

# FirstChoice Investments

Including FirstRate Saver and  
FirstRate Term Deposits



## Key information

Strength from one of Australia's most popular platforms

**Product Disclosure Statement**

This is a combined Financial Services Guide and Product Disclosure Statement

**Part 1 – Key information**

FirstChoice Investments, FirstRate Saver and FirstRate Term Deposits

Issue No 2011/1, dated 11 April 2011

Issued by: Colonial First State Investments Limited ABN 98 002 348 352 AFS Licence 232468

This is a combined Financial Services Guide (FSG) and Product Disclosure Statement (PDS) for FirstChoice Investments. Section 4 contains information about FirstRate Saver and FirstRate Term Deposits.

The name and contact details of the responsible entity are:

Colonial First State Investments Limited

Level 29, 52 Martin Place, Sydney NSW 2000 (from August 2011 – South Tower, Level 1, 1-25 Harbour Street, Sydney NSW 2000)

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### Interests of the directors of the responsible entity

Directors may receive a salary as employees of the Bank and from time to time may hold interests in shares in the Bank or investments in the fund.

The PDS has been authorised by our directors.

### FirstChoice Investments

Investments in FirstChoice Investments (referred to in the PDS as 'FirstChoice Investments', 'FirstChoice' or 'the fund') are offered by Colonial First State Investments Limited ABN 98 002 348 352 AFS Licence 232468. Unless otherwise stated in the PDS, Colonial First State Investments Limited or its licensed related entities to which it has delegated investment management or administration functions in relation to this product are referred to in the PDS as 'Colonial First State', 'the responsible entity', 'we', 'our' or 'us'.

A reference to 'the PDS' includes a reference to this part of the PDS together with all other parts that make up the PDS and all statements and information incorporated by reference listed in the section 'Before you apply' on page 15.

The responsible entity may change any of the terms and conditions contained or referred to in the PDS with, in the case of material changes, 30 days notice to investors. You should note that unless an investment option is suspended, restricted or unavailable, you may withdraw from an investment option in accordance with our normal processes.

If any part of the PDS (such as a term or condition) is invalid or unenforceable under the law, it is excluded so that it does not in any way affect the validity or enforceability of the remaining parts.

Colonial First State is a subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 AFS Licence 234945 ('the Bank'). The Bank and its subsidiaries do not guarantee the performance of FirstChoice Investments or the repayment of capital by FirstChoice Investments. With the exception of FirstRate Saver and FirstRate Term Deposits (refer to section 4), investments in FirstChoice Investments are not deposits or other liabilities of the Bank or its subsidiaries and investment-type products are subject to investment risk including loss of income and capital invested.

Colonial First State reserves the right to outsource any or all of its investment management functions, including to related parties, without notice to investors.

The issue of FirstChoice Investments in the PDS is authorised solely by Colonial First State Investments Limited. Apart from Colonial First State, neither the Bank nor any of its subsidiaries are responsible for any statement or information contained within the PDS relating to FirstChoice Investments.

The investment managers of the investment options available for investment through FirstChoice Investments have given, and not withdrawn, their consent to be referenced in the PDS. The investment managers are acting as investment managers only for the relevant options. They are not issuing, selling, guaranteeing, underwriting or performing any other function in relation to the options.

### Colonial First State offices:

#### Sydney (Head Office)

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#### Perth

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Perth WA 6000

#### Adelaide

Level 4  
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Adelaide SA 5000

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If you are printing an electronic copy of the PDS, you must print all pages including the application forms. If you make the PDS available to another person, you must give them the entire electronic file or printout, including the application forms. A paper copy of the PDS (and any supplementary documents) can also be obtained free of charge on request by calling Investor Services on 13 13 36 or by contacting your financial adviser.

Units in FirstChoice cannot be issued unless you use the application form attached to or accompanied by either a paper or an electronic copy of the PDS.

The offer made in the PDS is available only to persons receiving the PDS within Australia. The offer may, at the discretion of Colonial First State, be made in New Zealand at a later date during the term of the PDS.

If Colonial First State elects to make the offer in New Zealand, it will be available only to persons who have received the relevant offer document in New Zealand and have completed the application form attached to that relevant offer document to make their initial investment. This will only be made in accordance with the terms of any treaty or exemption which allows Colonial First State to make the offer in New Zealand.

The information contained in the PDS is general information only and does not take into account your individual objectives, financial situation or needs. You should read the PDS carefully and assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment decision.

All monetary amounts referred to in the PDS are, unless specifically identified to the contrary, references to Australian dollars.

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### FirstRate Saver and FirstRate Term Deposits (refer to section 4)

FirstRate Saver and FirstRate Term Deposits are deposit products of the Bank. The issue of FirstRate Saver and FirstRate Term Deposits is authorised solely by the Bank. To the extent permitted by law, neither Colonial First State nor any of its subsidiaries are responsible for any statement or information contained within the PDS that relates to FirstRate Saver and FirstRate Term Deposits. Colonial First State does not guarantee the performance or return of capital on investments in FirstRate Saver and FirstRate Term Deposits.

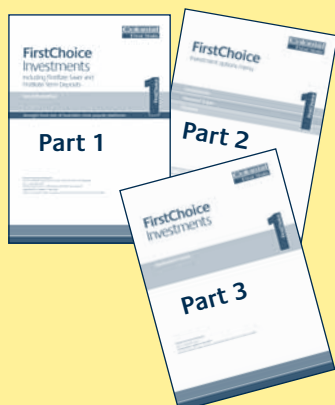
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## Guide to using the FirstChoice Investments PDS

**The PDS for FirstChoice Investments is made up of multiple parts. A reference to ‘the PDS’ includes a reference to all of the following parts that make up the PDS and all statements and information incorporated by reference:**

**Parts 1, 2 and 3** – contain key information, the Investment Options Menu and the application forms



**Other information** – contains important information on account management and investment products



Available online at:  
[colonialfirststate.com.au/firstchoicepds/other](http://colonialfirststate.com.au/firstchoicepds/other)  
or by calling 13 13 36.



# 1 FirstChoice Investments

## What is FirstChoice?

**FirstChoice** makes investing easy by providing you with a wide range of investment options all through one account.

**FirstChoice Investments** has been designed to help you achieve your investment goals whether they are short term, such as a car or a trip overseas, or longer term, such as making sure you can retire comfortably. FirstChoice Investments offers a wide range of investment options from some of the world's most respected managers.

**FirstRate Saver and FirstRate Term Deposits** provide you with the peace of mind of a competitive fixed or variable interest rate offered by one of Australia's leading financial institutions, Commonwealth Bank of Australia.

## Why choose FirstChoice?

### Value

Colonial First State is a leader in providing value for money. With FirstChoice you know what the fees are, so there are no surprises. We've taken an investor's perspective and avoided the expensive bells and whistles to give you what you really want – quality at a competitive price.

### Service

Service is the heart of our business – we've made it simple for you to keep track of your investments, however you like to communicate – online, over the phone, in person or by mail. And because we choose our customer service people carefully, there will be someone friendly and informative waiting to respond.

When you deposit or switch funds between investment options, we aim to have written confirmation sent to you within 48 hours.

You will receive consolidated reports twice a year, which give you a complete picture of all your investments and list all your transactions. Every July you will receive a comprehensive tax statement which provides you with all the information needed for your annual tax return.

### Choice

Investment performance is a key focus for Colonial First State. With FirstChoice, you can choose from over 110 investment options offered by well-known investment managers, including Colonial First State, as well as specialist boutique managers.

You also have access to a range of managers and asset classes through our professionally constructed multi-manager portfolios.

The result is an investment menu that offers genuine value, service and choice.

Further information is contained in Part 2 – Investment Options Menu.



This page summarises some important information about FirstChoice Investments.

## Minimums

The minimum initial investment is	<b>\$5,000</b>
The minimum initial investment is \$1,000 when a regular investment plan is established, to bring the account up to \$5,000	
The minimum account balance is	<b>\$1,000</b>
There is no minimum additional investment amount	
The minimum regular investment plan (monthly) is	<b>\$100</b>
There is no minimum switch amount	
There is no minimum withdrawal amount <sup>1</sup>	
The minimum regular withdrawal plan (monthly or quarterly) <sup>1</sup> is	<b>\$100</b>

## FirstRate Saver and FirstRate Term Deposits

FirstRate Saver provides you with an easy to use, low risk deposit account with a competitive interest rate.

FirstRate Term Deposits provide the additional security of a fixed interest rate and knowing your interest rate is protected for the whole of the nominated 3, 6, 9 or 12-month investment term.

Refer to page 14 for further details.

## Cooling-off

A 14-day cooling-off period may apply to your initial investment (refer to page 16).

## Complaints resolution

We have a complaint handling process in place (refer to page 16).

## Fees<sup>2</sup>

### Current contribution fee

- Nil (Cash and deposit options)
- Up to 4% (all other options)

### Current management costs

- 0.00% (FirstRate Saver and FirstRate Term Deposits)
- 2.64% to 4.32% pa (geared options)
- 1.21% to 2.50% pa (options with performance fees)
- 1.10% to 2.77% pa (all other options)

### Portfolio rebate (pa) on balance

- |                    |       |
|--------------------|-------|
| → First \$400,000  | Nil   |
| → Next \$600,000   | 0.20% |
| → Over \$1,000,000 | 0.40% |

Please refer to page 13 for further details

### Transaction costs ('buy/sell' spread)

0% to 0.75% per transaction (varies by investment option)

### Adviser service fee

Agreed between you and your financial adviser

Further information is outlined in the section 'Fees and other costs' on pages 7 to 13.

## How your account works

When you make an investment into FirstChoice Investments, you are issued units in the investment option(s) you select. The value of these units changes as a result of changes in the value of the underlying assets or as a result of costs reflected in the unit price (except for FirstRate options, which are deposits with the Bank and the value changes as a result of the payment of interest). There may be tax consequences as a result of your investment.

Depending on the investment option(s) you select, you may receive income in the form of distributions.

All transactions on your account use the unit price depending on when your request is received and our disclosed transaction cut-off times.

Refer to the Other information booklet, sections 3 and 4 for further details.



Further details are contained in the Other information booklet, sections 3 and 4, available online at [colonialfirststate.com.au/firstchoicepds/other](http://colonialfirststate.com.au/firstchoicepds/other) or by calling 13 13 36.

<sup>1</sup> Subject to minimum account balance requirements.

<sup>2</sup> All fees disclosed include the net effect of GST except for the adviser service fee, which is inclusive of GST. We can change fees at any time at our discretion within the limits prescribed by the Constitution. If the change is an increase in fees, we will give you 30 days prior written notice. Pages 7 to 13 outline all fees that apply to each option. Please read this information carefully before investing.

## 2 Understanding investment risk

Understanding investment risk is the key to successfully developing your investment strategy.

### What is risk?

Before you consider your investment strategy, it is important that you understand the risks that can affect your investments.

All investments are subject to risk. This means that you can lose money on your investments or that they may not meet your objectives, such as growth in the value of your investments or the expected return from your investments.

### What risks affect your investments?

#### General risks for all options

The main risks which typically affect all investment options are:

#### Market risk

Investment returns are influenced by the performance of the market as a whole. This means that your investments can be affected by things like changes in interest rates, investor sentiment and global events, depending on which markets or asset classes you invest in.

#### Security and investment-specific risk

Within each asset class and each option, individual securities like mortgages, shares, fixed interest securities or hybrid securities can be affected by risks that are specific to that investment or that security. For example, the value of a company's shares can be influenced by changes in company management, its business environment or profitability. These risks can also impact on the company's ability to repay its debt.

#### Management risk

Each option in the PDS has an investment manager to manage your investments on your behalf. There is a risk that the investment manager will not perform to expectation.

#### Liquidity risk

Liquidity risk refers to the difficulty in selling an asset for cash quickly without an adverse impact on the price received.

Assets such as shares in large listed companies are generally considered liquid, while 'real' assets such as direct property and infrastructure are generally considered illiquid.

Under abnormal or difficult market conditions, some normally liquid assets may become illiquid, restricting our ability to sell them and to make withdrawal payments or process switches for investors without a potentially significant delay.

