

MARKET RELEASE

ASSETS AND FUNDS UNDER MANAGEMENT - 31 MARCH 2013

18 April 2013, Sydney – Challenger Limited (ASX:CGF) today announced that its total assets and funds under management at 31 March 2013 was \$40.9 billion, an increase of 30% for the 12 months and up 7% for the quarter.

CEO Brian Benari said: "We are continuing to see strong growth in sales of our longer term annuity products. Lifetime sales, representing Liquid Lifetime and Care Annuity sales, comprised 18% of total retail annuity sales for the quarter, resulting in a growing proportion of sales from these relatively new products. As we approach the final and seasonally busiest sales quarter we are on track to deliver retail annuity net book growth of \$500 million or 8% for the year to 30 June 2013.

"Improving the mix of new sales to favour Lifetime and longer-tenor product assists in increasing the future rate of net book growth, enables investment in longer dated assets which earn higher illiquidity premiums and is more efficient to distribute and administer.

"Total Funds Management FUM now stands at \$37.8 billion and we are now Australia's ninth largest fund manager with growth driven by further strong inflows into our boutique funds management business. Fidante Partners FUM reached \$26.4 billion, an increase of 49% over 12 months." said Mr Benari.

Challenger Life

Life's AUM was \$10.2 billion at 31 March 2013. Challenger Life's retail annuity sales for the quarter were \$354 million, which was broadly in line with sales in the prior corresponding period. Retail annuity sales comprised \$290 million of fixed term annuities and \$64 million of Liquid Lifetime and Care Annuities. Liquid Lifetime and Care Annuity sales comprised 18% of total retail sales, up from 4% in the March 2012 quarter. Institutional product sales were \$31 million for the quarter.

Net retail book growth for the nine months to 31 March 2013 was \$301 million representing 4.6% growth on the opening Life retail annuity book value of \$6,553 million.

Further enquiry: Stuart Kingham, Head of Investor Relations, Challenger Limited, 02 9994 7125
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Challenger Limited A.B.N 85 106 842 371

Disclaimer: The forward looking statements, estimates and projections contained in this release are not representations as to future performance and nothing in this release should be relied upon as guarantees or representations of future performance.

Funds Management

Funds Management's FUM at 31 March 2013 was \$37.8 billion, up 29% for the 12 months and up 7% for the quarter. Growth in FUM has been driven by strong net flows of \$1.2 billion and positive investment markets.

Fidante Partners FUM reached \$26.4 billion, an increase of 49% over 12 months and 10% over the quarter. Net flows for the quarter were \$1,176 million, up from \$614 million in the March 2012 quarter, comprising \$809 million in Fixed Income products and \$367 million in Equity products.

Aligned Investments FUM increased by 1% in the quarter to \$11.4 billion, with net inflows of \$56 million due principally to an increase in institutional property mandates offsetting outflows from the Howard Mortgage Fund.

ENDS

Further enquiry:	Stuart Kingham, Head of Investor Relations, Challenger Limited, 02 9994 7125 Jana Flanagan, Investor Relations Analyst, Challenger Limited 02 9994 7815 Stuart Barton, General Manager, Corporate Marketing and Communications, Challenger Limited, 02 9994 7008
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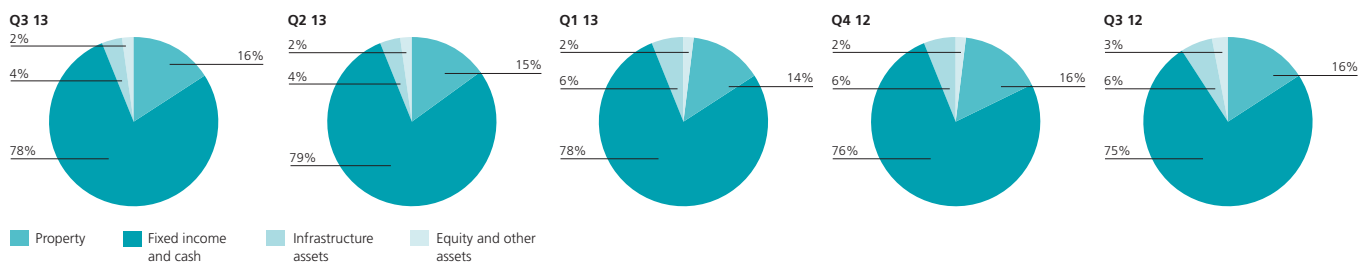
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Assets and Funds Under Management, net flows and sales

