

Market Release

21 April 2026

Third quarter update

- Total Life sales \$1.7 billion, up 19%¹
 - Lifetime annuity sales \$289 million², up 18%
 - Offshore reinsurance annuity sales \$281 million, up 17%
 - Fixed term annuity sales \$517 million, up 2%
- Annuity net book growth \$274 million or 1.7% for the quarter³
- Challenger Life strongly capitalised with a PCA ratio of 1.51 times⁴
- Funds Management funds under management (FUM) \$104.5 billion, down 10% for the quarter

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

Managing Director and Chief Executive Officer, Nick Hamilton said:

“We have maintained strong momentum through the third quarter across our retirement business, growing longer duration sales, broadening our customer reach and continuing to execute our strategy to capture the next phase of growth in retirement income.

“Sales across domestic lifetime annuities and Japanese annuities remained strong, supported by demand for guaranteed income solutions and the ageing populations both in Australia and Japan.

“We continue to strengthen our future growth through new retirement partnerships with super funds, wealth managers and platforms. In the quarter, we established a partnership with BT to provide fully integrated retirement income solutions through their BT Panorama wealth management platform. In partnership with Iress, advisers can now design retirement plans in Xplan that integrate account-based pensions with guaranteed and market linked lifetime income products.

“Our announced asset partnership with Bank of Queensland will provide access to high-quality whole loans and forward flow and underscores the strength of our asset origination capability. Our Challenger Investment Management business had positive net flows driven by demand for domestic credit from our Life company balance sheet and third-party clients.

“In a period of global volatility and where institutional allocators have continued to reduce exposure to active equity management, we saw funds under management reduce.

“With APRA’s new capital standards for insurers of longevity products now set, we are turning to the implementation, which will deliver an immediate and material reduction in shareholder risk, support a less capital-intensive growth profile, and create opportunities to re-mix our balance sheet asset allocation.

“Supported by these regulatory settings, new super fund partnerships coming to market and more integrated retirement advice emerging, Challenger is driving the next phase of growth in Australia’s retirement income market.”

Challenger Life

Total Life sales increased 19% to \$1.7 billion driven by strong annuity sales and Index Plus sales.

Annuity net flows were \$274 million, with annuity book growth of 1.7% for the quarter³, supported by higher annuity sales and a moderating maturity rate.

Annuity sales increased by 10% to \$1.1 billion driven by strong domestic annuity and offshore reinsurance annuity sales. Maturities for the quarter moderated to 4%⁵ of opening period annuity liability. As previously announced, Challenger's FY26 maturity rate is expected to be ~23%.

Domestic annuity sales grew 7% to \$806 million and included strong growth in lifetime annuity sales that were up 18% to \$289 million², supported by continued demand for guaranteed income solutions, particularly in retirement and aged care.

Offshore reinsurance annuity sales increased 17% to \$281 million driven by strong demand for Yen-denominated annuities.

Fixed term annuity sales grew 2% to \$517 million, as Challenger maintained a disciplined approach to pricing shorter duration business.

Challenger Index Plus sales increased by 41% to \$629 million, benefiting from new client sales during the quarter. With some Index Plus maturities not reinvested, Index Plus book growth was -0.4%³ for the quarter. The outlook for Index Plus sales remains positive, with a broad pipeline of opportunities.

Challenger Life's closing investment assets were \$26.3 billion.

Challenger Life remains strongly capitalised with a PCA ratio of 1.51 times⁴, reflecting statutory profit for the quarter, offset by investment in growth assets, and the payment of dividends and Additional Tier 1 instrument coupons.

Following a review of Life's go-forward capital requirements, Challenger today announced it will redeem all Challenger Capital Notes 3 (ASX:CGFPC) on 25 May 2026. The redemption enables the business to operate with a lower target PCA range, while maintaining the existing risk appetite.

Retirement partnerships

Challenger made significant progress in the third quarter establishing partnerships with superannuation funds, which included the expansion of its relationship with BT to deliver an integrated suite of retirement income solutions on BT's Panorama platform and the next phase of MLC Retirement Boost, where retirement income is now an option that can be used either as a standalone solution or alongside an account-based pension on the MLC Expand platform.

In April, Iress Ltd (ASX:IRE) launched a modelling solution on its Xplan platform, enabling advisers for the first time to quickly and easily model lifetime income products in their clients' portfolios that will improve the accessibility of retirement income products in Australia.