#### Counterparty risk

This is the risk that a party to a transaction such as a swap, foreign currency forward or stock lending fails to meet its obligations such as delivering a borrowed security or settling obligations under a financial contract.

#### Legal and regulatory risk

This is the risk that any change in taxation, corporate or other relevant laws, regulations or rules may adversely affect your investment.

#### Distribution risk

In some circumstances, the frequency or rate of distribution payments may vary or you may not receive a distribution. This is more likely to occur when an option employs extensive currency hedging or uses derivatives.

#### Option-specific risks

Typical option-specific risks are described below and cross-referenced to particular options in the table on pages 9 to 12 in Part 2 – Investment Options Menu.

#### Currency risk

Investments in global markets or securities which are denominated in foreign currencies give rise to foreign currency exposure. This means that the Australian dollar value of these investments may vary depending on changes in the exchange rate.

Investment options in the PDS which have significant currency risks adopt different currency management strategies. These strategies may include currency hedging, which involves reducing or aiming to remove the impact of currency movements on the value of the investment.

Information on the currency management strategy for each option with a significant currency risk is set out in that option's description in Part 2 – Investment Options Menu.

Because different options have different currency management strategies, you should consult your adviser on the best approach for you.

Additional important information about currency risk is provided in the Other information booklet, section 4.

#### Derivatives risk

Derivatives are contracts between two parties that usually derive their value from the price of a physical asset or market index.

They can be used to manage certain risks in investment portfolios or as part of an investment strategy; however, they can also increase other risks in a portfolio or expose a portfolio to additional risks. Risks include: the possibility that the derivative position is difficult or costly to reverse; that there is an adverse movement in the asset or index underlying the derivative; or that the parties do not perform their obligations under the contract. In general, investment managers may use derivatives to:

- protect against changes in the market value of existing investments
- achieve a desired investment position without buying or selling the underlying asset
- gear a portfolio
- manage actual or anticipated interest rate and credit risk
- alter the risk profile of the portfolio or the various investment positions
- manage currency risk.

As a financial instrument, derivatives are valued regularly and movements in the value of the underlying asset or index should be reflected in the value of the derivative. The investment options in this PDS that may use derivatives such as futures, options, forward currency contracts and swaps, are outlined in the strategy of the investment option.

### Credit risk

Credit risk refers to the risk that a party to a credit transaction fails to meet its obligations, such as defaulting under a mortgage, a mortgage-backed security, a hybrid security, a fixed interest security or a derivative contract. This creates an exposure to underlying borrowers and the financial condition of issuers of these securities.

### Term deposit risk

Specific risks apply to investments in term deposits. Refer to section 4 – FirstRate Saver and FirstRate Term Deposits for information about this product.

### Gearing risk

Some of the options in the PDS use gearing. Gearing means the option borrows so that it can invest more to increase potential gains. Gearing magnifies both gains and losses from the option's investments, and investors in geared options will face larger fluctuations in the value of their investments compared with a comparable ungeared portfolio. A geared option will underperform a comparable ungeared portfolio when the cost of borrowing exceeds the return on the ungeared investment (ignoring the effects of franking credits).

In extreme market conditions, such as a rapid fall of over 60% in the value of investments in the Colonial First State Geared Global Share option, or over 40% for the other six geared options, you may lose all your capital.

We suggest you consult a financial adviser regarding the impact of these investments on your overall portfolio.

### Short selling risk

Some of the options in the PDS use short selling. Short selling means the option sells a security it does not own to try and profit from a decrease in the value of the security. This is generally done by borrowing the security from another party to make the sale. The short sale of a security can greatly increase the risk of loss, as losses on a short position are not limited to the purchased value of the security.

Short selling strategies involve additional risks such as:

#### → Liquidity risk

In certain market conditions, an option that adopts a short selling strategy may not be able to reverse a short position because the security it needs to buy may not be available for purchase in a reasonable timeframe or at all. In this event, losses may be magnified.

#### → Leverage risk

Whilst short selling can often reduce risk, it is also possible for an option's long positions and short positions to both lose money at the same time.

#### → Prime broker risk

When short selling is employed, the assets of the investment option are generally held by the prime broker (which provides the broking, stock lending and other services). As part of this arrangement, assets may be used by or transferred to the prime broker and there is a risk that the prime broker does not return equivalent assets or value to the option (for example, because of insolvency). This would have a substantial negative impact on the value of your investment. This risk is managed by having arrangements with large, well established and globally operating prime brokers.

If an option uses short selling, this is detailed in the strategy of the option – refer to Part 2 – Investment Options Menu.

### Emerging markets risk

Due to the nature of the investments in emerging markets, there is an increased risk that the political and/or legal framework may change and adversely impact your investments. This could include the ability to sell assets.

Options that invest in global markets may have exposure to emerging markets.

**All of the investment options in the PDS are subject to some or all of these risks. You should consult your adviser before making a decision to invest.**



Further details about currency, gearing, emerging markets and short selling are contained in the Other information booklet, section 4 ([colonialfirststate.com.au/firstchoicepdsoter](http://colonialfirststate.com.au/firstchoicepdsoter)).

### Role of your financial adviser

Your financial adviser is required to be qualified in understanding the risk and return associated with the wide range of investment options available to you and can help you make decisions regarding these options.

Your financial adviser can assist you to meet your financial needs.

Colonial First State can at any time remove an adviser or refuse to record or deal with an adviser nominated on your account.

Your financial adviser may play a large role in implementing your financial plan. We have therefore designed an online platform service to enable your adviser to carefully monitor the progress of your portfolio and make transactions on your behalf if you nominate this.

If you choose to appoint your financial adviser to transact on your FirstChoice account, please complete the Adviser Online Transaction Authority in the application forms booklet.

## Is there any other way you can manage investment risk?

An important way that can help you reduce investment risk is by spreading your money across different investments. This approach is called diversification. Through FirstChoice, you can do this in three ways:

**1 Within each asset class** – Investing in a range of securities within an asset class means that returns will generally be less dependent on the performance of any single security. This may reduce the overall security-specific risk across your portfolio.

**2 Across asset classes** – Investing in a range of asset classes means the impact of ups and downs in any single asset class or market can be reduced. That is, you can spread your exposure to different markets.

**3 Across investment styles** – Different investment managers adopt different styles like ‘value’ or ‘growth’, and these styles can perform differently at different times. Investing in a portfolio with a mix of investment managers can help you smooth out any performance variations more effectively. That is, manager risk may be reduced.

Your adviser can help you understand investment risk and design an investment strategy for you.

### Are there any other risks you should be aware of?

When investing, there is the possibility that your investment goals will not be met. This can happen because of the risks discussed previously. It can also happen if your investment strategy is not aligned to your objectives.

### Range of returns from the main asset classes

Different investments perform differently over time.

Investments that have provided higher returns over the longer term have also tended to produce a wider range of returns. These investments are generally described as more risky, as there is a higher chance of losing money, but they can also give you a better chance of achieving your long-term objectives.

Investments that have provided more stable returns are considered less risky, but they may not provide sufficient long-term returns for you to achieve your long-term goals.

Selecting the investments that best match your investment needs and timeframe is crucial in managing this risk.

### How should you determine your investment timeframe?

Your adviser can help you determine your investment timeframe.

If you are mainly concerned about protecting your capital over a relatively short period of time, then a secure, cash-based investment may be the most suitable.

However, if you want the value of your investment to increase over a longer period, then growth assets like shares and property are likely to be included in your investment portfolio.

Although we have suggested minimum investment timeframes in Part 2 – Investment Options Menu, together with individual risk meters associated with each particular investment, you should regularly review your investment decision with your financial adviser because your investment needs or market conditions may change over time. Our minimum suggested timeframes and our indicative risk meters associated with particular investments should not be considered personal advice.

### What are the main asset classes?

Low	Medium	High	
<p><b>Cash</b> generally refers to investments in bank bills and similar securities which have a short investment timeframe. Cash investments generally provide a stable return, with low potential for capital loss.</p>	<p><b>Fixed interest</b> securities, such as bonds, generally operate in the same way as loans. You pay cash for the bond and in return you receive a regular interest payment from the bond issuer for an agreed period of time. The value of the bond can fluctuate based on interest rate movements. When the bond matures, the loan is repaid in cash. Historically, bonds have provided a more consistent but lower return than shares.</p>	<p><b>Property</b> generally involves buying a property directly or investing in property securities. Each property security holds real property investments in sectors such as office, industrial and retail. Property securities are generally listed on a stock exchange and are bought and sold like shares. Historically, property investments have been less volatile than shares.</p>	<p><b>Shares</b> represent a part ownership of a company and are generally bought and sold on a stock exchange. Shares are generally considered to be more risky than the other asset classes because their value tends to fluctuate more than that of other asset classes. However, over the longer term they have tended to outperform the other asset classes.</p>

## Consumer advisory warning

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole.

Taxes are set out in the Other information booklet, section 3.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs for particular investment options are set out on pages 8 to 9.

FirstRate Saver and FirstRate Term Deposits are deposit products of the Bank, refer to section 4 – FirstRate Saver and FirstRate Term Deposits for information on these products.

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Fees when your money moves in or out of the fund</b>		
<b>Establishment Fee</b>		
The fee to open your investment.	Nil	N/A
<b>Contribution Fee<sup>2,3</sup></b>		
The fee on each amount contributed to your investment.	Nil (Cash and deposit options) Up to 4.0% (all other options)	We will deduct the applicable contribution fee from your initial investment and any additional investments. The contribution fee you pay is negotiated with your adviser, up to the maximum shown in this table. Where you do not use an adviser, the maximum contribution fee applies. <i>If you are switching from the Cash and deposit options to any other investment option, you may pay the difference in the two contribution fees.</i>
<b>Withdrawal Fee<sup>3</sup></b>		
The fee on each amount you take out of your investment.	Nil	N/A
<b>Termination Fee</b>		
The fee to close your investment.	Nil	N/A
<b>Management Costs<sup>2</sup></b>		
The fees and costs for managing your investment.		Unless otherwise stated in the PDS, the management cost is expressed as a percentage of the total average net assets of the option, including estimated performance fees (if applicable). See page 10 for details of options with performance fees.
FirstRate Saver and FirstRate Term Deposits (refer to section 4 on page 14)	0.00% pa	The management costs are reflected in the daily unit price and payable monthly or as incurred by the option.
Geared options	2.64% to 4.32% pa	You may be entitled to management cost rebates which may reduce the fees and costs of your investment. Please refer to page 12 under the heading 'Negotiation of fees' for further details.
Options with performance fees	1.21% to 2.50% pa	
All other options	1.10% to 2.77% pa	
	The amount you pay for specific investment options is shown on pages 8 to 9.	
<b>Service Fees</b>		
<b>Switching Fee<sup>3</sup></b>		
The fee for changing investment options.	Nil	There are no fees for changing investment options. However, you should be aware that contribution fees may apply if you are switching from the Cash and deposit options (as outlined above).
<b>Adviser Service Fee</b>		
Please refer to page 12 for further details.		

1 All figures disclosed include the net effect of GST, except for the adviser service fee, which is inclusive of GST.

2 This fee may include an amount payable to us which is paid to an adviser. Refer to 'What is paid to your adviser?' on page 12.

