

Index investing and how it can help you keep the cost of investing down

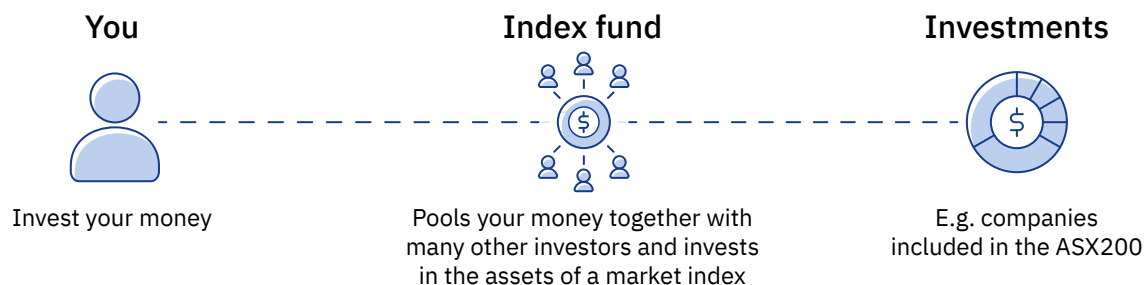


A guide to CFS's low-cost index options

Index funds are a way of investing your money (whether that's your super, pension, or other money you wish to invest) that gives you exposure to an investment market or sector and aims to perform in line with that market's index, such as the ASX200 or S&P500.

Because index funds replicate a market index, they don't require a team of investment managers or 'stock pickers' who try (and sometimes fail) to outperform the market. This helps keep fees and costs lower in index funds as there is less buying and selling of assets within the fund in an attempt to 'beat the market'.

How they work



There is an index that covers almost every industry sector and asset class, including Australian and global shares, property and infrastructure securities, global and Australian bonds.

The investment manager will change the investments in the funds when there is a change to the companies included in the index.

The performance of your investment will generally match the performance of the index minus fees and tax.

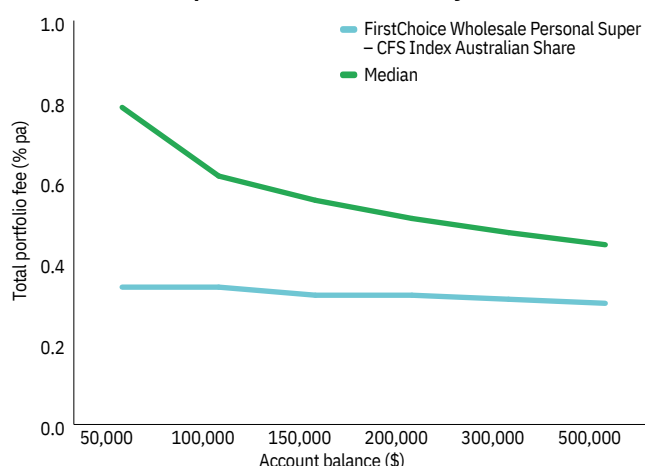
Your account balance is directly influenced by the performance of all of the underlying securities the investment option is invested in. In an index investment option, this means your portfolio is diversified across many securities in the market. And our fees are among the lowest out of the retail superannuation providers in Australia.

With a total portfolio fee of 0.34%pa for CFS Index Australian Share¹, see how much you'll pay.

Account balance	Total portfolio fee pa
\$25,000	\$85
\$50,000	\$170
\$100,000	\$340

The investment fee and administration fee are bundled into one simple fee.

Retail super fund fee comparison² – Australian Share index options at 31 January 2022



What index investment options CFS offer

Index Single-Sector

CFS have a range of index investment options to choose from including eight Single-Sector index options, each investing into one major asset class.

Index option	Index	What the index is tracking
Australian Bond	Bloomberg AusBond Composite 0+Yr Index	An index measuring the performance of Australia's bond market, which includes a range of investment-grade bonds maturing in 0+ years.
Global Bond	Bloomberg Global Aggregate Index, hedged to Australian dollars	A global index that measures investment grade debt from twenty-four local currency markets.
Australian Share	S&P/ASX300 Accumulation Index	An index measuring the performance of the top 300 stocks listed on the Australian share market.
Global Share	MSCI All Country Index	A global index that tracks the performance of mid and large-cap stocks across global equity markets.
Global Share – Hedged	MSCI All Country Index, hedged to Australian dollars	A global index, hedged to the AUD, that tracks the performance of mid and large-cap stocks across global equity markets.
Property Securities	S&P/ASX 200 A-REIT Accumulation Index	A sub-sector of the S&P/ASX 200 that measures the performance of Australian real estate investment trusts (REITs) and mortgage REITs.
Global Property Securities (wholesale only)	FTSE EPRA/NAREIT Developed Rental Index (ex Australia), hedged to Australian dollars	A global index that tracks the performance of real estate securities in eligible developed markets (excl. Australia).
Global Listed Infrastructure Securities (wholesale only)	FTSE Developed Core Infrastructure Index, hedged to Australian dollars	A global index that measures the performance of securities in core infrastructure businesses in eligible developed markets.

