

# Generation Life Investment Bond Generation Life Term Deposit Fund

Rating issued on 30 Jun 2025 | APIR: ALL0028AU

## Investment objective

To outperform the Bloomberg AusBond Bank Bill Index and achieve returns superior to cash management trusts (before fees and tax).

Manager	Generation Life
Distributor	Generation Life
Sector	Australian Fixed Interest \ Short-Term Credit
Investment Style	Active
RI Classification	Aware
Absolute Risk	Very Low
Relative Risk	Active - Benchmark Aware
Investment Timeframe	1-2 Years
Zenith Benchmark	Bloomberg AusBond Bank Bill Index
Min Investment Amount	-
Redemption Frequency	Daily
Income Distribution	-
Fund Size (30 May 2025)	\$108.98M
Management Cost	0.55% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.00% / 0.00%
Inception Date	31 Aug 2010

## Fund facts

- Available as an investment option within the Generation Life Investment Bond menu
- Diversified portfolio of term deposits across Australian banks and other ADI's
- Experienced team with pragmatic investment approach

## Viewpoint

The Generation Life Term Deposit Fund (TDF), an investment option within the Generation Life Investment Bond (GIB), is managed by Melbourne-based Mutual Limited (Mutual). The Fund provides investors with exposure to a portfolio of cash and term deposits issued by Australian banks and other Authorised Deposit-taking Institutions (ADIs), within a tax-paid investment structure. Zenith maintains a favourable view of Mutual’s organisation, investment team, and process; and considers the Fund an attractive and competitive offering within our 'Short-Term Credit' category.

Established in 2009 by founding partners Wayne Buckingham and Brian Buckley, Mutual is a Melbourne-based boutique investment firm. Mutual offers to market a range of short-term liquid credit and fixed interest strategies, and as at 31 May 2025, had total funds under management (FUM) of \$A 3.8 billion.

Responsibility for the performance of the Fund rests with Scott Rundell, Chief Investment Officer (CIO), and Simon Clark, Head of Portfolio Management. Rundell is an established investor and financials analyst, with around 30 years of industry experience. As CIO, Rundell is supported by a five-person broader investment team comprising several highly experienced professionals, including Clark, with each retaining a sound level of knowledge and specialisation within the Australian fixed interest market. Zenith believes the Mutual team is appropriately experienced and resourced, having matured and expanded as the business has grown.

The Fund seeks to capitalise on the competition for term deposits between major Australian banks. The intended appeal of the Fund is twofold. Firstly, access to deposit rates that are superior to those available to retail investors, reflecting Mutual's scale and relationship networks. Secondly, the Fund provides relatively high levels of liquidity, with investors able to access their capital within five days without an interest rate penalty, which in our view, is a key benefit relative to traditional term deposits.

Mutual structures all term deposits with a weighted average life of approximately 90 days, with maturities staggered every five days to aid with Fund liquidity. At-call deposits (or cash) and negotiable certificates of deposit (NCDs) may also feature within the underlying portfolio, particularly at market extremes, to maintain the Fund's overall liquidity profile.

Zenith believes Mutual is well positioned to negotiate attractive term deposit rates, leveraging its scale and established networks to achieve favourable outcomes for investors.



## Fund analysis

### Fund characteristics

Constraint	Value
Term to maturity (6 - 185 days)	Max: 90%
Term to maturity (186 - 365 days)	Max: 20%
NCDs and cash	Max: 20%

### Investment objective and philosophy

The investment objective of the Fund is to outperform the Bloomberg AusBond Bank Bill Index and achieve returns superior to cash management trusts (before fees and tax).

Consistent with the defensive characteristics of this asset class, Mutual seeks to achieve this objective with a high degree of capital stability, a regular income stream at a premium to cash rates, and a managed volatility profile. Mutual aims to implement an active approach that focuses on market trends and relative-value assessments as opposed to forecasting the directionality of interest rates.

