

Generate Australasian Investing Guide

Investing with a trans-tasman perspective

MARCH 2026

[GenerateWealth.co.nz](https://www.GenerateWealth.co.nz)

The product disclosure statements for the Generate Unit Trust Scheme and the Generate KiwiSaver Scheme are available at [Generatewealth.co.nz](https://www.Generatewealth.co.nz) or by contacting us on 0800 855 322.
The issuer is Generate Investment Management Limited.

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Our Australasian Funds

This guide relates to the Generate KiwiSaver Scheme Australasian Fund and the Generate Unit Trust Scheme (Managed Funds) Australasian Fund – each referred to as a 'Fund' or together as the 'Funds'.

Past performance is not a reliable indicator of future returns.

Further information can also be found in the Statement of Investment Policy and Objectives, which can be found at generatewealth.co.nz/documents-and-forms/

Why invest on a trans-tasman basis?

Trans-Tasman investing provides access to the combined depth and diversity of the New Zealand and Australian markets. The two economies are closely linked through trade, regulation, labour mobility, and integrated capital markets. Yet they also offer **distinct strengths** – such as Australia’s globally significant resources and financial sectors, and New Zealand’s expertise in renewable energy, healthcare, and infrastructure.

This regional approach enables investors to access opportunities close to home while still benefiting from diversification across two complementary markets, multiple sectors, and differing currency exposures.

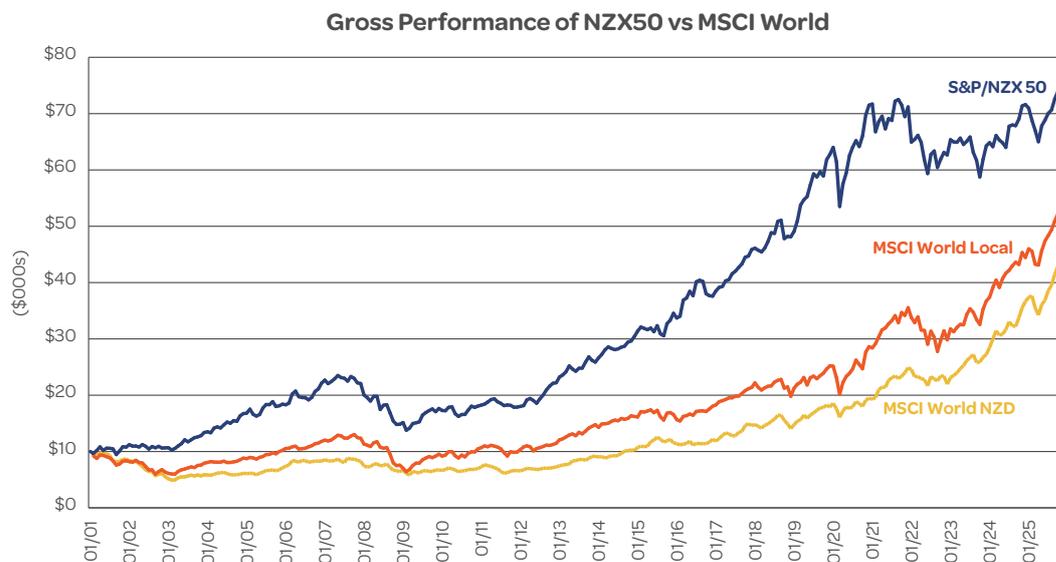
A Trans-Tasman strategy blends **familiarity and accessibility** with **the advantages of scale, breadth, and structural growth**.

Specifically, the Generate Australasian Funds offer the following distinct advantages:

A broader opportunity set

Each Fund provides exposure to the full depth and breadth of the New Zealand and Australian equity markets, offering access to companies that differ meaningfully from those dominating global indices, particularly the large US technology names.

Because the two economies are influenced by their own demand drivers, commodity cycles, and regulatory settings, Trans-Tasman equities can move out of lockstep with global markets. This can provide valuable diversification benefits while still offering exposure to high-quality, growing companies trading at attractive valuations. By investing across two interconnected yet diverse markets, the Funds can also adapt to shifting regional dynamics while maintaining a disciplined focus on **quality, growth, and value**.



Source: Bloomberg, Generate, Gross performance rebased to 10,000, starting from 3/1/2001

Local knowledge

Based in New Zealand, the Portfolio Managers are **closely connected** to the companies and industries in which the Funds invest. Their long-standing involvement in the local market means they know many management teams, industry leaders, and sector specialists well. This enables direct engagement, timely insights, and a deeper understanding of the factors driving company performance – an important advantage in markets where access and relationships can materially enhance research quality.

