

CHALLENGER ANNOUNCED AS AWARE SUPER'S PARTNER TO PROVIDE DEFINED BENEFIT SOLUTION

Challenger Limited (ASX:CGF) today announced it has been selected as Aware Super Pty Ltd's (Aware Super) partner to provide a de-risking solution for their defined benefit fund (the fund).

Challenger was selected to provide a group lifetime annuity policy to the value of \$619 million that will de-risk the fund's lifetime pension liabilities from investment, inflation and longevity risk. The policy will commence from 31 July 2023 and cover approximately 3,000 members¹.

To help fund the group lifetime annuity and manage the investment transition, Aware Super made a short-term Index Plus investment in the fourth quarter of FY23. The group lifetime annuity sale will be included in Challenger's first quarter of FY24 lifetime annuity sales.

The defined benefit pension market presents a significant opportunity for Challenger as an increasing number of corporate pension plans and superannuation funds look to de-risk their defined benefit liabilities. Challenger is well placed to meet this institutional client need.

Challenger's Managing Director and Chief Executive Officer Nick Hamilton said:

"Aware Super is a highly valued, long-term client and we are delighted to partner with them to support their defined benefit fund.

"We have a proven track record in delivering innovative balance sheet solutions to help Aware Super meet its members' needs.

"Today's announcement builds on that relationship and highlights the depth of Challenger's institutional capability and strength of our investment and longevity risk solutions.

"The transaction further reinforces the breadth of retirement income needs that Challenger can support across the superannuation industry.

"With the Australian savings market now very focused on retirement, the opportunity for Challenger to support the industry with guaranteed income solutions, managed and regulated in Australia, is significant."

Aware Super Chief Investment Officer Damian Graham said:

"We are delighted to partner with Challenger, a recognised leader in this space, for what is the largest annuity buy-in in Australia.

¹ This is for the period of those members' lives. The policy will contain indicative procedures for further buy-ins from time to time, which will be subject to agreement between the parties.

“This partnership has enabled us to reduce the risk of future pensions for about 3,000 Victorian members in Aware Super’s defined benefit fund, which is critical in this inflationary environment. It is the latest example of Aware Super’s innovation culture shining through to find novel solutions to difficult challenges as we pursue the best possible outcomes for our members.

“Through this innovative de-risking solution, we are protecting our defined benefit pension members from investment, inflation and longevity risks and locking-in future cash flows, providing greater certainty to their retirement income.

“It is a win for all our stakeholders: for the defined benefit pension members – primarily from the Victorian public health sector – who will have confidence in their retirement income and the Victorian state government and more than 100 employers whose uncertainty around future funding requirements will be alleviated.

“We also thank Mercer Consulting which supported the appointment of Challenger and provided actuarial advice to the defined benefit fund.”

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, 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 Aware Super

Aware Super is one of Australia's top performing and largest industry super funds with A\$160 billion FUM (as at 1 July 2023). We always remember whose money it is and whose future we're looking after. It's why we invest to achieve strong risk-adjusted returns over the long term for more than 1 million members.

As one of the top 50 institutional investors globally, we typically take an active management approach across alternative assets, including infrastructure, real estate and private equity, and additionally allocate to liquid markets.

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