



RIISING INFLATION **IML'S APPROACH TO** **PROTECTING WEALTH**

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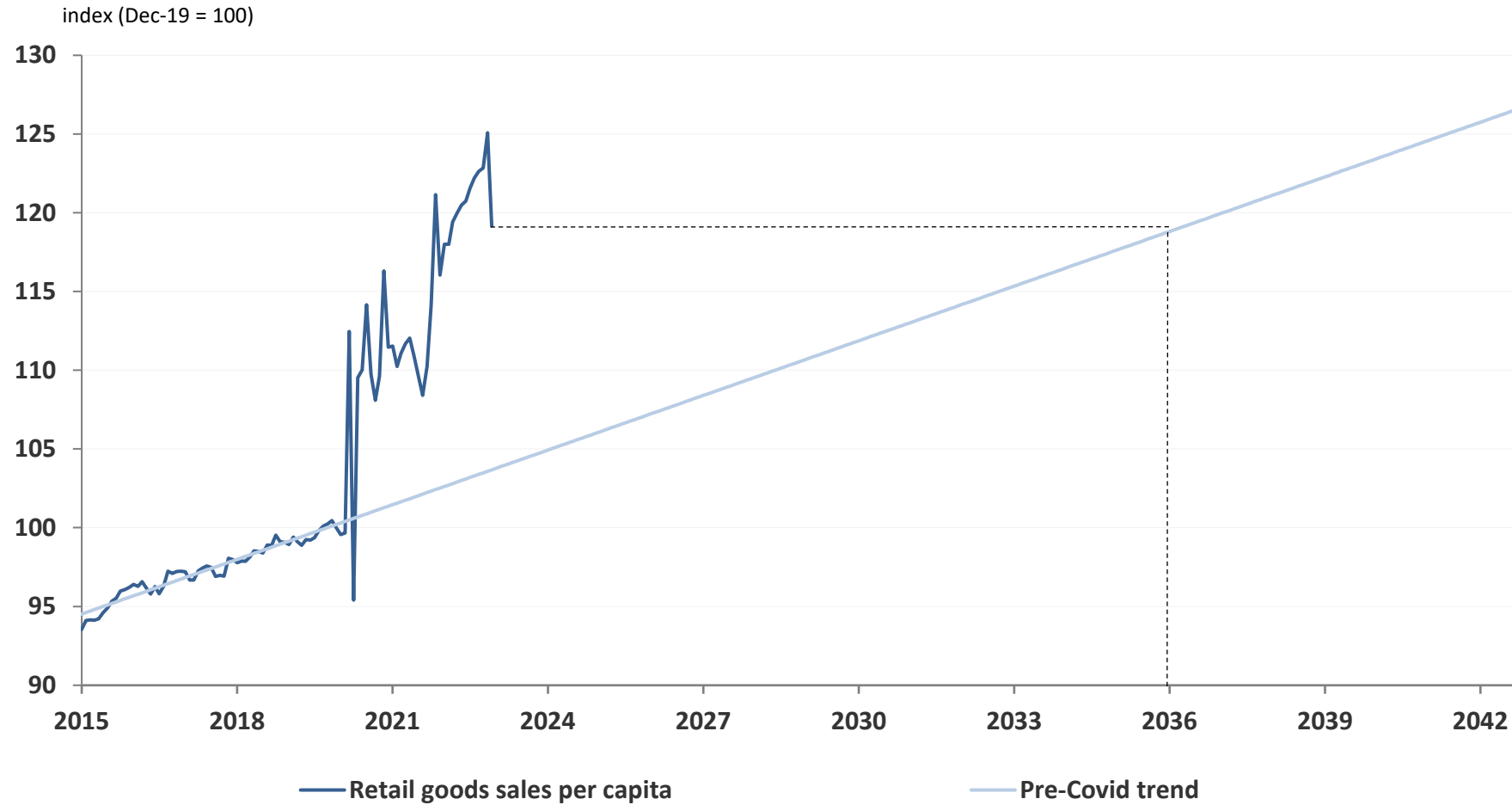
NEGATIVE YIELDING DEBT

Share of negative yielding debt in developed bond markets



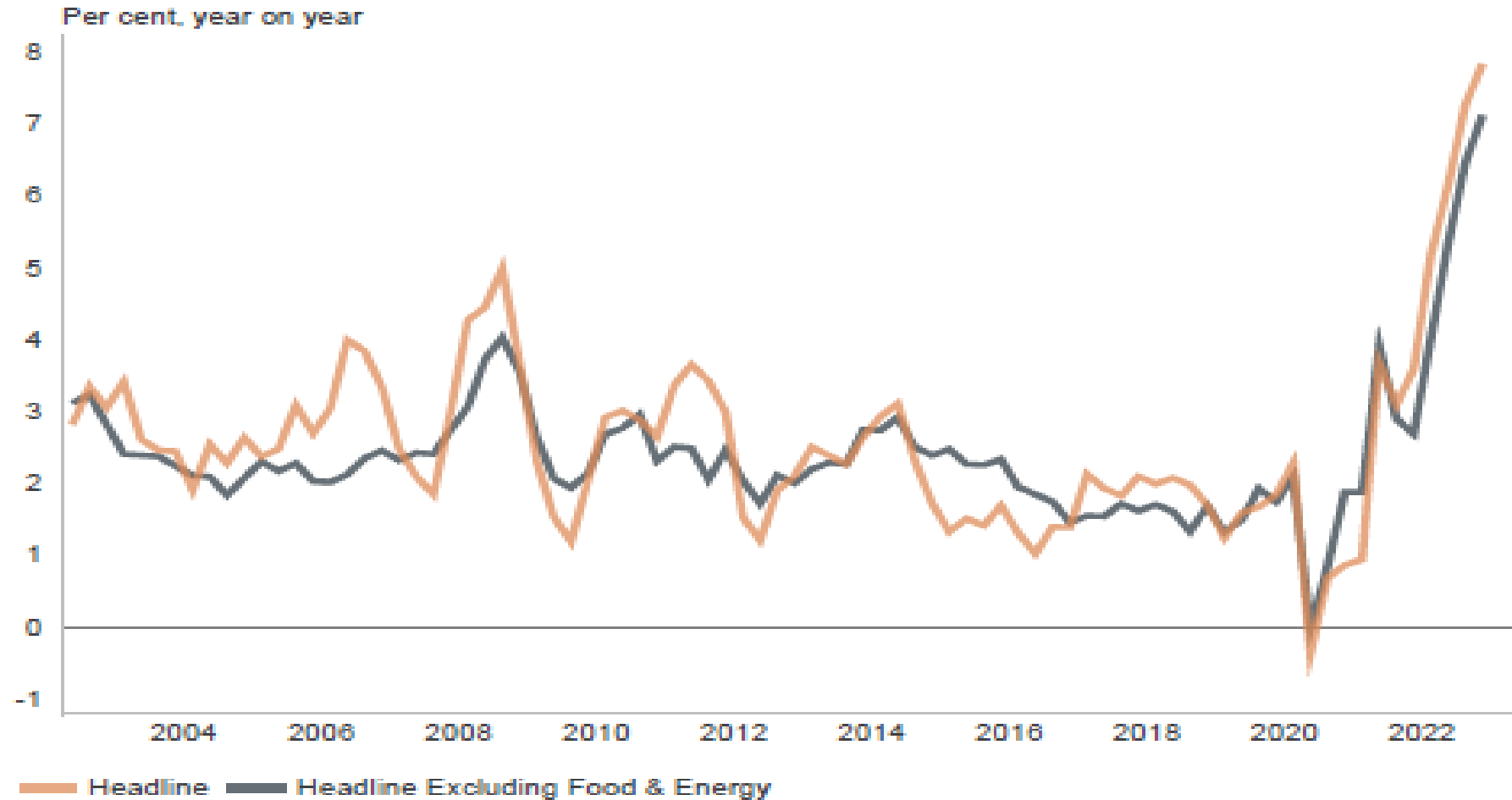
Source: Barrenjoey; Bloomberg
As at 17 February 2023

TOO MUCH DEMAND



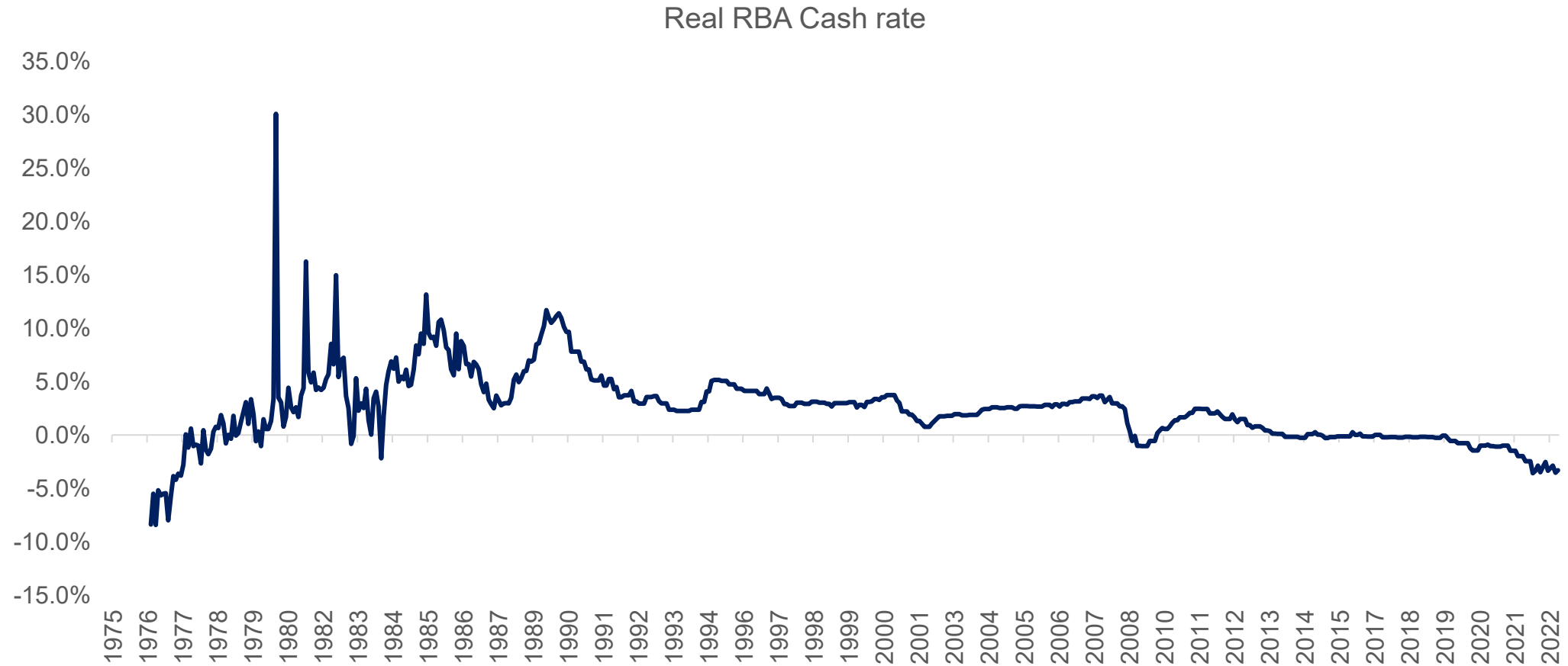
Source: ABS, Morgan Stanley Research

INFLATION IS SURGING, NOT JUST ENERGY



Source: ABS, Barrenjoey Research, Macrobond

PUNISHING SAVERS

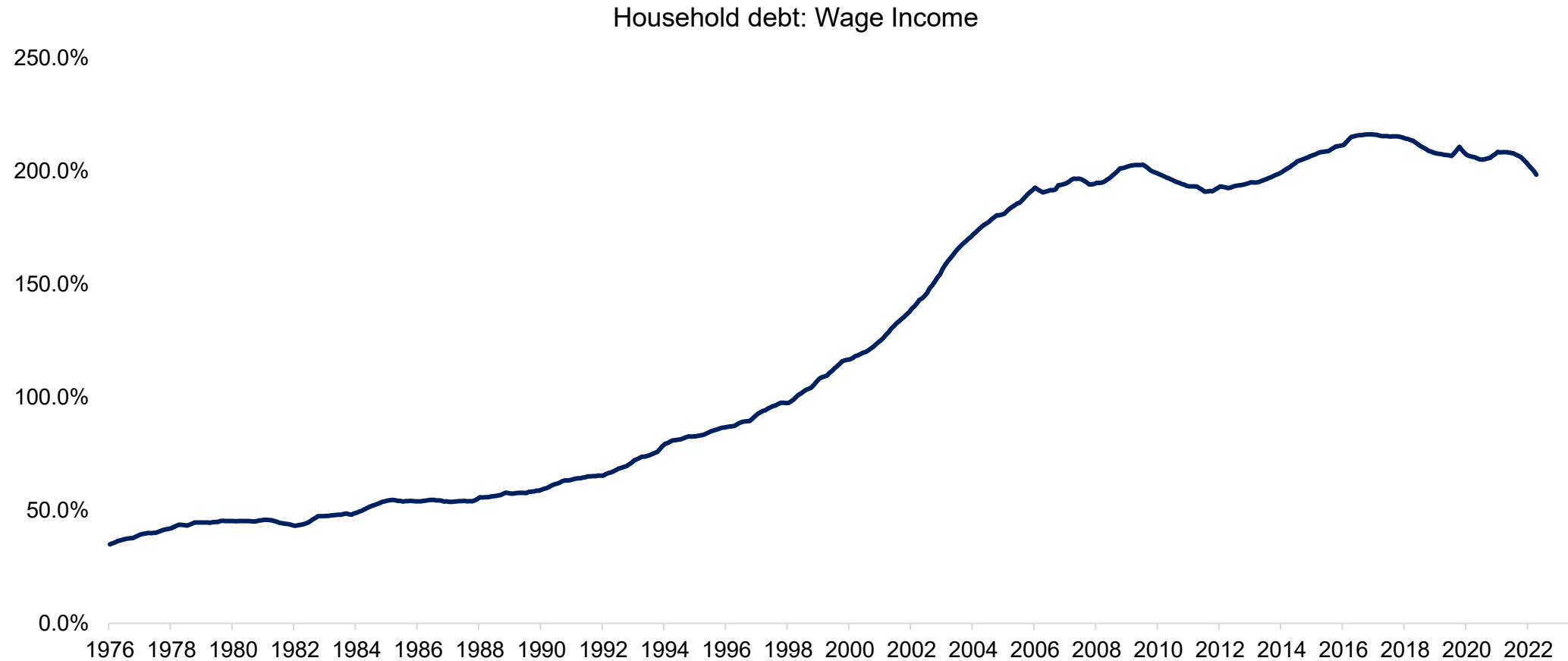


Source: Barrenjoey, RBA & ABS; As at 20 February 2023

“INTEREST RATES WILL STAY NEAR ZERO FOR YEARS”