Depth of experience

The Funds are co-managed by two seasoned portfolio managers, **Daniel Frost** and **Andrew Bolland**, who bring complementary perspectives shaped by many years analysing and investing in Australasian businesses. Their hands-on experience across market cycles, combined with a shared commitment to disciplined research and active engagement with company leadership, helps ensure the portfolio reflects well-tested ideas and balanced decision-making.

With two Portfolio Managers applying independent thinking and collective judgement, the Funds benefit from broader insight, deeper debate, and a more resilient investment process.

What are the risks?

Trans-Tasman investing is not for everyone. Investing in the Generate Australasian Funds involves a range of risks that investors should carefully consider before investing. These funds are designed for long-term growth and are best suited to investors with a high-risk tolerance and a minimum recommended investment timeframe of 10 years. The strategy involves an actively managed portfolio with a significant weighting toward growth assets, primarily large-capitalisation New Zealand and Australian equities, and only a small allocation to income assets. As a result, portfolio volatility can be elevated, particularly over shorter time frames.

Key risks

Market volatility

The Funds invest predominantly in mid-to-large cap Australasian equities, which means the value of your investment may fluctuate significantly over short periods. New Zealand and Australian markets can be affected by economic, political, and regulatory changes, and periods of underperformance in any region may negatively impact returns.

Concentration risk

While the Funds are diversified across 40–60 companies, sectors, and two countries, they maintain a high allocation to growth assets. This concentration can result in greater volatility compared to more broadly diversified funds. Returns may be more variable, and investors should be comfortable with the potential for significant short-term fluctuations. Because the Fund is concentrated across two closely linked markets, performance is sensitive to changing economic, political, or regulatory conditions in either country. Factors such as interest-rate movements, currency fluctuations, or sector-specific shocks can affect returns. If one of the markets or sectors underperforms, it may have a material negative impact on overall portfolio performance.

Currency risk

Changes in exchange rates can affect the value of your investment. Generate targets a 100% hedge for Australasian equities, meaning the majority of the portfolio is unexposed to currency movements. However, where the Managers believes a relevant currency is over or undervalued, they can alter the relevant foreign exchange hedging ratio by up to +/- 15% either side of the long-term foreign exchange hedging target at the time a trade is executed.

Long-term commitment

The Funds are intended for investors who can commit to a long-term investment horizon. Short-term market movements may be pronounced, and those seeking stable or short-term returns may find these Funds unsuitable.

Risk and return trade-off

All investments involve risk, and the level of risk and potential returns can differ based on where and how funds are invested. It is important to understand that higher expected returns are generally associated with higher risk.

Past performance

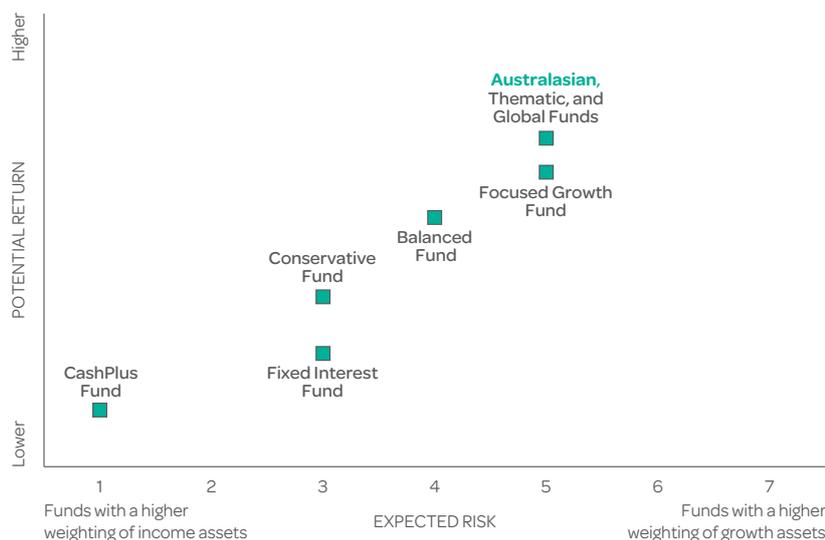
Past performance is not a reliable indicator of future returns. Markets can go down as well as up, and there is no guarantee that the Funds will achieve their investment objectives.

