,417)	(7,654)	(4,552)
Change in net assets attributable to unitholders	228,876	-	4,778	-
Balance at 30 June 2014	4,861,702	8,767,295	58,163	35,391
Applications	106,303	178,112	4,744	2,865
Redemptions	(582,146)	(975,311)	(7,997)	(4,699)
Change in net assets attributable to unitholders	620,550	-	(4,079)	-
Balance at 30 June 2015	5,006,409	7,970,096	50,831	33,557

	Property Fund (Nil Entry Fee)		Dividend Imputation Fund (Nil Entry Fee)	
	\$	No.	\$'000	No. '000
Net assets attributable to unitholders				
Balance at 30 June 2013	4,550,924	8,707,054	25,010	16,061
Applications	85,470	164,704	735	448
Redemptions	(640,306)	(1,212,285)	(5,162)	(3,038)
Change in net assets attributable to unitholders	245,591	-	1,547	-
Balance at 30 June 2014	4,241,679	7,659,473	22,130	13,471
Applications	104,668	172,579	1,562	944
Redemptions	(768,020)	(1,239,794)	(4,022)	(2,342)
Change in net assets attributable to unitholders	557,395	-	(1,404)	-
Balance at 30 June 2015	4,135,722	6,592,258	18,266	12,073

NOTE 5 - DISTRIBUTIONS

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

	2015 \$'000	2015 c/unit	2014 \$'000	2014 c/unit
Balanced Fund				
Entry Fee				
September	40	0.19	14	0.06
December	42	0.21	22	0.10
March	2	0.01	4	0.02
June - payable	939	4.94	500	2.32
	1,023	5.35	540	2.50
Nil Entry Fee				
September	-	-	-	-
December	4	0.02	3	0.01
March	-	-	6	0.02
June - payable	1,099	4.36	440	1.56
	1,103	4.38	449	1.59
Total Distributions	2,126		989	
Monthly Income Fund				
Entry Fee				
July	28	0.21	31	0.20
August	25	0.20	31	0.20
September	25	0.20	30	0.21
October	25	0.20	30	0.21
November	25	0.20	30	0.21
December	25	0.20	29	0.21
January	26	0.20	29	0.21
February	23	0.18	28	0.21
March	23	0.18	28	0.21
April	24	0.18	28	0.21
May	24	0.19	28	0.21
June - payable	254	2.01	129	0.98
	527	4.15	451	3.27

NOTE 5 - DISTRIBUTIONS (continued)

Nil Entry Fee

July	41	0.19	43	0.18
August	36	0.17	43	0.18
September	35	0.17	42	0.18
October	35	0.17	43	0.19
November	34	0.17	42	0.19
December	34	0.17	42	0.19
January	35	0.17	42	0.19
February	31	0.16	41	0.19
March	31	0.16	41	0.19
April	33	0.16	41	0.19
May	32	0.17	41	0.19
June - payable	<u>376</u>	<u>1.93</u>	<u>207</u>	<u>0.97</u>
	<u>753</u>	<u>3.79</u>	<u>668</u>	<u>3.03</u>

Total Distributions	<u>1,280</u>		<u>1,119</u>	
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	2015 \$	2015 c/unit	2014 \$	2014 c/unit
Property Fund				
Entry Fee				
September	50,874	0.60	24,572	0.26
December	27,640	0.34	14,079	0.15
March	57,436	0.71	77,845	0.87
June - payable	<u>55,791</u>	<u>0.70</u>	<u>31,562</u>	<u>0.36</u>
	<u>191,741</u>	<u>2.35</u>	<u>148,058</u>	<u>1.64</u>

Nil Entry Fee

September	29,934	0.42	9,217	0.11
December	24,219	0.34	10,455	0.13
March	35,130	0.51	58,004	0.74
June - payable	<u>48,123</u>	<u>0.73</u>	<u>28,340</u>	<u>0.37</u>
	<u>137,406</u>	<u>2.00</u>	<u>106,016</u>	<u>1.35</u>

Total Distributions	<u>329,147</u>		<u>254,074</u>	
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	2015 \$'000	2015 c/unit	2014 \$'000	2014 c/unit
Dividend Imputation Fund				
Entry Fee				
September	549	1.52	683	1.81
December	516	1.46	565	1.53
March	323	0.94	47	0.13
June - payable	<u>5,349</u>	<u>15.94</u>	<u>3,649</u>	<u>10.31</u>
	<u>6,737</u>	<u>19.86</u>	<u>4,944</u>	<u>13.78</u>

