



MLC MasterKey Unit Trust National Investment Trust

Attribution Managed Investment Trust Regime and Income Distributions

Update effective on 11 April 2018

Notice to investors in the MLC MasterKey Unit Trusts and National Investment Trusts (the “Trusts”)

The update is due to the introduction of a new tax system for managed investment trusts under the Attribution Managed Investment Trust (AMIT) regime. The trustee and responsible entity for the trusts listed below, MLC Investments Limited (ABN 30 002 641 661 AFSL 230705), has elected to opt into the AMIT regime from the 2017/18 financial year.

MasterKey Unit Trusts

Name	ARSN	PDS Date
MLC Horizon 1 Bond Portfolio	112 925 274	30 September 2017
MLC Horizon 2 Income Portfolio	087 940 592	30 September 2017
MLC Horizon 3 Conservative Growth Portfolio	097 221 077	30 September 2017
MLC Horizon 4 Balanced Portfolio	087 944 625	30 September 2017
MLC Horizon 5 Growth Portfolio	087 944 438	30 September 2017
MLC Horizon 6 Share Portfolio	097 220 945	30 September 2017
MLC Horizon 7 Accelerated Growth Portfolio	102 215 725	30 September 2017
MLC Property Securities Fund	087 944 652	30 September 2017
MLC Australian Share Fund	087 945 293	30 September 2017
MLC Income Builder	087 944 287	30 September 2017
MLC Vanguard Australian Share Index	087 939 919	30 September 2017
MLC Global Share Fund	087 943 682	30 September 2017
MLC Platinum Global Fund	087 940 065	30 September 2017
MLC Cash Fund	087 940 467	30 September 2017

Name	ARSN	PDS Date
MLC Australian Share Growth Style Fund	106 465 418	Not offered
MLC Australian Share Value Style Fund	106 465 383	Not offered
MLC Global Share Growth Style Fund	106 465 356	Not offered
MLC Global Share Value Style Fund	106 465 454	Not offered

National Investment Trusts

Name	ARSN	PDS Date
National Australia Monthly Income Fund	093 198 684	30 September 2017
National Australia Balanced Fund	093 198 817	30 September 2017
National Australia Property Fund	093 198 513	30 September 2017
National Australia Dividend Imputation Fund	093 198 602	30 September 2017

DISTRIBUTION APPROACH

In most circumstances, there won't be any change to the way our funds distribute income and allocate taxable income to investors.

While a fund is an AMIT we have the discretion to accumulate income (rather than distribute income) and reflect gains in the unit price. We intend to continue our current practice of distributing all income each year (including any capital gains). We'll notify you if this changes.

Under the AMIT regime, investors are taxed on income that is attributed to them on a 'fair and reasonable basis'. Most funds will attribute all components of taxable income to investors in the same way they always have when the regime takes effect. However, there may be occasions when we will change this approach. For example, if there is an exceptional redemption from a fund, we may choose to stream taxable gains to the redeeming investor so that the remaining investors are not adversely affected.

NATIONAL AUSTRALIA MONTHLY INCOME FUND

Distribution Quarter Ending 30 June 2018

We're changing the distribution methodology for the National Australia Monthly Income Fund (ARSN 093 198 684) ('Fund'), following the election in to the AMIT regime, due to the unique nature of the Fund's distribution process.

The trustee advises that the Fund's rates for determining the monthly distributions in the quarter ending 30 June 2018 are as follows:

	Entry Fee Option	Nil Entry Fee Option
April 2018	3.38%	2.84%
May 2018	3.38%	2.84%
June 2018	0.00%	0.00%

This will mean that you will not receive a cash distribution in June 2018. However, the rates for April and May 2018 have been set higher to recognise that no distribution will be made in June. We intend to continue this practice for the June quarter each year going forward.

If you have elected a nominated payment rate in relation to your investments in this Fund there will be no change to the cash you receive. However, the amount of units redeemed to fund these payments will change.

At the end of the financial year if we've paid you less than your share of the Fund's actual income for the year, we'll pay a further distribution as additional units. The distribution is based on the number of units you hold at 30 June.

