

# Changes to the Product Disclosure Statement for: FirstChoice Employer Super

---

**New Product Disclosure Statement:  
Issue No. 2018/1, dated 14 May 2018**

**Old Product Disclosure Statement:  
Issue No. 2017/2, dated 18 September 2017**

This brochure highlights the changes we have made to the Product Disclosure Statement (PDS) dated 18 September 2017 (Old PDS) for FirstChoice Employer Super.

This brochure does not include any changes that were made to Supplementary PDSs 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 decisions.

The changes in this brochure are included in the new PDS dated 14 May 2018 (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 call us on 1300 654 666.

---

# Contents

<b>Investment option changes</b>	<b>3</b>
Manager replacements	3
<b>Investment option name changes</b>	<b>6</b>
Performance-related fee changes	6
Investment fee changes	6
Investment option objective, strategy and asset allocation changes	6
<b>Buy/sell spread cost changes</b>	<b>8</b>
What is a buy/sell spread cost?	8
<b>Insurance changes</b>	<b>9</b>
<b>PDS disclosure update</b>	<b>10</b>

# Investment option changes

## Manager replacements

We've made some manager replacement changes which has resulted in investment objective, strategy and asset allocation changes. You can compare the investment options and the impact of the changes, the previous and new objectives, strategies and asset allocation are outlined below.

For the Select Investment Menu:

Replaced option			New option		
Colonial First State Australian Share – Core Select			T. Rowe Price Australian Equity Select		
<b>Previous objective</b>			<b>New objective</b>		
To provide long-term capital growth with some income by investing predominantly in a broad selection of Australian companies. The option aims to outperform the S&P/ASX 200 Accumulation Index over rolling three year periods before fees and taxes.			To provide long-term capital growth through investment primarily in a portfolio of securities of Australian companies listed on the Australian stock exchange. The option aims to outperform the S&P/ASX 200 Accumulation Index over rolling three year periods after fees and taxes.		
<b>Previous strategy</b>			<b>New strategy</b>		
The option's strategy is to not seek any particular style bias, such as to growth or value, but to consistently add value throughout the investment cycle by taking advantage of mispricing by the market. Suitable companies are identified by detailed fundamental research, including a high number of company visits and a proprietary database to analyse company financials. This option predominantly invests in Australian companies and therefore does not hedge currency risk.			The strategy is a high conviction portfolio that seeks to identify high quality growing companies that T. Rowe Price expect to compound value faster than the overall market and outperform over time. The strategy relies on extensive proprietary fundamental research by an experienced Australian investment team collaborating with and receiving insights from the T. Rowe Price global research platform.  The strategy is a quality growth-oriented portfolio with fundamental, bottom up research at the core of the process. As a high conviction portfolio T. Rowe Price applies a proprietary business quality assessment process to identify high quality companies and non-consensus ideas. Detailed valuation work is then undertaken, utilising various techniques and scenarios, to ensure T. Rowe Price own these businesses at attractive prices.		
<b>Previous benchmark</b>			<b>New benchmark</b>		
S&P/ ASX 200 Accumulation Index			S&P/ ASX 200 Accumulation Index		
<b>Previous asset allocation</b>			<b>New asset allocation</b>		
Assets	Range	Benchmark	Assets	Range	Benchmark
Cash	0–10%	0%	Cash	0–10%	0%
Australian shares	90–100%	100%	Australian shares	90–100%	100%
<b>Minimum suggested timeframe:</b> At least 7 years			<b>Minimum suggested timeframe:</b> At least 7 years		
<b>Standard risk measure: 7</b>			<b>Standard risk measure: 7</b>		

For Additional Investment options for accounts opened pre 11 June 2013:

