



# Generation Development Group

## HY20 Results Pack

Presenters:

**Grant Hackett**  
Chief Executive Officer  
Generation Life

**Terence Wong**  
Chief Financial Officer  
Generation Development Group

# 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 \$92m\* and net cash of \$10m\*.



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

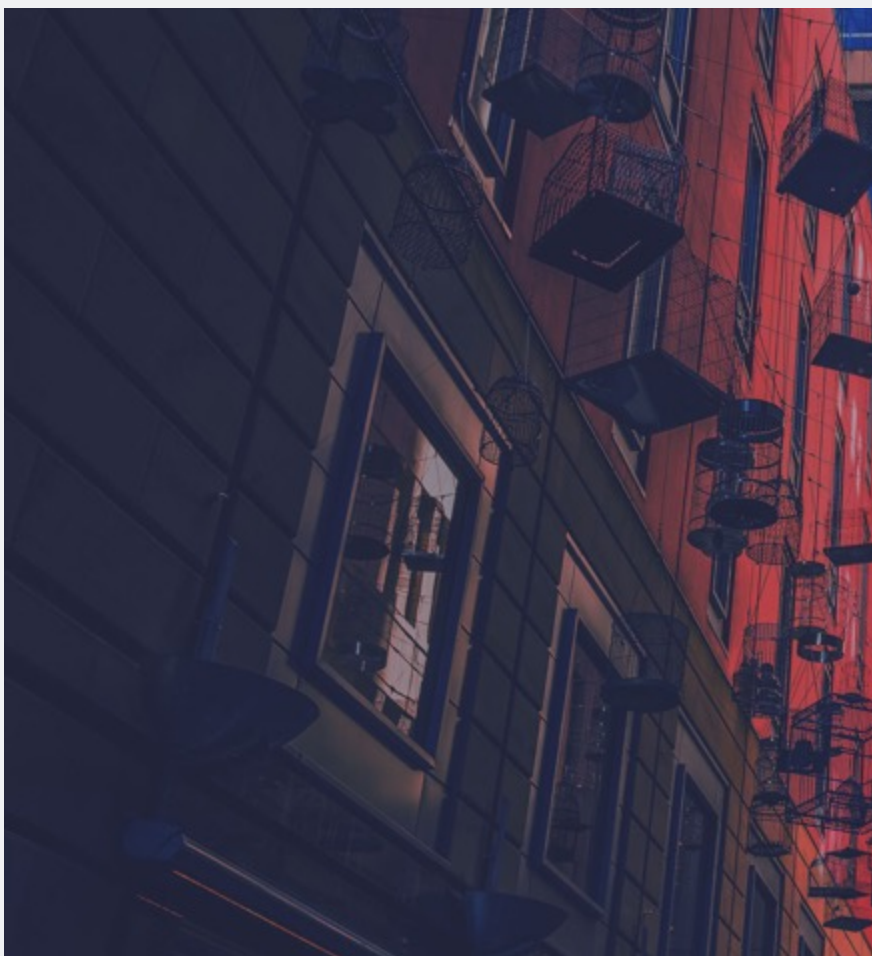


No debt & low capital business model

\* As at 31 December 2019

# HY-20 Financial Result Summary

## Generation Development Group



	HY20	HY19	Change	Change %
Revenue* (A\$'000)	9,334	7,423	1,911	26
Expenses** (A\$'000)	(7,872)	(6,586)	(1,286)	(20)
Underlying NPAT (A\$'000)	1,462	837	625	75
Underlying EPS (cps)	1.17	0.67	0.50	75
DPS (A\$)	0.01	0.01	-	-
FUM (A\$'000)	1,227,000	922,000	305,000	33
Cash and cash equivalent*** (A\$'000)	10,225	10,583	(358)	(3)

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

\*\* Underlying excluding Benefit Funds, Ascalon and non-recurring

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

# HY-20

## Generation Life | Highlights & Key Performance Measures



### Life Business FUM

\$1,227 m

Up 33%



### Life Product Sales

\$173 m

Up 55%



### Market share\*

34.3% (rolling 12 month avg)

