

Product Update

The information in this document provides changes to the Product Disclosure Statement ('PDS') for Generation Life Investment Bonds dated 4 December 2017. You should read this update, together with the PDS, before making a decision to invest into Generation Life Investment Bonds. You can obtain the current version by visiting www.genlife.com.au or contacting us on 1800 806 362.

Administration fee discount - special limited fee reduction

The following administration fee scale (after discount) will apply to all eligible investment bonds established between 4 December 2017 and 30 June 2018 (inclusive).

Tiered balance of eligible investment options ¹	Administration fee (after discount)
First \$50,000	Standard administration fee for each eligible investment option – no discount (refer to page 41 of the PDS)
Next \$9,950,000	0.30% p.a.
Balance over \$10,000,000	Nil – full discount

¹ The Macquarie Treasury Fund, Generation Life Term Deposit Fund and Mutual ADI/Bank Securities are not eligible investment options for the purpose of calculating the investment balance and are not eligible for an administration fee discount.

The level of the administration fee discount will depend on the investment value of the investment bonds held and the investment options invested in. Please refer to page 41 of the PDS for investor and investment eligibility criteria and further information about how the administration fee discount rebate works.

This special limited fee reduction will apply on eligible investments held up to and including 30 June 2021, following which the administration fee will revert to the standard administration fee arrangements and any applicable discounts at that time. Generation Life may withdraw, vary or extend the eligibility term of this special limited fee reduction at its discretion without notice.

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About this update: This update is issued by Generation Life Limited ('Generation Life', 'we', 'our', or 'us') ABN 68 092 843 902 AFS Licence 225408. Investments in the Generation Life investment bonds are subject to investment risk, including loss of income and capital invested. None of Generation Life, its parent company or any related entities promise or guarantee the performance of the investment bonds (whether express or implied) including any particular level of investment returns or that they will achieve their investment objectives or the return of your capital invested. Past performance is not indicative of future performance. The issue of this update is authorised solely by Generation Life. Apart from Generation Life, neither its parent company nor any related entities are responsible for any statement or information contained within the PDS relating to the investment bonds. The information provided in this update is general information only and does not take account of your personal financial or taxation situation or needs. You should consider obtaining financial advice relevant to your personal circumstances before investing. Distribution of this update, (including over the internet or by other electronic means) in jurisdictions outside of Australia may be subject to legal restrictions. Therefore, any person residing outside Australia who receives or accesses this update should seek independent legal advice. If you have received this update over the internet (or by other electronic means) and would like a copy of the printed update, you can be sent one free of charge on request. This update does not constitute an offer or invitation in any place where, or to any person to whom, it would not be lawful to make such an offer or invitation.

Investment Bonds

Flexible tax-effective investing for all life stages





About this PDS

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LifeBuilder, ChildBuilder and FuneralBond are investment bonds offered through the Generation Life Benefit Funds. Generation Life is a regulated life insurance company within the meaning of the Life Insurance Act 1995.

Investments in the investment bonds are subject to investment risk, including loss of income and capital invested. None of Generation Life, its parent company or any related entities promise or guarantee the performance of the investment bonds (whether express or implied) including any particular level of investment returns or that they will achieve their investment objectives or the return of your capital invested. Past performance is not indicative of future performance.

The issue of this PDS is authorised solely by Generation Life. Apart from Generation Life, neither its parent company nor any of its related entities are responsible for any statement or information contained within the PDS relating to the investment bonds.

The information provided in this PDS is general information only and does not take account of your personal financial or taxation situation or needs. You should consider obtaining financial advice relevant to your personal circumstances before investing.

Distribution of this PDS (including over the internet or by other electronic means) in jurisdictions outside of Australia may be subject to legal restrictions. Therefore, any person residing outside Australia who receives or accesses this PDS should seek independent legal advice. If you have received this PDS over the internet (or by other electronic means) and would like a copy of the printed PDS, you can be sent one free of charge on request. This PDS does not constitute an offer or invitation in any place where, or to any person to whom, it would not be lawful to make such an offer or invitation. Initial applications for investment can only be made on an application form which accompanies this PDS.

ChildBuilder is a trademark of Generation Life. Third party trademarks are used in this PDS with the consent of their owners.

Additional Information Booklet

You can find more detailed information on particular topics in the Additional Information Booklet ('Additional Information Booklet') which is available on our website or by contacting us.

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generation
life



We understand that finding the right investment partner is important to you.

As the pioneer of Australia's first truly flexible investment bond, we have been at the forefront of providing innovative tax-effective solutions for over 15 years.

Today we are a leading specialist provider of investment solutions – we have had over \$1 billion invested with us to date.

Generation Life is a regulated life insurance company and our parent company is listed on the Australian Stock Exchange.



Investment bonds

Tax-effective and flexible solutions that put you in control

Our investment solutions prepare you today to navigate the financial realities of tomorrow.

Investment bonds help you meet the twists and turns of life and your long-term investment goals in a number of ways:

- tax-effective benefits for wealth creation and the generational transfer of that wealth
- goal-specific and flexible investment solutions for different life stages
- an investment solution with greater choice and control on 'what', 'how much' and 'when' to invest
- complete flexibility to access your investment at any time.

Tax-effective

Investment bonds have tax advantages and are especially attractive to higher income earners. Investment earnings are taxed at a maximum rate of 30%, rather than your personal marginal tax rate, and these earnings don't contribute to your personal income.

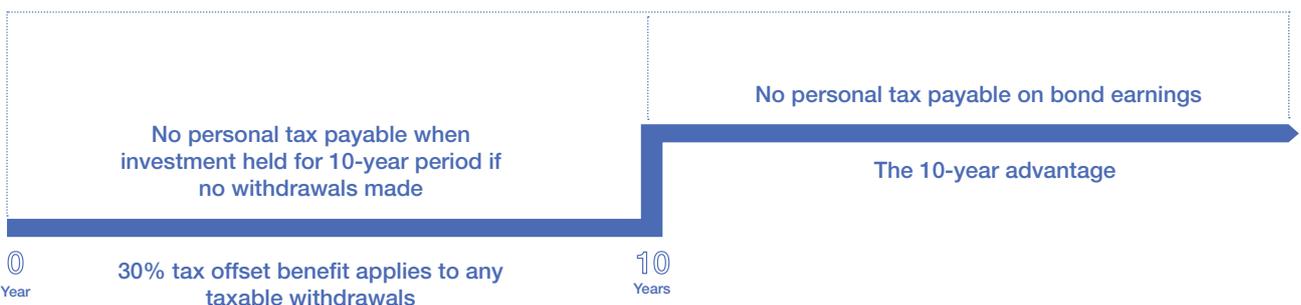
From year to year, the actual effective tax rate can be significantly less than 30% depending on the asset class invested in. This is because of the favourable effects of imputation and foreign tax credits and tax provisioning undertaken for your investment.

This table shows the estimated long-term effective tax rate ranges for different asset classes held within our investment bonds.

Asset class	Estimated long-term effective tax rate
Australian shares	23%-27%
International shares	22%-27%
Australian fixed interest	27%-30%
International fixed interest	27%-30%
Property securities	22%-29%
Cash	27%-30%

There is no need to provide a tax file number and no annual tax reporting is required while you hold your investment, provided you don't make a withdrawal within the first 10 years. After holding your investment for 10 years, earnings won't attract any personal tax liability - this is known as the '10-year advantage'.

Importantly, unlike superannuation, you have access to your investment at any time, including before 10 years. If you make a withdrawal before 10 years, you will receive a compensating tax offset (currently 30%) which you can use to offset any personal tax payable in the financial year that the withdrawal was made.



If your marginal tax rate is below 30%, the tax offset can be used to reduce tax payable on other income you may have earned. This means you will only pay the difference between your marginal tax rate (if above 30%) and the 30% tax already paid by us on the earnings. The 10-year period can be re-set in certain circumstances (see the 125% opportunity below).

Easy access

Investment bonds give you complete access and flexibility. You can access your investment at any time when you need it.

Your money isn't locked away until retirement age, unlike superannuation. You decide when to access your investment with no maximum limit on how much you take out. You can also transfer your investment to another person as a gift, normally without personal tax or capital gains tax implications.

Control: transferring wealth

Investment bonds are an efficient and cost-effective way of providing for family and loved ones after your death. Any benefits paid to the recipients are tax-free, irrespective of how long you have held the investment bond.

You control how your wealth is transferred. Using an investment bond in conjunction with, or as an alternative to, a Will or a testamentary trust allows you to bypass the delays and uncertainties sometimes associated with administering an estate.

Borrow against

Investment bonds (excluding funeral bonds) can be used as security against a loan. If your loan is used to generate income, interest and other loan-related costs may be tax deductible.

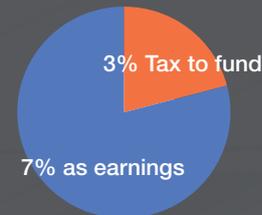
Bankruptcy protection

Similar to superannuation, if you own an investment bond as an individual, you may receive protection from creditors in the case of bankruptcy (provided your intention wasn't to defeat creditors).

Compare the after tax earnings of an investment bond (assuming a 10% pre-tax return) to a managed fund

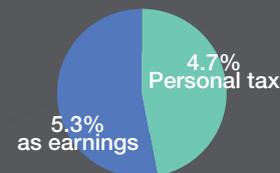
Bond Investment

Tax paid at 30%

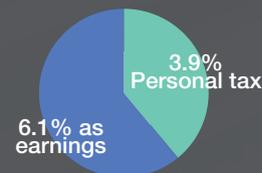


Investing directly into a managed fund

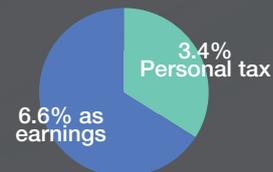
Investor marginal tax rate of 47%



Investor marginal tax rate of 39%

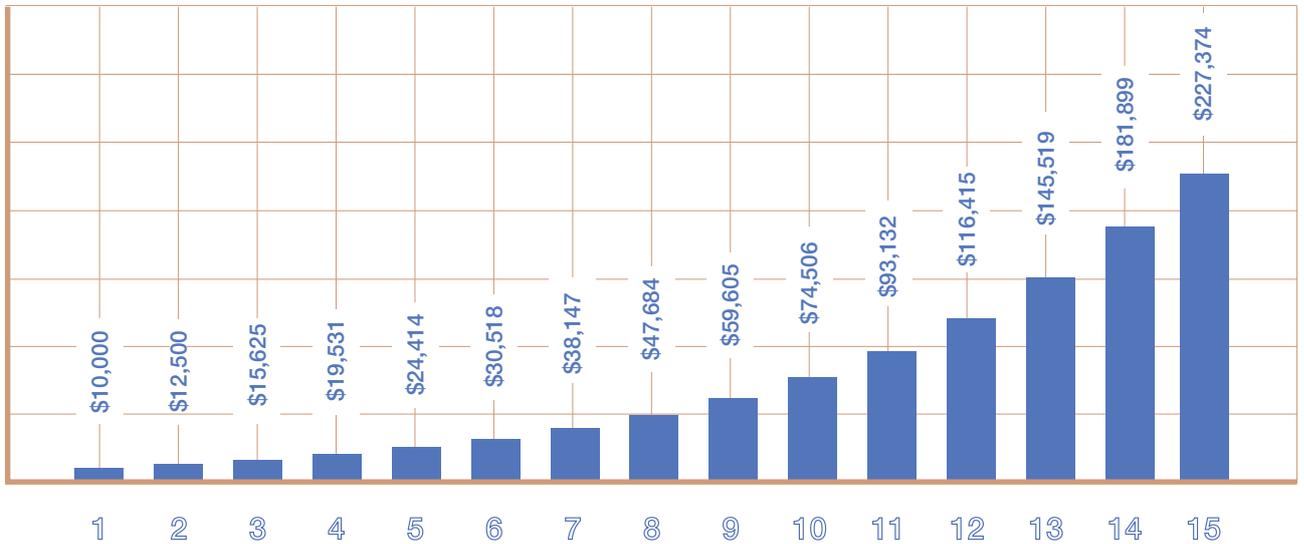


Investor marginal tax rate of 34.5%



Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations. Marginal tax-rate includes 2% Medicare Levy.

Increase the level of contributions each year with the 125% opportunity



 Based on total contributions of \$10,000 in the first year and additional contributions each subsequent investment year of 125% of the previous investment year's contributions over a period of 15 years. The 125% opportunity can continue for the life of your investment and is not re-set after 10 years.

Choice: the '125% opportunity'

Unlike superannuation, investment bonds give you much greater flexibility on how much you can contribute to your investment.

With an investment bond, there are no limits on the amount you can invest in the first investment year. Your first investment year starts on the day your bond is set up. Each subsequent investment year starts on the anniversary date of your bond's initial start date.

Each investment year, additional contributions of up to 125% of the previous year's contributions can be made without re-setting the 10-year advantage period. Those additional contributions benefit from being treated (for tax purposes) as if they were invested at the same time as your initial contribution. This means these additional contributions don't have to be invested for the full 10 years to be included as part of the 10-year advantage.

It's important to remember that if you don't make an additional contribution in a particular investment year, then making an additional contribution in any subsequent investment year will restart the 10-year advantage period. Also, if your contributions in an investment year exceed 125% of the previous investment year's contributions, your 10-year advantage period will also re-start. This is where an investment bond with a regular savings plan and the ability to automatically increase the regular savings amounts can provide a simple and effective way to take advantage of the 125% opportunity.

Peace of mind: funeral expenses

Funeral bonds are a special type of investment bond specifically designed to pay for future funeral expenses.

Special rules apply to funeral bonds to ensure the benefit paid is only for funeral expenses. This means you aren't able to make withdrawals or transfers, although you can transfer your investment to a funeral director as part of a pre-paid funeral arrangement.

Funeral bonds can also provide valuable social security benefits depending on your individual circumstances.



A range of investment bonds for all life stages

Generation Life's tax-effective investment solutions provide investors at different life stages with peace of mind



LifeBuilder



ChildBuilder



FuneralBond



Generation Life provides a range of innovative tax-effective investment solutions designed to help you through various life stages and events.

Whether you're interested in wealth creation, looking to pass on your wealth to the next generation, giving a child a financial head start, looking for an alternative to superannuation, or pre-planning a funeral...we have a solution for you.

LifeBuilder

Putting you in control



Even with life's twists and turns, you're always in control of your investment.

