



Generation Development Group

FY19 Results Pack

Presenters:

Grant Hackett
Chief Executive Officer

Terence Wong
Chief Financial Officer

Generation Development Group

A compelling shareholder value building model

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Generation Development Group (ASX:GDG) is a licenced Pooled Development Fund (PDF) owning a recurring revenue producing life/investment income with a market capitalisation of \$66m* and net cash of \$14m*.



Shareholders receive tax exempt dividends



Shareholders benefit by tax-free capital gains on shares and most PDF income is taxed favourably



A full life insurance licence allowing it to issue all style of life products



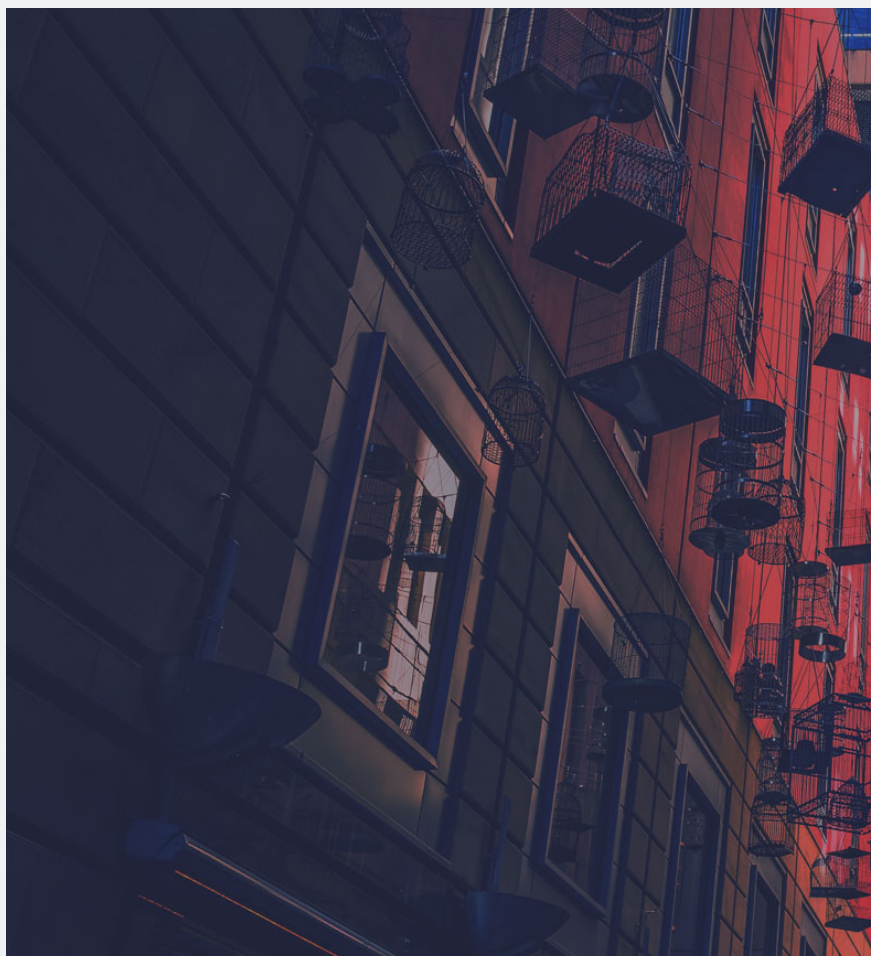
No debt & low capital business model

* As at 30 June 2019



FY-19 Financial Result Summary

Generation Development Group



	FY19	FY18	Change	Change %
Revenue* (A\$'000)	12,085	10,001	2,084	21
Expenses* (A\$'000)	(13,085)	(11,536)	(1,549)	13
Income Tax Benefit (A\$'000)	3,250	3,053	197	6
Underlying NPAT (A\$'000)	2,250	1,518	732	48
Underlying EPS (cps)	1.80	1.24	0.56	45
DPS (A\$)	0.02	0.02	-	-
FUM (A\$'000)	1,072,600	887,400	185,200	21
Cash and cash equivalent** (A\$'000)	13,701	12,292	1,409	11

* Underlying excluding Benefit Funds, Ascalon and non-recurring

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

FY-19

Generation Life | Highlights & Key Performance Measures

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Life Business FUM

\$1,073 m

Up 21%



Life Product Sales

\$224 m

Down 2%



Market share*

32% (rolling 12 month avg)

