

Tax Optimised investment series

Generation Life Investment Bonds

Market commentary



John Laver
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Global markets during the March 2026 quarter were influenced by renewed inflation concerns, rising bond yields, geopolitical instability and a sharp shift in investors' risk appetite late in the period. Early-quarter optimism around moderating inflation and a more supportive policy outlook was overtaken by concerns around energy prices, global trade, fiscal sustainability and the economic consequences of renewed conflict in the Middle East.

Equity markets experienced heightened volatility over the quarter. Global share markets declined, with the MSCI World Index returning -3.31% in AUD hedged terms and -6.22% in unhedged AUD terms for the March quarter. The sell-off was concentrated late in the period as investors reassessed earnings risk, inflation persistence and the potential economic impact of higher oil prices. The Australian share market also declined over the quarter, although it held up better than many global markets, with the S&P/ASX 200 Accumulation Index falling approximately 1.6% over the period.

Fixed interest markets were also weaker over the quarter. Bond yields rose as markets moved away from expectations of near-term monetary easing and began to price for a higher probability that central banks may keep restrictive monetary policies for longer. This environment weighed on duration assets, with the Bloomberg Global Aggregate Index, hedged to Australian dollars, returning -0.43% for the March quarter.

Domestically, economic conditions in Australia remained mixed. The most recently released National Accounts showed GDP growth of 0.8% for the December 2025 quarter and 2.6% through the year, supported by both private and public demand. However, inflation pressures re-emerged late in the March quarter, with CPI annual inflation rising to 4.6% in the 12 months to March 2026, while trimmed mean inflation remained at 3.3%. The increase in headline inflation was heavily influenced by automotive fuel prices, which rose sharply in March.

Monetary policy therefore remained a key focus for investors. In March, the Reserve Bank of Australia increased the cash rate target by 25 basis points to 4.10%, noting that inflation was likely to remain above target for some time and that risks had tilted further to the upside. This reinforced the market's focus on inflation resilience, household cashflow pressure and the sensitivity of both equity and bond valuations to higher discount rates.

Against this backdrop, the Tax Optimised investment options continued to deliver good outcomes for investors. The average of gross fees and tax returns for the Tax Optimised investment options for the 12 months to 31 March 2026 was 9.63%. On an after fees and tax basis, this equated to an average return of 6.38%, compared to 4.25% for a comparable investment held directly by an investor on a 47% marginal tax rate, including Medicare levy. This represents an after tax benefit of 2.13% p.a. for those investors on the highest marginal tax rate, underscoring the effectiveness of the Tax Optimised structure in supporting long-term, tax-effective investment outcomes.

Equity-oriented strategies generally continued to deliver stronger 12-month return outcomes than more defensive strategies, with fixed interest returns being more subdued as rising yields weighed on bond prices. Within the Tax Optimised reported options, the diversified strategies produced an average after-fees and tax return of 6.57% over the 12 months to 31 March 2026, while equity-oriented strategies produced an average after-fees and tax return of 7.32%. This reflects the continued importance of asset allocation in driving absolute return outcomes.

An important after-tax theme during the period was reflected in how after-tax return outcomes varied by the source of the return and the market environment. Strategies with stronger capital growth continued to show the largest benefit for investors on higher marginal tax rates, with the Tax Optimised structure adding significantly to after-tax outcomes compared with direct ownership.

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The benefit was particularly evident in higher-return equity strategies, where the timing and components of assessable income may have had a significant impact on investor after-tax outcomes. At the same time, the quarter also highlighted that after-tax efficiency is not only valuable in rising markets. In weaker or more volatile strategies, the Tax Optimised structure assists in reducing the relative after-tax drag compared with direct ownership for high marginal tax rate investors, supporting smoother after-tax outcomes across different market conditions.

