

Custom Choice Wholesale Boutique Australian Share Portfolio

Third Supplementary Product Disclosure Statement

Dated: 7 May 2010

This Third Supplementary Product Disclosure Statement (Third SPDS) dated 7 May 2010 supplements the Custom Choice Wholesale Boutique Australian Share Portfolio (Fund) Product Disclosure Statement for IDPS investors dated 30 November 2008 (the PDS), the First Supplementary Product Disclosure Statement (First SPDS) dated 19 June 2009 and the Second Supplementary Product Disclosure Statement (Second SPDS) dated 5 August 2009.

The Third SPDS relates to the wholesale class of units and is to be read together with the PDS, the First SPDS and the Second SPDS.

Challenger resumes full management of the Fund

Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234 668) (Challenger) is the responsible entity of the Fund and the issuer of the PDS, First SPDS, Second SPDS and Third SPDS.

National Mutual Funds Management Limited (ABN 32 006 787 720) (AFSL 234 652) and Challenger have mutually agreed that from 31 May 2010, National Mutual Funds Management Limited will no longer manage the Fund's operations. From this date, Challenger will resume the full management of the Fund and all references in the PDS to National Mutual Funds Management Limited and AXA Asia Pacific Holdings Limited are removed and their role no longer applies.

QIC remains the appointed investment consultant to provide manager research and selection for the Fund.

The removal of National Mutual Funds Management Limited does not result in a change to the current investment objectives or investment strategy of the Fund.

The Fund's constitution, however, gives the responsible entity broad investment powers. Accordingly, Challenger reserves the right to change the investment objectives or investment strategy of the Fund set out in the PDS. Challenger will give unitholders written notice of any material variation it believes they would not have reasonably expected.

Contact details

Website www.challenger.com.au

By email info@challenger.com.au

By telephone Investor Services team 13 35 66 Adviser Services team 1800 621 009

By mail Challenger Managed Investments Limited Reply Paid 3698 Sydney NSW 2001

By fax 02 9994 7777

Consent

QIC, National Mutual Funds Management Limited and AXA Asia Pacific Holdings Limited have given their consent to statements about them in the form and context in which they are included, and have not withdrawn their consent before the date of this Third SPDS. QIC, National Mutual Funds Management Limited and AXA Asia Pacific Holdings Limited were not involved in the preparation of this Third SPDS and are not responsible for the issue of this Third SPDS nor are they responsible for any particular part of this Third SPDS, other than those parts that refer to them.

The information in this Third SPDS is up to date at the time of preparation. However, some information can change from time to time. If a change is considered materially adverse we will issue a supplementary or replacement PDS. For updated information about the Fund, please consult your financial planner, visit our website www.challenger.com.au or call our Investor Services team on 13 35 66, during Sydney business hours. We will also send you a copy of the updated information free of charge upon request.

Custom Choice Wholesale Boutique Australian Share Portfolio

Second Supplementary Product Disclosure Statement

Dated 5 August 2009

This Second Supplementary Product Disclosure Statement (**Second SPDS**) dated 5 August 2009 supplements the Custom Choice Wholesale Boutique Australian Share Portfolio (the Fund) Product Disclosure Statement for IDPS investors dated 30 November 2008 (the **PDS**) and the First Supplementary Product Disclosure Statement (**First SPDS**) dated 19 June 2009.

The Second SPDS relates to the wholesale class of units and is to be read together with the PDS and the First SPDS.

The Responsible Entity and the Sponsor

Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234 668) (**Challenger**) is the responsible entity of the Fund and the issuer of the PDS, First SPDS and Second SPDS. National Mutual Funds Management Limited (ABN 32 006 787 720) (AFSL 234652) has been appointed to manage the Fund's operations. National Mutual Funds Management Limited and its role in relation to the Fund is described more fully in the PDS.

Unitholder meeting held on 23 July 2009

On 23 July 2009 a unitholder meeting for the Fund took place, where unitholders were asked to approve an extraordinary resolution to the effect that on the retirement of Challenger Managed Investments Limited as responsible entity, National Mutual Funds Management Limited be appointed the new responsible entity of the Fund.

Insufficient votes were cast in favour of the resolution at the unitholder meeting to pass an extraordinary resolution and as a result Challenger Managed Investments Limited continues as the responsible entity of the Fund and retains ultimate responsibility as required in order to fulfil the duties.

National Mutual Funds Management Limited is the Sponsor and continues to manage the Fund's operations.

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 Reply Paid 3698
 Sydney NSW 2001
By fax 02 9994 7777

Consent

National Mutual Funds Management Limited has given its consent to statements about it in the form and context in which they are included, and has not withdrawn its consent before the date of this Second SPDS. National Mutual Funds Management Limited was not involved in the preparation of this Second SPDS and is not responsible for the issue of this Second SPDS nor is it responsible for any particular part of this Second SPDS, other than those parts that refer to it.

Custom Choice Wholesale Boutique Australian Share Portfolio

First Supplementary Product Disclosure Statement

Dated 19 June 2009

This is the first Supplementary Product Disclosure Statement (SPDS) to the Custom Choice Wholesale Boutique Australian Share Portfolio Product Disclosure Statement for IDPS investors dated 30 November 2008 (PDS) issued by Challenger Managed Investments Limited (ABN 94 002 835 592, AFSL 234 668) (Challenger).

This SPDS is to be read together with the PDS and has been issued to update information regarding the Custom Choice Wholesale Boutique Australian Share Portfolio (ARSN 107 016 517) (Fund).

The Responsible Entity and the Sponsor

Challenger Managed Investments Limited (Challenger) is the responsible entity of the Fund and the issuer of the PDS and this SPDS. National Mutual Funds Management Limited (ABN 32 006 787 720) (AFSL 234652) has been appointed to manage the Fund's operations. National Mutual Funds Management Limited and its role in relation to the Fund is described more fully in the PDS.

Proposed retirement of the Responsible Entity

Challenger wishes to retire as responsible entity, subject to the members choosing a new responsible entity at a meeting of members to be held on 23 July 2009 at the offices of Blake Dawson, Level 36, 225 George Street, Sydney NSW 2000 at 10.30am (Sydney time). Challenger has convened the meeting of members to explain its reasons for wanting to retire and to enable the members to vote on an extraordinary resolution (the Resolution) to choose National Mutual Funds Management Limited to be the new responsible entity.

If the Resolution is passed:	If the Resolution is not passed:
<p>Shortly after the Resolution is passed, Challenger will lodge a notice with ASIC in accordance with section 601FL(2) of the Corporations Act asking it to alter the record of the registration of the Fund to name National Mutual Funds Management Limited as the new responsible entity.</p> <p>The retirement of Challenger and the appointment of National Mutual Funds Management Limited will take effect from when ASIC amends the record of the Fund's registration.</p>	<p>Challenger will not retire and will continue to act as responsible entity. The arrangements between Challenger and National Mutual Funds Management Limited will not be affected by the failure to pass the Resolution.</p> <p>Challenger will continue as the Fund's responsible entity and would retain ultimate responsibility as required in order to fulfil its duties as responsible entity.</p> <p>National Mutual Funds Management Limited will continue to manage most aspects of the Fund's operations, including but not limited to sales and distribution, investment management, investment administration, promotional, communication and registry functions on behalf of Challenger.</p>

National Mutual Funds Management Limited does not currently intend to change the existing investment strategy of the Fund. Like Challenger, National Mutual Funds Management Limited will act in the best interests of unitholders to maximise returns.

