


Generation Life Tax Effective Growth Fund

Fact Sheet | 31 July 2025

Performance as at 31 May 2025 ¹	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.)
Fund net return (after fees & tax) ²	1.16	5.97	0.62	5.86	6.48	5.68	4.19
Benchmark return (before tax) ³	1.90	7.40	4.00	11.40	-	-	14.20 ⁴
Gross strategy return (before fees & tax)	2.00	7.30	1.10	8.20	-	-	13.30 ⁴
Gross strategy return (before fees & after tax)	1.21	6.12	0.92	6.46	-	-	13.90 ⁴

Fund facts	
Sector	Diversified - growth
Tax aware level	 Tax Optimised
Inception date	10 September 2004
Fund code	UF10
Generation Life APIR code	ALL0014AU
Investment management cost⁵	0.76% p.a.
Buy/sell spread	0.15%/0.15%
Suggested minimum investment period	5 Years
Risk level	6 - High

Recent investment management history

Investment option name changed from Russell Investments Balanced Fund to Generation Life Tax Effective Growth Fund effective 29 September 2023.

Investment manager changed from Russell Investments to Fidelity International on 29 September 2023.

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.
- Composite Index: 25.0% S&P/ASX 300 Index in AUD, 22.5% MSCI World ex Australia Index (Net) in AUD, 13.5% MSCI World ex Australia Index (Net) Hedged to AUD, 5.0% MSCI World ex Australia Small Cap Index (Net) in AUD, 4.0% MSCI Emerging Markets Index (Net) in AUD, 9.0% Bloomberg AusBond Composite 0+Yr Index in AUD, 21.0% Bloomberg Barclays Global Aggregate Index Hedged to AUD
- Strategy inception is 29 September 2023
- 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 investment performance fee costs that may be charged or incurred by the investment manager and exclude indirect transaction and operational costs (refer to the Product Disclosure Statement for further information about fees and costs).

Investment objective

Aims to outperform the weighted average return of a composite index before tax and fees over rolling 5-year periods. As a secondary objective, aim to outperform the benchmark with a preference towards unrealized capital growth.

Investment approach

The fund aims to provide long-term capital growth by investing in a range of global asset classes. In actively managing the portfolio, the 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. The fund may use derivatives for efficient portfolio management and investment purposes. The manager will seek to manage the portfolio in a tax-aware manner. The fund typically aims to invest in a diversified portfolio mix with exposure to growth assets of around 70% and defensive assets of around 30%. The manager has the flexibility to allocate outside of the typical asset sector allocation guidelines where required (for example, during periods of market stress).

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.

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Portfolio commentary

For the month ending 31 July 2025 the after tax and pre-Gen Life administration fee return was 1.21%. There were 27 building blocks in a tax payable position and 2 in a tax receivable as of 31 July. The fund has generated 0.9% in tax alpha for the FYTD.

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.

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 (OB BB) 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

Investor services

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Adviser services

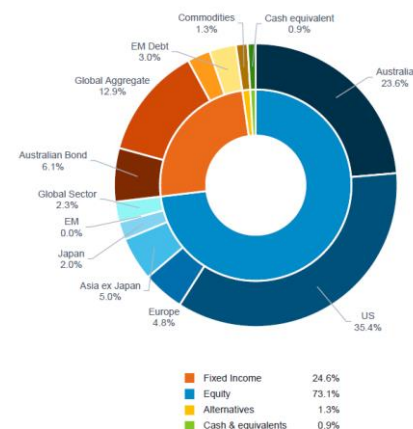
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Portfolio Positioning



Security Name

Research Enhanced US Equity
MSCI USA Quality Factor Fund
Australian Equities Fund
S&P ASX 200 ETF
US Growth ETF
Global Corporate Bonds
Australian Future Leaders Fund
Core Composite Bonds
Core MSCI EMU ETF
Global Bond Fund

Portfolio weight

12.6%
11.3%
9.0%
8.5%
6.7%
6.6%
6.1%
5.1%
2.9%
2.9%

Unrealised gain+ /loss-

1.82%
1.94%
0.06%
0.61%
0.29%
0.44%
0.61%
0.13%
0.03%
0.20%

	Range
Equity (Growth assets)	60-80%
Fixed Income and Cash (Defensive assets)	20-40%

About the investment manager



FIL Investment Management (Australia) Limited ('Fidelity') is part of parent company Fidelity International which 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\$696 million (as at 31 December 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 after-tax investment performance for our investors. We are a leading specialist provider of tax optimised investment and estate planning 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.

Investment guidelines

	Range
Cash	0-40%
Global Fixed interest	0-40%
Australian Fixed interest	0-40%
Australian shares	10-60%
International shares ex Aus	10-70%
Other	0-35%

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