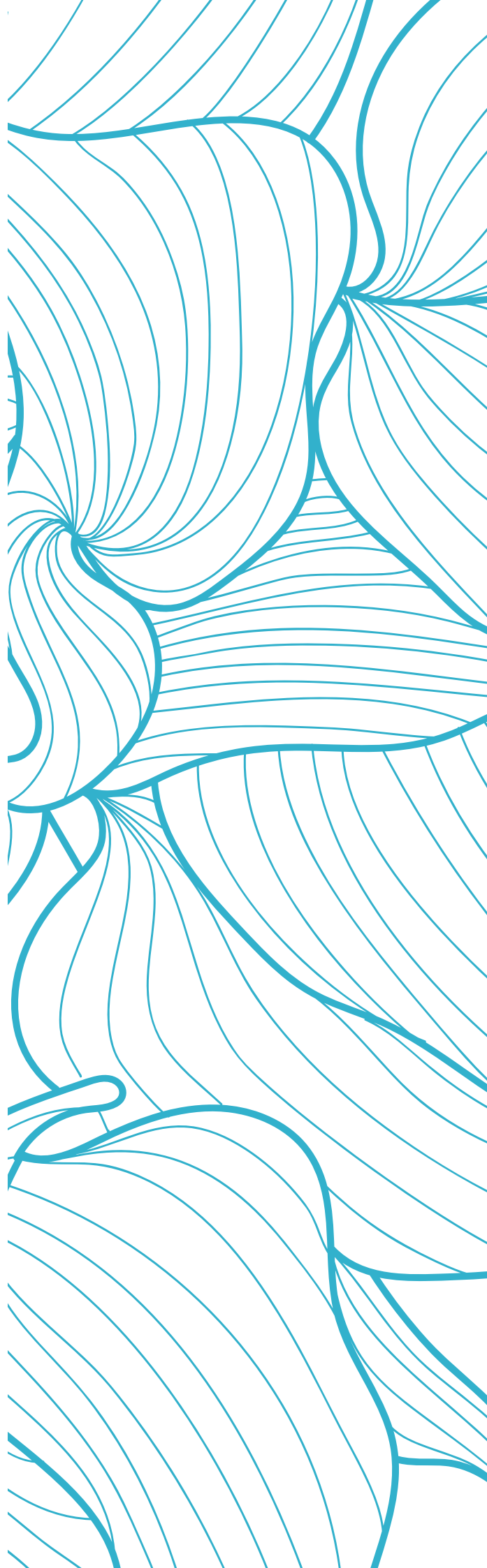
Overall, the Tax Optimised strategies have continued to deliver strong after-tax outcomes relative to holding the same investment strategies directly. For the 5 years to 31 March 2026, the average after-fees and tax return across the reported Tax Optimised options exceeded the comparable direct investor return by 0.97% p.a. for an investor on a 47% marginal tax rate (including the Medicare levy), 0.55% p.a. for an investor on a 39% marginal tax rate (including the Medicare levy) and 0.61% for a company investor on a 30% tax rate. This demonstrates the ongoing value of tax-aware portfolio construction for investors seeking to compound over long time horizons.

Looking ahead, market conditions are likely to remain sensitive to inflation data, central bank policy decisions, geopolitical developments and the path of global growth. In this environment and with tax on wealth accumulated income flagged by government for the next budget, the role of tax-effective investment structures remains highly relevant. The continued expansion of the Investment Bonds investment menu was highlighted in the month by the addition of an internal gearing facility, the ability to hold private asset investment strategies and five new investment strategy additions to the investment menu. These additions are designed to broaden the range of solutions available to advisers and clients seeking long-term, tax-effective investment outcomes.



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The above general market performance information is provided based on available pre tax and fees general market returns and does not reflect the cost of any fees and taxes that may be incurred or the actual performance of investment options that you may have chosen.



