

ASX Announcement

Generation Life LifeIncome webinar

21 April 2022

Generation Development Group (ASX:GDG) is pleased to release the attached presentation which will be presented at this morning's webinar discussing Generation Life LifeIncome.

Investors are invited to join the webinar, including a Q&A session:

Date: Thursday, 21 April 2022

Time: 10:30 am (AEST)

To register for the webinar, please follow this link:

https://us02web.zoom.us/webinar/register/WN_b5Y5kqkiQeK8ufVI_lpYbw

After registering, you will receive a confirmation email containing information about joining the webinar.

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Outthinking today.

Generation Development Group update: introducing Generation Life LifeIncome

For GDG shareholder information only



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.

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



Net inflows

Generation Life Investment Bonds

Key highlights for the March 2022 quarter

↑ **33%**

Up on previous corresponding period

\$199m

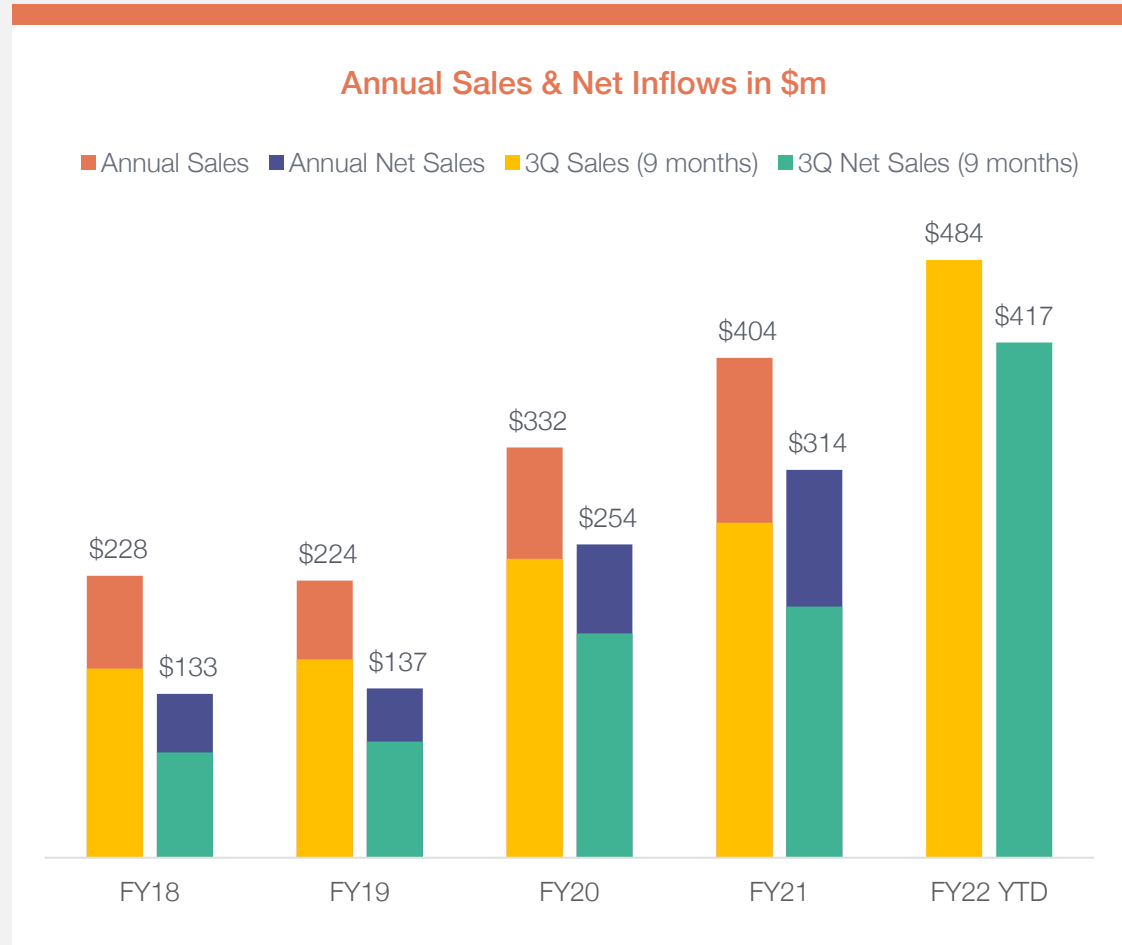
Net inflows December 2021 to March 2022

\$139m

Sales inflows December 2021 to March 2022

\$617m