Replaced option			New option		
Colonial First State Geared Australian Share – Core			Acadian Geared Australian Equity		
<b>Previous objective</b>			<b>New objective</b>		
To magnify long-term returns by borrowing to invest, predominantly, in a selection of Australian companies within the S&P/ASX 100 Accumulation Index. The option aims to outperform the S&P/ASX 100 Accumulation Index over rolling seven year periods before fees and taxes.			To maximise long-term returns by borrowing to invest, predominantly, in a selection of Australian companies within the S&P/ASX 300 Accumulation Index, while carefully controlling portfolio risk and transaction costs. The option aims to outperform the S&P/ASX 300 Accumulation Index over rolling seven year periods before fees and taxes.		
<b>Previous strategy</b>			<b>New strategy</b>		
The option does not seek any style bias, such as to growth or value, and seeks to consistently add value through the investment cycle. Mispriced investment opportunities are identified following detailed fundamental research. The investment process incorporates a high number of company visits and a proprietary database to analyse company financials. The option utilises gearing to magnify returns from underlying investments. This option predominantly invests in Australian companies and therefore does not hedge currency risk.			The option uses gearing with the aim of magnifying returns from the underlying Australian equity strategy. The underlying strategy aims to exploit the ‘low volatility anomaly’, the historical pattern in which higher volatility stocks have underperformed lower volatility stocks on a risk-adjusted basis. The resulting underlying portfolio aims to provide returns similar to those of the Australian equity market but with lower absolute volatility over the full market cycle. Gearing the underlying strategy has the potential to reduce drawdowns compared to gearing a normal index strategy and therefore aim to provide higher expected returns for lower risk over the long term.		
<b>Previous benchmark</b>			<b>New benchmark</b>		
S&P/ ASX 100 Accumulation Index			S&P/ ASX 300 Accumulation Index		
<b>Previous asset allocation</b>			<b>New asset allocation</b>		
Assets	Range	Benchmark	Assets	Range	Benchmark
Cash	0–10%	0%	Cash	0–10%	0%
Australian shares	90–100%	100%	Australian shares	90–100%	100%
<b>Minimum suggested timeframe:</b> At least 7 years			<b>Minimum suggested timeframe:</b> At least 7 years		
<b>Standard risk measure: 7</b>			<b>Standard risk measure: 7</b>		

Replaced option Colonial First State Global Resources			New option Janus Henderson Global Natural Resources		
<b>Previous objective</b>			<b>New objective</b>		
To provide long-term capital growth by predominantly investing in resource companies from around the world. The option aims to outperform the Euromoney Global Mining Accumulation Index (75%) and the MSCI All Country World Energy Net Index (25%) over rolling five-year periods before fees and taxes.			The option seeks to achieve a total return after fees and taxes that exceeds the total return of the S&P Global Natural Resources Accumulation Index over rolling five year periods.		
<b>Previous strategy</b>			<b>New strategy</b>		
The option's strategy is to add value over the medium-to-long term by investing in quality global resource companies. Rather than attempting to predict commodity price movements, we choose to focus on quality resource companies around the world. These companies typically have strong balance sheets, quality management, high quality assets and a low cost of production. The option does not hedge currency risk.			The option will typically invest in 50-70 companies that the manager has identified as being quality global natural resource companies operating in the mining, energy and agriculture natural resources sectors. The option may have exposure across upstream (production and exploration), midstream (storage, transportation and marketing commodities) and downstream (smelting, refining and selling of processed mineral, energy and agricultural products to end users) segments of the natural resources supply chain. The investment approach used by the manager utilises bottom-up fundamental research and screens for quality, valuation and growth potential to identify companies that are best placed to benefit from the ongoing demand for natural resources. The manager's global investment approach enlarges the overall size and breadth of the natural resources investment universe and also improves the chance of early identification of profitable resource investment trends and pricing inefficiencies across global markets. The option does not hedge currency exposure back to the Australian dollar.		
<b>Previous benchmark</b>			<b>New benchmark</b>		
Euromoney Global Mining Accumulation Index (75%) and the MSCI All Country World Energy Index (25%)			S&P Global Natural Resources Accumulation Index		
<b>Previous asset allocation</b>			<b>New asset allocation</b>		
Assets	Range	Benchmark	Assets	Range	Benchmark
Cash	0-10%	0%	Cash	0-20%	0%
Australian & global shares	90-100%	100%	Global shares	80-100%	100%
<b>Minimum suggested timeframe:</b> At least 7 years			<b>Minimum suggested timeframe:</b> At least 7 years		
<b>Standard risk measure: 7</b>			<b>Standard risk measure: 7</b>		

\* We use the Standard Risk Measure (SRM), which is based on industry guidance, to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. These measures are regularly reviewed. The change in the SRM for these options reflects updated economic assumptions that are used to calculate them.

## Investment option name changes

Investment option	New investment option name
Select Investment Menu	
Realindex RAFI® Emerging Markets Select	Realindex Emerging Markets Select
Realindex RAFI® Global Share Select	Realindex Global Share Select
Realindex RAFI® Global Share – Hedged Select	Realindex Global Share – Hedged Select

To find out more about these new investment options, please refer to the new PDS.