1 Total portfolio fee on FirstChoice Wholesale Personal Super and Pension.

2 The fees shown above are total fees including administration and investment fees for Australian shares index options available on each platform in the comparison set. Fees assume nil balance in the Cash Account for wrap products. Fees are at 31 January 2022 and are gross of income tax of 15%. Transaction fees have not been included in the comparison – these fees apply in HUB24. This comparison includes Colonial First State FirstChoice Wholesale (CFS Wholesale Index Australian Share), AMP SignatureSuper (AMP Australian Share Index), AMP MyNorth Super (Vanguard Australian Shares Index), BT Panorama Compact (BT Australian Shares Index), HUB24 Super Choice (Vanguard Australian Shares Index), Macquarie Super Manager II (Vanguard Australian Shares Index), MLC MasterKey Super Fundamentals (Vanguard Australian Shares Index), MLC Wrap Super Series 2 Full (Vanguard Australian Shares Index), Netwealth Accelerator Core (Netwealth Australian Equities Index) and OnePath OneAnswer Frontier Super (OnePath Australian Shares Index). CFS FirstChoice Wholesale Personal Super has either the lowest total cost or second-lowest cost across all balances for an Australian Shares index option in this comparison set of retail products and their respective passively managed Australian Shares investment options.

Geared Index

We've introduced two geared index options to the FirstChoice Investment menu.

Index option	Index	What the index is tracking
CFS Geared Index Global Share	MSCI All Country World Index	Looks to magnify the returns of long-term investors via a diversified portfolio of global shares and targets the performance of the MSCI All Country World Index as a benchmark.
CFS Geared Index Australian Share	S&P/ASX 100 Accumulation Index	Looks to magnify the returns of long-term investors by allowing to invest in a basket of Australian listed companies with the aim of outperforming the S&P/ASX 100 Accumulation Index.

The aim of gearing is to produce a larger investment return over the long term by using borrowed money in addition to your own funds. The geared options in FirstChoice are 'internally geared', which means that the options borrow the money instead of you borrowing directly.



Borrow at institutional rates



No margin calls

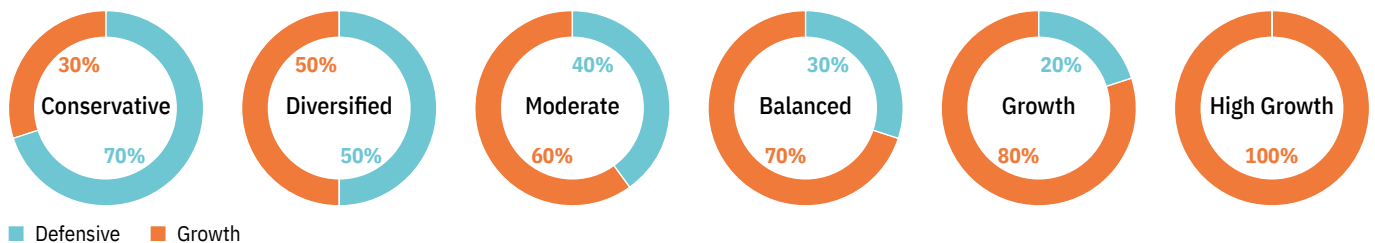


No need to apply for a loan or offer security

It's important to consider the risks of investing into a geared option. Potential returns are magnified, and it's equally true that market losses are magnified. In extreme market conditions, it's possible you may lose all of your capital. We suggest you consult your adviser on how these investments may impact your portfolio.

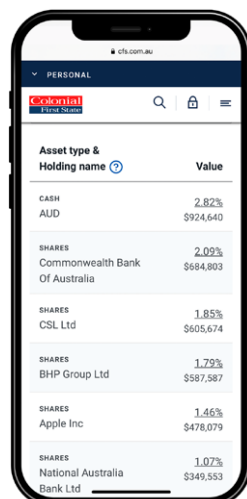
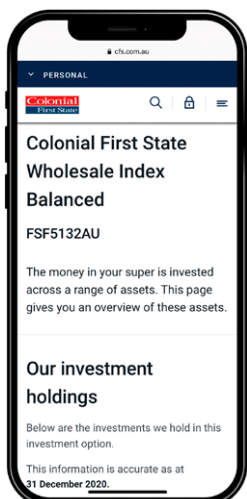
Index Multi-Sector

We also offer six CFS Index Multi-Sector options that invest across a range of asset classes. These aim to closely track the option's composite benchmark, which depends on the option's allocation between growth and defensive assets, before fees and taxes:



Want to see where our index options invest?

You can drill-down into the underlying holding of the index option(s) you're invested.



Check out our Portfolio Holdings Tool¹ available at: cfs.com.au/portfolio-holdings-tool

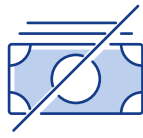
¹ Image shown is for illustrative purposes only. Investment holdings will vary from time to time.

What are the benefits of index investing?



Broad market exposure

Index funds are broadly diversified and usually have less exposure to individual securities than active funds. This means the return from any individual security will generally have a low impact on the overall return of an index fund.



Low transaction costs

Index funds use a buy and hold approach which means that the underlying investments are traded less frequently when compared to an active fund. This reduces brokerage, commissions and the impact on market prices.



Low management fees

Index funds aim to track the performance of the index by buying the securities in the index. This process is simpler and more efficient than an active fund, where detailed analysis of the underlying securities is undertaken to determine which are the best investment opportunities. Index fund management is therefore more efficient, less expensive and the savings are passed on to the investor in the form of lower management fees.



Potential for better tax outcomes

Index funds normally have low turnover of investments as the underlying companies included in the index don't change regularly. Lower portfolio turnover should reduce the realisation of capital gains in the fund and more likely for those gains to be long term (more than 12 months). Long term capital gains receive a 50% reduction when calculating the tax payable.

Wondering where to begin?

Speak to your financial adviser today to see how the CFS index options may work for you.

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