1H21

Financial results

Providing our customers with financial security for retirement

9 February 2021

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Overview

Providing our customers with financial security for retirement

1H21 business outcomes

Diversification delivering strong growth

Bank acquisition to accelerate medium-term growth

Richard Howes – Managing Director and Chief Executive Officer

Financial results

Andrew Tobin – Chief Financial Officer

Outlook

Richard Howes – Managing Director and Chief Executive Officer

Highlights

Providing our customers with financial security for retirement

Performance in line with expectations and on-track for profit guidance

Diversification delivering strong growth and business momentum

Bank acquisition to drive medium-term growth

Prudent deployment of Life's cash and liquid investments to enhance future returns

Strongly capitalised and maintaining appropriate portfolio settings

1H21 business outcomes
Diversification delivering strong growth
Bank acquisition to drive medium-term growth

Richard Howes
Managing Director and
Chief Executive Officer

1H21 business outcomes

Performance in line with expectations and on-track for profit guidance

Normalised NPBT[1] $196m

On-track for FY21 profit guidance

Statutory NPAT[1] $223m

Includes partial reversal of pandemic related losses

Normalised ROE[2] 11.5%

Prudent capital deployment over FY21

Strongly capitalised

CLC[3] above top end of target range

Dividend – 9.5cps fully franked

Group AUM $96.1bn

+13% in 1H21

Life +7%; FM +12%

FM net flows +$6.4bn

Q1 +$3.6bn

Q2 +$2.8bn

Life book growth +4.7%

Q1 +0.8%

Q2 +3.9%

Life investment portfolio

Maintaining appropriate portfolio settings

1H21 – 31 December 2020

1. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2021 Interim Financial Report – Operating and Financial Review Section 8.
2. Normalised ROE pre tax.
3. Challenger Life Company Limited (CLC).

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1H21 business outcomes

Strategic progress

To provide our customers with financial security for retirement

Increase the use of secure retirement income streams	Lead the retirement incomes market and be the partner of choice	Provide our customers with excellent funds management solutions	Maintain leading operational and people practices
• Retirement Income Review report highlights importance of better solutions in retirement • Supporting super funds with retirement product design	• Improved customer experience with Investor Online upgrade • Supported future reinvestments with online maturities • Progressing institutional partnerships	• Significant progress for Fidante boutiques in global markets • Progressing new boutique opportunities • New CIPAM[1] products	• Included on Bloomberg Global Gender Equality Index for second year • Published climate change statement • Maintained high employee engagement

1H21 – 31 December 2020

1. CIP Asset Management (CIPAM).

Provide customers with financial security for retirement

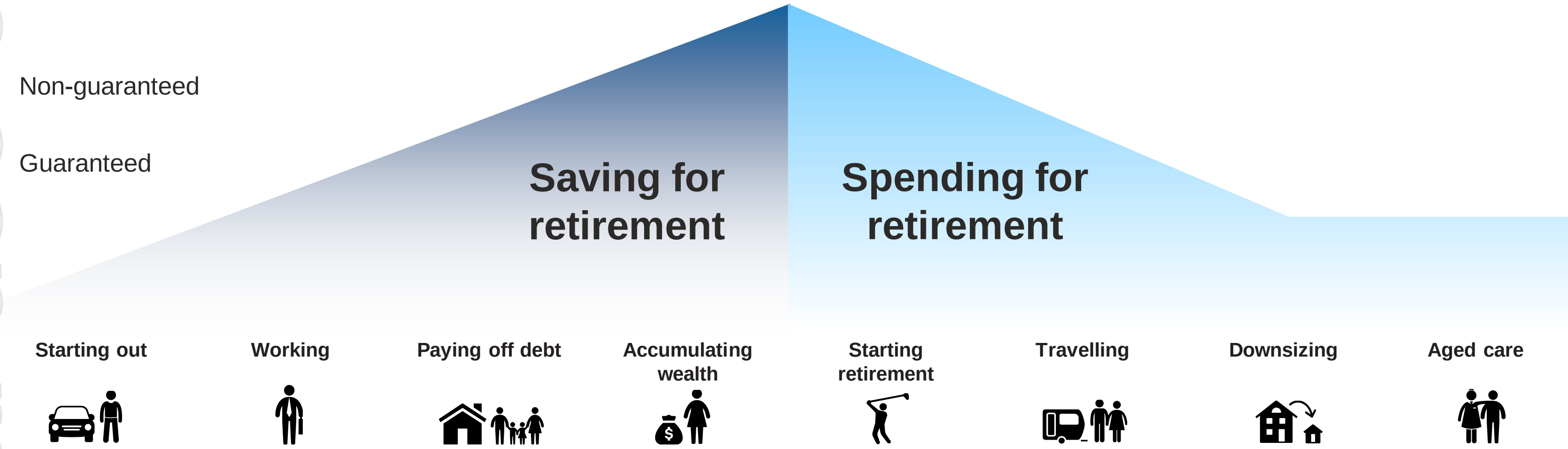
Diverse product range helping customers fund their retirement

FUNDS MANAGEMENT → High alpha across all capabilities
Equities, alternatives, real assets, fixed income

LIFE → Annuities – term, lifetime, aged care
Institutional retirement solutions

Non-guaranteed

Guaranteed



1H21 – 31 December 2020

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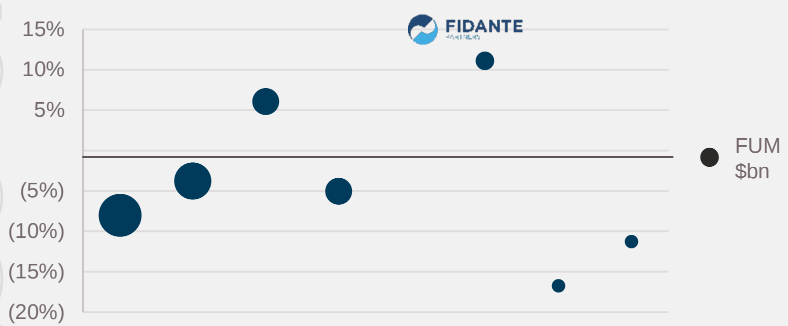
Diversification strategy delivering strong growth

Strong business momentum in markets with long-term structural tailwinds

Funds Management

Fastest growing Australian active manager

Fund managers – net flows % of FUM[1]

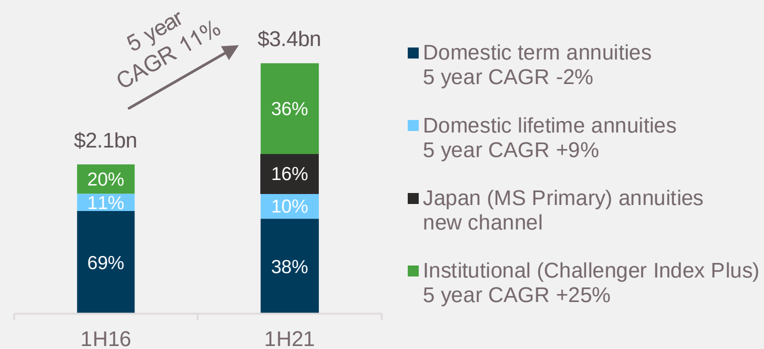


- Market leading organic flows
- Very strong retail net flows – up 32%[2]
- Zenith Partners '*Distributor of the Year*'

Life

#1 Australian annuity provider

Life sales



Maintain strong growth through period of disruption

- Benefiting from diversification strategy
- Adviser disruption stabilised (impacted term annuity sales)

1H21 – 31 December 2020

1. Represents Australian listed fund manager net flows over the past 12 months divided by FUM 12 months ago. Peers include AMP Capital Investors, Janus Henderson, Magellan, Perpetual, Pendal, Pinnacle Investment Management, Platinum Investment Management. Data based on most recent ASX disclosures.
2. Fidante Partners net flows increased by 32% on 1H20.

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Provide customers with financial security for retirement

Bank acquisition extending customer and product reach

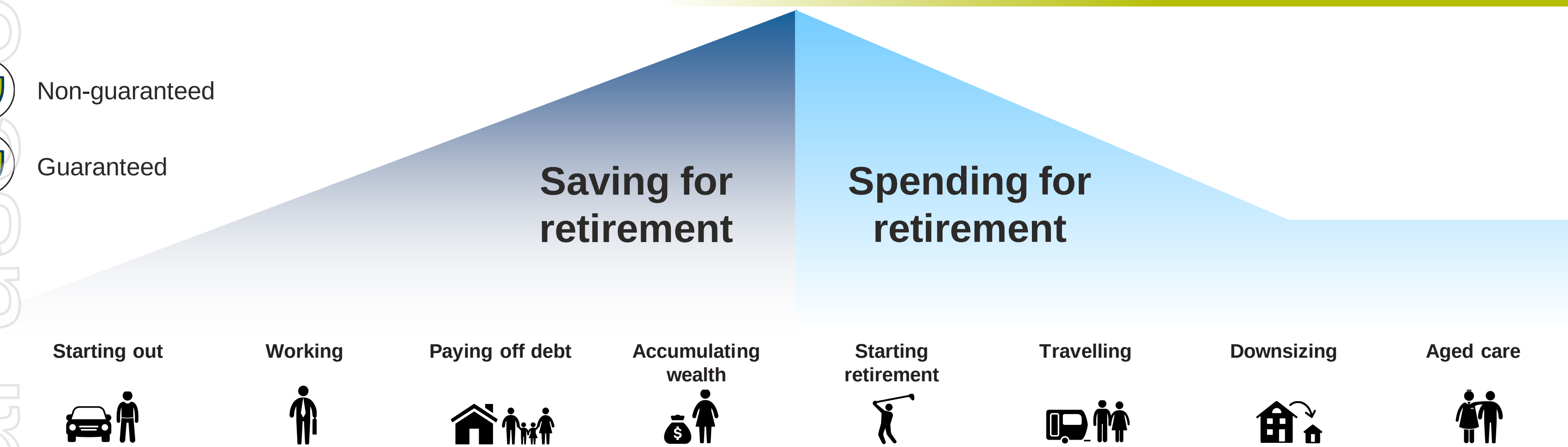
FUNDS MANAGEMENT → High alpha across all capabilities
Equities, alternatives, real assets, fixed income

BANK → Term deposits and future product innovation opportunities
Platform to access direct customers

LIFE → Annuities – term, lifetime, aged care
Institutional retirement solutions

Non-guaranteed

Guaranteed



Bank acquisition

Extending customer and product reach to drive medium-term growth

Highly strategic acquisition

- Increased role supporting customer retirement incomes
- Attract new customers, including pre-retirees
- Less reliant on retail financial advice market
- Reduces capital and earnings volatility over time

Integration priorities

- Expand existing term deposit offering
  - offer compelling value
  - increase product tenors
- Product innovation opportunities
- Access new distribution including direct and intermediated
- Leverage Challenger investment capability and brand
- Separate business segment reporting
- Expected to break even in FY22

MyLife MyFinance overview

- Australian-based consumer savings and loans bank
- $35m acquisition price (net assets ~$18m)[1]
- Expected to settle March 2021[1]
- Savings portfolio $146m[2]; Loan portfolio $116m[3]
- Online bank with contemporary IT platform

Challenger term annuity rate vs Best Big 4 bank term deposit rate

1H21 – 31 December 2020

1. The acquisition is subject to regulatory approval by both APRA and the Federal Treasurer and is expected to settle in late March 2021 once approval has been obtained.
2. 31 December 2020 – savings portfolio comprises at-call and term deposit products – increased by 24% CAGR since 2016.
3. 31 December 2020 – loan portfolio comprises high quality residential home loans (loan to value ratio ~50% as at 30 September 2020).

Financial results

Andrew Tobin
Chief Financial Officer

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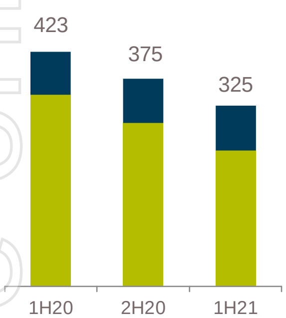
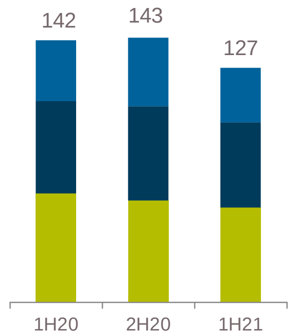
Group result

Performance in line with expectations

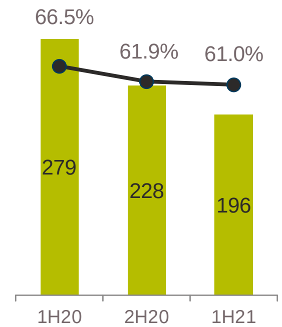
Net income ($m)



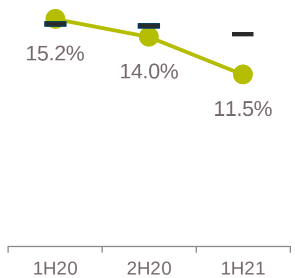
Expenses ($m)



Normalised NPBT ($m) EBIT margin[1] (%)



Normalised ROE[2] (%)



Net income -$50m (-13% on 2H20)

- Life COE -$50m (-17%) – Normalised growth assumptions More defensive portfolio settings
- FM income +$1m (+1%) – Higher management fees Lower performance fees

Expenses -$16m (-11% on 2H20)

- Life -$4m (-7%)
- FM -$5m (-9%)
- Corporate -$7m (-20%)

Norm. NPBT $196m (-14% on 2H20)

Lower Life COE partially offset by lower expenses

On-track to meet FY guidance of between $390m to $440m

EBIT margin 61.0% (-90pp on 2H20)

Normalised ROE 11.5%

Reflects gradual capital deployment over FY21

Normalised ROE target 14.2%[3]

1H21 – 31 December 2020

1. EBIT margin represents normalised EBIT divided by net income.
2. Normalised ROE pre-tax.
3. Through-the-cycle normalised ROE target represents RBA cash rate plus a margin of 14%. 1H21 target was 14.2% and as expected below target due to speed of capital deployment and market conditions.

