

# Challenger Index Plus Fund

ARSN 616 423 520

## Additional Information

Dated 1 July 2021

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## Important notices



**The information in this document forms part of the Challenger Index Plus Fund Product Disclosure Statement (PDS) dated 1 July 2021.**

This document is issued by Fidante Partners Services Limited (ABN 44 119 605 373, AFSL 320505). In preparing the information contained in this document we did not take into account your particular investment objectives, financial situation or needs. As investors' needs and aspirations differ, you should consider the applicable PDS and whether investing in this Fund is appropriate for you in light of your particular needs, objectives and financial circumstances. You may also wish to obtain independent advice, particularly about individual matters such as taxation, retirement planning and investment risk tolerance. Neither Fidante Partners nor our related entities nor any of their directors, employees or agents guarantee the repayment of capital or any particular rate of return.

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## Important terms

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<b>APRA</b>	Australian Prudential Regulation Authority. The regulator of Australian banks, insurance companies, superannuation funds, credits unions, building societies and friendly societies.
<b>Contribution fee</b>	An amount charged (as a percentage of the amount being invested) to contribute to the Fund. The details of the applicable contribution fees for the available unit classes can be found at <a href="http://challenger.com.au/CIPF/classes">challenger.com.au/CIPF/classes</a> .
<b>Investment grade</b>	An asset is considered to be investment grade if it is given a rating by rating agencies of BBB- or higher or its equivalent.
<b>Investment manager</b>	The entity appointed to invest and manage the assets of the Fund. Challenger Life has been appointed the investment manager of the Fund under the IMA.
<b>Investment Management Agreement (IMA)</b>	The investment management agreement with Challenger Life. The agreement sets out the terms of the relationship between Challenger Life and us such as the terms by which Challenger Life must invest and manage the underlying asset portfolio.
<b>Index provider</b>	The provider of the index to which the class of units in the Fund is referable.
<b>Life Insurance Act 1995 (Life Act)</b>	The principal supervisory legislative instrument setting out the regulatory framework for life insurance companies in Australia.
<b>Margin</b>	The annual percentage amount above the referable index that the Fund intends to provide to investors. The details of the applicable margins for the available unit classes can be found at <a href="http://challenger.com.au/CIPF/classes">challenger.com.au/CIPF/classes</a> .
<b>Total return swap (TRS)</b>	Total return swap agreements between Challenger Life and us whereby Challenger Life agrees to pay each unit class returns based on a specific index referable to that unit class plus a margin in exchange for the returns of the underlying portfolio of assets of the Fund.
<b>Underlying asset portfolio</b>	The underlying assets of the Fund including investment grade fixed income assets, cash and cash equivalents, TRSs and derivatives for hedging purposes.
<b>Withdrawal fee</b>	An amount charged (as a percentage of the amount being withdrawn) to withdraw from the Fund. The details of the applicable withdrawal fees for the available unit classes can be found at <a href="http://challenger.com.au/CIPF/classes">challenger.com.au/CIPF/classes</a> .

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## Additional information about investing

When you invest in the Fund, you will purchase units in a particular class of units in the Fund (rather than purchasing the assets directly) which represents a share of the value of the Fund's collective asset pool. Certain rights are attached to the units and these rights are exercisable by the person who owns these units (referred to as **you** or **investors** throughout the PDS). Each class aims to provide investors with pre-tax returns equal to the return of the relevant index plus a specified annual margin. A description of the available unit classes, their relevant indexes and other investment

information can be found in the 'Additional information about the Fund's investments' on page 10. The specified margin above the index for each unit class is available at [challenger.com.au/CIPF/classes](http://challenger.com.au/CIPF/classes). We may create a new class or close a class to new investments at any time or terminate a class on 90 days' notice.

### Initial investments

Details of how to make your initial investment are outlined in section 8 'How to apply' on page 7 of the PDS. Once you have made your initial investment in the Fund, you can make additional one-off investments. You can access the Fund by completing the Fund application form.

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## Additional one-off investments

If you wish to make additional investments in the Fund, please keep a copy of the current PDS and this Additional Information booklet and any updates for future reference. A paper copy of the current PDS, this Additional Information booklet and any updates are available free of charge by visiting our website or by calling our Investor Services team.

Additional investments can be made via direct credit, direct debit or cheque. If making your additional investment via direct debit, you will need to complete the relevant direct debit facility sections on the Additional Investment Form. All direct debits are subject to the Direct Debit Request Agreement attached to the Additional Investment Form. The Additional Investment Form is available on our website. Alternatively, if you are making your additional investment via cheque, you can send us written instructions. Please attach your cheque to the instructions and ensure the instructions include:

- your account number;
- the full name(s) in which your investment account is held;
- the amount you wish to invest and in which unit class; and
- a daytime telephone number.

## Transferring ownership

You can transfer some or all of your investment to another person in such a manner and subject to such conditions as required by law and that we may, from time to time, prescribe. We may refuse to record any transfer in the register and are not required to give any reason or grounds for such refusal. We are not obliged to register a transfer where there is an amount payable to us by the transferee or the transferor (as applicable) in respect of the units being transferred. We recommend that you obtain your own professional advice regarding any dealings in units, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

Please contact our Investor Services team for further information about transferring units.

## Incomplete or rejected application forms

Under the Fund's constitution, we can accept or reject any application for units and are not required to give any reason or grounds for such a refusal.

Monies will generally be held for a maximum period of 30 days in a non-interest bearing account commencing on the day we receive the monies. After this period, your funds will be returned to the source of payment. Once we receive and accept your completed application form, the monies held will be divided by the next determined unit price to calculate the number of units to be allocated to you.

To ensure that your application is processed efficiently, you need to complete all sections of the application form and provide all customer identity verification documents required under the Customer Identification Program. Please refer to 'Customer Identification Program' on this page. If your application form is not complete and we are not able to proceed with your request, we may:

- attempt to contact you and/or your financial adviser; or
- hold your application monies in a non-interest bearing account until we receive the required information.

## Customer identification program

To address money laundering and terrorism financing risks, verification of each customer's identity is a prerequisite for all new customers starting an investment. The requirements to verify each customer's identity will depend on what type of investor you are, e.g. individual, Australian company or trust etc. These requirements are outlined in the Identity Verification Form for each investor type.

