

# AZ Sestante Funds

## Product Disclosure Statement

This Product Disclosure Statement is only for use by investors investing through a master trust, IDPS or wrap account.



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## Responsible Entity contact details

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Phone 13 13 36

### About the Product Disclosure Statement (PDS)

This is a PDS for the AZ Sestante Funds issued by Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL). CFSIL or its licensed related entities to which it has delegated investment management or administration functions in relation to this product are referred to in this PDS as 'CFSIL', 'the Responsible Entity', 'we', 'our' or 'us'.

The issue of this PDS is authorised solely by CFSIL. Apart from CFSIL, no other CFS entities are responsible for any statement or information contained within the PDS.

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 (CFS) is Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries which include CFSIL. CFS is majority owned by an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR), with the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 (CBA) holding a significant minority interest.

### No guarantee

The investment performance and the repayment of capital of CFSIL products is not guaranteed. Investments in AZ Sestante Funds are subject to investment risk, including loss of income and capital invested. Past performance is no indication of future performance.

### Consent to be named

The investment manager of the funds available has given, and not withdrawn, its consent to be referenced in this PDS in the form and context in which it is included. The investment manager is acting as investment manager only for the relevant funds. It is not issuing, selling, guaranteeing, underwriting or performing any other function in relation to the funds.

### Updated information

In this PDS, we may change any of the terms and conditions, subject to compliance with the Constitution and laws and, where a change is material, we will notify you in writing within the timeframes provided for in the relevant legislation.

Updated information that is not materially adverse can be obtained electronically via our website at [cfs.com.au/products-updates](http://cfs.com.au/products-updates) or from your financial adviser. You can obtain a paper copy of this PDS (and any supplementary documents), free of charge, by contacting us.

### Rights

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

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

CFSIL is not bound to accept an application.

### Eligibility

The offer made in this PDS is available only to persons who are receiving the PDS within Australia and accepting the offer within Australia.

### General advice warning

The information provided in this PDS is general information only and does not take account of your individual objectives, financial or taxation situation or needs. You should assess whether the product is appropriate for you and/or consider obtaining financial advice relevant to your personal circumstances before investing.

### Target Market Determination

The Target Market Determinations (TMD) for our financial products can be found at [cfs.com.au/tmd](http://cfs.com.au/tmd) and include a description of who the financial product is appropriate for.

# About the funds

When you invest in one of the AZ Sestante Funds, your money is combined with other investors' money in a managed investment scheme. Each fund is a separate managed investment scheme.

## What is a managed investment scheme?

A managed investment scheme (also called a managed fund) pools the money of many individual investors. This money is then professionally managed according to the fund's investment objective. By investing in a managed investment scheme and pooling your money with other investors, you can take advantage of investment opportunities that you may not be able to access as an individual investor.

When you invest in a managed investment scheme, you are allocated a number of 'units' based on the entry unit price at the time you invest. Your units represent the value of your investment, which will change over time as the market value of the assets in the fund rises or falls.

## The funds offered in this PDS

Marketing fund name	Registered fund name
<b>AZ Sestante Conservative</b> Colonial First State Investment Fund 44	ABN 23 140 130 457 ARSN 614 641 057 APIR FSF1820AU
<b>AZ Sestante Diversified</b> Colonial First State Investment Fund 45	ABN 42 678 362 669 ARSN 614 640 685 APIR FSF1821AU
<b>AZ Sestante Growth</b> Colonial First State Investment Fund 46	ABN 84 909 945 023 ARSN 614 640 845 APIR FSF1822AU

## Who are the parties involved?

CFSIL is the responsible entity for each of the funds identified in this PDS.

AZ Sestante Limited (AZ Sestante) is the investment manager who reviews and recommends the underlying manager selection and asset allocation of each fund on an ongoing basis. AZ Sestante is a subsidiary of AZIMUT Holdings UK (Azimut), one of Italy's largest fund managers.

## What are the benefits of the funds?

Investing in one of the funds allows you to take advantage of a team of investment professionals helping to make the most of your money.

### Diversification

The AZ Sestante Funds provide a convenient and simple way to diversify your investment across a range of asset classes and investment managers in a single fund.

### Disciplined approach to management

AZ Sestante adopts a disciplined approach to active management by following a consistent process of allocating funds between different geographies, asset classes and investment strategies (both passive and actively managed).

### Fast and personal service

Our brand is synonymous with service excellence. We understand that our success depends on our ability to provide you with great service – every time. We have some of the most dedicated and highly trained people in the market, and we constantly aim for exceptional service.

### Investing via a platform product

When you invest via a platform (such as a master trust, investor directed portfolio service or wrap account) you are investing indirectly in the funds. You do not become a unitholder in the funds; instead the platform operator becomes the unitholder. Rather than receiving reports or other documentation relating to the funds directly from CFSIL, these will be provided to you by your platform operator. Matters relating to your investment in the funds (including how to invest, cooling off rights, complaints, etc.) should be directed to your platform operator.

## Where can you obtain the latest information about the fund?

It is important that you keep up-to-date with the latest information on the funds. Information that is not materially adverse is updated from time to time. This includes information on the fund, its performance and historical unit prices. To obtain this information, you should contact your platform operator.

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# Investment information

## How the funds are managed

The investment management of the fund is currently outsourced to AZ Sestante.

We have an investment management agreement in place with the investment managers. The agreement sets out how the funds will invest, including an appropriate benchmark, acceptable investments and investment ranges for investment management.

Investment managers are subject to initial and ongoing reviews to ensure they can meet their obligations under the investment management agreement. They are required to report to us on certain obligations under the investment management agreement and we closely monitor investment performance.

## Investment philosophy and process

AZ Sestante believe that over the medium to long term, an efficiently constructed strategic asset allocation combined with active medium term tactical asset allocation will add value to a diversified portfolio.

AZ Sestante is of the view that there is the ability for active management to add value over and above the index in certain sub-sectors. However, they also recognise that an indexed approach can generate more cost effective outcomes in certain instances.

AZ Sestante invests in a mix of active and passive investment funds managed by a range of underlying managers for which Colonial First State Investments Limited is the Responsible Entity.

Understanding and managing a fund's exposure to markets by asset class is also critical in the construction of a successful investment product that can generate cost effective outcomes. The investment strategies implemented by each underlying manager are integral to AZ Sestante's decision making process when considering the recommended allocation to each asset sector and underlying manager.

