

Key changes flyer

Changes to the Product Disclosure Statement
as at 18 November 2023

New Product Disclosure Statement:
Issue no: [2023/2], dated 18 November 2023

Old Product Disclosure Statement:
Issue no: 2023/1, dated 22 May 2023

This flyer outlines the changes we have made to the Product Disclosure Statement (PDS) dated 22 May 2023 for FirstChoice Investments.

We suggest you read this flyer to assess whether this information affects your investment decisions and speak to your financial adviser before making any investment decisions.

The changes in this flyer are included in the new PDS dated 18 November 2023 (new PDS). You can obtain a copy of the most up-to-date PDS on our website by visiting cfs.com.au and choosing Product disclosure statements located under 'Tools & Resources' on the menu, or by calling us on 13 13 36.

FirstChoice investment options have been renamed

Our FirstChoice investment options have been renamed to create a simpler and cleaner suite of investment options that are easier to understand and navigate.

What's changed?

- 'Colonial First State' has changed to 'CFS'
 - E.g. 'Colonial First State Index Balanced' has been renamed to 'CFS Index Balanced'
- 'FirstChoice' has changed to 'CFS'
 - E.g. 'FirstChoice Defensive' has been renamed 'CFS Defensive'

View a full list of investment option name changes at cfs.com.au/firstchoiceoptions.

Annual Statements

We've moved from half-yearly to annual statements to simplify the information you receive from us. You'll now be able to see all of your account activity and performance at once, instead of having to refer to two statements at two different points in time. See your account information and how your investments are performing in real time by logging into our online portal or app.

Investment option changes

Investment option objective, strategy, asset allocation and benchmark changes

We've made some minor changes to the objective, strategy wording, asset allocation ranges or benchmarks for a number of investment options. The changes are indicated in the table below.

Investment option name	New Objective	New Strategy	New Asset Allocation	New Benchmark
AB Managed Volatility Equities	•			
Acadian Geared Sustainable Global Equity		•		
Acadian Sustainable Global Equity		•		
Ausbil Active Sustainable Equity		•		
CFS Global Small Companies	•			•
First Sentier Balanced			•	
First Sentier Diversified			•	
First Sentier Equity Income		•		
First Sentier Global Property Securities		•		
Janus Henderson Global Natural Resources		•		
MFS Global Equity		•		
Pendal Australian Share		•		
Pendal Property Investment		•		
Pendal Sustainable Australian Share		•		
Pendal Sustainable Balanced		•		
Stewart Investors Worldwide Leaders Sustainability	•	•		
WaveStone Australian Share		•		

To find out more about the updated investment information, please refer to the current PDS by visiting cfs.com.au and choosing Product disclosure statements located under 'Tools & Resources' on the menu.

Manager replacements

We have made some manager changes. You can compare the new investment option with the investment option that was replaced in the table below.

Replaced option: Tyndall Australian Share Income	New option: DNR Capital Australian Equity Income
Previous objective	New objective
The option aims to provide a tax effective income stream that exceeds the dividend yield of the S&P/ASX 200 Accumulation Index (grossed up for franking credits) by 2% p.a. over rolling five-year periods, before fees, expenses and tax, plus the potential for capital growth over the long term.	The option aims to outperform the S&P/ASX200 Industrials Index (before fees and taxes) and deliver higher levels of income relative to the Index over a rolling three-year period by investing in a portfolio of Australian equities.

Replaced option: Tyndall Australian Share Income	New option: DNR Capital Australian Equity Income
Previous strategy	New strategy
<p>The option invests in a diversified portfolio comprising 30-70 Australian shares that aim to grow their dividends and deliver capital growth. The option has a strong emphasis on tax effectiveness, focusing on franked income, off-market share buy backs and minimising share turnover to keep net realised gains low. As an intrinsic value manager, the portfolio managers select stocks that represent good value with a focus on income generating assets. The option is managed primarily on the basis of expected grossed up dividend yields. Where stocks offer additional potential for capital gains (as measured by the stock's Internal Rate of Return) as well as dividend yield, these may also be selected.</p>	<p>DNR Capital believes a focus on quality will enhance returns when combined with a thorough valuation overlay. The portfolio seeks to identify quality investments, delivering sustainable, growing income through securities that have high and sustainable dividend capability, strong profit-to-cash conversion, and relatively assured earnings growth. Portfolio construction considers stock weightings based on the risk versus expected return. It is also influenced by a top-down economic appraisal, sector exposures and liquidity considerations.</p> <p>DNR Capital believes a focus on quality will enhance returns when combined with a thorough valuation overlay. DNR Capital seeks to identify good quality businesses that are mispriced by overlaying DNR Capital's quality filter, referred to as the 'quality web', with a strong valuation discipline. DNR Capital's security selection process has a strong bottom-up discipline and focuses on buying quality businesses at reasonable prices. The portfolio construction process is influenced by a top-down economic appraisal and also considers the risk characteristics of the portfolio such as security and sector correlations. The investment strategy is intended to result in a portfolio that is high conviction and invests for the medium term.</p>

