

MARKET RELEASE

UBS AUSTRALASIA CONFERENCE PRESENTATION

17 November 2015, Sydney – Challenger Limited's Chief Executive Officer, Brian Benari, is presenting at the UBS Australasia Conference today. Attached is a copy of the presentation.

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UBS Investor Conference

Regulatory tailwinds driving new platform opportunities

17 November 2015

Brian Benari
Chief Executive Officer

UBS Investor Conference

Highlights

Regulatory tailwinds driving new platform opportunities



Australian superannuation system

Attractive market with long term structural growth drivers

Global pension comparison

Australia has more to do in retirement phase to improve sustainability

Australian superannuation system

Reform agenda to enhance retirement phase

Challenger leading retirement incomes

Locking in new platforms to facilitate CIPRs

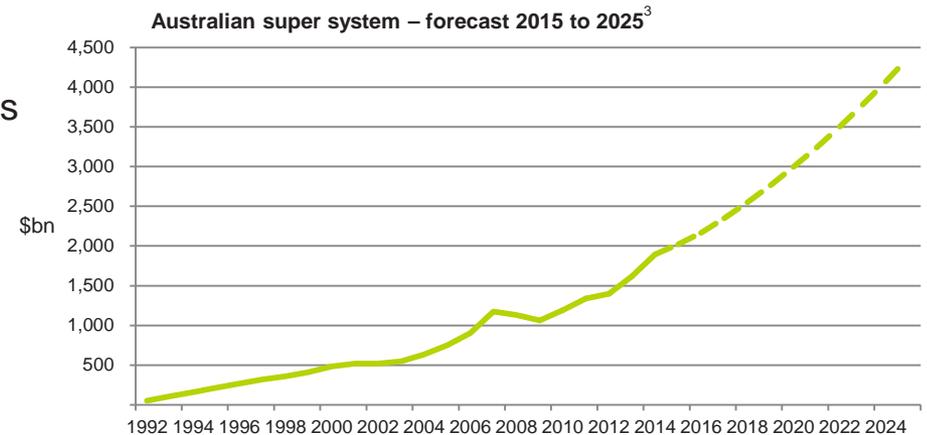
Australia's superannuation system



Attractive market with long term structural growth drivers

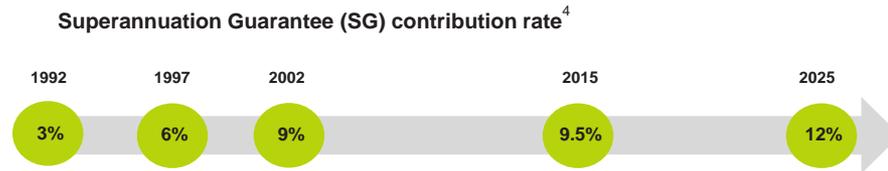
System growth

- Transitioning from public to private pensions
- 4th largest global pension market¹
- Australian super system growing at twice speed of global pension market average¹
 - 12% CAGR over past 10 years
- Assets expected to double over next 10 years to over \$4 trillion²



Contribution rate

- Contribution rate increasing from 9.5% to 12%
- \$104bn of contributions in 2015



Demographics

- Supportive demographics with ageing population
- Post-retirement phase growing fastest

Over 65s to increase by 40% over next 10 years



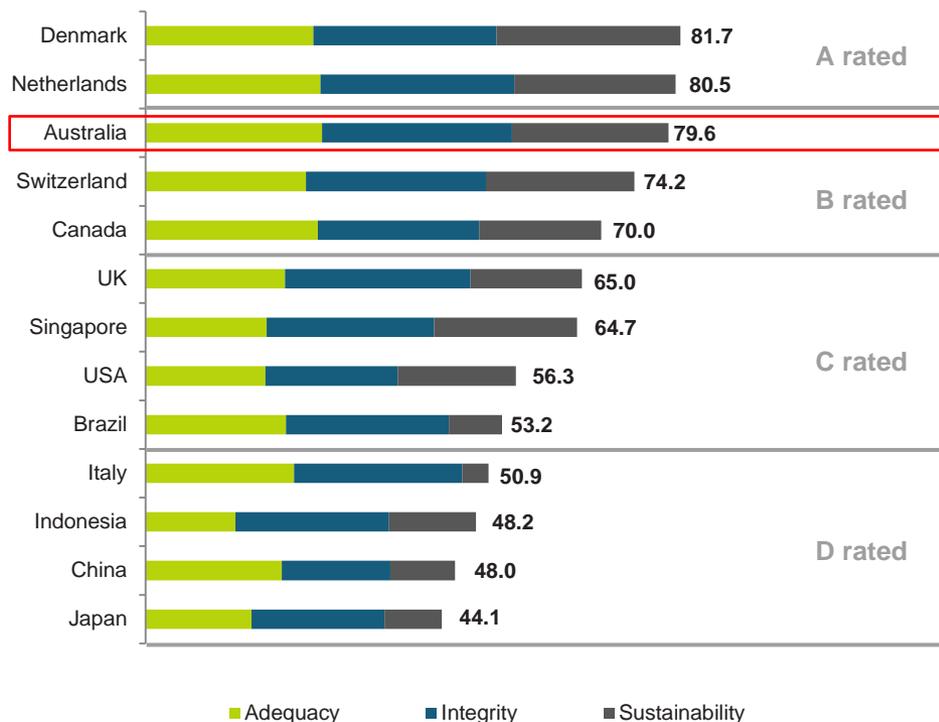
1. Towers Watson Global Pension Study 2015.
2. Deloitte – Dynamics of the Australian superannuation system: the next 20 years 2013-2033.
3. 1992 to 2014 APRA data. 2015 to 2025 Rice Warner Actuaries projections - 2014.
4. Percentage of gross wages required to be contributed to superannuation. Contribution rate increases to 10% on 1 July 2021 and increases by 0.5% per annum until reaching 12% on 1 July 2025.

