



# MLC MasterKey Unit Trust

## Financial Report

### For the year ended 31 May 2014

Preparation date  
15 August 2014

Issued by MLC Investments Limited  
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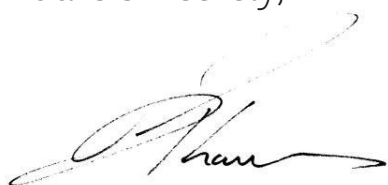
# Annual Financial Report

Dear Investor,

I am pleased to present the reports for the financial year ended 31 May 2014 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 'Dean Thomas', with a long, sweeping horizontal stroke at the end.

Dean Thomas  
General Manager  
Retail Wealth Platforms, MLC

The MLC MasterKey Unit Trust consists of 18 separate schemes:

**MLC MasterKey Unit Trust Accelerated Growth Portfolio**  
ARSN 102 215 725

**MLC MasterKey Unit Trust Share Portfolio**  
ARSN 097 220 945

**MLC MasterKey Unit Trust Growth Portfolio**  
ARSN 087 944 438

**MLC MasterKey Unit Trust Balanced Portfolio**  
ARSN 087 944 625

**MLC MasterKey Unit Trust Conservative Growth Portfolio**  
ARSN 097 221 077

**MLC MasterKey Unit Trust Income Portfolio**  
ARSN 087 940 592

**MLC MasterKey Unit Trust Cash Fund**  
ARSN 087 940 467

**MLC MasterKey Unit Trust Property Securities Fund**  
ARSN 087 944 652

**MLC MasterKey Unit Trust IncomeBuilder™**  
ARSN 087 944 287

**MLC MasterKey Unit Trust Share Index Fund**  
ARSN 087 939 919

**MLC MasterKey Unit Trust Australian Share Fund**  
ARSN 087 945 293

**MLC MasterKey Unit Trust Global Share Fund**  
ARSN 087 943 682

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

**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 Growth Style Fund**  
ARSN 106 465 356

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

**MLC MasterKey Unit Trust Bond Portfolio**  
ARSN 112 925 274

## Directors' report

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

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

present their report together with the financial report of the Schemes for the year ended 31 May 2014 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:

<b>Name</b>	<b>Appointment / Resignation Date</b>
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
J G Duffield	Appointed 24 August 2011
J Flavell	Appointed 7 July 2014
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
G Mulcahy	Appointed 7 July 2014
A W Rothery	Appointed 14 April 2009
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
D West	Appointed 25 August 2011/Resigned 14 November 2013

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 MLC - 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 (2013: 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](http://mlc.com.au) or alternatively in the Product Disclosure Statement.

## Distributions

The distributions for the year ended 31 May 2014 were as follows:

	\$'000	c/unit
MLC Horizon 7 Accelerated Growth Portfolio	272	1.28
MLC Horizon 6 Share Portfolio	4,334	1.55
MLC Horizon 5 Growth Portfolio	8,407	2.04
MLC Horizon 4 Balanced Portfolio	27,556	2.36
MLC Horizon 3 Conservative Growth Portfolio	9,510	1.50
MLC Horizon 2 Income Portfolio	2,735	1.77
Property Securities Fund	3,584	2.29
IncomeBuilder	125,158	13.80
Share Index Fund	18,240	12.62
Australian Share Fund	4,932	6.12
Global Share Fund	708	1.16
MLC - Platinum Global Fund	-	-
Australian Share Growth Style Fund	224	2.54
Australian Share Value Style Fund	328	2.67
	<b>Whole Dollars \$</b>	<b>c/unit</b>
Global Share Growth Style Fund	23,519	1.49
Global Share Value Style Fund	64,893	0.89
MLC Horizon 1 Bond Portfolio	72,903	1.53
	<b>\$'000</b>	<b>Annualised % rate</b>
Cash Fund	1,689	1.69

## 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 6.

## Events subsequent to the balance date

Except as disclosed in the financial report, 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 associates in the Schemes during the financial year ended 31 May 2014 are detailed in Note 9 to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 31 May 2014 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 31 May 2014. 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 Global Share Growth Style Fund, Global Share Value Style Fund and MLC Horizon 1 Bond Portfolio, 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 24<sup>th</sup> day of July 2014

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

In relation to our audit of the financial report of the MLC MasterKey Unit Trust consisting of the Schemes listed below for the financial year ended 31 May 2014, 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.

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



Rita Da Silva  
Partner  
Sydney  
24 July 2014



MLC MasterKey Unit Trust  
Statements of Profit or Loss and Other Comprehensive Income  
For the year ended 31 May 2014

		MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Investment income</b>									
Dividend and distribution income	2	543	303	9,194	5,698	17,482	14,211	56,461	49,500
Interest income		4	5	24	20	42	37	103	77
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	12	3,575	5,158	31,363	46,858	48,579	75,356	129,203	194,245
Other income		-	-	-	-	-	-	-	-
<b>Total investment income</b>		<b>4,122</b>	<b>5,466</b>	<b>40,581</b>	<b>52,576</b>	<b>66,103</b>	<b>89,604</b>	<b>185,767</b>	<b>243,822</b>
<b>Expenses</b>									
Responsible Entity's fees	9(e)	346	299	4,003	3,394	7,554	6,638	23,743	20,511
Performance fees		-	-	13	-	25	-	78	-
Other expenses		-	-	-	-	-	-	-	-
<b>Total operating expenses</b>		<b>346</b>	<b>299</b>	<b>4,016</b>	<b>3,394</b>	<b>7,579</b>	<b>6,638</b>	<b>23,821</b>	<b>20,511</b>
<b>Net operating profit/(loss)</b>		<b>3,776</b>	<b>5,167</b>	<b>36,565</b>	<b>49,182</b>	<b>58,524</b>	<b>82,966</b>	<b>161,946</b>	<b>223,311</b>
<b>Financing costs</b>									
Distributions	5	272	31	4,334	2,190	8,407	7,454	27,556	28,515
<b>Net profit/(loss)</b>		<b>3,504</b>	<b>5,136</b>	<b>32,231</b>	<b>46,992</b>	<b>50,117</b>	<b>75,512</b>	<b>134,390</b>	<b>194,796</b>
Other comprehensive income		-	-	-	-	-	-	-	-
Items reclassified to profit or loss		-	-	-	-	-	-	-	-
<b>Change in net assets attributable to unitholders</b>	4	<b>3,504</b>	<b>5,136</b>	<b>32,231</b>	<b>46,992</b>	<b>50,117</b>	<b>75,512</b>	<b>134,390</b>	<b>194,796</b>
		MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Investment income</b>									
Dividend and distribution income	2	19,799	17,229	5,126	7,800	-	-	4,906	4,339
Interest income		62	44	17	23	2,776	3,980	11	15
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	12	36,585	45,777	5,398	12,414	-	-	947	26,354
Other income		-	-	-	-	-	-	-	-
<b>Total investment income</b>		<b>56,446</b>	<b>63,050</b>	<b>10,541</b>	<b>20,237</b>	<b>2,776</b>	<b>3,980</b>	<b>5,864</b>	<b>30,708</b>
<b>Expenses</b>									
Responsible Entity's fees	9(e)	8,946	6,799	2,184	2,302	1,087	1,201	1,575	1,655
Performance fees		29	-	-	-	-	-	-	-
Other expenses		-	-	-	-	-	-	-	-
<b>Total operating expenses</b>		<b>8,975</b>	<b>6,799</b>	<b>2,184</b>	<b>2,302</b>	<b>1,087</b>	<b>1,201</b>	<b>1,575</b>	<b>1,655</b>
<b>Net operating profit/(loss)</b>		<b>47,471</b>	<b>56,251</b>	<b>8,357</b>	<b>17,935</b>	<b>1,689</b>	<b>2,779</b>	<b>4,289</b>	<b>29,053</b>
<b>Financing costs</b>									
Distributions	5	9,510	10,318	2,735	5,053	1,689	2,766	3,584	2,703
<b>Net profit/(loss)</b>		<b>37,961</b>	<b>45,933</b>	<b>5,622</b>	<b>12,882</b>	<b>-</b>	<b>13</b>	<b>705</b>	<b>26,350</b>
Other comprehensive income		-	-	-	-	-	-	-	-
Items reclassified to profit or loss		-	-	-	-	-	-	-	-
<b>Change in net assets attributable to unitholders</b>	4	<b>37,961</b>	<b>45,933</b>	<b>5,622</b>	<b>12,882</b>	<b>-</b>	<b>13</b>	<b>705</b>	<b>26,350</b>

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 2014

		IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Investment income</b>									
Dividend and distribution income	2	114,269	103,373	14,496	14,957	7,351	5,790	1,667	1,172
Interest income		3,477	2,675	19	23	13	17	7	7
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	12	267,410	508,290	38,598	61,765	11,861	28,511	16,195	19,046
Other income		-	-	-	-	-	-	-	-
<b>Total investment income</b>		<b>385,156</b>	<b>614,338</b>	<b>53,113</b>	<b>76,745</b>	<b>19,225</b>	<b>34,318</b>	<b>17,869</b>	<b>20,225</b>
<b>Expenses</b>									
Responsible Entity's fees	9(e)	45,076	39,253	4,474	4,236	2,435	2,420	1,563	1,368
Performance fees		-	-	-	-	-	-	-	-
Other expenses		-	-	-	-	-	-	-	-
<b>Total operating expenses</b>		<b>45,076</b>	<b>39,253</b>	<b>4,474</b>	<b>4,236</b>	<b>2,435</b>	<b>2,420</b>	<b>1,563</b>	<b>1,368</b>
<b>Net operating profit/(loss)</b>		<b>340,080</b>	<b>575,085</b>	<b>48,639</b>	<b>72,509</b>	<b>16,790</b>	<b>31,898</b>	<b>16,306</b>	<b>18,857</b>
<b>Financing costs</b>									
Distributions	5	125,158	170,455	18,240	13,784	4,932	3,392	708	92
<b>Net profit/(loss)</b>		<b>214,922</b>	<b>404,630</b>	<b>30,399</b>	<b>58,725</b>	<b>11,858</b>	<b>28,506</b>	<b>15,598</b>	<b>18,765</b>
Other comprehensive income		-	-	-	-	-	-	-	-
Items reclassified to profit or loss		-	-	-	-	-	-	-	-
<b>Change in net assets attributable to unitholders</b>	4	<b>214,922</b>	<b>404,630</b>	<b>30,399</b>	<b>58,725</b>	<b>11,858</b>	<b>28,506</b>	<b>15,598</b>	<b>18,765</b>
		MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>Investment income</b>									
Dividend and distribution income	2	16,758	14,581	402	326	531	700	29,302	12,942
Interest income		358	429	2	3	3	3	459	479
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	12	200,189	263,159	1,194	2,091	1,219	2,089	293,999	344,141
Other income		-	-	-	-	-	-	-	-
<b>Total investment income</b>		<b>217,305</b>	<b>278,169</b>	<b>1,598</b>	<b>2,420</b>	<b>1,753</b>	<b>2,792</b>	<b>323,760</b>	<b>357,562</b>
<b>Expenses</b>									
Responsible Entity's fees	9(e)	24,098	20,434	181	176	206	206	30,369	25,779
Performance fees		-	-	-	-	-	-	-	-
Other expenses		2	2	-	-	-	-	8	21
<b>Total operating expenses</b>		<b>24,100</b>	<b>20,436</b>	<b>181</b>	<b>176</b>	<b>206</b>	<b>206</b>	<b>30,377</b>	<b>25,800</b>
<b>Net operating profit/(loss)</b>		<b>193,205</b>	<b>257,733</b>	<b>1,417</b>	<b>2,244</b>	<b>1,547</b>	<b>2,586</b>	<b>293,383</b>	<b>331,762</b>
<b>Financing costs</b>									
Distributions	5	-	-	224	153	328	498	23,519	-
<b>Net profit/(loss)</b>		<b>193,205</b>	<b>257,733</b>	<b>1,193</b>	<b>2,091</b>	<b>1,219</b>	<b>2,088</b>	<b>269,864</b>	<b>331,762</b>
Other comprehensive income		-	-	-	-	-	-	-	-
Items reclassified to profit or loss		-	-	-	-	-	-	-	-
<b>Change in net assets attributable to unitholders</b>	4	<b>193,205</b>	<b>257,733</b>	<b>1,193</b>	<b>2,091</b>	<b>1,219</b>	<b>2,088</b>	<b>269,864</b>	<b>331,762</b>

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 2014**

		<b>Global Share Value Style Fund</b>		<b>MLC Horizon 1 Bond Portfolio</b>	
	Notes	<b>2014 Whole Dollars \$</b>	<b>2013 Whole Dollars \$</b>	<b>2014 Whole Dollars \$</b>	<b>2013 Whole Dollars \$</b>
<b>Investment income</b>					
Dividend and distribution income	2	<b>159,226</b>	125,254	<b>147,948</b>	225,603
Interest income		<b>1,607</b>	1,856	<b>1,084</b>	1,846
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	12	<b>1,162,626</b>	1,619,617	<b>32,920</b>	55,960
Other income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total investment income</b>		<b><u>1,323,459</u></b>	<u>1,746,727</u>	<b><u>181,952</u></b>	<u>283,409</u>
<b>Expenses</b>					
Responsible Entity's fees	9(e)	<b>113,905</b>	101,530	<b>75,090</b>	92,365
Performance fees		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenses		<u>87</u>	68	<u>124</u>	226
<b>Total operating expenses</b>		<b><u>113,992</u></b>	<u>101,598</u>	<b><u>75,214</u></b>	<u>92,591</u>
<b>Net operating profit/(loss)</b>		<b><u>1,209,467</u></b>	<u>1,645,129</u>	<b><u>106,738</u></b>	<u>190,818</u>
<b>Financing costs</b>					
Distributions	5	<b><u>64,893</u></b>	<u>25,551</u>	<b><u>72,903</u></b>	<u>134,926</u>
<b>Net profit/(loss)</b>		<b><u>1,144,574</u></b>	<u>1,619,578</u>	<b><u>33,835</u></b>	<u>55,892</u>
Other comprehensive income		-	-	-	-
Items reclassified to profit or loss		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets attributable to unitholders</b>	4	<b><u>1,144,574</u></b>	<u>1,619,578</u>	<b><u>33,835</u></b>	<u>55,892</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 2014

		MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Assets</b>									
Cash and cash equivalents	11(b)	86	121	431	167	733	909	3,038	1,849
Receivables	7	1	1	2	1	2	3	9	7
Financial assets designated as held at fair value through profit or loss	6	21,587	20,669	271,223	243,882	504,238	462,808	1,630,074	1,453,165
Financial assets held for trading		-	-	-	-	-	-	-	-
<b>Total assets</b>		<b>21,674</b>	<b>20,791</b>	<b>271,656</b>	<b>244,050</b>	<b>504,973</b>	<b>463,720</b>	<b>1,633,121</b>	<b>1,455,021</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	8	27	20	333	232	605	422	1,962	1,358
Financial liabilities held for trading		-	-	-	-	-	-	-	-
Distribution payable		-	-	-	-	-	-	-	-
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>27</b>	<b>20</b>	<b>333</b>	<b>232</b>	<b>605</b>	<b>422</b>	<b>1,962</b>	<b>1,358</b>
<b>Net assets attributable to unitholders</b>	4	<b>21,647</b>	<b>20,771</b>	<b>271,323</b>	<b>243,818</b>	<b>504,368</b>	<b>463,298</b>	<b>1,631,159</b>	<b>1,453,663</b>
		MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Assets</b>									
Cash and cash equivalents	11(b)	2,323	2,022	560	1,365	20,839	19,114	704	593
Receivables	7	3	3	2	2	59	108	2	2
Financial assets designated as held at fair value through profit or loss	6	647,987	513,618	165,504	177,606	77,365	87,841	106,162	118,729
Financial assets held for trading		-	-	-	-	-	-	-	-
<b>Total assets</b>		<b>650,313</b>	<b>515,643</b>	<b>166,066</b>	<b>178,973</b>	<b>98,263</b>	<b>107,063</b>	<b>106,868</b>	<b>119,324</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	8	781	485	169	134	90	74	121	91
Financial liabilities held for trading		-	-	-	-	-	-	-	-
Distribution payable		-	-	-	-	-	-	-	-
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>781</b>	<b>485</b>	<b>169</b>	<b>134</b>	<b>90</b>	<b>74</b>	<b>121</b>	<b>91</b>
<b>Net assets attributable to unitholders</b>	4	<b>649,532</b>	<b>515,158</b>	<b>165,897</b>	<b>178,839</b>	<b>98,173</b>	<b>106,989</b>	<b>106,747</b>	<b>119,233</b>

