



MLC MasterKey Unit Trust &amp; MLC MasterKey Investment Service

## MLC IncomeBuilder™

### Quarterly distribution summary

28 February 2013

#### Underlying income distributions

For the quarter ending 28 February 2013, the MLC IncomeBuilder Fund produced an underlying income distribution of 1.59 cents per unit (cpu). This is 7% below the 1.71 cpu distribution paid by the Fund in the 2012 February quarter.

The Fund's total distribution for the year to 28 February is 8.18 cpu, which is 2% lower than the previous year's 8.35 cpu distribution (see table below).

The lower distribution for the quarter was mainly because the Fund has reduced its holding in some companies that reported higher dividends this quarter. The funds raised from reducing those holdings have been invested in companies we expect to report higher earnings and dividends in future.

#### Quarterly underlying income distribution comparison

	Prior year	Current year	% change
Quarter 4 (May)	2.77	2.76	-
Quarter 1 (Aug)	1.50	1.66	10.7%
Quarter 2 (Nov)	2.37	2.17	-8.4%
Quarter 3 (Feb)	1.71	1.59	-7.0%
<b>Total</b>	<b>8.35</b>	<b>8.18</b>	<b>-2.0%</b>

Source: MLC IncomeBuilder™ Unit Trust

#### Companies that increased their dividends to the fund

**Westpac Banking Corporation (Westpac)** – Westpac's final dividend of 84 cents per share (fully franked) paid in December 2012 was 5% higher than the 80 cents per share dividend in the corresponding quarter for 2011. The total dividend for the year was \$1.66%, up 6.4% on the previous year's. The final dividend equates to a payout ratio of 77%, which means Westpac has returned over three quarters of its profit as dividends to shareholders. This has been possible due to Westpac's success in growing its cash earnings, control of expenses and strengthened balance sheet.

**National Australia Bank (NAB)** – NAB's 90 cents per share (fully franked) dividend was 2.3% above the prior year's corresponding dividend. The \$1.80 per share total dividend for the year to 30 September was higher by 4.7% on the previous year and represents a payout ratio of 75% of earnings. In its recent first quarter trading update, NAB reported higher revenue and earnings in the year so far due to the operating strength of core Australian operations and improved earnings in the UK business.



**Australia and New Zealand Banking Group (ANZ)** – ANZ's final dividend of 79 cents per share (fully franked) was 3.9% higher than last year's corresponding 76 cents per share final dividend. Like the other major banks, ANZ's earnings grew over the previous year's. However, in its recent first quarter trading update, ANZ reported a lower first quarter net profit compared with last year.

**Incitec Pivot** – Despite recording a fall in profit for the full year to 30 September 2012, Incitec Pivot paid a final half dividend of 9.1 cents per share (75% franked), an increase of 0.9 cents or 11% over the previous corresponding dividend. A strong finish to the year and a robust balance sheet allowed the company to review its dividend policy. As a result of the review, the dividend payout has been increased to a range of 30-60% of net profit after tax, compared to the 20-40% applied in previous years. The full year dividend of 12.4 cents per share, up 7.8% on 2011's total dividend, represents a payout ratio of 50% of net profit.

**Transurban Group** – Transurban's 15.5 cents per share interim dividend was 6.9% higher than the 14.5 cents per share interim dividend last year. Toll revenue increased 3.8% over the prior year's corresponding period, while the cash available for distribution to shareholders increased by 4.6%. The company recently confirmed earnings guidance of 31.0 cents per share for the 2013 financial year (to 30 June).

Other companies that paid higher dividends to the Fund during the quarter were Macquarie Group (a 15.4% rise), Westfield Group (2.3%) and Orica Limited (1.9%).

#### **Companies that declared lower dividends**

**Harvey Norman Holdings Ltd (HVN)** – HVN's 4 cents per share final dividend (100% franked), paid in December, was 33.3% lower than the 6 cents per share payment in 2011. This follows a 31.6% fall in net profit after tax for the year to 30 June due to difficult retail trading conditions.

Other companies that paid dividends below last year's were CSR (-50%) and Aristocrat Leisure (-50.0%). Dividends from Metcash Limited and Stockland Group remained flat.

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#### **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 the MLC IncomeBuilder™ Unit Trust as at 28 February 2013

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