Nil Entry Fee

September	169	1.26	240	1.56
December	162	1.22	190	1.28
March	85	0.68	1	0.01
June - payable	<u>1,890</u>	<u>15.65</u>	<u>1,328</u>	<u>9.86</u>
	<u>2,306</u>	<u>18.81</u>	<u>1,759</u>	<u>12.71</u>

Total Distributions	<u>9,043</u>		<u>6,703</u>	
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NOTE 6 - FINANCIAL ASSETS DESIGNATED AS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Balanced Fund		Monthly Income Fund	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unlisted managed investment schemes				
Units held in unlisted managed investment schemes	<u>73,822</u>	<u>77,400</u>	<u>27,060</u>	<u>29,103</u>
Total financial assets designated as held at fair value	<u>73,822</u>	<u>77,400</u>	<u>27,060</u>	<u>29,103</u>

NOTE 6 - FINANCIAL ASSETS DESIGNATED AS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	Property Fund		Dividend Imputation Fund	
	2015	2014	2015	2014
	\$	\$	\$'000	\$'000
Listed equities				
Shares and units listed on a stock exchange	-	-	71,610	81,372
Unlisted managed investment schemes				
Units held in unlisted managed investment schemes	9,184,931	9,087,539	-	-
Total financial assets designated as held at fair value	9,184,931	9,087,539	71,610	81,372

Units held in unlisted managed investment schemes are detailed in Note 9(h)

NOTE 7 - RECEIVABLES

	Balanced Fund		Monthly Income Fund	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	-	-	-
Distributions receivable	10	-	895	613
Other receivables	-	4	-	-
	10	4	895	613

	Property Fund		Dividend Imputation Fund	
	2015	2014	2015	2014
	\$	\$	\$'000	\$'000
Outstanding settlements	-	-	-	379
Distributions receivable	-	-	583	732
Other receivables	102	113	-	-
	102	113	583	1,111

NOTE 8 - ACCOUNTS PAYABLE & ACCRUED EXPENSES

	Balanced Fund		Monthly Income Fund	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	-	-	-
Distributions payable	2,038	940	630	336
Amounts owing to Responsible Entity	595	608	77	81
Amounts owing for performance fees	-	1	-	-
	2,633	1,549	707	417

	Property Fund		Dividend Imputation Fund	
	2015	2014	2015	2014
	\$	\$	\$'000	\$'000
Outstanding settlements	-	-	143	102
Distributions payable	103,914	59,902	7,239	4,977
Amounts owing to Responsible Entity	39,251	40,734	452	487
Amounts owing for performance fees	-	-	-	-
	143,165	100,636	7,834	5,566

NOTE 9 - RELATED PARTIES

(a) Responsible Entity

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

The Responsible Entity is incorporated and domiciled in Australia.

(b) Key management personnel

Directors

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

Name	Appointment / Resignation Date
S C Birkenleigh	Appointed 27 February 2012/Resigned 7 July 2014
P Coad	Appointed 22 August 2013/Resigned 7 July 2014
S Dave	Appointed 7 July 2014/ Resigned 30 June 2015
J G Duffield	Appointed 24 August 2011
J L Flavell	Appointed 7 July 2014/Resigned 23 January 2015
P Gupta	Appointed 1 September 2012
D M Hackett	Appointed 29 January 2014/Resigned 7 July 2014
A Hagger	Appointed 22 May 2013/Resigned 7 July 2014
N J Milne	Appointed 17 December 2014/ Resigned 3 June 2015
G J Mulcahy	Appointed 7 July 2014
A W Rothery	Appointed 14 April 2009/Resigned 31 October 2014
E Rubin	Appointed 22 May 2013/Resigned 7 July 2014
M F Snowden	Appointed 25 August 2009/Resigned 7 July 2014
G J Symons	Appointed 14 April 2009/Resigned 7 July 2014
G A Tomlinson	Appointed 19 February 2001/Resigned 18 December 2014

In addition to the Directors noted above, the Responsible Entity is considered to be a key management personnel of the Schemes.

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Schemes to the Responsible Entity do not include any amounts directly attributable to Directors as 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 or withdraw from the Schemes. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors.