Sales inflows March 2021 to March 2022



Increasing FUM growth

Generation Life Investment Bonds

Key highlights for the March 2022 quarter

↑ 36%

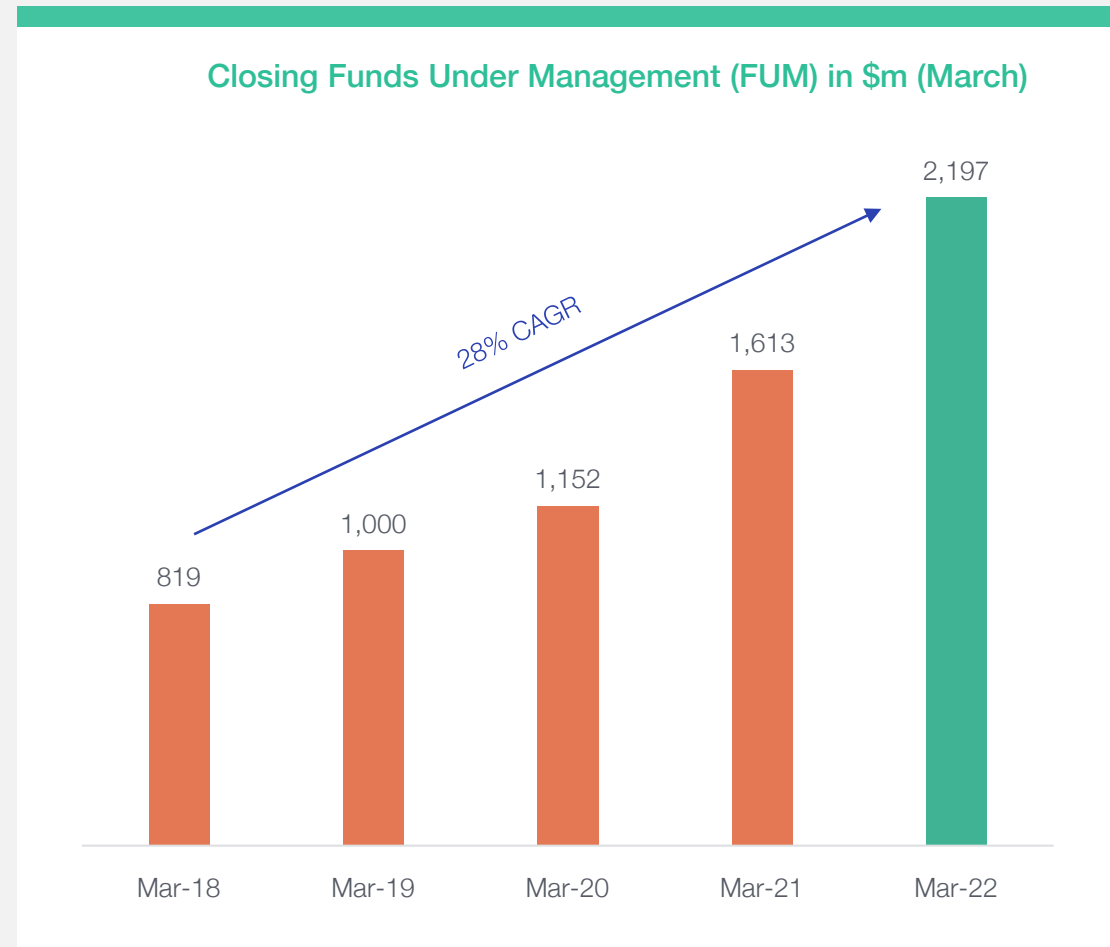
Up on previous corresponding period

\$2,197m

Total FUM as at March 2022

\$55m

FUM growth December 2021 to March 2022



Lonsec Holdings

Lonsec Investment Solutions FUM Growth

Key highlights for the March 2022 quarter

↑ 99%

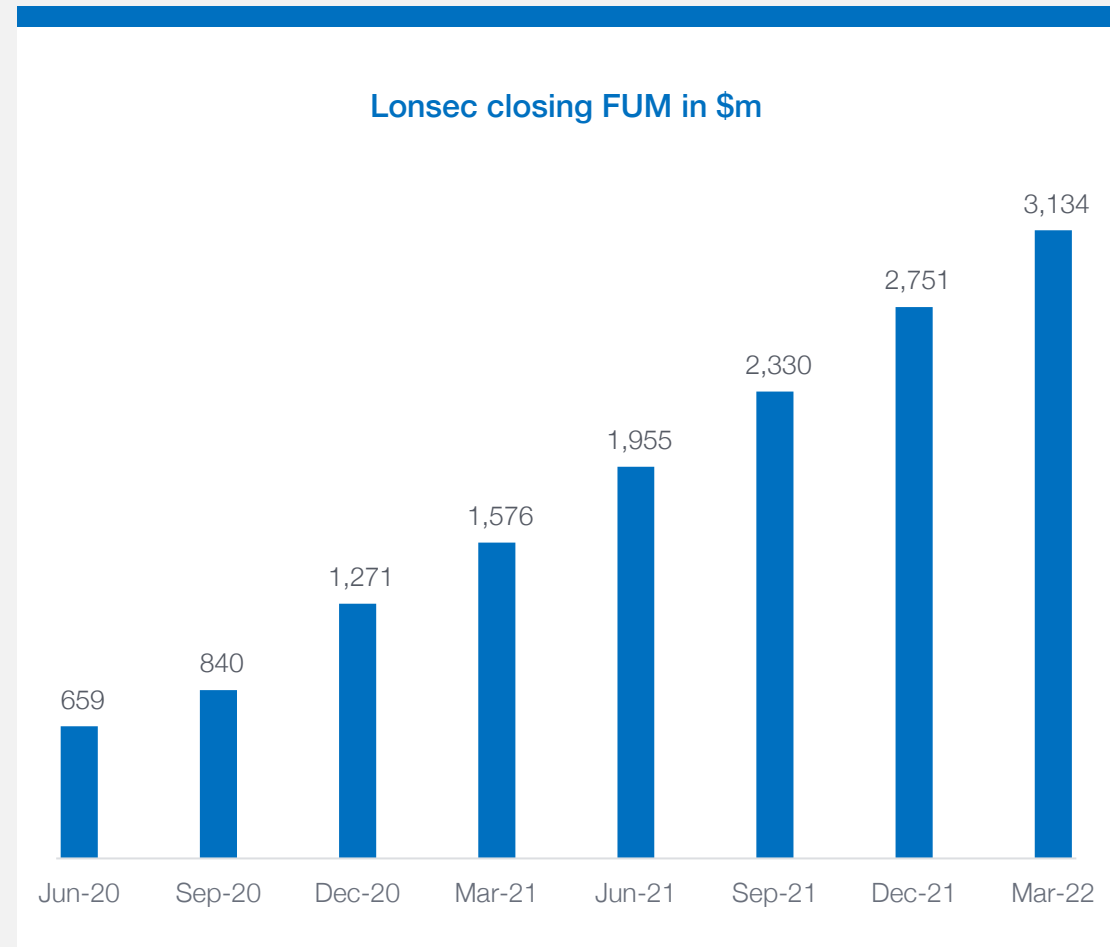
Up on previous corresponding period

\$3,134m

Total FUM as at March 2022

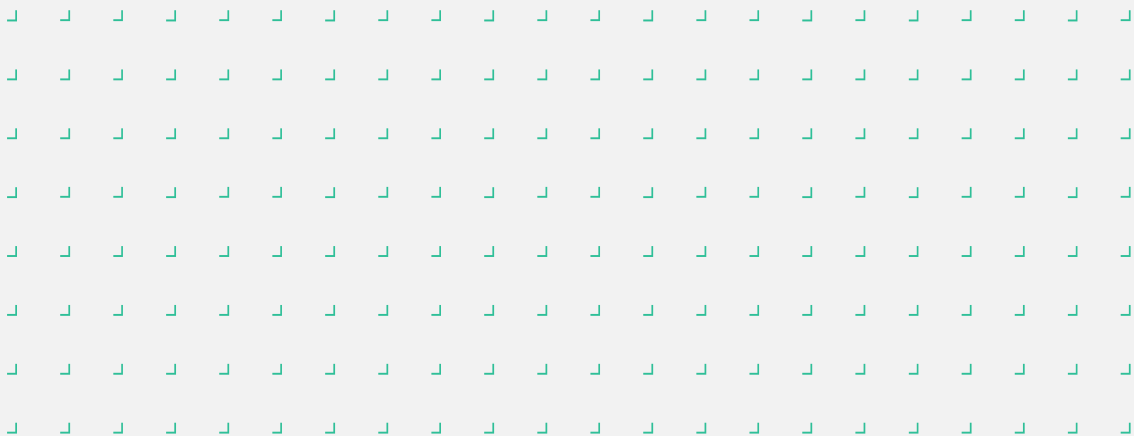
\$383m

FUM growth December 2021 to March 2022



Introducing Generation Life LifeIncome

The new era of lifetime annuities
For GDG shareholder information only



An evolving retirement income landscape



Innovative Income Streams legislation rule changes¹

- + Removed the restriction that income could not fall from one year to the next
- + A Policy Owner's annual income can be linked to investment market returns and still qualify for concessional tax and social security treatment
- + Allows providers to offer a choice of investment options on lifetime income streams



3 themes from the Retirement Income Review²

- + Longevity risk is not being adequately addressed
- + Maximising retirement income should be the aim
- + A combination of regular income and access to capital is the solution



Australian retiree behaviour

- + Most retirees only drawdown the mandated minimum from their account-based pension³
- + Research indicates people would spend more if they knew they would never run out of money⁴
- + Retirees who convert some of their savings into lifetime annuities effectively double the amount they are willing to spend each year⁵

1. Australian Government, The Treasury, Treasury Laws Amendment (2017 Measures No.1) Regulations 2017 and Explanatory Statement, published 15/06/2017, <https://www.legislation.gov.au/Details/F2017L00704>
2. Australian Government, The Treasury, Retirement Income Review - Final Report, issued November 2020, <https://treasury.gov.au/publication/p2020-100554>
3. Australian Government, The Treasury, Retirement Income Review - Final Report, issued November 2020, <https://treasury.gov.au/publication/p2020-100554>
4. Firstlinks, Retirement income promise relies on spending capital, July 2021
5. MarketWatch, Opinion: Retirees with annuities have more fun, August 2021