Contact details

Website www.challenger.com.au
By email info@challenger.com.au
By telephone Investor Services team 13 35 66
 Adviser Services team 1800 621 009
By mail Challenger Managed Investments Limited
 Reply Paid 3698
 Sydney NSW 2001
By fax 02 9994 7777

Consent

National Mutual Funds Management Limited has given its consent to statements about it in the form and context in which they are included, and has not withdrawn its consent before the date of this SPDS. National Mutual Funds Management Limited was not involved in the preparation of this SPDS and is not responsible for the issue of this SPDS nor is it responsible for any particular part of this SPDS, other than those parts that refer to it.

The information in this SPDS is up to date at the time of preparation. However, some information can change from time to time. If a change is considered materially adverse we will issue a supplementary or replacement PDS. For updated information about the Fund, please consult your financial planner, visit our website www.challenger.com.au or call our Investor Services team on 13 35 66, during Sydney business hours. We will also send you a copy of the updated information free of charge upon request.



Custom Choice

Wholesale Boutique Australian Share Portfolio

For IDPS investors

Product Disclosure Statement
Dated 30 November 2008

Responsible Entity
Challenger Managed Investments Limited
(ABN 94 002 835 592)
(AFSL 234668)

Sponsor
National Mutual Funds Management Limited
(ABN 32 006 787 720)
(AFSL 234652)



About this Product Disclosure Statement (PDS)

This document provides information to help investors and their advisers assess the merits of investing in the wholesale class of units in the Custom Choice Wholesale Boutique Australian Share Portfolio (ARSN 107 016 517) (the **Fund**) and to compare this Fund with other investment opportunities on offer. We strongly encourage you to read this document in full before making an investment decision.

In preparing this PDS, we did not take into account your particular investment objectives, financial situation or needs. As investors' needs and aspirations differ, you should consider whether investing in the Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice, particularly about such individual matters as taxation, retirement planning and investment risk tolerance.

Updated information

The information in this PDS is up to date at the time of preparation. However, some information and terms (see below) can change from time to time. If a change is considered materially adverse we will issue a supplementary or replacement PDS.

For updated or other information about the Fund (such as performance), please consult your IDPS operator (as defined on page 4), your financial planner or visit our website www.challenger.com.au. We will send unitholders a copy of the updated information free of charge upon request.

Important notices

This PDS relating to the Fund is dated 30 November 2008 and is issued by Challenger Managed Investments Limited (ABN 94 002 835 592) (AFSL 234668) (**CMIL, Challenger**, also referred to as **we, us, our** or the **responsible entity** throughout this PDS).

CMIL is the responsible entity and issuer of this PDS and its ultimate parent is Challenger Financial Services Group Limited (ABN 85 106 842 371) (the **Challenger Group**).

Challenger authorises the use of this PDS as disclosure to investors and potential investors who wish to access the Fund through an investor-directed portfolio service operator (**indirect investors**). This PDS may also be used for direct investment by IDPS operators (**direct investors** or **unitholders**).

Neither CMIL, AXA Asia Pacific Holdings Limited (**AXA**), National Mutual Funds Management Limited (**NMFM** or the **sponsor**), QIC Limited (**QIC**), nor any investment manager appointed by CMIL, nor any other member of the Challenger Group, the AXA Asia Pacific Group, NMFM, nor any agent of NMFM or the AXA Asia Pacific Group, guarantees the repayment of your capital or the performance of your investment, or any particular taxation consequences of investing.

By investing in the Fund, you confirm you have received a copy of the current PDS to which this investment relates, that you have read it and agree to the terms contained in it, and that you agree to be bound by the terms of the current PDS and current constitution (each as amended from time to time).

The offer or invitation to subscribe for units in the Fund under this PDS is only available to persons receiving this PDS in Australia and is subject to the terms and conditions described in this PDS. Challenger reserves the right to change these terms and conditions with, in the case of an increase in fees, 30 days notice, otherwise notice will be provided before or as soon as practicable after the change occurs. We reserve the right to withdraw the offer or invitation to subscribe for units and withdraw this PDS.

All fees and costs quoted in this PDS, unless otherwise stated, are quoted inclusive of any Goods and Services Tax (**GST**) and net of Reduced Input Tax Credits (**RITCs**) (if any) of 75% of GST paid, which effectively reduces the GST payable from 10% to 2.5%.

Consents

The following parties have provided their consent to the statements about them in the form and context in which they are included:

- QIC Limited (QIC)
- National Mutual Funds Management Limited (NMFM)
- AXA Asia Pacific Holdings Limited (AXA)

The above parties were not involved in the preparation and distribution of this PDS and are not responsible for the issue of this PDS, nor are they responsible for any particular part of this PDS, other than those parts that refer to them. They have not withdrawn their consent before the date of this PDS.

Contact details

For any enquiries, please contact your financial planner or IDPS operator. Our direct contact details are listed on the inside back cover of this PDS.

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Features at a glance

		See section
Minimum transaction and balance requirements	You need to comply with any minimum transaction and balance requirements of your IDPS operator.	‘Making, withdrawing and monitoring your investment’ on pages 16 and 17.
Fees and other costs¹		
Contribution fee	Nil	
Withdrawal fee	Nil	
Management fee	1.08% p.a.	
Normal operating expenses	We currently pay normal operating expenses of the Fund from our management fee and do not recover these from the Fund.	‘Fees and other costs’ on pages 11 to 15.
Abnormal operating expenses	We may recover abnormal expenses such as the cost of unitholder meetings from the Fund.	
Investment expenses	We may recover performance based remuneration from the Fund.	
Transaction costs – buy/sell spread	+0.30%/–0.30% per transaction. This amount may change if the estimate of the underlying transaction costs changes (see page 13).	
Risks of investing in the Fund	All investments are subject to risk. Significant risks are described on pages 6 to 8.	
Distribution payments		
Frequency	Quarterly as at 31 March, 30 June, 30 September and 31 December. However, there may be periods in which no distributions are made.	‘Distributions’ on pages 18 and 19.
Payment methods	Distributions will be paid to the IDPS operator as soon as possible after the end of the quarterly accrual period.	
Valuations and pricing		
Valuing the Fund’s assets	The Fund’s assets are usually valued each NSW business day.	‘Unit prices and valuing assets and liabilities’ on page 18.
Unit pricing	Unit prices are usually calculated each NSW business day.	

¹ For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees.

Introduction

Overview

The Fund is a multi-manager fund. Through one investment, multi-manager funds allow you to diversify across a range of investment styles and investment managers that are often difficult for individual investors to access.

The sponsor

National Mutual Funds Management Limited (NMF), a wholly owned subsidiary of AXA Asia Pacific Holdings Limited (AXA), has been appointed to manage the operations of the Fund.