Mutual will source and actively manage a portfolio of term deposits offered by the major Australian banks only. The Fund may also invest in negotiable certificates of deposits (NCDs) and at-call deposits (cash) to provide liquidity.

The Fund seeks to capitalise on the competition for term deposits between Australia's major banks. In Zenith's view, the appeal of the Fund continues to be twofold. Firstly, access to deposit rates that are superior to those available to retail investors, reflecting Mutual's scale and relationship networks. Secondly, the Fund provides relatively high levels of liquidity and capital protection owing to its diversified exposure across a range of issuers and maturities. Importantly, the Fund provides investors with access to liquidity within five days without an interest rate penalty.

Zenith believes the increased liquidity without penalty available to investors relative to retail term deposits is a key benefit of the Fund. Furthermore, Zenith believes Mutual is well positioned to negotiate attractive term deposit rates, leveraging its scale and established networks to achieve favourable outcomes for investors. In addition, the excess margin the Fund can achieve represents attractive value on an after fees, post-tax basis.

### Portfolio applications

The TDF is an investment option within the Generation Life Investment Bond (GIB), an Investment Bond with a tax-paid investment structure. With respect to the applications of the GIB, investors should refer to Zenith's GIB Product Assessment Report. Furthermore, Zenith recommends prospective investors seek independent advice regarding the suitability of this structure given their personal tax position.

The term 'short-term credit' generally refers to short-term call deposits and cash equivalent securities (such as term deposits, treasury notes, bank bills, semi-government, corporate and asset-backed promissory notes). These investments generally provide a stable return, with low potential for capital loss. 'short-term credit' funds generally aim to deliver a higher return

than 'cash' funds through their ability to assume greater term and credit risk.

Zenith highlights that the Fund is structured to outperform the Bloomberg AusBond Bank Bill Index by assuming greater term risk than the benchmark, while maintaining a high average credit quality. Accordingly, the Fund may be suitable for investors seeking capital preservation and a reliable source of income via quarterly distributions.

Investors should be aware that the Fund provides liquidity on a five-day basis. From a portfolio perspective, the Fund may be suitable as a component in the income portion of a well-diversified portfolio.

### Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
Negative screens**	Full/Partial
Alcohol	Partial
Armaments	Full
Fossil fuels	Partial
Gaming	Partial
Adult Entertainment	Full
Tobacco	Partial
Nuclear Power	Full
Human rights abuse	Full
Animal cruelty	Full
Environmental Degradation	Partial
PRI Status	
PRI Signatory	Yes

\*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

\*\*Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.



