

# Wholesale Fixed Interest, Credit and Cash Solutions Product Disclosure Statement

This Product Disclosure Statement is only for use by investors investing through a master trust, IDPS or wrap account.

Issued 30 November 2020

Issued by Colonial First State Investments Limited  
ABN 98 002 348 352  
AFS Licence 232468

## CONTENTS

About the funds	1
Risks of investing	2
Investment information	6
Fees and other costs	8
Additional information	13

### The name and contact details of the Responsible Entity are:

Colonial First State Investments Limited  
Darling Park, Tower 1  
201 Sussex St  
Sydney NSW 2000  
Telephone 13 13 36  
Email [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au)

This is a Product Disclosure Statement (PDS) for the First Sentier Wholesale Fixed Interest, Credit and Cash Solutions. Refer to page 17 for full registered fund names.

This Product Disclosure Statement (PDS) is made up of this document and the Reference Guide – Complex Funds which contains all statements and information incorporated by reference. The Reference Guide – Complex Funds is available at [colonialfirststate.com.au/complex](http://colonialfirststate.com.au/complex) or by calling 13 13 36. A reference to 'the PDS' includes a reference to both this document and the Reference Guide. You should assess whether the product is appropriate for you before making a decision to invest in the product. You can obtain a copy of that information, free of charge, by calling us on 13 13 36, or visiting [colonialfirststate.com.au](http://colonialfirststate.com.au).

If any part of the PDS (such as a term or condition) is invalid or unenforceable under the law, it is excluded so that it does not in any way affect the validity or enforceability of the remaining parts.

Investments in First Sentier Wholesale Fixed Interest, Credit and Cash Solutions, (referred to collectively in this PDS as 'the funds'), listed on page 17 are offered by Colonial First State Investments Limited ABN 98 002 348 352 AFS Licence 232468.

Colonial First State Investments Limited or its licenced related entities to which it has delegated investment management or administration functions in relation to this product are referred to in this PDS as 'Colonial First State', 'the Responsible Entity', 'we', 'our' or 'us'. Colonial First State Investments Limited is the Responsible Entity of the funds identified in this PDS and a subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 AFS Licence 234945 ('the Bank'). On 13 May 2020, the Bank entered into an agreement to sell a 55% interest in a company holding 100% of the shares in Colonial First State to an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, KKR). Subject to regulatory approvals, the sale is expected to be completed in mid-calendar year 2021 (Completion). From Completion, Colonial First State, the issuer of this PDS, will no longer be a subsidiary of the Bank or a related body corporate of the Bank or its subsidiaries and any references in this PDS to the relationship between Colonial First State (on the one hand) and the Bank and its subsidiaries (on the other hand) is modified by this disclosure. Following Completion the Bank will retain an indirect 45% interest in Colonial First State.

**The Bank and its subsidiaries do not guarantee the performance of the funds or the repayment of capital by the funds. Investments in the funds are not deposits or other liabilities of the Bank or its subsidiaries, and investment-type products are subject to investment risk, including loss of income and capital invested.**

The issue of the PDS is authorised solely by Colonial First State. Apart from Colonial First State, neither the Bank nor any of its subsidiaries are responsible for any statement or information contained within the PDS.

The Responsible Entity may change any of the terms and conditions contained or referred to in the PDS, subject to compliance with the Constitution and laws and, where a change is material, the Responsible Entity will notify you in writing within the timeframes provided for in the relevant legislation.

Information contained in this PDS which is not materially adverse information that is subject to change from time to time, may be updated via our website and can be found at any time by visiting [colonialfirststate.com.au](http://colonialfirststate.com.au). A paper or electronic copy of any updated information is available free of charge on request by contacting us on 13 13 36.

## What is an IDPS?

The term IDPS stands for 'investor directed portfolio service'.

An IDPS is a generic term for an investment and reporting service operated by a master trust or wrap account operator. People who invest through an IDPS are indirect investors.

