

2019

Notice of Annual General Meeting

Wesley
Conference Centre
220 Pitt Street
Sydney
31 October 2019
9.30am



Providing our customers
with financial security
for retirement

challenger.com.au

Challenger Limited ACN 106 842 371

challenger 

Chair's letter



Dear Shareholder,

It is my pleasure to invite you to join the Board and management of Challenger Limited at our 2019 Annual General Meeting (**AGM**) on Thursday 31 October 2019.

The AGM is an important opportunity for shareholders to hear reports on your company, ask questions and vote on relevant matters.

In 2019 we made good progress delivering on our long term strategy for growth, however our financial performance was impacted by disruption across the Australian wealth management industry.

Full details on our performance for the year are available in the [Annual Report](#) and [Annual Review](#). If you have elected to receive print versions of these documents, they are included with this notice. You can quickly and easily elect to receive all of your Challenger communications electronically in the future by visiting the investor centre and updating your preferences.

➤ investorcentre.com/comms/cgf

Resolutions

At this year's AGM you will have the opportunity to vote on the following resolutions:

Item	Resolution
1	Approval of Financial Reports
2(a) and 2(b)	Re-election and election of Directors
3	Adoption of Remuneration Report
4	Approval of long term hurdled performance share rights to the Chief Executive Officer

Re-election and election of Directors

Your Board has been undergoing a renewal process over the past two years with a focus on ensuring we have the right mix of knowledge, skills and experience. I'm pleased to report that we continue to make good progress on this.

In October last year, shareholders elected three new Directors and, in January 2019, long serving executive Mr Richard Howes commenced as Chief Executive Officer (**CEO**) and joined the Board.

In August 2019, we welcomed to the Board Mr Masahiko Kobayashi, a representative of our Japanese business partner and substantial shareholder MS&AD Insurance Group Holdings Inc. (**MS&AD**). His appointment reflects the success of our strategic relationship with MS&AD, which commenced over three years ago. Mr Kobayashi will stand for election at this year's AGM.

At the conclusion of the 2019 AGM, Mr Leon Zwier will retire from the Board. Leon has brought considerable commercial and legal acumen and expertise over 13 years on the Board and I thank him for his dedication and service. Following Leon's retirement, the average tenure of my fellow Directors on the Board will be less than three years.

In order to ensure continuity and leadership stability, I will be seeking re-election by shareholders at this year's meeting. This will provide the opportunity to complete the Board renewal process and, I would expect, facilitate an orderly transition of my role as Chair during this term.

Adoption of the Remuneration Report

The 2019 financial year has been challenging and while we have made good progress in many areas of our business, our performance was affected by the difficult operating environment.

As shareholders would expect, our performance is reflected in the remuneration outcomes for key management personnel (**KMP**). The Board has reduced the variable reward pool for the year to be the lowest level in five years, with KMP short term incentives reduced by 36% compared to last year. The new CEO's short term incentive was 49% of the new maximum.

This year we have also undertaken an extensive review of our remuneration framework, taking into consideration Challenger's business strategy, stakeholder feedback, community expectations and market standards. As a result, we have made important changes, including extending vesting periods and capping KMP variable rewards.

I encourage you to review our Remuneration Report, which is set out on pages 24 to 47 of the 2019 Annual Report.

Approval of long term hurdled performance share rights to the CEO

Your Board is committed to providing transparency and good corporate governance. Resolutions to be considered at the AGM include a vote on long term hurdled performance share rights granted to our CEO, Mr Richard Howes.

Details on our approach to executive remuneration and long term incentives granted are included in our Remuneration Report.

Voting at the AGM

The Board considers that all of the AGM resolutions are in the best interests of shareholders and recommends that you vote in favour.

Detailed instructions on how to lodge your vote and your personalised proxy voting form are included with this notice. If you plan to attend the meeting, please bring the enclosed proxy form to facilitate your registration.

We also welcome your questions at the AGM, either in person or submitted before the meeting. If you would like to send a question in advance of the meeting, you can mail this to the address included in this notice or you can submit questions electronically via [our website](#) by 24 October 2019.

Thank you for your continued support of Challenger. I look forward to seeing you at the meeting.

