

## MARKET RELEASE

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### **PRO-FORMA TEMPLATE – BOUTIQUE, ALIGNED AND OTHER MANAGEMENT VIEW**

15 December 2011, Sydney – Challenger Limited (ASX:CGF) today released a pro-forma template for the presentation of its financial results for its Funds Management division.

Following the release on 21 October of a template providing historical information for Assets and Funds Under Management (AUM) under a revised format, the attached pro-forma template provides an historical breakdown of net income for Funds Management's two key earnings drivers being Boutique Partnerships and Aligned & Other Investments for financial years 2011 and 2010.

The first period of reporting under the revised format will be for the six months ended 31 December 2011 (1H12) which will be announced on 20 February 2012.

*Ends*

## Funds Management – Detailed Management Financials

\$m	2011	2010	2H 11	1H 11	2H 10	1H 10
<b>Boutique Partnerships</b>						
Boutique Income <sup>1</sup>	22.0	6.6	11.9	10.1	4.1	2.5
Equity Accounted Profits <sup>2</sup>	7.5	0.8	5.2	2.3	0.7	0.1
<b>Total Net Income</b>	<b>29.5</b>	<b>7.4</b>	<b>17.1</b>	<b>12.4</b>	<b>4.8</b>	<b>2.6</b>
<b>Aligned and Other</b>						
Net management fees	48.9	73.7	19.3	29.6	37.9	35.8
Transaction and Performance fees	10.0	20.9	7.5	2.5	10.8	10.1
<b>Total Net Income</b>	<b>58.9</b>	<b>94.6</b>	<b>26.8</b>	<b>32.1</b>	<b>48.7</b>	<b>45.9</b>
<b>Total Net Income</b>	<b>88.4</b>	<b>102.0</b>	<b>43.9</b>	<b>44.5</b>	<b>53.5</b>	<b>48.5</b>
Personnel expenses	(46.1)	(60.2)	(22.5)	(23.6)	(30.9)	(29.3)
Other expenses	(22.2)	(24.5)	(10.6)	(11.6)	(13.4)	(11.0)
<b>Total Expenses</b>	<b>(68.3)</b>	<b>(84.7)</b>	<b>(33.1)</b>	<b>(35.2)</b>	<b>(44.3)</b>	<b>(40.3)</b>
<b>Net profit/(loss) before tax</b>	<b>20.1</b>	<b>17.3</b>	<b>10.8</b>	<b>9.3</b>	<b>9.2</b>	<b>8.2</b>
<b>Performance Analysis</b>						
Cost to income ratio	77.3%	83.1%	75.4%	79.2%	82.9%	83.2%
Opening Net Assets (\$m)	111.0	93.2	111.0	111.0	93.2	93.2
Normalised RONA	18.1%	18.5%	19.6%	16.7%	19.6%	17.5%
Spot FUM – Boutique Partnerships (\$m)	14,848.1	6,976.7	14,848.1	12,697.8	6,976.7	4,033.4
Spot FUM – Aligned and Other (\$m)	8,759.5	13,244.0	8,759.5	9,166.3	13,244.0	15,190.5
<b>Spot FUM – Total (\$m)</b>	<b>23,607.6</b>	<b>20,220.7</b>	<b>23,607.6</b>	<b>21,864.1</b>	<b>20,220.7</b>	<b>19,223.9</b>
Average FUM – Boutique Partnerships (\$m) <sup>3</sup>	12,271.4	3,863.9	13,795.5	10,808.2	4,889.8	2,827.6
Average FUM – Aligned and Other (\$m) <sup>3</sup>	9,611.4	14,421.2	8,841.8	10,317.4	14,197.8	14,739.5
<b>Average FUM – Total (\$m)</b>	<b>21,882.8</b>	<b>18,285.1</b>	<b>22,637.3</b>	<b>21,125.6</b>	<b>19,087.6</b>	<b>17,567.1</b>
<b>Margins (bps)<sup>4</sup></b>						
Boutique Partnerships	24	19	25	23	20	18
Aligned and Other	61	66	61	62	69	62
<b>Net margin – Funds Management</b>	<b>40</b>	<b>56</b>	<b>39</b>	<b>42</b>	<b>57</b>	<b>55</b>
<b>FUM Analysis (\$m)</b>						
Net flows	2,397.0	3,831.0	1,324.0	1,073.0	2,006.0	1,825.0
Distributions	(267.5)	(188.3)	(164.3)	(103.2)	(109.0)	(79.3)
Market linked movement	1,241.0	533.0	372.5	868.5	(900.9)	1,433.9
<b>Total FUM movement</b>	<b>3,370.5</b>	<b>4,175.8</b>	<b>1,532.2</b>	<b>1,838.3</b>	<b>996.1</b>	<b>3,179.7</b>

<sup>1</sup> Boutique Income includes distribution, administration and trustee fees.

<sup>2</sup> Equity Accounted Profits represents Challenger's share of pre tax earnings.

<sup>3</sup> Average Funds Under Management calculated on a monthly basis.

<sup>4</sup> Margin (bps) represents Total Net Income/average FUM.