If you are investing via a financial adviser, they will be required to obtain acceptable identity verification documents from you, prior to lodging your application form. To do this, your financial adviser will need to sight the original or certified copies of your identity verification documents and retain a copy of them. Your financial adviser will then send us copies of your identity verification documents together with your application form.

If the application form is signed under Power of Attorney, we will also require a certified copy of the Power of Attorney document and a specimen signature of the attorney. If you have not provided identity verification documents to a financial adviser, you will be required to provide certified copies of your identity verification documents directly to us (refer to 'Who can certify' below for a list of who can certify these documents).

Under relevant laws, we may be required to ask you for additional identity verification documents and/or information about you or anyone acting on your behalf, either when we are processing your investment request or at some stage after we have issued units in the Fund. We may pass any information we collect and hold about you or your investment to the relevant government authority.

### **Identity verification documents**

Whether you are investing via a financial adviser or directly with us, you will be required to provide valid identity verification documentation when you invest. The actual documentation required will depend on whether you are an individual investor or a non-individual investor such as a superannuation fund, a trust or a company.

We have outlined the specific documentation required in the relevant Identity Verification Form. If any documentation you provide is not in English, it must be accompanied by an original copy of an English translation prepared by an accredited translator. If we do not receive all the required valid customer identity verification documents with your application form, or we are unable to verify your identity at any time, we will not be able to commence your investment or process any future withdrawal requests until we receive the required documents. We will contact you as soon as possible if we require more information.

To reduce uncertainty around releasing funds to third party accounts, when we receive withdrawal requests we may delay the release of money until we gain comfort around the request for withdrawal, including the identity of the third party account.

### **Who can certify**

You must ensure that each page of the relevant identity verification document(s) is certified. The person certifying must state in writing:

1. their capacity (from the list provided); and
2. on each page of the document 'this document is a true and correct copy of the original' or words to that effect. A current list of who can certify your identity verification document(s) is provided on the identity verification forms available on our website.

## **Additional information about withdrawing**

### **How to make a withdrawal**

Investors can request a withdrawal by telephone or fax (refer to 'Telephone and fax instructions' on page 6) or in writing. A withdrawal request, either in whole or in part, once received by us may not be withdrawn without our agreement. If you make your withdrawal request by telephone or fax, we can make your withdrawal payment to a previously nominated bank account we have on file.

If you provide us with an appropriately signed, original written request, then in addition to the payment method set out above, we can also make payments by direct credit to other bank accounts not on file with us.

We will require the following information when you make your withdrawal request:

- your account number;
- the full name(s) in which your investment account is held;
- the amount (dollar or units) you wish to withdraw and from which unit class;
- how and to whom you would like us to make the payment; and
- a daytime telephone number.

Please ensure that the appropriate signatories sign all written withdrawal instructions, including those forwarded by fax.

If you originally invested via direct debit and you make a withdrawal within the first three months of making your investment, we will only pay the withdrawal proceeds to the account that was debited when making your initial investment.

### **Processing your withdrawal**

While withdrawals are normally processed and paid within five business days of receiving your valid withdrawal request, we may take significantly longer than this (please refer to 'Delay of withdrawal payments' on this page). If your request for withdrawal would cause your balance to fall below the current minimum balance amount of \$100,000, this may be treated as a request for full withdrawal.

We can make withdrawal payments by direct credit to your nominated account. You agree that if the type of payment you request results in bank fees

being charged, we may deduct those fees from your withdrawal proceeds before remitting the net amount to you.

Generally, if the payment for your withdrawal is returned to us and remains outstanding for one month, we may reinvest the proceeds in the Fund. If your withdrawal cheque remains unpresented for three months, we may stop the cheque and reinvest the proceeds in the Fund. Any reinvestment of a withdrawal amount will be processed using the application unit price current at the time of the reinvestment transaction. For more information on unit prices, refer to 'How unit prices are calculated' on page 6 of this document.

We may determine that some or all of the withdrawal amount consists of income, rather than capital of the Fund. We will advise you when this is the case as soon as practicable after the end of the financial year in which the withdrawal occurred. We can provide you with a full transaction history of your account for this purpose. We may also determine to make an interim distribution prior to processing your withdrawal.

We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for the proceeds of your withdrawal request less any costs involved in the transfer.

Where we give notice to affected investors, we can compulsorily redeem investor units.

## Delay of withdrawal payments

Withdrawals are normally processed within five business days of receiving a valid withdrawal request; however, we do not guarantee this timeframe and we may take significantly longer to pay withdrawals.

Withdrawals may also be delayed by any one or more of the following applicable timeframes (that may apply cumulatively):

- under the Fund's constitution, we have 21 days to pay withdrawals; and
- under the Fund's constitution, we can suspend or spread withdrawals, in certain circumstances (refer to 'Suspending withdrawals' and 'Spreading withdrawals' on pages 5 and 6); and
- if the Fund becomes illiquid, we are not required to pay withdrawals (refer to 'If the Fund becomes illiquid' on page 6).

If we did not receive all required identity verification documents (as outlined in the relevant Identity Verification Form) at the time of investment or your

withdrawal request is incomplete, we may not process your withdrawal request until these documents or further requirements are received.

## Suspending withdrawals

We may suspend consideration of withdrawal requests and/or payment of withdrawals where:

- we consider it impracticable to calculate the Fund's net asset value (and hence unit prices);
- we estimate that we must sell 5% or more of the Fund's assets to meet withdrawals;
- we believe that the size of withdrawal requests is such that it would require us to realise a significant amount of the Fund's assets rapidly and this may either place a disproportionate expense or tax burden on remaining investors or impact negatively on the price we would achieve in selling the Fund's assets;
- we reasonably consider it is not possible or to be in the best interests of investors to do so; or
- the law otherwise permits.

The suspension period may continue for as long as any of the above circumstances apply. Any withdrawal requests received during a period of suspension, or for which a unit price has not been calculated or confirmed prior to the commencement of a period of suspension, will be deemed to have been received immediately after the end of the suspension period.

## Spreading withdrawals

We may spread a withdrawal request where:

- we receive a withdrawal request that represents 5% or more of the units on issue in any class; or
- we receive on any day withdrawal requests that in total represent 10% or more of the units on issue in any class; or
- there have been, or we anticipate that there will be, withdrawal requests for 10% or more of the total units on issue in the Fund and we consider that if those requests are met rapidly, this may either place a disproportionate expense or tax burden on remaining investors, or meeting the requests would impact negatively on the price we could achieve in selling Fund assets or otherwise disadvantage remaining investors.