## Absolute performance

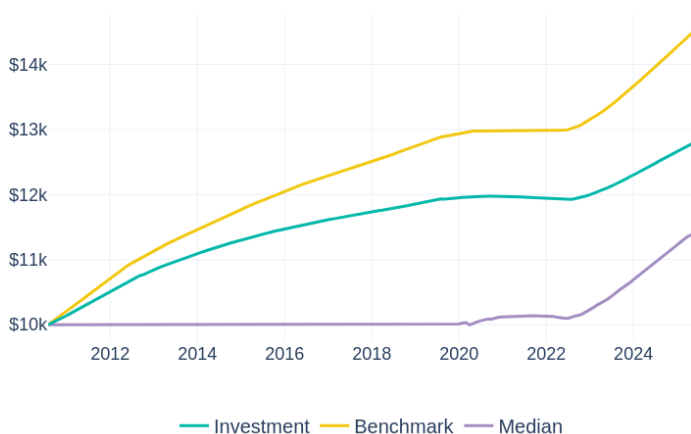
Performance as at 31 May 2025

### Monthly performance history (% , net of fees)

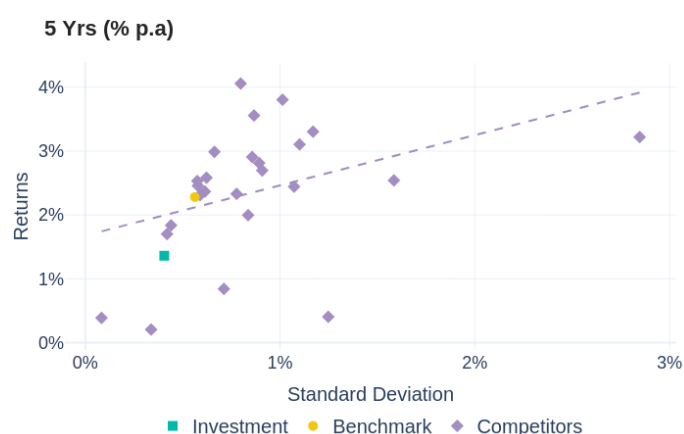
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2025	0.25%	0.20%	0.24%	0.20%	0.22%								1.12%	1.78%
2024	0.26%	0.24%	0.23%	0.27%	0.25%	0.22%	0.26%	0.24%	0.25%	0.25%	0.24%	0.25%	3.00%	4.47%
2023	0.17%	0.16%	0.19%	0.17%	0.22%	0.20%	0.21%	0.25%	0.20%	0.25%	0.26%	0.20%	2.50%	3.89%
2022	-0.03%	-0.03%	-0.03%	-0.03%	-0.02%	-0.02%	0.03%	0.08%	0.09%	0.13%	0.13%	0.15%	0.47%	1.25%
2021	-0.01%	-0.01%	-0.02%	-0.01%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.27%	0.03%

\*Bloomberg AusBond Bank Bill Index

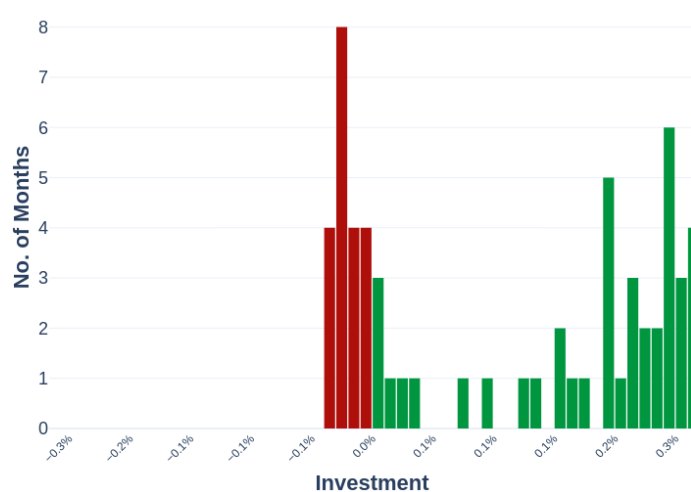
### Growth of \$10,000



### Risk / return



### Monthly histogram



### Minimum and maximum returns (% p.a.)





## Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
<b>Investment</b>	<b>2.87%</b>	<b>2.41%</b>	<b>1.36%</b>	<b>1.19%</b>	<b>1.68%</b>
Income	0.00%	0.00%	0.00%	0.00%	0.00%
Growth	2.87%	2.41%	1.36%	1.19%	1.68%
<b>Benchmark</b>	<b>4.42%</b>	<b>3.79%</b>	<b>2.28%</b>	<b>2.02%</b>	<b>2.55%</b>
<b>Median</b>	<b>4.86%</b>	<b>4.25%</b>	<b>2.65%</b>		
<b>Cash</b>	<b>4.42%</b>	<b>3.79%</b>	<b>2.28%</b>	<b>2.02%</b>	<b>2.55%</b>

## Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	22 / 22	22 / 22	22 / 22	20 / 20
Quartile	4th	4th	4th	4th

## Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
<b>Standard Deviation (% p.a.)</b>					
Investment	0.07%	0.23%	0.41%	0.30%	0.34%
Benchmark	0.05%	0.28%	0.56%	0.42%	0.44%
Median	0.27%	0.39%	0.65%		0.67%
<b>Downside Deviation (% p.a.)</b>					
Investment	0.00%	0.01%	0.05%	0.04%	0.03%
Benchmark	0.00%	0.00%	0.01%	0.01%	0.00%
Median	0.00%	0.01%	0.09%		0.16%

## Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
<b>Sharpe Ratio (p.a.)</b>					
Investment	-22.82	-6.00	-2.26	-2.76	-2.52
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	1.62	1.19	0.57		0.51
<b>Sortino Ratio (p.a.)</b>					
Investment	infinity	-143.19	-19.67	-23.34	-29.65
Benchmark	NaN	NaN	0.00	0.00	0.00
Median	infinity	39.15	4.31		2.08

The Fund objective is to source and actively manage a portfolio of the best term deposits on offer by the major Australian banks and ADIs, along with small cash and bank bill holdings to provide liquidity. While there are no specific risk/return objectives for term deposit products, Zenith considers it to be a low-risk proposition, displaying a similar risk profile to the underlying index.

Furthermore, as the TDF is an investment option within the GIB, with a tax-paid investment structure, Zenith notes that the financial ratios displayed may not be an accurate reflection of its risk/return metrics. The benchmark and funds within this sector have their returns reported on a pre-tax basis.



## Relative performance

### Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	-1.56%	-1.39%	-0.92%	-0.83%	-0.87%
Monthly Excess (All Mkts)	0.00%	0.00%	5.00%	3.33%	2.25%
Monthly Excess (Up Mkts)	0.00%	0.00%	5.26%	3.42%	2.29%
Monthly Excess (Down Mkts)	0.00%	0.00%	0.00%	0.00%	0.00%

### Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	0.00%	0.00%	334.26%	334.26%	334.26%
Upside Capture	65.22%	63.85%	60.39%	59.40%	66.39%

### Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	0.04%	0.09%	0.17%	0.14%	0.13%
Median	0.27%	0.21%	0.23%		0.31%

### Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	-35.23	-15.54	-5.26	-6.07	-6.46
Median	1.62	2.24	1.60		1.09

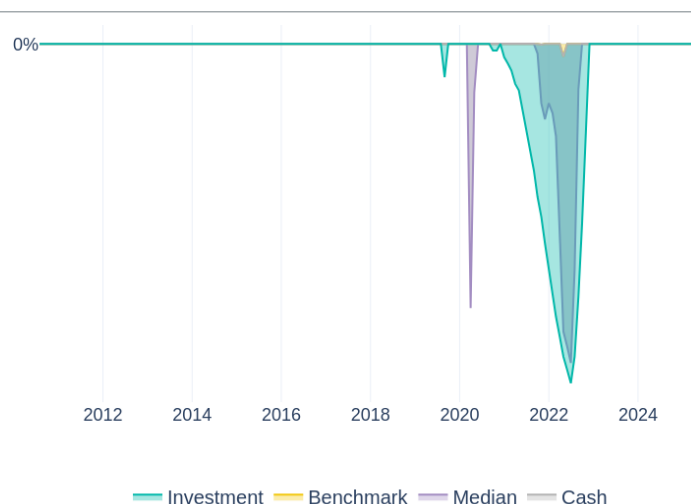
### Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	1.04	0.79	0.71	0.71	0.76
R-Squared	0.58	0.92	0.97	0.96	0.94
Correlation	0.76	0.96	0.99	0.98	0.97

As the TDF is an investment option within the GIB, with a tax-paid investment structure, Zenith notes that performance is not directly comparable to other investment products within the 'Australian Fixed Interest - Short-Term Credit' peer group, where performance is assessed on a pre-tax basis.

