



<b>Company</b>	Challenger
<b>Code</b>	CGF
<b>Meeting</b>	AGM
<b>Date</b>	28 October 2021
<b>Venue</b>	Online
<b>Monitor</b>	Elizabeth Fish assisted By Nick Bury

<b>Number attendees at meeting</b>	36 shareholders plus 61 guests and 1 3party proxy holder – as provided by the company
<b>Number of holdings represented by ASA</b>	139
<b>Value of proxies</b>	\$5.606m
<b>Number of shares represented by ASA</b>	789,674
<b>Market capitalisation</b>	\$4.77b – on day of meeting
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with Chairman, Peter Polson and Investor Relations Manager Stuart Kingham

## New Heights and Room for Improvement

The 2021 AGM Chairman and CEO addresses are online at:

<https://www.challenger.com.au/shareholder/shareholder-information/annual-general-meeting>;

The Chairman told the meeting that CGF had achieved record funds under management to \$110billion at the 30 June 2021, an increase of 29% on the previous year. The increase being mostly driven by contributions from Funds Management and the Life business. He went on to talk about the company's growth strategy of broadening the client base, distribution channels and product offerings.

The Chairman then discussed the difference between the statutory and underlying/normalised profit, saying he thought the underlying profit was a much better measure of the effectiveness of the company's strategies as the statutory profit recognised unrealised movement in the investment portfolio. The statutory profit for FY21 was \$592m, the normalised profit \$396m. He continued saying CGF was well positioned to move back to a sustainable return on equity target of the RBA cash rate plus 12% per annum in this year.

For some time the ASA has been concerned at the Chairman's length of tenure. He was first appointed to the Board in November 2003. He touched on this matter at the meeting, remarking that over the past four years the Board had undertaken a programme of Board renewal, saying how confident he was that the existing Board has brought together a powerful mix of skills, experience and industry knowledge to the business. In 2019 he said it would be his final term on the Challenger Board, so it would appear that this is his last year on the Board, although as far as we know there is no obvious successor. There is no deputy Chair. It wasn't possible to speak to the Chairman after the meeting.

In FY20 the vote on executive remuneration resulted in a "first strike" for the purpose of the Corporations Act 2001, with a 28.25% vote against the resolution. The Chairman acknowledged this to the meeting saying that the Remuneration Committee had made a number of changes to provide a clearer link between pay and business performance. The ASA had voted in favour of the remuneration resolution but considers there is still room for improvement in terms of transparency.

Finally, the Chairman spoke about the advantages to Challenger's customers from the acquisition of MyLifeMyFinance Bank. He then passed the meeting to the CEO Richard Howes.

Mr Howes spent some time discussing the difficulties experienced over the past year by both customers and staff. He thanked his staff for their dedication and flexibility, and said he continued to receive positive customer feedback. He then spent some time on the expansion in the range of products and services, and additions to Fidante Partners as well as new partnerships with Impax Asset Management, Proterra Investment Partners and Nomura Asset Management. He also spoke about the opening of a new office in Singapore, that would he said, provide a distribution hub to access investors across Asia.

Mr Howes forecast strong growth in this year, with net normalised profit before tax of between \$430m to \$489m and a dividend pay-out ratio of between 45 to 50%. As the ASA noted in our Voting Intentions, Mr Howe has announced his intention to retire in June 2022.

In the official part of the meeting. Mr Duncan West was re-elected as a non-executive director with 99.43% of the votes, Ms Melanie Wills at 99.42%, Mr John M Green at 98.89% and Dr Heather Smith at 99.86%. The remuneration resolution was voted in favour at 90.54%.