

# Generation Life Tax Effective Growth Fund

Fact Sheet | 31 January 2026

Performance as at 31 January 2026 <sup>1</sup>	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) <sup>2</sup>	0.56	0.29	4.21	4.86	7.16	5.16	4.29
Benchmark return (before tax) <sup>3</sup>	0.30	-0.20	4.20	8.40	-	-	14.00
Gross strategy return (before fees & tax)	0.90	1.00	6.00	7.20	-	-	13.70
Gross strategy return (before fees & after tax)	0.61	0.44	4.51	5.46	-	-	13.10

Fund facts	
<b>Sector</b>	Diversified - growth
<b>Tax aware level</b>	 Tax Optimised
<b>Inception date</b>	10 September 2004
<b>Fund code</b>	UF10
<b>Generation Life APIR code</b>	ALL0014AU
<b>Investment management cost<sup>5</sup></b>	0.76% p.a.
<b>Buy/sell spread</b>	0.15%/0.15%
<b>Suggested minimum investment period</b>	5 Years
<b>Risk level</b>	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 equity markets had a strong start to the year, particularly within emerging markets and Japan. While geopolitics dominated headlines in January, resulting in strong returns for energy and precious metals, underlying economic data across most regions globally also remained strong, underpinning a strong month for global equities.

In the US, the unemployment rate moved back lower to 4.4%, while GDP forecasts for Q4 remain very strong, being underpinned by robust expectations for the US consumer. On the policy side, President Trump has nominated Kevin Warsh as the next chair for the US Federal Reserve (Fed).

Within Europe, initial Q4 GDP growth estimates came in above expectations, with growth in Spain being particularly strong. Locally, the strong jobs report resulted in the unemployment rate falling back to 4.1%, while inflation came in higher than expected. This has placed pressure on the Reserve Bank of Australia (RBA) to raise the cash rate, which it has subsequently delivered in early February, with the potential for additional rate hikes through the remainder of the year now also being priced in by financial markets. Global developed equity markets performed well in January with a return of 1.7% in local currency terms.

The S&P/ASX 300 advanced 1.7% in January, extending December's momentum and approaching October's record highs with a 7.1% rally from November lows. Heightened geopolitical uncertainty, including US policy volatility around Greenland, EU tariffs, and Middle East tensions, drove sharp commodity moves. Crude oil surged on supply concerns while safe-haven demand pushed gold, silver, and copper to fresh highs. Sector performance diverged sharply: Energy (+11.1%) led on

# Generation Life Tax Effective Growth Fund

Fact Sheet | 31 December 2025

uranium miner strength and rising oil prices, while Materials (+9.4%) benefited from broad-based commodity gains. Technology (-9.1%) suffered steep losses, mirroring US Mag 7 weakness. Real Estate (-2.7%) declined as bond yields climbed ahead of the February RBA meeting. Domestically, stronger-than-expected employment data (65,200 jobs added, unemployment falling to 4.1%) and elevated Q4 inflation (trimmed-mean CPI 3.3%, above the RBA's 2-3% target) significantly raised rate hike probabilities, with markets pricing ~74% odds for February action. The RBA subsequently raised the cash rate by 0.25%.

## Portfolio commentary

For the month ending 31 January 2026 the after tax and pre-Gen Life administration fee return was 0.56%. There were 25 building blocks in a tax payable position and 10 in a tax receivable. The fund has generated 7.2% in tax alpha for the current FYTD.

## Shares vs fixed income

Maintain cautiously optimistic risk-taking as near-term economic activities have been more resilient than feared together with supportive monetary and fiscal policy backdrops and AI capex driven growth. Having said that, the medium-term economic outlook is likely to moderate as we see US labor market weakness. Risk sentiment remains constructive, supported by stronger earnings growth and resilient corporate earnings expectations. Downside risks: tariff/trade uncertainty, geopolitical risk and resurgence of inflation.

## Australian shares vs global shares

Moderate underweight Australian equity. Domestic PMIs expanding and commodity rebound are supportive, but RBA policy stance remains hawkish. Earnings growth expectations and revisions remain relatively weaker, albeit improving more recently.