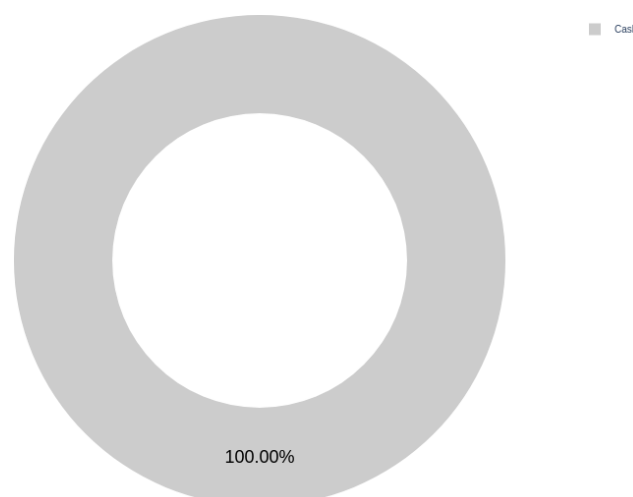
### Drawdown analysis (since inception)

*Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.*



As the underlying portfolio within TDF comprises Term Deposits and NCDs, Zenith notes that a drawdown analysis is not relevant when assessing the underlying strategy of the Fund.

### Fixed interest sector holdings





## Fund commentary

### Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

**Key person risk:** Zenith considers Buckingham, Rundell and Clark to be important to the successful management of the strategy. A loss of any of these individuals would be considered material. Zenith notes that each holds equity in the Mutual business, substantially mitigating this risk.

**Liquidity risk:** Liquidity risk can be present during extreme market conditions resulting in a significant number of unitholder funds simultaneously redeeming from the Fund. Mutual aims to minimise this risk by investing in a diversified portfolio of securities across a range of issuers and maturities.

**Regulatory risk:** Regulatory and legal risk may arise as the Government Guarantee for term deposits change or expire. Any decreases in the Government Guarantee amount may increase the risk of default for deposit holders.

### Security/asset selection

The investment universe of this Fund comprises term deposits issued by major Australian-domiciled banks (i.e. ANZ, CBA, NAB and Westpac), second-tier Australian banks and ADIs including credit unions and building societies which qualify for the Commonwealth Government ADI Guarantee. In addition, the investable universe includes NCDs and at-call deposits.

Issuers are assessed by the investment team, taking into consideration a broad set of factors including underlying asset quality, capital adequacy, liquidity and funding profile, profitability, lending trends, and ESG matters. In addition, market-based data is used to provide an indicative view on implied default rates. Analysts will then present their findings in a standardised issuer scorecard that translates into an overall credit score. This proprietary score subsequently serves as an indicator of credit quality and ultimately aids with relative value assessments.

Overseeing the bottom-up credit process is Rundell who will review analyst submissions, including key inputs and associated assumptions. Issuers that subsequently pass fundamental assessment will be endorsed onto an Approved Issuer List and can then be considered for investment. The Approved Issuer List for the Fund is limited to the four major Australian banks.

Mutual obtains quotes from the major banks to build a contemporary view regarding pricing across a range of maturities. A large part of this process is relationship-based, and as such banking representatives will frequently approach Mutual, in the knowledge that they have the capacity to invest in irregular maturities and/or with limited notice. It is within this element of the process that Zenith believes Mutual has a competitive advantage, leveraging its scale and relationship networks to drive the best outcomes for investors.

### Responsible investment approach

Mutual has an established Responsible Investment Policy (RIP), which was last updated in 2024, with compliance of the RIP monitored by Rundell alongside Joanne Grace, Risk & Compliance Manager. Mutual became a signatory to the Principles for Responsible Investment (PRI) in May 2024.

Mutual implements the PRI's responsible investment guidelines for Fixed Income via its 'ESG Incorporation' approach. Consistent with this methodology, ESG matters are considered by credit analysts as part of their fundamental assessment of issuers, with Mutual also subscribing to a range of external service providers (i.e. Sustainalytics, MSCI) to aid with these ESG assessments.

Mutual uses approximately ESG 25 data points that are sourced from company sustainability reports, proprietary questionnaires and Bloomberg data, weighting them based on assessments of the importance of "E" "S" and "G" to the sector.

