

CHALLENGER INVESTOR DAY

BUILDING A MORE DIVERSIFIED BUSINESS, MEETING MORE CUSTOMER NEEDS

One Challenger

- Expanding Challenger brand to include Bank and CIP Asset Management
- Building a more diversified business, broadening product offering and distribution channels to bring the best of Challenger to more customers

Building strong strategic partnerships

- Progress in Apollo joint venture opportunity to build a lending platform
- Non-binding MoU with SimCorp to establish joint venture providing leading investment operations platform

On track to meet full year guidance

- FY22 earnings expected to be towards the upper end of guidance range

Challenger Limited (ASX:CGF) today provided an update on its strategy as it focuses on building a more diversified business that meets a wider range of customer needs.

Challenger CEO and Managing Director Nick Hamilton stated that the business will build on its strong foundations as a leader in retirement incomes, and is well positioned for growth:

“We have an exciting opportunity to bring the best of Challenger to more customers than we do today. To achieve this, we will expand our brand and deliver more products across a greater number of channels. We will also focus on our investment capability and operating platform to deliver more of what our customers need.

“As we progress our ‘one Challenger’ priority, we will capitalise on the expertise across our talented team to play a more meaningful role in our customers’ lives and enhance shareholder outcomes.

“I am delighted that we have made progress in developing strategic partnerships with Apollo and SimCorp, which are strongly aligned to our approach of working with global partners to diversify and grow our business.

“The joint venture opportunity with Apollo reflects the continued success of our relationship, which we have been developing over a number of months. This opportunity would also address an underserved market, leverage the capabilities of the group and provide business diversification.

“Our joint venture with SimCorp will leverage Challenger’s existing investment operations capability and deliver Australia’s first end-to-end investment administration platform. We see an untapped opportunity to deliver these critical services to leading financial services organisations and asset owners.

“We have a strong business and core platform, but we can be even more. Through executing our strategy, we will take a broader stance in retirement and seize the exciting opportunities ahead.”

‘One Challenger’ priority

Under the ‘one Challenger’ priority, Challenger intends to bring the best of the business to even more Australians. This includes expanding the Challenger brand from a leader in retirement incomes, to a brand synonymous with high-quality income generating products and a wider retirement offering.

As part of this strategy, CIP Asset Management will move to the Challenger brand, as Challenger Investment Management over the next six months. Work is also well progressed to transition the Bank and its products to the Challenger brand by the end of this financial year, leveraging Challenger’s position as the leader in retirement incomes.

Challenger and Apollo continue to progress strategic partnership

Challenger continues to progress its strategic partnership with Apollo (NYSE:APO).

Challenger and Apollo share a common purpose, strong complementary skills and capabilities.

Both parties are working together on a range of opportunities to help customers achieve financial security in retirement and deliver meaningful value for their shareholders.

Initiatives under discussion include investment and life risk opportunities, product and distribution opportunities and investigating joint venture opportunities, as previously announced.

The joint venture opportunity aims to build a lending platform and the teams are working diligently to ensure the foundations of the joint venture are strong, including structural, tax and regulatory considerations.

The proposed initiative would also leverage the capabilities of both Challenger and Apollo to drive opportunities for growth for both firms. It would bring together Challenger’s operating platform and relationships across Australian lending markets with Apollo’s extensive global scale, whilst also providing important business diversification.

Challenger announces non-binding Memorandum of Understanding with SimCorp

Challenger has also entered into a non-binding Memorandum of Understanding with SimCorp (CSE:SIM) – a global leader in investment administration services – with the intention to establish a joint venture to provide a market-leading investment operations platform, servicing customers across Australia, and APAC.

The proposed joint venture will leverage the capabilities of both Challenger and SimCorp to provide Australia’s first fully technology-led, integrated front-to-back cloud-based investment operations platform. The initiative will provide investment administration as a service to Challenger, Fidante and third-party clients.

The proposed joint venture builds on a long standing 17-year business relationship between Challenger and SimCorp and is expected to be operational in the first half of FY23. The platform

will be powered by SimCorp's investment management solution, Dimension, and operated by Challenger's experienced investment operations team.

Challenger will be a majority owner of the joint venture.

David Mackaway, Challenger's Group Chief Operating Officer, will be appointed as Chief Executive Officer of the joint venture and lead the business. David has significant industry experience, an intrinsic understanding of Challenger's operational requirements and is ideally positioned to realise the significant opportunity ahead.

Bank integration update

The Bank forms a key component of Challenger's growth strategy by broadening its customer reach and providing access to the significant term deposit market.

Since the completion of the acquisition, Challenger has focused on building out the Bank's lending capability and distribution strategy, integrating systems and expanding the team.

To date, Challenger has taken a very disciplined approach to deposit and asset growth until the Bank's lending program was established. Challenger recently received approval from APRA to commence certain types of non-retail lending, including SME, commercial real estate and corporate lending. This is a significant milestone, providing the opportunity to expand Challenger's guaranteed income offering and leverage the business' superior yield origination platform.

FY22 outlook

Challenger reaffirms its FY22 normalised net profit before tax guidance and expects to be towards the upper end of the \$430 million to \$480 million guidance range.

Underpinning Challenger's growing, successful franchise, is a strong balance sheet and sustainable capital settings. The business is strongly capitalised with a Life PCA ratio¹ of 1.61 times, as at April 2022, which is towards the upper end of its target range.

ENDS

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

¹ PCA ratio represents total Challenger Life Company Limited (CLC) Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount (PCA) and is as at 30 April 2022.

About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates three core investment businesses – a fiduciary Funds Management division, an APRA-regulated Life division and an APRA regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

About Apollo

Apollo is a high-growth, global alternative asset manager. The asset management business seeks to provide clients excess return at every point along the risk-reward spectrum from investment grade to private equity with a focus on three investing strategies: yield, hybrid, and equity. For more than three decades, investing expertise across the fully integrated platform has served the financial return needs of clients and provided businesses with innovative capital solutions for growth. Through Athene, the retirement services business, Apollo specialises in helping clients achieve financial security by providing a suite of retirement savings products and acting as a solutions provider to institutions. The patient, creative, and knowledgeable approach to investing aligns clients, businesses invested in, employees, and the communities impacted, to expand opportunity and achieve positive outcomes. As of March 31, 2022, Apollo had approximately US\$513 billion of assets under management. To learn more, please visit www.apollo.com.

About SimCorp

SimCorp was founded in 1971 and is the world's leading provider of multi-asset integrated investment management solutions. SimCorp's platform and ecosystem, comprising of partners, services and third-party connectivity, empower the company to provide 40% of the world's top 100 financial companies with the efficiency and flexibility needed to succeed.

SimCorp has its headquarters in Copenhagen and has offices in over 25 locations throughout Europe, Asia, and North America, and has more than 2,000 employees.

For more information visit www.simcorp.com.

For more information contact:**Mark Chen**

Head of Investor Relations
Mob +61 423 823 209
machen@challenger.com.au

Jane Keeley

Head of External Communication
Mob +61 402 663 522
jkeeley@challenger.com.au

Irene Xu

Investor Relations Manager
Mob +61 451 822 326
ixu@challenger.com.au

Rhiannon Hornsey

Head of Corporate Affairs & Sustainability
Mob +61 428 404 345
rhornsey@challenger.com.au

Challenger Limited Investor Day

Building a more diversified business
Meeting more customer needs

24 May 2022



Agenda

Building a more diversified business to meet more customer needs

9:00 – 9:25	Overview and strategy Nick Hamilton – Managing Director and Chief Executive Officer
9:25 – 9:50	Customer and distribution Catherine van der Veen – General Manager, Strategy and Growth Lucy Foster – General Manager, Strategy and Growth
9:50 – 10:15	Yield platform Victor Rodriguez – Head of Fixed Income Mark Ellis – Chief Executive, Bank
10:15 – 10:25	Break
10:25 – 10:45	Strategic partnerships Chris Plater – Deputy Chief Executive Officer Stuart Kingham – Chief Commercial Officer
10:45 – 10:55	Life investment portfolio Peter Schliebs – Chief Investment Officer, Life
10:55 – 12:00	Outlook, wrap up and Q&A session Nick Hamilton – Managing Director and Chief Executive Officer

Overview and strategy

Nick Hamilton
Managing Director & Chief Executive Officer



Key points

Building a diversified business to meet more customer needs

Strong business with significant competitive advantages

Broaden products and distribution to meet more customer needs

Expand Challenger brand

Accelerate growth through leveraging strategic partnerships

Enhance shareholder outcomes

Purpose and strategy

Building a more diversified business to meet more customer needs

Our **purpose** is to provide customers with financial security for a better retirement

Broaden customer access across multiple channels

Leverage the combined capabilities of the group

Expand range of financial products and services for a better retirement

Strengthen resilience and sustainability of Challenger

Strong core business

Complementary businesses positioned for growth

Our purpose is to provide customers with financial security for a better retirement

SPREAD BASED INCOME

Life
challenger 

#1 Australian retirement
income business¹

Bank
challenger 

Digital banking platform providing
access to term deposit market

FEE BASED INCOME

Funds Management



FIDANTE
PARTNERS



One of Australia's fastest growing
Fund Managers²

Strong balance sheet and significant capital reserves

Leveraging strategic partnerships

Highly capable and engaged team

2022 Investor Day – Overview and strategy

1. Plan for Life – December 2021 – based on annuities under administration.

2. Rainmaker Roundup, December 2021.

Highly capable and engaged team

Focused on driving engagement, innovation and collaboration



High employee engagement¹

81% Sustainable engagement

89% Diversity & inclusion

90% Collaboration



Driving innovation through Imagine22

80 Submissions focused on growth, simplification and One Challenger



Supporting flexible working & employee wellbeing



2022 Investor Day – Overview and strategy

1. 2022 Employee engagement survey, April 2022.

