

Generation Development Group

2021 Annual General Meeting

18 November 2021

Presenters:

Rob Coombe
Non-Executive Chairman

Grant Hackett OAM
CEO and Managing Director of Generation Life

Outthinking today.

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Online attendees

Question process

- + When the Question function is available, the Q&A icon will appear at the top of the app.
- + To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow
- + Your question will be sent immediately for review

✓ Received



123-456-789

HOME

MESSAGING

VOTING

Messaging

Ask a question



Moderator

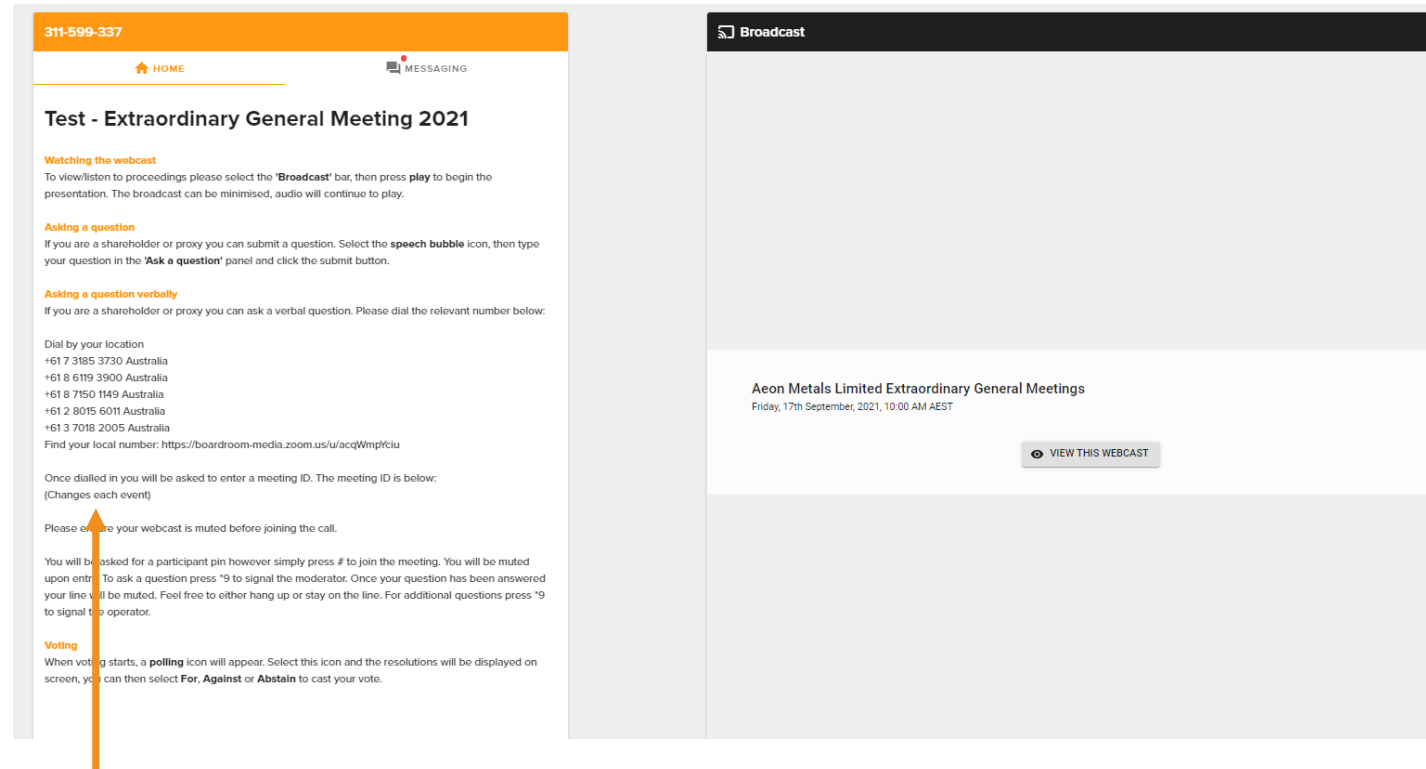
Type your question in the box above and then press the send arrow. Please include the number of the resolution at the beginning of your question. Questions may be moderated or amalgamated if there are multiple questions on the same topic

Online attendees

Audio question process

- + To ask a question verbally please dial the number shown on the main information page. Enter your meeting ID followed by #.
- + You will be asked for a participant pin however simply press # to join the call. To ask a question press *9 to signal the moderator.
- + Once your question is answered your line will be muted. Feel free to either hang up or stay on the line. For additional question press *9 to signal the operator.

Please ensure your webcast is muted before joining the call.



Meeting ID can be found here

Online attendees

Voting process

- + When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen
- + To vote simply select the direction in which you would like to cast your vote, the selected option will change colour.
- + There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed.

