

# CHANGES TO THE PRODUCT DISCLOSURE STATEMENT

## FOR MEMBERS

### FirstChoice Employer Super

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**New Product Disclosure Statement:  
Issue No. 2020/2, dated 30 November 2020**

**Old Product Disclosure Statement:  
Issue No. 2020/1, dated 8 June 2020**

This brochure highlights the changes we have made to the Product Disclosure Statement (PDS) dated 8 June 2020 (Old PDS) for FirstChoice Employer Super.

This brochure does not include any changes that Colonial First State made by a Supplementary PDS or Insurance changes that were issued throughout the year. You can find out about these changes on the Trustee and Fund Documents and Product Updates section of our website.

You should read this brochure to assess whether this information affects your investment decision. We recommend you speak to your financial adviser before making any investment decision.

The changes in this brochure are included in the new PDS dated 30 November 2020 (New PDS). You can obtain a copy of the most up-to-date PDS on our website at [colonialfirststate.com.au](http://colonialfirststate.com.au) and click on the Personal tab and then go to Resources, or by calling us on 1300 654 666.

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# Fees, Costs and Rebates Changes

## Administration fee changes

The percentage-based administration fee for all investment options (except for FirstRate Saver which has 0% p.a. administration fee) will be reduced from 0.50% p.a. to 0.30% p.a. from 1 November 2020.

If you currently receive an employer plan rebate, it reduces the administration fee you pay.

Any employer plan rebate that you may currently receive will be recalculated so that the net percentage-based administration fee you currently pay will either remain the same or reduce.

## Estimated investment fee changes

There is a decrease to the estimated investment fee for the following option.

Investment option	Previous estimated investment fee (pa)	New estimated investment fee (pa)	Difference
Stewart Investors Worldwide Sustainability Select	1.04%	0.84%	-0.20%

## Estimated performance-related fee changes

Performance-related fees are payable from some investment options if the investment returns of the option, or a portion of the option's investments, exceed specified benchmarks. The fee is calculated as a percentage rate of the relevant investment return outperformance. The outperformance is the percentage return above the relevant benchmark.

The options outlined in the table have had an increase to their estimated performance-related fee:

Investment option	Previous estimated performance-related fee (pa)	New estimated performance-related fee (pa)	Difference
Magellan Global Share Select	0.31%	0.73%	0.42%
Magellan Infrastructure Select	0.15%	1.00%	0.85%

The performance-related fees disclosed in this table are estimates only. The actual amounts paid may be greater or less than the amounts disclosed. There are also minor increases and decreases to estimated performance-related fees for some other investment options. Please refer to the New PDS by visiting [colonialfirststate.com.au](http://colonialfirststate.com.au), click on the Menu tab, then Resources and Product Disclosure Statements.

## Estimated indirect cost ratio changes

Indirect costs are costs which are incurred in underlying vehicles in which an investment option invests. These costs are not charged to you as a fee, but do reduce the investment return you receive on an investment option via the unit price. Indirect costs are not paid to us.

Indirect costs may include certain transaction costs such as brokerage, as well as the costs associated with using derivative financial products and other investment vehicles.

Please note that indirect costs disclosed in this PDS are estimates only. The actual amounts paid may be greater or less than the amounts disclosed.

There is an increase to the estimated indirect cost ratio for the options listed below.

Many of the increases reflect increased transaction costs incurred by the investment options during periods of heightened market volatility.

Increase in transaction costs were caused by factors including:

- Increased portfolio turnover needed to maintain strategic asset allocations increasing brokerage costs;
- Increased bid / ask spreads, especially for some Australian and global fixed interest securities;
- Increased cost of currency hedging and other derivatives impacting some options that use these instruments.

Investment Option	Previous estimated indirect cost ratio	New estimated indirect cost ratio	Difference
UBS Diversified Fixed Income Select	0.00%	1.42%	1.42%
FirstChoice Lifestage 2000-2004	0.00%	0.19%	0.19%
FirstChoice Conservative Select	0.09%	0.22%	0.13%
FirstChoice Diversified Select	0.10%	0.30%	0.20%
FirstChoice Moderate Select	0.14%	0.27%	0.13%
FirstChoice Balanced Select	0.13%	0.33%	0.20%
FirstChoice Growth Select	0.15%	0.30%	0.15%
FirstChoice High Growth Select	0.09%	0.28%	0.19%
FirstChoice Global Infrastructure Securities Select	0.12%	0.67%	0.55%
FirstChoice Multi-Index Growth Select	0.01%	0.13%	0.12%
AZ Sestante Growth Select	0.11%	0.30%	0.19%
PIMCO Australian Bond Select (previously Aberdeen Standard Australian Fixed Income Select)	0.04%	0.17%	0.13%
Aspect Diversified Futures Select	0.52%	0.76%	0.24%
Platinum Asia Select	0.48%	0.68%	0.20%
Ironbark Property Securities Select	0.10%	0.20%	0.10%
First Sentier Global Property Securities Select (previously Colonial First State Global Property Securities Select)	0.19%	0.41%	0.22%
First Sentier Geared Share Select (previously Colonial First State Geared Share Select)	0.13%	0.35%	0.22%