3 Transaction costs apply to most options (refer to page 12 for further details).

## Management and transaction costs

Option name	Management costs including estimated performance fee (pa)	Estimated performance fee (pa) <sup>1</sup>	Transaction costs per transaction (%)
<b>Multi-manager multi-sector</b>			
FirstChoice Defensive	1.56%		0.15
FirstChoice Conservative	1.66%		0.15
FirstChoice Moderate	1.81%		0.15
FirstChoice Balanced	1.86%		0.20
FirstChoice Growth	1.91%		0.20
FirstChoice High Growth	2.02%		0.30
FirstChoice Geared Growth Plus <sup>2,6</sup>	1.90%(g)/3.25%(n)		0.30-0.75 <sup>3</sup>
<b>Multi-manager single sector</b>			
FirstChoice Fixed Interest	1.51%		0.20
FirstChoice Property Securities	1.65%		0.20
FirstChoice Global Property Securities	2.02%		0.25
FirstChoice Global Infrastructure Securities	2.02%		0.30
FirstChoice Australian Share	1.86%		0.20
FirstChoice Boutique Australian Share	1.96%		0.20
FirstChoice Australian Small Companies	2.12%		0.25
FirstChoice Global Share	2.02%		0.25
FirstChoice Global Share – Hedged	2.02%		0.25
FirstChoice Asian Share	2.32%		0.35
FirstChoice Emerging Markets	2.32%		0.30
FirstChoice Geared Boutique Australian Share <sup>2,6</sup>	1.96%(g)/4.16%(n)		0.20-0.50 <sup>3</sup>
<b>FirstChoice Multi-Index Series</b>			
FirstChoice Multi-Index Conservative	1.41%		0.10
FirstChoice Multi-Index Balanced	1.50%		0.20
<b>Single manager multi-sector</b>			
<b>Conservative</b>			
Colonial First State Conservative	1.66%		0.10
Perpetual Conservative Growth	1.70%		0.10
<b>Moderate</b>			
Colonial First State Balanced	1.81%		0.15
ING Balanced	1.81%		0.15
Perpetual Diversified Growth	1.81%		0.15
<b>Growth</b>			
BT Active Balanced	1.91%		0.20
Colonial First State Diversified	1.91%		0.20
ING Tax Effective Income	1.91%		0.15
Perpetual Balanced Growth	1.91%		0.20
<b>High growth</b>			
Colonial First State High Growth	2.01%		0.30
Perpetual Split Growth	2.01%		0.30
<b>Single manager single sector</b>			
<b>Cash and deposits</b>			
Colonial First State Cash	1.10%		nil
FirstRate Saver <sup>5</sup>	0.00%		nil
FirstRate Term Deposits <sup>5</sup>	0.00%		nil
<b>Fixed interest and income</b>			
Aberdeen Australian Fixed Income	1.50%		0.10
Colonial First State Diversified Fixed Interest	1.31%		0.20
Colonial First State Global Credit Income	1.32%		0.25
ING Diversified Fixed Interest	1.56%		0.15
Macquarie Income Opportunities	1.56%		0.15
<b>Enhanced yield</b>			
Acadian Quant Yield	1.68% <sup>1</sup>	0.28% <sup>1</sup>	0.10
Colonial First State Enhanced Yield	1.21% <sup>1</sup>	0.00% <sup>1</sup>	0.15
Goldman Sachs Income Plus	1.75%		0.15
PM Capital Enhanced Yield	1.30% <sup>1</sup>	0.00% <sup>1</sup>	0.10
Schroder Hybrid Securities	1.76%		0.20
<b>Property and infrastructure securities</b>			
BT Property Investment	1.65%		0.20
Challenger Property Securities	1.76%		0.20
Colonial First State Index Property Securities	1.11%		0.15
Colonial First State Property Securities	1.66%		0.20
Goldman Sachs Australian Infrastructure	1.82%		0.25
Principal Property Securities	1.66%		0.20
RREEF Property Securities	1.65%		0.20
<b>Global property and infrastructure securities</b>			
AMP Capital Global Property Securities	2.00% <sup>4</sup>		0.25
Colonial First State Colliers Global Property Securities	1.88%		0.25
Colonial First State Global Listed Infrastructure Securities	2.02%		0.30
<b>Australian share</b>			
BlackRock Australian Share	1.86%		0.20
BT Core Australian Share	1.86%		0.20
Colonial First State Australian Share – Core	1.86%		0.20
Colonial First State Australian Share Long Short – Core	2.00% <sup>1</sup>	0.00% <sup>1</sup>	0.30
Colonial First State Equity Income	2.01%		0.20
Colonial First State Imputation	1.86%		0.20
Colonial First State Index Australian Share	1.11%		0.15

These investment options are located in 'Part 2 – Investment Options Menu' on pages 13 to 18.

These investment options are located in 'Part 2 – Investment Options Menu' on pages 19 to 29.

For FirstRate Saver and FirstRate Term Deposits, see section 4.

Option name	Management costs including estimated performance fee (pa)	Estimated performance fee (pa) <sup>1</sup>	Transaction costs per transaction (%)
<b>Single manager single sector (continued)</b>			
Fidelity Australian Equities	1.91%		0.20
ING Australian Share	1.85%		0.20
Maple-Brown Abbott Imputation	1.85%		0.20
Perpetual Industrial Share	1.85%		0.20
Realindex Australian Share	1.47%		0.15
Schroder Australian Equity	1.86%		0.20
<b>Australian share – boutique</b>			
Acadian Australian Equity	1.90%		0.20
Acadian Australian Equity Long Short	1.90% <sup>1</sup>	0.00% <sup>1</sup>	0.30
Ausbil Australian Active Equity	1.86%		0.20
Integrity Australian Share	1.85%		0.20
Investors Mutual Australian Share	1.85%		0.20
Ironbark Karara Australian Share	1.86%		0.20
Lodestar Australian Strategic Share	2.14% <sup>1</sup>	0.08% <sup>1</sup>	0.20
Merlon Australian Share Income	1.96%		0.30
Perennial Value Australian Share	1.86%		0.20
PM Capital Australian Share	1.61% <sup>1</sup>	0.00% <sup>1</sup>	0.20
Solaris Core Australian Equity	1.86%		0.20
<b>Australian share – small companies</b>			
Ausbil Australian Emerging Leaders	2.41% <sup>1</sup>	0.49% <sup>1</sup>	0.25
Celeste Australian Small Companies	2.29% <sup>1</sup>	0.58% <sup>1</sup>	0.40
Colonial First State Future Leaders	2.00%		0.20
Realindex Australian Small Companies	1.66%		0.15
<b>Global share</b>			
Acadian Global Equity	2.02%		0.25
AXA Global Equity – Value	2.03%		0.25
BT Core Global Share	2.02%		0.25
Capital International Global Share	2.04%		0.25
Colonial First State Global Share	2.02%		0.25
Colonial First State Index Global Share	1.32%		0.15
Colonial First State Index Global Share – Hedged	1.32%		0.15
DWS Global Equity Thematic	2.13%		0.25
MFS Global Equity	2.03%		0.25
Perpetual International	2.03%		0.25
Realindex Global Share	1.58%		0.20
Realindex Global Share Hedged	1.58%		0.20
Zurich Investments Global Thematic Share	2.00% <sup>4</sup>		0.20
<b>Global specialist</b>			
Acadian Global Equity Long Short	2.10% <sup>1</sup>	0.00% <sup>1</sup>	0.40
Colonial First State Global Emerging Markets Select	2.18% <sup>4</sup>		0.40
Colonial First State Global Resources	2.02%		0.30
Colonial First State Global Soft Commodity	2.00% <sup>4</sup>		0.30
Generation Global Share	2.43% <sup>1</sup>	0.60% <sup>1</sup>	0.25
Goldman Sachs Global Small Companies	2.12%		0.30
Magellan Global	2.35% <sup>4</sup>	0.00% <sup>1</sup>	0.25
Platinum Asia	2.77% <sup>4</sup>		0.25
Platinum International	2.47%		0.35
PM Capital Absolute Performance	1.80% <sup>1</sup>	0.00% <sup>1</sup>	0.25
Realindex Emerging Markets	1.70% <sup>4</sup>		0.25
<b>Alternatives</b>			
Aspect Diversified Futures	2.50% <sup>1,4</sup>	0.00% <sup>1</sup>	nil
BlackRock Asset Allocation Alpha	2.10% <sup>4</sup>	0.00% <sup>1</sup>	0.10
<b>Geared<sup>6</sup></b>			
Acadian Geared Global Equity <sup>2</sup>	2.02%(g)/4.32%(n)		0.25-0.65 <sup>3</sup>
Colonial First State Colliers Geared Global	1.87%(g)/3.92%(n)		0.25-0.65 <sup>3</sup>
Property Securities <sup>2</sup>			
Colonial First State Geared Australian Share – Core <sup>2</sup>	1.90%(g)/4.27%(n)		0.20-0.50 <sup>3</sup>
Colonial First State Geared Global Share <sup>2</sup>	1.73%(g)/2.64%(n)		0.25-0.45 <sup>3</sup>
Colonial First State Geared Share <sup>2</sup>	1.43%(g)/3.09%(n)		0.20-0.50 <sup>3</sup>

These figures are inclusive of the net effect of GST.

These investment options are located in 'Part 2 – Investment Options Menu' on pages 29 to 45.

1 Refer to page 10 for more details on the calculation of performance fees and how performance fees have been estimated in the assessment of management costs.

2 The two figures shown above for the geared share options are based on the gross (g) assets (which includes the option's borrowings and is the lower of the two fees) and on net (n) assets (which excludes the option's borrowings and is the higher of the two fees). **This is not a change in how the option's fees are calculated or in the amount that is charged to the option.**

3 Transaction costs depend on the specific gearing level of the option.

4 These options have not been in existence for 12 months (as at 30 November 2010). For these options, this is an estimated management cost. For these options with performance fees, we assume no outperformance. However, please note that based on the actual performance for the Aspect Diversified Futures option from 22 March 2010 to 30 November 2010, the performance fee would be 2.93%.

5 FirstRate Saver and FirstRate Term Deposits are deposit products of Commonwealth Bank of Australia, refer to section 4 – FirstRate Saver and FirstRate Term Deposits on page 14.

6 For these options, we are not remunerated by way of a cash fee. Instead, each month we receive units in the options at no cost in consideration for managing the options.

## Additional explanation of fees and costs

### Management costs

The terms 'management costs' and 'management fees' mean different things.

Management costs include management fees, estimated performance fees (if applicable), investment expenses and custody fees. Management costs are deducted from the performance of the option (ie they are not charged directly to your account). They do not include contribution fees, transaction costs or additional service fees. The management costs for each option are either an estimate or based on current financial information. They are expressed as a percentage of each option's net assets and, together with any applicable transaction costs, are outlined in the table on pages 8 to 9.

The management fees charged to this product have been quoted on the basis that they fully qualify for a 75% input tax credit claim of GST. This has been the position since the inception of GST. If the Federal Government were to change either the rate of reclaim, the list of items eligible for reclaim or the method of determining the reclaim, the net fee charged by Colonial First State to the fund may change.

Management fees are the fees payable under the Constitution for the management of each option. Management fees are calculated from gross assets of the option. For details of the maximum management fees allowed under the Constitution, see page 11.

### Example of annual fees and costs for a balanced investment option

This table gives an example of how fees and costs in the Colonial First State Diversified option for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

Example		
The Colonial First State Diversified option		Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fees	0% – 4%	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
<b>Plus</b>		<b>And</b> , for every \$50,000 you have in the fund, you will be charged \$955 each year.
Management costs	1.91% pa	
<b>Equals</b>		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you will be charged fees of: <b>\$955 to \$1,155</b>
Cost of fund		<b>What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.</b>

These figures are inclusive of the net effect of GST. This does not take into account any entitlement to management cost rebates which may reduce the fees and costs of your investment. Please refer to page 12 under the heading 'Negotiation of fees' for further details.

**Please note** that this is just an example. In practice, the actual investment balance of an investor will vary daily and the actual fees and expenses we charge are based on the value of the option, which also fluctuates daily.

Transaction costs also apply. Refer to pages 8 to 9.

### Performance fees

In addition to the management fee, on some options a performance fee may also be payable. The performance fee is reflected in the daily unit price and paid monthly at the relevant performance rate (inclusive of the net effect of GST). The fee is calculated as a percentage rate of the relevant option's outperformance.

The option's outperformance is the percentage return above the relevant benchmark, as outlined below.

**Please note:** There is no standard that is applied to how performance fees are calculated. You should carefully compare the different performance fee types in the tables below, noting which benchmark they aim to outperform and whether performance fees are calculated before or after management fees are charged.

For options where a performance fee applies, an estimate of the performance fees is included within the management cost for the option. This estimate is generally based on the actual performance fees paid from the option over the 12 months to 30 November 2010. For options which do not have 12 months of performance history (as at 30 November 2010) or for new investment options, we have assumed that the option has achieved performance in line with the relevant benchmark and therefore no performance fees would be payable.