30 September 2019



### APL's

393

Up 9%



### Product rating

Highly Recommended Zenith

Highly Recommended Lonsec



### Active Financial Advisers

1,084

Up 31%



### New Bond Numbers

4,268

Up 54%



### Saving Plans

\$15 m

Up 36%



### 49 investment options

Up 2%



### Average investment term

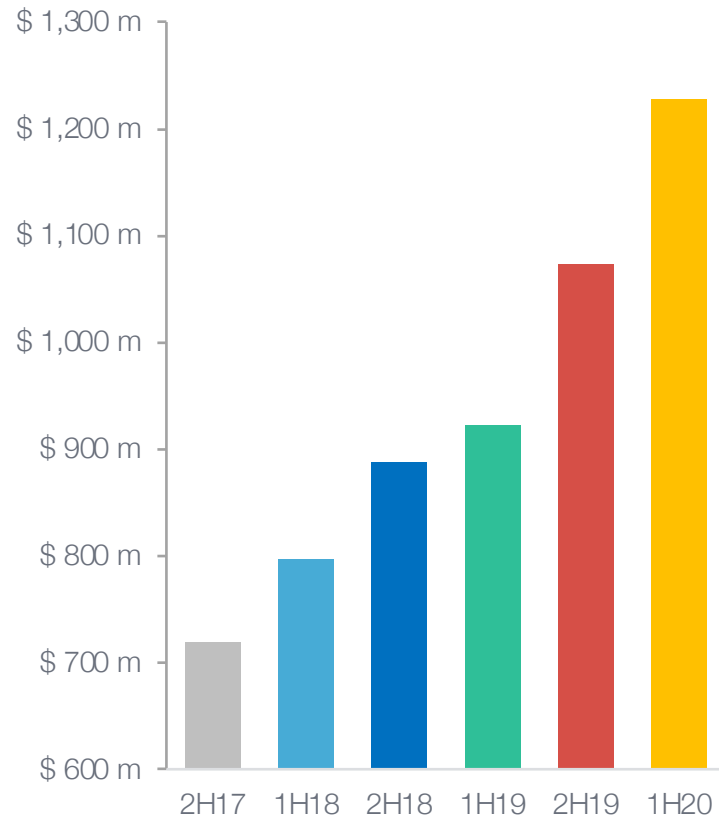
12.5 years

\* Strategic Insight Actuaries & Researchers

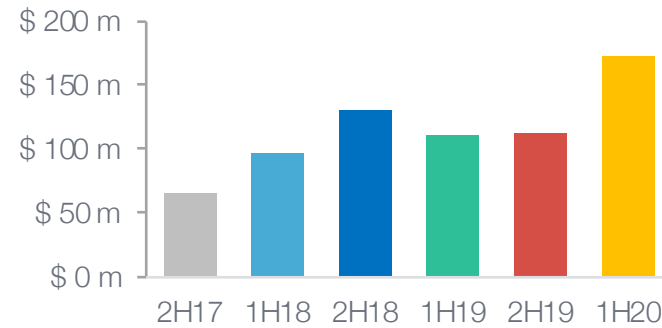
# Sustained Performance

## Generation Life

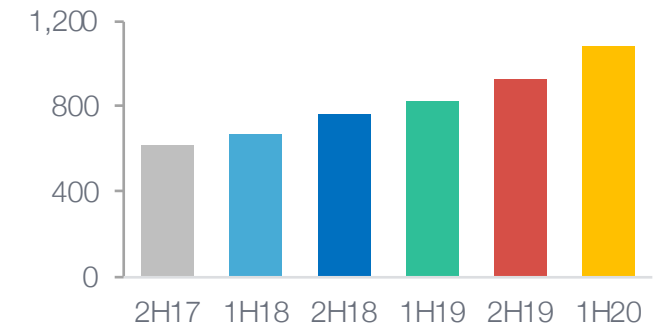
### FUM



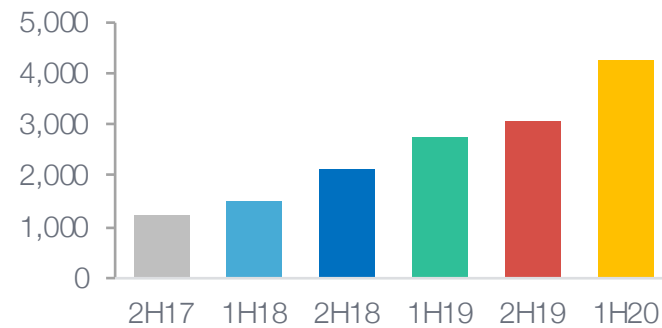
### Sales



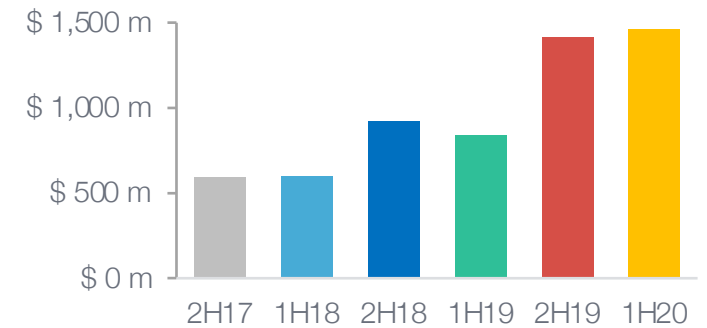
