



MLC MasterKey Unit Trust & MLC MasterKey Investment Service

MLC IncomeBuilder

Quarterly distribution summary

31 August 2014

Underlying income distributions

For the quarter to 31 August 2014, MLC IncomeBuilder produced an underlying income distribution of 1.40 cents per unit (cpu). This is 22.2% below the 1.80 cpu distribution paid by the Fund in the August 2013 quarter.

During the year the Fund reduced its holdings in some companies that pay a dividend in the August quarter each year, such as National Australia Bank and Westpac. That's the main reason the Fund's distribution is lower this quarter than August 2013. Reducing exposure to these companies has allowed the Fund to buy into companies that have been increasing their dividends and the manager expects will continue to increase earnings and dividends in the future. These include Recall, BHP, IAG, Woodside and Sydney Airport.

The Fund has also sold out of companies that our active managers believe are fully valued, such as CSR, 21st Century Fox and Aristocrat Leisure. The managers have invested the funds raised in companies that are more attractively valued and that they expect to report higher earnings and franked dividends in future (eg Metcash, Duet, Echo, Suncorp and Mirvac).

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

	FY 2013/14	FY2014/15	Change from FY2013/14
Quarter 1 (Aug)	1.80	1.40	-22.2%
Quarter 2 (Nov)	1.89		
Quarter 3 (Feb)	2.05		
Quarter 4 (May)	2.26		
Total	8.00		

*Underlying distribution consists of dividend and other income and excludes capital gains.

Source: MLC

Companies that paid increased dividends this quarter

Westpac Banking Corporation – Westpac's interim dividend of 90 cents per share (fully franked) was 4.7% higher than the 86 cents per share dividend in the corresponding quarter for 2013. The higher interim dividend reflects the bank's strong operating performance and increases in revenue and cash earnings, supported by a further improvement in asset quality. The total of the last two half year dividends (fully



franked) is \$1.78 per share, compared to \$1.70 per share for the previous year. However, this excludes two special dividends of 10 cents each paid to shareholders in July and December 2013.

National Australia Bank (NAB) – NAB's 99 cents per share (fully franked) interim dividend was 6.5% above the previous year's corresponding dividend of 93 cents per share. It is also above pre-GFC levels and is NAB's highest interim dividend on record. In its third quarter trading update, NAB reported a 7.0% increase in cash earnings to \$1.6 billion compared to the same period last year, despite a 1% decrease in revenue.

Australia and New Zealand Banking Group (ANZ) – ANZ's 83 cents per share interim dividend (fully franked) was 13.7% higher than the previous year's corresponding dividend of 73 cents per share (fully franked). In its recent trading update for the nine months to 30 June 2014, ANZ announced a cash profit of \$5.2 billion, up 8% on the same period last year. The market expects a higher final dividend compared with last year.

Sydney Airport (SYD) – SYD's 11.5 cents per share interim dividend (unfranked) was 4.5% higher than the previous corresponding period's 11 cents per share (unfranked). SYD's recent half year result confirmed all of Sydney Airport's operating businesses have experienced strong revenue growth. As a result, SYD reaffirmed its distribution guidance of 23.5 cents per share for the full year to 31 December 2014, a rise of 4.4% from the 22.5 cents per share distribution in 2013.

Other companies and property trusts that paid dividends to the Fund during the quarter include Stockland (unchanged from last year's dividend), DUET (a 3.0% rise), Incitec Pivot (a 2.9% rise), Orica (a 2.6% rise) and ResMed (a 9.2% rise).

Companies that reduced their dividends this quarter

One company that paid lower dividends was Metcash Limited. The 9.0 cents per share final dividend (fully franked) was 45.5% below last year's dividend for the corresponding period of 16.5 cents per share (fully franked). This was due to the company's lower earnings.

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 the MLC MasterKey Unit Trust - IncomeBuilder as at 31 August 2014.

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