The tables below show which options within the PDS are subject to performance fees.

Option	Benchmark	Management fee (pa)	Performance fee rate <sup>1</sup>
<b>Performance fee <i>before</i> management fees</b>			
Acadian Australian Equity Long Short	S&P/ASX 300 Accumulation Index	1.90%	15%
Acadian Global Equity Long Short	MSCI World Net Index (AUD)	2.10%	15%
Acadian Quant Yield <sup>3</sup>	Reserve Bank of Australia (RBA) cash rate	1.40%	20%
Aspect Diversified Futures	Greater than 0% on futures and forwards trading accounts <sup>4</sup>	2.50%	20%
Ausbil Australian Emerging Leaders	Composite benchmark <sup>5</sup>	1.90%	15%

1 This rate is inclusive of the net effect of GST.

2 The return on the option includes total income, inclusive of overseas withholding tax deducted at source and grossed up by the amounts of Australian franking credits.

Option	Benchmark	Management fee (pa)	Performance fee rate <sup>1</sup>
<b>Performance fee <i>after</i> management fees</b>			
BlackRock Asset Allocation Alpha	UBS Australian Bank Bill Index	2.10%	20%
Celeste Australian Small Companies	S&P/ASX Small Ordinaries Accumulation Index	1.70%	20%
Colonial First State Australian Share Long Short – Core	S&P/ASX 100 Accumulation Index	2.00%	15%
Colonial First State Enhanced Yield <sup>2</sup>	RBA cash rate	1.20%	20%
Generation Global Share	MSCI World (ex Australia) Net Index (AUD)	1.80%	20%
Lodestar Australian Strategic Share	UBS Australian Bank Bill Index	2.05%	20%
Magellan Global	MSCI World Index Total Return (Net Dividends)	2.35%	10%
PM Capital Absolute Performance	Greater than 0%	1.80%	20%
PM Capital Australian Share	S&P/ASX 200 Accumulation Index	1.60%	25%
PM Capital Enhanced Yield <sup>2</sup>	RBA cash rate	1.30%	25%

### Dollar fee example – performance fees (after management fees)

Assumptions for this example: 2.00% return before fees above the relevant benchmark, \$50,000 investment, performance fee rate of 25% and a management fee of 1.60% pa.

Fees calculation		Fee amount
Management cost: (excluding performance fee)	1.60% pa	\$800
<b>Plus</b>	0.10% pa	\$50
Estimated performance fee: 25% x (2.00% – 1.60%)		
<b>Management cost (including performance fee)</b>	1.70% pa	\$850 inclusive of the net effect of GST

Sometimes the calculation of the performance fee will result in a negative dollar amount (negative performance fee). This negative performance fee is offset against any entitlement to future performance fees. We do not have to reimburse the option for negative performance. In extreme circumstances (eg if the net outflow from the option is more than 10% in one month) the negative performance fee which is offset may be reduced pro rata with the percentage of net outflow.

It is also possible for the manager to exceed the relevant benchmark (and therefore be entitled to a performance fee) even where an option has had negative performance over a period, as that option may have performed better relative to the benchmark.

Colonial First State may keep some of the performance fee. For periods of high outperformance, the performance fee may be substantial. We recommend you discuss this with your financial adviser to understand the impact of the performance fee.

### Alternative investments

Alternative investments typically include investments in futures, forwards and options and are not limited to investments in shares, bonds, cash and/or property.

FirstChoice Conservative, FirstChoice Moderate, FirstChoice Balanced and FirstChoice Growth may have an exposure to alternative investments by investing in an underlying fund that holds these investments. Their respective allocations are shown in Part 2 – Investment Options Menu on pages 13 and 14.

The underlying fund that holds the alternative investments may pay a performance fee to the alternative investment managers of up to 27.50% for outperformance above a benchmark of 0%<sup>4,6</sup> (calculated before the deduction of their management fees).

The effect of any performance fee paid is reflected in the return or value of the allocation that each investment option makes to alternative investments. For example, assuming all alternative investment managers achieve 2.0% outperformance above their relevant benchmark, FirstChoice Balanced (which has a 3% allocation to alternative investments) would effectively incur 0.017% in performance fees (2% x 3% x 27.50%) which would reduce the performance of the FirstChoice Balanced option by this amount.

### Increases or alterations to the fees

We may vary the management fees used to calculate the management costs set out on pages 8 to 9 at any time at our absolute discretion, without your consent, within the limits prescribed in each option's Constitution. If the variation is an increase in a fee or charge, we will give you 30 days advance written notice. The Constitution of each option provides for the following maximum fees:

- a maximum entry fee (referred to in the PDS as a contribution fee) of 5%
- a maximum exit fee (referred to in the PDS as a withdrawal fee) of 4%
- a maximum management fee of 3%
- a maximum switching fee of \$50 (CPI-adjusted from 30 June 2003) for each switch in excess of four per year.

For all other options with performance fees other than those listed in the table below, a maximum performance fee rate of 25.00% (inclusive of the net effect of GST) is provided for under the Constitution.

Option name	Maximum performance fee <sup>7</sup>
Acadian Quant Yield, Aspect Diversified Futures, BlackRock Asset Allocation Alpha, Lodestar Australian Strategic Share and Magellan Global	27.50%
Colonial First State Australian Share Long Short – Core	26.83%

3 The return on the option includes total income grossed up by the amounts of Australian franking credits.

4 The performance fee is calculated on the dollar value of positive performance (less carried forward negative performance) generated on the trading accounts only (this may include futures, forwards and/or options). **Please note:** Earnings generated on cash allocations held outside the trading accounts are excluded from attracting a performance fee.

5 The composite benchmark consists of a weighting of 70% to the S&P/ASX Midcap 50 Accumulation Index and 30% to the S&P/ASX Small Ordinaries Accumulation Index.

6 The alternative investment managers may change.

7 All maximum performance fees in the table are inclusive of the net effect of GST.

**Please note:** The maximums are provided for information and are not the current fees charged. The current fees are shown on pages 8 to 9.

Additionally, you may choose to pay an adviser service fee. Refer below.

### Transaction costs

Transaction costs such as brokerage, government taxes/duties/levies, bank charges and account transaction charges are paid from each option. When you (or any person you have authorised) invest, switch or withdraw all or part of your investment, we use what is called a 'buy/sell' spread to recover transaction costs incurred. Because there are costs in buying and selling assets, we use the 'buy/sell' spread to direct these costs to investors transacting rather than other investors in the option. The 'buy/sell' spread that applies to each option is shown in the table on pages 8 to 9. Please note that the 'buy/sell' spreads are not fees paid to us. They are paid to the option. They are, however, an additional cost to you. They may be altered at any time.

Where short-term settlement borrowing or borrowing for underlying funds occurs (including geared options), borrowing costs such as interest on borrowings, legal fees and other related costs are payable by those options.

**Transaction costs example:** If you make a \$50,000 investment in or withdrawal from the Colonial First State Diversified option, you will incur transaction costs of \$100.

### Abnormal costs

Abnormal costs (such as costs of unitholder meetings, recovery and realisation of assets, changes to the Constitution and defending or pursuing legal proceedings) are paid out of the option. These costs are incurred fairly infrequently.

### Other operating expenses

The Constitution for each option allows for the ongoing operating expenses (such as registry, audit, taxation advice and offer documents) to be paid directly from the option. Until further notice, Colonial First State will pay such amounts from our management fees, except where the expense relates to custody, audit or a particular transaction.

The Constitution does not place any limit on the amount of the ongoing operating expenses that can be paid from each option.

### What is paid to your adviser?

The adviser recommending the investment product may receive payments ('remuneration') for the following:

- a contribution fee; please refer to page 7 in the fees and costs table for further information
- an adviser trail which is included in the management costs; please refer to the table below and page 7 in the fees and costs table for further information
- an adviser service fee that you agree with your adviser. Please refer to 'Adviser service fee' for further details.

You may be entitled to lower fees or to negotiate a rebate with your adviser. Please refer to 'Negotiation of fees' for further details. The maximum adviser remuneration is as follows:

Investment option name	Contribution fee	Adviser trail	Adviser service fee
All options except Cash and deposit options	Up to 4.29%	Up to 0.60% pa	As agreed with your adviser
Cash	Nil	Up to 0.60% pa	
FirstRate options		Up to 0.25% pa	

Dealer groups, IDPS operators and other licensees may receive remuneration from us for offering the fund on their investment menus or for the provision of services. This remuneration may be up to an amount equal to 100% of the relevant management costs indicated in the table on pages 8 to 9 in a given year. These amounts may be rebated or retained by the dealer group, IDPS operator or licensee. If these amounts are paid, they are paid by us and are not an extra amount paid from the fund nor are they a further amount you pay.

Any payments will be made in compliance with the Financial Services Council Industry Code of Practice on Alternative Forms of Remuneration (Code). We keep a register of certain payments as required by the Code. Please contact us if you would like to view this register. Details of the adviser's remuneration will be in the Financial Services Guide and Statement of Advice which your adviser must give you.

### Negotiation of fees

Outlined below are the circumstances in which certain investors can negotiate or receive lower fees.

#### Contribution fees

You may be able to negotiate lower contribution fees. Please contact your adviser directly for details regarding negotiation of contribution fees.

If you do not have an adviser or unless your adviser agrees otherwise, the contribution fee defaults to the maximum shown in the fees and costs table on page 7.

#### Adviser service fee

You can agree with your financial adviser to have an adviser service fee for advice relating to your investment in FirstChoice Investments, including FirstRate Saver and FirstRate Term Deposits, paid directly from one of your investment options or FirstChoice Margin Lending margin loan (if applicable, for existing investors only). The adviser service fee (including GST) will be paid to your current adviser or any subsequent adviser on your investment.

**Please note:** Paying an adviser service fee from a FirstRate Term Deposit will be treated as an early withdrawal and this will reduce your interest rate. Please refer to page 14 for more details on the FirstRate Term Deposit investment options.

An **ongoing** fee can be charged as:

- a percentage of your account value, or
- a set dollar amount.

This ongoing fee will be deducted from one of your options on a monthly basis within the first five business days of the following month.

In addition, a **one-off** fee can also be charged as:

- a set dollar amount.

This one-off fee will be deducted from one of your options within the first five business days of the following month.

Colonial First State may at its discretion refuse to deduct an adviser service fee. Please contact your adviser directly regarding the negotiation of the adviser service fee.

#### Management cost rebates

You may be entitled to a rebate of part of the management costs on investment options other than FirstRate Saver and FirstRate Term Deposits.

Management cost rebates are calculated and paid before income tax. You may be assessable for income tax on the rebate amount so you should ensure that this amount is included in your annual tax return. You should speak to your financial adviser or accountant for more information.

Management cost rebates are calculated monthly using your account balances and the rebate rate that applied on the last day of the month. If you close your account, your redemption will only include a rebate calculated to the end of month prior to the redemption. Management cost rebates will be credited to your account in the form of additional units as follows:

Management cost rebates	Frequency of payment
Adviser trail rebate	Monthly
Portfolio rebate	Six-monthly in September and March

Unless you nominate a particular investment option, the management cost rebates will be paid to your investment options as outlined on page A2 in the application forms booklet.

#### Adviser trail rebates

For options except FirstRate Saver and FirstRate Term Deposits, the adviser trail is part of the management costs included in the unit prices of your investments and is not an additional cost to you.

If you do not have an adviser or unless your adviser agrees otherwise, the full management cost will apply, including the adviser trail amount shown under the heading 'What is paid to your adviser?'. You may be able to negotiate a rebate of all or part of this adviser trail with your adviser. An adviser trail rebate will reduce the total fees and costs that apply to your investment.

**Please note:** For FirstRate Saver and FirstRate Term Deposits, adviser trail rebate payments are paid by us and are not a further amount you pay. However, if you negotiate a rebate of all or part of the adviser trail, this rebate payment will effectively increase the interest you earn.

