Market Release

19 October 2026

First quarter update

- Challenger Assets Under Management (AUM) $31.9 billion, up 5% for the quarter
- Total sales $4.4 billion, up 52%[1]
    - Fixed term sales $2.2 billion, up 103%
    - Offshore reinsurance sales $320 million, up 30%
    - Lifetime sales $314 million[2], down 2%
- Net annuity flows $1.1 billion or 6.3% annuity book growth for the quarter[3]

Challenger Limited (ASX:CGF) today reported its first quarter AUM, annuity sales and net flows.

Managing Director and Chief Executive Officer, Nick Hamilton said:

"We have started the year strongly, with continued momentum across our retirement business driven by growing customer demand, new distribution channels, and execution of our growth strategy.

"Sales momentum was strong across both domestic and offshore annuities, supported by demand for guaranteed income solutions in Australia and Japan.

"Innovation remains a key driver of our future growth. In July, we launched the $6 billion Challenger Annuity-Backed Notes (CABN) program, creating a new channel to support annuity book growth and diversify our funding sources. Strong investor demand for the inaugural issuance of a $750 million AUD-denominated wholesale three-year note highlights the attractiveness of the solution and provides the opportunity to expand future issuances across a range of tenors. The RBA's recent approval of repurchase agreement eligibility further enhances the attractiveness of the CABN.

"Our strategy has seen us expand the channels across which we distribute, enlarging our addressable market and supporting faster growth. Our capital position, unique capabilities and growing demand for yield is shifting our growth trajectory.

"We are progressing the proposed merger of Fidante and Channel Capital and expect the transaction to complete later this half. This will create a scaled investment management platform and a more focused Challenger centred on retirement income.

"With APRA's new capital standards for insurers of longevity products coming into effect 1 July 2026, Challenger is now a more resilient and capital-efficient business, capturing the significant opportunity for guaranteed income."

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AUM and sales

Challenger's AUM increased 5% for the quarter to $31.9 billion reflecting book growth, partially offset by capital returned to shareholders. Challenger investment assets comprised Insurance investment assets of $27.7 billion and third-party AUM of $4.2 billion.

Total sales increased 52% to $4.4 billion driven by record annuity sales and strong Index Plus sales.

Net annuity flows were $1.1 billion, with annuity book growth of 6.3%[3] for the quarter. Total net flows, including Index Plus and LiFTS, were $1.8 billion representing total book growth of 7.7%[3] for the quarter.

Annuity sales increased by 72% to $2.8 billion driven by strong fixed term sales and offshore reinsurance annuity sales. Maturities for the quarter were 8%[4] of opening period annuity liability reflecting prior period sales. As previously announced, the FY27 maturity rate is expected to be ~26%.

Fixed term sales were up 103% to $2.2 billion driven by the inaugural issuance of a $750 million AUD-denominated 3-year CABN in July and very strong demand for fixed term annuities greater than 2-years in tenor supported by the higher rate environment and demand for yield.

Lifetime sales were $314 million[2], supported by continued demand for lifetime income solutions.

Offshore reinsurance sales continued their strong momentum increasing 30% to $320 million driven by strong demand for Yen-denominated annuities in Japan.

The tenor of new business annuity sales[5] was 5 years, which continues to have a positive effect on overall book composition.

Challenger Index Plus and LiFTS sales increased by 27% to $1.6 billion, benefiting from new Index Plus client sales and a $115 million wholesale note issuance that builds on the existing LiFTS programme. Challenger has been successful in extending the tenor of Index Plus business being written in the quarter, with the tenor of new business sales increasing to 4 years compared to 2 years in the first quarter of 2026.

Fidante

In June 2026, Challenger announced the merger of its multi-affiliate funds management business, Fidante, with Channel Capital. The transaction remains on track for completion later this half, subject to regulatory approvals and separation activities. At completion of the transaction, Challenger will own 45% of the merged entity's equity. The merger ensures Challenger remains the strategic holder of a more diversified active funds management platform with a global footprint, and market leading capabilities across public and private strategies.

Fidante's FUM was $85 billion, a decrease of $4.5 billion or 5% for the quarter and included net outflows of $3.3 billion, client distributions of $0.7 billion and negative market movements of $0.5 billion. Net outflows primarily related to equity strategies ($4.6 billion), partially offset by inflows in alternative strategies ($1.3 billion).

Supplementary disclosures

To assist in further understanding the new reporting framework, an Excel version containing the historical supplementary disclosures can be accessed on Challenger's website at https://www.challenger.com.au/aboutus/shareholder-centre/financial-information.

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This release has been authorised by Challenger's Continuous Disclosure Committee.

About Challenger

Established in 1985, Challenger is Australia's leading retirement income business with a purpose to provide customers with financial security for a better retirement. We do this by helping Australians convert their accumulated savings into reliable and sustainable retirement income. At the same time, we provide income solutions for institutional investors through our leading credit origination capabilities, providing access to high-quality investment opportunities across public and private markets.

Challenger runs an APRA-regulated life company that provides income solutions to customers, and we are listed on the Australian Securities Exchange (ASX).

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[1] All commentary compares the September 2026 quarter against the September 2025 quarter (the prior corresponding period or pcp), unless otherwise stated.

[2] Lifetime annuity sales of $314 million includes Liquid Lifetime sales of $123 million and CarePlus sales of $191 million.

[3] Book growth percentage represents net flows for the period divided by opening liability balances for the financial year.

[4] Maturity rate represents the value of Life annuities maturing and repayments (excluding interest payments) in the period as a proportion of opening Life annuity liabilities (undiscounted) of $20.7 billion.

[5] Based on new business annuity sales, including fixed term sales and Lifetime sales, excluding reinvestments.

