



MLC MasterKey Unit Trust

Financial Report

For the year ended 31 May 2020

Preparation date
28 August 2020

Issued by
MLC Investments Limited (MLC)

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MLC MasterKey Unit Trust

Financial Report For the year ended 31 May 2020

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The MLC MasterKey Unit Trust consists of 14 separate schemes:

MLC MasterKey Unit Trust IncomeBuilder
ARSN 087 944 287

MLC MasterKey Unit Trust Balanced Portfolio
ARSN 087 944 625

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

MLC MasterKey Unit Trust Conservative Growth Portfolio
ARSN 097 221 077

MLC MasterKey Unit Trust Growth Portfolio
ARSN 087 944 438

MLC MasterKey Unit Trust Share Index Fund
ARSN 087 939 919

MLC MasterKey Unit Trust Share Portfolio
ARSN 097 220 945

MLC MasterKey Unit Trust Income Portfolio
ARSN 087 940 592

MLC MasterKey Unit Trust Property Securities Fund
ARSN 087 944 652

MLC MasterKey Unit Trust Australian Share Fund
ARSN 087 945 293

MLC MasterKey Unit Trust Cash Fund
ARSN 087 940 467

MLC MasterKey Unit Trust Global Share Fund
ARSN 087 943 682

MLC MasterKey Unit Trust Accelerated Growth Portfolio
ARSN 102 215 725

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

present their report together with the financial report of the Schemes for the year ended 31 May 2020 and the independent audit report thereon.

The Schemes are disclosed in the Masterkey Product Disclosure Statement and therefore they are presented together in this financial report and related notes in accordance to *Corporations Instrument 2015/839*.

Directors of the Responsible Entity

The names of the persons who were Directors of MLC Investments Limited during or since the year ended 31 May 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.

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 derivatives in the Platinum Global Fund to reduce the volatility of investment returns due to currency exchange rate fluctuations.

The Schemes did not have any employees during the 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 MasterKey website at mlc.com.au or alternatively in the Product Disclosure Statements.

Distributions

The distributions for the year ended 31 May 2020 were as follows:

	\$'000	Cents per unit
IncomeBuilder	125,974	16.10
Horizon 4 Balanced Portfolio	78,910	6.55
Platinum Global Fund	24,683	6.69
Horizon 3 Conservative Growth Portfolio	34,796	3.13
Horizon 5 Growth Portfolio	29,284	6.59
Share Index Fund	7,316	11.65
Horizon 6 Share Portfolio	19,273	6.87
Horizon 2 Income Portfolio	592	0.92
Property Securities Fund	1,071	1.30
Australian Share Fund	1,897	3.88
Global Share Fund	22	0.12
Horizon 7 Accelerated Growth Portfolio	54	0.30
	Whole Dollars \$	Cents per unit
Horizon 1 Bond Portfolio	58,728	4.00
	\$'000	Annualised % rate
Cash Fund	79	0.08

Units on issue

Units on issue as at year end and movements during the year are shown in Statements of Changes in Unitholders Funds.

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 months of March and April 2020 there was a challenging environment with significant market volatility as well as impacts to what was previously considered normal working domain. The pandemic situation continues to evolve with government, business and community responses changing accordingly. MLC is taking sensible actions to ensure it remains fully operational and available to our clients at the same time constantly assessing operational resilience of critical outsourced providers, including but not limited to Investment Managers, Custodians and Administrators and the services they provide. This includes ensuring that the value of certain assets and liabilities recorded in the statement of financial position determined by reference to fair or market values.

On 1 November 2019, the Directors of the Responsible Entity approved commencement of termination of Horizon 1 Bond Portfolio which was completed during the year. It has become dormant with all investments sold and all monies due returned to unitholders through a distribution and 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.

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 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 6.

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 31 May 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 31 May 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 31 May 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.

Rounding

With the exception of Horizon 1 Bond Portfolio, the Schemes meet the criteria set out in *Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission, and in accordance with that Corporations Instrument, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

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

Director: _____



Garry Mulcahy

Signature: _____

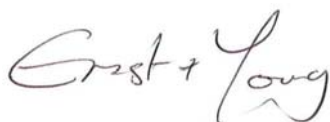
Dated at Sydney this 11th day of August 2020

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

As lead auditor for the audit of the financial report of MLC MasterKey Unit Trust consisting of the Schemes listed below for the financial year ended 31 May 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.

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



Ernst & Young



Darren Handley-Greaves
Partner
11 August 2020

MLC MasterKey Unit Trust
Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May 2020

		IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment income									
Dividend and distribution income	2, 8(h)	77,775	110,052	104,855	112,764	11,388	16,930	52,715	55,763
Interest income		165	399	12	43	748	366	17	39
Changes in the fair value of financial assets and liabilities at fair value through profit or loss		(362,728)	99,056	(110,846)	(6,543)	33,488	(66,622)	(51,841)	(603)
Other income		-	-	-	-	-	-	-	-
Total investment income/(loss)		(284,788)	209,507	(5,979)	106,264	45,624	(49,326)	891	55,199
Expenses									
Responsible Entity's fees	8(e)	34,767	40,068	29,696	28,387	17,162	18,277	18,243	16,720
Performance fees		-	-	-	-	-	-	-	-
Other expenses		1,452	1,212	-	-	875	947	-	-
Total operating expenses		36,219	41,280	29,696	28,387	18,037	19,224	18,243	16,720
Net profit/(loss)		(321,007)	168,227	(35,675)	77,877	27,587	(68,550)	(17,352)	38,479
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		(321,007)	168,227	(35,675)	77,877	27,587	(68,550)	(17,352)	38,479

		Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment income									
Dividend and distribution income	2, 8(h)	38,085	39,028	8,049	9,490	21,389	23,370	2,664	3,541
Interest income		8	23	2	7	4	10	1	4
Changes in the fair value of financial assets and liabilities at fair value through profit or loss		(41,514)	(3,027)	(15,989)	5,627	(22,908)	(3,009)	(4,633)	648
Other income		-	-	-	-	-	-	-	-
Total investment income/(loss)		(3,421)	36,024	(7,938)	15,124	(1,515)	20,371	(1,968)	4,193
Expenses									
Responsible Entity's fees	8(e)	10,057	9,228	1,724	1,914	5,039	4,807	1,027	1,200
Performance fees		-	-	-	-	-	-	-	-
Other expenses		-	-	1	1	-	-	-	1
Total operating expenses		10,057	9,228	1,725	1,915	5,039	4,807	1,027	1,201
Net profit/(loss)		(13,478)	26,796	(9,663)	13,209	(6,554)	15,564	(2,995)	2,992
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		(13,478)	26,796	(9,663)	13,209	(6,554)	15,564	(2,995)	2,992

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 2020

		Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Investment income									
Dividend and distribution income	2, 8(h)	2,145	3,183	6,991	9,814	-	-	4,524	4,174
Interest income		1	3	2	5	862	1,725	-	1
Changes in the fair value of financial assets and liabilities at fair value through profit or loss		(13,517)	9,656	(12,497)	(444)	-	-	(1,772)	(1,370)
Other income		-	-	-	-	219	-	-	-
Total investment income/(loss)		(11,371)	12,842	(5,504)	9,375	1,081	1,725	2,752	2,805
Expenses									
Responsible Entity's fees	8(e)	1,224	1,272	1,628	1,702	990	978	705	648
Other expenses		-	-	-	-	-	-	-	-
Total operating expenses		1,224	1,272	1,628	1,702	990	978	705	648
Net profit/(loss)		(12,595)	11,570	(7,132)	7,673	91	747	2,047	2,157
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year		(12,595)	11,570	(7,132)	7,673	91	747	2,047	2,157

		Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 Whole Dollars \$	2019 Whole Dollars \$
Investment income					
Dividend and distribution income	2, 8(h)	1,674	1,836	19,015	50,603
Interest income		-	2	-	370
Changes in the fair value of financial assets and liabilities at fair value through profit or loss		(2,166)	(166)	12,105	14,864
Other income		-	-	-	-
Total investment income/(loss)		(492)	1,672	31,120	65,837
Expenses					
Responsible Entity's fees	8(e)	415	391	24,552	35,727
Other expenses		-	-	110	92
Total operating expenses		415	391	24,662	35,819
Net profit/(loss)		(907)	1,281	6,458	30,018
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		(907)	1,281	6,458	30,018

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

		IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets									
Cash and cash equivalents	10(b)	39,939	41,901	7,939	6,744	38,109	149,278	5,406	5,875
Receivables	6	4,671	32,715	80,215	66,548	6,255	5,590	39,391	33,640
Financial assets at fair value through profit or loss	5, 9(c)	1,402,568	1,984,575	1,728,282	1,813,794	629,401	666,540	1,092,603	1,083,226
Total assets		1,447,178	2,059,191	1,816,436	1,887,086	673,765	821,408	1,137,400	1,122,741
Liabilities									
Payables	7	1,873	3,763	2,089	2,115	1,181	1,445	1,314	1,263
Financial liabilities at fair value through profit or loss	9(c)	-	-	-	-	4,299	448	-	-
Distribution payable	4	89,725	142,303	78,182	58,709	24,683	61,523	34,796	34,039
Total liabilities		91,598	146,066	80,271	60,824	30,163	63,416	36,110	35,302
Unitholders funds		1,355,580	1,913,125	1,736,165	1,826,262	643,602	757,992	1,101,290	1,087,439
		Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets									
Cash and cash equivalents	10(b)	3,943	3,331	2,138	940	1,928	1,867	528	827
Receivables	6	30,140	24,159	4,701	2,547	17,178	15,024	1,820	2,058
Financial assets at fair value through profit or loss	5, 9(c)	576,837	587,331	107,458	143,807	276,730	298,417	70,121	87,394
Total assets		610,920	614,821	114,297	147,294	295,836	315,308	72,469	90,279
Liabilities									
Payables	7	708	690	102	137	345	359	67	81
Financial liabilities at fair value through profit or loss	9(c)	-	-	-	-	-	-	-	-
Distribution payable	4	29,239	12,318	5,339	2,841	19,273	19,724	571	611
Total liabilities		29,947	13,008	5,441	2,978	19,618	20,083	638	692
Unitholders funds		580,973	601,813	108,856	144,316	276,218	295,225	71,831	89,587

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

		Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets									
Cash and cash equivalents	10(b)	353	658	531	787	48,856	21,612	149	130
Receivables	6	21	901	4,709	4,733	4	9	4,526	4,175
Financial assets at fair value through profit or loss	5, 9(c)	67,232	88,178	80,112	97,014	49,996	70,886	35,440	37,511
Total assets		67,606	89,737	85,352	102,534	98,856	92,507	40,115	41,816
Liabilities									
Payables	7	74	88	99	122	97	82	49	51
Financial liabilities at fair value through profit or loss	9(c)	-	-	-	-	-	-	-	-
Distribution payable	4	8	687	901	1,162	-	167	22	95
Total liabilities		82	775	1,000	1,284	97	249	71	146
Unitholders funds		67,524	88,962	84,352	101,250	98,759	92,258	40,044	41,670

		Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 Whole Dollars \$	2019 Whole Dollars \$
Assets					
Cash and cash equivalents	10(b)	131	196	-	24,560
Receivables	6	1,675	1,837	-	14,997
Financial assets at fair value through profit or loss	5, 9(c)	21,401	22,927	-	2,336,382
Total assets		23,207	24,960	-	2,375,939
Liabilities					
Payables	7	29	31	-	2,590
Financial liabilities at fair value through profit or loss	9(c)	-	-	-	-
Distribution payable	4	54	392	-	22,959
Total liabilities		83	423	-	25,549
Unitholders funds		23,124	24,537	-	2,350,390

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

MLC MasterKey Unit Trust
Statements of Changes in Unitholders Funds
For the year ended 31 May 2020

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000
Unitholders funds at 31 May 2018	2,147,305	910,698	1,843,745	1,202,453	913,864	442,743	1,003,797	968,810
Net profit/(loss)	168,227	-	77,877	-	(68,550)	-	38,479	-
Applications	142,680	60,524	41,069	26,463	111,321	54,901	177,210	169,648
Redemptions	(354,365)	(148,663)	(62,830)	(40,484)	(137,120)	(69,510)	(92,161)	(87,881)
Distributions paid/payable	(190,722)	-	(73,599)	-	(61,523)	-	(39,886)	-
Unitholders funds at 31 May 2019	<u>1,913,125</u>	<u>822,559</u>	<u>1,826,262</u>	<u>1,188,432</u>	<u>757,992</u>	<u>428,134</u>	<u>1,087,439</u>	<u>1,050,577</u>
Unitholders funds at 31 May 2019	1,913,125	822,559	1,826,262	1,188,432	757,992	428,134	1,087,439	1,050,577
Net profit/(loss)	(321,007)	-	(35,675)	-	27,587	-	(17,352)	-
Applications	218,583	95,159	76,969	49,406	79,368	43,568	168,061	159,246
Redemptions	(329,147)	(145,556)	(52,480)	(33,189)	(196,662)	(102,755)	(102,061)	(98,127)
Distributions paid/payable	(125,974)	-	(78,911)	-	(24,683)	-	(34,797)	-
Unitholders funds at 31 May 2020	<u>1,355,580</u>	<u>772,162</u>	<u>1,736,165</u>	<u>1,204,649</u>	<u>643,602</u>	<u>368,947</u>	<u>1,101,290</u>	<u>1,111,696</u>
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000
Unitholders funds at 31 May 2018	579,159	419,934	162,952	82,867	299,425	274,089	107,469	93,385
Net profit/(loss)	26,796	-	13,209	-	15,564	-	2,992	-
Applications	82,594	58,990	16,029	8,145	14,228	12,958	4,122	3,552
Redemptions	(69,817)	(49,724)	(39,558)	(19,811)	(14,268)	(12,720)	(23,897)	(20,617)
Distributions paid/payable	(16,919)	-	(8,316)	-	(19,724)	-	(1,099)	-
Unitholders funds at 31 May 2019	<u>601,813</u>	<u>429,200</u>	<u>144,316</u>	<u>71,201</u>	<u>295,225</u>	<u>274,327</u>	<u>89,587</u>	<u>76,320</u>
Unitholders funds at 31 May 2019	601,813	429,200	144,316	71,201	295,225	274,327	89,587	76,320
Net profit/(loss)	(13,478)	-	(9,663)	-	(6,554)	-	(2,995)	-
Applications	76,662	53,180	6,947	3,419	20,578	18,920	4,631	4,051
Redemptions	(54,740)	(38,019)	(25,428)	(12,534)	(13,758)	(12,712)	(18,799)	(16,229)
Distributions paid/payable	(29,284)	-	(7,316)	-	(19,273)	-	(593)	-
Unitholders funds at 31 May 2020	<u>580,973</u>	<u>444,361</u>	<u>108,856</u>	<u>62,086</u>	<u>276,218</u>	<u>280,535</u>	<u>71,831</u>	<u>64,142</u>

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

MLC MasterKey Unit Trust
Statements of Changes in Unitholders Funds
For the year ended 31 May 2020

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000	\$'000	No. of units '000
Unitholders funds at 31 May 2018	90,653	96,156	107,487	56,752	89,367	89,356	42,677	21,767
Net profit/(loss)	11,570	-	7,673	-	747	-	2,157	-
Applications	2,390	2,446	6,397	3,364	138,351	138,351	2,391	1,174
Redemptions	(13,625)	(13,786)	(15,345)	(8,018)	(135,453)	(135,453)	(5,460)	(2,692)
Distributions paid/payable	(2,026)	-	(4,962)	-	(754)	-	(95)	-
Unitholders funds at 31 May 2019	<u>88,962</u>	<u>84,816</u>	<u>101,250</u>	<u>52,098</u>	<u>92,258</u>	<u>92,254</u>	<u>41,670</u>	<u>20,249</u>
Unitholders funds at 31 May 2019	88,962	84,816	101,250	52,098	92,258	92,254	41,670	20,249
Net profit/(loss)	(12,595)	-	(7,132)	-	91	-	2,047	-
Applications	2,429	2,241	3,426	1,731	166,272	166,267	1,669	748
Redemptions	(10,201)	(9,692)	(11,294)	(5,674)	(159,783)	(159,778)	(5,320)	(2,453)
Distributions paid/payable	(1,071)	-	(1,898)	-	(79)	-	(22)	-
Unitholders funds at 31 May 2020	<u>67,524</u>	<u>77,365</u>	<u>84,352</u>	<u>48,155</u>	<u>98,759</u>	<u>98,743</u>	<u>40,044</u>	<u>18,544</u>

	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio	
	\$'000	No. of units '000	Whole Dollars \$	No. of units
Unitholders funds at 31 May 2018	24,200	18,817	2,390,241	2,382,692
Net profit/(loss)	1,281	-	30,018	-
Applications	1,572	1,218	1,210,350	1,206,880
Redemptions	(2,124)	(1,619)	(1,250,478)	(1,246,804)
Distributions paid/payable	(392)	-	(29,741)	-
Unitholders funds at 31 May 2019	<u>24,537</u>	<u>18,416</u>	<u>2,350,390</u>	<u>2,342,768</u>
Unitholders funds at 31 May 2019	24,537	18,416	2,350,390	2,342,768
Net profit/(loss)	(907)	-	6,458	-
Applications	2,085	1,558	223,779	222,709
Redemptions	(2,537)	(1,836)	(2,521,900)	(2,565,477)
Distributions paid/payable	(54)	-	(58,727)	-
Unitholders funds at 31 May 2020	<u>23,124</u>	<u>18,138</u>	<u>-</u>	<u>-</u>

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

		IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities									
Dividend and distribution income received		90,031	112,989	-	-	11,912	18,028	2	-
Interest received		171	397	16	42	758	366	20	40
Other income received		-	-	-	-	-	-	-	-
Responsible Entity's fees paid		(35,719)	(40,044)	(29,722)	(28,477)	(17,426)	(19,762)	(18,192)	(16,677)
Other expenses paid		(1,449)	(1,209)	-	-	(875)	(947)	-	-
Net cash provided by/(used in) operating activities	10(a)	<u>53,034</u>	<u>72,133</u>	<u>(29,706)</u>	<u>(28,435)</u>	<u>(5,631)</u>	<u>(2,315)</u>	<u>(18,170)</u>	<u>(16,637)</u>
Cash flows from investing activities									
Proceeds from sale of investments		679,067	600,107	310,647	81,541	359,971	439,975	174,532	67,710
Purchases of investments		(444,946)	(348,013)	(244,796)	(1,905)	(284,094)	(219,360)	(188,790)	(84,252)
Net cash provided by/(used in) investing activities		<u>234,121</u>	<u>252,094</u>	<u>65,851</u>	<u>79,636</u>	<u>75,877</u>	<u>220,615</u>	<u>(14,258)</u>	<u>(16,542)</u>
Cash flows from financing activities									
Applications received		50,874	36,927	21,317	15,861	25,633	16,270	134,795	129,165
Redemptions paid		(329,150)	(354,365)	(52,482)	(62,831)	(196,663)	(137,116)	(102,064)	(92,163)
Distributions paid		(10,842)	(9,057)	(3,785)	(1,826)	(7,786)	(14,126)	(772)	(1,301)
Net cash provided by/(used in) financing activities		<u>(289,118)</u>	<u>(326,495)</u>	<u>(34,950)</u>	<u>(48,796)</u>	<u>(178,816)</u>	<u>(134,972)</u>	<u>31,959</u>	<u>35,701</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1,963)</u>	<u>(2,268)</u>	<u>1,195</u>	<u>2,405</u>	<u>(108,570)</u>	<u>83,328</u>	<u>(469)</u>	<u>2,522</u>
Cash and cash equivalents at the beginning of the financial year		41,901	44,169	6,744	4,339	149,278	63,964	5,875	3,353
Effects of exchange rate changes on cash		-	-	-	-	(2,601)	1,986	-	-
Cash and cash equivalents at end of financial year	10(b)	<u>39,938</u>	<u>41,901</u>	<u>7,939</u>	<u>6,744</u>	<u>38,107</u>	<u>149,278</u>	<u>5,406</u>	<u>5,875</u>

