



MLC Wholesale funds

End of year pre-distribution commentary, 2024 financial year
25 June 2024

Background

On Sunday, 30 June 2024 the last cash distribution for the 2024 financial year (FY2024) will be made to investors in the MLC Wholesale funds, including those offered in:

- MLC MasterKey Investment Service Fundamentals
- Expand Essential
- Expand Extra
- MLC MasterKey Investment Service¹, and
- external platforms.

As the final cash distributions for FY2024 won't be known until 30 June, we've provided commentary using recent years' distributions as a reference point. Appendix 1 provides the full financial year (1 July to 30 June) distributions for the last eight years.

Investors can expect the unit price for the funds in Table 1 (Funds) to fall by the amount of the distribution.

If you invest through a platform, your distribution will be allocated to you by the platform. Investors who have their distributions paid into their bank account, rather than reinvested into their fund, can generally expect the income in their account within two weeks after the distribution.

The estimated tax components will be available at mlcam.com.au in late July 2024. To assist investors in the preparation of their tax return, the final taxation components will also be reflected in financial year 2023/2024 tax statements for the Funds. We estimate the tax statements will be sent in August to those investing in MLC Wholesale directly. Investors in MLC Wholesale through a platform will receive tax information from their platform.

Commentary for expected full year cash distributions for FY2024

Commentary on the final distributions we are generally expecting, compared to FY2023 distributions, is provided in Table 1.

Table 1 – Commentary on expected cash distributions for FY2024

MLC Wholesale fund (APIR code)	Expected <u>full year</u> cash distribution for FY2024* commentary
MLC Wholesale Horizon 1 Bond Portfolio (MLC0669AU)	The distribution is expected to be significantly higher than FY2023 due to an increase in income received from fixed income securities.
MLC Wholesale Horizon 2 Income Portfolio (MLC0670AU)	The Funds are expected to have <u>carried forward capital losses</u> at the end of FY2024, resulting in no realised capital gains to distribute. Please click on the link for more information.

¹ The MLC Real Return Assertive, MLC Diversified Debt Fund and MLC Global Property Fund in MLC MasterKey Investment Service are accessed through the MLC Wholesale funds, so they have a June year end and are covered by this commentary.



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MLC Wholesale fund (APIR code)	Expected <u>full year</u> cash distribution for FY2024* commentary
<p>MLC Wholesale Horizon 3 Conservative Growth Portfolio (MLC0398AU)</p> <p>MLC Wholesale Horizon 4 Balanced Portfolio (MLC0260AU)</p> <p>MLC Wholesale Horizon 5 Growth Portfolio (MLC0265AU)</p> <p>MLC MultiActive High Growth (MLC0397AU) (formerly MLC Wholesale Horizon 6 Share Portfolio)</p> <p>MLC MultiActive Geared (MLC0449AU) (formerly MLC Wholesale Horizon 7 Accelerated Growth Portfolio)</p>	<p>The distribution is expected to be significantly higher than FY2023 due to <u>an increase in capital gains income</u>.</p> <p>Please click on the link for more information.</p>
<p>MLC Wholesale Inflation Plus – Conservative Portfolio (MLC0921AU)</p> <p>MLC Real Return Moderate (MLC0920AU) (formerly MLC Wholesale Inflation Plus – Moderate Portfolio)</p> <p>MLC Real Return Assertive Class A (MLC0667AU)</p> <p>MLC Real Return Assertive Class B (MLC0668AU)</p> <p>(formerly MLC Wholesale Inflation Plus – Assertive Portfolios)</p>	<p>The distribution is expected to be significantly higher than FY2023 due to <u>an increase in capital gains income</u>.</p> <p>Please click on the link for more information.</p>
<p>MLC Index Plus Conservative (formerly MLC Wholesale Index Plus Conservative Portfolio) (MLC7849AU)</p> <p>MLC Index Plus Balanced (MLC7387AU) (formerly MLC Wholesale Index Plus Balanced Portfolio)</p> <p>MLC Index Plus Growth (MLC9748AU) (formerly MLC Wholesale Index Plus Growth Portfolio)</p>	<p>The distribution is expected to be significantly higher than FY2023 due to <u>an increase in capital gains income</u>.</p> <p>Please click on the link for more information.</p>