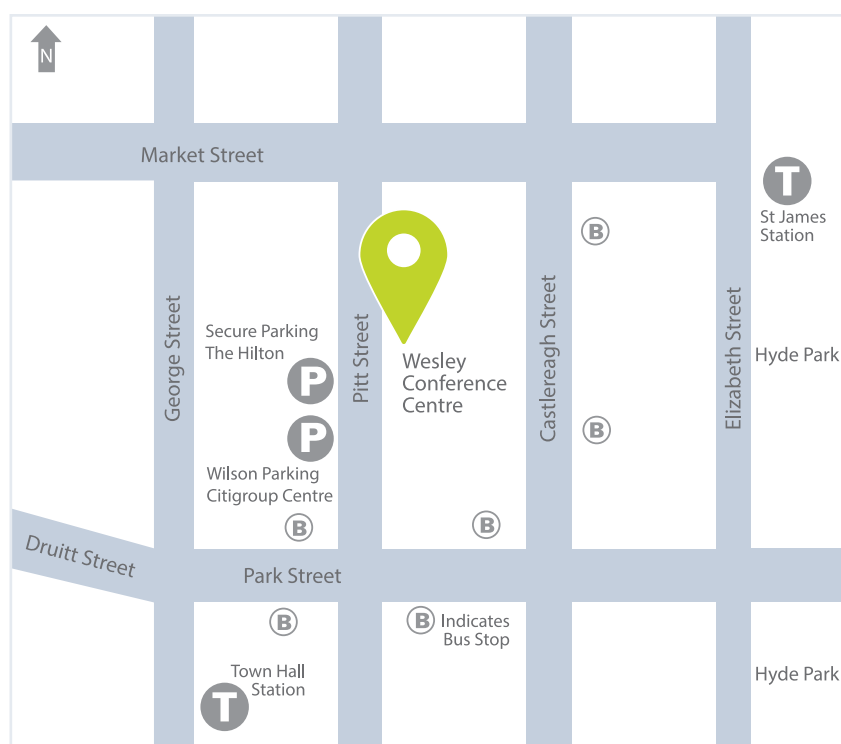
Yours sincerely,

Peter Polson
Independent Chair

Notice of Annual General Meeting

The AGM of the shareholders of Challenger Limited (**Challenger** or **Company**) will be held on Thursday 31 October 2019 at 9.30am (Sydney time)

Location map for the AGM



Address

Wesley Conference Centre
220 Pitt Street
Sydney NSW 2000

How to get there

Train

The closest train station is Town Hall Station.

Bus

A number of bus routes have bus stops on nearby Park Street and Castlereagh Street.

Car

The closest car parks are at The Hilton (Secure Parking, entry via Pitt Street) and the Citigroup Centre (Wilson Parking, entry via Pitt Street).

For public transport information, please call 131 500 or visit:

› transportnsw.info

For further information about appointing a proxy online or submitting a question, go to
 › challenger.com.au/agm

Shareholder information

Manage your shareholding at Computershare Investor Services

Computershare Investor Services Pty Limited
 Level 3

60 Carrington Street
 Sydney NSW 2000

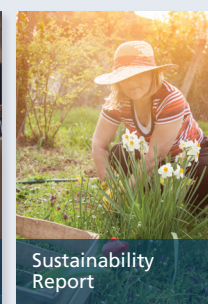
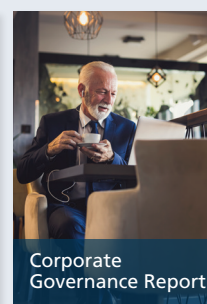
Telephone:
 1800 780 782 (within Australia)
 +613 9415 4065 (outside Australia)

Go electronic

Challenger can deliver all of your shareholder communications electronically; just update your details via Computershare Investor Services:

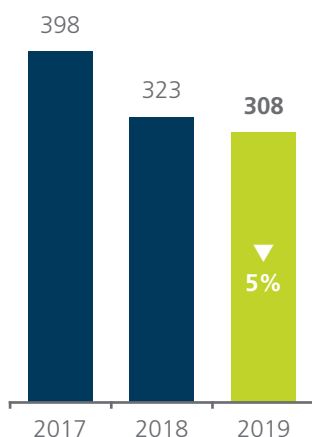
› investorcentre.com/comms/cgf

2019 Reports

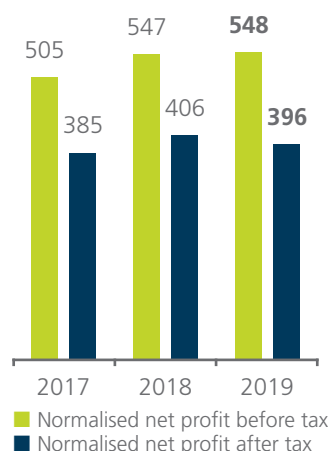


Group performance highlights

Statutory net profit after tax (\$m)