Business well positioned

Competitive advantages and tailwinds supporting growth

Challenger competitive advantages

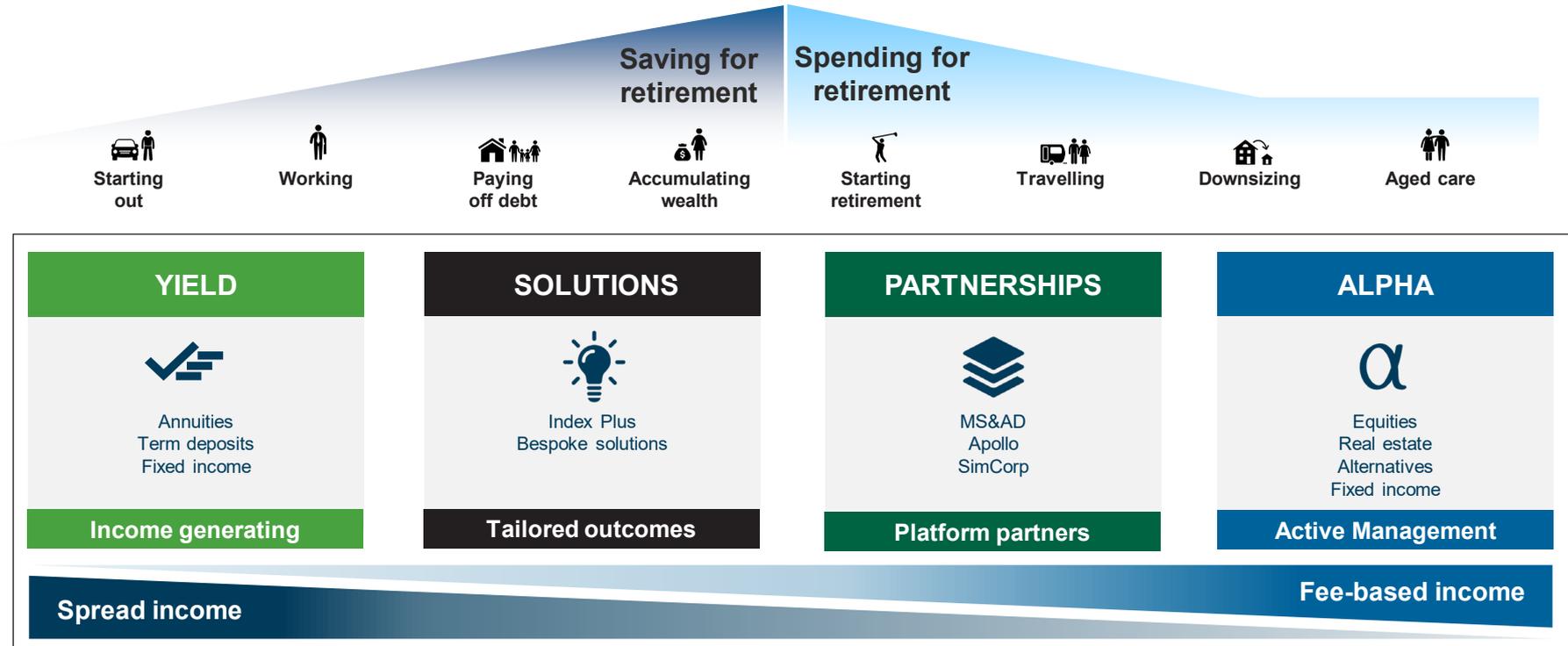
Strong brands	Leading origination and investment capability	Exceptional distribution footprint	Investment operations excellence	Highly capable and engaged team
----------------------	--	---	---	--

Supportive long-term tailwinds

 World class accumulation system Assets to triple over next 20 years ¹	 Significant wealth transfer Intergenerational wealth driving demand	 Supportive macro environment Rising interest rates and credit spreads normalising	 Investors seeking yield Both guaranteed and non-guaranteed income	 Active management Benefits in periods of higher market volatility
---	--	---	--	--

One Challenger

Building a more diversified business to meet more customer needs



Alpha capability

Diversified offering generating strong returns for clients

17 brands across multiple strategies and asset classes

Australian equities	
Global, regional & EM equities	
Fixed income	
Sustainable investments	
Alternatives	
Pipeline	<p>~\$133bn of available capacity³ Strong pipeline of product and affiliate opportunities</p>

Strong performance

97%

FUM outperforming benchmark over 3 years¹

6

New affiliates added since 2019

\$1.7 billion

FUM from new managers since launch²

2022 Investor Day – Overview and strategy

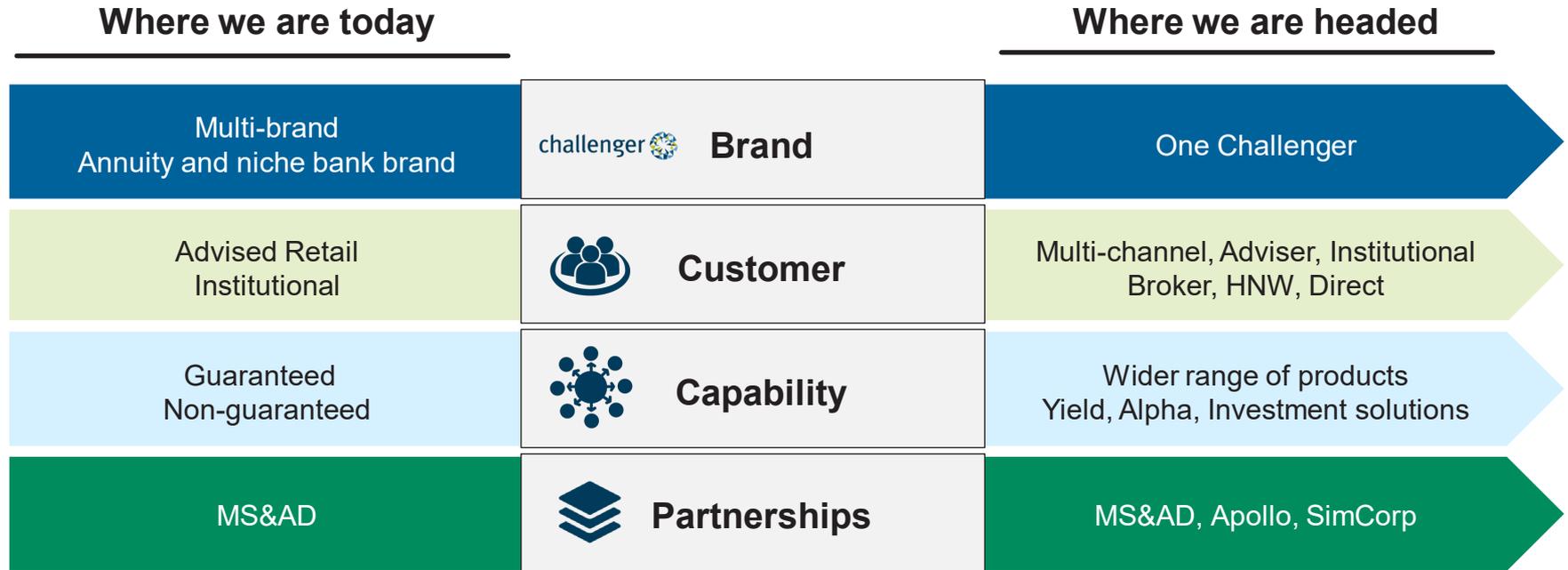
1. As at 31 December 2021. Percentage of Fidante Partners Australian affiliates meeting or exceeding the performance benchmark, with performance weighted by FUM.

2. Cumulative Funds Under Management for Eiger (launched April 2019), Ares Australia Management (launched September 2019), Impax (launched April 2021) and Ox Capital (launched July 2021) as at 31 March 2022.

3. As at March 2022.

Challenger growth strategy

Building a more diversified business and meeting more customer needs



Significant opportunities for growth

Clear plan to capture opportunities

Opportunity	Our response	Why we will be successful	Strategy
 Meeting more customer and client needs	<ul style="list-style-type: none"> Expand brand across capabilities Broaden products and distribution 	<ul style="list-style-type: none"> Leading annuity provider & active manager Exceptional distribution footprint 	One Challenger
 Clients seeking yield	<ul style="list-style-type: none"> Develop attractive income solutions Expand investment capabilities 	<ul style="list-style-type: none"> #1 Fixed income house Spread and fee-based business 	Breadth of income offering
 Investment & Origination Excellence	<ul style="list-style-type: none"> Best-in-class investment management JV Non-bank lender in Australia & NZ 	<ul style="list-style-type: none"> Challenger – deep relationships & experience Apollo – extensive global scale and network 	Grow FM Grow private lending
 Complexity in investment operations	<ul style="list-style-type: none"> Partnership with global technology leader Market leading front to back-office platform 	<ul style="list-style-type: none"> Leverage technology leader Administration core capability and strength 	SimCorp JV