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 2014

		IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Assets</b>									
Cash and cash equivalents	11(b)	24,944	49,259	1,102	758	962	732	265	416
Receivables	7	37,422	24,113	2	3	2	2	1	1
Financial assets designated as held at fair value through profit or loss	6	2,448,708	2,176,654	352,765	344,481	139,743	144,070	92,183	90,441
Financial assets held for trading		-	-	-	-	-	-	-	-
<b>Total assets</b>		<b>2,511,074</b>	<b>2,250,026</b>	<b>353,869</b>	<b>345,242</b>	<b>140,707</b>	<b>144,804</b>	<b>92,449</b>	<b>90,858</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	8	15,709	2,972	366	282	182	138	141	112
Financial liabilities held for trading		-	-	-	-	-	-	-	-
Distribution payable		-	-	-	-	-	-	-	-
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>15,709</b>	<b>2,972</b>	<b>366</b>	<b>282</b>	<b>182</b>	<b>138</b>	<b>141</b>	<b>112</b>
<b>Net assets attributable to unitholders</b>	4	<b>2,495,365</b>	<b>2,247,054</b>	<b>353,503</b>	<b>344,960</b>	<b>140,525</b>	<b>144,666</b>	<b>92,308</b>	<b>90,746</b>

		MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>Assets</b>									
Cash and cash equivalents	11(b)	72,075	50,967	105	115	129	124	21,271	23,848
Receivables	7	15,931	10,227	1	1	1	1	108	98
Financial assets designated as held at fair value through profit or loss	6	995,805	954,297	10,599	10,214	11,883	12,113	1,882,422	1,717,121
Financial assets held for trading	10(c)	3,629	14,146	-	-	-	-	-	-
<b>Total assets</b>		<b>1,087,440</b>	<b>1,029,637</b>	<b>10,705</b>	<b>10,330</b>	<b>12,013</b>	<b>12,238</b>	<b>1,903,801</b>	<b>1,741,067</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	8	9,573	4,861	20	11	17	14	13,466	1,674
Financial liabilities held for trading	10(c)	3,609	4,067	-	-	-	-	-	-
Distribution payable		-	-	-	-	-	-	-	-
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b>13,182</b>	<b>8,928</b>	<b>20</b>	<b>11</b>	<b>17</b>	<b>14</b>	<b>13,466</b>	<b>1,674</b>
<b>Net assets attributable to unitholders</b>	4	<b>1,074,258</b>	<b>1,020,709</b>	<b>10,685</b>	<b>10,319</b>	<b>11,996</b>	<b>12,224</b>	<b>1,890,335</b>	<b>1,739,393</b>

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 2014

		<b>Global Share Value Style Fund</b>		<b>MLC Horizon 1 Bond Portfolio</b>	
	Notes	<b>2014 Whole Dollars \$</b>	<b>2013 Whole Dollars \$</b>	<b>2014 Whole Dollars \$</b>	<b>2013 Whole Dollars \$</b>
<b>Assets</b>					
Cash and cash equivalents	11(b)	<b>70,241</b>	71,726	<b>39,109</b>	58,953
Receivables	7	<b>366</b>	343	<b>312</b>	305
Financial assets designated as held at fair value through profit or loss	6	<b>7,068,854</b>	6,772,002	<b>4,516,822</b>	5,405,953
Financial assets held for trading		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>		<b><u>7,139,461</u></b>	<b><u>6,844,071</u></b>	<b><u>4,556,243</u></b>	<b><u>5,465,211</u></b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	8	<b>12,404</b>	7,236	<b>5,603</b>	4,887
Financial liabilities held for trading		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Distribution payable		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities excluding net assets attributable to unitholders</b>		<b><u>12,404</u></b>	<b><u>7,236</u></b>	<b><u>5,603</u></b>	<b><u>4,887</u></b>
<b>Net assets attributable to unitholders</b>	4	<b><u>7,127,057</u></b>	<b><u>6,836,835</u></b>	<b><u>4,550,640</u></b>	<b><u>5,460,324</u></b>

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 2014**

	<b>MLC Horizon 7 Accelerated Growth Portfolio</b>		<b>MLC Horizon 6 Share Portfolio</b>		<b>MLC Horizon 5 Growth Portfolio</b>		<b>MLC Horizon 4 Balanced Portfolio</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets attributable to unitholders at the beginning of the financial year</b>	<b>20,771</b>	<b>17,747</b>	<b>243,818</b>	<b>208,384</b>	<b>463,298</b>	<b>417,868</b>	<b>1,453,663</b>	<b>1,283,329</b>
Change in net assets attributable to unitholders	<b>3,504</b>	<b>5,136</b>	<b>32,231</b>	<b>46,992</b>	<b>50,117</b>	<b>75,512</b>	<b>134,390</b>	<b>194,796</b>
Applications for units	<b>1,534</b>	<b>986</b>	<b>25,620</b>	<b>24,005</b>	<b>38,005</b>	<b>19,589</b>	<b>144,927</b>	<b>120,241</b>
Redemptions of units	<b>(4,162)</b>	<b>(3,098)</b>	<b>(30,346)</b>	<b>(35,563)</b>	<b>(47,052)</b>	<b>(49,671)</b>	<b>(101,821)</b>	<b>(144,703)</b>
<b>Net assets attributable to unitholders at the end of the financial year</b>	<b>21,647</b>	<b>20,771</b>	<b>271,323</b>	<b>243,818</b>	<b>504,368</b>	<b>463,298</b>	<b>1,631,159</b>	<b>1,453,663</b>
	<b>MLC Horizon 3 Conservative Growth Portfolio</b>		<b>MLC Horizon 2 Income Portfolio</b>		<b>Cash Fund</b>		<b>Property Securities Fund</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets attributable to unitholders at the beginning of the financial year</b>	<b>515,158</b>	<b>401,200</b>	<b>178,839</b>	<b>180,569</b>	<b>106,989</b>	<b>120,913</b>	<b>119,233</b>	<b>108,156</b>
Change in net assets attributable to unitholders	<b>37,961</b>	<b>45,933</b>	<b>5,622</b>	<b>12,882</b>	<b>-</b>	<b>13</b>	<b>705</b>	<b>26,350</b>
Applications for units	<b>132,488</b>	<b>103,818</b>	<b>13,627</b>	<b>15,237</b>	<b>200,705</b>	<b>239,840</b>	<b>3,563</b>	<b>3,235</b>
Redemptions of units	<b>(36,075)</b>	<b>(35,793)</b>	<b>(32,191)</b>	<b>(29,849)</b>	<b>(209,521)</b>	<b>(253,777)</b>	<b>(16,754)</b>	<b>(18,508)</b>
<b>Net assets attributable to unitholders at the end of the financial year</b>	<b>649,532</b>	<b>515,158</b>	<b>165,897</b>	<b>178,839</b>	<b>98,173</b>	<b>106,989</b>	<b>106,747</b>	<b>119,233</b>
	<b>IncomeBuilder</b>		<b>Share Index Fund</b>		<b>Australian Share Fund</b>		<b>Global Share Fund</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets attributable to unitholders at the beginning of the financial year</b>	<b>2,247,054</b>	<b>1,823,251</b>	<b>344,960</b>	<b>311,798</b>	<b>144,666</b>	<b>140,939</b>	<b>90,746</b>	<b>89,325</b>
Change in net assets attributable to unitholders	<b>214,922</b>	<b>404,630</b>	<b>30,399</b>	<b>58,725</b>	<b>11,858</b>	<b>28,506</b>	<b>15,598</b>	<b>18,765</b>
Applications for units	<b>249,788</b>	<b>273,012</b>	<b>25,197</b>	<b>19,866</b>	<b>6,382</b>	<b>5,005</b>	<b>2,410</b>	<b>1,240</b>
Redemptions of units	<b>(216,399)</b>	<b>(253,839)</b>	<b>(47,053)</b>	<b>(45,429)</b>	<b>(22,381)</b>	<b>(29,784)</b>	<b>(16,446)</b>	<b>(18,584)</b>
<b>Net assets attributable to unitholders at the end of the financial year</b>	<b>2,495,365</b>	<b>2,247,054</b>	<b>353,503</b>	<b>344,960</b>	<b>140,525</b>	<b>144,666</b>	<b>92,308</b>	<b>90,746</b>

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 2014

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$
<b>Net assets attributable to unitholders at the beginning of the financial year</b>	<b>1,020,709</b>	946,921	<b>10,319</b>	10,761	<b>12,224</b>	13,083	<b>1,739,393</b>	1,664,605
Change in net assets attributable to unitholders	<b>193,205</b>	257,733	<b>1,193</b>	2,091	<b>1,219</b>	2,088	<b>269,864</b>	331,762
Applications for units	<b>13,256</b>	10,002	<b>355</b>	340	<b>385</b>	572	<b>153,026</b>	102,846
Redemptions of units	<b>(152,912)</b>	(193,947)	<b>(1,182)</b>	(2,873)	<b>(1,832)</b>	(3,519)	<b>(271,948)</b>	(359,820)
<b>Net assets attributable to unitholders at the end of the financial year</b>	<b>1,074,258</b>	1,020,709	<b>10,685</b>	10,319	<b>11,996</b>	12,224	<b>1,890,335</b>	1,739,393
	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio					
	2014	2013	2014	2013				
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$				
<b>Net assets attributable to unitholders at the beginning of the financial year</b>	<b>6,836,835</b>	6,956,299	<b>5,460,324</b>	6,566,199				
Change in net assets attributable to unitholders	<b>1,144,574</b>	1,619,578	<b>33,835</b>	55,892				
Applications for units	<b>335,832</b>	362,323	<b>702,452</b>	1,085,890				
Redemptions of units	<b>(1,190,184)</b>	(2,101,365)	<b>(1,645,971)</b>	(2,247,657)				
<b>Net assets attributable to unitholders at the end of the financial year</b>	<b>7,127,057</b>	6,836,835	<b>4,550,640</b>	5,460,324				

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 2014**

		<b>MLC Horizon 7 Accelerated Growth Portfolio</b>		<b>MLC Horizon 6 Share Portfolio</b>		<b>MLC Horizon 5 Growth Portfolio</b>		<b>MLC Horizon 4 Balanced Portfolio</b>	
		<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013
	Notes	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>									
Dividends and distribution income received		-	-	56	-	106	-	338	-
Interest received		4	5	22	17	44	36	103	78
Responsible Entity's fees paid		(339)	(296)	(3,907)	(3,360)	(7,380)	(6,614)	(23,167)	(20,341)
Performance fees paid		-	-	(8)	-	(16)	-	(51)	-
Payment of other expenses		-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) operating activities</b>	11(a)	<b>(335)</b>	<b>(291)</b>	<b>(3,837)</b>	<b>(3,343)</b>	<b>(7,246)</b>	<b>(6,578)</b>	<b>(22,777)</b>	<b>(20,263)</b>
<b>Cash flows from investing activities</b>									
Proceeds from sale of investments		3,300	2,500	31,917	29,143	79,089	65,311	257,154	161,900
Purchases of investments		(100)	(140)	(18,756)	(12,419)	(54,565)	(21,156)	(248,738)	(89,278)
<b>Net cash provided by/(used in) investing activities</b>		<b>3,200</b>	<b>2,360</b>	<b>13,161</b>	<b>16,724</b>	<b>24,524</b>	<b>44,155</b>	<b>8,416</b>	<b>72,622</b>
<b>Cash flows from financing activities</b>									
Applications received		1,311	960	21,696	22,028	30,246	12,798	120,622	95,571
Redemptions paid		(4,162)	(3,098)	(30,346)	(35,563)	(47,052)	(49,671)	(101,821)	(144,703)
Distributions paid		(49)	(5)	(410)	(216)	(648)	(664)	(3,251)	(3,846)
<b>Net cash provided by/(used in) financing activities</b>		<b>(2,900)</b>	<b>(2,143)</b>	<b>(9,060)</b>	<b>(13,751)</b>	<b>(17,454)</b>	<b>(37,537)</b>	<b>15,550</b>	<b>(52,978)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(35)</b>	<b>(74)</b>	<b>264</b>	<b>(370)</b>	<b>(176)</b>	<b>40</b>	<b>1,189</b>	<b>(619)</b>
Cash and cash equivalents at the beginning of the financial year		121	195	167	537	909	869	1,849	2,468
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	11(b)	<b>86</b>	<b>121</b>	<b>431</b>	<b>167</b>	<b>733</b>	<b>909</b>	<b>3,038</b>	<b>1,849</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 2014**

		<b>MLC Horizon 3 Conservative Growth Portfolio</b>		<b>MLC Horizon 2 Income Portfolio</b>		<b>Cash Fund</b>		<b>Property Securities Fund</b>	
		<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013
	Notes	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>									
Dividends and distribution income received		<b>122</b>	-	-	-	-	-	-	-
Interest received		<b>61</b>	45	<b>16</b>	24	<b>2,825</b>	4,220	<b>11</b>	14
Responsible Entity's fees paid		<b>(8,660)</b>	(6,702)	<b>(2,149)</b>	(2,312)	<b>(1,071)</b>	(1,214)	<b>(1,545)</b>	(1,659)
Performance fees paid		<b>(18)</b>	-	-	-	-	-	-	-
Payment of other expenses		<b>-</b>	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) operating activities</b>	11(a)	<b><u>(8,495)</u></b>	<u>(6,657)</u>	<b><u>(2,133)</u></b>	<u>(2,288)</u>	<b><u>1,754</u></b>	<u>3,006</u>	<b><u>(1,534)</u></b>	<u>(1,645)</u>
<b>Cash flows from investing activities</b>									
Proceeds from sale of investments		<b>93,636</b>	30,026	<b>54,457</b>	22,947	<b>224,786</b>	223,020	<b>18,420</b>	19,872
Purchases of investments		<b>(171,743)</b>	(79,828)	<b>(31,830)</b>	(118)	<b>(214,310)</b>	(213,682)	<b>-</b>	-
<b>Net cash provided by/(used in) investing activities</b>		<b><u>(78,107)</u></b>	<u>(49,802)</u>	<b><u>22,627</u></b>	<u>22,829</u>	<b><u>10,476</u></b>	<u>9,338</u>	<b><u>18,420</u></b>	<u>19,872</u>
<b>Cash flows from financing activities</b>									
Applications received		<b>123,591</b>	94,416	<b>11,850</b>	12,052	<b>199,184</b>	237,385	<b>1,461</b>	1,654
Redemptions paid		<b>(36,075)</b>	(35,793)	<b>(32,191)</b>	(29,849)	<b>(209,521)</b>	(253,777)	<b>(16,754)</b>	(18,508)
Distributions paid		<b>(613)</b>	(918)	<b>(958)</b>	(1,866)	<b>(168)</b>	(335)	<b>(1,482)</b>	(1,121)
<b>Net cash provided by/(used in) financing activities</b>		<b><u>86,903</u></b>	<u>57,705</u>	<b><u>(21,299)</u></b>	<u>(19,663)</u>	<b><u>(10,505)</u></b>	<u>(16,727)</u>	<b><u>(16,775)</u></b>	<u>(17,975)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>301</b>	1,246	<b>(805)</b>	878	<b>1,725</b>	(4,383)	<b>111</b>	252
Cash and cash equivalents at the beginning of the financial year		<b>2,022</b>	776	<b>1,365</b>	487	<b>19,114</b>	23,497	<b>593</b>	341
Effects of exchange rate changes on cash		<b>-</b>	-	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	11(b)	<b><u>2,323</u></b>	<u>2,022</u>	<b><u>560</u></b>	<u>1,365</u>	<b><u>20,839</u></b>	<u>19,114</u>	<b><u>704</u></b>	<u>593</u>