Performance as at 31 March 2026

Generation Life Tax Effective Australian Share Fund - UF35



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	11.69%	9.72%	6.21%	7.12%	8.12%	9.22%
2 years p.a.	7.18%	6.66%	4.89%	5.37%	5.41%	6.16%
3 years p.a.	9.50%	8.94%	6.80%	7.40%	7.30%	8.44%
4 years p.a.	7.04%	6.86%	4.80%	5.34%	5.56%	6.36%
5 years p.a.	8.56%	7.85%	6.45%	7.10%	7.15%	7.35%

Headline and individual after tax returns for the comparative fund are based on the performance of an equivalent S&P/ASX 200 Index ETF.

Generation Life Tax Effective Global Share Fund - UF87



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
9 months	2.08%	6.26%	1.22%	1.39%	1.45%	5.88%

Headline and individual after tax returns for the comparative fund are based on the performance of an equivalent MSCI World ex Australia Index Fund.

Generation Life Tax Effective Growth Fund - UF10



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees) ⁵
1 year	8.08%	5.24%	4.42%	5.03%	5.50%	4.64%
2 years p.a.	6.23%	3.93%	4.03%	4.39%	4.19%	3.33%

Headline and individual after tax returns for the comparative fund are based on the performance of an equal weighted holding of all 70/30 diversified portfolios with a direct managed investment vehicle on the LifeBuilder investment menu.

Vanguard High Growth Portfolio - UF30



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	11.25%	8.63%	5.72%	6.49%	7.00%	8.23%
2 years p.a.	8.87%	6.86%	5.61%	6.05%	5.63%	6.46%
3 years p.a.	11.96%	9.40%	8.51%	9.09%	8.37%	9.00%
4 years p.a.	8.68%	6.91%	5.67%	6.11%	5.76%	6.51%
5 years p.a.	8.76%	6.88%	6.08%	6.63%	6.32%	6.48%

Vanguard Growth Portfolio - UF12D



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	9.34%	7.00%	4.84%	5.51%	6.04%	6.60%
2 years p.a.	7.57%	5.74%	4.98%	5.38%	4.98%	5.34%
3 years p.a.	9.84%	7.55%	7.10%	7.59%	6.99%	7.15%
4 years p.a.	6.89%	5.31%	4.57%	4.93%	4.64%	4.91%
5 years p.a.	6.69%	5.08%	4.35%	4.73%	4.52%	4.68%

Vanguard Balanced Portfolio - UF31



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	7.51%	5.34%	3.84%	4.32%	4.69%	4.94%
2 years p.a.	6.30%	4.58%	4.14%	4.46%	4.13%	4.18%
3 years p.a.	7.74%	5.78%	5.57%	5.96%	5.46%	5.38%
4 years p.a.	5.11%	3.81%	3.32%	3.58%	3.38%	3.41%
5 years p.a.	4.62%	3.39%	2.87%	3.16%	3.08%	2.99%

Vanguard Conservative Portfolio - UF12C



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	5.63%	3.94%	2.71%	3.05%	3.34%	3.54%
2 years p.a.	5.05%	3.63%	3.24%	3.49%	3.30%	3.23%
3 years p.a.	5.78%	4.20%	3.98%	4.28%	3.98%	3.80%
4 years p.a.	3.62%	2.59%	2.25%	2.43%	2.38%	2.19%
5 years p.a.	2.89%	1.93%	1.56%	1.76%	1.83%	1.53%

Dimensional World Equity Portfolio - UF28



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	14.65%	11.86%	7.86%	9.00%	10.19%	11.46%
2 years p.a.	9.89%	7.99%	7.22%	7.68%	7.00%	7.59%
3 years p.a.	13.07%	10.35%	9.79%	10.36%	9.45%	9.95%
4 years p.a.	9.40%	7.37%	6.71%	7.14%	6.62%	6.97%

Dimensional World 70/30 Portfolio - UF24



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	11.12%	8.89%	5.78%	6.65%	7.63%	8.49%
2 years p.a.	7.89%	6.27%	5.69%	6.05%	5.52%	5.87%
3 years p.a.	10.21%	8.05%	7.60%	8.05%	7.32%	7.65%
4 years p.a.	6.85%	5.45%	4.83%	5.15%	4.78%	5.05%

