

# Generation Life Tax Effective Equity Income Fund

## Wholesale Class A

In partnership with Martin Currie Australia (a Franklin Templeton specialist investment manager)<sup>1</sup>

### Exclusive Offering

#### Key benefits

- Regular (quarterly) tax-effective income stream.
- Fund's estimated long-term average tax paid less than 10%.<sup>2</sup>
- Daily liquidity.
- Active high yielding Australian share portfolio.
- Minimal ongoing tax reporting.
- Access to Martin Currie Australia's investment expertise.
- Wealth transfer and estate planning options.

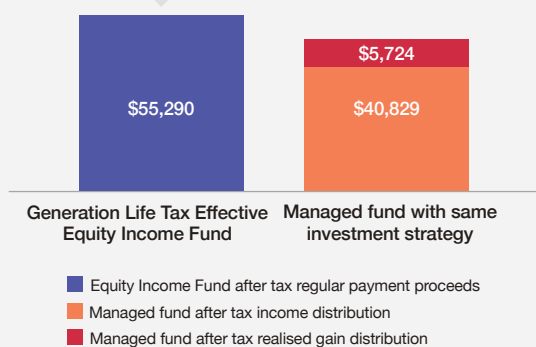
#### Tax effective quarterly payments

The tax effective investment bond structure provides the following benefits:

- Regular quarterly payment apportioned between tax-free capital and tax assessable income.
- 30% tax offset to reduce personal tax on assessable income.
- Mandate investment structure to optimise the management process and minimise taxable earnings.
- No personal tax assessable income after 10 years.
- Portfolio focused on high quality yielding assets that looks to extract the full benefit of franking credits.

#### After tax return profile based on a 47% marginal tax rate (including levies)<sup>3</sup>

**18.7%** Average annual uplift in your income stream. No additional investment risk.



Assumptions: Based on \$1m invested over a 12 year period, assuming 5.4% p.a. income, 1.5% p.a. capital growth and 85% franking level.

#### Portfolio yield 12 month forecast

Forecast portfolio dividend yield (90% franked) of 5.2%. Grossed up yield of 6.6% (including franking credits).<sup>4</sup>

#### Investment yield after-tax comparison

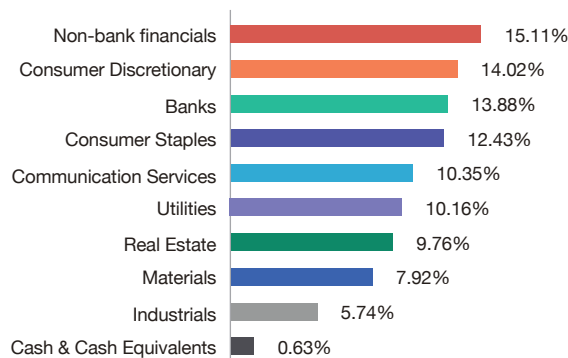
Dividend yield (90% franked)	5.2%
After-tax distribution (managed fund or direct)	3.8%
After-tax regular payment (Equity Income Fund)	5.0%

Represents illustrative year 1 after-tax return profile assuming 90% franking level. This is a new fund and performance is not guaranteed.

#### Top 10 holdings<sup>5</sup>

Stock	Holding (%)	Grossed up yield p.a. (including franking credits)
National Australia Bank Ltd	4.68%	6.5%
Coles Group Ltd	4.57%	5.1%
Coca-Cola Amatil	4.51%	3.2%
Medibank Pvt Ltd	4.51%	6.3%
BHP Billiton Ltd	4.17%	9.5%
ANZ Banking Group Ltd	4.06%	7.3%
Harvey Norman Holdings Ltd	3.95%	9.2%
Telstra Corp Ltd	3.76%	8.5%
Aurizon Holdings Ltd	3.73%	9.0%
JB Hi-Fi Ltd	3.67%	5.8%

#### Sector exposures<sup>5</sup>



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## Fund details

### Fund name

Generation Life Tax Effective Equity Income Fund Wholesale Class A.

### Objective

Portfolio aims to generate an income yield above the S&P/ASX 200 Franking Credit Adjusted S&P/ASX 200 Index and to grow this income above the rate of 'inflation'.

