Generation Life Tax Effective Growth Fund

Fact Sheet | 30 September 2026

Performance as at 30 September 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]	-0.59	-1.78	6.41	3.26	7.77	3.97	4.23	-0.59
Benchmark return (before tax)[3]	-0.70	0.00	7.90	6.3	-	-	12.40	-0.70
Gross strategy return (before fees & tax)	-0.50	-1.30	8.50	6.0	-	-	11.80	-0.50
Gross strategy return (before fees & after tax)	-0.54	-1.63	6.71	3.86	-	-	11.20	-0.54

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 cost[5]	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

1. Past performance is not an indicator of future performance.
2. The administration fee is deducted directly from the investment option before unit prices are declared.
3. 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
4. Strategy inception is 29 September 2023
5. 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).
6. 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 overolling 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

All eyes were on bond markets in September, with yields backing up over 50 basis points in the US, with the 10-year government bond yield rising to 5.3% by the end of the month. Strong domestic growth, continued upward pressure on the oil price, a resumption of the US hiking cycle and a more hawkish tone from the US Federal Reserve (Fed), caused markets to price in four more rate hikes this cycle. This is a far cry from the 3 rate cuts priced at the end of last year. Other bond markets outperformed, but were no less impacted, with countries like Australia, UK and Germany seeing their 10-year bond yields rise around 30 basis points. This had ramifications across asset classes, the US dollar rallied, credit spreads widened, and equity markets wobbled. The US dollar was up 2% on a trade weighted basis, the Australian dollar fell 3% and the Japanese yen rallied 1.5%. Investment grade credit spreads widened between 5-10 basis points, but high yield widened almost 50 basis points. Despite weakness in equities, the overall global equity market fell a subdued 0.7%, with the S&P 500 only falling 0.35%. This remarkable outcome hides damage under the surface, given a handful of technology companies kept the index buoyed, whereas more cyclical stocks suffered. The Nasdaq rallied over 3% but the equal weight S&P 500 fell 5%, and less technology heavy countries like Australia and Europe saw their markets fall around 2.4% each. Brent crude oil rallied over 14% to hit $103.5, whereas gold fell over 6% to around $4150 at month end.

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The S&P/ASX 300 delivered a subdued +1.26% total return over September 2026 quarter, reflecting persistent headwinds from a hawkish monetary policy backdrop. Sector performance diverged sharply, with Health Care (+25.40%) and Energy (+17.34%) providing crucial support, whilst Materials (+4.77%) benefited from copper demand linked to power infrastructure and AI development. Conversely, Technology (-9.38%), Consumer Discretionary (-9.26%) and Real Estate (-8.65%) faced sustained pressure as elevated rates impacted valuations and consumer spending. The RBA's fourth rate rise of 2026, pushing the cash rate to 4.60%, remained the dominant macro driver despite CPI holding at 3.73% well above target. Strong Q2 GDP growth of 2.1% YoY reinforced tightening momentum, offsetting signs of consumer stress – confidence slumped to 84.4 by September. The AUD rallied to 0.722 mid-quarter before retreating to 0.695, signalling markets anticipated rate cycle maturation.

Portfolio commentary

For the month ending 30 September 2026 the after tax and pre–Gen Life administration fee return was -0.59%. There were 19 building blocks in a tax payable position and 10 in a tax receivable. The fund has generated -2.4% in tax alpha for the current FYTD.

Shares vs fixed income

Maintain a selective approach to equities as resilient global growth, strong corporate earnings and continued AI-led investment remain supportive, although higher real yields and tighter policy warrant some caution.

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 and resilient economic activity remain supportive. We see selective opportunities as market leadership broadens, while the higher-rate environment supports greater diversification across styles.

Europe – Cautious: Higher energy costs, tighter ECB policy and rising political and fiscal uncertainty, particularly in France, weigh on the outlook, while weaker earnings momentum provides a less supportive backdrop.

Japan – Improving: Concerns around aggressive BoJ tightening have eased, while resilient earnings, supportive fiscal and industrial policies and ongoing corporate reform provide a favourable backdrop.

Asia ex-Japan – Selective: We favour opportunities in Korea and the broader regional AI supply chain, supported by attractive valuations and strong technology-related earnings, while becoming more cautious on China amid weaker economic and earnings momentum.

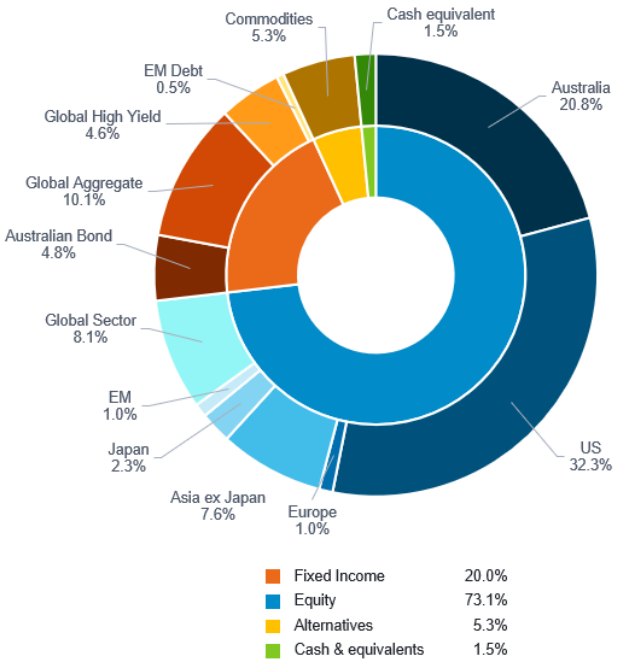
Within fixed income, duration vs. credit

Duration: Cautious. Higher yields have improved income opportunities, but persistent inflation and fiscal concerns limit the case for broad duration exposure. We favour the front-to-intermediate part of the curve and remain cautious on the long end.

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	16.1%	3.54%
S&P/ASX 200 ETF	13.9%	0.62%
MSCI USA Quality Factor Fund	7.4%	2.69%
Core Composite Bonds ETF	4.8%	0.00%
Global Tech ETF	4.2%	0.33%
Global Short Duration Income Fund	4.1%	0.00%
Global Corporate Bond Fund	4.1%	0.04%
Australian Shares Index ETF	4.0%	0.03%
FTSE ALL WLD HIGH DIVYLD	3.9%	-0.06%
Semiconductor ETF	3.3%	1.21%

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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