When we spread withdrawals, we may determine that a withdrawal request is four separate requests, each for a quarter (or as close to a quarter as we determine) of the total number of units in the original withdrawal request. Each of the four (deemed) withdrawal requests

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will be deemed to be received by us on the same business day of the month (or next business day, if not a business day or if that day does not occur in that month) in each of the four succeeding months following the original withdrawal request.

## If the Fund becomes illiquid

If the Fund becomes illiquid (as defined in the Corporations Act) investors would only be able to withdraw from the Fund if we made an offer of withdrawal. If we do make such an offer, investors may only be able to withdraw part of their investment. There is no obligation for us to make such an offer.

Under the Corporations Act, the Fund is regarded as liquid if liquid assets account for at least 80% of the value of the assets of the Fund. Liquid assets generally include money in an account or on deposit with a bank, bank accepted bills, marketable securities and property of the kind prescribed under the Corporations Act.

## Telephone and fax instructions

You should understand that a person without your authority could telephone us or send us a fax and, by pretending to be you, withdraw funds from your account for their own benefit.

We take all care when acting on instructions. In doing so, we perform security checks and have in place internal policies and procedures designed to reduce the risk that a fraud is committed in relation to your account.

In using the telephone and/or fax facility, you agree that we are not responsible to you for any fraudulently completed communications and that we will not compensate you for any losses where we have complied with our security checks, internal policies and procedures and provided we have not been negligent, fraudulent or dishonest.

We will only act on completed communications that we receive. In the case of a fax, a transmission certificate from your fax machine is not sufficient evidence (unless otherwise agreed), that we received your fax. We will not be liable for any loss or delay resulting from the non-receipt of any transmission.

In the case of joint holdings, superannuation funds, trusts and companies additional processes may apply, and any investor or director who signs the application form may request a telephone withdrawal.

If the details of the bank account quoted at the time of making a telephone or fax withdrawal do not match the nominated bank account we have on file, the withdrawal will not proceed. You must advise us via an original, signed, written request if you wish to change

your previously nominated bank account details. Should you not wish to use these facilities, we must receive an original, signed, written request to cancel them. Cancellation will be effective from the end of the second business day after receipt of this request.

We may cancel or vary these requirements by giving notice in writing. By sending us a fax or making a telephone withdrawal, you signify your acceptance of these conditions.

## How unit prices are calculated

Unit prices are determined in accordance with the Fund's constitution and are usually calculated each NSW business day. The calculation of both the application unit price and the redemption unit price for each class is based on the Net Asset Value (**NAV**) of the relevant class adjusted by the contribution fee or withdrawal fee (as applicable). For information on the contribution fee and withdrawal fee, refer to 'Contribution fee and withdrawal fee' on page 15.

For application and redemption unit prices, the NAV is the value of all the assets attributed to the relevant class less the value of the relevant class' liabilities at the valuation time. When calculating the NAV, we must use the most recent valuations of the Fund's assets and the most recent determination of the liabilities.

The Fund's assets and liabilities are usually valued each NSW business day. Generally, for unit pricing purposes, listed securities are valued using the last available market close price quoted on the relevant exchange. Other assets are generally valued at recoverable value. Any income entitlements, cash at bank, and any amount of Goods and Services Tax (**GST**) recoverable by the Fund from the Australian Taxation Office are also included in asset values used to calculate the application and redemption unit price.

Generally, for unit pricing purposes, liabilities are valued at cost. Liabilities also include costs (if any) that an investor would ordinarily incur when investing in the Fund's underlying assets.

Where we receive a valid transaction request before the transaction cut-off time of 3.00pm (Sydney time) on a NSW business day, the unit price will generally be determined at the next valuation time after that transaction cut-off time. This is typically referred to as 'forward pricing'.

In rare circumstances, we may suspend unit pricing where, acting in accordance with our responsible entity obligations to investors, we consider it impracticable to calculate a NAV. We have a Unit Pricing Permitted Discretions Policy. The policy sets out how we will

exercise any discretions in relation to unit pricing (such as, for example, how often we determine unit prices and valuation methodology). If we depart from our policy, we are also required to record details of this departure. You can obtain a copy of this policy or any recorded departures free of charge by calling our Investor Services team.

## Additional information about distributions

If we pay a distribution, you may choose to have your distribution reinvested in additional units in the Fund, or paid directly to your nominated account. Unless you indicate otherwise on the application form, we will reinvest your distributions.

The price of units issued on reinvestment of distributions is the application price for units next determined after distributions are made by the Fund. There is no contribution fee reflected in this application price. The amount of each distribution may vary. Your share of any distribution depends on how many units are held at the end of the accrual period as a proportion of the total number of units in the relevant class on issue at that time and the amount of net income referable to those units and that class.

The amount of income distributed at the end of each distribution period will generally be the net income of the Fund, unless we decide to distribute a different amount. Under the constitution we have the power to make interim distributions.

As distributable amounts are a component of the unit price, unit prices normally fall by the distribution amount following a distribution. If you invest just prior to a distribution, you may receive some of your investment back immediately as income. Conversely, if you withdraw from the Fund just before a distribution, you might turn income into a capital gain.

We have the discretion to transfer assets of the Fund to you (instead of cash) in payment (partly or fully) for a distribution amount.

Generally, if any distribution payments are returned to us and remain outstanding for a period of one month, we may reinvest those distributions and amend your future distribution method to reinvest. If your distribution cheque remains unpresented for three months, we may stop the cheque and reinvest the proceeds in the Fund and amend your future distribution method to reinvest. Any reinvestment

of an unclaimed or returned distribution will be processed using the application unit price current at the time of the reinvestment transaction.

Under the constitution we have the power to make reinvestment of distributions compulsory. At the date of this document, we have no intention of introducing compulsory distribution reinvestment.

If you wish to change your distribution payment instructions, please mail us an original, signed written request.

## Monitoring your investment

You can access your account information 24 hours a day, seven days a week through InvestorOnline, a secure online service which provides access to up-to-date information about your investments, including the latest unit prices, your account balance and transaction history.

