

Target Market Determination Challenger Guaranteed Annuity (Fixed Term)

This Target Market Determination (**TMD**) is required under section **994B** of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of customers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a Product Disclosure Statement (**PDS**) and is **not** a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product before making a decision whether to buy this product.

Important terms used in this TMD are defined in the Definitions at the end of this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained at challenger.com.au/fixedterm or by calling 13 35 66.

Target Market Summary

This product is designed for an investor, who is in a financial position to invest a lump sum amount in return for a regular, guaranteed income with the intention to hold the product for their chosen term.

The investor can choose the term of the investment and to have their income paid monthly, quarterly, half yearly or yearly. They can choose to have the full investment amount repaid at the end of the fixed term, or to have some or all of it repaid as part of the regular payments.

This product is not suitable for someone who is looking for capital growth or who needs ongoing access to the capital invested.




Fund and issuer identifiers

| | |
|------------------------------------|--|
| Product | Challenger Guaranteed Annuity (Fixed Term) (Fixed Term Annuity) |
| Issuer | Challenger Life Company Limited |
| Issuer ABN | 44 072 486 938 |
| Product SPIN | CHG0005AU |
| TMD issue date | 28 June 2024 |
| TMD Version | 3.0 |
| Distribution status of fund | ACTIVE |

Description of Target Market

TMD indicator key

The customer attributes for which the product is likely to be appropriate have been assessed using a green/amber/red rating methodology with appropriate colour coding:

| | |
|--|-------------------------------------|
|  | IN TARGET MARKET |
|  | LESS LIKELY IN TARGET MARKET |
|  | NOT IN TARGET MARKET |










Instructions

In the tables below, customer attributes indicate a description of the likely objectives, financial situation and needs of the class of customers that are considering this product. The TMD indicator, indicates whether a customer meeting the customer attribute is likely to be in the target market for this product.

Generally, a customer is unlikely to be in the target market for the product if **one or more** of their customer attributes has a red rating. Where a customer attribute has an amber rating, they may be in the target market depending on their personal circumstances.











Please also refer to the Definitions at the end of this document.

Fixed Term Annuity

| Customer attribute | TMD Indicator | Product description including key attributes |
|--|---|--|
| Customer's life stage | | |
| Accumulation (aged 18 – 45) |  | <ul style="list-style-type: none"> You can invest in the Fixed Term Annuity using your super or personal savings (non- super money) if you are: <ul style="list-style-type: none"> aged 18 and older if you are using non-super money to invest, or aged 60 and older if you are using your super money to invest and have unrestricted access to super. |
| Pre-retirement (aged 45+) |  | <ul style="list-style-type: none"> If you are using your super money to invest, you must consider the transfer balance cap, which limits the amount that can be used to commence a retirement-phase income stream. The Fixed Term Annuity can be held as a direct investment of a Self-Managed Superannuation Fund (SMSF), company or trust. |
| Retirement (less than age 85) |  | <ul style="list-style-type: none"> If you are a non-resident of Australia, you must receive and accept the offer in Australia. |
| Late retirement (aged 85+) |  | <p>Late retirement (aged 85+)</p> <ul style="list-style-type: none"> The Fixed Term Annuity may be suitable if you are in late retirement. It is important to consider if you die before the end of the investment term that your beneficiaries or estate may receive back less money than was invested in the annuity if they receive the remaining benefits as a lump sum. To protect against this risk, you can nominate a single beneficiary to continue receiving the regular payments until the end of the fixed term. |
| Customer's investment objective | | |
| Capital guarantee |  | <ul style="list-style-type: none"> The Fixed Term Annuity is a secure investment that pays regular income for a fixed investment term that you choose. |
| Use investment to generate guaranteed regular income |  | <ul style="list-style-type: none"> The full investment amount is repaid to you at the end of the investment term, unless you choose at the start to have all or part of it returned as part of your regular payments. |
| Use investment to generate capital growth |  | <ul style="list-style-type: none"> The Fixed Term Annuity is not designed to provide capital growth on the lump sum invested. The regular income we agree to pay you and the return of the amount invested is guaranteed by Challenger over the full investment term regardless of how investment markets perform. If you are a non-resident, you must be looking for an investment in Australian dollars. |
| How product fits in to customer's total portfolio | | |
| Partial allocation |  | <ul style="list-style-type: none"> The Fixed Term Annuity can be used as part of your retirement, pre-retirement or investment portfolio, providing you with guaranteed regular income for your chosen term. It can work alongside other income sources such as the Age Pension, your savings and super. |
| Only investment |  | <ul style="list-style-type: none"> If you hold the Fixed Term Annuity as your only investment, it is important to consider there is a penalty if you withdraw before the end of the fixed term and the withdrawal amount may be less than the amount invested. If you require ready access to a portion of your investment (like a savings account), the Fixed Term annuity should not be held as your only investment. |

