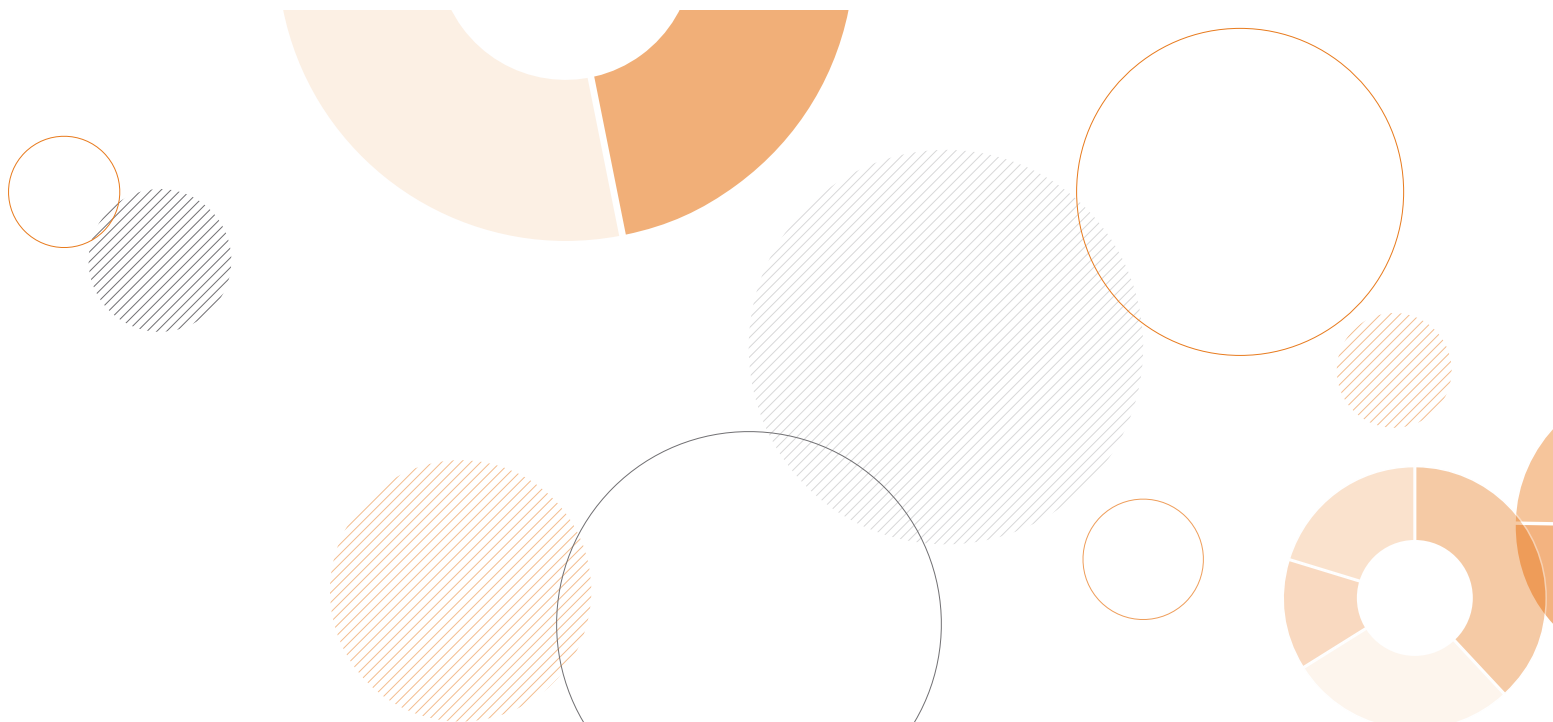


## Multi-Asset Managed Portfolios: Model Portfolios

For advisers looking to access professionally managed tax-optimised investment portfolios with our highest conviction views. The portfolios use direct shares, ETFs and managed funds (which include leading specialist investment managers from around the world) to deliver returns above inflation.



### Adviser Checklist:

What could make the Multi-Asset Model Portfolios right for you and your clients?