## Ongoing management

To ensure the ongoing quality of the funds, AZ Sestante may make changes including:

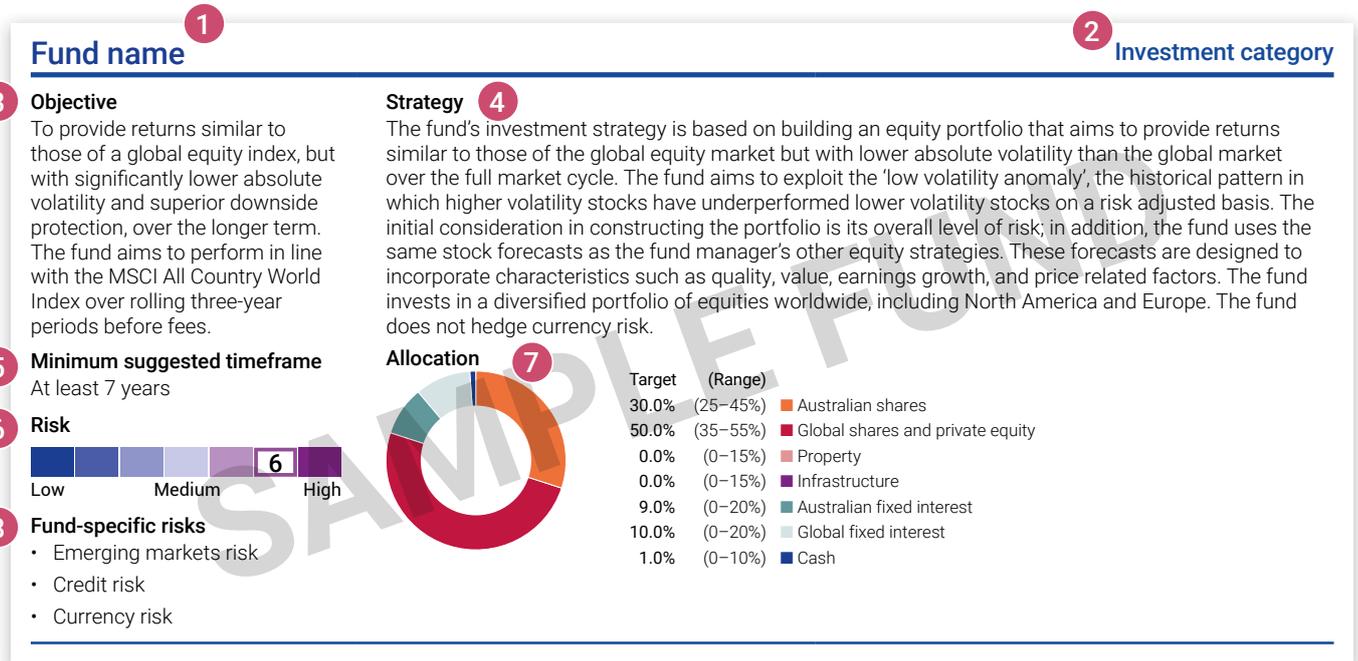
- changing the investment objective and/or investment strategy of a fund
- changing, removing or adding an underlying investment fund
- changing the percentage allocation to an underlying investment fund
- changing the allocation to or number of asset classes within a fund.

We will consider any change in light of the potential negative or positive impact on investors before implementing any such changes.

We will notify existing investors as soon practicable after any material change to a fund.

# Understanding the fund information

A fund information table, such as the example below, provides information about each fund to help you make an informed investment decision.



An explanation of each section of the fund information table is provided below.

<b>1 Fund name</b>	This is the fund name.								
<b>2 Investment category</b>	The investment category is designed to be a guide to the typical range of assets in which the fund generally invests. There are no mandatory or standard industry investment categories, so investors should always read the full details about a fund. Refer to the table below for the investment category definitions for the funds.								
	<table border="1"> <thead> <tr> <th>Investment category</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Conservative</td> <td>Funds with between 21–40% invested in growth assets and 60–79% in defensive assets</td> </tr> <tr> <td>Moderate</td> <td>Funds with between 41–60% invested in growth assets and 40–59% in defensive assets</td> </tr> <tr> <td>High growth</td> <td>Funds with between 81–100% invested in growth assets and 0–19% in defensive assets</td> </tr> </tbody> </table>	Investment category	Description	Conservative	Funds with between 21–40% invested in growth assets and 60–79% in defensive assets	Moderate	Funds with between 41–60% invested in growth assets and 40–59% in defensive assets	High growth	Funds with between 81–100% invested in growth assets and 0–19% in defensive assets
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High growth	Funds with between 81–100% invested in growth assets and 0–19% in defensive assets								
<b>3 Objective</b>	The fund's overall objective and the term in which the investment manager aims to achieve it.								
<b>4 Strategy</b>	Describes the overall strategy of the fund and how money within the fund is invested.								
<b>5 Minimum suggested timeframe</b>	<p>Each fund has a minimum suggested timeframe. Investment professionals will have differing views about the minimum investment period you should hold various investments, and your own personal circumstances will also affect your decision. Your financial adviser can help you determine your investment timeframe.</p> <p>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 feature prominently in your investment portfolio.</p>								

## 6 Risk

We have adopted the Standard Risk Measure (SRM), which is based on industry guidance to allow investors to compare funds that are expected to deliver a similar number of negative annual returns over any 20-year period (as outlined in the table on the right). The SRM for each fund is also a measure of the risk objective of the expected variability of the return of the fund.

The SRM is not a complete assessment of all forms of investment risk; for instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives.

Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen fund(s).

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

## 7 Allocation

The asset allocation refers to the proportion of a fund that is invested in each asset class such as shares, property securities, fixed interest and cash. The asset allocation will vary at different points in time. The target allocation (also known as strategic asset allocation) reflects the proportion of each asset class that an investment manager aims to hold within the fund. The range reflects the minimum and maximum amount that may be held in each asset class at any point in time.

The actual asset allocations can move above and below the target asset allocation. While usually remaining within any ranges provided, actual asset allocations may temporarily move outside the ranges due to movements in asset values. If this occurs, we will work with the investment manager to rebalance the allocations as soon as practicable.

## 8 Fund-specific risks

Fund-specific risks refers to the additional risks a particular fund may be exposed to. Please refer to the 'Risks of investing' tables.

You should regularly review your investment decision with your financial adviser because your investment needs or market conditions may change over time. The minimum suggested investment timeframe and SRM should not be considered personal advice.

# Fund information

## AZ Sestante Conservative

Conservative

### Objective

To provide relatively stable returns over the medium term with the potential for some long-term capital growth. To deliver a return in excess of CPI plus 2% per annum over rolling three-year periods before fees and taxes.

### Minimum suggested timeframe

At least 3 years

### Risk



### Fund-specific risks

- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Small cap risk
- Term risk

### Strategy

The fund's broad asset allocation is to be 30% exposed to growth assets such as shares, property and infrastructure securities and 70% to defensive assets such as fixed interest and cash. The actual asset allocation will vary from this, as the manager uses a tactical asset allocation approach to optimise expected risk and return outcomes for the portfolio. In order to provide additional diversification, the portfolio is allocated across a number of leading investment managers. The fund may hedge its currency exposure.

### Allocation



## AZ Sestante Diversified

Moderate

### Objective

To provide relatively stable returns over the medium term with the potential for some long-term capital growth. To deliver a return in excess of CPI plus 3.5% per annum over rolling five-year periods before fees and taxes.