Normalised profit (\$m)¹



Full year dividend

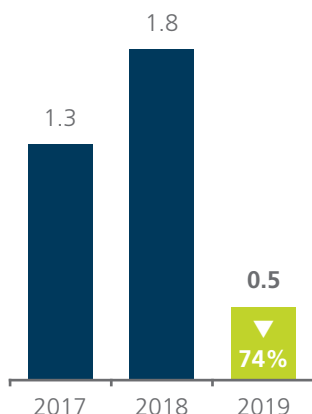
35.5

cents per share
fully franked

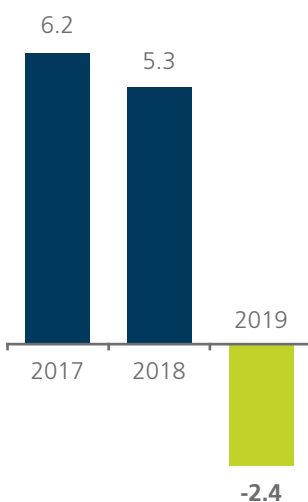
Total Group assets under management

\$82bn

Life book growth (\$bn)



Funds Management net flows (\$bn)



 **#1**
**RETIREMENT
INCOME BRAND²**

84% 
**SUSTAINABLE
EMPLOYEE
ENGAGEMENT³**

MS&AD
**EXPANDED
STRATEGIC
RELATIONSHIP**

**EMPLOYER
OF CHOICE FOR
GENDER
EQUALITY⁴**

¹ The normalised profit, which is not statutory profit, is not audited but subject to a review by Challenger's auditor. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2019 Annual Report – Operating and Financial Review section.

² Adviser – Marketing Pulse Adviser Study April 2011 to December 2018. Peers include major Australian wealth managers.

³ Willis Towers Watson – March 2019.

⁴ Workplace Gender Equality Agency (WGEA) 2017-18 WGEA Employer of Choice for Gender Equality.

Business of the meeting

Financial Reports

Item 1

To receive and consider the Financial Report, Directors' Report and Independent Auditor's Report for Challenger and its controlled entities (**Challenger Group**) for the financial year ended 30 June 2019.

Note: The above reports, which are included in Challenger's 2019 Annual Report, are available at:

➤ challenger.com.au/annualreport2019

Re-election and election of Directors

Item 2(a)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Peter Polson, who retires by rotation in accordance with clause 6.1(f) of the Constitution of Challenger, be re-elected as a Director of Challenger.

Item 2(b)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Masahiko Kobayashi, who was appointed as a Director pursuant to clause 6.1(d) of the Constitution of Challenger, and who retires in accordance with clause 6.1(e) of the Constitution, be elected as a Director of Challenger.

Remuneration Report

Item 3

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the Remuneration Report for Challenger for the financial year ended 30 June 2019 be adopted.

The vote on this Item is advisory only.

Grant of long term hurdled performance share rights to the CEO

Item 4

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That for all purposes, approval is given to the grant of long term hurdled performance share rights to Challenger's Managing Director and CEO, Mr Richard Howes, within one year of the date of this Annual General Meeting under the Challenger Performance Plan and on the terms described in the Explanatory Notes included in this Notice of Meeting.

Important voting information

Voting exclusion statements

Item 3 – Remuneration Report

Challenger will disregard any vote cast (in any capacity) on Item 3 by or on behalf of a member of Challenger's KMP, the details of whose remuneration are included in the Remuneration Report, and their closely related parties, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chair of the meeting pursuant to an express authorisation to exercise the proxy.

Item 4 – Grant of long term hurdled performance share rights to the CEO

Challenger will disregard any vote cast in favour of Item 4 by or on behalf of Mr Howes and any of his associates, regardless of the capacity in which the vote is cast, as well as any votes cast as a proxy by a member of Challenger's KMP and their closely related parties, unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chair of the meeting pursuant to an express authorisation to exercise the proxy.

