

Ongoing Withdrawal Facility

Challenger Howard Mortgage Fund

Challenger Howard Wholesale Mortgage Fund

Investor Q&A

How will I know when the Ongoing Withdrawal Facility is available?

Four times per year, we intend to make available at least 10% of the Challenger Howard Mortgage Fund's net assets for investors seeking to withdraw under the Ongoing Withdrawal Facility.

Withdrawal request forms for the Facility are available on our website at www.challenger.com.au/funds/ProductInformation/CHMF_OngoingWithdrawalFacility_RequestForm.pdf or by calling 13 35 66.

Investors will be able to lodge their valid withdrawal requests on any business day during the relevant quarter.

Relevant quarter open	Relevant quarter close	Transaction cut-off time	Expected processing date of withdrawal request
1 January	31 March	3.00pm (Sydney time)	Usually within one business day after 31 March
1 April	30 June	3.00pm (Sydney time)	Usually within one business day after 30 June
1 July	30 September	3.00pm (Sydney time)	Usually within one business day after 30 September
1 October	31 December	3.00pm (Sydney time)	Usually within one business day after 31 December

We will not be mailing investors a reminder that they can submit their withdrawal requests at any time during the relevant quarter.

Do I need to make a withdrawal request?

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 make a withdrawal request under the Ongoing Withdrawal Facility?

Valid withdrawal requests can be lodged by investors on any business day during the relevant quarter by telephone, fax or an original written request. All forms should be posted to Challenger, Reply Paid 3698, Sydney NSW 2001 (no stamp required) or faxed to +61 2 9994 7777 by **3.00pm (Sydney time) on the last business day of the relevant quarter** under the Facility. Please refer to the current product disclosure statement for each Fund for further information on how you can withdraw.

What happens if my Ongoing Withdrawal Facility request form is late for the relevant quarter?

We cannot accept any withdrawal requests after 3.00pm (Sydney time) on the last business day for the relevant quarter. Relevant quarters are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September and 1 October to 31 December.

How will I know if my form has been received?

During the first Ongoing Withdrawal Facility ending 31 March 2011, we will send you a letter acknowledging our receipt of your withdrawal request generally within two weeks from when we receive your withdrawal request form. If you do not receive a letter from us, please contact us on 13 35 66 prior to 3.00 pm (Sydney time) on the last business day of the relevant quarter. For future ongoing withdrawal facilities, 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. Once the Facility for the relevant quarter has ended and your payment processed, we will send you a withdrawal confirmation.

When will I receive the proceeds from my withdrawal request?

All withdrawal requests received prior to 3.00pm (Sydney time) on the last business day of the relevant quarter will be processed effective the first business day of the following quarter. Proceeds will be paid to your nominated bank account or via cheque usually within 10 business days of that date. Please refer to the current product disclosure statement for each Fund for further information.

Why was my withdrawal request under the Ongoing Withdrawal Facility not satisfied in full?

Under the Facility the proportion of the withdrawal amount requested that is actually received by the withdrawing investor is determined by the level of participation by other investors.

If total withdrawal requests made by investors in the Challenger Howard Mortgage Fund under the Facility do not exceed the amount available, then you will receive the full amount you requested.

If total withdrawal requests made by investors in the Challenger Howard Mortgage Fund under the Facility do exceed the amount available, then your request will be satisfied on a pro rata basis. This means you will receive a lesser amount than you requested.

The examples below are illustrative and aim to show investors how the Ongoing Withdrawal Facility works. The figures quoted are rounded and assume the Challenger Howard Mortgage Fund has made available \$136 million (which is approximately 10% of its net assets at the time of publication) for investors seeking to withdraw.

Example 1

A unitholder requests \$50,000 in the Ongoing Withdrawal Facility, and if all Ongoing Withdrawal Facility requests received by the Challenger Howard Mortgage Fund in aggregate total:

- a. \$136 million, this unitholder receives the withdrawal amount requested of \$50,000.
- b. \$680 million, this unitholder receives 20% ($\$136 \text{ million} / \680 million) of the withdrawal amount requested which is \$10,000.
- c. \$100 million, this unitholder receives the withdrawal amount requested of \$50,000.

Example 2

A unitholder requests a 'Full withdrawal' and their balance is \$80,000, and if all Ongoing Withdrawal Facility requests received by the Challenger Howard Mortgage Fund in aggregate total:

- a. \$136 million, this unitholder receives the withdrawal amount requested of \$80,000.
- b. \$680 million, this unitholder receives 20% ($\$136 \text{ million} / \680 million) of the withdrawal amount requested which is \$16,000.
- c. \$100 million, this unitholder receives the withdrawal amount requested of \$80,000.

Those investors who wish to maximise the amount they will receive under the Facility should put in a request to withdraw their full balance.

If my withdrawal request was not satisfied in full, do I need to send another form in the next Ongoing Withdrawal Facility?

Yes. Any withdrawal request under the Facility not fully satisfied in one quarter will lapse and not be carried over to the following quarter. Investors will need to submit a new withdrawal request in the following quarter under 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.

For more information

Before making a decision about whether or not to request a withdrawal for all or part of your investment, we recommend that you consult the PDS for each fund at www.challenger.com.au or call 13 35 66 for a copy free of charge and speak with your financial adviser. If you have any further questions regarding the Ongoing Withdrawal Facility, please contact our Investor Services team on 13 35 66 or visit www.challenger.com.au.

The information contained in this document is current as at 1 January 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 Mortgage Fund (ARSN 090 464 074) and 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 each 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 each 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 companies and their directors may benefit from fees, commissions and other benefits received by another group company.