Retirement landscape

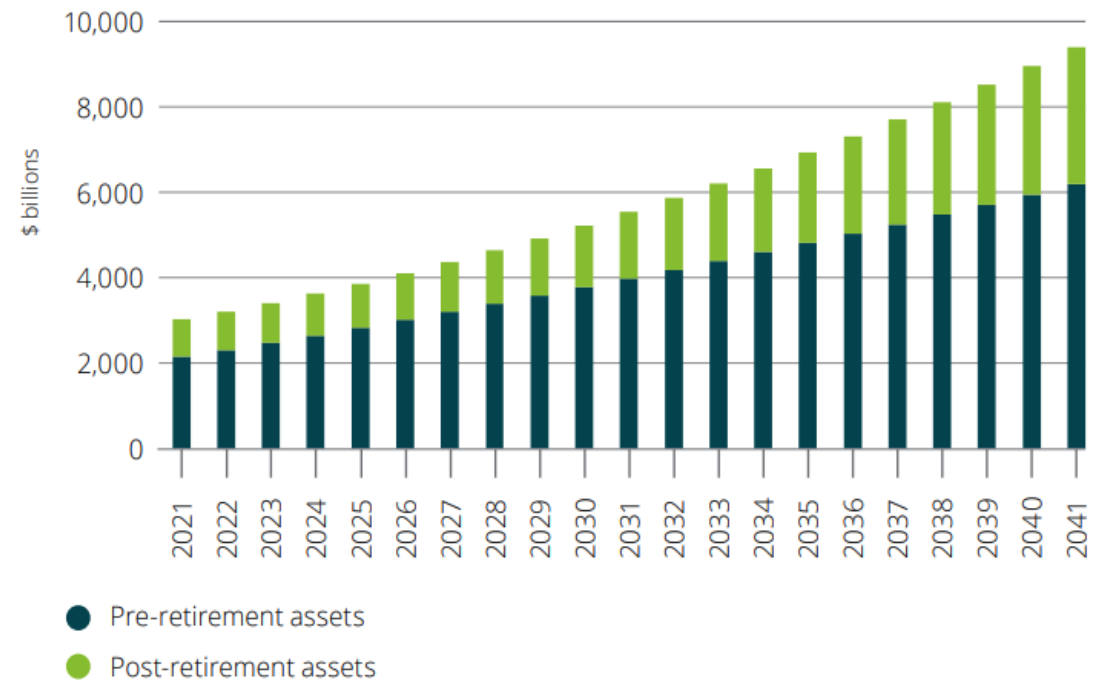
Did you know...

Around **500,000 Australians intend to transition into retirement over the next five years**, joining the 3.9 million already in retirement?¹

Post-retirement assets to **grow to \$1.4 trillion** by 2030²

1. Note: Reference period 2018-19 financial year. Australian Bureau of Statistics, Retirement and Retirement Intentions, Australia - Retiree statistics and the retirement plans of people aged 45 years and over, issued May 2020
2. Deloitte Actuaries & Consultants, Dynamics of the Australian Superannuation System, The next 20 years to 2041, <https://www2.deloitte.com/au/en/pages/financial-services/articles/dynamics-australian-superannuation-system.html>, published December 2021
3. Deloitte Actuaries & Consultants, Dynamics of the Australian Superannuation System, The next 20 years to 2041, <https://www2.deloitte.com/au/en/pages/financial-services/articles/dynamics-australian-superannuation-system.html>, published December 2021

Projected superannuation assets (2021 to 2041)³



Spending patterns of Australian retirees

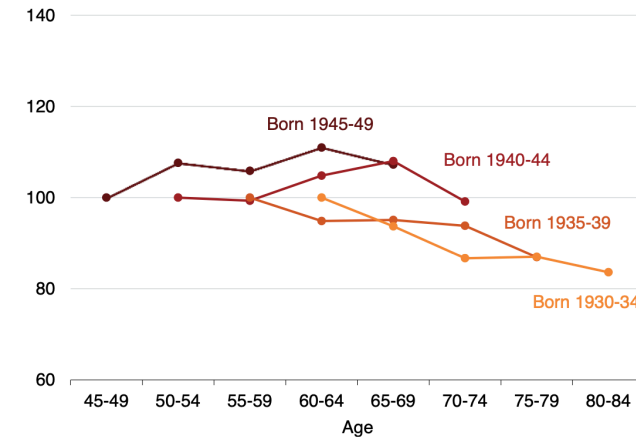
The need for more income in the early years

Research has shown that spending in retirement actually declines over time.

By enabling an investor to receive more income in the earlier years of retirement, they can more closely align their income with their spending over the course of their retirement journey.

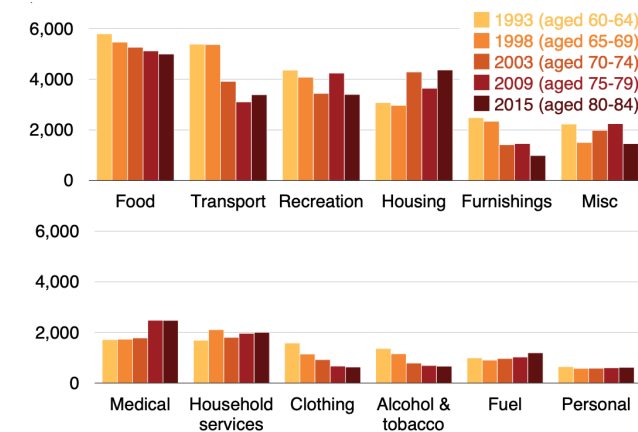
Australians tend to spend less after they retire. Spending tends to slow at around the age of 70 and decreases rapidly after 80.

Source: Grattan Institute 2018, Money in retirement: More than enough, <https://grattan.edu.au/wp-content/uploads/2018/11/912-Money-in-retirement.pdf>, published November 2018



Retirees spend less as they age

Household spending by age cohort, relative to 1993, 2015-16, per cent*



Retiree spending on food, transport, and recreation declines

Household annual expenditures for cohort born in 1930-34, 2015-16*



Introducing Generation Life LifeIncome

A new era of lifetime annuities

Income guaranteed for life

Like a traditional lifetime annuity, income is guaranteed for life (supported by reinsurance arrangements)

Investment-linked

The level of income paid annually is based on the performance of investments, meaning it can fluctuate from one year to the next – a Policy Owner can hold more than one investment option at a time

Access more Age Pension

Concessional social security treatment can help Policy Owners potentially access some or more of the Age Pension and other benefits sooner

Peace of mind

Supported by one of the world's largest reinsurers to take on the longevity risk

More value, better returns

Aims to deliver substantially more value to a Policy Owner over a traditional lifetime annuity