ESG assessments are subsequently translated into an ESG rank (out of 100%), and these along with analyst assigned credit scores, are taken into consideration during the security selection process, providing the team with a further reference point for spread and default assessments.

### Portfolio construction

Portfolio construction involves combining the highest term deposit rates across maturities while adhering to the Fund's counterparty exposure limits. The Fund will typically have a target allocation to term deposits of 85%, of which most will have a maturity of 180 days or less. Mutual structures the portfolio with a weighted average term of approximately 90 days, with most maturities staggered five days apart. Zenith notes that through this approach, Mutual can increase the level of liquidity within the portfolio while also seeking to benefit from relatively longer-dated exposures.

The remaining 15% of the Fund will typically be split between cash deposits and NCDs to further assist with liquidity. However, the Fund has the capacity to be fully invested in cash and NCDs in the event of extreme market conditions. In selecting NCDs, Mutual will invest along the yield curve with a small amount of active risk against the Bloomberg AusBond Bank Bill Index.

Overall, Zenith believes the portfolio construction process, whilst simplistic, is effective in building a diversified portfolio with a majority allocation to term deposits.

### Risk management

Given the nature of the Fund, risk management is primarily focused on ensuring an appropriate liquidity profile, limiting counterparty risk and having appropriate constraints in place.

Mutual utilises a proprietary risk dashboard which produces portfolio level information to the team in terms of the Fund's positioning and factor exposures. The system allows Mutual to monitor a broad set of variables including counterparty risk, duration and spread. The team also uses Bloomberg Port for the purposes of scenario analysis, stress testing and Value at Risk (VaR) assessments.





At an operational level, Grace is responsible for monitoring pre/post trade compliance. Grace also produces a daily risk dashboard which provides a snapshot of the Fund's positioning relative to mandate constraints. As positioning approaches mandate outer limits, these are investigated and reported to the IC. Any breaches are subject to an escalation policy which necessitates review by the Risk Committee, the Compliance Committee and Board of Directors.

While the best term deposit rates are a primary consideration, Mutual also assesses liquidity during portfolio construction. For investments in term deposits, the predetermined liquidity constraints include investing a vast majority of funds in three to six-month term deposits, which can represent up to 90% of the portfolio. Also, Mutual can have a maximum of 20% invested in maturities of 186 to 365 days. The Fund has counterparty exposure limits of 30% to each major Australian bank and can invest up to a maximum of \$250,000 (although \$240,000 is typical as a buffer) in ADIs which qualify for the Commonwealth Government ADI Guarantee.

Overall, Zenith considers Mutual's risk framework to be sound, incorporating a blend of proprietary and off-the-shelf third-party systems to produce analysis that aids with portfolio positioning and adherence with mandate constraints. Zenith also notes, and approves of, the appointment of an Independent Chair of the Risk Committee to enhance separation from the investment function.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.55% p.a.	0.34% p.a.
Management Fees and Costs	0.55% p.a.	0.33% p.a.
Transaction Costs	0.00% p.a.	0.00% p.a.
Performance fees as at 30 Jun 2023	0.00%	0.01%
Performance fees description	N/A	
Management Cost	0.55% p.a.	0.34% p.a.
Buy / Sell spread	0.00% / 0.00%	0.02% / 0.03%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

TDF has a total management cost of 0.55% p.a. (GST inclusive), which comprises a 0.46% p.a. administration fee for accessing the GIB product and a 0.09% p.a. investment management fee for the TDF. Zenith views the fees as broadly consistent with peers in this asset class of the investment bond sector. Furthermore, we note that the sector average does not include platform administration fees.

About the fund manager

Organisation

Established in 2009 by founding partners Wayne Buckingham and Brian Buckley, Mutual is a boutique investment firm with origins dating back to 1991 where it formed the asset management arm of Generation Development Group (formerly Austock Group). The business is majority owned by the senior investment team (82%), with two silent partners owning the remainder.

