



MLC MasterKey Unit Trust & MLC MasterKey Investment Service

MLC IncomeBuilder

Quarterly distribution summary

3 September 2013

Underlying income distributions

For the quarter ending 31 August 2013, MLC IncomeBuilder produced an underlying income distribution of 1.80 cents per unit (cpu). This is 8.4% above the 1.66 cpu distribution paid by the Fund in the August 2012 quarter.

The Fund's total distribution for the year to 31 August is 7.82 cpu, which is 8.0% lower than the previous year's 8.50 cpu distribution (see table below). The lower distribution for the year was mainly because the Fund has reduced its holding in some companies that reported higher dividends. 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 for MLC Unit Trust IncomeBuilder

	Prior year	Current year	% change
Quarter 4 (Nov)	2.37	2.17	-8.4%
Quarter 1 (Feb)	1.71	1.59	-7.0%
Quarter 2 (May)	2.76	2.26	-18.1%
Quarter 3 (Aug)	1.66	1.80	8.4%
Total	8.50	7.82	-8.0%

Source: MLC

Companies that increased their dividends

Westpac Banking Corporation (Westpac) – Westpac's first half dividend of 86 cents per share (fully franked) paid in July 2013 was 4.9% higher than the 82 cents per share dividend in the corresponding quarter for 2012. A special dividend of 10 cents per share (fully franked) was also paid. Despite a challenging operating environment, all of Westpac's Australian businesses produced double-digit cash earnings growth compared to the same period last year. The higher dividend and payment of a special dividend reflects Westpac's confidence in its capital position and business momentum.

National Australia Bank (NAB) – NAB's 93 cents per share (fully franked) dividend was 3.3% above the prior year's corresponding dividend and equates to a payout ratio of 73.7% of earnings per share. The higher dividend is in line with the 3.1% rise in cash earnings for the half year to 31 March. In its recent third quarter trading update, NAB reported higher revenue and cash earnings. The charge for bad and doubtful debts was lower but expenses were marginally higher.



Australia and New Zealand Banking Group (ANZ) – ANZ's half year dividend of 73 cents per share (fully franked) was 10.6% higher than last year's 66 cents per share half year dividend. Like the other major banks, ANZ reported higher cash earnings in the half over last year's. In its half year profit statement, ANZ confirmed its intentions to maintain a full year dividend payout in the range of 65%-70% of cash earnings and align dividend growth with earnings growth. Based on its current capital position and expected efficiencies, ANZ anticipates moving the dividend payout steadily towards the higher end of the target range, with a more even split between the first and second half dividends.

Incitec Pivot (IPL) – IPL paid a half year dividend of 3.4 cents per share (75% franked), slightly above the previous corresponding half year dividend of 3.3 cents per share (50% franked). While earnings per share fell 23% to 6.8 cents per share in the half, IPL paid a higher dividend as a result of its revised dividend policy. That policy is now in a range of 30-60% of net profit after tax, compared to the 20-40% range applied in previous years. The half year dividend recently paid by IPL represents a payout ratio of 50% of net profit.

Aristocrat Leisure (ALL) – ALL's 7.0 cents per share (unfranked) half year dividend was 75% higher than the 4.0 cents per share (unfranked) half year dividend last year. Due to its strengthening financial position and improved operating performance, ALL recently adjusted its dividend policy by increasing the target payout ratio to 60%-80% of normalised net profit after tax. The half year dividend represents a payout ratio of 74%.

Other companies that paid dividends to the Fund during the quarter were Duet Group (a 3.1% rise) and Metcash (unchanged from last year's dividend). A number of listed property trusts also paid distributions to the Fund, including Stockland (unchanged from last year's 12 cents per unit), Charter Hall Retail REIT (a 3.1% rise) and Mirvac Group (a 2.3% rise).

Companies that declared lower dividends

CSR Limited – CSR's unfranked final dividend of 2.1 cents per share was 70% lower than the 7 cents per share payment in 2012. The lower dividend reflects ongoing weakness in CSR's construction and aluminium markets and the resulting fall in net profit to \$32.7 million compared to \$90.7 million in the previous year.



Important information:

This information has been provided by MLC Investments (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 25 August 2013

This communication contains general information and may constitute general advice. Any advice in this communication has been prepared without taking account of individual objectives, financial situation or needs. It should not be relied upon as a substitute for financial or other specialist advice.

Before making any decisions on the basis of this communication, you should consider the appropriateness of its content having regard to your particular investment objectives, financial situation or individual needs. You should obtain a Product Disclosure Statement or other disclosure document relating to any financial product issued by MLC Investments Limited (ABN 30 002 641 661), and consider it before making any decision about whether to acquire or continue to hold the product. A copy of the Product Disclosure Statement or other disclosure document is available upon request by phoning the MLC call centre on 132 652 or on our website at mlc.com.au.

An investment in any product offered by a member company of the National Australia Bank group of companies does not represent a deposit with or a liability of the National Australia Bank Limited ABN 12 004 044 937 or other member company of the National Australia Bank group and is subject to investment risk including possible delays in repayment and loss of income and capital invested. None of the National Australia Bank Limited, MLC Investments Limited or other member company in the National Australia Bank group guarantees the capital value, payment of income or performance of any financial product referred to in this publication.

Past performance is not indicative of future performance. The value of an investment may rise or fall with the changes in the market.