


Generation Life Tax Effective Australian Share Fund

Fact Sheet | 31 March 2024

Performance as at 31 March 2024 ¹	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)	2.60	4.94	13.20	15.05	6.56	8.15	8.05
Benchmark return (before tax) ²	3.27	5.32	14.17	14.44	5.90	8.84	8.49
Gross investment return (before fees & tax) ³	3.01	5.86	16.01	16.83	8.67	10.57	10.38
Gross investment return (before fees & after tax) ³	3.04	5.97	15.74	15.77	7.43	9.26	8.89

Fund facts	
Sector	Australian shares
Tax aware level	 Tax Optimised
Inception date	20 May 2019
Fund code	UF35
Generation Life APIR code	ALL3779AU
Investment management cost⁴	0.54% p.a.
Buy/sell spread	0.25%/0.25%
Suggested minimum investment period	5 Years
Risk level	6 - High

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.

Performance commentary

For the month ending 31 March 2024, the after tax and pre-Gen Life administration fee return was 2.62%, compared to the ASX200 benchmark pretax return of 3.26%. On a pretax return basis, the portfolio underperformed the benchmark by 0.23% for the month due to the factor model positioning the portfolio in stocks that added value. The underlying investment portfolio returned +5.89% after tax in the first quarter of 2024, outperforming the pre-tax ASX200 benchmark by +0.56%.

Over the quarter, the Momentum factor was the strongest performer in the portfolio, driving the outperformance for the quarter. This subsumed the performance of the Value and Quality factors, as good quality, value stocks have continued to outperform since the middle of 2023, and now have well established momentum. This is a promising sign for the ongoing performance of the portfolio as the outlook of easing interest rate pressures and firm employment continues.

Performance over the reporting quarter was most benefited by an overweight stock position in consumer discretionary retailer JB HI FI. Also contributing positively from the overweight side was infrastructure services provider Ventia, another stock preferred by all factors in our quantitative model.

The most significant detractors from relative performance were Fortescue and Mount Gibson Iron, unwinding some of their positive contributions from the previous year. We remain positively disposed to the stocks, which continue to display strong margins and earnings quality despite the headwinds for the iron ore sector.

The portfolio had a small drag from tax this quarter. The systematic rebalancing of the fund strives 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. This regular rebalancing provided a realization of capital losses over the quarter, but this was offset by a capital gain realised on a corporate action in the stock Boral. While the franking capture was positive, the fund collected dividends from a few stocks paying less than fully franked dividends, resulting in the tax paid on income modestly eclipsing the estimated franking recovered.

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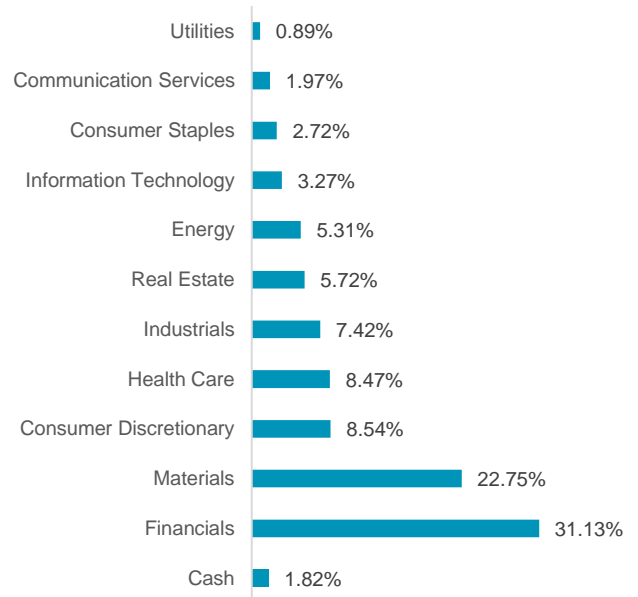
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Market commentary

The Australian equity market rose strongly in the first quarter of 2024, with ongoing signs of moderating inflation providing optimism on interest rate levels, and continued employment strength supporting the growth outlook. Consumer discretionary stocks outperformed staples, supported by positive earnings surprises in the reporting season, while financials and property trusts rallied on the interest rate outlook. Technology was an outstanding sector benefiting from a strong result in the reporting season. The materials sector trailed the market with iron ore stocks struggling on negative sentiment around outlook for growth in China.

In Australia, economic conditions continued to stabilise during the March quarter. The Reserve Bank of Australia (RBA) kept rates steady at 4.35% with rates now having only risen once in the last 8 months and the soft December quarter GDP of 0.2% came in at market expectation. Annual CPI inflation now stands at 3.4% in February (non-seasonally adjusted) with the only concern being the services component of the data remaining stubbornly high. The unemployment rate also fell quite a bit from 3.9% to 3.7% at last reading at the end of March.

Sector selection



Top 10 holdings

Company	Fund (%)	Benchmark (%) ²
Commonwealth Bank of Australia	8.72	8.62
BHP Group Ltd	7.87	9.54
Australia & New Zealand Banking	4.69	3.77
CSL Ltd	4.66	5.94
National Australia Bank Ltd	4.13	4.62
Westpac Banking Corp	3.94	3.90
Wesfarmers Ltd	3.34	3.30
Fortescue Ltd	3.13	1.84
Goodman Group	2.87	2.48
Rio Tinto Ltd	2.75	1.93

Investor services

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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

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