The screenshot displays the 'VOTING' interface. At the top, there are three navigation tabs: 'HOME' (house icon), 'MESSAGING' (speech bubble icon), and 'VOTING' (bar chart icon). The 'VOTING' tab is active. Below the tabs, a 'Poll Open' status is shown with a bar chart icon and the text 'You have voted on 0 of 2 items'. The first question is 'Resolution 1', with the instruction 'Select a choice.' and three options: 'For' (selected, orange background), 'Against' (white background), and 'Abstain' (white background). A 'CANCEL' button is located to the right of these options. The second question is 'Question 2', also with the instruction 'Select a choice.' and three options: 'Yes' (white background), 'No' (white background), and 'Unsure' (white background). An orange arrow points from the 'VOTING' tab to the 'Poll Open' status, and another orange arrow points from the 'CANCEL' button to the text 'You can change your mind or cancel your vote any time before the poll is closed.' in the list of points.

Chairman's address



- + Introducing the senior management team
- + Overview of the FY21 year that was
- + Growth and opportunities in FY22
- + Thank you to shareholders for your continued support



Rob Coombe
Non-Executive Chairman



Bill Bessemer
Non-Executive Director



Jonathan Tooth
Non-Executive Director



John Wheeler
Non-Executive Director



Giselle Collins
Incoming Non-Executive
Director



Grant Hackett
CEO and Managing
Director of Generation Life



Terence Wong
Chief Financial Officer



Amanda Gawne
Company Secretary



Generation Development Group A compelling shareholder value building model

Generation Development Group (ASX:GDG) is a licensed Pooled Development Fund (PDF) that delivers tax free capital gains and tax-exempt dividends.

Invested in rapidly growing segments of the financial services industry.



Outthinking today.

FY21 highlights and key performance measures

Generation Development Group



Life Business FUM

\$1.79 billion
Up 38%



Life Product Sales

\$404 million
Up 22%



Market Share

41.9% of inflows*
(rolling 12-month average)
30 June 2021



APLs

505
Up 20%



Flagship Product Rating¹

Highly Recommended
Zenith
Highly Recommended
Lonsec



Active Financial Advisers²

1,522
Up 25%



New Bond Numbers

14,603
Up 53%



Savings Plan

\$50 million
Up 40%



61 Investment Options

Up 24%



Average Investment Term

15.7 years

¹ Refer to page 20 for further information about ratings for Generation Life Investment Bonds (ChildBuilder and LifeBuilder). The Generation Life Tax Effective Equity Income Fund has a Recommended Zenith rating
² Refer to page 20 for the definition of Active Financial Adviser and recent changes to reporting

FY21 Financial result summary

Generation Development Group

	FY21	FY20	Change	Change %
Revenue* (A\$'000)	26,043	19,900	6,143	31
Expenses* (A\$'000)	(21,993)	(17,084)	(4,909)	(29)
Underlying NPAT (A\$'000) – Life/Admin business	4,050	2,816	1,234	44
Income from associates (A\$'000)	580	-	580	nm
Product development costs (net of tax) (A\$'000)	(1,262)	-	(1,262)	nm
Underlying profit after tax (A\$'000)	3,368	2,816	552	20
DPS (A\$)	0.02	0.02	-	-
FUM (A\$'bn)	1.8	1.3	0.5	38
Cash and cash equivalent** (A\$'000)	21,903	11,678	10,225	88

* Underlying excluding Benefit Funds, Ascalon and non-recurring, including income tax benefit

** Includes term deposits, excluding cash attributable to Benefit Funds



Outstanding start to FY22

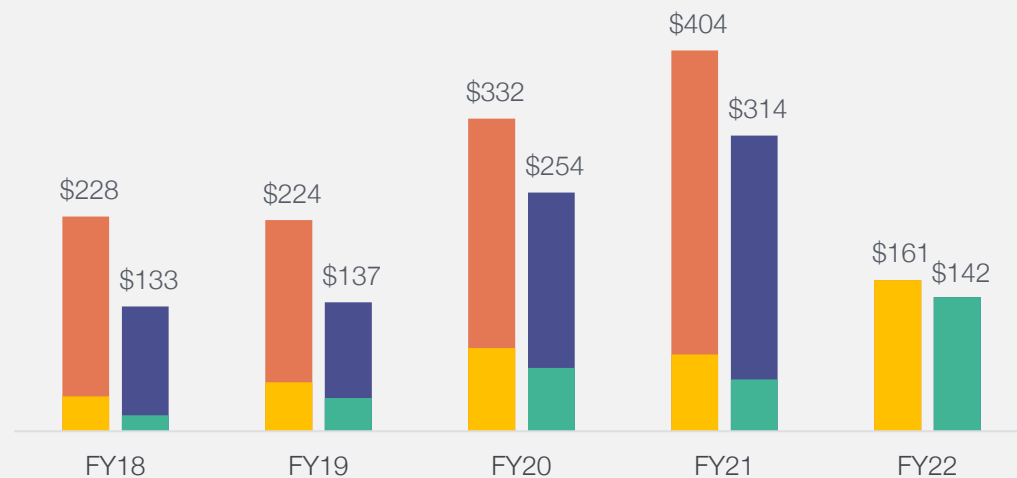
Generation Life – September 2021 quarter



