Challenger Retirement Fund

ABN 87 883 998 803

General Purpose

Annual Financial Report for the year ended 30 June 2026

Contents to Annual Financial Report

Directors' report

The Directors of Challenger Retirement and Investment Services Limited (Trustee) as Trustee for Challenger Retirement Fund (the Fund) submit their report, together with the general purpose financial report of the Fund for the year ended 30 June 2026.

Directors and Company Secretaries

The names and details of the Directors and company secretaries of the Trustee holding office during the financial year to 30 June 2026 and up to the date of this report, are listed below. Directors and company secretaries were in office for this entire period unless otherwise stated.

M Kennedy	Non-executive Director and Chair
A Bofinger	Non-executive Director
L Gavin	Non-executive Director
A Kapel	Executive Director
L Nguyen	Executive Director
H Crabbe	Secretary
L Matthews	Secretary

Corporate structure

The Fund is a Registrable Superannuation Entity. The registered office of the Trustee is located at Level 2, 5 Martin Place, Sydney, NSW 2000.

Principal activities and significant changes in the state of affairs

The Fund is a defined contribution superannuation plan pursuant to the Deed dated 2 September 1993, as amended. The Trustee at balance sheet date is Challenger Retirement and Investment Services Limited (ABN 80 115 534 453).

The Fund is closed to new members, however, under the Trustee's discretion, the Challenger Guaranteed Lifetime Pension Plan may accept superannuation fund transfers of defined benefit pensions. During the year ended 30 June 2026 the Fund accepted superannuation fund transfers of $40,206,000 (30 June 2025: $39,237,000).

Member benefits of Challenger Retirement Fund are backed by master Life Office policies with Challenger Life Company Limited (CLC), individual policies with CLC and a master term life policy with MetLife Insurance Limited (MetLife). Administration of the Fund is conducted by CLC and MetLife in relation to the respective policies.

There have been no significant changes in the state of affairs of the Fund during the year.

Operating and financial review

The loss after income tax expense for the year ended 30 June 2026 was $315,000 (2025 profit: $2,918,000).

As at 30 June 2026, the Fund held net assets with a total value of negative $1,230,000 (2025: negative $915,000).

Likely developments and expected results

At the time the Directors approved this report, they were not aware of any developments likely to have a significant effect upon the operations or the result of the Fund in subsequent financial years, which have not been adequately dealt with in this report or in the financial report.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Fund.

Significant events after the balance date

At the date of this financial report, no matter or circumstance has arisen that has affected, or may significantly affect the Fund's operations, the results of those operations or the Fund's state of affairs in future financial years, which has not already been reflected in this report.

Indemnification and insurance of directors and officers

In accordance with its Constitution, and where permitted under relevant legislation or regulation, the Trustee indemnifies the Directors and officers of the Trustee against all liabilities to another person that may arise from their position as Directors or officers of the Trustee, except where the liability arises out of conduct that is fraudulent, dishonest, criminal, malicious or a reckless act, error or omission.

In accordance with the provisions of the *Corporations Act 2001* (Cth), the Trustee has insured the Directors and officers against liabilities incurred in their role as Directors and officers of the Trustee. The terms of the insurance policy, including the premium, are subject to confidentiality clauses and therefore the Trustee is prohibited from disclosing the nature of the liabilities covered and the premium paid. Indemnification is provided by the ultimate parent entity of the Trustee, and the premium is paid by a related party, Challenger Group Services Pty Ltd.

Directors' report (continued)

Indemnification of auditors

To the extent permitted by law, the Trustee has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement. The primary purpose of the indemnity is to indemnify Ernst & Young for any loss that it may suffer as a result of a false representation given by the Trustee where a claim is made against Ernst & Young by a third party.

There is a caveat if Ernst & Young's loss results from its own negligence or wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of financial year.

