



# HY23 Results Pack

## Presenters:

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Chief Executive Officer and Managing Director  
Generation Life

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Chief Financial Officer  
Generation Development Group



The right partner for you:



**Lonsec**



Licensed Pooled Development Fund (PDF) that delivers tax free capital gains and tax exempt dividends

100%

41%



Lonsec

#### Investment Bonds

- \$2.4bn in FUM (24% 3-year CAGR)
- #1 market share of total FUM (23%)
- #1 market share of quarterly inflows (52%) (12 months to 30 September 2022)
- \$3.5m underlying profit (34% 3-year CAGR)

#### Annuities

- Investment Linked Lifetime Annuity
- Income guaranteed for life
- Offers investment choice
- FUM in excess of \$10m since launch in FY22

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

- Over 1,700 products rated
- Lonsec Investment Solutions \$7.5bn Funds Under Management (164% CAGR since June 2020)

# Why Generation Development Group?



## Number one inflows for three years running

13%\* sales growth, 24%\* FUM growth

## Strong and sustained NPAT growth

34%\* underlying NPAT growth in the investment bond business

## Resilient business model with 'sticky FUM' even through market downturns

17.4 years average duration

## Track record of product innovation

Continuing to roll out Tax Aware Series, Generation Life Tax Effective Equity Income Fund, and investment-linked lifetime annuity, LifeIncome

Licensed PDF delivering tax-free capital gains on shares and tax-exempt dividends

## Capital light business model

## Positive sales outlook

14%\* growth in Active Financial Advisers

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

\* 3-year CAGR from December 2019 on a half year basis



# HY23 Financial result summary

## Generation Development Group



	HY23	HY22	Change	Change %
Revenue* (A\$'000)	19,398	17,504	1,894	11
Expenses* (A\$'000)	(15,852)	(14,164)	(1,688)	(12)
Underlying NPAT – Life/Admin business (A\$'000)	3,546	3,340	206	6
Income tax expense – parent entity (GDG) (A\$'000)	(113)	-	(113)	nm
Investment in associates – share of normalised operations (A\$'000)	1,747	952	795	84
Investment-linked lifetime annuity product – LifeIncome (A\$'000)	(2,242)	(1,426)	(816)	(57)
Underlying profit after tax (A\$'000)	2,938	2,866	72	3
DPS (A\$)	0.01	0.01	-	-
FUM (A\$'bn)	2.4	2.1	0.3	10
Cash and cash equivalent** (A\$'000)	18,005	18,536	(531)	(3)

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

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



# HY23 highlights and key performance measures

Generation Development Group

## Life Business FUM

\$2.4 billion  
Up 10%

## Life Product Sales

\$250 million  
Down 27%

## Market Share

52% of annual market  
inflows (12 months to  
30 September 2022)