### Minimum suggested timeframe

At least 5 years

### Risk



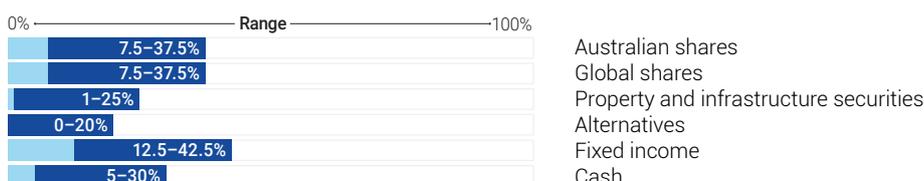
### Fund-specific risks

- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Short selling risk
- Small cap risk
- Term risk

### Strategy

The fund's broad asset allocation is to be 55% exposed to growth assets such as shares, property and infrastructure securities and 45% to defensive assets such as fixed interest and cash. The actual asset allocation will vary from this, as the manager uses a tactical asset allocation approach to optimise expected risk and return outcomes for the portfolio. In order to provide additional diversification, the portfolio is allocated across a number of leading investment managers. The fund may hedge its currency exposure.

### Allocation



**Objective**

To provide long-term capital growth by investing in growth assets. To deliver a return in excess of CPI plus 4.5% per annum over rolling five-year periods before fees and taxes.

**Minimum suggested timeframe**

At least 7 years

**Risk**



**Fund-specific risks**

- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Short selling risk
- Small cap risk
- Term risk

**Strategy**

The fund's broad asset allocation is to be 80% exposed to growth assets such as shares, property and infrastructure securities and 20% to defensive assets such as fixed interest and cash. The actual asset allocation will vary from this, as the manager uses a tactical asset allocation approach to optimise expected risk and return outcomes for the portfolio. In order to provide additional diversification, the portfolio is allocated across a number of leading investment managers. The fund may hedge its currency exposure.

**Allocation**



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## Additional investment information

### Do the funds borrow?

The funds do not borrow except for short-term arrangements for settlement purposes or if an emergency or extraordinary situation arises.

Borrowing can only occur in line with a fund's investment strategy. If a fund borrows, this is detailed in the strategy of the fund.

### Your investment and labour standards or environmental, social or ethical considerations

Except as disclosed below, as the Responsible Entity, we don't specifically take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising the funds. We do not directly manage the investments however we do have a robust governance process for assessing the capabilities of each investment manager. This process includes consideration of an investment manager's approach to assessing the effect that climate change and environmental, social, governance (ESG) issues may have on the investments of each fund.

Each investment manager may have its own policy on the extent to which labour standards or environmental, social or ethical considerations are taken into account in their investment process and some funds do take one or more of these factors into account.

Due to the labour, environmental and social risks associated with the production of tobacco and manufacture of controversial weapons<sup>1</sup>, we do not allow investment managers to invest in securities issued by companies who operate in these industries. While we make every endeavour to exclude these companies, there may, from time to time, be a small level of unintended exposure due to lack of data, corporate activity, indirect exposure, exposure through index derivatives, ETFs or third party pooled unit trusts. If we find that the fund holds an excluded security, we will instruct the relevant manager to sell down in an orderly manner. However, the ability of CFSIL to sell down positions with respect to investments in unlisted assets is limited and subject to a number of factors given the nature of the asset class, the indirect way in which investments are held and governance of such investments.

### What investments can the funds hold?

The Constitution of each fund allows us a great deal of discretion about what investments can be held. The strategy of each fund outlines the intended investments. If we decide to change, we will advise you as soon as is practical.

We may need to comply with substantial holding or other restrictions on individual securities from time to time, for example, if holdings within an individual security exceed a certain percentage. The restriction will be lifted if and when capacity becomes available.

### What is the meaning of allocation?

Each fund invests in direct assets according to the fund's objectives. Allocation refers to how a fund is ultimately invested in other funds, direct assets, sectors and/or pools. The day-to-day allocations may vary slightly from those shown.

A reference to Australian shares or companies may include, for example, units in trusts listed on the ASX and/or investments in companies listed on an overseas stock exchange if they are also listed on the ASX. Property securities can include infrastructure investments and trusts or companies involved in property-related activities. Within their allocations to listed securities, a fund may purchase unlisted securities on the basis that the securities will list in the future.

Further details on the securities a fund can hold are outlined in the Strategy and Allocation sections of the relevant fund information table.

### Changes to the funds

CFSIL may, without prior notice to investors, change the investment objective and/or strategy; add, close or terminate a fund; or change an investment manager.

Any change would be considered in light of the potential negative or positive impact on investors.

### Are there any other benefits to CFSIL?

The funds receive banking and treasury-related services from CBA in the normal course of business and pay normal commercial fees for them. We may derive monetary or administrative benefits from CBA as a consequence of maintaining bank accounts with CBA and through performing administration services for CBA products.

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<sup>1</sup> Controversial Weapons Manufacturers are defined as any company engaged in the manufacture of chemical and biological weapons, cluster munitions (Cluster Munitions Manufacturers definition excludes 'Delivery Platforms'), antipersonnel landmines, depleted uranium ammunition, non-detectable fragments, incendiary weapons (Incendiary Weapons are defined as per 'The Convention on Certain Conventional Weapons of 1980 under Protocol 3'), and blinding lasers.

# Risks of investing

## What is risk?

Understanding investment risk is the key to successfully developing your investment strategy. Before you consider your investment strategy, it is important to understand that:

- all investments are subject to risk
- there may be loss of principal, capital or earnings
- different strategies carry different levels of risk depending on the assets that make up the strategy
- assets with the highest long-term returns may also carry the highest level of short-term risk.

When considering your investment, it is important to understand that:

- the value of funds will go up and down
- returns are not guaranteed
- you may lose money
- previous returns don't predict future performance

- laws affecting investments may change
- the appropriate level of risk for you will vary depending on your age, investment timeframe, where other parts of your money are invested and how comfortable you are with the possibility of losing some of your investment in some years.

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.

Your financial adviser can help you understand investment risk and design an investment strategy that is right for you.

## General investment risks

These are the general risks associated with investing.

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.
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 a fund employs extensive currency hedging or uses derivatives.
Environmental, social and governance (ESG) and climate risk	<p>The value of individual securities may be influenced by ESG factors. These risks may be real or perceived and may lead to financial penalties and reputational damage. For example, environmental risks include waste and pollution, resource depletion and land use. Social risks are where the investment may be impacted by social, labour and human rights risks and include health and safety. Governance risks can impact sustainability of an investment and cover business practices such as board diversity and independence, voting procedures, transparency and accountability.</p> <p>Climate change poses a risk to the environment, the broader economy and valuation of an investment. Climate change risks can be typically split between physical and transition risks.</p> <ul style="list-style-type: none"><li>• Physical risks refer to the direct impact that climate change has on our physical environment. For example, a company's revenue may be reduced due to weather events and this may reduce the value of the company's shares.</li><li>• Transition risks refer to the wider set of changes in policy, law, markets, technology and prices that may be necessary for the transition to a low carbon economy.</li></ul>
Legal, regulatory and foreign investment risk	This is the risk that any change in taxation, corporate or other relevant laws, regulations or rules may adversely affect your investment. For funds investing in assets outside Australia, your investment may also be adversely impacted by changes in broader economic, social or political factors, regulatory change and legal risks applicable to where the investment is made or regulated.