LifeBuilder caters for a wide range of investment needs and life stages. With over 35 investment options, you have the flexibility to switch between options at any time with no personal tax implications. You can also add to your investment regularly and have your investment mix automatically rebalanced to reflect your preferred investment allocation.

There's no tax reporting needed if you don't make a withdrawal within the first 10 years. This means there's no need to maintain tax and investment records normally associated with investing directly in shares or managed funds.

LifeBuilder is a simple, cost-effective solution that provides greater control over how you pass your investment on to the right people, at the right time. Our EstatePlanner feature can help with transferring your wealth in a Will-like fashion, and can help manage complex family arrangements. You can also provide for non-family members, as well as charities.

When combined with our Bonds Custodian Trust facility, LifeBuilder can also help manage some Government benefit entitlements that are income tested.



Who is LifeBuilder suitable for?

Higher income earners - all earnings are taxed within LifeBuilder at a maximum rate of 30%, making this a tax-effective investment solution for those with a marginal tax rate higher than 30%.

Provided you hold your entire investment for at least 10 years, you pay no additional tax on your investment's earnings and you won't have to declare any income in your annual tax returns. This can also potentially minimise the impact of additional personal tax due to Government levies and surcharges.

Those looking for an alternative to, or wanting to complement their superannuation - LifeBuilder is a tax-effective way to save for your retirement. Unlike superannuation, there are no restrictions such as contribution caps, age limits or 'work tests' - LifeBuilder lets you decide how much and when you want to contribute.

You can make one-off investments or use the regular savings plan that lets you automatically increase contribution amounts annually. You also have access to your money at any time - ideal if you are looking to fund an early retirement, meet an unexpected expense or make a major purchase.

For those wanting certainty over how their wealth will be managed on their death - you can nominate beneficiaries to receive the proceeds of your investment on your death, or arrange for someone else to continue holding your investment.

EstatePlanner's unique 'Future Events' feature gives you the control to arrange the automatic transfer of your investment at a future set date or on your death. Importantly, the investment's tax status will be preserved for the future recipient as the 10-year advantage period isn't re-set. For extra peace of mind, you can also control when the recipient can make withdrawals and limit the amount they can withdraw each year.

Those looking to manage income levels within trusts - private trusts, including family or discretionary trusts, can manage their distributable income by using LifeBuilder. While the trust remains invested in LifeBuilder there will be no income for the trust to distribute from its investment.

People needing a regular income stream - by using the regular withdrawal facility, you can set up a tax-effective regular income stream. This can be particularly useful for early retirement where access to superannuation is not available.

Age pension recipients and Aged Care residents - when held through a trust arrangement (such as our Bonds Custodian Trust) LifeBuilder may assist with means-income tested age pension entitlements and reducing aged care resident fees.

People looking to qualify for other Government benefits - because bond earnings aren't required to be included in your tax return, it can also help you qualify for other Government benefits like the Commonwealth Seniors Health card and Family Tax Benefits that are assessed on your taxable income.

ChildBuilder

Looking after the next generation

ChildBuilder is designed for anyone (parents, grandparents, family and friends) wanting to establish a tax-effective investment for a child's future financial needs and goals. It's simple, cost-effective and can also create inheritances for children and transfer wealth between generations without the uncertainties and complexities of Wills.

ChildBuilder is particularly suited to parents or grandparents who want to ensure their wishes will be met and their wealth or inheritance will be passed onto a child or grandchild. ChildBuilder operates with the same tax benefits as a LifeBuilder.

You can set up a ChildBuilder for anyone under 16 years of age and vest (transfer) ownership to them when they reach a specified age (between 10 and 25 years). The vesting is automatic and with no personal tax consequence, no stamp duty, and no additional fees or charges. When vested, the investment converts to a LifeBuilder with the benefit of the 10-year tax advantage period not re-setting.

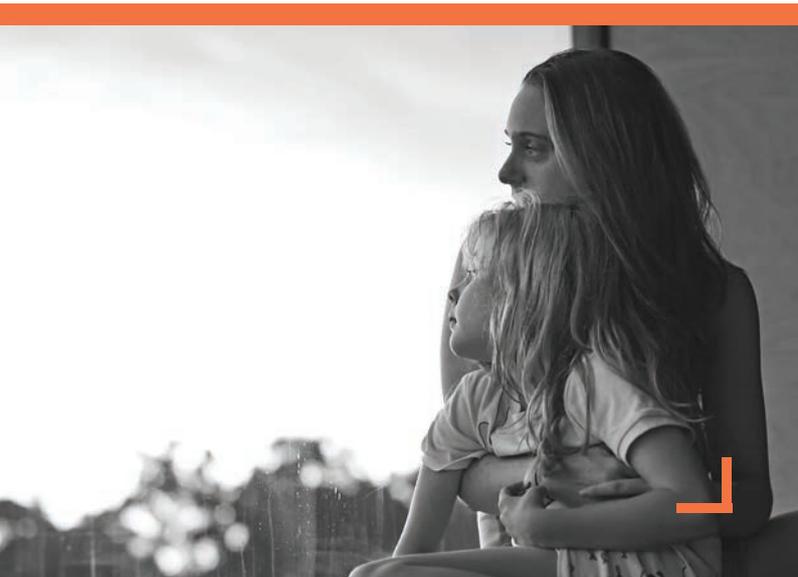
You can pre-arrange how the child can access their funds, including setting an annual limit on how much can be withdrawn after the vesting date. You can also set the length of time that the annual withdrawal limit will apply for (refer to the Additional Information section on page 49 for more information).

Importantly, until the ChildBuilder is vested, you retain full control and flexibility. You can change the vesting age or access your investment at any time, including making withdrawals for your own purposes or paying for a child's education or maintenance expenses.

You can also specify an intended purpose for the use of ChildBuilder once the investment has vested in the child. These can be noted on your investment confirmation and might include objectives or goals such as:

- a first home deposit
- education or study expenses
- funding living away from home expenses
- a first car
- wedding expenses
- overseas travel

There is no restriction on the type of intended purpose you can specify.



FuneralBond

Providing peace of mind

Planning for the costs of your funeral is like planning for other life events (such as retirement) or preparing for life's unpredictability (such as fires, illness and accidents).

Saving for your funeral expenses is a practical and thoughtful gesture that can ease unnecessary financial stress on those left behind during their time of grief.

Like other investment bonds, a FuneralBond's earnings are taxed at a maximum rate of 30%. FuneralBond can be used to tax-effectively save and pay for funeral expenses. You're not required to report any investment returns in your personal tax return each year. It's also exempt (up to certain limits) from the social security assets test and deeming provisions for the income test that applies to the age pension, service pension and other means tested Government entitlements.

You can also choose how your savings will be invested, with access to a broad range of investment options.

If you've entered into or are considering entering into a pre-paid funeral arrangement with a funeral director, you can transfer ownership of the FuneralBond to them as part of that arrangement. It's important to note that if you transfer ownership, the funeral director becomes the legal owner of the FuneralBond. Please refer to page 23 ('Transferring your investment') for more information.

How much can I invest?

You can invest as much as you need to meet the reasonable costs of your funeral expenses, however there are some limitations.

If you don't enter into a pre-paid funeral contract - for Age and Department of Veterans Affairs pension purposes - your total contribution amount cannot exceed the allowable limit amount. The allowable limit amount is currently \$12,750 per person, which is indexed annually each July.

If you invest more than the allowable limit, the entire investment amount will be assessed under the social security deeming rules and will also be considered an assessable asset for the purpose of the assets test (refer to the 'Tax and social security' section on page 44 for more information about social security benefits).

There are no limits on the amount that you can contribute into your FuneralBond if you've entered into a pre-paid funeral arrangement with a funeral director and transfer the FuneralBond to the funeral director.

We recommend you consult with your financial adviser or contact Centrelink or the Department of Veterans' Affairs for further information about social security benefits.

Payment of benefits

If you've transferred ownership of your FuneralBond investment to a funeral director (as part of a pre-paid funeral arrangement), the benefit will be paid directly to them. Otherwise, we will pay the benefit to your estate or if directed by the estate, to the funeral director.

You cannot withdraw any money from your FuneralBond prior to your death, as it is designed to be used to meet your future funeral expenses. Refer to the 'Withdrawals' section on page 22 for further details.



Investment snapshot

Our investment bonds deliver flexibility, control and simplicity

Tax-effective investing	Tax on investment earnings are paid by Generation Life at a maximum tax rate of 30%, irrespective of your personal marginal tax rate.	See page 44
Simplicity	No need to complete annual tax returns or maintain ongoing tax records and no requirement to provide a tax file number.	See page 44
Investment options	Choice of over 35 investment options. Covering a range of risk profiles and asset classes, as well as diversified investment options and low cost indexed investment options.	See page 27
Investment switching	Switch between investment options at any time (subject to a minimum amount of \$50 per investment option) without incurring personal income or capital gains tax.	See page 22
Making contributions	<p>Start an investment with as little as \$1,000. Contributions made in the first year of investment are uncapped, while subsequent contributions are subject to the 125% limit. Additional investments of at least \$500 can be made unless using the Regular Savings Plan.</p> <p>FuneralBond investors should consider limits relating to social security exemptions.</p>	See page 20
Progressive investing	For investments greater than \$25,000 you can progressively invest on a monthly basis into your preferred investment options to help manage investment risk. Your investment will be progressively switched into your chosen investments over your selected period.	See page 21
Regular Savings Plan	<p>Flexibility to make monthly, quarterly, half-yearly or annual contributions.</p> <p>The minimum regular contribution is \$100 per month and your regular contribution amount can be increased each year with the automatic escalation feature.</p>	See page 21



Access to funds and Regular Withdrawal Facility	<p>Access your investment at any time with a one off withdrawal request or by using the Regular Withdrawal Facility. Access to FuneralBond funds is only available for the payment of funeral expenses.</p> <p>You can make regular withdrawals on a monthly, quarterly, half-yearly or annual basis. Regular withdrawals are not available with a FuneralBond.</p>	See pages 22 and 23
Ownership flexibility	<p>For LifeBuilder and ChildBuilder, bond owners can be:</p> <ul style="list-style-type: none">• Individuals or joint individuals (aged 10 years and over)• Companies or trusts (including deceased estates)• Children aged 10 to 16 years (with parent or guardian consent) <p>For FuneralBonds, individual or joint individual ownership is available.</p>	See page 16
Automatic portfolio re-balancing	<p>Convenience of electing to have your investment bond's portfolio automatically re-balanced every year in line with your bond's set investment strategy.</p>	See page 22
Looking after the next generation	<p>EstatePlanner can be used as a simple and effective way of passing on wealth to the next generation, without the potential complications of Wills and estates.</p> <p>Multiple beneficiaries can be nominated to receive your bond's investment proceeds. You can also choose how benefits will be re-distributed in the event of the passing of your nominated beneficiary(ies).</p> <p>You can also select a future date or event (such as your passing) where your bond will transfer to someone else nominated by you and still maintain the bond's valuable tax status.</p>	See page 18
Fee discounts	<p>Administration fee discounts on investments established under this PDS are based on the value of your investment.</p>	See page 41

Setting up your investment and ownership

An investment bond is a type of life insurance investment contract, which means there must be a bond owner (investor) and a life insured

Investment bond owner (investor)

The investment bond owner is the legal owner of the investment bond and (provided the owner is at least 16 years of age) has full ownership and transaction rights. The requirements for bond owners will depend on the type of investment bond set up.

LifeBuilder

LifeBuilder provides flexible ownership options.

Individuals or joint investors

Up to three people can apply for a LifeBuilder investment. Where there are joint investors, each joint investor will be treated as a joint life insured, unless you specify someone else to be the bond's life insured.

In the event that one joint investor passes away, the investment will continue in the name of the surviving investor(s).

Companies and trusts

Companies and trusts (including deceased estates) can also set up an investment. A natural person needs to be specified as the life insured. Nominating a beneficiary is not possible with these forms of ownership.

ChildBuilder

A ChildBuilder investment can be established by up to three individuals (as joint owners) or a trust for a nominated child. Applications by a company cannot be made and you cannot change the child once they are nominated.

If you die before the ChildBuilder vests and transfers to the child, your estate's representative will hold the ChildBuilder in trust for the child until the vesting age. They will be required to administer the investment for the maintenance and benefit of the child.

If the child passes away before the vesting age, the investment will mature with the proceeds paid to you (or your estate) as a tax-free payment.

FuneralBond

With a FuneralBond, you can choose from a range of ownership options.

Individual ownership

You can own the FuneralBond in your own name. An ideal arrangement for couples is to each own a separate FuneralBond. This facilitates each individual owner to invest up to the maximum amount allowed under social security rules without affecting pension entitlements.

Joint ownership

You and any other person can jointly own the FuneralBond. In this case, the FuneralBond covers the funeral expenses of one of the joint owners.



Children investing

Children between the ages of 10 and 16 years of age can invest, provided a parent or guardian provides written consent. Until the child reaches 16 years of age, the child is only able to transact on the investment with the consent of a parent or guardian.

When the child reaches 16 years of age, the child will become the owner of the bond in his or her own capacity, and will have full control and rights over the investment.

The life insured

For LifeBuilder, at least one life insured must be set on the investment. The life insured must be a natural person, who can be the owner (but does not have to be). The life insured does not need to be related to the owner or be a dependant. You cannot remove a life insured, but you can add additional lives insured.

On the death of the last surviving life insured, the bond's owner(s) (where the life insured is not the owner) or nominated beneficiary(ies) (if applicable) will receive the proceeds tax-free.

For ChildBuilder, your nominated child is automatically set as the life insured. It's not possible to remove the child or add another life insured to a ChildBuilder investment.

For FuneralBond, its owner(s) are automatically set as the life insured(s).

Investment term

Technically, your LifeBuilder investment is a life insurance investment contract and requires you to set an investment term. If you do not set an investment term, a default investment term of 99 years will be set from the date of the initial investment.

The investment term can be changed at any time by contacting us. The investment term selected does not impact your ability to access your LifeBuilder investment when you need it.

ChildBuilder and FuneralBond investments do not require that an investment term be set.

Using EstatePlanner

Flexibility to choose to who and how your LifeBuilder investment is passed on

You can use EstatePlanner to establish tax-effective inheritances with the flexibility to structure your investment, as part of, or outside of your Will and legal estate.

Using the 'Will-like' nomination feature, you can set one or multiple beneficiaries to receive the proceeds of your investment on the death of the life insured.

Alternatively, you can use the unique Future Events facility to control when and how your investment will be tax-effectively transferred and accessed by the next generation, including setting how much can be withdrawn.