## APL's

636  
Up 17%

## Product Rating

Investment bonds  
Highly Recommended by  
Zenith & Lonsec

Lifeline  
Superior 4 stars – SQM

## Active Financial Advisers

1,627  
Up 2%

## New Bond Numbers

10,540  
Down 2%

## Savings Plan

\$42.2 million  
Up 41%

## Investment options

Lifeline / Childbuilder /  
Funeral Bond  
64 Options

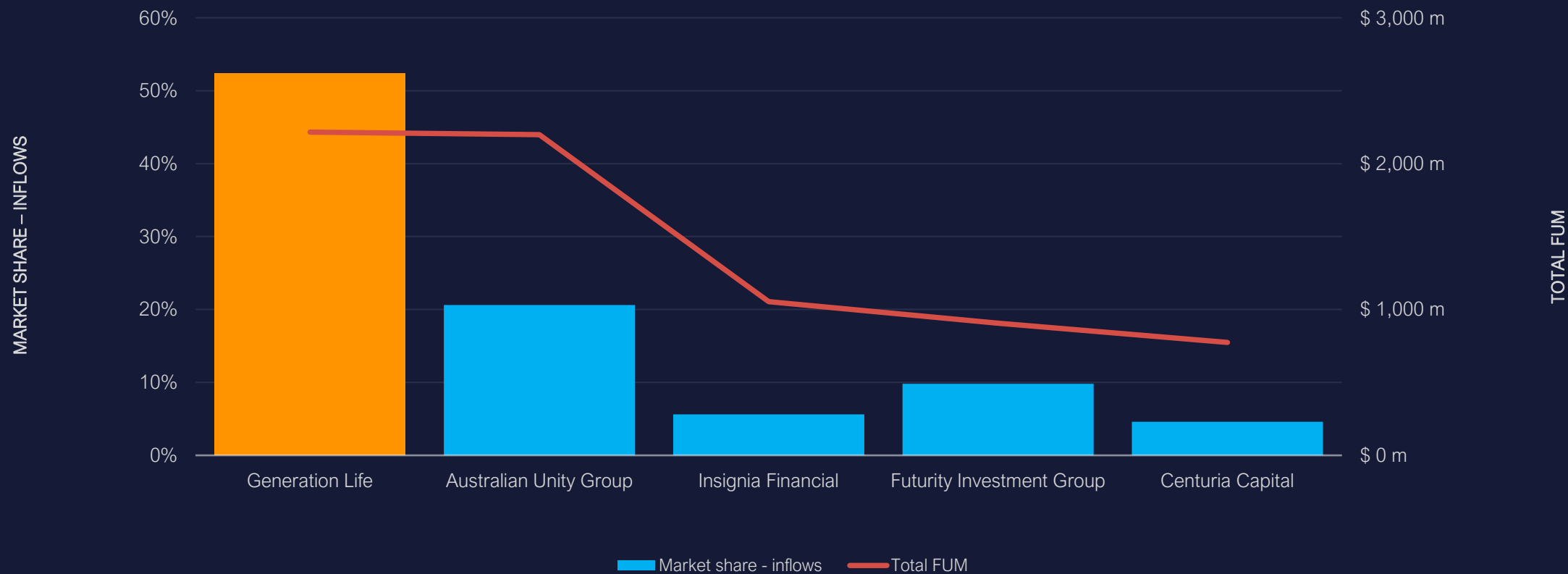
Generation Life Tax Effective  
Equity Income Fund  
1 Option

Lifeline  
23 Options

## Average Investment Term

17.4 years

# No. 1 in inflows and total FUM



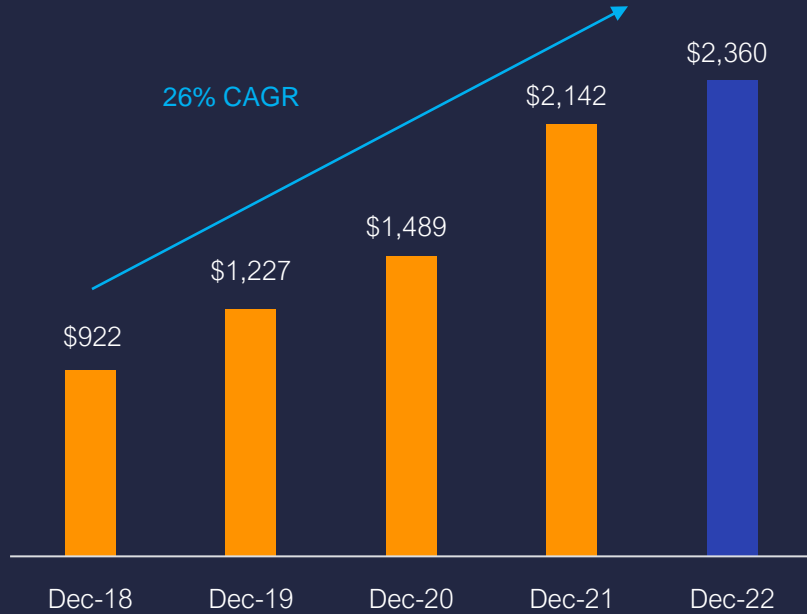
For the 12 month period ended 30 September 2022.  
 Source: Plan for Life Actuaries & Researchers, Investment Bonds Report for the period ending 30 September 2022