Group result

On-track to meet full year normalised NPBT profit guidance
Investment gains from partial reversal of pandemic related losses

Normalised NPBT $196m – down 14%[1]

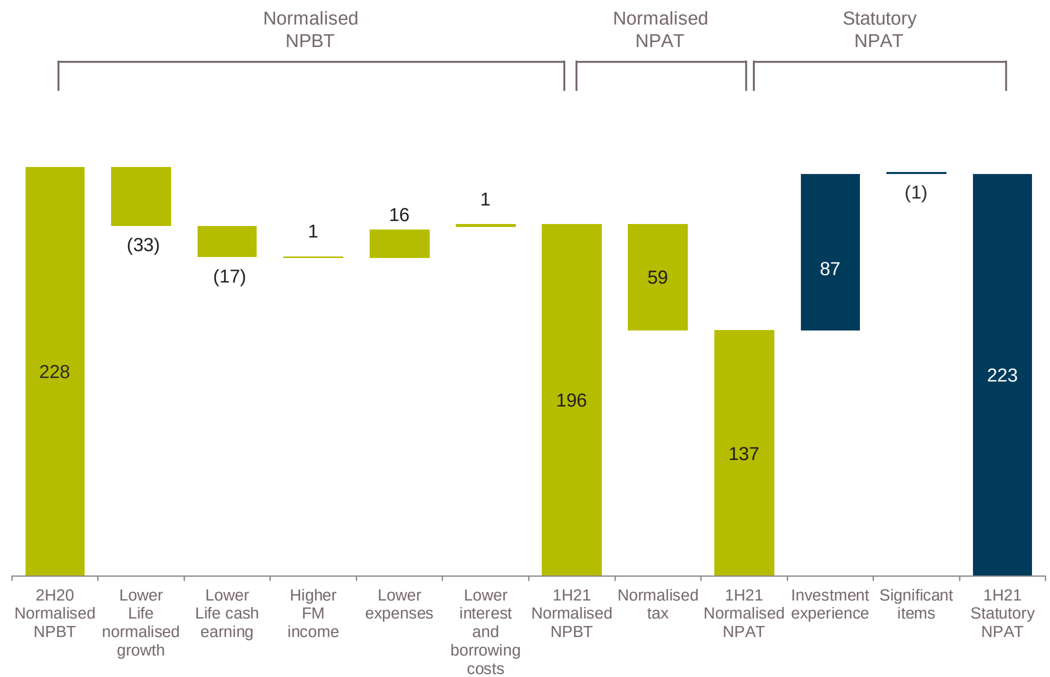
- Life – normalised growth assumptions (-$33m) and more defensive portfolio settings
- Funds Management – higher FUM based fees offset by lower performance fees
- Expenses – disciplined management (down 11%)

Normalised NPAT $137m – down 10%[1]

- Effective tax rate ~30% (down from 33% in 2H20)

Statutory NPAT $223m

- Investment experience (+$87m) – partial reversal of unrealised FY20 investment experience losses
- Significant items (-$1m) – bank acquisition transaction costs



1H21 – 31 December 2020

1. Percentage movement compares 1H21 to 2H20.

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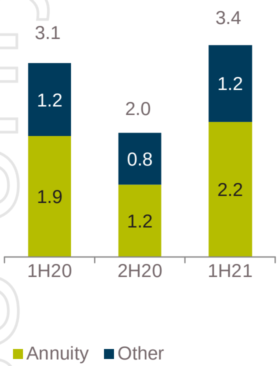
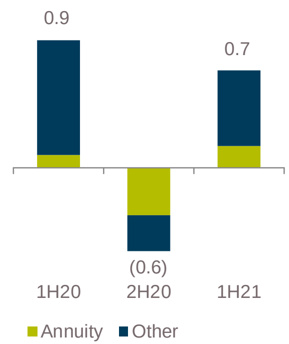
Life result

Sales and book growth benefiting from diversification strategy
Earnings reflect lower normalised growth and speed of capital deployment

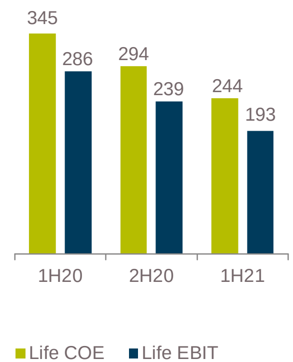
Total Life sales ($bn)



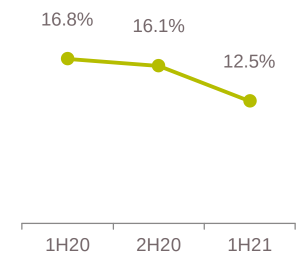
Life book growth ($bn)



Life COE[1] and Life EBIT ($m)



Life normalised ROE[2] (%)



Life sales $3.4bn (+10% on 1H20)

Annuity sales $2.2bn (+12%)

– Domestic $1.6bn (+11%)
– Japan $0.5bn (+15%)

Other Life sales $1.2bn (+5%)

Life book growth +$0.7bn

+4.7% growth in total liabilities

Annuity book growth +$0.2bn

+1.3% growth in annuity liabilities

Life COE -$50m to $244m (-17% on 2H20)

Lower normalised growth (-$33m) and more defensive portfolio settings

Life EBIT -$46m to $193m (-19% on 2H20)

Lower Life COE partially offset by lower expenses

Life Normalised ROE 12.5%

Down 360bps from speed of capital deployment

1H21 – 31 December 2020

1. Life Normalised Cash Operating Earnings (COE).
2. Life Normalised Return on Equity (ROE) pre-tax.

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Life sales up 10%

Benefiting from diversification strategy
Record long-term annuity[1] sales

Life sales $3.4bn (+10%)

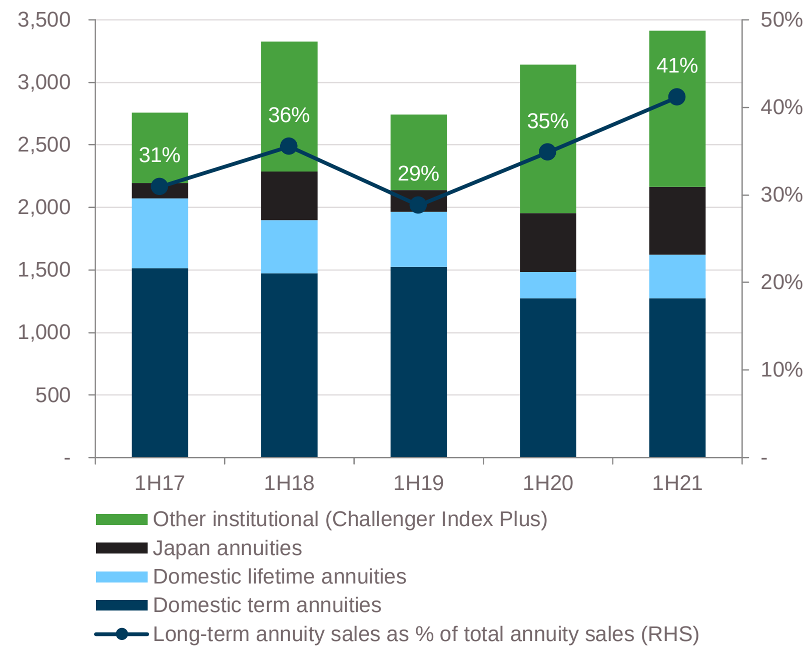
Annuity sales $2.2bn (+12%)

- Domestic sales $1.6bn (+11%)
  - term $1.3bn (+2%)
    - adviser disruption now stabilised
    - retail term sales up 14%[2]
  - lifetime $0.3bn (+64%)
    - increased IFA[3] penetration
    - reinsurance of closed lifetime portfolio ($0.1bn)
- Japan (MS Primary) $0.5bn (+15%)
  - on-track for ¥50 billion[4] minimum target
  - 25% of 1H21 annuity sales

Other Life sales $1.2bn (+5%)

- New clients and expanded product offering

Life sales ($m) and long term sales mix



1H21 – 31 December 2020

1. Long-term annuities represent domestic lifetime and Japan (MS Primary) annuities.
2. 1H21 domestic term sales include $190m of institutional term annuity sales, down from $300m in 1H20.
3. Independent Financial Adviser.
4. ~A$670m based on 1 July 2020 exchange rate.

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Life net book growth +4.7%

Benefiting from diversification strategy

Life net book growth $709m

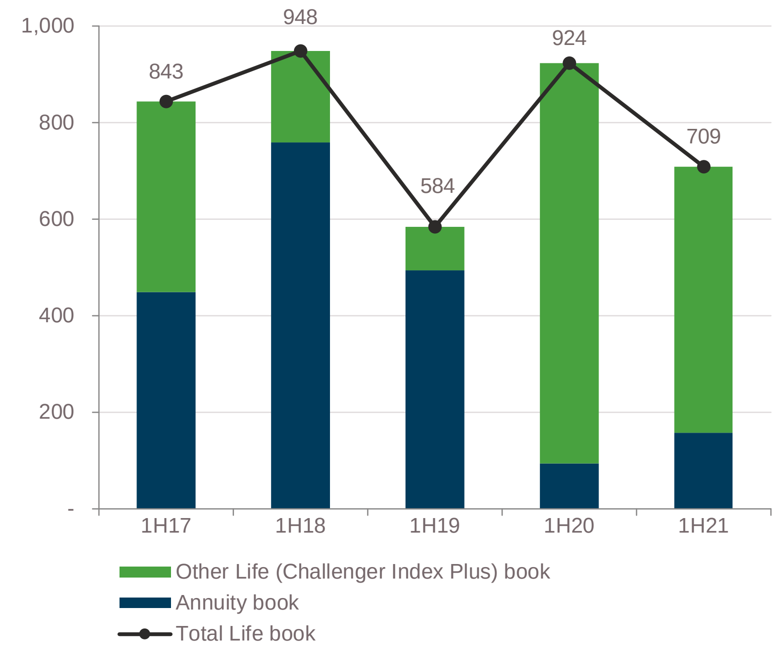
- +4.7% growth in total Life book[1]

Annuity net book growth $158m

- +1.3% growth in annuity book[2]
  - Annuity sales up 12%
  - Maturity rate elevated
    - 1H21: 16%
    - 2H21: reducing to between 11% – 12%
    - FY22: further reduction on FY21

Other Life book growth $551m

Life book growth ($m)



1H21 – 31 December 2020

1. Calculated as 1H21 Life net flows (i.e. sales less capital repayments) of $709m divided by FY20 Life annuity book and Challenger Index Plus liabilities ($14,997m).
2. Calculated as 1H21 Life annuity flows (i.e. annuity sales less capital repayments) of $158m divided by FY20 Life annuity book ($12,581m).

Life sales and book

Record long-term annuity sales
Long-term sales reduce future maturity rates

Focus on long-term liabilities

- 41% of 1H21 annuity sales long-term[1]

Annuity new business tenor[2] 9 years

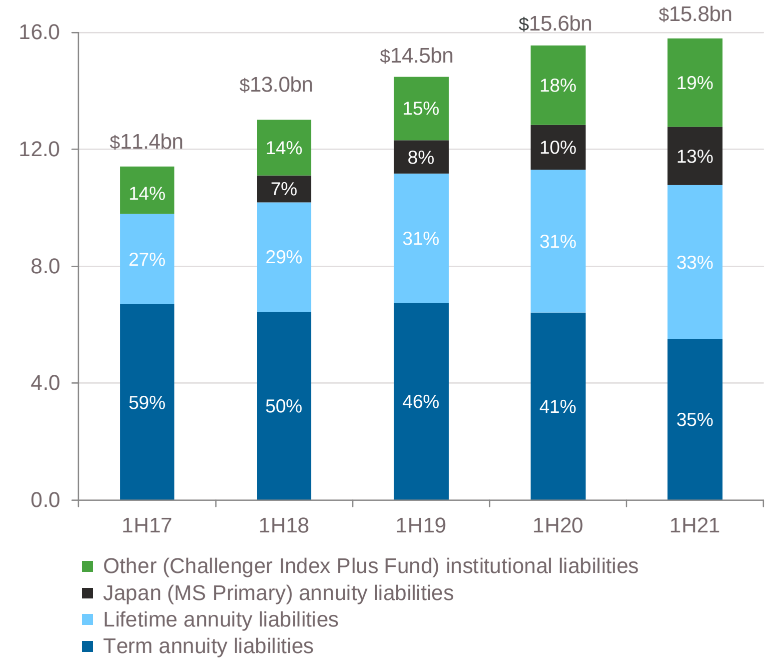
Book continuing to shift to long-term annuities

- Long-term annuities[1] exceeds term business
- Japan book now $2bn
- Term contribution nearly halved over last 5 years

Growing institutional book

- Represents 19% of total Life book
- Index Plus liabilities up 25% on 2H20

Life annuity and other liabilities ($bn)



1H21 – 31 December 2020

1. Long-term annuities represent domestic lifetime and Japan (MS Primary) annuities.
2. New business tenor represents the maximum product maturity of new business sales. These products may amortise over a different period.

Life investment portfolio

Portfolio in good shape and maintaining appropriate settings

Fixed income – unchanged at 76%

- Investment grade stable at 86%
- Cash down 5 points to 11% following gradual deployment
- 1H21 average cash ~$300m (12%) higher than 2H20
- Resilient credit performance
  - defaults +9 bps with recovery of prior defaults

Property – down 1 point to 17%

- All direct properties independently valued with stable valuations and cap rate

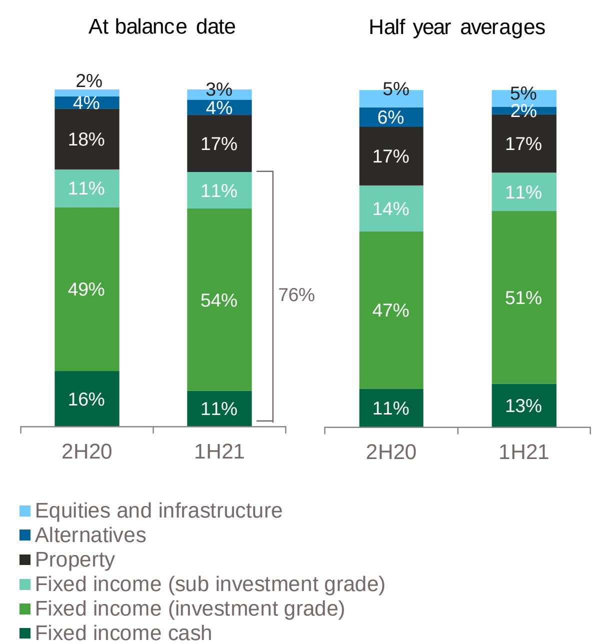
Alternatives – unchanged at 4%

- Increase in absolute return funds

Equities & infrastructure – up 1 point to 3%

- Increase in low beta equities

Life investment portfolio (%)



1H21 – 31 December 2020

Life margins

Reflects lower normalised growth and changes in portfolio composition
2H21 to benefit from further deployment of cash and liquids

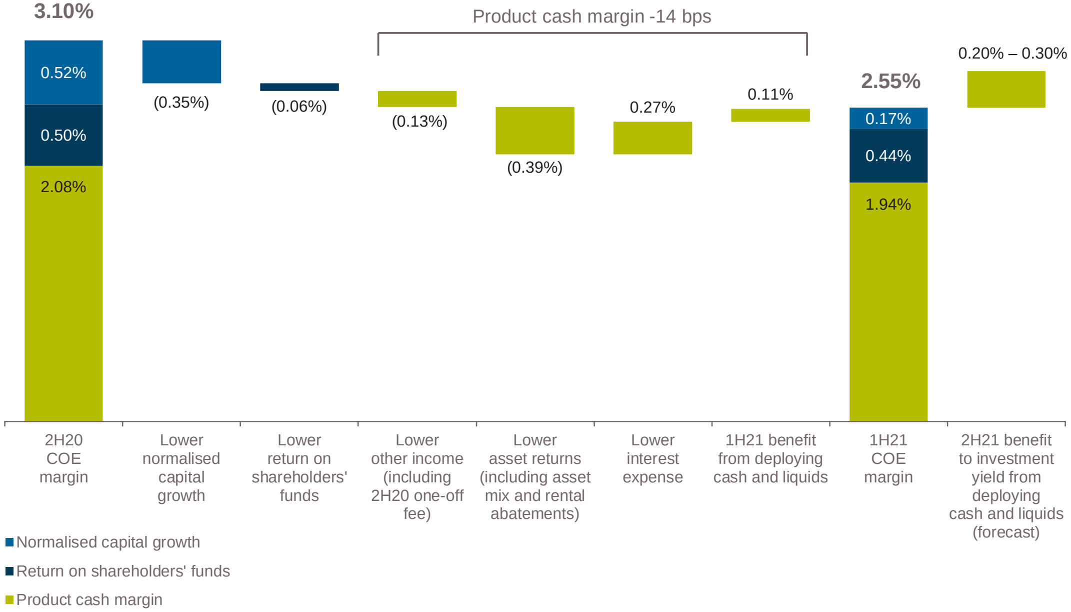
1H21 Life COE margin -55 bps on 2H20

- **Normalised capital growth -35 bps**
  - Change in portfolio composition and assumptions
  - Normalised growth 7% of COE[1] (2H20 17%)
- **Return on shareholder funds -6 bps**
  - Lower interest rates (shareholder capital unhedged) and portfolio composition changes
- **Product cash margin -14 bps**
  - Lower other income from one-off Life Risk fee in 2H20 (-13 bps)
  - Lower asset returns from lower yields and change in portfolio mix (-39 bps)
  - Lower interest expense (+27 bps)
  - Progressive deployment of excess cash (+11 bps)
    - ~50% deployed