Your adviser may change the level of your adviser trail rebate at any time up to the maximum adviser trail included in the management costs. We will inform you of any changes to the calculation of your adviser trail rebate. Please contact your adviser directly for details regarding negotiation of an adviser trail rebate.

#### Portfolio rebate

You may be entitled to a portfolio rebate depending on the size of your portfolio invested in eligible FirstChoice products. Eligible FirstChoice products included in the calculation of your portfolio rebate are:

- FirstChoice Investments
- FirstChoice Personal Super
- FirstChoice Pension, and
- FirstChoice Employer Super.

Investments which you may hold in the FirstChoice Wholesale range of products are not eligible for the portfolio rebate which you may receive in relation to any of the investments described above. Additionally, although your investments in FirstChoice Employer Super and the Colonial First State Cash, FirstRate Saver and FirstRate Term Deposits investment options in any of the eligible FirstChoice products count towards whether you are eligible for the portfolio rebate, no rebate is payable on those amounts.

FirstChoice accounts held under the same Online Identity Number (OIN) will automatically be eligible and will be counted towards your portfolio rebate. If you have more than one OIN, please contact us to ensure that your portfolio rebate is calculated correctly. You can also nominate investments held in joint names or as trustee for a trust or superannuation fund to be included in your portfolio rebate. Each account can only be linked to one OIN for portfolio rebate purposes. We do not allow the linking of nominee company accounts.

If you have more than one eligible FirstChoice product, the portfolio rebate will be paid to each eligible product in proportion to your total portfolio.

The following table details the level of portfolio rebate you may be entitled to:

Value of eligible FirstChoice products and investment options	Portfolio rebate (pa)
First \$400,000	Nil
Next \$600,000	0.20%
Over \$1,000,000	0.40%

**Please note:** Cash, deposit and Employer Super amounts are counted *first* in each tier amount.

**Example calculation:** A FirstChoice Investments investor has the following investments:

→ Colonial First State Cash	\$500,000
→ FirstChoice Growth	\$700,000
→ TOTAL PORTFOLIO	\$1,200,000

Portfolio balance	Rate	Management fee rebate
First \$400,000 (Cash option counted first)	\$400,000 X 0.00%	\$0
Next \$600,000 (Cash option – \$100,000 remaining x 0.00% plus \$500,000 x 0.20%)	\$500,000 X 0.20%	\$1,000
Over \$1,000,000	\$200,000 X 0.40%	\$800
<b>TOTAL</b>		<b>\$1,800</b>

We may change the portfolio rebate level or eligibility criteria at any time. If you require any clarification, please refer to our website, colonialfirststate.com.au, contact Investor Services on 13 13 36 or speak to your financial adviser.

#### Tax implications

Please note that this portfolio rebate will have income tax and may have GST implications. Please discuss this with your financial adviser.

#### Differential fees

We may issue units to certain investors such as sophisticated, professional, wholesale investors or Bank employees with reduced contribution and/or management costs. Such arrangements would be subject to individual negotiation, compliance with legal requirements and any applicable ASIC class orders.

#### Taxation

Please refer to the Other information booklet, section 3 of the PDS for further details.

#### Expenses

Where any expenses of an investment option are tax deductible, the benefit is already reflected in the distributions made to you.

# 4 FirstRate Saver and FirstRate Term Deposits

This section contains information about FirstRate Saver and FirstRate Term Deposits.

## What are FirstRate Saver and FirstRate Term Deposits?

FirstRate Saver can provide you with an easy to use, low risk deposit account with a competitive variable interest rate.

FirstRate Term Deposits provide the certainty of an interest rate, fixed until the maturity date, with a choice of 3, 6, 9 or 12-month investment term options.

### Who are the parties involved?

FirstRate Saver and FirstRate Term Deposits are deposit products of Commonwealth Bank of Australia ('the Bank'), one of Australia's leading financial institutions. When you or a person you authorise makes or requests a deposit to FirstRate Saver or FirstRate Term Deposits, you enter into an agreement with the Bank on the terms and conditions set out in the Other information booklet, section 3.

The Bank has appointed Colonial First State Investments Limited to collect information, administer and otherwise deal with matters relating to FirstRate Saver and FirstRate Term Deposits.

## How do I establish and operate FirstRate Saver and FirstRate Term Deposits?

FirstRate Saver and FirstRate Term Deposits work together with your FirstChoice Investments account. This provides you and your financial adviser the convenience and ease of establishing and managing the different investments in your portfolio in the one place.

### Benefits of FirstRate Saver and FirstRate Term Deposits

- No fees  
There are no transaction or account keeping fees.
- Peace of mind  
Knowing at the time what interest you will earn and that your money is on deposit with a leading Australian bank.
- Easy set-up  
Simply use the same application form as FirstChoice Investments.
- Ask us once  
You can transact on FirstRate Saver and FirstRate Term Deposits at the same time as your other FirstChoice investments.
- Your investments at a glance  
One consolidated and easy to understand statement and you can view your account through the FirstNet secure online service.
- Switch with ease  
Move your money between the FirstRate deposit products and other FirstChoice Investments options with ease.

### Risks of investing in FirstRate Term Deposits

FirstRate Term Deposit products are considered to be a relatively low risk product offered by Commonwealth Bank of Australia. Specific risks that apply to FirstRate Term Deposit products are listed below:

- **Market risk** – FirstRate Term Deposit products provide a fixed interest rate. This means you are protected from decreases in interest rates during the term of your investment. However, you may not be able to take advantage of interest rate increases should interest rates rise during the term of your investment.
- **Early withdrawal risk** – Should you need to withdraw or switch out from FirstRate Term Deposit products prior to the maturity date, the interest rate applying on the amount withdrawn is reduced.

### At a glance

<b>Who can apply?</b>	FirstRate Saver and FirstRate Term Deposits are available with a new or existing FirstChoice Investments account (including joint account holders).
<b>Features</b>	<b>FirstRate Saver</b> <ul style="list-style-type: none"><li>→ Competitive variable interest rate.</li><li>→ Interest calculated on your account balance daily and paid effective on the last calendar day of each month.</li></ul> <b>FirstRate Term Deposits</b> <ul style="list-style-type: none"><li>→ Competitive interest rates, fixed until the maturity date of the term deposit.</li><li>→ Interest calculated daily and paid effective on the maturity date.</li></ul>
<b>Fees</b>	No transaction or account keeping fees on FirstRate Saver or FirstRate Term Deposits.
<b>Minimum balance</b>	No minimum balance is required to be held in FirstRate Saver or FirstRate Term Deposits. You must maintain the FirstChoice Investments minimum account balance. FirstRate Saver and FirstRate Term Deposit balances count toward this minimum.
<b>Interest rate</b>	Current interest rates are available at <a href="http://colonialfirststate.com.au">colonialfirststate.com.au</a> or by contacting us on 13 13 36.
<b>Access information</b>	View and transact 24/7 through FirstNet, Colonial First State's secure online service. Or contact us on 13 13 36 (8am to 7pm Monday to Friday (Sydney time)) or contact your financial adviser.



Further details about and terms and conditions for FirstRate Saver and FirstRate Term Deposits are contained in the Other information booklet, sections 3 and 4 ([colonialfirststate.com.au/firstchoicepdsother](http://colonialfirststate.com.au/firstchoicepdsother)).



The PDS for FirstChoice Investments is made up of multiple parts. A reference to ‘the PDS’ includes a reference to all of the following parts (relevant to FirstChoice Investments) that make up the PDS and all statements and information that is incorporated by reference:

- Essential information:
  - Part 1 – Key information
  - Part 2 – Investment Options Menu
  - Part 3 – Application forms
- Additional important information:
  - Other information booklet – all statements and information that is incorporated by reference, contained in various sections of the booklet available at [colonialfirststate.com.au/firstchoicepdsother](http://colonialfirststate.com.au/firstchoicepdsother) or by calling us.

You should read all parts of the PDS or contact Colonial First State on 13 13 36 or email us at [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au) if you would like a paper copy to be sent to you free of charge. You should assess whether the product is appropriate for you and speak to your financial adviser before making a decision to invest in the product.

Changes may be made to the PDS from time to time that may affect you. Changes to the PDS that are not materially adverse will be included in the Other information booklet, section 4, available online or by calling us as described above. If you decide to invest in the product, you should always check that you are completing an application form from the most up-to-date version of the PDS. By completing the application, you agree to the content of the PDS available at the date you first become an investor in FirstChoice Investments. Thereafter, we will notify you of changes to the PDS in accordance with our legal obligations.

The following sections of the Other information booklet provide relevant information in relation to your investment:

Section	
<b>3</b>	<p><b>FirstChoice Investment products</b></p> <p><b>Transacting on your account</b> Provides information on transacting on your account and the methods available to you. Also provides further details on making additional investments, switching, auto-rebalancing, changing your personal details and making withdrawals.</p> <p><b>Receiving income</b> Provides information on the frequency of distributions and the choice of reinvesting or receiving your distribution as cash.</p> <p><b>FirstRate Saver products and FirstRate Term Deposit products terms and conditions</b></p> <p><b>Taxation and regulatory information</b> Provides information on how your investment is taxed, the Constitutions of the investment options, appointing an agent and our requirements to report to ASIC.</p>
<b>4</b>	<p><b>Other information you need to know</b></p> <p><b>Transactions and unit pricing</b> Provides information on processing applications, switches and redemptions as well as the auto-rebalancing facility. Other information includes how unit prices are calculated.</p> <p><b>Investment option information</b> Provides information on whether the investment options borrow or engage in securities lending and what investments they can hold. It also provides information on the consideration of social, ethical or environmental issues, the benefits Colonial First State receives from third parties and the outsourcing of investment management. Some important points about currency risk, gearing, emerging markets and long short strategies are also provided in this section.</p> <p><b>Privacy information</b></p> <p><b>Additional information about transacting on FirstRate Term Deposit products</b> Provides information on transacting on FirstRate Term Deposit products, including the consequences of early withdrawals.</p> <p><b>Terms and conditions</b> Provides the terms and conditions of transacting with us via telephone, fax, FirstNet and FirstLink, including the limitation of our liability.</p> <p><b>Direct debit customer service agreement</b></p> <p><b>Changes to the PDS</b></p> <p><b>Accessing information on your account</b> Provides information on when we provide you with information on your account and how you can access the most up-to-date information yourself.</p>
<b>5</b>	<p><b>Who manages your money</b> Provides information on investment manager profiles and the registered investment options’ names.</p>

## Is there a cooling-off period?

A 14-day 'cooling-off period' will apply to your initial investment in FirstChoice Investments in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then contact your financial adviser and advise us in writing.

The 14 days start when your transaction confirmation is received by you or five days after your units are issued, whichever is earlier.

We will refund your investment, reduced or increased for market movements (and, where relevant, once we have established your identity). We will also deduct any tax or duty incurred and an amount for reasonable transaction and administration costs we incur in relation to your investment in the fund, including determining your application. As a result, the amount returned to you may be less than your original investment.

**Please note:** The cooling-off period does not apply to FirstRate Saver and FirstRate Term Deposits. FirstRate Saver and FirstRate Term Deposits terms and conditions deal with the withdrawal of your investment, together with accrued interest. Refer to the Other information booklet, section 3.

## Anti-Money Laundering and Counter-Terrorism Financing laws and Sanctions laws

We are required to comply with these laws, including the need to establish your identity (and, if relevant, the identity of other persons associated with your account). Instructions for completing the identification process are included with the application forms.

Additionally, from time to time, we may require additional information to assist with this process.

We may be required to report information about you to the relevant authorities. We may not be able to tell you when this occurs. We may not be able to transact with you or other persons. This may include delaying, blocking, freezing or refusing to process a transaction or ceasing to provide you with a product or service. This may impact on your investment and could result in a loss of income and principal invested.

## How is your personal information dealt with?

The privacy of your personal information is important to us. Information about how your personal information is dealt with is set out in the Other information booklet, section 4. You should read this information before you apply. You may be contacted by telephone unless you ask us not to do so. To stop receiving telemarketing, please call 13 13 36. You will be taken to agree to the collection, use and disclosure of your personal information as set out in the Other information booklet when you apply to make an investment.