Funds Management

Funds Management FUM was \$104.5 billion, a decrease of \$11.7 billion or 10% for the quarter, driven by net outflows of \$8.0 billion, \$3.4 billion of negative investment market movements driven by the war in Iran and client distributions of \$0.3 billion.

Fidante's FUM was \$86.2 billion and decreased by \$11.8 billion or 12% for the quarter and included net outflows of \$8.4 billion, \$3.2 billion of negative market movements and client distributions of \$0.2 billion. Net outflows were primarily driven by institutional equity strategies (\$7.3 billion).

Challenger Investment Management FUM was \$18.3 billion and increased by \$0.1 billion or 1% for the quarter driven by net flows of \$0.4 billion, partially offset by \$0.3 billion from negative market movements and client distributions.

Outlook

Challenger has tightened its FY26 normalised basic EPS guidance to a range of between 66 and 70 cents per share⁶.

ENDS

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

About Challenger

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

Challenger operates a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

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- ¹ All commentary compares the March 2026 quarter against the March 2025 quarter (the prior corresponding period or pcp), unless otherwise stated.
 - ² Lifetime annuity sales of \$289 million includes Liquid Lifetime sales of \$96 million and CarePlus sales of \$193 million.
 - ³ Book growth percentage represents net flows for the period divided by opening liability balances for the financial year.
 - ⁴ PCA ratio represents total Challenger Life Company Limited (CLC or Challenger Life) Tier 1 and Tier 2 regulatory capital base divided by the Prescribed Capital Amount (PCA) and is as at 31 March 2026.
 - ⁵ 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 \$19.0 billion.
 - ⁶ FY26 normalised basic earnings per share (EPS) guidance assumes FY26 Group normalised net profit after tax of approximately between \$455 million and \$480 million and no material change to the number of total issued shares.

Challenger Limited

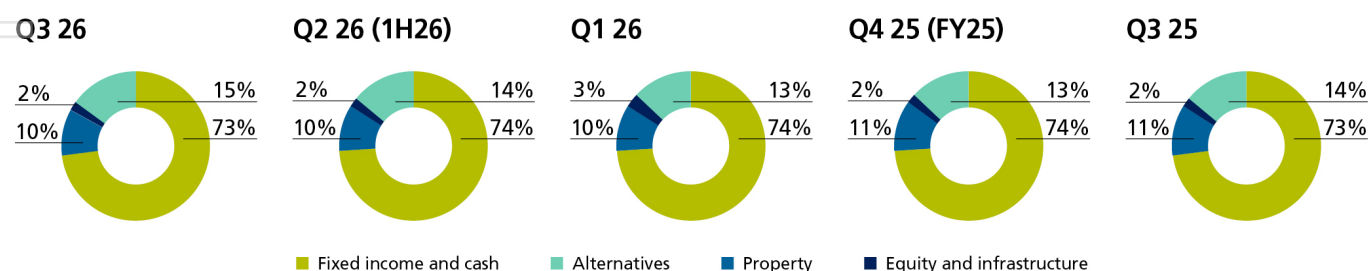
Assets and Funds Under Management, net flows and sales

Life quarterly sales and investment assets

\$m	Q3 26	Q2 26	Q1 26	Q4 25	Q3 25
Life sales					
Fixed term sales – 1-year or less	143	256	185	141	137
Fixed term sales – More than 1-year	210	249	275	228	221
Fixed term retail sales	353	505	460	369	358
Fixed term sales – 1-year or less	137	796	591	222	115
Fixed term sales – More than 1-year	27	30	28	286	32
Fixed term institutional sales	164	826	619	508	147
Total fixed term sales	517	1,330	1,079	877	505
Lifetime sales ¹	289	362	320	310	246
Total domestic annuity sales	806	1,692	1,399	1,187	751
Offshore reinsurance sales	281	449	246	128	240
Total Life annuity sales	1,087	2,141	1,645	1,315	991
Maturities and repayments	(813)	(1,344)	(1,230)	(870)	(842)
Total Life annuity net flows	274	797	415	445	149
Annuity book growth²	1.7%	4.9%	2.5%	2.9%	1.0%
Index Plus sales	629	454	874	1,191	446
Index Plus maturities and repayments	(649)	(682)	(609)	(707)	(775)
Index Plus net flows	(20)	(228)	265	484	(329)
Index Plus book growth²	(0.4%)	(4.5%)	5.2%	9.0%	(6.1%)
Total Life sales	1,716	2,595	2,519	2,506	1,437
Total maturities and repayments	(1,462)	(2,026)	(1,839)	(1,577)	(1,617)
Total Life net flows	254	569	680	929	(180)
Total Life book growth²	1.2%	2.6%	3.2%	4.5%	(0.9%)
Life investment assets					
Fixed income and cash ³	19,154	19,568	19,322	18,848	17,685
Alternatives	3,831	3,587	3,396	3,380	3,517
Property ³	2,644	2,660	2,614	2,733	2,702
Equity and Infrastructure ³	656	671	675	603	586
Total Life investment assets	26,285	26,486	26,007	25,564	24,490
Average Life investment assets⁴	26,426	26,318	25,863	24,951	24,644