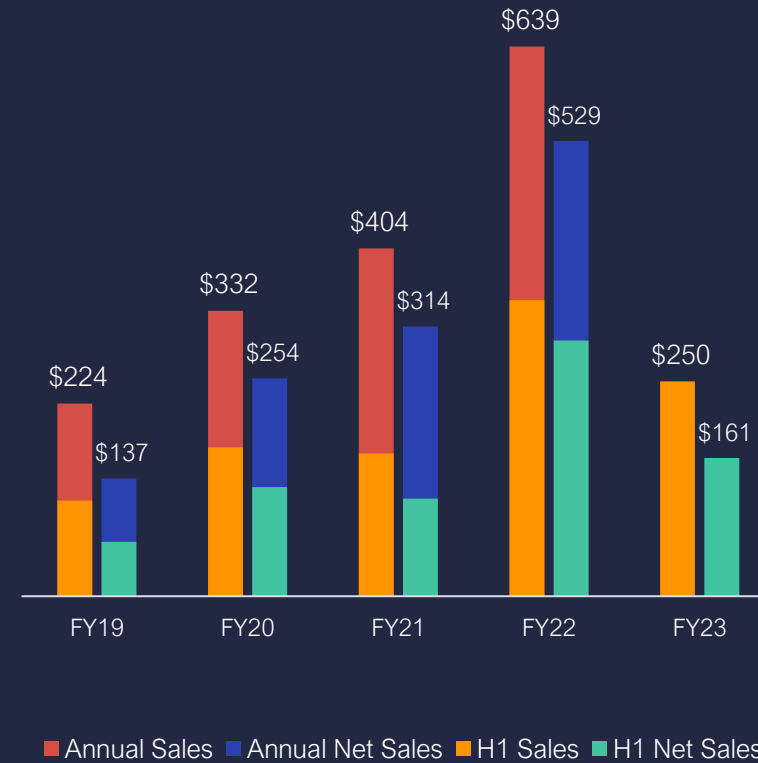
# Increasing FUM growth

## Generation Life

Closing Funds Under Management in \$m (Dec)