Managing risk

The Funds' investment strategy seeks to manage risk by diversifying across sectors and geographic diversification across New Zealand and Australia. Sector and geographic exposures are managed relative to the benchmark, and the portfolio typically holds a broad range of industries to reduce reliance on any single company or sector. The 100% long-term currency hedge minimises exposure to Australian dollar fluctuations.

For more information on the risks of investing, please refer to section 4 of the Generate Unit Trust Scheme Product Disclosure Statement and section 4 of the Generate KiwiSaver Scheme Product Disclosure Statement, available at generatewealth.co.nz.

Generate Managed Funds Risk vs Return



Portfolio Managers

Generate Investment Management Limited (“Generate”) is the investment manager of the Funds. Generate has appointed Daniel Frost and Andrew Bolland as the portfolio managers of the Funds.

Daniel Frost, Portfolio Manager, Generate Australasian Fund

Daniel has worked in financial markets for over 20 years in a variety of roles. He began his career as a fund analyst at an independent research house before spending a decade working as a domestic equity analyst and then as a portfolio manager at a funds management firm. After a two-year stint in London working for a specialist consulting firm advising charities on investment strategy and manager selection, Daniel shifted back to NZ and spent five years working at an investment bank in an equities research role before joining Generate in early 2018. Daniel has been a CFA Charterholder since 2001.



Daniel Frost
Portfolio Manager

Andrew Bolland, Portfolio Manager, Generate Australasian Fund

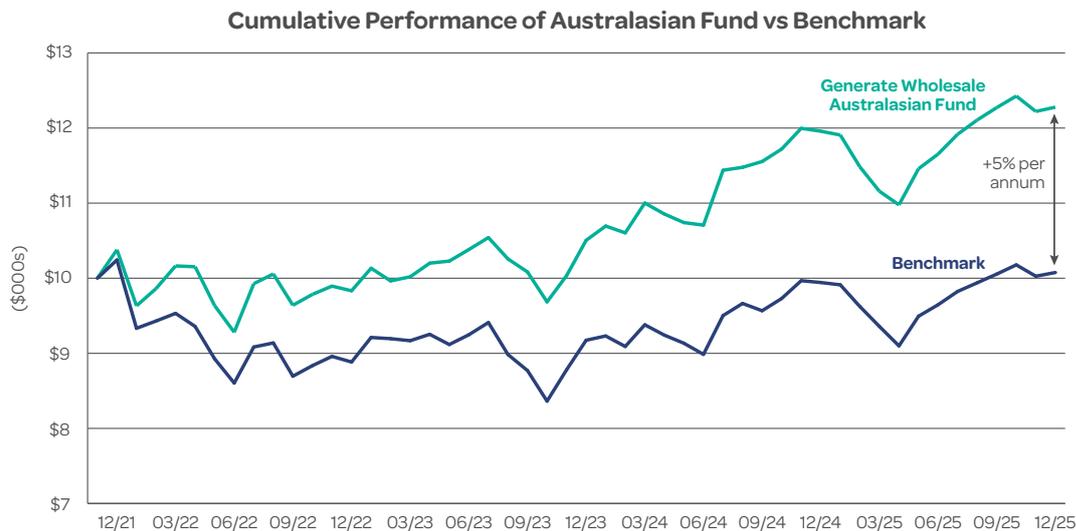
Andrew has over 15 years investment experience. Prior to joining Generate, Andrew spent more than 6 years at a leading boutique institutional fund manager, leaving in 2019 as a Senior Analyst and Associate Portfolio Manager. He began his career at Westpac New Zealand, before taking a role as a junior equity analyst at BT Funds Management. Andrew has a Bachelor of Commerce majoring in both finance and economics and has been a CFA Charterholder since 2015.



Andrew Bolland
Portfolio Manager

Daniel and Andrew also manage the **Generate Wholesale Australasian Fund**, established in November 2021. Generate’s Australasian KiwiSaver Fund and Australasian Managed Fund invest into the Generate Wholesale Australasian Fund. The fund delivered a positive annualised return of +4.8%* (after fees, before tax) over the following four years, outperforming its benchmark (–0.6%) by approximately 5.4% per annum. It also experienced a shallower drawdown during the challenging 2022 market.