31 March 2019



APL's

357

Up 9%



Product rating

Highly Recommended Zenith

Highly Recommended Lonsec



Active Financial Advisers

928

Up 21%



New Bond Numbers

5,844

Up 61%



Saving Plans

\$23 m

Up 18%



49 investment options

Up 32%



Average investment term

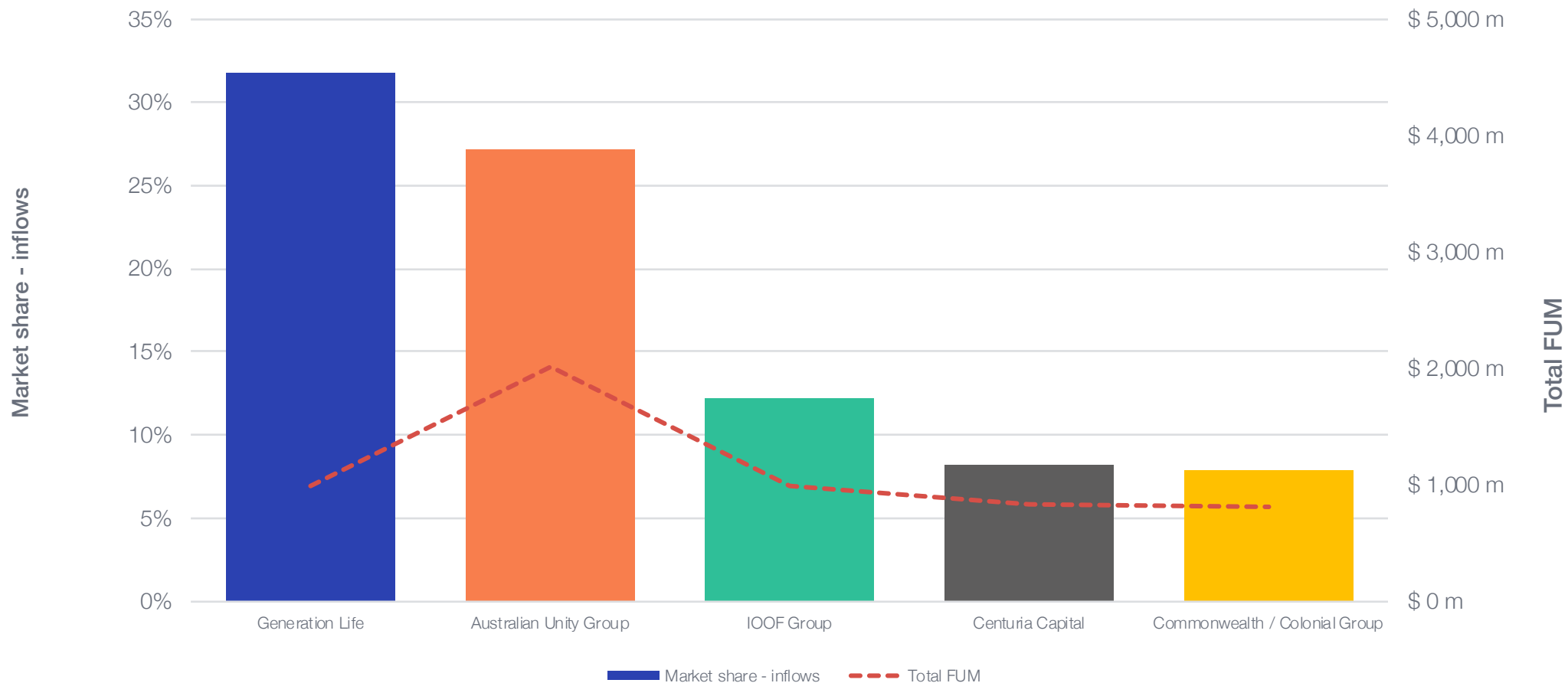
12.5 years

* Strategic Insight Actuaries & Researchers



No.1 in inflows

Generation Life - Rising from 5th to 2nd in total FUM



For the 12 month period ended 31 March 2019

ascalon
capital

Achievements to date

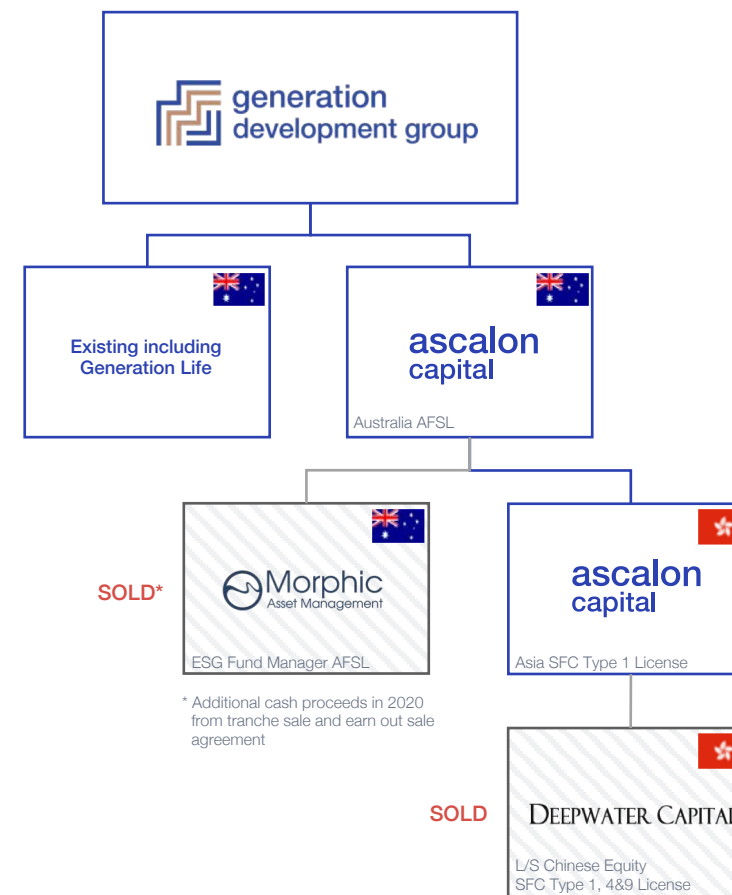
Ascalon Capital

Acquisition completed on 8th February 2019 on highly favourable investment terms

- + Risk free with no equity investment required from shareholders
- + Greater than \$5m profit which can be reinvested into the business
- + Initial acquisition delivered more than \$4m in cash and equivalent to GDG
- + Restructured Ascalon operating model from principal to fiduciary investor and sold Morphic and Deepwater

Fully funded option to establish niche Ascalon fund

- + Fund will provide seed and acceleration capital to emerging Asian hedge funds
- + Aiming to raise US\$300m – US\$500m through a high calibre team with a proven track record
- + Targeting non-correlated returns of 10% to 15% compared to traditional markets
- + In addition to investment returns, investors also get a share of revenue in the underlying funds