## Performance-related fee changes

Investment option	Previous performance-related fee	New performance-related fee
Aspect Diversified Futures Select	A performance-related fee of 20% (inclusive of the net effect of GST) applies on the dollar value of positive performance (less carried forward negative performance) generated on the futures and forwards trading accounts.	A performance-related fee rate of 20% (inclusive of the net effect of GST) will apply on the dollar value of positive performance after management fees (less carried forward negative performance) above the Reserve Bank of Australia cash rate.

## Investment fee changes

Effective from 1 May 2018, there is a reduction in the investment fee for the following option:

Existing investment option	New investment option name	Previous investment fee	New investment fee	Difference
<b>Additional Investment options for accounts opened pre 11 June 2013</b>				
Colonial First State Geared Australian Share – Core	Acadian Geared Australian Equity	3.58% <sup>#</sup>	2.93% <sup>#</sup>	-0.65% <sup>#</sup>

<sup>#</sup>Fees are based on net asset value (NAV).

## Investment option objective, strategy and asset allocation changes

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

Investment option	New Objective	New Strategy	Asset Allocation change
<b>FirstChoice Lifestage 1960–64</b>	N	N	Y*
<b>FirstChoice Lifestage 1965–69</b>	N	N	Y*
<b>Select Investment menu</b>			
<b>Colonial First State Diversified Fixed Interest Select</b>	Y	Y	N
<b>FirstChoice Multi-Index Conservative Select</b>	N	Y	N

Investment option	New Objective	New Strategy	Asset Allocation change
<b>Aspect Diversified Futures Select</b>	N	Y	N
<b>AZ Sestante Growth Select</b>	N	Y	N
<b>FirstChoice Fixed Interest Select</b>	Y	N	N
<b>FirstChoice Multi-Index Balanced Select</b>	N	Y	N
<b>FirstChoice Multi-Index Diversified Select</b>	N	Y	N
<b>FirstChoice Multi-Index High Growth Select</b>	N	Y	N
<b>FirstChoice Multi-Index Moderate Select</b>	N	Y	N
<b>FirstChoice Multi-Index Growth Select</b>	N	Y	N
<b>Macquarie Income Opportunities Select</b>	Y	Y	N
<b>Platinum International Select</b>	N	Y	N
<b>Platinum Asia Select</b>	N	Y	N
<b>Realindex Emerging Markets Select</b>	N	Y	N
<b>Realindex Global Share Select</b>	N	Y	N
<b>Realindex Global Share – Hedged Select</b>	N	Y	N
<b>Additional Investment options for accounts opened pre 11 June 2013</b>			
<b>BT Active Balanced</b>	Y	Y	N
<b>BT Core Australian Share</b>	Y	Y	N
<b>Colonial First State Diversified Fixed Interest</b>	Y	Y	N
<b>Colonial First State Conservative</b>	N	Y	N
<b>Colonial First State Balanced</b>	N	Y	Y
<b>Colonial First State Diversified</b>	N	Y	Y
<b>Colonial First State Cash</b>	N	Y	N
<b>FirstChoice Multi-Index Conservative</b>	N	Y	N
<b>FirstChoice Multi-Index Balanced</b>	N	Y	N
<b>FirstChoice Multi-Index Diversified</b>	N	Y	N
<b>FirstChoice Fixed Interest</b>	Y	N	N
<b>Platinum International</b>	N	Y	N
<b>Platinum Asia</b>	N	Y	N

\*The option's asset allocations change was effective from 1 April 2018. To find out more about the updated investment information, please refer to the new PDS by visiting [colonialfirststate.com.au/Forms & Tools](http://colonialfirststate.com.au/Forms%20&%20Tools) tab.

## Buy/sell spread cost changes

### What is a buy/sell spread cost?

Transaction costs are involved when a member buys or sells a unit in an investment option. These include charges such as brokerage and stamp duty. To cover these costs there is usually a small difference between the purchase price and selling price of the units which is called a buy/sell spread (previously this was often referred to as a transaction cost).

This table outlines the changes made to the buy/sell costs.

Investment option	Current spread per transaction	New spread per transaction	Difference
Select Investment Menu			
T. Rowe Price Global Equity Select	0.20%	0.15%	-0.05%
Additional Investment options for accounts opened pre 11 June 2013			
Colonial First State Global Credit Income	0.25%	0.15%	-0.10%
T. Rowe Price Global Equity	0.20%	0.15%	-0.05%

## Insurance changes

This section sets out the insurance changes that apply to insured members. These changes apply to new insured events that happen on or after 14 May 2018.