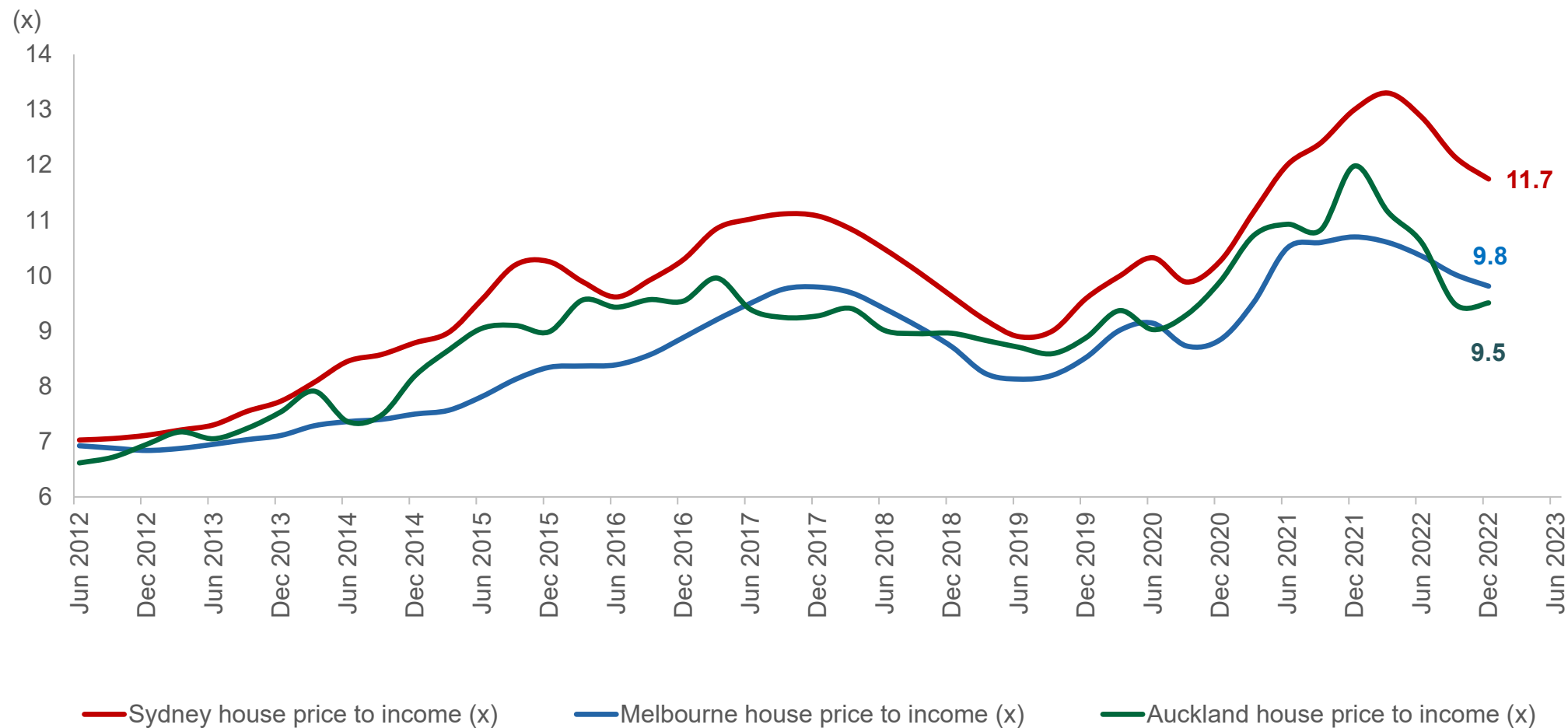


ON THE PODIUM FOR HOUSEHOLD INDEBTEDNESS



Source: Barrenjoey, RBA & ABS; As at 18 February 2023

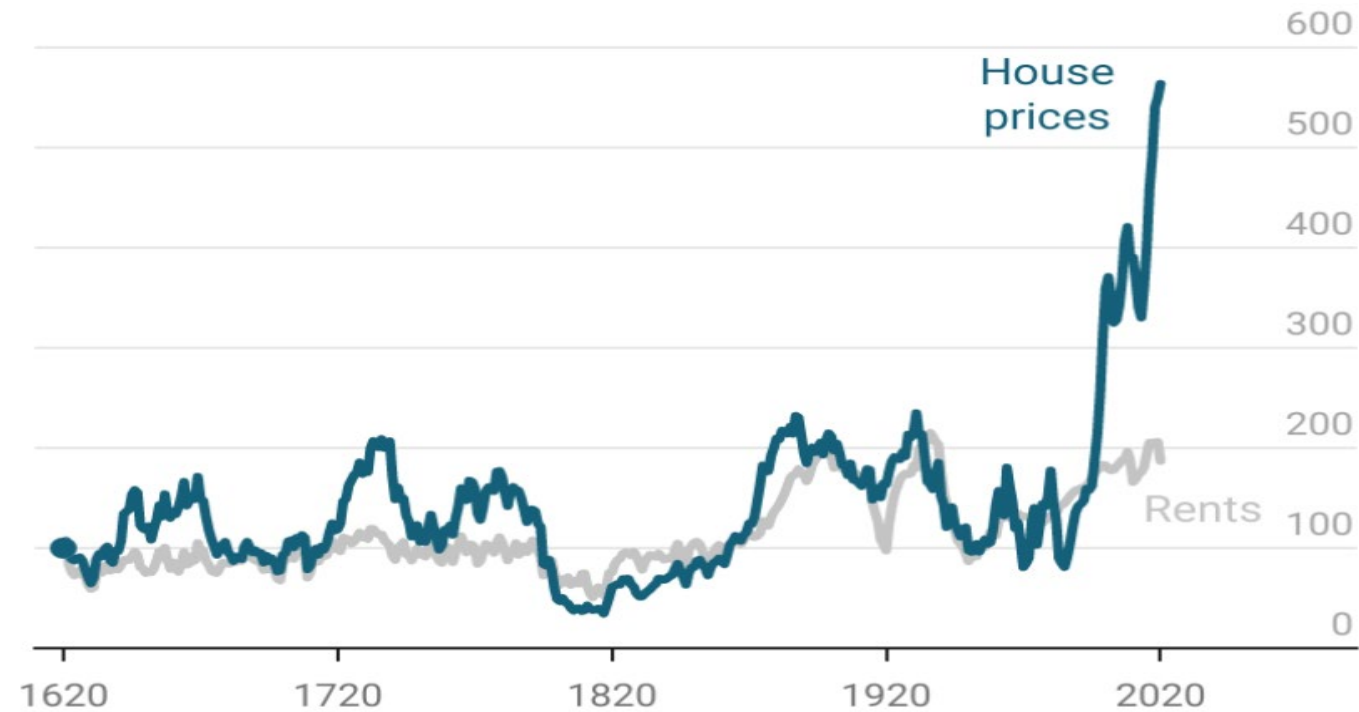
HOUSE PRICES: INCOME



Source: Corelogic, RBA, ABS, RBNZ, REINZ, Barrenjoey Research estimates;
As at 31 December 2022

Four centuries of boom and bust

Real house prices and rents, indexed¹
Amsterdam

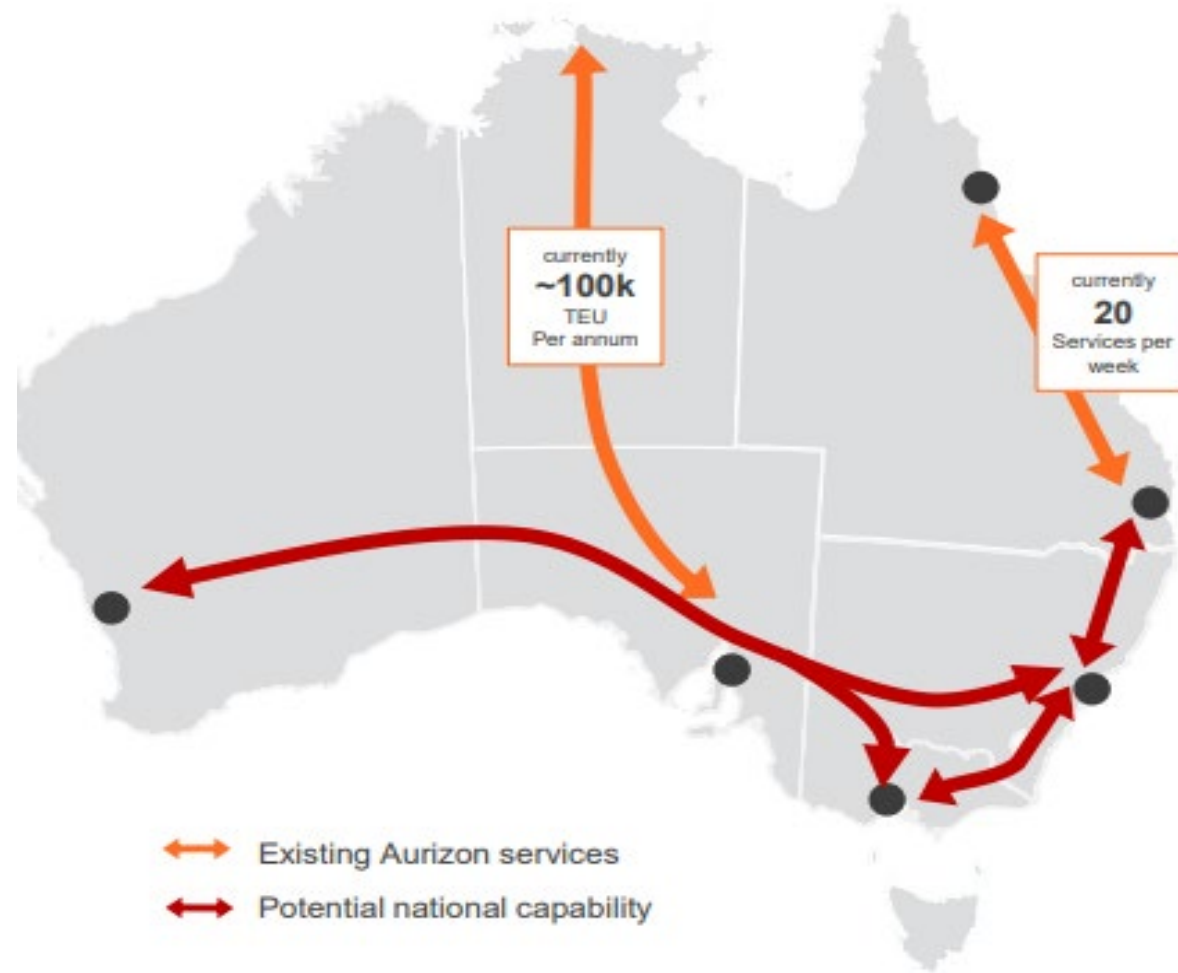


¹1620 = 100

Chart: Valuabl • Source: Matthijs Korevaar • Created with Datawrapper

- Pricing Power
- Non-discretionary product or service
- Strong balance sheet
- Reasonable valuation starting point

