



# MLC MasterKey Unit Trust IncomeBuilder

Annual distribution commentary, 2026 financial year

9 June 2026

## Summary

This financial year was a positive year for investors who rely on Australian shares for income. The distributions from dividend income were higher in the 2026 financial year (FY2026) supported by earnings growth. The increases in dividend payments made by Insurance companies, IAG and QBE) and Consumer Staples (Coles and Metcash), were offset by moderately lower dividends from Consumer Discretionary (Treasury Wine Estates and Endeavour Group).

On Sunday, 31 May 2026 the last cash distribution for FY2026 was made to investors in MLC IncomeBuilder. Table 1 provides the annual cents per unit (cpu) distribution and its components for this financial year and the previous eight years for comparison.

**Table 1 – MLC IncomeBuilder distributions history**

Financial year ending 31 May	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Total underlying income distribution* (cpu)	7.80	6.80	7.32	7.98	6.21	2.92	6.84	8.60	7.70
Capital gains (cpu)**	13.02	19.18	11.04	5.98	11.56	8.93	9.26	14.24	4.76
Total distributions (cpu)	20.82	25.98	18.36	13.96	17.77	11.85	16.10	22.84	12.46
Franking level of distributed income (excluding non-assessable capital gains)	59%	47%	62%	90%	65%	63%	76%	68%	102%
Franking level of dividend income	109%	113%	109%	123%	125%	161%	127%	124%	133%

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

\*\*Part of the capital gains are concessional capital gains which are non-tax assessable for individuals and superannuation investors as follows:

- Individual investors: approximately half of the capital gains are concessional capital gains which are not tax-assessable
- Superannuation fund investors: approximately a third of the capital gains are concessional capital gains which are not tax-assessable.

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

In summary, for the FY2026, the fund's:

- total distribution is moderately lower than last year mainly due to a decrease in capital gains income.
- franked dividends provide investors with a tax-efficient income stream.
- capital gains were lower than the prior year's. Half of the capital gains are concessional capital gains and are therefore not tax-assessable for individuals, and a third are not tax-assessable for superannuation fund investors. The remainder of the distributed capital gains is taxed at the investor's marginal tax rate.

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## Underlying income distribution

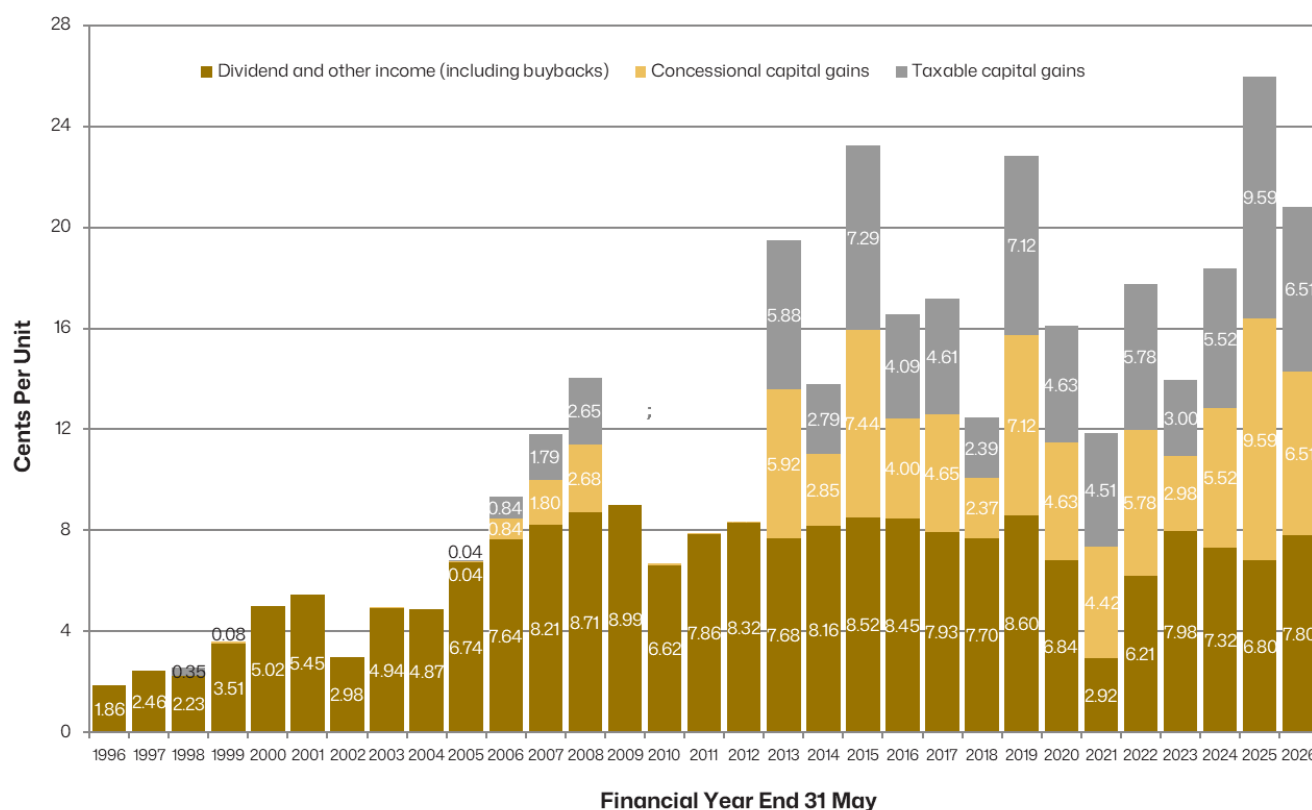
We manage the fund to allow all dividends and any other income generated by the fund's investments to flow through to investors rather than 'engineering' an income stream through more frequent portfolio turnover, hybrid investments or using derivatives. In more normal environments the fund's distributions from dividends tend to be stable over the medium term, reflecting the dividend policies of the companies the fund invests in. We continue to believe the investment approaches of our investment managers and regular fund distributions provides a more reliable way of delivering sustainable long-term tax efficient income to investors.