## What to do if you have a complaint

We accept that sometimes we can get things wrong, and when this happens we're determined to make them right again.

### Talk to us

Most problems can be resolved quickly and simply by talking with us. You can call our Customer Service team on 13 13 36 from 8am to 7pm (Sydney time) Monday to Friday.

If you need further assistance after your initial enquiries, you can contact Customer Relations.

	Phone	Online/Email
<b>Customer Service</b>	13 13 36	contactus@colonialfirststate.com.au
<b>Customer Relations</b>	1800 805 605	CustomerRelations@cba.com.au
<b>National Relay Service</b>	TTY/Voice: 133 677 SSR: 1300 555 727	http://www.relayservice.com.au/
<b>You can also contact us</b>	<ul style="list-style-type: none"> <li>→ By writing to: CBA Group Customer Relations, GPO Box 41, Sydney NSW 2001</li> <li>→ Through a third party, providing you give us written authority to deal with them about the complaint</li> </ul>	

### When you make a complaint to us, we will:

- acknowledge your complaint and make sure we understand the issues
- do everything we can to fix the problem
- keep you informed of our progress
- keep a record of your complaint
- give you our name, a reference number and contact details so that you can follow up if you want to, and
- provide a final response within 45 days.

If we are unable to provide a final response to your complaint within 45 days, we will:

- inform you of the reasons for the delay
- advise of your right to complain to the Financial Ombudsman Service (FOS), and
- provide you with the FOS contact details.

### External dispute resolution

If you are not happy with the response we provide, you may refer your complaint to an external dispute resolution service.

The FOS offers a free, independent dispute resolution service for the Australian banking, insurance and investment industries. You can contact the FOS on 1300 780 808, or by writing to Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001, or online at [www.fos.org.au](http://www.fos.org.au). Our membership number is 10318.

# Financial Services Guide

Dated 11 April 2011

This Financial Services Guide (FSG) is an important document which we are required to give to you under the requirements of our Australian Financial Services Licence. It provides you with information about Colonial First State Investments Limited ABN 98 002 348 352 ('Colonial First State', 'we', 'our', or 'us') to help you decide whether to use the financial services we provide. This FSG outlines the types of services and products we can offer to you. It also explains how we (and other relevant persons) are remunerated for these services and includes details of our internal and external complaints handling procedures and how you can access them.

To invest in any of our financial products you must complete the application form attached to or accompanying the relevant Product Disclosure Statement (PDS). The PDS contains information about the particular product and will assist you in making an informed decision about that product.

If we provide you with personal financial product advice rather than general financial product advice, we will give you a Statement of Advice (SOA). Personal financial product advice is advice that takes into account one or more of your objectives, financial situation and needs. The SOA will contain the advice, the basis on which it is given and information about fees, commissions and any associations which may have influenced the advice.

## Who are we?

Colonial First State is one of Australia's leading wealth management providers and a part of the Commonwealth Bank of Australia Group ('the Bank').

Any financial services offered will be provided by a representative of Colonial First State. Colonial First State has an Australian Financial Services Licence granted under the Corporations Act to provide these services to you.

We are also licensed to be the trustee of superannuation funds under the Superannuation Industry (Supervision) Act 1993.

We do not act as a representative of any other licensee in relation to the services we provide you.

To contact us you can:

- call Investor Services on 13 13 36
- visit our website at [colonialfirststate.com.au](http://colonialfirststate.com.au)
- write to us at Reply Paid 27, Sydney NSW 2001
- email us at [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au).

## What financial services and products do we offer?

Colonial First State is authorised to offer a range of financial services including:

- dealing in financial products
- giving advice on financial products
- operating registered managed investment schemes
- being the trustee of superannuation funds.

We also offer a range of managed investment, superannuation and pension products. Some of our superannuation products offer life insurance benefits. We can help you to apply for these products and can also give you general financial advice in relation to our products, or products offered by other financial institutions, including other members of the Bank.

We do not provide financial planning services and only give personal financial product advice in limited situations. Personal financial product advice is not provided through our website or Investor Services.

## How can you transact with us?

You can give us instructions electronically, by telephone, mail, fax or via our website. Any dealings with us by telephone, fax or electronically, will be governed by our standard 'telephone, fax and electronic communications terms and conditions'. These terms and conditions are contained in the PDS for each product and are also available on the website at [colonialfirststate.com.au](http://colonialfirststate.com.au).

There are also terms and conditions of use for our website and FirstNet, our secure internet service. These terms and conditions can be obtained on the website.

## How are we remunerated for the services we provide?

If you invest in a product we offer, Colonial First State will receive remuneration in relation to your investment in that product. Where we advise you about products offered by another company of the Bank and you acquire that product, then that company will receive remuneration. This remuneration may include contribution fees and management costs (which include transaction, ongoing and, if applicable, any borrowing costs). In some situations, withdrawal fees, account fees and transaction fees may apply. The remuneration we will receive for the products we offer is set out in the PDS for the particular product. The remuneration we will receive for this product is set out in the 'Fees and other costs' section of the PDS on pages 7 to 13 of this combined document.

Colonial First State does not receive any fees, nor do we charge you additional fees for providing financial product advice.

## What commissions, fees or other benefits are received?

Employees of Colonial First State who give you advice do not receive specific payments or commissions for the giving of that advice. These employees and our directors receive salaries, bonuses and other benefits from us. Bonus payments and other benefits are discretionary, and based on achievement of pre-determined objectives.

You may receive advice in relation to the products we offer from financial advisers who do not work for Colonial First State. These advisers may receive remuneration from us. The adviser's remuneration is included in the fees you pay when investing in our products.

The amount of this remuneration is set out in the PDS for the particular product. The remuneration we pay advisers in relation to this product is set out in the 'Fees and other costs' section of the PDS on pages 7 to 13 of this combined document. Your adviser is also required to set out the remuneration and commissions they receive in the SOA which they must give to you. Some of these advisers may be representatives of other licensees in the Bank.

We do not pay commissions or provide other benefits to third parties for referring customers to us.

## What kind of compensation arrangements are in place for a breach of our legal obligations?

Where we are liable to meet a claim, payment will generally be paid from our cash flows and available resources.

For claims we may rely on and claim under the professional indemnity insurances that we hold. These insurances are between us and the insurer and are intended to respond to civil liability resulting from significant claims for compensation made against us for financial services provided by us or our representatives. These insurances provide cover even if one of our representatives has ceased to act or work for us.

Our compensation arrangements comply with the legal requirements set out in section 912B of the Corporations Act.<sup>1</sup>

## How is your personal information dealt with?

Please refer to page 16 of this combined document (the PDS dated 11 April 2011) for details on how your personal information is dealt with.

## What should you do if you have a complaint?

Please refer to page 16 of this combined document (the PDS dated 11 April 2011) for details about our complaints handling procedures.

1 Section 912B requires financial services licensees who provide financial services to retail clients to have arrangements for compensating those persons for loss or damage suffered because of breaches of relevant legal obligations by a licensee or its representatives.

## About Colonial First State

Colonial First State has been helping Australians with their investment needs since 1988. As Australia's largest investment and superannuation manager, we have many strong hands on deck, with over 2,000 staff working for our investors. So you can feel confident we're well placed to help you reach your investment goals.

### Our products

Colonial First State provides investment, superannuation and pension products to individual, corporate and superannuation fund investors. Our investment management expertise spans Australian and global shares, property, fixed interest and credit, cash and infrastructure.

In addition, our FirstChoice product offers over 110 investment options. Some are managed by us – and others by well-known investment managers and specialist boutique managers. The wide investment choice is combined with a competitive fee structure.

The Colonial First State Group currently manages or administers more than \$180 billion globally.

### Please mail completed forms to:

**Colonial First State**  
**Reply Paid 27**  
**Sydney NSW 2001**

### Our service

Service is the heart of our business – we've made it simple for you to keep track of your investments, however you like to communicate – online, over the phone, in person or by mail. And because we choose our customer service people carefully, there will be someone friendly and informative waiting to respond.

### Our people

At Colonial First State, we never lose sight of the fact that we are responsible for other people's money. We make it our priority to deliver the kind of investment experience we'd like ourselves. It's a big part of the reason many of the people who work for Colonial First State are also investors.

### Our awards

Colonial First State's consistent, disciplined approach to investing has been recognised by many awards within the investment management industry. But it isn't our style to rest on our laurels – every day across our business, our focus is on delivering quality performance, great service and industry-leading products.

### Enquiries:

<b>New investors</b>	<b>1300 360 645</b>
<b>Existing investors</b>	<b>13 13 36</b>
<b>Advisers</b>	<b>13 18 36</b>
<b>Facsimile</b>	<b>(02) 9303 3200</b>
<b>Email</b>	<b>contactus@colonialfirststate.com.au</b>
<b>Website</b>	<b>colonialfirststate.com.au</b>

# Product Disclosure Statement

## **FirstRate Investment Deposits**

This Product Disclosure Statement is for use by new or existing investors of FirstChoice Investments.

Issued 20 February 2012  
Issued by Commonwealth Bank of Australia  
ABN 48 123 123 124 AFS Licence 234945



This is a Product Disclosure Statement (PDS) for FirstRate Investment Deposits.

The name and contact details for the administrator of FirstRate Investment Deposit (see page 1 of this PDS for information regarding the administrator's role) are:

Colonial First State Investments Limited  
11 Harbour Street, Sydney NSW 2000

Telephone: 13 13 36

Facsimile: (02) 9303 3200

Email: [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au)

### Important note

This PDS is for use by new or existing investors of FirstChoice Investments only. To be eligible for FirstRate Investment Deposits you must hold a FirstChoice Investments account.

#### FirstChoice Investments

Investments in FirstChoice Investments are offered by Colonial First State Investments Limited ABN 98 002 348 352 AFS Licence 232468 ('Colonial First State' or 'the responsible entity').

Colonial First State is a subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 AFS Licence 234945 ('the Bank'). The Bank and its subsidiaries do not guarantee the performance of FirstChoice products or the repayment of capital by these products. Apart from FirstRate Saver, FirstRate Term Deposit and FirstRate Investment Deposit products (for FirstChoice Investments), investments in FirstChoice are not deposits or other liabilities of the Bank or its subsidiaries. Investment-type products are subject to investment risk including loss of income and capital invested.

FirstRate Investment Deposit is a deposit product of the Bank. The issue of FirstRate Investment Deposit is authorised solely by the Bank. Colonial First State Investments as administrator of FirstChoice Investment Deposit has given its consent to all statements by it or said to be based on statements by it in the form and context in which they are included, and has not withdrawn this consent as at the date of this PDS. To the extent permitted by law, neither Colonial First State nor any of its subsidiaries are responsible for any statement or information contained within this document (except for those statements and information the subject of Colonial First State's consent). Colonial First State and the Bank do not guarantee the performance or return of capital on investments in FirstRate Investment Deposit. The Bank offers a fixed margin over a benchmark interest rate until a monthly date. Details of the offer are available on an offer terms sheet available from [colonialfirststate.com.au](http://colonialfirststate.com.au).

# Investment Information

## What is FirstRate Investment Deposit?

FirstRate Investment Deposit is a deposit that can provide longer-term investors with a competitive interest rate, fixed above a benchmark rate for a specified period of time.

## Who are the parties involved?

FirstRate Investment Deposit is a deposit product of Commonwealth Bank of Australia ('the Bank'), one of Australia's leading financial institutions. When you make or request a deposit to FirstRate Investment Deposit, you enter into an agreement with the Bank on the terms and conditions set out on pages 5 to 8.

The Bank has appointed Colonial First State Investments Limited to collect information, administer and otherwise deal with matters relating to FirstRate Investment Deposit.

## Benefits of FirstRate Investment Deposits

- No fees.  
There is no application fee, no account keeping fees or management fees.
- Peace of mind.  
Knowing at the time what interest you will earn and that your money is on deposit with a leading Australian bank.
- Competitive interest rate.

## Withdrawals from FirstRate Investment Deposits

FirstRate Investment Deposits are designed to be a longer-term investment held for the full investment timeframe outlined in the offer terms. Should you withdraw or switch all or part of your investment from FirstRate Investment Deposit prior to that date, early withdrawal adjustments may apply.

