



MLC MasterKey Unit Trust &amp; MLC MasterKey Investment Service

## MLC IncomeBuilder

### Quarterly distribution summary

24 November 2013

#### Underlying income distributions

For the quarter to 24 November 2013, MLC IncomeBuilder produced an underlying income distribution of 1.89 cents per unit (cpu). This is 12.9% below the 2.17 cpu distribution paid by the Fund in the November 2012 quarter.

The Fund's total distribution for the year to 24 November is 7.54 cpu, which is 9.2% lower than the previous year's 8.30 cpu distribution (see table below). The lower distribution for the financial year so far is mainly because the Fund has reduced its holding in some companies that reported high 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 MasterKey Unit Trust - IncomeBuilder

|                    | Prior year  | Current year | % change     |
|--------------------|-------------|--------------|--------------|
| Quarter 3 (Feb)    | 1.71        | 1.59         | -7.0%        |
| Quarter 4 (May)    | 2.76        | 2.26         | -18.1%       |
| Quarter 1 (August) | 1.66        | 1.80         | 8.4%         |
| Quarter 2 (Nov)    | 2.17        | 1.89         | -12.9%       |
| <b>Total</b>       | <b>8.30</b> | <b>7.54</b>  | <b>-9.2%</b> |

Source: MLC

#### Companies that increased their dividends

**Wesfarmers Limited** – Wesfarmers' final dividend of \$1.03 per share (fully franked) was 8.4% higher than the 95 cents per share dividend in the corresponding quarter for 2012. A capital return of 50 cents per share was also announced and subsequently approved by shareholders at the recent Annual General Meeting. This will contribute to the Fund's next quarterly distribution. Both the higher dividend and capital return reflect the company's strong profit result for the year, in which earnings per share grew by 6.4% over last year's.

**Commonwealth Bank of Australia (CBA)** – CBA's \$2.00 per share (fully franked) final dividend was 1.5% above the previous year's corresponding dividend. It brings the full year dividend payout to \$3.64 per share, 9% higher than the previous year's. This represents a dividend payout ratio of 75.4% of cash earnings, which was in line with the previous year and within the Board's target range of 70% – 80%. While CBA reported solid revenue growth and an unaudited net profit of \$2.1 billion for the September quarter, its outlook remains cautious.



**Suncorp Group (SUN)** – SUN paid a final dividend of 30.0 cents per share (100% franked), 50% higher than the previous year's corresponding dividend of 20 cents. Ordinary dividends paid this year totalled 55 cents per share compared to 40 cents last year. SUN also paid a special dividend of 20 cents per share. In addition to the significant increase in dividends, shareholders benefitted from a 44.6% share price rise in the year to 31 October. SUN's investment appeal was enhanced by the disposal of non-core assets and successful corporate refocus on core activities (General Insurance, Bank and Life businesses).

**Toll Holdings Limited (TOL)** – TOL's 14.5 cents per share (100% franked) final dividend was 7.4% higher than the 13.5 cents per share fully franked dividend last year. Dividends paid in the year totalled 27 cents per share, which is equivalent to a payout ratio of 65.4% of earnings. In its full year profit statement, TOL stated the increased dividend reflects confidence in the sustainability of its earnings and cash flows.

**Primary Health Care Limited (PRY)** – PRY's 11.0 cents per share (100% franked) final half dividend was 83.3% higher than last year's corresponding dividend. This substantial increase has flowed from a sound profit result for the year, with net profit after tax up by 29%. In the year ahead, PRY expects earnings per share growth of 7% to 13%.

**Goodman Fielder Limited (Goodman)** – Successfully implementing strategic initiatives to strengthen the financial position of the company and restore sustainable earnings by refocusing on its core businesses has enabled Goodman to reinstate dividends to shareholders. A final dividend of 3.0 cents per share (unfranked), which represents a payout ratio of 68% of earnings, was paid in November.

**Boral Limited** - Boral paid a final dividend of 6.0 cents per share (100% franked), bringing the full year fully franked dividend to 11.0 cents per share, which is in line with last year's. This represents a payout ratio at the top end of the company's historical range of 60-80% of earnings, which the company believes is appropriate considering its expected future performance.

Other companies that paid dividends to the Fund during the quarter include Telstra (unchanged from last year's dividend), Woolworths (a 6.0% rise), Brambles (a 3.8% rise), Fairfax Media (unchanged), Twenty-First Century Fox (a 58.9% rise), and Coca-Cola Amatil (an unchanged interim dividend and a special dividend of 2.5 cents per share).

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

**Tatts Group Limited (Tatts)** – Tatts paid a final dividend of 7.5 cents per share (fully franked). The 37.5% fall below last year's corresponding dividend was caused by the loss of its licence to operate gaming machines in Victoria.

Other companies that declared lower dividends were ASX Limited (-3.3%) and AMP Limited (-8.0%).



**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 MasterKey Unit Trust - IncomeBuilder as at 24 November 2013.

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