Dimensional World 50/50 Portfolio - UF40



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	8.82%	6.75%	4.73%	5.41%	6.11%	6.35%
2 years p.a.	6.69%	5.06%	4.86%	5.18%	4.75%	4.66%
3 years p.a.	8.33%	6.25%	6.22%	6.59%	6.00%	5.85%
4 years p.a.	5.59%	4.20%	4.04%	4.31%	4.03%	3.80%

Dimensional World 30/70 Portfolio - UF62



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	7.22%	5.30%	3.76%	4.32%	4.96%	4.90%
2 years p.a.	5.86%	4.17%	3.90%	4.22%	4.07%	3.77%
3 years p.a.	6.74%	4.81%	4.77%	5.10%	4.78%	4.41%

PIMCO Wholesale Global Bond Fund - UF04



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	2.73%	1.88%	0.65%	0.98%	1.36%	1.28%

Investors Mutual Australian Share Fund - UF06



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	4.89%	3.77%	1.21%	2.10%	3.09%	3.17%
2 years p.a.	3.61%	2.69%	0.37%	1.09%	1.89%	2.09%
3 years p.a.	5.06%	3.91%	2.20%	2.58%	3.29%	3.31%

Martin Currie Equity Income Fund - UF23



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	13.46%	10.53%	8.21%	9.56%	11.08%	9.93%
2 years p.a.	7.80%	6.11%	4.16%	5.05%	6.04%	5.51%
3 years p.a.	9.78%	7.79%	6.31%	7.10%	7.64%	7.19%
4 years p.a.	6.48%	5.04%	3.68%	4.24%	4.96%	4.44%
5 years p.a.	7.76%	6.36%	3.68%	4.24%	4.96%	5.76%

Perpetual Australian Share Fund - UF15



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	5.75%	4.34%	3.37%	3.89%	4.48%	3.74%
2 years p.a.	1.23%	0.83%	0.33%	0.61%	0.94%	0.23%
3 years p.a.	3.62%	2.77%	2.55%	2.86%	3.07%	2.17%
4 years p.a.	3.67%	2.60%	2.15%	2.65%	2.84%	2.00%
5 years p.a.	5.73%	4.36%	4.08%	4.45%	4.60%	3.76%

DNR Capital Australian Emerging Companies Portfolio⁴ - UF20



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	46.73%	33.32%	24.38%	28.06%	32.20%	32.72%
2 year p.a.	19.46%	14.28%	14.92%	15.66%	13.75%	13.68%
3 year p.a.	19.89%	14.30%	14.95%	15.71%	14.03%	13.70%
4 year p.a.	10.14%	7.21%	5.91%	6.35%	6.84%	6.61%

Magellan Global Fund - UF08



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	-5.94%	-6.98%	-9.47%	-8.70%	-9.34%	-7.58%
2 years p.a.	1.89%	-0.50%	-1.90%	-1.10%	-2.47%	-1.10%
3 years p.a.	9.89%	7.11%	5.61%	6.43%	4.82%	6.51%
4 years p.a.	8.77%	6.19%	4.88%	5.56%	4.21%	5.59%
5 years p.a.	7.19%	4.98%	3.95%	4.36%	3.46%	4.38%

MFS Concentrated Global Equity Portfolio - UF08A



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	-8.29%	-8.34%	-11.27%	-10.51%	-12.19%	-8.94%

Magellan Infrastructure Fund - UF05B



	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	39% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 year	18.69%	12.74%	9.59%	11.03%	12.10%	12.14%
2 years p.a.	13.94%	10.15%	9.19%	9.87%	8.37%	9.55%
3 years p.a.	9.74%	7.13%	5.58%	6.17%	4.85%	6.53%

Growing our Tax Optimised investment series

At Generation Life, we continue to grow our range of Tax Optimised investment options.

The following investment options are managed through a model portfolio arrangement and therefore the underlying investment strategy is not directly able to be accessed by investors.

