generation development group

Generation Development Group

HY22 Results Pack

Presenters:

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Chief Executive Officer and Managing Director of Generation Life

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Chief Financial Officer of Generation Development Group

Outthinking today.

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.

Why Generation Development Group?

Number one inflows for three years running

46% sales growth, 32%* FUM growth

Strong and sustained NPAT growth

59%* 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

Continuing to roll out Tax Aware Series, Generation Life Tax Effective Equity Income Fund, and finalising 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

21%* growth in Active Financial Advisers

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

* 3-year CAGR from December 2018 on a halfl year basis

HY22 financial result summary

Generation Development Group

	HY22	HY21	Change	Change %
Revenue* (A$'000)	17,504	12,262	5,242	43
Expenses* (A$'000)	(14,164)	(10,138)	(4,026)	(40)
Underlying NPAT (A$'000) – Life/Admin business	**3,340**	**2,124**	**1,216**	**57**
Income from associates (A$'000)	952	337	615	182
Product development costs (net of tax) (A$'000)	(1,426)	(230)	(1,196)	(520)
Underlying profit after tax (A$'000)	**2,866**	**2,231**	**635**	**28**
DPS (A$)	0.01	0.01	-	-
FUM (A$'bn)	**2.1**	**1.5**	**0.6**	**44**
Cash and cash equivalent** (A$'000)	18,536	30,062	(11,526)	(38)

* Underlying excluding Benefit Funds, Ascalon and non-recurring, including income tax benefit
** Includes term deposits, excluding cash attributable to Benefit Funds

HY22 highlights and key performance measures

Generation Life

Life Business FUM
$2,142 m

Up 44%

Life Product Sales
$344 m

Up 107%

Market share
45.2%* (rolling 12-month avg)