There are also minor increases or decreases to the estimated indirect cost ratio for some other investment options. To find out more about the current Fees and Costs, please refer to the new PDS by visiting [colonialfirststate.com.au](http://colonialfirststate.com.au), click on the Menu tab, then Resources and Product Disclosure Statements.

# Investment option changes

## New investment option

Investment option	Investment category
Alphinity Sustainable Share Select	Australian Share

To find out more about this new investment option, please refer to the New PDS.

## Manager replacement

We've replaced a manager which has resulted in investment objective, strategy and asset allocation changes. You can compare the impact of the changes, the previous and new objectives, strategies and asset allocation in the table below.

Replaced option: Aberdeen Standard Australian Fixed Income Select	New option: PIMCO Australian Bond Select
<b>Previous objective</b>	<b>New objective</b>
To outperform the Bloomberg AusBond Composite 0+Yr Index over rolling three-year periods before fees and taxes.	The option utilises PIMCO's core fixed interest strategy of seeking strong, consistent investment returns while at the same time moderating the volatility of returns relative to the benchmark.  The option aims to outperform the Bloomberg AusBond Composite 0+ Yr Index dollars over rolling three-year periods before fees and taxes.
<b>Previous strategy</b>	<b>New strategy</b>
The option will generally be invested in Australian dollar denominated Commonwealth, semi-government, asset-backed securities and corporate bonds, as well as interest rate and credit derivatives. The manager's investment approach is designed to provide investors with exposure to a well-diversified portfolio of preferred securities selected from the universe of debt traded in the fixed income marketplace.	In pursuing the option's objective, PIMCO applies a wide range of diverse strategies including duration analysis, credit analysis, relative value analysis, sector allocation and rotation and individual security selection. PIMCO's investment strategy emphasises active decision making with a long-term focus and seeks to avoid extreme swings in duration or maturity with a view to creating a steady stream of returns. PIMCO's portfolio construction and risk management efforts are designed to position the portfolio with exposure to a series of moderate risks, ensuring that no single trade idea or risk factor overwhelms the portfolio. Given its dynamic approach to active management, as well as its large size in certain cash markets, PIMCO may rely heavily on derivatives to implement its trade ideas. The option may invest in derivatives to gain or reduce exposure to relevant markets and to manage investment risk. The option aims to hedge currency risk.
<b>Previous benchmark</b>	<b>New benchmark</b>
Bloomberg AusBond Composite 0+ Yr Index	Bloomberg AusBond Composite 0+ Yr Index

Replaced option: Aberdeen Standard Australian Fixed Income Select			New option: PIMCO Australian Bond Select		
Previous asset allocation			Previous asset allocation		
Assets	Range	Benchmark	Assets	Range	Benchmark
Cash and fixed interest	0-100%	100%	Cash and fixed interest	0-100%	100%
Minimum suggested timeframe: At least 3 years			Minimum suggested timeframe: At least 3 years		
Standard Risk Measure: 5			Standard Risk Measure: 5		

To find out more about the updated investment information, please refer to the New PDS.

## Investment option name change

Colonial First State Global Asset Management changed its name to First Sentier Investors after the Commonwealth Bank of Australia sold the business to Mitsubishi UFJ Trust and Banking Corporation in 2019. A number of the Colonial First State funds have changed their names to now reflect the name of its investment manager. This change has no impact on the management of the funds.

Investment option	New investment option name
Colonial First State Diversified Fixed Interest Select	First Sentier Diversified Fixed Interest Select
Colonial First State Geared Share Select	First Sentier Geared Share Select
Colonial First State Global Property Securities Select	First Sentier Global Property Securities Select

To find out more about the updated investment information, please refer to the New PDS.