Mutual offers investment products across a range of short-term liquid credit and fixed interest strategies, managed on behalf of retail and institutional investors. As at 31 May 2025 Mutual had total funds under management (FUM) of \$A 3.8 billion.

As at 31 May 2025, Mutual managed approximately \$A 110 million in the TDF.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Wayne Buckingham	Managing Director	27	15	Melbourne, Australia
Brian Buckley	Chairman	32	15	Melbourne, Australia
Scott Rundell	Chief Investment Officer	29	5	Melbourne, Australia
Simon Clark	Head of Portfolio Management	23	7	Melbourne, Australia
Gian Johal	Portfolio Manager	17	3	Melbourne, Australia

Mutual is led by founder and Managing Director Wayne Buckingham who oversees Mutual's investment team and sits on a number of key internal committees including the Investment Committee (IC), Internal Strategy & Portfolio Committee (ISPC), and Risk Committee. In Zenith's opinion, Buckingham is an experienced and pragmatic investment professional that has demonstrated an ability to delegate and manage a broad set of competing responsibilities. We also note that Mutual has expanded its governance structure in recent years at an overall business level with the appointment of Joanne Grace to the position of Risk and Compliance Manager.

Responsibility for the management of the Fund rests with Scott Rundell, CIO, and Simon Clark, Head of Portfolio Management. Joining Mutual in November 2019 from CBA Global Markets as Head of Credit Strategy, Rundell is an established investor that has expertise spanning portfolio management, fundamental analyst and investment strategy. Zenith believes Rundell continues to strengthen Mutual's overall investment capability, most notably the team's bottom-up and portfolio construction processes across multiple products, which have been significantly enhanced in terms of structure, analysis and fundamental inputs.

Rundell is supported by a broader investment team comprising several highly experienced professionals, each retaining a sound level of knowledge and specialisation within the Australian fixed interest market. Included amongst these is Clark who is responsible for the day-to-day management of the Fund. Joining



Mutual in February 2018, Clark has previous experience at both Westpac Group and St George Group in roles across treasury and distribution, all within the fixed interest asset class.

Clark is supported by Gian Johal, Portfolio Manager, Vladimir Slaviero, Senior Investment Analyst, Allan Au, Investment/ESG Analyst and Phoebe Buckley, Assistant Portfolio Manager. Zenith believes that the Mutual team is appropriately experienced and resourced having matured and expanded as the business has grown.

A key body in the management of Mutual's fixed income product set is the IC, which comprises three members, including Rundell (Chair), Buckingham and Buckley. Convening monthly, the IC seeks to establish a set of anchor points against which the Fund is managed. These extend to the setting of risk tolerance (i.e. risk on or off), targeted areas of relative value and the overall direction of portfolios. The IC operates on a consensus basis, with Buckingham having the final call if consensus cannot be reached.

Zenith notes that the IC considers the views of the broader Mutual investment team and provides views that are not overly prescriptive, providing Clark with discretion to implement portfolio positions taking into consideration a Fund's objectives and mandate tolerances.

All members of the investment team meet weekly as part of the ISPC, at which members discuss a broad set of matters extending to market outlook, corporate issuance patterns, regulatory matters, portfolio trades from the previous week as well as planned trades for the forthcoming week, whilst also taking into consideration the IC's strategic views. Zenith believes the weekly meeting provides a common template for all portfolios and ensures that portfolio managers and analysts alike are aware of the positioning of portfolios.

Investment personnel are remunerated through a competitive base salary and a discretionary bonus that is paid over three years. The base salary is designed to reflect the experience and ability of each individual, while discretionary bonuses are structured to reflect performance in terms of customer retention and compliance, as well as being linked to the profitability of the broader organisation. Zenith considers Mutual's remuneration structure to be comparable to industry standards.