We will also send you regular information about your investments, including:

- confirmation of the acceptance of your initial and one-off additional investments; this confirmation will provide details of the units issued;
- confirmation that we have processed a withdrawal request; this confirmation will provide details of the unit and dollar value withdrawn;
- a quarterly statement; and
- a consolidated annual taxation statement.

At any time, you may request a transaction statement that shows either all transactions since your last regular statement or all transactions for a specific period. We recommend that you check all statements and transaction confirmations carefully. If there are any discrepancies, please contact your financial adviser or our Investor Services team.

## Keeping us informed

Our records about you are important. Please inform us in writing of any change to the personal details that you have given us. This may be a new postal address, a change of name or new bank account details. We will send you written confirmation of any changes that you request us to make to your personal details.

## What happens if you choose not to provide certain information?

If you choose not to disclose certain information, the following may apply:

**TFN or ABN:** For resident investors, if you choose not to disclose your TFN, TFN exemption or ABN, we have to deduct tax at the highest marginal tax rate plus the

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Medicare levy (and any other levies we are required to deduct, from time to time) from distributions we pay you (refer to 'Tax File Number (TFN) and Australian Business Number (ABN)' on page 17 of this document).

- **Account details:** we will not be able to pay withdrawal proceeds or income distributions to you.
- **Incomplete application form:** unless otherwise agreed, we will not be able to process your investment request.
- If you do not provide **all relevant identity verification documents**, we may not be able to process your investment request or may not process any future withdrawal requests.

### Up-to-date information about the Fund

You can obtain up-to-date Fund performance and Fund size information by contacting your financial adviser or visiting our website or calling our Investor Services team. Actual asset allocations can be obtained by investors by calling our Investor Services team to arrange access to this information on our website.

A paper copy of any updated information will be given to you, without charge, on request by calling our Investor Services team.

## How the Fund is governed

### The constitution

The Fund's constitution, together with the Corporations Act and other laws, governs the way in which the Fund operates, including the rights, responsibilities and duties of the responsible entity and investors. The constitution contains the rules relating to a number of issues including:

- investor rights;
- the process by which units are issued and redeemed;
- the calculation of attribution amounts in accordance with Division 276 of the *Income Tax Assessment Act 1997* (**Attribution Amounts**), including the attribution of such amounts to investors;
- distribution of amounts, including income or capital, to investors;
- the investment powers of the responsible entity;
- the responsible entity's right to claim indemnity from the Fund and charge fees and expenses to the Fund;
- the creation of other classes of units; and
- the termination of the Fund.

It is generally thought that investors' liabilities are limited to the value of their holding in the Fund. It is not

expected that an investor would be under any obligation if a deficiency in the value of the Fund was to occur. However, this view has not been fully tested at law.

Investors can inspect a copy of the constitution at our head office or we will provide them with a copy free of charge. We may alter the constitution if we reasonably consider the amendments will not adversely affect investors' rights. Otherwise (subject to any exemption under the law), we must first obtain investor approval at a meeting of investors. We may retire or be required to retire as responsible entity if investors vote for our removal.

### Termination

The constitution, together with the Corporations Act, governs how and when the Fund or classes of the Fund may be terminated. We may terminate the Fund at any time by written notice to investors. On termination, an investor is entitled to a share of the net proceeds of our realisation of the assets of the relevant class of units in proportion to the value of the units in that class they hold in the Fund.

### Unitholder meetings

The conduct of unitholder meetings and investors' rights to requisition, attend and vote at those meetings are subject to the Corporations Act and (to the extent applicable) the Fund's constitution.

### Compliance plan

The Board of Fidante Partners Services Limited has in place an appropriate system of compliance management, operational controls, assessment monitoring and reporting to ensure the responsible entity complies with the Corporations Act, the Corporations Regulations 2001 and the Fund's constitution.

The Fund and the compliance plan are required to be audited annually. The compliance plan has been Board approved and lodged with the Australian Securities and Investments Commission (**ASIC**).

### Other parties

We have engaged a custodian to hold the assets of the Fund. The custodian has no independent discretion with respect to the holding of assets and is subject to performance standards.

The Fund has a registered company auditor. The auditor's role is to provide an audit of the financial statements of the Fund each year, as well as performing a half-yearly review (if required), and to provide an opinion on the financial statements.

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## Additional information about significant risks

The following section outlines additional risks of investing in the Fund:

<b>Risk</b>	<b>Explanation</b>
<b>Return risk</b>	<p>This is the risk that the Fund is no longer able to meet its return objective for a class of units. This may happen if we or Challenger Life terminate the applicable TRS and/or the IMA and we are unable to find a suitable alternative investment strategy. We or Challenger Life may voluntarily terminate any or all TRS and/or the IMA on 90 days' notice or immediately in certain circumstances, such as material default, removal of us as responsible entity or if legally either entity cannot continue to perform our obligations.</p>
<b>Counterparty risk and Investment manager risk</b>	<p>This is the risk that a counterparty to a contract (such as a derivative contract) fails to perform its contractual obligations either in whole or in part. Counterparties may include brokers (such as clearing brokers of exchange traded instruments), foreign exchange counterparties, the Fund's custodian and Challenger Life as the TRS counterparty and Investment Manager under the IMA.</p> <p>The Fund's ability to pay the returns in respect of a unit class will depend on Challenger Life meeting its obligations under the applicable TRS and, in the event all TRS are terminated, the underlying asset portfolio of the Fund. While Challenger Life is Investment Manager under the IMA, the Fund's ability to pay withdrawal requests depends on Challenger Life meeting its obligations to deliver withdrawal proceeds in accordance with the time periods in the IMA.</p> <p>As with any counterparty to a contract, there is a risk that Challenger Life might not meet its obligations under the TRS and/or IMA. To the extent there is an amount owing to the Fund by Challenger Life following termination of the TRS and/or IMA, the Fund will be an unsecured creditor of Challenger Life in respect of that amount.</p> <p>We seek to mitigate these risks by requiring amounts owing between the Fund and Challenger Life under each TRS to be net settled daily with payments to be made as soon as practicable after, and in any event within, seven business days of settlement.</p>
<b>Single asset pool risk</b>	<p>Investors in the Fund share in the beneficial ownership of one pool of underlying assets, which are not physically segregated between classes (other than each TRS which has been notionally allocated to a class). If the terms of a TRS for a particular class of the Fund have been breached (such as non-payment of the settlement amount), there is a risk that all other classes of the Fund will be affected. If the value of the underlying asset portfolio is not sufficient to cover the payment of amounts owed to investors, each investor will share in the losses of the Fund pro-rata according to the proportion of the value of units the investor holds in the Fund.</p> <p>Following termination of the TRS and/or IMA, Challenger Life is required to ensure that the Fund's assets are sufficient to satisfy amounts owing to investors as at the date of termination of the IMA and/or TRS and the Fund will have a claim against Challenger Life to the extent of any shortfall.</p>
<b>Related party risk</b>	<p>This refers to the risk that Challenger Life as both Investment Manager and counterparty to each TRS manages the portfolio of assets in a way that is advantageous for itself in its role as counterparty to the TRS agreements but may not be in the best interests of investors in the Fund. Challenger Life as Investment Manager of the Fund may also transact under the IMA with Challenger Life in its personal capacity. There is a risk that Challenger Life may manage the portfolio assets in a way that is in its own interests rather than in the interests of investors in the Fund. To mitigate this risk, any such transactions must be at arm's length, use independent third party pricing providers, and comply with the asset allocation parameters and liquidity requirements under the IMA. Furthermore, We and Challenger Life must adhere to the related party transaction policy which establishes a protocol for negotiating and entering transactions between entities in the Challenger group.</p>

