

# Challenger Index Plus

Helping institutional investors access market beta with zero management fees and contractual alpha.

Challenger Index Plus (Index Plus) offers institutional investors contractual alpha over an agreed index, with zero management fees. Investors have the flexibility to choose from a range of investment terms and liquidity profiles, and indices can be tailored according to specific needs.

## What is Index Plus?

Index Plus can be used either as an effective substitute for traditional passive funds, or as a complementary solution to active management in your portfolio. By offering an excess return over an index, this product can have a substantial impact on realised total returns. It can also assist institutional investors in reducing total management fees.

The excess returns are determined by three key factors: index selection, underlying eligible assets of the fund and term of investment. This solution offers significant index flexibility providing access to:

- equity markets;
- fixed income; and
- cash.

Index Plus is available as a daily liquid (pooled with other investors) or fixed term (custom wholly owned mandate) option.

## Key features:



Excess margin above a specified benchmark.



Zero management fees to assist with management expense ratio (MER) considerations.



Zero tracking error.



Flexibility on term and index selection.

## Who is the solution suitable for?

Institutional investors seeking:

- to reduce management fees;
- stable alpha; and
- effective liability immunisation strategies.

## How does the solution work?

Challenger Life Company Limited (**Challenger Life**) is the manager of the assets of the Index Plus Fund (**Fund**). Under the contractual arrangements with the Fund, Challenger Life is required to pay the Fund a return equal to the specified index plus the agreed margin, and the Fund agrees to pay Challenger Life the returns of the underlying portfolio of assets.

Challenger Life manages its commitments to the Fund by applying an investment strategy used for Challenger Life's full range of guaranteed return products, involving asset and liability matching to deliver an agreed return profile. This approach allows Challenger Life to provide investors access to fixed income, cash or equity indices under Index Plus to meet their evolving investment and strategy requirements.



## Index Plus at a glance

<b>Responsible entity</b>	Fidante Partners Services Limited	
<b>Investment manager</b>	Challenger Life Company Limited	
<b>Index return</b>	Equal to selected index (zero tracking error)	
<b>Excess return above the index</b>	Excess returns above the referable index ranging from 0.20% to 1.25% p.a.	
<b>Management fees</b>	Nil	
<b>Costs (including contribution/ withdrawal fee)</b>	Daily liquidity (pooled): Contribution/ withdrawal fee up to 0.12%	Fixed term (custom mandate): Zero if held to maturity
<b>Eligible assets of Fund</b>	Daily liquidity (pooled): Cash, investment grade fixed income	Fixed term (custom mandate): Cash, CLC term annuities, fixed income
<b>Liquidity</b>	Daily liquidity (pooled): Daily	Fixed term (custom mandate): Customised liquidity windows
<b>Flexibility</b>	Under a custom mandate, investment term, excess return, index selection and switching, monthly or quarterly liquidity windows can be tailored to investor requirements.	

## About Challenger Life

Challenger Life is wholly owned by Challenger Limited (ASX:CGF), an ASX-listed investment management firm managing \$115 billion in assets.<sup>1</sup> Challenger Limited operates two core investment businesses, a Funds Management division (incorporating Fidante Partners and CIP Asset Management), and an APRA regulated Life division, Challenger Life.

Challenger Life is Australia's largest provider of annuities and has \$22.9 billion in assets.<sup>2</sup> It provides contractual returns to thousands of retail and institutional investors, in the form of annuities, index strategies, longevity risk management and reinsurance.

Challenger Life is regulated under the Life Insurance Act and the prudential standards made under it. Compliance with these regulations is supervised by APRA to ensure Challenger Life is able to meet their obligations to clients now, and in the future.

APRA requires Challenger Life to hold a minimum amount of capital in the statutory fund. This will depend on the risk profile of the invested assets.

Challenger Life holds significantly more capital in the fund than APRA requires.

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For more information please visit  
**challenger.com.au**

<sup>1,2</sup> As at 31 December 2021.

The information contained in this flyer is current at 21 June 2022 unless otherwise specified. It is provided as shown by Fidante Partners Services Limited ABN 44 119 605 373, AFSL 320505 (FPSL), Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 (Challenger Life) and is intended solely for holders of an Australian financial services licence or other wholesale clients (as defined in the Corporations Act 2001 (Cth)). The information contained in this article must not be passed on to retail clients. It is for information purposes only and is intended as general factual information only rather than as financial product advice. It has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their or their client's objectives, financial situation and needs.

Challenger Life is not an authorised deposit-taking institution for the purpose of the *Banking Act 1959 (Cth)*, and its obligations do not represent deposits or liabilities of an authorised deposit-taking institution in the Challenger Group ("**Challenger ADI**") and no Challenger ADI provides a guarantee or otherwise provide assurance in respect of the obligations of Challenger Life. **Accordingly, unless specified otherwise, the performance, the repayment of capital and any particular rate of return on your client's investments are not guaranteed by any Challenger ADI.**

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