



Building an
optimistic future
through a
new way of
tax aware investing.



Tax Optimised

Outthinking today.



Tax is the new alpha.



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

At Generation Life, we are focused on providing innovative ways to build an optimistic future for our investors, through a new way of tax aware investing.

Is tax aware investing new?

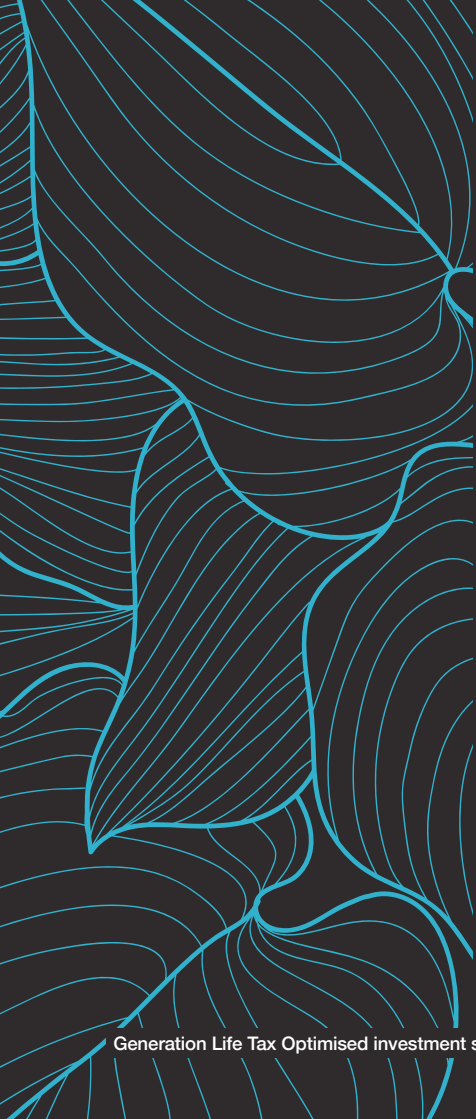
Tax aware investing is not a new concept. In the United States for example, mutual funds must disclose fund returns on an after-tax basis to help investors understand the magnitude of tax costs and compare the impact of taxes on the returns of different funds.¹

Tax aware investments have been available in Australia for many years through investment bonds. But they have undergone significant change - making now the time to rethink everything you know about investment bonds.

Many investors may not realise that superannuation is a form of tax aware investing. With over \$3.5 trillion² invested in superannuation, Australia's superannuation system provides a form of tax aware investing within a tax concessional environment.

While this is a positive, superannuation legislation changes have meant that the ability to contribute and maximise the benefits of saving through the superannuation system has become more limited. With the constant changes and imposed limits to superannuation, there's an opportunity to explore other tax-effective structures that can accumulate wealth.

Investment bonds provide a tax-effective alternative to superannuation, with added benefits including no limits on contribution amounts or balance caps, the ability to access funds at anytime, and flexible estate planning features that provide certainty when it comes to transferring wealth.