You're looking for a tax-optimised approach to managing investments for your clients	✓
You're looking for a scalable and professionally managed investment solution	✓
You're looking to reduce the administrative burden of managing investments for your clients	✓
You believe in having a more flexible asset allocation approach	✓
You believe a 'real' or 'inflation plus' objective is better aligned to your client's goals	✓
Your definition of risk is based on wanting to minimise capital loss in times of market stress	✓

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## Achieving Your Clients' Financial Goals

As the investment manager, we manage the Multi-Asset Model Portfolios. We set an objective that can cater for a range of risk profiles that may meet your clients investment objective and definition of risk— generating pre-tax returns above a clearly defined rate of inflation, and not losing money that can't be made back.

**Managing the Portfolio to a CPI+ Objective:** To determine the investment objective of the portfolio, we start with the rate of inflation (tracked using the Consumer Price Index or CPI) and add to that an additional amount to match the risk profile and financial goals of the model portfolio. This gives us a CPI+ pre-tax objective, namely generating returns above the rising cost of living.

**Managing the Portfolio to Preserve Your Clients' Capital:** We've designed the portfolio's risk management approach to cater for a range of risk appetites that may align with the needs of your clients – our goal is to preserve their savings and to not invest in assets if the reward isn't worth the risk. In other words, we aim to avoid investing in overvalued assets.

**Valuation Driven Asset Allocation – investing only if it makes sense to do so:** We've designed an investment approach that gives us the flexibility to take advantage of opportunities as and when they arise. This approach is known as Valuation Driven Asset Allocation. By avoiding over-valued assets, we aim to deliver more consistent returns with lower risk and preserve your clients' savings (Refer Diagram 1).

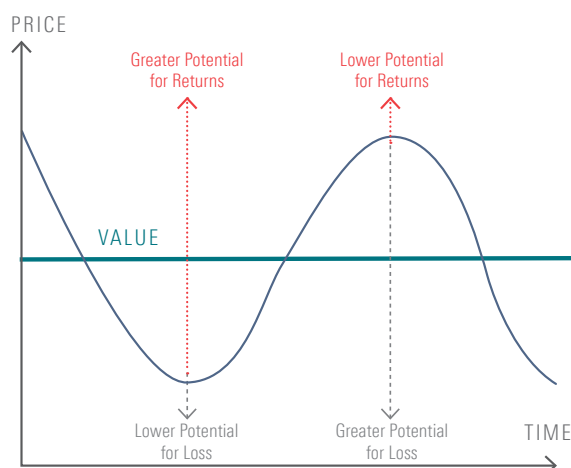
**Quality can be important:** In practical terms, we're seeking to buy attractively priced investments that are overlooked or underappreciated (Refer Diagram 2). We do this by undertaking comprehensive research to understand the fundamental drivers behind each investment – uncovering undervalued investments which display characteristics of quality (e.g. high and stable cash flows and conservative debt levels).

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Diagram 1

### Value = Greater Potential For *Returns*

The potential for return is greater and potential for loss is lower if an asset is cheap, or currently undervalued by the market. If you buy an asset that's expensive or overvalued, we see that as high risk, as you can see on the right hand side of this chart (above the VALUE line).

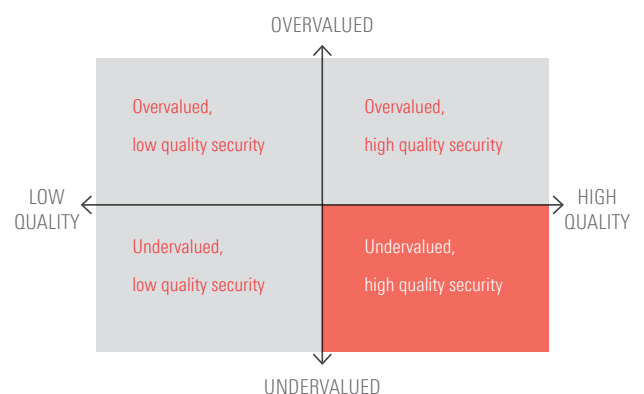


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Diagram 2

### Quality + Value = Greater Potential For *Sustainable Returns*

After we have scored a stock in terms of value, we then determine which are high-quality companies. As you can see in the chart below, securities can be high quality, but overvalued. To be held in our managed accounts, we're looking for securities with both a high Morningstar Quality and Value score, as shown by the red quadrant.