Who are KMP and 'closely related parties'?

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of Challenger or the Challenger Group, whether directly or indirectly. Members of the KMP are specified in the 2019 Annual Report and include Directors (both executive and non-executive) and certain senior executives in the Challenger Group.

A 'closely related party' of a member of the KMP is defined as:

- a company the KMP member controls;
- the KMP member's spouse, child or dependant (or a child or dependant of the member's spouse); or
- anyone else who is one of the KMP member's family and may be expected to influence, or be influenced by, the member in the member's dealings with Challenger.

Questions on voting exclusions

If shareholders have questions regarding the voting restrictions, they should contact the Company's Share Registrar, Computershare, on 1800 780 782 (within Australia) or +61 3 9415 4065 (outside Australia).

By order of the Board.



Michael Vardanega

Company Secretary
25 September 2019

Explanatory notes

Item 1 – Financial Reports

The Financial Report, Directors' Report and Independent Auditor's Report (**Reports**) for Challenger and its controlled entities for the financial year ended 30 June 2019 will be laid before the meeting in accordance with the requirements of the Corporations Act 2001 (Cth) (**Corporations Act**).

Challenger's 2019 Annual Report (which includes the Reports) is available at:

➤ challenger.com.au/annualreport2019

A printed copy of the 2019 Annual Report has been sent to those shareholders who have requested a printed copy.

Shareholders will be provided with the opportunity to ask questions about and make comments on the Reports and the management of Challenger generally, but there will be no formal resolution put to the meeting in relation to Item 1 of the agenda.

Items 2(a) and 2(b) – Re-election and election of Directors

Background

In accordance with Challenger's Constitution, it is necessary for one-third of the Directors (rounded down to the nearest whole number), excluding the Managing Director and any Director appointed since the last AGM, to retire by rotation each year. Additionally, each Director (excluding the Managing Director) who will, at the conclusion of the meeting, have been in office for three or more years or for three or more AGMs since he or she was last elected must retire as a Director. Such Directors are eligible to stand for re-election.

Mr Polson and Mr Zwier are non-executive Directors of Challenger and will retire as Directors at the 2019 AGM in accordance with the Constitution. Mr Zwier has decided not to stand for re-election as a Director and accordingly his term as a Director will cease at the conclusion of the meeting. Mr Polson, however, will stand for re-election as a Director at the meeting.

In addition, Mr Kobayashi who has joined the Board as a non-executive Director since the 2018 AGM, must retire as a Director at the 2019 AGM and stand for election in accordance with the Constitution.

The Board is accountable to shareholders for the activities and performance of Challenger. Board members have been selected for their experience and knowledge of the financial markets in which Challenger operates, their familiarity with Challenger's stakeholders and their capacity to assist the Board to act cohesively and with integrity.

The Board is undergoing renewal and continues to review its composition having regard to the knowledge, skills and experience of the Directors.

The Board is committed to diversity, including gender diversity, and will continue to work towards its target of 30% women on the Board by 2020. Assuming Items 2(a) and 2(b) are each approved by shareholders, women will make up 25% of the Board at the conclusion of the meeting.

Each candidate standing for re-election or election has confirmed that he will have sufficient time to properly fulfil his Director duties for Challenger. In accordance with Challenger's independence policy, the Board has determined (with Mr Polson abstaining) that Mr Polson is an independent non-executive Director.

Under the independence policy, an independent Director is independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of the Director's judgement. While the Chair, Mr Polson, has served on the Board since 2003, the Board considers he is capable of exercising independent judgement. The Board also considers his ongoing tenure has been and will continue to be critical to ensure continuity and leadership stability.

Mr Kobayashi joined the Challenger Board on 26 August 2019 as a non-executive Director of Challenger. His appointment follows the expanded strategic relationship with MS&AD, which was announced on 26 March 2019.

As part of the strategic relationship, MS&AD increased its Challenger shareholding to over 15% of issued capital (as at 30 June 2019) and Challenger commenced reinsurance of US-dollar denominated annuities issued by Mitsui Sumitomo Primary Life Insurance Company Limited (**MS Primary**), a subsidiary of MS&AD, on 1 July 2019.