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

**MLC MasterKey Unit Trust**  
**Statements of Cash Flows**  
**For the year ended 31 May 2014**

		<b>IncomeBuilder</b>		<b>Share Index Fund</b>		<b>Australian Share Fund</b>		<b>Global Share Fund</b>	
		<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013	<b>2014</b>	2013
	Notes	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>									
Dividends and distribution income received		<b>114,475</b>	101,164	-	-	-	-	-	-
Interest received		<b>3,486</b>	2,677	<b>20</b>	24	<b>13</b>	16	<b>7</b>	8
Responsible Entity's fees paid		<b>(44,150)</b>	(38,697)	<b>(4,390)</b>	(4,222)	<b>(2,391)</b>	(2,428)	<b>(1,534)</b>	(1,324)
Performance fees paid		-	-	-	-	-	-	-	-
Payment of other expenses		-	-	-	-	-	-	-	-
<b>Net cash provided by/(used in) operating activities</b>	11(a)	<b>73,811</b>	65,144	<b>(4,370)</b>	(4,198)	<b>(2,378)</b>	(2,412)	<b>(1,527)</b>	(1,316)
<b>Cash flows from investing activities</b>									
Proceeds from sale of investments		<b>478,637</b>	768,211	<b>45,310</b>	43,996	<b>23,539</b>	30,742	<b>16,120</b>	19,029
Purchases of investments		<b>(484,994)</b>	(648,708)	<b>(500)</b>	(359)	-	-	-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(6,357)</b>	119,503	<b>44,810</b>	43,637	<b>23,539</b>	30,742	<b>16,120</b>	19,029
<b>Cash flows from financing activities</b>									
Applications received		<b>138,444</b>	120,554	<b>14,752</b>	12,101	<b>2,684</b>	2,510	<b>1,795</b>	1,161
Redemptions paid		<b>(216,399)</b>	(253,839)	<b>(47,053)</b>	(45,429)	<b>(22,381)</b>	(29,784)	<b>(16,446)</b>	(18,584)
Distributions paid		<b>(13,814)</b>	(17,998)	<b>(7,795)</b>	(6,018)	<b>(1,234)</b>	(899)	<b>(93)</b>	(12)
<b>Net cash provided by/(used in) financing activities</b>		<b>(91,769)</b>	(151,283)	<b>(40,096)</b>	(39,346)	<b>(20,931)</b>	(28,173)	<b>(14,744)</b>	(17,435)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(24,315)</b>	33,364	<b>344</b>	93	<b>230</b>	157	<b>(151)</b>	278
Cash and cash equivalents at the beginning of the financial year		<b>49,259</b>	15,895	<b>758</b>	665	<b>732</b>	575	<b>416</b>	138
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	11(b)	<b>24,944</b>	49,259	<b>1,102</b>	758	<b>962</b>	732	<b>265</b>	416

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 2014**

		<b>MLC - Platinum Global Fund</b>		<b>Australian Share Growth Style Fund</b>		<b>Australian Share Value Style Fund</b>		<b>Global Share Growth Style Fund</b>	
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Whole Dollars \$</b>	<b>Whole Dollars \$</b>
<b>Cash flows from operating activities</b>									
Dividends and distribution income received		<b>16,300</b>	14,990	-	-	-	-	-	-
Interest received		<b>364</b>	481	<b>3</b>	4	<b>3</b>	3	<b>450</b>	479
Responsible Entity's fees paid		<b>(23,288)</b>	(20,121)	<b>(172)</b>	(176)	<b>(203)</b>	(211)	<b>(18,569)</b>	(25,712)
Performance fees paid		-	-	-	-	-	-	-	-
Payment of other expenses		-	-	-	-	-	-	<b>(17)</b>	(13)
<b>Net cash provided by/(used in) operating activities</b>	11(a)	<b><u>(6,624)</u></b>	<u>(4,650)</u>	<b><u>(169)</u></b>	<u>(172)</u>	<b><u>(200)</u></b>	<u>(208)</u>	<b><u>(18,136)</u></b>	<u>(25,246)</u>
<b>Cash flows from investing activities</b>									
Proceeds from sale of investments		<b>757,926</b>	562,024	<b>1,230</b>	2,963	<b>1,980</b>	3,650	<b>265,000</b>	351,999
Purchases of investments		<b>(589,091)</b>	(385,012)	<b>(20)</b>	(60)	-	-	<b>(107,000)</b>	(64,000)
<b>Net cash provided by/(used in) investing activities</b>		<b><u>168,835</u></b>	<u>177,012</u>	<b><u>1,210</u></b>	<u>2,903</u>	<b><u>1,980</u></b>	<u>3,650</u>	<b><u>158,000</u></b>	<u>287,999</u>
<b>Cash flows from financing activities</b>									
Applications received		<b>13,256</b>	10,002	<b>171</b>	218	<b>144</b>	192	<b>134,547</b>	102,846
Redemptions paid		<b>(152,912)</b>	(193,947)	<b>(1,182)</b>	(2,873)	<b>(1,832)</b>	(3,519)	<b>(271,948)</b>	(359,820)
Distributions paid		-	-	<b>(40)</b>	(29)	<b>(87)</b>	(123)	<b>(5,040)</b>	-
<b>Net cash provided by/(used in) financing activities</b>		<b><u>(139,656)</u></b>	<u>(183,945)</u>	<b><u>(1,051)</u></b>	<u>(2,684)</u>	<b><u>(1,775)</u></b>	<u>(3,450)</u>	<b><u>(142,441)</u></b>	<u>(256,974)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>22,555</b>	(11,583)	<b>(10)</b>	47	<b>5</b>	(8)	<b>(2,577)</b>	5,779
Cash and cash equivalents at the beginning of the financial year		<b>50,967</b>	63,755	<b>115</b>	68	<b>124</b>	132	<b>23,848</b>	18,069
Effects of exchange rate changes on cash		<b>(1,447)</b>	(1,205)	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	11(b)	<b><u>72,075</u></b>	<u>50,967</u>	<b><u>105</u></b>	<u>115</u>	<b><u>129</u></b>	<u>124</u>	<b><u>21,271</u></b>	<u>23,848</u>

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

**MLC MasterKey Unit Trust**  
**Statements of Cash Flows**  
**For the year ended 31 May 2014**

		<b>Global Share Value Style Fund</b>		<b>MLC Horizon 1 Bond Portfolio</b>	
	Notes	<b>2014 Whole Dollars \$</b>	2013 Whole Dollars \$	<b>2014 Whole Dollars \$</b>	2013 Whole Dollars \$
<b>Cash flows from operating activities</b>					
Dividends and distribution income received		-	-	-	-
Interest received		<b>1,584</b>	1,867	<b>1,077</b>	1,827
Responsible Entity's fees paid		<b>(108,766)</b>	(101,136)	<b>(74,363)</b>	(93,533)
Performance fees paid		-	-	-	-
Payment of other expenses		<u><b>(58)</b></u>	<u>(35)</u>	<u><b>(135)</b></u>	<u>(212)</u>
<b>Net cash provided by/(used in) operating activities</b>	11(a)	<u><b>(107,240)</b></u>	<u>(99,304)</u>	<u><b>(73,421)</b></u>	<u>(91,918)</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments		<b>1,075,000</b>	1,958,996	<b>1,588,000</b>	3,110,001
Purchases of investments		<u><b>(50,000)</b></u>	<u>(85,000)</u>	<u><b>(518,000)</b></u>	<u>(1,724,000)</u>
<b>Net cash provided by/(used in) investing activities</b>		<u><b>1,025,000</b></u>	<u>1,873,996</u>	<u><b>1,070,000</b></u>	<u>1,386,001</u>
<b>Cash flows from financing activities</b>					
Applications received		<b>295,074</b>	345,605	<b>643,165</b>	982,177
Redemptions paid		<b>(1,190,184)</b>	(2,101,365)	<b>(1,645,971)</b>	(2,247,657)
Distributions paid		<u><b>(24,135)</b></u>	<u>(8,829)</u>	<u><b>(13,617)</b></u>	<u>(31,214)</u>
<b>Net cash provided by/(used in) financing activities</b>		<u><b>(919,245)</b></u>	<u>(1,764,589)</u>	<u><b>(1,016,423)</b></u>	<u>(1,296,694)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,485)</b>	10,103	<b>(19,844)</b>	(2,611)
Cash and cash equivalents at the beginning of the financial year		<b>71,726</b>	61,623	<b>58,953</b>	61,564
Effects of exchange rate changes on cash		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the financial year</b>	11(b)	<u><b>70,241</b></u>	<u>71,726</u>	<u><b>39,109</b></u>	<u>58,953</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 2014 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 24 July 2014.

### (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, that have been measured at fair value.

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

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

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

### (c) Basis of consolidation

The Schemes are investment entities and, as such, do not consolidate any entities subject to their control. Instead, interests in controlled entities are classified at fair value through profit or loss, and measured at fair value. This represents a change in accounting policy in the current year which does not impact the financial position or performance of the Schemes. The Schemes do not hold a controlling interest in any of their underlying investments and therefore are not required to provide additional disclosures.

### (d) Unit prices

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

### (e) Terms and conditions on units

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

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

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

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

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

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

### (g) Financial assets held for trading

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

#### *i. Futures contracts*

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

#### *ii. Foreign Exchange Forward Contracts*

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

#### *iii. Options*

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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 10(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 requirements for further 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, demand deposits, futures margin, short term deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, such as units held in a cash trust.

### (k) Receivables

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

### (l) Accounts payable and accrued expenses

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

### (m) Foreign currency transactions

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

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

### (n) Income and expenses

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

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



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Income and expenses (continued)**

In the Cash Fund, 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 MLC Horizon 4 Balanced Portfolio, MLC Horizon 3 Conservative Growth Portfolio, MLC Horizon 5 Growth Portfolio and the MLC Horizon 6 Share Portfolio for their investment allocations into the MLC Low Correlation Strategy Trust, as outlined in the Product Disclosure Statement.

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

**(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 MLC Horizon 7 Accelerated Growth Portfolio, MLC Horizon 6 Share Portfolio, Global Share Fund, MLC - Platinum Global Fund, Global Share Growth Style Fund and Global Share Value Style Fund which distribute income to unitholders on the last Sunday of May only.

Undistributed income/(loss) includes income earned and expenses not yet paid at the last distribution day on 25 May 2014 and realised capital losses which are retained to offset future realised capital gains. These are not distributed but held for distributions in future periods.

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

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

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

**(r) Goods and services tax**

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

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

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

**(s) Derecognition of financial instruments**

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

**(t) Capital management**

The Responsible Entity manages its net assets attributable to unitholders as capital (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.

## 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 reporting period if unitholders exercised their right to put the units back to the Schemes.

### (v) Application of accounting standards

#### *Changes in Accounting Policy*

Since 1 June 2013, the Schemes have adopted the following mandatory new and amended Australian Accounting Standards, which may have an impact on the financial position or the performance of the Schemes:

#### *AASB 10 Consolidated financial statements, AASB 127 separate financial statements (revised) and AASB 2013-5 (early adopted)*

AASB 10 replaces the portion of AASB 127 that addresses the accounting for consolidated financial statements. AASB 10 establishes a new control model that applies to all entities. The model focuses on whether the Schemes have power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

The Schemes have elected to early adopt AASB 2013-5 which provides an exception to the consolidation requirement for entities that meet the definition of an "investment entity". Entities that meet the definition of an investment entity within AASB 10 are required to measure their controlled entities at fair value through profit or loss rather than consolidate them.

#### *AASB 12 Disclosure of interest in other entities*

AASB 12 sets out the disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Application of AASB 12 does not impact the financial position or performance of the Schemes. Investments of the Schemes in unlisted managed investment schemes have been assessed to be structured entities in accordance with the definition of the standard. The relevant disclosures are provided in Note 9(h).

#### *AASB 7 Financial instruments: disclosures - offsetting financial assets and financial liabilities*

AASB 7 introduces new disclosures for financial assets and liabilities that are offset against one another and that present the net amount in the Statements of Financial Position in accordance with AASB 132 Financial Instruments: Presentation. The disclosure requirements are applicable to derivative financial instruments that are subject to enforceable master netting arrangements or similar agreements, irrespective of whether the financial instruments are currently offset. As a result of the amendments to AASB 7, the Schemes have expanded disclosure requirements relating to offsetting financial assets and financial liabilities.

#### *AASB 13 Fair value measurement*

AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. As a result of the guidance in AASB 13, the Schemes have assessed their policies for measuring their valuation inputs such as non-performance risk for fair value measurement of liabilities.

Application of AASB 13 does not impact the Scheme's financial position or performance. However, the disclosure requirements are more comprehensive than the previously existing disclosure requirements. Additional disclosures where required, are provided in the individual notes related to the assets and liabilities whose fair values were determined. The fair value hierarchy is provided in Note 10(g).

#### *Australian Accounting Standards issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Schemes for the annual reporting period ended 31 May 2014. The impact of these standards and interpretations has been assessed, to the extent applicable to the Schemes and are discussed below.

#### *AASB 1053 Application of Tiers of Australian Accounting Standards*

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:

- (i) Tier 1: Australian Accounting Standards; and
- (ii) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

The Schemes are expected to continue to prepare Tier 1 general purpose financial statements.

#### *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 2017 and will therefore apply to the Schemes from 1 June 2017. 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 2012-3 Amendments to Australian Accounting Standard – Offsetting Financial Assets and Financial Liabilities*

This amendment clarifies the meaning of legally enforceable right to set-off. The amendments also clarify the application of the AASB 132 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Schemes' financial position or performance and become effective for annual reporting periods beginning on or after 1 January 2014 and will therefore apply to the Schemes from 1 June 2014.

NOTE 2 - DIVIDENDS AND DISTRIBUTIONS INCOME

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Dividend/Scheme distribution income:</b>								
Listed equities and unit trusts	-	-	-	-	-	-	-	-
Unlisted managed investment schemes	<u>543</u>	<u>303</u>	<u>9,194</u>	<u>5,698</u>	<u>17,482</u>	<u>14,211</u>	<u>56,461</u>	<u>49,500</u>
	<b>543</b>	<b>303</b>	<b>9,194</b>	<b>5,698</b>	<b>17,482</b>	<b>14,211</b>	<b>56,461</b>	<b>49,500</b>

	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Dividend/Scheme distribution income:</b>								
Listed equities and unit trusts	-	-	-	-	-	-	-	-
Unlisted managed investment schemes	<u>19,799</u>	<u>17,229</u>	<u>5,126</u>	<u>7,800</u>	<u>-</u>	<u>-</u>	<u>4,906</u>	<u>4,339</u>
	<b>19,799</b>	<b>17,229</b>	<b>5,126</b>	<b>7,800</b>	<b>-</b>	<b>-</b>	<b>4,906</b>	<b>4,339</b>

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Dividend/Scheme distribution income:</b>								
Listed equities and unit trusts	114,269	103,373	-	-	-	-	-	-
Unlisted managed investment schemes	<u>-</u>	<u>-</u>	<u>14,496</u>	<u>14,957</u>	<u>7,351</u>	<u>5,790</u>	<u>1,667</u>	<u>1,172</u>
	<b>114,269</b>	<b>103,373</b>	<b>14,496</b>	<b>14,957</b>	<b>7,351</b>	<b>5,790</b>	<b>1,667</b>	<b>1,172</b>

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>Dividend/Scheme distribution income:</b>								
Listed equities and unit trusts	16,758	14,581	-	-	-	-	-	-
Unlisted managed investment schemes	<u>-</u>	<u>-</u>	<u>402</u>	<u>326</u>	<u>531</u>	<u>700</u>	<u>29,302</u>	<u>12,942</u>
	<b>16,758</b>	<b>14,581</b>	<b>402</b>	<b>326</b>	<b>531</b>	<b>700</b>	<b>29,302</b>	<b>12,942</b>

	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio	
	2014 Whole Dollars \$	2013 Whole Dollars \$	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>Dividend/Scheme distribution income:</b>				
Listed equities and unit trusts	-	-	-	-
Unlisted managed investment schemes	<u>159,226</u>	<u>125,254</u>	<u>147,948</u>	<u>225,603</u>
	<b>159,226</b>	<b>125,254</b>	<b>147,948</b>	<b>225,603</b>

NOTE 3 - AUDITOR'S REMUNERATION

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Auditor of the Scheme:</b>								
Ernst & Young audit and review of financial reports	11,000	12,600	11,000	12,600	11,000	12,600	11,000	12,600
Other assurance engagements	2,374	2,374	2,374	2,374	2,374	2,374	2,374	2,374
	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>

	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Auditor of the Scheme:</b>								
Ernst & Young audit and review of financial reports	11,000	12,600	11,000	12,600	11,000	12,600	11,000	12,600
Other assurance engagements	2,374	2,374	2,374	2,374	3,624	3,749	2,374	2,374
	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>	<u>14,624</u>	<u>16,349</u>	<u>13,374</u>	<u>14,974</u>

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Auditor of the Scheme:</b>								
Ernst & Young audit and review of financial reports	11,000	12,600	11,000	12,600	11,000	12,600	11,000	12,600
Other assurance engagements	8,149	8,149	2,374	2,374	2,374	2,374	2,374	2,374
	<u>19,149</u>	<u>20,749</u>	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Auditor of the Scheme:</b>								
Ernst & Young audit and review of financial reports	11,000	12,600	11,000	12,600	11,000	12,600	11,000	12,600
Other assurance engagements	4,624	4,849	2,374	2,374	2,374	2,374	2,374	2,374
	<u>15,624</u>	<u>17,449</u>	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</u>