Nominating beneficiaries

There is no restriction on the number of beneficiaries you can nominate or what percentage to allocate to each beneficiary. You can also remove or add a beneficiary, as well as change the benefit percentage allocations at any time.

You can nominate individuals, companies, trusts or charities to receive your bond's proceeds on the death of the last surviving life insured. If a beneficiary is not nominated, the benefit will be paid to your estate.

If you set up multiple lives insured, the benefits will be paid to the beneficiaries on the death of the last surviving life insured.

The advantages of nominating beneficiaries are:

- the beneficiaries will receive the proceeds of the investment tax-free
- proceeds pass outside of your Will and legal estate avoiding possible challenges and claims
- there are no delays associated with the granting of probate or the administration of your estate.

Joint survivorship

Where you have nominated multiple beneficiaries (and in the event that a beneficiary passes before your death), you can direct us to have the deceased beneficiary's percentage benefit entitlements re-distributed automatically. This re-distribution is made on an equal pro-rata basis to the surviving beneficiaries.

This option means you don't need to remember to modify your beneficiary nomination in the event of the death of one of the beneficiaries.

Down-the-line

An alternative to using 'joint survivorship', you can direct us to re-allocate benefit proceeds from an originally specified beneficiary to pass 'down-the-line' (for example, from a nominated parent beneficiary, to his or her child, or estate representative) in the event of passing before the last surviving life insured.



Future Event transfers

A unique feature of EstatePlanner is the ability to select a future date for the automatic transfer of your investment, including your death. The benefits of using a Future Event transfer include:

- you can transfer your investment (e.g. specific date or death) to new owners, including joint owners, companies or trusts
- peace of mind – you control when the future transfer of your bond occurs and can change it at any time
- you continue to have control and access your investment up to the transfer occurring
- the initial investment date of your bond investment is retained after transfer, meaning that the 10-year advantage period is not re-set when transferred. See 'Tax and social security' section on page 44)
- the transfer occurs without personal tax or capital gains tax implications
- if you have selected your death as the transfer event, the delays of obtaining probate are avoided
- you can pre-arrange how and when the new bond owner can access funds, including setting an annual limit on how much can be withdrawn. You can also set how long the annual withdrawal limit will apply for.

Where a transfer is to occur on a set future date, the new owner must be at least 10 years of age as at the future date.

Where the transfer occurs as a result of your passing, and the new bond owner has not reached 10 years of age, your estate's representative will hold the investment on trust (on behalf of the child) until the child turns 10 years of age. Your estate's representative will not be able to revoke or amend the transfer.

Your investment strategy will carry over to the new owner(s) on transfer. The new owner(s) will be able to modify the investment strategy and make further contributions, provided they are at least 16 years of age.

Where the new owner is a child under 16 years of age, withdrawals or switches are only permitted with the consent of the child's parent or guardian.

It is important to note that the life insured doesn't change on transfer of ownership, however the new owners will be automatically added as life(s) insured. The new owner(s) can specify additional lives insured.

Please refer to page 17 for more information.



How do I invest and maintain my investment?

Investing and managing your investment is simple



Initial investment

The minimum initial investment is \$1,000, which can be paid:

- by sending us a cheque made payable to Generation Life Ltd and marked 'Not Negotiable'
- by direct debit
- by EFT/direct credit - please contact us for bank account details to transfer funds to.

The minimum investment in any investment option is \$500. You should indicate on your Application Form the amount or proportion of your investment in each investment option.

Additional investments

Additional investments can be made at any time. The minimum additional investment in any investment option is \$500 (or \$50 by Regular Savings Plan – see page 21).



Progressive investing

This facility lets you set a period to progressively on a monthly basis invest your initial and additional contributions (excluding Regular Savings Plan contributions). Because your progressive investments will be applied for at varying prices, the cost of gaining exposure to the particular investment option(s) is 'averaged' over time.

The minimum contribution to use this facility is \$25,000 (either as an initial or additional contribution). Your contribution will be initially invested in the Macquarie Treasury Fund investment option and progressively switched into your chosen investments over your selected frequency. Please refer to page 47 to find out how this facility works.

Regular Savings Plan

The Regular Savings Plan lets you take a disciplined approach to investing.

Regular savings can be made via direct debit on a monthly, quarterly, half yearly or annual basis. The minimum savings plan investment is \$100 per month, with a minimum of \$50 per investment option. Funds will be automatically drawn from your Australian financial institution account at the selected frequency.

If you also use the auto-rebalancing facility, your investment strategy and your selected allocation for your savings plan must be the same.

Automatically increase your regular savings amount

You can increase your regular savings amounts at any time by sending us a change request form available from us. Alternatively, you can have your regular savings amounts increased automatically each investment year, by a fixed percentage amount of up to 25%.

This enables you to conveniently manage the 125% opportunity that an investment bond provides (refer to the 'Tax and social security' section on page 44). You will need to have made consistent regular contributions over the previous investment year in order to commence your automatic increase.

For example, if your quarterly regular saving plan contributions are \$300 per quarter and you elect to increase your savings amount by 10%, your annual contributions will be automatically increased to \$330 per quarter in the following investment year. This increase will take effect from the first regular savings plan contribution on or after the start of your investment year.

We will notify you prior to the start of the investment year of the intended increase to your Regular Savings Plan contribution. To automatically increase your Regular Savings Plan contributions simply make this selection on the Application Form. You can change or cancel this facility at any time by notifying us in writing.



Switching investment options

You can switch all or part of an investment option into one or more of the other investment options at any time, as long as you meet the withdrawal and application criteria for the chosen investment options, including:

- a minimum switch amount of \$50
- a minimum balance of \$500 must be held in an investment option after any partial switch from that investment option.

The PDS may be updated or replaced from time to time and you should read the current version before you switch. You can obtain a copy of the current PDS, free of charge, from our website or by contacting us.

We can suspend processing of switches where we believe it is in the best interests of investors, as well as impose additional conditions (see ‘Suspension of applications, switches and withdrawals’ section on page 48 for further information).

Auto-rebalancing

The value of your investment in any particular investment option will change over time and this movement may cause your investment portfolio allocation to deviate from your set investment strategy.

Auto-rebalancing re-aligns your investment portfolio to your selected investment option weightings. It’s, in effect, a form of automatic switching. This facility provides a simple way for you to maintain your investment strategy by authorising us to switch between your chosen investment options to rebalance your investment portfolio on an annual basis.

You can choose to have your portfolio rebalanced annually (currently on 7th May each year) by completing the appropriate section of the Application Form. If your investment option balance is within 1% of your selected weighting on the auto-rebalance date, then no automatic switch will occur. However, auto-rebalancing will remain active on your investment for the next rebalance date.

If you turn on your auto-rebalancing facility, we will also set your future investment selection and Regular Savings Plan (if applicable) to this same investment option weighting. This means that any additional investments you make will be invested in line with your selected auto-rebalancing investment option weightings. Further information about the auto-rebalancing facility can be found on page 47.

Bonds Custodian Trust

If you’re looking to hold your LifeBuilder investment in a private trust, then our Bonds Custodian Trust (BCT) facility can be both convenient and cost-effective. The BCT only holds LifeBuilder investments and can hold more than one LifeBuilder investment provided they are in your name.

There’s no need to set up a separate bank account for the trust and there’s also no additional tax reporting required. You have full access to a LifeBuilder investment held by a BCT established for you, including the ability to switch investments.

Once your BCT has been established, you will receive a copy of the BCT trust deed, your BCT nomination schedule and confirmation that your LifeBuilder investment has been transferred into your BCT. You can find further information about the BCT in the Additional Information Booklet.

We recommend that you consult with your financial adviser if you are considering establishing a BCT.

Withdrawals

LifeBuilder and ChildBuilder

Full or partial withdrawals

You can access all or part of your investment at any time.

Minimum withdrawal amount	\$500
Minimum investment balance required (after withdrawal)	\$1,000

We aim to pay completed withdrawal requests generally within seven (7) business days. In certain circumstances, payment of withdrawals can be delayed (see the ‘Suspension of applications, switches and withdrawals’ section on page 48 for further information).



Regular Withdrawal Facility

This is a convenient way for you to receive automatic payments from your investment for pre-determined amounts at regular intervals. For example, if you are relying on your investment to provide you with a regular income, this facility eliminates the need for you to lodge a separate withdrawal request each time. The minimum withdrawal amount for the Regular Withdrawal Facility is \$500 per month.

You can choose regular withdrawals to be paid from your selected investment options monthly, quarterly (January, April, July, and October), half-yearly (January and July) or yearly - the default frequency (July). Regular withdrawal payments will normally occur on the 15th of the month. If any of these days are not business days, the next business day will apply.

Please contact us if you want to change the frequency or amount, your Australian financial institution account details or cancel your regular withdrawal facility. Further details about the Regular Withdrawal Facility are on page 47.

Benefit payments on death

The benefits will be paid as at the day all of our claim requirements are met.

FuneralBond

You cannot withdraw money from your FuneralBond prior to death. Your benefit will be paid after a claim for funeral expenses is lodged and processed.

Where there are joint owners, the surviving owner must advise us within 30 days whether to continue with the FuneralBond or have the benefits paid out for the funeral expenses of the deceased. If we do not receive notification, the FuneralBond will continue.

Authorised Representative facility

You can appoint your licensed financial adviser to act on your behalf as your authorised representative.

Your representative can generally do a range of things, including make additional investments, make investment switching requests, and have access to your investment details.

Your representative cannot however, make a withdrawal, appoint other representatives, transfer the ownership of your investment to anyone else, change your personal and banking arrangements, change a ChildBuilder vesting date, or change or add beneficiaries or lives insured.

You can cancel the appointment of your representative at any time by providing 14 days written notice. Please refer to page 48 for the Authorised Representative facility terms and conditions.

Electronic instructions

You can provide instructions on your investment to us by electronic communications via email or fax. We are not able to accept an instruction unless it's accompanied by the scanned or faxed signature(s) of the investor(s) on the instructions. Please refer to page 49 for electronic instructions terms and conditions.

Transferring your investment

You can transfer ownership of your investment at any time subject to the restrictions noted below. The transfer of ownership normally occurs without personal tax or capital gains tax implications. Importantly, the 10-year tax advantage is maintained and not re-set as a result of the transfer.

To transfer your investment you will need to complete a transfer form available from us. On transfer, you will be replaced as the owner of the investment with ownership and all future rights assigned to the new owner.

For LifeBuilder, transferring your ownership will void the nomination of beneficiaries and instructions under the EstatePlanner facility, unless the transfer is part of establishing a Bonds Custodian Trust facility (refer to the Additional Information Booklet). With ChildBuilder, a transfer can only be made to a natural person and only prior to the child reaching the vesting age.

A FuneralBond can only be transferred to a funeral director (as part of a pre-paid funeral arrangement). The funeral director will then become the legal owner of the investment, will be able to change the investment strategy and will receive all future communications.

Keeping you informed

To help keep you informed of your investment we will provide you with the following information:

Confirmation of your initial investment - includes ownership details and confirmation of any regular savings plan. In the case of ChildBuilder, we will also include details of the nominated child and selected vesting date.

Investment anniversary reminder - we will notify you of the maximum additional contributions you can make in line with the 125% opportunity to maximise your investment while still maintaining the current tax status of your investment.

Transaction statement - for additional investments (excluding Regular Savings Plan and regular withdrawals), investment switches and partial or full withdrawals.

Confirmation of instructions - we will confirm instructions received relating to changes to your investment details, such as banking details, changes to nominated beneficiaries or the inclusion of additional lives insured.

Annual statement and report - contains transactions made on your investment over the previous 12 months, performance and investment information relating to the investment options.

Tax statements - For LifeBuilder and ChildBuilder, a tax statement will be provided after each financial year end where a withdrawal has been made within the 10-year period.

For a FuneralBond, a tax statement will be provided following the payment of the benefit to the estate's representative.

Note, where a FuneralBond has been assigned to a funeral director or a ChildBuilder vests and has been transferred to the child, all ongoing and annual correspondence will be sent to them.



Investment managers

Access to a range of investment managers to meet your risk and return objectives

We aim to give you access to a range of leading Australian and international investment managers and provide you with the flexibility to change and switch investment options. You can build your own portfolio by investing in single asset investment options or use one of the diversified investment options to suit your desired risk profile.

Our selected investment managers are experienced and well regarded with a proven track record of delivering superior long-term performance. We regularly monitor and review our investment managers to ensure they continue to meet their stated objectives and our investment requirements.



AMP Capital is committed to delivering outstanding investment outcomes for clients with contemporary solutions in fixed income, equities, real estate, infrastructure and multi-asset portfolios. Sharing a heritage that spans over 160 years, AMP Capital is one of the largest investment managers in the Asia Pacific region. A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and operations are now established in Bahrain, China, Hong Kong, UAE, Ireland, India, Japan, Luxembourg, the UK and the United States. AMP Capital collaborates with a network of global investment partners, leveraging insights to provide greater access to new investment opportunities across a range of single sector and diversified funds.



BlackRock provides investment management, risk management and advisory services for institutional and retail clients worldwide. Beginning with its founding in 1988, BlackRock is about a commitment to putting clients first, innovative and clear thinking, passion for performance, understanding and managing risk and collaboration. Five of the firm's founders are still actively involved with BlackRock, and their ethos underpins the firm and the 13,000 employees today. BlackRock take pride in being a fiduciary and work only for clients, managing US\$5.7 trillion on their behalf as at 30 June 2017.



BT Investment Management (Institutional) Limited (BTIM) combines a strong institutional platform with an investment-led culture to achieve strong risk-adjusted returns for its investors. BTIM offers investors a range of investment choices including Australian shares and property securities, fixed income and cash, absolute return investments, international shares and property securities. To complement its in-house expertise, BTIM also partners with leading global and domestic managers. BTIM follows a 'multi-boutique' business model, where teams of investment professionals focus exclusively on asset management, while distribution, compliance, business and general management functions are delivered centrally. Boutiques also share information, giving each the benefit of expert views from other asset classes. BTIM is a wholly owned subsidiary of BT Investment Management Limited, one of the largest ASX-listed pure investment managers (ASX:BTT), with a market capitalisation of around \$3.6 billion and funds under management of \$95.8 billion as at 30 September 2017.



DFA Australia Limited (AFS Licence 238093) (DFA Australia) is the Manager and Responsible Entity of the Dimensional Wholesale Trusts. DFA Australia Limited is the Australian subsidiary of the US-based Dimensional Fund Advisors LP which was founded in 1981. Worldwide, the Dimensional Global Firms manage more than \$698 billion (as at 30 September 2017) from offices in the US, Australia, Canada, Japan, Singapore and the United Kingdom. Dimensional manages assets for institutional investors and clients of registered financial advisors.



