

Generation Life Tax Effective Equity Income Fund Wholesale Class A (closed to new Investors)

Fact Sheet | 31 May 2021

Fund facts	
Asset class	Australian shares
Inception date	7 April 2021
Regular payment frequency	Quarterly
APIR code	ALL2027AU
Investment management costs ¹	0.90% p.a.
Buy/sell spread	0.25%/0.25%
Suggested minimum investment period	5 years
Risk level	High

Fund statistics	
Number of holdings	43
Percentage of top 10 holdings	42.89%

Portfolio yield 12-month forecast	
Dividend yield (pre-benefit of imputation credits)	5.01%
Franked yield (including benefit of imputation credits)	6.51%
Franking level	84%

IMPORTANT: The yield forecast represents the estimated yield for the underlying portfolio before fees and tax for the next 12 months and is calculated using the weighted average of broker consensus forecasts of each portfolio holding and research conducted by Legg Mason Asset Management Australia Limited and is gross of fees and taxes. Neither the portfolio yield forecast nor past performance is a guarantee of future results.

Notes

- Based on the gross asset value of the Fund relating to Wholesale Class A investors in the Fund.
- Past performance is not an indicator of future performance.

Investment objective

The Fund provides a tax effective investment for the long term and aims to provide regular quarterly payments. The Fund seeks to generate a growing income profile by investing in a diversified portfolio of high-quality companies. The Fund's portfolio aims to generate an income yield above the S&P/ASX 200 Franking Credit Adjusted Index and to grow this income above the rate of 'inflation'.

Investment approach

The Fund is managed in a tax-aware manner to benefit from franking credits, with the aim of maximising after-tax returns through management strategies employed in the purchase and sale of securities.

The investment manager relies on complementary fundamental and quantitative research, and collective insights into the current investment landscape to identify the most attractive opportunities.

Performance (after tax and fees)²

	Performance %
1 month	1.75
3 months	-
6 months	-
1 year	-
3 years p.a.	-
5 years p.a.	-
Since inception p.a.	-

Regular quarterly payment history

Cents per unit payment	Cents per unit payment
Not applicable*	Not applicable

* As this is a new portfolio, the first regular payment will occur for the quarter ended 30 June 2021.

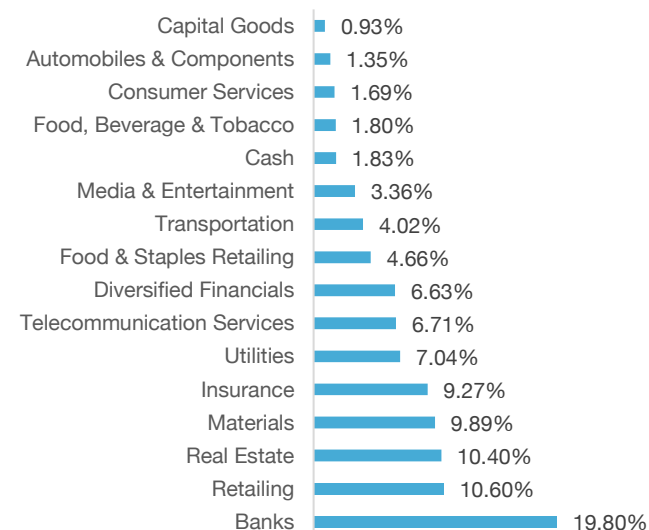
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Top 10 holdings

Company	Fund (%)
National Australia Bank Limited	5.47%
Commonwealth Bank of Australia	5.44%
ANZ Limited	5.00%
BHP Billiton	4.76%
Medibank Private Limited	4.65%
Telstra Corporation	3.98%
Harvey Norman Holdings Limited	3.97%
Nine Entertainment Company Holdings Ltd	3.41%
Aurizon Holdings Ltd	3.15%
Westpac Banking Corporation	3.07%

Sector allocation



Performance commentary

For the one-month period ending 31 May 2021 the after fee and tax return was 1.75%.

At the sector level, Banks and Non-bank financials were the largest positive contributors, while Utilities and Industrials were the biggest detractors.

At the stock level, the banks were strong performers, with the Fund's positions in Commonwealth Bank of Australia, Westpac Banking Corporation and National Australia Bank top contributors, while ANZ Banking Group also contributed.

On the other side, Electricity and gas retailer AGL Energy's weakness continued due to uncertainty over the CEO change and the proposed split into two business - carbon neutral, 'New AGL', and carbon intensive, 'PrimeCo'. This was despite electricity prices increasing significantly over the month.

Market commentary

The Australian equity market rose 2.3% on a pre-tax basis in May (as measured by the S&P/ASX 200 Accumulation Index), supported by a stimulatory Federal Budget and elevated commodity prices. Large cap and value style stocks outperformed during the month, while high-yield and small cap stocks lagged.

At the sector level, banks were the best performer due to a robust May 2021 bank reporting season, during which the majors showed flat to positive revenue growth, costs flat to down, and large bad debt provision write-backs. Consumer discretionary was also strong. Information technology was the weakest sector, weighted down by the prospect of higher inflation and interest rates.

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About Generation Life

As the pioneer of Australia's first truly flexible investment bond, we have been at the forefront of providing innovative tax effective solutions since 2004. Today we are a leading specialist provider of investment solutions – with over \$2.0 billion invested with us to date.

Generation Life is a life insurance company regulated by the Australian Prudential Regulation Authority ('APRA') and our parent company Generation Development Group Ltd has been listed on the Australian Stock Exchange (ASX:GDG) since 2007. Generation Life is responsible for the overall management of the Fund, including the administration, meeting all prudential requirements, tax management and the appointment of the investment manager.

Our focus is to continue to provide Australians with market leading tax effective investment solutions that provide a flexible investment alternative to meet their personal and financial goals. Our investment solutions are designed to help you grow your wealth, meet your day-to-day investment needs and to help you plan for your future needs including the transfer of wealth to the next generation.

About the investment manager

We have appointed Martin Currie Australia as the investment manager of the Fund. Martin Currie Australia benefits from the resources, oversight and support of Martin Currie Investment Management, an active specialist equity investment manager headquartered in Edinburgh, Scotland. Founded in 1881, the investment manager has had a significant presence in Australia through Martin Currie Australia, dating back to 1954.

Martin Currie is now part of Franklin Resources, Inc. group operating as Franklin Templeton. Franklin Templeton acquired Legg Mason in July 2020. Franklin Resources, Inc. is a global investment management organisation operating together with its subsidiaries, as Franklin Templeton listed on the New York Stock Exchange (NYS:BEN).

Franklin Templeton's goal is to deliver better outcomes by providing global and domestic investment management to clients in over 160 countries. With employees in over 34 countries, it has over US\$1.9 trillion in assets under management as at 31 December 2020. Through specialised teams, Franklin Templeton has deep expertise across all asset classes, including equity, fixed income, alternatives and multi-asset solutions.

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