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MLC Wholesale fund (APIR code)	Expected full year cash distribution for FY2024* commentary
MLC Wholesale Australian Share Fund (MLC0262AU)	<p>The Fund's distribution is expected to be significantly lower than FY2023 mainly due to <u>a reduction in capital gains income</u>.</p> <p>The Fund is expected to have <u>carried forward capital losses</u> at the end of FY2024, resulting in no realised capital gains to distribute.</p> <p>Please click on the links for more information.</p>
MLC Wholesale IncomeBuilder (MLC0264AU)	<p>The Fund's distribution is expected to be moderately higher than FY2023 due to <u>an increase in capital gains income</u>.</p> <p>MLC IncomeBuilder's annual distribution commentary will also be available mid July 2024 on mlc.com.au.</p> <p>Please click on the link for more information.</p>
MLC Wholesale Australian Share Index Fund (MLC0893AU)	<p>The Fund's distribution is expected to be slightly higher than FY2023.</p>
MLC Wholesale Global Share Fund (MLC0261AU)	<p>The Fund's distribution is expected to be moderately lower than FY2023 due to <u>a reduction in capital gains income</u>.</p> <p>Please click on the link for more information.</p>
MLC Wholesale Property Securities Fund (MLC0263AU)	<p>The Fund's distribution is expected to be slightly higher than FY2023.</p> <p>The Fund is expected to continue to have <u>carried forward capital losses</u> at the end of FY2024, resulting in no realised capital gains to distribute.</p> <p>Please click on the link for more information.</p>
MLC Wholesale Global Property Fund Class A (MLC0786AU) MLC Wholesale Global Property Fund Class B (MLC0784AU)	<p>The Fund's distribution is expected to be similar to FY2023.</p>
MLC Wholesale Diversified Debt Fund Class A (MLC0839AU) MLC Wholesale Diversified Debt Fund Class B (MLC0855AU)	<p>The distribution is expected to be slightly higher than FY2023.</p>

* This commentary may be materially affected by factors including:

- investment market movements
- investment manager trading activity
- differences in the tax treatment, and
- realisation of gains and losses between now and 30 June 2024.



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Key factors affecting distributions in FY2024

MLC MultiActive, MLC Index Plus, MLC Horizon and MLC Real Return/Inflation Plus are a range of multi-asset class funds tailored to meet the needs of investors with different return expectations, time frames and tolerances for volatility. The income distributions for these funds are largely based on the income from the underlying asset classes. The allocations to the asset classes are different for each of the portfolios.

MLC's share funds (except for MLC IncomeBuilder), and the MLC multi-asset portfolios with high allocations to shares, are designed to provide capital growth over the long term. Although many of these growth-focussed funds make frequent distributions, their main objective is to increase the value of their assets for investors, rather than to deliver a regular income stream. As a result their income tends to fluctuate from year to year.

Here are the key factors affecting distributions in FY2024.

Capital gains income

When we sell securities in our funds (such as shares and property securities) we 'realise' a capital gain or loss. The capital gain (or loss) is the difference between the price we sell the security for and the cost of the security, and any costs associated with buying or selling the security.

In FY2024, enhancements were made to the global shares and fixed income strategies within the MultiActive and the Horizon portfolios. As a result of these enhancements there was an increase in trading activity in FY2024, which contributed to more capital gains income being generated when compared to FY2023.

Carried forward capital losses

A fund's capital losses significantly reduce the level of realised capital gains distributed. Weak and volatile markets from events such as the GFC and COVID-19 results in most funds suffering large capital losses when they sell investments.

Capital losses must remain in the fund and are carried forward until they can be offset against future capital gains.

We expect the following funds to have carried forward capital losses at the end of FY2024:

- MLC Wholesale Horizon 1 Bond Portfolio
- MLC Wholesale Horizon 2 Income Portfolio
- MLC Wholesale Australian Shares Fund
- MLC Wholesale Property Securities Fund

Other income such as dividends and interest income continue to be distributed by funds with carried forward capital losses because only capital gains are offset against capital losses.

Importantly, while carried forward losses dampen income distributions, they don't affect a fund's total returns.

Carried forward revenue losses

Revenue losses occur when a fund's expenses are higher than its income. Revenue income includes dividends and interest and is also impacted by foreign currency gains (and losses) and returns from certain assets. However, revenue income doesn't include capital gains. Revenue losses reduce the level of distributions and, subject to majority continuity of ownership testing, are able to be carried forward until they can be offset against future revenue income.