\$m	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12
Total Assets and Funds Under Management	40,873	38,284	35,227	33,429	31,412
Represented by:					
Funds Management					
Fidante Partners¹					
Equities	13,409	12,021	9,695	8,879	8,262
Fixed income	13,005	11,963	11,226	10,372	9,507
Total Fidante Partners	26,414	23,984	20,921	19,251	17,769
Aligned Investments²					
Fixed income ³	7,621	7,815	7,637	7,516	7,528
Property					
Institutional mandates	2,199	1,910	1,845	1,835	1,736
Challenger Diversified Property Group (ASX:CDI) (gross assets)	883	881	888	869	884
Infrastructure					
Institutional mandates	677	690	885	1,136	1,105
Challenger Infrastructure Fund (ASX:CIF) (adjusted equity value)	4	55	430	410	367
Total Aligned Investments	11,384	11,351	11,685	11,766	11,620
Total funds under management	37,798	35,335	32,606	31,017	29,389
Average Fidante Partners	25,460	22,372	20,364	18,426	17,026
Average Aligned Investments	11,478	11,449	11,838	11,708	11,491
Average total funds under management⁷	36,938	33,821	32,202	30,134	28,517
Life					
Fixed income and cash ⁴	8,002	7,974	7,891	7,388	7,046
Property ⁵	1,575	1,541	1,484	1,539	1,533
Infrastructure ⁶	414	427	623	618	571
Equity and other	241	228	170	228	230
Total Life investment assets	10,232	10,170	10,168	9,773	9,380
Average Life investment assets⁷	10,239	10,032	9,908	9,637	9,013

Life asset allocation



¹ Fidante Partners comprise 11 co-owned, separately branded active boutique investment managers from which Fidante receives distribution and administration fees, and shares in the profits from these businesses through its equity ownership.

² Aligned Investments develops and manages products under Challenger's brand for the Life business and third party institutional investors.

³ Fixed income (including asset backed securities).

⁴ Fixed Income is reported at Q3 2013 net of debt of \$195m (Q2 2013 \$236m).

⁵ Property is reported at Q3 2013 net of senior debt of \$574m (Q2 2013 \$611m). Property includes direct and indirect holdings and a small REIT holding.

⁶ Infrastructure is reported at Q3 2013 net of debt of \$206m (Q2 2013 \$206m).

⁷ Average total funds under management and Life investments calculated on a monthly basis.

Analysis of flows	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12
Funds Management net flows					
Fidante Partners	1,176	2,110	633	1,858	614
Aligned Investments	56	(323)	(195)	2	31
Net flows	1,232	1,787	438	1,860	645
Life sales					
Fixed Term	290	505	449	590	351
Lifetime	64	69	32	17	13
Total Retail	354	574	481	607	364
Institutional	31	844	77	–	415
Sales	385	1,418	558	607	779
Reconciliation of Total Group Assets and Funds Under Management					
Funds Management (FUM)	37,798	35,335	32,606	31,017	29,389
Life investment assets	10,232	10,170	10,168	9,773	9,380
Adjustments to remove double counting of cross holdings:					
Life Company investment in CDI and CIF	(327)	(329)	(496)	(488)	(460)
Life Company investment in fixed income, property and infrastructure	(6,830)	(6,892)	(7,051)	(6,873)	(6,897)
Total Assets and Funds Under Management	40,873	38,284	35,227	33,429	31,412