## What happens when I invest through a master trust, IDPS or wrap account?

When you invest via a master trust, IDPS or wrap account you are investing indirectly in this fund and as such you do not become a unitholder in the fund. It is the master trust, IDPS or wrap account operator (IDPS operator) that is the unitholder and the term 'unitholder' as used in this PDS refers to those entities. You will not receive reports or other documentation from Colonial First State in respect of this fund. Instead, these will be provided to you by your IDPS operator, who is the unitholder. Issues relating to your investment in this fund should be directed through your IDPS operator.

You should note that unless a fund is suspended, restricted or unavailable you may withdraw from a fund in accordance with our normal processes.

The investment managers of the funds available have given, and not withdrawn, their consent to be referenced in this PDS in the form and context in which they are included. The investment managers are acting as investment managers only for the relevant funds. They are not issuing, selling, guaranteeing, underwriting or performing any other function in relation to the funds.

If you are printing an electronic copy of this PDS, you must print all pages. If you make this PDS available to another person, you must give them the entire electronic file or printout. A paper or electronic copy of this PDS (and any supplementary documents) can also be obtained free of charge on request by calling Investor Services on 13 13 36 or by contacting your financial adviser. If you are investing via an IDPS operator you should direct any issues relating to your investment in the funds to your IDPS operator.

Colonial First State reserves the right to outsource any or all of its investment management functions, including to related parties, without notice to investors. Colonial First State may add, close or terminate a fund, or add, change or remove an investment manager of a fund or amend an investment allocation. Any change would be considered in light of the potential negative or positive impact on investors. We will notify existing investors in affected funds of any material change as soon as practicable.

The offer made in this PDS is available only to persons who are receiving the PDS within Australia and accepting the offer within Australia. It does not constitute an offer in any other country or jurisdiction including the European Union. The offer may, at the discretion of Colonial First State, be made in New Zealand at a later date during the term of this PDS. If Colonial First State elects to make the offer in New Zealand, it will be available only to persons who have received the relevant offer document in New Zealand and have completed the application form attached to that relevant offer document to make their initial investment. The offer will only be made in accordance with the terms of the trans-Tasman mutual recognition scheme which allows Colonial First State to make the offer in New Zealand.

Taxation considerations are general and based on present taxation laws, rulings and their interpretation as at 30 November 2020 and may be subject to change. You should seek professional tax advice on your situation before making any decision based on this information.

Colonial First State is also not a registered tax (financial) adviser under the Tax Agent Services Act 2009, and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

The information provided in the PDS is general information only and does not take account of your individual objectives, financial or taxation situation or needs. You should consider obtaining financial advice relevant to your personal circumstances before investing.

Colonial First State can at any time remove an adviser or refuse to record or deal with an adviser nominated on your account.

All monetary amounts referred to in the PDS are, unless specifically identified to the contrary, references to Australian dollars.

FirstChoice and FirstNet are trademarks of Colonial First State Investments Limited.

# About the funds

When you invest in one of the First Sentier Wholesale Fixed Interest, Credit and Cash Solutions, your money is combined with other investors' money in a managed investment scheme. Each fund is a separate managed investment scheme.

## What is a managed fund?

A managed fund pools the money of many individual investors. This money is then professionally managed according to the investment objective of each fund. By investing in a managed fund and pooling your money with other investors, you can take advantage of investment opportunities that you may not be able to access as an individual investor.

When you invest in a managed fund, you are allocated a number of 'units' based on the entry unit price at the time you invest. Your units represent the value of your investment, which will change over time as the market value of the assets in the fund rises or falls.

## Who are the parties involved?

Colonial First State Investments Limited is the Responsible Entity for each of the funds identified in this PDS.

We have appointed First Sentier Investors (FSI) as the investment manager for each of the funds.

We have an investment management agreement in place with First Sentier Investors as part of our arrangement to outsource investment management of each of the funds. The agreement sets out how money should be invested. It may specify an appropriate benchmark, acceptable investments and investment ranges for investment management.

First Sentier Investors is subject to initial and ongoing reviews to ensure it can meet its obligations under the investment management agreement. First Sentier Investors is required to certify and report to us on certain obligations under the investment management agreement. We also monitor the performance of the investment manager.