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 for investors without a potentially significant delay.
Management risk	All funds have an investment manager to manage your investments and there is a risk that the investment manager will not perform to expectation. Management risk may arise from the use of financial models by the investment manager to simulate the performance of financial markets. The performance of financial markets may differ to that anticipated by the financial models.
Market risk	Investment returns are influenced by the performance of the market as a whole. This means that your investments can be affected by factors such as changes in interest rates, investor sentiment and global events, depending on which markets or asset classes you invest in and the timeframe you are considering.
Securities lending risk	The funds may lend out or transfer their securities under securities lending transactions. If a fund engages in securities lending, there is a risk that the borrower may become insolvent or otherwise become unable to meet, or refuse to honour, its obligations to return the loaned assets. In this event, the fund could experience delays in recovering assets and/or accessing collateral which may incur a capital loss. Funds investing any collateral received as part of the securities lending program are also subject to the general investment risks, and in some cases credit risk.  In addition, some funds may borrow securities under securities lending arrangements as part of their investment or borrowing strategies. A fund that is involved in these strategies is also exposed to short selling risk. Where a fund has been identified as having short selling risk, it will also be exposed to securities lending risk.
Security and investment-specific risk	Individual securities like mortgages, shares, fixed interest securities or hybrid securities can be affected by risks specific to each investment or 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.

## Fund-specific risks

These risks may apply to certain funds only, as outlined in each fund information table. The relative importance of a risk to a particular fund and whether or not a fund-specific risk is applicable may change from time to time. Funds can have exposure to a fund-specific risk at or after the date of this issue, and this may not be reflected in the fund information tables.

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.
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.  Funds 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 fund with a significant currency risk is set out in that fund's strategy description. Different funds have different currency management strategies; please consult your financial adviser on the best approach for you.  For more information about currency risk, refer to the 'Additional information about currency risk' later in this section.
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.

	<p>In general, investment managers may use derivatives to:</p> <ul style="list-style-type: none"> <li>• protect against changes in the market value of existing investments</li> <li>• achieve a desired investment position without buying or selling the underlying asset</li> <li>• leverage a portfolio</li> <li>• manage actual or anticipated interest rate and credit risk</li> <li>• alter the risk profile of the portfolio or the various investment positions</li> <li>• manage currency risk.</li> </ul> <p>Derivatives may be used in a fund to provide leverage and may result in the effective exposure to a particular asset, asset class or combination of asset classes exceeding the value of the portfolio. The effect of using derivatives to provide leverage may not only result in capital losses but also an increase in the volatility and magnitude of the returns (both positive and negative) for the fund.</p> <p>As financial instruments, derivatives are valued regularly, and movements in the value of the underlying asset or index should be reflected in the value of the derivative. Information on whether a fund uses derivatives, such as futures, options, forward currency contracts and swaps, is outlined in that fund's strategy description.</p>
Emerging markets risk	<p>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. Funds that invest in global markets may have exposure to emerging markets. Investing in emerging markets may involve a higher risk than investing in more developed markets. Emerging market securities may present market, credit, currency, liquidity, legal, political and other risks different from, and potentially greater than, the risks of investing in developed market countries.</p> <p>For example, companies in emerging markets may not be subject to:</p> <ul style="list-style-type: none"> <li>• accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets</li> <li>• the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.</li> </ul> <p>Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions. There are also risks that, while existing in all countries, may be higher in emerging markets due to the legal, political, business and social frameworks being less developed than those in more established market economies.</p> <p>Examples of higher risks include:</p> <ul style="list-style-type: none"> <li>• political or social instability (including recession or war)</li> <li>• institutional manipulation of currency or capital flows</li> <li>• deflation, inflation, or loss in value of currency, and</li> <li>• greater sensitivity to interest rates and commodity prices.</li> </ul> <p>As a result, investment returns from emerging market securities are usually more volatile than those from developed markets. This means that there may be large movements in the unit prices of funds that invest in emerging market securities over short or long periods of time.</p> <p>You should consider whether a fund that invests in emerging market securities is suitable for your portfolio.</p>
Equity risk	<p>This risk comes from investing in companies, generally driven by growth in earnings and dividends and includes the potential for variability in returns.</p>

You should read all the information about the investment risks and diversification before making an investment decision. The material relating to investments may change between the time you read the PDS and the day you sign the application form.

All funds are subject to some or all of these risks, which can also vary from time to time.

You should consult your financial adviser before making a decision to invest. Your financial adviser is required to be qualified in understanding the risk and return associated with the wide range of funds available to you and can help you make decisions regarding these funds.

## Additional information about currency risk

### How is currency risk managed?

Changes in the value of the Australian dollar lead to a difference between the foreign currency returns or the value of the global investments held by a fund, and those returns or values expressed in Australian dollars. This is known as foreign currency risk. Currency is not an asset class and therefore does not give a fund either natural long-term growth or an income stream. Rather, currency exposure gives rise to a source of potential volatility of returns – both positive and negative.

Financial instruments can be used to reduce currency risk – this is known as hedging. Hedging is a process where exposure to one currency can be reduced or removed by entering into a transaction that offsets that exposure. If a fund is unhedged, then any foreign currency investments the fund holds are fully exposed to movements in the Australian dollar, which can have a positive or negative effect on the value of the fund.

Whether a fund is hedged or unhedged is disclosed under each fund's strategy. The extent to which a fund is hedged depends on the underlying objectives and risk characteristics of the fund. The extent of hedging may also vary over time depending on the value of the Australian dollar. The cash asset allocation limits disclosed for a fund that hedges its currency exposure may not include cash held as collateral to back these hedges.

In funds that hedge currency risk, movements in the Australian dollar can impact the size of distributions that you receive. Generally, a rising Australian dollar will produce gains on the currency hedge and increase the distribution, while a falling Australian dollar will produce currency losses that reduce the distribution.

### How does currency hedging affect my fund?

	When the Australian dollar (AUD) falls against foreign currencies	When the Australian dollar (AUD) rises against foreign currencies
Without hedging	Generally, the fall in the AUD will increase the AUD value of underlying investments that are not denominated in AUD.	Generally, the rise in the AUD will decrease the AUD value of underlying investments that are not denominated in AUD.
With hedging	Generally, currency hedging will offset some or all of the benefit arising from	Generally, currency hedging will offset some or all of the impact arising from

When the Australian dollar (AUD) falls against foreign currencies	When the Australian dollar (AUD) rises against foreign currencies
the fall in the Australian dollar. The increase in the AUD value of underlying investments not denominated in AUD will be partially or fully offset by currency hedging.	the rise in the Australian dollar. The decrease in the AUD value of underlying investments not denominated in AUD will be partially or fully offset by currency hedging.

The impact on the fund of the fall or depreciation against a specific foreign currency may also be offset by other factors.

### Investment funds and currency management

Funds with non-AUD denominated securities have different strategies in managing currency risk and they can be broadly grouped in terms of their management approach under the following headings.

#### Not hedged

The general investment philosophy in constructing these portfolios is that an active currency hedging strategy is not used and could be a source of additional risk rather than return. In most cases, these portfolios will not have any currency hedging in place.