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

		Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities	Notes								
Dividend and distribution income received		-	-	-	-	-	-	-	-
Interest received		11	22	3	7	5	10	2	4
Other income received		-	-	-	-	-	-	-	-
Responsible Entity's fees paid		(10,039)	(9,228)	(1,759)	(1,981)	(5,053)	(4,816)	(1,041)	(1,228)
Other expenses paid		-	-	(2)	(2)	-	-	(1)	(1)
Net cash provided by/(used in) operating activities	10(a)	<u>(10,028)</u>	<u>(9,206)</u>	<u>(1,758)</u>	<u>(1,976)</u>	<u>(5,048)</u>	<u>(4,806)</u>	<u>(1,040)</u>	<u>(1,225)</u>
Cash flows from investing activities									
Proceeds from sale of investments		107,302	56,020	27,455	37,962	31,590	20,601	27,251	22,865
Purchases of investments		(106,220)	(49,815)	(1,200)	(2,070)	(13,578)	(3,117)	(11,709)	(2,350)
Net cash provided by/(used in) financing activities		<u>1,082</u>	<u>6,205</u>	<u>26,255</u>	<u>35,892</u>	<u>18,012</u>	<u>17,484</u>	<u>15,542</u>	<u>20,515</u>
Cash flows from financing activities									
Applications received		64,828	74,410	3,551	5,775	2,067	2,464	4,230	3,454
Redemptions paid		(54,740)	(69,817)	(25,431)	(39,559)	(13,757)	(14,269)	(18,800)	(23,898)
Distributions paid		(529)	(406)	(1,420)	(4,875)	(1,212)	(817)	(231)	(361)
Net cash provided by/(used in) financing activities		<u>9,559</u>	<u>4,187</u>	<u>(23,300)</u>	<u>(38,659)</u>	<u>(12,902)</u>	<u>(12,622)</u>	<u>(14,801)</u>	<u>(20,805)</u>
Net increase/(decrease) in cash and cash equivalents		<u>613</u>	<u>1,186</u>	<u>1,197</u>	<u>(4,743)</u>	<u>62</u>	<u>56</u>	<u>(299)</u>	<u>(1,515)</u>
Cash and cash equivalents at the beginning of the financial year		<u>3,331</u>	<u>2,145</u>	<u>940</u>	<u>5,683</u>	<u>1,867</u>	<u>1,811</u>	<u>827</u>	<u>2,342</u>
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
Cash and cash equivalents at end of financial year	10(b)	<u>3,944</u>	<u>3,331</u>	<u>2,137</u>	<u>940</u>	<u>1,929</u>	<u>1,867</u>	<u>528</u>	<u>827</u>

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

		Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	Notes	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities									
Dividend and distribution income received		-	-	-	-	-	-	-	-
Interest received		2	3	4	5	866	1,725	2	2
Other income received		-	-	-	-	219	-	-	-
Responsible Entity's fees paid		(1,238)	(1,282)	(1,651)	(1,722)	(980)	(975)	(707)	(677)
Other expenses paid		-	-	-	-	1	1	-	(32)
Net cash provided by/(used in) operating activities	10(a)	<u>(1,236)</u>	<u>(1,279)</u>	<u>(1,647)</u>	<u>(1,717)</u>	<u>106</u>	<u>751</u>	<u>(705)</u>	<u>(707)</u>
Cash flows from investing activities									
Proceeds from sale of investments		10,453	15,220	11,418	15,724	301,988	319,476	4,702	4,848
Purchases of investments		-	(250)	-	-	(281,092)	(326,120)	(230)	(944)
Net cash provided by/(used in) investing activities		<u>10,453</u>	<u>14,970</u>	<u>11,418</u>	<u>15,724</u>	<u>20,896</u>	<u>(6,644)</u>	<u>4,472</u>	<u>3,904</u>
Cash flows from financing activities									
Applications received		1,325	986	1,798	2,959	146,828	137,659	1,597	2,391
Redemptions paid		(10,202)	(13,627)	(11,294)	(15,342)	(159,784)	(135,454)	(5,322)	(5,460)
Distributions paid		(647)	(847)	(531)	(1,123)	19,197	(57)	(23)	-
Net cash provided by/(used in) financing activities		<u>(9,524)</u>	<u>(13,488)</u>	<u>(10,027)</u>	<u>(13,506)</u>	<u>6,241</u>	<u>2,148</u>	<u>(3,748)</u>	<u>(3,069)</u>
Net increase/(decrease) in cash and cash equivalents		(307)	203	(256)	501	27,243	(3,745)	19	128
Cash and cash equivalents at the beginning of the financial year		<u>658</u>	<u>455</u>	<u>787</u>	<u>286</u>	<u>21,612</u>	<u>25,357</u>	<u>130</u>	<u>2</u>
Effects of exchange rate changes on cash		-	-	-	-	-	-	-	-
Cash and cash equivalents at end of financial year	10(b)	<u>351</u>	<u>658</u>	<u>531</u>	<u>787</u>	<u>48,855</u>	<u>21,612</u>	<u>149</u>	<u>130</u>

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

	Notes	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio	
		2020 \$'000	2019 \$'000	2020 Whole Dollars \$	2019 Whole Dollars \$
Cash flows from operating activities					
Dividend and distribution income received		-	-	-	-
Interest received		1	2	294	371
Other income received		-	-	-	-
Responsible Entity's fees paid		(417)	(391)	(27,142)	(36,064)
Other expenses paid		-	-	(110)	(92)
Net cash provided by/(used in) operating activities	10(a)	<u>(416)</u>	<u>(389)</u>	<u>(26,958)</u>	<u>(35,785)</u>
Cash flows from investing activities					
Proceeds from sale of investments		2,265	1,975	2,537,009	1,311,447
Purchases of investments		<u>(1,069)</u>	<u>(1,075)</u>	<u>(154,805)</u>	<u>(1,221,100)</u>
Net cash provided by/(used in) investing activities		<u>1,196</u>	<u>900</u>	<u>2,382,204</u>	<u>90,347</u>
Cash flows from financing activities					
Applications received		1,757	1,538	205,612	1,201,415
Redemptions paid		(2,536)	(2,124)	(2,521,898)	(1,250,479)
Distributions paid		<u>(64)</u>	<u>(7)</u>	<u>(63,520)</u>	<u>(4,042)</u>
Net cash provided by/(used in) financing activities		<u>(843)</u>	<u>(593)</u>	<u>(2,379,806)</u>	<u>(53,106)</u>
Net increase/(decrease) in cash and cash equivalents		(63)	(82)	(24,560)	1,456
Cash and cash equivalents at the beginning of the financial year		<u>196</u>	<u>278</u>	<u>24,560</u>	<u>23,104</u>
Effects of exchange rate changes on cash		-	-	-	-
Cash and cash equivalents at end of financial year	10(b)	<u>133</u>	<u>196</u>	<u>-</u>	<u>24,560</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 2020 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 11 August 2020.

(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 assets and liabilities are measured on a fair value basis, except where otherwise stated.

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 unitholders funds 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 Directors of MLC Investments Limited approved the commencement of termination of the Horizon 1 Bond Portfolio which was completed by year end. The financial statements for 31 May 2020 are prepared on going concern basis with no impact to the financial position of the Schemes, except for the Scheme terminated during the year.

The financial statements are presented in Australian Dollars, and all values are rounded to the nearest nearest thousand dollars except where otherwise indicated.

(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 Constitutions 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 including derivatives which are held for risk management purposes.

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.

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value with movements taken to the Statements of Profit or Loss and Other Comprehensive Income. Fair values are obtained from quoted market prices in active markets and valuation techniques, including discounted cash flow models and options pricing models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

(i) Futures contracts

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

(ii) Foreign Exchange Forward Contracts

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

(iii) Options

The current fair value of an option is valued at the last sale price.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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(g).

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

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).

(iii) The investments in related Schemes have been and will continue to be monitored for appropriateness of valuation due to impacts of market volatility including the recent impact due to COVID – 19. Accordingly, no adjustments have been made to the financial statements for market volatility including impacts due to COVID-19.

(i) Cash and cash equivalents

Cash and cash equivalents in the Statements of Financial Position comprise cash at bank, demand deposits, short term deposits at call and highly liquid investments, including investments in an unlisted cash trust, that are readily convertible at the Responsible Entity's option to known amounts of cash and which are subject to an insignificant risk of change in value.

(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'.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Performance fees are incurred or paid by the Schemes for their investment allocations in the Low Correlation Strategy Trust, as outlined in the Product Disclosure Statement.

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

(n) Taxation

The Schemes elected to have the taxation regime (AMIT) for the taxation of managed investment schemes apply for the 2018 tax year and later years of income. The Schemes are not subject to income tax as the taxable income (including assessable realised net capital gains) is fully attributed to the unitholders each year. Unitholders are taxed on the income attributed to them.

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 and attributed 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 generally on the last calendar day of August, November, February and May, except for the Horizon 7 Accelerated Growth Portfolio, Horizon 6 Share Portfolio, Global Share Fund, and Platinum Global Fund which reinvested or paid income to unitholders on the last calendar day of May only.

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 unitholders funds and are not attributed to unitholders as assessable income or distributed 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.

The distributions of the remaining Schemes 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 amount of unitholders funds 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) Unitholders funds

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.

The schemes are single-class only and these units have been classified as equity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Income Builder and Platinum Global Fund which is detailed in the table below:

	IncomeBuilder		Platinum Global Fund	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Dividend/Scheme distribution income:				
Listed equities and unit trusts	<u>77,775</u>	<u>110,052</u>	<u>11,388</u>	<u>16,930</u>
Dividend and distribution income	<u>77,775</u>	<u>110,052</u>	<u>11,388</u>	<u>16,930</u>

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 Schemes listed in the table below have an additional cost for the Specified Assertions audit of their direct investments.

	IncomeBuilder		Platinum Global Fund		Cash Fund	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Auditor of the Scheme:						
Other assurance engagements	<u>5,250</u>	<u>5,250</u>	<u>2,250</u>	<u>2,250</u>	<u>1,250</u>	<u>1,250</u>
	<u>5,250</u>	<u>5,250</u>	<u>2,250</u>	<u>2,250</u>	<u>1,250</u>	<u>1,250</u>

NOTE 4 - DISTRIBUTIONS

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	\$'000	cents per unit	\$'000	cents per unit	\$'000	cents per unit	\$'000	cents per unit
2020								
August	9,936	1.19	-	-	-	-	-	-
November	17,321	2.15	728	0.06	-	-	-	-
February	8,992	1.14	-	-	-	-	-	-
May (payable)	<u>89,725</u>	<u>11.62</u>	<u>78,182</u>	<u>6.49</u>	<u>24,683</u>	<u>6.69</u>	<u>34,796</u>	<u>3.13</u>
	<u>125,974</u>	<u>16.10</u>	<u>78,910</u>	<u>6.55</u>	<u>24,683</u>	<u>6.69</u>	<u>34,796</u>	<u>3.13</u>
2019								
August	12,043	1.34	2,041	0.17	-	-	918	0.09
November	21,655	2.48	2,864	0.24	-	-	1,045	0.10
February	14,721	1.72	9,985	0.84	-	-	3,884	0.37
May (payable)	<u>142,303</u>	<u>17.30</u>	<u>58,709</u>	<u>4.94</u>	<u>61,523</u>	<u>14.37</u>	<u>34,039</u>	<u>3.24</u>
	<u>190,722</u>	<u>22.84</u>	<u>73,599</u>	<u>6.19</u>	<u>61,523</u>	<u>14.37</u>	<u>39,886</u>	<u>3.80</u>
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	\$'000	cents per unit	\$'000	cents per unit	\$'000	cents per unit	\$'000	cents per unit
2020								
August	-	-	472	0.71	-	-	-	-
November	45	0.01	1,204	1.87	-	-	21	0.03
February	-	-	301	0.47	-	-	-	-
May (payable)	<u>29,239</u>	<u>6.58</u>	<u>5,339</u>	<u>8.60</u>	<u>19,273</u>	<u>6.87</u>	<u>571</u>	<u>0.89</u>
	<u>29,284</u>	<u>6.59</u>	<u>7,316</u>	<u>11.65</u>	<u>19,273</u>	<u>6.87</u>	<u>592</u>	<u>0.92</u>
2019								
August	214	0.05	529	0.68	-	-	275	0.31
November	821	0.19	1,528	2.02	-	-	125	0.15
February	3,566	0.82	3,418	4.65	-	-	88	0.11
May (payable)	<u>12,318</u>	<u>2.87</u>	<u>2,841</u>	<u>3.99</u>	<u>19,724</u>	<u>7.19</u>	<u>611</u>	<u>0.80</u>
	<u>16,919</u>	<u>3.93</u>	<u>8,316</u>	<u>11.34</u>	<u>19,724</u>	<u>7.19</u>	<u>1,099</u>	<u>1.37</u>

