



MLC Wholesale & MLC MasterKey Investment Service Fundamentals

MLC IncomeBuilder™

Quarterly distribution summary

31 December 2012

Underlying income distributions

For the quarter ending 31 December 2012, the MLC IncomeBuilder Fund produced an underlying income distribution of 1.81 cents per unit (cpu). This is 5.2% below the 1.91 cpu distribution paid by the Fund in the 2011 December quarter and is in line with the 1.81 cpu distribution for the 2010 December quarter.

The Fund's total distribution for the year to 31 December is 6.92 cpu, which is 0.4% higher than the previous year's 6.89 cpu distribution (see table below).

The lower distribution for the quarter was mainly because several companies the Fund invests in declared lower dividends this quarter than in the same period last year. However, a number of companies increased their dividends for the quarter over last year's corresponding period.

Quarterly underlying income distribution comparison

	Previous year	Current year	Change (%)
Quarter 3 (Mar)	1.48	1.46	-1.4
Quarter 4 (June)	2.21	2.19	-0.9
Quarter 1 (Sept)	1.29	1.46	+13.2
Quarter 1 (Dec)	1.91	1.81	-5.2
Total	6.89	6.92	0.4%

Note: underlying income distributions in the table exclude capital gains

Source: MLC Wholesale IncomeBuilder™

Companies that increased their dividends

Woolworths (WOW) – Woolworths' final dividend paid in October was 67 cents per share. The dividend was 2 cents, or 3.1%, higher than the corresponding dividend in 2011. This is consistent with Woolworths' 3.6% increase in net profit after tax (from continuing operations) as the company continues to source growth in a challenging retail environment.

Commonwealth Bank (CBA) – Commonwealth Bank's final dividend of 197 cents per share (fully franked) was 5% higher than the prior year's 188 cents. The total dividend for the year to 30 June was \$3.34 per share, up 4% on the prior year, which represents a payout ratio of 75%. This is comfortably within the CBA Board's target payout ratio of between 70% and 80% of cash net profit after tax.

Wesfarmers (WES) – Wesfarmers' final dividend of 95 cents per share was 11.8% higher than last year's corresponding 85 cents per share final dividend. The increase in the final dividend caps off a strong year for the company, with earnings per share



increasing by 10.5%. The continued performance recovery of Coles was a highlight of the year.

Suncorp (SUN) – Suncorp paid both a final dividend and special dividend in October. While the 20 cents per share fully franked final dividend was in line with the prior year the 15 cents per share fully franked special dividend lifted the comparable payment by 75%.

Coca-Cola Amatil (CCL) – CCL continued its run of paying higher dividends with an interim payment of 24 cents per share fully franked. This was 2 cents or 9.1% higher than the 2011 interim dividend of 22 cents per share. The company's solid earnings growth and cash flow generation supported the increased dividend.

Other companies that paid higher dividends to the Fund during the quarter to the end of November were Primary Health Care (20%) and Aristocrat Leisure (60%).

Companies that declared lower dividends

AMP (AMP) – AMP's 12.5 cents per share interim dividend (55% franked), paid in October, was 16.7% lower than the 15 cents per share payment in 2011. The company's Board has decided to reduce the dividend due to the ongoing investment market volatility and growth in demand for more capital intensive products.

ASX (ASX) – The ASX's 85.1 cents per share final dividend (fully franked) was down 8.5% compared to last year's 93 cents per share dividend. While the final dividend and full year dividend of 177.9 cents per share was equivalent to a very high payout ratio of 90%, weaker market conditions and a resulting fall in the ASX's revenue and underlying earnings led to the dividend reduction.

Goodman Fielder (GFF) – GFF chose not to pay dividends in 2012, preferring to retain capital in response to challenging trading conditions. Dividends are expected to resume when restructure and capital management initiatives are completed.

Other companies that paid dividends below last year's were News Corp (-9.7%), Boral (-50%), Fairfax Media (-33%) and Tabcorp Holdings (-42%). Dividends from Telstra and Toll Holdings remained flat.

Important Information:

This information has been provided by MLC Investments Limited (ABN 30 002 641 661), a member of the National Australia Bank group of companies, 105-153 Miller Street, North Sydney 2060.

All data quoted is for MLC Wholesale IncomeBuilder™ as at 12 October 2012

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