



# National Investment Trusts

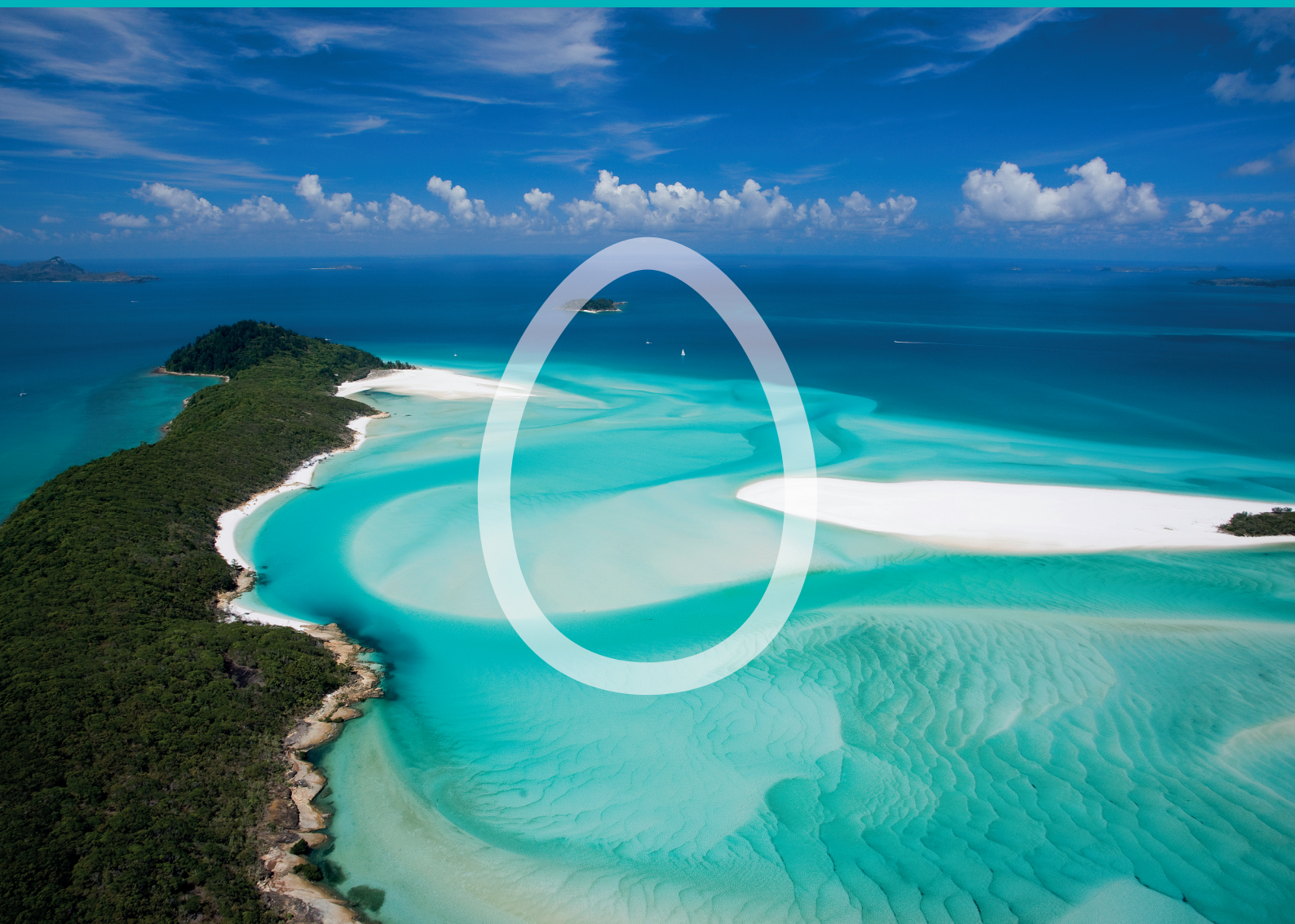
## Financial Report

### For the year ended 30 June 2020

**Preparation date**  
11 September 2020

**Issued by**  
MLC Investments Limited  
(MLC)

**ABN** 30 002 641 661  
**AFSL** 230705



# **National Investment Trusts**

## **Financial Report For the year ended 30 June 2020**

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The National Investment Trusts consists of 4 separate schemes:

**National Australia Balanced Fund**

ARSN 093 198 817

**National Australia Monthly Income Fund**

ARSN 093 198 684

**National Australia Property Fund**

ARSN 093 198 513

**National Australia Dividend Imputation Fund**

ARSN 093 198 602

## Directors' Report

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

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

present their report together with the financial report of the Schemes for the year ended 30 June 2020 and the independent audit report thereon.

The Schemes are disclosed in the National Investment Trusts Product Disclosure Statement and therefore they are presented together in this financial report and related notes in accordance with *ASIC Corporations (Related Scheme Reports) Instrument 2015/839*.

On 1 November 2019, the Directors of the Responsible Entity approved commencement of termination of the Schemes. The Schemes have ceased operations.

This is the final financial report to be issued for the Schemes.

### Directors of the Responsible Entity

The names of the persons who were Directors of MLC Investments Limited during or since the year ended 30 June 2020 are as follows:

Name	Appointment/Resignation Date
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
C M Keating	Resigned 31 March 2020
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

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

### Principal activities

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

Up until their closure, the Schemes invested and transacted in listed equities and unlisted managed investment schemes in accordance with the provisions of the Constitutions of the Schemes.

The Schemes did not have any employees during the current and previous year.

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 MLC website at [mlc.com.au](http://mlc.com.au) or alternatively in the Product Disclosure Statements.