In July 2023, Generate launched a retail managed fund version of the Wholesale Australian Fund with a KiwiSaver version launched in April 2025 to give retail investors access to this successful Australasian equities strategy.



Source: Bloomberg, Generate, Cumulative performance based on a start point of \$10,000 on 30/11/2021

Note: The benchmark has changed twice during the above timeframe shown on the chart. Initially it was the S&P/NZX 50 Index. On 16/05/2022, the benchmark changed to a composite of 80% S&P/NZX50 Index/20% S&P/NZX Property. Subsequently, on 30/05/2022, the benchmark changed to a composite of 70% S&P/NZX 50 Index/20% S&P/ASX 100 Industrials Total Return Index 100% hedged into NZD/10% S&P/ASX 200 A-REIT Total Return Index 100% hedged into NZ. Refer to the SIPO for more information on the benchmarks.

* Source: Morningstar direct report to 30 November 2025. The Generate Australasian KiwiSaver Fund and Generate Australasian Managed Fund would have delivered an annualised return of 4.1% over four years to 30 November 2025, as their performance record reflects the results of the Generate Wholesale Australasian Fund in which they invest. The retail funds launched in April 2025. Past performance does not guarantee future returns.

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The investment process – seeking great businesses at attractive prices

The Portfolio Managers follow a clear and disciplined investment process using a **flywheel** model that moves continuously between:

- **Idea Generation**
- **Research**
- **Portfolio Construction**

Each stage informs the next, creating a dynamic and repeatable cycle.

This process blends bottom-up research with awareness of broader economic trends, integrating ESG and risk management throughout.



Idea Generation and Monitoring

Ideas come from many places: company announcements, industry news, and **direct conversations with company management and boards** – an area where the managers local networks give them strong access to decision-makers. Because the Funds invest across New Zealand and Australia, the team maintains a broad watchlist and closely follows sector developments.

Monitoring is not a separate step – it is ongoing. What the managers observe in existing holdings often leads to new ideas. For example, a shift in demand in one industry may reveal opportunities in another. Macro factors such as interest rates or housing activity can also highlight parts of the market where value is emerging.

This constant flow of information is why the managers refer to the process as a **flywheel**: insights from monitoring lead to new ideas, and new ideas ultimately influence what the managers monitor next.

Research – understanding quality, sustainability and value

Once an idea enters the funnel, the managers undertake detailed bottom-up research to evaluate whether the company fits our criteria.

The portfolio managers look for businesses that demonstrate:

- **Durable earnings and strong cash flow generation** – the kinds of companies they would feel comfortable owning as long-term business owners (“buying the business”), not just trading as short-term shares.
- **Sustainable growth prospects** supported by long-term industry trends and sustainable business practices.
- **Disciplined, capable management teams** with sensible capital allocation, especially in industries where investment decisions have long-lasting impacts on the future returns profile of a business.
- **Attractive industry structures** with competitive advantages or strong market positions.

Valuation is central to the managers’ approach. Even outstanding businesses are not always good investments if the price already assumes a perfect future. The portfolio managers compare valuations against peers and history to judge whether expectations are reasonable. They are comfortable being underweight, even in high-quality companies, if the valuation is too demanding.

ESG factors are integrated into every research assessment

The portfolio managers consider environmental, social, and governance risks that may affect long-term sustainability of cash flows and capital allocation. They apply exclusions consistent with Generate’s Responsible Investment Policy and actively vote on all shareholder resolutions, engaging with boards where appropriate.

* For more information on our Responsible Investment Policy go to generatewealth.co.nz/responsible-investing/

Portfolio Construction

Balancing conviction with disciplined risk management

The portfolio typically holds **40–60 stocks**, giving the managers the flexibility to back their highest-conviction ideas while maintaining meaningful diversification.

Position sizes reflect both **conviction** and **the size of companies in the benchmark**. High-conviction holdings are generally 2.5–4% above, or below, the benchmark’s weighting. Sector and country exposures are managed sensibly relative to the benchmark. The managers adjust the portfolio when economic conditions warrant it – for example, increasing exposure to cyclical businesses when the economic outlook improves, or leaning on more defensive names when uncertainty rises. These adjustments are gradual and evidence-based, rather than sharp swings in style or strategy.

Overall, the portfolio reflects a **core style** with a quality bias. The Fund may own both growth and value companies, but only when they meet the portfolio managers’ standards for business quality and reasonable pricing.

