

## MARKET RELEASE

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### **ASSETS & LOANS UNDER MANAGEMENT / ADMINISTRATION 31 MARCH 2006**

1 May 2006, Sydney – Challenger Financial Services Group Limited (CGF) today announced that at 31 March 2006 its assets and loans under management/administration totalled \$35.3 billion (31 December 2005 \$34.2 billion).

Funds under management in managed investments increased during the quarter to \$12.5 billion (31 December 2005 \$11.9 billion) up 5 per cent in the quarter. Growth in Challenger's core managed funds in the quarter (after adjustment for property syndicates) was 8.6 per cent which is up on the 7.2 per cent growth in the December quarter.

Challenger's mortgage loan book totalled \$20.1 billion at 31 March 2006 (31 December 2005 \$19.7 billion) driven by \$461 million net growth in the residential loan book.

Annuity sales for the quarter ended 31 March 2006 were \$66 million (\$78 million for the December quarter). Annuity sales are expected to reach \$300 million in the current year.

*ENDS*

# Assets and loans under management/administration as at 31 March 2006

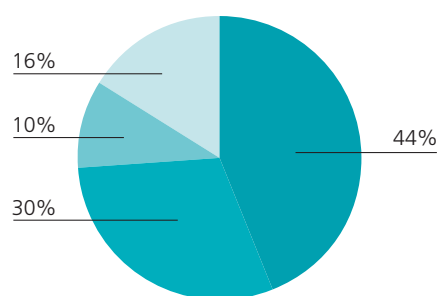
	31 Mar 06 \$m	31 Dec 05 \$m	30 Sep 05 \$m
<b>Total Group Assets under Management or Administration</b>	<b>35,342</b>	<b>34,242<sup>1</sup></b>	<b>33,083<sup>1</sup></b>
<b>Represented by:</b>			
<b>Challenger Wealth Management</b>			
<b>Managed investments where Challenger acts as Responsible Entity, Approved Trustee or Investment Mandate Manager</b> (includes 5Di funds, Custom Choice funds and market linked life policies) (interfunding eliminated)			
<b>Market linked funds</b>			
Australian equities funds/mandates	4,055	3,526	3,312
International equities funds	296	273	236
Direct property (via syndicates)	61	109	224
Real estate securities (including hybrid property) funds/mandates	2,431	2,417	2,288
Fixed interest funds	1,626	1,476	1,309
Multi sector funds	515	519	515
<b>Total market linked funds under management</b>	<b>8,984</b>	<b>8,320</b>	<b>7,884</b>
<b>Other funds</b>			
Cash funds	64	155	53
Mortgage funds	3,475	3,468	3,381
<b>Total other funds under management</b>	<b>3,539</b>	<b>3,623</b>	<b>3,434</b>
<b>Total funds under management</b>	<b>12,523</b>	<b>11,943</b>	<b>11,318</b>
Comprising:			
Retail funds	8,380	8,030	7,734
Institutional funds	4,143	3,913	3,584
	12,523	11,943	11,318
<b>Funds under administration</b>			
Synergy mastertrust	1,829	1,728	1,691
Galaxy wrap	111	105	101
<b>Total funds under administration</b>	<b>1,940</b>	<b>1,833</b>	<b>1,792</b>
<b>Total funds under management/administration – Wealth Management</b>	<b>14,463</b>	<b>13,776</b>	<b>13,110</b>
<b>Challenger Wholesale Finance</b>			
<b>Mortgage loan book</b>			
Commercial lending	2,475	2,516	2,457
Residential lending	17,651	17,190	16,607
<b>Total loans under management – Wholesale Finance</b>	<b>20,126</b>	<b>19,706</b>	<b>19,064</b>
<b>Challenger Life</b>			
<b>Annuities</b>			
Property <sup>a</sup>	1,377	1,422	1,340
Fixed interest, including hybrids	940	901	891
Infrastructure assets (including Life's investment in CIFCA) <sup>b</sup>	304	301	229
Cash & other assets	486	491	525
<b>Total assets managed by the Life company</b>	<b>3,107</b>	<b>3,115</b>	<b>2,985</b>
Comprising:			
Shareholder interests	371	363	73
Policyholder interests	2,736	2,752	2,912
<b>Specialised Funds</b>			
Challenger Wine Trust (ASX:CWT) (gross assets)	301	298	290
Challenger Infrastructure Fund (ASX:CIFCA) (adjusted equity value)	320	378	327
<b>Total specialised funds under management</b>	<b>621</b>	<b>676</b>	<b>617</b>
<b>Total assets under management – Life</b>	<b>3,728</b>	<b>3,791</b>	<b>3,602</b>