#### Partially hedged

Some investment managers may apply different levels of hedging at different times, possibly dependent on the value of the AUD. For example, they may apply hedging only after the AUD has depreciated to a significant extent and when they believe it is fundamentally undervalued. The degree of hedging undertaken may range from 0% to 100% of the portfolio. The degree of hedging would also depend upon whether the fund is single sector or multi-sector. Multi-sector funds typically have a mix of hedged and unhedged assets.

#### Fully hedged

Currency movements can disguise the return from the underlying investments and consequently some funds aim to hedge the currency exposure. These funds generally aim to fully hedge their currency exposures to the AUD at all times, within certain permissible tolerances to allow for factors such as the change in value of the underlying assets and how often a currency hedge is adjusted.

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## Active currency management

Some funds may implement currency positions to try to create additional return through currency movements. This approach may create currency exposures additional to those arising from the underlying positions and these exposures may or may not add to the portfolio's return. There is a risk that the additional currency exposures will reduce return.

## 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 chosen investment strategy is not aligned to your objectives and investment timeframe.

# Fees and other costs

## 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 account 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 fees. 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) Moneysmart** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

**Note:** Although we are required by law to include this wording, the fees are not subject to negotiation unless specified in this PDS.

This section 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 assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

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 each fund are set out in the 'Fees and costs for each fund' table under 'Additional explanation of fees and costs'. These fees do not include any fees that may be charged by the platform operator where an investment is made via a platform product.

## Fees and costs summary

### AZ Sestante Funds

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Ongoing annual fees and costs<sup>2</sup></b>		
<b>Management fees and costs</b> The fees and costs for managing your investment	0.70–0.90% p.a. (estimated)	Unless otherwise stated in the PDS, the management fees and costs are expressed as a percentage of the total average net assets of the fund. The management fees and costs are reflected in the daily unit price and payable monthly or as incurred by the fund. Refer to the 'Management fees and costs' section for further details.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	0.00% p.a. (estimated)	Performance fees are reflected in the daily unit price and are paid monthly at the relevant rate (inclusive of the net effect of GST). See the 'Performance fees' section for further details.

Type of fee or cost	Amount <sup>1</sup>	How and when paid
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	0.05–0.08% p.a. (estimated), depending on the fund. Refer to the table in the 'Transaction costs' section for the transaction costs that apply to each fund.	These costs are deducted from the underlying assets of the fund and are reflected in the daily unit price for that fund. Depending on the cost, they may be deducted daily, monthly or at some other time.
<b>Member activity related fees and costs (fees for services or when your money moves in or out of the product)</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	N/A
<b>Contribution fee<sup>3</sup></b> The fee on each amount contributed to your investment	Nil	N/A
<b>Buy/sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	0.10% of the transaction. Refer to the 'Buy/sell spreads' section for more information, and to the 'Fees and costs for each fund' table for the buy/sell spreads for each fund. These spreads may change without notice to you to reflect changing market conditions. Refer to the 'Product Update' section of our website at <a href="https://cfs.com.au/product-updates">cfs.com.au/product-updates</a>	This cost is payable each time you add to, withdraw from or switch to/from a fund.
<b>Withdrawal fee<sup>3</sup></b> The fee on each amount you take out of your investment	Nil	N/A
<b>Exit fee<sup>3</sup></b> The fee to close your investment	Nil	N/A
<b>Switching fee<sup>3</sup></b> The fee for changing investment funds	Nil	N/A

1 All figures disclosed include the net effect of GST and any related GST credits.

2 The fees and costs are estimates based on the costs incurred in the previous financial year.

3 Even though switching fees and exit fees are not charged, buy/sell spreads apply to most funds (refer to 'Buy/sell spreads' for further details).

## Example of annual fees and costs for AZ Sestante Diversified Fund

This table gives an example of how the ongoing annual fees and costs for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE – AZ Sestante Diversified Fund		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	0.00%	For every additional \$5,000 you put in, you will be charged \$0
<b>PLUS</b> Management fees and costs	0.80% p.a.	<b>And</b> , for every \$50,000 you have in the AZ Sestante Diversified Fund, you will be charged or have deducted from your investment \$400 each year
<b>PLUS</b> Performance fees	0.00%	<b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year
<b>PLUS</b> Transaction costs	0.08%	<b>And</b> , you will be charged or have deducted from your investment \$40 in transaction costs
<b>EQUALS</b> Cost of AZ Sestante Diversified Fund		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 would be charged fees and costs of: <b>\$440</b> <b>What it costs you will depend on the fund you choose and the fees you negotiate.</b>

These figures are inclusive of the net effect of GST and any related GST credits. Additional fees may apply.

**Establishment fee:** \$0

**And**, if you leave the managed investment scheme early, you may also be charged **exit fees** of 0% of your total account balance.

**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 fund, which also fluctuates daily.

Buy/sell spreads also apply. Refer to 'Buy/sell spreads'.

## Cost of product for 1 year

The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your investment over a 1-year period for all funds. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product assumes a balance of \$50,000 at the beginning of the year with a contribution of \$5,000 during the year. (Additional fees such as an establishment fee or an exit fee may apply: refer to the Fees and costs summary for the relevant fund.)

You should use this figure to help compare this product with other products offered by managed investment schemes.

Fund name	Cost of product
AZ Sestante Conservative	\$375
AZ Sestante Diversified	\$440
AZ Sestante Growth	\$490

## Additional explanation of fees and costs

### Fees and costs for each fund

The figures in the following table are inclusive of the net effect of GST and any related GST credits.

Management fees and costs estimates are based on the costs incurred in the previous financial year. Performance fee estimates are generally based on the performance of the fund over the 12 months to 30 June 2024. As past performance is not a reliable indicator of future performance, performance fees charged in the future may differ. Refer to the 'Performance fees' section for more details on the different types of performance fees, how they have been calculated and how they have been estimated in the assessment of fees and costs.

Buy/sell spreads may change without notice to reflect changing market conditions. Please refer to the 'Product update' section at [cfs.com.au/product-updates](https://cfs.com.au/product-updates) for any changes.

Fund name	Total of management fees and costs and performance fees (% p.a.)	=	Management fees and costs (% p.a.)	+	Performance fee (% p.a.)	Buy/sell spread
AZ Sestante Conservative	0.70%		0.70%		0.00%	0.10%
AZ Sestante Diversified	0.80%		0.80%		0.00%	0.10%
AZ Sestante Growth	0.90%		0.90%		0.00%	0.10%

### Management fees and costs

Management fees and costs include management fees, investment expenses and custody fees. Management fees and costs are deducted from the performance of each fund (i.e. they are not charged directly to your account). These costs may be incurred directly by the fund or within an underlying investment vehicle. They do not include contribution fees, transaction costs, performance fees or additional service fees. The management fees and costs for each fund are an estimate based on the previous financial year. They are expressed as a percentage of each fund's net assets and, together with any applicable buy/sell spreads, are outlined in the 'Fees and costs for each fund' table.

Management fees are the fees payable under the Constitution of a managed investment scheme for the management of the fund. Management fees are calculated from gross assets of the fund. For details of the maximum management fees allowed under the Constitution, refer to 'Increases or alterations to the fees'.

