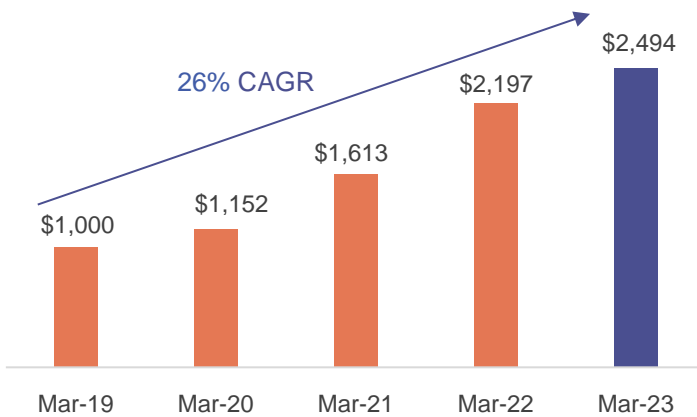


# ASX Announcement

19 April 2023

## Generation Development Group March Quarter Update

Closing Funds Under Management in \$m (Mar)



Funds Under Management

**14% ↑**

Up on previous corresponding period

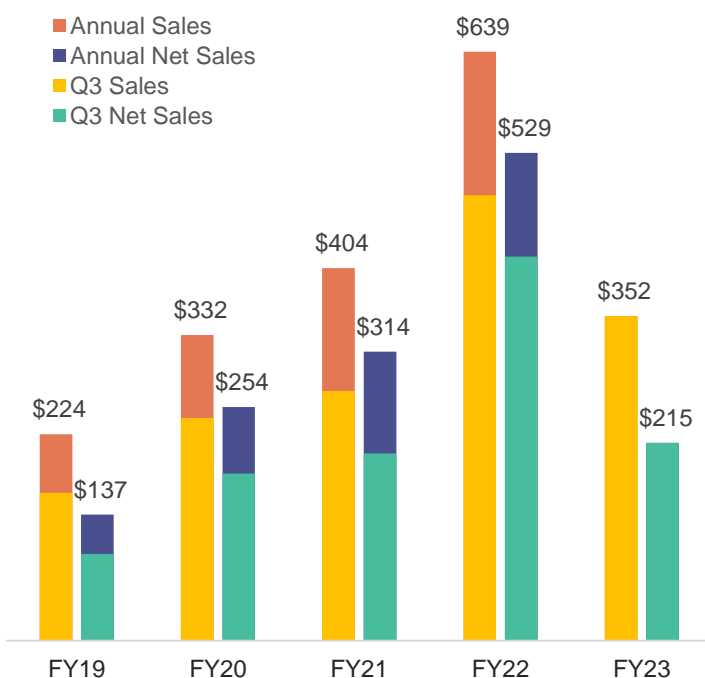
**\$2,494m**

Total FUM as at March 2023

**\$134m**

FUM growth December 2022 to March 2023

Annual Sales & Net Inflows in \$m



Gross inflows

**26% ↓**

Down on previous corresponding period

**\$54m**

Net inflows December 2022 to March 2023

**\$103m**

Sales inflows December 2022 to March 2023

**\$508m**

Sales inflows March 2022 to March 2023

Note: Excludes LifeIncome sales and funds under management.

# A message from Grant Hackett OAM CEO of Generation Life



## Momentum building in the new calendar year

Overall, business conditions improved over the quarter with momentum building over the period. While we typically expect this period to be the lowest for overall inflows due to the holidays and shorter month, it was encouraging to see that inflows were not too far off what was achieved in the second quarter of FY23 and broadly consistent with the fund flows that platform providers are experiencing. The net increase of \$134m of funds under management ("FUM") to a record \$2.5b was a very positive result. Redemptions also reduced by 11% in comparison to the previous quarter. Generation Life expects this financial year to be our second largest year of inflows on record. This is a particularly good result considering the vastly different operating environment, and the significant step change we achieved in sales with three record years in a row.

At the end of February, the Federal Treasurer, Hon Dr Jim Chalmers MP announced changes to superannuation. These changes will impact individuals with balances above \$3m, increasing the concessional tax rate applied to future earnings to 30 percent. This additional tax will also be applied to any unrealised gains. If the proposed legislation is passed in its current form, it does position Investment Bonds very well as a complementary or alternative investment structure. The double taxation along with the constant changes in superannuation could see individuals transferring their wealth into other investment structures such as Investment Bonds. Not only do Investment Bonds provide a favourable tax environment in comparison to these changes, they also provide material benefits for estate planning and asset protection purposes. These features combined with favourable tax treatment should create additional growth opportunities.

Lifeline, our Investment-Linked Lifetime Annuity continued to grow with a closing FUM balance of \$14m. At the end of March, we also received a positive research rating from Lonsec that will open up additional access to Approved Product Lists ("APLs"). Our 'Approved' rating will provide more distribution opportunities for the sales team to help support future growth. We are excited to announce that we will be launching a new Product Disclosure Statement ("PDS") for Lifeline in quarter four of FY23, it's important that Generation Life maintains its competitive advantage by developing more attractive product features and investment options that support retirees' income requirements. This bodes well with the increasing competition coming into the Lifetime Annuities market, driven by baby boomers entering retirement, legislative tailwinds such as the Retirement Income Covenant, and post-retirement assets set to increase by almost 100% to \$1.5t by 2030<sup>1</sup>.

