Generation Life Lifestyle Portfolio

Fact Sheet | 31 March 2025

Performance as at 31 March 2025[1]	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.)
Fund gross return (before fees & after tax)	-3.24	-2.32	0.44	3.55	-	-	8.11
Fund 2.5% LifeBooster Return (after fees & after tax) [2]	-3.54	-3.22	-1.41	-0.21	-	-	4.48
Fund 5.0% LifeBooster Return (after fees & after tax) [2]	-3.76	-3.80	-2.59	-2.59	-	-	1.74
Retirement Living Index	0.10	0.29	1.47	2.76	-	-	3.31

Fund facts	
Sector	Diversified – real return
Inception date	17 July 2023
Fund code	LI27
Generation Life APIR code – 2.5%	ALL9092AU
Generation Life APIR code – 5.0%	ALL6533AU
Investment management cost3[3]	0.73% p.a.
Buy/sell spread	0.15%/0.15%
Suggested minimum investment period	5 Years
Risk level	5 – Medium to High

Investment objective

To outperform the benchmark by 5.0% p.a. over rolling 5-year periods. The benchmark is the 5-year rolling annualised change of Self-Fund Retiree Living Cost Index (LCI). The LCI is published by the Australian Bureau of Statistics.

Investment approach

The manager's approach to real return investing is to choose the portfolio that has the highest probability of achieving the required return objectiuve over the investment horizon with a focus on capital preservation.

The portfolio has been designed to meet the needs of LifeIncome investors. In actively managing the portfolio, the Investment Manager will tactically allocate investments across asset classes and geographic areas (including emerging markets) based on their potential to generate capital growth or reduce overall risk.

Notes

1. Past performance is not an indicator of future performance.
2. The administration fee is deducted directly from the investment option before unit prices are declared.
3. 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.

Market commentary

In March, equity markets faced a challenging and volatile month, driven by uncertainty surround US trade policies, the absence of the "Trump put", and growing recessionary fears which all contributed to the risk off sentiment. The VIX increased to 27.9 leading the S&P500 to its first 10% correction in nearly two years. Waiting for clarity around April reciprocal tariffs announcements, the MSCI World Index declined 5% in March, MSCI EM was flat at 0.3% and Global Aggregate Index returned 0.6%.

The announcement of auto tariffs and rumours of a broader than anticipated reciprocal tariff in late March triggered a sharp sell-off across European markets and parts of Asia. Germany's approval to reform the constitutional debt break and increase fiscal spending on defence has revived domestic sentiment and bene well received by markets. The ECB has also shifted its focus towards growth risk over inflation, signalling a willingness to consider more rate cuts amidst uncertainty. The MSCI Europe fell 3.5%, giving back earlier gains. China's new consumption plan and high fiscal spending target will provide tailwinds for domestic growth.

In Australia, Q4 GDP grew 0.6% q-o-q, driven by a rebound in household consumption and resilient public demand, lifting y-o-y growth to 1.3%. The monthly CPI slowed to 2.4% y-o-y, which was below consensus estimate. The trimmed mean inflation rate remained at 2.7% y-o-y, within the RBA's target band. The ASX dropped 3.4% over the month despite recovering some losses mid-month due to softer employment and inflation data. Nearly all sectors declined over the month with technologies falling 0.7% and utilities only 1.5% above water.

Portfolio commentary

The Lifestyle portfolio performance has been -3.24% and 8.11% over one month and since inception respectively. This is 334bps lower and 480bps higher than the LCI over the same corresponding period. The biggest contributors to performance over the one-month period have been allocations to Gold followed by China Equities. Over the longer-term Gold has contributed the greatest alpha to overall performance.

Asset class insights include

Shares vs Fixed Income: marginally positive risk asset overall

We are starting to turn a bit cautious on risk with expectations of higher volatilities. Our allocation to Australian government bonds continues to increase. Despite overall US growth remaining resilient supported by hard data, corporate and consumer sentiments have been impacted by the heightened policy uncertainty. Earnings are going to do the heavy lifting this year, but more uncertainties with PE expansions given uncertain policy environment and cautious corporate guidance.

Generation Life Lifestyle Portfolio

Fact Sheet | 31 March 2025

With aggressive repricing of long end of yield curves across the global, duration is getting in multiple regions. Equity bond correlations turned back to negative amid the downside growth concerns over the recent periods.

Australian shares vs Global Shares

Relative signals for Australia vs World have turned roughly balanced. Commodities terms of trade however, has come off highs and remained sluggish and labour market remained weak. Having said that, given the magnitude of corrections since mid-February, we see a lot of the bad news being priced in and reduced some AU equity underweights.