### Performance fees

Performance fees are payable from some funds if the investment returns of the fund, or a portion of the fund's investments, exceed specified targets.

Performance fees are reflected in the daily unit price and are paid monthly at the relevant rate (inclusive of the net effect of GST and any related GST credits).

The fee is calculated as a percentage rate of the relevant investment return outperformance. The outperformance is the percentage return above the relevant benchmark.

**Note:** There is no standard that is applied to how performance fees are calculated.

Performance fees disclosed in this PDS are averaged over the previous five financial years and are estimates only. The actual amounts paid may be greater or less than the amounts disclosed.

The AZ Sestante Conservative, AZ Sestante Diversified and AZ Sestante Growth funds each have exposures to multiple underlying funds that, together, comprise the assets of each AZ Sestante fund. These underlying funds may pay a performance fee to the underlying investment manager of up to 30% for absolute performance or performance above a benchmark such as the S&P/ASX 300 Accumulation Index or the Reserve Bank of Australia (RBA) cash rate.

Such performance fees may be calculated before or after the deduction of management fees depending on the underlying fund.

The effect of any performance fees paid by the underlying fund is reflected in the return of the allocation that the AZ Sestante fund makes to each underlying fund, and this will result in a reduction of the investment performance for the AZ Sestante fund. The allocation to underlying investment funds with or without performance fees may change at any time without notice to investors. Although performance

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fees may be paid to the underlying investment managers, no performance fees are paid to AZ Sestante.

### **Example – performance fees for the AZ Sestante Diversified Fund**

This example assumes that the CFS Diversified Fund includes a 15% allocation to three underlying investment funds that each have a performance fee. Each of the underlying investment funds has a 5% allocation and achieves the following outcomes:

**Investment manager 1:** 3% return and applies a 20% performance fee on absolute return ( $3\% \times 5\% \times 20\%$ ).

**Investment manager 2:** 3% return above RBA cash rate and applies a 20% performance fee ( $3\% \times 5\% \times 20\%$ ).

**Investment manager 3:** 2% return above S&P/ASX 300 Accumulation Index and applies a 30% performance fee ( $2\% \times 5\% \times 30\%$ ).

The overall investment performance of the CFS Diversified Fund would effectively be reduced by 0.09% due to performance fees ( $3\% \times 5\% \times 20\%$ ) + ( $3\% \times 5\% \times 20\%$ ) + ( $2\% \times 5\% \times 30\%$ ).

### **Increases or alterations to the fees**

We may vary the fees set out in the 'Fees and costs for each fund' table at any time at our absolute discretion, without your consent, within the limits prescribed in each fund's Constitution. If the variation is an increase in a fee or charge, we will give you at least 30 days prior written notice.

The Constitution of each fund provides for a maximum management fee of 3.075% p.a.

**Note:** The maximums are provided for your information and are not the current fees charged. The current fees are shown in the 'Fees and costs for each fund' table.

### **Transaction costs**

Transaction costs are the costs of buying and selling assets directly or indirectly held by a fund and may include brokerage (and other related Broker costs), buy/sell spreads of any underlying funds, settlement costs (including custodian charges on transactions), clearing costs and stamp duty on an investment transaction.

If the amount payable to acquire an investment exceeds the price for which it would be disposed of at that time, the difference is also a transaction cost.

Transaction costs are shown net of amounts recovered by buy/sell spreads charged and are an additional cost where they have not already been recovered by the buy/sell spreads charged.

Transaction costs are an additional cost to you, but no part of a transaction cost (including the buy/sell spread) is paid to us or an investment manager. Transaction costs are usually paid for from the assets directly or indirectly held by a fund at the time of the transaction.

### **Buy/sell spreads**

For most funds, there is a difference between the unit price used to issue and redeem units and the value of the fund's assets. This difference is due to what is called the buy/sell spread.

When you (or any person you have authorised) invest, switch or withdraw all or part of your investment in a fund, we use the buy/sell spread to pay for the transaction costs incurred as a result of the transaction. We use the buy/sell spread to allocate transaction costs to the investor transacting rather than other investors in the fund.

A fund's buy/sell spread is set to reflect the estimated transaction costs the fund will incur as a result of investor transactions. The buy/sell spread that applies to each fund is shown in the 'Fees and costs for each fund' table.

**Note:** The buy/sell spreads are not paid to us or the investment manager. They are paid to the fund and can be altered at any time, and may be altered without prior notice to you.

**Buy/sell spread example:** If you make a \$50,000 investment in or withdrawal from the AZ Sestante Diversified Fund (which charges a 0.10% buy spread), you will incur a buy/sell spread of \$50.

### **Other transaction costs**

Not all transaction costs are funded from the buy/sell spread. One reason for this is that a fund may buy or sell assets even though there have been no investor transactions. Additional transaction costs may be incurred either in the fund or in underlying funds and these will reduce the returns of the fund.

The 'Gross transaction costs' for each fund, for the 12 months to 30 June 2024, the 'Costs recovered' and the 'Net transaction costs' which reduces the returns on the funds are set out in the following table.

## Transaction costs

The figures in the following table are inclusive of the net effect of GST and any related GST credits. Note: Past costs are not a reliable indicator of future costs. Future costs may differ.

Gross and net transaction costs are estimates based on the costs incurred in the previous financial year.

Fund name	Gross transaction costs (% p.a.)	–	Costs recovered (% p.a.)	=	Net transaction costs (% p.a.)
AZ Sestante Conservative	0.10%		0.05%		0.05%
AZ Sestante Diversified	0.12%		0.04%		0.08%
AZ Sestante Growth	0.11%		0.03%		0.08%

## Other operating expenses and abnormal costs

The Constitution for each managed investment scheme allows for the ongoing operating costs, charges, expenses and properly incurred outgoings (such as registry, trust accounting, investment, audit, regulatory, production of the offer documents and taxation advice) and other administration costs, charges and expenses to be paid directly from the fund. Alternatively, the responsible entity is entitled to recover these costs from the fund. The Constitution does not place any limit on these costs that can be paid from each fund.

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 fund. These costs are incurred fairly infrequently. Where the recovered expenses affect your account, they are reflected in the fees and costs shown.

## Commissions and other payments

Platform operators may receive remuneration from us to the extent that it is permitted under law. This remuneration will be paid out of the fees we derive from you that are indicated in the 'Fees and costs summary' table in a given year. If these amounts are paid, they are paid by us from our revenue and are not an extra amount paid from the fund, nor are they a further amount you pay.

Your adviser may also receive remuneration from the platform operator in a variety of ways for the provision of services. Details of this remuneration will be in the offer documents for the master trust or wrap account and the Financial Services Guide and Statement of Advice which your financial adviser must give you.

## Differential fees

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

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# Other information you need to know

## Transactions and unit pricing

### How do I invest?

To invest into the fund, complete the documents which the platform operator requires. You do not need to complete any of our forms. In extraordinary circumstances, we may suspend or restrict applications and we may also reject applications at our discretion.

If we receive an application from your platform operator for a suspended, restricted or unavailable fund, we will be unable to process this application and your money will be returned to the platform operator.