The Directors do not regard the Schemes as a going concern as they already ceased operations. As a consequence, the financial statements for the year ended 30 June 2020 were not prepared on a going concern basis whereas the financial statements for the year ended 30 June 2019 were prepared on a going concern basis.

### Distributions

The distributions for the year ended 30 June 2020 were as follows:

	Entry Fee Units		Nil Entry Fee Units	
	Whole Dollars \$	cents per unit	Whole Dollars \$	cents per unit
Balanced Fund	12,026	0.10	-	-
Monthly Income Fund	110,500	1.20	105,590	1.00
Dividend Imputation Fund	2,130,786	7.79	669,699	7.22
Property Fund	51,590	0.94	26,518	0.73

### Units on issue

Units on issue as at year end and movements during the year are shown in Statements of Changes in Net Assets Attributable to Unitholders.

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

### State of affairs

The Responsible Entity's ultimate parent entity National Australia Bank Limited announced on 3 May 2018 its intention to exit the Advice, Platform & Superannuation and Asset Management businesses, currently operating under MLC and other related brands. The transaction is subject to certain conditions and regulatory approvals; with the ultimate parent entity expected to change when the exit process is complete. In the opinion of the Directors this transaction does not impact on the Responsible Entity's ability to provide its fiduciary duties.

During the year, the Schemes ceased operations with all investments sold and all monies due returned to unitholders through a final redemption.

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

**Auditor's independence**

The Directors received a declaration of independence which was issued in accordance with section 307C of the *Corporations Act 2001* from the auditor of the Schemes, a copy of which is attached to the Directors' Report on page 5.

**Events subsequent to the balance date**

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

**Interests of the Responsible Entity**

Units held by MLC Investments Limited and its related parties in the Schemes during the financial year ended 30 June 2020 are detailed in Note 8(h) and Note 8(i) to the financial statements.

Fees paid to the Responsible Entity during the financial year ended 30 June 2020 are detailed in Note 8(e) to the financial statements.

**Environmental regulation**

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

**Indemnities and insurance premiums for Officers or Auditors**

*Indemnification*


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

*Insurance premiums*

During the year, the ultimate parent company of the Responsible Entity, National Australia Bank Limited, has paid, or agreed to pay, premiums in respect of its officers for liability, legal expenses, insurance contracts, and premiums in respect of such insurance contracts, for the financial year ended 30 June 2020. 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.

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

Director: \_\_\_\_\_  
  
Garry Mulcahy

Signature: \_\_\_\_\_

Dated at Sydney this 11th day of August 2020

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

As lead auditor for the audit of the financial report of National Investment Trusts consisting of the Schemes listed below for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

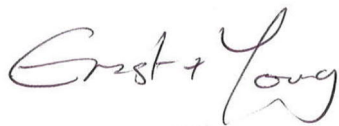
- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

National Australia Balanced Fund

National Australia Property Fund

National Australia Monthly Income Fund

National Australia Dividend Imputation Fund



Ernst & Young



Darren Handley-Greaves  
Partner  
11 August 2020

National Investment Trusts  
Statements of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2020

		Balanced Fund		Monthly Income Fund		Property Fund		Dividend Imputation Fund	
		2020 Whole	2019 Whole	2020 Whole	2019 Whole	2020 Whole	2019 Whole	2020 Whole	2019 Whole
	Notes	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$	Dollars \$
<b>Investment income</b>									
Dividend and distribution income	2, 8(h)	476,754	2,999,971	528,884	847,186	171,998	259,080	1,516,621	4,113,952
Interest income		2,778	2,334	906	1,609	498	711	7,439	23,621
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	10	439,557	658,019	(486,617)	660,372	(95,635)	936,452	(2,709,490)	1,227,257
<b>Total investment income/(loss)</b>		<b>919,089</b>	<b>3,660,324</b>	<b>43,173</b>	<b>1,509,167</b>	<b>76,861</b>	<b>1,196,243</b>	<b>(1,185,430)</b>	<b>5,364,830</b>
<b>Expenses</b>									
Responsible Entity's fees	8(e)	641,127	1,015,520	115,431	181,105	88,452	133,247	722,224	1,137,458
Other expenses		44	175	54	90	47	8	47,545	35,477
<b>Total operating expenses</b>		<b>641,171</b>	<b>1,015,695</b>	<b>115,485</b>	<b>181,195</b>	<b>88,499</b>	<b>133,255</b>	<b>769,769</b>	<b>1,172,935</b>
<b>Net operating profit/(loss)</b>		<b>277,918</b>	<b>2,644,629</b>	<b>(72,312)</b>	<b>1,327,972</b>	<b>(11,638)</b>	<b>1,062,988</b>	<b>(1,955,199)</b>	<b>4,191,895</b>
<b>Financing costs</b>									
Distributions	1(o), 4	12,026	684,478	216,090	613,260	78,108	141,679	2,800,485	3,607,301
<b>Net profit/(loss)</b>		<b>265,892</b>	<b>1,960,151</b>	<b>(288,402)</b>	<b>714,712</b>	<b>(89,746)</b>	<b>921,309</b>	<b>(4,755,684)</b>	<b>584,594</b>
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Change in net assets attributable to unitholders</b>		<b>265,892</b>	<b>1,960,151</b>	<b>(288,402)</b>	<b>714,712</b>	<b>(89,746)</b>	<b>921,309</b>	<b>(4,755,684)</b>	<b>584,594</b>