(d) Amounts payable to the Responsible Entity

The net amounts of debts payable to MLC Investments Limited by the Schemes at balance date are shown in the table below:

	2015	2014
	\$	\$
Balanced Fund	595,445	608,214
Monthly Income Fund	76,897	81,234
Property Fund	39,251	40,734
Dividend Imputation Fund	452,459	487,363

(e) Responsible Entity's remuneration

The Responsible Entity fees have been calculated in accordance with the Schemes' Constitutions. Total fees paid and payable are as follows:

	2015	2014
	\$	\$
Balanced Fund	1,479,727	1,540,580
Monthly Income Fund	295,537	311,878
Property Fund	171,854	166,292
Dividend Imputation Fund	1,763,649	1,885,267

NOTE 9 - RELATED PARTIES (continued)

(f) Expense reimbursement

The Responsible Entity is entitled, under the Schemes' Constitutions, to be reimbursed for certain expenses incurred in administering the Schemes.

The basis on which the expenses are reimbursable is defined in the Constitutions.

(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, are restricted to their fair value; which are disclosed in Note 9(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 exit 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. NAB Asset Servicing is the custodian for the directly held investments of the Schemes.

The principal activities of all the below named Schemes is to invest and transact in listed equities, unlisted managed investment schemes, unlisted property trusts and derivatives in accordance with the provisions of those 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.

Managed Investment Schemes / Shares	Number of units/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received/ receivable \$
Balanced Fund				
2015				
MLC Low Correlation Strategy Trust	1,011,510	0.10	1,151,546	-
Antares Enhanced Cash Trust	913,270	0.02	920,497	12,310
WM Sector - Australian Equities - Diversified Strategy	197,121	0.21	20,943,657	1,291,587
WM Sector - Diversified Debt (All) Trust	92,855	0.27	9,654,030	437,125
WM Sector - Diversified Debt (Short) Trust	23,336	0.09	2,380,928	40,989
WM Pool - Equities Trust No. 18	4,995	0.07	575,502	15,061
WM Pool - Equities Trust No. 29	6,562	0.17	712,862	65,115
WM Pool - Equities Trust No. 37	5,676	0.07	755,385	79,810
WM Pool - Equities Trust No. 47	45,231	0.24	7,513,594	801,637
WM Pool - Equities Trust No. 59	15,892	0.38	1,674,681	109,574
WM Pool - Equities Trust No. 73	5,888	0.26	591,896	16,712
WM Pool Fixed Interest Trust No.5	16,158	0.28	1,760,657	109,620
WM Pool - Global Properties Trust	27,125	0.26	3,028,836	91,578
WM Sector - Global Equities (Hedged) Trust	48,492	0.52	4,544,662	46,323
WM Sector - Global Equities (Unhedged) Trust	58,920	0.10	8,660,201	199,425
WM Pool - LTAR Part 1 NS Trust	25,431	0.65	2,368,779	295,463
WM Pool Fixed Interest Trust No.23	50,538	0.23	5,231,487	270,225
WM Pool - NSIM Australian Fixed Interest (A) Trust	6,431	0.04	659,520	51,738
WM Pool - UBS Australian Fixed Interest (A) Trust	679,291	0.04	693,670	41,139
	<u>3,234,722</u>		<u>73,822,390</u>	<u>3,975,431</u>

NOTE 9 - RELATED PARTIES (continued)

(h) Related party investments (continued)

