

CHANGES TO THE PRODUCT DISCLOSURE STATEMENT

FOR EMPLOYERS

FirstChoice Employer Super

**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 plan members' investment decision. We recommend you speak to your relationship manager or financial adviser for further information.

For more information about the changes in this brochure, refer to 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 or by calling us on 1300 654 666.

Contents

Fees, Costs and Rebates Changes	3
Administration fee changes	3
Estimated investment fee changes	3
Estimated performance-related fee changes	3
Estimated indirect cost ratio changes	3
Investment option changes	4
New investment option	4
Manager replacement	5
Investment option name change	6
Buy/sell spread changes	6
Investment option objective, strategy and asset allocation changes	7
Insurance changes	8
PDS disclosure update	8

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 your plan members currently receive an employer plan rebate, it reduces the administration fee they pay.

Any employer plan rebate that they may currently receive will be recalculated so that the net percentage-based administration fee they 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, 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 your plan members as a fee, but do reduce the investment return they 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, 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. Your plan member 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		
Previous objective			New objective		
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.		
Previous strategy			New strategy		
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.		
Previous benchmark			New benchmark		
Bloomberg AusBond Composite 0+ Yr Index			Bloomberg AusBond Composite 0+ Yr Index		
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 your plan members invest, switch or withdraw all or part of their 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 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%
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%

Investment Option	Previous Buy/Sell Spread	New Buy/Sell Spread	Difference
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 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 of 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 your plan members 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 them if it is in their interest to do so. If this is the case, we will give them notice of this in advance, and they 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 your plan member and their adviser as nominated on a standalone adviser service fee form. Unless your plan member enters into a new arrangement with their adviser, this fee will cease once the end date of their fixed term fee is reached. The following key features apply to the fixed term adviser service fee:</p> <ul style="list-style-type: none"> • It can be charged as a percentage of their account value, and/or a set dollar amount. • Your plan member cannot pay both an ongoing and a fixed term fee at the same time. • A fixed term adviser service fee will be paid to your plan member's current adviser or any subsequent adviser on their account. • The fee will continue to be deducted from your plan member's account until the arrangement either expires or if they ask us to stop the fees. • The fee will be deducted from one of your plan member's options on a monthly basis, usually within the first five business days of the following month. It must be deducted from one option only. <p>Under proposed changes to the law, your plan member consents to any ongoing adviser service fees must be renewed annually through their adviser. The following changes will apply if these proposed changes to law are passed:</p> <ul style="list-style-type: none"> • Ongoing adviser service fees will be cancelled on the 'expiry date' your plan member and their adviser provide to us on an adviser service fee form, if they do not renew their consent to the fee prior. • The standalone adviser service fee form must be provided to us in order to add adviser service fees to your plan member's account. This form requires them to consent to the amount of the adviser service fee deducted from their account and paid to their adviser through the dealer group. It also outlines the services to be provided by their adviser, the frequency, time and amount of any fees as well as a reasonable estimate of the fees they will pay in the next 12 months if it is not a fixed dollar fee. <p>It is proposed that in 2021, new adviser service fees applied to your plan member's 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 plan member's account prior to 31 December 2020 may continue to be deducted from Lifestage (MySuper) investment options for a limited period. We will write to your plan member to provide more information. If their account contains both Lifestage (MySuper) and Select investment options, we will attempt to deduct the fee from the most conservative Select investment option they hold at the time the fee is deducted. If your plan member does not hold Select investment option(s), or there are insufficient funds in the option(s), the fee will not be charged.</p>

Change	Description
Change to work test age requirements	Previously, if your plan member was age 65–74 and looking to make a voluntary contribution, they would be required to meet the work test or the work test exemption. Effective from 1 July 2020, this is now only required if your plan member is between the ages of 67–74.
Change to spouse contribution eligibility	<p>Previously, if your plan member was over age 70, they would not be able to receive a spouse contribution into their account. Effective from 1 July 2020, they can now receive a spouse contribution into their account up to age 74.¹ If they are between the ages of 67–74¹, they 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 for Members.</p> <p>¹ 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 plan member's 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 your plan members 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 colonialfirststate.com.au or call us on 1300 654 666 Monday to Friday, 8am to 7pm Sydney time.</p>

Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (Colonial First State) is the issuer of FirstChoice Personal Super, FirstChoice Wholesale Personal Super, FirstChoice Pension, FirstChoice Wholesale Pension, FirstChoice Employer Super offered from the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557. Colonial First State also issues interests in products made available under FirstChoice Investments and FirstChoice Wholesale Investments. This document may include general advice but does not take into account your individual objectives, financial situation or needs. You should read the relevant Product Disclosure Statement (PDS) and Financial Services Guide (FSG) carefully, assess whether the information is appropriate for you, and consider talking to a financial adviser before making an investment decision. The PDS and FSG can be obtained from colonialfirststate.com.au or by calling us on 1300 654 666.

27157/FS7153/1120