NOTE 4 - DISTRIBUTIONS (CONTINUED)

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	\$'000	cents per unit	\$'000	cents per unit	\$'000	Annualised Rate %	\$'000	cents per unit
2020								
August	960	1.16	269	0.53	79	0.32	-	-
November	-	-	596	1.21	-	-	-	-
February	103	0.13	131	0.27	-	-	-	-
May (payable)	8	0.01	901	1.87	-	-	22	0.12
	<u>1,071</u>	<u>1.30</u>	<u>1,897</u>	<u>3.88</u>	<u>79</u>	<u>0.08</u>	<u>22</u>	<u>0.12</u>
2019								
August	832	0.89	291	0.53	191	0.82	-	-
November	-	-	800	1.48	201	0.86	-	-
February	507	0.57	2,709	5.12	195	0.84	-	-
May (payable)	687	0.81	1,162	2.23	167	0.79	95	0.47
	<u>2,026</u>	<u>2.27</u>	<u>4,962</u>	<u>9.36</u>	<u>754</u>	<u>0.83</u>	<u>95</u>	<u>0.47</u>
	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio					
	\$'000	cents per unit	Whole Dollars \$	cents per unit				
2020								
August	-	-	-	-				
November	-	-	-	-				
February	-	-	-	-				
March	-	-	58,728	4				
May (payable)	54	0.30	-	-				
	<u>54</u>	<u>0.30</u>	<u>58,728</u>	<u>4.00</u>				
2019								
August	-	-	6,782	0.32				
November	-	-	-	-				
February	-	-	-	-				
May (payable)	392	2.13	22,959	0.98				
	<u>392</u>	<u>2.13</u>	<u>29,741</u>	<u>1.30</u>				

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

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Money market securities								
Money market securities	8,000	13,973	-	-	-	-	-	-
Listed equities								
Shares and units listed on a stock exchange	1,394,568	1,970,602	-	-	604,741	626,821	-	-
Unlisted equities								
Shares and units not listed on a stock exchange	-	-	-	-	-	-	-	-
Fixed interest securities								
Fixed interest securities	-	-	-	-	10,947	22,258	-	-
Unlisted related party managed investment schemes								
Unlisted related party managed investment schemes	-	-	1,728,282	1,813,794	-	-	1,092,603	1,083,226
Financial instruments								
Financial Instruments - Derivatives	-	-	-	-	13,713	17,461	-	-
Total financial assets at fair value through profit or loss	1,402,568	1,984,575	1,728,282	1,813,794	629,401	666,540	1,092,603	1,083,226
	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Unlisted related party managed investment schemes								
Unlisted related party managed investment schemes	576,837	587,331	107,458	143,807	276,730	298,417	70,121	87,394
Total financial assets at fair value through profit or loss	576,837	587,331	107,458	143,807	276,730	298,417	70,121	87,394
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Money market securities								
Money market securities	-	-	-	-	49,996	70,886	-	-
Unlisted related party managed investment schemes								
Unlisted related party managed investment schemes	67,232	88,178	80,112	97,014	-	-	35,440	37,511
Total financial assets at fair value through profit or loss	67,232	88,178	80,112	97,014	49,996	70,886	35,440	37,511
	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio					
	2020 \$'000	2019 \$'000	2020 Whole Dollars \$	2019 Whole Dollars \$				
Unlisted related party managed investment schemes								
Unlisted related party managed investment schemes	21,401	22,927	-	2,336,382				
Total financial assets at fair value through profit or loss	21,401	22,927	-	2,336,382				

NOTE 6 - RECEIVABLES

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	487	16,269	-	-	3,421	2,221	-	-
Distribution receivables	4,179	16,436	80,213	66,542	2,832	3,356	39,390	33,636
Other receivables	5	10	2	6	2	13	1	4
Receivables	4,671	32,715	80,215	66,548	6,255	5,590	39,391	33,640

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution receivables	30,138	24,155	4,700	2,546	17,178	15,023	1,819	2,057
Other receivables	2	4	1	1	-	1	1	1
Receivables	30,140	24,159	4,701	2,547	17,178	15,024	1,820	2,058

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Distribution receivables	19	899	4,708	4,732	1	1	4,524	4,174
Other receivables	2	2	1	1	3	8	2	1
Receivables	21	901	4,709	4,733	4	9	4,526	4,175

	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio	
	2020	2019	2020	2019
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$
Outstanding settlements	-	-	-	-
Distribution receivables	1,674	1,836	-	14,702
Other receivables	1	1	-	295
Receivables	1,675	1,837	-	14,997

NOTE 7 - PAYABLES

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	938	-	-	-	-	-	-
Amounts owing to Responsible Entity	1,873	2,825	2,089	2,115	1,181	1,445	1,314	1,263
Other payables	-	-	-	-	-	-	-	-
Payables	1,873	3,763	2,089	2,115	1,181	1,445	1,314	1,263

NOTE 7 - PAYABLES (CONTINUED)

	Horizon 5 Growth Portfolio		Share Index Fund		Horizon 6 Share Portfolio		Horizon 2 Income Portfolio	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts owing to Responsible Entity	708	690	102	137	345	359	67	81
Other payables	-	-	-	-	-	-	-	-
Payables	708	690	102	137	345	359	67	81
	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outstanding settlements	-	-	-	-	19	14	-	-
Amounts owing to Responsible Entity	74	88	99	122	78	68	49	51
Other payables	-	-	-	-	-	-	-	-
Payables	74	88	99	122	97	82	49	51
	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio					
	2020	2019	2020	2019				
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$				
Amounts owing to Responsible Entity	29	31	-	2,590				
Other payables	-	-	-	-				
Payables	29	31	-	2,590				

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:

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

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.

NOTE 8 - RELATED PARTIES (CONTINUED)

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

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

	2020	2019
	\$	\$
IncomeBuilder	1,872,588	2,824,700
Horizon 4 Balanced Portfolio	2,089,022	2,114,828
Platinum Global Fund	1,181,038	1,445,521
Horizon 3 Conservative Growth Portfolio	1,314,305	1,263,107
Horizon 5 Growth Portfolio	708,260	689,782
Share Index Fund	102,481	137,220
Horizon 6 Share Portfolio	344,818	358,841
Horizon 2 Income Portfolio	67,534	81,442
Property Securities Fund	73,736	88,193
Australian Share Fund	99,288	121,502
Cash Fund	77,669	67,912
Global Share Fund	49,161	50,627
Horizon 7 Accelerated Growth Portfolio	27,981	30,125
Horizon 1 Bond Portfolio	-	2,590

(e) Responsible Entity's fees

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

	2020	2019
	\$	\$
IncomeBuilder	34,766,698	40,067,842
Horizon 4 Balanced Portfolio	29,696,419	28,387,118
Platinum Global Fund	17,161,603	18,277,154
Horizon 3 Conservative Growth Portfolio	18,242,757	16,720,379
Horizon 5 Growth Portfolio	10,057,297	9,227,931
Share Index Fund	1,724,221	1,913,852
Horizon 6 Share Portfolio	5,038,593	4,807,363
Horizon 2 Income Portfolio	1,026,779	1,199,512
Property Securities Fund	1,223,992	1,271,570
Australian Share Fund	1,627,876	1,702,350
Cash Fund	990,018	978,264
Global Share Fund	705,068	647,870
Horizon 7 Accelerated Growth Portfolio	415,459	390,527
Horizon 1 Bond Portfolio	24,552	35,727

(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 money market securities, listed equities, fixed interest securities, unlisted managed investment schemes, unlisted property trusts, debt instruments and derivatives in accordance with the provisions of the Schemes' Constitutions. Investment activities may include the use of derivatives to reduce the volatility of investment returns.

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

NOTE 8 - RELATED PARTIES (CONTINUED)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions/ Dividends received / receivable \$
IncomeBuilder 2020				
National Australia Bank Limited	4,970,191	0.16	88,519,102	6,222,232
2019				
National Australia Bank Limited	5,880,393	0.21	155,771,611	10,682,841
Horizon 4 Balanced Portfolio 2020				
Antares Enhanced Cash Trust	16,199,699	0.29	16,609,924	809,035
Low Correlation Strategy Trust	50,791,848	5.55	57,701,063	1,043,462
WM Pool - Australian Equities Trust No.2	2,516,617	2.17	164,305,302	7,702,991
WM Pool - Equities Trust No. 47	1,840,870	10.44	178,252,654	16,763,146
WM Pool - Equities Trust No. 59	708,420	10.37	71,091,411	4,621,040
WM Pool - Equities Trust No. 73	77,759	8.42	7,655,444	484,149
WM Pool - Fixed Interest Trust No. 5	381,542	1.33	39,153,970	691,201
WM Pool - Fixed Interest Trust No. 24	697,448	5.20	70,923,468	1,268,383
WM Pool - Global Properties Trust	639,879	5.97	62,496,401	-
WM Pool - Inflation Linked Securities Trust	59,917,056	6.86	69,638,299	1,707,636
WM Pool - LTAR Part 1 NS Trust	1,511,514	21.54	127,392,428	11,082,573
WM Sector - Australian Equities Trust	3,335,207	8.56	323,763,282	28,063,860
WM Sector - Diversified Debt (All) Trust	1,610,328	5.56	164,628,331	8,077,043
WM Sector - Global Equities (Hedged) Trust	1,341,881	16.64	156,770,290	-
WM Sector - Global Equities (Unhedged) Trust	1,636,695	3.80	168,955,220	21,569,842
WM Sector - Diversified Debt (Short) Trust	482,824	1.04	48,944,153	971,028
	<u>143,689,587</u>		<u>1,728,281,640</u>	<u>104,855,389</u>
2019				
Antares Enhanced Cash Trust	95,474,327	1.24	98,142,548	2,848,017
Low Correlation Strategy Trust	49,895,597	5.62	58,811,242	1,343,387
WM Pool - Australian Equities Trust No.2	2,226,734	2.30	163,946,439	16,664,399
WM Pool - Equities Trust No. 47	1,777,956	9.62	175,740,925	15,988,444
WM Pool - Equities Trust No. 59	1,020,812	9.65	105,974,236	4,594,950
WM Pool - Equities Trust No. 73	576,041	10.35	57,914,584	1,728,979
WM Pool - Fixed Interest Trust No. 5	349,319	1.20	38,643,414	1,230,527
WM Pool - Fixed Interest Trust No. 24	865,308	6.27	88,924,744	2,107,021
WM Pool - Global Properties Trust	608,588	5.96	74,860,469	747,286
WM Pool - Inflation Linked Securities Trust	46,864,343	4.05	55,490,147	1,791,185
WM Pool - LTAR Part 1 NS Trust	1,048,988	15.11	92,004,889	4,034,092
WM Sector - Australian Equities Trust	3,137,689	7.81	359,909,224	34,466,772
WM Sector - Diversified Debt (All) Trust	1,236,730	3.69	126,525,804	4,425,586
WM Sector - Global Equities (Hedged) Trust	1,115,714	14.69	130,045,733	-
WM Sector - Global Equities (Unhedged) Trust	1,715,204	3.62	186,859,359	20,792,903
WM Sector - Diversified Debt (Short) Trust	-		-	-
	<u>207,913,350</u>		<u>1,813,793,757</u>	<u>112,763,548</u>
Platinum Global Fund 2020				
MasterKey Unit Trust Cash Fund	327,577	0.33	327,577	-
2019				
MasterKey Unit Trust Cash Fund	1,079,889	1.17	1,079,889	17,312