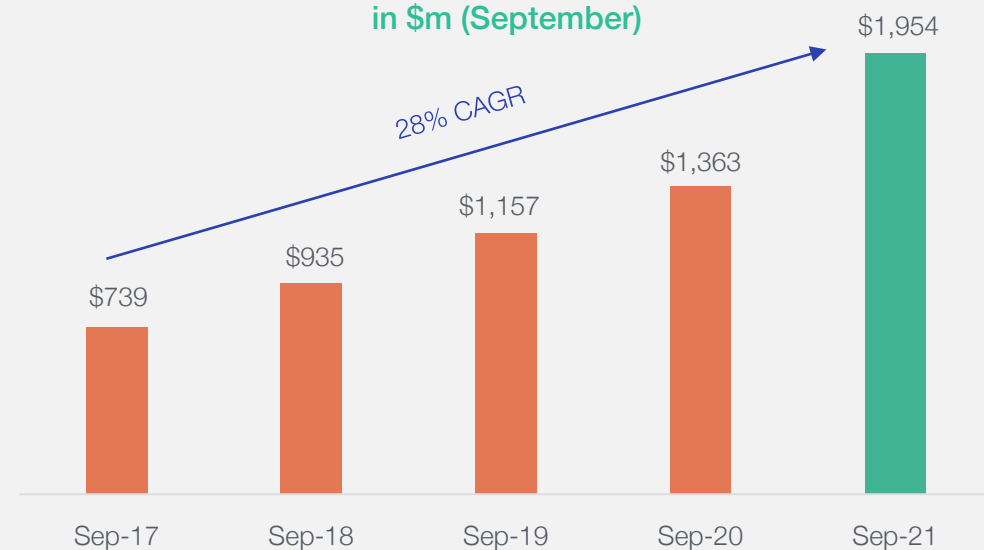
10

Annual Sales & Net Inflows in \$m

■ Annual Sales ■ Annual Net Sales ■ July to Sept Sales ■ July to Sept Net Sales



Closing Funds Under Management (FUM) in \$m (September)



Life Product Sales

\$161m

Up 96% pcp

Active Financial Advisers²

1,540

Up 30% pcp

New Bond Numbers

16,794

Up 55% pcp

Life Business FUM

\$1,954m

Up 43% pcp

² Refer to page 20 for the definition of Active Financial Adviser and recent changes to reporting



Delivering growth and innovation



Product Innovation

Generation Life Tax Effective Equity Income Fund 12

Tax Aware Series and investment bond enhancements 12

Investment-linked lifetime annuity 12

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Delivering growth and innovation



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Generation Life Tax Effective Equity Income Fund

- + Successful launch of wholesale and retail product offering
- + Portfolio performance since inception of 18.0% per annum after tax and fees compared to the gross return of the underlying strategy of 19.4% per annum (before tax) as at 31 October 2021
- + 84.5% increase in after-tax dividend yield vs ASX200 yield (benchmark) as at 31 October 2021



Investment bonds and Tax Optimised funds

- + Expected average tax rate of 12%-17% for Tax Optimised strategies
- + Expected increase of after-tax return of between 40-290bps³
- + 13 Tax Optimised strategies
- + 62% increase YOY of inflows to 31 October 2021
- + Tax Optimised accounts for 47% of total FUM as at 31 October 2021
- + Expanding investment bond menu
- + Enhance customer experience with new online portal



Investment-linked lifetime annuity

- + Guaranteed income for life
- + Investment-linked, offering investment choice
- + Potential increased access to social security entitlements
- + Key achievements: Operational readiness, IT system build, and product design, including adviser validation
- + Launch H2 FY22, subject to regulatory approval

³ Refer to page 20



Investment in Lonsec Holdings

Company Overview

One of Australia's largest qualitative research firms whose research ratings are used worldwide

Lonsec Research

Lonsec Investment Solutions

iRate 



Increased investment in Lonsec from 37% to 41% through a selective buy-back in July 2021

FY21 Revenue: **\$32.4 million***
Up 9% YOY
FY21 EBITDA: **\$8.9 million***
Up 14% YOY


3-year strategic growth plan to drive sustainable value for shareholders, clients and employees