## Within global equities, regional allocations

**US** – Selectively constructive: Growth moderating in late-cycle, but dovish Fed tilt and fiscal impulse (OBDD) supportive. US remains earnings leader, particularly in AI. Increasingly target the exposure in AI capex beneficiaries rather than spenders

**Europe** – Mixed, activities show signs of early cycle recovery though earnings season still need to confirm the bottom-up picture and justify the valuation re-rating. Fiscal/defence spendings remain supportive but long-term competitiveness remains a structural concern. Watch tariff and geopolitical risks.

**Japan** – Constructive: stable economic activity and robust corporate earnings, supportive fiscal policy under new leadership, and BOJ hikes benefiting banks. Prefer value exposure. Watch the latest China-Japan tension closely.

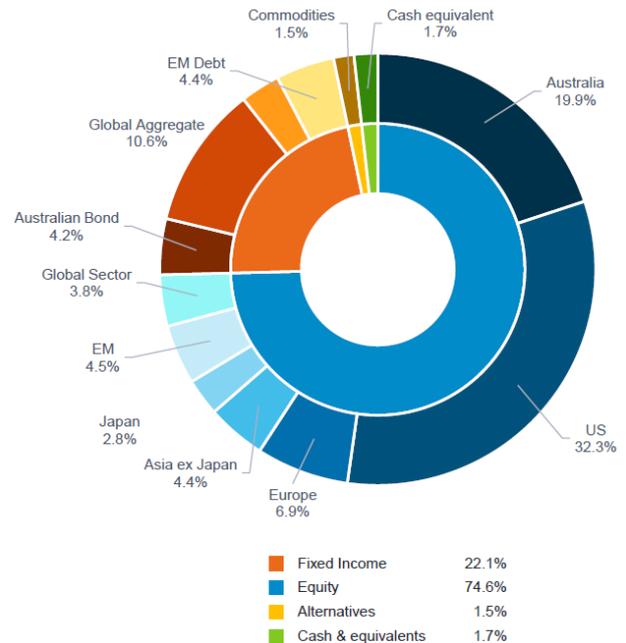
**Asia ex-Japan** – Constructive: North Asia benefits from AI related supply chain. China companies are also catching up with US peers with policy continue to stabilize the domestic economy. Tariff dynamics reshape supply chains and remain sources of near-term volatility.

## Within fixed income, duration vs. credit

**Duration:** maintain tactical positioning; constructive medium term given central banks' rate-cutting bias and attractive yields. Underweight Australian bonds on hawkish RBA. Bonds remain an effective hedge against equity downside in growth fear. **Credit:** Maintain preference for carry assets including emerging market credit, overall credit

environment and fundamentals remains resilient, particularly as financial conditions further ease.

## Portfolio Positioning



# Generation Life Tax Effective Growth Fund

Fact Sheet | 31 December 2025

## Top 10 Holdings

Security Name	Portfolio weight	Unrealised gain+ /loss-
Research Enhanced US Equity	10.5%	2.35%
MSCI USA Quality Factor Fund	8.1%	2.32%
Australian Equities Fund	7.7%	0.21%
S&P/ASX 200 ETF	6.5%	0.65%
CORE MSCI EMU EUR A ETF	6.0%	0.31%
Australian Future Leaders Fund	5.8%	0.69%
Global Corporate Bond	5.2%	0.25%
US Growth ETF	4.8%	0.35%
Core Composite Bonds	4.2%	0.06%
Emerging Markets Fund	3.4%	0.22%

## 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%
	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\$714 billion (as at 30 June 2025) on behalf of more than 2.9 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 \$5.2 billion invested with us as of end December 2025.

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

Phone	1800 333 657
Email	advisers@genlife.com.au

Generation Life Limited (Generation Life) AFSL 225408 ABN 68 092 843 902 is the product issuer. The information provided is general in nature and does not consider the investment objectives, financial situation or needs of any individual and is not intended to constitute personal financial advice. The product's Product Disclosure Statement and Target Market Determination are available at [www.genlife.com.au](http://www.genlife.com.au) and should be considered in deciding whether to acquire, hold or dispose of the product. Professional financial advice is recommended. Generation Life excludes, to the maximum extent permitted by law, any liability (including negligence) that might arise from this information or any reliance on it. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance. Returns are net of fund taxes, management fees and other operating expenses (if applicable) and are based on the unit prices for the quoted periods and exclude the effect of any investor specific transactions such as transaction costs, stamp duty and management fee rebates. Returns are not annualised for periods of less than one year.