



Generation Development Group

2019 Annual General Meeting

Presenters:

Rob Coombe
Executive Chairman

Grant Hackett OAM
Chief Executive Officer

Terence Wong
Chief Financial Officer

Generation Development Group

A compelling shareholder value building model

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 \$90m* 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



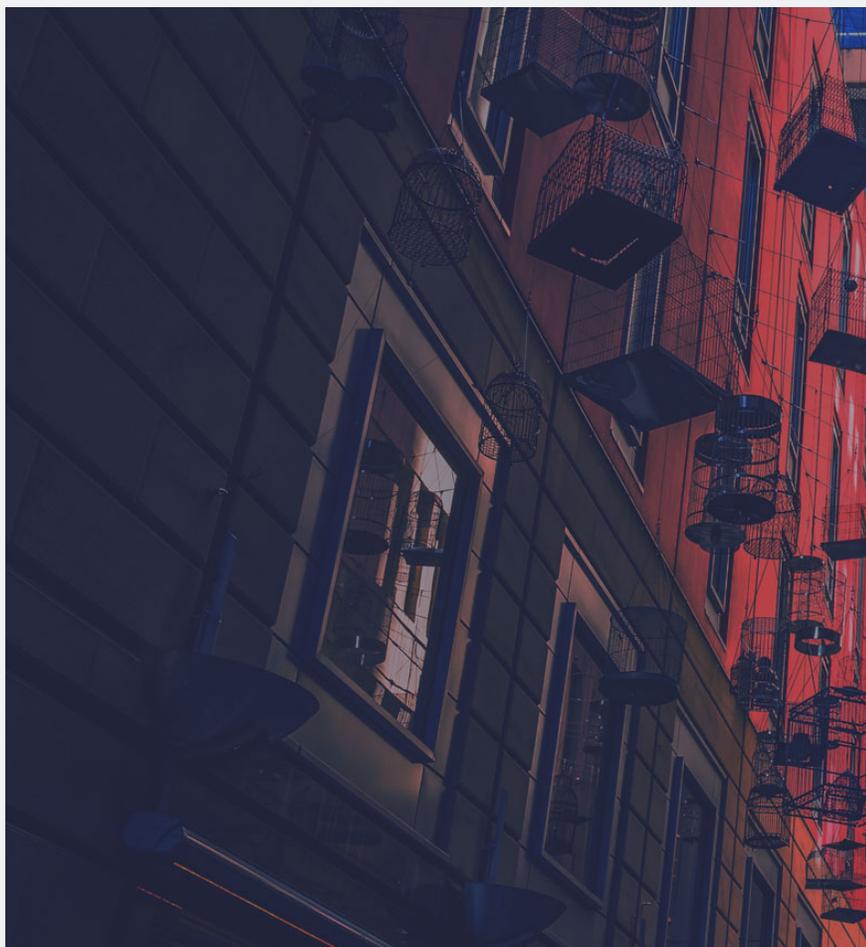
No debt & low capital business model

* Market capitalisation as at 11 November 2019 and cash balance 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



Life Business FUM

\$1,073 m

Up 21%



Life Product Sales

\$224 m

Down 2%



Market share*

32% (rolling 12 month avg)