Global pension comparison



Aust. more to do in retirement phase to improve sustainability

Mercer Global Pension Index 2015¹



Australia

- 3rd best global pension system
 - down from 2nd in 2014
- Rated #1 for adequacy
- Rated #2 for integrity
- Overall rated 'B' due to lower sustainability rating
- Mercer identified Australian system could be improved by
 - 1 requiring benefits to be taken as income streams
 - 2 mechanism for increasing pensions late in life
 - 3 increasing minimum pension access age
- Legislative and regulatory environment to drive improvement in Australian pension system

Australia's superannuation system



Reform agenda to enhance retirement phase

1 Targeting age pension

- ✓ Age pension eligibility age increasing
- ✓ Eligibility tightened via taper rate change resulting in lower asset means test

2 Objective of superannuation to be enshrined in law

- ✓ Guide to policy-makers, industry, regulators & community
- ✓ Future policy changes to be assessed against superannuation objective

3 Increase self sufficiency & convert savings into retirement incomes

- ✓ Comprehensive Income Products for Retirement (CIPR) – legislation by end-2016
- ✓ Retirement Income Streams Review (DLAs) – progress by end-2015
- ✓ Government policy for member statements to include retirement income projections
- ✓ Improve adviser qualifications and educational standards

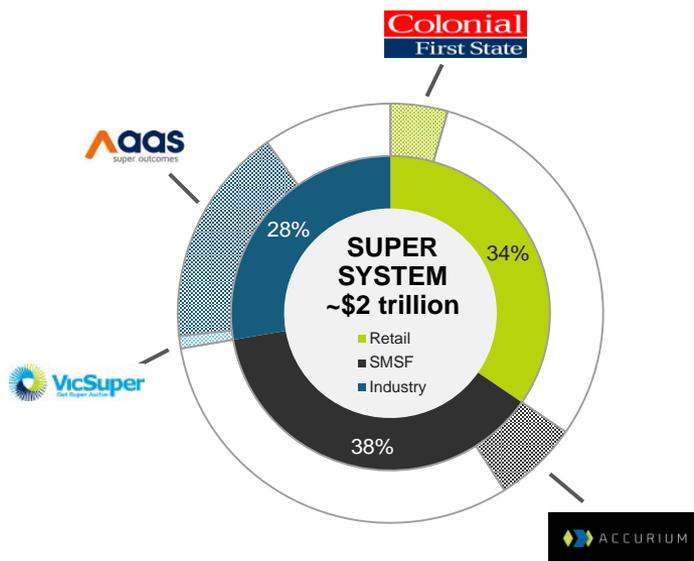
Challenger leading retirement incomes

Locking in new platforms to facilitate CIPRs

Industry funds

Partnering with Life Companies to build CIPRs

- ✓ VicSuper – Australia’s first CIPR backed by Challenger annuities
- ✓ AAS¹ platform provides broad access to industry funds – technology build under way
- ✓ 3 AAS clients signed² to make annuities available to members – expect more



Retail funds

‘Annuities on platform’ a pathway to building CIPRs

- ✓ Challenger annuities on Colonial First State platforms
- ✓ Expect other major retail platforms to follow
 - ✓ Challenger branded
 - ✓ Challenger white label
 - ✓ manufacture and reinsure
- ✓ Retirement income models emerging – CIPR by combining annuities & account based pensions

SMSF

Need secure income solutions

- ✓ Similar retirement income challenges
- ✓ Long life & high income expectations
- ✓ Annuities add value to SMSF cashflows

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1. AAS legally binding agreements signed.
 2. CareSuper, legalsuper and Local Government Super have entered into non-binding MOUs with Challenger Life to make Challenger annuities available to their members via the non-account based pension component of their super funds.

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Important note

This presentation was prepared for the purpose of a briefing to equity analysts and certain wholesale investors on 17 November 2015.

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