Details on how early withdrawal adjustments are calculated are outlined below.

For full withdrawals, the amount you receive will be equal to:

- your current balance, minus
- the amount calculated as an early withdrawal adjustment, plus
- interest that has accrued up to the date of your withdrawal.

Where the early withdrawal adjustment is greater than any accrued and previously reinvested interest, this amount would be deducted from your initial principal invested.

For partial withdrawals or switches, the amount you receive will be equal to the amount you requested, minus the amount calculated as the early withdrawal adjustment.

An early withdrawal adjustment worked example is set out on page 3.

**Please note:** Under abnormal or difficult market or liquidity conditions, the Bank reserves the right to delay payment on FirstRate Investment Deposit for a period not exceeding 31 days.

## Offer terms and key dates

The terms of each FirstRate Investment Deposit can vary, it is important that you read the offer terms and key dates, in addition to this PDS, before you invest. The offer details are available on our website, [colonialfirststate.com.au/firstrateinterestrates](http://colonialfirststate.com.au/firstrateinterestrates) and contain the following information:

- offer open and close dates
- interest rates and payment information
- maturity dates.

### Before you apply for FirstRate Investment Deposits:

- Read this PDS including all terms and conditions
- Read the following documents available at [colonialfirststate.com.au](http://colonialfirststate.com.au):
  - the Offer Term Sheet for available offers of FirstRate Investment Deposits
  - the current FirstChoice Investments PDS

### How to apply:

For existing FirstChoice Investments investors:

- Request an additional investment or switch online using your FirstNet login, by phone or in writing
- Instruct an allocation for the amount you want to invest in FirstRate Investment Deposits

For **new** FirstChoice Investments investors:

- Visit [colonialfirststate.com.au](http://colonialfirststate.com.au)
- Apply for a FirstChoice Investments account online or download the FirstChoice Investments application form with the PDS
- Allocate all or part of your application investment proceeds to FirstRate Investment Deposits

# Understanding investment risk is the key to successfully developing your investment strategy

## What is risk?

Before you consider your investment strategy, it is important that you understand the risks that can affect your investment. All investments are subject to risk. This means that you can lose money on your investments or that they may not meet your objectives, such as growth in the value of your investments or the expected return from your investments.

## What risks affect your investments?

The main risks which typically affect your investment in FirstRate Investment Deposit are:

### Market risk

Market risk is the risk that prices including interest rates will move adversely. This means that your investment can be affected by things like changes in interest rates, investor sentiment and global events.

In particular, as the interest rate you receive on your FirstRate Investment Deposit is determined by reference to a variable interest rate benchmark, you may experience a reduction in your interest income should interest rates fall.

### Legal and regulatory risk

This is the risk that any change in taxation, corporate or other relevant laws, regulations or rules may adversely affect your investment.

### Counterparty credit risk

You are reliant on the ability of the Bank to meet its obligations to account to you under the terms of the FirstRate Investment Deposit. You are also reliant on Colonial First State to meet its obligations to you.

### No cooling-off period

There is no cooling-off period. You cannot cancel or revoke your deposit, however, you may withdraw subject to early withdrawal risks, outlined below.

### Early withdrawal risk

FirstRate Investment Deposits are designed to be held for a specified period. Withdrawals of all or part of your investment before the end of the specified period may be subject to an adjustment (reduction) to the withdrawal proceeds because of the recovery of costs and other charges connected with withdrawal. It is possible that you may receive back a net amount that is less than the amount of initial principal invested.

The amount of the reduction considers reasonable costs incurred in connection with termination or replacement of funding for the FirstRate Investment Deposit deposit. These costs can include break costs, administrative costs and replacement funding costs. Some major influences that may affect the size of the withdrawal costs are:

- liquidity in the financial markets
- market pricing of credit risk
- the term remaining for the offer.

### Role of your financial adviser

Your financial adviser is required to be qualified in understanding the risk and return associated with the wide range of financial products available to you and can help you make decisions regarding these financial products. Your financial adviser can assist you to meet your financial needs.

## Explanation of early withdrawal adjustments

When you request to withdraw or switch from FirstRate Investment Deposit, you will withdraw from the deposit held with the Bank. The Bank applies a withdrawal adjustment rate as a reasonable estimate of the costs, if any, in replacing or terminating the Bank's arrangements in connection with FirstRate Investment Deposit.

These costs can include break costs, administrative costs and funding costs. Some major influences that may affect the size of early withdrawal adjustments are:

- liquidity in the financial markets
- market pricing of credit risk, and
- time remaining until your investment maturity.

The Bank will apply the withdrawal adjustment rate and deduct this cost from withdrawal or switch proceeds.

As the costs are influenced by market conditions, the Bank cannot provide certainty regarding the amount of the withdrawal adjustment until the date of your early withdrawal request.

## Early withdrawal adjustment worked example<sup>1</sup>

You invested \$10,000 in a FirstRate Investment Deposit on 30 November 2011, with a suggested minimum timeframe of 28 April 2017.

On 28 April 2013, you request (via Colonial First State) an early withdrawal for \$1,000 from your FirstRate Investment Deposit. At this time, the Bank determines that the withdrawal adjustment rate is 0.50% pa.

The Bank will apply the withdrawal adjustment rate to the withdrawal amount based on the time remaining until maturity. That is:

$$\$1,000 \times 0.50\% \times 4 = \$20$$

A discount factor is then provided by the Bank and is applied to determine the net present value of this amount. In this example, the discount factor is 0.95.

Early withdrawal adjustment = \$19 (\$20 × 0.95 (discount factor calculated by the Bank at time of withdrawal)).

**Please note:** The early withdrawal adjustment rate is applied to the withdrawal amount (including reinvested interest, if applicable). What you receive on this partial withdrawal is equal to \$1,000 – \$19 = \$981.

**It is possible that you may receive back a net amount that is less than the amount of initial principal invested.**

## How is my personal information dealt with?

The privacy of your personal information is important to us.

We form part of the Commonwealth Bank Group of companies ('the Group'), a well known financial services organisation. The Group offers a broad range of products and services.

We collect personal information so that you can be provided with the products and services you request. We may also share personal information with other Group companies so that you and the Group can have access to an integrated view of the relationship. The Group may also tell you about other products and services that might suit your financial, lifestyle or electronic needs. The law also requires us to collect personal information.

We may disclose personal information to other parties (confidentiality arrangements apply) for certain purposes that we outsource, including bulk mailing, market research and information technology support and in order to comply with our legal obligations. We also seek expert help from time to time to help us improve our systems, products and services.

Your personal information may be disclosed to these third parties in such circumstances. Your personal information will not be shared with other third parties (except with our related bodies for prudential and risk management purposes or as otherwise set out in this statement).

The law also requires us to collect and verify personal information about you. We may also collect and verify information about persons who act on your behalf.

The collection and verification of information about identity helps us to protect against identity theft, money laundering and other illegal activities. Depending on whether you are an individual or an organisation, the information we collect will vary. During the course of your dealings with us, we may also collect and verify further information about you or other persons who act on your behalf.

We may be permitted or required to disclose customer information by law, eg under Court Orders or Statutory Notices pursuant to taxation or social security laws or under laws relating to sanctions, money laundering or terrorism financing. Your personal information may also be used by us to administer, monitor and evaluate products and services, gather, aggregate and report statistical information, assist you with any queries and take measures to detect and prevent fraud and other illegal activity. We may also be allowed or obliged to disclose or receive information by law and to report on prudential or risk management matters.

<sup>1</sup> Example is for illustrative purposes only.

If you notify us that you have a personal financial adviser, then details of your investment will be provided to them. If you hold our products and services through a Commonwealth Financial Planner, who is part of the Group, personal information may be used by other Group companies for marketing purposes.

We aim to ensure that the personal information we retain about you is accurate, complete and up-to-date. If you provide us with incomplete or inaccurate information, you may be in breach of the law and we may not be able to provide you with the products or services you have requested.

If you have concerns about the completeness or accuracy of the information we have about you or would like to access or amend your information, simply call us on 13 13 36 or send an email to [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au). You can contact us if you do not want to receive any marketing information from us. You may be contacted by telephone unless you ask us not to do so. To stop receiving telemarketing, please call 13 13 36.

We may monitor and record telephone calls for training, account management and security purposes. Our Privacy Policy may change from time to time. For a copy of the most up to date Privacy Policy, visit our website at [colonialfirststate.com.au](http://colonialfirststate.com.au) or call the number above to request a hard-copy.

**You will be taken to agree to the collection, use and disclosure of your personal information as set out above when you apply to make an investment.**

## What to do if you have a complaint

We accept that sometimes we can get things wrong, and when this happens we're determined to make them right again.

### Talk to us

Most problems can be resolved quickly and simply by talking with us. You can call our Colonial First State Customer Service team on 13 13 36 from 8am to 7pm (Sydney time) Monday to Friday. If you need further assistance after your initial enquiries, you can contact Customer Relations.

Customer Service 13 13 36  
[contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au)

Customer Relations 1800 805 605  
[CustomerRelations@cba.com.au](mailto:CustomerRelations@cba.com.au)

National Relay Service TTY/Voice: 133 677  
SSR: 1300 555 727  
<http://www.relayservice.com.au/>

You can also contact us By writing to:  
CBA Group Customer Relations,  
GPO Box 41, Sydney NSW 2001  
Through a third party, providing you give us written authority to deal with them about the complaint

When you make a complaint to us, we will:

- acknowledge your complaint and make sure we understand the issues
- do everything we can to fix the problem
- keep you informed of our progress
- keep a record of your complaint
- give you our name, a reference number and contact details so that you can follow up if you want to, and
- provide a final response within 45 days.

If we are unable to provide a final response to your complaint within 45 days, we will:

- inform you of the reasons for the delay
- advise of your right to complain to the Financial Ombudsman Service (FOS), and
- provide you with the FOS contact details.

## External dispute resolution

If you are not happy with the response we provide, you may refer your complaint to an external dispute resolution service. The FOS offers a free, independent dispute resolution service for the Australian banking, insurance and investment industries. You can contact the FOS on 1300 780 808, or by writing to Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001, or online at [www.fos.org.au](http://www.fos.org.au). Our membership number is 10318.

# Terms and Conditions

## Terms and conditions for FirstRate Investment Deposit

The terms (including interest rates) of each FirstRate Investment Deposit can vary, so you must read the current Offer Term Sheet in addition to this PDS and the terms and conditions, which are set out below and are in two parts:

Part 1 – Your agreement with the Bank (Deposit Agreement).

Part 2 – Your authorisation to CFS. And the FirstChoice Investments PDS, all of which are available at [colonialfirststate.com.au](http://colonialfirststate.com.au) or on request by calling 13 13 36.

When you (or any person you authorise), request to set up a FirstRate Investment Deposit, you declare that you have read and are bound by the terms and conditions contained in Parts 1 and 2.

In Part 1 and Part 2, 'the Bank', 'we', 'our' or 'us' refers to Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945. 'CFS' refers to Colonial First State Investments Limited ABN 98 002 348 352. 'You' or 'your' means the person or persons or entity in whose name FirstRate Investment Deposit is held, and, where the context permits, includes any person you authorise to give instructions on your behalf.

Any of the terms and conditions in Parts 1 and 2 which cancel, limit or modify the Bank's or CFS's liability to you, do so only to the maximum extent permissible by law. These terms and conditions do not exclude or modify any rights which cannot be excluded or modified under legislation.

You should read these terms and conditions carefully before lodging funds in a FirstRate Investment Deposit, and keep them for your future reference. You will then know what to expect from us and what we expect from you before becoming bound by the terms and conditions. You can ask us questions about any of the terms and conditions that you do not understand, and so avoid misunderstandings. In addition, you should read the Bank's information booklet 'The Better Banking Book', copies of which may be obtained by telephoning the Bank on 13 2221 (24 hours a day, 7 days a week), contacting your relationship manager, visiting our website at [commbank.com.au](http://commbank.com.au) or from any branch of the Bank.