Overall, Zenith believes Mutual's investment team is well balanced, combining a broad mix of portfolio, fundamental, quantitative and business-related experiences, which are complementary to the management of the Fund.

## About the sector

### Sector characteristics

Funds classified within Zenith's 'Australian Fixed Interest – Short-Term Credit' sub-asset class are managed with a focus on liquidity and capital preservation, supplemented by additional return enhancement strategies.

In addition to traditional money market securities (including overnight cash deposits, bank bills, floating rate notes, short-term call deposits), short-term credit funds can also invest in longer-dated term deposits (greater than three months maturity), investment grade corporate debt and asset-backed securities (ABS) (both mortgage-backed securities (MBS) and ABS). Funds in this sub-asset class are actively managed, which

can include a range of interest rate and yield curve strategies, as well as tactical credit strategies. They will typically exhibit an average credit quality above A-, with an average weighted portfolio maturity of 12 months or less.

Zenith benchmarks short-term credit funds against the Bloomberg AusBond Bank Bill Index. This index represents the performance of a passive investment in a short-term money market portfolio. The index comprises 13 bank bills of equal face value, each with a maturity seven days apart. Bank bills are short-term money market instruments that typically have maturities between 30 and 180 days.

### Sector risks

Funds within the 'Australian Fixed Interest – Short-Term Credit' sector are exposed to the following broad risks:

**Market risk:** Changes in economic, technological, environmental or political conditions and market sentiment may lead to a decline in general security prices and overall market volatility. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

**Interest rate risk:** Fixed interest securities are generally sensitive to changes in interest rates. An increase in interest rates may result in a fall in the value of these securities, while a decrease in interest rates can result in an increase in value.

**Credit spread risk:** In addition to being sensitive to general interest rate changes, non-government securities are also sensitive to changes in credit spreads (commonly the difference in yield between a government bond and a corporate bond). A widening of spreads results in a fall in the value of these securities.

**Default risk:** Given fixed interest securities represent loans to borrowers (including governments, banks and companies), there is a risk that these borrowers may default on interest or principal repayments. Default risk is often reflected in credit ratings assigned by various credit agencies, which are subject to change.

**Liquidity risk:** Fixed interest markets can experience periods of illiquidity, which can result in difficulties in buying or selling securities without adversely impacting the price.

**Derivative risk:** Derivatives are commonly employed by fixed interest managers to hedge currency and other risks, and/or as an alternative to direct purchases or sales of underlying assets. There are multiple risks associated with the use of derivatives. For example, the value of the derivative may not move in line with the underlying asset, counterparties to the derivative may not be able to meet payment obligations or a particular derivative may be difficult or costly to trade.

**Inflation risk:** Given the conservative risk/return characteristics of the short-term credit sub-asset class, there remains a risk that the purchasing power of assets invested may be diminished in an inflationary environment.

## Administration and operations

Responsible Entity	Generation Life
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### Zenith rating





## Report certification

Date of issue: 30 Jun 2025

Role	Analyst	Title
Analyst	Jonathan Stagg	Senior Investment Analyst
Sector Lead	Andrew Yap	Head of Multi Asset & Austrn. Fixed Income

## Association & relationship

ASIC Regulatory Guide RG79.164 requires Research Houses to disclose certain associations or relationships that they may have with a product issuer. We may receive remuneration from an issuer or investment manager for subscription to our other research/ data services or the research/ data services of our related entities. Conflict management arrangements are in place where we or our related entities provide research services to the product issuer or financial advisory businesses who provide financial planning services to investors and are also associated entities of product issuers. This is in accordance with the Zenith Group's Conflict of Interests Policy. Further details in relation to our relationships and associations are available on request.

## Rating history

As At	Rating
30 Jun 2025	Recommended
13 Jun 2024	Recommended
06 Jun 2023	Recommended
31 May 2022	Recommended
10 Jun 2021	Recommended
28 May 2020	Recommended

*Last 5 years only displayed. Longer histories available on request.*

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