### Grant Hackett OAM

#### Chief Executive Officer and Managing Director of Generation Life

1. "Dynamics of the Australian Superannuation System. The next 20 years to 2041"  
Deloitte Actuaries & Consultants: December 2021
2. Plan for Life, Investment Bonds Market Report for period ended 31 December 2022.

## Key highlights



The March quarter delivered **\$103m of quarterly inflows** with an improving pipeline as interest rate environment stabilizes



The March quarter delivered the **highest March quarterly FUM growth** in the history of Generation Life



**46% market share of annual inflows** into investment bonds for the period ended December 2022<sup>2</sup>



**Investment bond net inflows of \$54m** for the quarter with 11% reduction in redemptions compared to previous quarter

## Movements for the quarter and year



### Funds Under Management (\$m)

#### Generation Life Investment Bonds

|                                     | Quarter ended<br>Mar 2023 (\$m) | Quarter ended<br>Mar 2022 (\$m) | Change (\$m) | Change (%)  |
|-------------------------------------|---------------------------------|---------------------------------|--------------|-------------|
| <b>Opening</b>                      | 2,360.1                         | 2,141.5                         | 218.6        | 10.2        |
| <b>Sales inflows</b>                | 102.6                           | 139.4                           | -36.9        | -26.5       |
| <b>Investment growth</b>            | 79.9                            | -64.3                           | 144.2        | N/A         |
| <b>Withdrawals &amp; maturities</b> | -48.6                           | -20.1                           | -28.6        | -141.8      |
| <b>Closing</b>                      | <b>2,494.0</b>                  | <b>2,196.6</b>                  | <b>297.4</b> | <b>13.5</b> |

# Lonsec Investment Solutions

Lonsec Investment Solutions continues with strong growth, with \$8.2bn of Funds Under Management at March 2023. This included an increase of 10% in the March 2023 quarter, or 162% for the last twelve months.

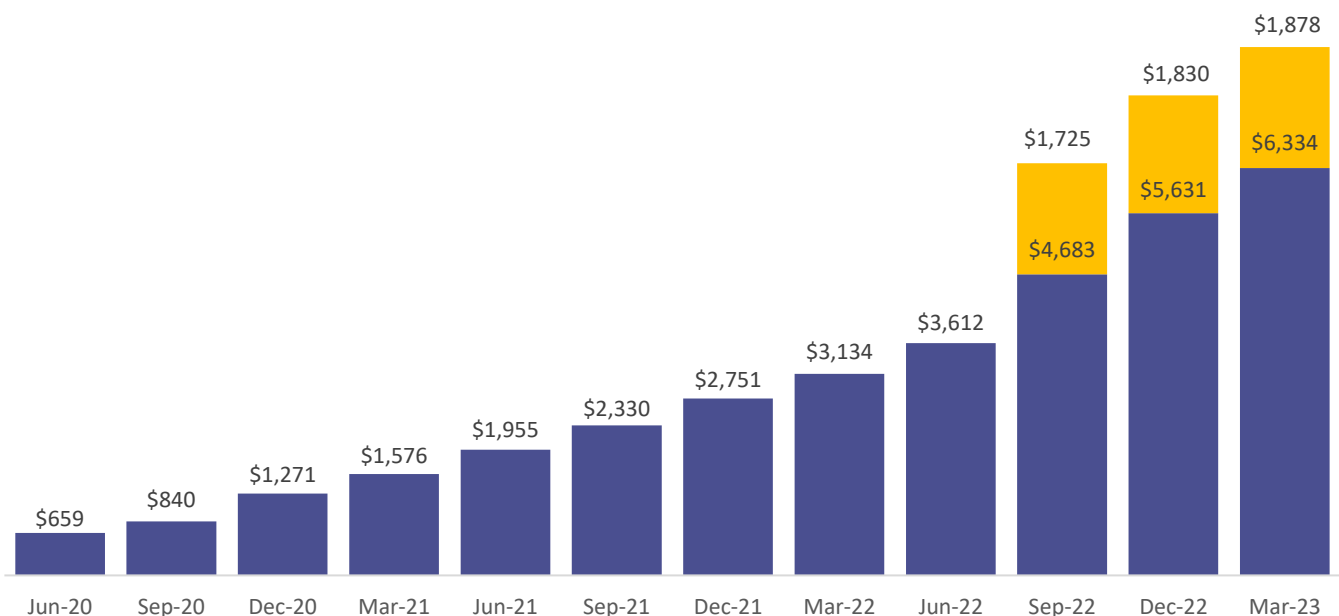
Generation Development Group (GDG) holds a 49.2% interest in Lonsec Holdings Pty Ltd (Lonsec), which includes Lonsec Investment Solutions that helps dealer groups and independent financial advisers establish diversified managed portfolios and separately managed account (SMA) solutions.

Lonsec Funds Under Management (FUM) increased by \$751m for the quarter, with Implemented Portfolios Limited growth contributing \$48m of that increase.

There has been a significant, 162%, or \$5.1bn, increase in FUM in the last 12 months since 31 March 2022.

During the quarter, GDG announced that it had increased its shareholding in Lonsec from 40.7% to 49.2%. This will provide GDG with a larger share of the strong earnings growth from Lonsec which achieved \$8.5m underlying EBITDA in the 6 months ended December 2022, compared to the full year underlying EBITDA of \$7.8m in FY20.

## Lonsec Closing Funds Under Management in \$m





Outthinking today.

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