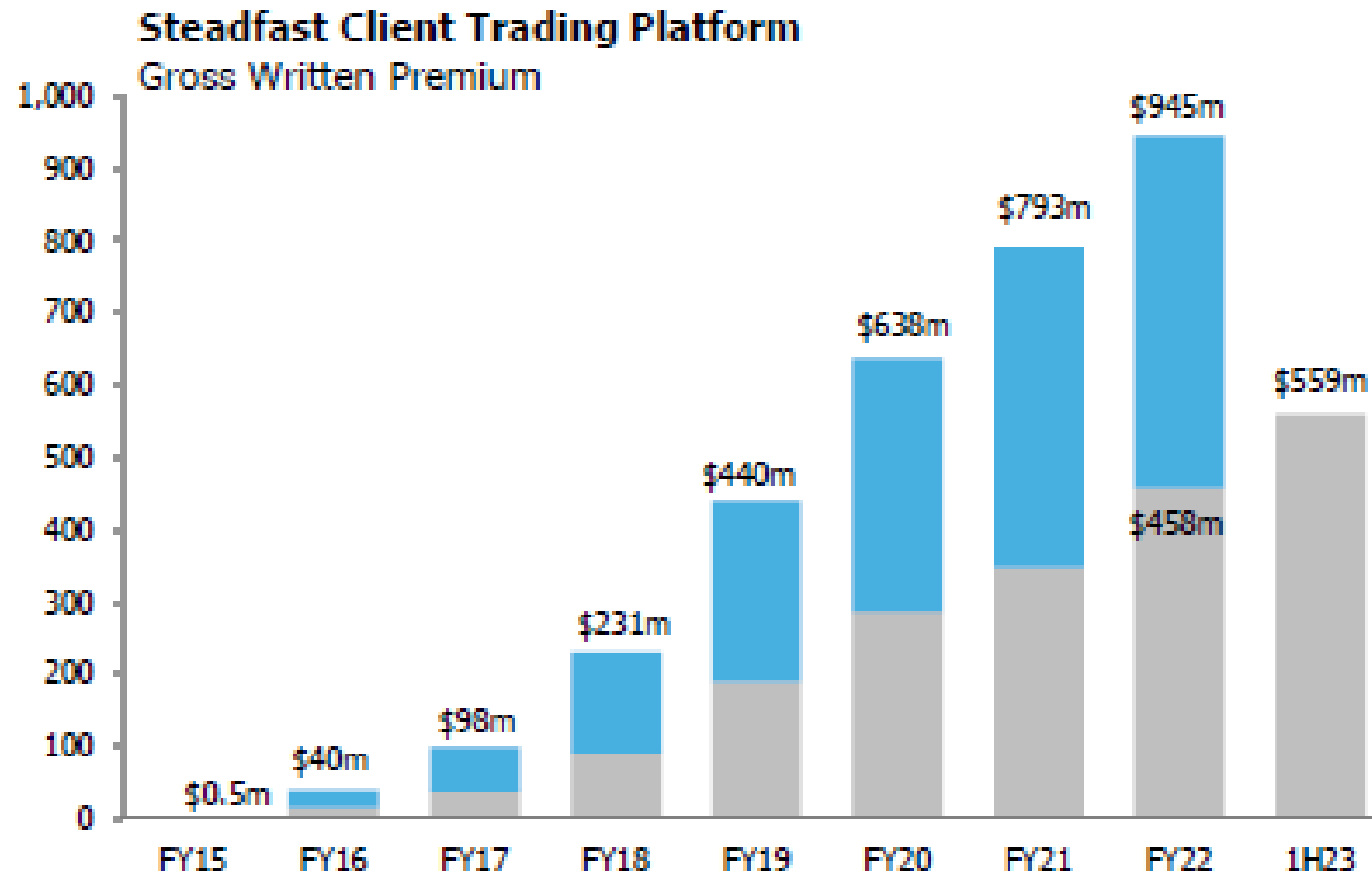
AURIZON: INFLATION PROTECTION AND GROWTH



Source: Aurizon 1HY 2023 presentation;
As at 13 February 2023

- Largest insurance broker & underwriting agency to SMEs
- Provide trusted advice on essential cover (non-discretionary)
- Client retention is 95%
- Leading industry software platform
- Highly experienced management

TECHNOLOGY LEADERSHIP



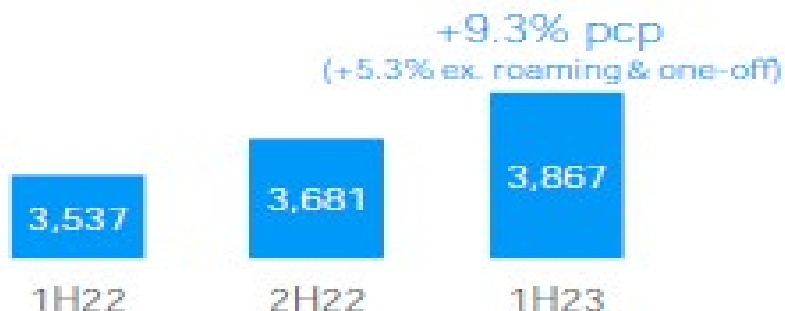
*Past performance is not a reliable indicator of future performance
Source: Steadfast Half year Results; As at 28 February 2023*

TELSTRA: ~60% OF EARNINGS NOW TIED TO CPI



Mobile service revenue growth

\$m

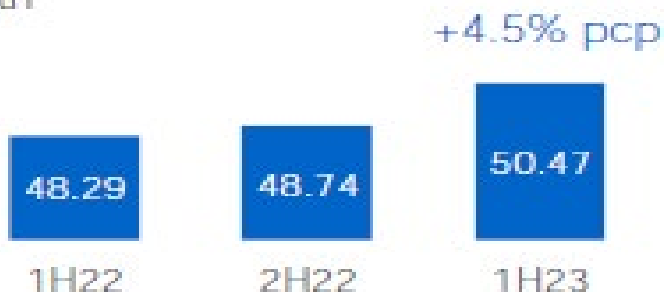


Service revenue growth across all products and segments – key driver of EBITDA growth

Roaming revenue growth of ~\$100m

Mobile postpaid handheld ARPU growth (retail)

\$/mth



Growth driven by CPI price increases in C&SB and roaming

Partly offset by an Enterprise COVID related messaging benefit in the prior period

Past performance is not a reliable indicator of future performance

Source: Telstra 1HY 2023 presentation;

As at 16 February 2023

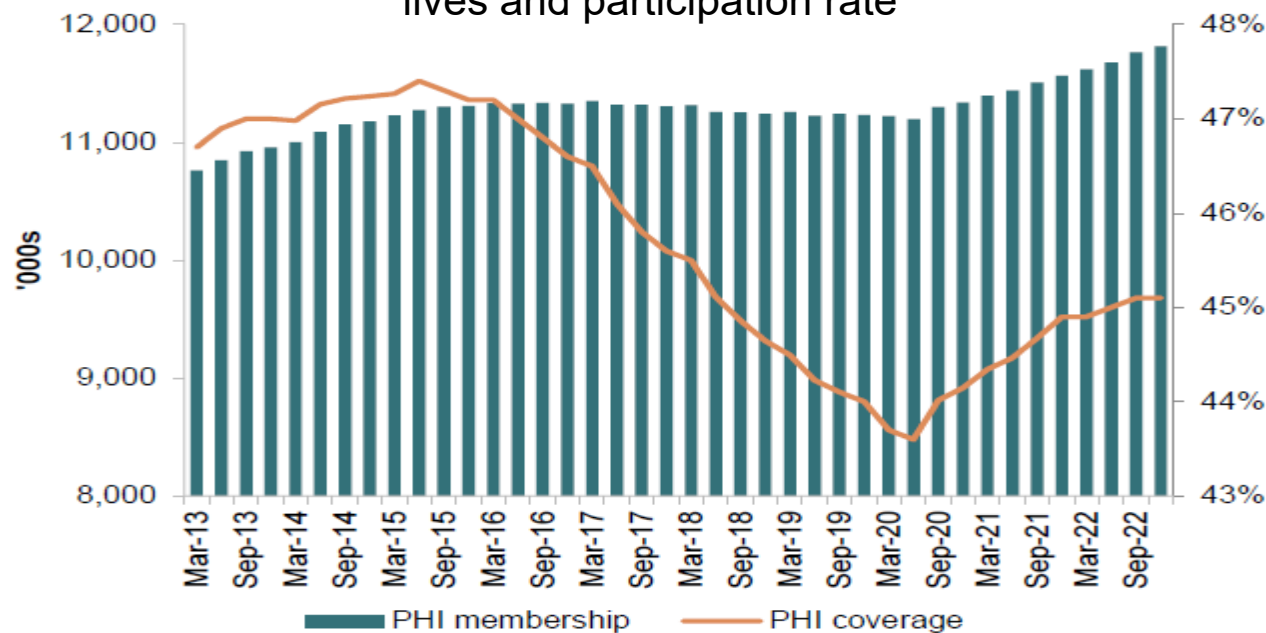
STRONG FRANCHISE

MEDIBANK

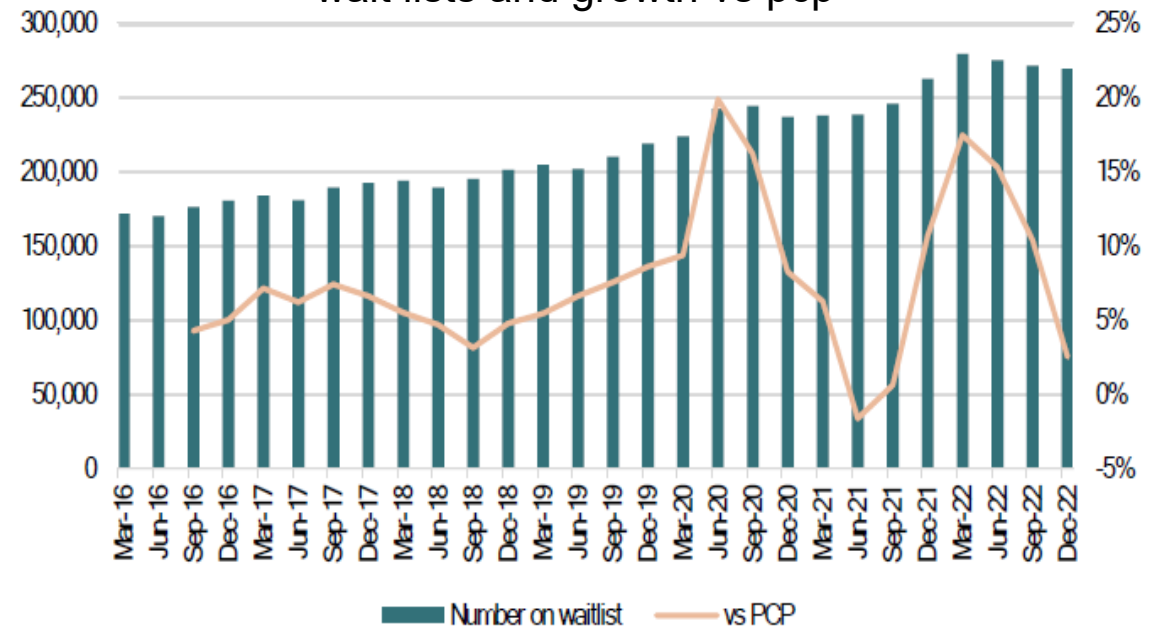


- Leading domestic private health insurer
- Positive industry and operating trends
- Rapid recovery from cyber incidents highlights franchise strength

Private Health Insurance covered
lives and participation rate



Total patients on public hospital
wait lists and growth vs pcip



Past performance is not a reliable indicator of future performance
Source: NSW/VIC/QLD/WA Health Departments, Barrenjoey, APRA quarterly statistics;
As at 28 February 2023

