

Periodic Small Balance Withdrawal Facility Update Challenger Howard Wholesale Mortgage Fund

This document contains useful information about the Periodic Small Balance Withdrawal Facility for the Challenger Howard Wholesale Mortgage Fund (the Fund) and any action you may need to take. To participate in the Periodic Small Balance Withdrawal Facility, your completed withdrawal form must be received by Challenger by 3.00pm (Sydney time) on Friday 30 December 2011. It's important to note that if you do not wish to make a withdrawal from your investment in the Fund, you do not need to take any further action.

Periodic Small Balance Withdrawal Facility

On 3 November 2011 the Challenger Howard Mortgage Fund (the fund in which the Fund invests) has made available an amount of approximately \$30 million of its net assets to provide a withdrawal opportunity for direct and indirect investors of the Fund who hold (or notionally and indirectly hold) an account balance of \$4,000 or less to redeem in full if requested. As the Fund invests in the Challenger Howard Mortgage Fund, it will be able to participate on behalf of direct and indirect investors of the Fund who held (or notionally and indirectly held) an account balance of \$4,000 or less as at 5 October 2011 (Small Balance Unitholders) in this Facility.

If the Periodic Small Balance Withdrawal Facility is oversubscribed

Generally a Small Balance Unitholder can request a withdrawal of their investment in the Facility and the investor should receive their full account balance.

In the unlikely event that Small Balance Unitholder withdrawal requests received by the Challenger Howard Mortgage Fund (including those received by the Challenger Howard Mortgage Fund from the Fund) in aggregate exceed \$30 million, then these withdrawal requests will be satisfied on a pro-rata basis.

Please refer to the Notice of Meeting of Unitholders and Explanatory Memorandum for the Fund dated 15 September 2010 and the Fund's Product Disclosure Statement (PDS) at www.challenger.com.au for more information on the Periodic Small Balance Withdrawal Facility.

How to make a withdrawal request for the Periodic Small Balance Withdrawal Facility

For a withdrawal request to be valid, we must receive the enclosed form, correctly completed, by 3.00pm (Sydney time) on Friday 30 December 2011.

Please return the completed form in the enclosed reply paid envelope to:

Challenger, Reply Paid 3698, Sydney NSW 2001

Commonly asked questions

Do I need to make a withdrawal request for the Periodic Small Balance Withdrawal Facility?

No, there is no obligation for you to lodge a withdrawal request. If you do not lodge a withdrawal request, no activity will occur on your account and your unit balance will remain the same. If you are unsure about whether or not to make a withdrawal request, we recommend you seek advice from your financial adviser.

How do I know if I am a Small Balance Unitholder?

You are considered a Small Balance Unitholder if you held (or notionally and indirectly held) an account balance of \$4,000 or less as at 5 October 2011.

What happens if my form is late?

We cannot accept any withdrawal requests after 3.00pm (Sydney time) on Friday 30 December 2011. Any requests received after this time are invalid.

How will I know if my form has been received?

If you decide to request a withdrawal and wish to confirm that your request has been received, please contact our Investor Services team on 13 35 66 prior to 3.00pm (Sydney time) on 30 December 2011. Once the Facility has closed and your payment processed, we will send you a withdrawal confirmation.

When will I receive the proceeds from my withdrawal?

We expect that your withdrawal payment will be paid to your nominated bank account within 10 business days of the closing date of the Facility.

What are the tax consequences of withdrawing money from the Fund?

We recommend you seek taxation advice regarding any taxation consequences of any withdrawal proceeds.

When will you offer the next Periodic Small Balance Withdrawal Facility?

We intend, but are not obliged, to provide direct and indirect investors of the Challenger Howard Mortgage Fund (the fund in which the Fund invests) who hold (or notionally and indirectly hold) an account balance of less than a specified amount (determined by Challenger) with an opportunity to withdraw their account balance in full on at least an annual basis. Our ability to make any future offer depends principally on the level of the Challenger Howard Mortgage Fund's liquidity and likely demand, however the specified amount will not be more than \$10,000. We will communicate any future Periodic Small Balance Withdrawal Facility when it becomes available.

For more information

Before making a decision about whether or not to request a withdrawal for your investment, we recommend that you speak with your financial adviser. If you have any further questions regarding the Periodic Small Balance Withdrawal Facility, please contact our Investor Services team on 13 35 66 or visit www.challenger.com.au.

Disclaimer: The information contained in this document is current as at 3 November 2011 unless otherwise specified and is provided by Challenger Managed Investments Limited (ABN 94 002 835 592)(AFSL 234668) (Challenger), the issuer of the Challenger Howard Wholesale Mortgage Fund (ARSN 093 720 159). It is general information rather than advice. Any information provided or conclusions made, whether express or implied, do not take into account the investment objectives, financial situation and particular needs of an investor. Because of that, an investor should, before acting on this information, consider the appropriateness of the information, having regard to that person's objectives, financial situation and needs. Challenger is not licensed or authorised to provide tax or social security advice. The information in this document is not and should not be construed as a recommendation, solicitation or an offer to buy or sell any securities mentioned here in or otherwise. All mortgage funds carry some investment risk. They are not bank deposits. Past performance is not a reliable indicator of future performance. Offers of interests in the Fund are contained in the current Product Disclosure Statement (PDS) which is available on our website www.challenger.com.au and should be considered (including to determine whether or not a product is appropriate for a person) before making any decision about the relevant product, including whether to acquire, dispose or continue to hold an investment. If you acquire or hold one of our products, we will receive fees and other benefits, which are disclosed in the PDS for the Fund. We and our employees do not receive any specific remuneration for any advice provided to you. However, financial advisers may receive fees or commissions if they provide advice to you or arrange for you to invest with us. Some or all of the Challenger Limited group companies and their directors may benefit from fees, commissions and other benefits received by another group company.