2H21 to benefit from deployment of cash and liquids

Rental abatement forecast update

- $10m to $12m in FY21 to support tenants



1H21 – 31 December 2020

1. Life Normalised Cash Operating Earnings (COE).

Life Investment Experience

Investment gains from partial reversal of pandemic related losses

ASSETS	**Fixed income** +$238m[1]	• Valuation gain $200m; normalised growth +$25m; credit default experience +$13m (+9 bps) • Valuation gain from contraction in credit spreads[2] – reversal of significant portion of FY20 losses • Credit default write back following recovery
ASSETS	**Property** -$43m[1]	• Valuation loss -$10m; normalised growth -$33m • All direct properties independently valued in December 2020 • Direct property valuations stable compared to normalised growth assumption of +2% p.a.
ASSETS	**Equities & infrastructure** +$34m[1]	• Valuation gain $42m; normalised growth -$8m • Equity valuation gains in line with rally in global equity markets
ASSETS	**Alternatives** +$0m[1]	• Valuation in line with normalised capital growth assumption
	LIABILITY -$104m[1]	• Illiquidity premium -$172m – valuing annuities using Govt. bond rate plus an illiquidity premium[3,4] • Other movements +$68m – difference in interest rates used to value policy liabilities

1H21 – 31 December 2020

1. All investment experience numbers quoted pre-tax.
2. Investment grade iTraxx Australia contracted by ~31bps and sub-investment grade CDX North America High Yield index contracted by ~233bps in 1H21.
3. Refer to page 26 of 1H21 Analyst Pack for additional detail on illiquidity premium.
4. Non-financial corporate bond spread to Australian Commonwealth Government Securities (CGS) contracted by 56 bps in 1H21.

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Challenger Life regulatory capital

Above top end of target with flexibility to enhance returns

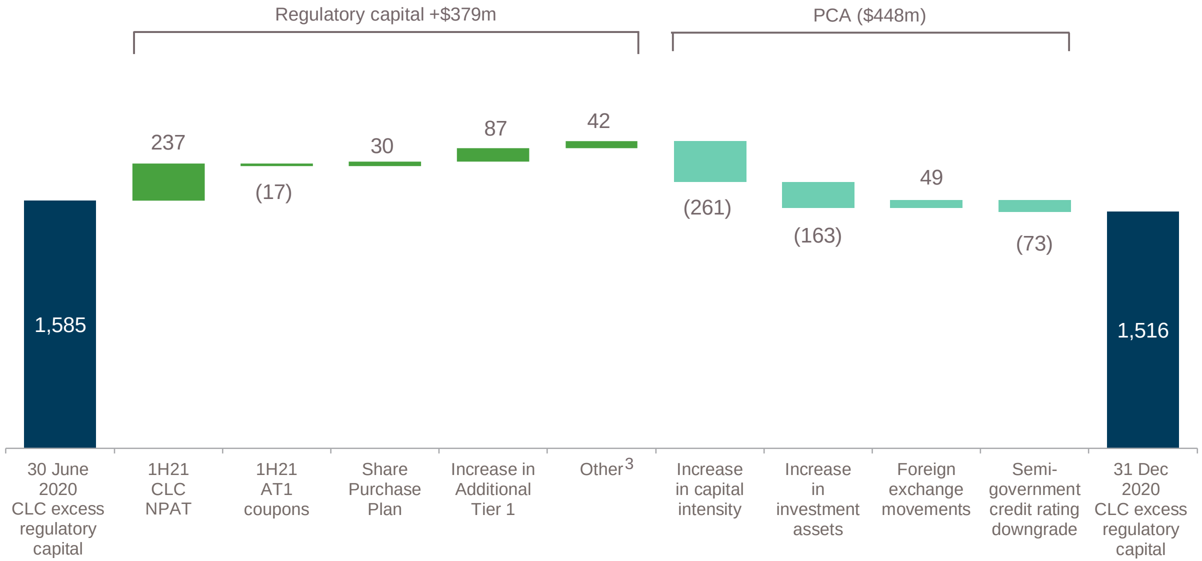
$1.5bn of excess regulatory capital – down $68m in 1H21

- Capital base up $0.4bn
  - retained earnings with no group dividend
  - Capital Notes launch and repurchase (+$0.1bn)
- PCA[1] up $0.4bn
  - deployment cash and liquids

$0.1bn of Group cash

S&P 'A' rating reconfirmed[2]

Movement in Challenger Life Company (CLC) excess regulatory capital ($m)



1H21 – 31 December 2020

1. Prescribed Capital Amount (PCA).
2. In November 2020, Standard & Poor's Global Ratings (S&P) completed its annual ratings review and affirmed both Challenger Life Company Limited's (CLC) and Challenger Limited's credit ratings. S&P ratings are as follows: CLC: 'A' with a stable outlook; and Challenger Limited: 'BBB+' with a stable outlook.
3. Other of $42m includes policy liability and other adjustments between financial statements and regulatory capital calculations.

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Challenger Life regulatory capital

Above top end of target with flexibility to enhance returns

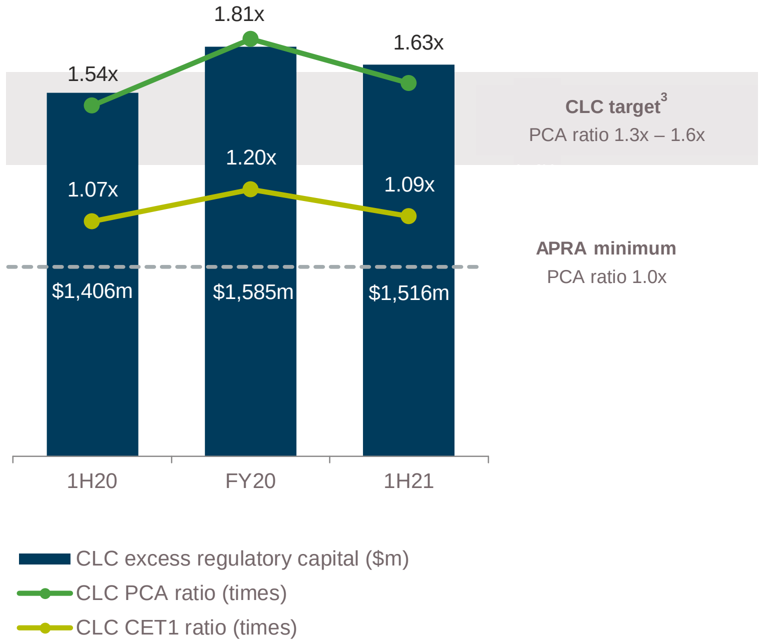
PCA ratio[1] 1.63x down from 1.81x

- Above top end of target range (1.3x to 1.6x)
- PCA ratio reflects
  - increase in capital intensity[2] following deployment of Life cash and liquids
  - increase in investment assets
- ~$1bn of cash and liquids to be deployed in 2H21
- $100m distribution to fund Bank acquisition and growth in Q321 (reduces CLC PCA ratio by ~4 points)

Expect to maintain CLC PCA ratio around top end of target range

CETI ratio 1.09x down from 1.20x

CLC excess regulatory capital ($m) and PCA ratio (times)



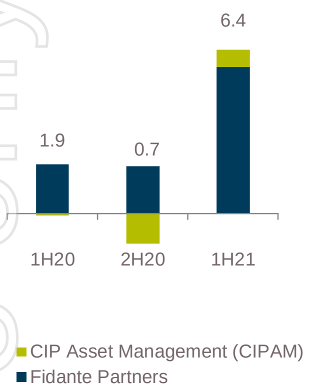
1H21 – 31 December 2020

1. PCA ratio represents the total Challenger Life Company Limited (CLC) Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount.
2. Capital intensity ratio measured as CLC PCA divided by Life investment assets and increased 150bps to 12.2% at 31 December 2020.
3. Challenger Life Company (CLC) Limited maintains a target level of capital representing APRA's PCA plus a target surplus based on asset allocation, business mix and economic circumstances.

Funds Management result

Record half year results
Strong net flows and FUM growth providing business momentum

Net flows($bn)

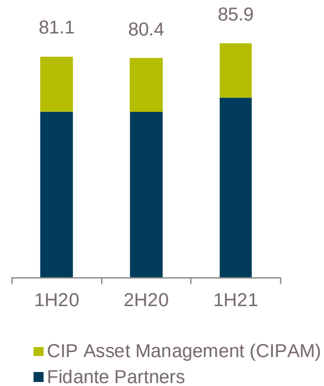


Net flows +$6.4bn

Fidante +$5.8bn – strong fixed income and retail flows

CIPAM +$0.6bn

Average FUM ($bn)



Average FUM $85.9bn +7% in 1H21

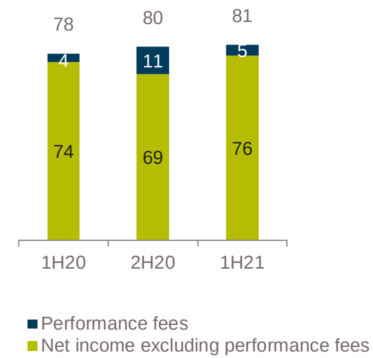
Fidante +9%

CIPAM +1%

Closing FUM $91.2bn

6% higher than 1H21 average

Net income ($m)

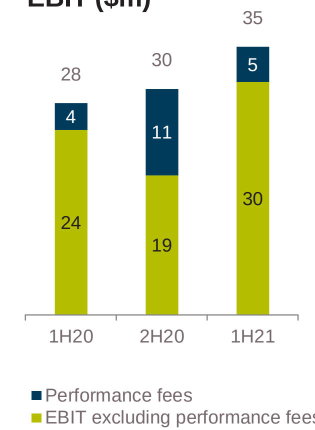


Net income +$1m (+1% on 2H20)

FUM based management fees +$8m (+11%) from strong FUM growth with stable margin

Performance fees -60% to $5m

EBIT ($m)



EBIT +$5m to $35m (+18% on 2H20)

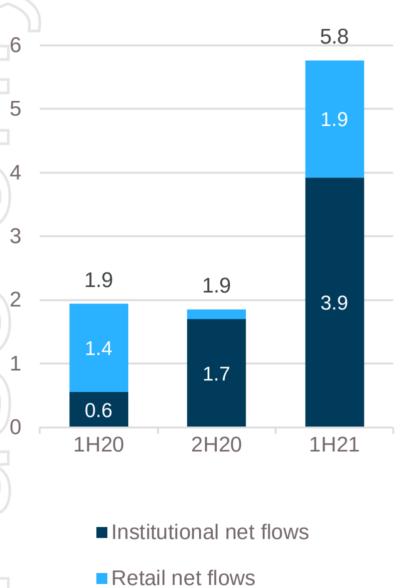
Net income +$1m (+1%)

Expenses +$5m (-9%)

Fidante Partners

Strong net flows and investment performance underpin future growth

Fidante Partners net flows ($bn)



Institutional net flows

- 11% increase in institutional client base[1]

Retail net flows

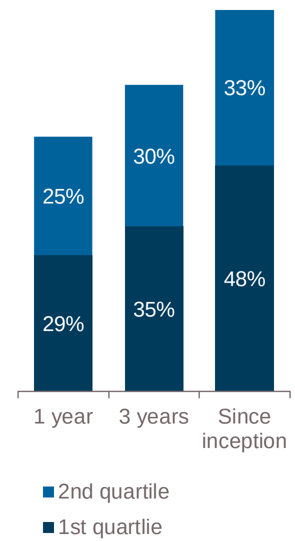
- 32% increase on 1H20
- Retail supporting Fidante Partners income margin

Total net flows

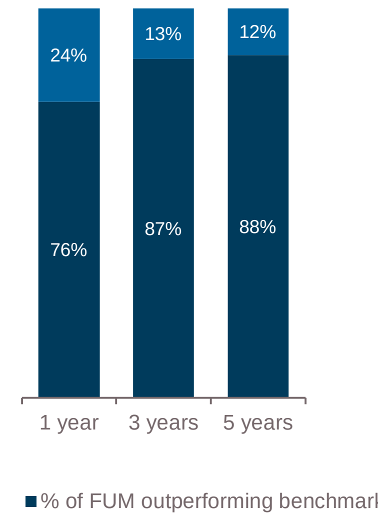
- Tripled to $5.8bn

Fidante Partners investment performance

Quartile performance[2]



Relative to benchmark[3]



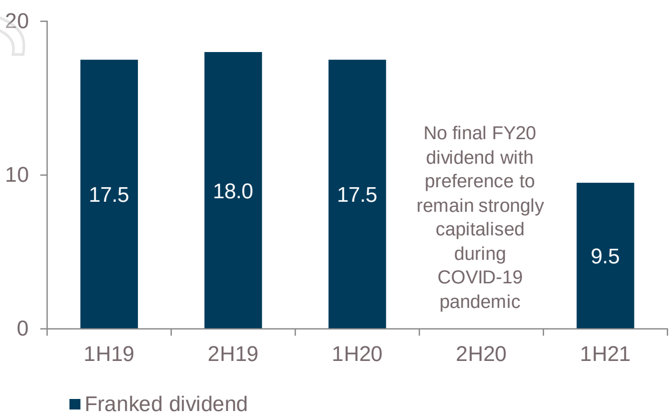
1H21 – 31 December 2020

1. Increase in number of Fidante Partner's institutional clients over past 12 months.
2. Mercer as at December 2020.
3. As at 31 December 2020. Percentage of Fidante Partners Australian boutiques meeting or exceeding performance benchmark.

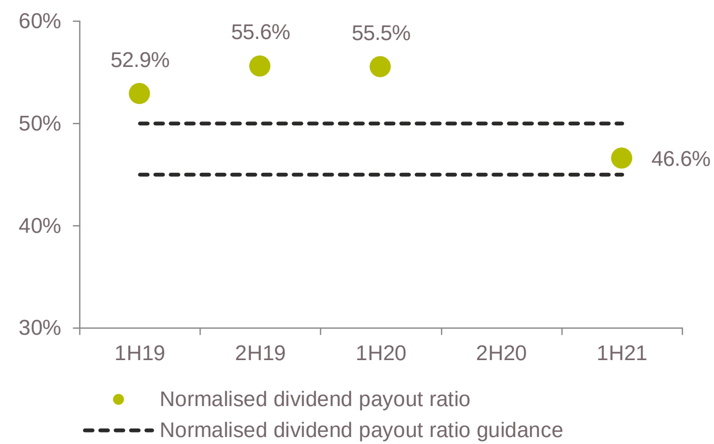
Dividend

Reflects confidence in business and capital position

Fully franked dividends (cps)



Dividend payout ratio[1]



1H21 dividend 9.5 cps

- Fully franked

1H21 dividend payout ratio 46.6%

- DRP in place with no discount applied
- DRP expected to reduce cash payout by ~2%[2]

1H21 – 31 December 2020

1. Normalised dividend payout ratio based on normalised EPS.
2. For the interim FY20 dividend, the Dividend Reinvestment Plan (DRP) reduced the effective cash dividend payout ratio by ~2%.

