

4 April 2012



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GPO Box 3698 Sydney NSW 2001

Dear Investor

<Product name>

Account number: <acct\_no>

### Proposal to change the responsible entity

Further to our letter dated 26 March 2012, we are writing to you to provide you with notice of our intent to change the responsible entity of the Challenger Guaranteed Income Fund (ARSN 139 607 122) and the Challenger Guaranteed Pension Fund (ARSN 154 366 588) (**Funds**) from Challenger Managed Investments Limited (**CMIL**) to Challenger Retirement Services Limited (**CRSL**).

CRSL is an APRA and ASIC regulated entity which is wholly owned by Challenger Limited and trustee of the Challenger Retirement Fund which issues the Challenger Guaranteed Personal Superannuation and Challenger Guaranteed Allocated Pension products. As both CRSL and CMIL are part of the Challenger Limited group, the change in responsible entity will not impact the way your investment is managed nor the quality of the service you receive from us. CRSL's processes and governance policies are consistent with those of CMIL. Importantly, unitholder rights are not changed as CRSL will be subject to the same responsible entity obligations as CMIL and at the date of the proposed change, the board members for the two entities will be almost identical.

ASIC has provided relief which allows CMIL to retire as responsible entity of the Funds and to appoint CRSL in its place without first holding a meeting of unitholders in the Funds, provided CMIL notifies unitholders of the proposal and gives them an opportunity to request a vote on the choice of proposed responsible entity.

### Do you need to take any action?

Enclosed is a 'Notice to Unitholders' which details this proposal. If you are comfortable with the proposal and consent to this change, **you do not need to do anything**.

If you believe that a unitholder meeting should be held to vote on the choice of the proposed responsible entity, you will need to complete and sign the enclosed form, and return it by 5.00pm (Sydney time) on 24 April 2012 to the address provided on the form.

Thank you for your support of Challenger. If you have any questions about this matter or your investment with us, please contact our Investor Services team on 13 35 66.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Rogan".

Paul Rogan  
Chief Executive, Distribution, Product & Marketing

4 April 2012

## NOTICE TO UNITHOLDERS

**Proposed retirement of Challenger Managed Investments Limited as responsible entity of the Challenger Guaranteed Income Fund and the Challenger Guaranteed Pension Fund and the appointment of Challenger Retirement Services Limited in its place.**

### 1. Introduction

Challenger Managed Investments Limited (**CMIL**), responsible entity of the registered managed investment schemes listed below (**Funds**), is writing to advise you (as a unitholder in one or more of the Funds) of its proposal to retire as responsible entity and to be replaced by Challenger Retirement Services Limited (**CRSL**). Both CRSL and CMIL are wholly owned subsidiaries of Challenger Limited. This notice contains information that CMIL believes is material in enabling you, as a unitholder in one or more of the Funds, to form a view as to the benefits of the transfer and the suitability of the choice of replacement responsible entity.

Specific details of the proposal are:

1. The proposed retirement of CMIL, and its proposed replacement by CRSL, as responsible entity of each of the following registered managed investment schemes:

Fund name	ARSN
Challenger Guaranteed Income Fund	139 607 122
Challenger Guaranteed Pension Fund	154 366 588

### 2. CMIL's reasons for wishing to retire

While the Funds are managed investment schemes, they are currently grouped with Challenger Limited's existing retirement income product range and marketed as retirement income products.

Changing the responsible entity of the Funds from CMIL to CRSL will streamline both the managed funds product range and the retirement income product range. The change in responsible entity will allow each entity to focus on performing the responsible entity duties for its dedicated product range; that is CRSL for the retirement income focused products, and CMIL as the main responsible entity of the managed funds product range. This in turn will promote greater efficiencies in the administration and operation of each product range.

### 3. Choice of replacement responsible entity

Challenger believes that the replacement of CMIL by CRSL as responsible entity of the Funds is appropriate and is in the best interests of the Funds' unitholders for the following reasons:

- (a) Improvement in responsible entity capability

Restructuring the responsible entity functions within Challenger Limited will enable the Funds to take full advantage of Challenger Limited's size, scale and strengths and avoid unnecessary duplication in 'running' two sets of operational frameworks that manage similar products. Under this proposed change, it will allow each responsible entity to focus on managing its dedicated product range to the benefit of unitholders.