### Active Advisers



### New Applications

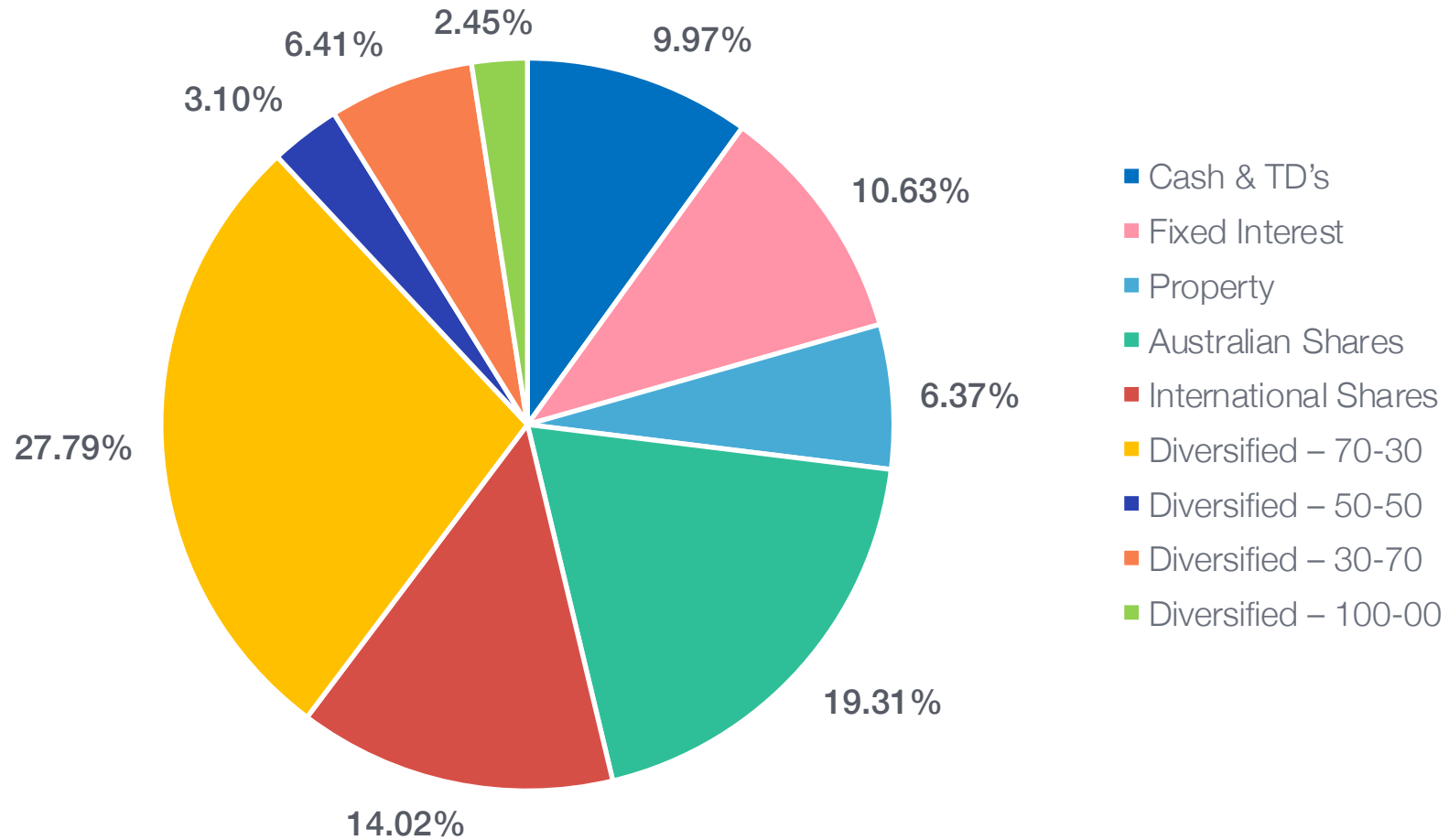


### NPAT



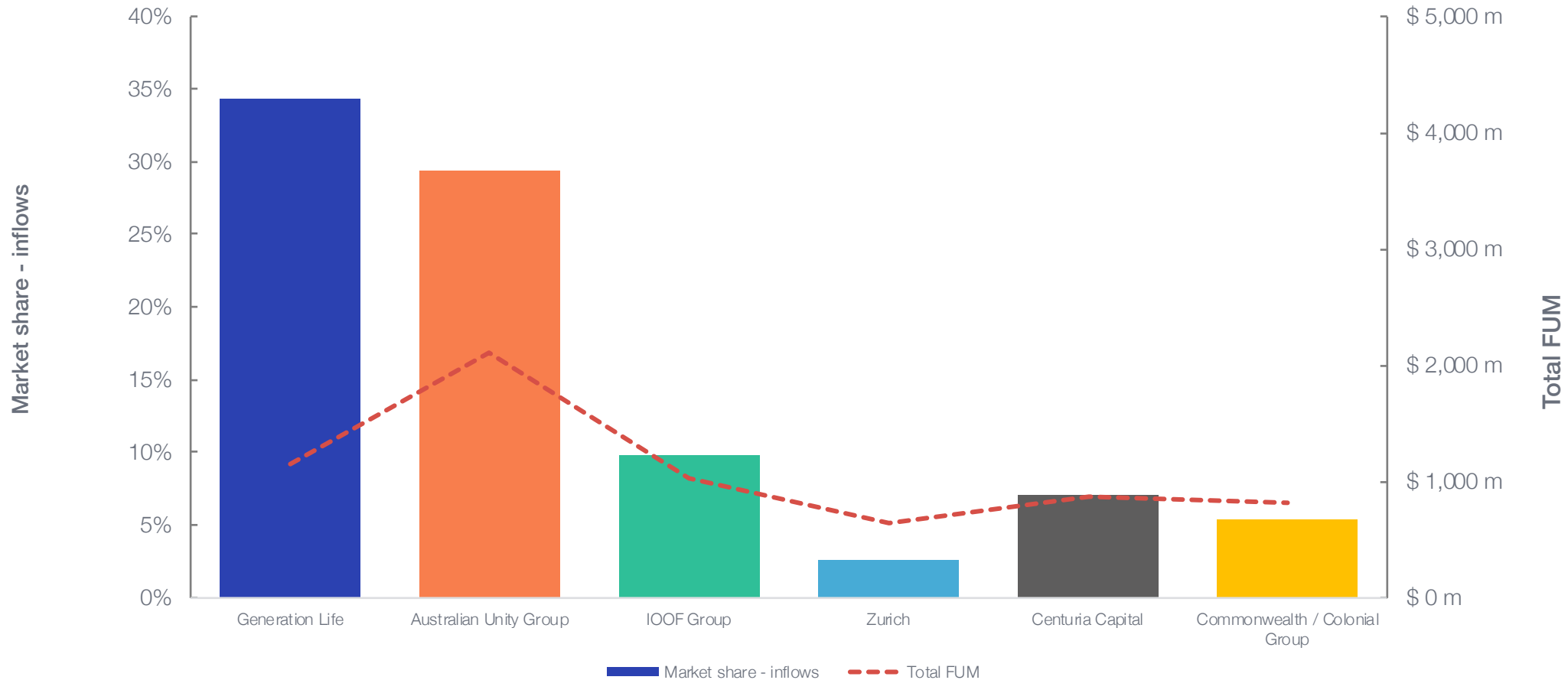
# FUM – Asset Classes

## Generation Life



# No.1 in inflows

## Generation Life - 2nd in total FUM






For the 12 month period ended 30 September 2019





# Achievements to date

## Ascalon Capital

-  Finalising due diligence with several global private banks and potential anchor investors
-  Solid investment pipeline of seed and acceleration opportunities in Asia
-  Significantly reduced monthly operating costs to extend operational runway
-  Capital raising momentum has been impacted by protests in Hong Kong and the appearance of the Coronavirus in January 2020