NMF's appointment is being implemented on a progressive basis so that by the end of July 2009, NMF will manage the majority of functions in respect of the Fund, including sales and distribution, investment management, investment consultancy, investment administration, promotional, communication and registry functions. Practically speaking, this means that, going forward, NMF may determine the strategic direction of the Fund and will take over the day-to-day management of functions currently being undertaken by CMIL; for example, sales and distribution, investment administration, promotional, communication and registry functions.

AXA helps more than one million Australians provide for their future. AXA is a member of the Global AXA Group, one of the largest financial services groups in the world, with an enviable track record in meeting the superannuation, investment and insurance needs of millions of clients world wide. The Global AXA Group operates in 50 countries with total Group assets under management, administration and advice in excess of \$1.6 trillion as at 30 June 2008. To learn more about AXA, visit www.axa.com.au.

The investment consultant

QIC Limited (QIC) is the appointed investment consultant for the Fund. In this role, QIC provides manager research and selection for the Fund. QIC's role is to identify and blend the best specialist investment managers.

QIC has been operating multi-manager portfolios since 1991, which makes it one of the most established and experienced multi-manager consultants in Australia. QIC has extensive research capabilities with numerous investment professionals involved in multi-manager research and review across most major asset classes in Australia and overseas.

QIC and NMF may consult with each other regarding the appointment, retention or termination of investment managers for the Fund. NMF may also make recommendations on these matters.

The investment managers

Specialist investment managers are appointed to manage the investments of the Fund. Over time, however, these investment managers may change. For an up-to-date listing of current investment managers appointed to the Fund, please visit our website www.challenger.com.au.

The responsible entity

Challenger Managed Investments Limited (CMIL) is the responsible entity for the Fund and issuer of this PDS. As responsible entity, CMIL issues units in the Fund and is legally responsible under the Corporations Act to the members of the Fund for the operation of the Fund. As responsible entity CMIL, is also liable under the Corporations Act for anything done or failed to have been done by its agents. Under the arrangement with NMF, CMIL must act in accordance with the recommendations of NMF. CMIL intends to generally act in accordance with any such recommendations unless to do so would be contrary to its duties as responsible entity, contrary to existing contractual obligations and not in the best interests of members.

Introduction (continued)

About the Fund

The Fund profile on page 9 provides details of the Fund's investments and how they are managed.

Up-to-date information about the Fund

You can obtain up-to-date information about Fund performance, actual asset allocation, Fund size and lists of current investment managers by contacting your financial planner, visiting our website www.challenger.com.au, or calling our Investor Services team. A paper copy of any updated information will be given to you, free of charge, by calling our Investor Services team.

Asset allocation ranges

The Fund profile on page 9 shows indicative asset allocations for the Fund. If market movements, applications or withdrawals from the Fund, or changes in the nature of an investment, cause the Fund to exceed the indicative allocations or a limit in this PDS, this will be rectified by us or the investment manager as soon as reasonably practicable.

Making investments directly or indirectly

The Fund may make investments directly or indirectly by investing in other funds (including funds related to or managed by a member of the Challenger Group) that have investment objectives and authorised investments that are consistent with the Fund. This structure helps to minimise transaction costs and can enhance diversification.

Changes to investment policy or management of the Fund

The Fund's constitution permits a wide range of investments and gives us as responsible entity broad investment powers. We may change the investment manager or the investment consultant and/or vary the investment objectives, strategies, benchmark, asset allocation ranges and processes of the Fund set out in this PDS. The current arrangement with QIC is due to expire on 29 July 2009 unless terminated earlier or extended. At that time NMFMM will become responsible

for the investment management of the Fund. NMFMM may seek QIC's reappointment or perform the role currently performed by QIC itself or appoint another entity to undertake that role. We will give unitholders written notice of any material variation we believe they would not have reasonably expected.

Who may invest?

Only IDPS operators can invest directly in the Fund through this PDS. In this PDS we refer to investors who invest in the Fund through an investor-directed portfolio service (IDPS), an IDPS-like scheme, master trust or wrap account service as indirect investors and we refer to the operators of these products and services as IDPS operators.

To invest, simply complete the documentation which your IDPS operator requires. In addition to reading this PDS, you should read the disclosure document that explains your IDPS.

Indirect investors do not become unitholders in the Fund. Your enquiries and complaints should be directed to your financial planner or IDPS operator, not to us. Usually, IDPS operators pool their investors' money and make a single investment in the Fund that is held in the name of a custodian. Accordingly, it is the IDPS operator or custodian, not the indirect investor, who acquires the unitholder rights and it is the IDPS operator or custodian, not the indirect investor, to whom we have reporting obligations. Fund reports and other information will be sent directly to your IDPS operator, who will use this information to provide you with regular reporting.

About asset classes

Before you invest, it is important to understand the asset classes and investment techniques used in the Fund. These asset classes and certain investment techniques are described below.

The term 'security' is used throughout this PDS to refer to investments in shares and derivatives.

Asset classes

For information on asset allocation of the Fund, refer to 'Fund profile' on page 9.

Shares

Shares (also known as equities) represent a part ownership in a company. Shareholders may be entitled to some of the company's profits if the company distributes income (dividends). Shareholders may also expect some capital growth if the share price rises, and capital losses may also occur if the share price falls.

Cash

Cash and short-term securities include cash, deposits and short-term bank bills (those expected to mature in less than 12 months). Cash traditionally produces a stable investment return (through the payment of interest) but has generally been outperformed by other major asset classes over longer term periods.

Derivatives

The term 'derivative' is used to describe any financial product that has a value that is derived from another security, liability or index. The Fund may at times invest in or obtain exposure to derivatives, such as futures and options.

Derivatives can be used to implement investment decisions, including hedging and as a risk management tool. Derivatives can be used to gain exposure to assets and markets as part of implementing investment or asset allocation decisions. Derivatives may also be used to manage risk (such as for currency hedging). We do not intend to gear the Fund through the use of derivatives.

For information on the way in which the Fund may use derivatives, please see 'Investment universe' in the 'Fund profile' section on page 9.

The use of derivatives may expose the investment to certain risks. Please see 'Derivative risk' on page 7 for more information.

Investment techniques

Long positions

A long position occurs when a fund has actual ownership of an investment (e.g. owns a share).

Securities lending

Under a securities lending transaction, securities are lent to a third party (borrower) by the securities' owner (lender) for a period of time in return for a fee. Depending on the nature of the lending agreement, the lender may also receive interest on collateral lodged by the borrower. The fee and any interest received increase the income of the fund. This increase in the return of the fund may be material where a significant proportion of the fund's securities are lent for a significant amount of time. The Fund may enter into securities lending transactions in regard to the securities it holds so as to derive income.

Please see 'Securities lending risk' on page 8 for information on the risks associated with securities lending.

Cash borrowings

The Fund's constitution allows for borrowing. Unless otherwise stated, we will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flows or if emergency or extraordinary situations arise.

Please refer to 'Borrowings' on page 10 for more information.