Managed Investment Schemes / Shares	Number of units/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received/ receivable \$
Balanced Fund (continued)				
2014				
MLC Low Correlation Strategy Trust	729,010	0.10	800,253	18,627
Antares Enhanced Cash Trust	373,058	0.01	373,773	17,476
WM Sector - Australian Equities - Diversified Strategy	213,706	0.23	22,694,741	1,116,399
WM Sector - Diversified Debt (All) Trust	108,518	0.28	11,261,160	331,533
WM Sector - Diversified Debt (Short) Trust	17,081	0.07	1,726,738	60,990
WM Pool - Equities Trust No. 18	8,019	0.13	839,931	-
WM Pool - Equities Trust No. 29	7,270	0.20	768,123	25,865
WM Pool - Equities Trust No. 37	6,517	0.11	798,603	63,143
WM Pool - Equities Trust No. 47	52,172	0.25	7,642,519	577,187
WM Pool - Equities Trust No. 59	15,649	0.58	1,586,272	28,318
WM Pool - Equities Trust No. 73	5,721	0.27	575,196	-
WM Pool Fixed Interest Trust No.5	15,462	0.31	1,766,019	76,515
WM Pool - Global Properties Trust	30,733	0.29	3,139,234	38,795
WM Sector - Global Equities (Hedged) Trust	54,750	0.71	4,735,529	41,590
WM Sector - Global Equities (Unhedged) Trust	78,117	0.11	9,439,512	151,778
WM Pool - LTAR Part 1 NS Trust	25,711	0.92	2,345,087	63,436
WM Pool Fixed Interest Trust No.23	49,837	0.23	5,184,445	74,147
WM Pool - NSIM Australian Fixed Interest (A) Trust	8,210	0.05	860,161	36,206
WM Pool - UBS Australian Fixed Interest (A) Trust	832,356	0.05	861,914	43,379
	<u>2,631,897</u>		<u>77,399,210</u>	<u>2,765,384</u>
Monthly Income Fund				
2015				
Dividend Imputation Trust	5,626,301	16.77	8,510,326	1,133,280
WM Pool - NSIM Australian Fixed Interest (A) Trust	28,353	0.16	2,907,625	220,470
WM Pool - NSIM Australian Fixed Interest (S) Trust	41,975	0.21	4,284,795	146,673
WM Sector - Property Securities Trust	59,520	0.56	4,254,921	222,858
WM Pool - UBS Australian Fixed Interest (A) Trust	2,758,136	0.16	2,816,521	170,074
WM Pool - UBS Australian Fixed Interest (S) Trust	41,765	0.21	4,285,494	106,606
	<u>8,556,050</u>		<u>27,059,682</u>	<u>1,999,961</u>
2014				
Dividend Imputation Trust	5,950,544	16.81	9,763,139	840,685
WM Pool - NSIM Australian Fixed Interest (A) Trust	28,073	0.16	2,941,221	129,525
WM Pool - NSIM Australian Fixed Interest (S) Trust	43,690	0.34	4,455,260	184,857
WM Sector - Property Securities Trust	72,022	0.62	4,525,319	207,562
WM Pool - UBS Australian Fixed Interest (A) Trust	2,880,530	0.16	2,982,821	156,199
WM Pool - UBS Australian Fixed Interest (S) Trust	43,362	0.34	4,435,817	187,116
	<u>9,018,221</u>		<u>29,103,577</u>	<u>1,705,944</u>
Property Fund				
2015				
WM Sector - Property Securities Trust	<u>128,484</u>	1.20	<u>9,184,931</u>	<u>479,090</u>
2014				
WM Sector - Property Securities Trust	<u>144,631</u>	1.25	<u>9,087,539</u>	<u>409,131</u>
Dividend Imputation Fund				
2015				
National Australia Bank Limited	<u>158,071</u>	0.01	<u>5,265,345</u>	<u>329,866</u>
2014				
National Australia Bank Limited	<u>167,895</u>	0.01	<u>5,503,598</u>	<u>329,074</u>

(i) Unitholder investing activities

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

MLC Investments Limited and its related parties	Number of units/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received/ receivable \$
Dividend Imputation Fund				
2015				
Monthly Income Fund	5,626,301	16.77	8,510,326	1,133,280
2014				
Monthly Income Fund	5,950,544	16.81	9,763,139	840,685

NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS

	Balanced Fund		Monthly Income Fund	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash flows from operating activities				
Net operating profit	6,448	9,026	1,568	2,562
Income reinvested	(3,969)	(2,758)	(1,718)	(1,155)
Changes in the fair value of investments	(3,952)	(7,789)	141	(1,162)
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in other receivables and distributions receivable	(6)	12	(282)	(551)
(Decrease)/increase in other accounts payable	(12)	218	(4)	(4)
Net cash provided by/(used in) operating activities	<u>(1,491)</u>	<u>(1,291)</u>	<u>(295)</u>	<u>(310)</u>

(b) Components of cash

For the purposes of the Statements of Cash Flows, cash includes cash at bank, futures margin 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	765	781	411	329
Cash on deposit - domestic	-	-	-	-
Futures margin	-	-	-	-
	<u>765</u>	<u>781</u>	<u>411</u>	<u>329</u>

(c) Non-cash financing and investing activities

Distributions to unitholders reinvested	811	814	543	535
	<u>811</u>	<u>814</u>	<u>543</u>	<u>535</u>