### How do I make withdrawals from my investment?

Withdrawals are normally processed within seven working days of receiving a request from the platform operator. Longer periods may apply from time to time.

You should note that unless a fund is suspended, restricted or unavailable, you may withdraw from a fund in accordance with our normal processes.

In extraordinary circumstances (which may include where a fund becomes illiquid), we may suspend withdrawals, or restrict the ability to withdraw.

Where a fund is suspended, restricted or unavailable we may not process withdrawal requests. Further, where a fund is not liquid, we cannot allow investors to withdraw from the fund unless we make an offer to withdraw. There is no obligation for us to make such an offer and if we do, investors may only be able to withdraw part of their investment. Any decisions whether to process withdrawals or partial withdrawals will be made in the best interests of investors as a whole, and if any payment is to be made, then the exit price used to calculate this payment will be the one determined at the time the payment is made.

### Receiving income

Any income that you receive from your investment will be in the form of distributions. Your distribution may include income such as interest, dividends and realised capital gains.

Distributions are based on the number of units you hold in a particular fund, in proportion to the number of units held by all unitholders, at the distribution date. You must hold units on the day prior to any distributions being paid in order to be eligible for a distribution. Distributions are not pro-rated for

investors who were not unitholders for the whole period. The type of income you receive depends on the asset classes in which each fund invests.

The funds usually distribute income quarterly (September, December, March and June).

We normally pay distributions within 14 days of the calculation date. The distribution calculation dates are available on [cfs.com.au/distribution-amounts](https://cfs.com.au/distribution-amounts) or by calling Investor Services on 13 13 36. In some circumstances, we may vary the distribution timing and frequency without notice to investors (for example, to take into account days that fall on a public holiday). While the funds aim to distribute at the frequency stated above, from time to time, individual funds may not have enough income to distribute each period.

### How are unit prices calculated?

When you invest, you are allocated a number of units in each fund you have selected. Each of these units represents an equal part of the market value of the portfolio of investments that the fund holds. As a result, each unit has a dollar value, or 'unit price'.

The unit price is calculated by taking the total market value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by all investors on that day. Although your unit balance in the fund will stay constant (unless there is a transaction on your account), the unit price will change according to changes in the market value of the investment portfolio or the total number of units issued for the fund. We determine the market value of each fund based on the information we have most recently available.

We may exercise certain discretions that could affect the unit price of units on application or withdrawal in a fund. The types of discretions that we may exercise, in what circumstances, our policies on how we exercise the discretions and the reasons why we consider that our policies are reasonable, are set out in our Unit Pricing Permitted Discretions Policy. If we exercise a discretion in a way that departs from the policies set out in our Unit Pricing Permitted Discretions Policy, we are required to keep a record of this in a Register of Exceptions. You can obtain a copy of our Unit Pricing Permitted Discretions Policy or Register of Exceptions, or both, free of charge, by calling us on 13 13 36.

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## What is the difference between entry and exit unit prices?

There may be a difference between the entry and exit unit price for a fund quoted on any business day. This difference relates to the fund's buy/sell spread.

So existing investors do not continually bear the transaction costs resulting from new investments or withdrawals that you make, all investors pay a set, average amount (a 'buy/sell' spread) when they transact. This is calculated according to the particular types of investments a fund holds. Not all new investments or withdrawals cause transaction costs to be incurred by a fund; for example, where an investment does not incur any significant costs, or when a new investment coincides with a withdrawal by someone else. However, to be consistent, we generally apply buy/sell spreads to all new investments and withdrawals from a fund. Refer to the 'Fees and costs for each fund' for the buy/sell spreads that apply to each fund.

## Unit pricing adjustment policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and, where relevant, transaction costs. When the factors used to calculate the unit price are incorrect, an adjustment to the unit price may be required. We generally use a variance of 0.30% in the unit price before correcting the unit price.

If a unit pricing error is greater than or equal to this variance, we will:

- compensate your account balance if you have transacted on the incorrect unit price or make other adjustments as we may consider appropriate, or
- where your account is closed, we will send you a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases, we may compensate where the unit pricing error is less than the tolerance levels.

## Taxation

The Australian taxation system is complex and different investors have different circumstances. You should consider seeking professional taxation advice before investing in the funds.

Taxation considerations are general and based on present taxation laws and may be subject to change. You should seek independent, professional tax advice before making any decision based on this information.

CFSIL is not a registered tax (financial) adviser under the *Tax Agent Services Act 2009* (Cth). You should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

You may be required to pay tax in relation to your investment in the funds (generally income or capital gains tax); however you may be able to claim some tax credits or receive the advantage of some tax concessions.

Your platform operator will send you information on what you will need each year in order for you to complete your tax return. For further information on the taxation implications of investing in the funds, you should also contact your platform operator.

## What is a Constitution?

Each fund is governed by a Constitution. Together with the *Corporations Act 2001* (Cth) and some other laws, the Constitution sets out the terms and conditions under which the fund operates and the rights, responsibilities, powers, discretions and duties of the responsible entity and investors. The Constitution deals with a number of issues including:

- your rights as a holder of units
- the method of dealing with complaints about the fund
- fund termination
- our broad powers to invest, borrow, receive fees and other payments and generally manage the fund.

The Constitution states that your liability is limited to the amount you paid for your units, but the courts are yet to determine the effectiveness of provisions of this kind. It gives us a number of rights, including a number of discretions relating to unit pricing and fund termination. You can obtain a copy of the Constitution and Unit Pricing Permitted Discretions Policy, free of charge, by calling us on 13 13 36.

We may alter the Constitution if we, as the responsible entity, reasonably consider that the amendments will not adversely affect investors' rights. Otherwise, we must obtain investors' approval at a meeting of investors.

We may retire or be required to retire as the responsible entity (if investors vote for our removal).

Your rights to requisition, attend and vote at meetings are mainly contained in the *Corporations Act*.

## Custody

A professional custodian generally holds the assets of each fund. The custodian is appointed by CFSIL and is responsible only to us. It is the custodian's role to hold the assets in the funds on behalf of investors (however, for funds where a prime broker has been appointed, assets will be held by the prime broker).

The custodian may be changed from time to time, and we may change the custodian where we are satisfied that the proposed new custodian meets all regulatory requirements.

You will not be notified of a change in custodian. If the custodian is another company in CFSIL and other CFS entities, then we would have to:

- satisfy ASIC that we are able to separate each fund's assets from our own, and
- satisfy ourselves that holding each fund's assets in this way would be cost-effective for investors.

If you would like details of our custodian, please contact us if you are a direct investor, or contact your platform operator if you are an indirect investor.

## Eligibility of foreign investors

The offer made in this PDS:

- does not constitute an offer in any other country or jurisdiction including the European Union
- may, at the discretion of CFSIL, be made in New Zealand at a later date during the term of this PDS. If CFSIL 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. The offer will only be made in accordance with the terms of the trans-Tasman mutual recognition scheme which allows CFSIL to make the offer in New Zealand
- cannot be offered or sold within the US, or sold to, or for the account or benefit of, 'US Persons' (as

defined in Regulation S of the *US Securities Act 1933*) in the United States

- cannot be offered or sold to European Union citizens residing in the European Union
- is not available to a Sovereign entity, or part of a Sovereign entity group, or a superannuation fund for foreign residents, as defined in the *Income Tax Assessment Act 1997* (Cth).