	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Auditor of the Scheme:</b>				
Ernst & Young audit and review of financial reports	11,000	12,600	11,000	12,600
Other assurance engagements	2,374	2,374	2,374	2,374
	<u>13,374</u>	<u>14,974</u>	<u>13,374</u>	<u>14,974</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:

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000
<b>Net assets attributable to unitholders</b>								
<b>Balance at 31 May 2012</b>	17,747	27,121	208,384	306,004	417,868	456,279	1,283,329	1,176,708
Applications	986	1,323	24,005	31,349	19,589	18,959	120,241	100,366
Redemptions	(3,098)	(4,274)	(35,563)	(48,006)	(49,671)	(49,915)	(144,703)	(123,615)
Change in net assets attributable to unitholders	5,136	-	46,992	-	75,512	-	194,796	-
<b>Balance at 31 May 2013</b>	20,771	24,170	243,818	289,347	463,298	425,323	1,453,663	1,153,459
Applications	1,534	1,588	25,620	27,902	38,005	32,405	144,927	108,588
Redemptions	(4,162)	(4,383)	(30,346)	(34,088)	(47,052)	(40,897)	(101,821)	(77,312)
Change in net assets attributable to unitholders	3,504	-	32,231	-	50,117	-	134,390	-
<b>Balance at 31 May 2014</b>	<u>21,647</u>	<u>21,375</u>	<u>271,323</u>	<u>283,161</u>	<u>504,368</u>	<u>416,831</u>	<u>1,631,159</u>	<u>1,184,735</u>

	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000
<b>Net assets attributable to unitholders</b>								
<b>Balance at 31 May 2012</b>	401,200	479,622	180,569	182,507	120,913	120,861	108,156	193,733
Applications	103,818	116,155	15,237	14,585	239,840	239,839	3,235	4,876
Redemptions	(35,793)	(40,769)	(29,849)	(28,816)	(253,777)	(253,777)	(18,508)	(28,767)
Change in net assets attributable to unitholders	45,933	-	12,882	-	13	-	26,350	-
<b>Balance at 31 May 2013</b>	515,158	555,008	178,839	168,276	106,989	106,923	119,233	169,842
Applications	132,488	136,834	13,627	12,683	200,705	200,704	3,563	5,128
Redemptions	(36,075)	(37,532)	(32,191)	(29,982)	(209,521)	(209,525)	(16,754)	(24,338)
Change in net assets attributable to unitholders	37,961	-	5,622	-	-	-	705	-
<b>Balance at 31 May 2014</b>	<u>649,532</u>	<u>654,310</u>	<u>165,897</u>	<u>150,977</u>	<u>98,173</u>	<u>98,102</u>	<u>106,747</u>	<u>150,632</u>

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000
<b>Net assets attributable to unitholders</b>								
<b>Balance at 31 May 2012</b>	1,823,251	916,094	311,798	167,457	140,939	106,749	89,325	86,988
Applications	273,012	113,223	19,866	9,294	5,005	3,375	1,240	1,091
Redemptions	(253,839)	(110,992)	(45,429)	(21,889)	(29,784)	(20,165)	(18,584)	(17,244)
Change in net assets attributable to unitholders	404,630	-	58,725	-	28,506	-	18,765	-
<b>Balance at 31 May 2013</b>	2,247,054	918,325	344,960	154,862	144,666	89,959	90,746	70,835
Applications	249,788	95,376	25,197	10,538	6,382	3,683	2,410	1,667
Redemptions	(216,399)	(83,646)	(47,053)	(19,794)	(22,381)	(13,171)	(16,446)	(11,105)
Change in net assets attributable to unitholders	214,922	-	30,399	-	11,858	-	15,598	-
<b>Balance at 31 May 2014</b>	<u>2,495,365</u>	<u>930,055</u>	<u>353,503</u>	<u>145,606</u>	<u>140,525</u>	<u>80,471</u>	<u>92,308</u>	<u>61,397</u>

**NOTE 4 - NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)**

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

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	\$'000	No. '000	\$'000	No. '000	\$'000	No. '000	Whole Dollar \$	No.
<b>Net assets attributable to unitholders</b>								
<b>Balance at 31 May 2012</b>	946,921	756,818	10,761	12,002	13,083	17,221	1,664,605	1,987,758
Applications	10,002	7,239	340	333	572	691	102,846	114,946
Redemptions	(193,947)	(145,226)	(2,873)	(2,908)	(3,519)	(4,297)	(359,820)	(401,797)
Change in net assets attributable to unitholders	<u>257,733</u>	<u>-</u>	<u>2,091</u>	<u>-</u>	<u>2,088</u>	<u>-</u>	<u>331,762</u>	<u>-</u>
<b>Balance at 31 May 2013</b>	1,020,709	618,831	10,319	9,427	12,224	13,615	1,739,393	1,700,907
Applications	13,256	7,148	355	297	385	394	153,026	128,394
Redemptions	(152,912)	(82,815)	(1,182)	(1,011)	(1,832)	(1,924)	(271,948)	(235,134)
Change in net assets attributable to unitholders	<u>193,205</u>	<u>-</u>	<u>1,193</u>	<u>-</u>	<u>1,219</u>	<u>-</u>	<u>269,864</u>	<u>-</u>
<b>Balance at 31 May 2014</b>	<u>1,074,258</u>	<u>543,164</u>	<u>10,685</u>	<u>8,713</u>	<u>11,996</u>	<u>12,085</u>	<u>1,890,335</u>	<u>1,594,167</u>
	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio					
	Whole Dollars \$	No.	Whole Dollars \$	No.				
<b>Net assets attributable to unitholders</b>								
<b>Balance at 31 May 2012</b>	6,956,299	10,266,088	6,566,199	6,666,145				
Applications	362,323	490,490	1,085,890	1,095,396				
Redemptions	(2,101,365)	(2,852,213)	(2,247,657)	(2,262,237)				
Change in net assets attributable to unitholders	<u>1,619,578</u>	<u>-</u>	<u>55,892</u>	<u>-</u>				
<b>Balance at 31 May 2013</b>	6,836,835	7,904,365	5,460,324	5,499,304				
Applications	335,832	347,341	702,452	705,038				
Redemptions	(1,190,184)	(1,237,584)	(1,645,971)	(1,648,931)				
Change in net assets attributable to unitholders	<u>1,144,574</u>	<u>-</u>	<u>33,835</u>	<u>-</u>				
<b>Balance at 31 May 2014</b>	<u>7,127,057</u>	<u>7,014,122</u>	<u>4,550,640</u>	<u>4,555,411</u>				

All units in the Schemes are of the same class and therefore carry equal rights.

**NOTE 5 - DISTRIBUTIONS**

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

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit
<b>2014</b>								
August	-	-	-	-	84	0.02	1,149	0.10
November	-	-	-	-	503	0.12	1,500	0.13
February	-	-	-	-	83	0.02	235	0.02
May	<u>272</u>	<u>1.28</u>	<u>4,334</u>	<u>1.55</u>	<u>7,737</u>	<u>1.88</u>	<u>24,672</u>	<u>2.11</u>
	<u>272</u>	<u>1.28</u>	<u>4,334</u>	<u>1.55</u>	<u>8,407</u>	<u>2.04</u>	<u>27,556</u>	<u>2.36</u>
<b>2013</b>								
August	-	-	-	-	537	0.12	2,771	0.24
November	-	-	-	-	785	0.18	3,354	0.29
February	-	-	-	-	1,073	0.25	3,560	0.31
May	<u>31</u>	<u>0.13</u>	<u>2,190</u>	<u>0.76</u>	<u>5,059</u>	<u>1.20</u>	<u>18,830</u>	<u>1.65</u>
	<u>31</u>	<u>0.13</u>	<u>2,190</u>	<u>0.76</u>	<u>7,454</u>	<u>1.75</u>	<u>28,515</u>	<u>2.49</u>

**NOTE 5 - DISTRIBUTIONS (continued)**

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

	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	\$'000	c/unit	\$'000	c/unit	\$'000	Annualised % Rate	\$'000	c/unit
<b>2014</b>								
August	684	0.12	491	0.30	498	1.90	596	0.36
November	714	0.12	365	0.23	430	1.66	338	0.21
February	253	0.04	481	0.31	384	1.59	1,777	1.14
May	7,859	1.22	1,398	0.93	377	1.59	873	0.58
	<u>9,510</u>	<u>1.50</u>	<u>2,735</u>	<u>1.77</u>	<u>1,689</u>	<u>1.69</u>	<u>3,584</u>	<u>2.29</u>
<b>2013</b>								
August	1,160	0.24	867	0.49	828	2.72	1,022	0.55
November	1,350	0.27	778	0.45	760	2.53	-	-
February	1,407	0.27	642	0.38	636	2.19	296	0.17
May	6,401	1.17	2,766	1.66	542	2.03	1,385	0.82
	<u>10,318</u>	<u>1.95</u>	<u>5,053</u>	<u>2.98</u>	<u>2,766</u>	<u>2.37</u>	<u>2,703</u>	<u>1.54</u>
	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit
<b>2014</b>								
August	16,381	1.80	1,109	0.73	121	0.14	-	-
November	17,167	1.89	3,290	2.22	1,144	1.36	-	-
February	18,644	2.05	1,616	1.11	131	0.16	-	-
May	72,966	8.06	12,225	8.56	3,536	4.46	708	1.16
	<u>125,158</u>	<u>13.80</u>	<u>18,240</u>	<u>12.62</u>	<u>4,932</u>	<u>6.12</u>	<u>708</u>	<u>1.16</u>
<b>2013</b>								
August	14,730	1.66	1,310	0.81	746	0.73	-	-
November	18,915	2.17	3,548	2.25	1,276	1.32	-	-
February	13,939	1.59	1,306	0.84	9	0.01	-	-
May	122,871	14.06	7,620	4.98	1,361	1.52	92	0.13
	<u>170,455</u>	<u>19.48</u>	<u>13,784</u>	<u>8.88</u>	<u>3,392</u>	<u>3.58</u>	<u>92</u>	<u>0.13</u>
	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	\$'000	c/unit	\$'000	c/unit	\$'000	c/unit	Whole Dollars \$	c/unit
<b>2014</b>								
August	-	-	4	0.04	33	0.25	-	-
November	-	-	93	1.03	72	0.57	-	-
February	-	-	18	0.21	43	0.35	-	-
May	-	-	109	1.26	180	1.50	23,519	1.49
	<u>-</u>	<u>-</u>	<u>224</u>	<u>2.54</u>	<u>328</u>	<u>2.67</u>	<u>23,519</u>	<u>1.49</u>
<b>2013</b>								
August	-	-	-	-	87	0.55	-	-
November	-	-	49	0.48	258	1.75	-	-
February	-	-	-	-	48	0.33	-	-
May	-	-	104	1.11	105	0.77	-	-
	<u>-</u>	<u>-</u>	<u>153</u>	<u>1.59</u>	<u>498</u>	<u>3.40</u>	<u>-</u>	<u>-</u>
	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio					
	Whole Dollars \$	c/unit	Whole Dollars \$	c/unit				
<b>2014</b>								
August	-	-	13,715	0.26				
November	-	-	12,207	0.24				
February	-	-	3,894	0.08				
May	64,893	0.89	43,087	0.95				
	<u>64,893</u>	<u>0.89</u>	<u>72,903</u>	<u>1.53</u>				
<b>2013</b>								
August	-	-	23,904	0.38				
November	-	-	37,151	0.57				
February	-	-	19,425	0.32				
May	25,551	0.31	54,446	1.00				
	<u>25,551</u>	<u>0.31</u>	<u>134,926</u>	<u>2.27</u>				



**NOTE 6 - FINANCIAL ASSETS DESIGNATED AS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS**

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Unlisted managed investment schemes</b>								
MLC Low Correlation Strategy Trust	-	-	2,467	1,459	4,716	2,840	14,777	8,783
Antares Enhanced Cash Trust	-	-	-	-	-	-	-	-
Global Share Fund	-	-	-	-	-	-	-	-
MLC Horizon 7 Trust	17,522	16,776	-	-	-	-	-	-
WM Pool - Australian Equities - Diversified Strategy	-	-	111,229	95,120	181,583	160,895	507,415	434,478
WM Sector - Diversified Debt (All) Trust	-	-	-	-	37,750	36,819	234,623	215,558
WM Sector - Diversified Debt (Short) Trust	-	-	-	-	-	-	35,586	57,542
WM Pool - Equities Trust No.18	-	-	-	-	4,785	4,586	13,195	12,647
WM Pool - Equities Trust No.29	-	-	-	-	4,605	4,916	16,556	15,775
WM Pool - Equities Trust No.37	-	-	5,236	4,941	5,924	5,074	16,209	15,659
WM Pool - Equities Trust No.47	-	-	27,204	25,893	50,105	49,821	163,418	152,831
WM Pool - Fixed Interest Trust No.5	-	-	-	-	5,722	5,509	36,633	34,537
WM Pool - Global Properties Trust	-	-	5,522	4,729	20,812	18,602	65,045	58,139
WM Sector - Global Equities (Hedged) Trust	2,990	2,844	44,721	40,353	44,887	42,146	118,993	109,437
WM Sector - Global Equities (Unhedged) Trust	-	-	64,386	61,453	89,599	87,910	181,988	165,883
WM Pool - Inflation Linked Securities Trust	-	-	-	-	-	20,677	-	97,899
WM Pool - LTAR Part 1 NS Trust	1,075	1,049	10,458	9,934	15,049	14,615	51,593	46,609
WM Pool - Fixed Interest Trust No. 23	-	-	-	-	24,759	-	114,298	-
WM Pool - Equities Trust No. 59	-	-	-	-	-	-	16,031	-
WM Pool - Equities Trust No. 73	-	-	-	-	3,716	-	11,479	-
WM Pool - NSIM Australian Fixed Interest (A) Trust	-	-	-	-	5,104	4,196	15,750	13,607
WM Pool - UBS Australian Fixed Interest (A) Trust	-	-	-	-	5,122	4,202	16,485	13,781
<b>Total financial assets designated as held at fair value through profit or loss</b>	<b>21,587</b>	<b>20,669</b>	<b>271,223</b>	<b>243,882</b>	<b>504,238</b>	<b>462,808</b>	<b>1,630,074</b>	<b>1,453,165</b>
	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Money market securities</b>								
Money market securities	-	-	-	-	77,365	87,841	-	-
<b>Unlisted managed investment schemes</b>								
MLC Low Correlation Strategy Trust	5,686	3,028	-	-	-	-	-	-
Antares Enhanced Cash Trust	27,071	24,593	14,720	17,202	-	-	-	-
WM Pool - Australian Equities - Diversified Strategy	137,376	104,274	-	-	-	-	-	-
WM Sector - Diversified Debt (All) Trust	85,686	69,458	14,550	15,844	-	-	-	-
WM Sector - Diversified Debt (Short) Trust	128,986	110,236	62,977	72,654	-	-	-	-
WM Pool - Equities Trust No.18	6,432	5,207	-	-	-	-	-	-
WM Pool - Equities Trust No.29	6,593	5,313	-	-	-	-	-	-
WM Pool - Equities Trust No.37	6,138	5,257	-	-	-	-	-	-
WM Pool - Equities Trust No.47	39,667	31,915	-	-	-	-	-	-
WM Pool - Fixed Interest Trust No.5	10,933	9,220	1,912	2,117	-	-	-	-
WM Pool - Global Properties Trust	18,615	14,903	6,390	6,985	-	-	-	-
WM Sector - Global Equities (Hedged) Trust	25,933	22,175	1,655	1,777	-	-	-	-
WM Sector - Global Equities (Unhedged) Trust	72,388	59,811	6,834	6,951	-	-	-	-
WM Pool - Inflation Linked Securities Trust	-	40,290	-	17,794	-	-	-	-
WM Pool - LTAR Part 1 NS Trust	-	7,938	-	-	-	-	-	-
WM Pool - Fixed Interest Trust No. 23	52,241	-	16,553	-	-	-	-	-
WM Pool - Equities Trust No. 59	12,975	-	-	-	-	-	-	-
WM Pool - Equities Trust No. 73	4,792	-	1,253	-	-	-	-	-
WM Sector - Property Securities Trust	-	-	14,910	15,692	-	-	106,162	118,729
WM Pool - Equities Trust No. 58	6,475	-	3,590	-	-	-	-	-
IncomeBuilder™	-	-	20,160	20,590	-	-	-	-
<b>Total financial assets designated as held at fair value through profit or loss</b>	<b>647,987</b>	<b>513,618</b>	<b>165,504</b>	<b>177,606</b>	<b>77,365</b>	<b>87,841</b>	<b>106,162</b>	<b>118,729</b>