30 June 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



FY-20 Q1

Generation Life | Highlights & Key Performance Measures



Life Business FUM

\$1,157 m

Up 24%



Life Product Sales

\$88 m

Up 69%



Active Financial Advisers

1,012

Up 29%



New Bond Numbers

1,926

Up 51%



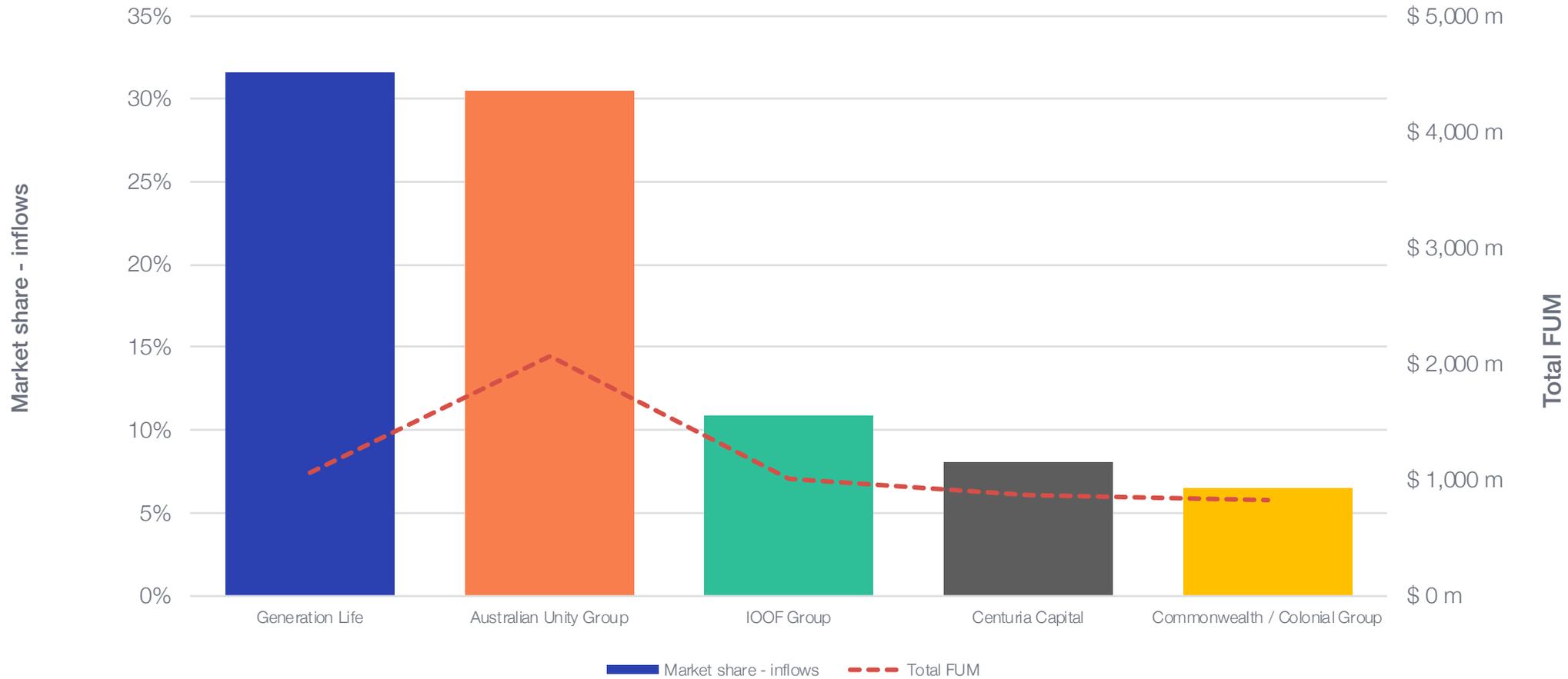
Saving Plans

\$7 m

Up 26%

No.1 in inflows

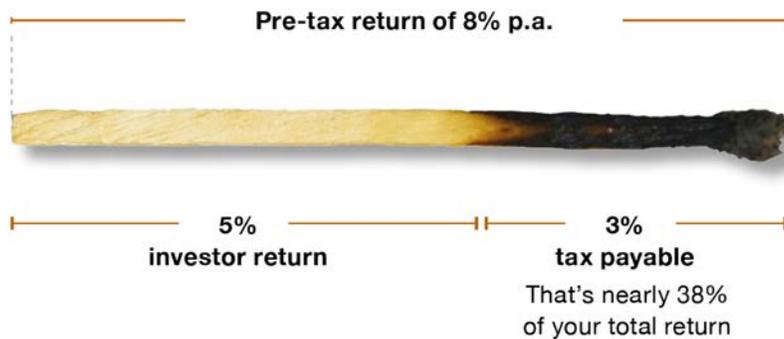
Generation Life - Rising from 5th to 2nd in total FUM



For the 12 month period ended 30 June 2019

Product innovation

Generation Life | Leading the way on after tax returns



Why haven't fund managers focused on this?

- + Remunerated on pre tax performance
- + Can't manage portfolio for multiple investor marginal tax rates
- + Additional layers of complexity and costs because not set up to manage