- + Attractive model for emerging hedge funds as they do not need to give up equity



High Calibre Team



Chuak Chan

Chief Investment Officer and Executive Chairman

- + Over 30 years asset management experience in traditional firms, hedge funds and as a principal investor in Asia Pac
- + Established Ascalon Capital Hong Kong, led principal investments since December 2012
- + Ex Segantii Capital Management (Aum \$3bn), Chief Operating Officer and Co-founder
- + Ex ING Investment Management Asia, Chief Risk Officer, Head of Wholesale Business Development
- + Ex Bankers Trust Funds Management, Sydney and Singapore



Myo Schollum

Chief Executive Officer, Business Development

- + Joined Ascalon Capital in February 2019
- + Head of Distribution, Ascalon Capital Managers
- + Ex Credit Suisse Head of Institutional Wealth Solutions, Private Bank Greater China Executive Committee
- + Ex Credit Suisse Head of Prime Brokerage Asia Pacific
- + Ex Bankers Trust Global Custody, Sydney and Edinburgh



Delia Burrage

Chief Operating Officer and Legal Counsel

- + Joined Ascalon Capital February 2013
- + Investment Committee voting member
- + Head of fund and business operations, compliance and legal
- + Ex Avoca Investment Management
- + Ex Specialised Capital Group, Westpac Institutional Bank
- + Ex King Wood Mallesons and Herbert Geer