(b) CRSL capability

CRSL has particular experience in retirement income-based products such as the Funds. CRSL has an Australian Financial Services Licences (**AFSL**) under which it is authorised to provide a number of financial services to retail clients and wholesale clients, including operating registered managed investment schemes which invest in financial assets and derivatives (such as the Funds). It is proposed that prior to its appointment as responsible entity of the Funds, the board of CRSL will appoint new directors with appropriate experience in operating managed investment schemes. As a related company of CMIL, CRSL is able to leverage off CMIL's experience in operating registered managed investment schemes.

**4. CRSL name change**

To better reflect the role and types of activities performed by CRSL as responsible entity of the Funds, it is intended that CRSL will change its name to Challenger Retirement and Investment Services Limited on the same date that it is appointed responsible entity for the Funds. This is due to occur on or around 27 April 2012 depending on whether a postal vote is requested as per paragraph 5(b) below.

**5. Procedure for the retirement and replacement of responsible entity**

(a) The Australian Securities and Investments Commission (**ASIC**) has granted CMIL relief on certain conditions from the requirement, under the *Corporations Act 2001* (Cth), to hold a unitholders' meeting for each Fund to vote on the choice of the proposed responsible entity.

(b) **However, CMIL must conduct a vote of the unitholders of a Fund (as described in paragraph (c) below) where:**

- **unitholders who together hold at least 5% of the total value of units in that Fund;**
- or
- **100 unitholders,**

**who would be entitled to vote at a unitholder meeting of that Fund ask for a vote on the choice of the proposed responsible entity by giving written notice received by CMIL within 21 days from the date this notice is sent.**

(c) If sufficient unitholders of a Fund ask for a vote (as described in paragraph (b) above) then CMIL will either arrange a postal vote or convene a meeting for the relevant Fund to vote on a resolution for the choice of the proposed responsible entity.

(d) If insufficient unitholders of a Fund ask for a vote (as described in paragraph (b) above) then the change of responsible entity to CRSL will be implemented shortly after the 21 day notice period expires as follows:

- CMIL and CRSL will sign a Deed of Retirement and Appointment in respect of each Fund;
- CMIL will lodge a notice with ASIC requesting that it be replaced as responsible entity of each Fund by CRSL, along with a certificate setting out why CMIL reasonably considers that the appointment of CRSL as the replacement responsible entity would be in the best interest of unitholders of each Fund; and

- ASIC will then alter its records with respect to each Fund to record CRSL as the responsible entity.
- (e) The implementation of the change of responsible entity to CMIL as described in paragraph (d) above will not cost unitholders anything.
- (f) At this stage, Challenger intends to complete the process outlined above by no later than 27 April 2012.
- (g) Any updates regarding this proposal can be accessed at Challenger's website at [www.challenger.com.au/mf/noticetounitholders.asp](http://www.challenger.com.au/mf/noticetounitholders.asp). These updates will include information about the proposed timing of the retirement of CMIL as responsible entity of each of the Funds and the manner in which that retirement will occur.
- (h) This notice is being sent on Wednesday 4 April 2012. Therefore, the 21 day notice period ends 25 April 2012. As 25 April is a public holiday, a request for a vote needs to be received by us no later than 5.00 pm (Sydney time) on Tuesday 24 April 2012.
- (i) Should unitholders of a Fund request a vote, the costs to undertake a postal vote or convene a meeting will be borne ultimately by CMIL as the current responsible entity of the relevant Fund.

#### 6. Consent to act as responsible entity by CRSL

CRSL has consented to act as responsible entity of the Funds.

#### 7. What you need to do

If you are comfortable with the proposal to change the responsible entity of the Funds and consent to this change, **you do not need to do anything**.

If you wish to request a vote, you will need to complete and sign the enclosed form, and return it by 5.00pm (Sydney time) on 24 April 2012 to the address provided on the form.

If you have any questions, please contact our Investor Services team on 13 35 66.