Outlook

Richard Howes
Managing Director and Chief Executive Officer

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Providing financial security for retirement

Extending customer reach and diversifying product and distribution

FUNDS MANAGEMENT	LIFE	BANK
• Organic growth from existing and new boutiques • Strategic focus on new global growth channels • Further enhance ESG capability • Leverage leading distribution capability	• Complete program to deploy excess cash and liquids • Maintain appropriate portfolio settings • Improve digital capabilities focused on direct customer experience • Partner with super funds to develop retirement solutions for members	• Integrate MyLife MyFinance • Offer compelling value and expand existing TD offering • Access TD broker market • Progress retail advice distribution • Leverage bank capability to build direct customer base

1H21 – 31 December 2020

Non-guaranteed   Guaranteed

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FY21 financial outlook

On-track for profit guidance and strongly capitalised

Guidance	
Normalised Net Profit Before Tax	FY21 guidance range $390m to $440m – 1H21: $196m – 47% of mid-point of guidance range – Earnings weighted to 2H with gradual deployment of Life cash & liquids over FY21[1] – Expenses lower than FY20 (down 11% on 2H20)
Key through-the-cycle targets	
Normalised pre-tax return on equity (ROE)	RBA cash rate plus 14% margin (currently 14.1%) – 1H21: 11.5% – below target from prudent capital deployment – 2H21: benefit from gradual deployment of cash and liquids, however below target
Dividend payout ratio	45% to 50% normalised dividend payout ratio[2,3] – 1H21: 47% – within guidance range
CLC[4] excess regulatory capital	Remain strongly capitalised reflecting growing customer franchise Preference to remain around top end of target range[5]

1H21 – 31 December 2020

1. The COVID-19 situation and its impact on investment markets creates an inherently uncertain environment. This could, among other things, impact the speed of deployment of Life's capital and therefore impact guidance.
2. Normalised dividend payout ratio represents dividend per share divided by normalised earnings per share (basic).
3. Dividend subject to market conditions and capital management priorities.
4. Challenger Life Company Limited (CLC).
5. CLC maintains a target level of capital representing APRA's Prescribed Capital Amount (PCA) plus a target surplus and does not target a fixed PCA ratio. The target PCA ratio range is currently 1.3 times to 1.6 times.

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Highlights

Providing our customers with financial security for retirement

Performance in line with expectations and on-track for profit guidance

Diversification delivering strong growth and business momentum

Bank acquisition to drive medium-term growth

Prudent deployment of Life's cash and liquid investments to enhance future returns

Strongly capitalised and maintaining appropriate portfolio settings

Appendix

Additional background information

Appendix

Providing our customers with financial security for retirement

1H21 – 31 December 2020

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Vision and strategy

A clear plan for sustainable long-term growth

Business overview

Two core businesses benefiting from superannuation system growth

Challenger Limited (ASX:CGF)

Life

#1 market share in annuities[1]

Leading provider of annuities and guaranteed retirement income solutions in Australia.

Products offer certainty of guaranteed cash flows with protection against market, inflation and longevity risks.

Partnering with leading provider of foreign currency annuities in Japan.

Funds Management

One of Australia's largest active fund managers[2]

Fidante Partners
Co-owned, separately branded, active fixed income, equity and alternative investment managers, including Fidante Partners Europe.

CIP Asset Management
Originates and manages assets for Life and third party clients.

Central functions

Includes: Distribution, Product and Marketing (DPM)
Operations, Finance, IT, Risk Management, HR, Treasury, Legal and Strategy

1H21 – 31 December 2020

1. Plan for Life –September 2020 – based on annuities under administration at 30 September 2020.
2. Consolidated FUM for Australian Fund Managers – Rainmaker Roundup September 2020.

Australian superannuation system

Attractive market with long-term structural drivers

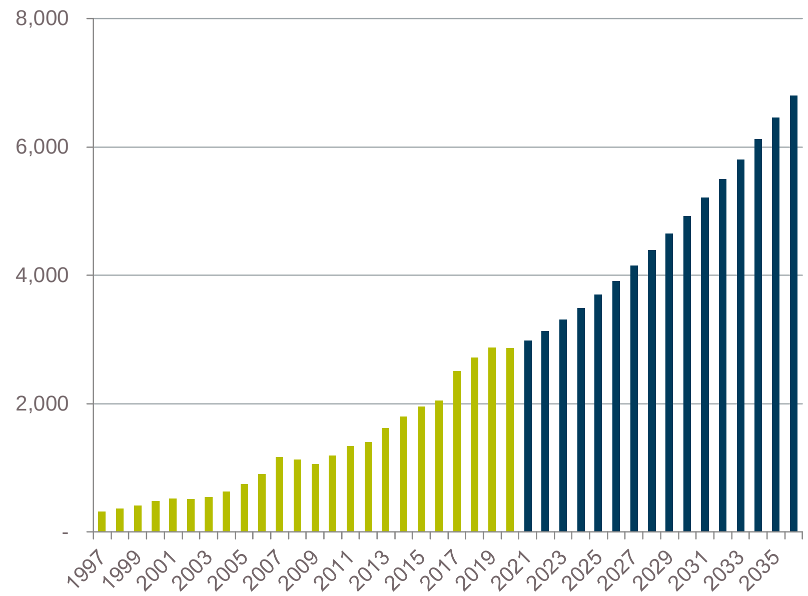
Market growth supported by

- Mandatory and increasing contributions
- Earnings and contributions compounding
- Population growth and ageing demographics

Resulting in

- 11% CAGR growth over last 20 years[1]
- 4th largest global pension market[1]
- Assets expected to increase from $2.9 trillion to $6.6 trillion over next 15 years[2]

Australian superannuation growth[2] ($bn)



1. Willis Towers Watson Global Pension Study 2020.
2. Based on Rice Warner Superannuation Market Projections Report 2020.

Australian superannuation system

Attractive market with long-term structural drivers

Pre-retirement (super savings) phase

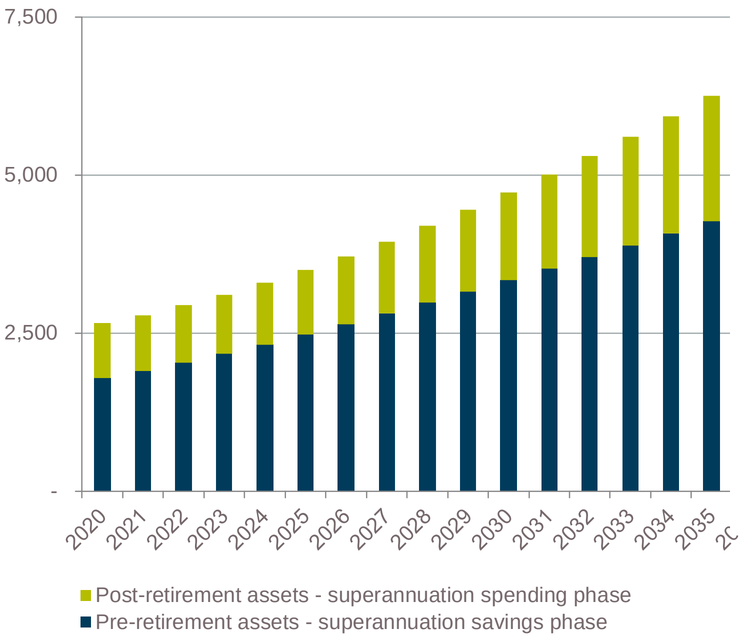
- Funds Management target market
- Supported by mandated and increasing contributions

Post-retirement (super spending) phase

- Life target market and supported by
  - ageing demographics
  - rising superannuation savings
  - Government and industry enhancing retirement phase

Annual transfer from pre- to post-retirement phase ~$70bn[1] per year

Projected superannuation assets[2] ($bn)



1. Australian Taxation Office.
2. Based on Rice Warner 2020 superannuation projections applied to 2018 APRA superannuation assets.

Australian superannuation system

Attractive market with long-term structural drivers

Mandatory and increasing contributions – increasing from 9.5% to 12.0%[1]

Superannuation Guarantee contribution rate[1]

1992	1997	2002	2015	2021	2022	2023	2024	2025
3.0%	6.0%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%

Demographics

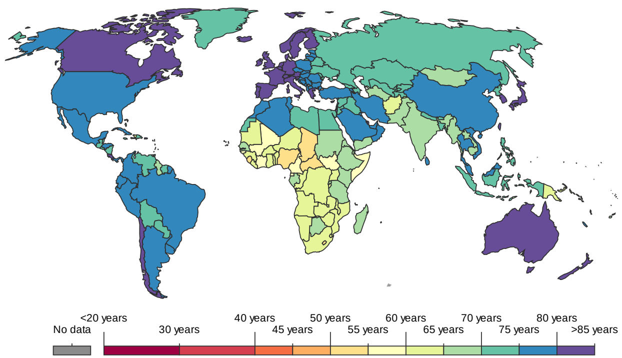
- Ageing population
- Medical and mortality improvements increasing longevity

Number of Australians over 65 increasing[3]

+32% over next 10 years

+56% over next 20 years

Australians have one of world's longest life expectancies[2]



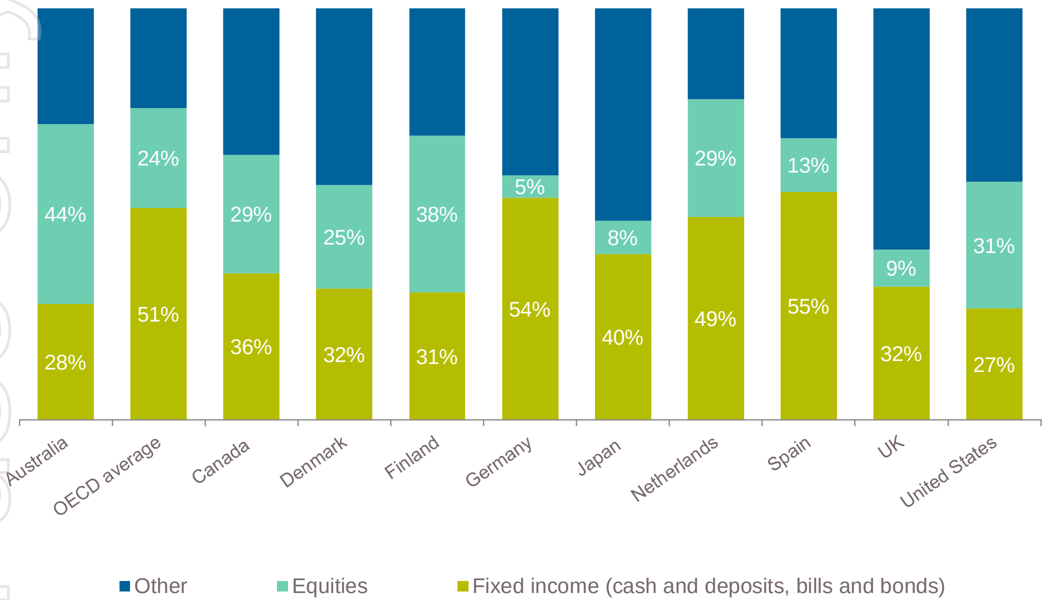
1H21 – 31 December 2020

1. 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% in 2025.
2. World Health Organisation.
3. Australian Bureau of Statistics population projections (Cat No. 3222.0 Series B middle projections).

Australian superannuation system

High allocation to equities and low allocation to fixed income

Australia has low fixed income and high equity allocations[1]



Fixed income allocation

- Australia 15%
- OECD average 45%

Equities allocation

- Australia 44%
- OECD average 24%

1. OECD Pension Markets in Focus – 2019.

Australian superannuation system

World class accumulation system with significant retirement savings
Not delivering retirees financial comfort

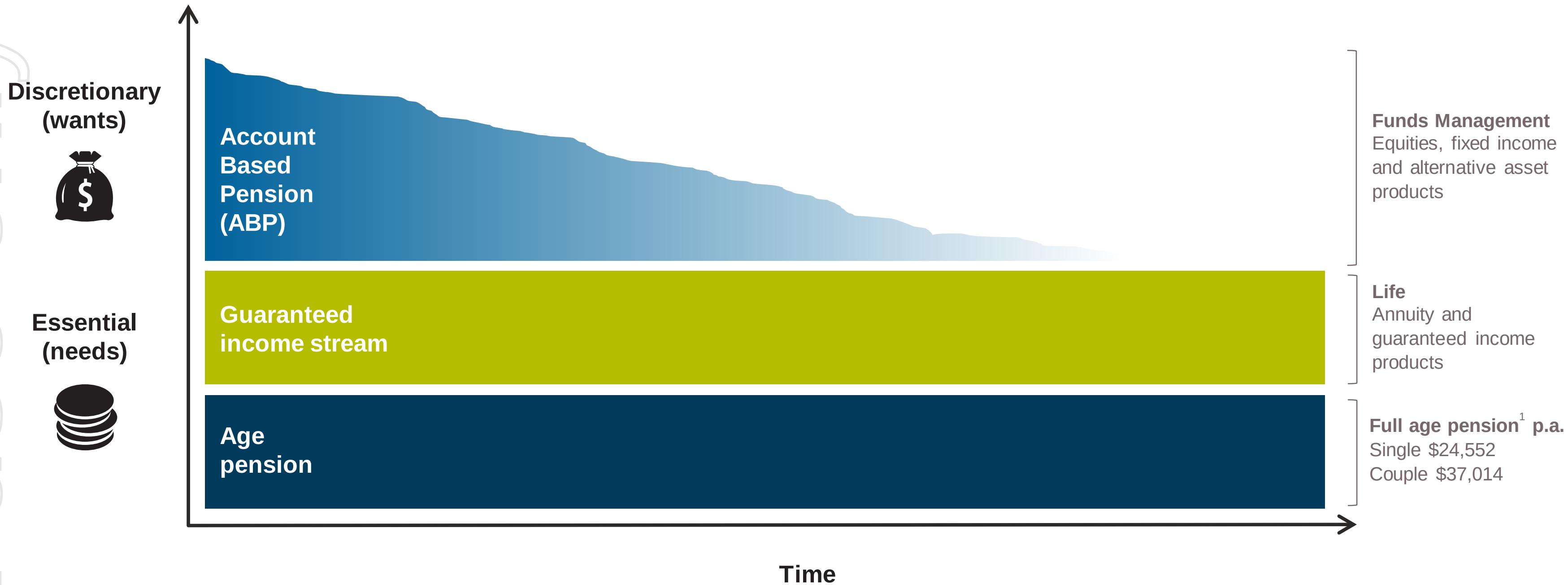
World class accumulation system	Significant retirement savings	Not delivering retirees financial comfort National Seniors Australia survey (January 2020)[7]
Contribution rate increasing to 12%[1]	1 in 4 super dollars supporting retirement[4]	84% say regular and constant income is very important
4th largest global pension market[2]	Average household wealth at retirement $680k[5]	53% worried about outliving their savings
Assets increasing from $2.7tr to $6.6tr over next 15 years[3]	~$70bn transferring to retirement each year[6]	2/3rd of retirees expect to spend their savings over next 20 years