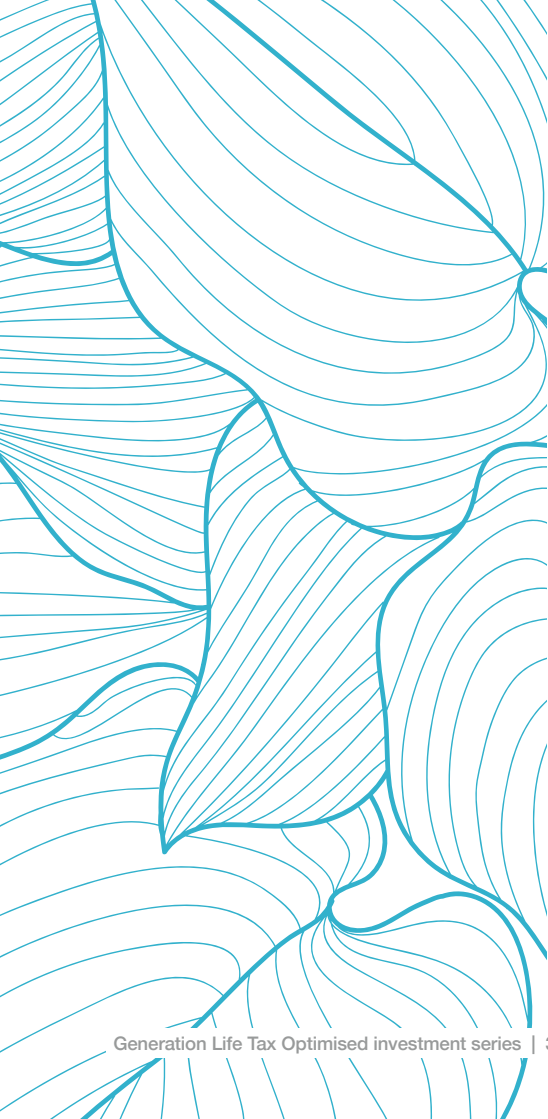
The new generation of investment bonds

We all know that superannuation is a tax-effective way to save for retirement since the tax rate is generally lower than your personal marginal tax rate. Similar to superannuation, an investment bond is a tax-paid investment.

Reduce your tax even further

Generation Life's proven and market leading tax smart approach, takes investing in an investment bond one step further and allows us to significantly reduce the impact of tax on your returns. The compounding effect of reducing tax over time, helps improve your returns and reach your financial goals sooner.

After all, investment returns go up when taxes go down. It's that simple.



Introducing our Tax Optimised investment series



Tax Optimised

Innovations uniquely through Generation Life's tax aware process

Generation Life's market leading tax smart approach can help deliver improved after-tax returns with effective tax rates of 12-15% for many of the long term growth orientated investment options.³ Importantly, there is no additional investment risk or cost.

Four ways in which we reduce the cost of tax on your investment

1.

Unique investment bond structure

Reducing earnings that are tax assessable. Unlike individual taxpayers, superannuation funds and companies, investment bonds use special rules to help reduce tax assessable earnings. With an investment bond, capital losses generated can be used to reduce the income that will be taxed.⁴ We do not need to wait for capital gains to unlock the tax benefit.

2.

Disciplined approach to trading

When managing the underlying investments, such as shares for example, we select the right investments to sell to deliver the best tax outcome. This includes maximising the netting of trades to reduce the impact of tax.

3.

More control over tax outcomes

Where possible, we will hold investments (such as shares) directly rather than through a pooled structure (for example a managed fund). This means that the investment bond won't be impacted by the tax consequences arising from other investors buying or selling in the same pooled structure.

4.

Compounding returns

The less tax that is paid, the more that is left to be invested. The compounding benefit of reducing or deferring the payment over time can be significant. The tax management benefits will compound the longer you are invested.

Our range of Tax Optimised investment options



As part of our Generation Life Investment Bonds investment menu, we have selected leading Australian and global investment managers to offer you a range of Tax Optimised investment options.

Our Tax Optimised investment series is the pinnacle of our tax aware investing process, designed to maximise performance on an after-tax basis. Our market leading approach to tax management has been in operation for over four years. At Generation Life, we continue to strive to deliver enhanced after-tax return outcomes for investors, and will continue to broaden the number of investment options available under the Tax Optimised series.



Performance (as at 31 March 2024)

Generation Life Tax Effective Australian Share Fund - UF35



The Generation Life Tax Effective Australian Share Fund provides the longest track record of Tax Optimised performance having been established in 2019.

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees) ⁵
1 year	12.09%	11.43%	6.47%	7.44%	8.50%	10.93%
2 years p.a.	13.29%	11.51%	10.28%	11.16%	10.83%	11.01%
3 years p.a.	6.28%	5.72%	4.06%	4.58%	4.96%	5.22%
4 years p.a.	11.28%	9.88%	8.05%	8.72%	8.62%	9.38%
5 years p.a.	7.18%	6.74%	5.26%	5.84%	6.01%	6.24%

Headline and individual after tax returns for the comparative fund are based on the performance of an equivalent S&P/ASX 200 Index ETF.