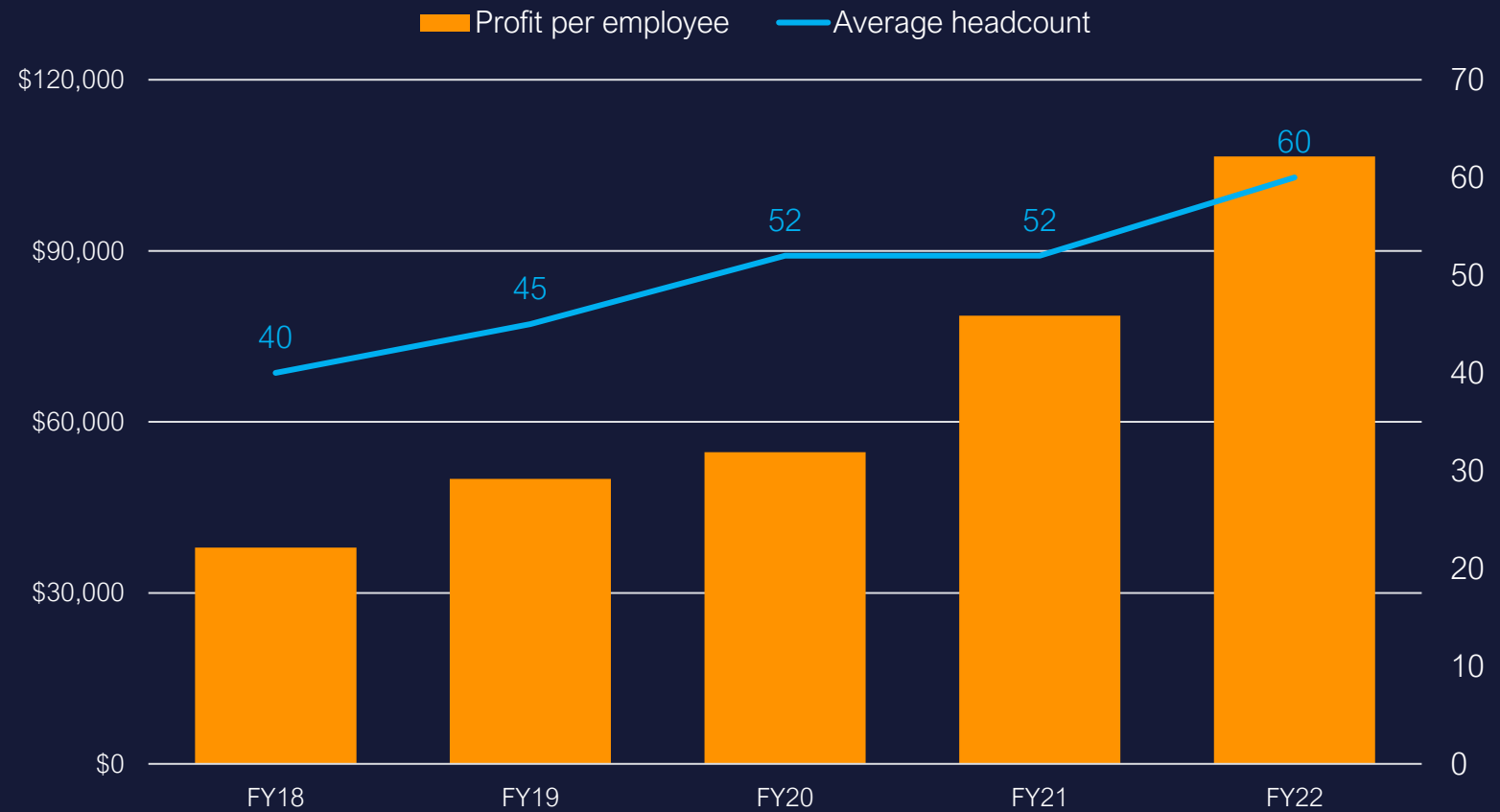


Annual Sales & Net Inflows (\$millions)



# Profit per Employee

## Generation Development Group



Note: Excludes employees working on annuity product development





# Investment in Lonsec

## Company overview



41% stake in Lonsec



1H FY23 Revenue  
\$26.6m\* (Up 32% on PCP)

1H FY23 EBITDA  
\$8.5m\* (Up 41% 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



Lonsec Research: Money Management Magazine research house of the year



Lonsec Research

Lonsec Investment Solutions



# Generation Development Group outlook

Continue to **grow overall sales** throughout the year, subject to relatively stable market conditions

**Lifeline** – Continue to build sales momentum and product enhancements, including new PDS

**Continuing to innovate our** investment bond offering and the release of a new PDS in the second half of the financial year

**Focusing on execution** of Lonsec's Accelerated Growth Plan and integration of Implemented Portfolios Limited



# Appendices



# 9 key features of investment bonds

## Life Insurance and Tax Act

**Maximum tax rate of 30%**  
Tax Optimised generally ranges between 12% - 15%\*

**No distributions** and access to funds at anytime

**Tax paid** - no personal tax after 10 years - tax advantages within 10 years

**125% advantage**

**Portability** and tax-free transfers

**No personal capital gains tax** on investment switching

**No tax file number required**

**Creditor protection**

Can be structured as a **non-estate asset**

\*Indicative effective average tax rates represent the estimated forecast average annual tax as a percentage of earnings for each 12-month period over a forecast period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.