About the risks of investing

What are the risks of investing?

A degree of risk applies to all types of investments.

As investing in the Fund involves exposing your investment to a range of risks, it is important that you understand:

- the risks involved in investing in the Fund;
- how these risks compare with the risks of other investments;
- how comfortable you are in exposing your investment to risk; and
- the extent to which the Fund fits into your overall financial plan.

Risk can mean different things to different people. It can mean the risk that your investment may fail to achieve the returns that you expect. This includes situations in which your investment may suffer substantial declines in value. It also includes situations in which your investment goals will not be met because the type of investments you chose did not provide the potential for adequate returns.

Risk is also often defined to mean investment volatility. That means the extent to which an investment varies in value over a given period. Often investments, offering higher levels of potential return also exhibit higher levels of short-term volatility.

When making your investment decision, you should consider that investments in growth assets, such as shares and property, provide the potential for higher returns in the long term than investments in income-producing assets such as fixed interest and cash. However, growth assets tend to produce more variability of returns in the short term. Diversifying your investments across different asset classes can help you to smooth your returns.

The Fund has a suggested minimum investment timeframe (outlined in the Fund profile on page 9), which is the minimum period generally required for the Fund to meet its objective. Ensuring you select an investment that matches your investment timeframe and investment needs can also help you manage the risks of investing.

Your financial planner can help you with these considerations and in understanding and managing the risks of investing.

Types of risk

Investments are subject to many risks, not all of which can be predicted or foreseen. The table below lists the significant risks associated with investing in the Fund. You should consult your financial planner before making a decision to invest.

Risk	Explanation
Concentration risk	The risk associated with a fund that concentrates its investments in a small number of securities or invests in a small subset of an asset class. The value of such a fund tends to be more volatile than the value of a more diversified fund because a concentrated fund's value is affected to a greater extent by the performance of those particular assets.
Derivative risk	<p>The value of derivatives is linked to the value of an underlying asset (or an interest rate, share index or other reference point). The value of derivatives can be highly volatile. While derivatives offer the opportunity for higher gains for a smaller outlay, they can also result in significant losses, sometimes significantly in excess of the amount invested to obtain the derivative.</p> <p>Risks associated with using derivatives, might include the value of the derivative failing to move in line with that of the underlying asset, potential illiquidity of the derivative, a fund not being able to meet payment obligations as they arise, and counterparty risk (where the counterparty to the derivative contract cannot meet its obligations under the contract).</p> <p>Where the Fund uses derivatives the investment managers aim to ensure that there are sufficient liquid assets available in the Fund to meet liabilities under derivatives (that is, while a derivative may turn out to be loss making, we do not intend to gear the Fund using derivatives and we aim to keep sufficient liquid assets in the Fund to meet such losses).</p>
Entity risk	When a security in a company or other entity is purchased, the investor is exposed to many of the risks to which the individual company or other entity is itself exposed. These risks may impact the value of a security in the company. They include such factors as changes in management, actions of competitors and regulators, changes in technology and market trends.
Fund risk	<p>Fund risk refers to specific risks associated with the Fund, such as termination and changes to fees and expenses. We may close the Fund to further investments if we consider it appropriate given the investment objective and investment strategy of the Fund. We may also terminate the Fund by notice to unitholders. Your investment in the Fund is governed by the terms of the constitution and PDS for the Fund, each as amended from time to time. There is also a risk that investing in the Fund may give different results from holding the underlying assets of the Fund directly because of:</p> <ul style="list-style-type: none">• income or capital gains accrued in the Fund at the time of investing; and• the consequences of investment and withdrawal decisions made by other investors in the Fund; for example, a large level of withdrawals from the Fund may lead to the need to sell underlying assets which would potentially realise income and/or capital gains. <p>We aim to manage these risks by monitoring the Fund and acting in investors' interests. When we wind up the Fund, we will generally realise all Fund assets which will result in crystallisation of the tax positions (both income and capital) at that time.</p>

About the risks of investing (continued)

Risk	Explanation
Investment manager risk	The investment style of an investment manager can have a substantial impact on the investment returns of the Fund. No single investment style performs better than all other investment styles in all market conditions. Investment performance will also depend on the skill of the investment manager in selecting, combining and implementing investment decisions. Changes in the personnel of the investment manager may also have an impact on investment returns of the Fund.
Liquidity risk	If a security is not actively traded it may not be readily bought or sold without some adverse impact on the price paid or obtained. Securities that may be less liquid include shares in smaller companies, direct property assets and some debt instruments (including corporate bonds and mortgages). All investment managers aim to manage this risk through their investment process and by carefully managing the sale and purchase of the Fund's assets. If an investor or a group of investors in a fund with exposure to less liquid assets seeks to make large withdrawals, then selling assets to meet those withdrawals may result in a detrimental impact on the price we receive for those assets. In certain circumstances, we may be required to suspend withdrawals (please see 'Withdrawal risk' below) to allow sufficient time for a more orderly liquidation of assets to meet the withdrawals.
Market risk	Generally, the investment return on a particular asset is correlated to the return on other assets from the same market, region or asset class. Market risk is impacted by broad factors such as interest rates, political environment, investor sentiment and significant external events (e.g. natural disasters). Often, assets from less developed regions or markets display higher levels of volatility of investment return than assets in mature markets.
Regulatory risk	The risk that the value or tax treatment of an investment in the Fund or its underlying assets, or the effectiveness of the Fund's trading or investment strategy may be adversely affected by changes in government (including taxation) policies, regulations and laws, or changes in generally accepted accounting policies or valuation methods. Such changes could also make some investors consider the Fund to be a less attractive investment option than other investments, prompting greater than usual levels of withdrawals, which could have adverse effects on the Fund.
Securities lending risk	Securities lending exposes both the lender and the borrower to additional risks. These may cause a loss to the Fund; however, processes are in place to manage these risks where possible, including requirements for borrowers to provide sufficient collateral as security for any lent securities, enforceable legal contracts between the parties and undertaking securities lending through approved parties.
Withdrawal risk	Where the Fund invests in assets that cannot be readily bought and sold (for example, real property or smaller companies) or market events reduce the liquidity of a security or asset class, there is a risk that the generally applicable timeframe of five business days for meeting withdrawal requests may not be able to be met. This is because it may take longer to sell these types of investments at an acceptable price. In this case, withdrawals from the Fund may take significantly longer than the generally applicable timeframe. In certain circumstances, we may also suspend withdrawals to allow sufficient time for a more orderly liquidation of assets to meet withdrawals or declare that the Fund is not liquid. Additional information about an investor's ability to withdraw when the Fund is liquid, including these timeframes, and an investor's ability to withdraw if withdrawals are suspended or if the Fund is not liquid is found on pages 16 and 17.

