


Generation Life Tax Effective Growth Fund

Fact Sheet | 31 May 2026

Performance as at 31 May 2026 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	3.11	1.03	3.33	9.83	7.95	4.57	4.34
Benchmark return (before tax) ³	2.90	1.80	3.70	11.8	-	-	13.50
Gross strategy return (before fees & tax)	3.60	1.50	5.10	11.8	-	-	13.50
Gross strategy return (before fees & after tax)	3.16	1.18	3.63	10.43	-	-	12.90

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

Risk assets continued to rally through May despite the Strait of Hormuz remaining effectively closed. Markets were buoyed by renewed optimism around a potential deal between the US and Iran, as well as the outlook for continued growth in the AI thematic. Globally, there also appears to be divergent growth outlooks for the US, which remains healthy and robust, while the economic outlook for other regions like Europe and Australia seems to be turning more negative. In the US, non-farm payrolls remained strong, while inflation is starting to trend higher. Domestically, economic data suggests a slowdown is likely to occur, with a sharp drop in the NAB forward orders data, combined with continued weak consumer and business confidence, and a softer labour market. Additionally, higher capital gains taxes and the removal of negative gearing concessions through the federal budget is likely to further hurt the confidence of the Australian consumer. This has resulted in a scaling back of RBA rate hike expectations in Australia from almost two further hikes, down to one hike for the remainder of the year. Global developed equity markets continued to rally through May, with a return of almost 5% in local currency terms, while emerging markets continued to perform strongly, with a monthly return of almost 10% in US dollar terms. Asian equity indices performed particularly well on continued AI-related optimism, with the Korean KOSPI, Taiwanese TAIEX and Japanese Nikkei rallying by 28.5%, 14.9% and 11.9% respectively over the month. At a sector level, tech was a standout, with the global tech sector rallying by almost 20% over the month. Australian equities delivered a much more subdued return of 1.1% in May. In fixed income, there was a divergent move in bond yields, with US and Japanese bond yields underperforming, while Australian, German and

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UK yields rallied on the back of increased concerns of a growth slowdown in those markets. The Australian 10-year bond yield fell by 0.23% over the month to finish at just over 4.8%. In contrast, the US 10-year bond yield moved higher by 0.06% to finish the month at 4.44%. Japanese 10-year bond yields continued their move higher, increasing by 0.14% through May, while German 10-year yields dropped by -0.10% over the same period. Within credit markets, Australian spreads underperformed global markets, with the local investment grade spread widening at the margin, while global spreads across investment grade, high yield and emerging market debt all tightened through the month.

Australian equities edged higher in May, with the S&P/ASX300 advancing +1.25% against a backdrop of geopolitical uncertainty and a pivotal domestic policy shift. The federal budget introduced significant changes to capital gains tax and negative gearing arrangements from July 2027, generating sector rotation and weighing on bank sentiment.

Global markets continued to track developments in the Middle East, with oil price volatility an uncertain outlook a dominant driver of equity moves. On the macro side, the RBA raised the cash rate 25 basis points to 4.35%, citing persistent inflation pressures amplified by elevated oil prices. April employment data disappointed, with the unemployment rate rising to 4.5%, while headline CPI eased to 4.2% – aided by the government’s fuel excise cut – though trimmed mean inflation ticked higher to 3.4%, keeping rate expectations unsettled through month end.

Portfolio commentary

For the month ending 31 May 2026 the after tax and pre-Gen Life administration fee return was 3.11%. There were 21 building blocks in a tax payable position and 9 in a tax receivable. The fund has generated 10.7% in tax alpha for the current FYTD.

Shares vs fixed income

Nimble overall equity positioning as the geopolitical headlines leading to elevated market volatility.

Global growth have been more resilient before the war thanks to supportive monetary and fiscal policy backdrops and AI capex driven growth, however the energy disruption from the current US-Israel-Iran conflict brings stagflationary risk to the macro outlook.