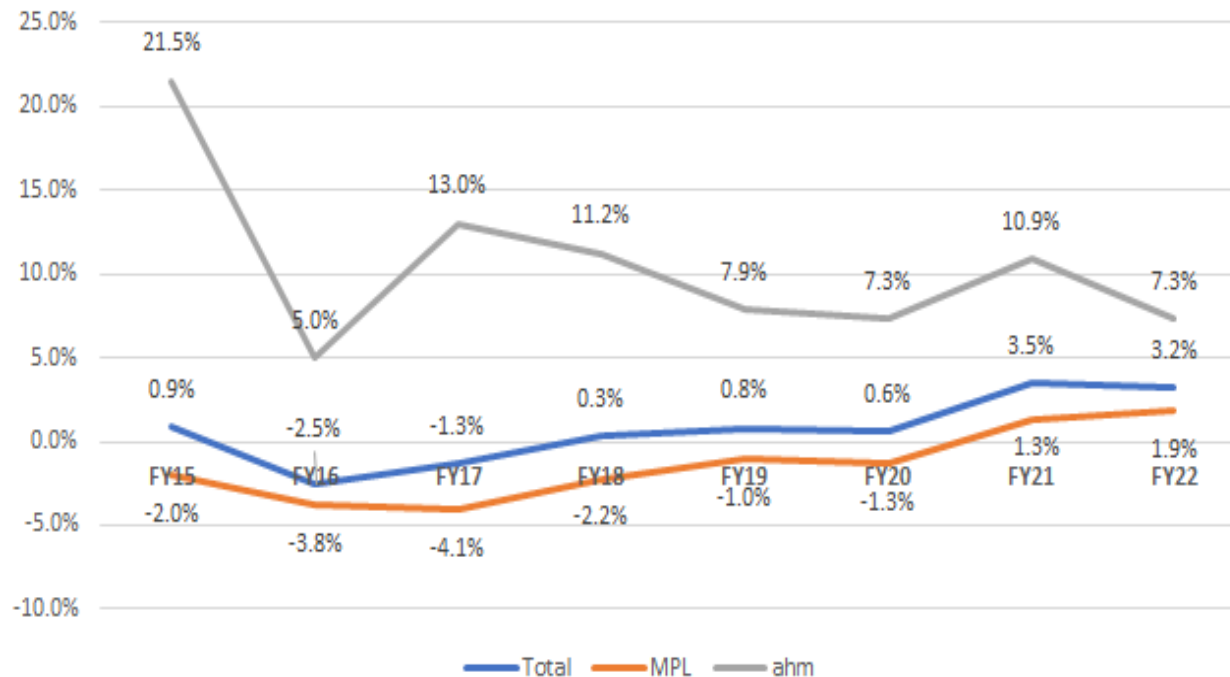
STRONG FRANCHISE

MEDIBANK

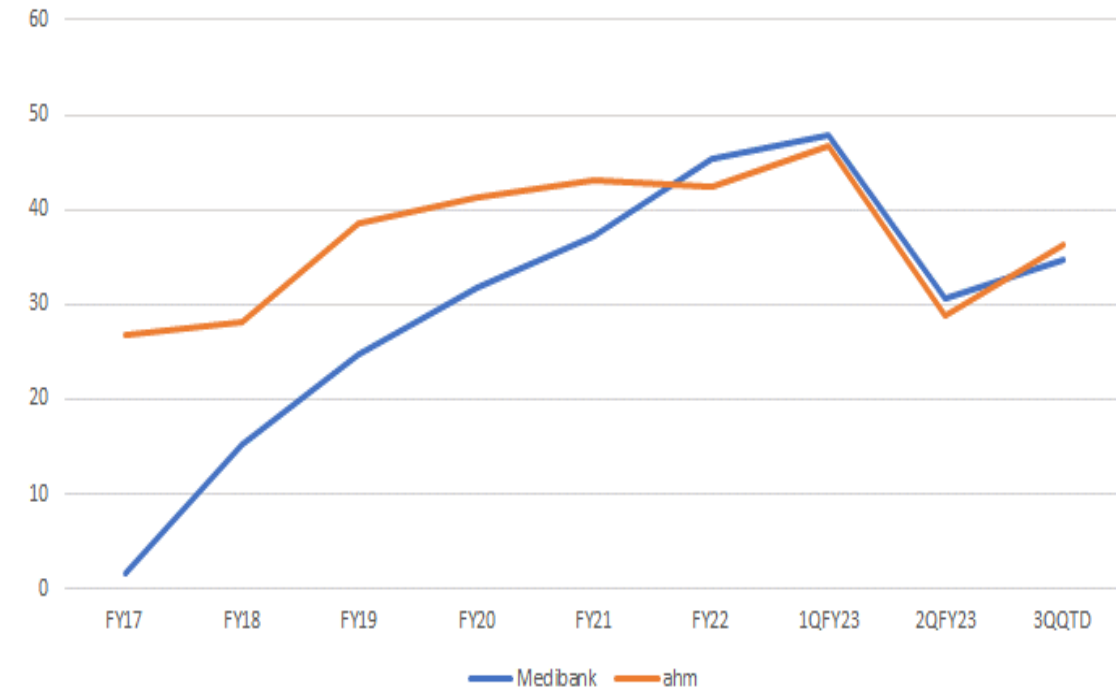


- Improvement in key policyholder growth metrics
- Customer NPS scores rebounding quickly post cyber incident
- Differentiating through health services: home rehab, gap free procedures

MPL Policyholder growth %



NPS customer advocacy scores by brand



Past performance is not a reliable indicator of future performance
Source: MPL company reports; As at 28 February 2023

RECURRING REVENUE

LOTTERY CORPORATION



- Long term licences across Lotteries and Keno
- Strong track record managing existing games and developing new games
- High customer engagement – 1 in 2 adults had an entry into the \$160m Powerball

Figure 1. Lotteries licences/approvals year of maturity^{4,5}



Figure 2. Keno licences/approvals year of maturity⁶



Past performance is not a reliable indicator of future performance

Source: TAH demerger booklet, as at 10/03/2023

4: The Tasmanian Lotteries operates under renewable five-year permits linked to Victorian and Queensland licences

5: The ACT Lotteries licence is indefinite unless revoked

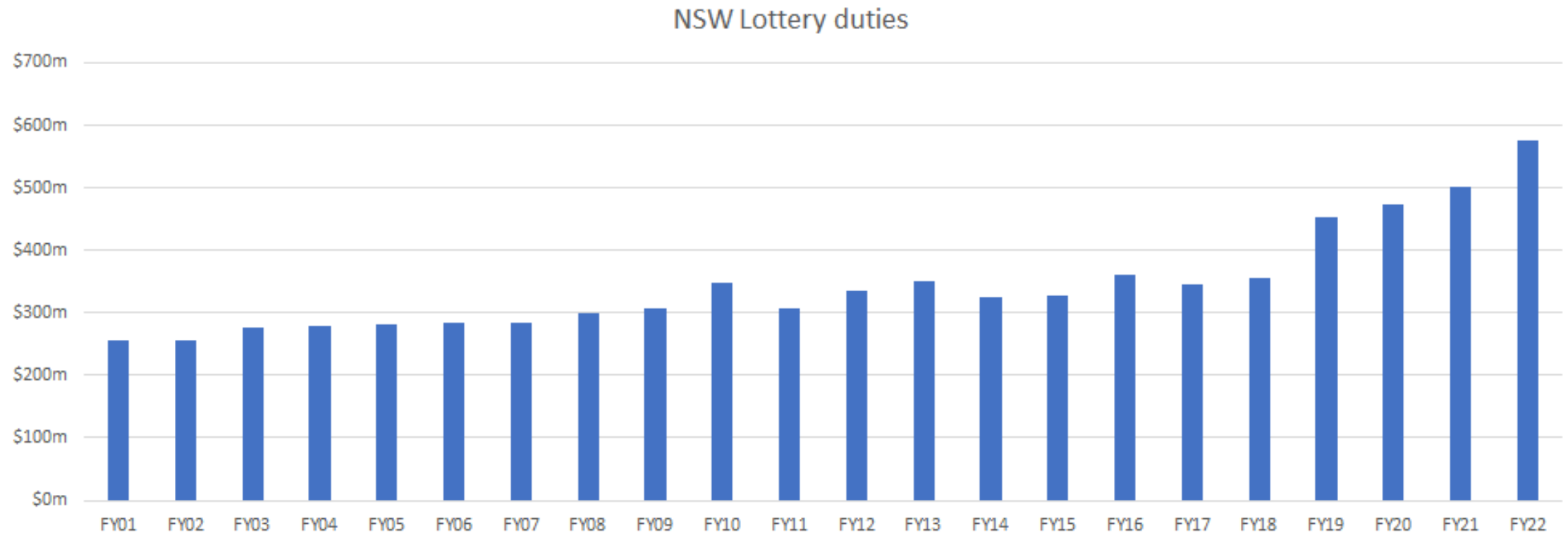
6: The NSW licence is operated with ClubKENO Holdings Pty Ltd as co-licensee

RECURRING REVENUE

LOTTERY CORPORATION



- Lotteries sales are resilient through economic cycles
- Long term margin tailwinds from increasing digital turnover – currently 38%



Past performance is not a reliable indicator of future performance
Source: NSW Budget Statements 2001 - 2023

Q&A

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Outthinking today.

Discover Generation Life

Pioneer of Australia's first truly flexible investment bond. Over \$2.8b invested with us to date. Proud to be shaping the retirement income landscape with an investment-linked lifetime annuity.



1. Plan for Life, Investment Bonds Market Report for period ended 30 June 2022



Ethical considerations

Are the recommended strategies in the best interests of your clients?

Have you considered every option available to meet your clients' desired outcomes?

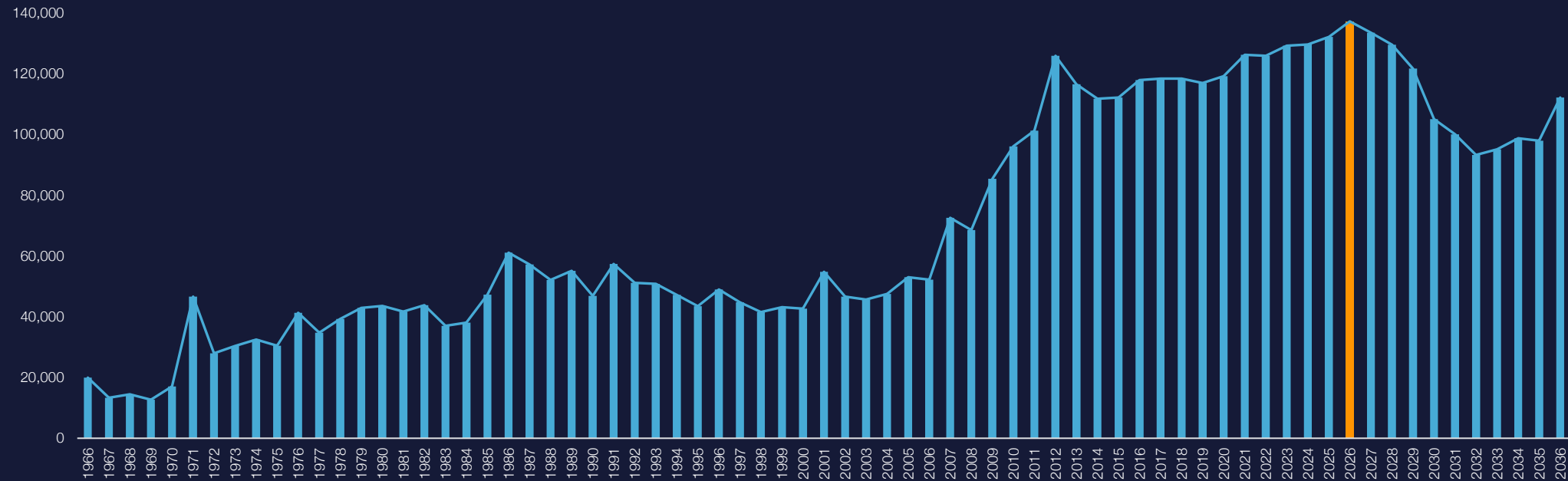
Can your solution protect your clients against family disputes?

Have you considered your clients' emotional needs as well as their desired financial outcomes?



Boomer's retirement mountain

Net annual change in Australian population 65+



“Surge in the retiree population is caused by the great baby boom of the 1950s”

1990s

65-and-over population increased by an average of around 40,000 per year

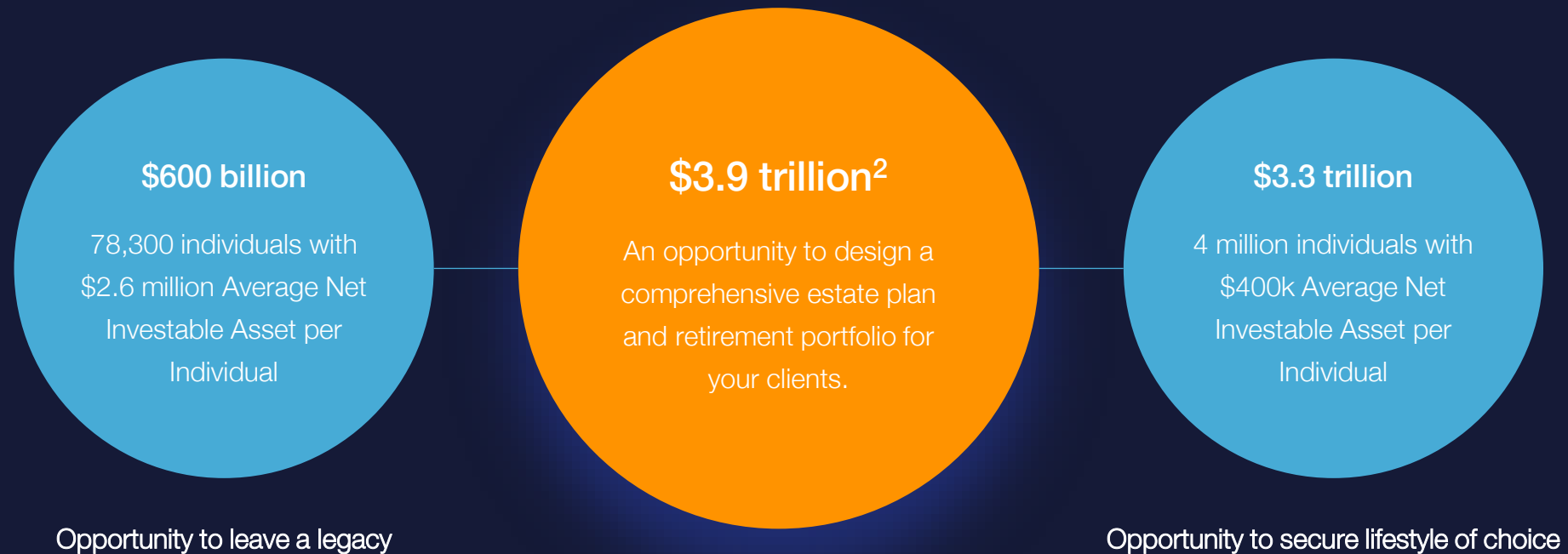
2020s

65-and-over population passing 126,000 in 2021, peaking at 137,000 in 2026

Source: Salt, B, 2021, “Turning point: the 2020s baby boom retirement surge”, published in Firstlinks on 24 March 2021, <https://www.firstlinks.com.au/turning-point-2020s-baby-boom-retirement-surge>

The opportunity

\$224b estimated to pass each year in inheritances by 2050¹



1. Vickovich, A, 2021, "Baby Boomers to pass on \$224b a year by 2050", published on The Australian Financial Review on 7 December 2021
2. Core Data 2022

Our innovative solutions

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Investment bonds



Tax-effective investment designed for all generations



64 investment options across all major asset classes



Flexible and effective estate planning



Tax Aware investment process



Highly recommended by Zenith and Lonsec¹

LifeIncome



A guaranteed regular income for life



23 investment options across all major asset classes



Ability to switch at almost anytime



Access to potentially the age pension and more



4-star rating by SQM Research

1. Ratings relate to LifeBuilder and ChildBuilder investment bond products



Investment bonds

Control and certainty for how wealth is passed on to the right people, at the right time.