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

**National Investment Trusts**  
**Statements of Financial Position**  
**As at 30 June 2020**

		<b>Balanced Fund</b>		<b>Monthly Income Fund</b>		<b>Property Fund</b>		<b>Dividend Imputation Fund</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>
	Notes	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>
<b>Assets</b>									
Cash and cash equivalents	10(b)	-	319,923	-	202,452	-	90,623	-	1,768,550
Receivables	6	-	126,860	-	117,386	-	67	-	154,077
Financial assets at fair value through profit or loss	5	-	51,981,192	-	18,314,649	-	7,710,170	-	54,169,330
<b>Total assets</b>		<u>-</u>	<u>52,427,975</u>	<u>-</u>	<u>18,634,487</u>	<u>-</u>	<u>7,800,860</u>	<u>-</u>	<u>56,091,957</u>
<b>Liabilities</b>									
Payables	7	-	248,347	-	43,646	-	31,014	-	319,278
Distribution payable	4	-	425,414	-	231,549	-	53,278	-	977,725
<b>Total liabilities excluding net assets attributable to unitholders</b>		<u>-</u>	<u>673,761</u>	<u>-</u>	<u>275,195</u>	<u>-</u>	<u>84,292</u>	<u>-</u>	<u>1,297,003</u>
<b>Net assets attributable to unitholders</b>		<u>-</u>	<u>51,754,214</u>	<u>-</u>	<u>18,359,292</u>	<u>-</u>	<u>7,716,568</u>	<u>-</u>	<u>54,794,954</u>

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

**National Investment Trusts**  
**Statements of Changes in Net Assets Attributable to Unitholders**  
**For the year ended 30 June 2020**

	<b>Balanced Fund (Entry Fee)</b>		<b>Balanced Fund (Nil Entry Fee)</b>		<b>Monthly Income Fund (Entry Fee)</b>		<b>Monthly Income Fund (Nil Entry Fee)</b>	
	Whole Dollars		Whole Dollars		Whole Dollars		Whole Dollars	
	\$	No. of units	\$	No. of units	\$	No. of units	\$	No. of units
<b>Net assets attributable to unitholders at 30 June 2018</b>	27,166,214	15,747,914	30,441,130	17,571,479	8,460,778	9,564,719	11,495,090	13,002,644
Applications	632,370	361,636	276,622	157,358	353,558	393,249	161,586	179,881
Redemptions	(3,342,101)	(1,944,287)	(5,380,172)	(3,110,074)	(804,913)	(907,512)	(2,021,517)	(2,284,573)
Change in net assets attributable to unitholders	1,021,034	-	939,117	-	324,527	-	390,184	-
<b>Total liability at 30 June 2019</b>	25,477,517	14,165,263	26,276,697	14,618,762	8,333,949	9,050,455	10,025,343	10,897,952
<b>Total liability at 30 June 2019</b>	25,477,517	14,165,263	26,276,697	14,618,762	8,333,949	9,050,455	10,025,343	10,897,952
Applications	429,871	236,506	341,432	187,776	197,147	213,921	253,263	274,588
Redemptions	(26,092,328)	(14,401,769)	(26,699,081)	(14,806,538)	(8,394,118)	(9,264,376)	(10,127,182)	(11,172,540)
Change in net assets attributable to unitholders	184,940	-	80,952	-	(136,978)	-	(151,424)	-
<b>Total liability at 30 June 2020</b>	-	-	-	-	-	-	-	-

	<b>Property Fund (Entry Fee)</b>		<b>Property Fund (Nil Entry Fee)</b>		<b>Dividend Imputation Fund (Entry Fee)</b>		<b>Dividend Imputation Fund (Nil Entry Fee)</b>	
	Whole Dollars		Whole Dollars		Whole Dollars		Whole Dollars	
	\$	No. of units	\$	No. of units	\$	No. of units	\$	No. of units
<b>Net assets attributable to unitholders at 30 June 2018</b>	4,326,293	5,972,833	3,116,416	4,288,455	38,048,903	31,221,964	13,479,620	10,985,738
Applications	70,030	94,319	99,176	127,195	7,580,159	6,350,160	2,576,552	2,141,696
Redemptions	(412,538)	(554,984)	(404,118)	(541,592)	(5,215,503)	(4,343,073)	(2,259,370)	(1,855,191)
Change in net assets attributable to unitholders	551,311	-	369,998	-	465,787	-	118,806	-
<b>Total liability at 30 June 2019</b>	4,535,096	5,512,168	3,181,472	3,874,058	40,879,346	33,229,052	13,915,608	11,272,242
<b>Total liability at 30 June 2019</b>	4,535,096	5,512,168	3,181,472	3,874,058	40,879,346	33,229,052	13,915,608	11,272,242
Applications	69,494	84,566	38,951	47,413	2,569,323	2,231,170	807,597	699,593
Redemptions	(4,549,187)	(5,596,734)	(3,186,080)	(3,921,471)	(39,926,194)	(35,460,222)	(13,489,996)	(11,971,835)
Change in net assets attributable to unitholders	(55,403)	-	(34,343)	-	(3,522,475)	-	(1,233,209)	-
<b>Total liability at 30 June 2020</b>	-	-	-	-	-	-	-	-