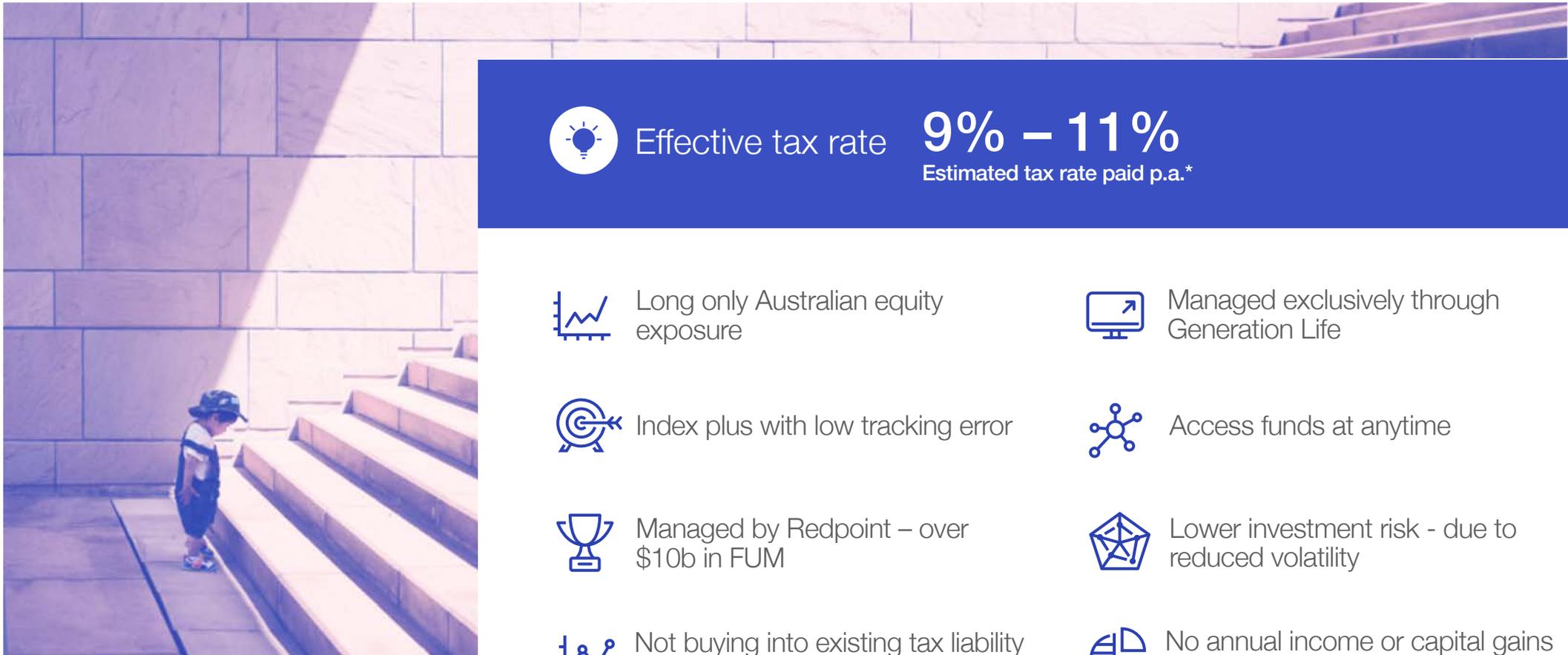
Problems with unit trusts

- + Buying into undistributed income and realised/unrealised gains positions – buying a future tax liability
- + Can force significant tax liability on investors at end of each financial year

Illustrative annualised return profile for a portfolio of Australian shares, invested over a 20-year period, with indicative tax paid on the assumption of a 47% marginal tax rate (including levies) and assumed reinvestment of dividends and/or distributions. This includes the effect of any imputation credits and realised gains discount rules applicable over the period but does not include the impact of fees. This does not represent any actual or forecast returns.

