

## MARKET RELEASE

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### ASSETS AND LOANS UNDER MANAGEMENT / ADMINISTRATION 30 SEPTEMBER 2009

20 October 2009, Sydney – Challenger Financial Services Group Limited (ASX:CGF) today announced that at 30 September 2009 its:

- Assets and mortgages under management totalled \$36.5bn, representing an increase of 3.4% for the quarter
- Assets under administration and advice totalled \$112.6bn up 49% for the quarter

Life's assets under management totalled \$6.1bn, up 17% for the twelve months ended 30 September 2009 and up 5% for the quarter. Sales of annuities and associated products more than doubled for the quarter \$245m (up 104%) reflecting changes in investors risk preferences driving higher demand coupled with an increased marketing and distribution focus.

Challenger annuities are now available in an innovative unitised form (the Challenger Guaranteed Income Fund "GIF") on BT Wrap Administration Platforms. GIF will offer initial maturities of up to 7 years.

This first initiative expands the distribution footprint for annuities by 5,600 financial planners. Almost 90% of retail industry flows come via platforms and the launch of this innovative product means that accessing annuities now aligns with the industry's administration procedures.

Funds under management increased 12% during the quarter to \$17.9bn. Net flows of more than \$820m were underpinned by continued strong performance from Boutique Partnership funds. With investment markets starting to recover investor confidence is improving. This is best reflected in the total FUM for Boutique Partnerships is now almost \$3bn – increasing over 100% since June 2009.

*Ends*

# Assets, Funds and Mortgages Under Management and Administration as at 30 September 2009

	30 Sep 09 \$m	30 Jun 09 \$m	31 Mar 09 \$m	31 Dec 08 \$m
<b>Total Assets Under Management</b>	<b>36,541</b>	<b>35,325</b>	<b>35,624</b>	<b>37,704</b>

## Represented by:

### Funds Management

#### Unlisted funds/mandates

Australian equities	3,150	2,751	2,871	3,683
International equities	149	140	125	154
Real estate securities (including hybrid property)	1,470	1,191	1,071	1,144
Property	1,172	1,085	1,111	1,113
Infrastructure	1,003	1,052	1,121	1,207
Fixed interest	3,717	3,524	3,196	3,119
Multi sector funds	8	7	7	36
Cash funds	13	13	13	14
Mortgage funds	2,507	2,578	2,662	2,784
Boutique partnership mandates <sup>(a)</sup>	2,228	1,234	680	667
<b>Total Unlisted funds/mandates under management</b>	<b>15,417</b>	<b>13,575</b>	<b>12,857</b>	<b>13,921</b>

#### Listed funds

Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	535	513	452	612
Challenger Diversified Property Group (ASX:CDI) (gross assets)	852	848	875	884
Challenger Wine Trust (ASX:CWT) (gross assets)	266	266	312	314
Challenger Kenedix Property Trust (ASX:CKT) (gross assets)	821	843	969	1,057
<b>Total assets of listed funds</b>	<b>2,474</b>	<b>2,470</b>	<b>2,608</b>	<b>2,867</b>
<b>Total funds under management</b>	<b>17,891</b>	<b>16,045</b>	<b>15,465</b>	<b>16,788</b>

#### Comprising:

Retail	6,311	5,749	5,689	6,213
Institutional	9,106	7,826	7,168	7,708
Listed funds	2,474	2,470	2,608	2,867
<b>Total funds under management</b>	<b>17,891</b>	<b>16,045</b>	<b>15,465</b>	<b>16,788</b>

<sup>(a)</sup> Boutique partnership mandates represent segregated institutional mandates and do not include the registered schemes.