9 key features of investment bonds

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Life Insurance and Tax Act

Maximum tax rate of 30%

Tax Optimised
generally ranges
between 12% - 15%*

No distributions and
access to funds at
anytime

Tax paid - no
personal tax
after 10 years - tax
advantages within 10
years

125% advantage

Portability and tax-
free transfers

**No personal capital
gains tax** on
investment switching

**No tax file number
required**

Creditor protection

Can be structured as
a **non-estate asset**

*Indicative effective average tax rates represent the estimated forecast average annual tax as a percentage of earnings for each 12-month period over a forecast period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

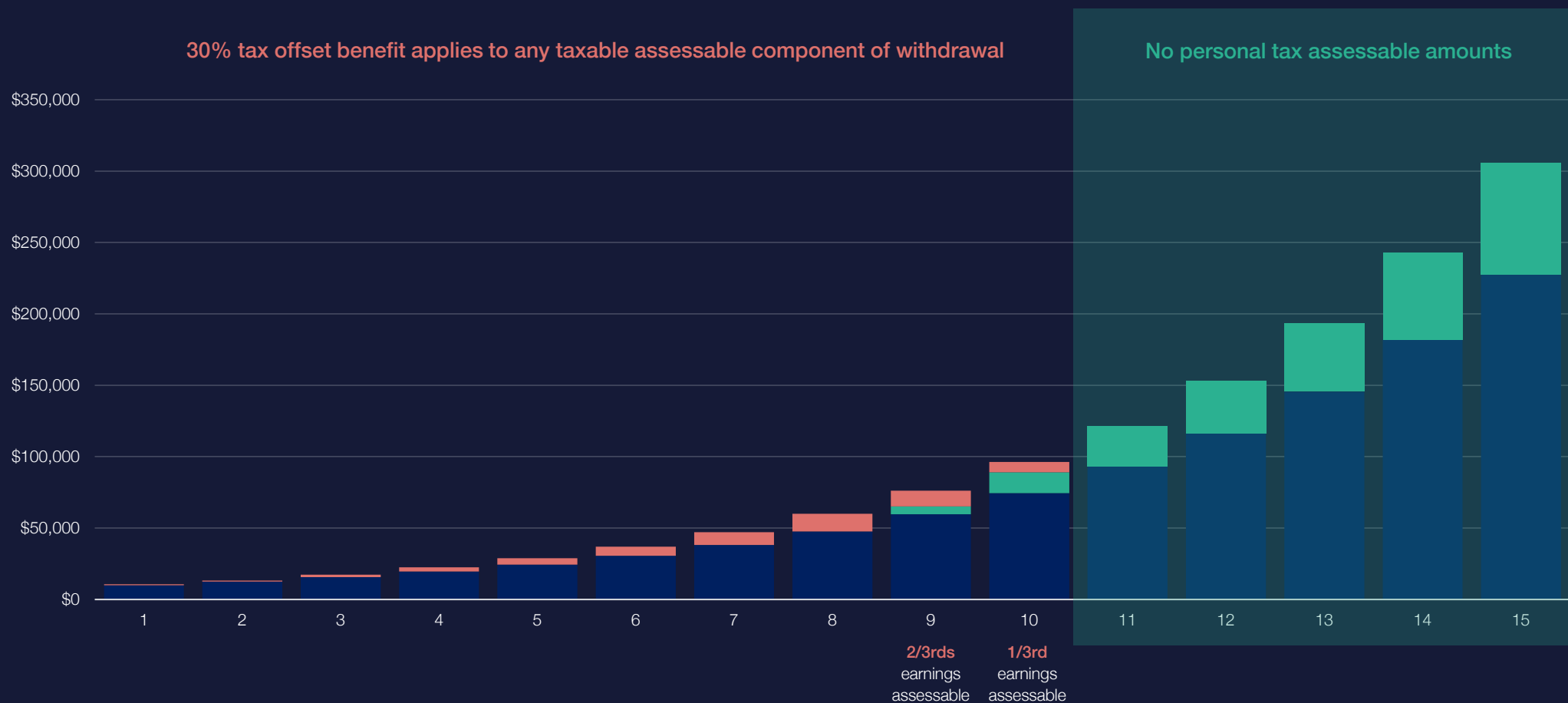


How are investment bonds taxed

Investment returns go up when taxes goes down.
It's that simple...



Investment bond tax structure and 10-year advantage period



Assumption: Assuming an initial investment of \$10,000 with a total annual tax investment return of 6.94% p.a. Estimated average fees and costs of 0.65% p.a. over investment term with an effective bond tax rate of 18.56%. Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.

Myths of investment bonds



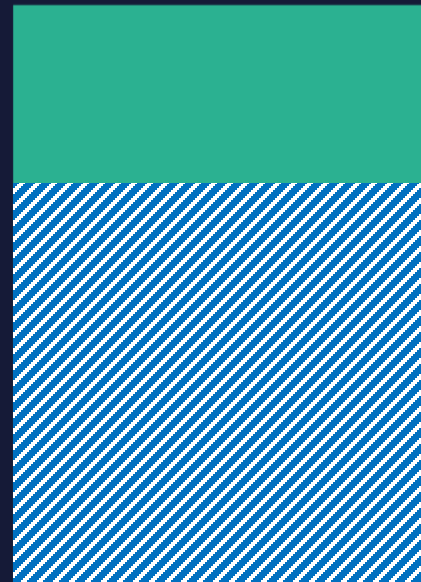
Investment bond can offset realised capital losses against income¹

All tax losses generally can be utilised immediately, rather than waiting for any future income that's generated from a capital gain or otherwise.¹

Don't pay tax on unrealised capital gains – tax provision creates equity¹

1. Capital gains or losses refer to gains or losses realised on the disposal of a fund's investments which are treated as a revenue gain or loss for tax purposes.

No personal tax liability



Only tax assessable portion

Example of tax provisioning

Assuming a 10% return for the period 1 July to 30 June
5% income & 5% capital



Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.



Example of tax provisioning

Assuming a 10% return for the period 1 July to 30 June
5% income & 5% capital



Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.



Performance comparison

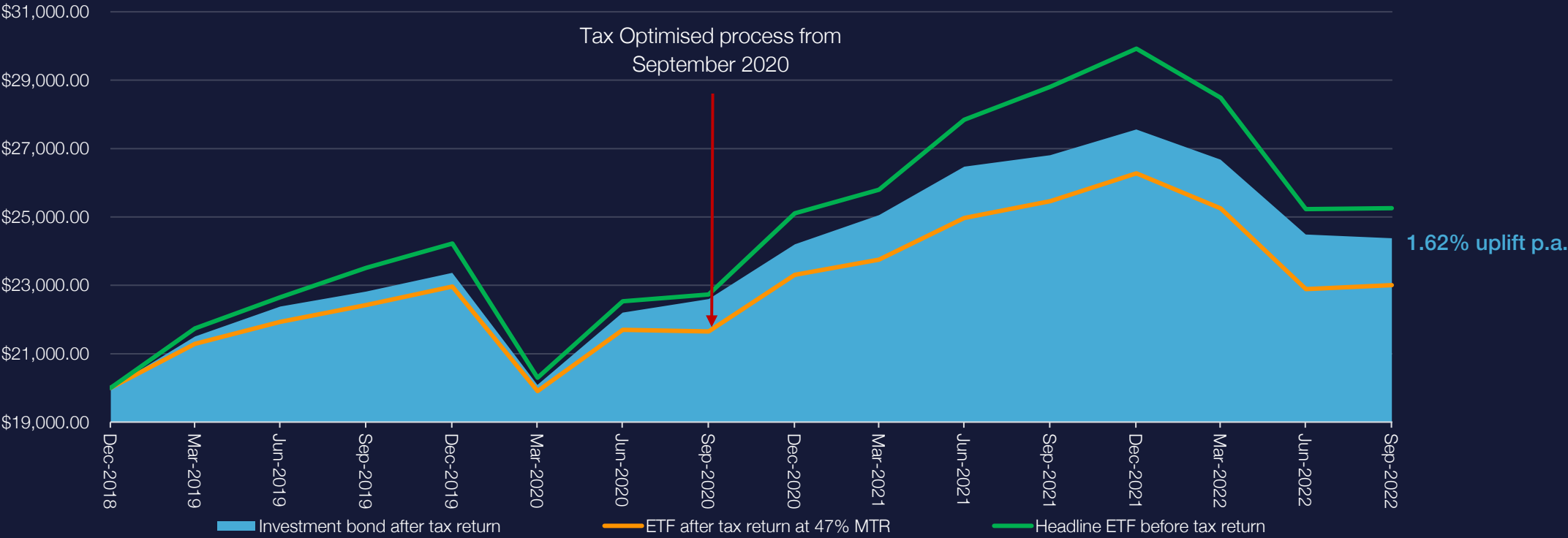
Comparing Direct vs. Generation Life investment bond as at 30 September 2022

	Vanguard Balanced		Vanguard Growth		Vanguard High Growth	
	Direct <i>(before tax & fees)</i>	Investment bond <i>(after-tax & fees)</i>	Direct <i>(before tax & fees)</i>	Investment bond <i>(after-tax & fees)</i>	Direct <i>(before tax & fees)</i>	Investment bond <i>(after-tax & fees)</i>
1 Month	-4.40%	-3.42%	-4.91%	-3.84%	-5.40%	-4.32%
3 Months	-2.08%	-1.77%	-1.60%	-1.40%	-1.08%	-1.06%
6 Months	-9.85%	-8.02%	-10.58%	-8.59%	-11.26%	-9.19%
1 Year	-12.40%	-10.32%	-11.96%	-10.15%	-11.50%	-9.70%

The power of after-tax returns

Comparing after-tax returns

Investment bonds and Exchange Traded Fund (assuming 47% marginal tax rate including levies)



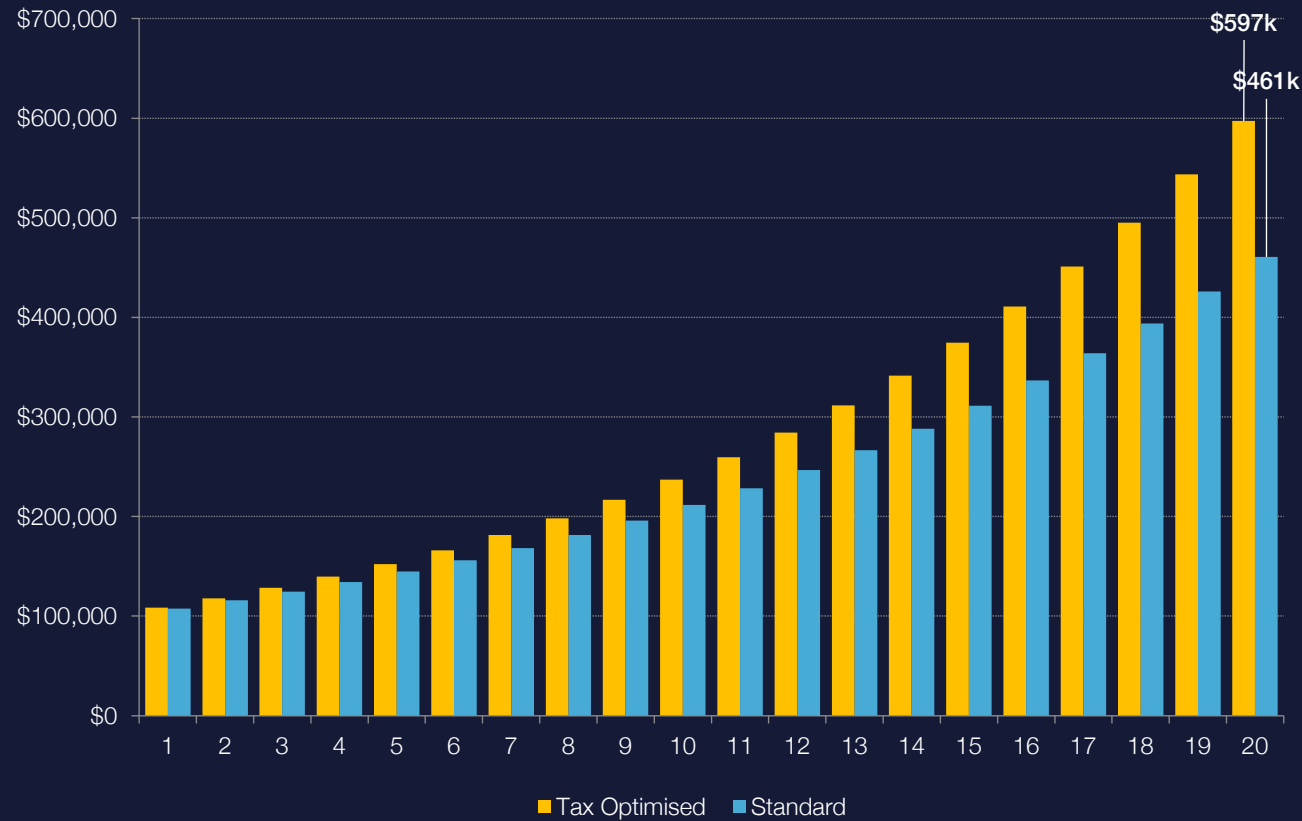
Based on an investment of \$20k in the Vanguard High Growth Model from 31 December 2018 to 01 October 2022 and the Vanguard High Growth Index ETF over the same period. Past performance is not an indication of future performance. Performance is net of fund and fund taxes, management fees and other operating expenses (if applicable) and is based on the unit prices for the quoted periods and exclude the effect of any investor specific costs, person taxes on sale of assets or management fee rebates.