1H21 – 31 December 2020

1. Increases to 10% on 1 July 2021 and increases by 0.5% p.a. until reaching 12% on 1 July 2025.
2. Willis Towers Watson Global Pension Study 2019.
3. Rice Warner 2020 superannuation projections applied to 2018 APRA superannuation assets.
4. Based on APRA and ATO data.
5. Australian Bureau of Statistics. Includes superannuation and non-superannuation assets and excludes the family home.
6. Australian Taxation Office.
7. https://nationalseniors.com.au/research/retirement/retirement-income-worry-who-worries-and-why

Retirement phase of superannuation

Combining products provides better outcomes for retirees



1. Australian Government Department of Human Services and current as at 1 July 2020.

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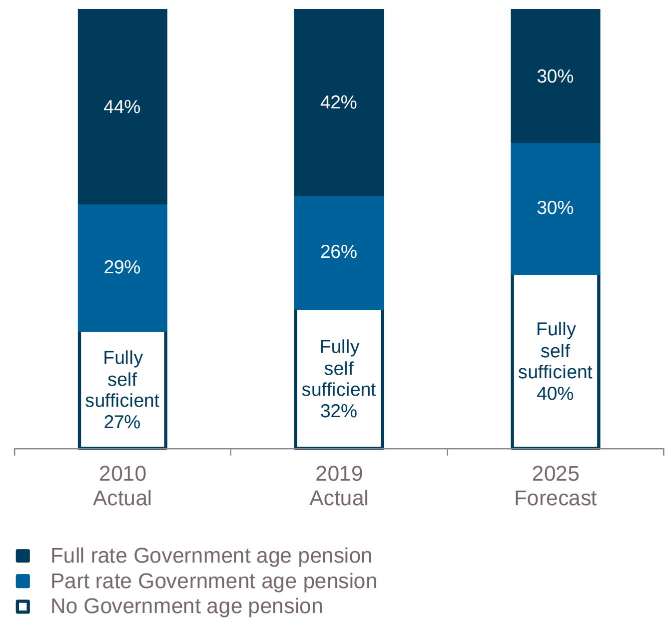
Retirement phase of superannuation

Superannuation starting to reduce reliance on age pension

- Average household wealth at retirement $680,000[1] (excluding family home)
- Age pension subject to assets and income tests
- 2.5m Australians receiving some age pension support
- Portion of retirees on full age pension expected to reduce from 42% to 30% over next 5 years, however
  - number of retirees receiving support increasing
  - Government age pension cost increasing
- Super system increasingly supplementing or substituting age pension

Portion of retirees reliant on age pension[2]



1. Australian Bureau of Statistics. Includes superannuation and non-superannuation assets and excludes the family home.
2. Source – 2010 and 2018 Actual: Australian Government Department of Social Services and Department of Veteran Affairs; 2025 Forecast: The Association of Superannuation Funds of Australia (ASFA) projection.

Industry leader benefiting from long-term tailwinds

With clear plan for sustainable growth

Industry leader

Investment capability
- Leading investment capability
- Proven risk management approach
- Significant balance sheet flexibility

Relevant products
- #1 Australian annuity provider
- Contemporary products
- Increased product relevance following market volatility

Leading distribution
- Broad platform access
- Rated #1 by advisers
- Japanese annuity partnership

Long-term tailwinds

Market growth
- Natural market growth
- Significant retirement savings
- Super funds partnering with Life companies

Older and healthier retirees
- 700+ Australians turning 65 every day
- 20-year cycle of retiring 'Baby-Boomers'
- One of world's longest life expectancies

Regulation and industry momentum
- Means testing rules support longevity products
- Government enhancing post-retirement phase
- Industry expanding retirement offerings

Overview of age pension system

Social safety net for those unable to support themselves

- Qualification age 66 (increasing to 67[1])
- Age pension based on lower outcome under assets and income tests
- Many retirees move from assets to income test through retirement
- Different age pension outcomes when products held in combination (e.g. Lifetime Annuity with an ABP[2])

Maximum age pension rates[2]

	Per fortnight	Per annum
Single	$944.30	$24,552
Couple	$1,423.60	$37,014

Assets test[4]

Asset limits before pension starts to reduce

	Homeowner	Non-homeowner
Single	$268,000	$482,500
Couple	$401,500	$616,000

Taper rate – age pension reduces by $78 (p.a.) per $1,000 of assets above these thresholds

Asset limit where pension reduces to nil

	Homeowner	Non-homeowner
Single	$583,000	$797,500
Couple	$876,500	$1,091,000

Income test

Income limits before pension starts to reduce (p.a.)

Single	$4,628
Couple	$8,216

Taper rate – age pension reduces by $500 (p.a.) per $1,000 of income above these thresholds

Income limit where pension reduces to nil (p.a.)

Single	$53,732
Couple	$82,243

1. Age Pension eligibility age increasing by 6 months for very 2 years until aged pension eligibility reaches age 67 on 1 July 2023.
2. Centrelink rates and thresholds current as at 1 January 2021.
3. Account Based Pension (ABP).
4. Assets test excludes the family home.

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Government enhancing post-retirement phase

Retirement Income Framework

Budget 2018

FACT SHEET 3.4

More Choices for a Longer Life Package

Retirement Income Framework

Australians will be able to enjoy higher standards of living in retirement under the Government's new framework for retirement income. The retirement phase of the superannuation system is currently under-developed. There is limited availability and take-up of products that manage the risks people face in retirement, in particular the risk of outliving their savings. As a result, most people invest their superannuation savings in an account based pension and withdraw only legislated minimum amounts, without being aware of all the choices.

Boosting retirement income choices

The Government is developing a retirement income framework to increase flexibility and choice for retirees and help boost living standards. The framework will ensure retirees have more retirement income products to choose from and the information they need to make a choice. New Age Pension means testing rules for pooled lifetime income streams will also support innovation in retirement income products.

These steps build on changes made in the 2016-17 Budget to extend the tax exemption on superannuation earnings in the retirement phase to a wider variety of retirement income products.

Retirement income covenant

Currently there are no obligations on superannuation fund trustees to consider the retirement income needs of their members.

The Government will introduce a retirement income covenant in the Superannuation Industry (Supervision) Act 1993, requiring trustees to develop a strategy that would help members achieve their retirement income objectives. This will focus the industry on providing a higher standard of living for retirees.

The covenant will require trustees to offer Comprehensive Income Products for Retirement (CIPRs): products that provide individuals income for life, no matter how long they live.

The Government is releasing a position paper for consultation shortly, outlining its proposed approach to the covenant.

A new approach to product disclosure

The Government will also formulate a new approach to retirement income product disclosure rules that will require providers to report simplified, standardised information on retirement income products.

Means testing for lifetime products

From 1 July 2019, new Age Pension means testing rules will be introduced for pooled lifetime income streams. The rules will assess a fixed 60 per cent of all pooled lifetime product payments as income, and 60 per cent of the purchase price of the product as assets until 84, or a minimum of 5 years, and then 30 per cent for the rest of the person's life.

These new rules will provide industry with the confidence and stability to develop innovative products that can help retirees manage the risk of outliving their income, while ensuring a fair and consistent means test treatment of all retirement income products. These changes also pave the way for the development of CIPRs.

Retirees will have more choice and flexibility in retirement income products to meet a wider variety of needs and to help boost their living standards.

The means testing for lifetime products measure is estimated to have a cost of $20.2 million over the forward estimates. The retirement income covenant and product disclosure framework measures have no impact on expenditure.

1

> ***The retirement phase of the superannuation system is currently under-developed. There is limited availability and take-up of products that manage the risks people face in retirement, in particular the risk of outliving their savings***

Federal Budget 8 May 2018

Retirement Income Framework

1. Boosting retirement income choices – new retirement product rules 1 July 2017
2. New means test rules – for lifetime products from 1 July 2019
3. Retirement Income Covenant – member retirement strategy by 1 July 2022[1]
4. CIPRs[2] – all funds required to offer CIPRs by 1 July 2022

Removing the barriers to lifetime products

Tax treatment (Capital Access Schedule) ▶ Social security means test treatment ▶

Retirement Income Framework

Retirement income covenant ▶ Simplified, standardised disclosure for retirement products ▶ Retirement income projections ▶ Regulatory framework

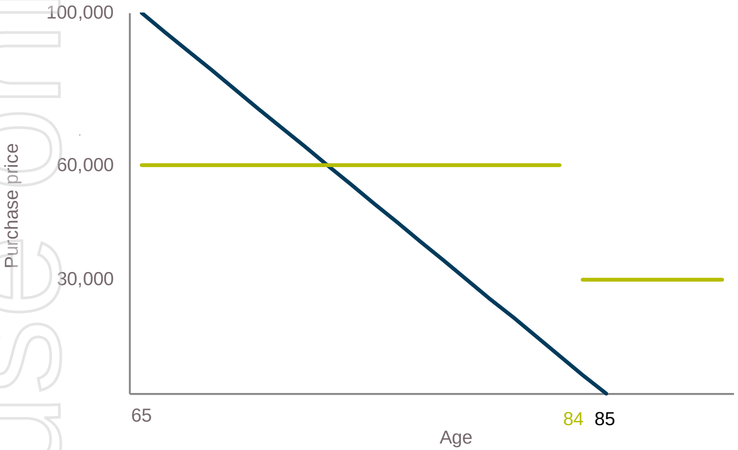
1. In May 2020 the Government announced the deferral of the Retirement Income Covenant with the Covenant now starting from 1 July 2022. The deferral is to allow continued consultation, and legislative drafting to take place following the COVID-19 crisis. Deferral will also allow drafting to be informed by the Retirement Income Review Final Report.
2. Comprehensive Income Products for Retirement (CIPRs) – a feature of the Government's new Retirement Income Framework and is subject to legislation.

Government enhancing post-retirement phase

New means test rules for lifetime income products commenced 1 July 2019

Pension assets test

Example - $100,000 lifetime income stream purchase price at age 65



Prior assets test

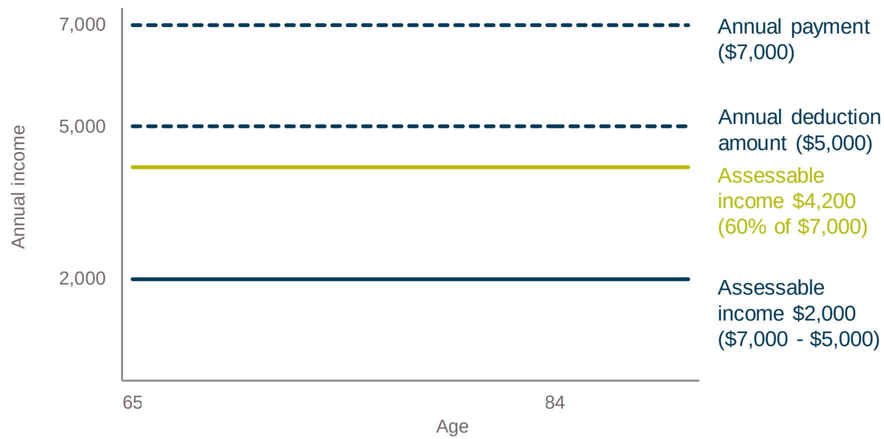
Asset amortises down evenly over life expectancy

Assets test (from 1 July 2019)

Asset value fixed at 60% until age 84 then fixed at 30% for life

Pension income test

Example - $100,000 lifetime income stream paying $7,000 per year



Prior income test

Includes payment less annual deduction amount

Income test (from 1 July 2019)

Includes 60% of payment as income

Retirement income strategies – combined products

Enhances income and provides longevity and inflation protection

Case study

Jenny and John

- Homeowning couple
- $600,000 of super
  (in addition to family home)
- 66 years old
- Approaching retirement
- Target income $62,000 p.a.
- Status quo 100% ABP[1]
- Combined product
  - 70% ABP[1]; and
  - 30% Lifetime Annuity[2]

1. Account Based Pension (ABP).
2. Applying means test rules for lifetime income products that took effect from 1 July 2019.

Retirement income strategies – combined products

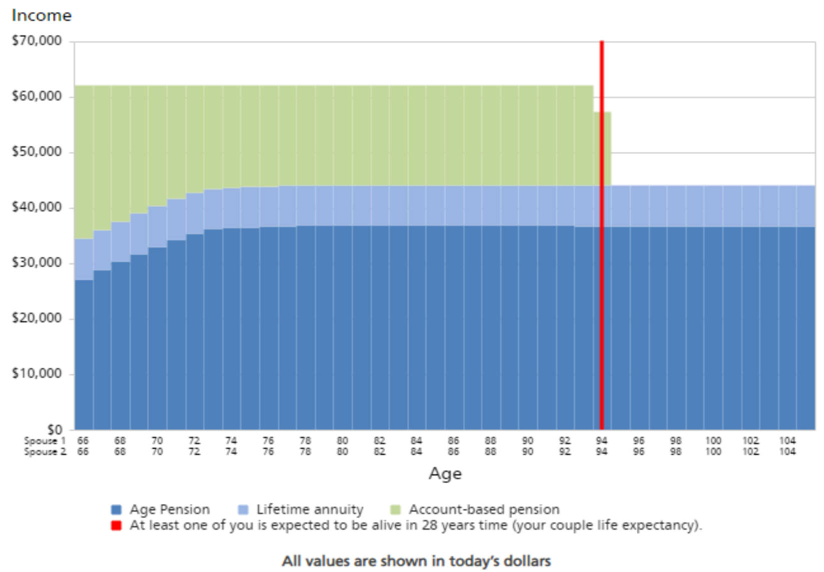
Enhances income and provides longevity and inflation protection

Case study – Jenny and John

100% Account Based Pension (ABP)

- Provides $62k p.a. until age 90 then $37k p.a. thereafter
- 50% chance one is alive at age 94

Combined product (70% Account Based Pension; 30% Lifetime Annuity)



- Provides $62k p.a. until age 94 then $44k p.a. thereafter
- Income at least as good as 100% ABP – better the longer you live

1H21 – 31 December 2020

Assumptions – 1. Applying means test rules for lifetime income products that took effect from 1 July 2019; 2. 66 year old couple, homeowners, $300,000 each in super ($600,000 combined) drawing $62,000 per annum; 3. Account Based Pension assumptions – Growth 5.3%, Defensive 1.60% (net of fees); 4. Lifetime Annuity – Flexible income option, CPI indexation, monthly payments. Portfolio allocation of 50% growth / 50% defensive; 5. Challenger annuity pricing as at January 2021; 6. Centrelink rates and thresholds as at 1 January 2021.

