

Market Release

16 October 2025

First quarter update¹

- Total Life sales \$2.5 billion, up 4%
 - Lifetime annuity sales \$320 million², up 16%
 - Fixed term annuity sales \$1.1 billion, up 29%
 - Japanese sales \$246 million, stable
- Annuity net book growth \$415 million or 2.5% for the quarter³
- Challenger Life strongly capitalised with a PCA ratio of 1.58 times⁴
- Funds Management funds under management (FUM) \$109.6 billion, down 3% for the quarter
- Group assets under management (AUM) \$120.9 billion, down 2% for the quarter

Challenger Limited (ASX:CGF) today reported its first quarter AUM, annuity sales and net flows. Managing Director and Chief Executive Officer, Nick Hamilton said:

“Building on last financial year’s strong performance, Challenger has started FY26 with continued momentum in annuity sales while progressing a range of strategic initiatives to support future growth.

“Sales across our retirement income products have remained strong, supported by demand for guaranteed lifetime income and an increasing number of Australians entering retirement and aged care.

“Fixed term annuity sales benefited from several new mandates with superannuation funds, offsetting competition in the retail term market, where we continue to remain disciplined on pricing shorter-term annuities.

“Significant progress has been made in building partnerships with superannuation funds, wealth managers and platforms. Most recently, Challenger and TAL established a key retirement partnership with Insignia Financial for the launch of MLC Retirement Boost on their MLC Expand platform.

“As Challenger celebrates 40 years of growth and dedication to our customers, we are excited by the evolving opportunities in the saving and retirement markets and continue to innovate and progress a number of strategic initiatives aimed at re-inventing, strengthening and expanding our business.

“The recent launch of our ASX listed income notes, LiFITS, reflects our focus on delivering contemporary solutions designed to meet Australians’ demand for quality and dependable income.

“Funds Management is also broadening its alternative offerings to meet client demand, welcoming Fulcrum Asset Management to our stable of affiliate managers.

“We look forward to APRA’s upcoming changes to capital settings for longevity products that represent one of the most significant regulatory updates for life insurers in over a decade.

“These changes are expected to benefit the industry and retirees by increasing balance sheet resilience, promoting product innovation, encouraging the uptake of guaranteed retirement products, and supporting the broader Australian economy through investment in long-term assets,” said Mr Hamilton.

Challenger Life

Total Life sales increased 4% to \$2.5 billion driven by strong quarterly annuity sales.

Annuity net flows were \$415 million, with annuity book growth of 2.5%³ for the quarter, supported by greater annuity sales and a moderating maturity rate.

Annuity sales increased by 21% to \$1.6 billion, with strong growth in lifetime annuity sales and fixed term annuity sales.

Lifetime annuity sales were up 16% to \$320 million², supported by continued demand for guaranteed income solutions, particularly in retirement and aged care where CarePlus achieved its highest ever quarter of sales.

Fixed term annuity sales grew 29% to \$1.1 billion, largely driven by new term annuity mandate sales. Retail fixed term annuity sales decreased 18%, as Challenger maintained a disciplined approach to pricing shorter duration business in a competitive fixed income market.

Japanese annuity sales were stable at \$246 million.

The tenor of new business annuity sales⁵ was 5.1 years, which continues to improve overall book composition.

Maturities for the quarter represented 6%⁶ of opening period annuity liability. As previously announced, Challenger's FY26 maturity rate is expected to be ~23% with a greater weighting towards 1H26.

Challenger Index Plus sales fell by 18% to \$874 million and continue to be impacted by high hedging costs that have reduced the margin able to be offered to clients on equity-linked exposures. Challenger Index Plus net flows were \$265 million and benefited from lower maturities. The outlook for Index Plus sales remains positive, with new indices being launched and a broad pipeline of opportunities.

Challenger Life's investment assets increased 2% for the quarter to a record high of \$26.0 billion.

Challenger Life remains strongly capitalised with a PCA ratio of 1.58 times⁴. The change in PCA ratio since 30 June 2025 reflects the payment of the final 2025 dividend and Additional Tier 1 instrument coupons, partially offset by retained earnings.

Funds Management

Funds Management FUM was \$109.6 billion, a decrease of \$3.2 billion or 3% for the quarter, with net outflows of \$4.9 billion and client distributions of \$0.6 billion, partially offset by \$2.3 billion of positive investment market movements.