Environmental regulation and performance

The Trustee's operations are not subject to any particular or significant environmental regulations under a law of the Commonwealth or of a State or Territory. The Directors are satisfied that adequate systems are in place for the management of the Trustee's compliance with various legislative, regulatory and licence requirements, and are not aware of any breaches of these requirements.

Rounding

The monetary amounts contained in this financial report have been rounded to the nearest $1,000, unless otherwise stated, under the option available to the Fund under Australian Securities and Investments Commission (ASIC) Corporations Instrument 2026/183.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

Authorisation

Signed in accordance with a resolution of the Directors of Challenger Retirement and Investment Services Limited.

A Kapel

Director

2 September 2026

L Nguyen

Director

2 September 2026

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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Challenger Retirement and Investment Services Limited

As lead auditor for the audit of the financial report of Challenger Retirement Fund for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

Ernst & Young

Louise Burns
Partner
2 September 2026

Remuneration report

The Directors of the Trustee present the Remuneration Report for the Fund for the year ended 30 June 2026. The Remuneration Report forms part of the Directors' Report and has been audited in accordance with section 300C of the *Corporations Act 2001* (Cth). The Remuneration Report details the remuneration arrangements for the Key Management Personnel (KMP) of the Fund which include those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling the major activities of the Fund. For Challenger Retirement Fund this includes:

a. Directors of Challenger Retirement Investment Services Limited, the Trustee for the Fund

b. Certain senior executives of Challenger Retirement Investment Services Limited who meet the definition of KMP above (collectively the Executive KMP)

The table below lists the KMP and their movements during the year ended 30 June 2026.

Name	Position	Term as KMP
Directors of the Trustee		
M Kennedy	Non-executive Director and Chair	Full year
A Bofinger	Non-executive Director	Full year
L Gavin	Non-executive Director	Full year
A Kapel	Executive Director	Full year
L Nguyen	Executive Director	Full year
H Crabbe	Secretary	Full year
L Matthews	Secretary	Full year
Key executives		
A Kapel	Chief Executive, Insurance	Full year
M Mannix	Chief Executive, Customer	Until 30 April 2026

Overview of director and executive remuneration

Non-executive Director remuneration

Challenger Retirement Investment Services Limited has appointed Non-executive Directors. The directors' fees are based on comparable positions in other superannuation funds and the financial services sector more broadly. The fees payable to individual directors may be delivered as a combination of cash and superannuation at the director's discretion (subject to minimum Superannuation Guarantee requirements).

Non-executive Directors do not receive performance-related incentives, long service leave, retirement, or termination benefits.

Executive remuneration

Key executives and executive directors are rewarded with a level and mix of remuneration appropriate to their position, responsibilities, and performance, in a way that aligns with the Fund's business strategy and performance.

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

a. The scope of the executive's role

b. The executive's skills, experience, and qualifications

c. Individual performance

It is set with reference to comparable roles at similar funds.

Statutory remuneration

Non-Executive Director remuneration for the year ended 30 June 2026

	Year	Short-term benefits		
		Board and committee fees	Superannuation[1]	Total remuneration
		$	$	$
A Bofinger[2]	2026	51,500	0	51,500
L Gavin[3]	2026	50,714	6,086	56,800
M Kennedy[4]	2026	59,821	7,179	67,000
Total	**2026**	**162,035**	**13,265**	**175,300**

1. Non-Executive Directors receive superannuation contributions where required by Superannuation Guarantee legislation.
2. Mr Bofinger provides a service through a company; fees exclude GST.
3. L Gavin is chair of the CRISL Audit Committee.
4. M Kennedy is chair of the CRISL Board.

Remuneration report (continued)

Executive KMP remuneration for the year ended 30 June 2026

	Year	Short-term benefits			Long-term employee benefits	
		Salary	Cash STIs[1]	Superannuation	Shared-based payments and other	Total remuneration[2]
		$	$	$	$	$
A Kapel	2026	29,750	15,876	1,500	54,433	101,559
M Mannix[3]	2026	17,333	6,798	1,000	31,651	56,782
L Nguyen	2026	3,227	—	300	—	3,527
Total	**2026**	**50,310**	**22,674**	**2,800**	**86,084**	**161,868**

1. Cash Short term incentives (STIs) disclosure is only required for Executive Officers. A Kapel and M Mannix were Executive Officers during the year.
2. Based on a reasonable allocation of KMP Compensation.
3. M Mannix was an Executive Officer until 30 April 2026.