30 September 2021

APLs
544

Up 20%

Product ratings**
Highly Recommended Zenith

Highly Recommended Lonsec

Active Financial Advisers
1,601

Up 21%

New Bond Numbers
10,774

Up 64%

Savings Plan inflows
$30 m

Up 23%

58 investment options
Up 16%

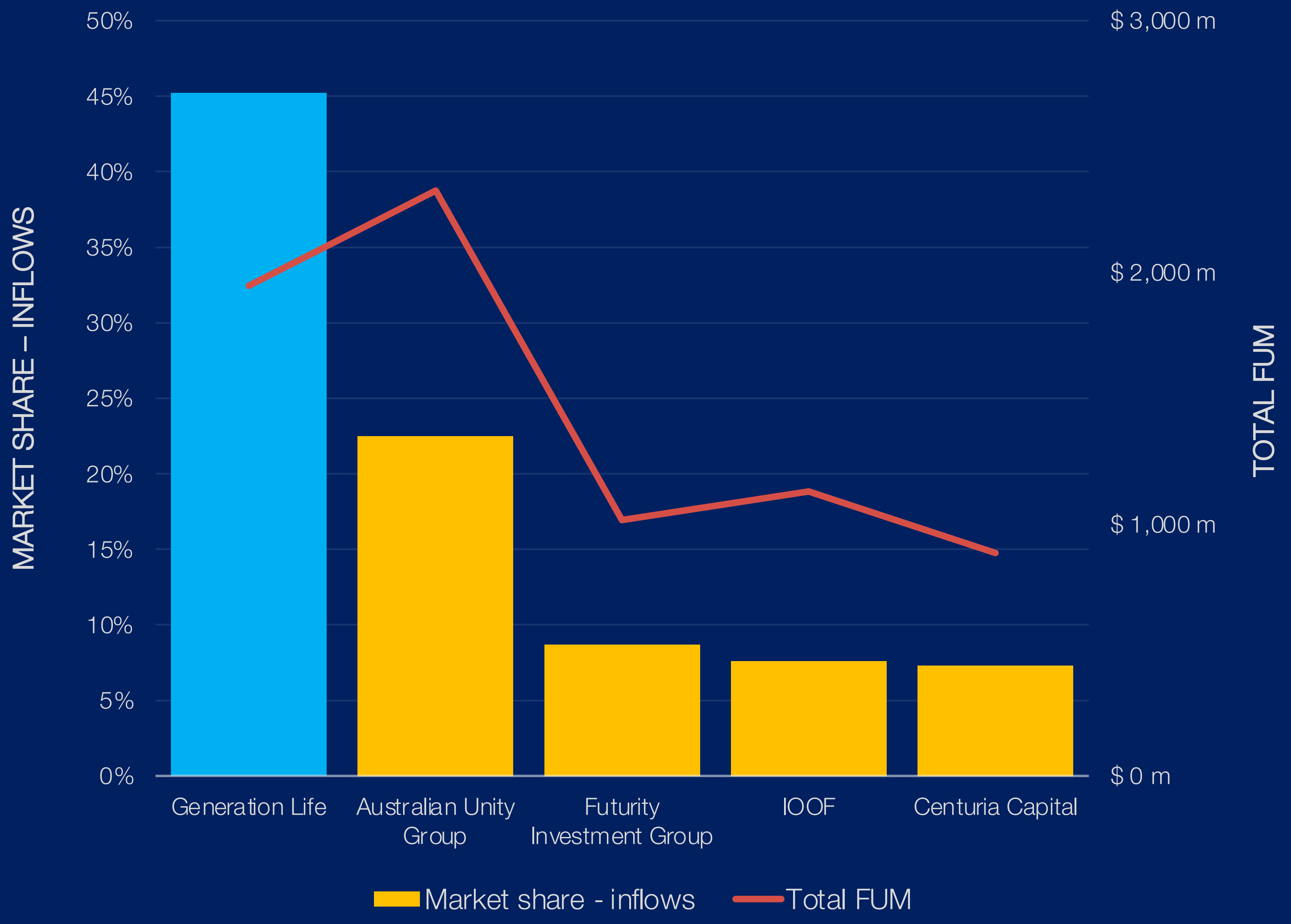
Average investment term
15.7 years

* Plan for Life Actuaries & Researchers, Investment Bonds Report for the period ending 30 September 2021

**Refer to page 20 for further information about ratings for Generation Life Investment Bonds (ChildBuilder and LifeBuilder).