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

**National Investment Trusts**  
**Statements of Cash Flows**  
**For the year ended 30 June 2020**

	<b>Balanced Fund</b>		<b>Monthly Income Fund</b>		<b>Property Fund</b>		<b>Dividend Imputation Fund</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole</b>	<b>Whole Dollars</b>	<b>Whole</b>	<b>Whole Dollars</b>
	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>Dollars \$</b>	<b>\$</b>	<b>Dollars \$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>								
Dividend and distribution income received	-	-	-	-	-	-	1,315,472	3,204,941
Interest received	2,955	2,351	1,011	1,651	565	709	7,692	24,085
Responsible Entity's fees paid	(889,458)	(1,050,947)	(159,075)	(191,265)	(119,464)	(130,943)	(1,014,777)	(1,179,764)
Other expenses paid	(60)	(159)	(56)	(100)	(48)	(8)	(47,636)	(35,386)
<b>Net cash provided by/(used in) operating activities</b>	<b>10(a) (886,563)</b>	<b>(1,048,755)</b>	<b>(158,120)</b>	<b>(189,714)</b>	<b>(118,947)</b>	<b>(130,242)</b>	<b>260,751</b>	<b>2,013,876</b>
<b>Cash flows from investing activities</b>								
Proceeds from sale of investments	58,462,117	10,193,395	18,574,187	3,916,400	7,786,533	989,300	55,858,581	17,471,501
Purchases of investments	(5,437,932)	(861,000)	(99,990)	(998,000)	-	(50,000)	(4,070,404)	(10,705,791)
<b>Net cash provided by/(used in) investing activities</b>	<b>53,024,185</b>	<b>9,332,395</b>	<b>18,474,197</b>	<b>2,918,400</b>	<b>7,786,533</b>	<b>939,300</b>	<b>51,788,177</b>	<b>6,765,710</b>
<b>Cash flows from financing activities</b>								
Applications received	414,419	508,000	139,937	377,956	18,389	75,324	159,236	1,034,240
Redemptions paid	(52,791,406)	(8,722,276)	(18,521,299)	(2,826,461)	(7,735,268)	(816,657)	(53,416,188)	(7,474,873)
Distributions paid	(80,558)	(91,406)	(137,167)	(244,524)	(41,330)	(58,368)	(560,526)	(1,557,097)
<b>Net cash provided by/(used in) financing activities</b>	<b>(52,457,545)</b>	<b>(8,305,682)</b>	<b>(18,518,529)</b>	<b>(2,693,029)</b>	<b>(7,758,209)</b>	<b>(799,701)</b>	<b>(53,817,478)</b>	<b>(7,997,730)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(319,923)</b>	<b>(22,042)</b>	<b>(202,452)</b>	<b>35,657</b>	<b>(90,623)</b>	<b>9,357</b>	<b>(1,768,550)</b>	<b>781,856</b>
Cash and cash equivalents at the beginning of the financial year	319,923	341,965	202,452	166,795	90,623	81,266	1,768,550	986,694
<b>Cash and cash equivalents at end of financial year</b>	<b>10(b) -</b>	<b>319,923</b>	<b>-</b>	<b>202,452</b>	<b>-</b>	<b>90,623</b>	<b>-</b>	<b>1,768,550</b>

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report of the Schemes for the financial year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 11 August 2020.

On 1 November 2019, the Directors of the Responsible Entity approved commencement of termination of the Schemes. The Schemes have ceased operations.

### (a) Statement of compliance

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

### (b) Basis of preparation

The Schemes' year end financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report has been prepared on the basis of historical costs, except for financial assets and financial liabilities designated at fair value through profit and loss.

The Directors do not regard the Schemes as a going concern as they have ceased operations. As a consequence, the financial statements for the year ended 30 June 2020 are not prepared on a going concern basis whereas the financial statements for the year ended 30 June 2019 were prepared on a going concern basis.

The Statements of Financial Position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are designated as current assets and liabilities as they are expected to be recovered or settled within twelve months. Financial assets and liabilities at fair value through profit or loss and net assets attributable to unitholders are expected to be settled upon contractual requirements.

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.

### (c) Basis of consolidation

The Schemes are investment entities under the definition in AASB 10 *Consolidated Financial Statements* and, as such, do not consolidate any entities subject to their control. The Schemes do not hold a controlling interest in any of their underlying investments and therefore are not required to provide additional disclosures.

### (d) Unit prices

The unit prices for the units of the Schemes are calculated as at the close of 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) accumulate income, which is reflected in the unit price;
- (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 at fair value through profit or loss

The Schemes have classified all of their investments as at fair value through profit or loss.

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

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

### (g) Fair value measurement

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

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

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

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

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

### (h) 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 at fair value through profit or loss*

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

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

#### *Judgements*

(i) The Schemes meet the definition criteria of an investment entity under AASB 10 *Consolidated Financial Statements*, 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 related registered managed investment schemes should be classified as structured entities. A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. The Schemes have considered the voting rights and other similar rights and concluded on whether these rights are the dominant factor in determining control. The Schemes have concluded that their investments in unlisted registered managed investment schemes meet the definition of structured entities as the voting rights of these unlisted registered managed investment schemes are not substantive in nature as set out in Note 8(g).

### (i) Cash and cash equivalents

Cash and cash equivalents in the Statements of Financial Position comprise cash at bank and demand deposits.

### (j) Receivables

Receivables may include amounts for dividends, interest, distributions, outstanding settlements and other income and are measured initially at fair value plus transaction costs. The impact of expected credit losses on financial assets measured at amortised cost is insignificant. Amounts are generally received within 30 days of being recorded as a receivable.

### (k) Payables

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.

### (l) 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'.

### (m) Income and expenses

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

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

Interest income on discount securities is brought to account on an effective interest rate 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 initial fair value (if the investment was acquired during the year).

Expenses are brought to account on an accrual basis.

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

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

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

### (n) Taxation

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 will be distributed to unitholders as assessable income for taxation purposes.

### (o) Distributions to unitholders

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

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

The Schemes' distributions are expressed as cents per unit for the distribution period.

### (p) 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.

### (q) Derecognition of financial instruments

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

### (r) Capital management

The Responsible Entity manages its net assets attributable to unitholders as capital. As of 30 June 2018, the Schemes meet the conditions required to adopt the AMIT tax regime, however, multi-class schemes have units that are equally subordinate but they do not have identical features, therefore the units in the Schemes are classified as a financial liability on 30 June 2020 in accordance with the requirements of AASB 132 *Financial Instruments: Presentation relating to puttable instruments*.