Given Mr Kobayashi's executive role with MS Primary, he is not considered to be an independent Director.

A brief description of the expertise and knowledge of each of the Directors standing for re-election or election is listed on the following page.

Re-election and election of Directors

Item 2(a)

Mr Peter Polson

**Independent
Non-Executive Director
since 6 November 2003**



Experience/qualifications

Mr Polson's experience spans international and domestic markets in banking, insurance and funds management.

Mr Polson previously held the positions of Group Executive, Investment and Insurance Services at Commonwealth Bank of Australia and Chief Executive of Colonial First State Limited.

He holds a Bachelor of Commerce (Witwatersrand University, South Africa), Master of Business Leadership (University of South Africa) and Management Development Program (Harvard Graduate School of Education).

Special responsibilities

- Chair of the Board;
- Chair of the Nomination Committee;
- Member of the Group Risk Committee;
- Member of the Group Audit Committee; and
- Member of the Remuneration Committee.

Directorships of other listed companies

Mr Polson is the Independent Chair of IDP Education Limited (appointed 21 March 2007).

Recommendation

Each member of the Board (with Mr Polson abstaining) supports the re-election of Mr Polson and unanimously recommends that shareholders vote in favour of the re-election of Mr Polson as a Director.

Item 2(b)

Mr Masahiko Kobayashi

**Non-Executive Director
since 26 August 2019**



Experience/qualifications

Mr Kobayashi has extensive expertise in the insurance industry, especially finance and accounting. He has held a number of executive and director roles in general and life insurance and is currently Director and Managing Executive Officer (Corporate Planning, Risk Management and Finance) of MS Primary. Prior to joining MS Primary, Mr Kobayashi's other executive roles included Senior Vice President at MSIG Holdings (Asia) in Singapore, Finance Director and Operations Director at Mitsui Sumitomo Insurance (Europe) in the UK, and non-executive Director at MS Frontier Reinsurance in Bermuda and Mitsui Sumitomo Reinsurance in Ireland.

Mr Kobayashi holds a Bachelor of Law (Kyoto University) and Master of Business Administration (Questrom School of Business, Boston University). He is a Certified Internal Auditor awarded by the Institute of Internal Auditors, USA.

Special responsibilities

- Member of the Nomination Committee.

Recommendation

Each member of the Board (with Mr Kobayashi abstaining) supports the election of Mr Kobayashi and unanimously recommends that shareholders vote in favour of the election of Mr Kobayashi as a Director.

Item 3 – Remuneration Report

The Annual Report for the financial year ended 30 June 2019 contains a Remuneration Report, which sets out Challenger's remuneration policy and reports on the remuneration arrangements in place for KMP (including executive Directors, non-executive Directors and specified Challenger executives). A copy of the Remuneration Report is set out on pages 24 to 47 inclusive of the 2019 Annual Report, which is available at:

➤ challenger.com.au/annualreport2019

This resolution, which is proposed pursuant to the requirements of section 250R(2) of the Corporations Act, proposes that shareholders adopt the Remuneration Report.

This resolution to adopt the Remuneration Report is advisory in nature only and does not bind the Directors or Challenger. However, pursuant to the Corporations Act, if at least 25% of the votes cast on the resolution are against adoption of the Remuneration Report at the meeting, then:

- if comments are made on the report at the meeting, Challenger's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- at next year's AGM, if at least 25% of the votes cast on the resolution for adoption of the Remuneration Report are against it, Challenger will be required to put to shareholders a resolution proposing that an extraordinary general meeting (EGM) be called to consider the election of the Directors of Challenger (**a spill resolution**).

If a spill resolution is passed (i.e. more than 50% of votes cast are in favour), all of the Directors (other than the Managing Director) will cease to hold office at the subsequent EGM, unless re-elected at that meeting.

A reasonable opportunity will be provided for the discussion of and questions relating to the Remuneration Report at the meeting.

Recommendation

The Remuneration Report forms part of the Directors' Report, which has been approved in accordance with a unanimous resolution of the Challenger Board. Each Director recommends that shareholders vote in favour of the adoption of the Remuneration Report.

Item 4 – Grant of long term hurdled performance share rights to the CEO

It is proposed that Mr Howes, the Managing Director and CEO of Challenger, be awarded long term hurdled performance rights under the Challenger Performance Plan (CPP). Each award under the CPP is a conditional right to one ordinary fully paid share in Challenger, subject to meeting applicable employment and performance conditions.