No. 1 in inflows

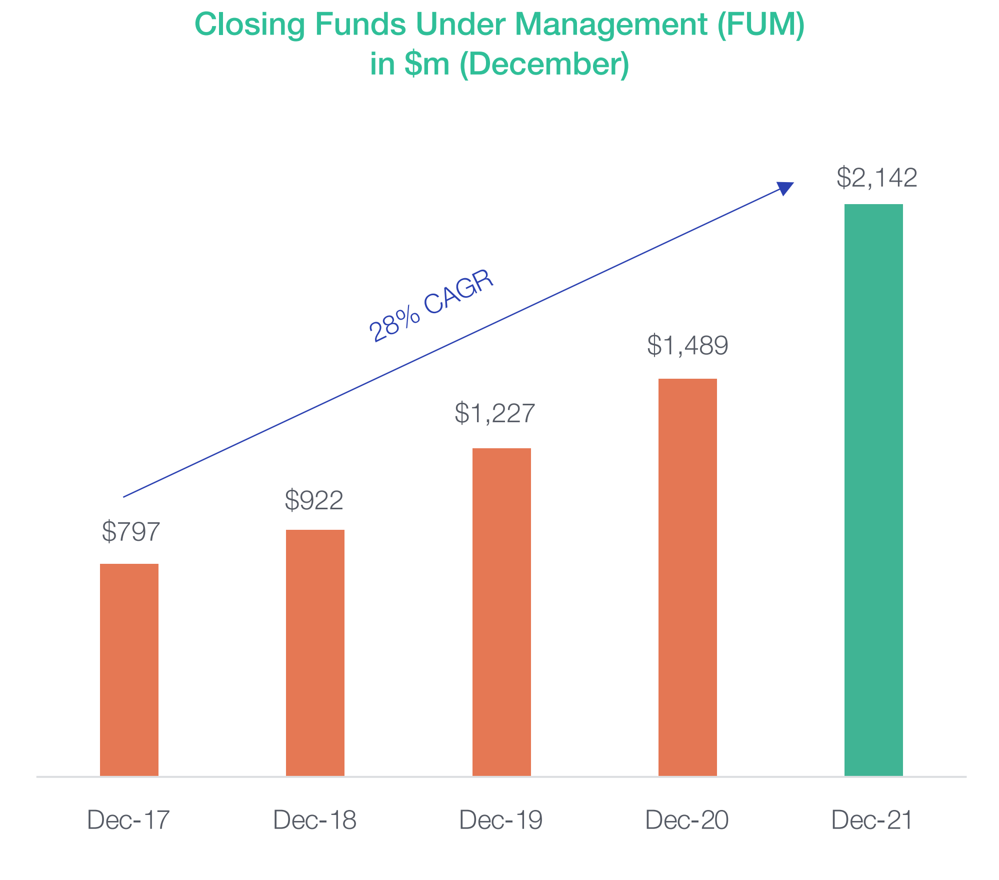
Generation Life
2^{nd} in total FUM

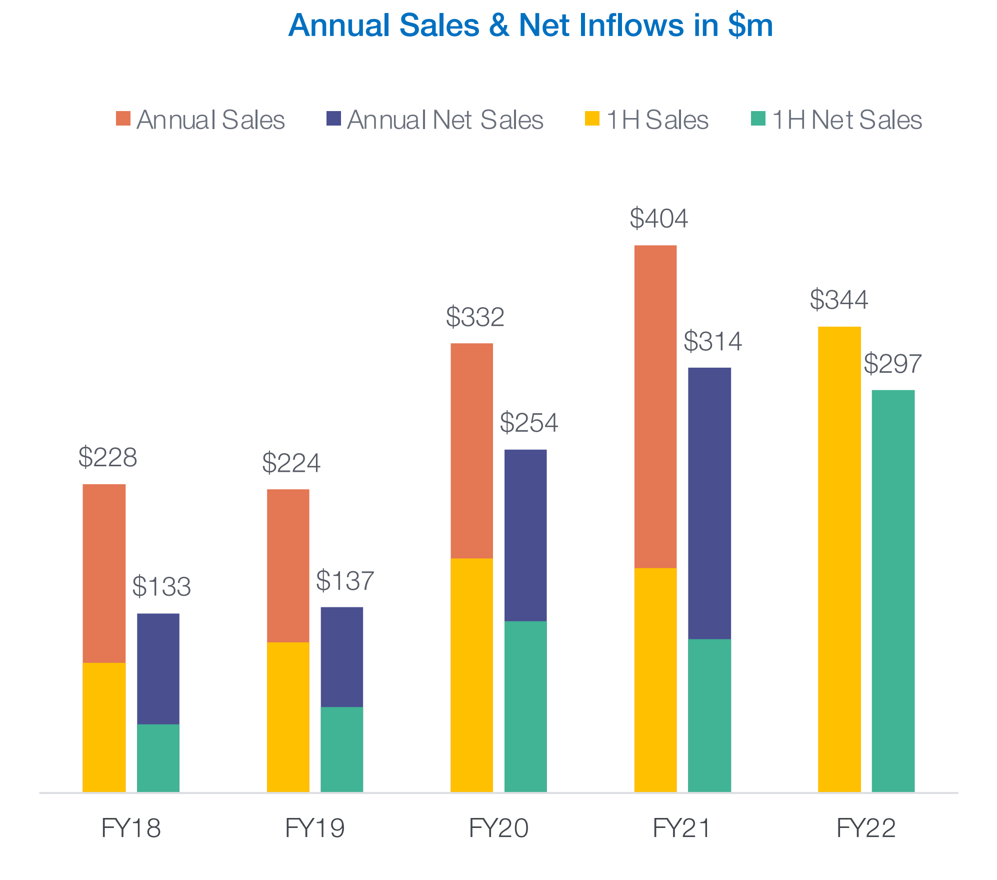


For the 12-month period ended 30 September 2021.
Source: Plan for Life Actuaries & Researchers, Investment Bonds Report