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



Not buying into existing tax liability – factored into unit price



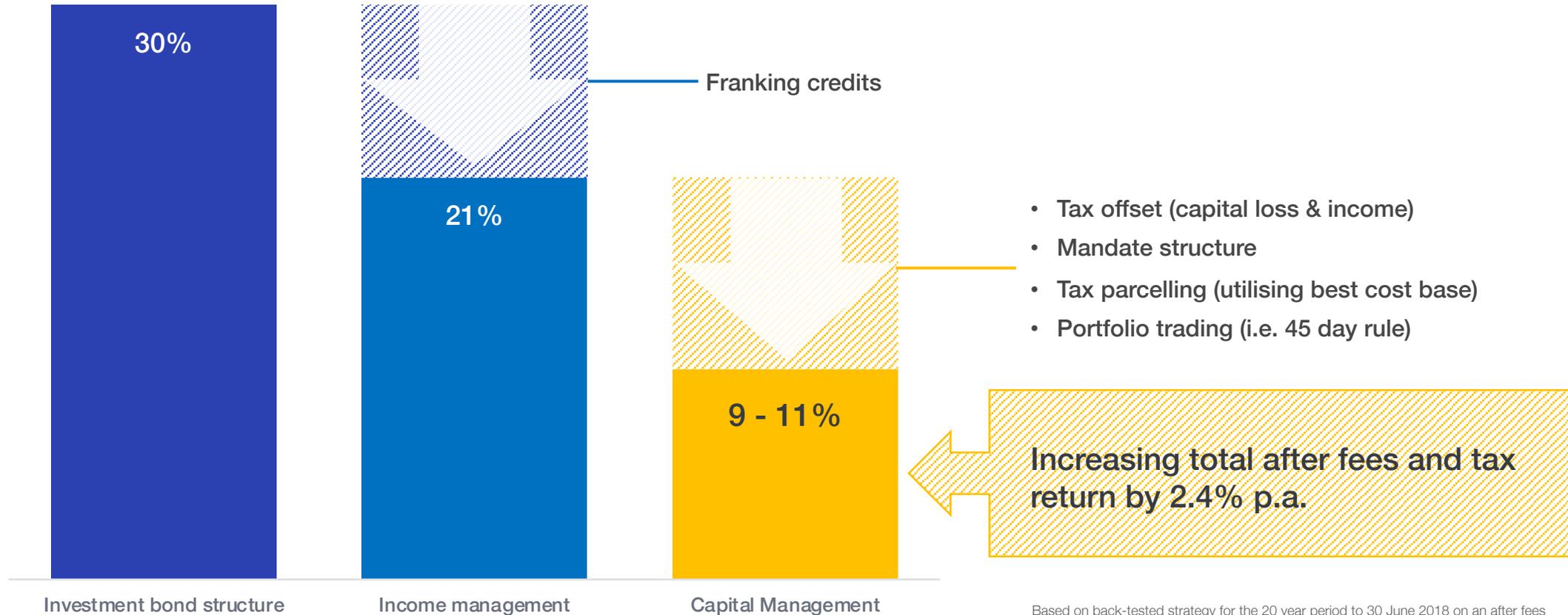
No annual income or capital gains distributions and tax events



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

Increasing your after tax returns

Net of fees



Based on back-tested strategy for the 20 year period to 30 June 2018 on an after fees basis and assumes index fund investment management cost of 0.29% p.a. and Generation Life Tax Effective Australian Share Fund investment management cost of 0.65% p.a.

ascalon capital

Achievements to date

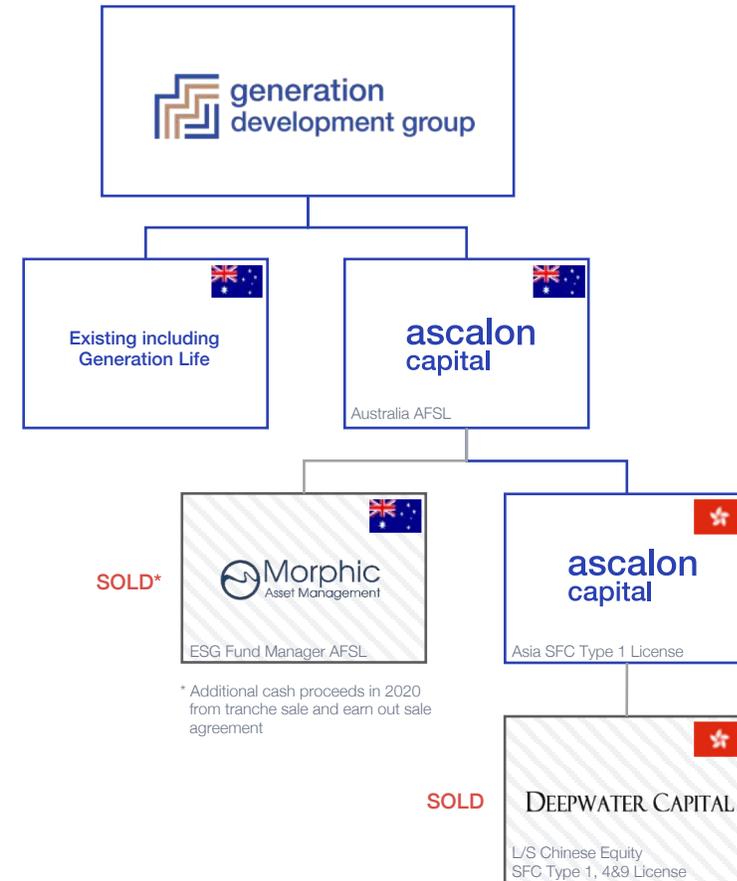
Ascalon Capital

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

- + Risk free with no equity investment required from shareholders
- + Initial acquisition delivered more than \$4m in cash and equivalent to GDG
- + Greater than \$5m profit which can be reinvested into the business
- + 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 & Key Milestones



