





# ipac Income Generator Update

April 2025

## Investment objective

The ipac Income Generator (the Fund) aims to provide investors with a reliable and stable monthly income that rises over time to keep pace with inflation. It does this by investing through specialist investment managers across a diversified mix of assets including shares, bonds, property trusts and infrastructure. While the Fund's focus is on income generation, it also aims to achieve some capital growth over the medium to longer term to help meet the rising cost of living.

## Key features

-  Tax effective
-  Reliable regular income
-  Help meet living expenses
-  Replace a salary in retirement

## Portfolio Managers



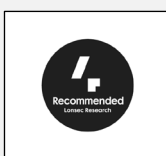
**Stuart Eliot**  
Head of Portfolio Design and Management



**Jeronimo Harrison**  
Senior Portfolio Manager

## Rating

Lonsec Rating  
March 2022



## Highlights

- The ipac Income Generator (the Fund) delivered a strong return in April, driven by gains in Australian shares and active asset allocation, against an ongoing backdrop of market volatility.
- We are hosting an ipac Income Generator fund update webinar on 29 May at 11am-11:20am. [Register here now.](#)

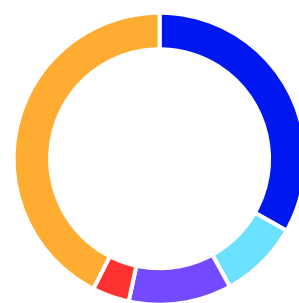
## Fund performance to 30 April 2025

|                                    | 1m %  | 3m%   | 1 y%  | 3 y%  | 5y%   |
|------------------------------------|-------|-------|-------|-------|-------|
| <b>Return (gross)</b>              | 1.45  | 0.89  | 8.10  | 6.21  | 7.84  |
| <b>Return (net class H)</b>        | 1.38  | 0.70  | 7.38  | 5.43  | 7.05  |
| <b>Return (net class K)</b>        | 1.38  | 0.71  | 7.32  | 5.41  | 7.04  |
| <b>Benchmark return</b>            | 1.58  | -0.58 | 9.26  | 6.16  | 7.21  |
| <b>Excess return (gross)</b>       | -0.14 | 1.47  | -1.16 | 0.05  | 0.63  |
| <b>Excess return (net class H)</b> | -0.20 | 1.28  | -1.87 | -0.73 | -0.16 |
| <b>Excess return (net class K)</b> | -0.20 | 1.29  | -1.94 | -0.75 | -0.17 |

**\* Past performance is not a reliable indicator of future performance.** Performance is annualised for periods greater than one year. Total returns are calculated using the unit price which uses the net asset values for the relevant month end. This price may differ from the actual unit price for an investor applying for or redeeming an investment. Actual unit prices will be confirmed following any transaction by an investor. Net returns quoted are before tax, after fees and costs, and assume all distributions are reinvested.

## Manager allocations

### By asset class



- Australian Equities
- International Equities
- Infrastructure
- Alternatives
- Fixed Income & Cash

### By manager

| Asset Class            | Manager            | Exposure* |
|------------------------|--------------------|-----------|
| Australian Equities    | Plato              | 18.8      |
|                        | Martin Currie      | 14.2      |
|                        | Tyndall            | 0.2       |
| International Equities | Epoch              | 0.0       |
|                        | GQG                | 8.8       |
| Infrastructure         | IPAC (Dimensional) | 2.7       |
|                        | Dexus              | 8.7       |
| Alternatives           | SouthPeak          | 4.1       |
|                        | Pendal             | 22.1      |
| Fixed Income & Cash    | Macquarie          | 17.7      |
|                        | Cash               | 2.7       |

\*As at 30 April 2025. Note: Allocations and underlying investment managers may change without prior notice.

## Fund update

### Performance

The Fund produced a positive in April which is a pleasing result considering the extreme market volatility caused by US trade policy. The main driver of returns was a net positive month for Australian shares. Year-to-date net returns are also positive.

GQG's global quality income strategy underperformed in April due to large declines in energy shares – US WTI crude oil fell from above \$70/barrel to under \$60 during the month – but remains close to 10% ahead of benchmark year-to-date.

Our defensive alternatives manager Southpeak produced returns of over 3% in April from the long volatility components of their investment strategy. Fixed income and Dexis Community Infrastructure Fund detracted from active returns.

The newly introduced systematic DAA added 0.24% and other active asset allocation added 0.22%, driven predominantly from the short Australian dollar versus long Japanese yen foreign exchange position, part of which was trimmed at the lows.

### Positioning

The Fund added modestly to listed infrastructure during April. This asset class has been one of the best performers given the inflation linkages of the asset class's cash flows.

The Fund remains slightly defensively position in equities since early February and holds additional hedging through a short Australian dollar versus long Japanese yen foreign exchange position. The long Japanese yen is a strategic position for the Fund as we anticipate ongoing interest rate increases from the Bank of Japan over the course of the year which should help the yen to appreciate.

### Outlook

These continue to be inherently unpredictable times, and we are concerned that the current cessation of trade hostilities will prove temporary. The distribution of potential outcomes is wide.

Recognising this possibility, the Fund remains defensively positioned but is also ready to respond to opportunities as they present themselves. It is our view that corporate and household balance sheets are in good shape. Importantly, the usual excesses in corporate leverage are absent at this time. Therefore, should a recession occur we believe it would be both shallow and short and followed by a strong recovery. As such it follows that any recession-driven market declines (or market declines due to the fear of a recession) will likely provide an excellent opportunity to tilt the portfolio back towards equities at discounted prices.

### Manager insights

International equities manager GQG Partners has recently been attracted to opportunities in the Communication Services sector due to what they consider to be improving free cash flow dynamics for select telecom service providers. US-based telecommunications company AT&T is one of the companies owned in this space. GQG's investment thesis is predicated on their belief that the wireless service industry in the US has consolidated to three players with room to take pricing actions. Meanwhile, AT&T also has an opportunity to lower its cost base by trimming what appears to be a bloated headcount versus peers. GQG believe the company can deliver mid-single digit annualized EPS growth, in addition to offering a current dividend yield of ~5%. In line with their investment thesis, the company recently reported higher than expected subscriber growth for the Q4 2024 period for its phone and its broadband businesses. In addition, the media reported in late March 2025 that AT&T was discussing the purchase of Lumen Technologies' consumer fibre operations, which provides high-speed internet services to residential customers. Shares in the company rallied on the back of both reports.

*Does not constitute investment advice. The views of GQG Partners are subject to change.*



## We're here to support you

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If you are an adviser, you can contact Client Services as above or your State Account Manager.

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