## Is there a cooling-off period?

A 14-day cooling-off period will apply to your initial investment in the funds in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then simply advise us, or if you are an indirect investor your platform operator, in writing.

The 14 days start when your transaction confirmation is received by you or if you are an indirect investor, your platform operator, 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 a fund, including determining your application.

As a result, the amount returned to you may be less than your original investment.

Under normal circumstances refunds are made within seven working days of your platform operator notifying us.

## Privacy

### Privacy Collection Notice

This Privacy Collection Notice (Notice) summarises how Colonial First State (CFS) uses your personal information (PI). This Notice is issued by CFS. CFS consists of Superannuation and Investments HoldCo Pty Limited ABN 64 644 660 882 and its subsidiaries, which includes Avanteos Investments Limited ABN 20 096 259 979 and Colonial First State Investments Limited ABN 98 002 348 352. CFS provides investment, superannuation, and retirement products to Australians ('CFS', 'we', 'our' or 'us').

CFS collects your PI to operate and administer your super account (including insurance), pension accounts and investments. We may also use your PI to improve our products and services, and keep you informed. If we can't collect your PI, we may not be able to perform these services. PI is collected from you, but sometimes from third parties, including but not limited to your employer and your financial adviser (where applicable). We will only share your PI if it is necessary to perform the above activities, to comply with our legal obligations, if required by a court/tribunal order, or where we receive your permission. Your PI may be accessed overseas by some of our third parties.

### Privacy Policy

Your PI is important to us. Our Privacy Policy outlines how we manage PI and covers:

- information we collect
- how we use and disclose your information
- keeping your information secure
- accessing, updating, and correcting your information and
- making a privacy complaint.

We may amend this information from time to time, as necessary, so it's important for you to check our website for the most up-to-date Privacy Policy.

If you do not want to receive any direct marketing, including telemarketing, please contact us to opt out. You may also opt out of direct marketing by updating your communication preferences online or by clicking the 'unsubscribe' option on any marketing communications from us. Please note that you are unable to opt out of communications which we are required to send to you by law.

You consent to how we deal with the collection, use and disclosure of your PI when you make an investment in our products or transact with us. This consent continues to operate even though your relationship with us may come to an end, for us to comply with our data retention obligations.

To view the long form Privacy Collection Notice and Privacy Policy please visit [cfs.com.au/privacy](https://cfs.com.au/privacy) You can also obtain a copy of that information, free of charge, by contacting us.

## Anti-Money Laundering and Counter-Terrorism Financing laws and Sanction 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) and accordingly hold such information. 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 and keep a record.

Where legally obliged to do so, we may disclose the information gathered about you to regulatory and/or law enforcement agencies, and we may not be able to tell you when this occurs. We may be unable to transact with you or other persons. This may include actions such as delaying, blocking, freezing or refusing to process a transaction, or ceasing to provide you with a product or service, if we have reasonable grounds to believe or suspect potential breaches of Australian and/or international laws or sanctions. This may impact on your investment and could result in a loss of income and principal invested. We will not incur any liability for any loss suffered if we are required to take one or more of these actions.

## What to do if you have a complaint

If you are investing via a platform then complaints should be directed to the platform operator who will facilitate dispute resolution on your behalf.

For direct enquiries or complaints, you can contact us by:

Phone	13 13 36 Monday to Friday – for our contact centre operating hours, refer to <a href="https://cfs.com.au/contactus">cfs.com.au/contactus</a>
Email	<a href="mailto:membercare@cfs.com.au">membercare@cfs.com.au</a>
Website	Submit a feedback form ( <a href="https://cfs.com.au/feedback">cfs.com.au/feedback</a> )
Mail	CFS Complaints Resolution Reply Paid 27 Sydney NSW 2001

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## External dispute resolution

If at any time you are not satisfied with the handling of your complaint or the resolution we have provided, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

You can contact AFCA by:

Website	<a href="http://www.afca.org.au">www.afca.org.au</a>
Email	<a href="mailto:info@afca.org.au">info@afca.org.au</a>
Phone	1800 931 678 (free call)
Mail	Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

Time limits may apply to complain to AFCA so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

## What are our reporting requirements?

If any fund is a disclosing entity under the *Corporations Act*, the fund is subject to regular reporting and continuous disclosure obligations. Copies of documents we lodge with ASIC to fulfil these obligations may be obtained from, or inspected at, an ASIC office.

You also have a right to request a copy of certain documents from us when they become available, and we must send you a copy (free of charge) as soon as practicable and in any event within five days. Your request will be fulfilled in the way you choose – by email or post, or you can collect it from our offices. The documents are:

- the annual financial report for the fund most recently lodged with ASIC
- any half-year financial report lodged with ASIC and any continuous disclosure notice given for the fund after the lodgement of the annual financial report for the fund and before the date of this document.

## Annual reports

An annual report detailing the financial position and performance of the funds over the last financial year will be made available on [cfs.com.au/annualreports](http://cfs.com.au/annualreports), by 30 September each year. If you would prefer to have a copy emailed or mailed to you, please contact us.

## Managing conflicts of interest

CBA holds an interest in CFS through its significant minority interest in HoldCo.

All related party transactions are conducted on arm's length terms. Accordingly, CFSIL believes that related parties are receiving reasonable remuneration. Any conflict of interest or potential conflict of interest is managed in accordance with CFS's Conflicts Management Policy. CFSIL is the responsible entity, Operator, administrator and custodian of IDPS products and administrator and custodian of superannuation and pension products, and makes its investment decisions in accordance with its systems and processes separately from other CFS entities and CBA. The available investments may include securities or other financial products issued by other CFS entities or CBA. As a result, their activities may have an effect on the investments. Other CFS entities may have investments in CFS and may derive associated benefits/returns on those investments.

CFSIL makes no representation as to the future performance of any underlying investments held in the funds offered in this PDS, including those issued by other CFS entities or CBA. CFSIL, other CFS entities, members of CBA and their directors and employees may hold, buy or sell shares or other financial products included in the funds in this PDS. They may have business relationships (including joint ventures) with related parties or any of the entities named in this PDS. In addition, they may from time to time advise CFSIL in relation to activities unconnected with the funds offered in this PDS. Such relationships and advisory roles may include acting as general financial adviser in respect of, without limitation, corporate advice, financing, funds management, property and other services. The directors and employees of CFSIL, other CFS entities and members of CBA may hold directorships in the companies named in this PDS. Any confidential information they receive as a result of the business relationships, advisory roles and directorships discussed above will not be made available to CFSIL.

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## Responsible Entity

Colonial First State Investments Limited  
ABN 98 002 348 352  
AFSL 232468

GPO Box 3956  
Sydney NSW 2001

## Enquiries

New investors: 1300 360 645  
Existing investors: 13 13 36  
Website: [cfs.com.au](https://cfs.com.au)  
Email: [contactus@cfs.com.au](mailto:contactus@cfs.com.au)