Key executives and executive directors do not receive remuneration from the Trustee nor the Fund. Remuneration in respect of the Fund is paid by a related party, Challenger Group Services Pty Ltd, a subsidiary of Challenger Limited, the ultimate parent company. A reasonable allocation of KMP compensation attributable to their time and contribution to the Trustee has been included in the table above.

Signed in accordance with a resolution of the Directors of the Trustee of Challenger Retirement Fund.

A Kapel

Director

2 September 2026

L Nguyen

Director

2 September 2026

Trustee's declaration to the members

In the opinion of the Directors of Challenger Retirement and Investment Services Limited, the Trustee of Challenger Retirement Fund:

- the accompanying financial statements of the Challenger Retirement Fund (the Fund) are properly drawn up so as to present fairly the financial position of the Fund as at 30 June 2026 and the results of its operations for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements in Australia; and
- the operations of the Fund has been conducted in accordance with its Trust Deed dated 2 September 1993 (as amended) and in compliance with the requirements of the *Superannuation Industry (Supervision) Act 1993* and Regulations and the *Corporations Act 2001* and Regulations and Guidelines, during the year ended 30 June 2026.
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Trustee of Challenger Retirement Fund.

A Kapel

Director

Sydney

2 September 2026

L Nguyen

Director

Sydney

2 September 2026

Statement of comprehensive income

For the year ended 30 June	Note	2026 $'000	2025 $'000
Superannuation activities			
Investment return - Life Office policies		9,767	14,727
Total superannuation activities revenue/(expense)		**9,767**	**14,727**
Net income/(loss) from superannuation activities		**9,767**	**14,727**
Profit/(loss) from operating activities		**9,767**	**14,727**
Net benefits allocated to members' accounts		(10,082)	(11,809)
(Loss)/Profit before income tax		**(315)**	**2,918**
Income tax (expense)/ benefit	2	—	—
(Loss)/Profit after income tax expense		**(315)**	**2,918**

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June	Note	2026 $'000	2025 $'000
Assets			
Investments - Life Office policies		357,132	352,064
Total assets		**357,132**	**352,064**
Liabilities		—	—
Net assets available for member benefits	3	**357,132**	**352,064**
Member benefits			
Allocated to members	3	358,362	352,979
Total members liabilities		**358,362**	**352,979**
Net assets/(liabilities)		**(1,230)**	**(915)**
Equity			
Investment reserve		(1,230)	(915)
Total equity		**(1,230)**	**(915)**

The statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in member benefits

For the year ended 30 June	Note	2026 $'000	2025 $'000
Opening balance of member benefits		**352,979**	**352,321**
Contributions:			
Employer contributions		55	79
Member contributions		955	638
Transfers in from other superannuation plans		40,209	39,496
Net after tax contributions		**41,219**	**40,213**
Benefits to members/beneficiaries		(45,504)	(50,990)
Insurance premiums charged to members' accounts		(414)	(374)
Benefits allocated to members' accounts, comprising:			
Net investment income		10,082	11,809
Closing balance of members benefits	3	**358,362**	**352,979**

The statement of changes in member benefits should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June	Unallocated surplus/ (deficiency) $'000	Investment reserve $'000	Total equity $'000
Balance at 1 July 2025	—	(915)	(915)
Loss for the period after tax	(315)	—	(315)
Net transfer to/(from) reserves	315	(315)	—
Balance at 30 June 2026	**—**	**(1,230)**	**(1,230)**
Balance at 1 July 2024	—	(3,833)	(3,833)
Profit for the period after tax	2,918	—	2,918
Net transfer to/(from) reserves	(2,918)	2,918	—
Balance at 30 June 2025	**—**	**(915)**	**(915)**