Vanguard High Growth Portfolio - UF30

Vanguard®

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	15.00%	11.23%	7.27%	8.35%	9.47%	14.28%
2 years p.a.	14.74%	11.46%	10.33%	11.05%	10.15%	6.56%
3 years p.a.	6.22%	4.86%	3.85%	4.25%	4.09%	6.49%

Vanguard Growth Portfolio - UF12D

Vanguard®

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	12.33%	8.85%	5.89%	6.77%	7.64%	10.86%
2 years p.a.	11.63%	8.72%	8.02%	8.58%	7.91%	4.49%
3 years p.a.	4.11%	2.97%	2.40%	2.65%	2.65%	4.23%

Vanguard Balanced Portfolio - UF31

Vanguard®

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	9.58%	6.74%	4.42%	5.13%	5.80%	7.82%
2 years p.a.	8.49%	6.23%	5.74%	6.14%	5.63%	2.64%
3 years p.a.	1.98%	1.34%	0.61%	0.82%	0.83%	2.20%

Vanguard Conservative Portfolio - UF12C

Vanguard®

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	6.89%	4.74%	3.23%	3.72%	4.21%	4.94%
2 years p.a.	5.64%	3.96%	3.72%	3.99%	3.68%	1.15%
3 years p.a.	0.43%	-0.02%	-0.59%	-0.47%	-0.44%	0.41%

Magellan Global Fund - UF08

 **MAGELLAN**
ASSET MANAGEMENT LIMITED

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	19.29%	17.45%	8.39%	10.13%	10.67%	16.85%
2 years p.a.	19.97%	15.94%	13.13%	14.13%	11.91%	15.34%
3 years p.a.	8.27%	6.80%	4.76%	5.22%	4.34%	6.20%
4 years p.a.	8.89%	6.81%	4.93%	5.44%	4.41%	6.21%

Magellan Infrastructure Fund - UF05B

 **MAGELLAN**
ASSET MANAGEMENT LIMITED

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	-0.12%	-0.22%	-2.09%	-1.80%	-1.63%	-0.82%

Dimensional World Equity Portfolio - UF28



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	14.72%	11.38%	7.70%	8.86%	10.16%	10.98%
2 years p.a.	14.91%	11.40%	10.79%	11.46%	10.48%	11.00%

Dimensional World 70/30 Portfolio - UF24



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	11.64%	9.18%	6.10%	7.02%	8.06%	8.78%
2 years p.a.	10.81%	8.46%	7.82%	8.30%	7.57%	8.06%

Dimensional World 50/50 Portfolio - UF40



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	9.58%	7.15%	5.04%	5.80%	6.65%	6.75%
2 years p.a.	8.47%	6.32%	6.21%	6.62%	6.09%	5.92%

Dimensional World 30/70 Portfolio - UF62



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	7.69%	5.35%	4.02%	4.62%	5.31%	4.95%
2 years p.a.	6.42%	4.51%	4.73%	5.02%	4.56%	4.11%

Perpetual Australian Share Fund - UF15



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	5.99%	4.68%	3.16%	3.66%	4.21%	4.08%
2 years p.a.	9.99%	7.32%	6.91%	7.33%	7.06%	6.72%
3 years p.a.	5.30%	3.98%	3.53%	3.93%	4.07%	3.38%
4 years p.a.	12.87%	9.63%	9.63%	10.30%	9.80%	9.03%

Martin Currie Equity Income Fund - UF23



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	7.15%	6.05%	3.77%	4.34%	4.98%	5.45%
2 years p.a.	8.38%	7.05%	5.58%	6.14%	6.26%	6.45%
3 years p.a.	4.59%	4.02%	2.64%	3.08%	3.58%	3.42%

DNR Capital Australian Emerging Companies Portfolio - UF20



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	12.99%	9.49%	6.99%	7.91%	8.38%	8.89%

Investors Mutual Australian Share Fund - UF06



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	4.28%	3.52%	1.54%	1.97%	2.08%	2.92%

Growing our Tax Optimised investment series

At Generation Life, we continue to grow our range of Tax Optimised investment options.