Lonsec Investment Solutions
\$2b FUM as at 30 June 2021
197% growth on pcip

iRate
Over 4,600 active advisers

Research & Ratings
Over 1,300 products rated

* Underlying excluding one off items including but not limited to government grants, impairments, tax credit for R&D



Generation Development Group outlook

Record **sales momentum and FUM growth**

New market opportunities - Launch of investment-linked lifetime annuity for the Australian retirement market anticipated in the second half of FY22

Continuing to innovate our investment bond and enhance our investment menu

Ongoing support of Lonsec Holdings as it progresses 3-year growth strategy

Questions



Financial Reports

Resolution 1

Remuneration Report

For	Against	Proxy's Discretion	Abstain/Excluded
57,470,751	167,214	4,498,727	36,036,444
92.49%	0.27%	7.24%	

Resolution 2

Election of Giselle Collins as a Director

For	Against	Proxy's Discretion	Abstain/Excluded
93,665,906	7,108	4,497,544	2,578
95.41%	0.01%	4.58%	

Resolution 3

Approval of 10% Placement Facility



For	Against	Proxy's Discretion	Abstain/Excluded
90,139,355	3,519,237	4,497,544	17,000
91.83%	3.59%	4.58%	



Outthinking today.

Thank you

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1. The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ('Zenith') rating (assigned October 2021) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines> www.zenithpartners.com.au/regulatory-guidelines-funds-research.

The rating issued for Generation Life LifeBuilder, April 2021, is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2021 Lonsec. All rights reserved.

2. Active Financial Adviser: Active Financial Adviser number defined as financial advisers who have written business in the last 12 month period that remain active at the reporting period close date.
3. Over backdated 10-year period (based on average return) on Funds launched in Tax Optimised series with no change to investment risk when you optimise for tax. The information provided is general in nature and does not consider the investment objectives, financial situation or needs of any individual and is not intended to constitute personal financial advice. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.



Appendices



Why Generation Development Group?

* 3-year CAGR from June 2018 on a full year basis



Number one inflows for three years running

21%* sales growth, 26%* FUM growth



Strong and sustained NPAT growth

39%* underlying NPAT growth in the investment bond business



Resilient business model with 'sticky FUM' even through market downturns

15.7 years average duration



Track record of product innovation

Launched Tax Aware Series and Generation Life Tax Effective Equity Income Fund, and now developing new investment-linked lifetime annuity product



Licensed PDF delivering tax-free capital gains on shares and tax-exempt dividends



Capital light business model



Positive sales outlook

25%* growth in Active Financial Advisers

² Refer to page 20 for the definition of Active Financial Adviser and recent changes to reporting



Utilise our life insurance licence to pursue future growth opportunities in financial services

Launch of investment-linked lifetime annuity for the Australian retirement market anticipated in the second half of FY22, subject to regulatory approval



Key features of investment bonds



Max tax rate of 30%



No distributions and access to funds at anytime



Tax paid after 10 years – tax advantages pre 10 years



125% advantage



Portability
Tax free transfers



No personal CGT on switching



No tax file number required



Creditor protection



Can be structured as a non-estate asset

5 core uses of investment bonds



Alternative or complementary to superannuation

The most tax-effective investment solution after super



Estate planning

Be in control of transferring wealth



Trusts

Reducing distributable income within trusts



Saving for a child

Meeting the rising costs of future generations



Government entitlement

Improving pension entitlements



Reconciliation of statutory profit to underlying earnings

Generation Development Group



	FY21	FY20	Change	Change %
Underlying net profit after tax (A\$'000) – Life/Administration business	4,050	2,816	1,234	44
Income from associates (A\$'000)	580	-	580	nm
Product development costs (net of tax) (A\$'000)	(1,262)	-	(1,262)	nm
Underlying profit after tax (A\$'000)	3,368	2,816	552	20
Other items (net of applicable tax):				
Ascalon (net) operating costs (A\$'000)*	(929)	(2,349)	1,420	60
Deferred tax on carry-forward losses recognised / (reversed) (A\$'000)	578	(1,572)	2,150	nm
Transaction costs (A\$'000)	(484)	(456)	(28)	(6)
Termination benefits (A\$'000)	-	(76)	76	nm
Statutory profit after tax (A\$'000)	2,533	(1,637)	4,170	nm

* Gain on acquisition of Ascalon of A\$5.1m in FY19



FUM Growth

Generation Development Group

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	FY21	FY20	Change	Change %
Opening FUM (A\$'000)	1,295	1,073	222	21
Sales inflow (A\$'000)	404	332	72	22
Investment performance (A\$'000)	184	(31)	215	nm
Exits (A\$'000)	(91)	(79)	(12)	(15)
Closing FUM (A\$'000)	1,792	1,295	497	38