Fidante's FUM was \$91.4 billion and decreased by \$4.1 billion or 4% for the quarter and included net outflows of \$5.9 billion and client distributions of \$0.5 billion, partially offset by positive market movements of \$2.3 billion. Net outflows were primarily driven by the partial redemption of a low-margin institutional equity mandate, partly offset by inflows across fixed-income managers.

Challenger Investment Management (Challenger IM) FUM was \$18.2 billion and increased by \$1.0 billion or 6% for the quarter driven by strong net inflows that included \$350 million raised as part of the launch of Challenger IM LiFTS Notes on the ASX on 11 September 2025.

In October 2025, Fidante welcomed London-based Fulcrum Asset Management (Fulcrum) to its affiliate platform. The partnership marks Fidante's second affiliate addition in 2025, after adding System Capital in February, and underscores Fidante's growth ambitions. Fulcrum, which manages GBP6.2 billion⁷, is primarily a liquid alternatives manager specialising in macro (discretionary and quantitative) strategies while also offering illiquid alternatives in the UK pension market.

Outlook

Challenger reaffirms its FY26 normalised basic EPS guidance range of between 66 and 72 cents per share⁸.

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 September 2025 quarter against the September 2024 quarter (the prior corresponding period or pcp), unless otherwise stated.
- ² Lifetime annuity sales of \$320 million includes Liquid Lifetime sales of \$123 million and CarePlus sales of \$197 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 30 September 2025.
- ⁵ Based on new business annuity sales, including term annuities and Lifetime annuities, excluding reinvestments.
- ⁶ 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.
- ⁷ As at 30 September 2025.
- ⁸ FY26 normalised basic earnings per share (EPS) guidance assumes FY26 Group normalised net profit after tax of between \$455 million and \$495 million and no material change to the number of total issued shares.

Challenger Limited

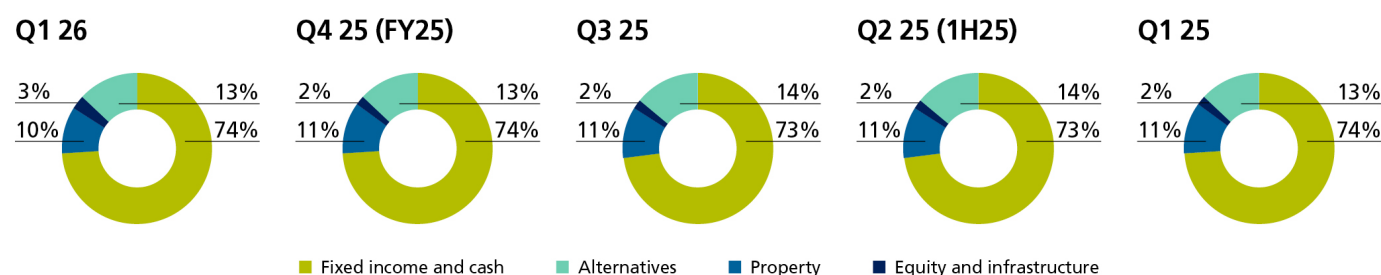
Assets and Funds Under Management, net flows and sales

Life quarterly sales and investment assets

\$m	Q1 26	Q4 25	Q3 25	Q2 25	Q1 25
Life sales					
Fixed term sales – 1-year or less	185	141	137	357	204
Fixed term sales – More than 1-year	275	228	221	307	360
Lifetime sales ¹	312	310	246	308	275
Total retail annuity sales	772	679	604	972	839
Fixed term sales – 1-year or less	591	222	115	127	275
Fixed term sales – More than 1-year	28	286	32	15	—
Lifetime sales	8	—	—	28	—
Total institutional annuity sales	627	508	147	170	275
Total domestic annuity sales	1,399	1,187	751	1,142	1,114
Japan sales	246	128	240	371	244
Total Life annuity sales	1,645	1,315	991	1,513	1,358
Maturities and repayments	(1,230)	(870)	(842)	(1,183)	(1,538)
Total Life annuity net flows	415	445	149	330	(180)
Annuity book growth²	2.5%	2.9%	1.0%	2.2%	(1.2%)
Challenger Index Plus sales	874	1,191	446	682	1,072
Challenger Index Plus maturities and repayments	(609)	(707)	(775)	(1,193)	(1,057)
Challenger Index Plus flows	265	484	(329)	(511)	15
Challenger Index Plus net book growth²	5.2%	9.0%	(6.1%)	(9.6%)	0.3%
Total Life sales	2,519	2,506	1,437	2,195	2,430
Total maturities and repayments	(1,839)	(1,577)	(1,617)	(2,377)	(2,595)
Total Life net flows	680	929	(180)	(182)	(165)
Total Life book growth²	3.2%	4.5%	(0.9%)	(0.9%)	(0.8%)
Life investment assets					
Fixed income and cash ³	19,322	18,848	17,685	17,963	18,293
Alternatives	3,396	3,380	3,517	3,461	3,084
Property ³	2,614	2,733	2,702	2,688	2,669
Equity and Infrastructure ³	675	603	586	535	470
Total Life investment assets	26,007	25,564	24,490	24,647	24,516
Average Life investment assets⁴	25,863	24,951	24,644	24,462	24,754