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 \$
Horizon 3 Conservative Growth Portfolio				
2020				
Antares Enhanced Cash Trust	23,462,157	0.42	24,056,290	753,817
Low Correlation Strategy Trust	27,215,824	2.97	30,917,992	559,119
WM Pool - Australian Equities Trust No.2	1,163,773	1.00	75,980,641	2,907,334
WM Pool - Fixed Interest Trust No. 24	830,599	6.19	84,463,674	1,434,217
WM Pool - Inflation Linked Securities Trust	38,455,165	4.40	44,694,324	1,095,972
WM Pool - Equities Trust No. 47	664,586	3.77	64,352,341	6,051,790
WM Pool - Equities Trust No. 58	444,510	15.46	44,887,356	2,209,124
WM Pool - Equities Trust No. 59	727,800	10.65	73,036,160	4,675,821
WM Pool - Equities Trust No. 73	45,748	4.95	4,504,000	229,251
WM Pool - Fixed Interest Trust No. 5	179,490	0.63	18,419,288	312,943
WM Pool - Global Properties Trust	306,125	2.85	29,898,970	-
WM Sector - Australian Equities Trust	1,321,208	3.39	128,255,538	10,994,682
WM Sector - Diversified Debt (All) Trust	845,571	2.92	86,445,118	4,176,612
WM Sector - Diversified Debt (Short) Trust	2,122,978	4.57	215,207,704	4,258,100
WM Sector - Global Equities (Hedged) Trust	558,193	6.92	65,213,021	-
WM Sector - Global Equities (Unhedged) Trust	990,708	2.30	102,270,257	13,056,438
	<u>99,334,435</u>		<u>1,092,602,674</u>	<u>52,715,220</u>
2019				
Antares Enhanced Cash Trust	73,234,845	0.95	75,281,539	2,134,640
Low Correlation Strategy Trust	26,735,586	3.01	31,512,860	719,828
WM Pool - Australian Equities Trust No.2	831,431	0.86	61,215,308	6,091,443
WM Pool - Fixed Interest Trust No. 24	543,283	3.94	55,831,326	1,322,891
WM Pool - Inflation Linked Securities Trust	27,255,247	2.36	32,271,820	1,035,156
WM Pool - Equities Trust No. 47	636,186	3.44	62,883,437	5,720,969
WM Pool - Equities Trust No. 58	587,035	12.44	60,976,019	2,334,699
WM Pool - Equities Trust No. 59	504,481	4.77	52,372,023	2,271,340
WM Pool - Equities Trust No. 73	110,142	1.98	11,073,511	323,445
WM Pool - Fixed Interest Trust No. 5	155,082	0.53	17,156,003	514,129
WM Pool - Global Properties Trust	263,084	2.57	32,361,089	323,041
WM Sector - Australian Equities Trust	1,218,567	3.03	139,776,011	13,471,521
WM Sector - Diversified Debt (All) Trust	640,983	1.91	65,576,883	2,313,917
WM Sector - Diversified Debt (Short) Trust	2,210,860	3.78	225,760,944	4,378,211
WM Sector - Global Equities (Hedged) Trust	378,199	4.98	44,082,255	-
WM Sector - Global Equities (Unhedged) Trust	1,056,473	2.23	115,095,269	12,807,305
	<u>136,361,484</u>		<u>1,083,226,297</u>	<u>55,762,535</u>
Horizon 5 Growth Portfolio				
2020				
Antares Enhanced Cash Trust	4,715,452	0.08	4,834,862	128,708
WM Pool - Australian Equities Trust No.2	1,077,086	0.93	70,320,964	2,899,518
Low Correlation Strategy Trust	14,762,113	1.61	16,770,204	303,271
WM Pool - Inflation Linked Securities Trust	13,578,791	1.55	15,781,882	386,996
WM Pool - Equities Trust No. 47	605,617	3.43	58,642,252	5,514,805
WM Pool - Equities Trust No. 59	-	-	-	29,715
WM Pool - Equities Trust No. 73	30,748	3.33	3,027,153	101,738
WM Pool - Fixed Interest Trust No. 24	194,245	1.45	19,752,767	420,982
WM Pool - Fixed Interest Trust No. 5	128,815	0.45	13,219,093	231,741
WM Pool - Global Properties Trust	222,165	2.07	21,698,653	-
WM Pool - LTAR Part 1 NS Trust	795,096	11.33	67,011,722	5,829,721
WM Sector - Australian Equities Trust	1,218,374	3.13	118,272,980	10,357,620
WM Sector - Diversified Debt (All) Trust	178,987	0.62	18,298,295	966,218
WM Sector - Global Equities (Hedged) Trust	545,391	6.76	63,717,334	-
WM Sector - Global Equities (Unhedged) Trust	828,140	1.92	85,488,456	10,913,972
	<u>38,881,020</u>		<u>576,836,617</u>	<u>38,085,005</u>

NOTE 8 - RELATED PARTIES (CONTINUED)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions/ Dividends received / receivable \$
Horizon 5 Growth Portfolio (continued)				
2019				
Antares Enhanced Cash Trust	10,089,176	0.13	10,371,138	308,238
WM Pool - Australian Equities Trust No.2	795,675	0.82	58,582,732	6,002,837
Low Correlation Strategy Trust	14,501,628	1.63	17,092,866	390,441
WM Pool - Inflation Linked Securities Trust	12,018,473	1.04	14,230,581	414,390
WM Pool - Equities Trust No. 47	555,862	3.01	54,943,805	4,998,642
WM Pool - Equities Trust No. 59	225,781	2.13	23,439,169	1,016,851
WM Pool - Equities Trust No. 73	121,445	2.18	12,209,949	364,515
WM Pool - Fixed Interest Trust No. 24	185,249	1.34	19,037,382	444,105
WM Pool - Fixed Interest Trust No. 5	113,915	0.39	12,601,861	383,314
WM Pool - Global Properties Trust	190,747	1.87	23,463,231	234,219
WM Pool - LTAR Part 1 NS Trust	528,499	7.61	46,353,727	2,032,449
WM Sector - Australian Equities Trust	1,169,123	2.91	134,104,474	12,777,940
WM Sector - Diversified Debt (All) Trust	176,312	0.53	18,037,890	650,066
WM Sector - Global Equities (Hedged) Trust	530,996	6.99	61,891,988	-
WM Sector - Global Equities (Unhedged) Trust	743,234	1.57	80,970,113	9,010,005
	<u>41,946,115</u>		<u>587,330,906</u>	<u>39,028,012</u>
Share Index Fund				
2020				
WM Pool - Equities Trust No. 30	<u>104,919,276</u>	<u>10.63</u>	<u>107,457,588</u>	<u>8,049,259</u>
2019				
WM Pool - Equities Trust No. 30	<u>122,397,127</u>	<u>11.67</u>	<u>143,807,322</u>	<u>9,489,574</u>
Horizon 6 Share Portfolio				
2020				
Low Correlation Strategy Trust	<u>5,234,319</u>	<u>0.57</u>	<u>5,946,344</u>	<u>107,533</u>
WM Pool - Australian Equities Trust No.2	<u>537,359</u>	<u>0.46</u>	<u>35,083,167</u>	<u>1,852,368</u>
WM Pool - Equities Trust No. 47	<u>283,385</u>	<u>1.61</u>	<u>27,440,384</u>	<u>2,580,535</u>
WM Pool - Global Properties Trust	<u>32,430</u>	<u>0.30</u>	<u>3,167,365</u>	<u>-</u>
WM Pool - LTAR Part 1 NS Trust	<u>304,369</u>	<u>4.34</u>	<u>25,652,652</u>	<u>2,231,666</u>
WM Sector - Australian Equities Trust	<u>781,533</u>	<u>2.01</u>	<u>75,866,895</u>	<u>6,564,417</u>
WM Sector - Global Equities (Hedged) Trust	<u>346,648</u>	<u>4.30</u>	<u>40,498,442</u>	<u>-</u>
WM Sector - Global Equities (Unhedged) Trust	<u>611,015</u>	<u>1.42</u>	<u>63,074,794</u>	<u>8,052,509</u>
	<u>8,131,058</u>		<u>276,730,043</u>	<u>21,389,028</u>
2019				
Low Correlation Strategy Trust	5,141,957	0.59	6,060,752	138,442
WM Pool - Australian Equities Trust No.2	520,681	0.54	38,335,884	3,943,122
WM Pool - Equities Trust No. 47	292,718	1.58	28,933,489	2,632,292
WM Pool - Global Properties Trust	48,157	0.47	5,923,650	59,132
WM Pool - LTAR Part 1 NS Trust	341,421	4.92	29,945,412	1,313,002
WM Sector - Australian Equities Trust	730,390	1.82	83,779,577	8,099,143
WM Sector - Global Equities (Hedged) Trust	350,605	4.61	40,865,961	-
WM Sector - Global Equities (Unhedged) Trust	<u>592,712</u>	<u>1.25</u>	<u>64,571,792</u>	<u>7,185,270</u>
	<u>8,018,641</u>		<u>298,416,517</u>	<u>23,370,403</u>