Customer and distribution

Catherine van der Veen

General Manager, Strategy and Growth

Lucy Foster

General Manager, Strategy and Growth



Significant opportunities for growth

Clear plan to capture opportunities

Opportunity	Our response	Why we will be successful	Strategy
 Meeting more customer and client needs	<ul style="list-style-type: none"> Expand brand across capabilities Broaden products and distribution 	<ul style="list-style-type: none"> Leading annuity provider & active manager Exceptional distribution footprint 	One Challenger
 Clients seeking yield	<ul style="list-style-type: none"> Develop attractive income solutions Expand investment capabilities 	<ul style="list-style-type: none"> #1 Fixed income house Spread and fee-based business 	Breadth of income offering
 Investment & Origination Excellence	<ul style="list-style-type: none"> Best-in-class investment management JV Non-bank lender in Australia & NZ 	<ul style="list-style-type: none"> Challenger – deep relationships & experience Apollo – extensive global scale and network 	Grow FM Grow private lending
 Complexity in investment operations	<ul style="list-style-type: none"> Partnership with global technology leader Market leading front to back-office platform 	<ul style="list-style-type: none"> Leverage technology leader Administration core capability and strength 	SimCorp JV

Leading capability

Provides strong foundation for future growth

Leading retirement brand



Leader in retirement income¹



Strong brand awareness amongst 65-74 year olds²

Leading investment products and solutions



#1 Australian annuity provider



One of Australia's fastest growing asset managers³



Fidante FUM outperformance over 3 years⁴

Leading distribution



Top 50 Australian super funds are Challenger clients



Zenith Distributor of the Year 2021 and 2020



Plan for Life Longevity Provider of the Year 2021

2022 Investor Day – Customer and distribution

1. Leader in the retirement income category according to advisers: Marketing Pulse November 2021.

2. Hall & Partners Consumer Study June '21 Quarter & Feb '22 –Base: 65-74yo. Sample per 3-month rolling period (240), February '22 (300).

3. Rainmaker Roundup, December 2021.

4. As at 31 December 2021. Percentage of Fidante Partners Australian affiliates meeting or exceeding the performance benchmark, with performance weighted by FUM.

Leveraging brand strength

Broaden Challenger brand to represent more of our capability

Life

Bank

Funds Management

Where we
are today

challenger 

my
Life
my finance

 cipam
 FIDANTE



Where we
are headed

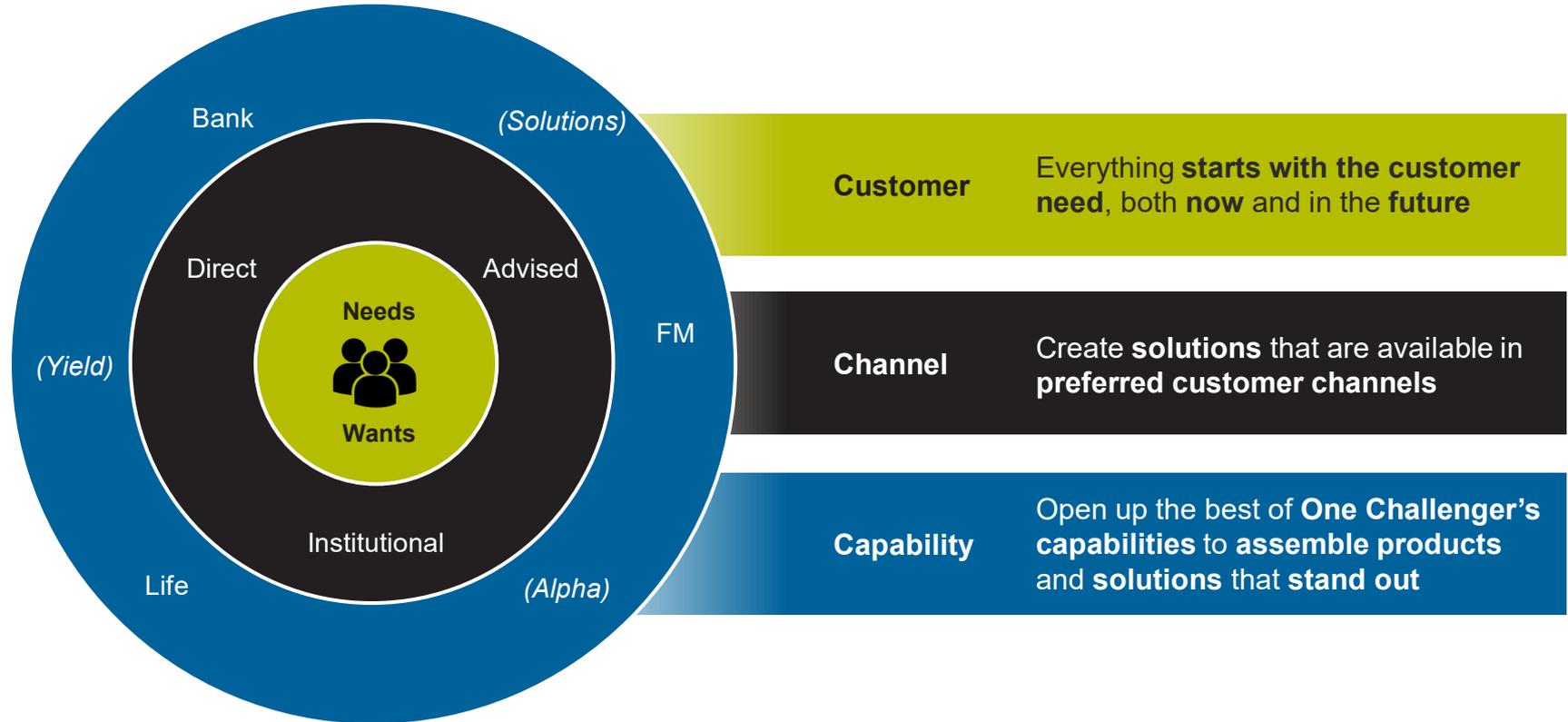
challenger 

challenger 

challenger 
 FIDANTE

Customer focus

One Challenger mindset key to further growth



2022 Investor Day – Customer and distribution

One Challenger solution capability

Innovating to meet more customer needs

Customer trends

64%

Investors would accept moderate or high variability with the potential for higher returns¹

58%

People expect to generate retirement income from more than super and age pension²



Rising affluence in advised channels and emergence of self-directed customers



Superannuation funds becoming increasingly sophisticated

One Challenger

YIELD



Annuities
Term deposits
Fixed income

Income generating

SOLUTIONS



Index Plus
Bespoke solutions

Tailored outcomes

PARTNERSHIPS



MS&AD
Apollo
SimCorp

Platform partners

ALPHA



Equities
Real estate
Alternatives
Fixed income

Multi-affiliate platform

2022 Investor Day – Customer and distribution

1. ASX Australian Investor Study 2020.

2. Firstlinks (a Morningstar company) 2021 retirement income survey (<https://www.firstlinks.com.au/unexpected-results-reader-survey-retirement-income>).

