

Challenger First Pacific

Challenger International

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Financial services group Challenger International today announced the launch of a new identity – [Challenger First Pacific](#) – and a new business model for the Australian private client advisory market, following the signing of its agreement with Credit Suisse First Boston (CSFB) to form a distribution alliance.

Under the agreement, announced in December 2001, Challenger has acquired CSFB Australia Equities Private – CSFB’s respected private client share advisory business. The business has been purchased in its entirety, and has been renamed Challenger First Pacific Limited.

A key element of the new business will be the introduction of new revenue-sharing model which gives advisers a greater percentage of revenue written. In return, advisers will pay Challenger a flat yearly ‘alliance fee’, as well as covering transaction costs.

The deal also gives Challenger access not only to the Challenger First Pacific client base, but also to CSFB’s domestic and international research capabilities, which will form the basis of Challenger First Pacific Research.

In return, Challenger will facilitate CSFB access to Challenger’s extensive network of more than 10,000 financial planners across Australia.

Mr Bill Ireland, Challenger Managing Director, said he was delighted to announce the signing of the deal.

“We are very pleased to welcome such a cohesive and well respected advisory team to the Challenger group” Mr Ireland said.

“Challenger First Pacific represents a valuable distribution channel for Challenger’s expanding range of products, and has real synergies with the Group’s existing corporate finance, corporate superannuation and corporate lending businesses,” he said.

He said the Challenger First Pacific business model aimed to shift some the risk back onto advisers in return for a higher share of the commission.

“We see this as a step forward for the private client advisory market in Australia – one that will underpin a more sustainable, long-term business, and provide better balance for today’s investment environment,” he said.

Mr Ireland said Challenger planned to grow the private client business organically, aiming to have up to 200 quality advisers within two years.

Former CSFB Australia Equity Private Managing Director, Mr Bryan Madden, will remain as Managing Director of Challenger First Pacific.

“The Challenger model is quite different to existing advisory businesses.” Mr Madden said. “We believe it gives advisers far more upside, and aligns them more squarely with the fortunes of their business/”

Challenger First Pacific retains all of the original CSFB Australia Equities Private’s 200plus staff, which includes over 100 advisers.

“It’s business as usual for the Challenger First Pacific team and its clients,” Mr Madden said.

Challenger International is a diversified investment and financial services company listed on the Australian Stock Exchange [CLI]. Challenger currently has in excess of \$8 billion of assets under management and over 100,000 investors in products offered by members of the Challenger Group in Australia, New Zealand and the UK.

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