Under the ASX Listing Rules, shareholder approval is generally required for an issue of Challenger securities to Directors. However, approval is not required where the terms of the scheme under which the grants are made require that the underlying shares are purchased on-market. The terms applying

to Mr Howes' awards (comprising the terms of grant and the CPP rules) require that the underlying shares are purchased on-market. Although it is not required to do so, the Board is seeking shareholder approval for the grant of long term hurdled performance share rights under the CPP (**HPSRs**) to Mr Howes as a matter of good governance and in the interests of transparency. Mr Howes' remuneration package comprises the following elements:

- fixed remuneration of \$1,275,000 per annum (inclusive of statutory superannuation contributions and any salary sacrifice items), reviewable annually;
- a short term incentive payable in cash and/or performance share rights (known as 'Deferred Performance Share Rights' or 'DPSRs') determined by the Board in its discretion and capped at twice Mr Howes' fixed remuneration; and
- a long term incentive comprising the grant of HPSRs.

The HPSRs will only vest if absolute total shareholder return targets are achieved.

Under the CPP, when performance share rights vest, the holder of those rights becomes entitled to receive one Challenger share for each vested performance share right, without payment.

Hurdled performance share rights

Mr Howes is eligible for a long term incentive each year. Currently, the face value of this award is set at 225% of fixed remuneration and is awarded in the form of a single HPSR tranche.

In response to feedback from stakeholders, in 2019 Challenger changed the allocation methodology for HPSRs awards from a fair to face value allocation methodology as described in detail in section 4.3 of the 2019 Remuneration Report.

The Board proposes to grant 432,483 HPSRs to Mr Howes in respect of the year ending 30 June 2019.¹

The HPSRs are subject to Mr Howes meeting an employment condition and Challenger satisfying an absolute total shareholder return (**TSR**) performance target, as described in more detail in section 4.5 of the 2019 Remuneration Report. The use of an absolute TSR performance target supports a continued focus on long term performance outcomes and ensures a direct link between Mr Howes' reward and shareholder outcomes.

Consistent with previous years, 50% of HPSRs vest at a threshold performance of 7% absolute TSR compounded annually and HPSRs fully vest when absolute TSR of 10% compounded annually is achieved. In this respect, TSR performance is calculated using a 90-day volume weighted average price of shares in Challenger leading up to the relevant performance start or end date. This eliminates the potential for short term price volatility to impact vesting outcomes.

The initial period for performance testing and vesting for HPSRs has been extended from three to four years. Where the absolute TSR performance targets are not satisfied for an award at four years, a higher test is applied in year five (requiring total shareholder returns above the annual thresholds compounded over five years). Any unvested awards lapse at the end of the fifth anniversary following grant.

¹ Section 4.8 of the 2019 Remuneration Report notes that the number of HPSRs granted to KMPs is determined based on the face value of the shares using a five-day volume weighted average price (VWAP) prior to the grant date. However, for the purpose of determining the number of HPSRs to be granted to Mr Howes, the face value share price of \$6.6332 has been determined on the same basis as applicable for other KMP.

Additional information

- There is no cost payable by Mr Howes, and no loan made by Challenger to Mr Howes, in relation to the grant of the HPSRs or the allocation of shares on exercise of the HPSRs.
- Mr Howes is the only Director (or associate of a Director) entitled to participate in the CPP in the year ended 30 June 2019.
- The HPSR awards that are the subject of this approval will be granted to Mr Howes following the AGM and prior to 31 October 2020.
- In response to external stakeholder feedback, the Board has determined that unvested HPSRs are not eligible to receive an income distribution from the CPP.
- Section 4.8 of the 2019 Remuneration Report sets out the notice periods and payments which apply to Mr Howes upon termination. In summary, if Mr Howes ceases employment before the rights vest, his unvested rights will remain on foot and the vesting conditions will be tested in the ordinary course subject to the rules of the CPP (among other things). In the case of termination of employment for cause, any unvested rights will lapse.
- This is the first occasion that Challenger is seeking approval for the grant of HPSRs to Mr Howes.

Recommendation

Each member of the Board (with Mr Howes abstaining) recommends that shareholders vote in favour of the grant of long term hurdled performance share rights to Mr Howes.