About the Fund

Fund profile

Fund	Custom Choice Wholesale Boutique Australian Share Portfolio		
Suggested minimum investment timeframe	At least five years		
Investment manager	QIC is the investment consultant		
Benchmark	S&P/ASX 300 Accumulation Index		
Distribution frequency	Quarterly		
Investment objective	The Fund aims to outperform its benchmark over rolling three-year periods.		
Investment strategy	<p>The Fund is designed to provide investors with a 'manage-the-manager' (MTM) Australian share portfolio utilising the investment manager expertise of boutique Australian share managers.</p> <p>We believe, in relation to multi-manager portfolios, the key to producing the best possible performance for investors is by selecting a small number of specialist active managers to run concentrated portfolios of securities that they believe have the most potential to outperform. QIC provides investment manager research and selection services for the Fund.</p>		
Investment approach	<p>QIC's MTM research process involves a progressive filtering process being used to reduce the universe of investment managers within each asset class. The filtering process utilises both quantitative and qualitative analysis.</p> <p>For the investment managers progressing to a review, the assessment of their capabilities focuses on corporate strength, investment philosophy and process, people, systems and technology. This review stage may include onsite investment manager visits.</p>		
Investment universe	<p>The Fund will primarily be invested in the shares of companies listed on the Australian Securities Exchange (ASX) but may also include equity securities, hybrid securities (for example, convertible notes, redeemable preference shares and partly paid shares) and shares in unlisted companies, provided that they are expected to list within a reasonable time. The Fund may invest in the shares of an Australian company listed on a foreign stock exchange when that company is also listed on the ASX and may also hold up to 5% in securities listed or about to list on the New Zealand Stock Exchange.</p> <p>It can also enter into underwriting agreements relating to shares able to be held by the Fund provided there are sufficient liquid assets in the Fund to cover such obligations. The Fund may also use options, futures and other derivatives to achieve its performance objective.</p>		
Portfolio construction	QIC will select and blend specialist investment managers to manage the Fund. QIC may consult with AXA regarding the appointment, retention or termination of investment managers. For an up-to-date list of investment managers, please visit our website www.challenger.com.au .		
Currency strategy	The exposure to New Zealand investments is not currently hedged.		
Asset allocation ranges	Asset class	Min (%)	Max (%)
	Securities	80	100
	Cash	0	20

About the Fund (continued)

Additional information about the Fund

Borrowings

The Fund's constitution allows for borrowing. The investment managers will generally not borrow on behalf of the Fund, except from time to time to cover short-term cash flow needs or if emergency or extraordinary situations arise.

Borrowings may be from a variety of sources, including companies associated with the Challenger Group. Where funds are borrowed from companies associated with the Challenger Group, the terms are set on a commercial and arm's length basis.

The availability and terms of borrowings are subject to the market for borrowings (including market conditions in debt and other markets) and therefore borrowings may not always be available. Lenders may refuse to provide borrowings, renew an existing borrowing facility or refuse to renew on commercially acceptable terms. This may be for reasons specific to the Fund or due to market-wide events.

Labour standards or environmental, social or ethical considerations

Neither we nor the investment managers take into account labour standards or environmental, social or ethical considerations when buying, retaining or selling underlying investments. However, to the extent that we or an investment manager believe those matters may affect the value or performance of an underlying investment, they may be considered.

Neither we nor the investment managers have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration as these will be determined on a case-by-case basis.

Fees and other costs

Consumer advisory warning

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

Because you are investing in this Fund via an IDPS, you will need to consider the fees and other costs of the IDPS when calculating the total cost of your investment.

This table shows fees and other costs that you may be charged in the Fund. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

Taxes are set out in 'Taxation considerations' on pages 19 and 20.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund	Nil	Not applicable
Establishment fee: The fee to open your investment.	Nil	Not applicable
Contribution fee: The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	Not applicable
Termination fee: The fee to close your investment.	Nil	Not applicable
Management costs¹		
Management costs: The fees and costs for managing your investment.		Management costs include your management fee expressed as a percentage of the total net assets of the Fund and estimated performance based remuneration. This amount does not include any abnormal expenses.
<ul style="list-style-type: none"> Management fee 	1.08% (refer page 13).	The management fee is deducted from the Fund's assets, accrued daily and paid monthly in arrears.
<ul style="list-style-type: none"> Estimated performance based remuneration 	0.0% p.a. (refer to 'Investment expenses and performance based remuneration' on page 12).	Performance based remuneration is deducted from the Fund's assets and paid at the times agreed with the relevant investment manager.
Total estimated management costs	Refer to 'Management costs' on pages 12 and 13.	
Service fees²		
Investment switching fee: The fee for changing investment options.	Nil	Not applicable

¹ For certain wholesale clients (as defined in the Corporations Act) we may, at our discretion, negotiate, rebate or waive all or part of our fees. Please refer to the section headed 'Can fees be different for different investors' on page 14.

² Please also refer to 'Additional adviser service fee' on page 14.

Fees and other costs (continued)

Additional explanation of fees and costs

Management costs

Management costs comprise the additional fees or costs that an investor incurs by investing in the Fund rather than investing directly in the underlying assets. Management costs include the management fee, normal operating expenses, abnormal expenses, investment expenses and performance based remuneration. They do not include transaction costs or other costs that an investor would ordinarily incur when investing directly in the underlying assets.

Management costs are payable from the Fund's assets and are not paid directly from your account. The management costs for the Fund are based on current financial information.

For details of the maximum fees permitted under the Fund's constitution, please see 'Can fees change?' on page 15.

Management fees

These are the fees charged for managing the investments, overseeing the Fund's operations and providing access to the Fund.

We have outsourced some of the services (such as custody, Fund administration (including investment administration), investment management and investment consultancy) in accordance with our powers under the Fund's constitution. The fees payable to the outsourced service providers such as the custodian, QIC and NMF in relation to such services/functions will be paid by us from the management fees and are not an additional charge to investors.

Normal operating expenses

We currently pay the normal operating expenses of the Fund from our management fee and do not recover these from the Fund.

Abnormal expenses

We may recover abnormal expenses (such as costs of unitholder meetings, changes to the constitution, and defending or pursuing legal proceedings) from the Fund. The management costs set out in the table on page 13 do not include any abnormal expenses. Whilst it is not possible to estimate abnormal expenses with certainty, we anticipate that the events that give rise to abnormal expenses will not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

Investment expenses and performance based remuneration

We currently pay the standard ongoing investment management fee incurred in connection with the Fund from our management fee.

Where an investment manager is appointed who is eligible to receive performance based remuneration then this may be recovered from the Fund. We may agree to such an arrangement with an investment manager where we believe it is in the best interests of the Fund.

An estimate of such performance based remuneration is included in the table on page 13.

Additional management related expenses may be incurred in an underlying fund in which the Fund invests. Any such expenses are generally paid out of the assets of the underlying fund and reflected in the unit price of that fund. Any expenses of this kind are also included in the management costs shown on page 13.

Management costs of the Fund

The table below sets out the estimated management costs for the Fund. Management costs are expressed as a percentage of the total net assets of the Fund. The figures quoted are not an indication or guarantee of the amounts that may be charged in the future.