The performance of these investment options are unique to the investment bond and cannot be replicated through direct ownership. It is therefore not possible to provide a comparison against a direct investment on an after-tax basis.

Evergreen Responsible Growth Model



Morningstar Balanced Model



Morningstar Growth Model



Morningstar High Growth Model



Mercer Future Wealth Balanced Portfolio



Evidentia Balanced Portfolio



Evidentia Growth Portfolio



Evidentia High Growth Portfolio



How returns are calculated

- \$25,000 investment amount at start of reporting period.
- The individual Marginal Tax Rate (MTR) applied includes the Medicare levy, while a company tax rate of 30% is assumed. Investors are Australian resident taxpayers and hold their investment directly (not through any third-party platform).
- Individual investors hold investment on capital account while company holds investment on revenue account.
- Capital gains discount of 50% applies to realised gains on investments held for 12 months or more for individual investors while no discount available to capital gains discount available to company investors.
- Buy spread applied on initial purchase of managed fund but sell spread not applied for end of period valuation.
- Buy and sell spreads are used to determine transaction costs for managed fund investments and brokerage costs are used where direct investor exposure is obtained through an exchange traded fund.
- Tax Optimised gross after tax return performance is based on withdrawal to withdrawal price movements over the period including the effect of tax (but excluding fees) at the fund level.
- Tax Optimised after tax return (after fees) performance is based on withdrawal to withdrawal price movements over the period including the effect of fees and tax at the fund level.
- Tax withheld at investor's applicable tax rate upon receipt of distribution.
- Distribution net of tax payment withheld is reinvested as it becomes payable assuming bank processing timeframe of 15 business days from fund manager payment date to reinvestment.
- Tax components and eligible deductions are applied in annual tax return on 31 October of each financial year.
- Minimum investment limits applied on investments in managed funds and exchange traded fund investments.
- Minimum brokerage cost of \$10 on exchange traded fund transactions. Brokerage is determined by transaction value with a sliding scale applied to a limit of 0.12% on transaction values above \$25,000.
- Returns do not take into account any future tax benefits associated with any carried forward losses not utilised as at the performance date.
- All tax offsets and imputation credits can be fully utilised by the investor.
- Cost bases adjusted for tax deferred income.
- Assumes the investment bond is held and that the pre-10 year withdrawal rule does not apply.
- Assumes investment fully sold down at end of return reporting period.



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Sources:

1. Average of the headline returns of the underlying strategies of all Generation Life tax optimised funds with a 12 month track record, quoted in the attached flyer.
2. Average of the Generation Life tax optimised funds with a 12 month track record, quoted in the attached flyer. Returns are quoted before administration fee is applied.
3. Average of the Generation Life tax optimised funds with a 12 month track record, quoted in the attached flyer. Returns are quoted after headline administration fee is applied. Does not consider any tiered fee rebates for balances above \$50,000. Administration fee is deducted directly from the investment option before unit prices are declared.
4. Returns for the UF20 investment option reflect the performance of the underlying investment strategies held within the option from the point each strategy was held and since the investment option became tax-optimised in 2021. For further information on the investment strategy history of UF20, please refer to the relevant fact sheet available in the Investment Options Profiles section on the Generation Life website

Disclaimers:

Generation Life Limited AFSL 225408 ABN 68 092 843 902 (Generation Life) is the product issuer. Figures provided are estimates based on sourced information, data, rates and thresholds available as at preparation, which assume conditions that may be subject to change. Returns of investment options available via Generation Life 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. Generation Life does not make any guarantee, warranty or representation as to any particular level of investment returns or income, or the appropriateness of figures or any decisions you make based on them. The information provided is general in nature and does not consider the investment objectives, financial situation or needs of any person and is not intended to constitute personal financial advice. The product's Product Disclosure Statement (PDS) and Target Market Determination are available at genlife.com.au and should be considered in deciding whether to acquire, or continue to hold, the product. Past performance is not an indicator of future performance.

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