Leveraging retail distribution capability

Broader offer and stronger presence in high net worth channels



Maintain strength and momentum

Depth and breadth in retail advice –
Life + Funds Management

65%

Licensees hold FUA
with Challenger

53%

Advisers hold FUA
with Challenger

Take a broader offer to market



Income
products



Specialist
retirement
products



Tailored
solutions

Build stronger presence in key channels



High Net
Worth



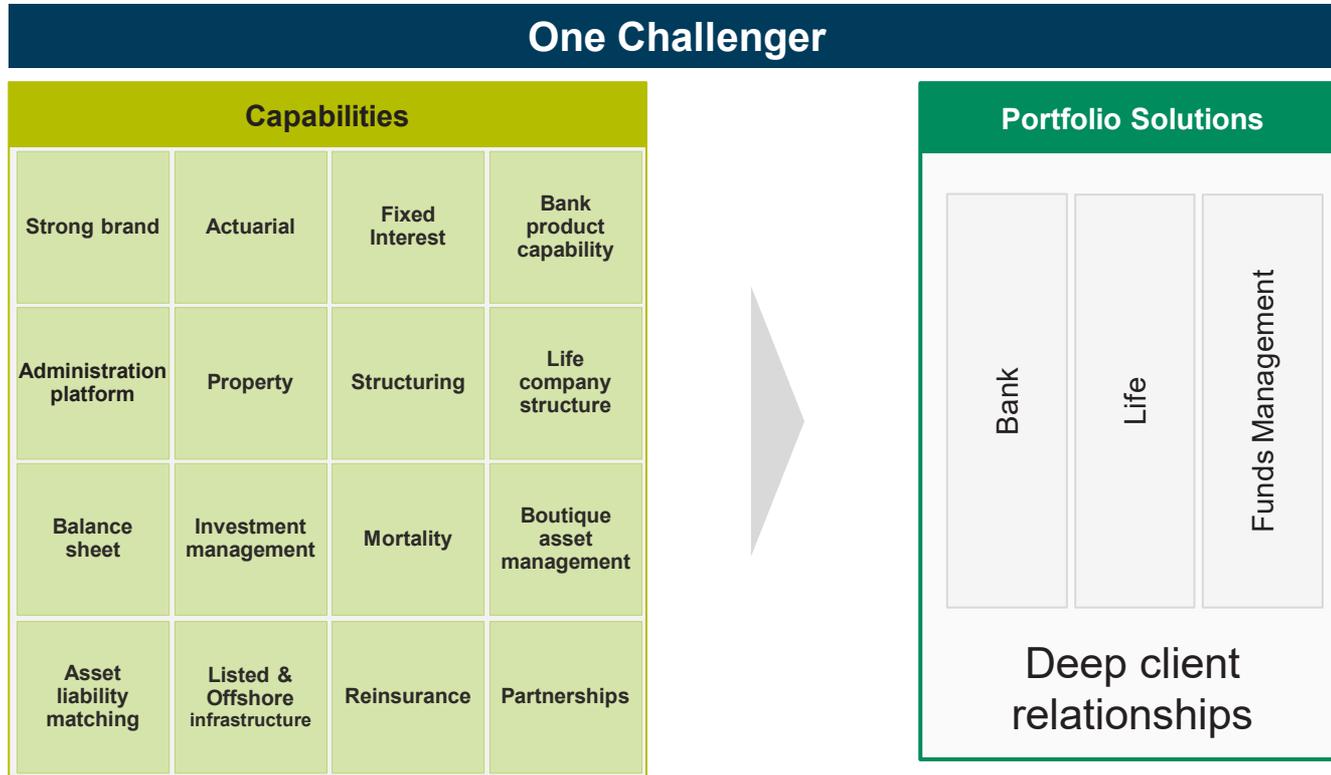
Advisory
broker



Self-
directed

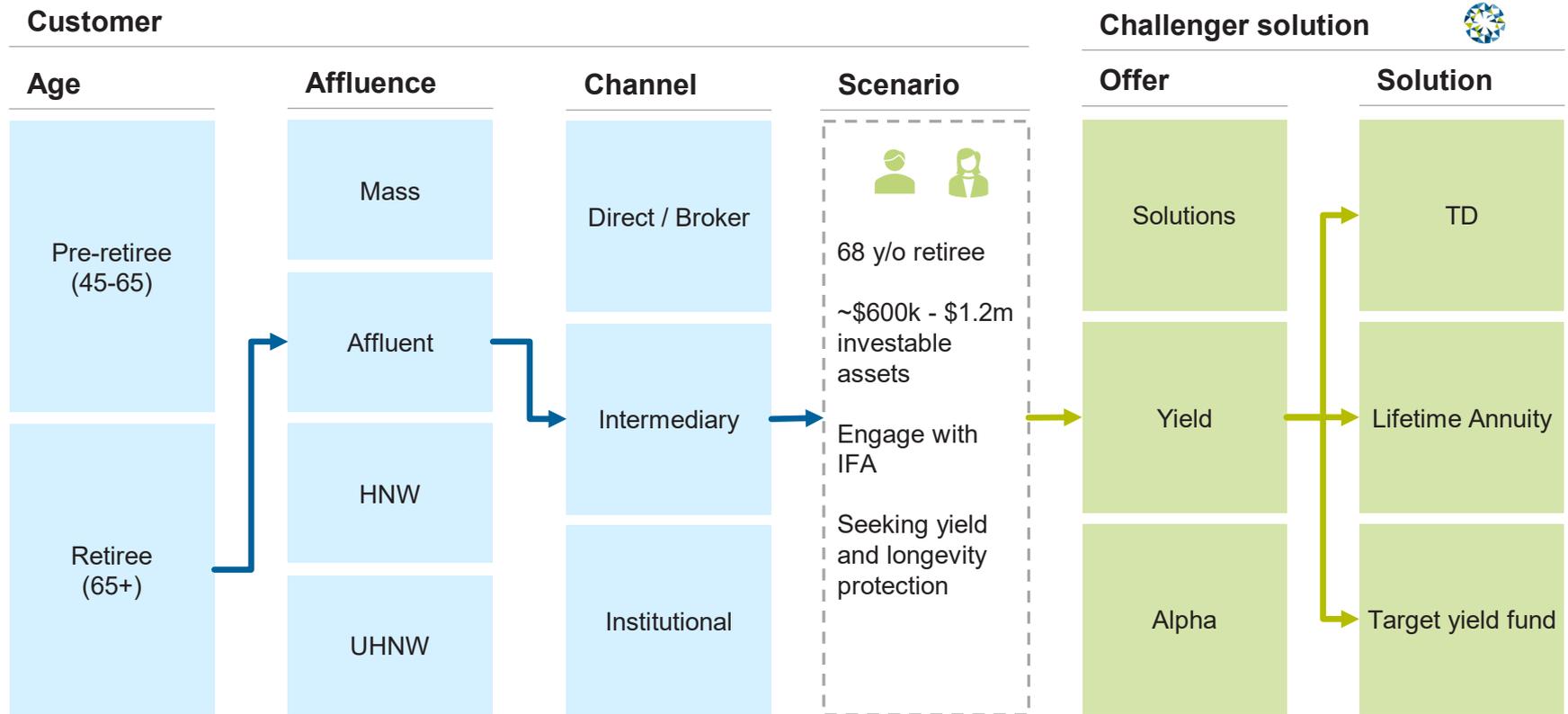
Institutional partnerships – solving client needs

Market-leading capabilities



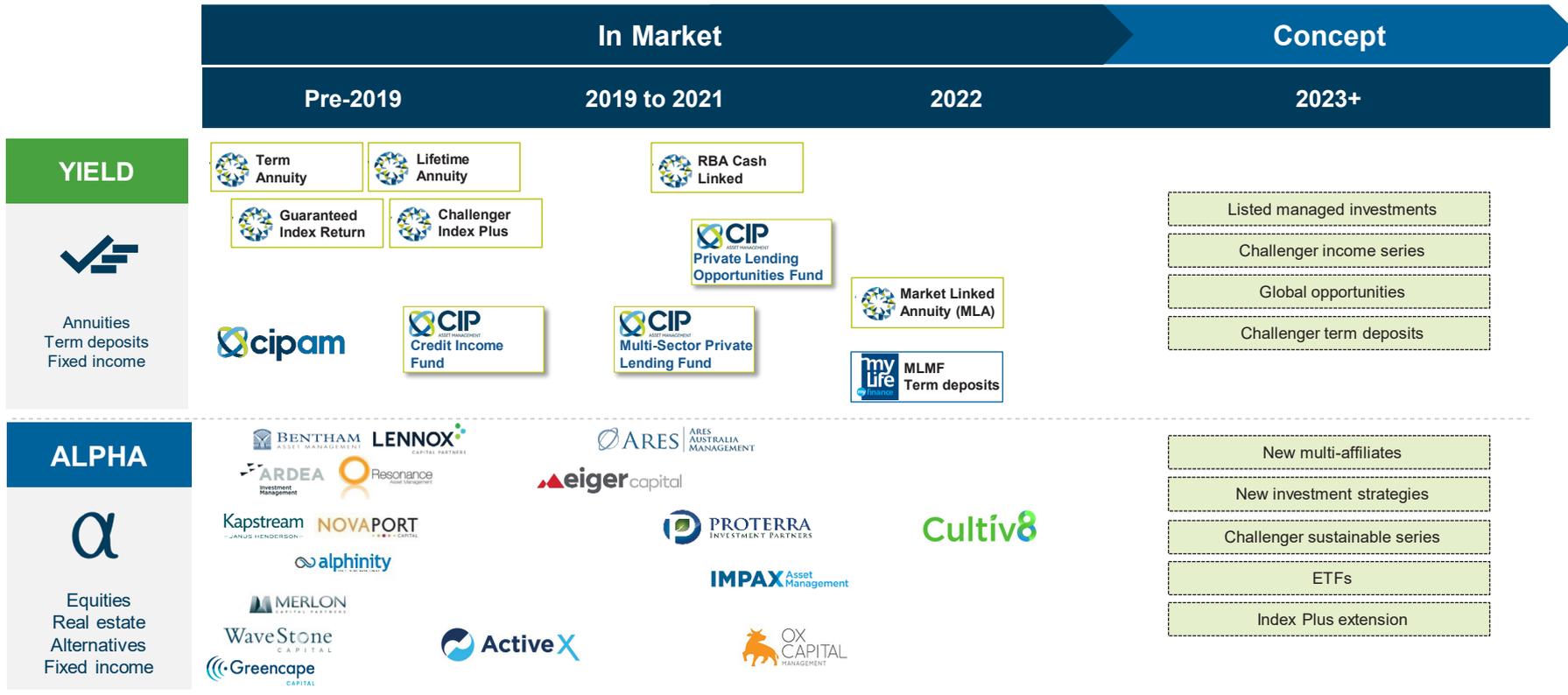
Target customer segments and channels

Understanding each customer segment need will inform solution design



Product pipeline

Driving innovation to meet more customer needs



2022 Investor Day – Customer and distribution

Key points

Meeting more customer needs

Broaden the Challenger brand across more of our capability

Innovate to meet more customer needs

Build on existing strength in retail distribution and investment solutions

Meet demand for solutions-based approaches in HNW and self-directed segments
Support super funds to meet member needs, including Retirement Income Covenant