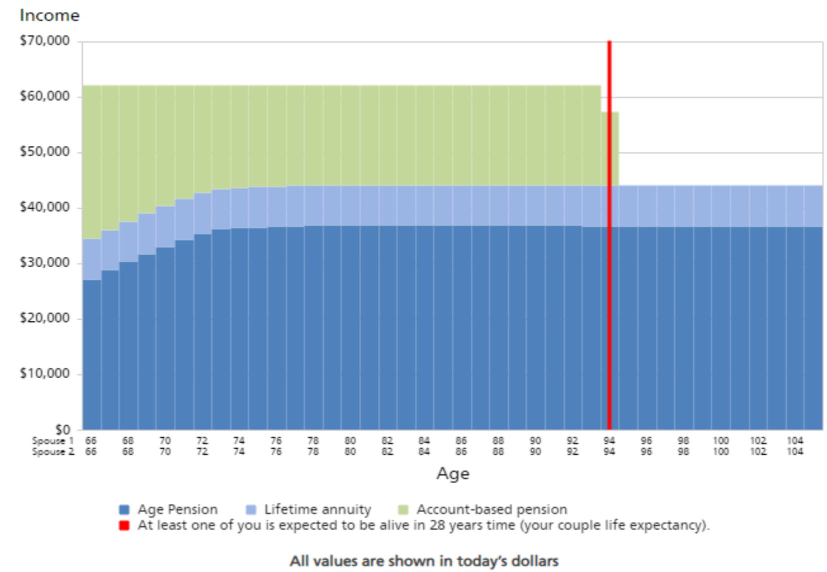
Retirement income strategies – combined products

Enhances income and provides longevity and inflation protection

Income from combined product enhanced through

1. mortality credits
2. interaction with age pension
3. growth assets left to grow
4. likely annuity outperformance against defensive alternatives

Combined product (70% Account Based Pension; 30% Lifetime Annuity)



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MS&AD strategic relationship

Diversifying and increasing access to Japanese market

Strategic relationship with MS&AD Group

- Increases access to Japanese market through MS&AD
- Opportunities for both Challenger and MS&AD
- Broadens Challenger's existing Japanese footprint

Equity placement to MS&AD

- $500m or 6.3% of issued capital (August 2017)
- Shareholding subsequently increased to ~15%[1] via market
- Representative joined Challenger Board
- MS&AD remain committed to its strategic relationship and being a major Challenger shareholder[2]

MS&AD Insurance Group

1 Japanese general insurer
#1 market share

- Mitsui Sumitomo Insurance
- Aioi Nissay Dowa Insurance
- Mitsui Direct General Insurance

2 Japanese life insurer
#9 market share
major foreign currency annuity provider

- Mitsui Sumitomo Aioi Life Insurance
- Mitsui Sumitomo Primary Life Insurance

3 International operations
operations in 49 countries
#1 ASEAN general insurer

MS Amlin — A Member of MS&AD INSURANCE GROUP
MSIG
Box Innovation

1H21 – 31 December 2020

1. Shareholding as at 31 December 2020.
2. MS&AD reserves the right to change its intentions and to acquire, dispose and vote Challenger shares as it sees fit.

MS Primary annuity relationship

Diversifying and increasing access to Japanese market

MS Primary

- MS&AD subsidiary
  - leading provider of foreign currency life products
  - extensive distribution footprint via bancassurance channel

MS Primary annuity relationship

- Reinsurance agreements with MS Primary covering A$ and US$ 20 year term annuity and A$ lifetime annuity
- Australian dollar reinsurance commenced November 2016
- Expanded reinsurance to include US$ term annuity[1]
  - commenced 1 July 2019
  - at least ¥50 billion (~A$670 million) in total A$ and US$ sales per year for minimum of five years[2]
  - provides reliable and diversified sales contribution

Mitsui Sumitomo Primary Life Insurance
MS&AD INSURANCE GROUP

Product overview

Term annuities – A$ and US$

- Australian and US dollar single premium product
- Whole-of life product with annuity payment period of 3, 5, 7, 10, 15 or 20 years plus benefit payable on death
- Product provides insurance (whole-of-life) – provided by MS Primary at end of 20 year fixed annuity term
- Challenger providing fixed rate amortising annuity – MS Primary assumes residual policy value at end of 20 year period

Lifetime annuity

- Australian dollar single premium product
- An immediate lifetime annuity delivering fixed annuity payments for life
- A minimum guaranteed benefit of 80% or 100% of the single premium sum repayable via the annuity stream or as a death benefit upon early death

1. Challenger Life has entered into an agreement with MS Primary to commence reinsuring the US dollar version of the 20-year term product. Challenger will provide a guaranteed interest rate and assume the investment risk in relation to those policies issued by MS Primary and reinsured by Challenger.
2. Subject to review in the event of a material adverse change for either MS Primary or Challenger Life. A$ amount based on 1 July 2020 exchange rate.

Life product overview

Providing customers with guaranteed income

Fixed term

35% of total book

Provides regular guaranteed payments for a fixed rate, fixed term

Average policy size[1] ~$200,000

Guaranteed Annuity

- Guaranteed rate
- Payment frequency options
- Inflation protection options
- Ability to draw capital as part of regular payment
- Tax free income[3]

Long term (including lifetime)

46% of total book

Provides guaranteed regular payments for life

Average policy size[1,2] ~$120,000

Liquid Lifetime

- Inflation protection options
- Liquidity options
- Tax free income[3]

CarePlus

- Designed for aged care
- Up to 100% death benefit

MS Primary (refer page 49)

Other

19% of total book

Institutional product providing guaranteed fixed income returns

Challenger Index Plus Fund

- Institutional product providing guaranteed excess return above a chosen index. Index Plus is available on traditional indices and customised indices

1H21 – 31 December 2020

1. Average 1H21 annuity policy size.
2. Average policy size for Liquid Lifetime and excludes CarePlus and MS Primary.
3. If bought with superannuation money and in retirement phase.

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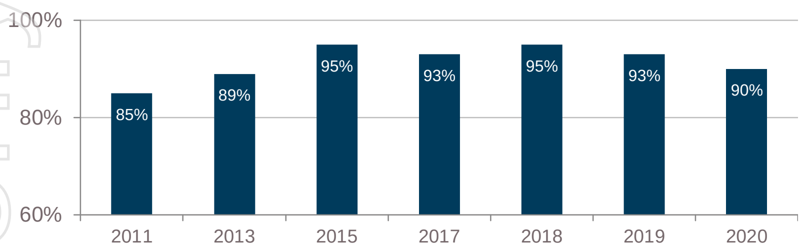
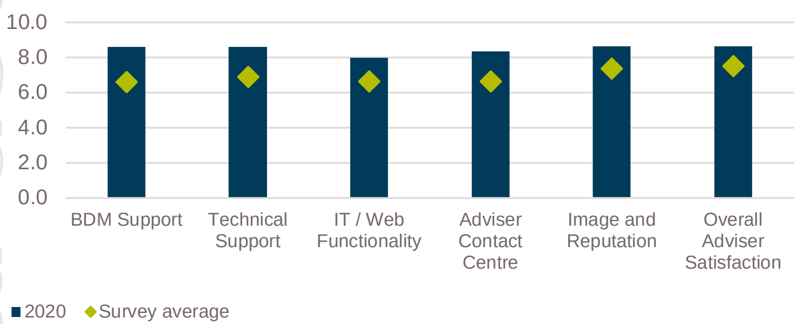
Clear leader in retirement incomes

Challenger rated #1 in overall adviser satisfaction

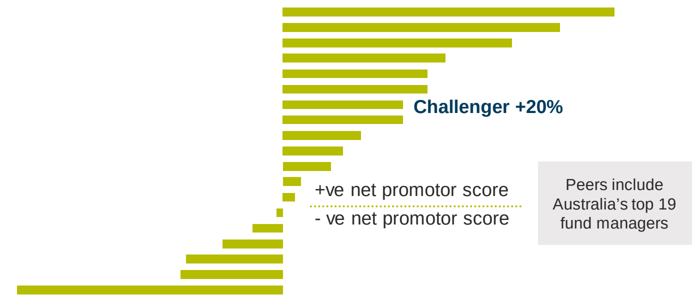
Brand strength: Leaders in Retirement Income[1]



Challenger adviser satisfaction[2]



Wealth Insights net promoter score[3]



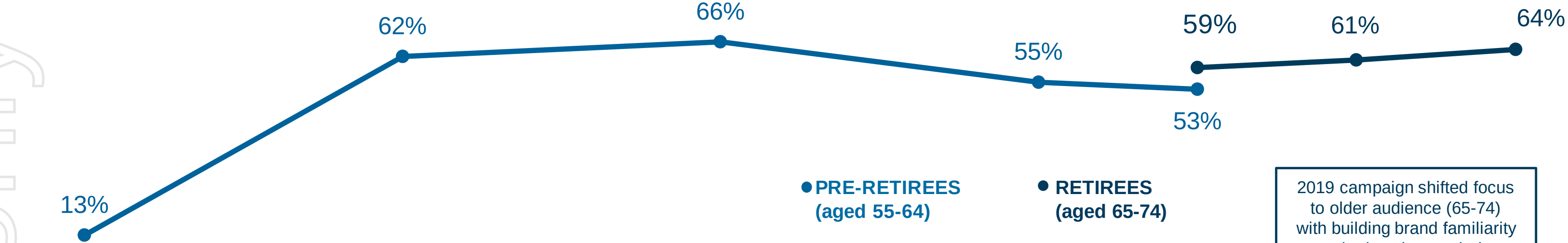
Challenger ranked #1[2]

- BDM Support (9th consecutive year)
- Technical Services (5th consecutive year)
- IT / Web Functionality (4th consecutive year)
- Adviser Contact Centre (5th consecutive year)
- Image and Reputation (5th consecutive year)
- Overall Adviser Satisfaction (5th consecutive year)

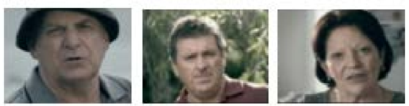
1. Marketing Pulse Adviser Study December 2020 (2011 to 2020).
2. 2020 Challenger annuities service level analysis conducted by Wealth Insights and compared to the broader Australian funds management market.
3. Wealth Insights 2020 Adviser Market Trends Report.

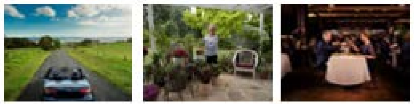
Customer brand journey

Evolution of brand and target audience



2019 campaign shifted focus to older audience (65-74) with building brand familiarity and education a priority





2011 | 2013 | 2016 | 2019

Real Stories

Focus of 2011 campaign was to increase brand awareness amongst 55-64 year olds

Retirement on Paper

Focus of 2013 campaign was to increase brand awareness amongst 55-64 & 65-74 year olds

Lifestyle Expectancy

Focus of 2016 campaign was to increase brand awareness & brand familiarity amongst 55-64 year olds (pre-retiree target)

Look Forward with Confidence

Focus of 2019/20 campaign was to increase brand awareness, brand familiarity and education amongst 65-74 year olds (retiree target)

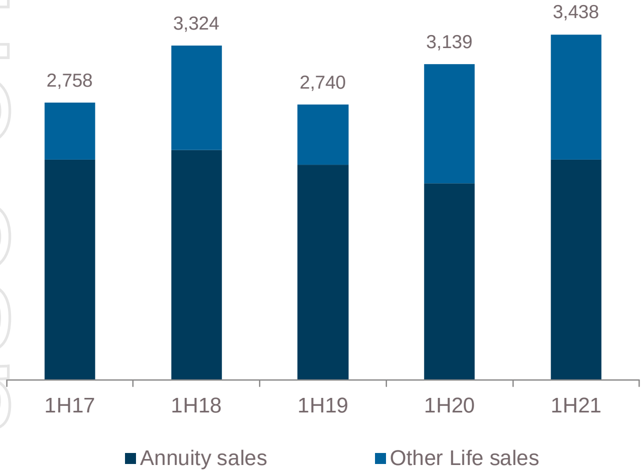
1H21 – 31 December 2020

Source: Customer – Newspoll Consumer Study (2011) – different question & methodology used prior to 2013. Customer – Hall & Partners Consumer Study (2013 to 2020) – people aged 55 to 64 years old and 65 to 74 years old.

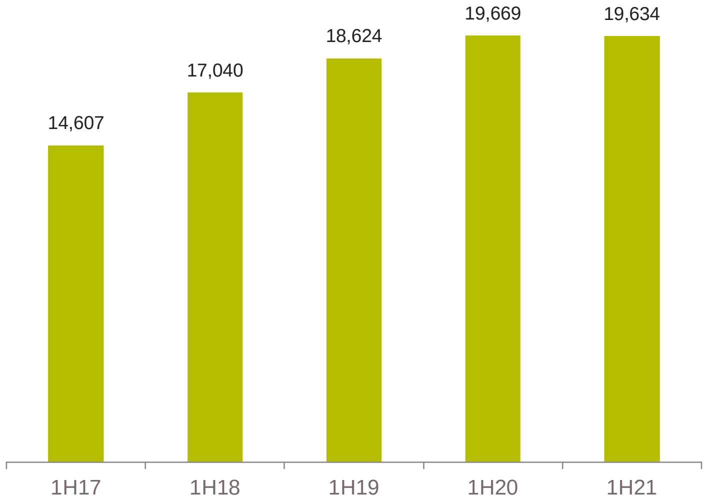
Life

Diversified distribution driving sales and AUM growth

Total Life sales ($m)
6% CAGR



Life AUM ($m)
8% CAGR

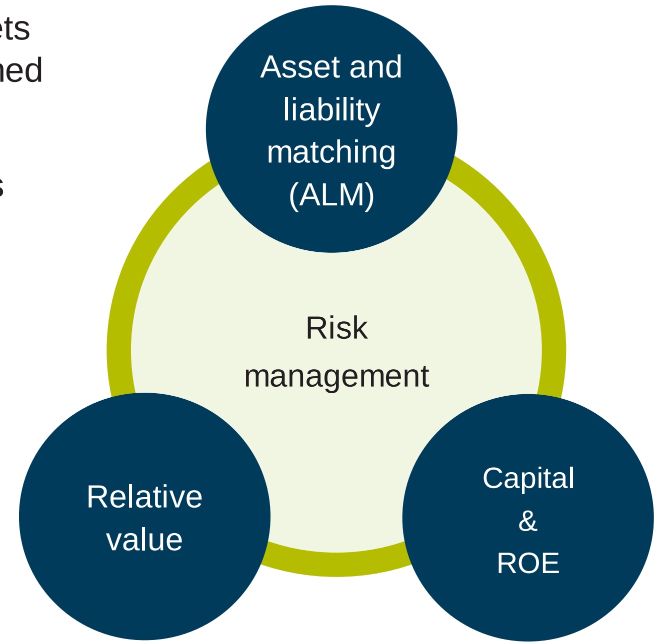


1H21 – 31 December 2020

Asset allocation framework

Consistently applied with strong risk management

- Fundamental principle – assets and liabilities cash flow matched
- Managed by dedicated team
- Liability maturity profile drives asset tenor



Risk management

- Strong governance framework
- Risk management entrenched in corporate culture
- Minimise unwanted risks such as interest rate, currency and inflation risks

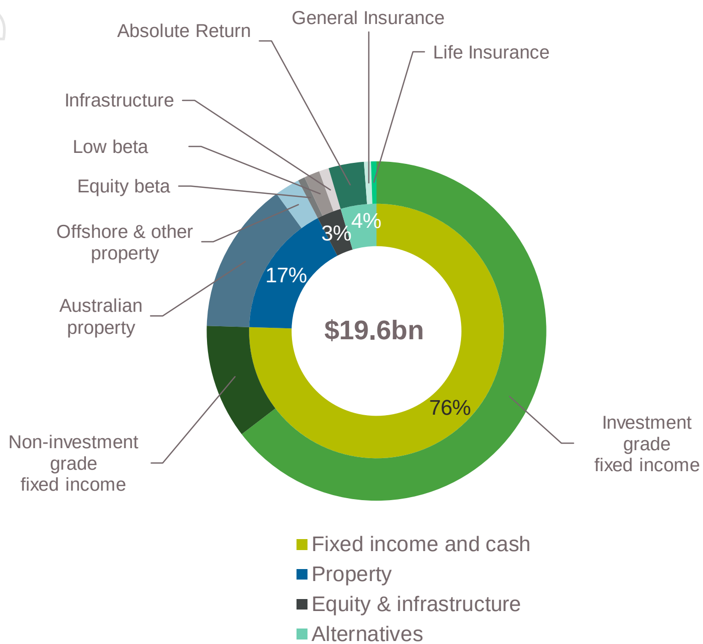
- Investment returns considered relative to base swap rates
- Illiquidity premium contributes to relative value

