

MARKET RELEASE

ASSETS AND LOANS UNDER MANAGEMENT / ADMINISTRATION 31 MARCH 2010

19 April 2010, Sydney – Challenger Financial Services Group Limited (ASX:CGF) today announced that as at 31 March 2010 its assets under management totalled \$22.1bn, representing an increase of 14.9% over 12 months. FUM was down 3.5% on the prior quarter, primarily reflecting the privatisation of the Challenger Kenedix Japan Trust in February 2010.

Life's assets under management totalled \$6.6bn, up 12% for the twelve months ended 31 March 2010, down 1% over the prior quarter. Quarterly sales of annuities and associated products totalled \$241m (including an additional \$43m of Guaranteed Index Return). Sales of Challenger's core Guaranteed Income Plan strengthened towards the end of the quarter, with March sales almost double those recorded in January.

Funds Management unlisted FUM / mandates rose 32% for the twelve months ended 31 March 2010, up 1% over the prior quarter. Net institutional flows for the quarter of \$256m comprised continued strong flows from our Boutique Partnership funds of almost \$600m, offset by an outflow from a fixed income mandate. This takes Boutique Partnership FUM to more than \$4.5bn with a strong pipeline; a threefold increase for the twelve months ended 31 March 2010.

Ends

Assets and Funds Under Management

as at 31 March 2010

	31 Mar 10 \$m	31 Dec 09 \$m	30 Sep 09 \$m	30 Jun 09 \$m
Total Assets Under Management^(a)	22,080	22,887	21,614	19,644

^(a) Prior quarter AUM has been restated to remove the Mortgage Management segment for ease of comparison.

Represented by:

Funds Management

Unlisted funds/mandates

Australian equities	3,046	3,145	3,150	2,751
International equities	156	159	149	140
Real estate securities (including hybrid property)	1,409	1,494	1,470	1,191
Property	1,490	1,238	1,172	1,085
Infrastructure	902	1,094	1,003	1,052
Fixed interest	3,972	4,128	3,717	3,524
Multi sector funds	8	8	8	7
Cash funds	10	13	13	13
Mortgage funds	2,360	2,432	2,507	2,578
Boutique partnership mandates ^(b)	3,635	3,094	2,228	1,234
Total Unlisted funds/mandates under management	16,988	16,805	15,417	13,575

Listed funds

Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	470	615	535	513
Challenger Diversified Property Group (ASX:CDI) (gross assets)	795	794	852	848
Challenger Wine Trust (ASX:CWT) (gross assets)	258	261	266	266
Challenger Kenedix Property Trust (ASX:CKT) (gross assets) ^(c)	0	749	821	843
Total assets of listed funds	1,523	2,419	2,474	2,470
Total funds under management	18,511	19,224	17,891	16,045

Comprising:

Retail	6,177	6,287	6,311	5,749
Institutional	10,810	10,517	9,106	7,826
Listed funds	1,524	2,420	2,474	2,470
Total funds under management	18,511	19,224	17,891	16,045

^(b) Boutique partnership mandates represent segregated institutional mandates and do not include the registered schemes.

^(c) CKT was privatised in February 2010.

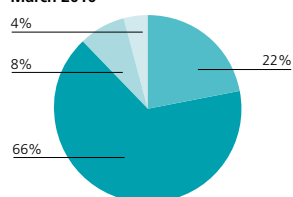
Life

Property ^(d)	1,490	1,238	1,172	1,085
Debt investments, cash and receivables	4,389	4,464	4,004	3,782
Infrastructure assets	509	693	663	682
Equity and other assets	257	256	229	218
Total Life investment assets	6,645	6,651	6,068	5,767

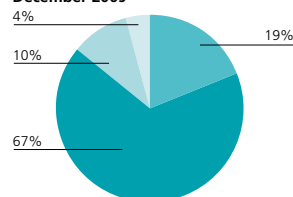
^(d) Property is reported net of senior debt of \$683m (Dec 2009 \$277m). Increase due to CKT privatisation. Property includes direct and indirect holdings.

Life Company asset allocation split

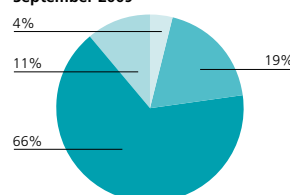
March 2010



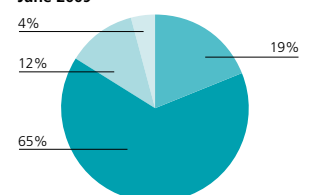
December 2009



September 2009



June 2009



■ Property ■ Debt investments, cash and receivables ■ Infrastructure assets ■ Equity and other assets

Analysis of Flows

Funds Management

Funds under management net flows for the quarter comprise:	31 Mar 10 \$m	31 Dec 09 \$m	30 Sep 09 \$m	30 Jun 09 \$m
Retail	(382)	(52)	(148)	(325)
Institutional – Managed Funds	256	1,049	976	607
Net flows	(126)	997	828	282

Life

Sales for the quarter:	31 Mar 10 \$m	31 Dec 09 \$m	30 Sep 09 \$m	30 Jun 09 \$m
Annuities, allocated pensions, superannuation and guaranteed index returns	241	751	245	120

Reconciliation of Total Group Assets and Funds Under Management

	31 Mar 10 \$m	31 Dec 09 \$m	30 Sep 09 \$m	30 Jun 09 \$m
Funds under management	18,511	19,224	17,891	16,045
Life	6,645	6,651	6,068	5,767
Adjustments to remove double counting of cross holdings:				
Life Company investment in Specialised Funds	(488)	(522)	(510)	(401)
Life Company investment in unlisted funds	(2,588)	(2,466)	(1,835)	(1,767)
Total Assets Under Management	22,080	22,887	21,614	19,644

Mortgage Management

Residential lending	–	–	14,927	15,681
Broker Platforms	–	–	112,638	75,350
Adjustments to remove double counting of cross holdings:				
Commercial lending	–	–	(69)	(60)
Residential lending	–	–	(317)	(280)
Sub-total mortgages under management and administration ^(e)	–	–	127,179	90,691
Commercial lending ^(f)	–	–	1,988	2,264
Adjustments to remove double counting of cross holdings:				
Commercial lending	–	–	(1,988)	(2,264)
Total mortgages under management and administration	–	–	127,179	90,691

^(e) The Mortgage Management business was sold on 30 October 2009.

^(f) Commercial Lending retained within 'Funds Management - Mortgage funds' previously cross-held with Mortgage Management.