Statement of cash flows

For the year ended 30 June	Note	2026 $'000	2025 $'000
Operating activities			
Term life insurance premiums received from members		414	374
Term life insurance premiums paid to MetLife		(414)	(374)
Net cash (outflows)/inflows from operating activities	9	**—**	**—**
Investing activities			
Proceeds from sale of Life Office policies		45,504	50,990
Payments for purchase of Life Office policies		(40,805)	(39,839)
Net cash inflows from investing activities		**4,699**	**11,151**
Financing activities			
Employer contributions		55	79
Member contributions		541	264
Transfers in from other superannuation plans		40,209	39,496
Benefits paid to members/beneficiaries		(45,504)	(50,990)
Net cash outflows from financing activities		**(4,699)**	**(11,151)**
Net (decrease)/increase in cash and cash equivalents		—	—
Cash and cash equivalents at the beginning of the year		—	—
Cash and cash equivalents at the end of the year		—	—

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Basis of preparation and overarching material accounting policies

The financial report of Challenger Retirement Fund (the Fund) for the year ended 30 June 2026 was authorised for issue in accordance with a resolution of the Directors of Challenger Retirement and Investment Services Limited on 2 September 2026.

1.1. Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board, the *Superannuation Industry (Supervision) Act 1993* and its Regulations and the provisions of the Trust Deed.

The Fund is a for profit entity for the purpose of preparing financial statements. The financial statements are presented in Australian dollars and all values are rounded to the nearest $1,000 except where otherwise indicated.

Going Concern

As at 30 June 2026, the Fund is in a negative net asset position due to the valuation methodology required to be applied to the components of the Statement of financial position for financial reporting purpose, where Life Office policies are presented at present value (discounted basis), and member liabilities are presented on an undiscounted basis.

Despite its negative net asset position, arising as a result of the valuation methodology required to be applied for financial reporting purposes only, the Fund continues to operate on a going concern basis. Furthermore, in accordance with the terms of the term life insurance policies and the Life Office policies, both MetLife and CLC guarantee to pay members benefits in full when due. A letter of support has also been provided by Challenger Limited.

1.2. Statement of compliance

The financial report complies with Australian Accounting Standards to the extent applicable. Since AASB 1056 *Superannuation Entities* is the principal standard that applies to the financial statements, other standards are also applied where necessary except to the extent that they differ from AASB 1056 *Superannuation Entities*.

1.3. New and revised accounting standards and interpretations

The accounting standards and methods of computation are the same as those adopted in the financial report for the prior comparative year. Where applicable, comparative figures have been updated to reflect any changes in the current year.

Accounting standards and interpretations issued but not yet effective

There have been a number of new accounting standards issued but are not yet effective. The Fund has not elected to early adopt any of the new standards or amendments in this financial report as these new standards are not material to the entity.

AASB 18 *Presentation and disclosure in financial statements* (AASB 18)

AASB 18 will be effective for the Fund from 1 July 2028 and replaces AASB 101 *Presentation of Financial Statements*, introducing new requirements that are intended to help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though AASB 18 will not impact the recognition or measurement of items in the financial statements, it is expected to impact presentation and disclosure.

There are no other new standards or amendments to existing standards that are not yet effective which are expected to have a material impact on the Fund's financial statements

Changes in accounting policies or disclosures

There were no changes in accounting policies applied during the year.

1.4. Assets

Assets are included in the statement of financial position at fair value through profit or loss as at the reporting date and changes in the fair value through profit or loss of assets are recognised in the statement of comprehensive income as investment revenue in the periods in which they occur.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Market values have been determined as follows.

1. Basis of preparation and overarching material accounting policies (continued)

1.4. Assets (continued)

Life Office policies

The Fund holds policies with Challenger Life Company Limited (CLC) (ABN 44 072 486 938) (the Life Office policies), which are determined under commercial terms and conditions.