Complements existing solutions

Designed to complement an account-based pension and create a flexible retirement income plan



Key features of Generation Life LifelIncome

An immediate, investment-linked lifetime annuity, linked to a single or reversionary life

23 investment options – any combination of investment options can be held at a time

Switch between investment options at any time*

LifeBooster feature pays a higher income from the start. Policy Owners can choose between two LifeBooster rates of 5% and 2.5%

A Death Benefit is payable if the Policy Owner passes away within the Death Benefit Period

Available exclusively through financial advisers, who can provide initial and ongoing advice (including fees)

Extended 6 month 'cooling-off' period**

Available for super and non-super money for those at least age 50***

*Brief exclusion period applies – refer to page 23 of this presentation; and the Product Disclosure Statement

** Inclusive of a regulatory 14-day cooling-off period. The amount paid back will be the investment amount adjusted for movements in the unit price of the investment option(s) chosen, less any taxes and duties not recoverable by Generation Life, and after deducting income payments already made. Generation Life's management and administration fees and insurance expenses will only be refunded for cancellations within the regulatory 14-day cooling-off period.– refer to the Product Disclosure Statement

*** For superannuation money, you must have satisfied a relevant condition of release to access your preserved benefits.

More income, sooner with LifeBooster

LifeBooster provides Policy Owners with:

A much higher starting income than if no LifeBooster was applied

Investment paid back in the form of cumulative income sooner

More income in the early years of retirement when a retiree is more active and able to enjoy it

Potential to access some or more of the Age Pension for longer

First Year Annualised Income

LifeBooster 5% rate

Starting income is higher but future growth is potentially more modest

71% uplift in income

Income the investor would receive without LifeBooster

\$4,312

Income the investor would receive with LifeBooster

\$7,366

LifeBooster 2.5% rate

Starting income is not as high but potential for future growth is greater

34% uplift in income

Income the investor would receive without LifeBooster

\$4,312

Income the investor would receive with LifeBooster

\$5,770

Assumptions: 67-year-old male, \$100,000 investment, LifeBooster rate 5% and 2.5%
















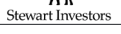



Investment menu

Our investment menu gives financial advisers and their clients unrivalled flexibility.

- + Policy Owners can hold any combination of up to 23 investment options
- + Switch between investment options at any time*
- + Complement the investment strategy employed in an account-based pension
- + Supports different approaches to portfolio construction

*Brief exclusion period applies – refer to page 23 of this presentation; and the Product Disclosure Statement

	Fund name	Zenith rating*	Lonsec rating*
	AB Managed Volatility Equities Fund	Highly recommended	Highly recommended
	Ardea Real Outcome Fund	Recommended	Highly recommended
	Bennelong Concentrated Australian Equities Fund	Highly recommended	Highly recommended
	Dimensional Global Bond Sustainability Trust	Recommended	Recommended
	Dimensional World 30/70 Portfolio	Recommended	Investment Grade
	Dimensional World 50/50 Portfolio	Recommended	Investment Grade
	Dimensional World 70/30 Portfolio	Recommended	Investment Grade
	Dimensional World Equity Portfolio	Recommended	Investment Grade
	Hyperion Global Growth Companies Fund	Recommended	Highly recommended
	iShares Hedged International Equity Index Fund	Highly recommended	Highly recommended
	iShares Wholesale Australian Bond Index Fund	Highly recommended	Highly recommended
	iShares Wholesale Australian Equity Index Fund	Highly recommended	Recommended
	iShares Wholesale Australian Listed Property Index Fund	Highly recommended	Highly recommended
	iShares Wholesale International Equity Index Fund	Recommended	Highly recommended
	Magellan Infrastructure Fund	Highly recommended	Highly recommended
	Pendal Sustainable Balanced Fund	Recommended	Recommended
	PIMCO Wholesale Global Bond Fund	Highly recommended	Highly recommended
	Schroder Real Return Fund	Recommended	Recommended
	Stewart Investors Worldwide Sustainability Fund	Recommended	Recommended
	Vanguard Balanced Portfolio	Recommended	Recommended
	Vanguard Conservative Portfolio	Recommended	Recommended
	Vanguard Growth Portfolio	Recommended	Recommended
	Vanguard High Growth Portfolio	Recommended	Recommended

*Ratings relate to the underlying managed fund and are the most recently issued, dates vary depending on the managed fund