Fund	Management fee (% p.a.)	Estimated performance based remuneration ¹ (% p.a.)	Estimated management costs (% p.a.)
Custom Choice Wholesale Boutique Australian Share Portfolio	1.08	0.00	1.08

¹ The estimated performance based remuneration quoted is based on the actual performance based remuneration charged for the year ended 30 June 2008 and is not an indication or a guarantee of future performance, nor the performance based remuneration which may be charged in the future. Performance based remuneration and therefore total management costs generally vary each year depending on the Fund's return. Please see 'Investment expenses and performance based remuneration' on page 12 for further information on performance based remuneration.

Transaction costs – buy/sell spread

The buy/sell spread in the Fund is stated as a percentage of the net asset value of the Fund and is the difference between the investment price and the withdrawal price of units. It reflects our estimate of the transaction costs expected to be incurred in buying and selling the Fund assets as a result of investments, withdrawals and switches made by investors. A different buy/sell spread may apply if we change our estimate.

We will notify you if the buy/sell spread increases. Types of transaction costs can include brokerage, stamp duty and other government taxes or charges. The purpose of the buy/sell spread is to ensure that only those investors transacting in the Fund's units at a particular time bear the Fund's costs of buying and selling the Fund's assets as a consequence of their transaction. Our estimate of transaction costs may take into account factors such as (but not limited to) historical transaction costs and anticipated levels of investments and withdrawals. It is expected that brokerage will make up the vast majority of transaction costs.

The current buy/sell spread for the Fund is +0.30%/–0.30%.

Please note that the buy/sell spread is not a fee paid to us. It is paid to the Fund and is reflected in the unit price. The buy/sell spread, however, is an additional cost to you.

Transaction costs example: If you invested or withdrew \$50,000 in the Fund, a buy/sell spread of +0.30%/–0.30% is included in the unit price which is equal to a transaction cost of \$150.

Fees and other costs (continued)

Units in lieu

We may elect to receive units in lieu of all or part of the management fee (plus any applicable GST) for the Fund.

Can fees be different for different investors?

Yes, we may negotiate, rebate or waive fees for wholesale clients (as defined by the Corporations Act). We do not negotiate fees with retail investors.

Government charges and GST

Government taxes such as stamp duty and GST may be applied as appropriate. Please see 'Taxation considerations' on pages 19 and 20.

Where we invest in other Challenger funds

The Fund may gain investment exposure through other unlisted funds operated by Challenger. Where we invest in an unlisted fund operated by us, full management fees are not received by us from both funds. Instead, adjustments are made so that our management fee will be no greater than the management fees set out on page 13.

Borrowing costs

Borrowing costs are the costs associated with borrowing money or securities.

The Fund may enter into borrowing facilities and, if so, the costs of the borrowing facility would be borne by unitholders in the Fund and are not included in the management costs set out on page 13.

Adviser remuneration

Indirect (or alternative form) remuneration

We may pay fees or provide other financial assistance (for seminars, client mailings, co-operative advertising, postage, etc.) to financial services intermediaries. These may be a fixed dollar amount or a percentage of funds invested. If we do, we will make these payments from our own resources, so that they are not an additional cost to the Fund or its investors.

We maintain a register (in compliance with the IFSA/FPA Industry Code of Practice on Alternative Forms of Remuneration) summarising alternative forms of remuneration that are paid or provided to certain financial planners. If you would like to review this register, please contact us.

Commissions and other payments

We may pay fees from our resources to some IDPS operators if they offer the Fund on their investment menus.

These fees may be rebated to investors who invest through an IDPS operator and include:

- for each IDPS operator, product access payments of up to \$5,500 p.a.; and/or
- fund manager payments of up to 0.55% p.a. of the amount invested by the IDPS operator in the Fund.

If we do pay fees, we will pay them from our own resources so that they are not an additional cost to the Fund or its investors. These amounts are current at the date of this PDS.

Additional adviser service fee

Although this is not paid from the Fund, you and your financial planner may agree that you will pay your financial planner an additional fee.

Can fees change?

All fees can change. Reasons for this might include changing economic conditions and changes in regulation.

We will give unitholders 30 days written notice of any proposed increase. We cannot charge more than the Fund's constitution allows. If we wished to raise fees above the amounts allowed for in the Fund's constitution, we would need the approval of unitholders.

The constitution for the Fund allows for the expenses of the Fund (whether normal or abnormal expenses, such as registry, audit, taxation, advice, investment management and offer document costs) to be paid directly from the Fund. The constitution does not place any limit on the amount of expenses that can be paid from the Fund.

The current fees charged are set out on page 11. Under the Fund's constitution, we are presently entitled to charge the following maximum fees (GST can be added to all these fees if applicable).

Maximum fees

The table below outlines the maximum amounts the Fund is entitled to charge. These amounts exclude GST and do not include the amount of any other investment expenses as detailed on page 12 of the PDS.

Fund name	Maximum contribution fee (not currently charged) (%)	Maximum withdrawal fee (not currently charged) (%)	Maximum management fee p.a. of net asset value (%)	Maximum switching fee per switch (not currently charged)
Custom Choice Wholesale Boutique Australian Share Portfolio	5.00	5.00	5.00	Contribution fee plus A\$50 (CPI adjusted each year)

Example of annual fees and costs

This table gives an example of how fees and costs in the Fund can affect your investment over a one-year period.

You should use this table to compare this product with other managed investment products. **Please note** this is just an example. In practice, the actual investment balance of an investment will vary daily and the actual fees and expenses we charge are based on the value of the Fund, which also fluctuates daily.

Example – Custom Choice Wholesale Boutique Australian Share Portfolio	Amount	Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fees	0.00%	Nil
Plus Management costs		
• Management fee	1.08%	And , for every \$50,000 you have in the Fund you will be charged \$540.
• Estimated performance based remuneration	0.00% ¹	And for every \$50,000 you have in the Fund you will be charged performance based remuneration of \$0.00.
Equals Cost of the Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from: \$540 to \$594². What it costs you will also depend on the fees you negotiate with your financial planner.

¹ The estimated performance based remuneration quoted is based on the actual performance based remuneration charged for the year ended 30 June 2008 and is not an indication or guarantee of future performance nor the performance based remuneration which may be charged in the future. Performance based remuneration and therefore the management costs will vary depending on the Fund's return. Please refer to 'Investment expenses and performance based remuneration' on page 12 for more information.

² An allowance for transaction costs will apply for contributions and withdrawals from the Fund (refer to 'Transaction costs – buy/sell spread' on page 13).

Making, withdrawing and monitoring your investment

Making an investment

To invest, please complete the documentation which your IDPS operator requires.

We may reject any application in whole or in part for any reason.

Restrictions on investments

We can vary the minimum investment amounts for the Fund at any time and can also change the application cut-off time.

Under the constitution, we can refuse applications for any reason. In particular, where we consider it to be in the best interests of unitholders (such as an inability to value the Fund), we may suspend application requests. Any application requests received during the period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

Cooling-off right

You should seek advice from your IDPS operator about the cooling-off rights (if any) that apply to your investment in or through your IDPS. If you have any questions about cooling-off rights, please contact your financial planner or IDPS operator.

Withdrawing your investment

To make a withdrawal, simply complete the documentation your IDPS operator requires.