Yield platform

Victor Rodriguez
Head of Fixed Income

Mark Ellis
Chief Executive, Bank



Significant opportunities for growth

Clear plan to capture opportunities

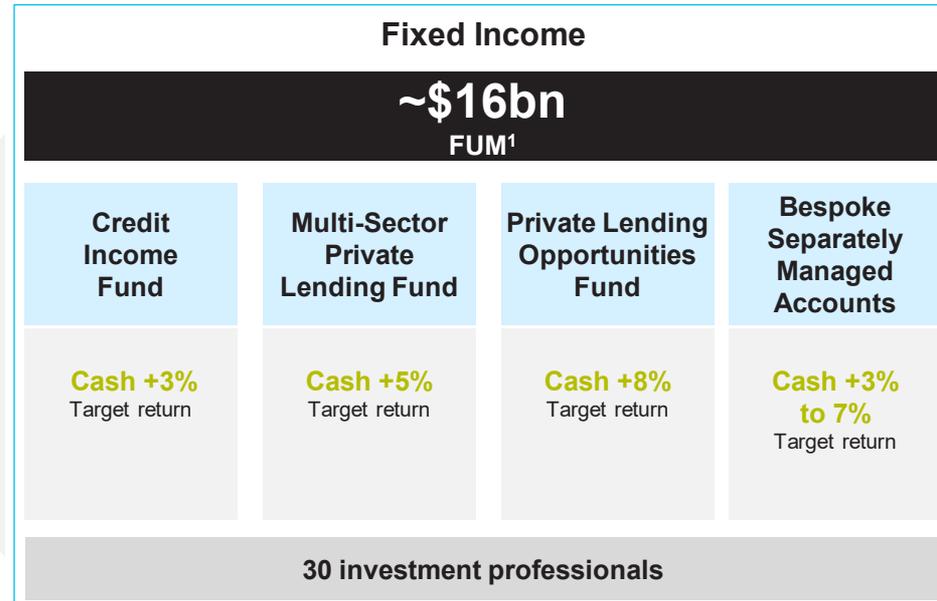
Opportunity	Our response	Why we will be successful	Strategy
 Meeting more customer and client needs	<ul style="list-style-type: none"> Expand brand across capabilities Broaden products and distribution 	<ul style="list-style-type: none"> Leading annuity provider & active manager Exceptional distribution footprint 	One Challenger
 Clients seeking yield	<ul style="list-style-type: none"> Develop attractive income solutions Expand investment capabilities 	<ul style="list-style-type: none"> #1 Fixed income house Spread and fee-based business 	Breadth of income offering
 Investment & Origination Excellence	<ul style="list-style-type: none"> Best-in-class investment management JV Non-bank lender in Australia & NZ 	<ul style="list-style-type: none"> Challenger – deep relationships & experience Apollo – extensive global scale and network 	Grow FM Grow private lending
 Complexity in investment operations	<ul style="list-style-type: none"> Partnership with global technology leader Market leading front to back-office platform 	<ul style="list-style-type: none"> Leverage technology leader Administration core capability and strength 	SimCorp JV

Challenger Investment Management

Alternative investment manager

Long track record of excellence in credit markets

 **Challenger Investment Management**
Funds Under Management



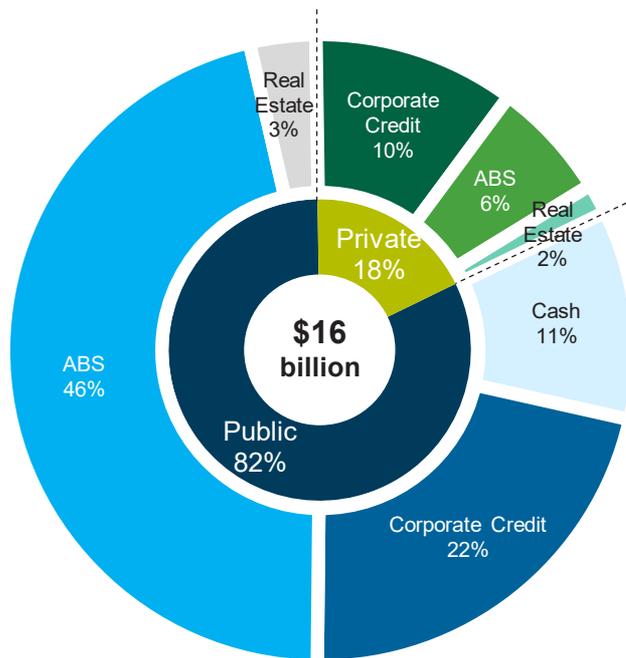
2022 Investor Day – Yield platform

1. As at 31 March 2022.

One of Australia's largest fixed income managers

Wide breadth of credit investments and expertise

Fixed income portfolio by sector¹



Wide range of both public and private credit sector capabilities globally



\$3bn invested in domestic private lending markets



Wide geographic coverage across developed markets



Invested capital across the risk spectrum from AAA through to B credit ratings

Challenger IM competitive advantages

Exceptional access to corporate, securitised and real estate market

Challenger Investment Management competitive advantages



Strong track record



Significant scale



Strong governance



Highly experienced team



Market place longevity

Market themes

Supportive structural tailwinds present very substantial opportunity



Increased market volatility

High inflation and tighter monetary policy



Banks withdrawing from certain types of lending

Tighter regulatory and capital rules

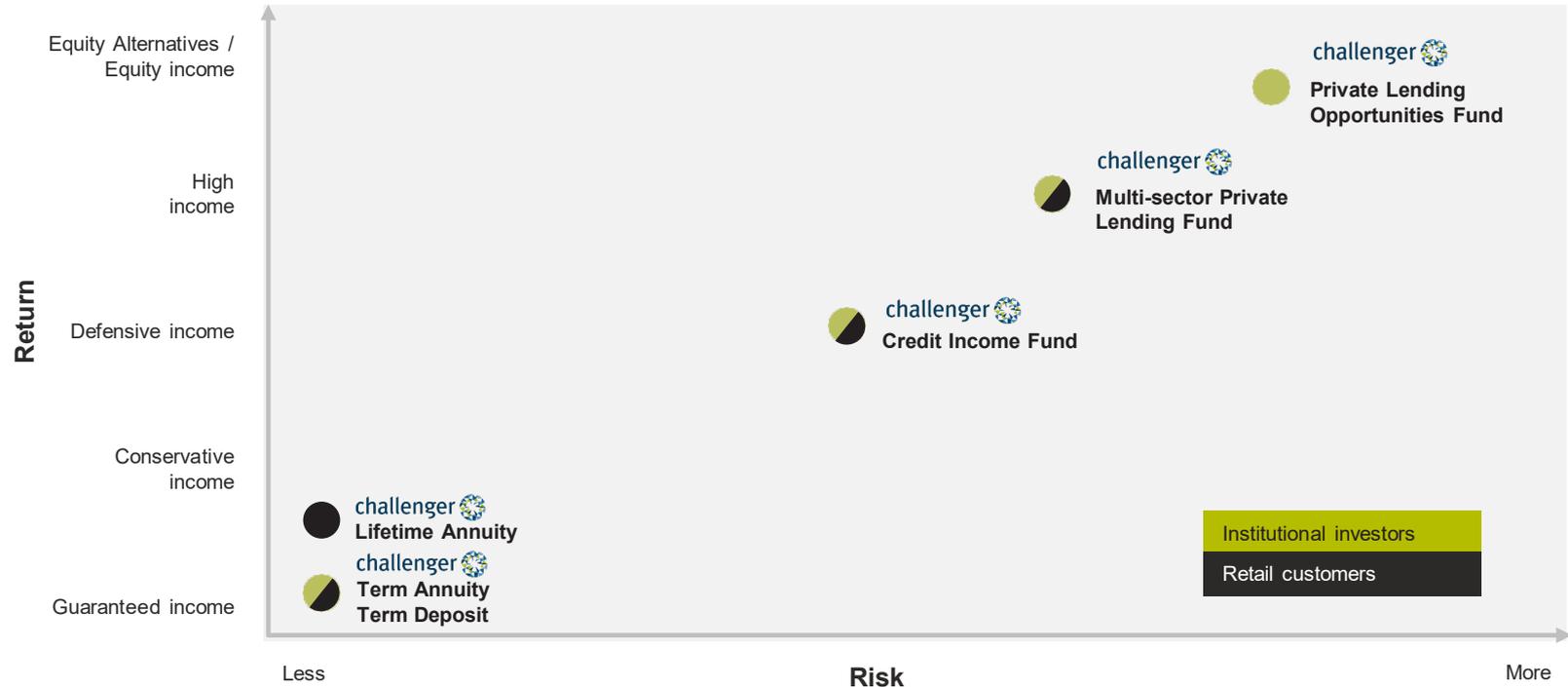


Demand for debt finance from private companies

Debt funding required to fund growth

Challenger income solutions

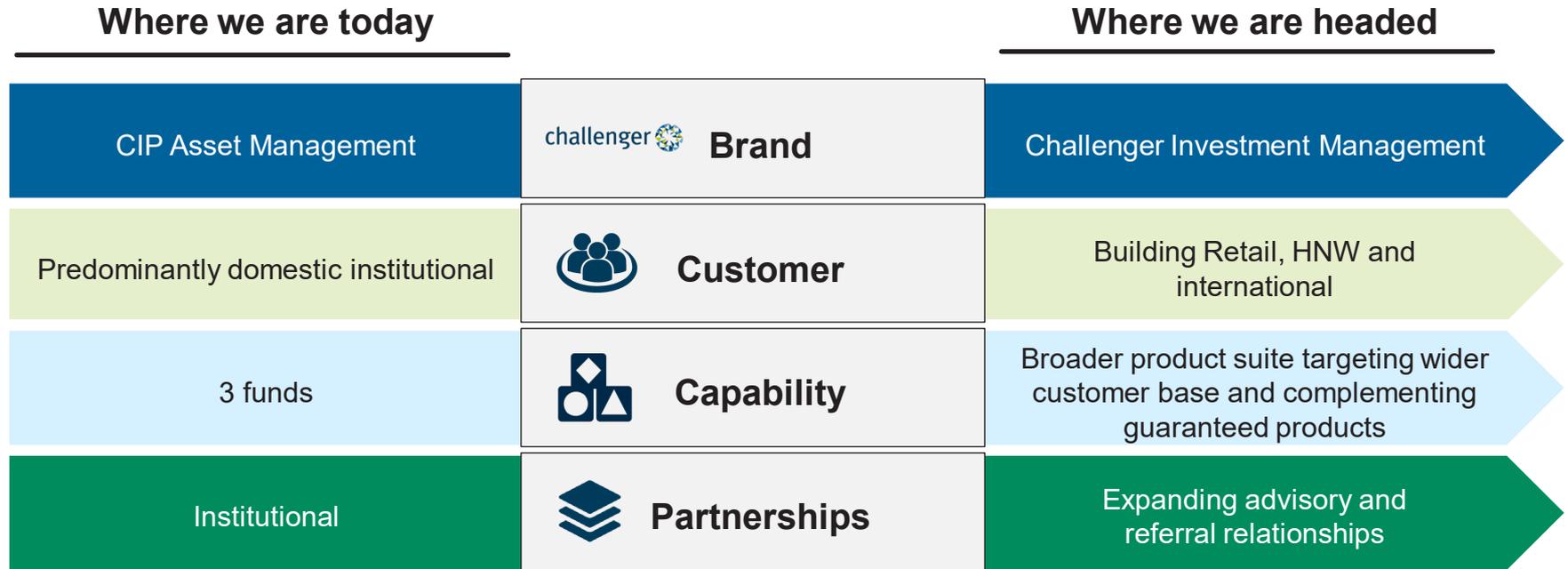
Providing clients with range of income options