IML Australian Share Fund Tax Alpha

Compounding tax savings on average since inception return

37



Improvement in Return	1.403% p.a.
Net earnings – Tax Optimised option	\$497,137
Net earnings – Standard investment bond option	\$360,735
Tax Alpha	\$136,402
Effective tax rate	11% -15%
Tax improvement	5.7% - 9.7%

Based on an investment of \$100k in the Investors Mutual Australian Share Fund. Average return calculated using tax components and return history of the fund from inception December 2018 to 30 September 2022. Past performance is not an indication of future performance. Performance is net of fund and fund taxes, management fees and other operating expenses (if applicable) and excludes the effect of any investor specific costs, person taxes on sale of assets or management fee rebates.



Managing capital gains

Australian shares typically produce a dividend/capital growth split of 4%/4% over the long term. Therefore, ability to manage CGT levels limited to approx. 50% of total return component.

Personal investor

Relies on CGT discount to reduce assessable gain amount.

Can't offset capital losses against other income such as dividend income.

Therefore, not able to stay invested and receive the benefits of compounding.

Superannuation fund

Relies on CGT discount to reduce assessable gain amount.

Can't offset capital losses against other income such as dividend income.

Investment bonds

Manage level of capital gain by trading most tax efficient tax parcels to trade. Hard to replicate this efficiency at personal level.

Can offset capital losses against other income such as dividend income.

Estate planning simplified

Certainty and control when transferring wealth



Polling question

Leaving an inheritance, how many claims are brought by the immediate family?



Did you know...

Leaving an inheritance and the challenges of wills

86%

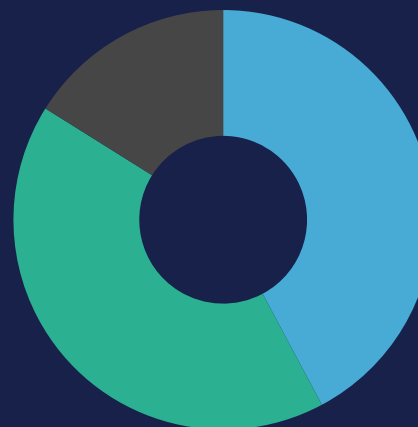
of claims are brought
by the immediate family

12 months+

for a case to be heard in
court

44.9%

of Australians are worried about transferring wealth



42.2%

Concerned about the
impact of tax when
transferring wealth

41.7%

Concerned about
misuse or mismanagement

88.2%

Seniors plan on leaving
an inheritance
(\$930k on average)

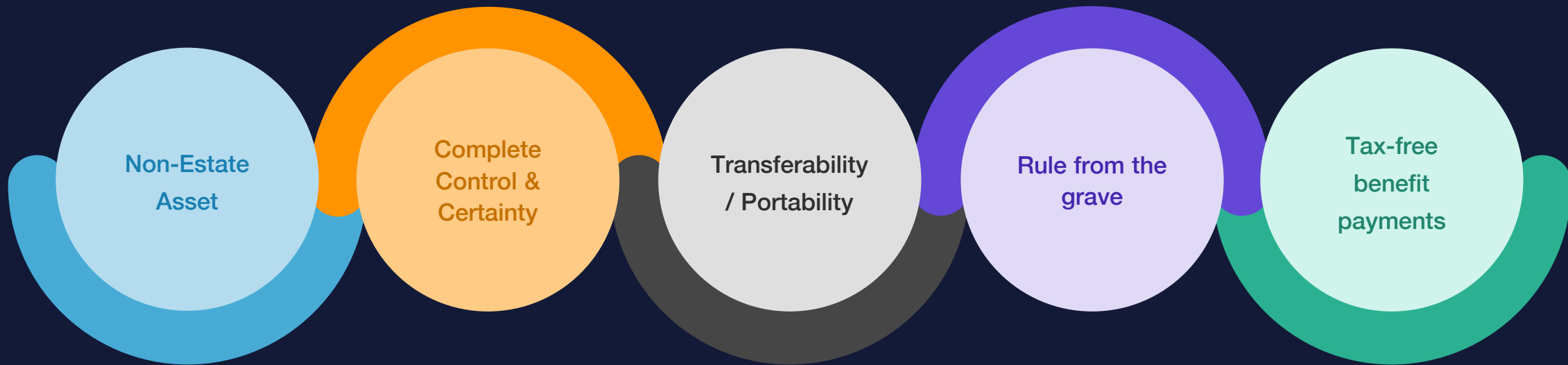
36%

Estate to go to
grandchildren



Estate planning

Be in control of transferring wealth



Intergenerational wealth transfer – impact on advisers

What's being observed



Between **65% - 98%** of heirs likely to change or stop using a financial adviser¹

Only **9%** of advisers facilitating family conversations to manage transfer

80% of advisers see wealth transfer as a business opportunity

Heirs rely on trusted advisers - family, friends, DIY, accountants, solicitor

Opportunity for advisers to focus on wealth transfer strategies in a period where investment returns may be volatile

1. Sources: Cerulli, Accenture & Schroders UK

Intergenerational wealth transfer – impact on advisers

What's being observed



Opportunity for ongoing relationship and continuity across multiple generations

Using superannuation to pass on wealth



1 Tax payable on death to beneficiaries

- Adult children beneficiaries
- Non-dependants
- Taxed contribution element - taxed at a maximum rate of 15% (plus Medicare levy)
- Untaxed contribution element - taxed at a rate of up to 30% (plus Medicare levy).

2 Who can be a beneficiary of a superannuation death benefit?

- Spouse
- Child (any age)
- Interdependent relationship (normally must live together)
- Will be paid to estate otherwise

3 Tax-free only to

- Spouse
- Former spouse
- Child under 18 years
- Interdependent relationship

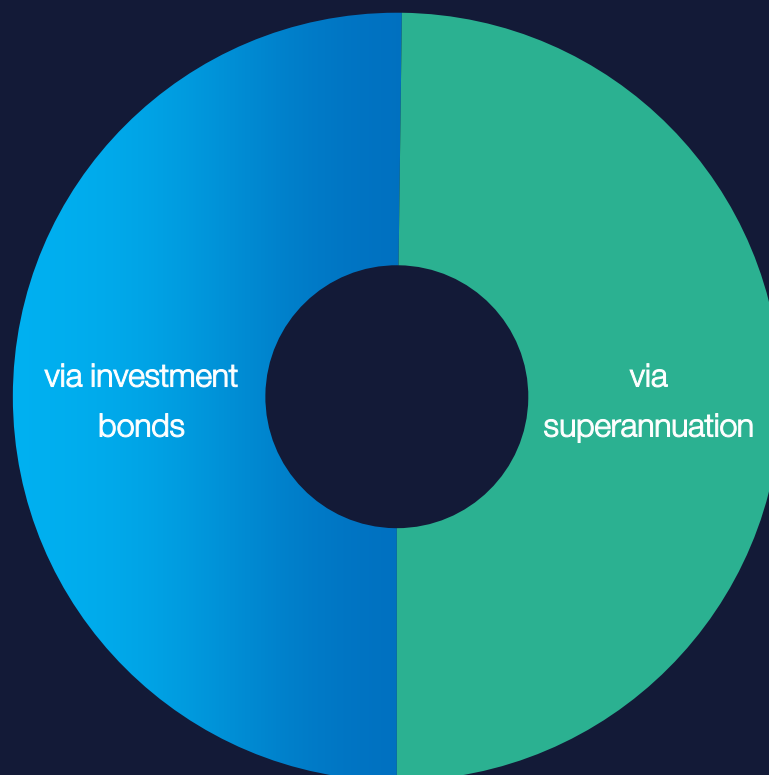
4 Discretions

- May be subject to trustee discretion and risk that valid death benefit nomination may not be made

Binding nominations comparison

The realities of trustee discretion

- Beneficiaries of binding nominations receive funds completely tax-free through an investment bond.
- Investment bond nominations can distribute proceeds upon death directly to a beneficiary and bypass the will and legal estate.
- Unlike superannuation death benefit nominations, an investment bond is not subject to trustee discretions, nor does it include natural person or 'dependant' restrictions on beneficiaries.



- Different tax treatments can apply to death benefits through superannuation depending on whether the benefit is paid as a lump sum, income stream or mixture of both, and if the beneficiary/ies are classified as 'tax dependants'.
- Superannuation provides the ability for binding nominations, however super trustees have the discretion to alter the deceased's instructions where they consider it appropriate.



Meet Megan

Megan is 78 years old and a widower.

Megan has 3 children.

Ivana, Megan's daughter, lives with her and is poor at managing her finances.



Megan's situation...

Megan has an apartment and \$2m of assets.

Megan wishes to split her assets three ways amongst her children when she passes away.

She wishes that upon her death Ivana will be able to stay in the apartment rent free.



Megan's concerns...

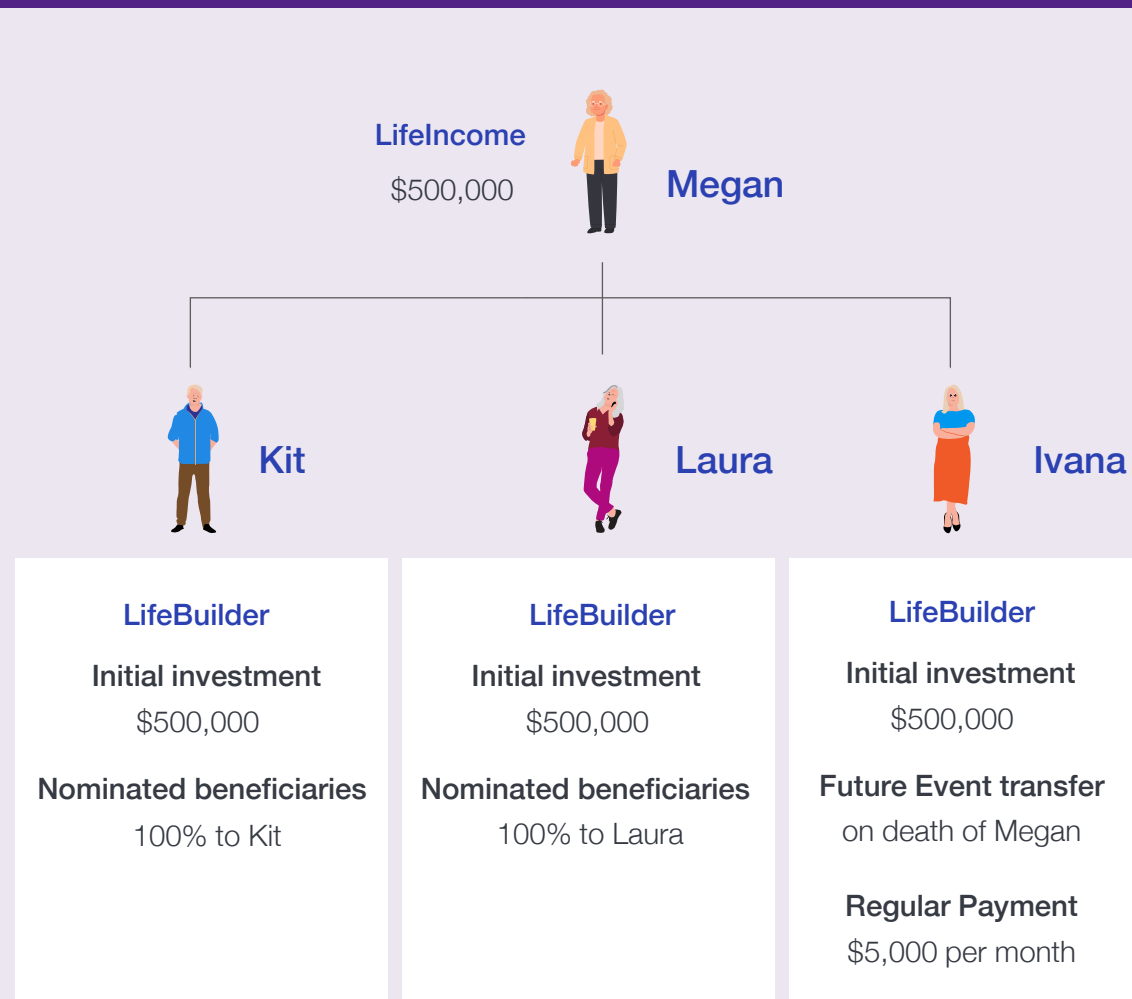
Ivana is in and out of work, makes bad financial decisions and continually asks Megan to fund her lifestyle.

Megan is concerned that Ivana won't be able to manage a lump sum bequest.

She is also concerned about the cost and complexity of setting up a testamentary trust and eventual wind up.

Megan's solution...

Megan establishes three Generation Life investment bonds and a \$500,000 investment-linked lifetime annuity LifeIncome for her income needs.



