

## MARKET RELEASE

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### **ASSETS & LOANS UNDER MANAGEMENT / ADMINISTRATION 30 SEPTEMBER 2005**

31 October 2005, Sydney – Challenger Financial Services Group Limited (CGF) today announced that at 30 September 2005 its assets and loans under management/administration totalled \$33.2 billion (30 June 2005 \$31.6 billion).

The Challenger Infrastructure Fund, launched in July, has been included for the first time this quarter with an adjusted equity value of \$327 million.

Funds under management in managed investments increased during the quarter to \$11.3 billion (30 June 2005 \$10.6 billion). This reflected:

- Net inflows for the quarter, excluding the sale of management rights for two property syndicates, of \$538 million (30 June 2005 quarter \$312 million).
- Underlying organic growth of 8.8 per cent for the quarter. This included organic growth in market linked funds under management of 11.1 per cent for the quarter.

Challenger's mortgage loan book totalled \$19.1 billion at 30 September 2005 (30 June 2005 \$18.5 billion). Residential mortgages grew at an annualised rate of 14.2 per cent in the quarter.

Annuity sales for the quarter ended 30 September 2005 were \$76 million (\$54 million for the June quarter). As previously announced, Challenger expects annuity sales to return to levels of at least \$300 million per annum in the coming year.

In line with Challenger's strategy to roll off closed legacy Life products, outflows net of income in the September quarter were \$41 million. Outflows of legacy Life products are expected to continue in the December quarter.

*ENDS*

# Assets and loans under management/administration as at 30 September 2005

	30 Sep 05 \$m	30 Jun 05 \$m
<b>Challenger Life</b>		
<b>Net assets backing annuity obligations</b>		
Investments managed for the life company (excludes market linked life policies & business assets)		
Direct property	1,681	1,678
Fixed interest, including hybrids	891	735
Cash	340	389
Infrastructure assets	220	344
Other assets	98	153
	3,230	3,299
Senior debt	(341)	(349)
	<b>2,889</b>	<b>2,950</b>
<b>Challenger Wine Trust (ASX:CWT) (gross assets)</b>	<b>290</b>	<b>288</b>
<b>Challenger Infrastructure Fund (ASX:CIFCA) (adjusted equity value)<sup>1</sup></b>	<b>327</b>	–
<b>Total assets and funds under management</b>	<b>3,506</b>	<b>3,238</b>

## 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)

<b>Market linked funds</b>		
Australian equities funds/mandates	3,312	2,794
International equities funds/mandates	236	196
Direct property (via syndicates)	224	375
Real estate securities funds (including hybrid property funds)	2,288	2,325
Fixed interest funds	1,309	1,057
Multi sector funds	515	520
Total market linked funds under management	7,884	7,268
<b>Other funds</b>		
Cash funds	53	29
Mortgage funds	3,381	3,282
Total other funds under management	3,434	3,312
<b>Total funds under management<sup>2</sup></b>	<b>11,318</b>	<b>10,579</b>
<b>Funds under administration</b>		
Synergy mastertrust	1,691	1,648
Galaxy Wrap	101	94
	<b>1,792</b>	<b>1,742</b>
<b>Total funds under management/administration</b>	<b>13,110</b>	<b>12,321</b>

## Challenger Wholesale Finance

### Mortgage loan book

Commercial mortgages	2,457	2,438
Residential mortgages	16,607	16,033
<b>Total loans under management</b>	<b>19,064</b>	<b>18,471</b>

**Total Group assets under management/administration<sup>3</sup>** **33,223** **31,592**

1 This is a new fund which was launched during the quarter.

2 Additional information for funds under management as follows:

	30 Sep 05 \$m	30 Jun 05 \$m
Retail funds	7,734	7,510
Institutional funds	3,584	3,069
	<b>11,318</b>	<b>10,579</b>
Net inflows for the quarter comprises:		
Retail funds	\$284m	\$205m
Institutional funds	\$254m	\$107m
Net inflows	\$538m	\$312m

The sale of management rights for two property syndicates during the quarter resulted in a \$177m reduction in funds under management – excluded from figures above.

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