### Mortgage Management

Commercial lending	1,988	2,264	2,460	2,627
Residential lending	14,927	15,681	16,402	17,165
<b>Total mortgages under management</b>	<b>16,915</b>	<b>17,945</b>	<b>18,862</b>	<b>19,792</b>

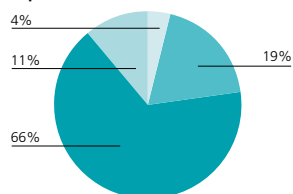
### Life

Property <sup>(b)</sup>	1,172	1,085	1,111	1,113
Debt investments, cash and receivables	4,004	3,782	3,891	3,915
Infrastructure assets	663	682	714	800
Equity and other assets	229	218	243	301
<b>Total Life investment assets</b>	<b>6,068</b>	<b>5,767</b>	<b>5,959</b>	<b>6,129</b>

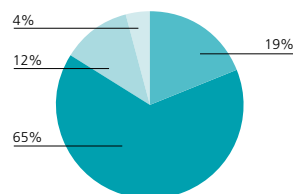
<sup>(b)</sup> Property is reported net of senior debt of \$479m (Jun 2009 \$480m). Property includes direct and indirect holdings.

## Life Company asset allocation split

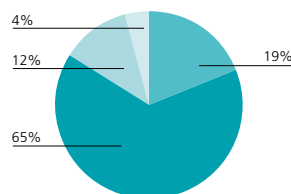
September 2009



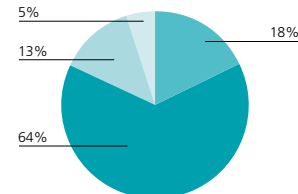
June 2009



March 2009



December 2008



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

Total Assets Under Administration	112,252	75,010	72,845	70,829
	30 Sep 09	30 Jun 09	31 Mar 09	31 Dec 08
	\$m	\$m	\$m	\$m

### Mortgage Management

Broker Platforms <sup>(c)</sup>	112,638	75,350	73,179	71,126
<b>Total mortgages under administration</b>	<b>112,638</b>	<b>75,350</b>	<b>73,179</b>	<b>71,126</b>

<sup>(c)</sup> Includes FAST assets of \$35bn at 20 Aug 09 reflecting purchase completion.

## Analysis of Flows

### Funds Management

Funds under management net flows for the quarter comprise:	30 Sep 09	30 Jun 09	31 Mar 09	31 Dec 08
	\$m	\$m	\$m	\$m
Retail	(148)	(325)	(336)	(1,497)
Institutional – Managed Funds	976	607	(325)	96
Institutional – Specialised Funds	–	–	–	(49)
<b>Net flows</b>	<b>828</b>	<b>282</b>	<b>(661)</b>	<b>(1,450)</b>

### Mortgage Management

Mortgages under administration settlements for the quarter comprise:	30 Sept 09	30 Jun 09	31 Mar 09	31 Dec 08
	\$m	\$m	\$m	\$m
Settlements <sup>(d)</sup>	7,571	6,080	5,274	5,838

<sup>(d)</sup> Includes FAST settlements since purchase completion.

### Life

Sales for the quarter:	30 Sep 09	30 Jun 09	31 Mar 09	31 Dec 08
	\$m	\$m	\$m	\$m
Annuities, allocated pensions and superannuation	245	120	91	109

## Reconciliation of Total Group Assets, Funds and Mortgages Under Management and Administration

	30 Sep 09	30 Jun 09	31 Mar 09	31 Dec 08
	\$m	\$m	\$m	\$m
Funds under management	17,891	16,045	15,465	16,788
Mortgages under management	16,915	17,945	18,862	19,792
Life	6,068	5,767	5,959	6,129
<b>Adjustments to remove double counting of cross holdings:</b>				
Commercial lending	(1,988)	(2,264)	(2,460)	(2,627)
Life Company investment in Specialised Funds	(510)	(401)	(377)	(465)
Life Company investment in unlisted funds	(1,835)	(1,767)	(1,825)	(1,913)
<b>Total Assets Under Management</b>	<b>36,541</b>	<b>35,325</b>	<b>35,624</b>	<b>37,704</b>
Mortgages under administration	112,638	75,350	73,179	71,126
<b>Adjustments to remove double counting of cross holdings:</b>				
Commercial lending	(69)	(60)	(60)	(19)
Residential lending	(317)	(280)	(274)	(278)
<b>Total Assets Under Administration</b>	<b>112,252</b>	<b>75,010</b>	<b>72,845</b>	<b>70,829</b>