However, there have been times when the fund's underlying income growth (shown by the bronze bars in Chart 1) slows or reduces as company earnings slow. Due to the nature of the economic shutdown required to contain COVID-19, dividends were significantly impacted in 2021. However as the economy normalised, many companies recommenced paying their regular dividends in 2022, although some companies continued to experience challenges post the COVID-19 period.

In FY2026 the fund's net income was adequate to distribute in each quarter (August, November, February and May).

Chart 1 shows that when you look back over the greater than 30 years since the fund's inception, that it has a history of achieving its primary objective of producing a growing, tax-efficient income stream.

**Chart 1: MLC IncomeBuilder annual distributions**



**Source:** MLC IncomeBuilder. Distributions are calculated net of fees. Concessional capital gains are shown for individual investors; superannuation fund investors will have lower concessional capital gains and higher taxable capital gains than shown in the chart.

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

The fund's underlying income excludes capital gains and currently comprises mostly dividend income with a small exposure to distributions of Australian Real Estate Investment Trusts (REITs) and interest income from the immaterial cash exposure. Most of the dividend income is franked, which provides investors with a tax-efficient income stream.

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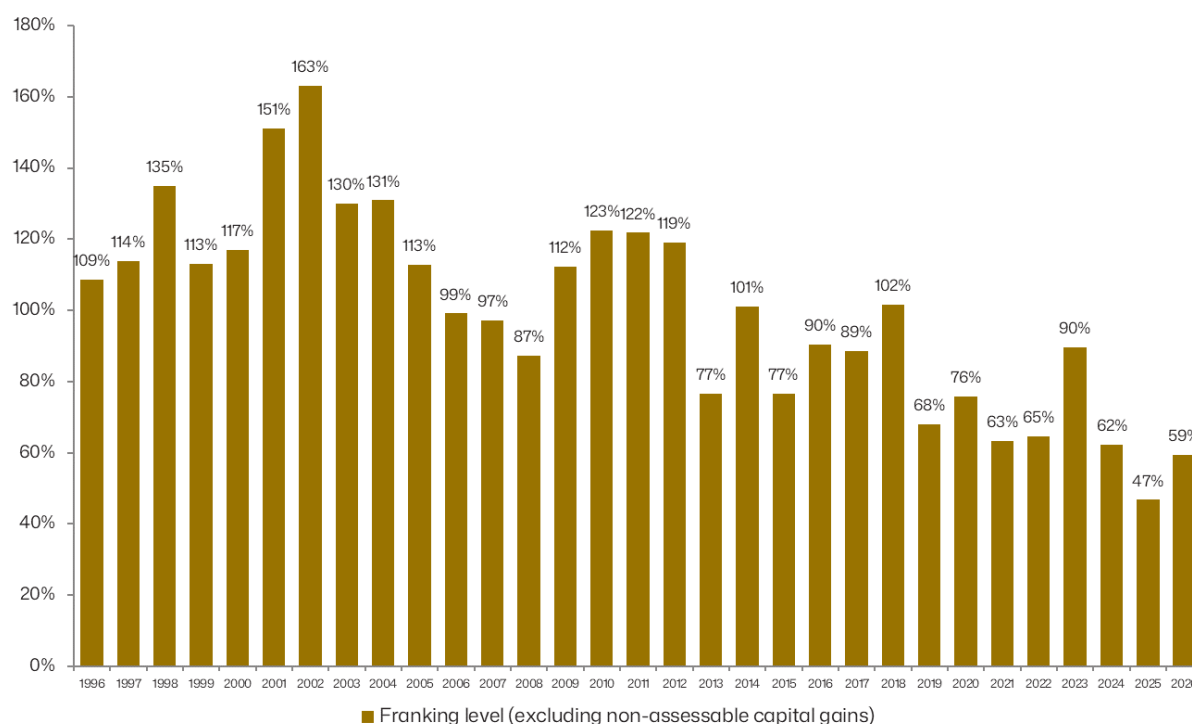
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## Franking levels

MLC IncomeBuilder has delivered a tax-efficient income stream with a franking level of distributed income (excluding non-assessable capital gains) of 59% this year (Chart 2).