Generally, you can withdraw some or all of your investment at any time, if requirements set by your IDPS operator are satisfied.

Withdrawals are normally processed within five business days of receiving a request from your IDPS operator. However, we may take a significant time to pay a withdrawal, and may suspend withdrawals (please see page 17 for when we can do this and the timeframes). We can change the withdrawal transaction cut-off time at any time (refer to 'Transaction cut-off times' on page 17).

We may determine that some or all of the withdrawal amount consists of income (which may include net capital gains), rather than capital of the Fund. We are required to advise a unitholder of any such determination as soon as practicable after the end of the financial year in which the withdrawal occurred.

We have the discretion to transfer assets of the Fund to unitholders (instead of cash) in payment (partly or fully) for the proceeds of your withdrawal request, less any costs involved in the transfer.

We can also change the withdrawal cut-off time at any time. A withdrawal request, either in whole or in part, once received by us may not be withdrawn without our agreement. Where we give 30 days notice to affected unitholders we can compulsorily redeem investor units.

Delay of withdrawal payments

While withdrawals are usually processed within five business days of receiving your withdrawal request, we do not guarantee this timeframe. We may take significantly longer to pay withdrawals. Withdrawals may also be delayed by any one or more of the following without limitation:

- we can suspend withdrawals for up to 60 days. Please see 'Suspending withdrawal requests' on page 17; and
- while the Fund is 'illiquid', we are not required to pay withdrawals unless we offer to do so (please see 'If the Fund becomes illiquid' on page 17).

Suspending withdrawal requests

We may suspend withdrawal requests for up to 60 days where:

- we consider it impracticable to calculate the net asset value (and hence unit prices);
- we estimate that we must sell 5% or more of the Fund's assets to meet withdrawals;
- we believe that the size of withdrawal requests is such that it would require us to realise a significant amount of the Fund rapidly and this may either place a disproportionate expense or capital gains tax burden on remaining investors or impact negatively on the price we would achieve in selling the Fund's assets;
- we reasonably consider it to be in the best interests of investors to do so; or
- the law otherwise permits.

Any withdrawal requests received during a period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

If the Fund becomes illiquid

If the Fund becomes illiquid (as defined by the Corporations Act), unitholders will only be able to withdraw from the Fund if we make an offer of withdrawal. If we do make such an offer, unitholders may only be able to withdraw part of their investment. There is no obligation for us to make such an offer.

Under the Corporations Act, a fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of that fund. Liquid assets generally include money in an account or on deposit with a bank, bank accepted bills, marketable securities and property of the kind prescribed under the Corporations Act.

Transaction cut-off times

Please see your IDPS operator's disclosure document for more information on your transaction cut-off times.

Generally, if your IDPS operator's valid transaction request is received in our Sydney office before 3pm Sydney time on a New South Wales business day (the transaction cut-off time), it will usually be processed using the unit price determined as at the close of business on that day.

If a valid application with payment or a valid withdrawal request are received after the transaction cut-off time, or on a non-business day, it will usually be processed using the investment unit price calculated as at the close of business on the next business day.

We will provide notice if we are to change the transaction cut-off time.

Monitoring your investment

Fund reports and other information will be sent directly to your IDPS operator, who will use this information to provide you with regular reporting. You should consult your IDPS operator for any investor queries or complaints.

An annual report for the Fund is available from our website www.challenger.com.au. Unitholders can request a paper copy of any annual report free of charge at any time.

If the Fund is a 'disclosing entity' under the Corporations Act it will be subject to regular reporting and disclosure obligations. Unitholders may obtain from, or inspect at ASIC, copies of documents lodged by the Fund. They can also ask us for a copy of the Fund's most recent annual financial report lodged with ASIC, any subsequent continuous disclosure notices given before the date of this PDS and any half-yearly financial report lodged with ASIC before the date of this PDS.

Additional information

Unit prices and valuing assets and liabilities

Unit prices are determined in accordance with the Fund's constitution and are usually calculated each NSW business day.

The calculation of both the investment unit price and the withdrawal unit price is based on the Net Asset Value (NAV) adjusted by the buy/sell spread (refer to page 13). For investment and withdrawal unit prices, the NAV is the value of all the Fund's assets attributed to the wholesale class of units less the value of all the Fund's liabilities attributed to the wholesale class of units at the valuation time. When calculating the NAV we must use the most recent valuations of the Fund's assets and the most recent determination of its liabilities.

The Fund's assets and liabilities are usually valued each NSW business day.

Generally, for unit pricing purposes, listed securities are valued using the last available market close price quoted on the relevant exchange. Other assets are generally valued at their recoverable value. Any income entitlements (including any imputation credits attributable to income, based on quarterly information available), cash at bank, and any amount of GST recoverable by the Fund from the Australian Taxation Office are also included in asset values used to calculate the investment price and withdrawal unit price.

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include an accrual for management costs and for costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets (refer to pages 11 to 15).

Where we receive a valid transaction request before the relevant cut-off time (as defined on page 17), then the unit price will generally be determined at the next valuation time after that transaction cut-off time. This is typically referred to as 'forward pricing'. In rare circumstances, we may suspend unit pricing where, acting

in accordance with our responsible entity obligations to members, we consider it impracticable to calculate a NAV.

We have a Unit Pricing Permitted Discretions Policy. The policy sets out how we will exercise any discretions in relation to unit pricing (for example, how often we determine unit prices and valuation methodology). If we depart from our policy, we are required to record details of this departure. You can obtain a copy of this policy or any recorded departures free of charge by calling our Investor Services team.

Distributions

Distributions will generally be paid to your IDPS operator as soon as possible after the end of the distribution accrual period.

You should check with your IDPS operator to see when they will pay distributions to you.

For direct investors, the price of units issued on reinvestment of distributions is the investment price for units next determined after the close of business on the last day of the distribution accrual period. There is no buy/sell spread reflected in this investment price.

The amount of each distribution may vary. A unitholder's share of any distribution depends on how many units are held at the end of the distribution accrual period as a proportion of the total number of units (in the relevant class) on issue at that time and the amount of net income of the Fund referable to those units and that class.

The amount of income distributed each period will generally be based on our estimate of the income received by the Fund (excluding net capital gains) in that distribution accrual period. In addition, the 30 June distribution will generally include any net realised capital gains; however, we may also include net realised capital gains in other distributions.

There may be periods in which no distributions are made or we may make interim distributions. We do not guarantee any particular level of distributions.

As distributable amounts are a component of the unit price, unit prices normally fall by the distribution amount following a distribution. If a unitholder invests just prior to a distribution, they may receive some of their investment back immediately as income. Conversely, if a unitholder withdraws from the Fund just before a distribution, they might turn income into a capital gain or reduce their capital losses.

We have the discretion to transfer assets of the Fund to a unitholder (instead of cash) in payment (partly or fully) for a distribution amount.

We have procedures in place for reinvestment after specific periods of time where distribution payments are returned to us or cheques remain unrepresented. Please contact us if you would like further information.