NOTE 8 - RELATED PARTIES (CONTINUED)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions/ Dividends received / receivable \$
Horizon 2 Income Portfolio				
2020				
Antares Enhanced Cash Trust	5,002,869	0.09	5,129,557	121,454
MasterKey Unit Trust IncomeBuilder	5,540,813	0.72	9,713,512	865,350
Low Correlation Strategy Trust	1,452,985	0.16	1,650,634	29,850
WM Pool - Equities Trust No. 58	56,682	1.97	5,723,802	284,545
WM Pool - Equities Trust No. 73	2,401	0.26	236,376	7,944
WM Pool - Fixed Interest Trust No. 5	23,822	0.08	2,444,669	45,077
WM Pool - Fixed Interest Trust No. 24	67,472	0.50	6,861,224	123,740
WM Pool - Inflation Linked Securities Trust	2,101,719	0.24	2,442,712	59,899
WM Pool - Global Properties Trust	39,597	0.37	3,867,363	-
WM Sector - Diversified Debt (All) Trust	19,300	0.07	1,973,060	99,097
WM Sector - Diversified Debt (Short) Trust	222,215	0.48	22,526,101	456,981
WM Sector - Global Equities (Hedged) Trust	10,254	0.13	1,197,968	-
WM Sector - Global Equities (Unhedged) Trust	31,050	0.07	3,205,235	409,200
WM Sector - Property Securities Trust	16,908	0.24	1,267,163	40,765
WM Pool - Equities Trust No. 59	18,751	0.27	1,881,700	120,572
	<u>14,606,838</u>		<u>70,121,076</u>	<u>2,664,474</u>
2019				
Antares Enhanced Cash Trust	10,866,212	0.14	11,169,890	364,227
MasterKey Unit Trust IncomeBuilder	5,145,630	0.63	11,959,108	1,222,013
Low Correlation Strategy Trust	1,427,346	0.16	1,682,393	38,430
WM Pool - Equities Trust No. 58	90,037	1.91	9,352,304	378,191
WM Pool - Equities Trust No. 73	8,724	0.16	877,126	26,186
WM Pool - Fixed Interest Trust No. 5	26,755	0.09	2,959,761	103,999
WM Pool - Fixed Interest Trust No. 24	54,483	0.39	5,598,986	137,889
WM Pool - Inflation Linked Securities Trust	1,878,153	0.16	2,223,844	76,853
WM Pool - Global Properties Trust	28,549	0.28	3,511,706	35,055
WM Sector - Diversified Debt (All) Trust	14,279	0.04	1,460,885	57,165
WM Sector - Diversified Debt (Short) Trust	296,539	0.51	30,280,944	616,965
WM Sector - Global Equities (Hedged) Trust	7,378	0.10	859,931	-
WM Sector - Global Equities (Unhedged) Trust	34,293	0.07	3,735,954	415,721
WM Sector - Property Securities Trust	19,131	0.25	1,721,293	68,534
WM Pool - Equities Trust No. 59	-	-	-	-
	<u>19,897,509</u>		<u>87,394,125</u>	<u>3,541,228</u>
Property Securities Fund				
2020				
WM Sector - Property Securities Trust	<u>897,079</u>	<u>12.75</u>	<u>67,232,320</u>	<u>2,145,325</u>
2019				
WM Sector - Property Securities Trust	<u>980,035</u>	<u>12.66</u>	<u>88,177,517</u>	<u>3,183,199</u>
Australian Share Fund				
2020				
WM Pool - Equities Trust No. 41	<u>896,829</u>	<u>8.27</u>	<u>80,112,019</u>	<u>6,991,044</u>
2019				
WM Pool - Equities Trust No. 41	<u>937,912</u>	<u>8.08</u>	<u>97,014,417</u>	<u>9,814,439</u>
Global Share Fund				
2020				
WM Sector - Global Equities (Unhedged) Trust	<u>343,311</u>	<u>0.80</u>	<u>35,439,848</u>	<u>4,524,465</u>
2019				
WM Sector - Global Equities (Unhedged) Trust	<u>344,320</u>	<u>0.73</u>	<u>37,511,187</u>	<u>4,174,083</u>

NOTE 8 - RELATED PARTIES (CONTINUED)

(h) Related party investments (continued)

MLC Investments Limited and its related parties	Number of	Interest held in	Fair value of	Distributions/
		%	\$	\$
Horizon 7 Accelerated Growth Portfolio				
2020				
MLC Horizon 7 Trust	14,378,906	2.42	17,050,837	1,604,686
WM Pool - LTAR Part 1 NS Trust	9,428	0.13	794,598	69,126
WM Sector - Global Equities (Hedged) Trust	30,433	0.38	3,555,465	-
	<u>14,418,767</u>		<u>21,400,900</u>	<u>1,673,812</u>
2019				
MLC Horizon 7 Trust	13,337,235	2.37	17,942,662	1,769,851
WM Pool - LTAR Part 1 NS Trust	17,285	0.25	1,516,070	66,474
WM Sector - Global Equities (Hedged) Trust	29,751	0.39	3,467,773	-
	<u>13,384,271</u>		<u>22,926,505</u>	<u>1,836,325</u>
Horizon 1 Bond Portfolio				
2020				
Antares Enhanced Cash Trust	-	-	-	6,193
WM Pool - Fixed Interest Trust No. 5	-	-	-	2,884
WM Pool - Fixed Interest Trust No. 17	-	-	-	2,393
WM Pool - Fixed Interest Trust No. 22	-	-	-	-
WM Sector - Diversified Debt (Short) Trust	-	-	-	7,545
	<u>-</u>		<u>-</u>	<u>19,015</u>
2019				
Antares Enhanced Cash Trust	540,690	0.01	555,800	16,054
WM Pool - Fixed Interest Trust No. 5	1,617	0.01	178,913	4,961
WM Pool - Fixed Interest Trust No. 17	2,197	0.02	226,722	5,227
WM Pool - Fixed Interest Trust No. 22	1,478	0.01	142,995	108
WM Sector - Diversified Debt (Short) Trust	12,064	0.02	1,231,952	24,253
	<u>558,046</u>		<u>2,336,382</u>	<u>50,603</u>

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

	Fair value of investment
	\$
Cash Fund	
2020	
Money Market Securities - National Australia Bank	10,999,050
2019	
Money Market Securities - National Australia Bank	-
IncomeBuilder	
2020	
Money Market Securities - National Australia Bank	7,999,845
2019	
Money Market Securities - National Australia Bank	5,980,711

NOTE 8 - RELATED PARTIES (CONTINUED)

(i) Unitholder investing activities

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

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid / payable \$
IncomeBuilder				
2020				
Masterkey Investment Services	73,643,201	9.52	129,102,718	11,902,590
MLC Investment Trusts	236,272,436	30.56	414,205,427	25,468,902
MLC MasterKey Unit Trusts	5,906,975	0.76	10,355,423	608,766
MLC Navigator Investment Platform	8,549,566	1.11	14,988,108	924,266
MLC Super Fund	385,499,804	49.85	675,813,538	42,602,790
2019				
Masterkey Investment Services	90,251,967	10.96	209,757,215	20,436,634
MLC Investment Trusts	240,422,026	29.21	558,771,804	51,817,139
MLC MasterKey Unit Trusts	5,145,630	0.63	11,959,108	1,222,013
MLC Navigator Investment Platform	7,482,337	0.91	17,389,917	1,123,841
MLC Super Fund	419,178,957	50.92	974,225,970	90,406,025
Horizon 4 Balanced Portfolio				
2020				
Masterkey Investment Services	74,255,475	6.16	106,986,620	4,866,583
MLC Investment Trusts	984,149,689	81.67	1,417,954,015	61,687,827
MLC Navigator Investment Platform	7,433,161	0.62	10,709,631	486,432
2019				
Masterkey Investment Services	80,915,443	6.81	124,292,593	5,018,754
MLC Investment Trusts	939,600,447	79.03	1,443,301,454	56,289,448
MLC Navigator Investment Platform	6,858,901	0.58	10,535,821	426,895
Platinum Global Fund				
2020				
Masterkey Investment Services	4,608,654	1.25	8,037,391	308,319
MLC Investment Trusts	-	-	-	-
MLC Navigator Investment Platform	2,086,634	0.57	3,639,044	139,596
MLC Super Fund	139,660,344	37.84	243,564,568	8,998,270
G J Mulcahy and assoc	50,659	0.01	92,253	5,243
2019				
Masterkey Investment Services	5,603,884	1.31	9,928,845	805,278
MLC Investment Trusts	32,232,266	7.53	57,108,451	4,287,013
MLC Navigator Investment Platform	2,021,016	0.47	3,580,794	290,420
MLC Super Fund	161,209,361	37.68	285,627,361	21,441,452
G J Mulcahy and assoc	53,231	0.01	104,373	8,966
2020				
Horizon 3 Conservative Growth Portfolio				
Masterkey Investment Services	60,034,978	5.40	59,475,632	1,879,095
MLC Investment Trusts	1,034,091,685	93.02	1,024,457,053	31,376,905
MLC Navigator Investment Platform	390,478	0.04	386,840	12,222
2019				
Masterkey Investment Services	65,683,663	6.25	67,954,544	2,514,952
MLC Investment Trusts	962,044,402	91.53	995,305,163	35,375,160
MLC Navigator Investment Platform	291,850	0.03	301,940	11,177
Horizon 5 Growth Portfolio				
2020				
Masterkey Investment Services	23,351,549	5.26	30,535,817	1,539,137
MLC Investment Trusts	383,853,712	86.40	501,948,994	24,085,844
MLC Navigator Investment Platform	1,200,168	0.27	1,569,408	79,071
2019				
Masterkey Investment Services	28,324,526	6.60	39,700,760	1,129,784
MLC Investment Trusts	348,198,992	81.10	488,049,286	13,428,095
MLC Navigator Investment Platform	661,835	0.15	927,654	26,022