No funds are expected to have carried forward revenue losses at the end of FY2024.

Next steps

As the cash distribution is on 30 June 2024, there are a few days before the end of the Australian taxation year.

In the week following the distribution we'll update this commentary with the final cents per unit (CPU) distribution. The estimated tax components will be available late July 2024. This information will be available on mlcam.com.au.



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The final taxation components will also be reflected in financial year 2023/24 tax statements for the Funds, which are estimated to be available in August for those investing in MLC Wholesale directly. Investors in MLC Wholesale through a platform will receive tax information from their platform.

If you have questions, please speak to your financial or tax adviser.

We also have frequently asked questions on income distributions available on mlc.com.au.

More information on the performance of each fund is available on the MLC Investment Trust Fund Profile Tool on mlcam.com.au.



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Appendix 1: Financial year distribution history

Table 2 shows the full financial year (1 July to 30 June) distributions for the last eight years. As the final distributions for FY2024 won't be known until 30 June, the commentary provided in this communication uses recent years' distributions as a reference point.

* Distributions for the first three quarters of the financial year to end of March 2024 have been included so investors can consider amounts they've already received when reading the 'full year' commentary in Table 1. Some of the funds only distribute annually so they haven't distributed this financial year-to-date.

Table 2 – Cash distribution history

MLC Wholesale funds (APIR code)	CPU for 1 st three qtrs of FY2024 (doesn't include 30 June 2024 distribution) *	Full year CPU (distribution yield) ²							
		2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
MLC Wholesale Horizon 1 Bond Portfolio (MLC0669AU)	2.87	0.70 (0.7%)	0.87 (0.9%)	4.96 (4.9%)	1.60 (1.6%)	1.88 (1.9%)	2.16 (2.1%)	3.15 (3.1%)	2.59 (2.5%)
MLC Wholesale Horizon 2 Income Portfolio (MLC0670AU)	1.35	1.16 (1.2%)	3.36 (3.3%)	4.47 (4.5%)	3.26 (3.1%)	3.71 (3.6%)	3.64 (3.5%)	3.55 (3.5%)	6.83 (6.4%)
MLC Wholesale Horizon 3 Conservative Growth Portfolio (MLC0398AU)	1.34	1.23 (1.2%)	5.26 (4.5%)	6.79 (6.2%)	4.20 (3.7%)	5.08 (4.5%)	4.36 (4.0%)	3.43 (3.3%)	6.71 (6.0%)
MLC Wholesale Horizon 4 Balanced Portfolio (MLC0260AU)	1.01	2.64 (2.3%)	7.99 (6.1%)	8.92 (7.7%)	5.41 (4.3%)	3.22 (2.7%)	2.19 (2.0%)	3.88 (3.7%)	7.56 (6.8%)
MLC Wholesale Horizon 5 Growth Portfolio (MLC0265AU)	1.10	3.63 (2.9%)	8.65 (6.0%)	6.86 (5.7%)	2.14 (1.7%)	3.18 (2.6%)	2.09 (1.9%)	4.02 (3.9%)	8.94 (7.9%)
MLC MultiActive High Growth (MLC0397AU)	-	6.46 (5.9%)	10.48 (8.0%)	11.40 (10.2%)	7.50 (6.0%)	9.00 (7.4%)	2.00 (1.8%)	4.55 (4.6%)	9.71 (8.8%)
MLC MultiActive Geared (MLC0449AU)	-	5.45 (3.5%)	14.84 (7.7%)	17.04 (11.3%)	6.43 (3.8%)	4.13 (2.6%)	1.57 (1.1%)	5.45 (4.6%)	14.14 (10.4%)

² The distribution yield for a fund is the annual CPU divided by the unit price released the day after the final distribution for the previous financial year. A fund's total return includes unit price movements (ie capital growth) and its income distribution. Total returns are available at mlcam.com.au