<b>Risk</b>	<b>Explanation</b>
<b>Fund risk</b>	<p>Investing in the Fund may give different results (including tax outcomes) from holding the underlying assets of the Fund or individual securities that make up the relevant index directly because of factors such as:</p> <ul style="list-style-type: none"> <li>• income accrued in a class at the time of investing;</li> <li>• the composition of distribution payments (e.g. the split between income and capital) may be different as the underlying assets of the Fund may be unrelated to the assets associated with the referable index; and</li> <li>• the consequences of investment and withdrawal decisions made by other investors in the class; for example, a large level of withdrawals from the class may lead to the need to sell underlying assets which would potentially realise income with possible tax consequences.</li> </ul> <p>We aim to manage these risks by monitoring the Fund and acting in investors' best interests.</p>
<b>Force majeure risk</b>	<p>Performance of Challenger Life's obligations under the TRS and/or IMA and returns on the unit classes of the Fund may be suspended or terminated in circumstances where an event beyond the reasonable control of Challenger Life exists. Such circumstances include strikes, war, terrorist acts, acts or regulations of government, epidemics, natural disasters or any other event which a reasonable person could not foresee or reasonably make provision for or insure against.</p>
<b>Regulatory risk</b>	<p>Changes in government or regulator policies (including taxation), legislation could affect the value, and/or tax treatment, of an investment in the Fund in respect of tax, investors should obtain independent tax advice in respect of an investment in the Fund, however, it is not possible to predict future changes to tax law or policy.</p>

## Additional information about the Fund's investments

### About the Classes

Pages 10-12, and page 5 of the PDS, show the investment profiles for each of the available classes of the Fund. An up-to-date list of the specified margin above the index for each class is available at [challenger.com.au/CIPF/classes](http://challenger.com.au/CIPF/classes). We may create a new class or close a class to new investments at any time or terminate a class on 90 days' notice.

### Investment option profile for Challenger Index Plus – AusBond Bank Bill

<b>Risk level</b>	Very low – the class has the potential to offer a greater level of capital stability over the medium term in return for potentially lower returns when compared to other investments.
<b>Investment return objective</b>	Exposure to the performance of the AusBond Bank Bill index and is designed to generate a return of the index plus a specified annual margin. It is suitable for investors who are seeking potentially higher levels of returns compared to cash and cash-like securities with low volatility in the unit price.
<b>Index details</b>	This index is comprised of 13 synthetic instruments defined by rates interpolated from the RBA 24-hour cash rate, 1 month and 3 month Bank Bill Swap (BBSW) rate.
<b>Minimum suggested investment timeframe</b>	3 years.
<b>Asset allocation</b>	The Fund is required to be invested in investment grade fixed income assets, cash and cash equivalents, TRSs and may use derivatives to reduce the exposure to the underlying asset portfolio, by reducing the impact of changes in market rates, such as interest rates or currency exchange rates. The TRSs ensure each unit class is able to achieve the returns of the relevant index plus a margin.

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## Investment option profile for Challenger Index Plus – RBA Cash Rate

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<b>Risk level</b>	Very low – the class has the potential to offer a greater level of capital stability over the medium term in return for potentially lower returns when compared to other investments.
<b>Investment return objective</b>	Exposure to the performance of the RBA Cash Rate index and is designed to generate a return of the index plus a specified annual margin. It is suitable for investors who are seeking potentially higher levels of returns compared to cash and cash-like securities with low volatility in the unit price.
<b>Index details</b>	The RBA Cash Rate index is engineered to measure the Reserve Bank of Australia's overnight cash rate.
<b>Minimum suggested investment timeframe</b>	3 years.
<b>Asset allocation</b>	The Fund is required to be invested in investment grade fixed income assets, cash and cash equivalents, TRSs and may use derivatives to reduce the exposure to the underlying asset portfolio, by reducing the impact of changes in market rates, such as interest rates or currency exchange rates. The TRSs ensure each unit class is able to achieve the returns of the relevant index plus a margin.

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## Investment option profile for Challenger Index Plus – AusBond Government

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<b>Risk level</b>	Very low – the class has the potential to offer a greater level of capital stability over the medium term in return for potentially lower returns when compared to other investments.
<b>Investment return objective</b>	Exposure to the performance of the AusBond Govt 0+ Yr index and is designed to generate a return of the index plus a specified annual margin. It is suitable for investors who are seeking potentially higher levels of returns compared to cash and cash-like securities with low volatility in the unit price.
<b>Index details</b>	The Bloomberg AusBond Govt 0+ Yr Index is engineered to measure the market of Australian Government bonds and is a composite of the Treasury and Semi-Government indexes.
<b>Minimum suggested investment timeframe</b>	3 years.
<b>Asset allocation</b>	The Fund is required to be invested in investment grade fixed income assets, cash and cash equivalents, TRSs and may use derivatives to reduce the exposure to the underlying asset portfolio, by reducing the impact of changes in market rates, such as interest rates or currency exchange rates. The TRSs ensure each unit class is able to achieve the returns of the relevant index plus a margin.

