

Generation Life Lifestyle Portfolio

Fact Sheet | 31 July 2025

Performance as at 31 July 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)	1.98	4.20	1.78	8.41	-	-	9.30
Fund 2.5% LifeBooster Return (after fees & after tax) ²	1.66	3.25	-0.07	4.52	-	-	5.38
Fund 5.0% LifeBooster Return (after fees & after tax) ²	1.46	2.64	-1.27	2.04	-	-	2.88
Retirement Living Index	0.19	0.58	0.87	2.35	-	-	2.86

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	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 objective 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

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

Global equities reached new record levels in July on expectations of trade deals, easing of US tariff threats and hopes of a short-term boost to US growth from the One Big Beautiful Bill Act (OBBBA). This has happened despite US tariffs moving higher (when compared with before Trump came to power), indicating some complacency in risk assets. On the other hand, bond yields in the US, the UK, Europe, and Japan are reflecting concerns over debt sustainability. The MSCI World index and MSCI Emerging market index gained 3.1% and 3.8% respectively. The Bloomberg Global Aggregate index ended the month down 0.15%, all in local currency net total return terms.

Australian equities extended their winning streak in July, with the ASX 200 gaining 2.35%, its fourth straight monthly advance. The index set a fresh all-time high on 7 July before momentum stalled, trading sideways for the remainder of the month. Markets balanced optimism over prospective RBA rate cuts with caution around looming U.S. tariff deadlines. While President Trump's tariff agenda dominated headlines, the impact was muted as front-loaded shipments softened the near-term blow, and late-month trade agreements with Japan and the EU lifted sentiment.

Portfolio commentary

The Lifestyle portfolio performance has been 1.98% and 9.30% over one month and since inception respectively. This is 179bps higher and 644bps higher than the LCI over the same corresponding period. The biggest contributors to performance over the one-month period have been allocations to US Equities followed by Asia ex Japan equities and global bonds.

Asset class insights include

Shares vs Fixed Income: risk neutral but nimble taking calculated risk in high conviction positions

We remain nimble in risk taking as fundamental picture see mixed outlook in the coming months while the payback from earlier tariff related front-loading further add to noise. While the market seems to still indicate "risk on" territory, tariff development and trade policy uncertainties remain a downside risk to growth. The pay back of front-loading activities may lead to sequential slowdown in the coming months. Given the flipflop nature of Trump policy and market complacency on the tariff headlines, preference is to stay nimble with equity positioning while taking calculated risk in areas with more lasting convictions. We continue to have tactical positioning in duration as bond yield has been more volatile as the market narrative shift amid growth, inflation and policy expectations.

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Australian shares vs Global Shares

Turning neutral on Australia vs World. Purchasing Managing Index continues to expand and improve while inflation remains moderating. Policy tone broadly supportive and RBA reduced rate as expected and remains in a rate cutting cycle. However, commodities terms-of-trade are moderating, and economic surprises remain modestly negative. Earnings revisions breadth also turning less supportive.

Within global equities, regional allocations

We are currently neutral / moderately positive towards the US. Economic data are starting to show mixed picture with notable softness in the labour market and upside inflation risk in PPI readings largely due to tariff related goods inflation. Given the change in growth picture, policy remarks from Federal Reserve officials are turning more dovish, and the board membership change could further add to dovish tilt. In addition, fiscal policy from the One Big Beautiful Bill (OBBB) may provide positive fiscal impulse in the near term, offsetting some of the negative effects of tariffs. Our base case assumption remains that the US is in the late economic cycle, with growth moderating towards trend levels. In our view, this macroeconomic backdrop, combined with policy uncertainty, is more supportive of the growth and quality investment style. From the latest earnings season, we continue see US taking the leadership in earnings growth, particularly in the AI related areas.

We remain positive on Europe but start taking profit. Economic activities and survey data indicate stabilisation, but the recovery signs need further evidence. The policy mix remain supportive with fiscal spending and accommodative monetary policy, but this has largely priced in and need to feed into actual hard data and corporate earnings. Earnings season in Q2 have been more mixed with some notable disappoint in luxury goods, consumer discretionary and healthcare segment. Having said that, geopolitical developments, such as the Russia-Ukraine truce may add some fresh catalysts.

Selectively positive on Japan – US-Japan trade deal removes some left tail risk and benefits the export-oriented sectors as Japan gain relative tariff advantage versus other trading partners. Econ activities stay largely stable, and the fiscal policy is likely turning more supportive given the LDP election loss. BOJ rate hike expectations also benefit the banking sector. Hence, prefer value style in Japan.

Constructive on Asia – We continue to hold the view that, beyond headline tariffs impacting individual countries, the differences in stable tariff rates will be key in reshaping the supply chain. The de-escalation of US-China tariffs is a positive development for the region, although the overall economy is still in the process of stabilizing a down cycle. The phenomenon of export demand being brought forward may introduce volatility in economic data.

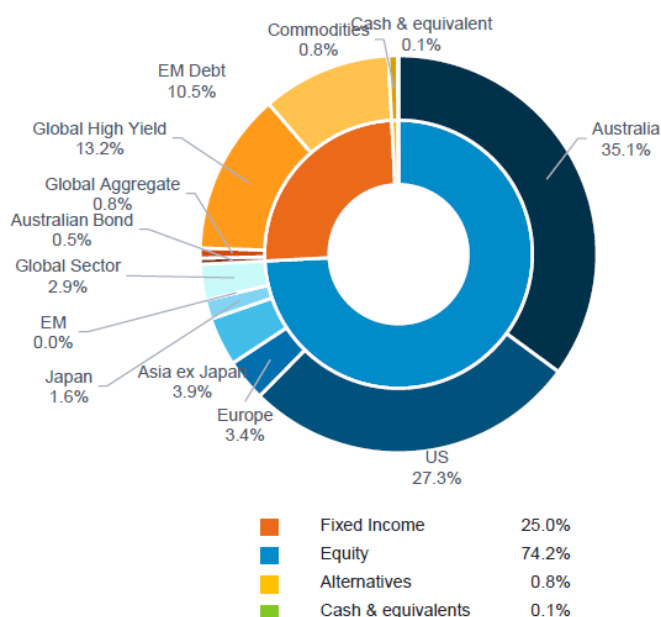
Within fixed income, duration vs. credit

Bond yields have been more volatile due to shifting market narratives around growth, inflation, and policy expectations. We maintain tactical positioning in duration and remain constructive in bonds over the medium term, as central banks are still biased towards rate cutting cycle, making the all-in-yield more attractive. In the situation of growth fears, bonds are useful for hedging equity downside. We remain of the view that Australian government bond offers good value.

We maintain our preference for carry assets considering tariff de-escalation and US fiscal budget. We retain our conviction in emerging market local currency debt to take advantage of the appealing real yields and steep yield curves, which are likely to attract investors looking for favourable real returns in an environment marked by persistent inflation. Additionally, a weak to stable USD is anticipated to offer further support

Portfolio Positioning

Lifestyle



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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Security Name

Sustainable Research Enhanced US Equity
ASX200 ETF
Future Leaders Fund
Australian Equities Fund
Core S&P US Growth
Global High Yield Fund
EM Local Government Bond
Emerging Markets Bond ETF
European High Yield Fund
MSCI ASIA ex Japan ETF

Portfolio Weight

15.4%
14.9%
10.9%
9.3%
8.2%
7.8%
6.0%
4.6%
3.1%
3.0%

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

Investment guidelines

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

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

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

Adviser services

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Email advisers@genlife.com.au

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