## Morningstar's global research teams working for your clients

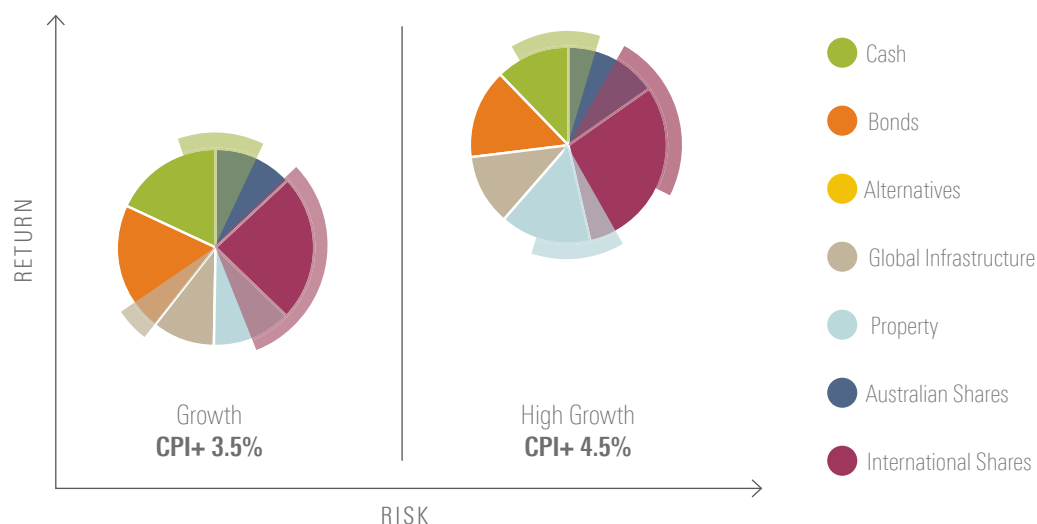
The Australian Investment Team – comprising of portfolio managers, analysts and asset allocation specialists – manage the portfolios. They are supported by one of the largest independent research teams globally. The team leverage research carried out by more than 100 analysts, covering investment opportunities from around the world. This enables them to drill deeper into each and every investment opportunity before deciding whether it has a place in the portfolio or not. When implementing these views, the team has the flexibility to use direct shares, ETFs and managed funds employing leading specialist investment managers from around the world.

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## Morningstar's Selection of Model Portfolios

Morningstar's Multi-Asset Model Portfolios have been selected to meet the needs of investors with a higher tolerance for risk.

The chart below shows the two Morningstar Multi-Asset Model Portfolios available through Generation Life's LifeBuilder, ChildBuilder and FuneralBond investment bonds.



The information displayed is for illustrative purposes only. It should not be used to assess the exact risk/return relationship between portfolios.

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## Maximising After Tax Outcomes

### Innovating tax-optimised investing

The Morningstar Model Portfolios are available across the Generation Life investment menu for LifeBuilder, ChildBuilder and FuneralBond. The Morningstar Model Portfolios are part of the Tax-Optimised series of investment options. The Tax-Optimised series is the pinnacle of Generation Life's Tax Aware investing process designed to maximise performance on an after-tax basis through the direct acquisition and sale of an investment option's assets in a tax-efficient manner.

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## About Generation Life



Generation Life is a pioneer of Australia's first truly flexible investment bond and has been at the forefront of providing innovative tax-effective investment solutions since 2004. A leading specialist provider of tax-optimised investment and estate planning solutions — with over \$2.5 billion invested sales to date.

As an award-winning provider of tax-effective investment solutions, their focus is to continue to provide Australians with market leading tax-effective investment solutions that provide a flexible investment alternative to meet both personal and

financial goals. Generation Life investment solutions are designed to help your clients' grow their wealth, meet your day-to-day investment needs and to help plan for your future needs including the transfer of wealth to the next generation.

Generation Life investment bonds are investment-linked life insurance contracts governed under the Life Insurance Act 1995 and the Corporations Act 2001. The investment bonds operate under rules approved by the Australian Prudential Regulation Authority (APRA).



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Morningstar is a leading provider of asset allocation, portfolio construction and investment research services with over 35 years' experience in the United States, Australia and other international markets. Morningstar advises and manages funds for superannuation funds, institutions, platform distributors, financial advisers and individuals.

Morningstar's disciplined investment approach delivers independent, cost effective and holistic solutions for investors – helping them reach their financial goals. This long-term, valuation driven approach is underpinned by an emphasis on preserving capital and undertaking comprehensive fundamental analysis of global asset classes and securities.

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