

ASX Announcement

19 January 2021

Funds under management (FUM) as at 31 December 2020 and update on the Generation Life Investment Linked Lifetime Annuity (Generation Life Lifetime Annuity)

1. Investment Bonds December Quarter FY21 Highlights

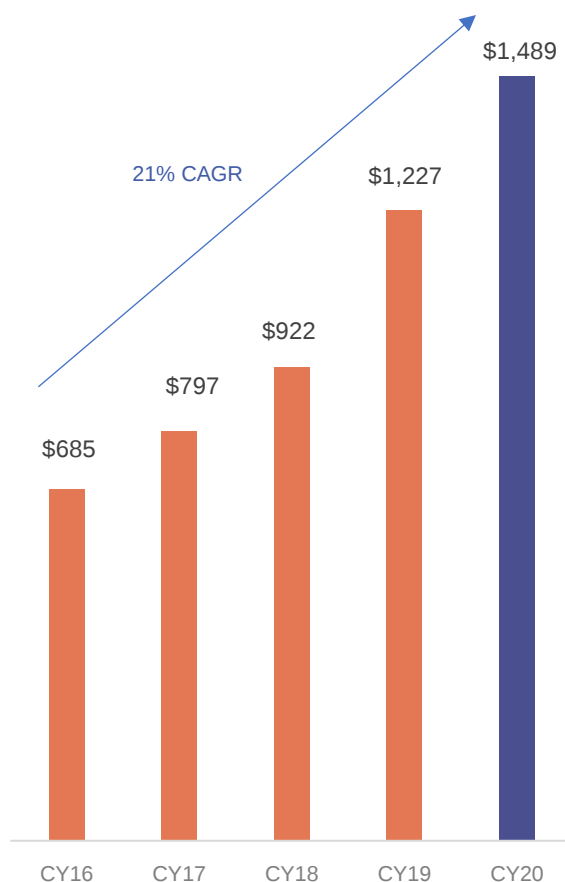
- Sales inflows of \$84m including strong sales in November and December more than offsetting weaker October due to uncertainty heading into the US elections in November
- Net inflows of \$59m with continued low redemption rates
- FUM growth of \$261m for the quarter supported by significant investment growth
- FUM of \$1,489m is 21% higher than PCP
- Generation Development Group (GDG) continues to capture the largest market share of inflows into Investment Bonds with a 40% market share of quarterly inflows¹

Movements for the Quarter

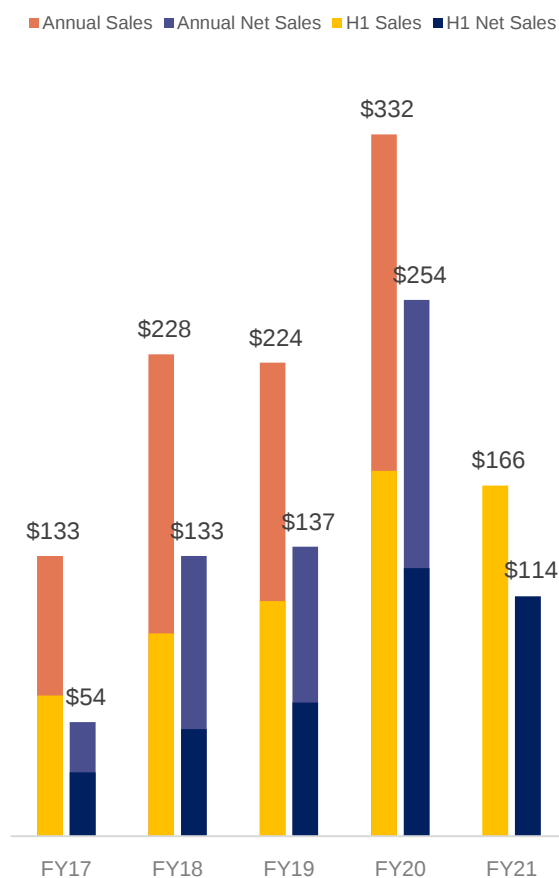
	Quarter ended December 2020 (\$m)	Quarter ended December 2019 (\$m)	Change (\$m)	Change (%)
Opening	1,363.2	1,156.7	206.50	18
Sales Inflows	84.4	84.6	(0.20)	(0)
Investment Growth	67.2	11.3	55.90	495
Withdrawals & Maturities	(25.9)	(25.2)	(0.70)	(3)
Closing	1,488.9	1,227.4	261.50	21

¹ Plan for Life, Investment Bonds Market Report for period ended 30 September 2020.

Closing FUM in \$m (December)



Annual Sales & Net Inflows in \$m



Comments from CEO of Generation Life, Grant Hackett

“The Generation Life team have produced an outstanding result with record inflows, applications and FUM growth, finishing the calendar year on a record high. In the second quarter of FY21, we matched our third largest quarter in the company’s 17 year history and brought two new products to market. The first being our Tax Aware Investment Series, which increases after-tax performance to some of our investment options by up to 290 basis points per annum, along with the wholesale market launch of our Tax Effective Equity Income Fund in partnership with Franklin Templeton. The Equity Income Fund will pay tax effective quarterly distributions to investors from the commencement of their investment, for the life of the investment.

Both initiatives are the first of their kind in the investment bond market and demonstrate Generation Life’s innovative approach towards helping financial advisers provide alternative solutions for their clients. With improved market conditions, strong inflows (four of the first six months of the financial year have been record months) and a 54% increase in investment bond applications on the first half of FY20, we feel extremely confident that we will continue with this momentum heading into 2021.”