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Assets Under Management and sales

$m	Q1 27	Q4 26	Q3 26	Q2 26	Q1 26
Assets Under Management					
Insurance assets	27,745	26,645	26,285	26,486	26,007
Third-party assets	4,171	3,870	3,814	3,718	3,477
Total Challenger Assets Under Management	**31,916**	**30,515**	**30,099**	**30,204**	**29,484**
Fidante	85,047	89,528	86,185	98,026	91,413
Total Challenger and Fidante Assets Under Management	**116,963**	**120,043**	**116,284**	**128,230**	**120,897**
Insurance assets					
Fixed income and cash[1]	20,688	19,582	19,154	19,568	19,322
Alternatives	3,701	3,760	3,831	3,587	3,396
Property[1]	2,680	2,662	2,644	2,660	2,614
Equity and infrastructure[1]	676	641	656	671	675
Total insurance assets	**27,745**	**26,645**	**26,285**	**26,486**	**26,007**
Average insurance assets[2]	**27,299**	**26,337**	**26,426**	**26,318**	**25,863**
Third-party assets					
Fixed income	3,696	3,382	3,335	3,383	3,135
Property and alternatives	475	488	479	335	342
Total third-party assets	**4,171**	**3,870**	**3,814**	**3,718**	**3,477**
Average third-party assets[2]	**4,136**	**3,827**	**3,783**	**3,561**	**3,157**
Sales					
Fixed term sales - 1-year or less	199	178	143	256	185
Fixed term sales - More than 1-year	360	283	210	249	275
Fixed term retail sales	**559**	**461**	**353**	**505**	**460**
Fixed term sales - 1-year or less	314	191	137	796	591
Fixed term sales - More than 1-year	1,316	23	27	30	28
Fixed term institutional sales	**1,630**	**214**	**164**	**826**	**619**
Total fixed term sales	**2,189**	**675**	**517**	**1,330**	**1,079**
Lifetime sales[3]	314	353	289	362	320
Offshore reinsurance sales	320	259	281	449	246
Total annuity sales	**2,823**	**1,287**	**1,087**	**2,141**	**1,645**
Maturities and repayments	(1,722)	(1,019)	(813)	(1,344)	(1,230)
Net annuity flows	**1,101**	**268**	**274**	**797**	**415**
Annuity book growth[4]	**6.3%**	**1.6%**	**1.7%**	**4.9%**	**2.5%**
Index Plus and LiFTS sales[5]	1,552	1,453	629	454	1,224
Index Plus and LiFTS maturities and repayments	(891)	(1,257)	(649)	(682)	(609)
Index Plus and LiFTS net flows	**661**	**196**	**(20)**	**(228)**	**615**
Index Plus and LiFTS book growth[4,5]	**11.8%**	**3.9%**	**(0.4%)**	**(4.5%)**	**12.1%**
Total sales[5]	4,375	2,740	1,716	2,595	2,869
Total maturities and repayments	(2,613)	(2,276)	(1,462)	(2,026)	(1,839)
Total net flows	**1,762**	**464**	**254**	**569**	**1,030**
Total book growth[4,5]	**7.7%**	**2.2%**	**1.2%**	**2.6%**	**4.8%**

[1] Fixed income, property and infrastructure are reported net of debt.
[2] Average assets and funds under management are calculated on a monthly basis.
[3] Lifetime sales include CarePlus, a product that pays income for life and is specifically designed for the aged care market.
[4] Book growth percentage represents net flows for the period divided by opening book value for the financial year.
[5] Q1 27 and Q1 26 includes Listed Floating Rate Term Securities (LiFTS) sales, opening liabilities and book growth.

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Fidante Funds Under Management and net flows

$m	Q1 27	Q4 26	Q3 26	Q2 26	Q1 26
Funds Under Management					
Australian Equities	35,163	35,955	33,226	35,443	37,956
Global Equities[1]	10,165	14,534	13,181	21,459	21,407
Fixed Income[2,3]	22,419	22,734	24,939	26,217	29,783
Alternatives[4]	17,300	16,305	14,839	14,907	2,267
Closing FUM	**85,047**	**89,528**	**86,185**	**98,026**	**91,413**
Institutional[1,2,3,4]	70,140	73,815	70,750	82,016	73,641
Retail[3,4]	14,907	15,713	15,435	16,010	17,772
Closing FUM	**85,047**	**89,528**	**86,185**	**98,026**	**91,413**
Average FUM[5]	**86,358**	**88,113**	**93,809**	**91,121**	**95,892**
Analysis of flows					
Australian Equities	(462)	1,566	(986)	(1,717)	(2,544)
Global Equities[1]	(4,143)	(235)	(6,325)	67	(5,036)
Fixed Income[2,3]	21	(2,467)	(907)	(3,589)	1,607
Alternatives[4]	1,298	1,567	(217)	12,668	20
Total net flows	**(3,286)**	**431**	**(8,435)**	**7,429**	**(5,953)**
Institutional[1,2,3,4]	(2,979)	543	(8,339)	9,025	(6,312)
Retail[3,4]	(307)	(112)	(96)	(1,596)	359
Total net flows	**(3,286)**	**431**	**(8,435)**	**7,429**	**(5,953)**

[1] Q3 26 includes $0.8bn FUM derecognition from Ox Capital Management.
[2] Q1 26 includes $1.3bn FUM recognition from Kapstream.
[3] Q2 26 includes $2.9bn FUM derecognition following the completion of the distribution agreement with Ares.
[4] Q2 26 includes $12.6bn FUM recognition following the acquisition of a substantial minority stake and securing exclusive distribution rights across Australia, New Zealand and Asia for Fulcrum Asset Management.
[5] Average FUM is calculated on a monthly basis.

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