Ellerston Capital specialises in equity and alternative strategies. They have over \$5 billion in funds under management as at 31 October 2017, including separately managed accounts (SMAs), wholesale funds and retail offerings for a range of financial advisers, institutions and individual investors. As a dedicated investment manager, Ellerston aims to do one thing exceptionally well: grow and protect clients' wealth through investing. Ellerston are passionate about creating value for clients by identifying investment opportunities and designing portfolios that perform over the long term.



EQT is a publicly listed company on the ASX. Established in 1888, EQT has helped Australians to build and manage their wealth for over a century. It has a skilled team of specialists who are committed to acting in the best interests of its clients via wealth management solutions over a range of asset classes carrying different risk profiles. The company offers a broad range of financial products and services, including the provision of estate management, trustee services, portfolio management, taxation advice, superannuation and responsible entity services for external fund managers.



Investors Mutual Limited is a boutique Australian Equities Fund Manager, established in May 1998 by Anton Tagliaferro. IML has a conservative investment style with a long-term focus and aims to deliver consistent returns for clients. IML achieves this through the disciplined application of a fundamental, quality & value-based approach to investing. IML is owned by key investment staff. Natixis Global Asset Management also holds an interest in IML. As of 30 September 2017, IML manages approximately A\$9.1 billion on behalf of both retail and institutional investors.



Kapstream Capital manages over A\$10 billion from offices in Sydney and Newport Beach, California. Kapstream invest by setting absolute return targets and absolute risk limits, creating portfolios that are constructed using predominantly investment grade assets that more closely meet the requirements of a growing number of investors, in delivering consistent and positive returns. Since July 2015 Kapstream has operated as an autonomous 'boutique' subsidiary, initially of Janus Capital Group and - since their merger in May 2017 with Janus Henderson Investors.



Part of the Macquarie Group, Macquarie Investment Management delivers a full-service offering across a range of asset classes including fixed interest, listed equities (domestic and international) and infrastructure securities to both institutional and retail clients in Australia and the US, with selective offerings in other regions. As at 31 March 2017, Macquarie Investment Management had over \$320 billion of assets under management with a presence in Australia, Asia, Europe and the US.



Magellan is a specialist funds management business based in Sydney that manages global equities and global listed infrastructure strategies for high net worth, retail and institutional investors. Magellan is a wholly owned subsidiary of the ASX listed Magellan Financial Group (ASX code: MFG).



MLC has been looking after the investment needs for generations of Australians. MLC believes the best way to manage portfolios is to employ the skills of multiple specialist investment managers. MLC's investment experts have extensive knowledge and experience at designing and managing portfolios using a multi-manager investment approach. The MLC group of companies is the wealth management division of National Australia Bank and manages \$208 billion (as at 30 June 2017) on behalf of individual and corporate investors in Australia.



Mutual is an independently owned investment manager and adviser with total FUM and funds under advice at 30 September 2017 exceeding \$2.7 billion. The Company specialises in investment mandates and advisory roles for prudentially supervised institutions (including APRA regulated institutions). Mutual manages and advises individual wholesale clients under tailored Investment Management Agreements. Its investment expertise covers short-term securities, fixed interest and Australian shares.



Perpetual Investments is one of Australia's leading investment managers, with \$31.0 billion in funds under management (as at 30 September 2017). Perpetual Investments is part of the Perpetual Group, which has been in operation for over 130 years. By employing some of the industry's best investment specialists and applying a proven investment philosophy, Perpetual Investments has been able to help generations of Australians manage their wealth.



PIMCO is a member of the PIMCO Group, one of the largest fixed interest managers in the world. PIMCO Group's history dates back to 1971 when they were established as a specialist fixed interest manager. The PIMCO Group has its head office in Newport Beach, California, USA with offices located in Hong Kong, New York, Toronto, Munich, Amsterdam, Sydney, Singapore, Tokyo, London, Milan, Rio de Janeiro and Zurich. The PIMCO Group is majority owned by Allianz SE. PIMCO's goal is to provide attractive returns while maintaining a strong culture of risk management and long-term discipline. PIMCO's investment process emphasises well researched fundamental economic and credit analysis to identify value in market sectors and individual securities.



Schroders is one of the largest and most internationally diverse independent investment managers providing investment management, research and marketing services from offices located in 27 countries across Europe, the Americas, Asia and the Middle East. Schroders in Australia was established in 1961 and its domestic research and investment teams are an integral part of Schroders global network. As at 30 September 2017 Schroders managed over AU \$717.4 billion on behalf of clients around the globe, and over AU \$ 41.5 billion on behalf of clients domestically.



With more than AUD \$5.9 trillion in assets under management as of 30 September 2017, including more than AUD \$1 trillion in ETFs, Vanguard is one of the world's largest global investment management companies. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.



Investment options

Choosing the right investment options

One of the significant risks of investing is that your investment strategy doesn't reflect your financial goals. It's important to consider your investment timeframe, your investment goals and your risk tolerance. We recommend that you consult a financial adviser to assist you in determining these. Diversifying your investments helps manage market volatility and risk across your investment portfolio. You can diversify your investment portfolio by:

- spreading your investment exposure across markets and regions
- investing in a range of asset classes
- investing across a range of managers with different investment strategies.

You can learn more about the risks associated with investing on page 36.

Option type	Asset class	Investment option	Page reference
Indexed	Australian fixed interest	iShares Wholesale Australian Bond Index Fund	29
	Australian shares	iShares Wholesale Australian Equity Index Fund	29
	International shares	iShares Wholesale International Equity Index Fund	29
		iShares Hedged International Equity Index Fund	29
	Property	iShares Wholesale Australian Listed Property Index Fund	29
Active	Cash	Macquarie Treasury Fund	29
		Generation Life Term Deposit Fund	30
	Fixed interest	Mutual ADI/Bank Securities	30
		Kapstream Absolute Return Income Fund	30
		PIMCO Wholesale Australian Bond Fund	30
		PIMCO Wholesale Global Bond Fund	30
		BT Wholesale Enhanced Credit Fund	30
		Schroders Credit Securities Fund	31
		EQT Wholesale Mortgage Income Fund	31
	Australian shares	Perpetual Wholesale Australian Share Fund	31
		Investors Mutual Australian Shares Fund	31
		Investors Mutual Future Leaders Fund	31
		Mutual 50 Leaders Australian Shares Fund	31
		Perpetual Wholesale Industrial Share Fund	32
		Perpetual Wholesale Ethical SRI Fund	32
		MLC Wholesale IncomeBuilder™	32
	International shares	Perpetual Wholesale Geared Australian Share Fund	33
		Magellan Global Fund	33
		Perpetual Wholesale International Share Fund	33
	Property	Dimensional Global Small Company Trust	33
		MLC Property Securities Fund	33
		AMP Capital Global Property Securities Fund	33
	Alternatives	Magellan Infrastructure Fund	34
		Ellerston Australian Market Neutral Fund	34
	Diversified	Vanguard Diversified Conservative Index Fund	34
		Perpetual Wholesale Conservative Growth Fund	34
		AMP Capital Dynamic Markets Fund	34
Vanguard Diversified Growth Index Fund		34	
Perpetual Wholesale Balanced Growth Fund		35	
MLC Horizon 4 Balanced Portfolio		35	
Generation Life Sectoral Blend Fund		35	
Dimensional World Allocation 70/30 Trust	35		

Investment option profiles

Depending on your investment goals and the investment amount you have to invest, you can choose a single investment option or multiple investment options.

Detailed in the following pages is a summary of the investment options offered by Generation Life investment bonds. For more details and any updated information about the investment options, visit our website or contact us.

You should discuss the investment option(s) appropriate to you with your financial adviser.

Investment structure

All investment options invest in assets either directly or indirectly via underlying managed funds that invest in asset classes in accordance with the investment option's guidelines.

Changes to the investment options, managers & strategies

We may from time-to-time add, delete or replace investment options, investment managers and change exposure weightings to them. We may also close an investment option or cease to accept new contributions (including by switching) into any of the investment options.

We will notify affected investors of any material changes to the investment options as required by law. Updated information about our investment options, investment managers and investment strategies can be found on our website www.genlife.com.au or by contacting us.



Investment option profiles

Sector	Indexed - Australian fixed interest	Indexed - Australian shares	Indexed - international shares (unhedged)
Option name	iShares Wholesale Australian Bond Index Fund	iShares Wholesale Australian Equity Index Fund	iShares Wholesale International Equity Index Fund
Investment manager	BlackRock Investment Management (Australia) Limited	BlackRock Investment Management (Australia) Limited	BlackRock Investment Management (Australia) Limited
Risk level	4 - Medium	6 - High	6 - High
Suggested length of investment	3 Years	5 Years	5 Years
Objective	Aims to provide investors with the performance of the market, before fees, as measured by the Bloomberg AusBond Composite 0 + Year Index1.	Aims to provide investors with the performance of the market, before fees, as measured by the S&P/ASX 300 Total Return Index.	Aims to provide investors with the performance of the market, before fees, as measured by the MSCI World ex Australia Net TR Index (unhedged in AUD with net dividends reinvested).
Investment approach	To closely track the risk characteristics of the index, while minimising transaction costs. Will look to closely match the index major risk and return factors through a methodology called stratified sampling.	To closely track the risk characteristics of the index, while minimising transaction costs. Will hold all of the securities in the index (most of the time), allowing for individual security weightings to vary marginally from the index from time to time.	To closely track the risk characteristics of the index, while minimising transaction costs. Will hold all of the securities in the index (most of the time), allowing for individual security weightings to vary marginally from the index from time to time.
Investment guidelines	Australian fixed interest 100%	Australian shares 100%	International shares 100%

Sector	Indexed – international shares (hedged)	Indexed – Australian property	Cash
Option name	iShares Hedged International Equity Index Fund	iShares Wholesale Australian Listed Property Index Fund	Macquarie Treasury Fund
Investment manager	BlackRock Investment Management (Australia) Limited	BlackRock Investment Management (Australia) Limited	Macquarie Investment Management Global Limited
Risk level	6 - High	6 - High	1 - Very Low
Suggested length of investment	5 Years	5 Years	No minimum
Objective	Aims to provide investors with the performance of the market, before fees, as measured by the MSCI World ex Australia Net Index (hedged in AUD with net dividends reinvested).	Aims to match the performance of the S&P/ASX 300 A-REIT Total Return Index before fees.	Aims to perform in line with the Bloomberg AusBond Bank Bill Index ¹ over the short term (before fees) using a low risk investment strategy.
Investment approach	To closely track the risk characteristics of the index, while minimising transaction costs. Will hold all of the securities in the index (most of the time), allowing for individual security weightings to vary marginally from the index from time to time.	To closely track the risk characteristics of the index, while minimising transaction costs. Will hold all of the securities in the index (most of the time), allowing for individual security weightings to vary marginally from the index from time to time.	The manager's cash management approach is driven by disciplined and thorough processes, and backed by in-house quantitative analysis. To take advantage of movements in market interest rates, the maturity profile of the fund is actively managed. After determining the maturity profile, the manager uses a number of analytical tools to select the securities that it believes offer the best value and to find the most appropriate yield curve position.
Investment guidelines	International shares 100%	Australian listed property 100%	Cash 100%

Sector	Cash - term deposits	Fixed interest - short-term	Fixed interest - absolute return
Option name	Generation Life Term Deposit Fund	Mutual ADI/Bank Securities	Kapstream Absolute Return Income Fund
Investment manager	Mutual Limited	Mutual Limited	Kapstream Janus Henderson
Risk level	1 - Very Low	2 - Low	2 - Low
Suggested length of investment	No minimum	1 Year	1 Year
Objective	To outperform (before tax and fees) the Bloomberg AusBond Bank Bill Index ¹ and achieve returns superior to cash management trusts, by investing predominantly into a diversified range of term deposit and deposit like investments.	To outperform (before tax and fees) the Bloomberg AusBond Bank Bill Index ¹ and achieve returns superior to cash management trusts.	Aims to provide a steady stream of income and capital stability over the medium term while aiming to outperform a composite index of 50% Bloomberg AusBond Composite Bond 0-3 Year Index ¹ & Bloomberg AusBond Bank Bill Index ¹ through market cycles.
Investment approach	Primarily invests in term deposits issued by major Australian banks with a bias toward the top four banks. The fund is managed to provide a short-term maturity profile to meet liquidity requirements.	Actively manage a portfolio of low risk debt products and securities (including term deposits) on offer by Australian authorised deposit-taking institutions with a bias (minimum 60%) toward those issued by the four major Australian banks.	Targets an absolute return over time, by investing in a global, diversified portfolio of predominantly investment grade fixed income securities, according to the manager's global macroeconomic and market views.
Investment guidelines	Cash 100%	Cash 0-20% Australian fixed interest 0-100%	Cash 0-100% Australian fixed interest 0-100% International fixed interest 0-100%

Sector	Fixed interest - Australian	Fixed interest - international	Fixed interest - credit
Option name	PIMCO Wholesale Australian Bond Fund	PIMCO Wholesale Global Bond Fund	BT Wholesale Enhanced Credit Fund
Investment manager	PIMCO	PIMCO	BT Investment Management (Institutional) Limited
Risk level	4 - Medium	4 - Medium	5 - Medium to High
Suggested length of investment	5 Years	5 Years	3 Years
Objective	To achieve maximum total return by investing in fixed interest securities predominantly denominated in Australian or New Zealand currencies, and to seek to preserve capital through prudent investment management.	Seeks to achieve maximum total return by investing in global fixed interest securities, and to seek to preserve capital through prudent investment management.	Aims to provide a return (before fees, costs and taxes) that exceeds the Bloomberg AusBond Non Govt 0+ Year Index ¹ over the medium term.
Investment approach	Primarily invests in government, semi-government, corporate, mortgage and other fixed interest securities denominated in Australian and New Zealand dollars, provided at all times that such exposure is hedged back to the Australian dollar.	The manager applies a wide range of diverse strategies including duration analysis, credit analysis, relative value analysis, sector allocation and individual security selection. The investment strategy emphasises active decision making with a long-term focus and seeks to avoid extreme swings in duration with a view to creating a steady stream of returns. The fund may invest in derivatives to gain or reduce exposure to relevant markets and to manage investment risk and it aims to hedge currency risk.	The Manager seeks to take advantage of investment opportunities within the Australian non-Government fixed interest market and invests primarily in Australian dollar corporate bonds including investment grade securities issued by leading corporations listed on the ASX.
Investment guidelines	Cash 0-100% Australian fixed interest 0-100%	Cash 0-100% International fixed interest 0-100%	Cash 0-100% Australian fixed interest 0-100%