<sup>a</sup> Property is reported net of \$293m senior debt (\$357m at 31 Dec 05)

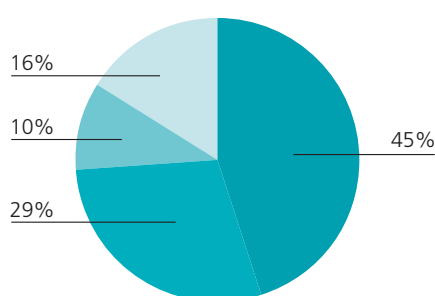
<sup>b</sup> Sep 05 value has been restated to exclude the effect of hedging and to align with Mar 06 and Dec 05 values

## Life asset allocation split

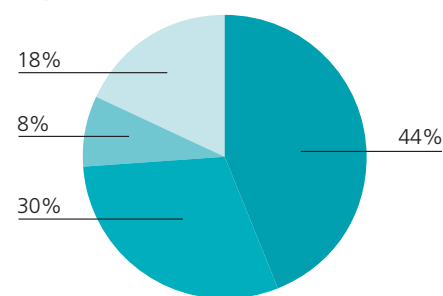
March 2006



December 2005



September 2005



■ Property ■ Fixed Interest ■ Infrastructure ■ Other

## Analysis of Flows

### Challenger Wealth Management Funds under management

	31 Mar 06	31 Dec 05	30 Sep 05
	\$m	\$m	\$m
Funds under management net flows for the quarter comprise:			
Retail funds	180	315	284
Institutional funds	12	135	254
Net inflows	192	450	538

The transfer of management rights for one property syndicate during the quarter resulted in FUM exiting of \$49m – this has been excluded from the figures above.

### Challenger Life

Annuity sales	66	78	76
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### Reconciliation of Total Group Assets under Management or Administration

Wealth Management funds under management	12,523	11,943	11,318
Wealth Management funds under administration	1,940	1,833	1,792
Wholesale Finance loans under management	20,126	19,706	19,064
Investments and annuities for and on behalf of annuitants and policy holders	3,107	3,115	2,985
Specialised funds under management	621	676	617
<b>Total assets and loans before adjustments</b>	<b>38,317</b>	<b>37,273</b>	<b>35,776</b>
Adjustments:			
Commercial lending loans - adjustment made to avoid double-counting of mortgages held in the Challenger Howard Mortgage Fund	(2,475)	(2,516)	(2,457)
Life shareholder interests	(371)	(363)	(73)
Life policyholder investment in CIFCA (adjusted equity value)	(129)	(152)	(163)
<b>Total Group assets under management/administration</b>	<b>35,342</b>	<b>34,242</b>	<b>33,083</b>
<sup>1</sup> Reconciliation of restated prior periods:			
Life assets backing market linked policies	–	(80)	(86)
Life payables and provisions excluded	–	(18)	(10)
Life shareholder interests net of CIFCA holding eliminated	–	311	73
<b>Total Group assets under management/administration reported in prior periods</b>	<b>35,342</b>	<b>34,455</b>	<b>33,060</b>

<sup>1</sup>Restatement to prior period disclosures is required to ensure consistency with March 2006 presentation of information due principally to excluding Life shareholder interests.