



# United Sector Leaders Australian Property Fund – Manager Profile

## Challenger Financial Services Group

### Property Securities

December 2009



#### At a glance

##### Date of appointment:

17 April 1994 (ex HSBC)

##### Parent company:

Challenger Financial Services Group Ltd

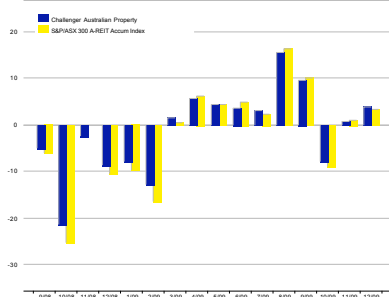
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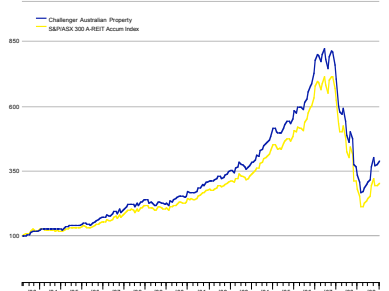
##### Funds allocated to manager:

AUD \$102.9m as at 30 December 2009

MONTHLY PERFORMANCE



CUMULATIVE PERFORMANCE



#### Company overview

Challenger Financial Services Group was born out of the merger between Challenger International and CPH Investment Corp in mid 2003. Challenger Financial Services Group is focused on three core businesses; namely Challenger Wealth Management, Challenger Life and Challenger Wholesale Finance.

#### Investment style

Challenger's investment philosophy is underpinned by the belief that mispricing opportunities arise in the listed property trust market at the macroeconomic, industry and individual trust levels. Challenger aims to take advantage of these opportunities through its research driven investment process and timely and decisive action. Challenger's investment style is best described as rotational/business cycle, rather than the other industry recognised styles, as it will display different characteristics, depending upon the state of both the economic and business cycles.

#### Stock selection and portfolio construction

Challenger employs a three step research approach for stock selection and portfolio construction comprises the following steps:

1. Management and convergence of objectives;
2. Financial characteristics; and
3. Valuations.

Portfolio construction combines Challenger's top down and bottom up analysis. Sector preferences are driven by a combination of Challenger's top down fundamental economic research and in-house models. This research is used to identify those sectors likely to outperform given the outlook for both the economy and the property market. Challenger's bottom up property trust research and financial modelling determine preferred stocks and their weights, identifying individual companies displaying the most attractive fundamentals. Challenger uses a range of risk management techniques to ensure sector and stock weightings are consistent with the risk/return objectives of clients.

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