The amount of net assets attributable to unitholders can change significantly on a daily basis as the Schemes are subject to daily applications and redemptions at the discretion of unitholders.

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

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

### (s) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option. As the Schemes are multi-class the units are equally subordinate however, they do not have identical features and the units therefore continue to be classified as a liability in accordance with the requirements of AASB 132 *Financial Instruments: Presentation relating to puttable instruments*.

The units can be put back to the Schemes at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the financial year, if unitholders exercised their right to put the units back to the Schemes.

### (t) Application of accounting standards

#### *New and amended standards and interpretations*

Several standards and amendments, including AASB 16 *Leases* and AASB Interpretations 23 *Uncertain Tax Position* apply to the Schemes for the first time in 2020, however do not have an impact on the financial statements of the Schemes. The Schemes have not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

## NOTE 2 - DIVIDEND AND DISTRIBUTION INCOME

The Schemes receive income from their related party underlying investments in unlisted managed investment schemes which is detailed in Note 8(h), except for the Dividend Imputation Fund which received dividend income as detailed in the table below:

	<b>Dividend Imputation Fund</b>	
	<b>2020</b>	<b>2019</b>
	<b>Whole</b>	<b>Whole</b>
	<b>Dollars \$</b>	<b>Dollars \$</b>
<b>Dividend/Scheme distribution income:</b>		
Listed equities and unit trusts	<b>1,161,649</b>	3,070,714
Unlisted related managed investment schemes	<b>354,972</b>	1,043,238
	<b>1,516,621</b>	4,113,952

## NOTE 3 - AUDITOR'S REMUNERATION

The Schemes have regular audits on the financial reports. The Responsible Entity pays the cost of the audit fees being \$11,000 (2019: \$11,000) per Scheme for audit and review of the financial reports, and \$2,374 (2019: \$2,374) per Scheme for Compliance plan audits. The Scheme listed in the table below has an additional cost for the Specified Assertions audit of its direct investments.

	<b>Dividend Imputation Fund</b>	
	<b>2020</b>	<b>2019</b>
	<b>Whole</b>	<b>Whole</b>
	<b>Dollars \$</b>	<b>Dollars \$</b>
<b>Auditor of the Scheme:</b>		
Other assurance engagements	<b>2,500</b>	2,500
	<b>2,500</b>	2,500

## NOTE 4 - DISTRIBUTIONS

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

	<b>Balanced Fund</b>				<b>Property Fund</b>			
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Whole</b>	<b>cents per</b>	<b>Whole</b>	<b>cents per</b>	<b>Whole</b>	<b>cents per</b>	<b>Whole</b>	<b>cents per</b>
	<b>Dollars \$</b>	<b>unit</b>	<b>Dollars \$</b>	<b>unit</b>	<b>Dollars \$</b>	<b>unit</b>	<b>Dollars \$</b>	<b>unit</b>
<b>Entry Fee</b>								
September	-	-	21,606	0.14	48,163	0.87	37,757	0.64
December	-	-	54,427	0.37	-	-	-	-
March	12,026	0.10	109,573	0.76	3,427	0.07	21,678	0.39
June (payable)	-	-	228,061	1.61	-	-	31,971	0.58
<b>Total</b>	<b>12,026</b>	<b>0.10</b>	<b>413,667</b>	<b>2.88</b>	<b>51,590</b>	<b>0.94</b>	<b>91,406</b>	<b>1.61</b>
<b>Nil Entry Fee</b>								
September	-	-	-	-	26,518	0.73	21,935	0.53
December	-	-	-	-	-	-	-	-
March	-	-	73,458	0.49	-	-	7,031	0.18
June (payable)	-	-	197,353	1.35	-	-	21,307	0.55
<b>Total</b>	<b>-</b>	<b>-</b>	<b>270,811</b>	<b>1.84</b>	<b>26,518</b>	<b>0.73</b>	<b>50,273</b>	<b>1.26</b>
	<b>Monthly Income Fund (Entry Fee)</b>				<b>Monthly Income Fund (Nil Entry Fee)</b>			
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Whole</b>	<b>cents per</b>	<b>Whole</b>	<b>cents per</b>	<b>Whole</b>	<b>cents per</b>	<b>Whole</b>	<b>cents per</b>
	<b>Dollars \$</b>	<b>unit</b>	<b>Dollars \$</b>	<b>unit</b>	<b>Dollars \$</b>	<b>unit</b>	<b>Dollars \$</b>	<b>unit</b>
July	19,425	0.21	13,904	0.15	19,838	0.18	15,590	0.12
August	19,322	0.21	13,882	0.15	19,615	0.18	15,445	0.12
September	19,262	0.21	13,662	0.15	19,537	0.18	15,379	0.12
October	15,834	0.17	13,651	0.15	15,489	0.15	15,050	0.12
November	15,842	0.17	13,558	0.15	15,478	0.15	14,797	0.12
December	15,539	0.17	13,507	0.15	14,618	0.15	14,612	0.12
January	-	-	14,512	0.16	-	-	15,924	0.14
February	4,497	0.05	14,286	0.16	123	-	15,247	0.14
March	779	0.01	14,810	0.16	892	0.01	15,196	0.14
April	-	-	28,183	0.31	-	-	31,391	0.28
May	-	-	28,128	0.31	-	-	30,997	0.28
June (payable)	-	-	114,941	1.27	-	-	116,608	1.07
<b>Total</b>	<b>110,500</b>	<b>1.20</b>	<b>297,024</b>	<b>3.27</b>	<b>105,590</b>	<b>1.00</b>	<b>316,236</b>	<b>2.77</b>