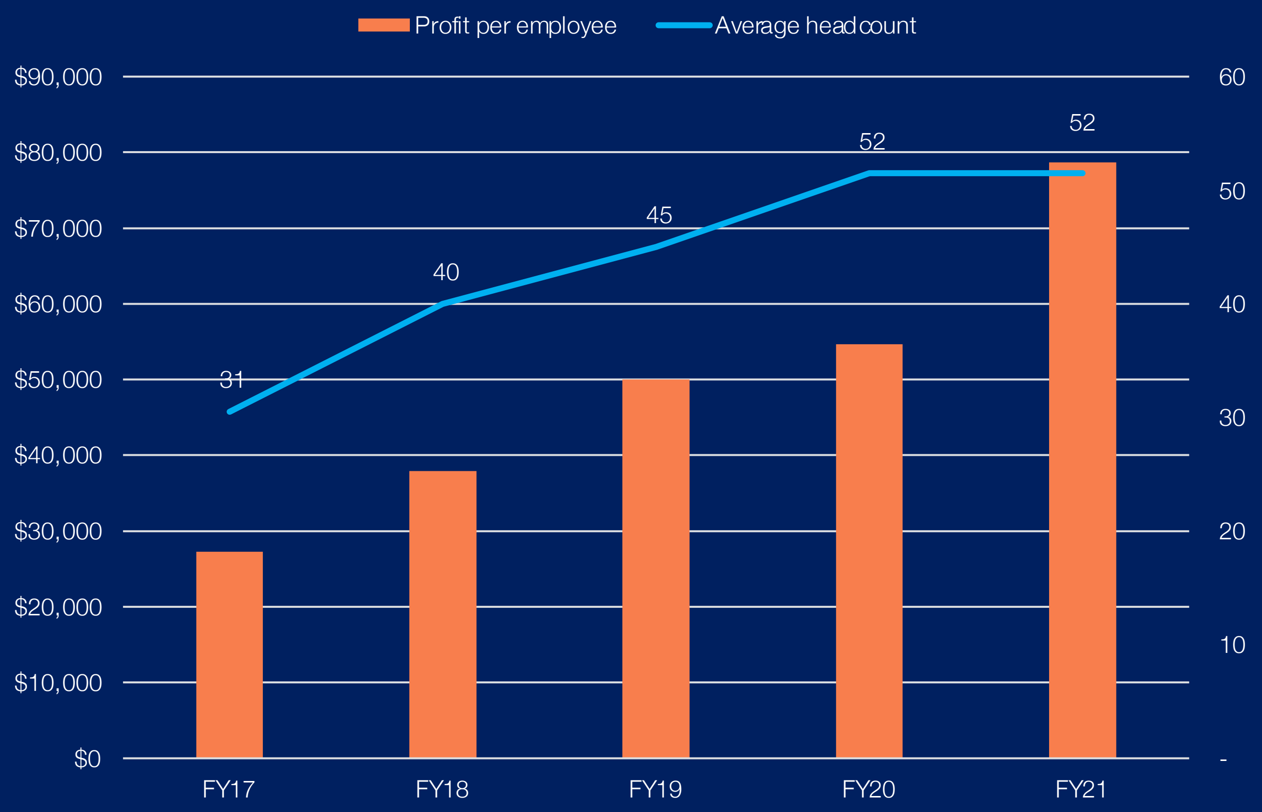
Increasing FUM growth

Generation Life





Profit per Employee



Note: Excludes employees working on annuity product development

Investment in Lonsec

Company overview

41% stake in Lonsec

1H FY22 Revenue
$20.1m* (**Up 24%** on PCP)