Sector	Fixed interest - credit	Fixed interest - mortgages	Australian shares
Option name	Schroders Credit Securities Fund	EQT Wholesale Mortgage Income Fund	Perpetual Wholesale Australian Share Fund
Investment manager	Schroders	Equity Trustees	Perpetual Investments
Risk level	4 - Medium	4 - Medium	6 - High
Suggested length of investment	3 Years	1 to 3 Years	5 Years
Objective	Outperform the RBA Cash Rate after fees over the medium term.	Outperform the RBA Cash Rate over rolling three-year periods.	Aims to provide long-term capital growth and regular income through investment in quality industrial and resource shares and to outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods.
Investment approach	An active, absolute return strategy that invests in a range of domestic and international fixed income securities. The full spectrum of available securities, including non-investment grade, may be utilised. With a focus on managing downside risk, the Fund has the flexibility to invest in cash and other debt securities (such as government bonds) to help preserve capital during downturns in the credit cycle. The Fund may also use derivatives and active currency management as part of the overall investment strategy to create a well-diversified portfolio with the potential to deliver consistent returns above cash and term deposits but with less risk and volatility than the equity market.	Comprising a portfolio of real estate mortgages operated in a highly conservative fashion, it is designed for investors seeking income returns higher than short-term money market rates and who also seek a relatively lower risk investment compared to more volatile investment sectors.	The manager researches companies of all sizes using consistent share selection criteria. The priority is to select those companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and recurring earnings. Derivatives may be used in managing the fund. The fund invests primarily in Australian listed, or soon to be listed, shares but may have up to 20% exposure to stocks outside Australia. Currency hedges may be used from time to time.
Investment guidelines	Australian investment grade 0-100% International investment grade 0-100% Australian high yield ² 0-40% International high yield ² 0-30% Cash and cash equivalents 0-100%	Cash 0-100% Australian fixed interest 0-100%	Cash 0-10% Australian shares 90-100%

Sector	Australian shares	Australian shares - mid & smalls	Australian shares - larger companies
Option name	Investors Mutual Australian Shares Fund	Investors Mutual Future Leaders Fund	Mutual 50 Leaders Australian Shares Fund
Investment manager	Investors Mutual	Investors Mutual	Mutual Limited
Risk level	6 - High	6 - High	6 - High
Suggested length of investment	5 Years	5 Years	5 Years
Objective	To provide a return (after fees and expenses and before taxes) which exceeds the S&P/ASX 300 Accumulation Index over rolling four-year periods.	To provide a rate of return (after fees and expenses and before taxes) which exceeds the return of the S&P/ASX 300 Accumulation Index (ex S&P/ASX50, ex LPT) on a rolling four-year basis.	Aims to achieve a return greater than the return of the S&P/ASX 300 Accumulation Index plus 2% per annum, before tax, but after fees and expenses, over rolling three-year periods.
Investment approach	Invests in a diversified portfolio of quality Australian companies that display four characteristics: a sustainable competitive advantage, recurring earnings, capable management and the ability to grow over time. The manager believes in purchasing quality companies at attractive prices when a company's price is below its long-term value.	Will invest in a diversified portfolio of quality ASX listed Australian and New Zealand shares outside the top 50 shares listed on the ASX, where these shares are identified by the manager as being undervalued.	Invests in equity securities which are listed or expected to list on an Australian exchange and is suitable for investors who are seeking long term capital growth and are prepared to hold their investment for at least five years.
Investment guidelines	Cash 0-10% Australian shares 90-100%	Cash 0-20% Australian shares 80-100%	Cash 0-20% Australian shares 80-100%

Sector	Australian shares - industrial	Australian shares - ESG	Australian shares - income
Option name	Perpetual Wholesale Industrial Share Fund	Perpetual Wholesale Ethical SRI Fund	MLC Wholesale IncomeBuilder™
Investment manager	Perpetual Investments	Perpetual Investments	NAB Asset Management Services Limited
Risk level	6 - High	6 - High	6 - High
Suggested length of investment	5 Years	5 Years	7 Years
Objective	Aims to provide long-term capital growth and regular income through investment in quality industrial shares and to outperform the S&P/ASX 300 Industrials Accumulation Index (before fees and taxes) over rolling three-year periods.	Aims to provide long-term capital growth and regular income through investment in quality shares of socially responsible companies and to outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods.	Aims to provide an income stream (excluding capital gains) that grows each year, by investing primarily in Australian shares.
Investment approach	The manager researches companies of all sizes using consistent share selection criteria. The priority is to select those companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and recurring earnings. Derivatives may be used in managing the fund. The fund invests primarily in Australian listed, or soon to be listed, shares but may have up to 10% exposure to stocks outside Australia.	Actively manage a portfolio of low risk debt products and securities (including term deposits) on offer by Australian authorised deposit-taking institutions with a bias (minimum 60%) toward those issued by the four major Australian banks. The manager researches companies of all sizes using consistent share selection criteria. The priority is to select those companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and recurring earnings. The manager utilises a strategy for screening ethical and socially responsible investments. Derivatives may be used in managing the fund. The fund invests primarily in Australian listed, or soon to be listed, shares but may have up to 20% exposure to stocks outside Australia.	Targets an absolute return over time, by investing in a global, diversified portfolio of predominantly investment grade fixed income securities, according to the manager's global macroeconomic and market views. Invests primarily in Australian companies that have the potential to provide future growth in dividends. Expected to generate tax-effective returns by investing in companies expected to have high franking levels and by carefully managing the realisation of capital gains.
Investment guidelines	Cash 0-10% Australian shares 90-100%	Cash 0-10% Australian shares 90-100%	Australian shares 100%



Sector	Australian shares - geared	International shares	International shares
Option name	Perpetual Wholesale Geared Australian Share Fund	Magellan Global Fund	Perpetual Wholesale International Share Fund
Investment manager	Perpetual Investments	Magellan Asset Management Limited	Perpetual Investments
Risk level	7 - Very High	6 - High	6 - High
Suggested length of investment	7 Years	7 Years	7 Years
Objective	Aims to enhance long-term capital growth through borrowing (gearing) to invest in quality industrial and resource shares and to outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods.	The primary objectives are to achieve attractive risk-adjusted returns over the medium to long-term, while reducing the risk of permanent capital loss.	Aims to provide long-term capital growth through investment in quality global shares and outperform the MSCI World Net Total Return Index (\$A) (before fees and taxes) over rolling three-year periods.
Investment approach	The manager researches companies of all sizes using consistent share selection criteria. The manager's priority is to select those companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and recurring earnings. The fund invests primarily in Australian listed, or soon to be listed, shares but may have up to 20% exposure to stocks outside Australia. Derivatives may be used in managing the fund, including for gearing purposes.	The manager aims to find companies at attractive prices which have sustainable competitive advantages which translate into returns on capital in excess of their cost of capital for a sustained period of time. The manager will endeavour to acquire these companies at a discount to its assessment of the intrinsic value of the companies. The portfolio will consist of 20 to 40 investments. This option does not hedge currency risk.	The manager adopts a 'bottom-up' stock selection approach to investing, where the decision to buy or sell is based on fundamental quality and valuation. The manager constructs a portfolio within a framework that is benchmark independent in terms of stock and sector weights. Currency hedging can be used with the aim of protecting the value of the fund's assets. Derivatives may be used in managing the fund.
Investment guidelines	Cash 0-10% Australian shares 90-100% Gearing level 0-60%	Cash 0-20% Australian and international shares 80-100%	Cash 0-25% International shares 75-100%

Sector	International shares - small companies	Property - Australia	Property - international
Option name	Dimensional Global Small Company Trust	MLC Property Securities Fund	AMP Capital Global Property Securities Fund
Investment manager	DFA Australia	NAB Asset Management Services Limited	AMP Capital
Risk level	7 - Very High	6 - High	6 - High
Suggested length of investment	7 Years	7 Years	5 Years
Objective	To provide long-term capital growth by gaining exposure to a diversified portfolio of small companies associated with approved developed markets (excluding Australia).	Aims to outperform the S&P/ASX 300 A-REIT Accumulation Index, before fees, over five-year periods	To provide total returns (income and capital growth) after costs and before tax, above the FTSE EPRA/NAREIT Developed Index Hedged in AUD Net Total Return Index on a rolling three-year basis.
Investment approach	Seeks exposure to a diversified portfolio of small companies listed in global developed markets (excluding Australia) with the potential for long-term capital growth.	Invests primarily in Australian property securities, including listed real estate investment trusts and companies across most major listed property sectors. Does not normally invest in direct property, but may have some exposure to property securities listed outside of Australia from time to time.	To take advantage of global real estate market conditions, as well as country-specific opportunities, the fund's investment style combines a stock-specific (bottom-up) selection process complemented by a macroeconomic (top-down) approach to regional and country allocations.
Investment guidelines	International shares 100%	Australian property 85-100% International property 0-15%	Cash 0-10% Listed property 90-100%

Sector	Property - infrastructure	Alternatives - Australian shares long/short	Diversified - conservative
Option name	Magellan Infrastructure Fund	Ellerston Australian Market Neutral Fund	Vanguard Diversified Conservative Index Fund
Investment manager	Magellan Asset Management Limited	Ellerston Capital	Vanguard Investments
Risk level	6 - High	6 - High	3 - Low to Medium
Suggested length of investment	7 Years	7 Years	3 Years
Objective	The primary objective is to achieve attractive risk adjusted returns over the medium to long term, while reducing the risk of permanent capital loss.	Targets absolute returns with an annualised return objective of 5% above the RBA Cash Rate over rolling five year periods.	Seeks to match the weighted average return of the target indexes of each of the underlying manager's index funds in which it invests, before taking into account fees and expenses.
Investment approach	Primarily invests in the securities of companies listed on stock exchanges around the world, but will also have some exposure to cash and cash equivalents. The manager can use foreign exchange contracts to facilitate settlement of stock purchases and to mitigate currency risk on specific investments within the portfolio. It is the manager's intention to substantially hedge the capital component of the foreign currency exposure of the portfolio arising from investments in overseas markets back to Australian Dollars	Seeks to provide a return profile that has a low correlation (i.e. low relationship) with traditional asset class returns. Aims to generate positive returns in all market environments by reducing the majority of market risk and focusing primarily on capital preservation and out performance. The manager uses a relative value and a special situations strategy. Derivatives will be used to, amongst other things, leverage the portfolio and achieve a short position.	The strategic allocation reflects a 30% allocation to growth assets and a 70% allocation to income assets.
Investment guidelines	Cash 0-20% Australian and international shares 80-100%	Cash 0-100% Australian shares 0-100% International shares 0-20%	Cash 8-12% Australian fixed interest 16-20% International fixed interest 40-44% Australian shares 10-14% International shares 10-26%
Sector	Diversified - conservative	Diversified - dynamic allocation	Diversified - growth
Option name	Perpetual Wholesale Conservative Growth Fund	AMP Capital Dynamic Markets Fund	Vanguard Diversified Growth Index Fund
Investment manager	Perpetual Investments	AMP Capital	Vanguard Investments
Risk level	3 - Low to Medium	5 - Medium to High	6 - High
Suggested length of investment	3 Years	5 Years	5 Years
Objective	Aims to provide moderate growth over the medium term and income through investment in a diversified portfolio with an emphasis on cash, enhanced cash and fixed income securities and to outperform a composite benchmark (before fees and taxes) reflecting its allocation to the various asset types over rolling three-year periods.	Aims to provide a total return (income and capital growth), before costs and before tax, of 4.5% p.a. above inflation (the RBA inflation rate (Consumer Price Index) - trimmed mean), on a rolling five-year basis.	Seeks to track the weighted average return of the various indices of the underlying funds invested in, in proportion to its strategic asset allocation, before taking into account fees, expenses, and tax.
Investment approach	Invests in a diverse mix of growth, defensive and other assets, with a focus on cash, enhanced cash and fixed income securities. Tactical asset allocation strategies may be applied, which involves the fund adjusting its exposure to asset classes on a regular basis within the investment guidelines. Currency hedges may be used from time to time. Derivatives and exchange traded funds may be used in managing each asset class.	The fund provides investors with diversification by investing across a range of traditional asset classes such as shares, listed property, commodities, fixed income, credit and cash. The underlying asset class exposures within the fund are achieved by investing in passively managed investments such as index funds, exchange traded funds (ETFs) and derivatives.	The strategic allocation reflects a 70% allocation to growth assets and a 30% allocation to income assets.
Investment guidelines	Cash 15-55% Fixed interest 15-55% Australian shares 0-25% International shares 0-20% Property 0-10% Other 0-30%	Cash 0-50% Fixed interest 10-100% Australian shares 0-50% International shares 0-50% Property 0-25% Other 0-50%	Cash 0% Australian fixed interest 7-11% International fixed interest 19-23% Australian shares 26-30% International shares 34-50%



Sector	Diversified - growth	Diversified - growth	Diversified - growth
Option name	Perpetual Wholesale Balanced Growth Fund	MLC Horizon 4 Balanced Portfolio	Generation Life Sectoral Blend Fund
Investment manager	Perpetual Investments	NAB Asset Management Services Limited	Generation Life
Risk level	6 - High	6 - High	6 - High
Suggested length of investment	5 Years	5 Years	5 Years
Objective	Aims to provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments and to outperform a composite benchmark (before fees and taxes) reflecting its allocation to the various asset types over rolling three-year periods.	Aims to outperform the benchmark, before fees, over four-year periods. MLC aims to achieve this by actively managing the fund. This includes changing the fund's asset allocation to reduce risk if market risk is high. As a result of reducing the allocation to higher risk assets, there may be smaller losses than the benchmark in weak or falling markets and potentially lower returns than the benchmark in strong markets.	To outperform (before tax and fees) an internal benchmark comprising the weighted combination of relevant market indexes.
Investment approach	Invests in a diverse mix of growth, defensive and other assets, with a focus on Australian and international shares. Tactical asset allocation strategies may be applied, which involves the fund adjusting its exposure to asset classes on a regular basis within the investment guidelines. Currency hedges may be used from time to time. Derivatives and exchange traded funds may be used in managing each asset class.	The Fund has a strong bias to growth assets and some exposure to defensive assets. The manager actively manages the allocations to these assets within defined ranges, in accordance with its changing view of risk and opportunities in investment markets. The fund is broadly diversified across asset classes and investment managers from around the world. These managers invest in many companies and securities in Australia and overseas.	Invests in a selection of options from the Generation Life investment menu. Tactical asset allocation strategies may be applied, involving adjusting exposure to asset classes on a regular basis within the options overall investment guidelines.
Investment guidelines	Cash 0-30% Fixed interest 0-35% Australian shares 10-50% International shares 10-50% Property 0-15% Other 0-30%	Cash 0-10% Fixed interest 5-55% Australian shares 20-45% International shares 10-40% Property 0-15% Other 0-30%	Cash 0-20% Fixed interest 0-40% Australian shares 0-60% International shares 0-40% Property 0-20% Other 0-20%

Sector	Diversified - growth
Option name	Dimensional World Allocation 70/30 Trust
Investment manager	DFA Australia
Risk level	6 - High
Suggested length of investment	5 Years
Objective	To provide a total return, consisting of capital appreciation and income, by gaining exposure to a diversified portfolio of companies and real estate securities listed on approved developed and emerging markets, and domestic and global fixed interest securities. Will seek to target approximately 70% exposure to equities and 30% exposure to fixed interest assets.
Investment approach	Normally, the manager will gain some or all of its exposure by investing in other funds managed by it that invest in equity, real estate and fixed interest securities.
Investment guidelines	Cash 0-10% Fixed interest 15-35% Australian shares 15-35% International shares 25-55% Property 0-10%



¹ Bloomberg Finance L.P. and its affiliates (collectively, 'Bloomberg') do not approve or endorse this material and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of this material.