## Buy/sell spread changes

For most options, there is a difference between the unit price used to issue and redeem units and the value of the option's assets. This difference is due to what is called the buy/sell spread. When you invest, switch or withdraw all or part of your investment in these options, 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 option. An option's buy/sell spread is set to reflect the estimated transaction costs the option will incur as a result of member transactions. Please note that the buy/sell spreads are not paid to us or the investment manager.

Please refer to the 'Product Update' section of our website for the current buy/sell spreads that will apply and any further changes to the buy/sell spreads. Please go to [colonialfirststate.com.au](http://colonialfirststate.com.au) and select Product Updates from the main menu.

The tables below outline the changes made to the buy/sell costs.

Investment Option	Previous Buy/Sell Spread	New Buy/Sell Spread	Difference
FirstChoice Balanced Select	0.20%	0.15%	-0.05%
FirstChoice Growth Select	0.20%	0.15%	-0.05%
FirstChoice Australian Share Select	0.20%	0.15%	-0.05%

Investment Option	Previous Buy/Sell Spread	New Buy/Sell Spread	Difference
FirstChoice Australian Small Companies Select	0.25%	0.20%	-0.05%
FirstChoice Global Share Select	0.15%	0.10%	-0.05%
FirstChoice Multi-Index Diversified Select	0.15%	0.10%	-0.05%
FirstChoice Multi-Index Moderate Select	0.15%	0.10%	-0.05%
FirstChoice Multi-Index Balanced Select	0.15%	0.10%	-0.05%
FirstChoice Multi-Index Growth Select	0.15%	0.10%	-0.05%
Colonial First State Index Australian Share Select	0.10%	0.05%	-0.05%
Colonial First State Index Property Securities Select	0.10%	0.05%	-0.05%
AZ Sestante Growth Select	0.20%	0.15%	-0.05%
Ausbil Australian Active Equity Select	0.20%	0.15%	-0.05%
Bennelong Ex-20 Australian Equities Select	0.25%	0.20%	-0.05%
Fidelity Australian Equities Select	0.15%	0.10%	-0.05%
Schroder Australian Equity Select	0.15%	0.10%	-0.05%
T. Rowe Price Australian Equity Select	0.15%	0.10%	-0.05%
OC Premium Small Companies Select	0.30%	0.25%	-0.05%
Magellan Global Share Select	0.10%	0.05%	-0.05%
T. Rowe Price Global Equity Select	0.15%	0.10%	-0.05%
Realindex Emerging Markets Select	0.15%	0.10%	-0.05%
Ironbark Property Securities Select	0.15%	0.10%	-0.05%
First Sentier Global Property Securities Select (previously Colonial First State Global Property Securities Select)	0.15%	0.10%	-0.05%

## Investment option objective, strategy and asset allocation changes

We've made some minor changes to the asset allocation ranges, strategies or objectives for a number of investment options. The nature of the changes is indicated below.

Investment option	New Objective	New Strategy	Asset Allocation change
FirstChoice Lifestage 1960-1964			●
Schroder Australian Equity Select		●	●
MFS Global Equity Select		●	
Realindex Global Share Select		●	
Realindex Global Share - Hedged Select		●	
Stewart Investors Worldwide Sustainability Select	●	●	
Realindex Emerging Markets Select		●	

To find out more about the updated investment information, please refer to the New PDS by visiting [colonialfirststate.com.au](http://colonialfirststate.com.au) and click on the Personal tab and then go to Resources.

## Insurance changes

Change	Description
AIA Group acquisition of CommInsure	The insurance provider for FirstChoice Employer Super is The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFS Licence 235035 ('CommInsure' or 'the insurer'). The insurance cover is provided under policies issued to the trustee by CommInsure. As at 30 November 2020, The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 (CMLA), trading as CommInsure, is a wholly owned but non-guaranteed subsidiary of The Bank. The Bank has agreed to transfer the life insurance business of CMLA to AIA Australia Limited (which is part of the AIA Group). This transfer is subject to certain conditions being met including court approval and is expected to complete in the first half 2021. Pending this transfer, the Bank, CMLA and AIA Australia Limited and others have entered into a Joint Cooperation Agreement, under which AIA Australia Limited has an appropriate level of direct management and oversight of the CMLA business. 'CommInsure' is used under licence by CMLA.

## PDS disclosure update

Change	Description
Consolidation of multiple accounts	If you have more than one super account in the fund (this includes FirstChoice Employer Super, FirstChoice Wholesale Personal Super and FirstChoice Personal Super), we may consolidate these accounts for you if it is in your interest to do so. If this is the case, we will give you notice of this in advance, and you will be able to opt out of the consolidation.