Chuak Chan
CIO and Executive Chairman

+ Over 30 years asset management experience



Myo Schollum
CEO and Business Development

+ Joined Ascalon Capital in February 2019
+ Ex Credit Suisse Head of Institutional Wealth Solutions, Private Bank Greater China Executive Committee



Delia Burrage
COO and Legal Counsel

+ Joined Ascalon Capital February 2013



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

What has been achieved



Reviewed or met 85 investment managers since Feb 2019 - located in Hong Kong, Singapore, Australia and Japan



Hong Kong SFC Type 1 & Type 9 approvals (Asset Management & Dealing in Securities)



6 investment managers in investment pipeline. 3 seeds and 3 acceleration opportunities



Sold Morphic & Deepwater equity stakes



Have presented to over 100 potential investors across pension funds, endowment funds, family offices, private banks, HNW or UHNW individuals



Yet to appoint an anchor investor



2 potential anchor investors have been identified and are moving into due diligence phase



No specific date to deploy funds



Private Portfolio Management (PPM) documentation finalised subject to any changes from investor feedback on any material terms



Outlook

Generation Development Group



Record start to FY20 with Q1 sales the highest in history, supported with a strong pipeline



New products including a range of tax effective funds



Focus on launching new Ascalon Fund – Q3 in FY20



Focusing on investment opportunities that are complementary or that are well positioned for future growth in the financial services sector – currently have numerous potential transactions in the pipeline at different stages of evaluation and execution



Appendices



Reconciliation of statutory profit to underlying earnings

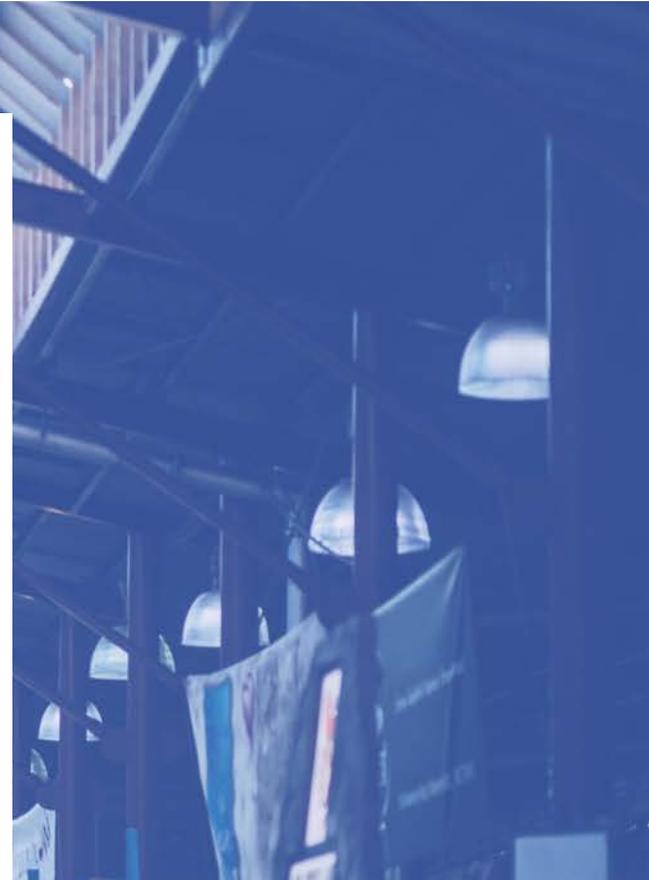


	FY19	FY18	Change	Change %
Underlying net profit after tax (A\$'000)	2,250	1,518	732	48
Ascalon (net) operating costs	(1,150)	-	(1,150)	nm
Deferred tax on carry-forward losses (A\$'000)	891	1,517	(626)	(41)
Non-recurring items (net of applicable tax):				
Net gain on Ascalon investment	4,195	-		
Remediation 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

	Q1-20 \$'m	Q1-19 \$'m	Change	FY-19 \$'m	FY-18 \$'m	Change
Opening FUM	1,073	887	185	887	720	167
Sales inflow	88	52	36	224	228	-4
Investment performance	17	12	4	48	35	13
Exits	-21	-17	-4	-87	-96	9
Closing FUM	1,157	935	222	1,073	887	186



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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