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

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Money market securities</b>								
Money market securities	43,864	21,910	-	-	-	-	-	-
<b>Listed equities</b>								
Shares and units listed on a stock exchange	2,404,844	2,154,744	-	-	-	-	-	-
<b>Unlisted managed investment schemes</b>								
WM Pool - Australian Equities - Sector Strategy	-	-	-	-	139,743	144,070	-	-
WM Pool - Equities Trust No.30	-	-	352,765	344,481	-	-	-	-
WM Sector - Global Equities (Unhedged) Trust	-	-	-	-	-	-	92,183	90,441
<b>Total financial assets designated as held at fair value through profit or loss</b>	<b>2,448,708</b>	<b>2,176,654</b>	<b>352,765</b>	<b>344,481</b>	<b>139,743</b>	<b>144,070</b>	<b>92,183</b>	<b>90,441</b>

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>Listed equities</b>								
Shares and units listed on a stock exchange	995,805	954,297	-	-	-	-	-	-
<b>Unlisted managed investment schemes</b>								
WM Sector - Australian Equities Growth Trust	-	-	10,599	10,214	-	-	-	-
WM Sector - Australian Equities Value Trust	-	-	-	-	11,883	12,113	-	-
WM Sector - Global Equities Growth Trust	-	-	-	-	-	-	1,882,422	1,717,121
<b>Total financial assets designated as held at fair value through profit or loss</b>	<b>995,805</b>	<b>954,297</b>	<b>10,599</b>	<b>10,214</b>	<b>11,883</b>	<b>12,113</b>	<b>1,882,422</b>	<b>1,717,121</b>

	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio	
	2014 Whole Dollars \$	2013 Whole Dollars \$	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>Unlisted managed investment schemes</b>				
WM Sector - Global Equities Value Trust	7,068,854	6,772,002	-	-
Antares Enhanced Cash Trust	-	-	1,092,592	1,319,780
WM Sector - Diversified Debt (Short) Trust	-	-	2,374,912	2,842,440
WM Pool - Pool Fixed Interest Trust No. 5	-	-	106,950	129,638
WM Pool Fixed Interest Trust No.7	-	-	223,122	291,226
WM Pool - Pool Fixed Interest Trust No. 9	-	-	266,553	268,411
WM Pool - Fixed Interest Trust No. 17	-	-	452,693	554,458
<b>Total financial assets designated as held at fair value through profit or loss</b>	<b>7,068,854</b>	<b>6,772,002</b>	<b>4,516,822</b>	<b>5,405,953</b>

NOTE 7 - RECEIVABLES

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outstanding settlements	-	-	-	-	-	-	-	-
Dividend receivables	-	-	-	-	-	-	-	-
Other receivables	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>9</u>	<u>7</u>
	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>9</b>	<b>7</b>

	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outstanding settlements	-	-	-	-	-	-	-	-
Dividend receivables	-	-	-	-	-	-	-	-
Other receivables	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>59</u>	<u>108</u>	<u>2</u>	<u>2</u>
	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>59</b>	<b>108</b>	<b>2</b>	<b>2</b>

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outstanding settlements	16,157	2,633	-	-	-	-	-	-
Dividend receivables	21,252	21,458	-	-	-	-	-	-
Other receivables	<u>13</u>	<u>22</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
	<b>37,422</b>	<b>24,113</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 Whole Dollars \$	2013 Whole Dollars \$
Outstanding settlements	10,572	5,318	-	-	-	-	-	-
Dividend receivables	5,326	4,869	-	-	-	-	-	-
Other receivables	<u>33</u>	<u>40</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>108</u>	<u>98</u>
	<b>15,931</b>	<b>10,227</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>108</b>	<b>98</b>

	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio	
	2014 Whole Dollars \$	2013 Whole Dollars \$	2014 Whole Dollars \$	2013 Whole Dollars \$
Outstanding settlements	-	-	-	-
Dividend receivables	-	-	-	-
Other receivables	<u>366</u>	<u>343</u>	<u>312</u>	<u>305</u>
	<b>366</b>	<b>343</b>	<b>312</b>	<b>305</b>

NOTE 8 - ACCOUNTS PAYABLE & ACCRUED EXPENSES

	MLC Horizon 7 Accelerated Growth Portfolio		MLC Horizon 6 Share Portfolio		MLC Horizon 5 Growth Portfolio		MLC Horizon 4 Balanced Portfolio	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outstanding settlements	-	-	-	-	-	-	-	-
Amounts owing for performance fees	-	-	5	-	9	-	27	-
Amounts owing to Responsible Entity	27	20	328	232	596	422	1,933	1,357
Other liabilities	-	-	-	-	-	-	2	1
	<u>27</u>	<u>20</u>	<u>333</u>	<u>232</u>	<u>605</u>	<u>422</u>	<u>1,962</u>	<u>1,358</u>

	MLC Horizon 3 Conservative Growth Portfolio		MLC Horizon 2 Income Portfolio		Cash Fund		Property Securities Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outstanding settlements	-	-	-	-	-	-	-	-
Amounts owing for performance fees	10	-	-	-	-	-	-	-
Amounts owing to Responsible Entity	771	485	169	134	72	56	121	91
Other liabilities	-	-	-	-	18	18	-	-
	<u>781</u>	<u>485</u>	<u>169</u>	<u>134</u>	<u>90</u>	<u>74</u>	<u>121</u>	<u>91</u>

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outstanding settlements	12,555	744	-	-	-	-	-	-
Amounts owing for performance fees	-	-	-	-	-	-	-	-
Amounts owing to Responsible Entity	3,154	2,228	366	282	182	138	140	111
Other liabilities	-	-	-	-	-	-	1	1
	<u>15,709</u>	<u>2,972</u>	<u>366</u>	<u>282</u>	<u>182</u>	<u>138</u>	<u>141</u>	<u>112</u>

	MLC - Platinum Global Fund		Australian Share Growth Style Fund		Australian Share Value Style Fund		Global Share Growth Style Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 Whole Dollars \$	2013 Whole Dollars \$
Outstanding settlements	7,151	3,249	-	-	-	-	-	-
Amounts owing for performance fees	-	-	-	-	-	-	-	-
Amounts owing to Responsible Entity	2,422	1,612	20	11	17	14	13,466	1,666
Other liabilities	-	-	-	-	-	-	-	8
	<u>9,573</u>	<u>4,861</u>	<u>20</u>	<u>11</u>	<u>17</u>	<u>14</u>	<u>13,466</u>	<u>1,674</u>

	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio	
	2014 Whole Dollars \$	2013 Whole Dollars \$	2014 Whole Dollars \$	2013 Whole Dollars \$
Outstanding settlements	-	-	-	-
Amounts owing for performance fees	-	-	-	-
Amounts owing to Responsible Entity	12,342	7,203	5,600	4,873
Other liabilities	62	33	3	14
	<u>12,404</u>	<u>7,236</u>	<u>5,603</u>	<u>4,887</u>

## **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:

<b>Name</b>	<b>Appointment / Resignation Date</b>
S C Birkensleigh	Appointed 27 February 2012/Resigned 7 July 2014
P Coad	Appointed 22 August 2013/Resigned 7 July 2014
S Dave	Appointed 7 July 2014
J G Duffield	Appointed 24 August 2011
J Flavell	Appointed 7 July 2014
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
G Mulcahy	Appointed 7 July 2014
A W Rothery	Appointed 14 April 2009
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
D West	Appointed 25 August 2011/Resigned 14 November 2013

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.

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

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
MLC Horizon 7 Accelerated Growth Portfolio	<b>26,818</b>	20,198
MLC Horizon 6 Share Portfolio	<b>327,799</b>	232,023
MLC Horizon 5 Growth Portfolio	<b>596,473</b>	421,953
MLC Horizon 4 Balanced Portfolio	<b>1,933,324</b>	1,356,963
MLC Horizon 3 Conservative Growth Portfolio	<b>770,759</b>	484,572
MLC Horizon 2 Income Portfolio	<b>169,321</b>	133,974
Cash Fund	<b>72,164</b>	56,241
Property Securities Fund	<b>120,860</b>	91,294
IncomeBuilder	<b>3,153,843</b>	2,228,407
Share Index Fund	<b>366,441</b>	282,150
Australian Share Fund	<b>181,553</b>	138,391
Global Share Fund	<b>140,429</b>	110,753
MLC - Platinum Global Fund	<b>2,421,902</b>	1,612,401
Australian Share Growth Style Fund	<b>20,301</b>	10,835
Australian Share Value Style Fund	<b>17,227</b>	13,928
Global Share Growth Style Fund	<b>13,466</b>	1,666
Global Share Value Style Fund	<b>12,342</b>	7,203
MLC Horizon 1 Bond Portfolio	<b>5,600</b>	4,873

### **(e) Responsible Entity's fees**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
MLC Horizon 7 Accelerated Growth Portfolio	<b>346,340</b>	299,167
MLC Horizon 6 Share Portfolio	<b>4,003,378</b>	3,393,830
MLC Horizon 5 Growth Portfolio	<b>7,553,540</b>	6,637,665
MLC Horizon 4 Balanced Portfolio	<b>23,743,347</b>	20,510,538
MLC Horizon 3 Conservative Growth Portfolio	<b>8,946,172</b>	6,799,253
MLC Horizon 2 Income Portfolio	<b>2,183,808</b>	2,302,201
Cash Fund	<b>1,086,600</b>	1,201,245

**NOTE 9 - RELATED PARTIES (continued)**

**(e) Responsible Entity's fees (continued)**

	2014 \$	2013 \$
Property Securities Fund	1,574,892	1,654,734
IncomeBuilder	45,076,464	39,253,338
Share Index Fund	4,474,120	4,235,711
Australian Share Fund	2,435,486	2,420,472
Global Share Fund	1,563,097	1,367,541
MLC - Platinum Global Fund	24,098,077	20,434,301
Australian Share Growth Style Fund	181,077	175,916
Australian Share Value Style Fund	206,355	205,570
Global Share Growth Style Fund	30,369	25,779
Global Share Value Style Fund	113,905	101,530
MLC Horizon 1 Bond Portfolio	75,090	92,365

**(f) Interests of the Responsible Entity and its related parties**

The interest of MLC Investments Limited and its associates in the Schemes at year end are set out below:

	MLC Investments Limited No. of units held 2014	Related parties No. of units held 2014	MLC Investments Limited No. of units held 2013	Related parties No. of units held 2013
MLC Horizon 7 Accelerated Growth Portfolio	-	11,734,760	-	12,514,659
MLC Horizon 6 Share Portfolio	163,944,718	70,088,864	156,420,355	77,376,334
MLC Horizon 5 Growth Portfolio	271,813,877	55,123,898	267,529,940	54,359,086
MLC Horizon 4 Balanced Portfolio	644,246,153	251,023,578	587,369,415	255,426,178
MLC Horizon 3 Conservative Growth Portfolio	478,887,795	109,101,333	375,497,195	110,112,545
MLC Horizon 2 Income Portfolio	-	88,469,240	-	98,623,574
Cash Fund	5,877,948	49,721,449	3,854,140	55,503,871
Property Securities Fund	-	35,224,016	-	40,176,832
IncomeBuilder	207,511,179	570,485,407	187,487,221	568,910,363
Share Index Fund	-	92,304,463	-	98,773,619
Australian Share Fund	-	30,671,153	-	34,665,891
Global Share Fund	34,640,278	8,936,632	41,198,787	9,663,824
MLC - Platinum Global Fund	67,826,455	201,897,166	81,949,637	229,758,671
Australian Share Growth Style Fund	-	4,913,084	-	5,371,537
Australian Share Value Style Fund	-	6,268,038	-	7,353,785
Global Share Growth Style Fund	-	1,145,248	-	1,259,819
Global Share Value Style Fund	-	4,775,041	-	5,507,885
MLC Horizon 1 Bond Portfolio	-	4,555,411	-	5,499,303

**(g) 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.

**(h) Interests in unconsolidated structured entities**

The Schemes' maximum exposure to loss from their investments in unlisted managed investment schemes are restricted to their fair value; which are disclosed in Note 9(i). The Schemes have not sponsored or provided support, financial or otherwise to the unlisted managed investment schemes they hold.

**(i) 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.

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

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

MLC Horizon 7 Accelerated Growth Portfolio	Number of units/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received/ receivable \$
<b>2014</b>				
MLC Horizon 7 Trust	16,205,513	3.35	17,521,401	491,410
WM Pool - LTAR Part 1 NS Trust	11,782	0.42	1,075,330	29,069
WM Sector - Global Equities (Hedged) Trust	35,178	0.45	2,990,274	22,413
<b>2013</b>				
MLC Horizon 7 Trust	18,528,289	3.86	16,775,717	284,181
WM Pool - LTAR Part 1 NS Trust	12,380	0.55	1,049,172	16,109
WM Sector - Global Equities (Hedged) Trust	38,834	0.37	2,844,167	2,979

**NOTE 9 - RELATED PARTIES (continued)**

**(i) Related party investments (continued)**

<b>MLC Horizon 6 Share Portfolio</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
MLC Low Correlation Strategy Trust	2,272,261	0.31	2,467,400	67,893
WM Sector - Australian Equities - Diversified Strategy	1,032,470	1.07	111,228,463	4,811,718
WM Pool - Equities Trust No. 37	42,534	0.70	5,235,896	412,104
WM Pool - Equities Trust No. 47	186,464	0.90	27,204,001	2,062,864
WM Pool - Global Properties Trust	54,536	0.51	5,521,558	68,842
WM Sector - Global Equities (Hedged) Trust	526,108	6.69	44,721,505	335,205
WM Sector - Global Equities (Unhedged) Trust	535,791	0.76	64,384,644	1,164,193
WM Pool - LTAR Part 1 NS Trust	114,577	4.06	10,457,609	282,694
<b>2013</b>				
MLC Low Correlation Strategy Trust	1,385,662	0.23	1,459,250	-
WM Sector - Australian Equities - Diversified Strategy	978,323	1.03	95,119,721	4,074,215
WM Pool - Equities Trust No. 37	43,180	0.87	4,940,842	165,542
WM Pool - Equities Trust No. 47	189,300	0.84	25,892,873	402,077
WM Pool - Global Properties Trust	51,598	0.41	4,729,464	87,186
WM Sector - Global Equities (Hedged) Trust	550,974	5.25	40,353,106	42,271
WM Sector - Global Equities (Unhedged) Trust	603,793	0.69	61,452,620	774,616
WM Pool - LTAR Part 1 NS Trust	117,227	5.20	9,934,274	152,536
<b>MLC Horizon 5 Growth Portfolio</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
MLC Low Correlation Strategy Trust	4,343,163	0.60	4,716,149	128,558
Antares Enhanced Cash Trust	-	-	-	145,945
WM Sector - Australian Equities - Diversified Strategy	1,685,537	1.74	181,583,680	8,032,335
WM Sector - Diversified Debt (All) Trust	365,835	0.95	37,750,423	1,123,216
WM Pool - Equities Trust No. 18	45,697	0.72	4,785,099	-
WM Pool - Equities Trust No. 29	43,785	1.20	4,605,508	155,778
WM Pool - Equities Trust No. 37	48,124	0.79	5,924,012	466,264
WM Pool - Equities Trust No. 47	343,445	1.66	50,106,492	3,799,547
WM Pool - Equities Trust No. 73	37,061	1.75	3,715,598	-
WM Pool - Fixed Interest Trust No.5	50,463	1.00	5,721,947	244,824
WM Pool - Fixed Interest Trust No. 23	239,523	1.13	24,759,454	324,786
WM Pool - Global Properties Trust	205,556	1.93	20,811,915	259,478
WM Sector - Global Equities (Hedged) Trust	528,051	6.71	44,886,640	336,442
WM Sector - Global Equities (Unhedged) Trust	745,615	1.06	89,598,626	1,620,108
WM Pool - Inflation Linked Securities Trust	-	-	-	-
WM Pool - LTAR Part 1 NS Trust	164,879	5.84	15,048,733	406,804
WM Pool - NSIM Australian Fixed Interest (A) Trust	49,124	0.28	5,104,348	208,608
WM Pool - UBS Australian Fixed Interest (A) Trust	4,979,339	0.28	5,121,718	251,990
<b>2013</b>				
MLC Low Correlation Strategy Trust	2,697,314	0.44	2,840,356	-
Antares Enhanced Cash Trust	-	-	-	32,238
WM Sector - Australian Equities - Diversified Strategy	1,654,832	1.74	160,894,888	7,062,377
WM Sector - Diversified Debt (All) Trust	360,992	0.79	36,818,597	1,865,029
WM Pool - Equities Trust No. 18	45,697	0.89	4,586,090	122,852
WM Pool - Equities Trust No. 29	47,394	1.16	4,915,495	243,993
WM Pool - Equities Trust No. 37	44,345	0.89	5,074,248	170,011
WM Pool - Equities Trust No. 47	371,265	1.66	49,821,165	773,684
WM Pool - Equities Trust No. 73	-	-	-	-
WM Pool - Fixed Interest Trust No.5	49,753	0.84	5,509,324	279,731
WM Pool - Fixed Interest Trust No. 23	-	-	-	-
WM Pool - Global Properties Trust	202,950	1.60	18,602,499	342,947
WM Sector - Global Equities (Hedged) Trust	575,458	5.49	42,146,270	44,149
WM Sector - Global Equities (Unhedged) Trust	863,744	0.99	87,909,770	1,126,952
WM Pool - Inflation Linked Securities Trust	17,401,197	0.89	20,677,077	1,496,393
WM Pool - LTAR Part 1 NS Trust	172,458	7.66	14,614,769	224,402
WM Pool - NSIM Australian Fixed Interest (A) Trust	40,270	0.25	4,195,460	209,249
WM Pool - UBS Australian Fixed Interest (A) Trust	4,047,845	0.25	4,202,145	217,276