Change	Description
<b>Total and Permanent Disablement (TPD) definition</b>	<p>For new events on or after 14 May 2018, the TPD definitions applicable during claims assessment will no longer be based on a member's employment status (for example, permanent or casual). Rather, they will be based on whether they have been in 'Regular Remunerative Employment'. Prior to this change, casual employees had a more restrictive TPD definition.</p> <p>'Regular Remunerative Employment' means, in the six months prior to the date of disablement a member worked on average at least 15 hours per week over a three month period in any employment, business, profession or occupation, for reward or hope of reward.</p> <p>If a member is on employer approved leave (including leave without pay) for reasons other than illness or injury, they will be considered to be in regular remunerative employment for a maximum period of 24 months from the day on which an employer approved leave commenced.</p>
<b>Terminal illness benefit</b>	<p>For new events on or after 14 May 2018, the terminal illness benefit will be payable if, among other things, a member has less than 24 months to live. Previously, it was 12 months. This change may allow a member to access your terminal illness benefit earlier.</p>
<b>Limited Cover</b>	<p>In some cases, insured members have limited cover. This means that they are not covered for pre-existing conditions. A member will have limited cover if their initial superannuation contribution was received more than 120 days from the later of their employment start date or the employer's plan start date.</p> <p>If this is the case, from 14 May 2018 a members limited cover will end and full cover (ie cover without a pre-existing conditions exclusion) will automatically start once both of the following conditions are satisfied (as long as you do not have limited cover for other reasons):</p> <ul style="list-style-type: none"><li>• their cover has been in place for 24 months; and</li><li>• after that 24 month period they have been 'at work' (as defined in the policy) for two consecutive months.</li></ul>

## PDS disclosure update

Change	Description
<b>Regulatory Reform Fee</b>	<p>Over recent years, we've been investing in our systems and processes to support sound regulatory reform designed to build a stronger super and pension system for all Australians.</p> <p>Super and pension funds have invested significantly in updating their systems and processes to support this reform. We're partially recovering some of these costs through a Regulatory Reform Fee. We will continue to carefully evaluate our Regulatory Reform implementation costs each year.</p> <p>This fee of up to 0.20% capped at a maximum of \$40, is expected to be charged to eligible accounts in April each year. It will not apply to accounts with balances of less than \$5,000 as at 31 December each year. Once the fee is charged, it will appear in your statement.</p> <p>For more information on how the Regulatory Reform Fee will be disclosed, please read the latest Product Disclosure Statement on our website at <a href="http://colonialfirststate.com.au">colonialfirststate.com.au</a>.</p>
<b>First Home Saver Scheme</b>	<ul style="list-style-type: none"> <li>• From 1 July 2017 members can contribute up to \$15,000 pa (\$30,000 in total) in pre or post tax voluntary contributions to save for their first home.</li> <li>• From 1 July 2018, members can apply to the ATO to withdraw the contributed amounts* plus deemed earnings to purchase their first home.</li> </ul> <p>* Conditions apply, please refer to the new PDS</p>
<b>Downsizer contributions</b>	<p>Members aged 65 or over that sell their principal home*, can make a downsizer contribution of up to \$300,000 into super.</p> <p>* Conditions apply, please refer to the new PDS</p>
<b>New dispute resolution framework</b>	<p>The government has passed a Bill to implement a new dispute resolution framework for financial services, which will include transitioning complaints handling for superannuation from the Financial Ombudsman to the new Australian Financial Complaints Authority (AFCA) scheme.</p> <p>It is intended that the AFCA scheme will be operational by 1 November 2018 and receipt of complaints will commence from this date.</p>
<b>Employees account status after a Rollover</b>	<p>If your employees rollover their entire account balance, any insurance cover on their account will be cancelled. Whilst they are an employee, their account will remain open until one of the following occurs:</p> <ul style="list-style-type: none"> <li>• you notify us that they are no longer an employee</li> <li>• we close their account after a period of not receiving contributions from you, or</li> <li>• you contact us to request that we close their account.</li> </ul>



Colonial First State Investments Limited ABN 98 002 348 352, AFS Licence 232468 (Colonial First State) is the issuer of interests in 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. 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) carefully and assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment decision. PDSs can be obtained from [colonialfirststate.com.au](http://colonialfirststate.com.au) or by calling us on 1300 654 666. 25002/FS6887/0518