

# Generation Life Tax Effective Growth Fund

Fact Sheet | 28 February 2026

Performance as at 28 February 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>	1.49	2.28	4.43	7.76	7.99	5.31	4.35
Benchmark return (before tax) <sup>3</sup>	1.50	1.90	4.10	11.0	-	-	14.20
Gross strategy return (before fees & tax)	2.20	3.60	6.60	11.2	-	-	14.20
Gross strategy return (before fees & after tax)	1.54	2.43	4.73	8.36	-	-	13.60

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

While global equity markets delivered a moderate positive return in February, there was significant dispersion amongst different countries and regions, as well as across sectors. US equities underperformed, while other markets like Japan, UK and Emerging Markets had very strong returns for the month. During February, both economic and earnings data were generally supportive, with a strong US ISM manufacturing print, strong non-farm payrolls and almost 75% of S&P 500 companies beating consensus estimates for the Q4 earnings season. Meanwhile, the US supreme court also struck down the portion of tariffs that President Trump had implemented under the International Emergency Economic Powers Act (IEEPA). Despite these positive factors, other concerns weighed on market sentiment, notably in the software sector, driven by concerns around high capital expenditure resulting in cash flow pressures, as well as concerns around the potential longer-term disruption to the labour market through the development of AI tools. Towards the latter stages of the month, financial markets became increasingly concerned about a potential conflict / war with Iran, as energy prices started to rally. Elsewhere, the new Japanese prime minister Takaichi called a snap election, resulting in a strong super majority for her party, which will make it easier for the prime minister to implement her fiscal agenda going forward. Locally, Australian inflation remains elevated, with the annual headline CPI remaining at 3.8%, while the annual trimmed mean measure increased marginally to 3.4%.

Global developed equity markets returned 0.9% in local currency terms, while emerging markets continued to perform strongly with a return of

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5.5% in US dollar terms. Japanese equities were the standout performers, buoyed by the strong results for the incumbent LDP party in the snap election, as investors anticipate stronger fiscal stimulus going forward – the broad TOPIX index returned 10.5% in February.

The S&P/ASX300 gained 3.9% in February, reaching new highs for a third consecutive monthly advance, leaving the market 9.7% above November lows. It was a two-speed market: large cap Materials and Financials led the charge, with the major banks delivering standout returns (CBA +16.8%, NAB +15.8%), while Technology continued its painful de-rating, now down 39.3% over six months as AI disruption fears lingered. Health Care lagged, dragged by CSL's weak earnings and abrupt CEO departure. The divergence between large and small cap was large, with the Top 20 stocks outperforming the Small Ordinaries Index by 10.5%, the largest cap since June 2013. Macro conditions tightened further, with the RBA hiking 25bp to 3.85% and flagging additional moves if inflation remains stubborn. January CPI surprised to the upside, with electricity costs surging as government rebates unwound. Labour markets stayed tight, keeping pressure on the board.

## Portfolio commentary

For the month ending 28 February 2026 the after tax and pre-Gen Life administration fee return was 1.49%. There were 22 building blocks in a tax payable position and 9 in a tax receivable. The fund has generated 8.9% 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 and watching the near-term volatility due to geopolitical risk. 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 expectation of a Fed cut and fiscal impulse (OBBB) supportive. Although the inflation upside risk might result in a change in course. 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. However, Asia is more vulnerable in a prolonged energy disruption scenario.

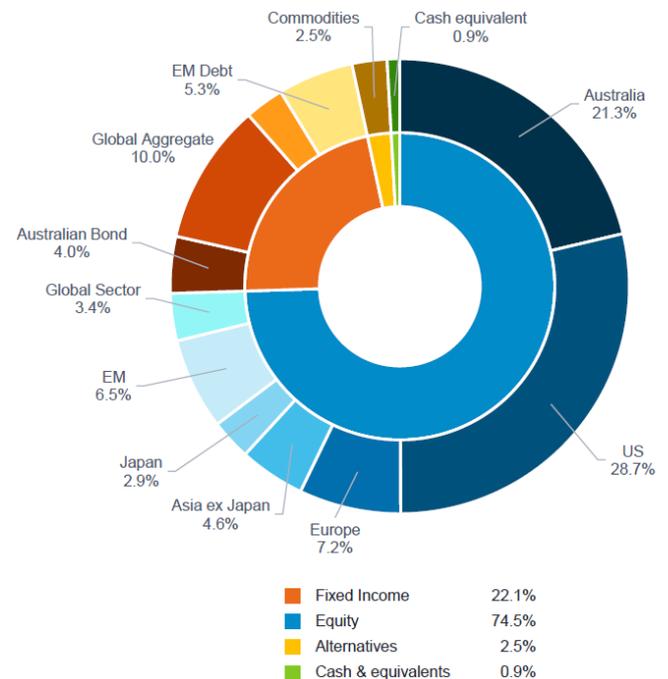
## Within fixed income, duration vs. credit

**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 for now as fundamentals remain resilient, however, watching contagion risk from private credit segment. Trimming EM credit exposure given geopolitical risk and strengthening of the US dollar.

## Portfolio Positioning



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## Top 10 Holdings

Security Name	Portfolio weight	Unrealised gain+ /loss-
Research Enhanced US Equity	9.5%	1.92%
MSCI USA Quality Factor Fund	7.4%	2.11%
Australian Equities Fund	7.4%	0.43%
S&P/ASX 200 ETF	7.0%	0.88%
Australian Future Leaders Fund	6.6%	0.56%
CORE MSCI EMU EUR A ETF	6.2%	0.37%
Emerging Markets Fund	5.4%	0.49%
Global Corporate Bond	4.8%	0.19%
Core Composite Bonds	4.0%	0.09%
American Industrial Renaissance ETF	3.5%	0.39%

## 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.

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