	Property Fund		Dividend Imputation Fund	
	2015	2014	2015	2014
	\$	\$	\$'000	\$'000
(a) Reconciliation of operating profit to net cash flows from operating activities				
Net operating profit	1,507,092	728,541	3,560	13,028
Income reinvested	(479,089)	(409,013)	-	-
Changes in the fair value of investments	(1,198,302)	(483,643)	(1,551)	(11,144)
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in other receivables and distributions receivable	11	-	149	(30)
(Decrease)/increase in other accounts payable	(1,483)	284	(35)	(6)
Net cash provided by/(used in) operating activities	<u>(171,771)</u>	<u>(163,831)</u>	<u>2,123</u>	<u>1,848</u>

(b) Components of cash

For the purposes of the Statements of Cash Flows, cash includes cash at bank, futures margin 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	100,263	116,365	2,223	1,497
Cash on deposit - domestic	-	-	2,527	1,792
Futures margin	-	-	-	87
	<u>100,263</u>	<u>116,365</u>	<u>4,750</u>	<u>3,376</u>

(c) Non-cash financing and investing activities

Distributions to unitholders reinvested	180,310	190,708	5,416	1,697
	<u>180,310</u>	<u>190,708</u>	<u>5,416</u>	<u>1,697</u>

NOTE 11 - 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 and other price 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. Risk management monitoring 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.

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 they hold 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.

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, including the credit worthiness of each counterparty (eg custodian etc). Credit quality of debt instruments is managed using Standard & Poor's rating categories, in accordance with the investment mandates of the Schemes.

(c) Financial Liabilities Held for Trading

Financial liabilities 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 Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as default on contracts.

	2015			2014		
	Amounts not offset		Net amount	Amounts not offset		Net amount
	Other financial instruments	Cash collateral received/ (pledged)		Other financial instruments	Cash collateral received/ (pledged)	
Dividend Imputation Fund	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Futures contracts	12	-	12	-	-	-
Closing balance	12	-	12	-	-	-

(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.

There was no significant direct foreign exchange risk in the Schemes as at 30 June 2015 (2014: Nil).

(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.

There was no significant direct interest rate risk in the Schemes as at 30 June 2015 (2014: Nil).

(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 detailed in the following tables.

NOTE 11 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and Other Price Risk (continued)

Balanced Fund

Category	2015				2014			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities funds	28%	-15%	6,805	(3,645)	28%	-15%	6,718	(3,599)
International equities funds	26%	-14%	5,871	(3,162)	26%	-14%	6,842	(3,684)
Property equities funds	34%	-26%	1,142	(873)	33%	-26%	1,022	(805)
Fixed interest funds	7%	-7%	1,651	(1,651)	7%	-7%	1,680	(1,680)
Total			15,469	(9,331)			16,262	(9,768)

Monthly Income Fund

Category	2015				2014			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities funds	28%	-15%	2,652	(1,421)	28%	-15%	2,934	(1,572)
Property equities funds	34%	-26%	1,380	(1,055)	33%	-26%	1,441	(1,135)
Fixed interest funds	7%	-7%	947	(947)	7%	-7%	998	(998)
Total			4,979	(3,423)			5,373	(3,705)

Property Fund

Category	2015				2014			
	Change in price		Effect on net profit attributable to unitholders \$		Change in price		Effect on net profit attributable to unitholders \$	
	+	-	+	-	+	-	+	-
Property equities funds	34%	-26%	3,122,877	(2,388,082)	33%	-26%	2,998,925	(2,362,790)
Total			3,122,877	(2,388,082)			2,998,925	(2,362,790)

Dividend Imputation Fund

Category	2015				2014			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities funds	28%	-15%	20,051	(10,742)	28%	-15%	22,784	(12,206)
Total			20,051	(10,742)			22,784	(12,206)

(e) Liquidity and Cash Flow Risk

The Schemes are exposed to daily cash redemptions of redeemable units. They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of or in unlisted managed investment schemes with daily redemptions.

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.

Directors' declaration

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

The financial statements and notes set out on pages 6 to 24, 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 30 June 2015 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 28 day of August 2015

Independent auditor's report to the unitholders of the National Investment Trusts:

National Australia Balanced Fund

National Australia Property Fund

National Australia Monthly Income Fund

National Australia Dividend Imputation Fund

We have audited the accompanying financial report of the National Investment Trusts consisting of the schemes listed above (the 'Schemes') which comprises the statements of financial position as at 30 June 2015, the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

1. the financial report of the Schemes is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Schemes as at 30 June 2015 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).



Ernst & Young



Rita Da Silva
Partner
Sydney
28 August 2015

Your notes

[illegible]



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

Postal address

PO Box 200
North Sydney NSW 2059

Registered office

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

mlc.com.au