

MARKET RELEASE

ASSETS & LOANS UNDER MANAGEMENT / ADMINISTRATION 30 JUNE 2005

29 August 2005, Sydney – Challenger Financial Services Group Limited (CGF) today announced that at 30 June 2005 its assets and loans under management/administration totalled \$31.6 billion (31 March 2005 \$27.5 billion).

Funds under management in managed investments increased during the quarter to \$10.6 billion (31 March 2005 \$7.0 billion) reflecting:

- \$3 billion contribution from the acquisition of HSBC Asset Management (Australia) Limited;
- Underlying organic growth of \$0.6 billion (7.8 per cent) for the quarter. This included organic growth in market linked funds under management of 14.3 per cent for the quarter; and
- Net inflows for the quarter were \$312m (\$898 million for the full year).

Challenger's mortgage loan book totalled \$18.5 billion at 30 June 2005 (31 March 2005 \$17.9 billion). Residential mortgages grew at an annualised rate of 13.95 per cent in the quarter.

Annuity sales for the quarter ended 30 June 2005 were \$54 million and \$666 million for the full year. The dramatic upswing experienced in annuity sales following the September 2004 legislative changes has gradually tailed back and Challenger anticipates that levels will average \$300 million per annum in the coming year.

ENDS

Assets and loans under management/administration

as at 30 June 2005

	30 Jun 05 \$m	31 Mar 05 \$m
Challenger Life		
Net assets backing annuity obligations		
Investments managed for the life company (excludes market linked life policies & business assets)		
Direct property	1,678	1,788
Fixed interest, including hybrids	735	1,236
Cash	389	310
Infrastructure assets	344	271
Other assets	153	144
	3,299	3,749
Senior debt	(349)	(789)
	2,950	2,960
Challenger Wine Trust (gross assets)	288	272
Challenger Wealth Management		
Managed investments where Challenger acts as Responsible Entity, Approved Trustee or Investment Mandate Manager		
(includes 5Di funds and market linked life policies) (interfunding eliminated)		
Market linked funds/mandates		
Australian equities	2,794	2,089
International equities	196	74
Direct property (via syndicates)	375	377
Real estate securities (including hybrid property)	2,325	–
Fixed interest	1,057	804
Multi sector	520	379
Alternative investments	–	13
Total market linked funds under management	7,268	3,736
Other funds		
Cash funds	29	30
Mortgage funds	3,282	3,270
Total other funds under management	3,311	3,300
Total funds under management (Note 1)	10,579	7,036
Funds under administration (Note 2)		
Synergy mastertrust	1,648	1,634
Galaxy Wrap	94	91
	1,742	1,724
Challenger Wholesale Finance		
Mortgage loan book		
Mortgages via Howard Mortgage Trust (assets also included in the Mortgage funds above)	2,438	2,413
Mortgages via Interstar Wholesale Finance including Interstar – Non conforming	16,033	15,493
	18,471	17,906
Total assets under management/administration (Note 3)	31,592	27,485

1 The movement from March to June includes the acquired HSBC Asset Management FUM (effective 1 April) as follows:

Market linked funds/mandates		
Australian equities	467	
International equities	127	
Real estate securities	2,236	
Fixed interest	4	
Multi sector	161	
Total funds under management acquired with HSBC Asset Management	2,995	

NB: Ex-HSBC Private Clients Business which was on-sold post acquisition has been excluded from all data

2 'Solar Wrap' (a 'badged' platform offering in Genesys Wealth Advisers) was previously disclosed (ie at 31 March for an amount of \$1,579m) as being part of Funds Under Administration. Following a review we have determined that this is better classified as a 'badged' platform where Genesys is the distributor rather than administrator. As such, this will no longer be reported as Funds Under Administration.

3 Excludes double counting of mortgages via the Howard Mortgage Trust.