Change	Description
Adviser service fees	<p>A new fixed term adviser service fee of up to 12 months will be offered in 2021. This fee will be deducted for the period agreed by you and your adviser as nominated on a standalone adviser service fee form. Unless you enter into a new arrangement with your adviser, this fee will cease once the end date of your fixed term fee is reached. The following key features apply to the fixed term adviser service fee:</p> <ul style="list-style-type: none"> <li>• It can be charged as a percentage of your account value, and/or a set dollar amount.</li> <li>• You cannot pay both an ongoing and a fixed term fee at the same time.</li> <li>• A fixed term adviser service fee will be paid to your current adviser or any subsequent adviser on your account.</li> <li>• The fee will continue to be deducted from your account until the arrangement either expires or if you ask us to stop the fees.</li> <li>• The fee will be deducted from one of your options on a monthly basis, usually within the first five business days of the following month. It must be deducted from one option only.</li> </ul> <p>Under proposed changes to the law, your consent to any ongoing adviser service fees must be renewed annually through your adviser. The following changes will apply if these proposed changes to law are passed:</p> <ul style="list-style-type: none"> <li>• Ongoing adviser service fees will be cancelled on the 'expiry date' you and your adviser provide to us on an adviser service fee form, if you do not renew your consent to the fee prior.</li> <li>• The standalone adviser service fee form must be provided to us in order to add adviser service fees to your account. This form requires you to consent to the amount of the adviser service fee deducted from your account and paid to your adviser through their dealer group. It also outlines the services to be provided by your adviser, the frequency, time and amount of any fees as well as a reasonable estimate of the fees you will pay in the next 12 months if it is not a fixed dollar fee.</li> </ul> <p>It is proposed that in 2021, new adviser service fees applied to your account cannot be deducted from Lifestage (MySuper) investment options, but may be deducted from Select investment options. For a list of Select investment options, please refer to the FirstChoice Employer Super Investment Options Menu.</p> <p>Any adviser service fees applied to your account prior to 31 December 2020 may continue to be deducted from Lifestage (MySuper) investment options for a limited period. We will write to you to provide more information. If your account contains both Lifestage (MySuper) and Select investment options, we will attempt to deduct the fee from the most conservative Select investment option you hold at the time the fee is deducted. If you do not hold Select investment option(s), or there are insufficient funds in the option(s), the fee will not be charged.</p>
Change to work test age requirements	<p>Previously, if you were age 65–74 and looking to make a voluntary contribution, you would be required to meet the work test or the work test exemption. Effective from 1 July 2020, this is now only required if you are between the ages of 67–74.</p>

Change	Description
Change to spouse contribution eligibility	<p>Previously, if you were over age 70, you would not be able to receive a spouse contribution into your account. Effective from 1 July 2020, you can now receive a spouse contribution into your account up to age 74.<sup>1</sup> If you are between the ages of 67-74<sup>1</sup>, you will need to meet the work test (or the work test exemption) to be eligible to receive this contribution. For more information on the work test and the work test exemption, please check the FirstChoice Employer Super Reference Guide.</p> <p><sup>1</sup> There is a grace period allowing individuals to contribute to their spouse's superannuation up until 28 days after the end of the month in which their spouse turns 75.</p>
Change to how we recover operating costs related to your investment	<p>The trustee is allowed to be reimbursed for ongoing operating expenses (such as registry, audit, regulatory, taxation advice, offer documents, fund services and IT systems) directly from the Funds. A portion of these costs is currently recovered from the Funds and the recovery expense is included in the Administration Fee.</p> <p>From 1 July 2021, we will no longer recover this amount directly from the Fund. Instead, we will pay these amounts ourselves and the recovery of the costs will be included in the Administration Fee that applies to your account. As the Administration Fee in the Product Disclosure Statement already includes this cost recovery, this fee will not change significantly. Due to a change in the way this charge is calculated, the amount you pay on some investment options may increase by a small amount. This increase is not expected to be more than 0.002% p.a. On a \$50,000 investment, this equals \$1 p.a.</p> <p>Note: As the cost recovery charge does not apply to the FirstChoice Lifestage options and FirstRate Saver, there will be no change to these options.</p> <p>For more information, please refer to the Product Update section at <a href="http://colonialfirststate.com.au">colonialfirststate.com.au</a> or call us on 1300 654 666 Monday to Friday, 8am to 7pm Sydney time.</p>



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