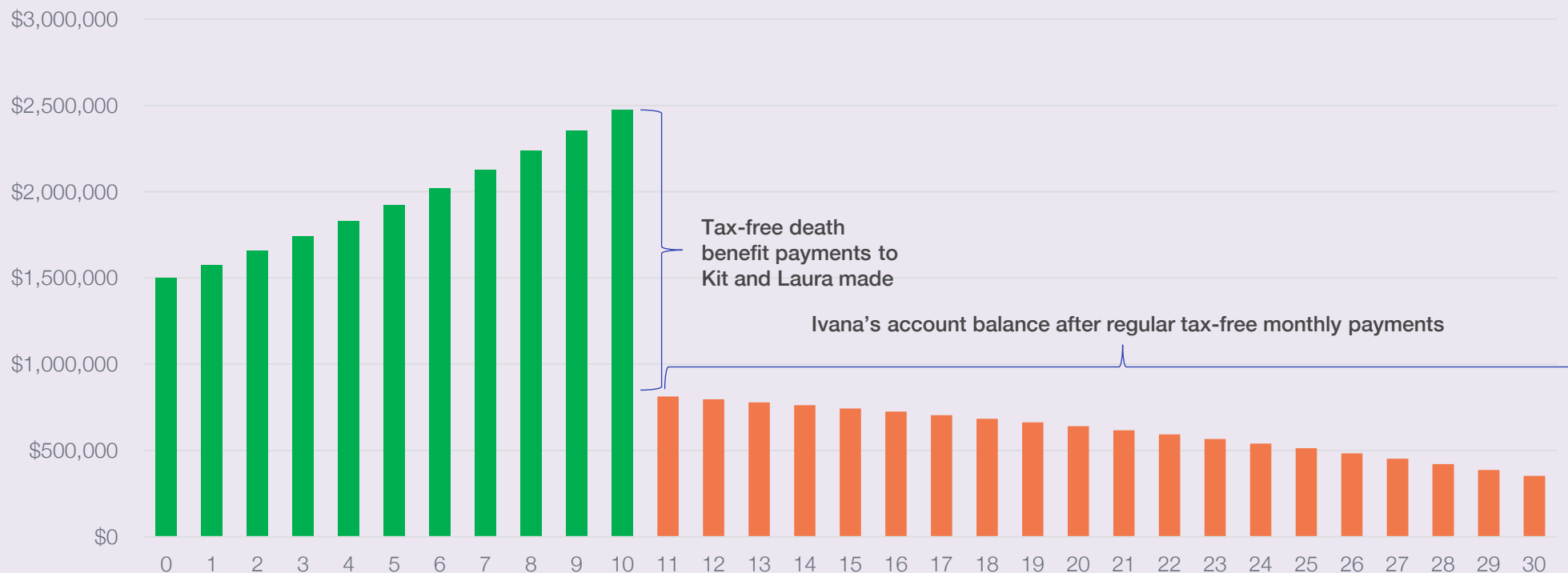
Megan's outcome...

- + Megan is therefore able to transfer wealth to Kit and Laura and change nominations or put restrictions in place if circumstances with Kit and Laura change.
- + Megan can restrict a monthly payment of \$5,000 p.m. to Ivana to not have her spend her inheritance quickly.



Value of the investment bonds over time

Assuming Megan passes away at 88 years



Initial investment of \$1.5m assuming a total return of 6.6% p.a. comprising 4.7%p.a. income and 1.9% growth, invested in conservative multi-asset portfolio. Withdrawal in year 11 equivalent to 2/3rds of value (\$1.7m). Regular monthly payments of \$5,000 per month from year 11.



Meet Tom

Tom is 75 years old.

Tom has 3 children and 4 grandchildren aged between 10 and 15 years.



Tom's situation...

Tom wishes to provide \$50,000 to each of his grandchildren when they reach 21 years of age.

His son Sam, who doesn't have children, is not happy that his father is leaving an inheritance to his siblings' children.

Sam has indicated that he will contest any bequest made to Tom's grandchildren and demand his third share of the total estate.



Tom's concerns...

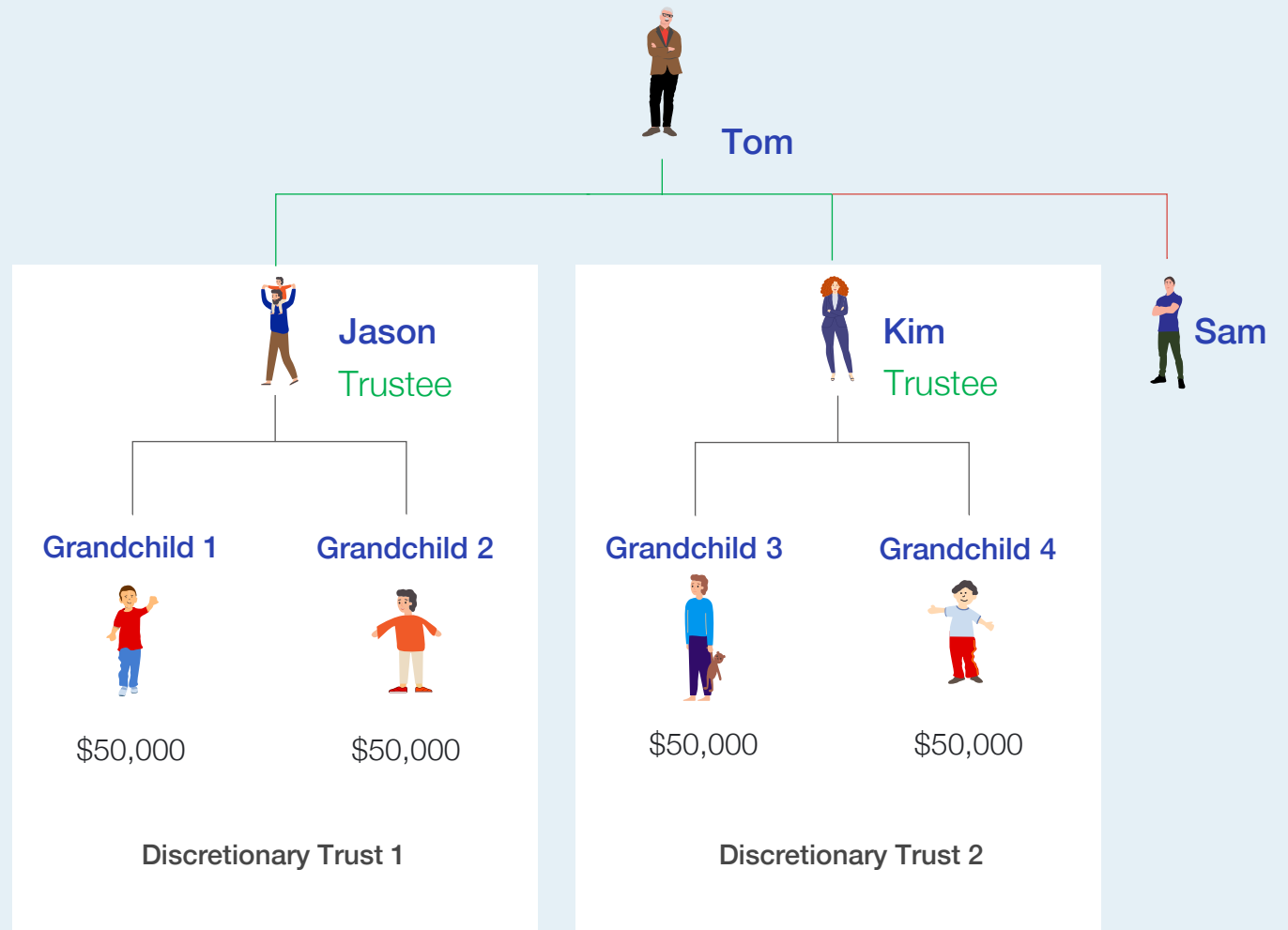
Tom is concerned that the conflict with Sam could tear his relationship apart with his siblings and desperately wants his son to be part of his siblings' life.

Tom is worried that Sam will contest any bequest made through the estate and the costs of a challenge eating into the estate's assets.

Tom's potential solution...

Tom establishes two discretionary trusts to bypass the estate to avoid any challenges from Sam.

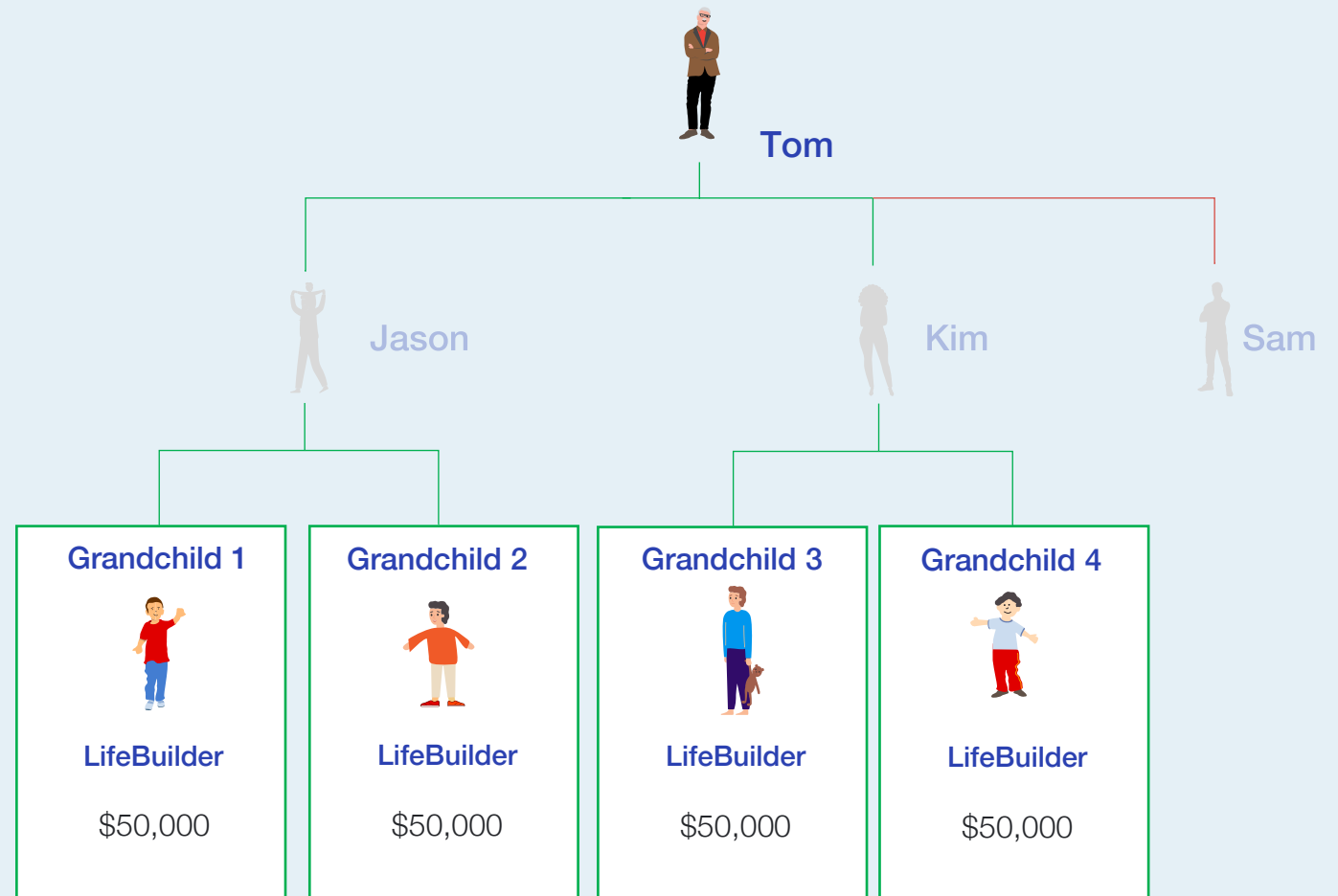
He appoints Jason and Kim as trustees to each individual trust to avoid any potential conflicts that may arise between Jason and Kim in the future.



Tom's ideal solution...

Tom establishes four LifeBuilder investment bonds and set his four grandchildren as the Future Event transferees.

He puts a Future Event transfer date as each grandchild's 21st birthday, or a transfer on his death with a restriction to access funds until the child reaches 21.



Tom's outcome...

- + Tom can bypass his children and transfer his funds directly to his grandchildren according to his wishes without the need to structure and maintain a costly trust structure.
- + Bypass will / probate
- + Proceeds of will distributed equally
- + Avoids tax consequences including minor tax
- + Tom's able to maintain family unity





Meet Terence

Terence is 82 years old and has no children.

Terence has 3 siblings, Kiersten, and Kit who have 4 children between them, and he also has a sister, Anna who has been estranged from the family for many years.

Terence has a best friend, Vincent.

Terence is very passionate about animals and supports a number of charities including the Lost Dogs Home.



Terence's situation...

Terence has a total \$2.1m in assets including super.