² Maximum aggregate exposure to high yield assets will not exceed 50%.

Investment risk

Risk level

The risk level is represented by the Standard Risk Measure (SRM), which is based on industry guidance to allow you to compare investments that are expected to deliver a similar number of negative annual returns over any 20 year period. The SRM is not a complete assessment of all forms of investment risk and does not take into account the impact of fees on the likelihood of a negative return.

You should ensure you are comfortable with the risks and potential losses associated with your chosen investment option(s).

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Specific risks of investing

Risk is often defined as the likelihood that an investment will fluctuate in value. Generally the higher the potential return of an investment, the greater the risk of loss. It is important to understand that all investments involve varying degrees of risk.

There are a many factors beyond the control of investors that may affect investment returns. Below is a summary of the main risks that can impact your investment.

Market risk

Markets are affected by a host of factors, including economic and regulatory conditions, market sentiment, political events, and environmental and technology issues. These could have a negative effect on the returns of all investments in that market. This may affect investments differently at various times.

Interest rate risk

Changes in interest rates can have a negative impact, either directly or indirectly, on investment value or returns on all types of assets.

Currency risk

If an investment is held in international assets, a rise in the Australian dollar relative to other currencies may negatively impact investment values or returns.

Credit risk

There is always a risk of loss arising from a debtor or other party to a contract failing to meet its obligations. This potentially arises with various securities including derivatives, fixed interest and mortgage securities.

Liquidity risk

Liquidity risk is the risk that an investment may not be easily converted into cash with little, or no loss of capital and minimum delay because of either inadequate market depth or disruptions in the marketplace.

Derivatives and gearing risk

Some investment options may use derivatives and gearing directly or indirectly. The use of derivatives (which may be used to reduce risks and buy investments more effectively) may reduce potential losses and may also reduce potential profits. The use of gearing (borrowing) will magnify the volatility of investment returns.



Investment manager risk

This is the risk that the underlying investment managers and investment options may not perform as expected. We regularly review the performance of the underlying investment managers as well as conduct extensive research on new investment options that may be made available.

Short selling risk

Some underlying investment managers may use short selling as part of their investment strategy or as a risk management tool. Where permitted, a short position can be created when the investment option sells a 'borrowed' security before buying it back on the open market in order to return it to the securities lender. If the market price of the security falls in value, a profit is made, because it is bought back for less than it was sold. If the security rises in value, a loss is made, because it is bought back for more than it was sold. Another short selling risk is that borrowed securities may be recalled by their lenders forcing the manager to re-borrow or buy the securities on unfavourable terms.

Legal and regulatory risk

Changes in domestic and foreign investment and taxation laws may adversely affect your investment.

Operations risk

This is the risk that, if Generation Life doesn't properly discharge its duties in the management of the investment bonds, there may be resulting financial loss to the investments. We manage this risk through the implementation of corporate governance, risk management and compliance frameworks designed to mitigate operational risk. Additionally, we are supervised by the Australian Prudential Regulation Authority (APRA) and are required to provide regular reporting and meet APRA's prudential standards requirements.

Asset risk

Assets classes carry market risk. Specific risks for the main asset classes are as follows.

Shares

Shares carry the risk of falling in value, of not meeting expected dividends and other income payments or not delivering expected dividend franking credits. Shares carry the risk of individual companies faltering due to increased competition, poor management, internal operational failures or adverse market sentiment. International share investments may also carry currency risk.

Property

The major risks for property investment are a fall in property values and/or rentals default or decline. Property investments, particularly if directly held, can also be subject to liquidity risk. Individual property investments face the risk of loss of tenants, local supply and demand factors, and construction, financing and tenancy risks for new developments.

Fixed interest and mortgages

Investing in fixed interest securities or mortgages is in essence lending money to government or business at a rate of interest for a specified length of time. The major risk affecting fixed interest securities and mortgages is credit risk, where the issuer of a fixed interest security or borrower may default on the repayment of principal and/or interest. For fixed interest securities, there is also interest rate risk of investments losing value when market interest rates rise. For floating rate securities and mortgages, returns may fall when interest rates fall.

Cash

Cash investments generally include bank deposits, term deposits, very short-term fixed interest securities and other similar investments. Cash investments are the most secure, stable and predictable of the asset classes, as the underlying investments are either very short-term in nature or subject to variable interest rates making them less susceptible to capital movement when interest rates change. Cash is a very low risk investment, but also provides relatively low returns in the long-term compared to the other asset classes.

Fees and other costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better investor services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable if you are a wholesale or professional investor. Ask us or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your investment, from the returns on your investment or from the assets of the investment options as a whole. The impact of taxes on your investment is covered on page 44.

You should read all of the information about fees and costs because it's important to understand their impact on your investment.

Type of fee or cost	Amount	How and when the fee is paid
Fees when your money moves in or out of the Fund		
Establishment fee. <i>The fee to open your investment.</i>	Nil.	Not applicable.
Contribution fee. <i>The fee on each amount contributed to your investment.</i>	Nil.	Not applicable.
Withdrawal fee. <i>The fee on each amount you take out of your investment.</i>	Nil.	Not applicable.
Exit fee. <i>The fee to close your investment.</i>	Nil.	Not applicable.
Management costs		
The fees and costs for managing your investment.	The management costs include the following: Administration fee An administration fee of up to 0.60% p.a. Fee discounts apply to balances over \$500,000 (see page 41) Investment management cost These are the costs charged by the underlying fund managers to manage their respective investment fund. The costs incurred range from 0.10% p.a. to 2.65% p.a. The cost for each specific investment option is shown on page 39.	Calculated daily based on the net asset value of each investment option. This is reflected in the unit prices and is payable monthly in arrears. The investment management costs are charged by the underlying investment managers. These costs are deducted by the underlying investment manager at their respective underlying fund level and are incorporated into the unit price for the investment option. The underlying investment manager may charge performance fees and other costs (if applicable).
Service fees		
Switching fee ¹ <i>The fee for changing investment options.</i>	Nil.	Not applicable.

¹ You may incur a transaction cost (buy/sell spread) which is included in the entry and exit price of the applicable investment option you choose. For more information on transaction costs, please refer to the 'Additional explanation of fees and costs' section on page 40.



Management costs for each investment option

This table provides the current management costs for all investment options.

Investment option	Management costs		
	External investment management ICR ² (p.a.)	Our administration fee (p.a.)	Total estimated management costs (p.a.)
AMP Capital Dynamic Markets Fund	0.61%	0.60%	1.21%
AMP Capital Global Property Securities Fund	0.97%	0.60%	1.57%
BT Wholesale Enhanced Credit Fund	0.45%	0.60%	1.05%
Dimensional Global Small Company Trust	0.66%	0.60%	1.26%
Dimensional World Allocation 70/30 Trust	0.44%	0.40%	0.84%
Ellerston Australian Market Neutral Fund ¹	2.65%	0.60%	3.25%
EQT Wholesale Mortgage Income Fund	0.70%	0.60%	1.30%
Generation Life Sectoral Blend Fund	0.92%	0.60%	1.52%
Generation Life Term Deposit Fund	0.15%	0.50%	0.65%
Investors Mutual Australian Share Fund	0.99%	0.60%	1.59%
Investors Mutual Future Leaders Fund ¹	0.99%	0.60%	1.59%
iShares Wholesale Australian Bond Index Fund	0.10%	0.60%	0.70%
iShares Wholesale Australian Equity Index Fund	0.10%	0.60%	0.70%
iShares Wholesale International Equity Index Fund	0.10%	0.60%	0.70%
iShares Hedged International Equity Index Fund	0.10%	0.60%	0.70%
iShares Wholesale Australian Listed Property Index Fund	0.10%	0.60%	0.70%
Kapstream Absolute Return Income Fund	0.70%	0.60%	1.30%
Macquarie Treasury Fund	0.44%	0.20%	0.64%
Magellan Global Fund ¹	1.49%	0.60%	1.95%
Magellan Infrastructure Fund ¹	1.15%	0.60%	1.65%
MLC Horizon 4 Balanced Portfolio	1.07%	0.60%	1.67%
MLC Wholesale IncomeBuilder™	0.72%	0.60%	1.32%
MLC Property Securities Fund	0.73%	0.60%	1.33%
Mutual 50 Leaders Australian Shares Fund	1.65%	0.60%	2.25%
Mutual ADI/Bank Securities	0.38%	0.60%	0.98%
Perpetual Wholesale Australian Share Fund	1.17%	0.60%	1.77%
Perpetual Wholesale Balanced Growth Fund	1.04%	0.60%	1.64%
Perpetual Wholesale Conservative Growth Fund	0.90%	0.60%	1.50%
Perpetual Wholesale Ethical SRI Fund	1.18%	0.60%	1.78%
Perpetual Wholesale Geared Australian Share Fund	1.17%	0.60%	1.77%
Perpetual Wholesale Industrial Share Fund	0.99%	0.60%	1.59%
Perpetual Wholesale International Share Fund	1.29%	0.60%	1.89%
PIMCO Wholesale Australian Bond Fund	0.50%	0.60%	1.10%
PIMCO Wholesale Global Bond Fund	0.49%	0.60%	1.09%
Schroders Credit Securities Fund	0.54%	0.60%	1.14%
Vanguard Diversified Conservative Index Fund	0.29%	0.40%	0.69%
Vanguard Diversified Growth Index Fund	0.29%	0.40%	0.69%

¹ The investment manager may charge performance based fees.

² The Indirect Cost Ratio (ICR) includes the investment manager's fees, estimated performance fee, estimated expense recoveries and other indirect costs as a percentage of the total average assets of the investment option as at 30 June 2017, but excludes indirect transaction and operational costs (see page 41).

Additional explanation of fees and costs

Management costs

Management costs include our administration fee and the investment management cost of the underlying investment manager.

The investment management costs are charged by the underlying investment managers. These costs are deducted by the underlying investment manager at their respective underlying fund level and are incorporated into the unit price for the investment option.

Any performance fees and other costs charged or incurred by the underlying investment managers are included in the total investment management cost (see Performance fees below).

Our administration fee is deducted directly from the investment option before unit prices are declared and not from your investment directly. They do not include fees or costs deducted from your investment (such as adviser service fees), buy/sell spreads and other indirect transactional and operational costs (refer to page 41).

The investment management cost for each investment option is shown in the table above.

Performance fees

For some investment options, the investment management fee may include performance fees payable to or incurred by them. These fees are earned if the underlying manager's performance exceeds their specified benchmark or hurdle return rates.

These fees are not a direct charge to your investment. Performance fees are calculated by the underlying fund manager and included in the value of the underlying portfolio of the investment option. The amount of any performance fee payable will vary depending on the performance of the underlying investment manager. It is therefore not possible to predict or estimate the future performance fee that may be incurred (if any).

Example of annual fees and costs

This table gives an example of how the fees and costs for the Vanguard Diversified Growth Index Fund investment option can affect your investment value over a one year period. You can use this table to compare this product with other investment products.

Vanguard Diversified Growth Index Fund Option		Investment balance of \$50,000 with total contributions of \$5,000 at end of the year
Contribution fees	Nil	Nil on your \$5,000 contribution made during the year.
Plus Total management costs	0.69% p.a.	And, for every \$50,000 you have invested in the Vanguard Diversified Growth Index Fund, you will be charged \$345 each year.
Equals Cost of investment option ¹		If you had an investment of \$50,000 at the beginning of the year and you contribute an additional \$5,000 at the end of that year, you will be charged fees of \$345.

 ¹ Investment transaction and operational costs would also apply. The buy spread incurred on the \$5,000 additional contribution for the investment option in the example above would be \$6.00. The impact of indirect transaction and operational costs would be \$130 p.a. (\$50,000 x 0.26% p.a.).



Administration fee discount

You may be entitled to a lower discounted administration fee on a new investment bond established under this PDS. The level of the administration fee discount will depend on the investment value of the investment bonds held and the investment options you have invested in. The fee discount is applied on the progressive balance of eligible investments.

The following administration fee scale (after discount) applies.

Tiered balance of eligible investment options ¹	Administration fee (after discount) ¹
First \$500,000	Standard administration fee for each eligible investment option – no discount (refer to page 39)
Next \$9,500,000	0.30% p.a.
Balance over \$10,000,000	Nil – full discount



¹ The Macquarie Treasury Fund, Generation Life Term Deposit Fund and Mutual ADI/Bank Securities are not eligible investment options for the purpose of calculating the investment balance and are not eligible for an administration fee discount.

Calculation of the fee discount amount

The reduced fee applies only to eligible new investment bonds established under this PDS. The fee is calculated at the end of each month using the average investment balance of eligible investments for the month. We have the discretion to determine the average investment balance and our calculation is final.

How the discount will be applied

The reduced administration fee will be applied as a rebate to your fees. This rebate will be credited to your investment(s) in the form of additional units normally in the following month.

Units are allocated using the unit price applicable on the day the transaction is processed. Any applicable buy/sell spread costs incurred from reinvesting the rebate are deducted from your investment.

