

## MARKET RELEASE

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**TOTAL ASSETS AND FUNDS UNDER MANAGEMENT OF \$60.4 BILLION**  
**RETAIL ANNUITY SALES OF \$445 MILLION**  
**FUNDS MANAGEMENT NET FLOWS OF \$694 MILLION**  
**ON-TRACK TO ACHIEVE FY15 RETAIL ANNUITY NET BOOK GROWTH TARGET**

**16 April 2015, Sydney** – Challenger Limited (ASX:CGF) today announced March quarter assets and funds under management, net flows and annuity sales across its two operating businesses, Funds Management and Life (annuities).

Total assets and funds under management at 31 March 2015 were \$60.4 billion, an increase of \$3.3 billion or 6% for the quarter.

Funds Management FUM was \$58.7 billion at 31 March 2015, an increase of \$3.5 billion or 6% for the quarter, reflecting net flows of \$694 million and positive market movements.

Life's annuity sales were \$840 million for the quarter, comprising retail annuity sales of \$445 million and institutional annuity sales of \$395 million. Retail annuity net book growth for the quarter was \$138 million or 1.8%.

Challenger's Chief Executive Officer Brian Benari said: "Challenger has now exceeded \$60 billion in total assets and funds under management, representing a significant milestone for the business.

"With the third quarter our seasonally quietest period for annuity sales, we've still managed to grow fixed term annuity sales by 9% compared with the same period last year, and continued to experience strong demand for lifetime retirement income annuities, which accounted for 18% of total retail annuity sales in the quarter.

"Pleasingly, year to date net book growth now stands at 8.9%, with Challenger on-track to achieve our 2015 financial year net book growth target range of 11% to 13%," said Mr Benari.

### **Funds Management**

Funds Management FUM at 31 March 2015 was \$58.7 billion, up \$3.5 billion or 6% for the quarter. This FUM comprises financial assets held within the Fidante Partners boutique funds management businesses as well as fixed income and commercial property mandates under management in the Challenger Investment Partners business.

Fidante Partners FUM was \$45.1 billion, an increase of \$2.6 billion or 6% for the quarter driven by market movements and net inflows of \$85 million. Net flows comprised fixed income inflows of \$520 million partially offset by equity outflows of \$170 million and alternatives outflows of \$265 million.

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**Further enquiry:** Stuart Kingham, Head of Investor Relations, Challenger Limited, 02 9994 7125  
Stuart Barton, General Manager Corporate Marketing and Communications, Challenger Limited, 02 9994 7008

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Challenger Investment Partners (CIP) FUM was \$13.6 billion, an increase of \$885 million or 7% as at 31 March 2015. Net inflows were \$609 million for the quarter and predominately relate to new commercial property mandates.

### **Life (annuities)**

Challenger Life recorded \$840 million in total annuity sales, a 69% increase on the prior corresponding period (pcp). Retail annuity sales were \$445 million, while institutional annuity sales rose from \$18 million to \$395 million.

Within retail annuity sales, fixed term sales were \$365 million, an increase of 9%, while total lifetime annuity sales decreased to \$80 million. These lifetime annuity sales comprised entirely of Liquid Lifetime product, which was unchanged from the pcp.

Institutional sales mainly comprised maturing Guaranteed Index Return products reinvested for longer tenors.

Life's investment assets at 31 March 2015 were \$12.8 billion, up \$430 million for the quarter.

Life invests in fixed income, property, equities and infrastructure. Property investments increased by \$329 million during the quarter, mainly due to the completion of property transactions entered into before 31 December 2014, and as disclosed in the 1H15 results.

For the 2015 financial year, Life's net book growth target of between 11% to 13% and cash operating earnings guidance range of \$535 million to \$545 million remains unchanged.

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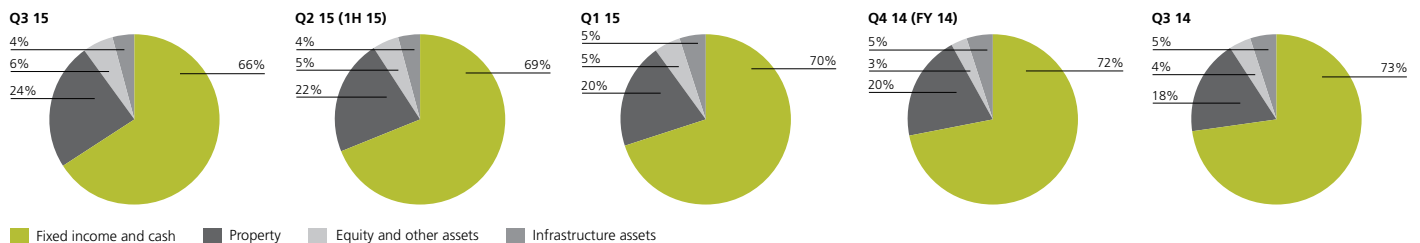
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## Assets and Funds Under Management, net flows and sales