Styles of investing

Three portfolio construction approaches that can be used



Construct your own



Prepackaged



Hybrid



Single Sector Model Portfolios

Option 1

- + Construct an 80/20 portfolio using single sector passive index funds

Option 2

- + Construct an 80/20 portfolio using single sector active and index funds

Diversified options

Option 1

- + Using a prepackaged diversified or outcome-based fund

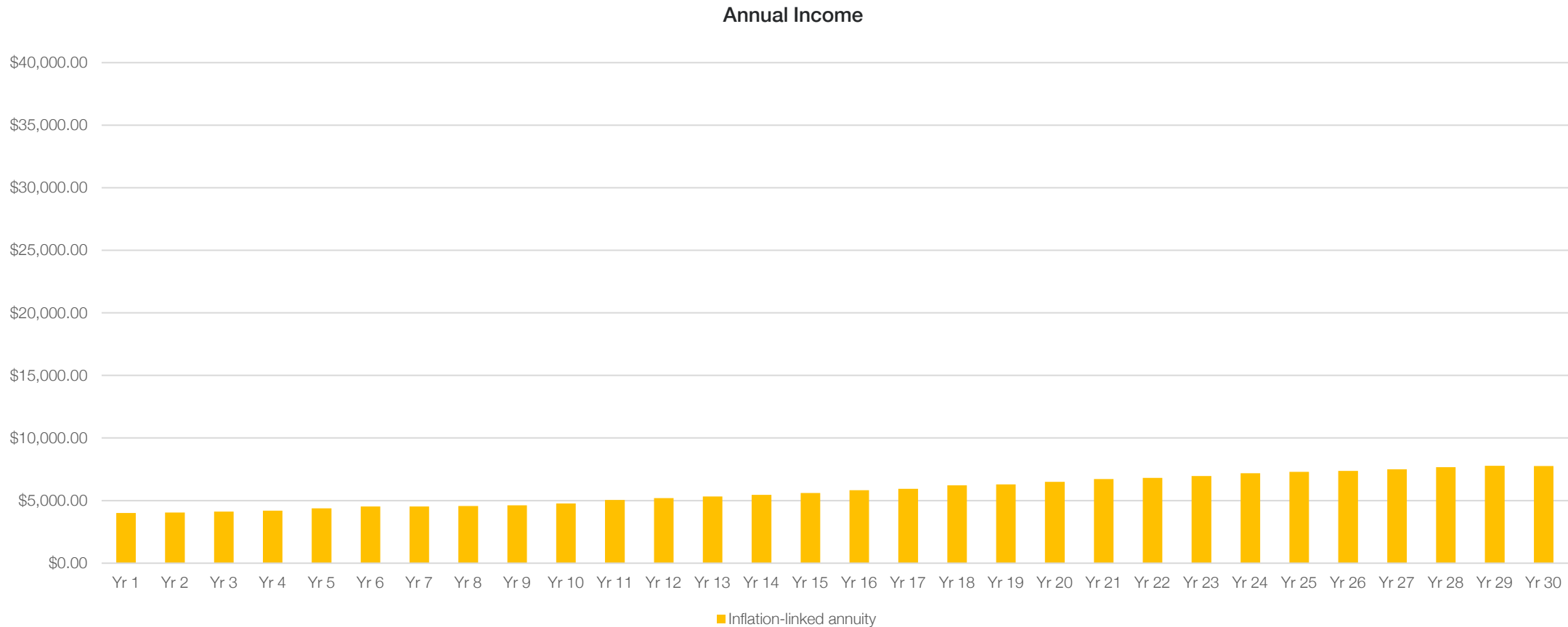
A core satellite approach

Option 1

- + Use a diversified or outcome fund as a core and add a satellite of single sector tilts



Comparing inflation-linked vs investment-linked annuity



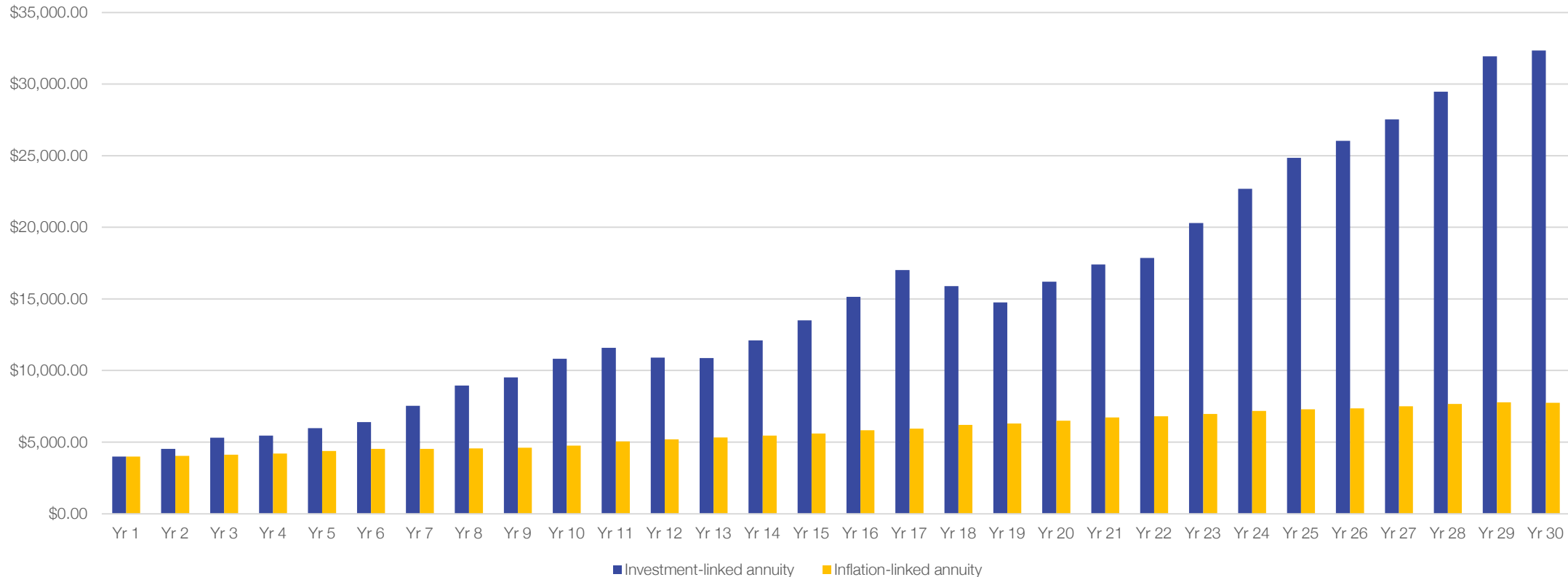
Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022.
- Starting income could start at different levels, depending on the year of commencement.