Additional information for shareholders

Appointing a proxy

A shareholder that is entitled to attend and vote at a meeting of shareholders may appoint a proxy to attend and vote for that shareholder at the meeting. A proxy need not be a shareholder of Challenger and can be either an individual or a body corporate. A proxy form is included with this Notice of Meeting.

If a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies and may specify the proportion of voting rights each proxy may exercise on a poll. If no proportions are specified, each proxy may exercise half the available votes (disregarding fractions) on a poll. If a shareholder appoints two proxies, neither is entitled to vote on a show of hands if more than one proxy attends the meeting. If a shareholder requires a second proxy form, please request a form by contacting Computershare by telephone on 1800 780 782 (within Australia) or +613 9415 4065 (outside Australia).

Under the Corporations Act, if the appointment of a proxy specifies the way the proxy is to vote on a particular item:

- the proxy is not required to vote on a show of hands; but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions);
- if the proxy has two or more appointments that specify different ways to vote on the items, the proxy must not vote on a show of hands;
- if the proxy is not the Chair of the meeting, the proxy need not vote on a poll; but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- if the proxy is the Chair of the meeting, the proxy must vote on a poll and must vote as directed.

For an appointment of a proxy to be effective for the meeting, Challenger must receive the proxy form duly completed and executed by no later than 9.30am (Sydney time) on 29 October 2019. If a proxy form is signed under power of attorney on behalf of a shareholder, then Challenger must receive the original power of attorney or a certified copy of it by the same time.

You may direct on your proxy form if your proxy is to vote for a resolution, against a resolution or abstain from voting on a resolution. Any abstained votes will not be counted in computing the required majority on a poll. In the absence of such a direction, the proxy is authorised to vote or abstain from voting on any resolution at their discretion.

If you submit a proxy form and you do not appoint any person or persons as your proxy on the proxy form, the Chair of the meeting will be appointed as your proxy.

You may send your proxy form to Computershare by doing one of the following:

- lodging it online at Computershare's website investorvote.com.au as instructed on the website (you will have been taken to have signed your proxy form if you have lodged it in accordance with the instructions given on the website); or
- faxing it to (03) 9473 2555; or
- posting it by using the reply paid envelope to:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001; or

- custodian voting – for Intermediary Online subscribers only (custodians), please visit intermediaryonline.com to submit your voting intentions; or
- delivering it to:
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000.

Appointing a proxy does not mean you cannot attend the meeting. However, under the Challenger Constitution, if you vote on any resolution, the proxy is not entitled to vote, and must not vote, as your proxy on the resolution.

Chair's deemed appointment as proxy

There are some circumstances where the Chair of the meeting will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chair of the meeting as their proxy. This will be the case where:

- the appointment of the proxy specifies the way the proxy is to vote on a particular resolution;
- the appointed proxy is not the Chair of the meeting;
- a poll is called on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy attends the meeting but does not vote on the resolution.

Undirected proxies

If you appoint the Chair of the meeting as your proxy (including by default) and you do not specify how the proxy is to vote, you expressly authorise the Chair of the meeting to exercise your proxy, even though, in the case of Item 3 and Item 4, the resolution is connected with the remuneration of members of the KMP, which includes the Chair of the meeting.

The Chair of the meeting intends to vote undirected proxies in favour of all resolutions on the agenda for the meeting. In exceptional circumstances, the Chair of the meeting may change his or her voting intentions on a resolution, in which case an ASX announcement will be made.

Any undirected proxy given to a Director (other than the Chair of the meeting), another member of the KMP of Challenger or their closely related parties for Item 3 and Item 4 will be disregarded, unless shareholders specify how the proxy should vote on Item 3 and Item 4 on the proxy form.

Corporate shareholders

Corporate shareholders wishing to appoint a representative to attend and vote at the meeting on their behalf must provide that person with:

- an appropriately executed letter or certificate authorising the person to act as the company's representative in accordance with Challenger's Constitution; or
- a copy of the resolution appointing the representative, certified by a company secretary or director of the company.

A representative may be authorised for a single meeting or all meetings of Challenger, and an authorisation for more than one meeting must be stated on the authorising instrument.

The representative should bring to the meeting evidence of his or her appointment unless it has previously been provided to Computershare.