The Life Office policies are classified as either investment account policies or annuity policies. Benefits consist of a Challenger Guaranteed Personal Superannuation Plan, a Challenger Guaranteed Allocated Pension Plan and individual annuity policies (Challenger Guaranteed Income Pension Plan, Challenger Guaranteed Lifetime Pension Plan and Challenger Guaranteed Term Allocated Pension).

Life Office policies included in the financial statements are based on CLC's assessment of the present value at the reporting date of payments due to the Fund under the policies. The present value is calculated using an appropriate discount rate curve as determined by CLC. As the life policies that back the Challenger Guaranteed Lifetime Pension Plan product are lifetime annuities, mortality rates are also applied in determining the present value of these Life Office policies.

Insurance

The Fund also purchases term life insurance policies from MetLife for its relevant members to back obligations under the Challenger Term Life (under super) Plan. The term life premiums paid equal the total amount of contributions received from those members during the financial period. The Fund does not disclose these insurance policies as an asset in the statement of financial position. The Fund acts only as an agent in respect of the insurance arrangements it has in place for its members.

1.5. Investment reserve

The Fund's investment assets (the Life Office policies) are measured at fair value through profit or loss, being the present value of all discounted future payments due to the Fund at the reporting date.

The Fund's total member liabilities are measured at the undiscounted value of the member account balance at the reporting date.

The net asset or liability position of the Fund is equal to the total equity or investment reserve in the statement of financial position.

This investment reserve arises due to the timing difference in valuation methodology between the Fund's assets and liabilities. This is in line with the relevant accounting standards.

As at 30 June 2026, the fund's investment reserve is in a negative position. This is due to interest rate movements impacting the present market value of assets available for member benefits but has no effect on the corresponding liability.

1.6. Investment return

This is the sum of the unwind of interest implicit in the calculation of the net present value of the Life Office policies, plus the impact of changes in market interest rates on this present value calculation.

1.7. Expenses

Operating expenses incurred by the Fund are borne by CLC.

1.8. Income tax

The Fund is a complying superannuation fund for the purposes of the provisions of the *Income Tax Assessment Act 1997*. Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income. Pursuant to section 295-260 of the *Income Tax Assessment Act 1997*, as amended, CLC assumes liability for income tax payable by the Fund. CLC did not assume any tax liability for the Fund during the years ended 30 June 2026 and 30 June 2025 as no tax was payable by the Fund for the respective years.

Income tax is reflected, as applicable, in the statement of cash flows and the statement of changes in member benefits.

1.9. Operational risk financial requirement

The Trustee holds an operational risk reserve for the Fund. Under *Prudential Standard SPS 114 Operational Risk Financial Requirement* (SPS 114), a Registrable Superannuation Entity (RSE) licensee is required to maintain adequate financial resources to address losses arising from operational risks that may affect the RSE licensee within its business operations. The reserve is funded in accordance with SPS 114.

1.10. Significant accounting judgements, estimates and assumptions

The carrying value of the Life Office policies recognised on the statement of financial position is based on CLC's assessment of the present value of the payments due to the Fund, which is based on estimates and assumptions of future events. The key estimates and assumptions that may have had a significant impact on recognised amounts on the statement of financial position had different assumptions been adopted are future mortality rates.

2. Income tax

	30 June 2026 $'000	30 June 2025 $'000
Analysis of income tax expense		
Profit before income tax	(315)	2,918
Income tax (expense) calculated at 15%	47	(438)
Tax effect of adjustments in calculating taxable income		
Non-assessable / deductible items	(47)	438
Taxable contributions	(35)	(25)
Allowable deductions	62	56
Derecognition of Deferred Tax Asset	(27)	(31)
Income tax benefit/ (expense)	—	—

Deferred tax assets have not been recognised for the carry forward of unused tax losses as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. CLC assumes liability for any tax payable by the Fund by entering into a section 295-260 *Income Tax Assessment Act 1997* agreement.