2022 Investor Day – Yield platform

Challenger Investment Management strategic journey

Expanding yield product suite and improving customer access



Key points

High ROE business with strong business momentum

Long standing proven investment management business with excellent track record

Structural tailwinds provide opportunities to deliver attractive higher yielding risk/return outcomes

Strong foundations to provide ongoing growth

Expand product suite to improve customer access and meet more of their needs

Bank

Mark Ellis
Chief Executive, Bank



Supporting Challenger strategy

Extend product and customer reach



Challenger Bank



Digital savings and loans bank

\$182m

Savings and term deposits¹

\$320m

Lending and financing assets¹

42

Dedicated Bank employees

Strategic rationale

Access to term deposit market

\$780bn term deposit market²

Term deposits familiar product

Broadens customer access

Attract new customers

Expand new distribution channels

Accelerate direct to customer capability

Leverage Challenger capability to expand offering

Develop product opportunities – deposit and lending

Leverage Challenger's extensive origination expertise

1. As at 31 March 2022.

2. APRA Quarterly authorised deposit-taking institution performance statistics, December 2021.

Bank today

Digital banking platform providing access to term deposit market

- ✓ **Integration well progressed**
- ✓ **Expanding distribution channels**
TDs available via comparator sites¹
Preparing for retail broker channel launch
- ✓ **Broadening lending capabilities**
Commencing certain types of non-retail lending to include SME, CRE and corporate lending
- ✓ **Rebranding to Challenger**



**Winner of Mozo
Experts Choice Awards²**

We're retiring the MyLife MyFinance name.

Over the next few months, you'll start to see the Challenger name and look appearing on our communications with you.

Changing our name hasn't changed our focus on serving you.

We're here to help

Visit mylifemyfinance.com.au/bankingwithChallenger or call us on 1300 221 479.



1. From September 2021 MyLife MyFinance branded term deposits available on Mozo and Canstar comparator sites.

2. In March 2022, MyLife MyFinance term deposits were awarded 'Best Personal Term Deposit', 'Best Business Term Deposit' and 'Best MySavings Account' as part of the Mozo Expert Choice Awards.

Expanding distribution channels

Term deposit strategy well progressed

FY22

Early momentum & scale

- Direct to customer channels supported by comparator sites
- Intermediated channel via retail broker Australian Money Market to launch in June 2022

FY23+

Long-term franchise value

- Expand retail volumes through Challenger's retail advisor network
- Institutional and high net wealth channels supported by Challenger relationships



Direct

Comparator sites
- Mozo and Canstar

Going forward:
Integrated Direct to
Customer



Intermediated

Retail broker

Going forward:
Financial platforms



Institutional and high net wealth

Wholesale broker

Going forward:
Super funds
Life insurers
Asset managers
Other Banks

Key points

Bank a key component of Challenger's growth strategy

One Challenger approach allows Bank to widen distribution platform and provide wider set of income solutions to customers

Continue to develop customer offering

Leverage Challenger Group asset management capability

Strategic partnerships

Chris Plater
Deputy Chief Executive Officer

Stuart Kingham
Chief Commercial Officer



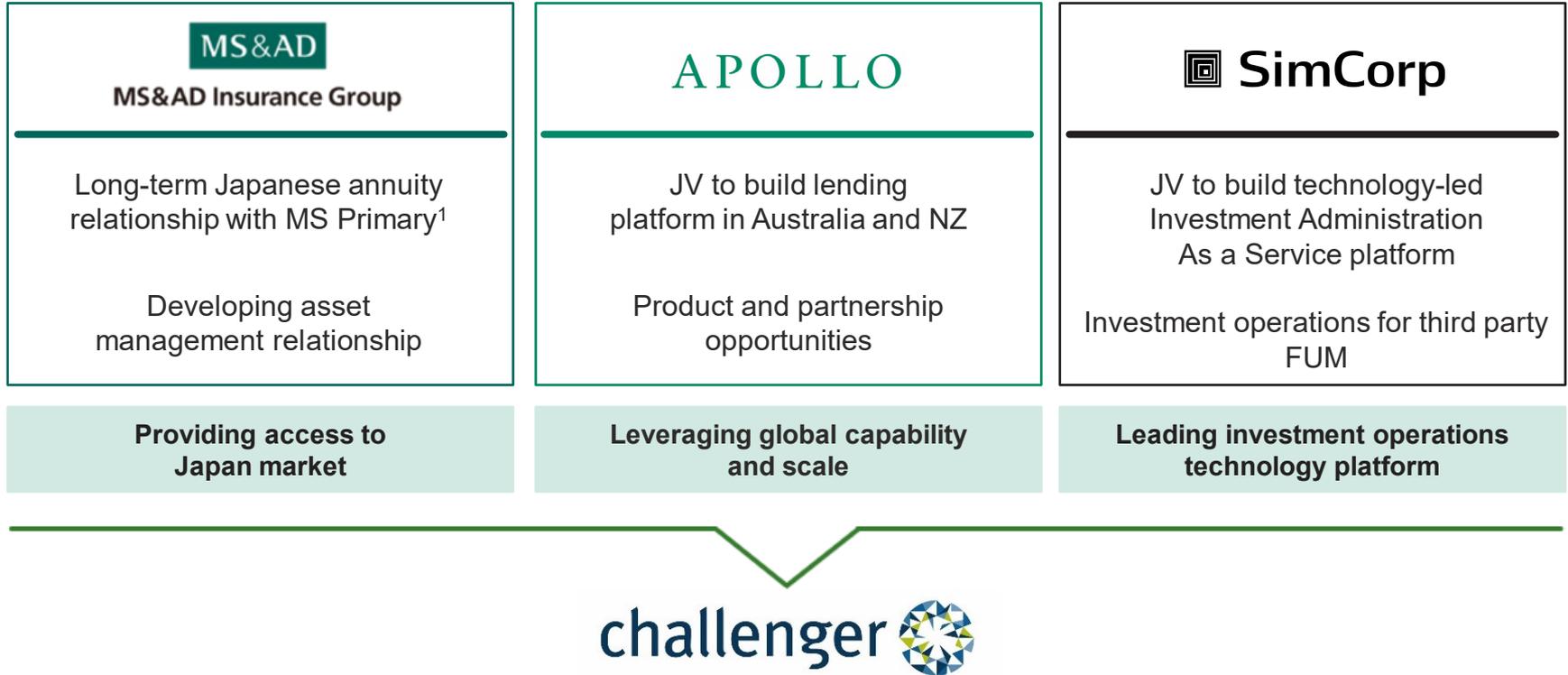
Significant opportunities for growth

Clear plan to capture opportunities

Opportunity	Our response	Why we will be successful	Strategy
 Meeting more customer and client needs	<ul style="list-style-type: none"> Expand brand across capabilities Broaden products and distribution 	<ul style="list-style-type: none"> Leading annuity provider & active manager Exceptional distribution footprint 	One Challenger
 Clients seeking yield	<ul style="list-style-type: none"> Develop attractive income solutions Expand investment capabilities 	<ul style="list-style-type: none"> #1 Fixed income house Spread and fee-based business 	Breadth of income offering
 Investment & Origination Excellence	<ul style="list-style-type: none"> Best-in-class investment management JV Non-bank lender in Australia & NZ 	<ul style="list-style-type: none"> Challenger – deep relationships & experience Apollo – extensive global scale and network 	Grow FM Grow private lending
 Complexity in investment operations	<ul style="list-style-type: none"> Partnership with global technology leader Market leading front to back-office platform 	<ul style="list-style-type: none"> Leverage technology leader Administration core capability and strength 	SimCorp JV

