

## MARKET RELEASE

---

### ASSETS AND FUNDS UNDER MANAGEMENT 31 MARCH 2011

18 April 2011, Sydney – Challenger Limited (ASX:CGF) today announced that as at 31 March 2011 its assets and funds under management (AUM) totalled \$27 billion, representing an increase of 22% over the prior corresponding period. AUM was up 5% on the prior quarter, reflecting continued strong boutique inflows and retail life sales for the period.

Challenger Life retail sales for the quarter were a record \$740m, incorporating the impact of the recent conversion of the High Yield Fund in February 2011. This is a more than twofold increase on the prior corresponding period. Excluding the conversion, retail sales were up 49% on prior corresponding period. Consistent with prior years, sales were lower than the previous quarter, reflecting seasonal impacts in January. A further \$31m of institutional sales resulted in total Life sales of \$771m for the quarter. Life's assets under management totalled \$8.3 billion, up 24% for the 12 months ended 31 March 2011 and up 8% over the prior period due to strong sales.

Boutique FUM increased a further \$1.1 billion or 9% for the quarter resulting in total boutique FUM of \$13.8 billion as at 31 March 2011, driven by positive flows and market linked performance. Total Funds Management net flows of \$85m for the period were negatively impacted by the High Yield Fund conversion, which masked otherwise strong inflows across other funds.

Challenger CEO Dominic Stevens said "We have seen a continuation of trends across our business with strong flows to our boutique partnerships and record life sales. We remain on track to meeting our FY11 retail Life sales guidance which is now upgraded to in excess of \$1.8bn following the conversion of the High Yield Fund."

*Ends*

# Assets and Funds Under Management

as at 31 March 2011

	31 Mar 11 \$m	31 Dec 10 \$m	30 Sep 10 \$m	30 Jun 10 \$m
<b>Total Assets and Funds Under Management</b>	<b>27,025</b>	<b>25,771</b>	<b>25,511</b>	<b>23,948</b>

Represented by:

## Funds Management

### Unlisted funds/mandates

Australian equities	1,755	1,712	1,621	2,247
International equities	235	192	145	145
Real estate securities (including hybrid property)	508	585	604	1,615
Property	1,742	1,497	1,489	1,578
Infrastructure	875	862	900	995
Fixed interest	5,793	6,142	5,774	5,646
Mortgage funds	1,376	1,372	2,200	2,283
Boutique partnership mandates/alliances <sup>(a)</sup>	9,003	8,138	7,704	4,250
<b>Total Unlisted funds/mandates under management</b>	<b>21,287</b>	<b>20,500</b>	<b>20,437</b>	<b>18,759</b>

### Listed funds

Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	368	371	385	423
Challenger Diversified Property Group (ASX:CDI) (gross assets)	871	781	792	799
Challenger Wine Trust (ASX:CWT) (gross assets)	0	212	230	240
<b>Total assets of listed funds</b>	<b>1,239</b>	<b>1,364</b>	<b>1,407</b>	<b>1,462</b>
<b>Total funds under management</b>	<b>22,526</b>	<b>21,864</b>	<b>21,844</b>	<b>20,221</b>

Comprising:

Retail	4,666	4,880	5,846	6,488
Institutional	16,621	15,620	14,591	12,271
Listed funds	1,239	1,364	1,407	1,462
<b>Total funds under management</b>	<b>22,526</b>	<b>21,864</b>	<b>21,844</b>	<b>20,221</b>

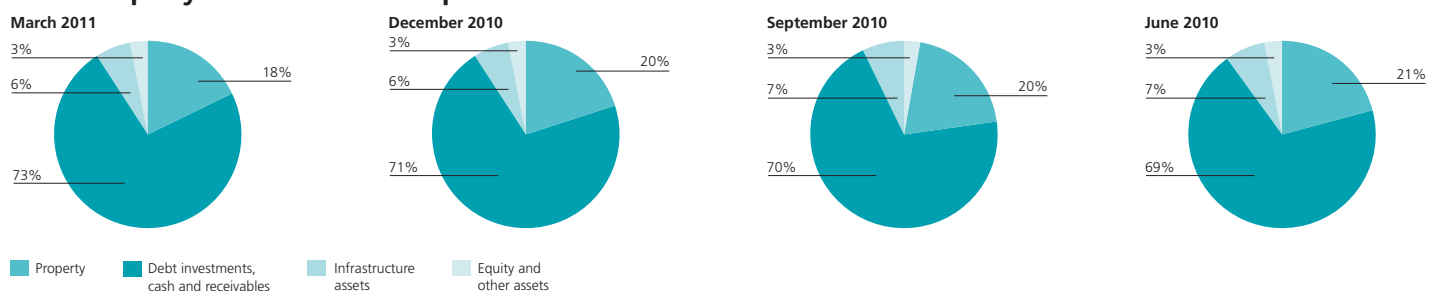
<sup>(a)</sup> Boutique partnership mandates represent segregated institutional mandates and do not include the registered schemes. Boutique FUM including schemes totals \$13,776m.

## Life

Property <sup>(b)</sup>	1,519	1,497	1,489	1,578
Debt investments, cash and receivables	6,025	5,431	5,176	5,207
Infrastructure assets	480	465	479	527
Equity and other assets	237	237	239	266
<b>Total Life investment assets</b>	<b>8,261</b>	<b>7,630</b>	<b>7,383</b>	<b>7,578</b>

<sup>(b)</sup> Property is reported net of senior debt of \$663m (Dec 2010 \$684m). Property includes direct and indirect holdings.

## Life Company asset allocation split



## Analysis of Flows

### Funds Management

<b>Funds under management net flows for the quarter comprise:</b>	<b>31 Mar 11</b> \$m	<b>31 Dec 10</b> \$m	<b>30 Sep 10</b> \$m	<b>30 Jun 10</b> \$m
Retail	(428)	(1,009)	(715)	552
Institutional – Managed Funds	513	701	2,096	1,581
<b>Net flows</b>	<b>85</b>	<b>(308)</b>	<b>1,381</b>	<b>2,133</b>

### Life

<b>Sales for the quarter</b>	<b>31 Mar 11</b> \$m	<b>31 Dec 10</b> \$m	<b>30 Sep 10</b> \$m	<b>30 Jun 10</b> \$m
Retail	740	370	343	279
Institutional	31	–	19	670
<b>Net flows</b>	<b>771</b>	<b>370</b>	<b>362</b>	<b>949</b>

### Reconciliation of Total Group Assets and Funds Under Management

	<b>31 Mar 11</b> \$m	<b>31 Dec 10</b> \$m	<b>30 Sep 10</b> \$m	<b>30 Jun 10</b> \$m
Funds under management	22,526	21,864	21,844	20,221
Life	8,261	7,630	7,383	7,578
<b>Adjustments to remove double counting of cross holdings:</b>				
Life Company investment in listed Funds	(441)	(454)	(446)	(467)
Life Company investment in unlisted funds	(3,321)	(3,269)	(3,270)	(3,384)
<b>Total Assets Under Management</b>	<b>27,025</b>	<b>25,771</b>	<b>25,511</b>	<b>23,948</b>