NOTE 8 - RELATED PARTIES (CONTINUED)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid / payable \$
Share Index Fund				
2020				
Masterkey Investment Services	31,419,174	50.63	55,114,542	3,717,460
MLC Navigator Investment Platform	372,287	0.60	653,054	35,826
2019				
Masterkey Investment Services	38,498,431	54.07	78,031,855	4,545,991
MLC Navigator Investment Platform	73,543	0.10	149,062	5,437
Horizon 6 Share Portfolio				
2020				
Masterkey Investment Services	33,499,894	11.94	32,981,483	2,301,443
MLC Investment Trusts	231,582,390	82.54	227,998,653	14,872,861
MLC Navigator Investment Platform	821,061	0.29	808,355	56,407
2019				
Masterkey Investment Services	39,237,646	14.29	42,189,062	2,821,187
MLC Investment Trusts	216,489,965	78.85	232,774,124	14,597,739
MLC Navigator Investment Platform	277,818	0.10	298,715	19,975
Horizon 2 Income Portfolio				
2020				
Masterkey Investment Services	29,766,576	46.40	33,332,255	274,967
MLC Navigator Investment Platform	199,250	0.31	223,118	1,773
2019				
Masterkey Investment Services	38,384,254	50.28	45,046,149	560,787
MLC Navigator Investment Platform	-	-	-	-
Property Securities Fund				
2020				
Masterkey Investment Services	12,988,082	16.79	11,336,050	184,530
MLC Navigator Investment Platform	1,191,392	1.54	1,039,852	14,966
2019				
Masterkey Investment Services	15,082,493	17.78	15,819,771	374,096
MLC Navigator Investment Platform	945,617	1.11	991,842	17,983
Australian Share Fund				
2020				
Masterkey Investment Services	15,731,855	32.66	27,552,410	617,826
MLC Investment Trusts	4,087	0.01	7,158	156
MLC Navigator Investment Platform	599,540	1.24	1,050,021	22,684
2019				
Masterkey Investment Services	17,036,080	32.70	33,105,942	1,596,084
MLC Investment Trusts	4,005	0.01	7,783	363
MLC Navigator Investment Platform	490,365	0.94	952,918	45,898
Cash Fund				
2020				
Masterkey Investment Services	72,871,727	73.79	72,870,561	55,223
MLC MasterKey Unit Trusts	327,576	0.33	327,571	1,544
MLC Navigator Investment Platform	-	-	-	-
G J Mulcahy and assocs	990	-	990	10
2019				
Masterkey Investment Services	65,072,060	70.53	65,072,060	535,271
MLC MasterKey Unit Trusts	1,079,889	1.17	1,079,889	17,312
MLC Navigator Investment Platform	-	-	-	3
G J Mulcahy and assocs	749	-	749	17
Global Share Fund				
2020				
Masterkey Investment Services	4,756,484	25.65	10,272,858	5,708
MLC Investment Trusts	1,690	0.01	3,650	2
MLC Navigator Investment Platform	422,014	2.28	911,449	506
2019				
Masterkey Investment Services	5,474,592	26.99	11,247,763	25,731
MLC Investment Trusts	1,689	0.01	3,470	8
MLC Navigator Investment Platform	181,249	0.89	372,383	852

NOTE 8 - RELATED PARTIES (CONTINUED)

(i) Unitholder investing activities (continued)

MLC Investments Limited and its related parties	Number of unit/shares held	Interest held in the Scheme/Entity %	Fair value of investment \$	Distributions paid / payable \$
Horizon 7 Accelerated Growth Portfolio				
2020				
Masterkey Investment Services	9,023,914	49.74	11,502,359	27,072
MLC Navigator Investment Platform	-	-	-	-
2019				
Masterkey Investment Services	9,058,758	49.14	12,057,189	192,952
MLC Navigator Investment Platform	40,818	0.22	54,329	869
Horizon 1 Bond Portfolio				
2020				
Masterkey Investment Services	-	-	-	58,733
2019				
Masterkey Investment Services	2,342,768	100.00	2,350,396	29,742

NOTE 9 - FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives, policies and processes

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

(b) Credit risk

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

The Cash Fund and Income Builder are the only Schemes with significant concentrations of exposure to counterparties as at 31 May 2020. Their concentrations are all held with authorised deposit-taking institutions. There is no exposure to an individual counterparty in excess of 60.33% of the total market value of investments at 31 May 2020 (2019: not in excess of 31.39%).

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 outstanding amounts on a net basis.

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

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

2020

	AAA to AA-\$'000	A+ to A-\$'000	BBB + to BBB -\$'000	Total \$'000
Money market securities	42,996	7,000	-	49,996
Total	42,996	7,000	-	49,996

2019

	AAA to AA-\$'000	A+ to A-\$'000	BBB + to BBB -\$'000	Total \$'000
Money market securities	68,888	1,998	-	70,886
Total	68,888	1,998	-	70,886

Income Builder

2020

	AAA to AA-\$'000	A+ to A-\$'000	BBB + to BBB -\$'000	Total \$'000
Money market securities	8,000	-	-	8,000
Total	8,000	-	-	8,000

2019

	AAA to AA-\$'000	A+ to A-\$'000	BBB + to BBB -\$'000	Total \$'000
Money market securities	13,973	-	-	13,973
Total	13,973	-	-	13,973

NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

Offsetting financial assets and financial liabilities

	2020			2019		
	Amounts not offset		Net amount	Amounts not offset		Net amount
	Other financial instruments	Cash collateral		Other financial instruments	Cash collateral	
Platinum Global Fund	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Foreign exchange forward contracts	8,320	-	8,320	841	1,590	2,431
Options	5,392	-	5,392	13,577	-	13,577
Futures contracts	-	-	-	3,043	-	3,043
Closing balance	13,712	-	13,712	17,461	1,590	19,051
Financial liabilities						
Foreign exchange forward contracts	(2,410)	(4,549)	(6,959)	(448)	-	(448)
Futures contracts	(1,889)	-	(1,889)	-	-	-
Closing balance	(4,299)	(4,549)	(8,848)	(448)	-	(448)

(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 foreign currency sensitivities set out below are illustrative only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in foreign exchange rates and the Fund's current foreign exchange risk profile.

The following table summarises the Platinum Global Fund's direct exposure to foreign currency risk on their monetary assets and liabilities net of any applied foreign currency economic hedges at 31 May 2020. The analysis calculates the effect on the Statements of Profit or Loss and Other Comprehensive Income of the reasonably possible change in currency rate against the Australian dollar with all other variables held constant.

Platinum Global Fund

	2020				2019			
	Change in currency rate		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in currency rate		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Currency								
CAD	10%	(10%)	1,331	(1,331)	10%	(10%)	1,667	(1,667)
EUR	10%	(10%)	10,658	(10,658)	10%	(10%)	9,447	(9,447)
HKD	10%	(10%)	7,257	(7,257)	10%	(10%)	11,943	(11,943)
KRW	10%	(10%)	4,799	(4,799)	10%	(10%)	6,000	(6,000)
USD	10%	(10%)	17,305	(17,305)	10%	(10%)	26,489	(26,489)
INR	10%	(10%)	2,367	(2,367)	10%	(10%)	5,226	(5,226)
NOK	10%	(10%)	-	-	10%	(10%)	2,568	(2,568)
JPY	10%	(10%)	11,731	(11,731)	10%	(10%)	11,922	(11,922)
GBP	10%	(10%)	2,839	(2,839)	10%	(10%)	2,842	(2,842)
Other*	10%	(10%)	1,197	(1,197)	10%	(10%)	1,983	(1,983)
Total			59,484	(59,484)			80,087	(80,087)

* Composed of monetary items denominated in various different currencies, the fair value of which do not individually exceed 2% of the unitholders funds at 31 May 2020 and 31 May 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.

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

NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

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

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

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

	2020				2019			
	Change in interest rate (basis points)		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in interest rate (basis points)		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
AUD	100	(100)	(33)	33	100	(100)	(81)	81

IncomeBuilder

	2020				2019			
	Change in interest rate (basis points)		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in interest rate (basis points)		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
AUD	100	(100)	(1)	1	100	(100)	(19)	19

(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 set out below are illustrative only and are based on simplified scenarios. These represent what is considered to be a reasonably possible change rather than extreme fluctuations that may occur from time to time. As such, actual future market movement may differ.

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

IncomeBuilder

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	139,457	(139,457)	10%	(10%)	197,060	(197,060)
Total			139,457	(139,457)			197,060	(197,060)

Horizon 4 Balanced Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	46,474	(46,474)	10%	(10%)	50,841	(50,841)
International equities	10%	(10%)	56,791	(56,791)	10%	(10%)	55,992	(55,992)
Property equities	10%	(10%)	5,790	(5,790)	10%	(10%)	7,146	(7,146)
Fixed interest	10%	(10%)	63,774	(63,774)	10%	(10%)	67,400	(67,400)
Total			172,829	(172,829)			181,379	(181,379)

Platinum Global Fund

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
International equities	10%	(10%)	62,940	(62,940)	10%	(10%)	66,654	(66,654)
Total			62,940	(62,940)			66,654	(66,654)

NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(iii) Equity and other price risk (continued)

Horizon 3 Conservative Growth Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	20,082	(20,082)	10%	(10%)	19,975	(19,975)
International equities	10%	(10%)	27,239	(27,239)	10%	(10%)	26,052	(26,052)
Property equities	10%	(10%)	2,874	(2,874)	10%	(10%)	3,163	(3,163)
Fixed interest	10%	(10%)	59,066	(59,066)	10%	(10%)	59,134	(59,134)
Total			109,261	(109,261)			108,324	(108,324)

Horizon 5 Growth Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	17,507	(17,507)	10%	(10%)	18,413	(18,413)
International equities	10%	(10%)	22,929	(22,929)	10%	(10%)	21,801	(21,801)
Property equities	10%	(10%)	1,973	(1,973)	10%	(10%)	2,203	(2,203)
Fixed interest	10%	(10%)	15,275	(15,275)	10%	(10%)	16,317	(16,317)
Total			57,684	(57,684)			58,734	(58,734)

Share Index Fund

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	10,746	(10,746)	10%	(10%)	14,381	(14,381)
Total			10,746	(10,746)			14,381	(14,381)

Horizon 6 Share Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	10,115	(10,115)	10%	(10%)	11,340	(11,340)
International equities	10%	(10%)	14,022	(14,022)	10%	(10%)	14,383	(14,383)
Property equities	10%	(10%)	280	(280)	10%	(10%)	540	(540)
Fixed interest	10%	(10%)	3,257	(3,257)	10%	(10%)	3,578	(3,578)
Total			27,674	(27,674)			29,841	(29,841)

Horizon 2 Income Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	1,023	(1,023)	10%	(10%)	1,289	(1,289)
International equities	10%	(10%)	536	(536)	10%	(10%)	553	(553)
Property equities	10%	(10%)	511	(511)	10%	(10%)	522	(522)
Fixed interest	10%	(10%)	4,942	(4,942)	10%	(10%)	6,377	(6,377)
Total			7,012	(7,012)			8,741	(8,741)

Property Securities Fund

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Property equities	10%	(10%)	6,723	(6,723)	10%	(10%)	8,818	(8,818)
Total			6,723	(6,723)			8,818	(8,818)

NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk (continued)

(iii) Equity and other price risk (continued)

Australian Share Fund

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	8,011	(8,011)	10%	(10%)	9,701	(9,701)
Total			8,011	(8,011)			9,701	(9,701)

Global Share Fund

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
International equities	10%	(10%)	3,544	(3,544)	10%	(10%)	3,751	(3,751)
Total			3,544	(3,544)			3,751	(3,751)

Horizon 7 Accelerated Growth Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$'000	
Australian equities	10%	(10%)	808	(808)	10%	(10%)	885	(885)
International equities	10%	(10%)	1,232	(1,232)	10%	(10%)	1,262	(1,262)
Fixed interest	10%	(10%)	101	(101)	10%	(10%)	147	(147)
Total			2,141	(2,141)			2,294	(2,294)

Horizon 1 Bond Portfolio

Category	2020				2019			
	Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$		Change in price		Effect on Statements of Profit or Loss and Other Comprehensive Income \$	
Fixed interest	10%	(10%)	-	-	10%	(10%)	233,639	(233,639)
Total			-	-			233,639	(233,639)

(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.