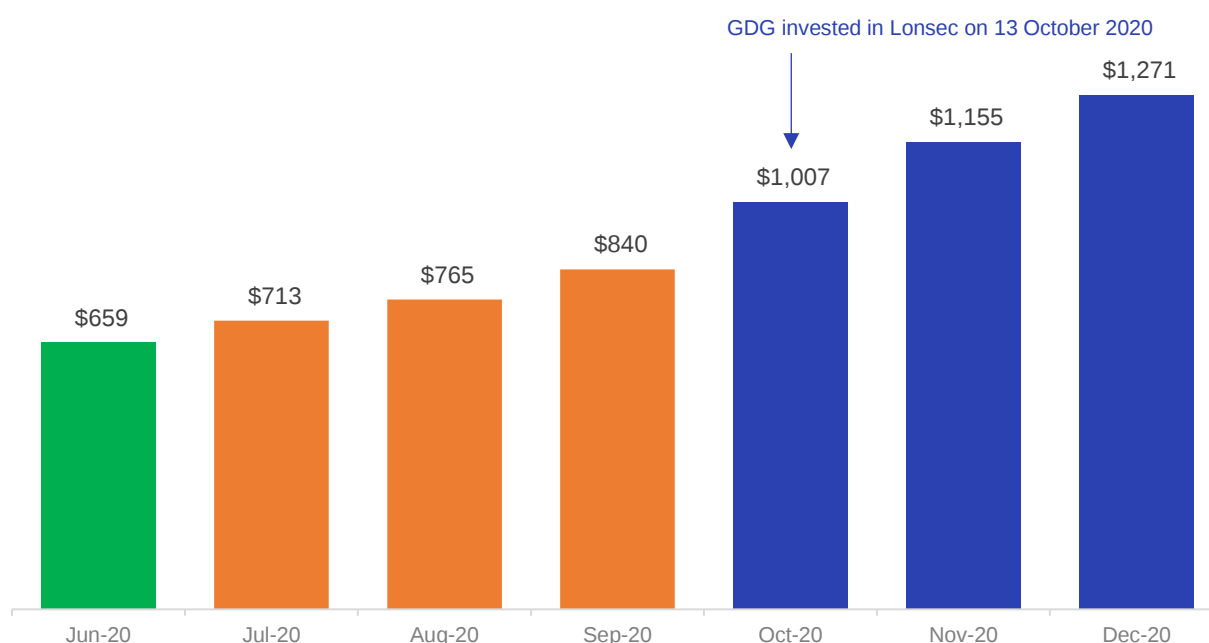
2. Lonsec - Listed Investment Solutions (Division) December Quarter FY21 Highlights

GDG completed its 37% investment in Lonsec Holdings Pty Ltd (Lonsec) on 13 October 2020.

In addition to being one of Australia's largest qualitative research firms whose research ratings are used by many fund managers, superannuation funds and dealer groups, Lonsec has a Listed Investment Solutions (LIS) Division. This division is a fast-growing emerging player catering to the burgeoning dealer group/independent financial advisers need for diversified managed portfolios and separately managed accounts (SMA). GDG will be reporting the FUM for this division going forward as the expected growth in LIS was a key investment driver.

- 51% increase in FUM in the December Quarter with FUM increasing \$431m to \$1,271m
- FUM increase has been significantly higher than forecast and further enhances our exposure to the fast growing SMA sector

Closing FUM in \$m



3. Generation Life Lifetime Annuity Update

Licencing Agreement with Optimum Pensions Pty Ltd (Optimum)

GDG is pleased to announce that our subsidiary, Generation Life Limited (Generation Life) has entered into a Licence Agreement with Optimum to manufacture, administer, market and distribute an investment-linked pension or annuity. The Generation Life Lifetime Annuity is expected to offer a better return on a retiree's investment than conventional lifetime pensions and annuities. It will provide income for life that moves in line with the retiree's chosen investment options.

Key terms of the agreement are as follows:

- 5 year exclusivity which may be extended for an additional 5 year period subject to meeting sales and marketing related performance hurdles; and
- Optimum will provide actuarial assistance and advice as well as the use of calculators that will help provide retirement solutions for advisers and their clients.

Further details will be provided as part of GDG's half year financial update in February. The launch of the Generation Life Lifetime Annuity is subject to Generation Life achieving a number of key milestones, including regulatory approval.

The creation of the Generation Life Lifetime Annuity follows the recent government Retirement Income Review which outlined the complexity of Australia's retirement system and the need of retirees for guidance to make the most of their retirement savings. Grant Hackett OAM, CEO of Generation Life said "Generation Life has a proven track record of working with financial advisers in delivering its tax effective investment products providing investors with increased returns and better tax outcomes. We are delighted to now partner with Optimum Pensions. Together, we will deliver an innovative lifetime annuity that will help Australians live a more stress-free retirement - knowing that they won't run out of money. Generation Life's new solution will provide the confidence this generation needs to enjoy retirement and not have to worry about paying the bills."

Annuity Market Opportunity

At 30 June 2020, the post retirement income market represents \$566b of assets and with an ageing population, is predicted to grow rapidly over the next decade to almost \$1.2 trillion. The post retirement market is primarily comprised of allocated pension products but a proportion is made up of Lifetime and Term certain annuities. These products either guarantee predetermined payments for life or for defined periods, and as such, are attractive in helping to manage longevity risk and concerns around uncertainty of income.

Annuities are also attractive to retirees in that some are exempt from certain asset and income testing and accordingly helps them gain access to a range of attractive government entitlements such as:

- the Age Pension; and
- access multiple concessions through the Commonwealth Seniors Health Card.

Generation Life's Lifetime Annuity is a first of its kind solution in that it provides income for life but is also investment linked and as such offers a higher potential return than the current suite of annuities on offer. We believe that over time we can take a meaningful share of the traditional annuity market which we also expect to grow at a more rapid rate than the non-annuity post retirement income market.

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