



MLC Wholesale & MLC MasterKey Investment Service Fundamentals

MLC IncomeBuilder™

Quarterly distribution summary

30 September 2012

Underlying income distributions

For the quarter ending 30 September 2012, the MLC IncomeBuilder Fund produced an underlying income distribution of 1.46 cents per unit (cpu). This is 13.2% above the 1.29 cpu distribution paid by the fund in the previous year's September quarter.

The September quarter distribution was paid as two separate distributions, the first for 30 September and the second for 11 October. This was because the first distribution understated the fund's distributable income. The distribution was then recalculated and the additional distribution paid.

The fund's total distribution for the year to 30 September is 7.02 cpu, which is 3.4% higher than the previous year's 6.79 cpu distribution (see table below).

Quarterly underlying income distribution comparison

	Previous year	Current year	Change (%)
Quarter 2 (Dec)	1.81	1.91	+5.5
Quarter 3 (Mar)	1.48	1.46	-1.4
Quarter 4 (June)	2.21	2.19	-0.90
Quarter 1 (Sept)	1.29	1.46	+13.2
Total	6.79	7.02	+3.4%

*Note: underlying income distributions in the table exclude capital gains
Source: MLC Wholesale IncomeBuilder™*

A large number of companies paid dividends to the fund during the quarter. The dividends received were mostly higher than those paid in last year's corresponding period. Banks and listed property trusts were among the more significant contributors to this quarter's higher distribution.

Westpac Banking Corporation (WBC) – Westpac's half year dividend paid in July was 82 cents per share (fully franked). This was an increase of six cents, or 7.9%, on last year's corresponding dividend and equates to a dividend payout ratio of 78% of cash earnings. At the bank's interim profit announcement earlier this year, which revealed a 1% rise in cash earnings to \$3.195 billion, the CEO noted that returning the majority of cash earnings to investors through the higher dividend was possible because of the bank's strong capital position and surplus franking credits.

ANZ Banking Group (ANZ) – ANZ paid a half year dividend of 66 cents per share in July. This was two cents higher than last year's corresponding interim dividend. While the latest dividend represents a payout ratio of only 59%, ANZ has historically applied a lower payout ratio to the interim dividend. ANZ continues to take a different growth path to the other major Australian banks by developing a regional position across



Asia. Maple-Brown Abbott, the fund's active manager, believes ANZ's capital position is strong and their shares attractively priced, based on forecast earnings for 2013.

National Australia Bank (NAB) – NAB's 90 cents per share first half dividend (fully franked) was 7.1% above last year's. This was consistent with the 6% increase in NAB's cash earnings to \$2.828 billion for the half year. This increase was largely due to strong results from Wholesale Banking and New Zealand Banking and higher earnings from the Business and Personal Banking divisions.

Metcash Ltd – Metcash's fully franked 16.5 cents per share final dividend was paid in July. This was 3.1% higher than last year's final dividend and brings the dividend for the year to 28 cents per share, 3.7% above last year's. Some strategic acquisitions designed to grow the company's earnings base were announced during the year. Metcash acquired a 75% interest in Automotive Brands Group, Australia's largest privately owned automotive parts distributor, which operates the Autobarn and Autopro outlets. The company also increased its ownership of hardware group Mitre 10 to 100%. \$375 million of new equity was issued to help fund these and other initiatives.

A number of listed property trusts owned by the fund made distributions during the quarter. Trusts paying higher distributions included Stockland Group, Mirvac Group, Westfield Group, Westfield Retail Trust, CFS Retail Property Trust Group and Dexus Property Group. Goodman Group was one of the few exceptions from the listed property sector to pay a distribution below last year's.

Other companies that paid higher dividends to the fund during the quarter were CSR, Orica and Transurban Group. In contrast, Macquarie Group's 75 cents per share dividend received during the quarter was 25% below last year's.

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 12 October 2012

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