**NOTE 9 - RELATED PARTIES (continued)**

**(i) Related party investments (continued)**

**MLC Horizon 4 Balanced Portfolio**

**2014**

	Number of units/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received/ receivable \$
MLC Low Correlation Strategy Trust	13,608,450	1.87	14,777,130	409,310
Antares Enhanced Cash Trust	-	-	-	506,149
WM Sector - Australian Equities - Diversified Strategy	4,710,046	4.86	507,415,484	22,121,394
WM Sector - Diversified Debt (All) Trust	2,273,702	5.88	234,622,877	6,589,427
WM Sector - Diversified Debt (Short) Trust	353,108	1.52	35,586,172	1,192,594
WM Pool - Equities Trust No. 18	126,013	1.99	13,195,405	-
WM Pool - Equities Trust No. 29	157,402	4.31	16,556,302	560,005
WM Pool - Equities Trust No. 37	131,673	2.16	16,208,834	1,275,757
WM Pool - Equities Trust No. 47	1,120,113	5.40	163,417,693	12,391,873
WM Pool - Equities Trust No. 59	158,069	6.37	16,031,300	541,613
WM Pool - Equities Trust No. 73	114,496	5.40	11,479,037	-
WM Pool - Fixed Interest Trust No.5	323,070	6.41	36,632,754	1,567,365
WM Pool - Fixed Interest Trust No.23	1,105,715	5.21	114,297,629	1,523,093
WM Pool - Global Properties Trust	642,436	6.02	65,044,667	810,962
WM Sector - Global Equities (Hedged) Trust	1,399,839	17.79	118,992,481	891,894
WM Sector - Global Equities (Unhedged) Trust	1,514,455	2.16	181,988,176	3,290,682
WM Pool - Inflation Linked Securities Trust	-	-	-	-
WM Pool - LTAR Part 1 NS Trust	565,271	20.02	51,593,102	1,394,686
WM Pool - NSIM Australian Fixed Interest (A) Trust	151,580	0.85	15,750,222	651,255
WM Pool - UBS Australian Fixed Interest (A) Trust	16,026,591	0.90	16,484,856	813,799

**2013**

MLC Low Correlation Strategy Trust	8,340,498	1.37	8,787,265	-
Antares Enhanced Cash Trust	-	-	-	90,590
WM Sector - Australian Equities - Diversified Strategy	4,468,677	4.69	434,477,578	18,893,039
WM Sector - Diversified Debt (All) Trust	2,113,466	4.60	215,558,221	10,605,206
WM Sector - Diversified Debt (Short) Trust	575,459	1.57	57,541,742	1,817,972
WM Pool - Equities Trust No. 18	126,013	2.44	12,647,170	338,778
WM Pool - Equities Trust No. 29	152,101	3.73	15,774,590	783,047
WM Pool - Equities Trust No. 37	136,852	2.74	15,659,361	524,663
WM Pool - Equities Trust No. 47	1,162,222	5.19	152,831,452	2,373,478
WM Pool - Equities Trust No. 59	-	-	-	-
WM Pool - Equities Trust No. 73	-	-	-	-
WM Pool - Fixed Interest Trust No.5	311,889	5.25	34,536,728	1,743,050
WM Pool - Fixed Interest Trust No.23	-	-	-	-
WM Pool - Global Properties Trust	634,290	5.00	58,139,453	1,074,589
WM Sector - Global Equities (Hedged) Trust	1,494,237	14.24	109,437,169	114,639
WM Sector - Global Equities (Unhedged) Trust	1,629,851	1.86	165,882,489	2,147,235
WM Pool - Inflation Linked Securities Trust	82,388,600	4.20	97,898,548	6,934,016
WM Pool - LTAR Part 1 NS Trust	549,999	24.42	46,609,072	715,658
WM Pool - NSIM Australian Fixed Interest (A) Trust	130,612	0.80	13,607,461	678,675
WM Pool - UBS Australian Fixed Interest (A) Trust	13,275,236	0.81	13,781,275	665,824

**MLC Horizon 3 Conservative Growth Portfolio**

**2014**

	Number of units/shares held	Interest held in the Scheme %	Fair value of investment \$	Distributions received/ receivable \$
MLC Low Correlation Strategy Trust	5,236,584	0.72	5,686,296	147,073
Antares Enhanced Cash Trust	26,360,400	0.62	27,071,155	1,109,761
WM Sector - Australian Equities - Diversified Strategy	1,275,174	1.32	137,375,096	5,812,346
WM Sector - Diversified Debt (All) Trust	830,369	2.15	85,685,589	2,306,067
WM Sector - Diversified Debt (Short) Trust	1,279,882	5.52	128,986,248	3,256,133
WM Pool - Equities Trust No. 18	61,423	0.97	6,431,815	-
WM Pool - Equities Trust No. 29	62,684	1.72	6,593,422	223,018
WM Pool - Equities Trust No. 37	49,860	0.82	6,137,691	483,082
WM Pool - Equities Trust No. 47	271,890	1.31	39,667,145	3,007,937
WM Pool - Equities Trust No. 58	63,756	6.20	6,474,765	150,919
WM Pool - Equities Trust No. 59	127,937	5.15	12,975,330	433,406
WM Pool - Equities Trust No. 73	47,800	2.25	4,792,285	-
WM Pool Fixed Interest Trust No.5	96,420	1.91	10,933,014	467,740
WM Pool Fixed Interest Trust No.23	505,372	2.38	52,240,196	691,653
WM Pool - Global Properties Trust	183,859	1.72	18,615,152	232,089
WM Sector - Global Equities (Hedged) Trust	305,077	3.88	25,932,898	194,377
WM Sector - Global Equities (Unhedged) Trust	602,393	0.86	72,388,022	1,308,909
WM Pool - Inflation Linked Securities Trust	-	-	-	-
WM Pool - LTAR Part 1 NS Trust	-	-	-	-



**NOTE 9 - RELATED PARTIES (continued)**

**(i) Related party investments (continued)**

<b>MLC Horizon 3 Conservative Growth Portfolio (continued)</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2013</b>				
MLC Low Correlation Strategy Trust	2,874,562	0.47	3,028,362	-
Antares Enhanced Cash Trust	23,902,049	0.72	24,592,650	914,567
WM Sector - Australian Equities - Diversified Strategy	1,072,486	1.13	104,274,982	4,309,372
WM Sector - Diversified Debt (All) Trust	681,008	1.48	69,457,882	3,168,599
WM Sector - Diversified Debt (Short) Trust	1,102,444	3.01	110,236,470	3,391,184
WM Pool - Equities Trust No. 18	51,875	1.01	5,206,643	139,463
WM Pool - Equities Trust No. 29	51,228	1.26	5,312,973	263,735
WM Pool - Equities Trust No. 37	45,945	0.92	5,257,000	176,143
WM Pool - Equities Trust No. 47	242,702	1.08	31,915,222	495,645
WM Pool - Equities Trust No. 58	-	-	-	-
WM Pool - Equities Trust No. 59	-	-	-	-
WM Pool - Equities Trust No. 73	-	-	-	-
WM Pool - Fixed Interest Trust No.5	83,265	1.40	9,220,233	447,882
WM Pool - Fixed Interest Trust No.23	-	-	-	-
WM Pool - Global Properties Trust	162,584	1.28	14,902,546	274,321
WM Sector - Global Equities (Hedged) Trust	302,768	2.89	22,174,560	23,228
WM Sector - Global Equities (Unhedged) Trust	587,667	0.67	59,811,077	753,188
WM Pool - Inflation Linked Securities Trust	33,906,615	1.73	40,289,738	2,750,238
WM Pool - LTAR Part 1 NS Trust	93,673	4.16	7,938,406	121,887

<b>MLC Horizon 2 Income Portfolio</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
Antares Enhanced Cash Trust	14,333,726	0.33	14,720,206	591,578
WM Sector - Diversified Debt (All) Trust	141,007	0.36	14,550,457	440,032
WM Sector - Diversified Debt (Short) Trust	624,900	2.69	62,977,316	1,755,662
WM Pool - Equities Trust No. 58	35,348	3.44	3,589,740	85,274
WM Pool - Equities Trust No. 73	12,500	0.59	1,253,213	-
WM Pool Fixed Interest Trust No.5	16,864	0.33	1,912,158	81,822
WM Pool Fixed Interest Trust No.23	160,132	0.76	16,552,777	235,506
WM Pool - Global Properties Trust	63,108	0.59	6,389,505	79,770
WM Sector - Global Equities (Hedged) Trust	19,473	0.25	1,655,259	12,407
WM Sector - Global Equities (Unhedged) Trust	56,869	0.08	6,833,827	123,568
WM Pool - Inflation Linked Securities Trust	-	-	-	-
WM Sector - Property Securities Trust	244,967	2.13	14,910,161	677,190
IncomeBuilder™	7,518,850	0.81	20,159,925	1,043,670

<b>2013</b>				
Antares Enhanced Cash Trust	16,719,523	0.50	17,202,600	696,927
WM Sector - Diversified Debt (All) Trust	155,341	0.34	15,843,686	796,903
WM Sector - Diversified Debt (Short) Trust	726,601	1.98	72,654,849	2,452,954
WM Pool - Equities Trust No. 58	-	-	-	-
WM Pool - Equities Trust No. 73	-	-	-	-
WM Pool Fixed Interest Trust No.5	19,118	0.32	2,117,055	110,169
WM Pool Fixed Interest Trust No.23	-	-	-	-
WM Pool - Global Properties Trust	76,200	0.60	6,984,538	129,691
WM Sector - Global Equities (Hedged) Trust	24,266	0.23	1,777,239	1,862
WM Sector - Global Equities (Unhedged) Trust	68,298	0.08	6,951,204	97,972
WM Pool - Inflation Linked Securities Trust	14,974,170	0.76	17,793,148	1,288,679
WM Sector - Property Securities Trust	260,686	2.12	15,691,880	592,283
IncomeBuilder™	8,420,083	0.92	20,589,914	1,632,856

<b>Property Securities Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Sector - Property Securities Trust	1,744,193	15.14	106,162,227	4,905,974
<b>2013</b>				
WM Sector - Property Securities Trust	1,972,427	16.03	118,729,452	4,339,346

**NOTE 9 - RELATED PARTIES (continued)**

**(i) Related party investments (continued)**

<b>IncomeBuilder</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Dividends received/ receivable \$</b>
<b>2014</b>				
National Australia Bank Limited	6,949,406	0.30	232,179,654	14,474,374
<b>2013</b>				
National Australia Bank Limited	7,919,077	0.34	229,653,233	12,444,995
<b>Share Index Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Dividends received/ receivable \$</b>
<b>2014</b>				
WM Pool - Equities Trust No. 30	274,220,479	23.00	352,766,000	14,496,294
<b>2013</b>				
WM Pool - Equities Trust No. 30	298,773,137	28.07	344,480,946	14,959,113
<b>Australian Share Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Pool - Australian Equities - Sector Strategy	-	-	-	-
WM Pool - Equities Trust No. 41	1,280,669	9.62	139,741,927	7,350,737
<b>2013</b>				
WM Pool - Australian Equities - Sector Strategy	1,433,792	9.98	144,069,705	5,790,200
WM Pool - Equities Trust No. 41	-	-	-	-
<b>Global Share Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Sector - Global Equities (Unhedged) Trust	767,120	1.09	92,182,834	1,666,836
<b>2013</b>				
WM Sector - Global Equities (Unhedged) Trust	888,614	1.02	90,440,939	1,172,256
<b>MLC - Platinum Global Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
Cash Fund	5,877,948	5.99	5,878,777	96,449
<b>2013</b>				
Cash Fund	3,854,140	3.60	3,854,140	138,314
<b>Australian Share Growth Style Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Sector - Australian Equities Growth Trust	84,397	16.03	10,599,485	401,825
<b>2013</b>				
WM Sector - Australian Equities Growth Trust	91,227	15.71	10,213,602	326,147
<b>Australian Share Value Style Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Sector - Australian Equities Value Trust	116,154	18.63	11,882,942	530,537
<b>2013</b>				
WM Sector - Australian Equities Value Trust	130,974	19.31	12,112,925	700,323
<b>Global Share Growth Style Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Sector - Global Equities Growth Trust	13,934	9.06	1,882,422	29,302
<b>2013</b>				
WM Sector - Global Equities Growth Trust	14,951	10.15	1,717,121	12,942

**NOTE 9 - RELATED PARTIES (continued)**

**(i) Related party investments (continued)**

<b>Global Share Value Style Fund</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
WM Sector - Global Equities Value Trust	65,697	16.98	7,068,854	159,226
<b>2013</b>				
WM Sector - Global Equities Value Trust	74,262	19.89	6,772,002	125,254
<b>MLC Horizon 1 Bond Portfolio</b>	<b>Number of units/shares held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions received/ receivable \$</b>
<b>2014</b>				
Antares Enhanced Cash Trust	1,063,905	0.02	1,092,592	40,347
WM Sector - Diversified Debt (Short) Trust	23,565	0.10	2,374,912	69,340
WM Pool - Fixed Interest Trust No.5	943	0.02	106,950	4,577
WM Pool - Fixed Interest Trust No.7	2,324	0.04	223,122	14,190
WM Pool - Fixed Interest Trust No.9	2,646	0.07	266,553	6,572
WM Pool - Fixed Interest Trust No.17	4,466	0.22	452,693	12,923
<b>2013</b>				
Antares Enhanced Cash Trust	1,282,719	0.04	1,319,780	61,644
WM Sector - Diversified Debt (Short) Trust	28,426	0.08	2,842,440	131,765
WM Pool - Fixed Interest Trust No.5	1,171	0.02	129,638	7,154
WM Pool - Fixed Interest Trust No.7	3,038	0.05	291,226	12,155
WM Pool - Fixed Interest Trust No.9	2,670	0.09	268,411	10,036
WM Pool - Fixed Interest Trust No.17	5,520	0.87	554,458	2,849

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:

<b>Cash Fund</b>	<b>Fair value of investment \$</b>
<b>2014</b>	
Money Market Securities - National Australia Bank Limited	19,024,237
<b>2013</b>	
Money Market Securities - National Australia Bank Limited	38,340,030
<b>IncomeBuilder</b>	<b>Fair value of investment \$</b>
<b>2014</b>	
Money Market Securities - National Australia Bank Limited	19,945,089
<b>2013</b>	
Money Market Securities - National Australia Bank Limited	7,974,654

**(j) Unitholder investing activities**

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

<b>MLC Horizon 7 Accelerated Growth Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	11,644,709	54.48	11,792,582	148,718
NULIS Nominees (Australia) Limited	90,051	0.42	91,195	1,153
<b>2013</b>				
MLC MasterKey Investment Service	12,406,752	51.33	10,661,208	16,141
NULIS Nominees (Australia) Limited	107,907	0.45	92,725	140
<b>MLC Horizon 6 Share Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	163,944,718	57.90	157,090,951	2,479,983
MLC MasterKey Investment Service	69,613,137	24.58	66,702,738	1,070,365
NULIS Nominees (Australia) Limited	475,727	0.17	455,837	7,374
<b>2013</b>				
MLC Investment Trust	156,420,355	54.08	131,846,718	1,181,771
MLC MasterKey Investment Service	76,900,607	26.59	64,819,522	583,432
NULIS Nominees (Australia) Limited	475,727	0.16	400,990	3,616