Fixed Term Annuity

- The remaining investment amount payable to you at the end of your chosen term is called your 'residual capital value' (RCV).

| Customer attribute | TMD Indicator | | Product description including key attributes |
|---|---|---|--|
| | RCV100 (100% of investment repaid at end of term) | RCV0-99 (0%-99% of investment repaid at end of term) | |
| Customer's income objectives | | | |
| Regular income for a chosen term that is guaranteed regardless of investment market performance |  |  | <ul style="list-style-type: none"> The Fixed Term Annuity provides a guaranteed, regular income for a fixed term that you choose, regardless of how investment markets perform. You have the choice of being paid monthly, quarterly, half-yearly or for terms greater than one year, yearly. You can choose a fixed term of one year up to 50 years (maximum term to age 100 if super money), to suit your financial needs and objectives. Regular payments are tax-free if investing with super money. Part or all of the regular payment may be subject to PAYG tax if investing with non-super money. You have the flexibility to choose how we pay you back the original amount invested. The remaining investment amount payable to you at the end of the term is called your 'residual capital value' (RCV). |
| Low-risk investment with potentially higher returns, relative to a savings account |  |  | <p>RCV100</p> <ul style="list-style-type: none"> The entire amount invested will be returned at the end of your chosen fixed term, known as RCV100¹. Your regular payments do not change for your chosen investment term and are made up of interest payments only as your full investment amount is returned to you at the end of the term. <p>RCV0-RCV99</p> <ul style="list-style-type: none"> The full investment amount can be repaid with your regular payments, known as RCV0 or some of the amount invested can be repaid with your regular payments, known as (RCV1-RCV99)¹. <p>You can only choose to have your regular payments increased annually in line with increases in the Consumer Price Index (CPI) or a fixed percentage rate up to 5% if you have chosen a term of at least two years and have also chosen to have all your capital returned to you as part of your regular payments (RCV0). Otherwise, your payments do not change over your chosen timeframe.</p> |
| Type of access to lump sum invested required by customer | | | |
| Ability to withdraw lump sums during the term if circumstances change |  |  | <ul style="list-style-type: none"> The Fixed Term Annuity is designed to be held for your chosen investment term. While you should only invest if you plan to remain invested for the full fixed term, you can withdraw (in part or full) before maturity if your circumstances change. |
| Access to 100% of amount invested at the end of the fixed term |  |  | <ul style="list-style-type: none"> If you withdraw before the end of the fixed term, there is a penalty and the withdrawal value may be less than the amount you invested, even after taking into account payments you have already received. This also applies to any lump sum payable on death during the investment term. If you make a partial withdrawal, your regular payments and/or residual capital value will be reduced. |
| Ready access to the lump sum invested that can be withdrawn at any time without penalty |  |  | <ul style="list-style-type: none"> If you die before the end of the investment term, the remaining benefits will be paid to the beneficiaries you have nominated or to the surviving owner if you have invested jointly with another person. If you have selected RCV100, the entire amount invested is repaid at the end of the fixed term. |

¹ Super rules require that minimum payments are made from income streams, meaning that certain RCV options may not be available with super money.

Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market as described above. The features of this product described in the table above are likely to be suitable for customers with the attributes identified with a green TMD indicator.

