

MARKET RELEASE

ASSETS AND FUNDS UNDER MANAGEMENT - 31 MARCH 2012

19 April 2012, Sydney – Challenger Limited (ASX:CGF) today announced that as at 31 March 2012 its assets and funds under management (AUM) totalled \$31.4 billion, representing an increase of 16% since 31 March 2011. AUM was up 6% on the prior quarter reflecting continued strong life sales, positive boutique inflows and positive market movement for the period.

Challenger CEO Brian Benari said “With retail Life sales of \$364 million for the quarter, we remain on track and continue to target our 2012 retail Life sales growth of 30% and net book growth of 10%. We also reaffirm Life’s 2012 cash operating earnings forecast of \$435 million and a consistent cash operating earnings margin over the second half. Positive trends in our Funds Management business have also continued with strong flows into our boutique partnerships, particularly into fixed income products.”

Challenger Life sales for the quarter were \$779 million, incorporating retail sales of \$364 million and institutional sales of \$415 million. Retail sales were up 23% for the quarter and up 34% financial year to date compared to the prior corresponding periods (excluding the \$444 million conversion of the High Yield Fund in February 2011). Consistent with prior years, retail sales were lower than the December quarter reflecting seasonal impacts. Life’s assets under management totalled \$9.4 billion, up 14% since 31 March 2011 and up 8% since 31 December 2011.

Boutique FUM increased a further \$1.5 billion or 9% for the quarter resulting in total boutique FUM of \$17.8 billion as at 31 March 2012, driven by positive net flows and market linked performance. Total Funds Management net inflows of \$645 million for the quarter consisted of net inflows of \$614 million into the Boutique partnership funds and \$31 million into the Aligned funds.

Ends

Assets and Funds Under Management

as at 31 March 2012

	31 Mar 12 \$m	31 Dec 11 \$m	30 Sep 11 \$m	30 Jun 11 \$m
Total Assets and Funds Under Management	31,412	29,567	27,579	27,909

Represented by:

Funds Management

Boutique Partnerships ^(a)				
Equities	8,262	7,549	6,700	7,211
Fixed income	9,507	8,695	7,596	7,637
Total Boutique funds	17,769	16,244	14,296	14,848
Aligned and Other ^(b)				
Infrastructure				
Institutional mandates	1,105	1,100	1,101	1,001
Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	367	352	327	311
Property				
Institutional mandates	1,736	1,757	1,751	1,721
Challenger Diversified Property Group (ASX:CDI) (gross assets)	884	871	873	874
Fixed income ^(c)	7,528	7,397	7,425	4,853
Total Aligned and Other funds	11,620	11,477	11,477	8,760
Total funds under management	29,389	27,721	25,773	23,608
Average Boutique funds ^(d)	17,026	15,399	14,614	14,311
Average Aligned and Other funds ^(d)	11,491	11,443	10,714	8,718
Average total funds under management	28,517	26,842	25,328	23,029

^(a) Boutique Partnerships are co-owned, separately branded and licensed businesses from which Challenger receives dividends, distribution fees and administration fees.

^(b) Aligned and Other includes asset classes where Challenger Life may be a significant investor and that are typically Challenger branded.

^(c) Fixed income includes mortgages.

^(d) Average assets and funds under management are calculated on a monthly basis.

Life

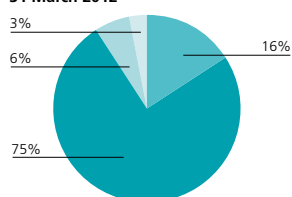
Fixed income and cash	7,046	6,369	6,430	6,114
Property ^(e)	1,533	1,552	1,565	1,535
Infrastructure ^(f)	571	569	509	479
Equity and other assets	230	219	243	259
Total Life investment assets	9,380	8,709	8,747	8,387
Average Life investment assets ^(d)	9,013	8,670	8,513	8,350

^(e) Property is reported net of senior debt of \$665m (December 2011 \$705m). Property includes direct and indirect holdings.

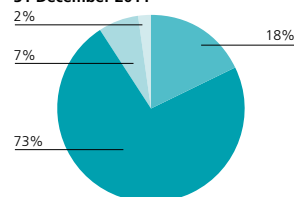
^(f) Infrastructure is reported net of senior debt of \$206m (December 2011 \$208m).

Life Company asset allocation split

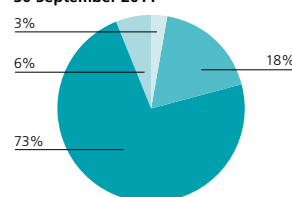
31 March 2012



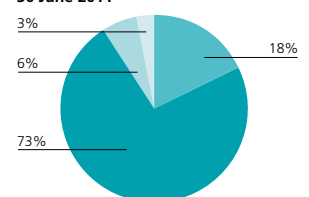
31 December 2011



30 September 2011



30 June 2011



■ Property ■ Fixed income and cash ■ Infrastructure assets ■ Equity and other assets

Analysis of Flows

Funds Management

Net flows for the quarter:	31 Mar 12 \$m	31 Dec 11 \$m	30 Sep 11 \$m	30 Jun 11 \$m
Boutique Partnerships	614	1,650	336	1,309
Aligned and Other	31	11	(276)	(70)
Net flows	645	1,661	60	1,239

Life

Sales for the quarter:	31 Mar 12 \$m	31 Dec 11 \$m	30 Sep 11 \$m	30 Jun 11 \$m
Retail	364	475	509	450
Institutional	415	239	49	10
Net sales	779	714	558	460

Reconciliation of Total Group Assets and Funds Under Management

	31 Mar 12 \$m	31 Dec 11 \$m	30 Sep 11 \$m	30 Jun 11 \$m
Funds under management	29,389	27,721	25,773	23,608
Life investment assets	9,380	8,709	8,747	8,387
Adjustments to remove double counting of cross holdings:				
Life Company investment in CDI and CIF	(460)	(451)	(439)	(435)
Life Company investment in infrastructure, property and fixed income mandates ⁽⁹⁾	(6,897)	(6,412)	(6,502)	(3,651)
Total Assets and Funds Under Management	31,412	29,567	27,579	27,909

⁽⁹⁾ The change in cross holdings from 30 June 2011 was due to an increase in fixed income mandates managed by the aligned team on behalf of the Life company.