**NOTE 9 - RELATED PARTIES (continued)**

**(j) Unitholder investing activities (continued)**

<b>MLC Horizon 5 Growth Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	271,813,877	65.21	328,896,988	5,460,939
MLC MasterKey Investment Service	54,693,579	13.12	66,179,874	1,105,256
NULIS Nominees (Australia) Limited	430,319	0.10	520,690	8,779
<b>2013</b>				
MLC Investment Trust	267,529,940	62.91	291,448,187	4,651,582
MLC MasterKey Investment Service	53,687,530	12.62	58,487,409	955,622
NULIS Nominees (Australia) Limited	595,827	0.14	649,096	12,091
W A H Webster & related parties*	75,729	0.02	72,262	91
<b>MLC Horizon 4 Balanced Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	644,246,153	54.38	887,003,163	14,896,222
AUSMAQ Systems Limited	9,108	0.01	12,540	217
MLC Limited	124,522,092	10.51	171,442,995	2,867,753
MLC MasterKey Investment Service	122,402,870	10.33	168,525,728	2,880,664
NULIS Nominees (Australia) Limited	4,089,508	0.35	5,630,467	91,487
<b>2013</b>				
MLC Investment Trust	587,369,415	50.92	740,180,029	14,245,222
AUSMAQ Systems Limited	9,309	-	11,731	232
MLC Limited	111,702,013	9.68	140,762,520	2,810,451
MLC MasterKey Investment Service	136,337,129	11.82	171,806,733	3,434,100
NULIS Nominees (Australia) Limited	7,173,702	0.62	9,040,019	169,112
W A H Webster & related parties*	204,025	0.02	231,120	489
<b>MLC Horizon 3 Conservative Growth Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	478,887,795	73.19	475,388,191	6,890,468
MLC MasterKey Investment Service	109,101,333	16.67	108,304,276	1,629,463
NULIS Nominees (Australia) Limited	-	-	-	312
<b>2013</b>				
MLC Investment Trust	375,497,195	67.67	348,592,821	6,793,650
MLC MasterKey Investment Service	110,001,144	19.82	102,119,562	2,144,337
NULIS Nominees (Australia) Limited	111,401	0.02	103,419	2,172
<b>MLC Horizon 2 Income Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	88,317,222	58.50	97,044,797	1,609,386
NULIS Nominees (Australia) Limited	152,018	0.10	167,041	2,420
<b>2013</b>				
MLC MasterKey Investment Service	97,698,977	58.06	103,826,950	2,908,145
NULIS Nominees (Australia) Limited	163,874	0.10	174,153	4,883
W A H Webster & related parties*	760,723	0.44	780,872	3,719
<b>Cash Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Unit Trust	5,877,948	5.99	5,878,777	96,449
MLC MasterKey Investment Service	49,721,152	50.68	49,728,163	876,212
NULIS Nominees (Australia) Limited	297	0.01	297	159
<b>2013</b>				
MLC MasterKey Unit Trust	3,854,140	3.60	3,854,140	138,314
MLC MasterKey Investment Service	55,391,690	51.77	55,391,690	1,397,912
NULIS Nominees (Australia) Limited	12,146	0.01	12,146	521
W A H Webster & related parties*	100,035	0.09	100,035	654

**NOTE 9 - RELATED PARTIES (continued)**

**(j) Unitholder investing activities (continued)**

<b>Property Securities Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	32,871,914	21.82	23,295,216	786,347
AUSMAQ Systems Limited	144,412	0.10	102,340	3,610
NULIS Nominees (Australia) Limited	2,207,690	1.47	1,564,516	48,539
<b>2013</b>				
MLC MasterKey Investment Service	37,520,293	22.09	26,340,446	604,727
AUSMAQ Systems Limited	162,151	0.10	113,835	2,497
NULIS Nominees (Australia) Limited	2,494,388	1.47	1,751,140	40,341
<b>IncomeBuilder</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	199,992,329	21.50	536,585,252	26,303,673
MLC MasterKey Unit Trust	7,518,850	0.81	20,173,295	1,043,670
MLC Limited	423,736,927	45.56	1,136,898,534	56,808,671
MLC MasterKey Investment Service	143,057,418	15.38	383,827,224	19,680,894
NULIS Nominees (Australia) Limited	3,691,062	0.40	9,903,228	477,473
<b>2013</b>				
MLC Investment Trust	179,067,138	19.49	437,878,961	22,719,944
MLC MasterKey Unit Trust	8,420,083	0.92	20,589,914	1,164,351
MLC Limited	414,211,509	45.08	1,012,885,487	53,015,885
MLC MasterKey Investment Service	151,327,723	16.47	370,046,826	28,722,024
NULIS Nominees (Australia) Limited	3,284,618	0.36	8,031,988	415,744
W A H Webster & related parties*	86,513	0.01	188,947	1,436
<b>Share Index Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	92,251,679	63.36	223,968,771	11,559,708
NULIS Nominees (Australia) Limited	52,784	0.04	128,150	6,096
<b>2013</b>				
MLC MasterKey Investment Service	98,705,629	63.74	219,869,946	8,772,305
NULIS Nominees (Australia) Limited	38,857	0.03	86,554	2,384
I K Crow & related parties*	29,133	0.02	58,498	235
<b>Australian Share Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Limited	3,201	0.01	5,589	191
MLC MasterKey Investment Service	30,034,613	37.32	52,447,547	1,860,747
AUSMAQ Systems Limited	6,596	0.01	11,518	408
NULIS Nominees (Australia) Limited	626,743	0.78	1,094,442	31,278
<b>2013</b>				
MLC Limited	3,091	0.01	4,971	109
MLC MasterKey Investment Service	34,361,693	38.20	55,256,763	1,300,543
AUSMAQ Systems Limited	6,741	0.01	10,840	431
NULIS Nominees (Australia) Limited	163,279	0.18	262,567	5,699
I K Crow & related parties*	70,875	0.07	99,808	514
W A H Webster & related parties*	60,212	0.01	84,792	439
<b>Global Share Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	34,640,278	56.42	52,080,133	398,749
MLC Limited	1,410	0.01	2,120	16
MLC MasterKey Investment Service	8,810,447	14.35	13,246,120	102,093
NULIS Nominees (Australia) Limited	124,775	0.20	187,594	1,447

**NOTE 9 - RELATED PARTIES (continued)**

**(j) Unitholder investing activities (continued)**

<b>Global Share Fund (continued)</b>	<b>Number of units held</b>	<b>Interest held in the Scheme</b>	<b>Fair value of investment</b>	<b>Distributions paid/payable</b>
<b>2013</b>				
MLC Investment Trust	41,198,787	58.19	52,805,144	53,504
MLC Limited	1,399	0.01	1,793	2
MLC MasterKey Investment Service	9,435,966	13.33	12,094,229	12,313
NULIS Nominees (Australia) Limited	212,091	0.30	271,841	276
I K Crow & related parties*	14,368	0.02	14,894	-
<b>MLC - Platinum Global Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC Investment Trust	67,826,455	12.49	134,145,785	-
MLC Limited	193,206,284	35.57	382,119,463	-
MLC MasterKey Investment Service	8,690,882	1.60	17,188,650	-
<b>2013</b>				
MLC Investment Trust	81,949,637	13.25	135,271,315	-
MLC Limited	219,413,438	35.48	362,177,863	-
MLC MasterKey Investment Service	10,060,359	1.63	16,606,272	-
W A H Webster & related parties*	284,874	0.04	360,509	-
<b>Australian Share Growth Style Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	4,913,084	56.39	6,024,487	126,971
<b>2013</b>				
MLC MasterKey Investment Service	5,371,537	56.98	5,879,115	86,989
<b>Australian Share Value Style Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	6,135,878	50.77	6,090,662	168,087
NULIS Nominees (Australia) Limited	132,160	1.09	131,186	3,529
<b>2013</b>				
MLC MasterKey Investment Service	7,221,625	53.04	6,483,980	263,018
NULIS Nominees (Australia) Limited	132,160	0.97	118,661	3,786
<b>Global Share Growth Style Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	1,145,248	71.85	1,358,209	16,895
<b>2013</b>				
MLC MasterKey Investment Service	1,259,819	74.11	1,289,116	-
<b>Global Share Value Style Fund</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	4,620,608	65.87	4,694,808	43,671
NULIS Nominees (Australia) Limited	154,433	2.20	156,913	1,374
<b>2013</b>				
MLC MasterKey Investment Service	5,353,452	67.72	4,630,222	17,670
NULIS Nominees (Australia) Limited	154,433	1.95	133,570	479
<b>MLC Horizon 1 Bond Portfolio</b>	<b>Number of units held</b>	<b>Interest held in the Scheme %</b>	<b>Fair value of investment \$</b>	<b>Distributions paid/payable \$</b>
<b>2014</b>				
MLC MasterKey Investment Service	4,555,411	100.00	4,550,640	72,903
<b>2013</b>				
MLC MasterKey Investment Service	5,499,303	100.00	5,460,324	134,926

\*I K Crow & related parties and W A H Webster & related parties holdings as at their resignation date of 16 November 2012.

## NOTE 10 - FINANCIAL RISK MANAGEMENT

### (a) Financial Risk Management Objectives, Policies and Processes

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

### (b) Credit Risk

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

The Cash Fund and IncomeBuilder are the only Schemes with significant concentrations of exposure to counterparties as at 31 May 2014. Their concentrations are all held with authorised deposit-taking institutions. There is no exposure to an individual counterparty in excess of 26% of the net assets attributable to unitholders at 31 May 2014 (2013: not in excess of 39%).

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

##### 2014

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	69,399	7,966	-	77,365
Cash securities	15,430	-	-	15,430
Total	84,829	7,966	-	92,795

##### 2013

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	79,878	7,963	-	87,841
Cash securities	13,883	-	-	13,883
Total	93,761	7,963	-	101,724

#### IncomeBuilder

##### 2014

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	43,864	-	-	43,864
Cash securities	22,892	-	-	22,892
Total	66,756	-	-	66,756

##### 2013

	AAA to AA-	A+ to A-	BBB + to BBB -	Total
	\$'000	\$'000	\$'000	\$'000
Money market securities	21,910	-	-	21,910
Cash securities	32,841	-	-	32,841
Total	54,751	-	-	54,751

**NOTE 10 - FINANCIAL RISK MANAGEMENT (continued)**

**(c) Financial Assets and Liabilities Held for Trading**

Financial assets and 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 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**

	2014			2013		
	Amounts not offset		Net amount	Amounts not offset		Net amount
	Other financial instruments	Cash collateral received/ (pledged)		Other financial instruments	Cash collateral received/ (pledged)	
MLC - Platinum Global Fund	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>						
Foreign Exchange Forward Contracts	709	-	709	4,146	2,351	6,497
Options	410	-	410	8,584	-	8,584
Futures Contracts	2,510	-	2,510	1,416	-	1,416
Closing balance	3,629	-	3,629	14,146	2,351	16,497
<b>Financial liabilities</b>						
Foreign Exchange Forward Contracts	(3,106)	2,779	(327)	(956)	-	(956)
Options	-	-	-	-	-	-
Futures Contracts	(503)	-	(503)	(3,111)	-	(3,111)
Closing balance	(3,609)	2,779	(830)	(4,067)	-	(4,067)
<b>Net Position</b>	<b>20</b>	<b>2,779</b>	<b>2,799</b>	<b>10,079</b>	<b>2,351</b>	<b>12,430</b>

**(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 Schemes' direct exposure to foreign currency risk on their monetary assets and liabilities net of any applied foreign currency hedges at 31 May 2014. 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.

**MLC - Platinum Global Fund**

Currency	2014				2013			
	Change in currency rate		Effect on net profit attributable to unitholders \$'000		Change in currency rate		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
CAD	7%	-5%	1,524	(1,089)	8%	-5%	-	-
EUR	9%	-5%	19,715	(10,953)	8%	-5%	19,412	(12,132)
HKD	13%	-6%	5,836	(2,694)	12%	-7%	-	-
KRW	11%	-7%	6,574	(4,184)	10%	-5%	3,840	(1,920)
USD	13%	-6%	64,110	(29,589)	12%	-7%	60,464	(35,271)
INR	10%	-4%	4,865	(1,946)	11%	-4%	-	-
MYR	7%	-5%	2,168	(1,549)	9%	-5%	2,595	(1,442)
NOK	5%	-4%	1,103	(882)	6%	-5%	-	-
THB	11%	-6%	-	-	9%	-7%	1,864	(1,450)
GBP	8%	-6%	2,155	(1,616)	8%	-3%	2,197	(824)
SEK	5%	-5%	1,624	(1,624)	5%	-7%	1,179	(1,651)
CHF	8%	-6%	2,854	(2,140)	9%	-6%	2,955	(1,970)
Other*	9%	-9%	2,431	(2,431)	9%	-9%	8,583	(8,583)
<b>Total</b>			<b>114,959</b>	<b>(60,697)</b>			<b>103,089</b>	<b>(65,243)</b>

\* Composed of monetary items denominated in various different currencies, the fair value of which do not individually exceed 2% of the net assets attributable to unitholders at 31 May 2014.



**NOTE 10 - FINANCIAL RISK MANAGEMENT (continued)**

**(d) Market Risk (continued)**

**(ii) Interest Rate Risk**

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

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

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

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

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

**Cash Fund**

	2014				2013			
	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)	(49)	49	100	(100)	(52)	52

**IncomeBuilder**

Currency	2014				2013			
	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)	(51)	51	100	(100)	(32)	32

**(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:

**MLC Horizon 7 Accelerated Growth Portfolio**

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	2,478	(1,328)	28%	-15%	2,373	(1,271)
International equities	26%	-14%	3,311	(1,783)	24%	-14%	2,926	(1,707)
Total			5,789	(3,111)			5,299	(2,978)

**MLC Horizon 6 Share Portfolio**

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	31,136	(16,680)	28%	-15%	26,632	(14,267)
International equities	26%	-14%	40,195	(21,644)	24%	-14%	34,534	(20,145)
Property equities	33%	-26%	1,790	(1,410)	33%	-26%	1,610	(1,268)
Total			73,121	(39,734)			62,776	(35,680)

NOTE 10 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and Other Price Risk (continued)

MLC Horizon 5 Growth Portfolio

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	50,827	(27,229)	28%	-15%	46,651	(24,992)
International equities	26%	-14%	60,307	(32,473)	24%	-14%	51,094	(29,805)
Property equities	33%	-26%	4,992	(3,933)	33%	-26%	4,582	(3,610)
Fixed interest	7%	-7%	5,294	(5,294)	7%	-7%	4,859	(4,859)
Total			121,420	(68,929)			107,186	(63,266)

MLC Horizon 4 Balanced Portfolio

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	146,055	(78,244)	28%	-15%	130,204	(69,752)
International equities	26%	-14%	139,860	(75,309)	24%	-14%	115,091	(67,136)
Property equities	33%	-26%	21,517	(16,953)	33%	-26%	19,182	(15,113)
Fixed interest	7%	-7%	35,373	(35,373)	7%	-7%	31,534	(31,534)
Total			342,805	(205,879)			296,011	(183,535)

MLC Horizon 3 Conservative Growth Portfolio

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	38,102	(20,412)	28%	-15%	30,201	(16,179)
International equities	26%	-14%	42,119	(22,680)	24%	-14%	30,817	(17,977)
Property equities	33%	-26%	6,415	(5,054)	33%	-26%	5,085	(4,006)
Fixed interest	7%	-7%	23,133	(23,133)	7%	-7%	18,336	(18,336)
Total			109,769	(71,279)			84,439	(56,498)

MLC Horizon 2 Income Portfolio

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	6,024	(3,227)	28%	-15%	6,465	(3,463)
International equities	26%	-14%	2,152	(1,159)	24%	-14%	2,131	(1,243)
Property equities	33%	-26%	7,646	(6,024)	33%	-26%	8,205	(6,465)
Fixed interest	7%	-7%	7,878	(7,878)	7%	-7%	8,454	(8,454)
Total			23,700	(18,288)			25,255	(19,625)

Property Securities Fund

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Property equities	33%	-26%	35,033	(27,602)	33%	-26%	39,180	(30,869)
Total			35,033	(27,602)			39,180	(30,869)

NOTE 10 - FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

(iii) Equity and Other Price Risk (continued)