The relevant provisions of the Code of Banking Practice apply to a FirstRate Investment Deposit if the FirstRate Investment Deposit is held by an individual, either alone or jointly with another individual, or by a small business customer.

### Part 1 – Your agreement with the Bank (Deposit Agreement)

#### 1 Role of CFS

1.1 CFS will administer FirstRate Investment Deposit on behalf of the Bank, including collection of information, provision of statements of account and handling questions and complaints. You must raise any matters regarding FirstRate Investment Deposit directly with CFS.

#### 2 Eligibility, account opening procedures

2.1 To be eligible for FirstRate Investment Deposit and allow deposits to and withdrawals from your FirstRate Investment Deposit account, you must also hold in the same name a FirstChoice Investments account issued by CFS. A minimum investment account balance and other terms are included in the FirstChoice Investments PDS. You must read the PDS before investing. If you cease to hold a FirstChoice Investments account, the Bank will close your FirstRate Investment Deposit account with the Bank.

#### 3 Making deposits

3.1 CFS will, on behalf of the Bank, establish FirstRate Investment Deposit in your name and accept deposits from you when:

- (i) you are eligible under 2.1, and
- (ii) you provide CFS with a request to deposit funds to FirstRate Investment Deposit.

3.2 You can only make deposits by instructing CFS to transfer money from your FirstChoice Investments account. Your instruction to CFS must be made through an investment allocation instruction in the same form as that relating to other investment allocations for your FirstChoice Investments account.

3.3 You are not permitted to make deposits to FirstRate Investment Deposit in any other way other than as set out in 3.2 above. In particular, you are not permitted to make deposits (cash or cheques) at any branch of the Bank, through the Bank's ATMs or at agencies of the Bank.

3.4 The effective date of your deposit will be the date the instruction is received by CFS subject to the transaction processing and cut-off times that apply to applications and switch requests disclosed in the most current version of the FirstChoice Investments PDS which can be obtained by visiting the website [colonialfirststate.com.au](http://colonialfirststate.com.au) or by calling CFS on 13 13 36.

#### **4 Making withdrawals**

4.1 You can make a withdrawal by directing CFS to transfer money from FirstRate Investment Deposit to your FirstChoice Investments account by way of direct debit.

4.2 You provide CFS a direct debit authority to authorise such transfers (see Part 2 – Your authorisation to CFS).

4.3 You cannot make withdrawals in any way other than as specified in 4.1. In particular, you cannot make withdrawals at any Bank branch, through the Bank's ATMs or at agencies of the Bank; or by electronic transfer or direct debit (other than CFS transferring money to your FirstChoice Investments account).

4.4 The effective date of withdrawals from FirstRate Investment Deposit will be the date the instruction is received by CFS subject to the transaction processing and cut-off times that apply to withdrawal and switch requests disclosed in the most current version of the FirstChoice Investments PDS.

4.5 Early withdrawals from FirstRate Investment Deposit (in advance of the specified maturity) may incur early withdrawal adjustments, as described in the most current version of the FirstRate Investment Deposit PDS. The Bank applies a formula to calculate and deduct a reasonable estimate of the costs in replacing or terminating the Bank's arrangements in connection with FirstRate Investment Deposit. These costs can include break costs, administrative costs and funding costs.

4.6 Under abnormal or difficult market or liquidity conditions, the Bank reserves the right to delay payment for a period not exceeding 31 days.

#### **5 Payment of interest**

5.1 Interest on FirstRate Investment Deposit is calculated daily on the closing balance of your FirstRate Investment Deposit account.

5.2 Interest is credited to your FirstChoice Investments account effective on the last calendar day each month and when the full balance is withdrawn.

5.3 If you have instructed CFS to direct credit distributions received from your FirstChoice Investments account to another nominated account with an Australian financial institution, CFS will ensure any interest credited to is also transferred (by transferring funds equal to the interest amount from FirstRate Investment Deposit to the nominated account).

5.4 If you have instructed CFS to re-invest distributions received from your FirstChoice Investments account, interest will compound in the FirstRate Investment Deposit until April 2012. From April 2012, interest is transferred to a FirstRate Saver account in your name. Detailed information and terms and conditions for FirstRate Saver are available with the FirstChoice Investments PDS.

5.5 FirstRate Investment Deposit rates of interest are variable determined by the offer terms as described in the Offer Term Sheet. Details of the current interest rates are available by visiting [colonialfirststate.com.au](http://colonialfirststate.com.au) or by contacting CFS on 13 13 36.

#### **6 Fees and charges**

6.1 Subject to section 7, there are no fees or charges for FirstRate Investment Deposit.

#### **7 Changes to terms and conditions**

7.1 On giving you at least 30 days notice in writing, the Bank may:

- introduce a fee or charge in relation to the operation or maintenance of FirstRate Investment Deposit
- vary the method by which interest is calculated or the frequency with which interest is credited
- introduce or change a minimum balance to which an account keeping fee applies, or
- vary the balance ranges within which interest rates apply, except where we cannot locate you.

7.2 If the Bank otherwise varies these terms and conditions, or varies its fees and charges or any interest rate, the Bank will notify you either in writing or by advertisement in the national or local media, no later than the day on which the variation takes effect.

#### **8 Government charges**

8.1 The Bank will notify (directly or through CFS) you of the introduction or variation of any Government charge either in writing or by advertisement in the national or local media, unless the Government, Government agency or representative body has already published the introduction or variation.

#### **9 Closing FirstRate Investment Deposit**

9.1 You can at any time by written notice to CFS, close your FirstRate Investment Deposit, in which case your remaining balance will be transferred to your FirstChoice Investments account. This will trigger an early withdrawal adjustment as described in the most current version of the FirstRate Investment Deposit PDS.

9.2 The Bank may close your FirstRate Investment Deposit at any time by giving notice which is reasonable in all the circumstances. All proceeds from your FirstRate Investment Deposit will be returned to your FirstChoice Investments account. At maturity, proceeds will be deposited into an at-call account (held with the Bank) in your name offered within the FirstRate Investments account.

## **10 Limitation of liability**

10.1 The Bank is not obliged to enquire into the circumstances of any instructions you give to CFS to transfer money in or transfer money out of FirstRate Investment Deposit.

10.2 The Bank is not liable for any loss or damage you or anyone else suffers, due to actions taken (or not taken) by CFS in accordance with your instructions (under the authority you have provided in Part 2 – Your authorisation to CFS), unless it is proved that the Bank (or CFS) were negligent.

## **11 Statements of account and notices**

11.1 CFS on behalf of the Bank will send you a consolidated statement of account for FirstRate Investment Deposit at least every six months.

11.2 CFS on behalf of the Bank will send you the statements of account to your nominated postal address, unless you instructed CFS to send statements of account electronically to your nominated email address.

11.3 CFS on behalf of the Bank will send you other notices under this Deposit Agreement by mail or as allowed by law.

## **12 Account combination**

12.1 You agree that the Bank may combine or set-off the balance of your FirstRate Investment Deposit with any other account on demand or with any loan account for which the Bank holds security that you have or may have in the future with the Bank. The Bank's rights under this clause do not extend to any account which has a facility which is regulated by the National Credit Code. In such cases, the Bank may still exercise its banker's right of account combination.

## **13 Complaint handling procedures**

13.1 If you believe that an error has occurred, you must address any complaints to CFS in its capacity as administrator of FirstRate Investment Deposit.

## **14 Anti-Money Laundering and Counter-Terrorism Financing laws**

14.1 The Bank (including CFS in its capacity as administrator) may be required to report information about you to the relevant authorities. The Bank or CFS may not be able to tell you when this occurs.

14.2 Notwithstanding any rights you may have under this Deposit Agreement, the Bank may not be able to transact with you or other persons associated with your FirstRate Investment Deposit. This may include (a) delaying, blocking, freezing or refusing to process a transaction or (b) closing your FirstRate Investment Deposit at any time (in the event that you or any other person associated with your FirstRate Investment Deposit is a Proscribed Person). This may impact on your investment and could result in a loss of income or capital invested. You acknowledge and agree, the Bank or CFS will not be liable to you or other persons for any loss suffered (including consequential loss) in such circumstances.

## **14.3 'Proscribed Person' means:**

- (a) any person or entity who appears to the Bank to be:
  - (i) a proscribed person or entity under the Charter of United Nations Act 1945 (Cth)
  - (ii) in breach of the laws of any jurisdiction prohibiting money laundering or terrorism financing
  - (iii) on a list of persons with whom dealings are proscribed by the government or a regulatory authority of any jurisdiction
- (b) any person or entity who appears to the Bank to act on behalf, or for the benefit of, a person or entity listed in (a) (i) to (iii) above.

## **15 Privacy policy**

15.1 You agree to the collection, use and disclosure of your personal information as set out on page 3 when you set up FirstRate Investment Deposits.

## **16 Financial Claims Scheme**

16.1 The Financial Claims Scheme, under the Banking Act, covers deposit amounts you hold in a bank in aggregate up to a statutory prescribed limit (please note that for the purposes of calculating this total joint accounts are considered to be held in equal shares). You may be entitled to a payment in some circumstances. Payments under the scheme are subject to a limit for each depositor. Information about the Financial Claims Scheme can be obtained from the APRA website at [www.apra.gov.au](http://www.apra.gov.au) and the APRA hotline on 1300 55 88 49 (if calling from within Australia) or +61 2 9210 3480 (if calling from outside Australia).

## Part 2 – Your authorisation to CFS

In Part 2, 'CFS', 'we', 'our' or 'us' refers to Colonial First State Investments Limited ABN 98 002 348 352.

### 1 What do you authorise CFS to do?

1.1 You authorise CFS to act on your instructions for the purpose of:

- (a) depositing money into FirstRate Investment Deposit, and
- (b) withdrawing money from FirstRate Investment Deposit by way of direct debit to your FirstChoice Investments account.

1.2 When you give instructions to CFS as set out above, CFS is acting on your behalf and not in CFS's capacity as administrator of FirstRate Investment Deposit.

### 2 Direct debit authorisation

2.1 You authorise CFS to arrange for monies to be withdrawn from your FirstRate Investment Deposit for the purposes set out in 1.1(b) above.

2.2 This authorisation cannot be revoked.

### 3 Transactions

3.1 Transactions you instruct CFS to undertake on your FirstRate Investment Deposit are subject to the same conditions that apply to instructions you give CFS in relation to your FirstChoice Investments account, including:

- transaction processing and cut-off times (as disclosed in the most current version of the FirstChoice Investments PDS)
- withdrawal processing times as disclosed in the most current version of the FirstChoice Investments PDS. Note that if you withdraw immediately following 30 June or at any other time, payment may take longer than usual to process. You will not receive interest on the withdrawn monies subject to this delay which could be up to 14 days

- distribution and interest payment processing times as disclosed in the most current version of the FirstChoice Investments PDS. If you elect to have distributions on your FirstChoice Investments account transferred to your nominated financial institution, this will also apply to FirstRate Investment Deposit interest payments paid into your FirstChoice Investments account. Note: The transfer may take up to 14 days from the effective date of the interest payment. You will not receive any further interest on monies subject to this delay. CFS will only accept deposits from and pay withdrawals to an Australian financial institution.

3.2 If you instruct us to close your FirstChoice Investments account, we will also close your FirstRate Investment Deposit. This will trigger an early withdrawal adjustment as described in the most current version of the FirstRate Investment Deposit PDS.

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**Colonial First State (the Administrator) offices:**

**Sydney  
(Head office)**  
11 Harbour Street  
Sydney NSW 2000

**Perth**  
Level 4  
55 St Georges Terrace  
Perth WA 6000

**Melbourne**  
Level 1  
385 Bourke Street  
Melbourne VIC 3000

**Adelaide**  
Level 4  
100 King William Street  
Adelaide SA 5000

**Brisbane**  
Level 8  
240 Queen Street  
Brisbane QLD 4000

**Enquiries:**

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Existing investors: 13 13 36  
Advisers: 13 18 36  
Fax: (02) 9303 3267  
Website: [colonialfirststate.com.au](http://colonialfirststate.com.au)  
Email: [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au)