## 5 key uses of Investment Bonds

Generation Life investment bonds are designed to provide tax-effective investment solutions to help secure a financial future across all generations.

1.

### Alternative to superannuation

The most tax effective investment solution after super

2.

### Estate planning

Be in control of transferring wealth

3.

### Saving for a child

Meeting the rising costs of future generations

4.

### Trusts

Reducing distributable income within trusts

5.

### Government entitlement

Improving pension entitlements

# Our leading investment menu

## Investment bonds

At Generation Life, we offer a wide range of investment options to meet investment objectives.

### 64 investment options across all major asset classes

20 x Diversified	4 x Property
13 x Australian shares	5 x International fixed interest
12 x International shares	2 x Alternatives
6 x Australian fixed interest	2 x Cash and deposits



## Key features of Generation Life LifeIncome

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 with the ability to switch between at any time<sup>1</sup>

0% tax environment  
Investment earnings within LifeIncome are tax-free. There are tax benefits on income payments too

LifeBooster feature pays a higher income from the start. Choose between two LifeBooster rates of 5% and 2.5%

A Death Benefit is payable if an investor passes away within the Death Benefit Period

6 month 'cooling-off' period inclusive of the statutory 14-day cooling-off period<sup>2</sup>

Ability to charge an initial advice fee and ongoing adviser service fee

Available for super and non-super money to investors aged at least 50<sup>3</sup>

1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. 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.
3. For superannuation money, your client must have satisfied a relevant condition of release to access their preserved benefits.

# Our leading investment menu

## Lifeline



A wide range of investment options to meet investment objectives. You can hold any combination at any time.

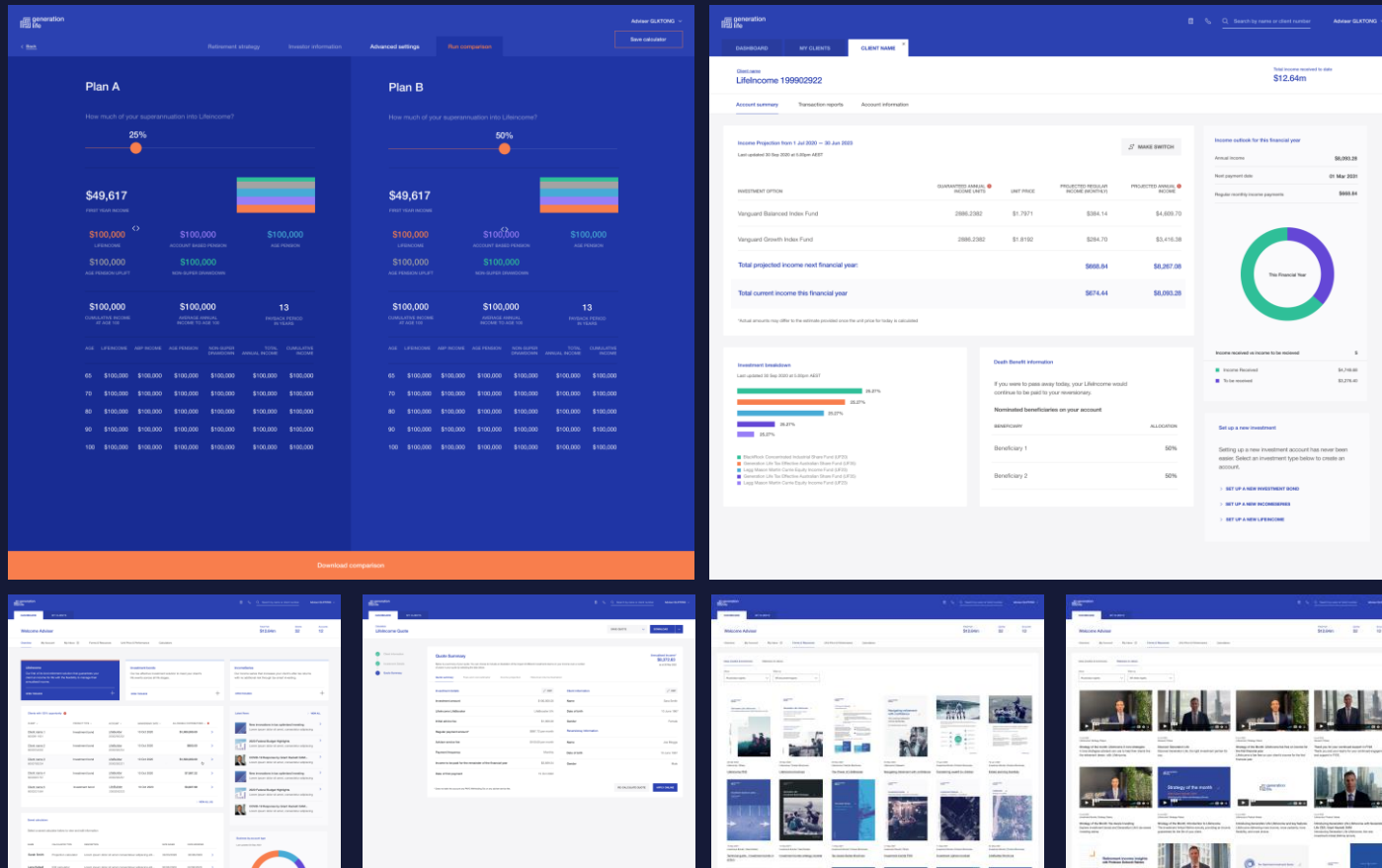
**23 investment options across multiple styles**