### Issuer

Generation Life Limited.

### Investment Manager



Martin Currie Australia (a Franklin Templeton Specialist Investment Manager).

### Target size and allocation

Subscription target of \$100 million.

### Expected effective tax rate

Fund's estimated long-term average tax paid less than 10%.<sup>1</sup>

### Regular payments

Elect to receive regular quarterly payments reflective of the after-tax yield of the underlying investment portfolio.

### Minimum initial investment

\$250,000. Wholesale only.

### Additional investments

Ad-hoc investment – \$5,000.  
Regular Savings Plan – \$500 per month.

### Liquidity

Daily liquidity. Minimum \$5,000 withdrawals.

### Leverage

No short selling, leverage or gearing used to enhance returns.

### Adviser and AFS Licensee fees

Adviser fees – Initial and ongoing fees deducted as agreed between the investor and financial adviser.

AFS Licensee fee – A fee of up to 1.1% (including GST) of the initial investment amount may be paid to the financial adviser's Australian Financial Services Licensee (AFSL). This fee (excluding GST) may be rebated to the investor (in whole or part) at the AFSL's discretion by way of an additional amount to be applied to the application amount.

### Fees and costs

Management fee – Discount of 0.30% p.a. off the standard fee. Management fee of 0.90% p.a. of the gross asset value of the Fund's Wholesale Class A units.

Recoverable expenses – Normal operating expenses such as investment management costs, audit costs and regulatory fees are paid by the Issuer. Abnormal expenses such as Fund termination costs and member meetings are incurred by the Fund.

Transaction costs – A buy spread of 0.25% and sell spread of 0.25% will apply. This is retained by the Fund and is not paid to the Issuer. Ongoing transactional costs such as brokerage, trading costs, derivative transaction costs, and bid-ask spreads, are estimated at 0.10% p.a. of the Fund's gross asset value.

Withdrawal fee – A fee for one-off withdrawal requests made within 2 years of the effective initial investment date of the investment.

Withdrawal timeframe	Withdrawal fee*
During first year of investment	1.0%
During second year of investment	0.5%
After second year of investment	Nil

\*Not applicable where withdrawal due to death benefit payment or withdrawal by executor or administrator of a deceased estate.

### Structure

Interests in unit-linked life policies, investing in an Australian share mandate.

### Timetable

**Offer open:** 15 December 2020.

**Close date:** 31 March 2021.

**Expected issue date:** 7 April 2021.

## How to apply

You can make an application for an investment under the Offer by completing the online application form at [www.genlife.com.au/EIFWA/apply](http://www.genlife.com.au/EIFWA/apply). Application monies will be accepted by BPAY® only.

A completed application form and cleared funds must be received by 12.00pm (Melbourne time), 31 March 2021.

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1. Martin Currie Australia is a division of Legg Mason Asset Management Australia Limited (Legg Mason Australia). Legg Mason Australia is part of Franklin Resources Inc.
  2. Represents the estimated average level of tax to be paid by the Fund on its annual earnings based on the Fund's stated investment strategy, investment profile, current tax legislation and assumes the historical investment and transacting profile will continue. The estimated level of tax paid is assumed over a long-term and through a full market cycle. The actual level of tax incurred by the Fund may vary and will be dependent on the Fund's actual level of earnings and investment and transacting profile. Past performance is not indicative of future performance.
  3. Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations. The return profile assumes an investment of \$1.0m in an Australian share portfolio receiving 85% franked dividends. The assumed investment return after fees is 5.4% p.a. income and 1.5% p.a. capital growth. The investor marginal tax rate is assumed at 47% (including the 2% Medicare Levy) with no one-off withdrawals or additional investment made during the period.
  4. As at 31 October 2020. The yield forecast for the next 12 months is calculated using the weighted average of broker consensus forecasts of each portfolio holding and research conducted by Legg Mason Australia and is gross of fees and taxes. Neither the yield forecasts nor past performance is a guarantee of future results.
  5. Source: Martin Currie Australia, FactSet; as of 31 October 2020. Data calculated for the representative Legg Mason Martin Currie Equity Income account.
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