If you have more than one investment, (e.g. you hold a ChildBuilder and LifeBuilder investment) the total rebate will be allocated proportionally across each investment. If you are invested into more than one investment option, the rebate is allocated proportionally across each investment option.

In the event of a full withdrawal, your withdrawal will only include a rebate calculated to the end of the month prior to the withdrawal. No discount applies if you make a full withdrawal within the cooling off period. We may (at our discretion) refuse to apply the administration fee discount.

Example of administration fee calculation after discount

Assuming the following investment options are held:

Generation Life Term Deposit Fund	\$100,000 ²
Generation Life Sectoral Blend Fund	\$600,000
Total eligible investment balance	\$600,000

The ongoing fee is calculated as follows:

\$0-\$500,000	\$500,000 x 0.60% p.a.	\$3,000
\$500,001 - \$10,000,000	\$100,000 x 0.30% p.a.	\$300
Total annual administration fees (after discount)		\$3,300



² The fee discount does not apply to this investment option.

This example assumes the balance of \$700,000 is maintained over a 12 month period.

Transaction and operational costs

Each investment option may incur transactional and operational costs. Transactional and operational costs include brokerage, trading costs, settlement costs, clearing costs, any applicable stamp duty when the underlying investments are bought or sold and other indirect costs we determine.

For most investment options, there is a difference between the unit price used to issue and redeem units and the value of the investment option's assets. This difference is commonly called the buy/sell spread.

When you invest, switch or withdraw all or part of your investment in an investment option, we use the buy/sell spread to pay for the transaction costs incurred as a result of the transaction. We use the buy/sell spread to allocate transaction costs to the transacting investor rather than other investors in the investment option.

An investment option's buy/sell spread reflects the estimated transaction costs the investment option will incur as a result of an individual investor's transactions. The estimated buy/sell spread that applies to each investment option is shown in the Additional Information Booklet.

The buy/sell spread is an additional cost included in the unit price of each investment option. It is not charged to you separately and is not a fee paid to us.

The actual buy/sell spread is subject to change from time to time depending on changes to the composition of the investment option's assets. The buy/sell spreads can be altered without prior notice to you.

Transaction and operational costs incurred, other than in connection with applications and withdrawals as a result of day-to-day trading, operational activities and other indirect costs, are reflected in the investment option's unit price. These costs vary depending on the investment option and currently range between 0.11% p.a. and 0.64% p.a. Further information about indirect transaction and operational costs as they impact each individual investment option, can be found in the Additional Information Booklet.

Miscellaneous fees

If we incur a fee because a cheque or direct debit for your investment is dishonoured by your financial institution, the amount will be charged to your investment.

Increases or alterations to the fees

We may vary the fees within the limits prescribed in the investment bond's product rules (refer to page 52). If the variation is an increase in a fee or charge, we will give you at least three (3) months' prior written notice. The product rules provide for the following maximum fees to be paid (fees are inclusive of the net effect of GST):

- a maximum contribution fee of 5%
- a maximum administration fee of 2% p.a.
- a maximum switching fee of 5% of the value of the investment switched.

These maximums can only be changed with investor approval.

Other taxes and stamp duty

All fees, charges and financial adviser remuneration shown, are inclusive of the impact of GST (where applicable) and less any reduced inputs tax credits (for GST purposes) available, except where otherwise indicated. Contributions into or withdrawals from your investment do not create a GST liability for you. We may incur expenses which may attract a GST liability.

Stamp duty may be payable in some Australian States based on the initial investment amount for the establishment of the investment bond. It is not payable on additional contributions including Regular Savings Plan contributions. For example, New South Wales stamp duty on a \$50,000 initial contribution would be \$49.

On initial contributions of up to \$50,000 we will pay the duty applicable. For initial contributions above \$50,000, we will deduct the stamp duty amount payable from your initial contribution. We will advise you of any applicable stamp duty cost incurred in your confirmation statement.



What can be paid to your financial adviser?

All fees paid to your financial adviser are negotiable between you and your financial adviser and can be changed by you at any time.

Initial advice fee

You can agree with your financial adviser to pay an initial advice fee for the advice and services he or she provides.

If you elect to pay your financial adviser an agreed fee from your initial contribution and/or future or ongoing contribution(s), the fee will be deducted from your contributions before investment and paid directly to your financial adviser.

The initial advice fee can be charged as:

- a percentage of your contribution value
- a set dollar amount.

You can nominate any fee agreed between you and your financial adviser in the Application Form.

Adviser service fee

You can also agree with your financial adviser to have an adviser service fee, for ongoing advice and services received relating to your investment, paid directly from your investment on a monthly basis (in arrears).

The adviser service fee can be charged as:

- a percentage of your investment bond's value; or
- a set dollar amount.

The adviser service fee is normally deducted from your investment on the 10th of each month.

You can nominate any fee agreed between you and your financial adviser in the Application Form.

Alternative remuneration

Subject to the law, we may provide remuneration to financial advisers by paying them additional amounts and/or non-monetary benefits. If these amounts or benefits are provided, they are payable out of the fees we receive and are not an additional cost to you.

Differential fee arrangements

We may at our discretion enter into arrangements or individually negotiate our fees with certain investors (or financial advisers acting on their behalf), including 'sophisticated' and 'professional' investors (within the meaning of the Corporations Act), with our employees (and those of our related entities) or with large investors or other investors as permitted by the law. If we do this, lesser fees can be charged or fees can be rebated or waived in full or part.

Tax and social security

LifeBuilder and ChildBuilder

Tax on investment earnings

Generation Life investment bonds are tax-paid investments. That is, Generation Life pays the tax on the earnings at the current tax rate of 30%. The actual effective rate impacting your investment may be lower as a result of franking credits and tax offsets passed from the underlying investment options as well as certain tax deductions available to us.

Making a withdrawal before 10 years

You can withdraw part or all of your LifeBuilder or ChildBuilder investment at any time. If you hold your investment for at least 10 years there is no personal tax payable on withdrawals made after this time (the 10-year advantage).

The 10 year period begins on the date you first establish your investment. The 10 year period can be re-set. (Refer 125% opportunity on page 45).

If you make a withdrawal (partial or full) within 10 years of your initial investment date you will generally need to include a portion of the earnings generated by your LifeBuilder or ChildBuilder investment as part of your tax assessable earnings for that year.

The amount of earnings that need to be included as part of your tax assessable earnings will depend on the size of the withdrawal and how long after your 10 year starting date the withdrawal is made. The portion of earnings that would be included as assessable income is determined as follows:

Year of withdrawal	Portion of earnings assessable
Within first 8 years	100%
In year 9	2/3rds
In year 10	1/3rd
After 10 years	None

There is however a compensating tax offset available (currently 30%) which you can use to offset any personal tax payable in the financial year that the withdrawal was made.

This means you will only pay the difference between your personal marginal tax rate (if above 30%) and the 30% tax already paid by us on the earnings component of your withdrawal amount. If your marginal tax rate is below 30%, then the offset can be used to reduce tax payable on other income you may have earned.

We will advise you of the earnings (if any) you are required to report in your tax return where a pre-10 year withdrawal is made.

Importantly, there is no tax payable on the capital component (being your net contributions after fees) of any withdrawal amount.

Example

David invested \$100,000 in LifeBuilder. In the 9th year of the investment David withdrew his entire investment balance. The value of his investment at the time of withdrawal was \$160,000 of which \$60,000 represented the earnings.

Because David withdrew his investment in the 9th year he will only have to declare 2/3rds of the earnings, being \$40,000. David will also be entitled to a tax offset of \$12,000 (30% of \$40,000) to offset any tax payable by David.



The '125% opportunity'

Each year you can make additional contributions of up to 125% of the previous year's total contributions. These additions benefit from being treated (from a 10-year advantage perspective) as if they were invested at the same time as your initial contribution.

This means that these additional contributions don't have to be invested for the full 10-years to be included as part of the 10-year advantage.

There are several important rules in relation to the 125% opportunity:

- the 125% opportunity applies for the life of your investment, meaning you can take advantage of this well beyond the 10-year anniversary
- if an investment year is completed without any contributions made, no further contributions can be made without restarting the 10-year period
- if more than 125% of the previous year's contributions are made in the following investment year, the 10-year period will restart.

Restarting the 10-year period means that the initial investment date used when calculating the new 10-year period is reset. The investment date is reset to the start of the investment year that the contributions exceeded 125% of the previous year's contributions.

The entire investment balance is affected by the new commencement date, not just the amount that resulted in the break of the 10 year period.

Death, financial hardship or serious illness

If the last surviving life insured dies or suffers an accident, disability or serious illness before the 10 year period, then no part of the proceeds is assessable and will be paid as a tax-free distribution. Similarly, in the event of an unforeseen serious financial hardship being experienced by the investor within the 10 year period, then the benefits paid will also not be assessable and will be paid tax-free to the investor.

Transfer of ownership

Transfer of ownership of a LifeBuilder Bond and the vesting (in effect a transfer) of a ChildBulder to a child occurs without personal tax or capital gains tax implications. The 10-year advantage period is also maintained and not re-set as a result of the transfer.

FuneralBond

The bond's investment earnings are tax-paid at up to 30% by us. As such, you will not need to include anything in your annual tax return.

If you do not transfer your FuneralBond to a funeral director the funeral benefit will be paid to your estate. The bond's earnings component (being the difference between the end value and your net contributions) will then be assessable income in the hands of your estate.

If you transfer your FuneralBond to a funeral director (as part of a pre-paid funeral arrangement) then the benefit paid on your death will need to be included as assessable income in the hands of the funeral director. The transfer occurs without personal tax or capital gains tax implications.

Goods and Services Tax (GST)

GST is not payable on contributions, investment earnings, withdrawals or switching transactions.

In the event of any change in tax laws or their interpretation which affects the rate of GST payable or the reduced input tax credit levels that we may receive, the amounts deducted from your investment in respect of applicable fees and costs may be varied or adjusted to reflect these changes without your consent or further notice to you.

Tax file numbers

Under current laws there is no requirement to provide a Tax File Number ('TFN') or Australian Business Number ('ABN') to invest in the bonds.

Tax information

The tax information contained in this PDS sets out our general understanding of relevant and current tax laws as at the date of this document. Those tax laws and their interpretation could change in the future. The tax information contained in this PDS generally applies to individual investors that are Australian tax residents. If you are investing as a company or trust or you are a non-resident investor, you should seek your own tax advice.

Our reporting obligations

We are required to identify tax residents of countries other than Australia in order to meet account information reporting requirements under Australian and international laws.

If at any time after investing, information in our possession suggests that you may be a tax resident of a country other than Australia or you are an investing entity's controlling person or key beneficial owner, you may be contacted to provide further information on your foreign tax status and/or the foreign tax status of the entity and/or any controlling person/beneficial owner. Failure to respond may lead to certain reporting requirements applying to the investment.

A controlling person/beneficial owner refers to the individual(s) that directly or indirectly owns a legal interest in the entity of 25% or more and/or exercises actual effective control over the entity, whether from an economic or other perspective, such as through voting rights.

In addition, in the case of a trust, a controlling person/beneficial owner includes the settlor(s), trustee(s), appointer(s), beneficiary(ies) or classes of beneficiaries and in the case of an entity other than a trust, the term includes persons in equivalent or similar positions.

By completing the Application Form, you certify that if at any time there is a change to the foreign tax status details for you, the entity and/or any controlling persons/beneficial owner, you will inform us. You also certify that if at any time there is a change of a controlling person or beneficial owner in your entity, you will inform us.

Changes in residency

If you change from being a non-resident to an Australian tax resident or vice versa, it is important that you notify us immediately.

Social security

Owning a LifeBuilder, ChildBuilder or FuneralBond investment may affect entitlements to means tested Government benefits received from Centrelink or the Department of Veterans Affairs. LifeBuilder and ChildBuilder investments are treated as 'financial assets', will count as an asset under the assets test, and are deemed to earn income under the income test.

For FuneralBond investments, assets and income test exemptions may apply.

You should consult with your financial adviser, Centrelink or the Department of Veterans Affairs on the pension implications of investing in an investment bond.



Additional information

Progressive investing facility

By using the progressive investing facility you are authorising us to switch a portion of the amount contributed from the Macquarie Treasury Fund option to another selected investment option(s) at regular intervals. Any earnings generated in the Macquarie Treasury Fund investment option will be maintained in that investment option.

The first switch instalment will occur at the time of your contribution, with subsequent switches to commence in the following month. Switches will occur on the 24th of each month or the next business day. Your progressive investing facility will continue until your contribution has been fully invested or if you cancel it.

Regular Savings Plan

Your regular savings amount will be debited from your Australian financial institution normally on the 15th day of the month or the next business day. Bank transaction fees and Government charges may apply. You are required to ensure that you have provided us with up to date details of your Australian financial institution account and that sufficient funds are available. Bank dishonour fees may apply if you don't maintain sufficient funds to cover the regular deposit amount.

Please contact us if you want to change the Australian financial institution account details, investment amount (provided it stays above \$100 per month), frequency, or suspend or cancel your savings plan. Please notify us at least ten (10) days before the next automatic contribution is due, to ensure your request is carried out.

Auto-rebalancing facility

Auto-rebalancing will be subject to the normal minimum investment or switching requirements that apply.

Although there are no fees associated with using the auto-rebalancing facility, it will withdraw you from one investment option and invest into another, so buy/sell spreads will apply. Please refer to the 'Transaction and operational costs' section on page 41 for further details on buy/sell spreads.

We will immediately stop your auto-rebalancing facility if:

- you tell us to invest an additional investment and select a different investment option weighting
- you change your future investment selection to a different investment option weighting
- you make a withdrawal in different proportions to your selected investment option weightings

- you switch all or part of your investment balance between investment options
- an investment option you hold becomes suspended, restricted or unavailable.

If your auto-rebalancing facility is cancelled, generally you can re-instate it and select new investment option weightings. The rebalancing will then exclude your investments in any suspended, restricted or unavailable investment option(s).

We will notify you of your new selected investment option weightings for your auto-rebalancing facility (and your future investment selection) or if your auto-rebalancing facility has been cancelled.

Regular Withdrawal Facility

If you use the Regular Withdrawal Facility, the proceeds of your regular withdrawal will:

- only be deposited into your nominated Australian financial institution account
- usually be available in your selected Australian financial institution account within seven (7) business days, given normal operating conditions.