1H FY22 EBITDA
$6.1m* (**Up 22%** on PCP)

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

Post the Royal Commission, **Lonsec is well positioned** to independently assess portfolio constructions and other ancillary investment solutions

* Unaudited revenue and underlying EBITDA

Lonsec

2011 2012 2013 2014 2016 2017 2018 2019 2020

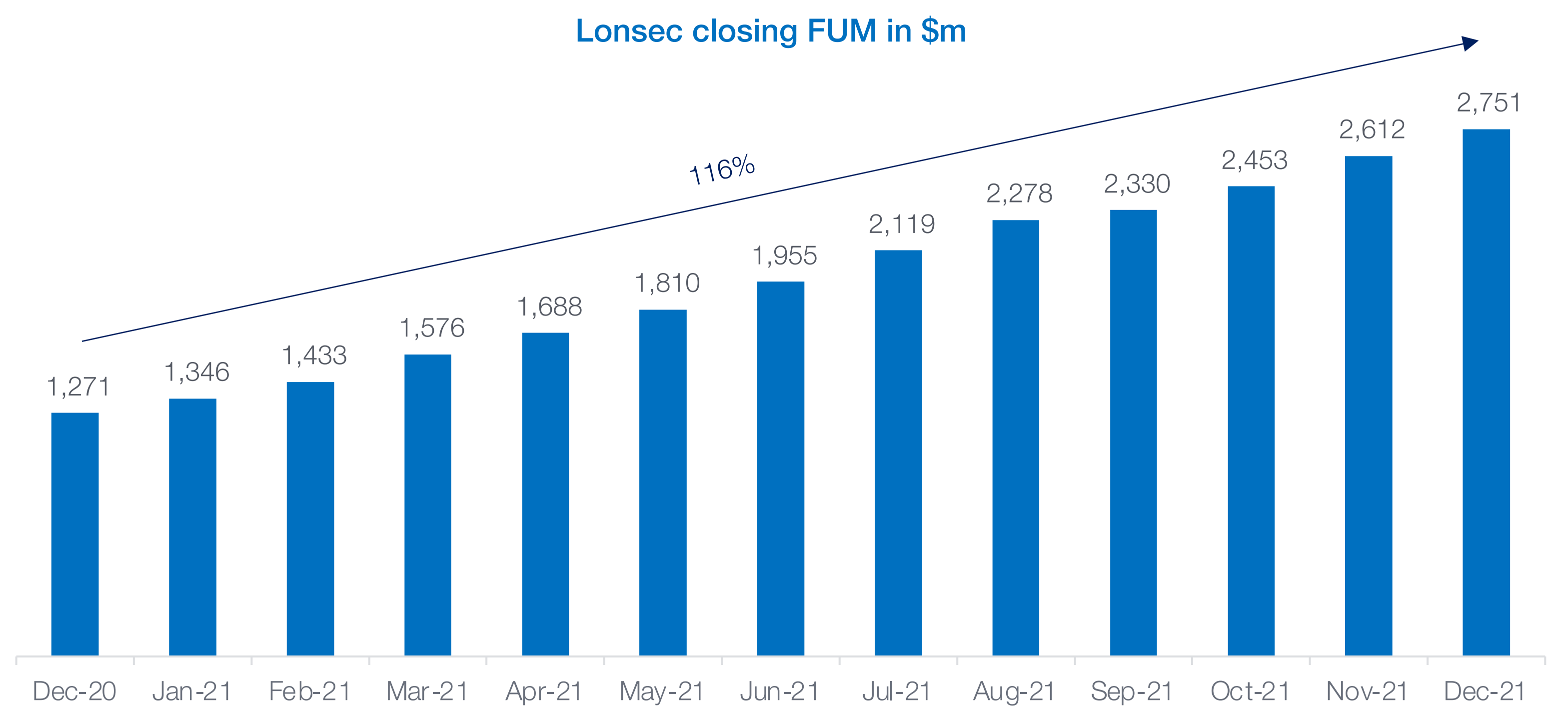
Lonsec Research: Money Management Magazine research house of the year