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		2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
MLC Wholesale Inflation Plus – Conservative Portfolio (MLC0921AU)	1.10	2.24 (2.2%)	4.29 (4.1%)	3.50 (3.4%)	4.51 (4.2%)	3.92 (3.7%)	2.08 (2.0%)	2.21 (2.1%)	2.99 (2.8%)
MLC Real Return Moderate (MLC0920AU)	-	2.36 (2.4%)	6.05 (5.6%)	2.76 (2.7%)	5.66 (5.3%)	4.00 (3.7%)	2.98 (2.8%)	2.94 (2.8%)	3.75 (3.5%)
MLC Real Return Assertive Class A (MLC0667AU)	-	1.98 (2.2%)	5.81 (5.9%)	3.94 (4.4%)	6.63 (6.9%)	3.00 (3.2%)	1.49 (1.7%)	4.71 (5.3%)	8.12 (8.4%)
MLC Real Return Assertive Class B (MLC0668AU)	-	0.85 (0.9%)	4.79 (4.8%)	2.69 (2.9%)	5.54 (5.6%)	1.62 (1.7%)	0.17 (0.2%)	3.49 (3.9%)	6.84 (7.0%)
MLC Index Plus Conservative (MLC7849AU)	1.34	1.64 (1.6%)	2.44 (2.2%)	5.39 (5.2%)	3.09 (2.9%)	3.30 (3.2%)	3.07 (3.1%)	n/a	n/a
MLC Index Plus Balanced (MLC7387AU)	1.18	2.31 (2.2%)	4.05 (3.4%)	5.78 (5.6%)	3.77 (3.5%)	3.93 (3.8%)	3.62 (3.6%)	n/a	n/a
MLC Index Plus Growth (MLC9748AU)	1.07	2.69 (2.5%)	4.59 (3.8%)	6.46 (6.2%)	3.78 (3.4%)	4.12 (3.9%)	3.98 (4.0%)	n/a	n/a
MLC Wholesale Australian Share Fund (MLC0262AU)	1.47	7.22 (8.8%)	10.57 (10.8%)	13.83 (15.9%)	6.22 (6.2%)	8.95 (8.9%)	10.03 (10.4%)	11.57 (12.2%)	6.14 (6.2%)
MLC Wholesale IncomeBuilder (MLC0264AU)	4.45	11.63 (7.7%)	18.05 (11.0%)	6.29 (4.8%)	8.89 (5.3%)	16.04 (9.5%)	9.89 (5.7%)	13.43 (8.2%)	11.80 (6.4%)
MLC Wholesale Australian Share Index Fund (MLC0893AU)	2.93	7.25 (5.9%)	16.51 (11.1%)	4.80 (3.9%)	8.59 (6.0%)	9.00 (6.6%)	10.78 (8.2%)	9.19 (7.4%)	5.00 (3.9%)
MLC Wholesale Global Share Fund (MLC0261AU)	-	14.07 (16.4%)	9.74 (9.2%)	11.96 (13.4%)	10.32 (10.4%)	8.66 (8.8%)	19.82 (19.3%)	3.85 (4.3%)	15.99 (14.8%)



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		2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
MLC Wholesale Property Securities Fund (MLC0263AU)	0.86	1.82 (2.5%)	1.66 (2.0%)	1.03 (1.6%)	1.73 (2.2%)	2.40 (3.5%)	2.73 (4.2%)	3.23 (4.5%)	3.13 (5.2%)
MLC Wholesale Global Property Fund Class A (MLC0786AU)	-	0.02 (0.0%)	0.00 (0.0%)	5.57 (8.8%)	- (0.0%)	0.01 (0.0%)	0.04 (0.1%)	- (0.0%)	5.85 (8.7%)
MLC Wholesale Global Property Fund Class B (MLC0784AU)	-	0.03 (0.0%)	0.00 (0.0%)	2.0 (2.9%)	- (0.0%)	0.01 (0.0%)	0.05 (0.1%)	- (0.0%)	6.64 (8.6%)
MLC Wholesale Diversified Debt Fund Class A (MLC0839AU)	0.35	0.26 (0.3%)	2.11 (2.1%)	5.01 (4.9%)	4.28 (4.1%)	3.25 (3.3%)	3.92 (3.9%)	4.33 (4.2%)	4.81 (4.7%)
MLC Wholesale Diversified Debt Fund Class B (MLC0855AU)	-	0.00 (0.0%)	1.80 (1.8%)	4.05 (4.0%)	2.96 (2.9%)	1.97 (2.0%)	2.67 (2.7%)	2.99 (2.9%)	3.55 (3.5%)

The above amounts are historical distributions and are not indicative of future distributions.



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