Comparing inflation-linked vs investment-linked annuity

Annual Income
Vanguard Balanced Index Fund



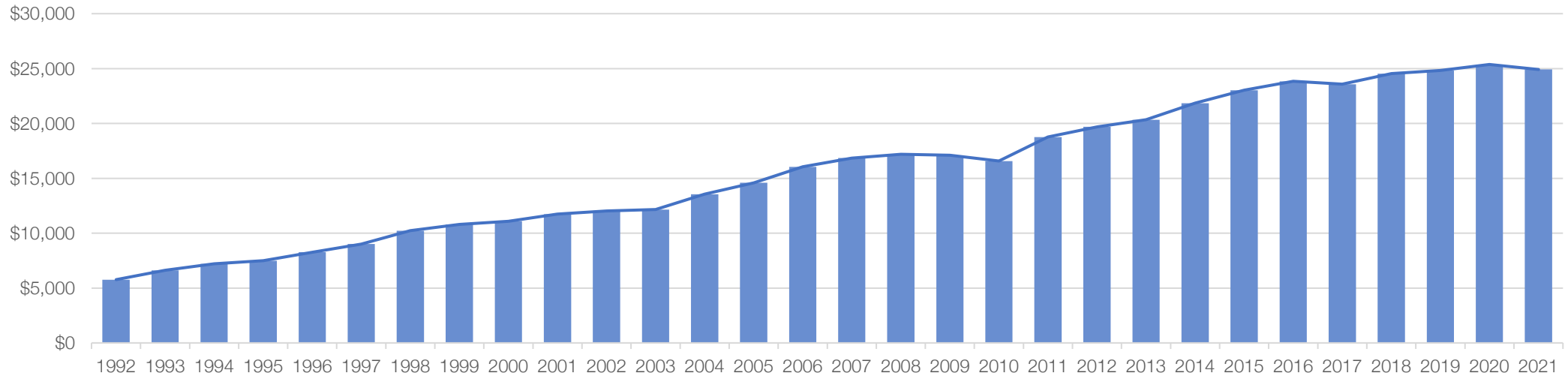
Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year
- Investment-linked annuity: Starting income for both annuities is \$4,000 for illustrative purposes. Vanguard Balanced Portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992. Fees, expenses and costs of 0.92% + investment management cost of 0.27%.
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022.
- Starting incomes for both products could start at different levels, depending on the year of commencement.
- Not indicative of Generation Life LifeIncome.



Using a Prepackaged portfolio

Historical returns illustration



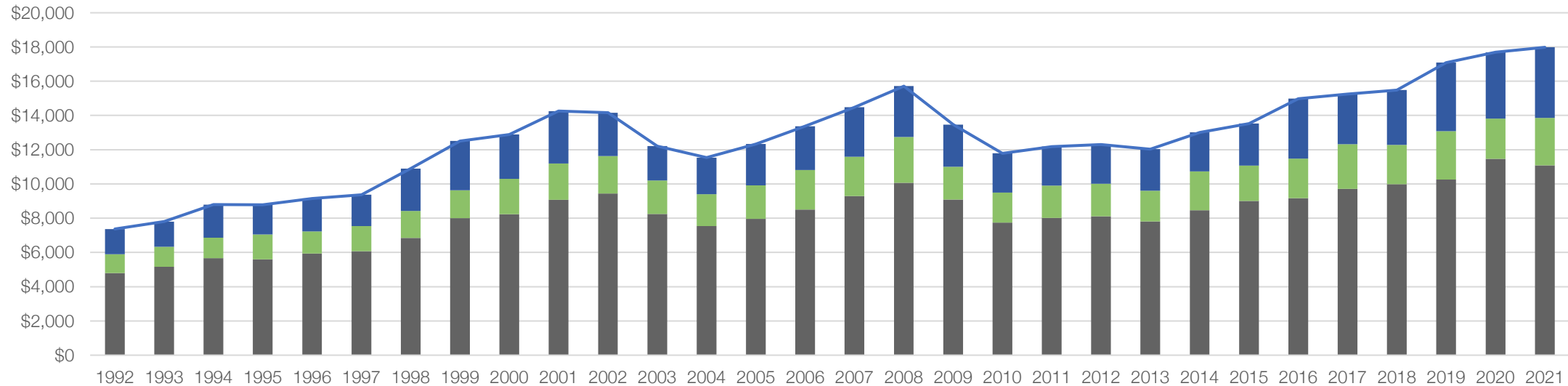
Investment option	Sector class	Allocation
Schroder Real Return Fund	Diversified	100%

Assumptions: Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 2.5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however Lifeline will pay you, and your spouse if you choose, an income for life.