Replaced option: Tyndall Australian Share Income			New option: DNR Capital Australian Equity Income		
Previous benchmark			New benchmark		
S&P/ASX 200 Accumulation Index			S&P/ASX 200 - Industrials Accumulation Index		
Previous asset allocation			New asset allocation		
Assets	Range	Benchmark	Assets	Range	Benchmark
Australian shares	70-100%	97%	Australian shares	80-100%	100%
Cash	0-10%	0%	Cash	0-20%	0%
Global shares	0-10%	3%			
Investment category: Australian share			Investment category: Australian share		
Minimum suggested timeframe: 7 years			Minimum suggested timeframe: 7 years		
Standard risk measure: 7			Standard risk measure: 7		

<p>Replaced option: Maple-Brown Abbott Australian Share</p>	<p>New option: Airlie Australian Share</p>
<p>Previous objective</p>	<p>New objective</p>
<p>To outperform the S&P/ASX 200 Accumulation Index before fees and taxes over rolling four-year periods.</p>	<p>The option aims to outperform the S&P/ASX 200 Accumulation Index before fees and taxes over rolling four-year periods and provide long-term capital growth and regular income through investment in Australian equities.</p>
<p>Previous strategy</p>	<p>New strategy</p>
<p>Maple-Brown Abbott aims to invest in a wide range of Australian shares. As a bottom-up stock picker, Maple-Brown Abbott places a strong emphasis on fundamental company research. The investment team conducts in-depth analysis and prepares estimates on companies. This research identifies stocks that are currently trading at an attractive discount on their true underlying value. The option is made up of those stocks in which the investment team has the highest conviction. The allocation to cash can play an important part in managing the volatility of investment returns.</p>	<p>The option offers investors the opportunity to invest in a specialised and focused Australian equities strategy. Airlie's broad investment philosophy is to build portfolios using a bottom-up investment approach with a belief that active management can produce significant wealth accumulation relative to passive management. Airlie assesses companies in the investment universe on four key criteria: financial strength, quality of the management team, quality of the business and valuation. The option's portfolio will generally comprise 15 to 35 securities.</p>
<p>Previous benchmark</p>	<p>New benchmark</p>
<p>S&P/ASX 200 Accumulation Index</p>	<p>S&P/ASX 200 Accumulation Index</p>

Replaced option: Maple-Brown Abbott Australian Share			New option: Airlie Australian Share		
Previous asset allocation			New asset allocation		
Assets	Range	Benchmark	Assets	Range	Benchmark
Australian shares	85-100%	100%	Australian shares	90-100%	N/A
Cash	0-15%	0%	Cash and cash equivalents	0-10%	N/A
Investment category: Australian share			Investment category: Australian share		
Minimum suggested timeframe: 7 years			Minimum suggested timeframe: 7 years		
Standard risk measure: 7			Standard risk measure: 7		

The change in manager will also decrease the fees on the option, refer to the Fees decreases section for further information.

Replaced option: Pandal Concentrated Global Share	New option: Barrow Hanley Concentrated Global Share
Previous objective	New objective
The option aims to provide a return (before fees, costs and taxes) that exceeds the MSCI World ex-Australia Index in AUD over rolling five-year periods.	The option aims to provide a return (before fees, costs and taxes) that exceeds the MSCI World ex-Australia Index in AUD over rolling five-year periods.

Replaced option: Pental Concentrated Global Share	New option: Barrow Hanley Concentrated Global Share
Previous strategy	New strategy
<p>The option is designed for investors who want the potential for long term capital growth from a concentrated portfolio of global shares, diversified across a broad range of global sharemarkets and are prepared to accept higher variability of returns. The option invests in global companies that offer attractive investment opportunities predominantly in markets such as the USA, UK, Continental Europe, Asia and Japan. The option may also hold cash and use derivatives. Pental's investment process for global shares aims to add value through active stock selection and fundamental company research. Pental focuses on identifying a company's long-term value and potential risk reward opportunity and is benchmark agnostic. Pental's high conviction approach to the option's investments seeks to invest in companies that are out of favour, considered to be undervalued in the near term and offer long term capital growth. The option will typically hold between 35-55 stocks. The option has assets that are denominated in foreign currencies. This means that changes to the Australian dollar relative to foreign currencies may affect the value of the assets of the option. Generally, these currency exposures will not be hedged to the Australian dollar but Pental may do so from time to time. Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets. Derivatives may also be used to gain exposure to assets and markets.</p>	<p>The Investment Manager strives to achieve the above objectives by adopting a value-oriented, bottom-up investment process focused on in-depth fundamental research to identify companies that trade below their intrinsic value for reasons that they can identify, believe are temporary and have a clearly identified path to achieving fair value.</p> <p>The Investment Manager aims to select the most attractive securities to construct a concentrated, high active share portfolio that provides asymmetrical returns by participating in up markets while protecting in down markets. The portfolio will exhibit a clear value bias and seek characteristics such as 1) price / earnings ratios below the market, 2) price / book ratios below the market, 3) enterprise value / free cash flow ratios below the market and 4) dividend yields above the market.</p> <p>The option will primarily invest in companies incorporated in developed markets and may hold up to 20% of the portfolio in companies incorporated in emerging markets. The portfolio has no direct tobacco stock exposure. The option does not hedge currency risk.</p>