Geoff Allan

Senior Investment Analyst and Risk Management

- + Joined Ascalon Capital in April 2019
- + Ex Credit Suisse Head of Europe and Asia Risk across prime brokerage, delta one, listed derivatives, structured derivatives and OTC clearing
- + Held various Risk Analytics and Technology focused positions in London and New Zealand for various Banking, Real Money and Clearing institutions

Outlook

Generation Development Group



Record start to FY20 with July 2019 sales the highest in history including largest bond sale on record, supported with a strong pipeline



New products including a range of tax effective funds



Focus on launching new Ascalon Fund – Q2 to Q3 in FY20



Focusing on investment opportunities that are complementary or that are well positioned for future growth in the financial services sector




Appendices




The case for bonds


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5 Core Uses

 The most tax effective investment solution after super

 Reducing distributable income within trusts

 Be in control of transferring wealth

 Meeting the rising costs of future generations

 Improving pension entitlements

Key Features

+

Max tax rate
of 30%

+

No distributions

+

Tax paid after
10 years

+

125% advantage

+

Tax free transfers

+

No CGT on
switching

+

No Tax File
Number required

+

Creditor
Protection

+

Non-estate asset*

*if there are nominated beneficiaries or a future event transfer



Generation Life

Highly recommended for over a decade



49 investment options across all asset classes

- + Cash and term deposits
- + Australian fixed interest
- + International fixed interest
- + Australian shares
- + International shares
- + Property
- + Balanced
- + Alternatives



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

Reconciliation of statutory profit to underlying earnings



	FY19	FY18	Change	Change %
Underlying net profit after tax (A\$'000)	2,250	1,518	732	48
Ascalon (net) operating costs	(1,150)	-	(1,150)	nm
Deferred tax on carry-forward losses (A\$'000)	891	1,517	(626)	(41)
Non-recurring items (net of applicable tax):				
Net gain on Ascalon investment	4,195	-		
Remediation costs	(68)	-		
Fixed assets impairment	(534)	-		
Unsuccessful product development costs	(298)	-		
Termination benefits (A\$'000)	-	(173)		
Share based payment (A\$'000)	-	(2,302)		
Rebranding expenses – Generation Life (A\$'000)	-	(172)		
Statutory profit after tax (A\$'000)	5,286	388		

FUM Growth

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	FY-19 \$'m	FY-18 \$'m	Change	Change %
Opening FUM	887	720	167	23
Sales inflow	224	228	-4	-2
Investment performance	48	35	13	37
Exits	-87	-96	9	9
Closing FUM	1,073	887	186	21

Product Innovation

Generation Life | Tax Effective Australian Share Fund



Effective tax rate

9% – 11%

Estimated tax rate paid p.a.*



Long only Australian equity exposure



Managed exclusively through Generation Life



Index plus with low tracking error



Access funds at anytime



Managed by Redpoint – over \$10b in FUM



Lower investment risk - due to reduced volatility



Increasing after tax performance by 240 basis points p.a.

*Based on back-tested strategy for the 20 year period to 30 June 2018.

