

About Challenger

Retirement
income
specialists

Challenger Limited

- Established in 1985
- ASX 100 listed
- \$78.4 billion assets under management at 31 December 2018

Challenger Life

- Leading annuity provider in Australia
- APRA-regulated life company



Who we are

Challenger Life (Challenger, we, our) is focused on providing customers with financial security for retirement. We do this by offering investment products that exhibit consistently superior performance, and by helping customers in retirement with safe and reliable income streams.

Our parent company is Challenger Limited, an investment management firm managing \$78.4¹ billion in assets. Challenger limited was established in 1985 and listed on the Australian Securities Exchange (ASX:CGF) in 1987.

As Australia's largest annuity provider, we provide reliable, guaranteed income payments to over 60,000 Australian retirees. Annuity products appeal to retirees as they provide security and certainty of guaranteed income in retirement, whilst protecting against market risk. Our lifetime annuities also protect retirees from the risk of running out of money later in life.

The guaranteed retirement incomes we pay are backed by a high-quality investment portfolio, including fixed income and commercial property investments. These investments generate regular and predictable investment income, which we use to fund retirement incomes paid to our customers.

What we do

We offer a range of products aimed at helping our customers during retirement. Our market-leading annuities provide regular payments for the chosen investment term, regardless of how investment markets perform.

Our product range includes:

- Lifetime annuities
- Fixed term annuities
- Aged care solutions
- Superannuation products
- Fixed income managed funds

What is an annuity?

Annuities provide a secure guaranteed income, for your lifetime or for a fixed term of your choice. They can be used as the foundation of your retirement plan.

Depending on the type of annuity, customers can receive:

- ✓ guaranteed regular payments for a fixed term, or for life;
- ✓ protection from key risks like outliving savings and market volatility;
- ✓ choice and flexibility of access to capital;
- ✓ certainty and control over estate planning.

Our guarantee and the statutory fund

Challenger annuities are guaranteed by Challenger Life, a life company regulated by the Australian Prudential Regulation Authority (APRA). They continuously monitor our investments with the aim of ensuring that we can meet the promises that we have made to you both now and into the future. APRA is the same authority that regulates banks in Australia.

When you buy an annuity with Challenger, your money is placed into a secure fund, along with money received from other annuity customers. Challenger also contributes money into this fund, which is known as the statutory fund. All regular payments to our annuity customers are made from the statutory fund.

How is the money invested?

Challenger makes investments subject to restrictions outlined by the Life Insurance Act. Money is invested into cash, shares, government and corporate bonds, property investments, infrastructure investments and other assets.

These investments are chosen to match the primary objectives of the fund – consistent returns, and to match cash flow in with payments out to annuity customers.

Asset allocation of the statutory fund (as at 31 December 2018)

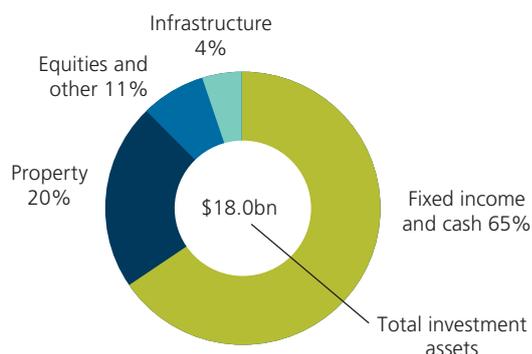


Diagram is illustrative and not to scale.

How can I know my investment is in safe hands?

Challenger is regulated under the Life Insurance Act and the prudential standards made under it. Compliance with these regulations is supervised by the Australian Prudential Regulation Authority (APRA) to ensure we are able to meet our obligations to customers now, and in the future.

We are also required to hold enough capital to withstand a one in 200-year shock event². Challenger Life holds more capital in the fund than the APRA minimum. So even if an unfortunate event occurs, or there is a significant share market or property crash, your annuity and future payments are still guaranteed.

