

19 November 2020

CHAIRMAN'S ADDRESS TO 2020 ANNUAL GENERAL MEETING

Welcome everyone to today's Annual General Meeting for Generation Development Group. My name is Rob Coombe and I am Chair of the Meeting. We would always prefer to run these meetings face to face, however given the current pandemic, we felt that this was the safest way to overview the year that was. Hopefully, we can go back to the traditional way at our next annual general meeting.

Today's meeting is being held online via the Lumi platform.

Joining me today are fellow board members Bill Bessemer, Jonathan Tooth and John Wheeler. In addition, we have our new audit partner Dean Waters from KPMG in attendance, as well as our outgoing audit partner Rachel Milum.

Also present are senior members of our management team namely the CEO of Generation Life, Grant Hackett, our CFO, Terence Wong and our Company Secretary, Amanda Gawne.

In a moment I will ask Grant to provide you with an overview of the Company's performance over the past 12 months, covering key highlights. We will then open up to any questions.

Before going into this overview, I thought I would give you some backdrop to the year that was and some insights into what to expect in the year ahead.

Obviously, the big news for everyone in 2020 was Covid-19. As soon as it was apparent that the pandemic was going to have a devastating impact on people's lives and the economy, we developed a plan for our business with different moves depending on worse case, base case and best case scenarios. In addition, we quickly implemented a plan that would see a continuation of operations outside the office environment.

The management team moved quickly in getting all of our staff set up from home within a 4 day period to seamlessly continue to serve our customers as well as setting up a way of working which would still inculcate a sense of team and community with our staff outside an office environment. All of this was of course not easy to do in uncharted waters!

Through all of this, not only did we not miss a heartbeat on service standards, we improved them whilst maintaining strong sales growth in our core bond business. As Grant will touch on, we also significantly improved the competitiveness of our bond business through a series of operational enhancements as well as put our plans together to expand our business which resulted in a capital raise in September.

In these tough circumstances, it's fitting at this point to thank all the people who work in the Generation Development Group of companies for their resilience during this very difficult period.

So what do we see for the year ahead?

- 1) Firstly, we should continue to see very strong net flows into our existing investment bond business with the tax attractiveness of many of our portfolios being enhanced by restructuring our relationships with third party managers allowing us to better adopt enhanced tax management strategies and increased returns for our investors.
- 2) Secondly, we will be launching a tax effective income fund that allows investors to receive the tax advantages of the bond structure plus a regular income at the same time. This will be targeted to High Net Worth individuals that are looking for a high, tax effective yield outside of super.
- 3) Thirdly, we expect to be very close to launching an innovative lifetime annuity by the end of the 2021 financial year and should well and truly have launched this by next year's AGM. This is a different target market to the tax effective income product in that it is targeted to retirees who want certainty of income for life, whilst at the same time enhancing their ability to draw the aged pension.

The possibility of someone outliving their savings is one of the biggest risks facing many retirees today and this risk is increasing for Australia as more and more baby boomers move into retirement. Whilst the annual age expectancy for an Australian born today is 81 for men and 85 for women, if you have reached the age of 65 your life expectancy is significantly greater than this. There are many statistics supporting this, however one statement I saw the other day really underscores this. According to the Institute of Actuaries, a healthy, well educated, affluent female who is entering retirement today is more likely to live beyond 100, than to die under 80!

From a Generation Development Group perspective, the exciting aspect of this opportunity is that it takes us from being a meaningful participant in a \$12 billion segment of the financial services industry, to a player in the retirement incomes space that is already \$566 billion in size, expected to grow to over \$1.1 trillion over the next decade.

- 4) Lastly, we expect to support our recent investment in Lonsec, Australia's leading research house, particularly in relation to their growth and expansion plans in 2021 and beyond.

One thing we won't be doing is continuing our investment in Ascalon, an asset which we bought off Westpac in 2019.

This has been a successful investment from a shareholder's perspective in that we will have made a profit of over \$1m after taking into account the investment made in the business. However, we were unable to execute on our growth plans for the business as a result of the disruption of Covid-19 to our global fund raising efforts and the political and social issues in Hong Kong throughout the course of 2019 and 2020.

So, all in all, there is plenty to look forward to for the coming 12 months.

In signing off, as always I'd like to thank our shareholders for their continuing support. 2020 has been a seminal year for GDG and we expect strong growth to come from many different sources as a result of the seeds planted in 2020.

I'll now hand over to Grant for his overview of the Company's performance in 2020.

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