- Manage asset allocation to capital and ROE targets
- Investment decisions based on risk-adjusted returns

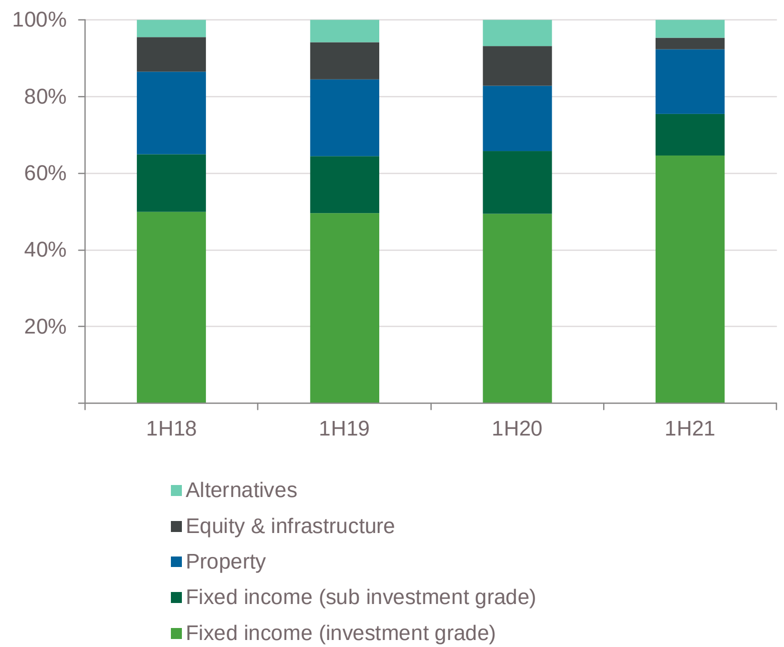
Life investment portfolio

High quality portfolio providing reliable income

Life investment portfolio[1]



Life investment portfolio – asset allocation



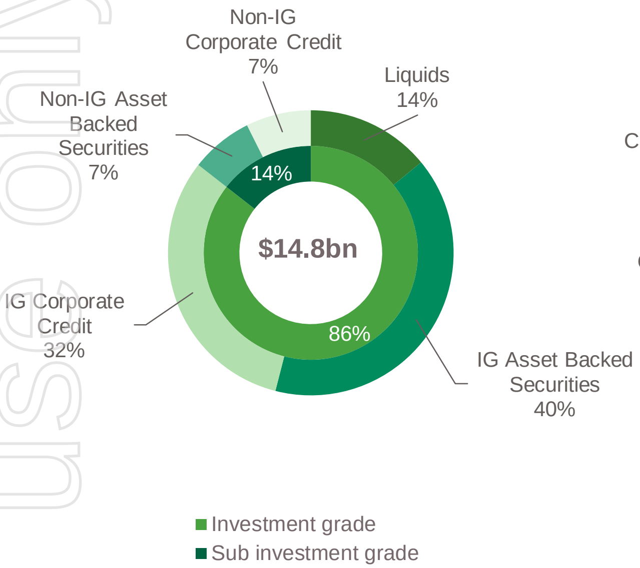
1H21 – 31 December 2020

1. As at 31 December 2020.

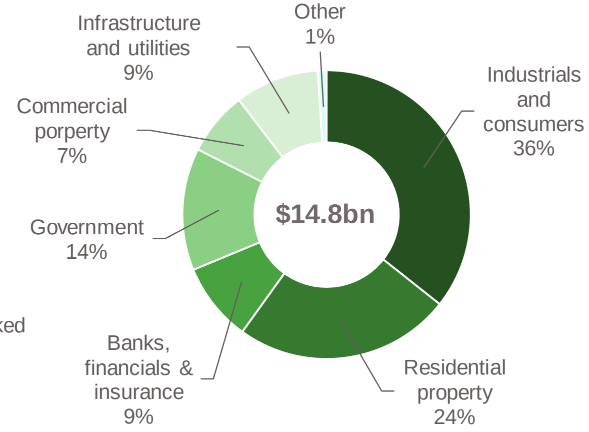
Fixed income portfolio

Represents 76% of portfolio[1] with 86% investment grade

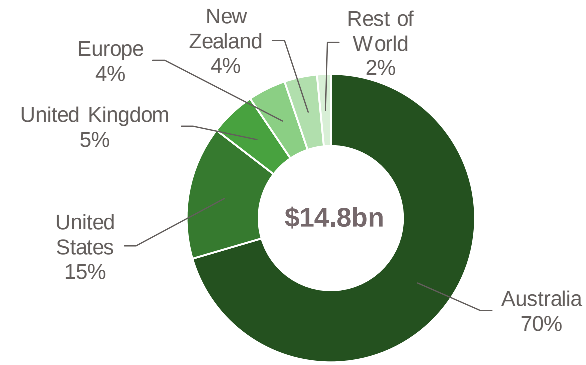
Fixed income portfolio by asset class[1]



Fixed income portfolio by sector[1]



Fixed income portfolio by geography[1]

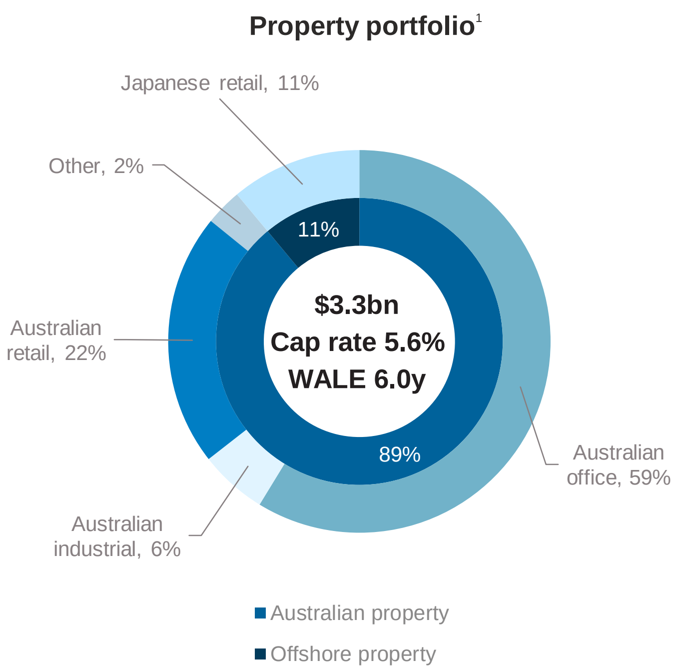


1H21 – 31 December 2020

1. As at 31 December 2020.

Property portfolio

Represents 17% of portfolio
All direct properties independently valued in December 2020



Australian office 59%; industrial 6%

- 11 office assets; 3 industrial assets
- Average cap rate 5.5% (office) & 5.7% (industrial); WALE[2] 6.6 years
- >50% of office rent from Government

Australian retail 22%

- 8 grocery anchored convenience based shopping centres
- Average cap rate 6.7%; WALE[2] 4.6 years
- ~50% of rental income from supermarkets, major banks, discount department stores and essential services

Japan retail & retail logistics 11%

- 19 predominantly grocery anchored neighbourhood centres
- 1 retail logistics facility
- Average cap rate 5.0%; WALE[2] 9.8 years
- >50% of rental income from supermarkets and pharmacies

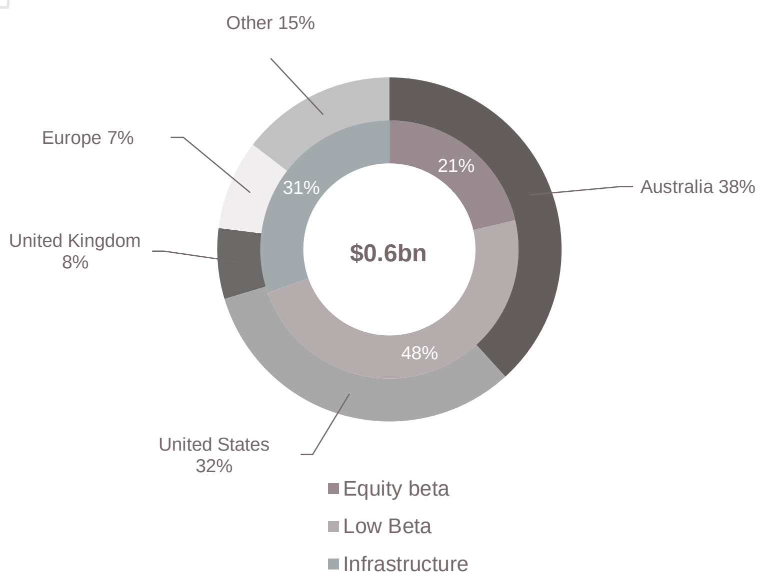
1H21 – 31 December 2020

1. Property portfolio as at 31 December 2020. Cap rates based on independent valuations undertaken in December 2020 (excluding County Court which is valued on a depreciated replacement cost basis).
2. Weighted Average Lease Expiry as at 31 December 2020. Assume tenants do not terminate leases prior to expiry of specified lease terms.

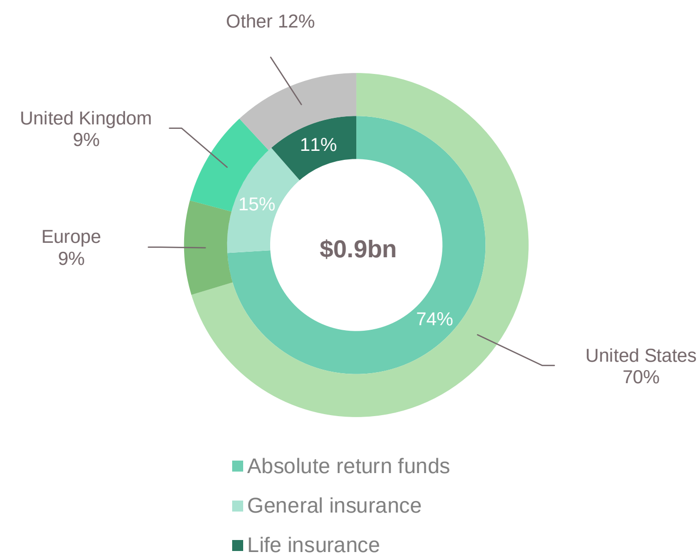
Life investment portfolio

Equity and infrastructure 3% of portfolio; Alternatives 4% of portfolio

Equity and infrastructure portfolio[1]



Alternatives portfolio[1]



1H21 – 31 December 2020

1. As at 31 December 2020.

Normalised profit framework

Reflects underlying performance of Life business

Investment Experience

Asset and policyholder liability valuation movements plus net new business strain

Asset and policy liability experience

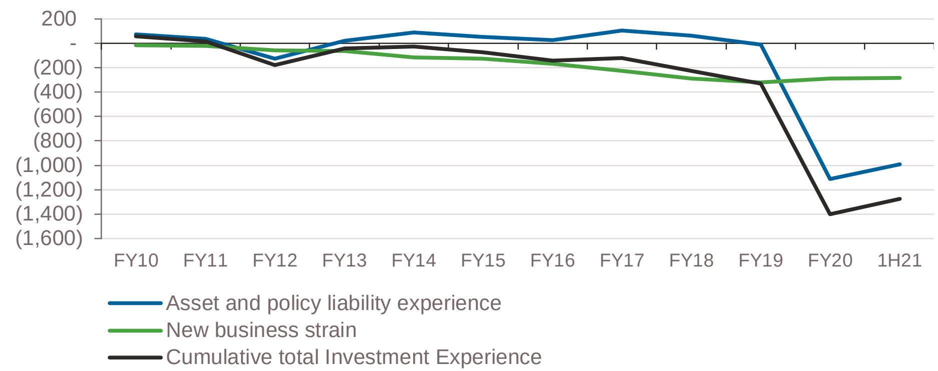
Difference between expected capital growth[1] for each asset class compared to actual investment returns

Includes impact of changes in macroeconomic variables[2] on the valuation of Life's liabilities

New business strain

New business strain is a non-cash accounting adjustment recognised when annuity rates on new business are higher than the discount rate (risk free rate plus an illiquidity premium[3]) used to fair value annuities. New business strain unwinds over the annuity contract

Cumulative Investment Experience (pre-tax) ($m)



FY20 normalised assumptions p.a.[1]	FY20	FY21
Fixed income (allowance for credit default)	-35 bps	-35 bps
Property	2.0%	2.0%
Infrastructure	4.0%	n/a
Equities and other	3.5%	n/a
Equity and infrastructure (from 1 July 2020)	n/a	4.0%
Alternatives (from 1 July 2020)	n/a	0.0%

1H21 – 31 December 2020

1. Based on normalised assumptions. Normalised profit framework and a reconciliation to statutory net profit after tax is disclosed in the 2021 Interim Report - Operating and Financial Review section 8. Normalised growth assumptions have been updated in FY21 for category changes and to ensure they reflect both the nature of the investments and long-term expected investment returns.
2. Macroeconomic variables include changes to bond yields, inflation factors, expense assumptions and other factors.
3. Annuities are fair valued using a risk-free discount rate, based on the Australian Commonwealth Government bond curve plus an illiquidity premium.

Asset and liability matching

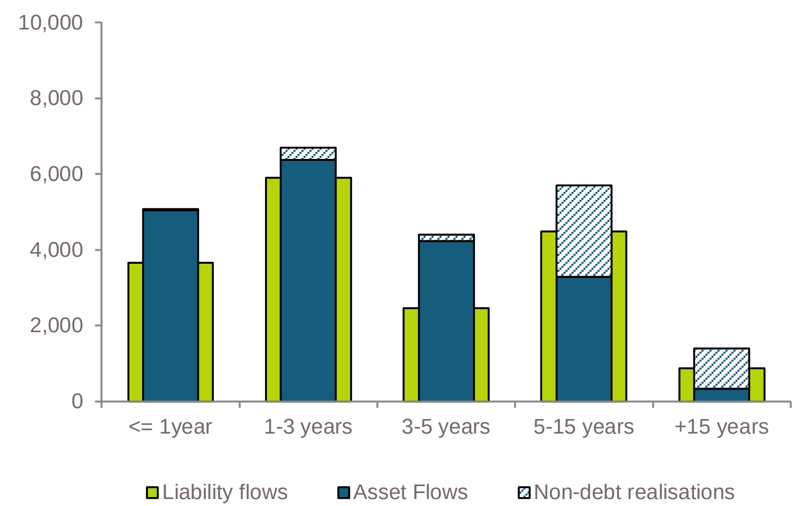
Unwanted risks mitigated with assets and liabilities cash flow matched

- Assets deliver contracted cash flows to match liability flows
- Risk appetite seeks to minimise duration mismatch
- Asset and liability matching impacts asset allocation

Minimise exposure to

- Foreign exchange risk
- Interest rate risk
- Inflation risk
- Liquidity risk
- Licence risk
- Operational risk

Asset and liability cash flow matching ($m)[1]