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## Investment option profile for Challenger Index Plus – AusBond Treasury

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<b>Risk level</b>	Very low – the class has the potential to offer a greater level of capital stability over the medium term in return for potentially lower returns when compared to other investments.
<b>Investment return objective</b>	Exposure to the performance of the AusBond Treasury 0+ Yr index and is designed to generate a return of the index plus a specified annual margin. It is suitable for investors who are seeking potentially higher levels of returns compared to cash and cash-like securities with low volatility in the unit price.
<b>Index details</b>	The Bloomberg AusBond Treasury 0+ Yr Index is engineered to measure the market of securities issued by the Commonwealth Government.
<b>Minimum suggested investment timeframe</b>	3 years.

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<b>Asset allocation</b>	The Fund is required to be invested in investment grade fixed income assets, cash, and cash equivalents, TRSs and may use derivatives to reduce the exposure to the underlying asset portfolio, by reducing the impact of changes in market rates, such as interest rates or currency exchange rates. The TRSs ensure each unit class is able to achieve the returns of the relevant index plus a margin.
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## Investment option profile for Challenger Index Plus – AusBond Government Inflation

<b>Risk level</b>	Low to medium – the class has the potential to offer a greater level of capital stability over the long term in return for potentially lower returns when compared to other investments.
<b>Investment return objective</b>	Exposure to the performance of the AusBond Infl Govt 0+ yr index and is designed to generate a return of the index plus a specified annual margin. It is suitable for investors who are seeking potentially higher levels of returns compared to cash and cash-like securities along with protection against inflation.
<b>Index details</b>	The Bloomberg AusBond Infl Govt 0+ Yr Index is engineered to measure the market of inflation-linked bonds issued by the Government and Semi-Government Authorities of Australia.
<b>Minimum suggested investment timeframe</b>	3 years.
<b>Asset allocation</b>	The Fund is required to be invested in investment grade fixed income assets, cash and cash equivalents, TRSs and may use derivatives to reduce the exposure to the underlying asset portfolio, by reducing the impact of changes in market rates, such as interest rates or currency exchange rates. The TRSs ensure each unit class is able to achieve the returns of the relevant index plus a margin.

## Investment option profile for Challenger Index Plus – AusBond Composite

<b>Risk level</b>	Very low – the class has the potential to offer a greater level of capital stability over the medium term in return for potentially lower returns when compared to other investments.
<b>Investment return objective</b>	Exposure to the performance of the AusBond Composite 0+ yr index and is designed to generate a return of the index plus a specified annual margin. It is suitable for investors who are seeking potentially higher levels of returns compared to cash and cash-like securities with low volatility in the unit price.
<b>Index details</b>	The Bloomberg AusBond Composite 0+ Yr Index is engineered to measure the Australian debt market and is a composite of Treasury, Semi-Government, Supranational/Sovereign and Credit indexes.
<b>Minimum suggested investment timeframe</b>	3 years.
<b>Asset allocation</b>	The Fund is required to be invested in investment grade fixed income assets, cash and cash equivalents, TRSs and may use derivatives to reduce the exposure to the underlying asset portfolio, by reducing the impact of changes in market rates, such as interest rates or currency exchange rates. The TRSs ensure each unit class is able to achieve the returns of the relevant index plus a margin.

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## Returns from the Fund

All references to returns relate to the performance of the specific class of the Fund. Each class aims to provide investors with pre-tax returns equal to the return of the relevant index plus a specified annual margin. If a TRS is terminated, investors in the relevant class will have exposure to the performance of the underlying investments of the Fund only and will no longer receive the stated return for that class.

All references to margins paid above a relevant class index relate to the annualised amount paid by the relevant class in excess of the return of the relevant class index.

If the Index provider provides Challenger Life with an incorrect index quote and subsequently provides a corrected index quote, we reserve the right to correct the net asset value and the unit price of the relevant class for the period the index was incorrectly quoted. Challenger Life may also use an alternative index or terminate the relevant TRS to the extent it is unable to ascertain the performance of the relevant index.

## About the total return swap

Under each TRS, Challenger Life agrees to make payments to the Fund equal to the performance of a specific index plus a margin. Conversely, the Fund agrees to make payments to Challenger Life based on the underlying investments of the Fund.

If the performance of the referable class index plus the agreed margin exceeds the performance of the underlying investments, Challenger Life will top up the Fund in order to meet the shortfall. If the performance of the underlying investments exceeds the performance of the referable class index plus the agreed margin, Challenger Life will retain the outperformance amount.

Challenger Life will provide 90 days' notice to the Fund of its intention to terminate any or all TRSs. We will provide 90 days' notice to Challenger Life of our intention to terminate any or all TRSs. We or Challenger Life may terminate the TRS immediately in certain circumstances such as material default, removal of us as the responsible entity or if it is required by law or otherwise not legal to continue to perform its obligations under the documents. If all TRS are terminated, the IMA with Challenger Life may also terminate.

## Switching unit classes

An investor may request that their units in one class be transferred to another unit class by informing us in writing. The withdrawal fee and contribution fee for the relevant classes of units will be applied on such a transaction – see 'Additional explanation of fees and costs' on page 15. We may switch investors to a different class in certain circumstances (such as where their class has been terminated).

## Fees and costs

This section shows fees and other costs that you may be charged in the Fund in respect of all classes and can be used to compare costs between different funds. These fees and costs may be deducted from your money, from the returns on your investment or in the case of the Fund, from the Fund assets as a whole. Unless otherwise stated, the fees and costs shown in this section are inclusive of Goods and Services Tax (GST) and applicable stamp duty, less input tax credits claimable.

### Challenger Index Plus Fund

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	N/A
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	N/A
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	0.12% of the amount withdrawn from the Fund <sup>1</sup>	The withdrawal fee is charged to investors upon withdrawing amounts from the Fund. The withdrawal fee is passed through the Fund to Challenger Life.
<b>Exit fee</b> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
The fees and costs of managing your investment	Nil	N/A
<b>Service fees<sup>2</sup></b>		
<b>Switching fee</b> The fee for changing investment options.	Nil	N/A

<sup>1</sup> This is the current maximum withdrawal fee payable for any class. We may waive or charge a lower withdrawal fee from time to time and can only increase these fees after providing investors with 30 days' notice. A full list of the contribution and withdrawal fees payable for each class at a particular time is available at [challenger.com.au/CIPF/classes](http://challenger.com.au/CIPF/classes).