## First Sentier Investors

First Sentier Investors (formerly Colonial First State Global Asset Management) is a global asset management group focused on providing high quality, long-term investment capabilities to clients. First Sentier Investors bring together independent teams of active, specialist investors who share a common commitment to responsible investment principles.

First Sentier Investors is a stand-alone asset management business and the home of investment teams Stewart Investors, FSSA Investment Managers and Realindex. All their investment teams – whether in-house or individually branded – operate with discrete investment autonomy, according to their investment philosophies.

Together, First Sentier Investors offer a comprehensive suite of active investment capabilities across global and regional equities, cash and fixed income, infrastructure and multi-asset solutions, all with a shared purpose to deliver sustainable investment success.

<sup>1</sup> As at 30 September 2020.

<sup>2</sup> This fund has been identified as a 'complex' fund. Accordingly, for this fund, we have provided further disclosure and reporting prescribed by ASIC. This information is provided in the Reference Guide – Complex Funds, available online at [colonialfirststate.com.au/complex](http://colonialfirststate.com.au/complex) or by calling 13 13 36.

First Sentier Investors have been managing money with this long-term outlook for more than 30 years. Today, across the First Sentier Investors group, they manage more than A\$215b of assets on behalf of institutional investors, pension funds, wholesale distributors and platforms, financial advisers and their clients<sup>1</sup>.

## What are the benefits of the funds?

Investing in one of the funds allows you to take advantage of a team of investment professionals helping to make the most of your money.

### Professional investment management

Our investment professionals are among the leaders in their field who follow a disciplined investment process using a combination of investment experience, expertise and sophisticated research.

### Award winning service

We are committed to delivering superior client service and administration which has been recognised through many industry awards.

## Where can I obtain the latest information about the funds?

It is important that you keep up-to-date with the latest information on the funds.

Information that is not materially adverse is updated from time to time. This includes information on the funds, its performance and historical unit prices. To obtain this information, you should contact your IDPS operator.

## Investment funds

Marketing names below, full registered names see page 17.

Investment funds	Marketing names
Cash	First Sentier Premium Cash Fund
	First Sentier Wholesale Strategic Cash Fund
Short duration fixed interest	First Sentier Wholesale Global Credit Income Fund
Alternative income	First Sentier Wholesale Target Return Income Fund <sup>2</sup>
Diversified fixed interest	First Sentier Wholesale Diversified Fixed Interest Fund
Australian fixed interest	First Sentier Wholesale Australian Bond Fund

# Risks of investing

## What is risk?

Understanding investment risk is the key to successfully developing your investment strategy. Before you consider your investment strategy, it is important to understand that:

- all investments are subject to risk
- there may be loss of principal, capital or earnings
- different strategies carry different levels of risk depending on the assets that make up the strategy, and
- assets with the highest long-term returns may also carry the highest level of short-term risk.

When considering your investment, it is important to understand that:

- the value of investment funds will go up and down
- returns are not guaranteed
- you may lose money
- previous returns don't predict future performance
- laws affecting investment may change
- your level of risk appetite will vary depending on your age, investment timeframe, where other parts of your money are invested and how comfortable you are with the possibility of losing some of your investment in some years.

Different investments perform differently over time.

Investments that have provided higher returns over the longer term have also tended to produce a wider range of returns. These investments are generally described as more risky, as there is a higher chance of losing money, but they can also give you a better chance of achieving your long-term objectives. Investments that have provided more stable returns are considered less risky, but they may not provide sufficient long-term returns for you to achieve your long-term goals. Selecting the investments that best match your investment needs and timeframe is crucial in managing this risk.

Your adviser can help you understand investment risk, including those applicable to complex options, and design an investment strategy that is right for you.

## General risks for all funds

The main risks which typically affect your investments are:

### Market risk

Investment returns are influenced by the performance of the market as a whole. This means that your investments can be affected by things like changes in interest rates, investor sentiment and global events, depending on which markets or asset classes you invest in and the timeframe you are considering.