Replaced option: Pental Concentrated Global Share			New option: Barrow Hanley Concentrated Global Share		
Previous benchmark			New benchmark		
MSCI World ex-Australia Index			MSCI World ex-Australia Index		
Previous asset allocation			New asset allocation		
Assets	Range	Benchmark	Assets	Range	Benchmark
Global share	80-100%	100%	Australian shares	90-100%	100%
Cash	0-20%	0%	Cash	0-10%	0%
Investment category: Global share			Investment category: Global share		
Minimum suggested timeframe: 7 years			Minimum suggested timeframe: 7 years		
Standard risk measure: 7			Standard risk measure: 7		

The change in manager will also decrease the fees on the option, refer to the Fees decreases section for further information.

Terminated investment options

For those invested in these options, we will return their share of their investments in the option from the termination proceeds to their nominated bank account or by cheque from 27 November 2023. No buy/sell spread or any other fees and costs will be paid on the proceeds from the termination.

Investment option name	Termination date
Alphinity Sustainable Share	26 October 2023
FirstChoice Alternatives	26 October 2023
Magellan Global Share - Hedged	26 October 2023
Pental Global Emerging Market Opportunities	26 October 2023
Stewart Investors Global Emerging Markets Leaders Sustainability	26 October 2023

Investment option name changes

Investment option name	Change to:
First Sentier Geared Share	CFS Geared Share

To find out more about the updated investment information, please refer to the current PDS available at cfs.com.au

CFS Multi-Manager Single Sector manager change

We've changed the investment manager allocation for an investment option, effective from the date shown in the table below.

CFS Emerging Markets (effective 18 November 2023)			
Previous manager allocations		New manager allocations	
Allspring	30%	Allspring	20%
Fisher	25%	Fisher	20%
Franklin Templeton	25%	Arcadian	60%
Origin	20%		

Fee decreases

The fees and costs for the below options have decreased:

Investment option	Current total management fees and costs and performance fees (p.a.)	New total management fees and costs and performance fees (p.a.) ¹
FirstChoice Investments		
Airlie Australian Share	1.24%	1.05%
Schroder Real Return	1.27%	1.17%

Magellan Global Share and Magellan Global Share – Hedged Fee reductions

From 1 July 2023 we have reduced the management costs on Magellan Global Share and Global Share - Hedged investment options by 0.13% and the removed the performance fee.

The table below details reflect the updated fees and costs in the PDS issued on 18 November 2023. **Note:** there is no change in administration fees and costs (p.a.). Magellan Global Share - Hedged was terminated on the 26th October 2023

Investment option	Total of management fees and costs (p.a.)
Magellan Global Share	1.47%

For more information, visit cfs.com.au and choose 'Product updates' under 'Tools & Resources' on the menu, or call us on 13 13 36.

¹ Change in fee effective from 1 November 2023.

Total cost of product increases

Outlined below are the investment options where the total cost of product has increased by 0.10% or are 10% higher than previously disclosed:

Investment options	Previous total cost of product (p.a.) ²	New total cost of product (p.a.) ²	Difference
Aspect Diversified Futures ³	3.61%	5.04%	1.43%
CFS Index Global Share – Hedged	0.36%	0.42%	0.06%
CFS Geared Australian Share	2.22%	2.40%	0.18%
CFS Geared Global Share	1.90%	2.11%	0.21%
DNR Capital Australian Equity Income	1.04%	1.15%	0.11%
Macquarie Income Opportunities	0.81%	0.91%	0.10%
OC Premium Small Companies ³	1.91%	2.20%	0.29%
PM Capital Global Companies ³	2.37%	2.82%	0.45%

2 The total cost of product equals the total of management fees and costs and performance fees plus net transactions costs. Refer to the PDS for further information.

3 This investment option has a performance fee.

Buy/sell spread cost changes

Transactions costs are incurred when you buy or sell units 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. The below table outlines changes that have been made to the buy/sell spreads.

Investment option	Current spread per transaction	New spread per transaction	Difference
Acadian Australian Equity	0.10%	0.05%	-0.05%
Acadian Geared Australian Equity	0.10% - 0.30%	0.05%-0.20%	-0.05%
Ausbil Active Sustainable Equity	0.20%	0.10%	-0.10%
First Sentier Imputation	0.20%	0.15%	-0.05%
Ironbark Royal London Concentrated Global Share	0.20%	0.10%	-0.10%
Pendal Sustainable Balanced	0.15%	0.20%	0.05%
Schroder Australian Equity	0.10%	0.15%	0.05%

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