Distribution conditions/restrictions

Distribution channels

Distribution conditions

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|---|--|
| Direct (non-advised) retail | Direct non-advised customers must complete TMD suitability questions as part of their application form. Direct applications outside the target market are subject to a review process. Call scripts exist to support the review process. |
| Licensed financial adviser | Customers are provided with personal advice in relation to this product and the adviser must confirm appropriateness of the product as part of the application process. |
| Select platform with agreement in place | Distribution of this product via a platform is only permitted with an appropriate formal administration agreement in place. |

Review triggers

- Unexpected and material uplift in the number of investors withdrawing early (greater than 5% of total investors in a year).
- Material change in tax treatment of product.
- Significant dealing, as decided by the Issuer, that is not consistent with the TMD.
- Unexpected or material increase in the number of investor complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product (greater than 5% of total investors in a year).
- The use of Product Intervention Powers, regulator orders or directions that affect the product.
- Australian Prudential Regulation Authority (**APRA**) intervenes as a result of Challenger Life Company not being able to meet its statutory capital requirements.

Mandatory review periods

Review period

Maximum period for review

| | |
|--------------------|--|
| Initial review | NA - initial review has already occurred |
| Subsequent reviews | 2 years |

Distributor reporting requirements

All distributors must report to Challenger as required under the distributor reporting requirements and within the required timeframe.

Reporting requirement

Reporting period

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| All complaints received (as defined in section 994A(1) of the Act) relating to the product, including but not limited to product design, availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy. | As soon as practicable but no later than 10 business days following the end of the March and September half year periods (note this can be done quarterly if required). |
|--|---|

Email us at
[ddocomplaint@challenger.com.au](mailto:docomplaint@challenger.com.au)

| | |
|--|---|
| Significant dealing outside of target market, under section 994F(6) of the Act. See Definitions for further details. | As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing. |
|--|---|

Email us at
ddesignificantmatter@challenger.com.au

Definitions

| Term | Definition |
|---|---|
| Customer's life stage | |
| Accumulation (aged 18 – 45) | In the accumulation phase and/or below age 45 |
| Pre-retirement (aged 45+) | Aged 45 or older but below preservation age |
| Retirement (less than age 85) | In retirement and less than 85 |
| Late retirement (aged 85+) | Aged 85 and older |
| Customer's investment objective | |
| Capital guarantee | The customer seeks a guarantee or protection against capital loss whilst still generating a return. |
| Use investment to generate guaranteed regular income | The product is designed to generate regular investment income for customers. |
| Use investment to generate capital growth | The product is designed to generate capital return from the growth in the value of the underlying assets over time. The product provides material exposure to growth assets or otherwise seeks an investment return well above the current inflation rate. |
| Customers intended product use | |
| Partial allocation | The customer intends to hold the investment as part of their total investable assets (see definition below). |
| Only investment | The customer intends to hold the investment as the total amount of their total investable assets (see definition below). |
| Investable assets | Those assets that the customer has available for investment, excluding the residential home. |
| Customer's income objective | |
| Regular income for a chosen term that is guaranteed regardless of investment market performance | The customer seeks regular income payments for a chosen term that is guaranteed regardless of investment market performance. |
| Low-risk investment with potentially higher returns, relative to a savings account | The customer seeks known and stable income payments with a return that is potentially higher than a savings account or similar. |
| Type of access to lump sum invested required by customer | |
| Ability to withdraw lump sums during the term if circumstances change | The customer requires the ability to withdraw either a partial or the full amount invested before maturity in the event of a change in circumstances. |
| Access to 100% of amount invested at the end of the fixed term | The customer requires the ability to withdraw 100% of their investment amount at the end of their chosen investment term. |
| Ready access to the lump sum invested that can be withdrawn at any time without penalty | The customer needs ready access to the lump sum invested like a savings account or similar. |
| Distributor reporting | |
| Significant dealings | <p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor the Australian Securities and Investments Commission (ASIC) defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>Challenger will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC. Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> • they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or • they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the customer (or class of customer). <p>In each case, the distributor should have regard to the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the customer).</p> |