3. Member liabilities

Member liabilities are measured as the accrued benefits of members. For defined contribution superannuation plans, accrued benefits of members are measured as the amount of member account balances as at the reporting date.

	30 June 2026 $'000	30 June 2025 $'000
Member liabilities at end of the financial year	358,362	352,979
As compared to assets available to pay benefits	357,132	352,064

4. Vested benefits

Vested benefits are benefits that are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include term life insurance policies and the benefits which members who have reached retirement age are entitled to receive had they terminated their Fund membership as at the reporting date. The difference between members liabilities and vested benefits include unvested amounts and the difference between member balances and withdrawal value.

	30 June 2026 $'000	30 June 2025 $'000
Vested benefits at the end of the year	260,183	259,353

5. Guaranteed benefits

In accordance with the terms of the term life insurance policies and the Life Office policies, both MetLife Insurance Limited (MetLife) and CLC guarantee to pay members benefits in full when due.

6. Risk management

Investments of the Fund comprise Life Office policies. The Trustee has determined that this type of investment is appropriate for the Fund and is in accordance with the Fund's published investment strategy. The Trustee seeks information from CLC to determine the nature and extent of any risks to which CLC is exposed.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk includes (amongst others) three types of risk: interest rate risk (due to fluctuations in interest rates), currency risk (due to fluctuations in foreign exchange rates), and price risk (due to fluctuations in market prices). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

CLC is exposed to underlying market risks of the investments backing the policies, however, as the policies are on fixed terms (return and maturity) and are not on-sellable, the ultimate returns to members are not impacted by market risk. Market risk is not a direct risk to the Fund due to the terms of the Life Office policies that guarantee member benefits as described in Note 5.

6. Risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation.

Credit risk for the Fund is that CLC or MetLife do not meet their obligations. CLC is regulated by the Australian Prudential Regulatory Authority (APRA) and has a S&P Global Rating of A+ as at 30 June 2026 (2025: S&P Global Rating of A), which is reviewed on an annual basis. MetLife is also regulated by APRA, holding a S&P Global Rating of A+ until February 2026 (2025: S&P Global Rating of A+) and its parent entity, MetLife Inc. continues to hold a S&P Global Rating of A- as at 30 June 2026.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet cash commitments. This may result from either the inability to sell financial assets at their fair values, a counterparty failing on repayment of a contractual obligation, or the inability to generate cash inflows as anticipated.

The Fund is not directly subject to liquidity risk as the terms of the Life Office policies guarantee payments for member benefits in full when due as described in Note 5. Voluntary withdrawal payments are at call and the timing of these payments is uncertain.

7. Fair values of investment assets

Fair value determination and classification

Life Office policies are financial instruments recorded at fair value. The Fund classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Fund offers members the following products, all of which are now closed to new members, and are backed by Life Office policies:

- Challenger Guaranteed Personal Superannuation;
- Challenger Guaranteed Allocated Pension;
- Challenger Guaranteed Income Pension Plan;
- Challenger Guaranteed Lifetime Pension Plan; and
- Challenger Guaranteed Term Allocated Pension.

Although the Challenger Guaranteed Lifetime Pension Plan is generally closed to new members, under the Trustee's discretion, the Challenger Guaranteed Lifetime Pension Plan may accept superannuation fund transfers of defined benefit pensions.

Life Office policies backing the Fund's products (apart from Challenger Guaranteed Lifetime Pension Plan) are fixed term policies. Inputs used in the determination of fair value are market observable hence the policies are classified as level 2 financial instruments under the fair value hierarchy.

Challenger Guaranteed Lifetime Pension Plan is a lifetime annuity product that includes mortality assumptions which are unobservable in determining its valuation. Life Office policies backing these products are therefore classified as level 3 financial instruments under the fair value hierarchy.