**NOTE 4 - DISTRIBUTIONS (CONTINUED)**

	Dividend Imputation Fund (Entry Fee)				Dividend Imputation Fund (Nil Entry Fee)			
	2020 Whole Dollars \$	2020 cents per unit	2019 Whole Dollars \$	2019 cents per unit	2020 Whole Dollars \$	2020 cents per unit	2019 Whole Dollars \$	2019 cents per unit
<b>Dividend Imputation Fund</b>								
September	343,476	1.05	440,684	1.28	97,572	0.87	134,009	1.10
December	185,710	0.63	892,217	2.58	41,763	0.40	292,896	2.40
March	1,601,600	6.11	657,480	1.90	530,364	5.95	212,290	1.73
June (payable)	-	-	741,008	2.23	-	-	236,717	2.10
<b>Total</b>	<b>2,130,786</b>	<b>7.79</b>	<b>2,731,389</b>	<b>7.99</b>	<b>669,699</b>	<b>7.22</b>	<b>875,912</b>	<b>7.33</b>

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

	Balanced Fund		Monthly Income Fund		Property Fund		Dividend Imputation Fund	
	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$
<b>Listed equities</b>								
Shares and units listed on a stock exchange	-	-	-	-	-	-	-	37,822,102
<b>Unlisted related party managed investment schemes</b>								
Units held in unlisted related party managed investment schemes	-	51,981,192	-	18,314,649	-	7,710,170	-	16,347,228
<b>Total financial assets at fair value through profit or loss</b>	<b>-</b>	<b>51,981,192</b>	<b>-</b>	<b>18,314,649</b>	<b>-</b>	<b>7,710,170</b>	<b>-</b>	<b>54,169,330</b>

Units held in unlisted related party managed investment schemes are detailed in note 8(h)

**NOTE 6 - RECEIVABLES**

	Balanced Fund		Monthly Income Fund		Property Fund		Dividend Imputation Fund	
	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$
Outstanding settlements	-	-	-	-	-	-	-	-
Dividend/Distribution receivables	-	126,682	-	117,280	-	-	-	153,823
Other receivables	-	178	-	106	-	67	-	254
	<b>-</b>	<b>126,860</b>	<b>-</b>	<b>117,386</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>154,077</b>

**NOTE 7 - PAYABLES**

	Balanced Fund		Monthly Income Fund		Property Fund		Dividend Imputation Fund	
	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$	2020 Whole Dollars \$	2019 Whole Dollars \$
Outstanding settlements	-	-	-	-	-	-	-	26,636
Amounts owing to Responsible Entity	-	248,331	-	43,644	-	31,012	-	292,552
Other payables	-	16	-	2	-	2	-	90
	<b>-</b>	<b>248,347</b>	<b>-</b>	<b>43,646</b>	<b>-</b>	<b>31,014</b>	<b>-</b>	<b>319,278</b>

## **NOTE 8 - RELATED PARTIES**

### **(a) Responsible Entity**

The Responsible Entity of each of the Schemes is MLC Investments Limited ABN 30 002 641 661, whose immediate holding company is MLC Wealth Limited (formerly known as National Wealth Management Services Limited) ABN 97 071 514 264 and the ultimate parent company is National Australia Bank Limited ABN 12 004 044 937.

The Responsible Entity is incorporated and domiciled in Australia.

### **(b) Key management personnel**

#### **Directors**

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

<b>Name</b>	<b>Appointment / Resignation Date</b>
J G Duffield	Appointed 24 August 2011
P Gupta	Appointed 1 September 2012
C M Keating	Resigned 31 March 2020
G J Mulcahy	Appointed 7 July 2014
K A Watt	Appointed 5 December 2016

In addition to the Directors noted above, the Responsible Entity provides key management personnel services to 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 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 amount of payables to MLC Investments Limited by the Schemes at balance date are shown in the table below.

	<b>2020</b>	<b>2019</b>
	<b>Whole Dollars</b>	<b>Whole Dollars</b>
	<b>\$</b>	<b>\$</b>
Balanced Fund	-	248,331
Monthly Income Fund	-	43,644
Property Fund	-	31,012
Dividend Imputation Fund	-	292,553

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

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

	<b>2020</b>	<b>2019</b>
	<b>Whole Dollars</b>	<b>Whole Dollars</b>
	<b>\$</b>	<b>\$</b>
Balanced Fund	641,127	1,015,520
Monthly Income Fund	115,431	181,105
Property Fund	88,452	133,247
Dividend Imputation Fund	722,224	1,137,458

### **(f) Expense reimbursement**

The Responsible Entity is entitled, under the Schemes' Constitutions, to be reimbursed for certain expenses incurred in administering the Schemes. The basis on which the expenses are reimbursable is defined in the Constitutions. There were no expense reimbursements during the year (2019: Nil).

### **(g) Interests in unconsolidated structured entities**

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

### **(h) Related party investments**

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

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

The principal activities of all the below named Schemes are to invest and transact in listed equities and unlisted managed investment schemes in accordance with the provisions of the Schemes' Constitutions.

