

MEDIA RELEASE

CHALLENGER MANAGED INVESTMENTS LIMITED TEMPORARILY AMENDS THE WITHDRAWAL PROCESS FOR THE CHALLENGER HIGH YIELD FUND

16 October 2008, Sydney - Challenger today announced that in response to the continuing global credit crisis and conditions in the domestic credit market, it considered it was prudent to temporarily amend the withdrawal policy for the Challenger High Yield Fund offered by its Funds Management business.

The responsible entity for the fund, Challenger Managed Investments Limited (CMIL), believes that amending the withdrawal process is the best course of action to protect the interests of investors given continued dislocation in credit markets. There are indications that this dislocation has further accelerated in recent days following a number of developments - including similar decisions by other participants within the sector.

Under the amended policy, it is intended that redemptions will be offered quarterly as investments in the fund are sold or as they mature. The level of redemptions offered will be subject to prevailing market conditions. The distribution policy of the fund is not affected by this announcement.

CMIL will constantly monitor market conditions and expects the fund to return to the previous withdrawal process as conditions allow it to do so.

CMIL remains confident that the fund will meet its performance objectives over the medium to long term and that the decision is the right course of action to preserve value and is therefore in the best interests of all unitholders.

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Editor's Note:

The Funds Management division of Challenger had total funds under management of \$14.9 billion as at 30 June 2008.

The Challenger Group closed the 2007/2008 financial year with a strong capital and liquidity position including significant capital raisings of nearly \$700m at the end of 2007.