Terence has a will that provides for the following division of property:

- 15% to his sister Kiersten
- 15% to his brother Kit
- 5% to a selected charity
- 10% to each of his 4 grandchildren
- 25% to his best friend Vincent
- 0% to his sister Anna

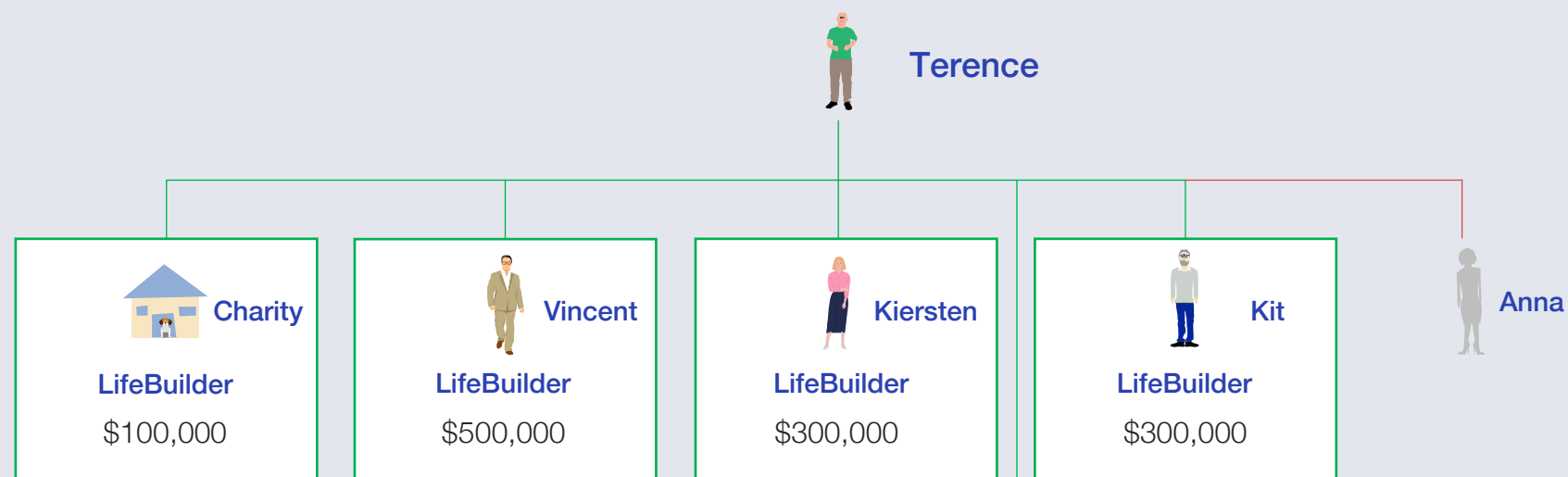


Terence's concerns...

Terence is concerned that his brother and sister will have issues with him leaving a greater inheritance to a charity and his best friend Vincent.

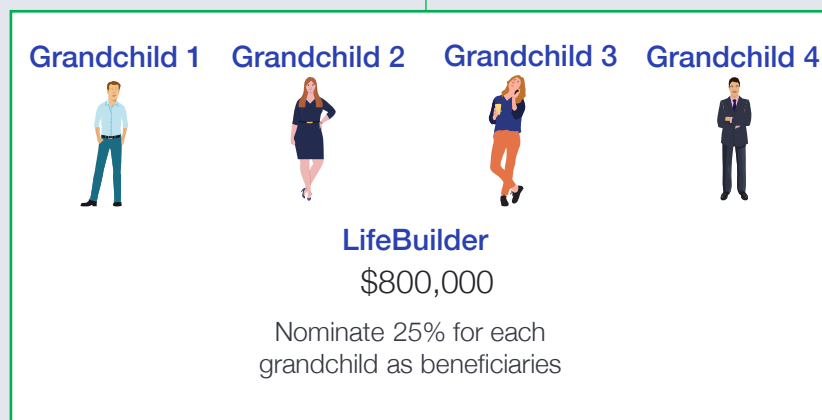
He also has concerns that his estranged sister, Anna will challenge the estate.

Terence wants to pass on his wealth confidentially and with certainty.



Terence's solution...

Terence establishes 5 LifeBuilder investment bonds using the net after tax proceeds of \$2m (including paying any personal Capital Gains Tax on the non-super components)



Terence's outcome...

- + Terence is able to distribute his wealth confidently and with certainty to his siblings, grandchildren, best friend Vincent, and charities.
- + Terence is also able to avoid the death tax.





Meet Sue

Sue is 77 years of age.

Sue has 2 children Jack and Elena who have two grandchildren each.

She has \$2.1m in her superannuation, a combination of hers and her late husband's superannuation.



Sue's situation...

Within her superannuation, Sue has a 60% taxable component.

Sue has \$400,000 over her Transfer Balance Cap and can incur a maximum tax rate of up to 30% on earnings if this isn't rectified.

Sue wishes to ensure her legacy is distributed according to her wishes, which includes providing an inheritance for her four grandchildren, ideally \$100,000 each.

Sue also wants to avoid any superannuation death tax on transfers to non-dependants.



Sue's objectives...

Tax-effectively pass on her superannuation benefits to her grandchildren.

Sue wants certainty that no one can challenge her nominations or inappropriately use the funds on behalf of the grandchildren.

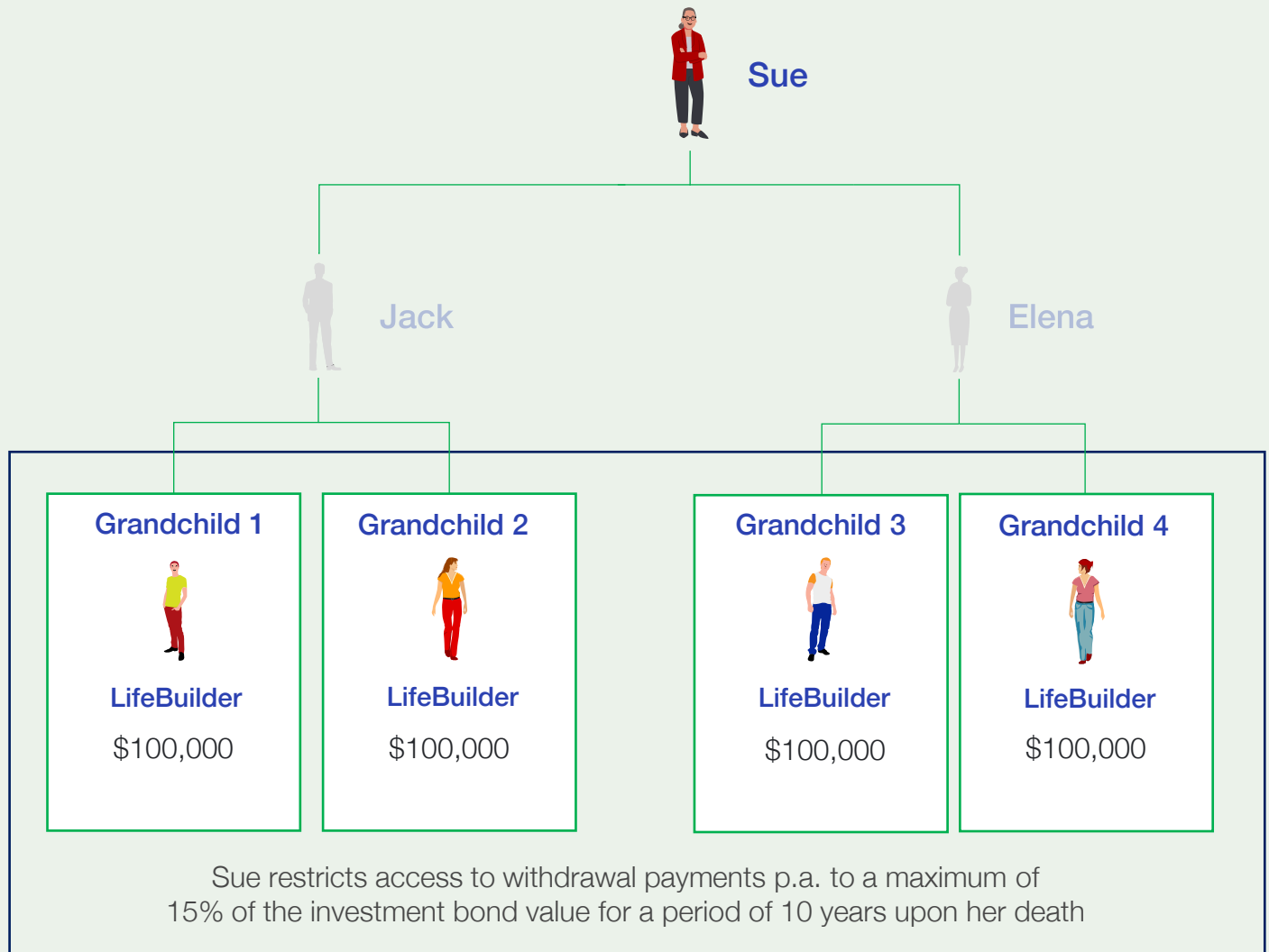
She wishes to restrict the amount her grandchildren can access to a maximum of 15% of the account balance per annum for a period of 10 years upon her passing.

Sue's solution...

Sue establishes four Generation Life LifeBuilders.

\$400,000 total investment from pension commutation proceeds (\$100,000 for each investment bond).

She puts a Future Event transfer date upon her death.



Sue's outcome...

- + Sue's able to transfer ownership tax-free upon her death.
- + Sue's wishes are met as she can pass on an inheritance to her grandchildren without the superannuation benefit death tax applying, without any conflict, and reducing the potential for challenges.
- + Sue is able to also rule from the grave





Year	Opening balance	Investment bond earnings	Investment bond tax at 18.4% of earnings	Net proceeds to non-dependant after tax	Result vs super account	Account earnings	Super tax/(credits) at 4.4% of earnings	Account earnings (net of super tax)	Net proceeds to non-dependant if taxed at 15.0%	Net proceeds to non-dependant if taxed at 15.0% plus Medicare levy
1	\$400,000	\$29,200	\$5,373	\$423,827	BETTER	\$29,200	\$1,314	\$27,886	\$389,376	\$384,242
2	\$423,827	\$30,939	\$5,693	\$449,074	BETTER	\$31,236	\$1,406	\$29,830	\$416,522	\$411,029
3	\$449,074	\$32,782	\$6,032	\$475,824	BETTER	\$33,413	\$1,504	\$31,910	\$445,559	\$439,684
4	\$475,824	\$34,735	\$6,391	\$504,168	BETTER	\$35,743	\$1,608	\$34,134	\$476,622	\$470,336
5	\$504,168	\$36,804	\$6,772	\$534,200	BETTER	\$38,234	\$1,721	\$36,514	\$509,849	\$503,126
6	\$534,200	\$38,997	\$7,175	\$566,022	BETTER	\$40,900	\$1,840	\$39,059	\$545,393	\$538,201
7	\$566,022	\$41,320	\$7,603	\$599,738	BETTER	\$43,751	\$1,969	\$41,783	\$583,416	\$575,722
8	\$599,738	\$43,781	\$8,056	\$635,464	BETTER	\$46,801	\$2,106	\$44,695	\$624,088	\$615,859
9	\$635,464	\$46,389	\$8,536	\$673,317	BETTER	\$50,064	\$2,253	\$47,811	\$667,597	\$658,793
10	\$673,317	\$49,152	\$9,044	\$713,425	BETTER	\$53,554	\$2,410	\$51,145	\$714,138	\$704,721
11	\$713,425	\$52,080	\$9,583	\$755,922	BETTER	\$57,288	\$2,578	\$54,710	\$763,924	\$753,851
12	\$755,922	\$55,182	\$10,154	\$800,951	WORSE	\$61,282	\$2,758	\$58,524	\$817,181	\$806,405

\$400,000 superannuation balance with 60% taxable component. Assumed gross of tax earnings of 7.3% p.a. Average effective estimated tax rate on superannuation account earnings of 4.4% compared to investment bond effective tax rate of 18.4%. Effective tax rates and earnings based on historical long-term returns. Outputs contain forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, events, performance or achievements to be materially different from those expressed or implied in such statements. Although forward-looking statements contained in this document are based upon what Generation Life believe are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Past performance is not indicative of future performance.



Meet Andrew

He is 41 years old, is a self-employed builder. He earns \$135,000 p.a.

Believes that he will need to retire at 55 due to fears that his back will give out by then.

Whilst he has adequate superannuation, he knows that he won't be able to access it until at least 60, meaning he will need to self fund at least 5 years of retirement.

He has \$25,000 in cash and surplus income of \$12,000 p.a.



Andrew's objectives...

Invest \$25,000 into a Generation Life LifeBuilder investment bond.

Make additional contributions of \$12,000 (indexed at 5%) p.a. for the next 14 years.

Have the flexibility to make a full withdrawal or receive a regular monthly income to fund early retirement.

Protect his investment from creditors in the event of bankruptcy - especially important because Andrew is self-employed.

Andrew's solution...

Andrew retires at age 55 and invests \$25,000 into a LifeBuilder.

Full withdrawal in year 14

Annual contributions for 14 years indexed at 5%	\$12,000
Total contributions	\$260,184
Total balance in year 14 – Investment Bond	\$524,099
Total balance in year 14 – Managed Fund	\$490,310

Regular withdrawals of \$84,000 p.a. after year 14

Annual contributions for 14 years indexed at 5%	\$12,000
Total contributions	\$260,184
Total regular monthly withdrawals (years 15-19)	\$420,000
Total balance in year 19 – Investment Bond	\$314,939
Total balance in year 19 – Managed Fund	\$237,731

Average effective tax rate of 17.4% for investment bond vs 29.5% for managed fund.

Assuming invested in Vanguard High Growth Portfolio with total long term total return (before tax) of 12.0% and Marginal Tax Rate plus Medicare of 39%



Investment bond estate planning benefits

Tax-free proceeds

Proceeds are tax-free even to non-dependants

No personal Capital Gains Tax

No annual tax or CGT reporting



Non-Estate Asset

Investment bond is a non-estate asset

Automatic transfer

Automatic transfer at specific ages or dates

Avoids conflict

Avoids conflict and solves complex wills

Generation Life

Highly recommended for over a decade

The only provider in the market to hold a **“Highly Recommended”** rating with both Lonsec and Zenith Investment Partners for our Investment Bonds.

Awards



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Lifeline



Investment Bonds



Investment Bonds
LifeBuilder

Note: Zenith rating includes LifeBuilder and ChildBuilder

Thank you.

Outthinking today.

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