\$m	Q3 15	Q2 15	Q1 15	Q4 14	Q3 14
<b>Total Assets and Funds Under Management</b>	<b>60,430</b>	<b>57,169</b>	<b>54,189</b>	<b>50,725</b>	<b>49,502</b>
<b>Represented by:</b>					
<b>Funds Management</b>					
<b>Fidante Partners<sup>1</sup></b>					
Equities	18,011	16,626	15,960	16,541	16,570
Fixed income	22,952	21,795	20,699	19,338	18,104
Alternatives	4,178	4,082	3,893	–	–
<b>Total Fidante Partners</b>	<b>45,141</b>	<b>42,503</b>	<b>40,552</b>	<b>35,879</b>	<b>34,674</b>
<b>Challenger Investment Partners<sup>2</sup></b>					
Fixed income	8,985	8,624	8,461	6,036	6,057
Infrastructure	–	–	–	922	896
<b>Property</b>					
Institutional mandates	4,609	4,085	3,565	3,418	3,160
Challenger Diversified Property Group (ASX:CDI) (gross assets)	–	–	–	871	888
<b>Total Challenger Investment Partners</b>	<b>13,594</b>	<b>12,709</b>	<b>12,026</b>	<b>11,247</b>	<b>11,001</b>
<b>Total funds under management</b>	<b>58,735</b>	<b>55,212</b>	<b>52,578</b>	<b>47,126</b>	<b>45,675</b>
Average Fidante Partners	43,936	41,567	39,435	35,634	34,024
Average Challenger Investment Partners	13,191	12,339	11,784	11,066	11,203
<b>Average total funds under management<sup>3</sup></b>	<b>57,127</b>	<b>53,906</b>	<b>51,219</b>	<b>46,700</b>	<b>45,227</b>
<b>Life</b>					
Fixed income and cash <sup>4</sup>	8,514	8,541	8,120	7,955	7,746
Property <sup>4</sup>	3,046	2,717	2,320	2,168	1,955
Equity and other	736	632	551	401	431
Infrastructure <sup>4</sup>	527	503	536	563	518
<b>Total Life investment assets</b>	<b>12,823</b>	<b>12,393</b>	<b>11,527</b>	<b>11,087</b>	<b>10,650</b>
<b>Average Life investment assets<sup>3</sup></b>	<b>12,647</b>	<b>12,001</b>	<b>11,254</b>	<b>10,872</b>	<b>10,939</b>

### Life asset allocation



<sup>1</sup> Fidante Partners comprise a number of co-owned, separately branded active boutique investment managers from which Fidante receives distribution and administration fees. Fidante Partners also shares in the profits from these businesses through its equity ownership.

<sup>2</sup> Challenger Investment Partners develops and manages products for the Life business and third party institutional investors.

<sup>3</sup> Average total funds under management and Life investments calculated on a monthly basis.

<sup>4</sup> Fixed income, property and infrastructure are reported net of debt.

<b>Analysis of flows</b>	<b>Q3 15</b>	<b>Q2 15</b>	<b>Q1 15</b>	<b>Q4 14</b>	<b>Q3 14</b>
<b>Funds Management net flows</b>					
Equities	(170)	220	(551)	(210)	(46)
Fixed Income	520	653	1,251	841	562
Alternatives	(265)	4	3,849	–	–
<b>Total Fidante Partners</b>	<b>85</b>	<b>877</b>	<b>4,549</b>	<b>631</b>	<b>516</b>
Challenger Investment Partners	609	609	731	149	(262)
<b>Net flows</b>	<b>694</b>	<b>1,486</b>	<b>5,280</b>	<b>780</b>	<b>254</b>
<b>Life sales</b>					
Fixed Term sales	365	727	529	664	335
Lifetime sales	80	158	161	200	143
<b>Total Retail sales</b>	<b>445</b>	<b>885</b>	<b>690</b>	<b>864</b>	<b>478</b>
Institutional sales	395	451	98	273	18
<b>Sales</b>	<b>840</b>	<b>1,336</b>	<b>788</b>	<b>1,137</b>	<b>496</b>
<b>Reconciliation of Total Assets and Funds Under Management</b>					
Funds Management (FUM)	58,735	55,212	52,578	47,126	45,675
Life investment assets	12,823	12,393	11,527	11,087	10,650
Adjustments to remove double counting of cross holdings:					
Life Company investment in CDI	–	–	–	(585)	(342)
Life Company investment in fixed income, property and infrastructure	(11,128)	(10,436)	(9,916)	(6,903)	(6,481)
<b>Total Assets and Funds Under Management</b>	<b>60,430</b>	<b>57,169</b>	<b>54,189</b>	<b>50,725</b>	<b>49,502</b>