Leveraging strategic partnerships

Supporting growth and diversification strategy



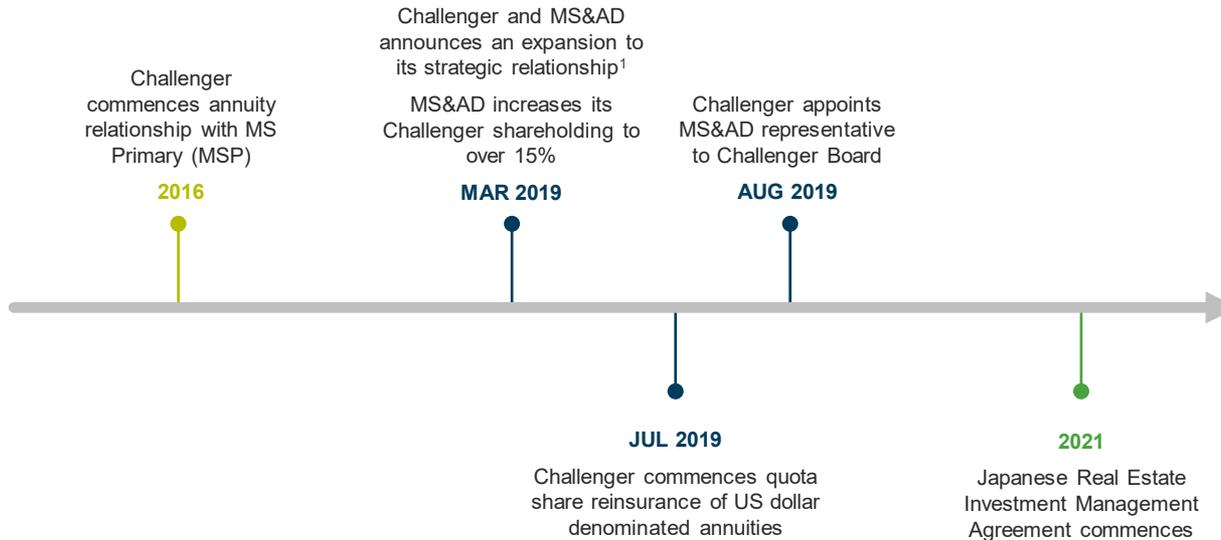
2022 Investor Day – Strategic partnerships

1. Challenger Life entered into an agreement with MS Primary to commence reinsuring the US dollar version of the term product. Challenger provides a guaranteed interest rate and assumes the investment risk in relation to those policies issued by MS Primary and reinsured by Challenger.

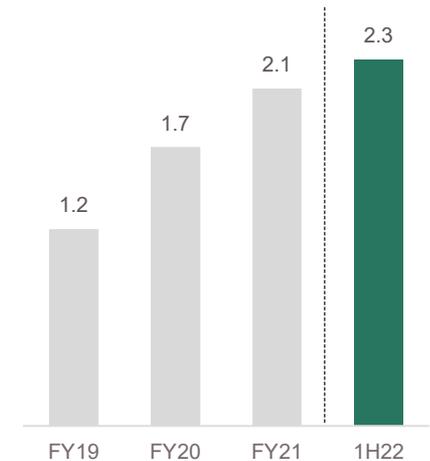
MS&AD strategic partnership

Long-term relationship

Diversifying and providing access to Japanese market



Japan (MS Primary) annuity liabilities (\$bn)



2022 Investor Day – Strategic partnerships

1. Under the reinsurance arrangement, MS Primary provides Challenger an amount of reinsurance, across both Australian and US dollar denominated annuities, of at least ¥50b (currently ~A\$600m based on 30 June 2021 exchange rate) per year for a minimum of five years. This is subject to review in the event of a material adverse change for either MS Primary or Challenger.

Apollo partnership

Opportunity to support customers achieve financial security for retirement

APOLLO

- Aligned purpose – Apollo: generate investment income and retirement savings for their clients
- Natural business partner



Opportunities to work together



Investment opportunities



Similar Life Risk operations



Product opportunities



Distribution opportunities



JV opportunity

Apollo joint venture opportunity

Complementary core capabilities

challenger 

Domestic capability

- ✓ #1 Fixed income manager
- ✓ Deep understanding and relationships in lending markets
- ✓ Proven origination track record
- ✓ Market leading operating platform

APOLLO

Global capability

- ✓ Global scale and network
- ✓ Private & public capability
- ✓ Experience with similar JVs
- ✓ Best in-class origination platforms

Joint Venture opportunity

- 
Opportunity to capture underserved market segment
- 
Leverages combined capabilities of Challenger Group
- 
Partner with global experience and scale
- 
Provides business diversification
- 
Alpha origination for clients

- Work underway to ensure foundations of JV are strong, including structural, tax and regulatory considerations

SimCorp Joint Venture Investment Administration As a Service

Stuart Kingham
Chief Commercial Officer



Investment Administration As a Service

Building a leading investment operations platform

Opportunity

Macro and industry trends present **Investment Administration As a Service** opportunity

Capability

Investment administration **core Challenger capability** and **competitive advantage**

SimCorp

Executing **strategic joint venture** with SimCorp – global technology leader

Strategy

Initiative supports Challenger's **growth and diversification strategy**

Investment Administration As a Service

Macro and industry dynamics providing opportunity

Macro and industry dynamics

Macro

- Regulation increasing
- Growth in alternatives
- Demand for private markets
- Digitalisation accelerating
- Client expectations shifting

Industry

- Focused on cost discipline
- Driving efficiency
- Technology simplification
- Consolidation and mergers

Industry response

- Focusing on core investment management to generate alpha
- Outsourcing investment administration operations
- Demand for cloud, big data and automation
- Focusing on strengthening risk controls with automation
- Full front to back platform to support growth
- Demand for scalable platforms

Opportunity

Investment Administration As a Service



Provide services to asset owners and investment managers



Front, middle, and back office services



Cloud based single tech and data platform



Expert team based locally in Australia

SimCorp joint venture

Complementary core capabilities

challenger 

Investment admin. capability

- ✓ Supported growth to >\$100bn across 18 clients¹
- ✓ Exceptional efficiency – market leading admin. bps cost
- ✓ Supports private markets and complex business
- ✓ Full front to back office offering with ~130 employees

 SimCorp

Technology capability

- ✓ Market leading cloud-based solutions²
- ✓ Front to back leadership with 40+ years experience
- ✓ €100m R&D investment per annum
- ✓ Strategic alignment – moving to As a Service model

Joint Venture



Opportunity to capture underserved market



Leverages capabilities of Challenger Group



Partner with global technology leader



Provides business diversification



Creates new fee generating business



Capture scale to support growth

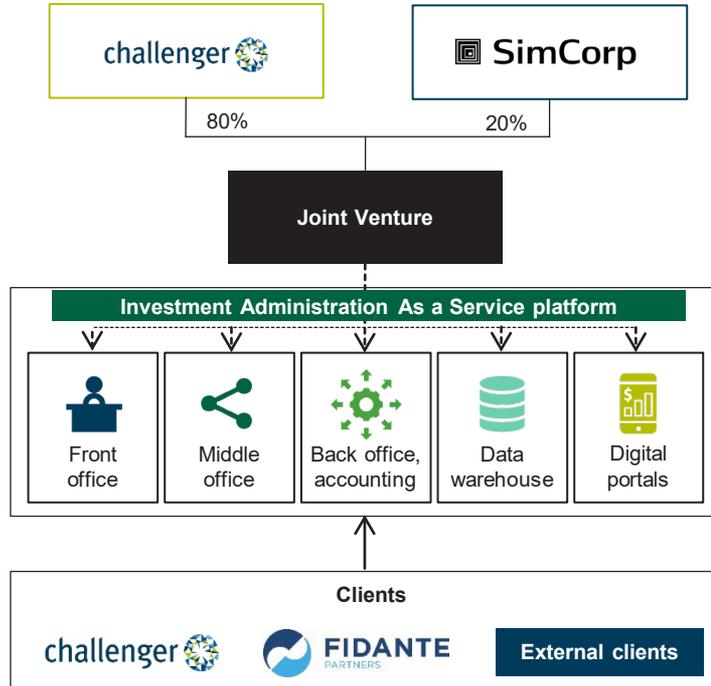
2022 Investor Day – Strategic partnerships

1. Challenger Life, Challenger Investment Management and 16 Fidante Partners affiliates as at 31 March 2022.

2. Investment operations administration global market share 16%.

SimCorp joint venture

Delivering leading investment operations platform



Investment Administration As a Service

- ✓ Australian first and Australian operated
- ✓ Technology led investment administration platform
- ✓ Independently branded and majority owned
- ✓ Challenger and Fidante Partners foundation clients
- ✓ Clients to benefit from SimCorp technology
- ✓ Run by experienced Challenger employees
- ✓ Generate fee and FUM-based income
- ✓ Expect to commence operations in FY23

Target external clients

Investment managers, super funds and platforms

Supports growth strategy

Fit for future growth and diversifying income streams

Investment Administration Business As a Service platform

Our **purpose** is to provide customers with financial security for a better retirement

Broaden customer access across multiple channels

- ✓ New third party customers
- ✓ Capability to access new channels

Leverage the combined capabilities of the group

- ✓ Export core capability
- ✓ Enables efficiency
- ✓ Captures more scale

Expand range of financial products and services for a better retirement

- ✓ Support more products
- ✓ New managers to market quickly

Strengthen resilience and sustainability of Challenger

- ✓ New fee-based income
- ✓ Diversifies business
- ✓ Simplifies business

Leveraging strategic partnerships

Supporting growth and diversification strategy

	 Leverages capabilities of Challenger Group	 Partner with global leader	 Provides business diversification	 Capture scale to support growth	 Opportunity to capture underserved market	 Alpha origination for clients	 Creates new fee generating business
MS&AD	✓	✓	✓	✓		✓	
APOLLO	✓	✓	✓	✓	✓	✓	✓
SimCorp	✓	✓	✓	✓	✓		✓

Life investment portfolio

Peter Schliebs
Chief Investment Officer



Strongly capitalised

No change to current settings

Strongly capitalised

Challenger Life Company
PCA ratio^{1,2}

1.61x

Within PCA ratio range
1.30x to 1.70x³

Expectations

- Preferred operating level ~1.6x
- Increase in liquid capital to improve financial flexibility

2022 Investor Day – Life investment portfolio

1. The PCA ratio represents total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount.

2. As at 30 April 2022.

3. Challenger does not target a specific PCA ratio and the target PCA ratio range is a reflection of internal capital models, not an input to them and reflects asset allocation, business mix and economic circumstances. The target surplus produced by these internal capital models currently corresponds to a PCA ratio of between 1.30 times to 1.70 times. This range may change over time and different constraints can apply including CET1 requirements.