PRODUCT DISCLOSURE STATEMENT

Updates have been made to the MLC MasterKey Unit Trust Product Disclosure Statement dated 30 September 2017 ('PDS').

Income distributions

The 'Income distribution' section in each fund profile of the MLC MasterKey Unit Trust options* in the PDS includes the following:

Our current practice is to generally distribute all of the net taxable income of the Fund to investors for each financial year (including any net capital gains and net gains on currency management). While the Fund is an Attribution Managed Investment Trust (AMIT), we have the discretion to accumulate income (instead of distributing all of the income) and if we do so, the accumulated income will be reflected in the unit price.

However, we intend to continue our current practice to distribute all of the income (including any capital gains) for each year. We will notify you if this changes.

The existing wording in the 'Income distribution' section in the fund profile of the National Australia Monthly Income Fund in the PDS is replaced entirely with the following:

We'll calculate and distribute income within 14 days of the end of each month other than June using the rates set at the beginning of each quarter. The rates are set based on an estimate of the portfolio's expected income for the year and distributions made to date. We will set the rate for June each year at 0% while the Fund is an Attribution Managed Investment Trust (AMIT)

At the end of the financial year if we've paid you:

- less than your share of the portfolio's actual income, we'll pay a further distribution as additional units. This distribution is based on the number of units you hold at 30 June or,*
- more than your share of the portfolio's actual income, the difference will be reflected in your Annual Tax Statement as a return of capital.*

*Income distribution PDS updates will not apply to MasterKey Unit Trust options not offered, the National Australia Balanced Fund, National Australia Property Fund, National Australia Dividend Imputation Fund or the MLC Cash Fund.

Overview of the AMIT regime

The information under the sub-heading 'Overview of the AMIT regime' in the PDS has been replaced with the following:

A new regime for the taxation of managed investment trusts (AMIT regime) was introduced on 5 May 2016. The AMIT regime is designed to provide greater flexibility for managed funds and fairness for their investors. We have elected for the AMIT regime to apply to the funds from the 2017/18 financial year and later years of income.

Under the AMIT regime, investors are taxed on income that is attributed to them on a "fair and reasonable basis" for each financial year.

Under the AMIT regime it's not necessary for a fund to distribute all its income (including capital gains) to ensure that the fund doesn't pay tax. Instead, we have the discretion to accumulate income in the fund and it would be reflected in the unit price.¹ Taxable income is attributed to investors, even if a fund doesn't distribute its income.

However, we intend to continue our current practice of distributing all of a fund's income (including any capital gains) to our investors each financial year. We will notify you if this changes.

The details of the taxable income attributed to you will be set out in an AMIT Member Annual Statement (AMMA Statement), which will contain all necessary tax information. The tax payable (if any) depends on your individual tax profile and applicable tax rate.

If you disagree with our attribution of taxable income, you can object to the Commissioner of Taxation. If you decide to take this course, it is important that you obtain professional tax and legal advice. The Constitution of each Trust provides for you to give us notice before making an objection, so please do so and we will work with you to try to resolve the issue.

Important information

Important information

This information is provided by MLC Investments Limited (ABN 30 002 641 661, AFSL 230705), a member of the National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686) (NAB) group of companies (NAB Group), 105–153 Miller Street, North Sydney 2060.

NAB does not guarantee or otherwise accept any liability in respect of any financial product referred to in this communication.

This information is directed to and prepared for Australian residents only.

This information may constitute general advice. It has been prepared without taking account of an investor's objectives, financial situation or needs and because of that an investor should, before acting on the advice, consider the appropriateness of the advice having regard to their personal objectives, financial situation and needs.

You should obtain a Product Disclosure Statement (PDS) relating to the financial products mentioned in this communication issued by MLC Investments Limited, and consider it before making any decision about whether to acquire or continue to hold these products. A copy of the PDS is available upon request by phoning MLC on 132 652 or on our website at mlc.com.au

Any opinions expressed in this communication constitute our judgement at the time of issue and are subject to change.

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¹ This power of accumulation does not apply to the National Australia Monthly Income Fund, National Australia Balanced Fund, National Australia Property Fund, National Australia Dividend Imputation Fund or the MLC Cash Fund.