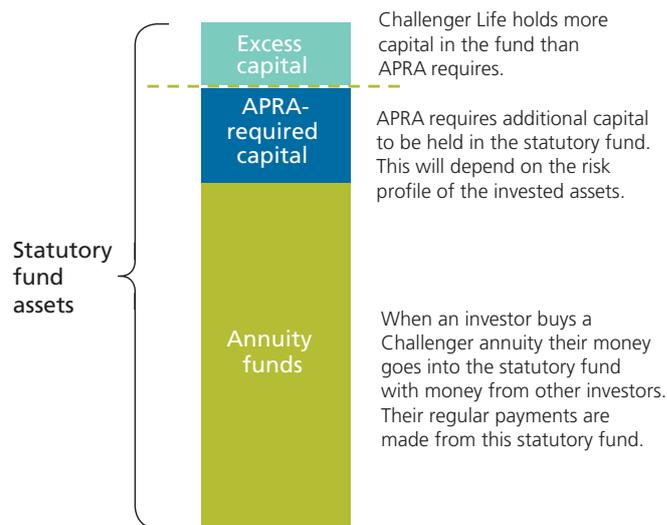


Diagram is illustrative and not to scale.

We have a number of measures in place and actions we will take if our capital falls below the minimum amount required to ensure the security of annuity payments. APRA is also authorised to take action if our capital falls below the minimum amount required in order to safeguard the interests of our annuity customers.

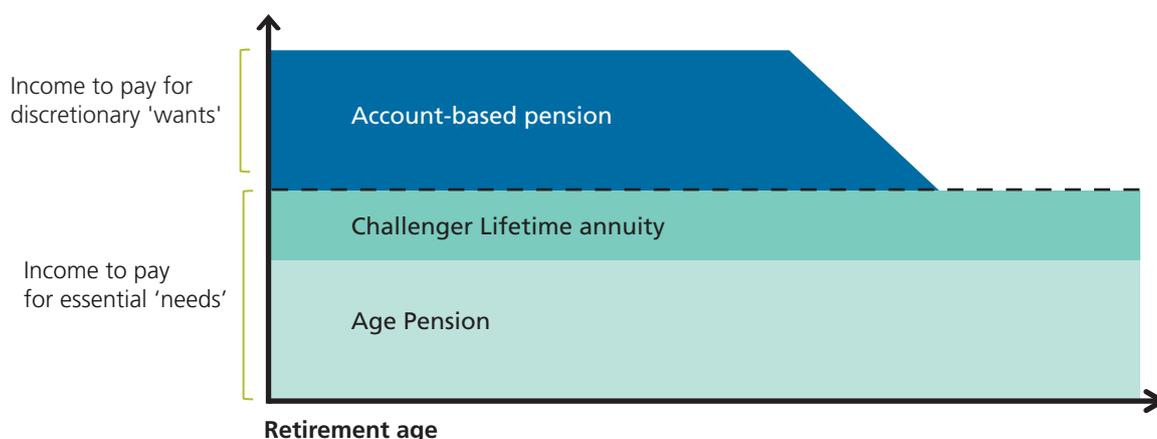
2. Source: APRA Prudential Standard LPS 110 Capital Adequacy (Section 30).

Annuities in a retirement portfolio

The cash flow from long term annuities, such as lifetime annuities, complement other retirement investments and sources of income, such as account-based pensions and the Age Pension. They provide a secure income which can be used as the foundation of your retirement plan.

Remaining savings can be invested in other assets such as term annuities, or market-linked investments such as account-based pensions, to pay for discretionary 'wants' or provide longer term growth.

Portfolio construction for retirement – Income layering



This diagram is illustrative only and not to scale. It is not a prediction or guarantee of any particular outcome.

Where can I get more information?

Contact your financial adviser, visit challenger.com.au or call **13 35 66**.

Financial advisers contact your Challenger BDM, visit adviseronlineportal.com.au or call 1800 621 009.

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