Eligibility to attend and vote

In accordance with the Corporations Regulations 2001 and the ASX Settlement Operating Rules, the Challenger Board has determined that, for the purposes of the meeting, those shareholders registered as holding shares at 7.00pm (Sydney time) on 29 October 2019 will have voting entitlements for the meeting. Transactions registered after that time will be disregarded in determining a shareholder's entitlement to attend or take into account their voting rights at the meeting.

Registration

If you are attending the meeting in person, you should present the signed proxy form enclosed with this Notice of Meeting as your entitlement to attend and vote. The bar code at the top of the proxy form will facilitate registration. If you do not bring the proxy form with you, you will still be able to attend the meeting, but representatives from Computershare must be able to verify your identity at registration. If you are a proxy holder, you will not be allowed entry unless your proxy authority has been verified by Computershare or you produce the original signed proxy form. Registration will be possible from 8.30am (Sydney time) on the day of the meeting.

Questions and comments by shareholders at the AGM

The AGM is an important event and an opportunity for shareholders to interact with the Directors and senior executives, and provides an opportunity to hear from the Chair and CEO, consider and vote on resolutions and ask questions of the Board and auditor. Questions can be asked in advance in writing, via our [website](#) by 24 October 2019 or in person at the AGM.

A reasonable opportunity will be given to shareholders to ask questions or make comments about Challenger's management, the Reports (including the Remuneration Report) and other agenda items at the meeting.

Similarly, a reasonable opportunity will be given to shareholders to ask Challenger's auditor, Ernst & Young, questions about:

- the conduct of the audit;
- the preparation and content of the Independent Auditor's Report;
- the accounting policies adopted by Challenger in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also provide written questions to the auditor concerning the content of the Independent Auditor's Report or the conduct of the audit of Challenger's financial report for the financial year ended 30 June 2019 in advance of the meeting.

Written questions should be submitted in writing to Challenger no later than 5.00pm (Sydney time) on 24 October 2019, and should be forwarded to:

The Company Secretary
Challenger Limited
Level 2, 5 Martin Place
Sydney NSW 2000.

A list of any questions will be prepared by Ernst & Young and will be made available to shareholders on the day of the meeting.

Additional information

Principal place of business and registered office in Australia

Level 2
5 Martin Place
Sydney NSW 2000
Telephone: 02 9994 7000
Facsimile: 02 9994 7777

› challenger.com.au

Contact us

Investor Services
13 35 66
Adviser Services
1800 621 009
Share Registrar
1800 780 782

Company Secretaries

Michael Vardanega
Andrew Brown

Unless otherwise specified, all amounts are in Australian dollars.

The information, including all amounts, in this Notice of Meeting are current as at 30 June 2019, and unless stated otherwise, any comparison is based on the prior corresponding period.

This Notice of Meeting is not financial product advice, investment advice or a recommendation to acquire Challenger's securities and has been prepared without taking into account your objectives, financial situation or needs. This document is not, and should not be considered as, an offer or an invitation to acquire securities in Challenger or any other financial products.

CGF

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:
(within Australia) 1800 780 782
(outside Australia) +613 9415 4065



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 9.30am (Sydney Time) Tuesday 29 October 2019.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item, your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies, you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting, you will need to provide the appropriate 'Appointment of Corporate Representative', prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the 'Help' tab, 'Printable Forms'.

Lodge your Proxy Form:

XX

Online:

Use your computer or smartphone to lodge your vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is



Control Number: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Delivery:

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons, it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Challenger Limited hereby appoint

☐ the Chair of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Challenger Limited to be held at the Wesley Conference Centre, 220 Pitt Street Sydney NSW 2000 on Thursday, 31 October 2019 at 9.30 am (Sydney Time) and at any adjournment or postponement of that meeting.

Chair authorised to exercise undirected proxies on remuneration-related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Items 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Items 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

Important note: If the Chair of the Meeting is (or becomes) your proxy, you can direct the Chair to vote for or against or abstain from voting on Items 3 and 4 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
2(a) To re-elect Mr Peter Polson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b) To elect Mr Masahiko Kobayashi as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of long term hurdled performance share rights to the Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3	/ /
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date
Update your communication details (Optional)			
Mobile Number	Email Address	By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically	
<input type="text"/>	<input type="text"/>		