<sup>2</sup> Withdrawal fees will apply to the redemption of units.

## Example of annual fees and costs for all classes in the Fund

This table gives an example of how fees and costs in the Fund can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

<b>EXAMPLE Challenger Index Plus – MSCI World ex Australia Net Return</b>		<b>BALANCE OF \$2,500,000 WITH A CONTRIBUTION OF \$100,000 DURING YEAR</b>
Contribution fees	Nil	For every additional \$100,000 you put in, you will be charged <b>\$0</b>
<b>PLUS</b> management costs	0.00% p.a. of the Fund's net assets	
<b>EQUALS</b> cost of the fund		If you had an investment of \$2,500,000 at the beginning of the year and you put in an additional \$100,000 during that year, you would be charged fees of: <b>\$0<sup>3</sup></b>

## Additional explanation of fees and costs

### Management costs

Management costs comprise recoverable expenses and indirect costs. They do not include transaction costs or other costs that an investor would ordinarily incur when investing directly in the underlying assets.

The Fund does not currently incur any management fees. If a TRS or the IMA terminates, we reserve the right to charge a management fee in respect of the underlying asset portfolio. We will give investors 30 days' written notice of any proposed increase in fees. We are entitled to be paid a management fee of up to a maximum of 5% p.a. of the NAV calculated daily and payable in arrears on the last business day of each calendar month.

### Recoverable expenses

The Fund's constitution allows for expenses of the Fund (whether normal or abnormal expenses), such as registry, audit, taxation, advice, investment management and offer document costs to be paid directly from the Fund. The constitution does not place any limit on the amount of the expenses that can be paid from the Fund. At the date of the PDS, the estimate of recoverable expenses of the Fund that will apply for the current financial year (adjusted to reflect a 12 month period) is nil.

As described above, we may recover abnormal expenses (such as costs of unitholder meetings, changes to the Fund's constitution and defending or pursuing legal

proceedings) from the Fund. Whilst it is not possible to estimate such expenses with certainty, we anticipate that the events that give rise to such expenses will not occur regularly. In circumstances where such events do occur, we may decide not to recover these abnormal expenses from the Fund.

### Indirect costs

Indirect costs are any amounts paid from the Fund's assets that we know or estimate will reduce the Fund's returns, other than the management fee and recoverable expenses as set out above. The estimate of indirect costs of the Fund that will apply for the previous financial year is nil.

### Contribution fee and withdrawal fee

The contribution fee and withdrawal fee are charged to investors upon investing amounts into or withdrawing amounts from the Fund. All contribution fees and withdrawal fees charged are passed on to Challenger Life. As set out on page 14, the current maximum contribution fee for any class is 0.00% of the amount invested in the Fund, and the current maximum withdrawal fee for any class is 0.12% of the amount withdrawn from the Fund. Challenger Life may choose to waive or charge a lower contribution fee or withdrawal fee than the stated maximums from time to time and can only increase these fees after providing investors with 30 days' notice. The contribution fee and withdrawal fee payable by an investor may differ depending on which particular class of units the investor is investing into or withdrawing from. A full list of the current contribution fees and withdrawal fees is available at [challenger.com.au/CIPF/classes](http://challenger.com.au/CIPF/classes).

<sup>3</sup> If you withdraw units from the Fund, you may be charged a withdrawal fee of up to 0.12% of the amount withdrawn (up to \$120 for every \$100,000 you withdraw). We may waive or charge a lower withdrawal fee from time to time or increase withdrawal fees by giving investors 30 days' notice. A full list of the withdrawal fees payable for each class at a particular time is available at [challenger.com.au/CIPF/classes](http://challenger.com.au/CIPF/classes).

The aim of the contribution fee and withdrawal fee is to ensure that only those investors transacting in the Fund's units at a particular time bear the costs payable to Challenger Life (by the Fund) as a consequence of their transaction. These fees are payable to Challenger Life and will cover (including but not limited to):

- the cost to Challenger Life of acquiring or disposing of underlying assets of the relevant class of units of the Fund as a consequence of the investment or withdrawal by the investor – this may include traditional transactional costs for transacting in the primary or secondary market, or a notional cost in transacting with Challenger Life in its personal capacity; and
- the cost to Challenger Life as counterparty to the relevant TRS agreement of rebalancing or adjusting the TRS and/or any hedging arrangements maintained by Challenger Life as a result of the investment or withdrawal by the investor.

We will provide notification to investors of any changes to the contribution fees and withdrawal fees on our website at [challenger.com.au/CIPF/classes](http://challenger.com.au/CIPF/classes).

If you switch from one class to another class of the Fund, the contribution fee and withdrawal fee will apply to both the sale of units and the subsequent application of units.

Under the Constitution the maximum contribution and withdrawal fee that we can charge in respect of each class is 0.5% of amounts invested into or withdrawn from the Fund.

### **Contribution fee and withdrawal fee examples**

- The current maximum contribution fee on an investment in units in a class of the Fund is 0.00%. Therefore, the maximum contribution fee for an investment of \$100,000 into the Fund would be \$0.
- The current maximum withdrawal fee on a withdrawal of units in a class of the Fund is 0.12%. Therefore, the maximum withdrawal fee on a withdrawal of \$100,000 from the Fund would be \$120

Please note that this is just an example. In practice, the actual contribution fee and withdrawal fee will depend on the amount you invest or withdraw and the current contribution fee and withdrawal fee applying to the class of units of the Fund you are transacting in.

### **Transaction and operational costs**

Transactional and operational costs include the costs to the Fund associated with buying and selling assets such as brokerage, settlement costs and stamp duties. Transactional and operational costs are not included in the Fund's contribution fees, withdrawal fees or management costs set out on page 14 and 15.

Our estimate of the Fund's transactional and operational costs that will apply for the current financial year (adjusted to reflect a 12 month period) is nil.

### **Can fees be different for different investors?**

Yes; we may negotiate, rebate or waive fees for wholesale clients (as defined in the Corporations Act). We do not negotiate fees with retail investors.

### **Government charges and GST**

Government taxes such as stamp duty and Goods and Services Tax (**GST**) may apply to the Fund or your investment. More details of the tax treatment of the Fund can be found in the 'Taxation considerations' on pages 16 and 17.