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

**NOTE 8 - RELATED PARTIES (CONTINUED)**

**(h) Related party investments (continued)**

MLC Investments Limited and its related parties	Number of units/shares held	Interest held in the Scheme/Entity	Fair value of investment	Distributions/ Dividends received/ receivable
				Whole Dollars
		%	Whole Dollars \$	Whole Dollars \$
<b>Balanced Fund</b>				
<b>2020</b>				
Low Correlation Strategy Trust	-	-	-	-
WM Pool - Australian Equities Trust No.2	-	-	-	88,425
Antares Enhanced Cash Trust	-	-	-	5,084
WM Sector - Australian Equities Trust	-	-	-	240,976
WM Sector - Diversified Debt (All) Trust	-	-	-	63,705
WM Pool - Equities Trust No. 47	-	-	-	-
WM Pool - Equities Trust No. 59	-	-	-	18,042
WM Pool - Equities Trust No. 73	-	-	-	9,978
WM Pool - Fixed Interest Trust No. 5	-	-	-	17,733
WM Pool - Global Properties Trust	-	-	-	-
WM Sector - Global Equities (Hedged) Trust	-	-	-	-
WM Sector - Global Equities (Unhedged) Trust	-	-	-	-
WM Pool - LTAR Part 1 NS Trust	-	-	-	-
WM Pool - Fixed Interest Trust No. 24	-	-	-	23,059
WM Pool - Inflation Linked Securities Trust	-	-	-	-
WM Sector - Diversified Debt (Short) Trust	-	-	-	9,752
	-	-	-	476,754
<b>2019</b>				
Low Correlation Strategy Trust	1,517,467	0.17	1,800,469	46,954
WM Pool - Australian Equities Trust No.2	56,766	0.06	4,229,934	358,218
Antares Enhanced Cash Trust	2,576,051	0.03	2,637,838	61,522
WM Sector - Australian Equities Trust	87,213	0.20	10,380,966	957,805
WM Sector - Diversified Debt (All) Trust	34,673	0.11	3,586,120	127,927
WM Pool - Equities Trust No. 47	51,686	0.24	5,389,180	426,605
WM Pool - Equities Trust No. 59	30,884	0.28	3,250,185	134,328
WM Pool - Equities Trust No. 73	14,332	0.25	1,443,307	48,329
WM Pool - Fixed Interest Trust No. 5	9,725	0.04	1,077,139	37,338
WM Pool - Global Properties Trust	15,392	0.15	1,902,486	17,961
WM Sector - Global Equities (Hedged) Trust	27,845	0.37	3,437,493	-
WM Sector - Global Equities (Unhedged) Trust	51,361	0.09	5,899,325	558,321
WM Pool - LTAR Part 1 NS Trust	28,511	0.39	2,565,069	105,061
WM Pool - Fixed Interest Trust No. 24	26,830	0.19	2,761,370	65,002
WM Pool - Inflation Linked Securities Trust	1,367,319	0.12	1,620,312	54,600
WM Sector - Diversified Debt (Short) Trust	-	-	-	-
	5,896,055	-	51,981,193	2,999,971
<b>Monthly Income Fund</b>				
<b>2020</b>				
Dividend Imputation Trust	-	-	-	351,917
WM Pool - NSIM Australian Fixed Interest (A) Trust	-	-	-	24,875
WM Pool - NSIM Australian Fixed Interest (S) Trust	-	-	-	28,682
WM Sector - Property Securities Trust	-	-	-	60,487
WM Pool - UBS Australian Fixed Interest (A) Trust	-	-	-	30,339
WM Pool - UBS Australian Fixed Interest (S) Trust	-	-	-	32,584
	-	-	-	528,884
<b>2019</b>				
Dividend Imputation Trust	5,267,111	16.14	6,481,085	444,347
WM Pool - NSIM Australian Fixed Interest (A) Trust	16,657	0.17	1,744,025	89,748
WM Pool - NSIM Australian Fixed Interest (S) Trust	25,488	0.14	2,629,538	77,174
WM Sector - Property Securities Trust	31,094	0.40	2,917,090	100,289
WM Pool - UBS Australian Fixed Interest (A) Trust	1,762,756	0.18	1,824,017	73,098
WM Pool - UBS Australian Fixed Interest (S) Trust	26,240	0.15	2,718,894	62,530
	7,129,346	-	18,314,649	847,186

**NOTE 8 - RELATED PARTIES (CONTINUED)**

**(h) Related party investments (continued)**

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity	Fair value of investment	Distributions/ Dividends received/ receivable
		%	Whole Dollars \$	Whole Dollars \$
<b>Property Fund</b>				
<b>2020</b>				
WM Sector - Property Securities Trust	-	-	-	171,998
<b>2019</b>				
WM Sector - Property Securities Trust	82,184	1.05	7,710,170	259,080
<b>Dividend Imputation Fund</b>				
<b>2020</b>				
National Australia Bank Limited	-	-	-	139,025
WM Pool - Equities Trust No. 30	-	-	-	354,972
<b>2019</b>				
National Australia Bank Limited	83,500	0.01	2,230,285	170,280
WM Pool - Equities Trust No. 30	13,419,343	1.25	16,347,229	1,043,238

**(i) Unitholder investing activities**

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

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity	Fair value of investment	Dividends/ Distributions paid
		%	Whole Dollars \$	Whole Dollars \$
<b>Dividend Imputation Fund</b>				
<b>2020</b>				
Monthly Income Fund	-	-	-	351,917
<b>2019</b>				
Monthly Income Fund	5,267,111	16.14	6,481,085	444,347

**NOTE 9 - FINANCIAL RISK MANAGEMENT**

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

The Schemes' activities expose them to a variety of financial risks: credit risk, market risk (including currency risk, interest rate risk, equity and 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.

**(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.

There was no significant direct credit risk in the schemes as at 30 June 2020 and 30 June 2019.

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

**NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market Risks**

**(i) Currency Risk**

Currency risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate due to changes in foreign exchange rates. There was no significant foreign exchange risk in the Schemes as at 30 June 2020 and 30 June 2019.

**(ii) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. There was no significant direct interest rate risk in the Schemes as at 30 June 2020 and 30 June 2019.