- Lifetime sales include CarePlus, a product that pays income for life and is specifically designed for the aged care market.
- Book growth percentage represents net flows for the period divided by opening liability balances for the financial year.
- Fixed income, property and infrastructure are reported net of debt.
- Average investment assets is calculated on a monthly basis.

Life asset allocation



Funds Under Management and net flows

\$m	Q3 26	Q2 26	Q1 26	Q4 25	Q3 25
Funds Under Management					
Australian Equities	33,226	35,443	37,956	39,388	35,750
Global Equities	13,181	21,459	21,407	25,670	31,494
Total Equities¹	46,407	56,902	59,363	65,058	67,244
Fixed Income - Public Markets ²	35,212	36,902	38,415	36,251	36,537
Fixed Income - Private Markets ³	7,187	6,751	8,572	8,369	8,336
Total Fixed Income	42,399	43,653	46,987	44,620	44,873
Alternatives ^{4,5}	15,666	15,637	3,285	3,123	3,040
Closing FUM – total	104,472	116,192	109,635	112,801	115,157
Fidante ^{1,2,3,4}	86,185	98,026	91,413	95,542	98,266
Challenger IM ⁵	18,287	18,166	18,222	17,259	16,891
Closing FUM - total	104,472	116,192	109,635	112,801	115,157
Institutional ^{1,2,3,4}	88,281	99,446	91,124	94,916	97,809
Retail ^{3,4}	16,191	16,746	18,511	17,885	17,348
Closing FUM - total	104,472	116,192	109,635	112,801	115,157
Average Fidante	93,809	91,121	95,892	97,382	102,877
Average Challenger IM	18,191	18,117	17,742	17,019	17,007
Average FUM – total⁶	112,000	109,238	113,634	114,401	119,884
Analysis of flows					
Australian Equities	(986)	(1,717)	(2,544)	863	(648)
Global Equities	(6,325)	67	(5,036)	(7,005)	(472)
Total Equities¹	(7,311)	(1,650)	(7,580)	(6,142)	(1,120)
Fixed Income - Public Markets ²	(1,081)	(779)	1,508	(553)	(1,261)
Fixed Income - Private Markets ³	466	(2,467)	959	23	435
Total Fixed Income	(615)	(3,246)	2,467	(530)	(826)
Alternatives ⁴	(92)	12,422	210	90	26
Total net flows	(8,018)	7,526	(4,903)	(6,582)	(1,920)
Fidante ^{1,2,3,4}	(8,435)	7,429	(5,953)	(6,976)	(1,622)
Challenger IM	417	97	1,050	394	(298)
Total net flows	(8,018)	7,526	(4,903)	(6,582)	(1,920)
Institutional ^{1,2,3,4}	(7,946)	9,123	(5,654)	(6,545)	(1,358)
Retail ^{3,4}	(71)	(1,597)	751	(37)	(562)
Total net flows	(8,018)	7,526	(4,903)	(6,582)	(1,920)

1. Q3 26 includes \$0.8bn return of unitholder funds following the closure of Ox Capital Management and Q3 25 includes \$0.8bn FUM derecognition following the sale of Fidante's minority interest in Merlon Capital Partners and completion of its distribution agreement.
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. Includes ~\$0.8bn of FUM relating to Japanese real estate holdings managed by Challenger Kabushiki Kaisha (CKK) in periods Q3 25 to Q3 26.
6. Calculated on a monthly basis.

Reconciliation of total Group assets and Funds Under Management

\$m	Q3 26	Q2 26	Q1 26	Q4 25	Q3 25
Funds Management Funds Under Management	104,472	116,192	109,635	112,801	115,157
Life investment assets	26,285	26,486	26,007	25,564	24,490
Adjustments to remove double counting of cross-holdings	(14,473)	(14,448)	(14,745)	(14,428)	(14,022)
Total Assets Under Management	116,284	128,230	120,897	123,937	125,625