### **Index licence fees**

We and/or Challenger Life may pay licence fees to index providers from time to time. Any licence fees are not paid by the Fund.

## **Taxation considerations**

Any investment can have a substantial impact on your tax position from year to year. The following information is of a general nature and is based on our understanding of the Australian tax laws as at the date of this document and as they relate to Australian resident individual taxpayers who hold their investment on capital account. We are not a registered tax (financial) adviser and are not licensed or authorised to provide tax advice. We recommend that you obtain your own professional advice regarding your position, as tax and social security laws are complex and subject to change, and investors' individual circumstances vary.

### **Income Tax**

We intend to make the irrevocable tax elections to allow the Fund to be treated as an Attribution Managed Investment Trust (**AMIT**) from 1 July 2016 with each class of units being treated as a separate AMIT.

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The AMIT rules contain a number of provisions that will impact on the taxation treatment of the Fund.

The key features of the AMIT system include:

- an attribution model for determining investor tax liabilities, which allows amounts to retain their tax character as they flow through an AMIT to its investors;
- the ability to carry forward understatements and overstatements of taxable income, instead of re-issuing investor statements;
- deemed fixed trust treatment under the income tax law;
- upwards cost base adjustments of units to address double taxation; and
- legislative certainty about the treatment of tax deferred distributions.

We will allocate the taxable income of the Fund between investors on a 'fair and reasonable basis', consistent with their rights under the Fund's constitution and our duties as the trustee.

The Fund should not be liable to pay income tax on the basis that all the Fund's taxable income will be attributed to its investors. You will generally be required to include in your assessable income your share of the taxable income of the Fund, which will be based on attribution amounts attributed to you, even if your distributions are reinvested. Investors will be advised of the taxable income attributed to them, if any, in the AMIT Member Annual Statement (**AMMA Statement**). Where an investor disagrees with the allocation of taxable income in an AMMA Statement, they may give a 'member choice' to the Commissioner of Taxation. In the event an investor makes a member choice, the Fund's constitution provides that an investor will indemnify us for all costs and liabilities incurred as a result of their member choice. For any investors who are non-residents, Australian withholding tax may be deducted from distributions.

The Fund will calculate its taxable income on a fair value basis by making a Taxation of Financial Arrangement fair value election. Where your share of the taxable income of the Fund does not match the cash distribution you receive, an adjustment to the cost base of your units held in the Fund may be required.

Net taxable gains and losses in each class of the Fund will be quarantined from each other and net tax losses incurred by a class can be applied to reduce the income of that class in future years (subject to the class satisfying the specific provisions of the trust loss carry forward legislation).

You may also be entitled to tax credits (franking credits and/or foreign tax offsets) attributed to you by the Fund to offset your tax liability provided you satisfy certain provisions of the Income Tax Assessment Act 1997. In order to claim the tax credits, you must include the amount of the credits in your assessable income.

We will advise you of your share of any available tax credits in the AMMA Statement.

The disposal of units (for instance by withdrawal or transfer between classes) may give rise to a capital gains tax liability or a capital loss. Investors who have held their units on capital account for more than 12 months may be entitled to a capital gains tax discount. Non-resident investors should seek their own professional tax advice.

### **Tax File Number (TFN) and Australian Business Number (ABN)**

Before you provide your TFN (individuals only) to us, we are required to tell you the following:

- The collection of TFNs is authorised by the taxation and privacy laws. Your TFN will be used for legal purposes only, including providing information to the ATO so that your tax can be properly assessed. These purposes may change in the future.
- It is not an offence not to quote your TFN, but if you choose not to quote it, tax may need to be deducted at the highest marginal rate (plus applicable government levies including the Medicare Levy and Budget Repair Levy). These consequences may change in the future.

### **Goods and Services Tax**

GST is not payable on the issue, withdrawal or transfer of units in the Fund, as these are input-taxed financial supplies for GST purposes.

### **Non-resident account holder reporting requirements**

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (**FATCA**) and the OECD's Common Reporting Standard (**CRS**). To comply with our obligations under various reporting legislation we will provide to the ATO such data as required in respect of your investment with us.

## Additional information about making a complaint

As part of our commitment to providing quality service to our clients, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint within five business days of receiving it and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 30 days. If you have a particular complaint regarding your investment, please do not hesitate to contact us by calling our Investor Services team on 13 35 66 or by writing to:

Complaints Resolution Officer  
Reply Paid 86049  
Sydney NSW 2001

If you are not satisfied with our response or how the complaint has been handled (or if we have not responded within 30 days, you may contact the following external dispute resolution scheme:

Australian Financial Complaints Authority (AFCA)  
GPO Box 3 Melbourne  
VIC 3001  
Tel: 1800 931 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

## Consents

### Bloomberg and Bloomberg Indexes

The following information is applicable to the following unit classes only:

- Challenger Index Plus – AusBond Bank Bill
- Challenger Index Plus – AusBond Government
- Challenger Index Plus – AusBond Treasury
- Challenger Index Plus – AusBond Government Inflation
- Challenger Index Plus – AusBond Composite

BLOOMBERG and the Bloomberg AusBond Bank Bill Index, Bloomberg AusBond Govt 0+ Yr Index, Bloomberg AusBond Treasury 0+ Yr Index, Bloomberg AusBond Infl Govt 0+ Yr Index and Bloomberg AusBond Composite 0+ Yr Index (Bloomberg Indexes) are trademarks or service marks of Bloomberg Finance L.P. and its affiliates (collectively, “Bloomberg”).

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## MSCI, Inc

The following information is applicable to the following unit class only:

- Challenger Index Plus – MSCI World ex Australia Net Return

The Fund is not sponsored, endorsed, sold or promoted by MSCI, Inc. (MSCI), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the 'MSCI parties'). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by us. None of the MSCI parties makes any representation or warranty, express or implied, to the issuer or owners of the Fund or any other person or entity regarding the advisability of investing in funds generally or in the Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to the Fund or the issuer or owners of the Fund or any other person or entity.

None of the MSCI parties has any obligation to take the needs of the issuer or owners of the Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Fund to be issued or in the determination or calculation of the equation by or the consideration into which the Fund is redeemable. Further, none of the MSCI parties has any obligation or liability to the issuer or owners of the Fund or any other person or entity in connection with the administration, marketing or offering of the Fund.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources that MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein.

Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

No purchaser, seller or holder of units in the Fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this Fund without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

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