Unitholders funds 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 2020, the overall direct market exposures were as follows:

Platinum Global Fund

	31 May 2020		31 May 2019	
	Contract amount \$'000	Fair value \$'000	Contract amount \$'000	Fair value \$'000
Derivative instruments:				
- Futures contracts	(11,878)	(1,889)	(117,867)	3,043
- Foreign exchange forward contracts	5,911	5,911	393	393
- Options	5,394	5,392	5,967	13,577
	(573)	9,414	(111,507)	17,013

NOTE 9 - FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair value of financial instruments

The Schemes' financial assets and 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
Money market securities	2	Valued by sourcing appropriate yield curves based on credit rating, security type and term to maturity.
Interest bearing securities	2	Valued by sourcing appropriate yield curves based on credit rating, security type and term to maturity.
Unlisted related party managed investment schemes	2	Valued at redemption price as established by the Responsible Entity of the underlying trust.
Options	2	Valued from independent valuations based on observable market data provided by pricing vendors, using option pricing models.
Foreign exchange forward contracts	2	Valued based on observable market data (i.e broker quoted prices).
Unlisted equities (suspended/stale priced)	3	Valued based on last available price at the date of delisting or based on selling price determined by fund manager

All Schemes, except listed separately below, invest only in unlisted managed investment schemes which are classified as level 2 which ultimately invest on level 1 securities, and there have been no transfers between levels during the year.

Cash Fund

Financial instruments	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Money market securities	-	49,996	-	-	70,886	-
Total	-	49,996	-	-	70,886	-

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

IncomeBuilder

Financial instruments	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	1,394,568	-	-	1,970,602	-	-
Money market securities	-	8,000	-	-	13,973	-
Total	1,394,568	8,000	-	1,970,602	13,973	-

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

Platinum Global Fund

Financial instruments	2020			2019		
	Level 1	Level 2#	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equity securities	604,741	-	-	626,821	-	-
Interest bearing securities	-	10,947	-	-	22,258	-
Foreign exchange forward contracts	-	5,911	-	-	393	-
Futures contracts	(1,889)	-	-	3,043	-	-
Options	-	5,392	-	-	13,577	-
Total	602,852	22,250	-	629,864	36,228	-

Level 2 for the year ended 31 May 2020 contain interest bearing securities in Ping and Insurance where the inputs to derive the prices are observable from their underlying securities. Level 2 for the year ended 31 May 2019 included interest bearing securities in UBS and Ping and Insurance.

* Level 3 for the years ended 31 May 2020 and 31 May 2019 contain stale priced investments in Vantage Goldfield Delisted with nil market value.

These investments are assessed for sensitivity to their unobservable inputs, and as the market value for these investments are not significant to the Scheme, no sensitivity analysis has been stated in the notes to the financial report.

NOTE 10 - NOTES TO THE STATEMENTS OF CASH FLOWS

	IncomeBuilder		Horizon 4 Balanced Portfolio		Platinum Global Fund		Horizon 3 Conservative Growth Portfolio	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating (loss)/profit	(321,007)	168,227	(35,675)	77,877	27,587	(68,550)	(17,352)	38,479
Income reinvested	-	-	(91,184)	(153,542)	-	-	(46,959)	(71,923)
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	362,728	(99,056)	110,846	6,543	(33,488)	66,622	51,841	603
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	12,259	2,937	(13,671)	40,778	524	1,098	(5,754)	16,161
(Increase)/decrease in other receivables	6	(1)	4	(1)	10	-	3	-
Increase/(decrease) in other accounts payable	(952)	26	(26)	(90)	(264)	(1,485)	51	43
Net cash provided by/(used in) operating activities	53,034	72,133	(29,706)	(28,435)	(5,631)	(2,315)	(18,170)	(16,637)
(b) Cash and cash equivalents								
For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:								
Cash at bank	13,136	14,828	7,933	6,738	7,577	15,969	2,603	5,873
Cash on deposit - domestic	26,803	27,073	6	6	1,196	12,085	2,803	2
Cash on deposit - overseas	-	-	-	-	29,008	120,144	-	-
MLC MasterKey Unit Trust Cash	-	-	-	-	328	1,080	-	-
Components of cash	39,939	41,901	7,939	6,744	38,109	149,278	5,406	5,875
(c) Non-cash financing and investing activities								
Distributions to unitholders								
reinvested	167,709	105,753	55,652	25,208	53,735	95,051	33,266	48,045
	167,709	105,753	55,652	25,208	53,735	95,051	33,266	48,045

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

	Horizon 5		Share		Horizon 6		Horizon 2	
	Growth Portfolio		Index Fund		Share Portfolio		Income Portfolio	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating (loss)/profit	(13,478)	26,796	(9,663)	13,209	(6,554)	15,564	(2,995)	2,992
Income reinvested	(32,101)	(53,004)	(5,895)	(15,639)	(19,234)	(33,851)	(2,902)	(1,484)
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	41,514	3,027	15,989	(5,627)	22,908	3,009	4,633	(648)
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	(5,984)	13,978	(2,155)	6,149	(2,155)	10,481	238	(2,057)
(Increase)/decrease in other receivables	3	(3)	1	-	1	-	-	-
Increase/(decrease) in other accounts payable	18	-	(35)	(68)	(14)	(9)	(14)	(28)
Net cash provided by/(used in) operating activities	(10,028)	(9,206)	(1,758)	(1,976)	(5,048)	(4,806)	(1,040)	(1,225)
(b) Cash and cash equivalents								
For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:								
Cash at bank	2,901	3,329	2,138	940	1,927	1,866	528	827
Cash on deposit - domestic	1,042	2	-	-	1	1	-	-
Components of cash	3,943	3,331	2,138	940	1,928	1,867	528	827
(c) Non-cash financing and investing activities								
Distributions to unitholders reinvested	11,834	8,184	3,396	10,254	18,511	11,764	401	668
	11,834	8,184	3,396	10,254	18,511	11,764	401	668

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

	Property Securities Fund		Australian Share Fund		Cash Fund		Global Share Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(a) Reconciliation of operating profit to net cash flows from operating activities								
Net operating (loss)/profit	(12,595)	11,570	(7,132)	7,673	91	747	2,047	2,157
Income reinvested	(3,024)	(3,539)	(7,014)	(13,472)	-	-	(4,173)	(9,630)
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	13,517	(9,656)	12,497	444	-	-	1,772	1,370
Changes in assets and liabilities during the financial year:								
(Increase)/decrease in distribution receivables	880	356	24	3,658	-	(1)	(350)	5,457
(Increase)/decrease in other receivables	-	-	-	-	5	1	-	-
Increase/(decrease) in other accounts payable	(14)	(10)	(22)	(20)	10	4	(1)	(61)
Net cash provided by/(used in) operating activities	(1,236)	(1,279)	(1,647)	(1,717)	106	751	(705)	(707)
(b) Cash and cash equivalents								
For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:								
Cash at bank	353	658	531	787	5,043	5,520	149	130
Cash on deposit - domestic	-	-	-	-	43,813	16,092	-	-
Components of cash	353	658	531	787	48,856	21,612	149	130
(c) Non-cash financing and investing activities								
Distributions to unitholders reinvested	1,104	1,404	1,628	3,438	19,444	692	72	-
	1,104	1,404	1,628	3,438	19,444	692	72	-

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

	Horizon 7 Accelerated Growth Portfolio		Horizon 1 Bond Portfolio	
	2020	2019	2020	2019
	\$'000	\$'000	Whole Dollars \$	Whole Dollars \$
(a) Reconciliation of operating profit to net cash flows from operating activities				
Net operating (loss)/profit	(907)	1,281	6,458	30,018
Income reinvested	(1,836)	(473)	(33,717)	(54,518)
Changes in the fair value of financial assets and liabilities at fair value through profit or loss	2,166	166	(12,105)	(14,864)
Changes in assets and liabilities during the financial year:				
(Increase)/decrease in distribution receivables	163	(1,363)	14,702	3,916
(Increase)/decrease in other receivables	-	-	294	1
Increase/(decrease) in other accounts payable	(2)	-	(2,590)	(338)
Net cash provided by/(used in) operating activities	(416)	(389)	(26,958)	(35,785)
(b) Cash and cash equivalents				
For the purposes of the Statements of Cash Flows, cash includes cash at bank, units in the Cash Fund and short term deposits at call. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:				
Cash at bank	131	196	-	24,560
Components of cash	131	196	-	24,560
(c) Non-cash financing and investing activities				
Distributions to unitholders reinvested	328	34	18,167	8,935
	328	34	18,167	8,935

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 31 May 2020 and 31 May 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 7 to 42, 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 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 MLC MasterKey Unit Trust:

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

Opinion

We have audited the financial report of MLC MasterKey Unit Trust consisting of the schemes listed above (the 'Schemes'), which comprises the statements of financial position as at 31 May 2020, the statements of profit or loss and other comprehensive income, statements of changes in unitholders funds 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 31 May 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.

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

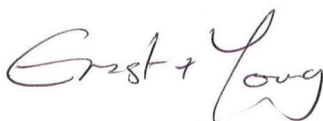
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Darren Handley-Greaves
Partner
Sydney
11 August 2020

Independent Auditor's Report to the Unitholders of MLC Masterkey Unit Trust Bond Portfolio:

Opinion

We have audited the financial report of MLC Masterkey Unit Trust Bond Portfolio, which comprises the statements of financial position as at 31 May 2020, the statements of profit or loss and other comprehensive income, statements of changes in unitholders funds 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 31 May 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 Scheme 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

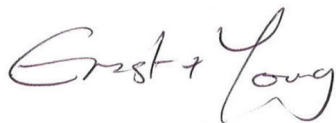
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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



**For more information call us 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

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.