Lonsec Research | Lonsec Investment Solutions | SUPER RATINGS | iRate

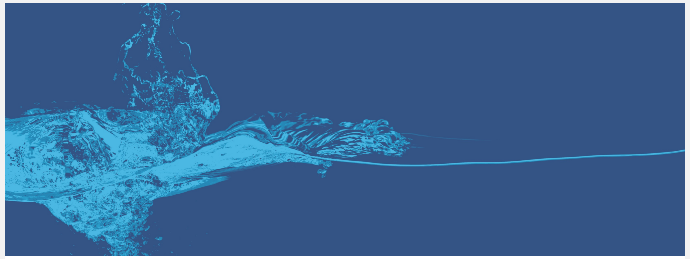
Lonsec Holdings

Lonsec Investment Solutions FUM Growth

Lonsec Investment Solutions is a fast-growing emerging player catering for diversified managed account portfolios and separately managed accounts



Delivering growth and innovation



Generation Life Tax Effective Equity Income Fund

- Standalone product offering (three classes)
- Portfolio performance since inception of 13.1% per annum after tax and fees compared to the gross return of the underlying strategy of 16.1% per annum (before tax) as at 31 December 2021
- 94% increase in after-tax dividend yield vs ASX200 yield (benchmark) for 1H FY22

Investment bonds and Tax Optimised funds

- Expected long term average tax rate of 12%-17% for Tax Optimised strategies
- Average of 70bps after tax alpha on growth Tax Optimised options in year 1
- 95% increase YOY of inflows to 31 December 2021
- Tax Optimised accounts for 60% of new business as at 31 December 2021
- Expanding Tax Optimised range, model portfolios and Responsible Investment integration

Investment-linked lifetime annuity

- Income guaranteed for life
- Investment-linked, offering investment choice
- Potential access to some or more social security entitlements
- Launch 2H FY22, subject to regulatory approval

Generation Development Group outlook

Record **sales momentum, FUM growth and continuous innovation**

Expanding into growing markets - Launch of investment-linked lifetime annuity for the Australian retirement market, subject to regulatory approval

Continuing to innovate our investment bond offering and enhancing our investment menu

Focusing on execution - Lonsec 3-year accelerated growth plan

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Appendices

Generation Life

Flagship products highly recommended for over a decade

58 investment options across all asset classes

+ 2 x Cash and term deposits
+ 5 x Australian fixed interest
+ 4 x International fixed interest
+ 10 x Australian shares
+ 7 x Responsible investing
+ 10 x International shares
+ 4 x Property
+ 14 x Diversified
+ 2 x Alternatives

The only provider in the market to hold a 'Highly Recommended' rating with both Lonsec and Zenith Investment Partners*

*Refer to page 20 for further information about ratings for Generation Life Investment Bonds (ChildBuilder and LifeBuilder).

Zenith HIGHLY RECOMMENDED

Highly Recommended Lonsec Research

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

Generation Life investment-linked lifetime annuity

Capital light model

Pays income for life

Investment-linked
Level of income paid is based on the underlying performance of investments chosen

