



## Important information – updated from 13 June 2017 for MLC MasterKey Unit Trust and MLC MasterKey Investment Service

23 June 2017

Monday, 5 June 2017 we announced that the last distribution for the 2017 financial year had been made to investors in the MLC-Vanguard Australian Share Index Fund offered through the MLC MasterKey Unit Trust and MLC MasterKey Investment Service. The final distribution paid to investors was larger than prior years due to a number of factors. These include:

- strong investment performance over time (up 66%\* in 5 years)
- a lack of carried forward capital losses,
- a high proportion of investors taking distributions as cash and
- the fund being in outflow over FY17.

\* S&P/ASX200 Accumulation Index, November 2011 - February 2017. Past performance is not a reliable indicator of future performance.

After receiving valuable feedback in relation to the impact of the 31 May 2017 distribution for investors we undertook an analysis of certain factors including careful consideration of the large capital gain distributed to the Fund from an underlying fund. Based on this review it was determined that a significant portion of capital gains from an underlying fund previously attributed to the Fund should be attributed to an investor who made a large redemption from that underlying fund. The revised taxation components of the Fund are outlined in our communication of 9 June 2017.

We have revised the taxation components for the 2017 financial year as follows:

Component	Original	Estimated*
Discounted assessable capital gains (cpu)	23.5 cpu	9.0 cpu
Discounted assessable capital gains (%)	42.4%	16.2%
Return of capital (tax-deferred component)*	0.2 cpu	29.4 cpu

\* The tax-deferred component is not included in preparation of tax return for the year. However, the amount received reduces the cost base of units in the Fund, meaning that the amount is assessed as part of the capital gain when investors eventually sell their units.

Investors were previously informed of a discounted assessable capital gains component of 23.5 cents per unit. This has now been revised to an estimated tax-assessable capital gains component of 9.0 cents per unit and an estimated tax-deferred return of capital component of 29.4 cents per unit.

### Next steps

MLC will issue a tax statement to investors in August 2017, which will provide all of the final information that you will require to submit your financial year 2017 tax return.

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No further action is required by investors, however, as always we encourage you to seek financial advice about what these adjusted taxation components mean for you.

If you have any questions please call us on 132 652 between 8am and 7pm (AEST), Monday to Friday.

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