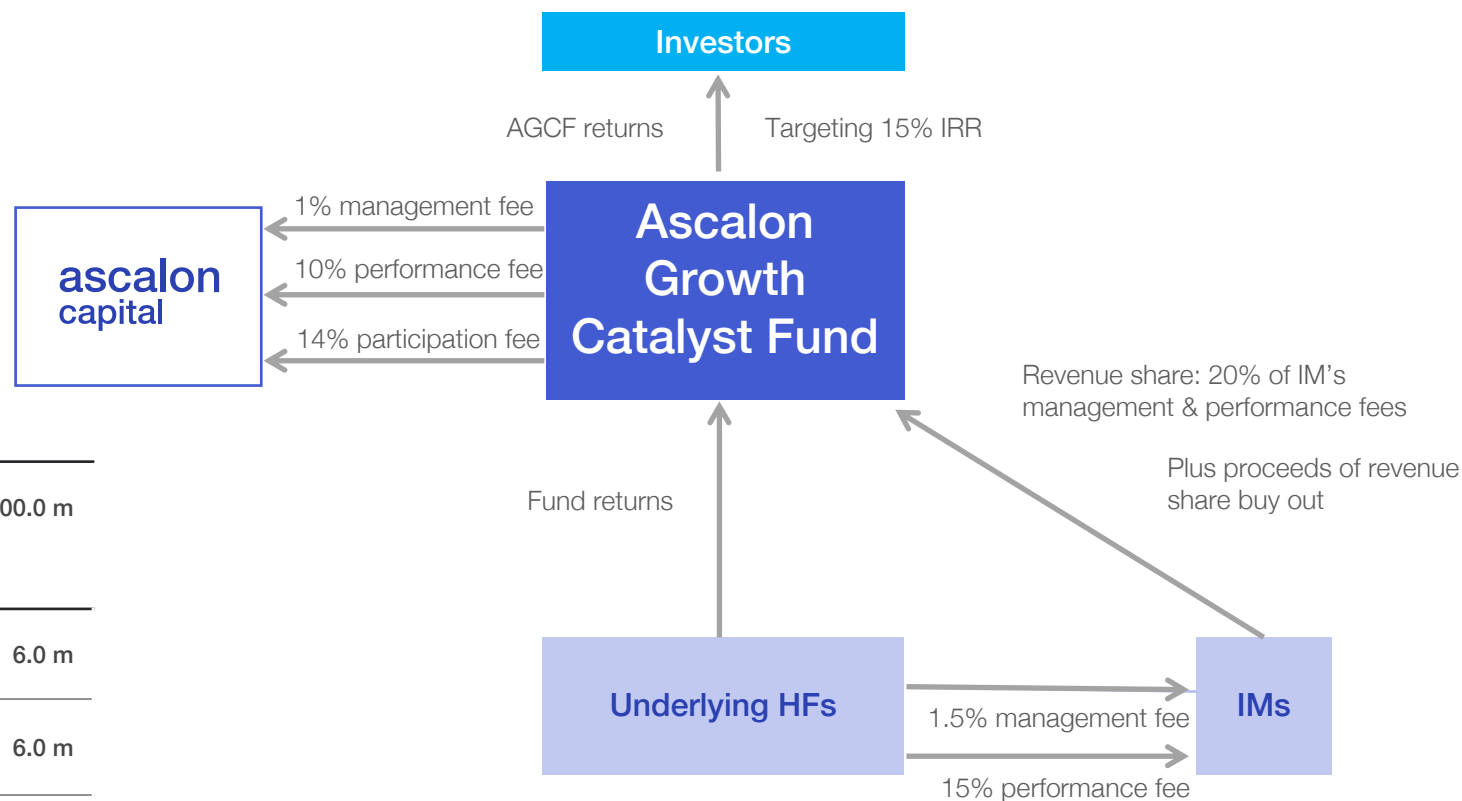


Ascalon Growth Catalyst Fund

Indicative returns and fees (USD)

- + Ascalon brings a high pedigree team with a strong track record to market
- + Ascalon Growth Catalyst Fund (AGCF) will provide structured access to Asia Pacific hedge funds through seeding and acceleration investments
- + AGCF will target 15% IRR per annum
- + Successful launch of AGCF will be transformative for GDG and will generate a significant income stream

AGCF FUM deployed scenarios	300.0 m	600.0 m
Fees to Ascalon on first year		
AGCF Management fee 1%	3.0 m	6.0 m
AGCF Performance fee 10% (assuming 10% net performance)	3.0 m	6.0 m
AGCF Participation fee 14%	0.4 m	0.8 m
Total AGCF fees to Ascalon	6.4 m	12.8 m



Thank you

Performance disclosure

Illustrative performance returns for the fund do not represent actual performance. The performance information presented in the above chart represents back-tested performance based on simulated data results from 1 July 1998 to 30 June 2018 using the Generation Life Tax Effective Australian Share Fund strategy and investment approach with annual rebalancing on the first of each financial year and the effect of fees, charges and investment bond taxes. Back-tested performance is hypothetical (it does not reflect actual trading) and is provided for informational purposes only to indicate historical performance had the fund been available over the relevant time period. There are limitations inherent in back-tested results, particularly that returns do not reflect actual trading and may not reflect the impact that material economic and market factors may have had on the fund manager's decision-making had the fund manager actually managed the fund. Back-tested performance also differs from actual performance because it is achieved through the retroactive application of portfolios (in this case, Redpoint's portfolio) designed with the benefit of hindsight. As a result, the portfolio theoretically may be changed from time to time and the effect on performance results and tax rates could be either favourable or unfavourable.

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