Potential to deliver higher investor returns

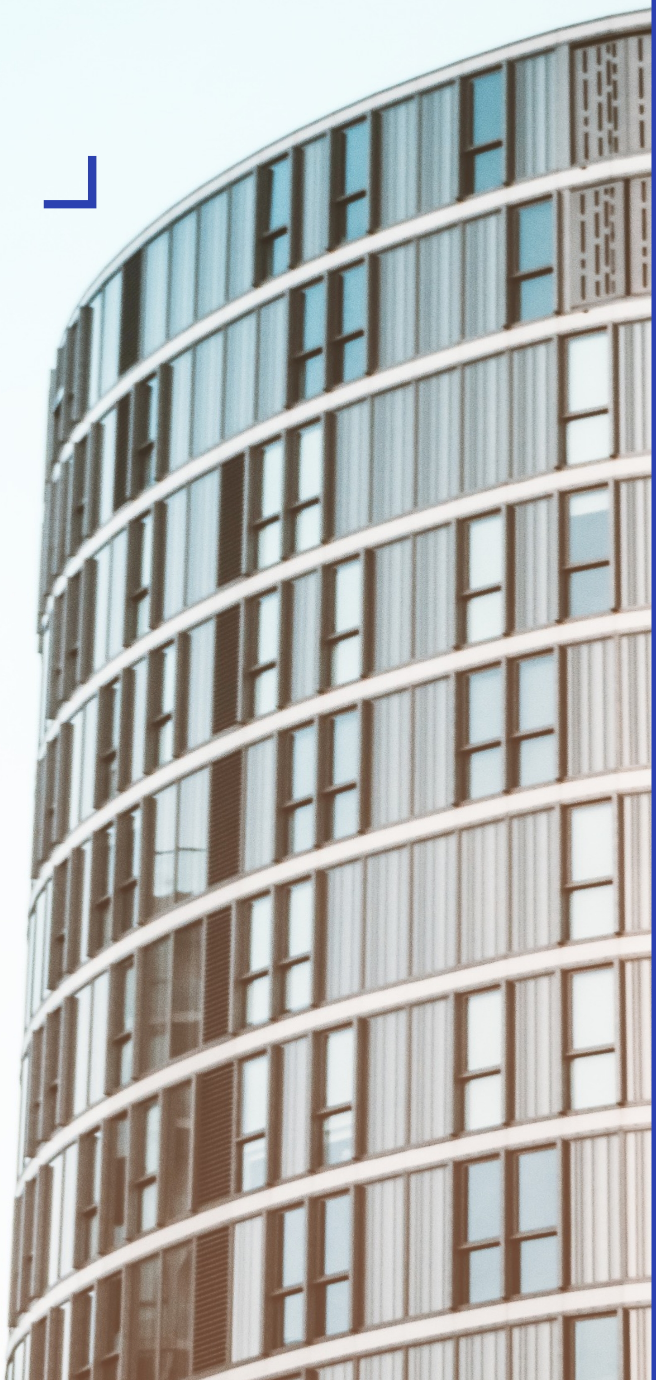
Death Benefit

Potential access to more Age Pension benefits

Very positive adviser feedback
Compelling proposition to deliver more income to their clients for longer

Awaiting final APRA product approval

Longevity risk lies with reinsurer



Reconciliation of statutory profit to underlying earnings

Generation Development Group

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Income from associates (A$'000)	952	337	615	182
Product development costs (net of tax) (A$'000)	(1,426)	(230)	(1,196)	(520)
Underlying profit after tax (A$'000)	**2,866**	**2,231**	**635**	**28**
Other items (net of applicable tax):				
Gain on sale of Ascalon Capital Ltd (Asia) (A$'000)	50	-	50	nm
Ascalon (net) operating costs inclusive of foreign exchange gain (A$'000)	56	(640)	696	nm
Deferred tax on carry-forward losses (A$'000)	(890)	(553)	(337)	(61)
Transaction and completion costs (A$'000)	(362)	(484)	122	25
Statutory profit after tax (A$'000)	**1,720**	**554**	**1,166**	**210**

FUM Growth

Generation Development Group

	HY22	HY21	Change	Change %
Opening FUM (A$'000)	1,792	1,295	497	38
Sales inflow (A$'000)	344	166	178	107
Investment performance (A$'000)	53	81	(28)	(35)
Exits (A$'000)	(47)	(53)	6	11
Closing FUM (A$'000)	2,142	1,489	653	44

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Outthinking today.

Thank you

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The Generation Life Product Disclosure Statements (PDS) and Target Market Determinations are available at www.genlife.com.au and should be considered in deciding whether to acquire, or continue to hold, the Generation Life products.

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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.

This Results Pack has been authorised by the Board.