Risk sentiment recovered in April so far but the market seems too complacent with the US-Israel-Iran conflict development and the 2nd order impact on global supply chain.

Australian shares vs global shares

Moderate underweight Australian equity. RBA policy stance remains hawkish given the inflation risk, while the energy disruption could challenge the growth outlook.

Earnings growth expectations and revisions continue to improve, but watch the corporate guidance on the potential supply chain implication from the conflict.

Within global equities, regional allocations

US – Selectively constructive: Growth moderating in late-cycle, but expectation of fiscal impulse (OBBB) and tax refund remain supportive. The inflation upside risk might result in a Fed rate pause. US remains earnings leader, particularly in AI. Increasingly target the exposure in AI capex beneficiaries rather than spenders

Europe – Cautious, activities show signs of early cycle recovery before the war but the region is facing inflation impact from the conflict and the energy security is a concern. ECB message is relative hawkish while the fiscal room is tight for any further support/subsidies to the business activities/consumers.

Japan – Moderately constructive: stable economic activity and robust corporate earnings, supportive fiscal policy under new leadership, and BOJ hikes benefiting banks. Prefer value exposure. However, the country is highly dependent on the Middle East energy flows. The China-Japan tension is another source of potential risk.

Asia ex-Japan – Moderately 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.

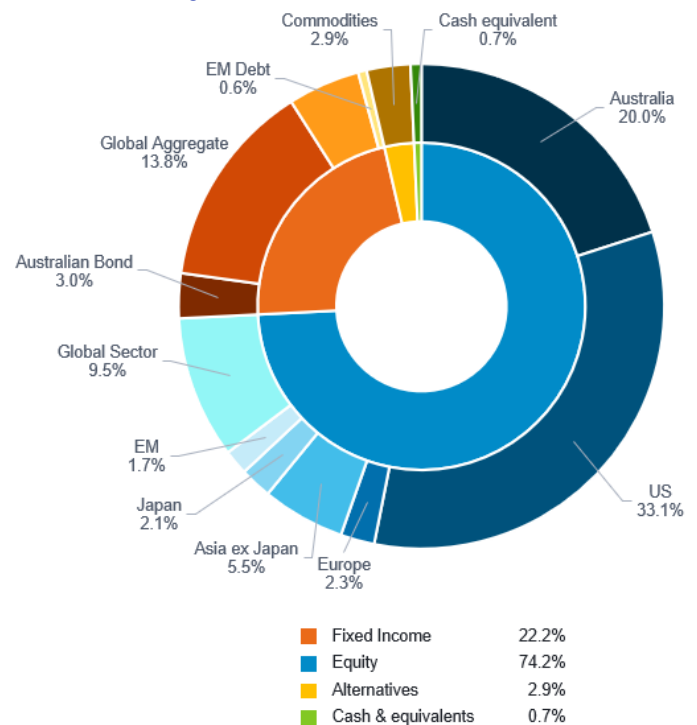
Within fixed income, duration vs. credit

Duration: maintain tactical positioning; constructive medium term given central banks’ rate-cutting bias and attractive yields. Underweight Australian bonds on hawkish RBA

Credit: Maintain preference for carry assets for now as fundamentals remain resilient, however, watching contagion risk from private credit segment.

Maintain some cash as dry powder to deploy into mispriced opportunities

Portfolio Positioning



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Top 10 Holdings

Security Name	Portfolio weight	Unrealised gain+ /loss-
Research Enhanced US Equity	12.5%	2.9%
MSCI USA Quality Factor Fund	7.4%	2.3%
S&P/ASX 200 ETF	7.4%	0.5%
Australian Equities Fund	6.9%	0.3%
Australian Future Leaders Fund	5.7%	0.0%
Global Bond Fund	4.9%	-0.2%
Semiconductor ETF	4.5%	1.7%
Global Corporate Bond Fund	4.5%	0.1%
Global Short Duration Income Fund	4.3%	-0.1%
American Industrial Renaissance ETF	3.6%	0.6%

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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