Since its inception, the fund has maintained a high franking level by investing in Australian companies that derive most of their earnings from Australian sources, and therefore pay domestic tax on those earnings. The franking level of dividend income was 109% in FY2026.

**Chart 2: Franking levels for MLC IncomeBuilder**



**Source:** MLC IncomeBuilder. Franking levels shown in the graph are calculated net of fees and exclude non-assessable capital gains for individual investors, in accordance with FSC's standard. Superannuation fund investor franking levels would be lower than shown in the graph as their concessional capital gains will be lower, and taxable capital gains higher.

The above amounts are historical franking levels and are not indicative of future franking levels.

The fund's franking level is a measure of the imputation credits attached to its income distribution

## Capital gains

Over the long term the fund has demonstrated the majority of its distributions have been franked dividend income. However, the fund is also required to distribute any realised capital gains at the end of its financial year. Capital gains can arise when the fund sells shares at prices higher than their original purchase price.

When our active investment managers, Antares Equities and Maple-Brown Abbott, believe share values have reached their full potential, we expect the managers to seek better long-term risk and return opportunities. In this way our managers seek to grow and preserve investor's capital over the long term, from which future franked dividend income may be generated. However, these portfolio changes can result in the realisation of capital gains.

These gains typically feature in the fund's distribution after periods of very strong market performance and as a result of corporate actions such as takeovers and buybacks.



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Our investment managers tend to hold shares for long periods of time and don't generally buy and sell the same company within a year. Therefore the benefit of the capital gain discount is passed onto investors. That's why half of the capital gains distributed this year (shown in Chart 1) were concessional capital gains, which are not tax-assessable for individuals, and a third are not tax-assessable for superannuation fund investors.

The net taxable realised capital gains portion of the annual distribution is automatically reinvested as additional units. This ensures an investor's capital base, from which their dividend income is generated, continues to grow by being re-invested in the fund. The fund has operated in this way since it was established, as it helps investors remain focussed on maintaining a growing tax-efficient income stream.

### Dividends from the fund's investments

Table 2 shows dividends paid by MLC IncomeBuilder's larger company holdings in FY2026 and how their dividend has changed compared to the same time last year. More than 70% of the fund is invested in the companies below. While some companies decreased their dividends compared to this time last year, the majority have increased their dividends this financial year

**Table 2: Dividends paid in FY2026 (1 June 2025 to 31 May 2026), by MLC IncomeBuilder's largest company holdings, ordered from large to small exposures**

Company	Dividend (\$ per share)	% change in dividend compared to FY2025
Westpac Banking Corporation	\$1.53	-8%*
ANZ Group Holdings	\$1.66	-
Telstra Group	\$0.20	8%
National Australia Bank	\$1.70	1%
Commonwealth Bank	\$4.95	4%
Treasury Wine Estates	\$0.20	-49%
Insurance Australia Group	\$0.31	7%
BHP Group	\$1.96	3%
Metcash Limited	\$0.18	6%
CSL Limited	\$4.32	1%
Coles Group	\$0.73	6%
Endeavour Group	\$0.17	-15%
Origin Energy	\$0.60	4%
Amcor Plc	\$1.52	96%
Aurizon Holdings	\$0.19	15%
Woodside Energy Group	\$1.65	-12%
Ansell Limited	\$0.80	20%
QBE Insurance Group	\$1.09	25%
Dyno Nobel	\$0.12	12%

\*Special dividend paid in FY2025

**Sources:** ASX, MLC Asset Management Services Limited. Securities mentioned in this commentary may no longer be held in MLC IncomeBuilder.



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### Outlook

The recent financial reporting period saw positive market earnings revisions for the S&P/ASX 300 Index for the first time in over three years as resources companies enjoyed earnings upgrades. Dividend forecasts were increased on the back of an improved earnings outlook and a number of stocks held in IncomeBuilder were amongst the largest contributors to upgrades to broad market averages, including BHP, Woodside and Telstra.

In this environment of heightened volatility, the active investment style and deep company research practiced by both our managers, Antares Equities and Maple-Brown Abbott, will help position the fund's investments appropriately as the economy continues to face uncertainty regarding high inflation and the conflict between the US, Israel and Iran.

These managers' investment approaches when blended, have proven that they can provide a reliable way of delivering sustainable long-term tax efficient income to investors.

Up-to-date commentary on the performance of MLC IncomeBuilder, including information on the dividends declared by underlying companies, is available on the Fund Profile Tool on <https://www.mlc.com.au/fundprofiletool>.

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