

Generation Life Tax Effective Growth Fund

Fact Sheet | 31 August 2026

Performance as at 31 August 2026 ¹	1 Month (%)	3 Month (%)	6 Month (%)	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.) ⁶	Since Inception (% p.a.) ⁴
Fund net return (after fees & tax) ²	1.78	-0.42	0.61	5.06	7.11	3.73	4.27	8.20
Benchmark return (before tax) ³	1.00	2.10	4.00	8.30	-	-	-	13.10
Gross strategy return (before fees & tax)	2.30	0.10	1.60	8.30	-	-	-	12.40
Gross strategy return (before fees & after tax)	1.83	-0.27	0.91	5.66	-	-	-	11.80

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).
- Return includes history across previous managers (including Russell Investments) dating back to the inception of the fund in 2004

Investment objective

Aims to outperform the weighted average return of a composite index before tax and fees overrolling 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 rebounded over 2% in local currency terms over the month, but under the surface technology companies saw a strong recovery. The US technology sector rebounded over 6% over the month, while the NASDAQ and the Japanese TOPIX rallied 4%. Bond yields did a round trip, falling on expectations that inflation was falling, only to rise after a stronger than expected Consumer Price Index (CPI) print and more hawkish comments from Warsh at Jackson Hole. US bonds sold off the least, with 10-year yields only moving higher by 2 basis points over the month, whereas Australian bonds suffered the most, with 10-year yields rising 17 basis points over the month after higher than-expected inflation and a more hawkish RBA press conference. Credit spreads were mostly subdued, with Australian and emerging market investment grade credit outperforming, along with US high yield which saw spreads come in over 20 basis points. In currencies, the Australian dollar rallied over 2% given the hawkish tilt whereas the Japanese yen sold off after combined BoJ and US intervention. Gold rallied almost 10% over the month, with broad commodities up over 7% in USD terms.

The S&P/ASX300 returned 1.62% in August 2026, extending its run of monthly gains. The market printed a fresh all-time high on 6 August before easing into month end, as earnings replaced geopolitics and macroeconomic factors as the primary driver of share prices. Health Care was the strongest sector (+18.13%), led by earnings-driven rallies in CSL and Ansell, with Ramsay, ResMed and Cochlear also posting

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double-digit returns. Materials (+12.33%) followed, as gold and copper miners rallied on rising bullion prices. Utilities (+7.42%) and Information Technology (+5.56%) also outperformed. Consumer Discretionary was the weakest sector (-7.34%) as retailers disappointed on earnings, followed by Real Estate (-6.41%) and Financials (-5.31%), with major banks reporting softer mortgage applications. On the macro front, the RBA held the cash rate at 4.35% while retaining a tightening bias, and July CPI eased to 3.5% but beat consensus, lifting market pricing for a rate hike to 78%. Employment fell 15.8K against expectations for a rise and unemployment ticked up to 4.5%.

Portfolio commentary

For the month ending 31 August 2026 the after tax and pre-Gen Life administration fee return was 1.78%. There were 17 building blocks in a tax payable position and 11 in a tax receivable. The fund has generated -2.2% in tax alpha for the current FYTD.

Shares vs fixed income

Moderately constructive on equities, supported by resilient global growth, strong corporate earnings, continued AI-led investment and supportive fiscal policy.

While the medium-term backdrop remains supportive, persistent inflation, higher energy prices and geopolitical uncertainty could weigh on growth and keep interest rates elevated.

Market positioning remains relatively light following recent volatility, creating selective opportunities, although we remain nimble as the macro outlook evolves.

Australian shares vs global shares

Moderately constructive on global equities relative to Australia, given broader opportunities across regions and sectors, while Australian equities continue to benefit from resilient domestic fundamentals and a relatively defensive market composition.

Australia remains relatively insulated from global supply-chain disruption, although persistent inflation and the domestic interest-rate outlook warrant some caution.

Within global equities, regional allocations

US – Selectively constructive: Strong corporate earnings, continued AI investment and supportive fiscal policy remain positive. Recent technology weakness has improved valuations in selected areas, while strong balance sheets and cash flows remain supportive.

Europe – Neutral: Signs of economic recovery, improving earnings momentum and attractive valuations provide support, with opportunities across financials and smaller companies. However, higher energy prices and inflation risks remain key considerations for the outlook.

Japan – Neutral: Stable economic activity, robust corporate earnings, improving corporate governance and supportive policy provide a favourable backdrop, with opportunities particularly in value-oriented areas. Yen appreciation and dependence on imported energy remain potential headwinds.

Asia ex-Japan – Cautious: We favour opportunities across North Asia, particularly Taiwan given its positioning across the AI supply chain, alongside selective exposure to China. Improving earnings momentum and attractive valuations provides some support.

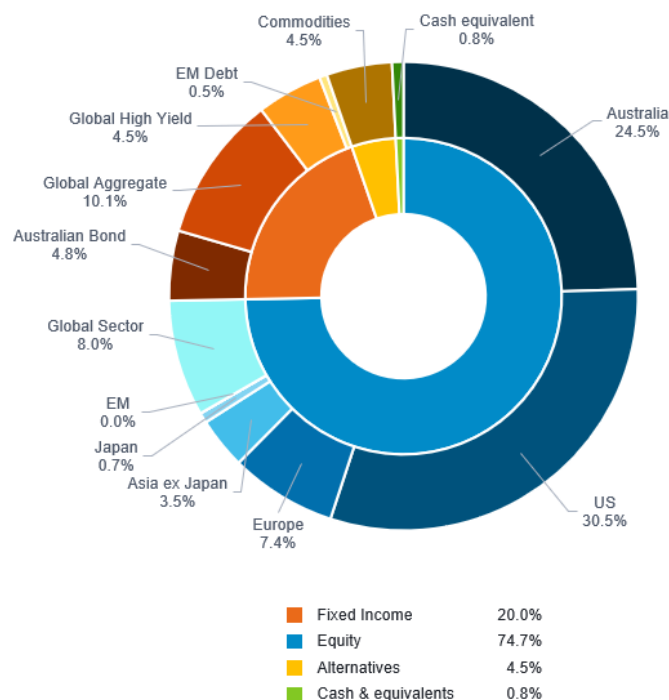
Within fixed income, duration vs. credit

Duration: Neutral near term. Higher yields have improved valuations, and duration could provide protection if global growth slows materially, but resilient activity and persistent inflation risks could keep upward pressure on yields.

Credit: Maintain preference for short duration 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	15.6%	3.12%
S&P/ASX 200 ETF	14.1%	0.95%
MSCI USA Quality Factor Fund	7.1%	2.47%
Australian Future Leaders Fund	5.3%	-0.23%
Australian Equities Fund	5.0%	-0.16%
Core Composite Bonds ETF	4.8%	0.04%
Small Companies fund	4.4%	-0.02%
Global Corporate Bond Fund	4.1%	0.05%
Global Short Duration Income Fund	4.0%	-0.07%
FTSE ALL WLD HIGH DIVYLD	3.4%	-0.03%

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

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