Portfolio Adjustment Weinberg Portfolios Update - Australian share component

Purchase of Challenger Group (ASX: CGF)

Across the Australian Equity component of investor portfolios (Core Series), we have bought Challenger Group Limited (ASX: CGF).

Challenger Group has 2 main divisions – Challenger Life and Funds Management.

- Challenger life provides a variety of annuity products to retail and institutional investors. These include term and lifetime annuities, guaranteed.
- The funds management division operates under 2 main brands – Fidante and Challenger Investment Management (CIM). Fidante is a multi-manager boutique with active investment strategies across all asset classes. CIM is a specialist active fixed income manager that invests in both public and private credit.

We are attracted to Challenger for the following reasons:

- Dominant market position in the Australian retail annuity channel.
- Abundant growth opportunities and fiscal tailwinds forming for annuities.
- Strong funds management business.

Challenger has three key levers for value creation that we would like to highlight:

- Due to a recovery from close to zero percent interest rates, the rate of return offered on Challenger's annuities has improved significantly. This is leading to shifts in their business mix towards higher margin products and channels. This will drive strong earnings growth, over the medium term.
- Ongoing growth in the funds management business and expansion of the solutions offered will drive earnings growth and generate capital to grow the annuities business further. The recently announced partnership with Apollo will help drive growth in the emerging private credit segment.
- The Australian government is pushing for increased use of annuities as Australians transition into retirement. This should drive increased demand for Challenger's annuities and earnings growth in time.

We have funded the purchase of Challenger via the de-weighting of Endeavour Group (ASX: EDV), The Lottery Corporation (ASX: TLC), Telstra Corporation (ASX: TLS) and Woodside Energy (ASX: WDS).

Australian Equity Sleeve Weighting Change Breakdown:

- CGF: +2.50%
- TLS: -1.00%
- EDV: -0.50%
- TLC: -0.50%

- WDS: -0.50%

If you would like to discuss this adjustment in more detail or review your portfolio's performance, please don't hesitate to reach out to me to schedule a meeting at your earliest convenience.

Thank you for entrusting me with your financial planning needs. I remain committed to helping you achieve your financial objectives and ensuring your peace of mind in these uncertain times.

Kind Regards,

The team at AMEGA Financial Solutions