

About Challenger

Retirement
income
specialists

Challenger Limited

- Established in 1985
- ASX 100 listed as at 28 May 2020
- \$79.5 billion assets under management at 31 March 2020

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 help customers in retirement with safe and reliable income streams.

Our parent company is Challenger Limited, an investment management firm managing \$79.5¹ billion in assets.

Challenger Limited was established in 1985 and listed on the Australian Securities Exchange (ASX:CGF) in 1987.

Challenger Life is Australia's leading provider of annuities². The guaranteed retirement incomes we pay are backed by a high-quality investment portfolio, predominantly invested in fixed income and commercial property investments. These investments generate 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 the customers' lifetime or for a fixed term that they choose. They can be used as the foundation of a 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

¹ As at 31 March 2020.

² Plan for Life – September 2019 – based on annuities under administration at 30 September 2019.

Our guarantee and the statutory fund

Challenger annuities are guaranteed by Challenger Life, a life company regulated by the Australian Prudential Regulation Authority (APRA). APRA is the authority that regulates the banking, insurance and superannuation industries.

When a customer invests into an annuity with Challenger, their 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 March 2020)

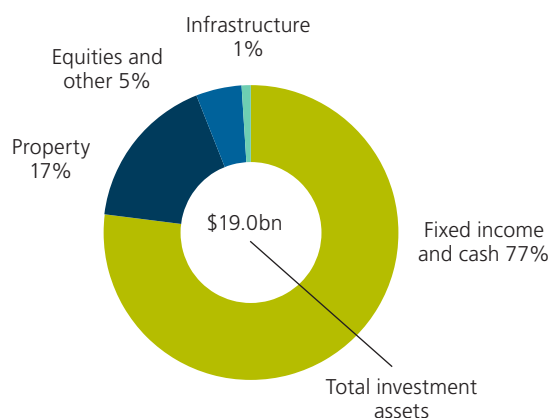


Diagram is illustrative and not to scale.

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 APRA to ensure we are able to meet our obligations to customers now, and in the future.

Challenger Life holds significantly 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, our customers' annuity and future payments are still guaranteed.

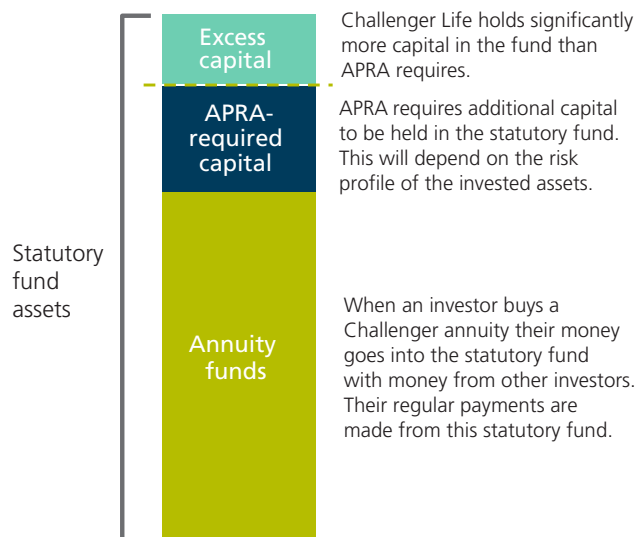


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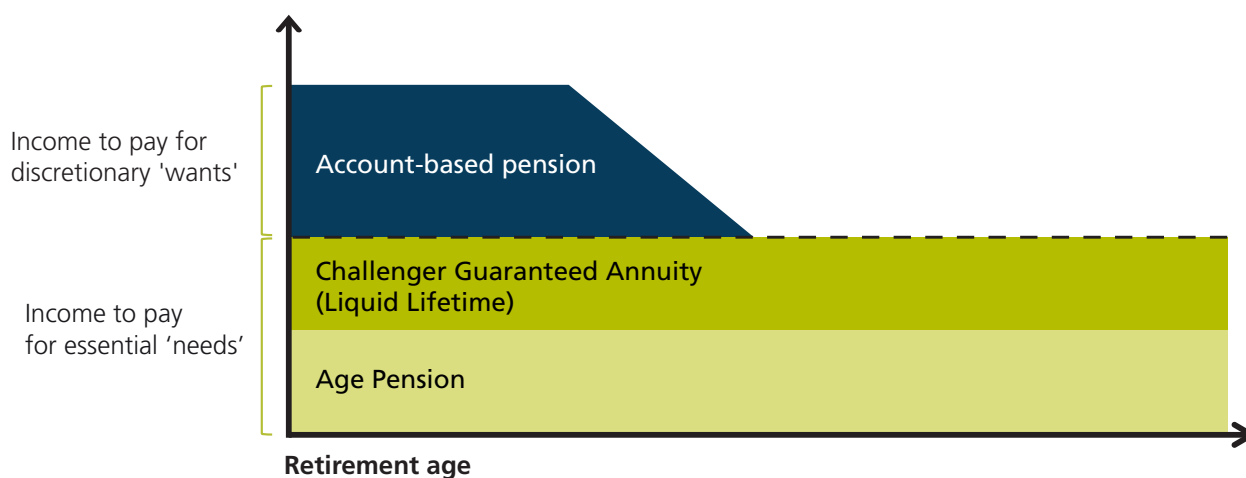
We have a number of measures in place and actions we will take if our capital falls below the minimum amount required to ensure the security of annuity payments. APRA is also authorised to take action if our capital falls below the minimum amount required in order to safeguard the interests of our annuity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

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 the Age Pension. They provide a secure income which can be used as the foundation of a 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.

For more information, please:

-  Log in, or register for AdviserOnline at adviseronlineportal.com.au
-  Speak to your **Challenger BDM**
-  Call **1800 621 009**

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