

14 November 2019

CHAIRMAN'S ADDRESS TO 2019 ANNUAL GENERAL MEETING

Welcome everyone to today's Annual General Meeting for the Generation Development Group.

Joining me today are fellow board members Bill Bessemer, Jonathan Tooth and John Wheeler. In addition, we have our audit partner Rachel Milum from KPMG in attendance. I also have senior members of our management team here namely our CEO, Grant Hackett and our CFO, Terence Wong.

In a moment, I will ask Grant to take you through a presentation that summarises the financial performance of GDG over the past 12 months, touching on some key highlights. We will then open to any questions on the Company.

Before jumping into today's presentation, I thought it would be worthwhile to make a few comments about the environment that we have operated in over the course of 2019.

As anticipated at the last AGM, the Royal Commission into Financial Services resulted in substantial disruption over the course of the year. The Big 4 Banks are now in the processes of divesting their wealth management businesses just on 20 years after having spent a lot of money getting into these businesses. Having been an active participant in the financial services industry over that period I've watched this move with some bemusement. After all, the banks all wrote large cheques to get into these businesses for exactly the set of circumstances we have now. That is, a wash of money moving into retirement products as baby boomers leave the work force and a superannuation industry which has more assets than the banks have in their entirety.

This environment is very positive for all parts of the wealth management industry but it didn't feel like that in 2019 with many financial planners being forced to down tools and adjust to new operating models or move their practices to new dealer groups. After the AGM last year there was also a very bad 2-3 months in equity markets which was the icing on the cake as far as confidence went. These two factors meant that we did a good job in my view to write a similar level of new business in 2019 to 2018.

Whilst we are only just through the first quarter of the year, there is very strong signs that the momentum we thought we'd see in 2019 should come through in 2020.

Whilst I'm scratching my head in bemusement, the other area that's been a bit slower to build is growth in the investment bonds industry. As previously mentioned, we are particularly bullish about the sector as the tax advantage of bonds is second only to super and there are now caps on how much you can get into super. In addition, bonds are more tax effective than unit trusts which is a \$100 billion industry as opposed to \$8 billion in investment bonds.

To date we have achieved much of our growth at the expense of other players with the industry itself only growing slowly. Whilst we are extremely confident that we will see better industry growth, our product development has been shifting to focus on after tax returns and away from the plethora of other benefits associated with bonds that sometimes can be overwhelming or confusing.

We think the market will increasingly focus more and more on after tax returns particularly in such a low interest rate/ low return environment where tax can take a very big slice out of your earnings. With this in mind in 2019 we launched the Generation Tax Effective Australian Share Fund. Grant will highlight some of the features of this new product in his presentation.

Our customers can expect to see more products developed around this theme in 2020.

In relation to acquisitions, Grant will give you an update on Ascalon Capital Managers, a business that we had only just acquired this time last year.

We are still seeing opportunities for other transactions in financial services. As previously stated, we are aiming to acquire firms which are going to be the beneficiary of the massive disruption we are seeing in financial services and/ or that can be bought cheaply because they are an old style business that we would restructure. Finally, for the right price, we would also be attracted to buying books of business in the investment bond space.

Before handing over to Grant for the formal presentation, I would like to thank our employees for their efforts and diligence throughout the course of the year. We are only a small company, trying to do a lot and it has meant that the team has worked extremely hard throughout the year. Our employees picked up a couple of awards through the year with Maree Cridland winning the very prestigious Female BDM of the year award from Money Management and Catherine van der Veen and Lucy Foster, the joint CEOs of our Life Company, being awarded Life/Risk Female CEO of the year. Congratulations Maree, Cath and Lucy.

Finally, I'd also like to thank shareholders for their continued support. Our leadership team is energised and we feel very optimistic we can continue to deliver a lot of value to shareholders over the coming years.