Ascalon continues to believe that there is sufficient investor interest and expects end of H2 2020 will be an opportune time to launch the fund as the outcome for Coronavirus will become clearer and anchor investor commitment secured



# Outlook

## Generation Development Group



Pipeline remains strong off the back of a record 6 months



New products including a tax effective regular income product



Focus on launching new Ascalon Fund – Q4 in FY20



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



Management changes with savings reinvested into the business




# Appendices





# The case for investment bonds


## 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

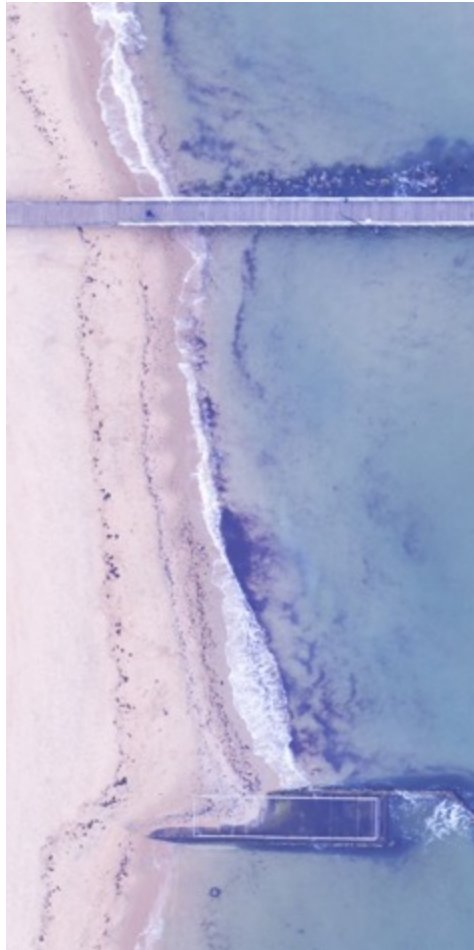
- + Cash and term deposits
- + Australian fixed interest
- + International fixed interest
- + Australian shares
- + International shares
- + Property
- + Balanced
- + Alternatives



*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



	HY20	HY19	Change	Change %
Underlying net profit after tax (A\$'000)	1,462	837	625	75
Ascalon (net) operating costs (A\$'000)	(1,421)	-	(1,421)	nm
Deferred tax on carry-forward losses (A\$'000)	(1,185)	-	(1,185)	nm
<b>Non-recurring items (net of applicable tax):</b>				
Termination benefits (A\$'000)	(76)	-		
<b>Statutory profit after tax (A\$'000)</b>	<b>(1,220)</b>	<b>837</b>		

