



MLC Wholesale &amp; MLC MasterKey Investment Service Fundamentals

## MLC IncomeBuilder™

### Quarterly distribution summary

**31 December 2011**

#### Underlying Income Distributions

For the quarter ended 31 December 2011, the MLC IncomeBuilder Fund produced an underlying income distribution of 1.91 cents per unit (cpu). This is 5.5% higher than the previous year's 1.81 cpu distribution.

This latest distribution increase continues a trend established a number of quarters ago when distributions began to recover from those during the Global Financial Crisis as many companies owned by the Fund cut dividends to preserve capital. For instance, the Fund's December quarter distribution in 2009 was 1.56 cpu, last year's was 1.81 cpu and this year's is 1.91 cpu.

The Fund's total distribution for the year to 31 December is 6.89 cpu, which is significantly above (i.e. +14.07%) the previous year's equivalent distribution of 6.04 cpu (see table below). This outstanding result suggests the Fund has successfully captured much of the dividend recovery that has emerged since the GFC.

#### Quarterly Underlying Income Distribution Comparison

	Prior Year	Current Year	% Change
Quarter 3 (Mar)	1.10	1.48	34.55
Quarter 4 (Jun)	2.01	2.21	9.95
Quarter 1 (Sep)	1.12	1.29	15.18
Quarter 2 (Dec)	1.81	1.91	5.52
<b>Total</b>	<b>6.04</b>	<b>6.89</b>	<b>14.07</b>

Please note underlying income distributions quoted in the table above do not include capital gains.  
Source: MLC Wholesale IncomeBuilder™

A significant number of companies with 30 June balance dates paid dividends to the Fund during the quarter. Key contributors to the distribution this quarter were:

**Commonwealth Bank of Australia (CBA)** – CBA's second half dividend was \$1.88 per share (fully franked), an increase of 18 cents or 10.6% on last year's corresponding dividend. Total dividend for the year to 30 June 2011 was \$3.20 per share compared to last year's \$2.90 per share. The higher dividend reflects a solid year for CBA in a challenging environment with full year net profit rising by 13% over the prior year's.

**Wesfarmers Ltd** – Wesfarmers' second half fully franked dividend of 85 cents per share (cps) was 21.4% higher than last year's corresponding dividend and brings the full year dividend to \$1.50 per share, an increase of 20%. The higher dividend caps off a strong year for Wesfarmers. Net profit after tax increased by 22.8% with strong contributions from the resources (coal) business and a better than expected result by



Coles. Overall, this is a creditable result considering the adverse impact a number of natural disasters had on some of the company's businesses.

**Coca-Cola Amatil Ltd (CCL)** – CCL's first half dividend was 22 cps (fully franked). This was 7.3% higher than last year's corresponding dividend. The company is an ideal investment for the Fund as it has paid consistently higher annual dividends for more than a decade. This dividend growth consistency reflects CCL's focus on shareholder value creation via sound financial management, balance sheet strength and dominant positions in a range of beverages throughout Australasia.

**Suncorp Group** – Suncorp's 20 cps final dividend was unchanged from last year's though it increased dividend payout policy from 50% to 70% of earnings per share. The Fund's active manager Maple-Brown Abbott believes Suncorp remains an attractive investment. Suncorp has a diversified portfolio of Australian and New Zealand financial services businesses (general insurance, wealth management and banking). A management review of Suncorp's businesses has resulted in part of the banking activities being deemed non-core. This should release capital as part of the loan book runs-off and it is likely this surplus capital will be returned to shareholders.

Selected holdings did not contribute to the Fund's distribution growth. Goodman Fielder cut its final dividend by 54.5% to 2.5 cps and Primary Health Care cut its final dividend by 50% to 5 cps, both in response to challenging operating conditions:

**Goodman Fielder** - Heightened competition between the retailers in Australia has led to a significant decline in baking segment earnings. A recovery in profit is expected to take some time, though early indications are positive with the company pursuing several cost reduction initiatives. Market share for branded products has increased slightly off its lows following recent price increases to part of the private label category by retailers.

**Primary Health Care (PRY)** – PRY's sharp decline in its full year dividend was due to the company's one-off \$34.7m cost-out program, which resulted in the payout ratio for the full year being cut to 40%. While management have not provided firm guidance regarding future dividends, they do anticipate returning to closer to normal historical payout levels going forward.

---

**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 31 December 2011

Past performance is not indicative of future performance. The future value of investments may rise and fall with changes in the market.

Any advice in this communication has been prepared without taking account of your objectives, financial situation or needs. Because of this you should, before acting on any advice in this communication, consider whether it is appropriate to your objectives, financial situation and 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 [www.mlc.com.au](http://www.mlc.com.au)

An investment in any product offered by a member company of the National group 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 of companies and is subject to investment risk including possible delays in repayment and loss or income and capital invested. None of the National Australia Bank Limited, MLC Limited, MLC Investments Limited or other member company in the National Australia Bank group of companies guarantees the capital value, payment of income or performance of any financial product referred to in this publication.