



MLC MasterKey Unit Trust & MLC MasterKey Investment Service

MLC IncomeBuilder

Quarterly distribution summary

28 February 2014

Underlying income distributions

For the quarter to 28 February 2014, MLC IncomeBuilder produced an underlying income distribution of 2.05 cents per unit (cpu). This is 28.9% above the 1.59 cpu distribution paid by the Fund in the February 2013 quarter.

The Fund's total distribution for the four quarters to 28 February is 8.0 cpu, which is 2.2% lower than the previous year's 8.18 cpu distribution (see table below). The marginally lower distribution 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 (eg Harvey Norman Limited). However, the total distribution for the first three quarters of the current financial year is 5.74 cpu, which is 5.9% higher than last year's total distribution of 5.42 cpu for the first three quarters.

Quarterly underlying income distribution comparison for MLC MasterKey Unit Trust - IncomeBuilder

	Prior year	Current year	% change
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%
Quarter 3 (Feb.)	1.59	2.05	28.9%
Total	8.18	8.00	-2.2%

Source: MLC

Companies that paid increased dividends this quarter

Westpac Banking Corporation Limited – Westpac's final dividend of 88 cents per share (fully franked) was 4.8% higher than the 84 cents per share dividend in the corresponding quarter for 2013. A capital return of 10 cents per share was also paid. The total dividend for the year (fully franked) was \$1.94 per share (including special dividends totalling 20 cents per share), compared to \$1.66 per share the previous year. The higher dividend and payment of two special dividends during the year reflects the strong operating performance for the year, with increases in revenue and cash earnings of 4% and 8% respectively. Every operating division and each of Westpac's brands contributed to the rise in revenue and earnings.

National Australia Bank Limited (NAB) – NAB's 97 cents per share (fully franked) final dividend was 7.7% above the previous year's corresponding dividend. It brings the full year dividend payout to \$1.90 per share, 5.6% higher than the previous year's.



In its first quarter trading update, NAB reported a 7% increase in its cash earnings, to \$1.55 billion.

Australia and New Zealand Banking Group Limited (ANZ) – ANZ's 91 cents per share final dividend (fully franked) was 15.2% higher than the previous year's corresponding dividend. Full year dividends totalled \$1.64 per share, compared to \$1.45 last year. ANZ's current financial year has started strongly with cash earnings of \$1.73 billion in the three months to 31 December 2013, up 13% on the same period last year.

Harvey Norman Limited (HVN) – HVN's 4.5 cents per share (100% franked) final dividend was 12.5% higher than the 4 cents per share fully franked dividend last year. While HVN's 9 cents per share dividend for the year was unchanged from last year's, the share price increased 66.3% in the 2013 calendar year.

Aristocrat Leisure Limited (ALL) – ALL paid a final (unfranked) dividend of 7.5 cents per share, which was 275% higher than last year's corresponding dividend. The higher dividend was possible because net profit increased by 16.9% over last year's. Total dividends of 14.5 cents per share represented a payout ratio of 75%, which is at the upper end of the company's new payout range of 60% - 80% of earnings. According to the company, this indicates its confidence in its performance momentum and outlook.

Other companies and property trusts that paid dividends to the Fund during the quarter include Stockland Group (unchanged from last year's dividend), Duet Group (a 3.0% rise), Resmed Inc. (a 61.5% rise), Charter Hall Retail REIT (a 2.6% rise), Sydney Airport (a 15% rise), Orica (a 1.9% rise) and Mirvac Group (a 4.8% rise).

Companies that paid lower dividends this quarter were Incitec Pivot (down 36.3% as the high Australian dollar and low global fertiliser prices adversely impacted company profit) and Metcash Limited (down 17.4% due to lower company earnings).

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 23 February 2014.

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