IncomeBuilder

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	673,356	(360,727)	28%	-15%	603,328	(323,212)
Fixed interest	7%	-7%	3,070	(3,070)	7%	-7%	1,534	(1,534)
Total			676,426	(363,797)			604,862	(324,746)

Share Index Fund

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	98,774	(52,915)	28%	-15%	96,455	(51,672)
Total			98,774	(52,915)			96,455	(51,672)

Australian Share Fund

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	39,128	(20,961)	28%	-15%	40,340	(21,610)
Total			39,128	(20,961)			40,340	(21,610)

Global Share Fund

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	23,968	(12,906)	24%	-14%	21,706	(12,662)
Total			23,968	(12,906)			21,706	(12,662)

MLC - Platinum Global Fund

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	259,016	(139,470)	24%	-14%	229,031	(133,602)
Total			259,016	(139,470)			229,031	(133,602)

Australian Share Growth Style Fund

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	2,968	(1,590)	28%	-15%	2,860	(1,532)
Total			2,968	(1,590)			2,860	(1,532)

**NOTE 10 - FINANCIAL RISK MANAGEMENT (continued)**

**(d) Market Risk (continued)**

**(iii) Equity and Other Price Risk (continued)**

**Australian Share Value Style Fund**

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$'000		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Australian equities	28%	-15%	3,327	(1,782)	28%	-15%	3,392	(1,817)
Total			3,327	(1,782)			3,392	(1,817)

**Global Share Growth Style Fund**

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	489,430	(263,539)	24%	-14%	412,109	(240,397)
Total			489,430	(263,539)			412,109	(240,397)

**Global Share Value Style Fund**

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
International equities	26%	-14%	1,837,902	(989,640)	24%	-14%	1,625,280	(948,080)
Total			1,837,902	(989,640)			1,625,280	(948,080)

**MLC Horizon 1 Bond Portfolio**

Category	2014				2013			
	Change in price		Effect on net profit attributable to unitholders \$		Change in price		Effect on net profit attributable to unitholders \$'000	
	+	-	+	-	+	-	+	-
Fixed interest	7%	-7%	316,178	(316,178)	7%	-7%	378,417	(378,417)
Total			316,178	(316,178)			378,417	(378,417)

**(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 2014, the overall direct market exposures were as follows:

**MLC - Platinum Global Fund**

	31 May 2014		31 May 2013	
	Contract amount \$'000	Fair value \$'000	Contract amount \$'000	Fair value \$'000
Derivative instruments held for trading:				
- Futures Contracts	(92,466)	2,007	(81,078)	(1,695)
- Foreign Exchange Forward Contracts	(2,356)	(2,397)	3,312	3,190
- Options	215	410	8,431	8,584
	(94,607)	20	(69,335)	10,079

**NOTE 10 - FINANCIAL RISK MANAGEMENT (continued)**

**(g) Fair value of financial instruments**

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

Financial assets / (financial liabilities)	Fair Value Hierarchy	Valuation Techniques
Interest bearing securities	2	Valued by sourcing appropriate yield curves based on credit rating, security type and term to maturity.
Unlisted managed investment funds	2	Valued at redemption price as established by the Responsible Entity of the underlying trust.
Options	2	Valued from independent valuations based on observable market data provided by pricing vendors.
Foreign Exchange Forward Contracts	2	Valued based on observable market data or vendor developed models.
Unlisted equities and options (suspended/stale priced)	3	Valued based on non-observable inputs not quoted in an active market.

The investments by the Schemes in unlisted managed investment schemes are classified as Level 2 and there have been no transfers between the levels during the year. The investments for the Cash Fund, Income Builder and MLC – Platinum Global Fund are detailed in the below tables.

**Cash Fund**

Financial Instruments	2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing securities	25,000	52,365	-	40,000	47,841	-
Total	25,000	52,365	-	40,000	47,841	-

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

**IncomeBuilder**

Financial Instruments	2014			2013		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	2,404,844	-	-	2,154,744	-	-
Interest bearing securities	-	43,864	-	-	21,910	-
Total	2,404,844	43,864	-	2,154,744	21,910	-

\* Level 3 for the years ended 31 May 2013 and 31 May 2014 contain investments in BGP Holdings PLC, Smith Investment Company, Virgin Australia International Holdings Pty Ltd and AET & D Holdings No 1 Pty Ltd which have nil market values. These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are nil, there is no impact to their fair value.

There have been no movements into or out of Level 2 and Level 3 for the year ended 31 May 2013 or 31 May 2014.

**MLC - Platinum Global Fund**

Financial Instruments	2014			2013		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	990,450	5,355	-	949,835	4,462	-
Foreign Exchange Forward Contracts	-	(2,397)	-	-	3,190	-
Futures Contracts	2,007	-	-	(1,695)	-	-
Options	410	-	-	4,740	3,844	-
Total	992,867	2,958	-	952,880	11,496	-

\* Level 3 for the year ended 31 May 2013 and 31 May 2014 contain stale priced investments in the Smith Investment Company with nil market value. Level 3 for the year ended 31 May 2013 also contained options in Vantage Goldfields Ltd with a nil market value with these options lapsing on 31 December 2013. These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are nil, there is no impact to their fair value.

There have been no other movements into or out of Level 2 and Level 3 for the year ended 31 May 2013 or 31 May 2014.

**NOTE 11 - NOTES TO THE STATEMENTS OF CASH FLOWS**

	<b>MLC Horizon 7 Accelerated Growth</b>		<b>MLC Horizon 6 Share Portfolio</b>		<b>MLC Horizon 5 Growth Portfolio</b>		<b>MLC Horizon 4 Balanced Portfolio</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>								
Net operating profit/(loss)	3,776	5,167	36,565	49,182	58,524	82,966	161,946	223,311
Income reinvested	(543)	(303)	(9,139)	(5,698)	(17,375)	(14,211)	(56,122)	(49,500)
Changes in the fair value of investments	(3,575)	(5,158)	(31,363)	(46,858)	(48,579)	(75,356)	(129,203)	(194,245)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in dividend receivables	-	-	-	-	-	-	-	-
(Increase)/decrease in other receivables	-	-	(1)	1	1	-	(2)	2
(Decrease)/increase in other accounts payable	7	3	101	30	183	23	604	169
<b>Net cash provided by/(used in) operating activities</b>	<b>(335)</b>	<b>(291)</b>	<b>(3,837)</b>	<b>(3,343)</b>	<b>(7,246)</b>	<b>(6,578)</b>	<b>(22,777)</b>	<b>(20,263)</b>

**(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 follows:

Cash at bank	86	121	430	167	732	909	3,034	1,845
Cash on deposit - domestic	-	-	1	-	1	-	4	4
Cash on deposit - overseas	-	-	-	-	-	-	-	-
Futures margin	-	-	-	-	-	-	-	-
MLC MasterKey Unit Trust Cash Fund	-	-	-	-	-	-	-	-
	<b>86</b>	<b>121</b>	<b>431</b>	<b>167</b>	<b>733</b>	<b>909</b>	<b>3,038</b>	<b>1,849</b>

**(c) Non-cash financing and investing activities**

Distributions to unitholders reinvested	223	26	3,924	1,974	7,759	6,790	24,305	24,669
	<b>223</b>	<b>26</b>	<b>3,924</b>	<b>1,974</b>	<b>7,759</b>	<b>6,790</b>	<b>24,305</b>	<b>24,669</b>

	<b>MLC Horizon 3 Conservative Growth</b>		<b>MLC Horizon 2 Income Portfolio</b>		<b>Cash Fund</b>		<b>Property Securities Fund</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>								
Net operating profit/(loss)	47,471	56,251	8,357	17,935	1,689	2,779	4,289	29,053
Income reinvested	(19,677)	(17,229)	(5,127)	(7,800)	-	-	(4,906)	(4,339)
Changes in the fair value of investments	(36,585)	(45,777)	(5,398)	(12,414)	-	-	(947)	(26,354)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in dividend receivables	-	-	-	-	-	-	-	-
(Increase)/decrease in other receivables	-	1	-	-	49	241	-	-
(Decrease)/increase in other accounts payable	296	97	35	(9)	16	(14)	30	(5)
<b>Net cash provided by/(used in) operating activities</b>	<b>(8,495)</b>	<b>(6,657)</b>	<b>(2,133)</b>	<b>(2,288)</b>	<b>1,754</b>	<b>3,006</b>	<b>(1,534)</b>	<b>(1,645)</b>

**(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 follows:

Cash at bank	2,321	2,022	560	1,365	5,409	5,231	704	593
Cash on deposit - domestic	2	-	-	-	896	442	-	-
Money market cash	-	-	-	-	14,023	13,387	-	-
Futures margin	-	-	-	-	511	54	-	-
MLC MasterKey Unit Trust Cash Fund	-	-	-	-	-	-	-	-
	<b>2,323</b>	<b>2,022</b>	<b>560</b>	<b>1,365</b>	<b>20,839</b>	<b>19,114</b>	<b>704</b>	<b>593</b>

**(c) Non-cash financing and investing activities**

Distributions to unitholders reinvested	8,897	9,400	1,777	3,187	1,521	2,431	2,102	1,582
	<b>8,897</b>	<b>9,400</b>	<b>1,777</b>	<b>3,187</b>	<b>1,521</b>	<b>2,431</b>	<b>2,102</b>	<b>1,582</b>

**NOTE 11 - NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**

	IncomeBuilder		Share Index Fund		Australian Share Fund		Global Share Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>								
Net operating profit/(loss)	340,080	575,085	48,639	72,509	16,790	31,898	16,306	18,857
Income reinvested	-	-	(14,496)	(14,957)	(7,351)	(5,790)	(1,667)	(1,172)
Changes in the fair value of investments	(267,410)	(508,290)	(38,598)	(61,765)	(11,861)	(28,511)	(16,195)	(19,046)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in dividend receivables	206	(2,209)	-	-	-	-	-	-
(Increase)/decrease in other receivables	9	11	1	2	-	-	-	-
(Decrease)/increase in other accounts payable	926	547	84	13	44	(9)	29	45
<b>Net cash provided by/(used in) operating activities</b>	<b>73,811</b>	<b>65,144</b>	<b>(4,370)</b>	<b>(4,198)</b>	<b>(2,378)</b>	<b>(2,412)</b>	<b>(1,527)</b>	<b>(1,316)</b>

**(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 follows:

Cash at bank	2,052	16,418	1,102	758	962	732	265	416
Cash on deposit - domestic	22,892	32,841	-	-	-	-	-	-
Cash on deposit - overseas	-	-	-	-	-	-	-	-
Futures margin	-	-	-	-	-	-	-	-
MLC MasterKey Unit Trust Cash Fund	-	-	-	-	-	-	-	-
	<b>24,944</b>	<b>49,259</b>	<b>1,102</b>	<b>758</b>	<b>962</b>	<b>732</b>	<b>265</b>	<b>416</b>

**(c) Non-cash financing and investing activities**

Distributions to unitholders reinvested	111,344	152,457	10,445	7,766	3,698	2,493	615	80
	<b>111,344</b>	<b>152,457</b>	<b>10,445</b>	<b>7,766</b>	<b>3,698</b>	<b>2,493</b>	<b>615</b>	<b>80</b>
<b>MLC - Platinum Global</b>			<b>Australian Share</b>		<b>Australian Share Value</b>		<b>Global Share Growth</b>	
<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Whole Dollars \$</b>	<b>Whole Dollars \$</b>

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

Net operating profit/(loss)	193,205	257,733	1,417	2,244	1,547	2,586	293,383	331,762
Income reinvested	-	-	(401)	(326)	(531)	(700)	(29,302)	(12,942)
Changes in the fair value of investments	(200,189)	(263,159)	(1,194)	(2,091)	(1,219)	(2,089)	(293,999)	(344,141)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in dividend receivables	(457)	410	-	-	-	-	-	-
(Increase)/decrease in other receivables	7	52	-	-	-	-	(10)	-
(Decrease)/increase in other accounts payable	810	314	9	1	3	(5)	11,792	75
<b>Net cash provided by/(used in) operating activities</b>	<b>(6,624)</b>	<b>(4,650)</b>	<b>(169)</b>	<b>(172)</b>	<b>(200)</b>	<b>(208)</b>	<b>(18,136)</b>	<b>(25,246)</b>

**(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 follows:

Cash at bank	11,253	9,284	105	115	129	124	21,271	23,848
Cash on deposit - domestic	993	5,002	-	-	-	-	-	-
Cash on deposit - overseas	46,206	20,895	-	-	-	-	-	-
Futures margin	7,745	11,931	-	-	-	-	-	-
MLC MasterKey Unit Trust Cash Fund	5,878	3,855	-	-	-	-	-	-
	<b>72,075</b>	<b>50,967</b>	<b>105</b>	<b>115</b>	<b>129</b>	<b>124</b>	<b>21,271</b>	<b>23,848</b>

**(c) Non-cash financing and investing activities**

Distributions to unitholders reinvested	-	-	184	124	241	375	18,479	-
	<b>-</b>	<b>-</b>	<b>184</b>	<b>124</b>	<b>241</b>	<b>375</b>	<b>18,479</b>	<b>-</b>

**NOTE 11 - NOTES TO THE STATEMENTS OF CASH FLOWS (continued)**

	Global Share Value Style Fund		MLC Horizon 1 Bond Portfolio	
	2014 Whole Dollars \$	2013 Whole Dollars \$	2014 Whole Dollars \$	2013 Whole Dollars \$
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>				
Net operating profit/(loss)	<b>1,209,467</b>	1,645,129	<b>106,738</b>	190,818
Income reinvested	<b>(159,226)</b>	(125,254)	<b>(147,948)</b>	(225,603)
Changes in the fair value of investments	<b>(1,162,626)</b>	(1,619,617)	<b>(32,920)</b>	(55,960)
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in dividend receivables	-	-	-	-
(Increase)/decrease in other receivables	<b>(23)</b>	7	<b>(7)</b>	(19)
(Decrease)/increase in other accounts payable	<b>5,168</b>	431	<b>716</b>	(1,154)
<b>Net cash provided by/(used in) operating activities</b>	<b><u>(107,240)</u></b>	<u>(99,304)</u>	<b><u>(73,421)</u></b>	<u>(91,918)</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 follows:

Cash at bank	<b>70,241</b>	71,726	<b>39,109</b>	58,953
Cash on deposit - domestic	-	-	-	-
Cash on deposit - overseas	-	-	-	-
Futures margin	-	-	-	-
MLC MasterKey Unit Trust Cash Fund	-	-	-	-
	<b><u>70,241</u></b>	<u>71,726</u>	<b><u>39,109</u></b>	<u>58,953</u>

**(c) Non-cash financing and  
investing activities**

Distributions to unitholders reinvested	<b><u>40,758</u></b>	<u>16,722</u>	<b><u>59,286</u></b>	<u>103,712</u>
	<b><u>40,758</u></b>	<u>16,722</u>	<b><u>59,286</u></b>	<u>103,712</u>

**NOTE 12 - CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	IncomeBuilder		MLC - Platinum Global Fund	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Net changes in fair value on financial assets through profit or loss:				
Held for trading	-	2,043	<b>(16,516)</b>	25,970
Designated at fair value through profit or loss	<b><u>267,410</u></b>	<u>506,247</u>	<b><u>216,705</u></b>	<u>237,189</u>
	<b><u>267,410</u></b>	<u>508,290</u>	<b><u>200,189</u></b>	<u>263,159</u>

Please note that for all other Schemes, all of the changes in fair value relate to instruments designated at fair value through profit or loss.

**NOTE 13 - EVENTS OCCURRING AFTER THE BALANCE DATE**

Except as disclosed in the financial report, 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 14 - COMMITMENTS AND CONTINGENT LIABILITIES**

The Schemes had no known commitments or contingent liabilities as at 31 May 2014 (2013: Nil).



**Directors' declaration**

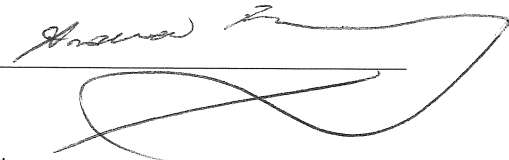
In the opinion of the Directors of MLC Investments Limited, the Responsible Entity of the Schemes:

The financial statements and notes set out on pages 7 to 52, 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 2014 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:



Signature:

Dated at Sydney this 24<sup>th</sup> day of July 2014

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

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

We have audited the accompanying financial report of the MLC MasterKey Unit Trust consisting of the schemes listed above (the 'Schemes') which comprises the statements of financial position as at 31 May 2014, 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 31 May 2014 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  
24 July 2014





**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](http://mlc.com.au)**