The Fund transfers between levels of the fair value hierarchy when there is a change in the observability of the pricing inputs or a change to valuation methodology. There were no transfers between levels of the fair value hierarchy during the reporting period.

The tables below set out the Fund's Life Office policies measured at fair value at each level of the fair value hierarchy as at the statement of financial position date.

	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2026 - Life Office policies	230,183	126,949	357,132
30 June 2025 - Life Office policies	257,585	94,479	352,064

7. Fair values of investment assets (continued)

Level 3 reconciliation

The following table shows a reconciliation of the movement in the fair value of Life Office policies categorised within level 3 of the fair value hierarchy during the year.

Life Office policies	30 June 2026 $'000	30 June 2025 $'000
Opening balance	94,479	63,604
Fair value losses[1]	(7,736)	(8,362)
Acquisitions	40,206	39,237
Closing balance	**126,949**	**94,479**

[1]Fair value losses are unrealised losses included in the Statement of comprehensive income.

Level 3 sensitivity

The table below shows the sensitivity of level 3 Life Office policies to a reasonably possible change in the non-observable input.

	Level 3 value	Increase in Life Office policies	Valuation technique	Reasonably possible change in non-observable input
30 June 2026	**$'000**	**$'000**		
50% increase in the rate of mortality improvement	126,949	2,110	Discounted cash flow	Mortality rate
30 June 2025				
50% increase in the rate of mortality improvement	94,479	1,790	Discounted cash flow	Mortality rate

8. Related party transactions

The Trustee of the Fund is Challenger Retirement and Investment Services Limited.

Directors

The Directors and key executives of Challenger Retirement and Investment Services Limited during the financial year and up to the date of the report, unless otherwise stated.

Directors	
M Kennedy	Non-executive Director and Chair
A Bofinger	Non-executive Director
L Gavin	Non-executive Director
A Kapel	Executive Director
L Nguyen	Executive Director
H Crabbe	Secretary
L Matthews	Secretary

Key executives		
A Kapel	Chief Executive, Insurance	Full Year
M Mannix	Chief Executive, Customer	Until 30 April 2026

The Fund holds policies with CLC, which is a related party to the Trustee under the Challenger Limited group.

There are no related party transactions during the year between the Fund and any of key executives or Directors of the Trustee listed in Note 8.

9. Reconciliation of profit to operating cash flow

Reconciliation of profit to net cash flow from operating activities	**30 June 2026 $'000**	**30 June 2025 $'000**
(Loss)/Profit after tax	(315)	2,918
Adjusted for:		
Net benefits allocated to members' accounts	(10,082)	(11,809)
Investment return - Life Office policies	9,767	14,727
Net cash flows from operating activities	—	—

10. Remuneration of auditor

Auditor’s remuneration in respect of this Fund is incurred and paid by a related party, Challenger Group Services Pty Limited, a subsidiary of the ultimate parent entity, Challenger Limited.

11. Subsequent events

At the date of this financial report, no matter or circumstance has arisen that has affected, or may significantly affect the Fund's operations, the results of those operations or the Fund's state of affairs in future financial years, which has not already been reflected in this report.

12. Contingent liabilities, contingent assets and credit commitments

The Fund does not have any contingent liabilities, contingent assets or credit commitments as at 30 June 2026 (2025: nil).

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Independent auditor's report to the members of Challenger Retirement Fund

Opinion

We have audited the financial report of Challenger Retirement Fund (the RSE), which comprises the statement of financial position as at 30 June 2026, the income statement, statement of changes in member benefits, statement of cash flows and statement of changes in equity for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the RSE is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the RSE's financial position as at 30 June 2026, and of its financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted the audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the RSE in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of Challenger Retirement and Investment Services Limited (the Trustee) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the RSE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the RSE or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors' regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Challenger Retirement Fund for the year ended 30 June 2026, complies with section 300C of the *Corporations Act 2001*.

Responsibilities

The directors of the Trustee are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300C of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Louise Burns
Partner
Sydney
2 September 2026