Ongoing Maintenance – staying close to the companies the managers own

After a company enters the portfolio, the managers continue to monitor it closely. The investment case is reviewed when new information emerges – such as quarterly results, regulatory changes, or management updates. The team conducts ongoing monitoring, which includes tracking company results and maintaining frequent access to management teams and, where appropriate, boards, ensuring they stay close to the fundamentals that matter.

If a company experiences a significant share-price decline or a change in fundamentals, it is reassessed promptly. Monitoring naturally feeds back into both idea generation and portfolio construction, reinforcing the flywheel model.

The portfolio managers are long-term investors. While continuously testing their assumptions, they typically do not react to short-term noise and maintain a patient approach where conviction remains strong.

In Summary

The investment process is systematic, repeatable, and grounded in fundamental research. It combines:

- Ongoing idea generation informed by both company insights and the economic backdrop
- Deep bottom-up research with integrated ESG analysis
- A disciplined, benchmark-aware portfolio construction framework
- Continuous monitoring that keeps the portfolio aligned with our best ideas

This structured but flexible approach supports consistent decision-making and helps the Fund remain resilient across market cycles.

Case studies

Infratil: a long-term compounder in renewable infrastructure

Infratil has been a core holding of the Australasian Fund since its inception, and over that period it has been one of the portfolio's strongest contributors to performance. Founded in 1994, Infratil began as a New Zealand-based infrastructure investment company with significant holdings in energy, airports, and transport. Over time, the business has evolved into a globally recognised specialist in renewable energy and digital infrastructure, with major platforms including: **Canberra Data Centres, Tilt Renewables, Longroad Energy in the U.S., and Vodafone NZ/One NZ.**

The investment case has always centred on Infratil's **ability to create long-term value through disciplined capital allocation** and its exposure to sectors benefiting from powerful structural tailwinds – particularly the transition to renewable energy. Infratil has repeatedly demonstrated an ability to identify attractive assets early, partner with strong management teams, and scale those businesses into major contributors to shareholder value.

Much of the company's share-price appreciation has come from successful asset development and monetisation. For example, the sale of Tilt Renewables at a substantial premium highlighted Infratil's ability to realise value well above book value, while reinvesting proceeds into new renewable and digital infrastructure opportunities.

Infratil has produced an annualised return of 18.7% over the last 25 years through to 31 December 2025 – this compares to the broad NZ50 which has returned 8.7% on an annualised basis over the same timeframe.

Infratil remains a high-quality, long-duration growth business with the characteristics we look for: **sustainable earnings, long-term structural growth, and management consistently acting like skilled owners of capital.**

National Australia Bank: a contrarian investment driven by rate-cycle insight

Generale initiated its position in **National Australia Bank (NAB)** during the depths of the COVID-19 uncertainty, at a time when interest rates had fallen to historic lows and sentiment toward the banking sector was negative. Many investors feared prolonged margin pressure, rising credit losses, and muted loan growth. However, the Fund's portfolio managers took a **contrarian view**, believing that interest rates would eventually normalise as economies recovered – creating a more favourable environment for bank profitability.

NAB was chosen because of its strong franchise in Australian business banking, solid balance sheet, and the potential for meaningful improvement in net interest margins once rates began to rise. Buying during a period of pessimism meant the stock was trading at an attractive valuation, offering a favourable risk/reward profile if the rate cycle turned.

As inflation pressures emerged and central banks moved decisively to lift rates, NAB's margins expanded as expected. Its credit performance remained resilient, and earnings recovered faster than the market had initially assumed. The investment benefited from both **earnings momentum and a re-rating** as sentiment toward the banks improved.

This holding exemplifies the Fund's willingness to be **patient, valuation-aware, and contrarian** when the long-term fundamentals differ from short-term market sentiment.

Where is our Australasian Fund invested?

The top 10 holdings of the Generate Australasian Fund portfolio as at 31 December 2025.

