

MARKET RELEASE

22 July 2004

ASSETS & LOANS UNDER MANAGEMENT / ADMINISTRATION 30 JUNE 2004

22 July 2004, Sydney –Challenger Financial Services Group Limited (CGF) today announced that as at 30 June 2004 its assets under management totalled \$10.48 billion (31 March 2004 \$9.96 billion) comprising:

Principal investments supporting the annuities business	\$4.34 billion
Managed funds	\$5.89 billion
Challenger Beston Wine Trust	\$0.25 billion

Highlights for the quarter ended 30 June 2004 included a 5.0 per cent increase in the assets under management for managed funds.

Challenger's assets under administration in its master trust and wrap products increased to \$1,668m up from \$1,607m at 31 March 2004. The Corporate Superannuation business was sold during the quarter meaning Challenger ceased to administer \$1.72 billion of corporate superannuation funds.

Challenger's mortgage loan book totalled \$16.23 billion at 30 June 2004 (31 March 2004 \$15.51 billion) and included a 4.2 per cent increase in the Interstar book to \$13.79 billion (31 March 2004 \$13.23 billion).

ENDS

Assets and loans under management/administration

as at 30 June 2004

	30 Jun 04 \$m	31 Mar 04 \$m
Investments managed for the life company (excludes market linked life policies and business assets)		
Direct property ¹	2,512	2,570
Fixed interest, including hybrids	1,226	1,145
Cash	530	320
Listed equity	72	80
	4,340	4,115
Managed investments where Challenger acts as Responsible Entity, Approved Trustee or Investment Mandate Manager (includes 5Di funds, Custom Choice funds and market linked life policies (excludes PST and Challenger Corporate Master Trust; interfunding eliminated))		
Australian equities funds/mandates	1,480	1,307
International equities funds/mandates	14	13
Property securities funds/mandates	1	1
Direct property (via syndicates)	175	175
Mortgage funds	3,177	3,128
Fixed interest funds	431	372
Cash funds	41	26
Multi sector funds	539	496
Alternative investment funds ²	33	88
	5,891	5,606
Challenger Beston Wine Trust (gross assets)	253	242
Funds under administration		
Synergy mastertrust	1,593	1,541
Galaxy Wrap	75	66
Corporate Superannuation ³	–	1,725
	1,668	3,332
Margin lending book	155	173
Mortgage loan book		
Mortgages via Howard Mortgage Trust (assets also included in Mortgage Funds above)	2,407	2,275
Mortgages via Interstar including The Mortgage Alternative ('TMA')	13,822	13,231
	16,229	15,506

¹ Movement largely reflects completed property sales during the quarter with proceeds used both to retire debt and reinvest in fixed interest and cash. Remaining properties are at 31 December 2003 book valuations adjusted (where applicable) for forex changes and capital expenditure.

² As announced to the market on 9 April the Management Rights to Biotech Capital were sold during the period. This entity had \$54m in FUM at 31 March 2004.

³ As announced to the market on 30 June 2004 the sale of the Corporate Superannuation business was completed on that day.