**(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.

The tables 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:

**Balanced Fund**

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$	
Australian equities funds	10%	(10%)	-	-	10%	(10%)	1,467,949	(1,467,949)
International equities funds	10%	(10%)	-	-	10%	(10%)	1,112,398	(1,112,398)
Property equities funds	10%	(10%)	-	-	10%	(10%)	187,132	(187,132)
Fixed interest funds	10%	(10%)	-	-	10%	(10%)	2,430,641	(2,430,641)
Total			-	-			5,198,120	(5,198,120)

**Monthly Income Fund**

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$	
Australian equities funds	10%	(10%)	-	-	10%	(10%)	655,115	(655,115)
Property equities funds	10%	(10%)	-	-	10%	(10%)	288,456	(288,456)
Fixed interest funds	10%	(10%)	-	-	10%	(10%)	887,894	(887,894)
Total			-	-			1,831,465	(1,831,465)

**Property Fund**

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$	
Property equities funds	10%	(10%)	-	-	10%	(10%)	771,017	(771,017)
Total			-	-			771,017	(771,017)

**Dividend Imputation Fund**

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income Whole Dollars \$	
Australian equities	10%	(10%)	-	-	10%	(10%)	5,416,933	(5,416,933)
Total			-	-			5,416,933	(5,416,933)

**NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) 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.

**(e) 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, other than Level 1, the use of observable and unobservable inputs are applied.

Financial assets / (liabilities)	Fair Value Hierarchy	Valuation Techniques
Unlisted related party managed investment schemes	2	Valued at redemption price as established by the Responsible Entity of the underlying trust.

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

**Dividend Imputation Fund**

Financial Instruments	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$	Whole Dollars \$
Listed equity securities	-	-	-	37,822,102	-	-
Total	-	-	-	37,822,102	-	-

**NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS**

	<b>Balanced Fund</b>		<b>Monthly Income Fund</b>		<b>Property Fund</b>		<b>Dividend Imputation Fund</b>	
	<b>2020 Whole Dollars \$</b>	<b>2019 Whole Dollars \$</b>	<b>2020 Whole Dollars \$</b>	<b>2019 Whole Dollars \$</b>	<b>2020 Whole Dollars \$</b>	<b>2019 Whole Dollars \$</b>	<b>2020 Whole Dollars \$</b>	<b>2019 Whole Dollars \$</b>
<b>(a) Reconciliation of operating profit to net cash flows from operating activities</b>								
Net operating profit/(loss)	277,918	2,644,629	(72,312)	1,327,972	(11,638)	1,062,988	(1,955,199)	4,191,895
Income reinvested	(603,437)	(3,155,207)	(646,165)	(1,671,996)	(171,997)	(259,081)	(354,975)	(1,043,238)
Changes in the fair value of investments	(439,557)	(658,019)	486,617	(660,372)	95,635	(936,452)	2,709,490	(1,227,257)
Changes in assets and liabilities during the financial year:								
Decrease/(increase) in distribution receivables	126,682	155,237	117,280	824,810	-	-	153,823	134,227
Decrease/(increase) in other receivables	178	17	106	42	67	(2)	254	464
(Decrease)/increase in other payables	(248,347)	(35,412)	(43,646)	(10,170)	(31,014)	2,305	(292,642)	(42,215)
<b>Net cash (used in)/provided by operating activities</b>	<b>(886,563)</b>	<b>(1,048,755)</b>	<b>(158,120)</b>	<b>(189,714)</b>	<b>(118,947)</b>	<b>(130,242)</b>	<b>260,751</b>	<b>2,013,876</b>
<b>(b) Cash and cash equivalents</b>								
For the purposes of the Statements of Cash Flows, cash includes cash at bank and demand deposits. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:								
Cash at bank	-	319,548	-	202,452	-	90,623	-	455,799
Cash on deposit - domestic	-	375	-	-	-	-	-	1,312,751
	-	319,923	-	202,452	-	90,623	-	1,768,550
<b>(c) Non-cash financing and investing activities</b>								
Distributions to unitholders reinvested	356,884	400,993	310,473	137,189	90,056	93,882	3,217,684	9,122,472
	356,884	400,993	310,473	137,189	90,056	93,882	3,217,684	9,122,472

**NOTE 11 - EVENTS OCCURRING AFTER THE BALANCE DATE**

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

**NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES**

The Schemes had no known commitments or contingent liabilities as at 30 June 2020 and 30 June 2019.

**Directors' Declaration**

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

The financial statements and notes set out on pages 6 to 20, are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial positions of the Schemes as at 30 June 2020 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: \_\_\_\_\_

Garry Mulcahy

Signature: \_\_\_\_\_

Dated at Sydney this 11th day of August 2020

## Independent Auditor's Report to the Unitholders of National Investment Trusts:

National Australia Balanced Fund

National Australia Property Fund

National Australia Monthly Income Fund

National Australia Dividend Imputation Fund

### Opinion

We have audited the financial report of National Investment Trusts consisting of the schemes listed above (the 'Schemes'), which comprises the statements of financial position as at 30 June 2020, the statements of profit or loss and other comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Schemes' financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

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

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. It is the Directors' intention to wind up the Schemes prior to the next year end. As a result, the financial report has been prepared on a liquidation basis. Our opinion is not modified in respect of this matter.

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

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the Schemes are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Report

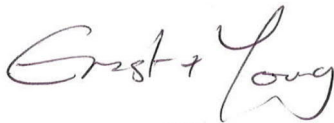
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Darren Handley-Greaves  
Partner  
Sydney  
11 August 2020

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**For more information call us from  
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**Important information**

MLC Investments Limited ABN 30 002 641 661, AFSL 230705 (MLC) is the responsible entity of each of the schemes which are the subject of this report.  
MLC is part of the National Australia Bank (NAB) Group of Companies. An investment with MLC is not a deposit or liability of, and is not guaranteed by, NAB.