	EQUITY	SECTOR	DOMICILE	WEIGHT %
1	FISHER & PAYKEL HEALTHCARE	Healthcare	New Zealand	10.2%
2	INFRATIL	Industrials	New Zealand	7.8%
3	CONTACT ENERGY	Utilities	New Zealand	6.3%
4	AUCKLAND INTERNATIONAL AIRPORT	Industrials	New Zealand	5.1%
5	GOODMAN GROUP	Real Estate	Australia	4.8%
6	SPARK NZ	Communication Services	New Zealand	4.0%
7	MERIDIAN ENERGY	Utilities	New Zealand	3.4%
8	CHORUS	Communication Services	New Zealand	3.1%
9	VECTOR	Utilities	New Zealand	2.8%
10	COMMONWEALTH BANK OF AUSTRALIA	Financials	Australia	2.7%

Fisher & Paykel
HEALTHCARE

 **Infratil**

 **contact.**

 **Goodman**

 **Auckland Airport**

 **Spark^{nz}**

 **Meridian**

C H ● R U S

 **vector**

 **Commonwealth Bank**

Our Australasian Funds

The Australasian Fund is available as both a Generate KiwiSaver Scheme Fund or as a Managed Fund. The Generate Australasian Managed Fund launched on 3 July 2023 and the Generate KiwiSaver Australasian Fund launched on 30 April 2025. As with any KiwiSaver account, eligible members may get the benefit of the employer and government contributions, but funds are locked in until age 65, unless you qualify for a permitted withdrawal under the KiwiSaver Act. A Managed Fund doesn't get any additional external contributions, but is much more flexible in terms of withdrawals.

Generate KiwiSaver Scheme Australasian Fund			
INVESTMENT OBJECTIVE AND DESCRIPTION	ASSET ALLOCATION AND RISK INDICATOR	TARGET INVESTMENT MIX	MINIMUM RECOMMENDED INVESTMENT TIMEFRAME
Aims to provide a higher return over the long term. It invests in an actively managed portfolio of growth assets located predominantly in New Zealand and Australia with a very minor allocation of income assets. Volatility is likely to be high. (Returns will vary and may be low or negative at times.)	<p>Asset allocation</p> <p>2% Income 98% Growth</p> <p>Risk Indicator</p> <p>Low ← RISK/RETURN → High</p>	<p>Target investment mix</p> <ul style="list-style-type: none"> Cash and cash equivalents 2% Fixed interest 0% Australasian equities and property 98% International equities 0% 	10 years

Generate Australasian Managed Fund			
INVESTMENT OBJECTIVE AND DESCRIPTION	ASSET ALLOCATION AND RISK INDICATOR	TARGET INVESTMENT MIX	MINIMUM RECOMMENDED INVESTMENT TIMEFRAME
The Generate Australasian Managed Fund aims to provide a higher return over the long term. It invests in an actively managed portfolio of growth assets located predominantly in New Zealand and Australia with a very minor allocation of income assets. Volatility is likely to be high. (Returns will vary and may be low or negative at times.)	<p>Asset allocation</p> <p>2% Income 98% Growth</p> <p>Risk Indicator</p> <p>Low ← RISK/RETURN → High</p>	<p>Target investment mix</p> <ul style="list-style-type: none"> Cash and cash equivalents 2% Fixed interest 0% Australasian equities and property 98% International equities 0% 	10 years

Estimated total annual fund charges

FUND NAME	BASE FUND MANAGEMENT FEE*	THIRD PARTY UNDERLYING FUND BASE FEES*	THIRD PARTY PERFORMANCE FEES*	ANNUAL FUND CHARGES AS A % OF NET ASSET VALUE (NAV)**
Generate KiwiSaver Scheme Australasian Fund	1.184%	0.005%	0.000%	1.19%
Generate Australasian Managed Fund	1.246%	0.005%	0.000%	1.25%

* Estimates ** Net Fees rounded to 2 decimals

Conclusion

The Generate Australasian Funds combine disciplined research with a flexible, value-conscious approach to identify high-quality companies trading below their intrinsic worth. By investing across sectors, and two closely connected yet diverse markets, the Portfolio Managers can take advantage of evolving regional dynamics while maintaining a disciplined focus on quality, growth, and valuation discipline.

The Fund is co-managed by two highly experienced Portfolio Managers, Daniel Frost and Andrew Bolland, whose combined decades of Australasian market experience strengthen the research process, broaden idea generation, and enhance risk oversight. Their complementary backgrounds – in institutional funds management, equity research, portfolio construction, and direct company engagement – provide diverse perspectives and a robust foundation for long-term decision-making.

With two seasoned Portfolio Managers actively overseeing the strategy, the Fund benefits from deeper analysis, balanced judgement, and a disciplined team-based approach to investing across the Trans-Tasman region

To learn more about the Generate Australasian Funds, visit generatewealth.co.nz, call 0800 855 322 to speak with a Generate Wealth adviser, or contact your current financial adviser.



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