The following investment options have been available as part of our Tax Optimised Series for less than a full financial year. After-tax return analysis will be available once a full financial year of returns has been completed.

Generation Life Tax Effective Growth Fund



The following investment options are managed through a model portfolio arrangement and therefore the underlying investment strategy is not directly able to be accessed by investors.

The performance of these investment options are unique to the investment bond and cannot be replicated through direct ownership. It is therefore not possible to provide a comparison against a direct investment on an after-tax basis.

Evergreen Responsible Growth Model	
Morningstar Balanced Model	
Morningstar Growth Model	
Morningstar High Growth Model	
Mercer Future Wealth Balanced Portfolio	



About Generation Life

As the pioneer of Australia's first truly flexible investment bond, Generation Life has been at the forefront of providing innovative tax-effective investment solutions since 2004. Over \$3 billion has been invested with us to date.

Your investment is secured at every step

Generation Life is a life insurance company registered under the Life Insurance Act 1995. Our parent company Generation Development Group (ASX:GDG) is listed on the Australian Securities Exchange.

Our products are governed under the Life Insurance Act 1995 and the Corporations Act 2001. The rules that underpin the operation of our investment bonds and investment options are approved by the Australian Prudential Regulation Authority (APRA).

Each investment option is held separately and distinctly from the other investment options and assets of Generation Life. Importantly, this means each investment option is independent and quarantined and protected from any potential adverse positions that may impact either Generation Life or any of the other investment options.



How returns are calculated

- \$25,000 investment amount at start of reporting period.
- The individual Marginal Tax Rate (MTR) applied includes the Medicare levy, while a company tax rate of 30% is assumed. Investors are Australian resident taxpayers and hold their investment directly (not through any third-party platform).
- Individual investors hold investment on capital account while company holds investment on revenue account.
- Capital gains discount of 50% applies to realised gains on investments held for 12 months or more for individual investors while no discount available to capital gains discount available to company investors.
- Buy spread applied on initial purchase of managed fund but sell spread not applied for end of period valuation.
- Buy and sell spreads are used to determine transaction costs for managed fund investments and brokerage costs are used where direct investor exposure is obtained through an exchange traded fund.
- Tax Optimised gross after tax return performance is based on withdrawal to withdrawal price movements over the period including the effect of tax (but excluding fees) at the fund level.
- Tax Optimised after tax return (after fees) performance is based on withdrawal to withdrawal price movements over the period including the effect of fees and tax at the fund level.
- Tax withheld at investor's applicable tax rate upon receipt of distribution.
- Distribution net of tax payment withheld is reinvested as it becomes payable assuming bank processing timeframe of 15 business days from fund manager payment date to reinvestment.
- Tax components and eligible deductions are applied in annual tax return on 31 October of each financial year.
- Minimum investment limits applied on investments in managed funds and exchange traded fund investments.
- Minimum brokerage cost of \$10 on exchange traded fund transactions. Brokerage is determined by transaction value with a sliding scale applied to a limit of 0.12% on transaction values above \$25,000.
- Returns do not take into account any future tax benefits associated with any carried forward losses not utilised as at the performance date
- All tax offsets and imputation credits can be fully utilised by the investor.
- Cost bases adjusted for tax deferred income.
- Assumes the investment bond is held and that the pre-10 year withdrawal rule does not apply.
- Assumes investment fully sold down at end of return reporting period.

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Disclaimers:

1. Source: Securities and Exchange Commission - Final Rule: Disclosure of Mutual Funds After-Tax Returns
2. Source: APRA Quarterly superannuation performance statistics highlights September 2023
3. Indicative effective average tax rates – these represent the estimated indicative average annual tax as a percentage of earnings for each 12-month period over a period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on the earnings of an investment option.
4. Capital losses refers to losses realised on the disposal of investments that are treated as a revenue loss for tax purposes.
5. Tax Optimised after tax return (after fees) refers to Generation Life's side of the investment bond.

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