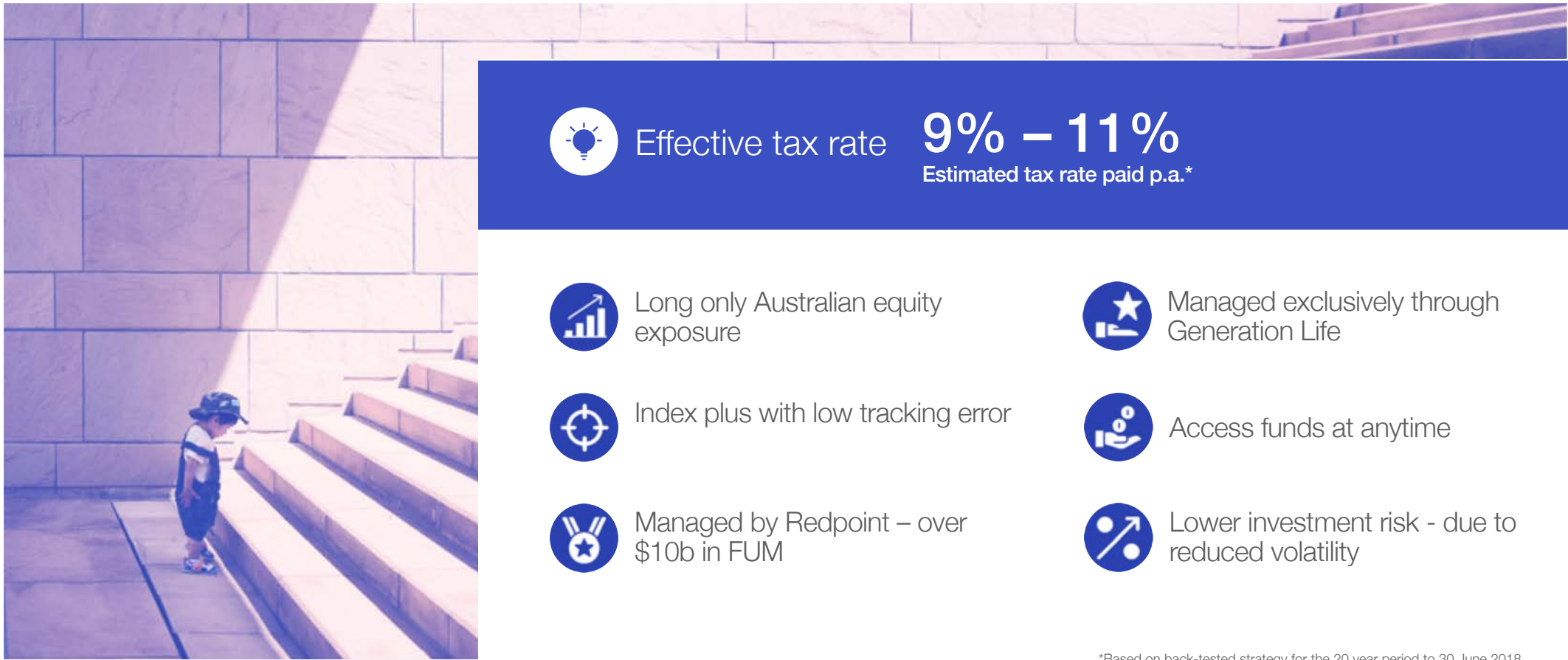
# FUM Growth

	HY-20 \$'m	HY-19 \$'m	Change \$'m	Change %
Opening FUM	1,073	887	186	21
Sales inflow	173	111	62	56
Investment performance	28	(28)	56	200
Exits	(47)	(48)	1	2
Closing FUM	1,227	922	305	33



# 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

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



# Thank you

## Disclaimer

This presentation has been prepared by Generation Development Group Limited ABN 90 087 334 370 (GDG).

GDG believes that the information in this presentation is accurate and reliable, but no warranties of accuracy, reliability or completeness are given (except insofar as liability under any statute cannot be excluded). GDG does not accept responsibility for any errors, omissions or negligence. Statements that are non-factual in nature, including projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions, all of which are subject to change. Past performance is not an indicator of future performance.

The information in this presentation is for information purposes only and does not constitute an offer of, or a recommendation to buy, securities or financial products in any jurisdiction. The investment objectives, financial situation or needs of any particular person have not been taken into account in preparing this presentation. The Generation Life Product Disclosure Statement (PDS) should be considered in deciding whether to acquire, or continue to hold, investment bonds.

The Zenith Investment Partners (“Zenith”) Australian Financial Services License No. 226872 rating (assigned November 2019) referred to in this document 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 [www.zenithpartners.com.au/regulatory-guidelines-funds-research](http://www.zenithpartners.com.au/regulatory-guidelines-funds-research).

The Lonsec Rating (assigned January 2019) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to “General Advice” (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Generation Life product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication. Lonsec receives a fee from the Fund Manager for researching the product(s) using comprehensive and objective criteria. For further information regarding Lonsec’s Ratings methodology, please refer to our website at: <http://www.lonsecresearch.com.au/research-solutions/our-ratings>.