- 
- 5 x Single Sector Index funds
  - 8 x Pre Packaged Diversified Models
  - 3 x Lower Volatility Outcome Based Funds
  - 3 x Truly Active Single Sector Funds
  - 1 x Inflation Linked Fund
  - 3 x Responsible Investment funds





# Tools to support financial advisers



New PDS, brochures, website, statements and forms

Launched new financial technology capabilities for Lifeline and investment administration

New online tools and support – Calculators, integrated online form, quotation system, reporting, resources and videos

Rated “Superior” by SQM research



# Generation Life

Highly recommended for over a decade

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

## Awards



## Research ratings



LifelIncome



Investment Bonds



Investment Bonds  
LifeBuilder

Note: Zenith rating includes LifeBuilder and ChildBuilder



# Reconciliation of statutory profit to underlying earnings

## Generation Development Group

	HY23	HY22	Change	Change %
Underlying net profit after tax benefit – Life/Administration business (A\$'000)	3,546	3,340	206	6
Income tax expense – parent entity (GDG) (A\$'000)	(113)	-	(113)	nm
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<b>Underlying profit after tax (A\$'000)</b>	<b>2,938</b>	<b>2,866</b>	<b>72</b>	<b>3</b>
<i>Other items (net of applicable tax):</i>				
Investment in associates – IPL acquisition and integration costs (A\$'000)	(1,054)	-	(1,054)	nm
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	(56)	nm
Deferred tax on carry-forward losses (A\$'000)	(400)	(890)	490	55
Transaction and completion costs (A\$'000)	-	(362)	362	nm
<b>Statutory profit after tax (A\$'000)</b>	<b>1,484</b>	<b>1,720</b>	<b>(236)</b>	<b>(14)</b>

# FUM Growth

## Generation Development Group

	HY23	HY22	Change	Change %
Opening FUM (A\$m)	2,158	1,792	366	20
Sales inflow (A\$m)	250	344	(94)	(27)
Investment performance (A\$m)	41	53	(12)	(23)
Exits (A\$m)	(89)	(47)	(42)	89
Closing FUM (A\$m)	2,360	2,142	218	10



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