Within global equities, regional allocations

We have trimmed the US towards more neutral: US activities have seen signs of weakness mostly in the survey data due to policy uncertainty, and the labor market could also be impacted by the recent immigration and policies. Having said that, the Fed focusing on balancing growth and inflation risks are helpful to limit downside risk to growth. In the medium term, US growth could continue to moderate, though we don't worry about recession risks yet. Recent correction has brought down US equity valuations and it is currently close to fair value. We will continue to watch the policy agenda of the new administration, specifically regarding the impacts of fiscal policy, trade policy and industrial policy.

Despite the current economic activities remaining weak and certain industries facing structural challenges, surveyed data have shown tentative signs of bottoming out. We have observed major shifts in the policy front. The previously feared fiscal drag is now largely mitigated by the commitment to defence spending, which should support the near-term growth. Monetary policy remains supportive as ECB continues to cut rates. In our view, the ECB could continue the rate adjustment towards neutral as long as inflation risk remains benign.

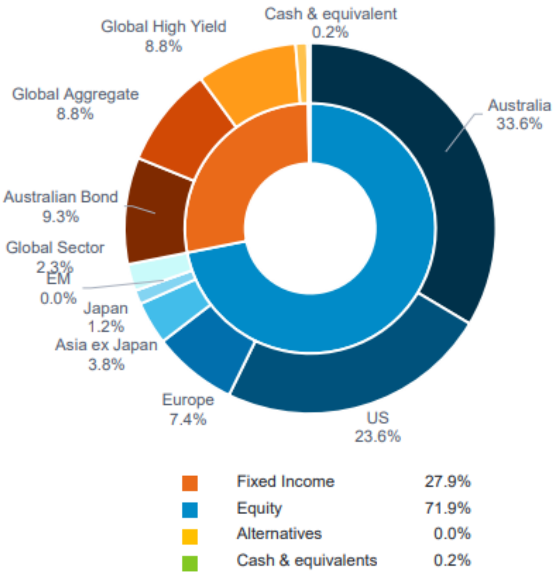
The rally this time is driven by some fundamental support rather than purely sentiment as: key corporate earnings are seeing improvements, PMI data and housing market data show signs of stabilization, AI development in China triggered some rerating from the previous dirt-cheap valuations. Policies have remained highly supportive as the central government aims to remove the downside risk to the overall economy. We will continue to watch the fiscal policy implementation closely to gauge sustainability of the economic recovery as some structural challenges remain. US Trade policy evolution towards China may also cause further market volatilities.

Within fixed income, duration vs. credit

Bond yields have been more volatile as the market narrative shifts amidst growth, inflation and policy expectations. We continue to have tactical positioning in duration. In the medium term, we remain constructive in bonds as must central banks have likely past the peak of policy tightening, while the all-in yield becomes more attractive. In the current environment, bonds are useful to hedge equity downsides. We remain of the view that Australian government bonds offer good value.

Near term, although investment grade spreads are tight, fundamentals do not support an imminent pick up in default rates. Thus, we have increased our allocation to global aggregate alongside of AU duration, as a better risk/reward play, as outlook for equities becomes a bit foggy.

Portfolio Positioning



Security Name	Portfolio Weight
ASX200 ETF	12.8%
Sustainable Research Enhanced US Equity	10.9%
Australian Equities Fund	10.8%
Future Leaders Fund	10.0%
Core Composite Bond ETF	9.3%
Global High Yield Fund	8.8%
MSCI USA Quality	6.0%
Global Corporate Bond Fund	5.3%
Sector SPDR ETF	4.9%
Core MSCI European EMU ETF	3.6%

Investor services

Phone 1800 806 362

Email enquiry@genlife.com.au

Adviser services

Phone 1800 333 657

Email advisers@genlife.com.au

Generation Life Lifestyle Portfolio

Fact Sheet | 31 March 2025

Investment guidelines

	Range
Defensive Assets	0-60%
Growth Assets	40-100%

About the investment manager

FIL Investment Management (Australia) Limited ('Fidelity') is a member of the group of companies known as Fidelity International. The parent company of Fidelity International, FIL Limited was founded in 1969 as the international arm of Fidelity Investments (founded in Boston, US in 1946). Fidelity International became independent of the US firm in 1980 and now invests AUD$1,275m (as at 30 June 2024) on behalf of more than 2.8 million clients globally. Fidelity International remains a private company – predominantly owned by management and members of the founding family

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 retirement incomes and after-tax investment performance for our investors. We are a leading specialist provider of investment linked annuities and investment bond solutions – with over $3.6 billion invested with us as of end September 2024.

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.

Investor services		Adviser services	
Phone	1800 806 362	Phone	1800 333 657
Email	enquiry@genlife.com.au	Email	advisers@genlife.com.au