Market themes

Challenger well positioned to adjust to changing market conditions

Market themes



Increasing inflation and bond yields

High inflation in the near-term
Significant interest rate increases priced into the market



Heightened volatility

Elevated geopolitical risk
Central bank policy risk
Uncertainty for growth outlook



Increased competition in domestic private lending

Super funds expected to become more active in this segment going forward
Some impacts to terms and allocations

- Challenger Life hedges these impacts, including interest rate hedges over the property portfolio
- Conditions supportive for new business sales and profitability

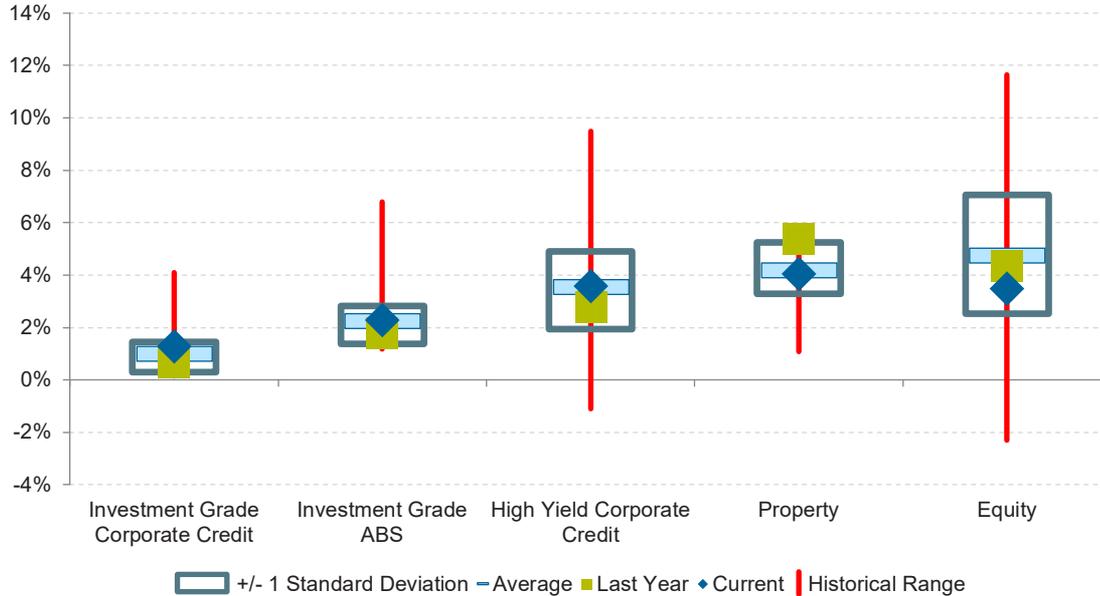
- Ongoing volatility of asset prices, capital remains at the upper end of the range, with a planned increase in uncorrelated alternative investments to increase financial flexibility

- Leverage existing deep relationships to ensure ongoing private asset pipeline

Asset risk premium update

Back towards long-term averages

Asset risk premiums¹

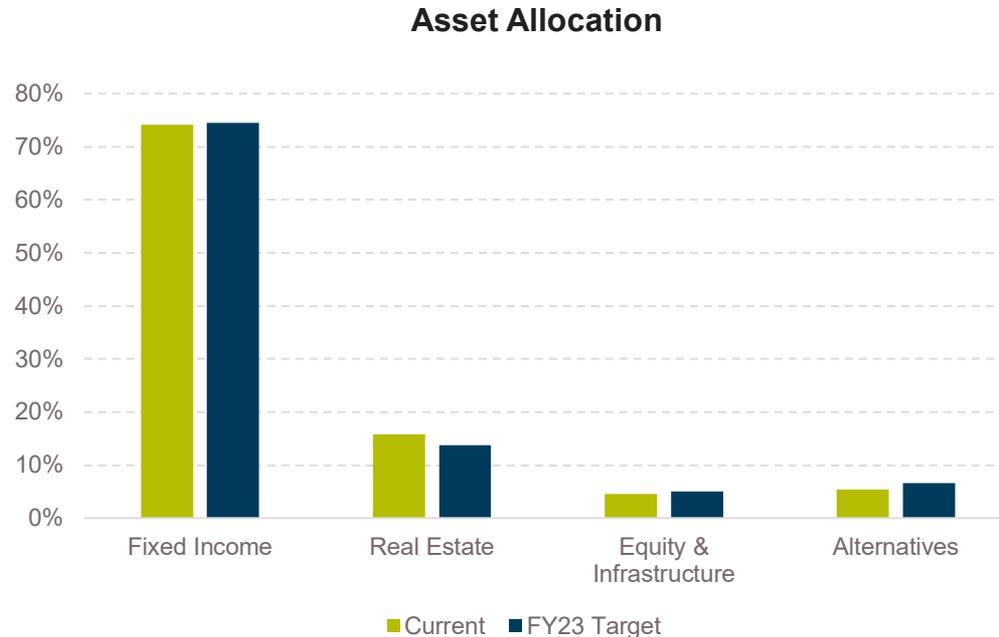


Key observations

- Risk premia back to long-term averages (ex. equities)
- Credit spreads have moved wider and are supportive for new business profitability
- Property and equity risk premia have contracted

Asset allocation

FY23 allocation expected to remain broadly stable



Key Opportunities

- Further reduction in IG corporate credit, with better opportunities in asset backed and private debt, continuing to target >75% investment grade
- Reallocation of some equity collar into the unlisted equity sector
- Increased exposure to alternatives (including absolute return funds and insurance linked securities) with a reduction to real estate

Assumptions

- Capital intensity expected to remain stable
- No change to normalised growth assumptions

Implications for ROE and margins

Overall positive with Challenger Life well capitalised

Market themes	 Increasing inflation and bond yields	 Asset returns	 Overall
ROE	 ROE to increase, however takes time to season through income	 Widening of credit spreads positive for ROE, potential MTM volatility needs to be managed	 Conditions positive for ROE Challenger Life well capitalised to withstand MTM volatility
Margin	 Improved margin due to increased return from shareholder capital	 Positive to margin on entire book	 Conditions support margin expansion

Key points

Strongly capitalised and taking advantage of investment opportunities

Challenger Life remains strongly capitalised

Volatility expected to remain elevated in near term

Widening credit spreads supportive for new business profitability

FY23 asset allocation expected to remain broadly stable

Market trends expected to be positive for ROE and margin

Outlook and wrap up

Nick Hamilton
Managing Director & Chief Executive Officer



Enhancing shareholder outcomes

Building a more diversified business and meeting more customer needs

Building a more diversified business

Meeting the needs of more customers



Enhancing shareholder outcomes



Accelerate FUM growth



Capture scale benefits



Increase fee-based income



Diversify earnings



Maintain strong capital position

Enhancing shareholder outcomes

Building a more diversified business and meeting more customer needs

Opportunity	Strategy	Accelerate FUM growth	Capture scale benefits	Increase fee-based income	Diversify earnings
 Meeting more customer and client needs	One Challenger	✓		✓	✓
 Clients seeking yield	Breadth of income offering	✓		✓	✓
 Investment & Origination Excellence	Grow FM Grow private lending	✓	✓	✓	✓
 Complexity in investment operations	SimCorp JV		✓	✓	✓

Strong FY22 business performance

FY22 guidance and targets

GUIDANCE

Normalised net profit before tax expected to be towards upper end of FY22 guidance range



TARGETS

Normalised pre-tax Return on Equity (ROE)

- Disciplined approach to profitability and optimising ROE
- Target: RBA cash rate plus margin of 12%

Dividend payout ratio

- No change on payout policy
- Target: 45% to 50% normalised dividend payout ratio^{1,2}

Strong capital position

Challenger Life Company
PCA ratio^{3,4}

1.61x

Within PCA ratio range
1.30x to 1.70x⁵

2022 Investor Day – Outlook and wrap up

1. Normalised dividend payout ratio represents dividend per share divided by normalised earnings per share (basic).
2. Dividend subject to market conditions and capital management priorities.
3. The PCA ratio represents total Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount.

4. As at 30 April 2022.
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 1.30 times to 1.70 times with a preferred operating level of 1.60 times.

Key points

Building a diversified business to meet more customer needs

Strong business with significant competitive advantages

Broaden products and distribution to meet more customer needs

Expand Challenger brand

Accelerate growth through leveraging strategic partnerships

Enhance shareholder outcomes

Important note

This presentation was prepared for the purpose of a briefing to equity analysts and certain wholesale investors on 24 May 2022.

The material in this presentation is general background information about Challenger Limited'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, potential investors or any other person 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.

Past performance is not an indication of future performance.

Any forward looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Challenger, so that actual results or events may vary from those forward looking statements, and the assumptions on which they are based.

While Challenger has sought to ensure that information is accurate by undertaking a review process, it makes no representation or warranty as to the accuracy or completeness of any information or statement in this document and Challenger expressly disclaims, to the maximum extent permitted by law, all liabilities in respect of any information or statements in this document.

Zenith Rating Disclaimer

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (CIPAM Credit Income Fund – Class A, assigned 10 Jun 2021) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines (<https://www.zenithpartners.com.au/our-solutions/investment-research/fund-research-regulatory-guidelines/>).

Lonsec Rating Disclaimer

The rating issued for CIPAM Credit Income Fund – Class A, 09/2021 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.