- 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	Q1 26	Q4 25	Q3 25	Q2 25	Q1 25
Funds Under Management					
Australian Equities ¹	37,956	39,388	35,750	38,116	37,200
Global Equities	21,407	25,670	31,494	34,483	30,346
Total Equities	59,363	65,068	67,244	72,599	67,546
Fixed Income - Public Markets ²	38,415	36,251	36,537	37,575	41,219
Fixed Income - Private Markets	8,572	8,369	8,336	7,959	7,195
Total Fixed Income	46,987	44,620	44,873	45,534	48,414
Alternatives ³	3,285	3,123	3,040	2,890	2,728
Total Funds Under Management	109,635	112,801	115,157	121,023	118,688
Fidante ^{1,2}	91,413	95,542	98,266	103,859	101,128
Challenger Investment Management ³	18,222	17,259	16,891	17,164	17,560
Total Funds Under Management	109,635	112,801	115,157	121,023	118,688
Institutional ^{1,2}	91,124	94,916	97,809	102,775	100,529
Retail	18,511	17,885	17,348	18,248	18,159
Total Funds Under Management	109,635	112,801	115,157	121,023	118,688
Average Fidante	95,892	97,382	102,877	102,640	101,869
Average Challenger Investment Management	17,742	17,019	17,007	17,259	17,605
Total average Funds Under Management⁴	113,634	114,401	119,884	119,899	119,474
Analysis of flows					
Australian Equities ¹	(2,544)	863	(648)	983	(2,086)
Global Equities	(5,036)	(7,005)	(472)	500	3,234
Total Equities	(7,580)	(6,142)	(1,120)	1,483	1,148
Fixed Income - Public Markets ²	1,508	(553)	(1,261)	(3,843)	(3,427)
Fixed Income - Private Markets	959	23	435	705	716
Total Fixed Income	2,467	(530)	(826)	(3,138)	(2,711)
Alternatives	210	90	26	70	39
Total net flows	(4,903)	(6,582)	(1,920)	(1,585)	(1,524)
Fidante ^{1,2}	(5,953)	(6,976)	(1,622)	(955)	(1,854)
Challenger Investment Management ³	1,050	394	(298)	(630)	330
Total net flows	(4,903)	(6,582)	(1,920)	(1,585)	(1,524)
Institutional ^{1,2}	(5,654)	(6,545)	(1,358)	(1,694)	(1,412)
Retail	751	(37)	(562)	109	(112)
Total net flows	(4,903)	(6,582)	(1,920)	(1,585)	(1,524)

1. 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 of FUM recognition from Kapstream.
3. Includes ~\$0.8bn of FUM relating to Japanese real estate holdings managed by Challenger Kabushiki Kaisha (CKK) in periods Q1 25 to Q1 26.
4. Calculated on a monthly basis.

Reconciliation of total Group assets and Funds Under Management

\$m	Q1 26	Q4 25	Q3 25	Q2 25	Q1 25
Funds Management Funds Under Management	109,635	112,801	115,157	121,023	118,688
Life investment assets	26,007	25,564	24,490	24,647	24,516
Adjustments to remove double counting of cross-holdings	(14,745)	(14,428)	(14,022)	(14,234)	(14,805)
Total Assets Under Management	120,897	123,937	125,625	131,436	128,399