1H21 – 31 December 2020

1. As at 31 December 2020.

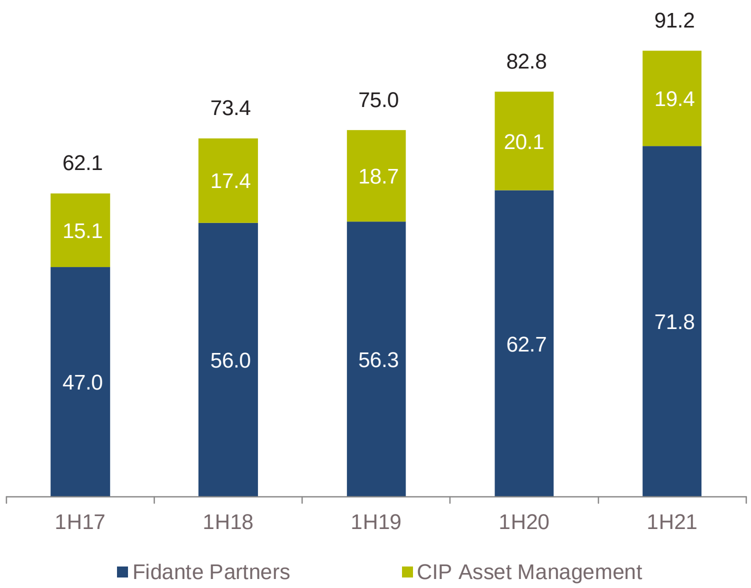
Funds Management

Strong FUM growth track record

- Fidante Partners
  - growing multiple boutique platform
  - located in Australia, UK and Japan
  - asset class diversification

- CIP Asset Management
  - proven track record in asset origination
  - strong investment performance
  - growing 3rd party credit and property offerings

Funds Under Management (FUM) ($bn)
10% CAGR

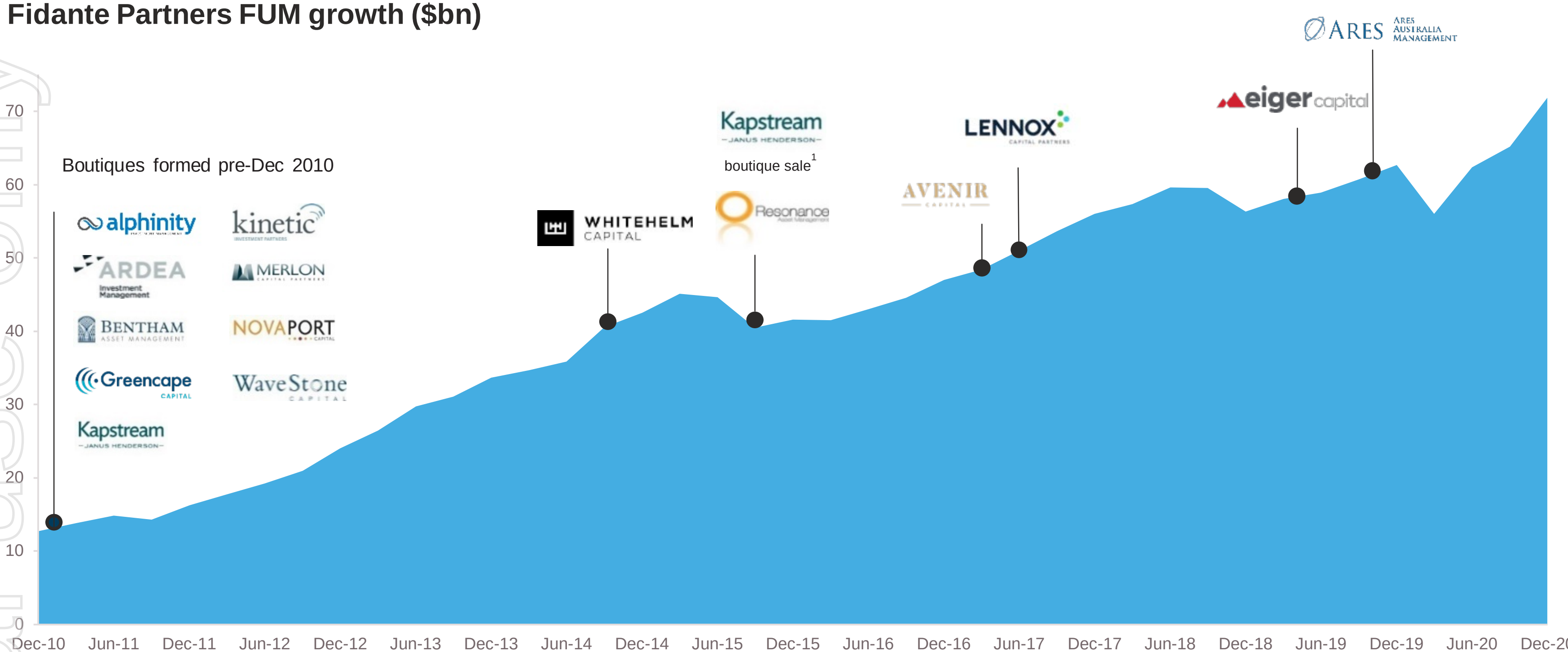


1H21 – 31 December 2020

Fidante Partners capability

Adding new managers and expanding distribution footprint

Fidante Partners FUM growth ($bn)



1H21 – 31 December 2020

1. In July 2015 Kapstream was sold and $5.4bn of institutional FUM was derecognised. Fidante Partners continues to distribute Kapstream products to retail clients.

Funds Management – multiple brands and strategies

Scalable and diversified ~$91bn of FUM

Equities $30.2bn[1]

alphinity
WaveStone CAPITAL
LENNOX CAPITAL PARTNERS
Greencape CAPITAL
NOVAPORT CAPITAL
AVENIR CAPITAL
kinetic INVESTMENT PARTNERS
MERLON CAPITAL PARTNERS
eiger capital

Multiple brands & strategies

Alternatives $11.4bn[1]

WHITEHELM CAPITAL
ARES AUSTRALIA MANAGEMENT
Resonance Asset Management
cipam

Fixed Income $49.6bn[1]

Kapstream — JANUS HENDERSON —
ARDEA Investment Management
BENTHAM ASSET MANAGEMENT

1H21 – 31 December 2020

1. Funds Under Management (FUM) as at 31 December 2020.

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Fidante Partners boutique managers

Diversified managers and investment strategies

Boutique	Partnership commenced	Asset class
Alphinity	Aug 2010	Boutique – Australian and global equities
Ardea Investment Management	Nov 2008	Boutique – Australian fixed income
Avenir Capital	Feb 2017	Boutique – Global equities
Ares Australia Management	Oct 2019	Boutique – Global credit & alternative portfolios
Bentham Asset Management	Jun 2010	Boutique – Global credit portfolios
Eiger Capital	Apr 2019	Boutique – Australian small cap equities
Greencape Capital	Sep 2006	Boutique – Mid and large cap Australian equities
Kapstream Janus Henderson	Feb 2007	Boutique – Global fixed income

Boutique	Partnership commenced	Asset class
Kinetic	Oct 2005	Boutique – Australian small cap equities
Lennox Capital Partners	Mar 2017	Boutique – Australian small cap equities
Merlon Capital Partners	May 2010	Boutique – Australian equities (income focus)
NovaPort Capital	Aug 2010	Boutique – Australian small and micro cap equities
Resonance Asset Management	Jul 2015	Boutique – Renewable energy and water infrastructure
WaveStone Capital	Nov 2008	Boutique – Australian equities (long only & long/short)
Whitehelm Capital	Jul 2014	Boutique – Global core infrastructure

Fidante Partners

Contemporary model with strong alignment of interests

Administration services

- Investment operations
- Client operations
- Risk and compliance
- IT infrastructure
- Finance
- Human Resources
- Company Secretarial
- Facilities

Distribution services

- Asset consultant & research
- Strategic positioning
- Product development
- Brand & marketing
- Sales planning & execution
- Investor relationships
- Client services
- Responsible Entity (RE)

Partnership

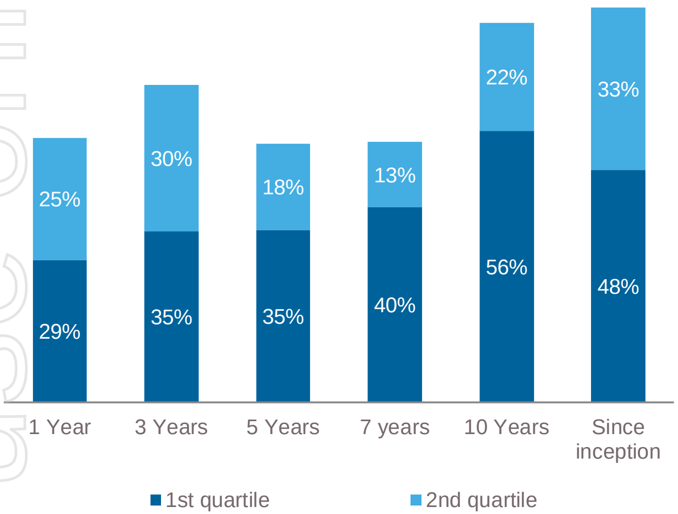
- Equity participation and revenue share (Fidante non-controlling interest)
- Business planning, budgeting, strategic development, succession planning

1. As at 31 December 2020.

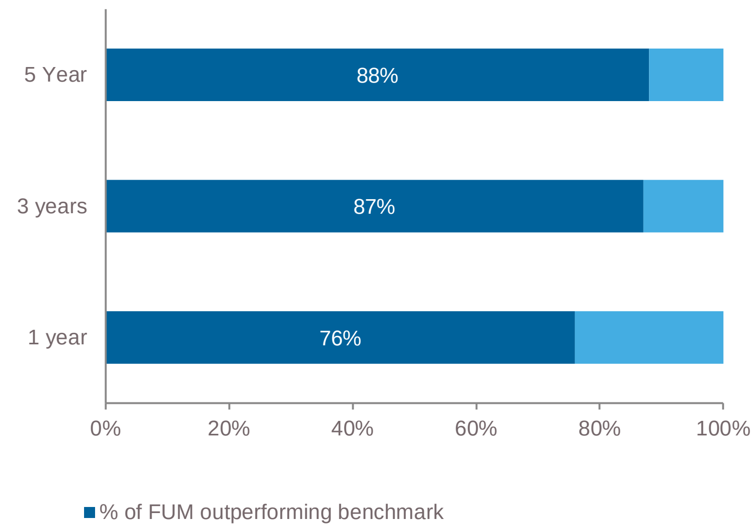
Fidante Partners investment performance

Strong performance underpinning FUM growth

Fidante Partners percentage of funds 1st or 2nd quartile[1]



Fidante Partners performance relative to benchmark[2]



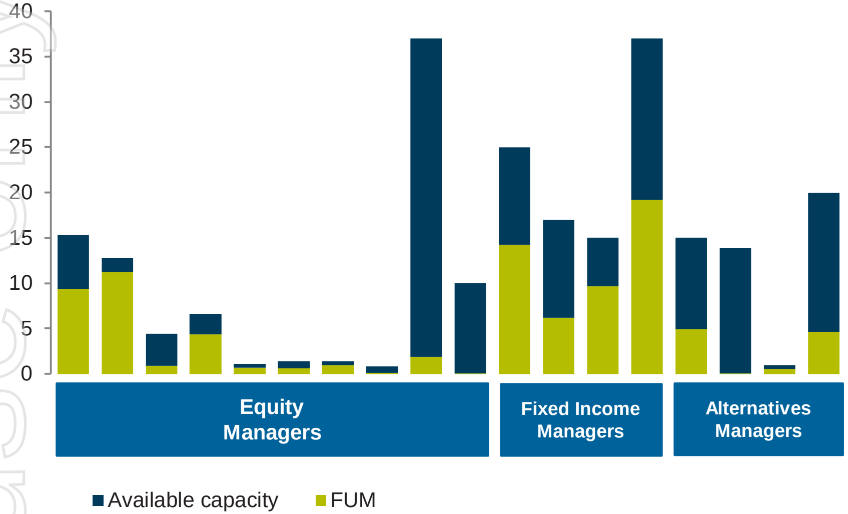
1H21 – 31 December 2020

1. Source: Mercer as at December 2020.
2. Fidante Partners Australian boutiques as at 31 December 2020.

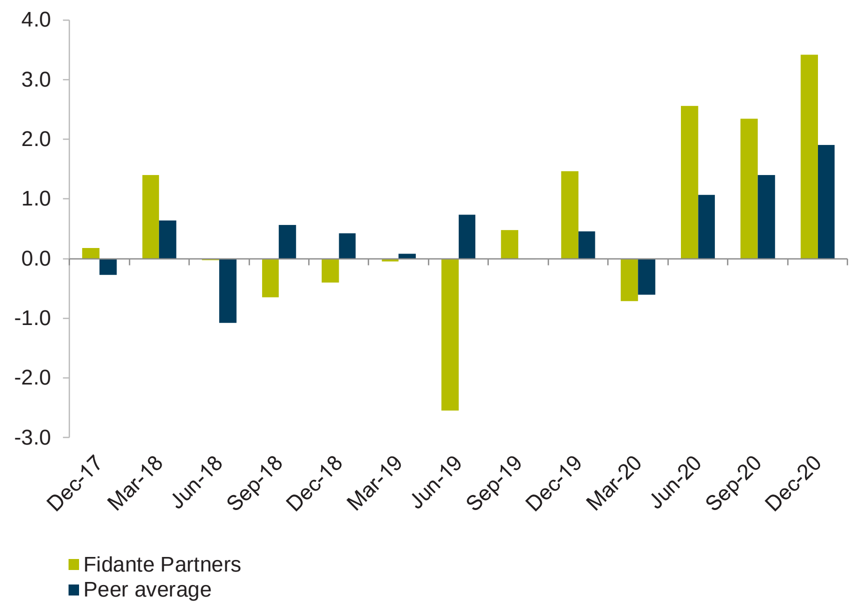
Funds Management

Growth supported by available capacity

Manager capacity ($bn)



Quarterly net flows vs peers[1] ($bn)



- ~$140bn of available capacity
- Capacity provides platform for growth

1H21 – 31 December 2020

1. Quarterly net flows for peers, including AMP Capital Investors, Magellan, Pendal, Pacific Current Group, Perpetual, and Platinum. December 2020 peer net flows includes only those that have reported June 2020 data by 4 February 2021.

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CIP Asset Management

Proven long-term investment track record and capability

- $19 billion of FUM[1]
- Investment manager for Challenger Life and third party institutions
- Clients benefit from experience and market insights through breadth and scale of mandates

Trusted partner	Asset specialisation	Institutional clients
• Local relationships • Asset origination capability • Proven track record • Strong execution • Risk management expertise • Excellent client service • Strong compliance culture	 cipam	• Sovereign wealth funds • Government bodies • Australian superannuation funds • International funds • International insurance companies • Pension funds • Large family offices • Manage ~76% of Life's portfolio

1H21 – 31 December 2020

1. As at 31 December 2020.

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Important note

The material in this presentation is general background information about Challenger Limited group's activities and is current at the date of this presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

Challenger also provides statutory reporting as prescribed under the Corporations Act 2001. The 2021 Interim Report is available from Challenger's website at www.challenger.com.au. This presentation is not audited. The statutory net profit after tax has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Challenger's external auditors, Ernst & Young, have reviewed the statutory net profit after tax. Normalised net profit after tax has been prepared in accordance with a normalised profit framework. The normalised profit framework has been disclosed in the Operating and Financial Review section of the Directors' Report in the Challenger Limited 2021 Interim Report. The normalised profit after tax has been subject to a review performed by Ernst & Young. Any additional financial information in this presentation which is not included in Challenger Limited 2021 Interim Report was not subject to independent review by Ernst & Young.

This document may contain certain 'forward-looking statements'. The words 'forecast', 'expect', 'guidance', 'intend', 'will' and other similar expressions are intended to identify forward-looking statements. Forecasts or indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. While due care and attention has been used in the preparation of forward-looking statements, forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Challenger. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Challenger disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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Unless otherwise indicated, all numerical comparisons are to the prior corresponding period.