Under the Fund's constitution, we have the power to make reinvestment of distributions compulsory. At the date of this PDS, we have no current intention of introducing compulsory distribution reinvestment.

Taxation considerations

Any investment can have a substantial impact on your tax position from year to year.

Indirect investors should refer to tax information in their IDPS disclosure document. Tax statements will be sent by us to your IDPS operator after the end of the financial year.

The following information is of a general nature and is based on our understanding of the Australian tax laws as at the date of preparing this PDS. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

The Fund will generally not be liable for income tax as all the Fund's net income is distributed each year. You may be liable for tax on income, net realised gains distributed by the Fund (even if distributions are reinvested) and any net realised capital gains from disposal of your units in the Fund. For investors who are non-residents, Australian withholding tax may be deducted from distributions.

There are other relevant tax considerations that may be applicable to the Fund's investments and your tax position; for example, the Foreign Investment Funds regime, entitlement to franking credits, tax-deferred income, capital gains tax and taxation of foreign source income.

The operative provisions of the Foreign Investment Funds (FIF) legislation may require those funds which have a foreign investment exposure to include in their net income any unrealised gains derived in respect of interests held in foreign investments. It is our intention that the Fund should qualify for certain exemptions and therefore the operative provisions of the FIF legislation will not apply to the foreign investments held.

Some of the income distributed to investors may be classified as tax-deferred income. Generally, tax-deferred income is not taxable in the year it is received, but may increase the capital gain or reduce the capital loss upon the disposal of an investor's units.

You may also be entitled to tax credits (franking credits and/or foreign tax credits) distributed by the Fund. Investors may be able to utilise these credits against the tax liability of their distributions. In order to claim the amount of tax credits, investors must first include the amount of the credits in their assessable income. We will advise unitholders of their share of tax credits.

The disposal of units (for example, by redemption or transfer) may give rise to a capital gains tax liability or a capital loss. Some investors, if their units are held for more than 12 months, may be entitled to a capital gains tax discount. For non-resident investors, complex laws govern the taxation of capital gains distributed by the Fund or those realised on disposal of their units. Accordingly, non-resident investors should seek their own professional tax advice.

GST is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes. However, GST will generally be incurred on various acquisitions made by the Fund,

Additional information (continued)

including the investment management services supplied by the responsible entity. In specified circumstances, the Fund may be entitled to RITCs (i.e. GST related tax credits) of 75% of GST paid, which effectively reduces the GST payable from 10% to 2.5%.

Complaints

For indirect investors, your first point of contact should be your IDPS operator. If any issues remain unresolved, then you can contact the complaints scheme of which they are a member.

Privacy and personal information

We do not normally receive any personal information about you when you invest in the Fund through an IDPS operator. For details on the collection, storage and use of personal information you should contact your IDPS operator.

The information we or NMFm collect and store from IDPS operators is used to establish and administer their investments. If we receive any personal information we and NMFm will deal with it in accordance with our respective privacy policies. A copy of our privacy policy is available by visiting our website www.challenger.com.au or on request from our Investor Services team. A copy of AXA's privacy policy is available at www.axa.com.au.

Legal relationships

The Fund is a registered managed investment scheme that is an unlisted Australian unit trust and is governed by a constitution.

Interests in unit trusts, which are called units, represent a share in the trust's collective asset pool. Certain rights are attached to the units and these rights are exercisable by the investors who own these units (who are referred to as unitholders).

Subject to the law, the Fund's constitution and the terms on which units are held, investors can generally apply for or redeem their units at any time.

The Fund's constitution, together with the Corporations Act and some other laws, governs the way in which the Fund operates and the rights and responsibilities and duties of the responsible entity and unitholders.

The constitution contains the rules relating to a number of issues including:

- unitholders' rights;
- the process by which units are issued and redeemed;
- the calculation and distribution of income;
- the investment powers of the responsible entity;
- the responsible entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund; and
- the termination of the Fund.

It is generally thought that unitholders' liabilities are limited to the value of their holding in the Fund. It is not expected that a unitholder would be under any obligation if a deficiency in the value of the Fund were to occur. However, this view has not been fully tested at law.

Unitholders can inspect a copy of the constitution at our head office or we will provide them with a copy free of charge.

We may alter the constitution if we reasonably consider the amendments will not adversely affect unitholders' rights. Otherwise (subject to any exemption under the law) we must obtain unitholder approval at a meeting of unitholders. We may retire or be required to retire as responsible entity (if unitholders vote for our removal).

Termination

The Fund's constitution, together with the Corporations Act, governs how and when the Fund may be terminated. We may terminate the Fund at any time by written notice to unitholders. On termination, a unitholder is entitled to a share of the net proceeds of our realisation of the assets in proportion to the number of units they hold in that class.

Unitholder meetings

The conduct of unitholder meetings and unitholders' rights to requisition, attend and vote at those meetings are subject to the Corporations Act and (to the extent applicable) the Fund's constitution.

Compliance plan and compliance committee

We have lodged a compliance plan for the Fund with ASIC and established a compliance committee for the Fund with a majority of external members.

The Fund's compliance plan sets out how we will ensure compliance with both the Corporations Act and the Fund's constitution.

The compliance committee's role is to monitor compliance with the compliance plan. It must also regularly assess the adequacy of the compliance plan and report any breaches of the Corporations Act or the Fund's constitution to us. If we do not take appropriate action to deal with the breach, the compliance committee must report the breach to ASIC.

Audit

The Fund and its compliance plan are required to be audited annually.

Other parties

CMIL has entered into agreements with other parties in connection with the operation of the Fund. For example, CMIL has engaged QIC to provide investment consultancy services and has entered into investment management agreements with specialist investment managers in respect of the Fund. NMFM has also been appointed so that by the end of July 2009 it will manage the majority of functions in respect of the operation of the Fund, including sales and distribution, investment consultancy, investment administration, promotional, communication and registry functions. The arrangement with NMFM also provides that NMFM will take on investment management

responsibilities from the expiry of the consultancy agreement with QIC (which unless terminated earlier or extended, expires on 29 July 2009).

Under the arrangement with NMFM, CMIL must act in accordance with the recommendations of NMFM. CMIL intends to generally act in accordance with any such recommendations unless to do so would be contrary to its duties as responsible entity, contrary to existing contractual obligations and not in the best interests of members.

CMIL has also engaged an independent custodian to hold the assets of the Fund. The custodian has no independent discretion with respect to the holding of assets.

Compliance and performance standards apply to these service providers.

The Fund has a registered company auditor. The auditor's role is to provide an audit of the financial statements of the Fund each year as well as performing a half-yearly review (if required), and to provide an opinion on the financial statements.

Related parties

We or any investment manager/consultant may enter into transactions with, and use the services of, any member of the Challenger Group of companies. It is our policy to ensure that such arrangements are on arm's length commercial terms. We or any member of the Challenger Group or any director or officer of any of them may invest in the Fund.

NMFM may enter into transactions with, or use the services of, any member of the AXA Group of companies or the Challenger Group of companies in undertaking its functions in relation to the Fund. It is the policy of the AXA Group to ensure that such arrangements are on arm's length commercial terms.

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