We can cancel your Regular Withdrawal Facility relating to a selected investment option if a partial withdrawal (including Regular Withdrawal Facility withdrawal) reduces your investment balance in that investment option to less than \$500 (or another amount that we may set and advise you). The Regular Withdrawal Facility is also subject to you maintaining a minimum total investment balance of at least \$1,000.

We can terminate, suspend or impose additional conditions on the operation of your Regular Withdrawal Facility at any time with notice to you.

Processing your instructions

Where a valid application for an initial or additional investment, switch or withdrawal request is received at our office prior to 3:00 pm (Melbourne time) on a business day, we will generally process your request using the unit price applying to the close of business that day. We will generally process your request using the unit price applying to the following business day if we receive the request at our office after 3:00 pm (Melbourne time).

Transaction processing may generally take up to seven business days to be finalised, and will be dependent on obtaining up-to-date valuations for the underlying investments you have chosen to invest in or withdraw from. If any required documentation doesn't accompany your application monies (including required customer identification documents) we may either refuse or delay your application request for up to 30 days, after which the application monies will be returned to you.

Suspension of applications, switches and withdrawals

In certain situations impacting:

- the effective and efficient operation of a market for an asset held directly or indirectly by an investment option, or
- in circumstances where we otherwise consider it to be in investors' interests,

we may suspend processing all applications, switches or withdrawals (including regular withdrawals) for that investment option. This may include (but may not be limited to) situations where:

- we cannot properly ascertain the value of an asset held by the investment option
- an event occurs outside of our control that results in us not being able to calculate unit prices or reasonably acquire or dispose of assets held by the investment option
- an underlying fund or manager suspends applications, withdrawals and/or unit pricing
- the law otherwise permits us to delay or restrict processing applications or withdrawals.

There may be delays or deferrals in processing a withdrawal, benefit payment or investment switch as a result of processing delays or deferrals imposed by the underlying investment managers in respect of their respective investment options.

Where this is the case, we may delay the processing of the withdrawal, benefit payment or investment switch until after the underlying investment manager has processed our instructions or until we have received all relevant financial information from the underlying investment manager.

We may also choose to delay processing applications, switches or withdrawals until we have received the tax components for any distributions paid by the investment managers of the underlying funds during any given financial year.

Applications, withdrawals or switching requests received during the suspension will be processed using the entry and/or exit price applicable when the suspension is lifted.

Authorised Representative facility terms and conditions

You are responsible for anything that your representative does on your behalf. If someone we reasonably believe to be your representative acts on your behalf, we will treat the request as if you had personally acted.

If you instruct us to accept instructions from your authorised representative, you release us from any claims and indemnify us against all losses and liabilities arising from any payment or action we make based on instructions (even if not genuine) that we receive from your authorised representative and reasonably believe are genuine.

You also agree that neither you, nor anyone claiming through you, has any claim against Generation Life in relation to these payments or actions.



Electronic instructions

We will not be responsible for any loss or delay that results from a transmission not being received by us and will only process electronic instructions received in full and signed by authorised signatories.

Only instructions received from you or a person authorised by you will be accepted by us. You must comply with any security or verification procedures required by us from time to time. We will assume that any instruction received by fax or email in respect of your investment has been authorised by you, and we will not investigate or confirm that authority (unless we are actually aware that the instruction was not authorised).

We may refuse to act on any instruction until the validity of the instructions has been confirmed, and we will not have any liability to the investor or any other person for any consequences resulting from not acting on the instruction. If you chose to provide electronic instructions, you release our representatives and agents from any claims and indemnify us, our representatives and agents against all costs, expenses, losses, liabilities or claims arising from any payment or action we make based on instructions (even if not genuine) that we receive and reasonably believe are genuine, including as a result of gross negligence or wilful default by us, our agents or representatives.

You also agree that neither you, nor anyone claiming through you, has any claim against us, our representatives or agents in relation to acting on instructions received (authorised by you or otherwise). Please be careful. There is a risk that fraudulent requests can be made by someone who has access to your investment information.

We may vary the conditions of the service at any time by providing notice, either in writing, by email or other electronic communication. We may also suspend or cancel the service at any time without notice.

Discretions and minimums

We reserve the right to reject an application for additional investment, switch or withdrawal request at our discretion. We also reserve the right to fully withdraw your investment if your withdrawal request would cause your holding to be less than the minimum investment balance requirement.

Minimums may be varied from time to time at our discretion.

Future Event transfers & vesting

If you use the Future Event transfer facility with LifeBuilder, multiple transferees will be treated as joint owners with individual transferees added as joint life(s) insured to the investment. Where the intended transferee is an entity (such as a company), a life insured (other than the owner(s) must be nominated.

A transfer under the Future Event facility will take effect on the date of registration of the transfer by us. Registration will only be possible once the future event or date has occurred. In the case of death – this is once we have received official notification of your death, and after we have verified the eligibility of the new owner(s).

Transfers under the Future Event facility and vesting (in the case of ChildBuilder) will only be possible where the transferee (or nominated child in the case of ChildBuilder) is at least 10 years of age at the date of registration of the transfer or vesting date. In the event that the owner is deceased and the transferee (or nominated child) has not reached 10 years of age, the owner's estate representative will hold the investment on trust (on behalf of the child) until the child turns 10 years of age (or attains the vesting age in the case of ChildBuilder). Your estate's representative will not be able to revoke or amend your transfer request or child's nomination.

Any initial and ongoing Adviser Service fees attached to the investment will continue. Any existing Regular Savings Plan or Regular Withdrawal Facility will be discontinued.

If the transfer date is not a business day, the transfer will be effective on the next business day. The transfer will not be effective until the transferee has provided all required identification requirements at the time of transfer, and in the case that the transfer event is as a result of death of the owner, after we have received official notification of the death of the last surviving owner.

If the transferee (including a child under a vested ChildBuilder) chooses to make withdrawals which are less than any annual withdrawal limit condition or to defer the withdrawals for a specified period, the unused component of the annual withdrawal limit is carried forward and added to the annual withdrawal limit in the following year.

If a payment date falls on a non-Melbourne business day, the payment will be made the following Melbourne business day. Any payments made are subject to any minimums that may apply from time to time.

The new owner will not be able to transfer ownership of their investment or use the investment as security (for example as part of a loan arrangement) where restrictions have been placed on access to funds by the original investor.

Where a restriction on future withdrawals has been included as a condition of transfer or vesting, then the original owner may seek confirmation from us that those conditions have been met.

For LifeBuilder, by nominating a future dated event and transferee(s) you instruct us to arrange a transfer of ownership. You and the transferee(s) release us from any claims and indemnify us against all losses and liabilities arising from any payment or action we make based on instructions we have received. You also agree that neither you, nor anyone claiming through you, have any claim against Generation Life or the investment bonds in relation to these payments or actions.

Direct debit

You can authorise us in your Application Form to debit investment amounts directly from your nominated Australian financial institution account.

We are unable to debit a third party account, so you must be a party to the bank account selected for direct debits. For joint investors, at least one investor must be a party to the nominated account.

We will initiate direct debit drawings automatically upon acceptance of your instruction and we will not advise you beforehand. To avoid potential dishonours by your financial institution and any associated charges, it is your responsibility to ensure that:

- direct debit is available from any account you nominate
- your selected account has a sufficient balance available to meet any authorised direct debits.

Please refer to the Additional Information Booklet for details of the direct debit service agreement.

How your investment is valued

When you invest, you are allocated a number of units in each investment option you have selected. Each of these units represents an equal part of the market value of the portfolio of investments that the investment option holds. As a result, each unit has a dollar value or 'unit price'.

The unit price is calculated by taking the total market value of all of an investment option's assets on a particular day, adjusting for any liabilities, accruals and provisions (including tax provisions) and then dividing the investment option's net value by the total number of units held by all investors on that day. Although your unit balance in an investment option will stay constant (unless there is a transaction on your account), the unit price will change, according to changes in the market value of the investment portfolio, provisions, accruals or the total number of units issued for the option.

We determine the market value of each investment option based on the most recently available information we have. We may exercise certain discretions that could affect the unit price of units on application or withdrawal in each investment option (such as determining transaction costs and buy/sell spreads). Our Unit Pricing Discretion Policy sets out the principles we follow when exercising these discretions. This policy is available free of charge by contacting us.

Refer to the Additional Information Booklet for the buy/sell spreads that apply to each investment option.

Labour standards or environmental, social or ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments for the investment options. However, we do have an overall policy of always acting legally, acting in the best interests of investors, and dealing with parties who, to the best of our knowledge, are reputable organisations.



We do not specifically take into account the appointed investment manager's labour standards, environmental, social or ethical considerations. These factors may be considered to the extent they impact on an investment manager's performance. The investment managers may have their own policies on the extent to which labour standards, environmental, social or ethical considerations are taken into account in their investment processes, however, these are not considered by us when selecting investment managers.

Updating information

We may change any of the terms and conditions contained or referred to in the PDS, subject to compliance with the product rules and laws and, where a change is material, we will notify you in writing within the timeframes provided for in the relevant legislation. Information contained in this PDS which is not materially adverse information is subject to change from time to time and may be updated via our website and can be found at any time by visiting our website. A paper copy of any updated information is available free of charge on request by contacting us on 1800 806 362.

The offer made in the PDS is available only to persons receiving the PDS within Australia.

Privacy policy

We respect and uphold your rights to privacy protection and we have measures in place governing how we collect, hold, use and disclose your personal information. These matters are governed by our Privacy Policy which covers information such as:

- your name, contact details and identification information
- banking details
- transactions and dealings with us, or with our related entities.

Further information about our Privacy Policy is contained in the Additional Information Booklet.

Your cooling-off rights

You have rights called 'cooling-off' that allow you to cancel your initial application by written notice within 14 days (unless a longer period applies based on specific State or Territory legislation).

The cooling-off period starts the earlier of (unless specified otherwise by your State or Territory legislation):

- the date you receive your confirmation of investment from us, or
- the end of the fifth day after we formally accept your application by issuing units in your selected investment options.

If you cancel your initial application, the amount we will return to you will be adjusted for any changes in the unit prices of the investment options that you have invested in, less any reasonable transaction costs or taxes or duties that are not recoverable by us.

In the case of the FuneralBond, some States or Territories provide for a processing fee to be deducted and payable to a funeral director (where the FuneralBond had been assigned to them) in accordance with the relevant legislation.

Cooling-off provisions do not apply to contributions made using the Regular Savings Plan, investment switches and additional investments. Please note that the cooling-off period will lapse if you transact on your investment within the cooling-off period.

Complaints resolution

You should notify us in writing if you have a complaint. We will acknowledge receipt of your complaint and aim to resolve it within 45 days. We will write to you to explain our decision and any further avenues of recourse.

We are a member of the Financial Ombudsman Service ('FOS'), an independent body established to resolve complaints in the financial services industry.

If we have not resolved your complaint within a reasonable time or you are not satisfied with our determination of your complaint, you can refer the matter to FOS for resolution. Contact details for FOS are:

Financial Ombudsman Service
GPO Box 3 Melbourne, Victoria 3001
www.fos.org.au
Telephone 1800 367 287

Related parties

Generation Life reserves the right to outsource any or all of its investment management and administration functions, including to related parties, without notice to investors. All related party transactions entered into will be in accordance with relevant laws and be made subject to arms length and commercial terms.

Licensing and regulation

Generation Life is a registered life insurance company under the Life Insurance Act 1995 ('Life Act') and is also an Australian financial services licence holder under the Corporations Act 2001 ('Corporations Act').

We and the investment bonds offered under this PDS are subject to regulation by the Australian Prudential Regulation Authority ('APRA') and by the Australian Securities and Investments Commission. Our operations and the operations of the investment bonds are governed by the product rules ('Product Rules'), the Life Act, and the Corporations Act.

Product Rules and security

The Product Rules govern the operation of the investment bonds and the investment options. The Product Rules have been approved by APRA. Each investment option is constituted as a separate benefit fund under the Product Rules.

Each benefit fund is held separate and distinct from the other benefit funds and the assets of Generation Life. Each benefit fund is therefore quarantined and protected from any potential adverse positions that may impact either us or any of the other benefit funds.

The Product Rules provide us with certain rights and powers, including (but not limited to):

- the types of investment and investment bonds that we can issue
- how the investment options (benefit funds) are established, valued, priced and how they operate
- how applications are made and any conditions attached, including the power to accept or not accept applications and transfer/assignment requests at our discretion
- the ability to accept or defer an application to change the vesting age under a ChildBuilder investment
- imposing conditions or restrictions on withdrawals
- determining taxation treatments, provisions and allocations to and between the benefit funds.

Any changes to the Product Rules must be approved by APRA. Please contact us to inspect a copy of the Product Rules.

Your contract with us

By us approving your investment application, you enter into a contract with us. That contract is formed when we accept your investment application. The terms of your contract with us comprise the terms and conditions contained in your investment application, the Product Rules and this PDS or any future PDS or disclosure document issued.

Investment manager benefits

Where allowed by law, we may receive certain benefits in the form of payments or rebates from underlying investment managers of the investment options. We may use these to reduce the management fees you pay or they may be retained by us in our general management fund.

Tax credits

The Product Rules provide for tax credits related to certain on-going expenses incurred by Generation Life in the management of the investment options to be passed onto the investment options. These tax credits are those arising from expenses, including costs associated with acquiring, disposing, registering investment option assets; appointing underlying funds and ongoing investment management; bank fees and duties; taxes, rates and outgoings on investment assets and legal costs. Otherwise, depending on the nature, size and origins of the expenses giving rise to the tax credit, the benefit of all other tax credits (whatever their source) are able to be realised by us and allocated at our discretion to investment options and/or retained by us in our general management fund.



Consents

Each of the investment managers referred to in this PDS have given and not withdrawn their consent before the date of this PDS to the inclusion of the description of the investment options and the investment managers in the form and context that they have been named.

Your liability

Investors are not under any personal obligation to indemnify Generation Life (or its creditors) in respect of our liabilities in relation to the investment bonds, investment options, or the underlying investment managers.

Financial crimes monitoring

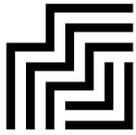
We are bound by laws about the prevention of money laundering and the financing of terrorism as well as sanctions obligations, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('AML/CTF Laws').

As part of meeting our obligations you are required to confirm and agree to certain terms and conditions. These terms and conditions can be found in the Additional Information Booklet.

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generation
life



Product Disclosure Statement | 4 December 2017

Contact details

Postal Address

GPO Box 263
Collins Street West
Melbourne VIC 8007

Telephone

Investor services 1800 806 362
Adviser services 1800 333 657
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