


# Generation Life Tax Effective Australian Share Fund

Fact Sheet | 29 February 2024

Performance as at 31 January 2024 <sup>1</sup>	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	Since Inception (% p.a.)
Fund net return (after fees & tax)	1.17	8.47	7.93	10.03	8.22	8.18	7.62
Benchmark return (before tax) <sup>2</sup>	0.79	9.39	7.41	10.64	7.74	8.55	7.92
Gross investment return (before fees & tax) <sup>3</sup>	1.32	10.36	9.95	13.11	10.86	10.62	9.89
Gross investment return (before fees & after tax) <sup>3</sup>	1.45	10.36	9.49	11.90	9.56	9.26	8.38

Fund facts	
<b>Sector</b>	Australian shares
<b>Tax aware level</b>	 Tax Optimised
<b>Inception date</b>	20 May 2019
<b>Fund code</b>	UF35
<b>Generation Life APIR code</b>	ALL3779AU
<b>Investment management cost<sup>4</sup></b>	0.54% p.a.
<b>Buy/sell spread</b>	0.25%/0.25%
<b>Suggested minimum investment period</b>	5 Years
<b>Risk level</b>	6 - High

## Performance commentary

For the month ending 29 February 2024, the after tax and pre-Gen Life administration fee return was 1.21%, compared to the ASX200 benchmark pretax return of 0.79%. On a pretax return basis, the portfolio outperformed the benchmark by 0.53% for the month due to the factor model positioning the portfolio in stocks that added value.

Despite a strong relative performance in February, all three of our factors "Momentum, Quality and Value" had a negative impact on the fund's performance. Quality and Momentum had a positive contribution on portfolio performance, but it was outweighed by the negative impact of Value. Stock specific effects, which are not attributable to any proprietary factor, had a strong positive impact due to reporting season. From a sector perspective, consumer discretionary outperformed, while energy had a very poor month. Within our Australian universe, the highest rated stocks identified by our multi-factor model outperformed the broader market, while the least attractively rated stocks were flat with the market. This area was the biggest driver of overall performance.

The portfolio captured strong post-tax returns over the period. The key driver was through systematic rebalancing of the fund, striving to improve the portfolio's exposure to the most attractive names from our multifactor model, whilst being wary of the impact of realising net tax gains. The net benefit to the fund from rebalancing over the last year has been an impressive 1.20%. This is over 0.10% per month which is a real positive in a strongly performing market environment.

## Market commentary

Australian stocks were marginally up in February, despite experiencing elevated volatility through financial reporting season. In its first meeting of the year, the Reserve Bank of Australia (RBA) held the cash rate at 4.35%. It signalled a cautious outlook, not ruling out the possibility of further interest rate hikes. The central bank's tone counteracts recent inflation data that indicates a sharp decline, with CPI dropping from 5.4% in Q3 2023 to 4.1% in Q4 2023.

## Investment objective

Aims to provide long-term tax effective total returns, with diversification across a broad range of Australian companies and industries.

## Investment approach

The fund uses a systematic quantitative rules-based approach to build a diversified portfolio by considering factors such as the quality of a company, its growth potential and its implied value relative to its price. The approach considers the tax position of each holding and incorporates additional active investment insights to take advantage of dividends, associated franking credits and other tax effective payments with the aim of delivering an enhanced after-tax return.

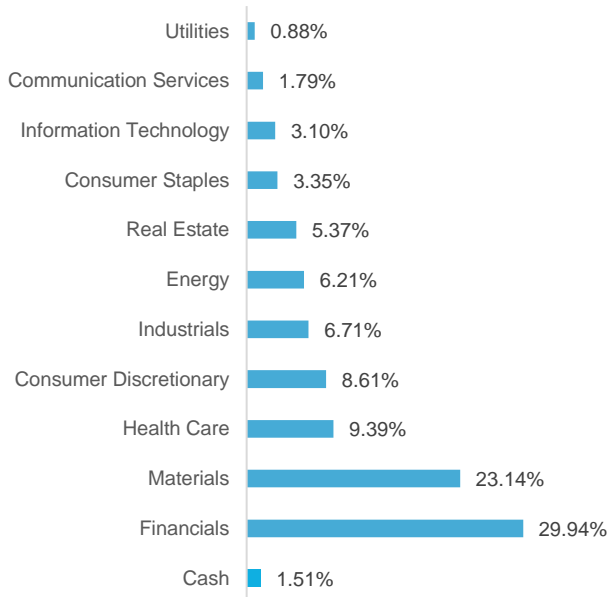
## Notes

1. Past performance is not an indicator of future performance.
2. S&P/ASX 200 Accumulation Index.
3. Adjusted for Investment management fees and transaction costs
4. Investment management costs include investment manager's fees, estimated investment expense recoveries and other indirect investment costs as a percentage of the total average assets of the investment option based on latest available information, but excludes indirect transaction and operational costs.

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## Sector selection



## Top 10 holdings

Company	Fund (%)	Benchmark (%) <sup>2</sup>
BHP Group Ltd	8.87	9.74
Commonwealth Bank of Australia	8.50	8.51
CSL Ltd	5.52	6.04
Australia & New Zealand Banking	4.34	3.74
National Australia Bank Ltd	4.19	4.63
Westpac Banking Corp	3.91	4.03
Wesfarmers Ltd	3.13	3.29
Fortescue Ltd	3.06	1.92
Rio Tinto Ltd	2.70	2.01
Goodman Group	2.63	2.22

## About the investment manager



Invesco Ltd is one of the world's leading specialist investment managers. The firm has funds under management of more than US\$1.32 trillion globally (as at 30 September 2022) and operates in over 20 countries. Invesco is listed on the New York Stock Exchange. Invesco Ltd has more than 8,000 staff including 860-plus investment professionals managing a broad array of specialised investment strategies – ranging from major equity, fixed income, and property assets to alternative assets such as direct real estate, bank loans, multi-strategy, private equity and commodities. These capabilities are delivered through numerous investment centres worldwide designed around distinctive asset classes, styles or regional expertise. In Australia, Invesco has been managing and/or distributing investment portfolios for more than 20 years. Its investment capabilities include Australian equities, fixed income, global equities, alternatives and listed property

## 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 investment solutions since 2004. As an innovation led business, we constantly strive to enhance our products and processes to optimise after-tax investment performance for our investors. We are a leading specialist provider of tax optimised investment and estate planning solutions – with over \$2 billion invested with us to date.

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

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. Commonwealth Bank of Australia

## Investor services

Phone 1800 806 362  
Email enquiry@genlife.com.au

## Adviser services

Phone 1800 333 657  
Email advisers@genlife.com.au

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