Constructing a Core Satellite portfolio

Historical returns illustration



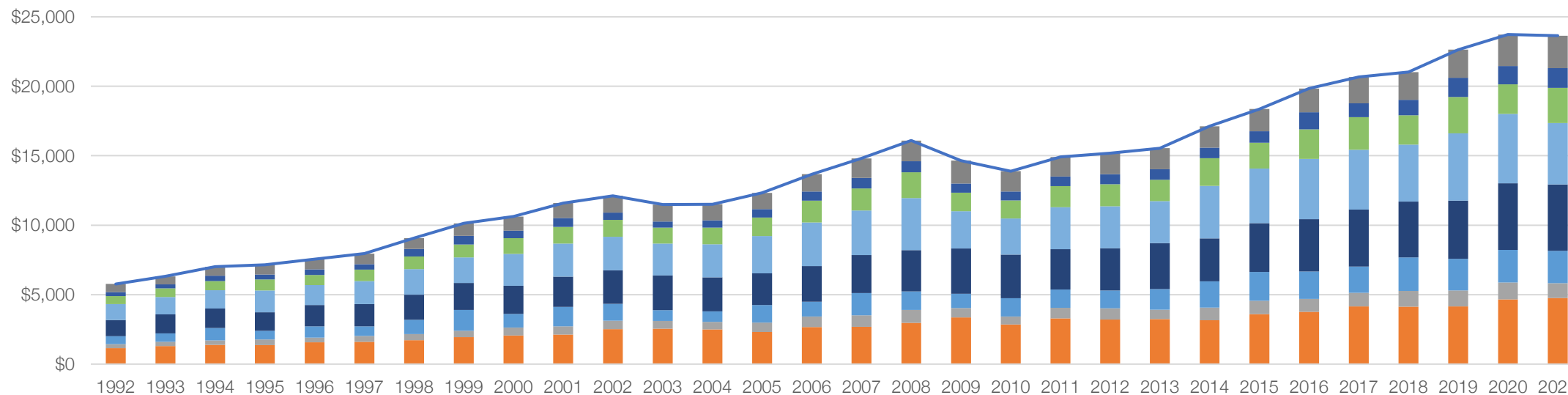
Investment option	Sector class	Allocation
 Vanguard Balanced Portfolio	Diversified	65%
 Hyperion Global Growth Companies Fund	International shares	20%
 Bennelong Concentrated Australian Equities Fund	Australian shares	15%

Assumptions: Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however Lifeline will pay you, and your spouse if you choose, an income for life.



Constructing a Model Portfolio

Historical returns illustration



Investment option	Sector class	Allocation
 iShares Hedged International Equity Index Fund	International shares	10%
 AB Managed Volatility Equities Fund	Australian shares	20%
 Bennelong Concentrated Australian Equities Fund	Australian shares	10%
 iShares Wholesale Australian Equity Index Fund	Australian shares	5%
 Ardea Real Outcome Fund	Fixed interest	10%
 PIMCO Wholesale Global Bond Fund	Fixed interest	20%
 iShares Wholesale Australian Bond Index Fund	Fixed interest	20%
 Hyperion Global Growth Companies Fund	International shares	5%

Assumptions: Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 2.5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however LifeIncome will pay you, and your spouse if you choose, an income for life.



Adviser support

- + Quotation
- + Retirement Income Optimiser



Generating the quote - an example

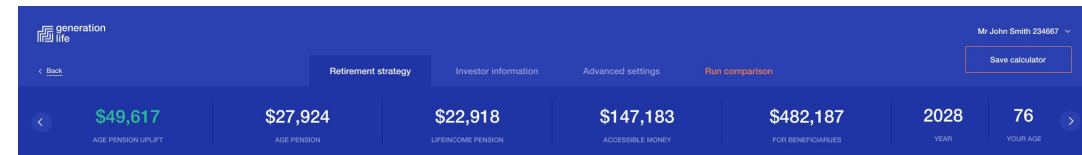
Inputs

Policyholder name	Joe Bloggs
Date of Birth	15 April 1955
Gender	Male
Payment Frequency	Monthly
Purchase Price	\$100,000
LifeBooster Rate	5%
Investment Option	Fund XYZ
Date of Application	1 April 2022

*Date generated 17 March 2022

Outputs

Annualised First Year Income	\$7,370.36
Guaranteed Annual Income Units	These will be determined after we invest your client's money in their chosen investment option(s)
Income to be paid for the remainder of the year	\$2125.91
Regular Income Payment	\$708.64 per month
Date of First Payment	15 April 2022



[View disclaimer and assumptions](#)





Outthinking today.

Thank you.

Disclaimer

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Page 11: Retirees spend less as they age: Spending from the 1993-94, 1998-99, 2003-04, 2009-10 and 2015-16 iterations of the Household Expenditure Survey. Each line represents a single cohort across time as they age. While the age cohorts are 5 years apart, there was a gap of 6 years between the past three HES surveys. Spending is deflated by CPI. This analysis of the spending patterns of age cohorts over time is consistent with analysis that compares spending of households of different ages today. Sources: Grattan analysis of ABS (various years).

Page 11: Retiree spending on food, transport, and recreation declines: Because of small changes in the categorisation of expenses between surveys, these results are indicative only. Expenditure on housing does not include principal repayments on mortgages. The increase in expenditure on housing is largely due to more spending on rates and insurance. Source: Grattan analysis of ABS (various years).

Page 13: Ability to switch between investment options at any time, with the exception of the period between midday on the third last business day of the Financial year and the end of the Financial year. Switches can be made provided that the minimum held in any investment option, determined at the time of the switch, is at least 1% of the value of your Income Units. There is no limit to the number of switches that can be made. Refer to the product's Product Disclosure Statement and Target Market Determination for further information.