### Security and investment-specific risk

Within each asset class and each fund, individual securities like mortgages, shares, fixed interest securities or hybrid securities can be affected by risks that are specific to that

investment or that security. For example, the value of a company's shares can be influenced by changes in company management, its business environment or profitability. These risks can also impact on the company's ability to repay its debt.

### Management risk

Each fund in the PDS has an investment manager to manage your investments on your behalf. There is a risk that the investment manager will not perform to expectation.

### Liquidity risk

Liquidity risk refers to the difficulty in selling an asset for cash quickly without an adverse impact on the price received. Assets such as shares in large listed companies are generally considered liquid, while 'real' assets such as direct property and infrastructure are generally considered illiquid. Under abnormal or difficult market conditions, some normally liquid assets may become illiquid, restricting our ability to sell them and to make withdrawal payments for investors without a potentially significant delay.

### Counterparty risk

This is the risk that a party to a transaction such as a swap, foreign currency forward or stock lending fails to meet its obligations such as delivering a borrowed security or settling obligations under a financial contract.

### Legal, regulatory and foreign investment risk

This is the risk that any change in taxation, corporate or other relevant laws, regulations or rules may adversely affect your investment.

In particular, for funds investing in assets outside Australia, your investment may also be adversely impacted by changes in broader economic, social or political factors, regulatory change and legal risks applicable to where the investment is made or regulated, including differing insolvency regimes.

### Environmental, social and governance (ESG) and climate risk

The value of individual securities may be influenced by environmental, social and governance factors. These factors include the potential impact that climate change and global warming may have on the valuation of a security. For example, a company's revenue may be reduced due to weather events and this may then reduce the value of the company's shares.

### Distribution risk

In some circumstances, the frequency or rate of distribution payments may vary or you may not receive a distribution. This is more likely to occur when a fund employs extensive currency hedging or uses derivatives.

## Fund-specific risks

Typical fund-specific risks are described below.

### Currency risk

Investments in global markets or securities which are denominated in foreign currencies give rise to foreign currency exposure. This means that the value of these investments will vary depending on changes in the exchange rate. Funds which have significant currency risks adopt different currency management strategies. These strategies may include currency hedging, which involves reducing or aiming to remove the impact of currency movements on the value of the investment.

Information on the currency management strategy for each fund with a significant currency risk is set out in that fund's description on pages 6 to 7.

Because different funds have different currency management strategies, you should consult your financial adviser on the best approach for you.

Additional important information about currency risk is provided on page 14.

### Derivatives risk

Derivatives are contracts between two parties that usually derive their value from the price of a physical asset or market index. They can be used to manage certain risks in investment portfolios or as part of an investment strategy. However, they can also increase other risks in a portfolio or expose a portfolio to additional risks. Risks include: the possibility that the derivative position is difficult or costly to reverse; that there is an adverse movement in the asset or index underlying the derivative; or that the parties do not perform their obligations under the contract.

In general, investment managers may use derivatives to:

- protect against changes in the market value of existing investments
- achieve a desired investment position without buying or selling the underlying asset
- leverage a portfolio
- manage actual or anticipated interest rate and credit risk
- alter the risk profile of the portfolio or the various investment positions
- manage currency risk.

Derivatives may be used in a fund to provide leverage and may result in the effective exposure to a particular asset, asset class or combination of asset classes exceeding the value of the portfolio. The effect of using derivatives to provide leverage may not only result in capital losses but also an increase in the volatility and magnitude of the returns (both positive and negative) for the fund.

As financial instruments, derivatives are valued regularly, and movements in the value of the underlying asset or index should be reflected in the value of the derivative. The funds in the PDS may use derivatives, such as futures, options, forward currency contracts and swaps, and are outlined in the strategy of each fund.

### Credit risk

Credit risk refers to the risk that a party to a credit transaction fails to meet its obligations, such as defaulting under a mortgage, a mortgage-backed security, a hybrid security, a fixed interest security or a derivative contract. This creates an

exposure to underlying borrowers and the financial condition of issuers of these securities.

### Emerging markets risk

Investing in emerging markets may involve a higher risk than investing in more developed markets. Emerging market securities may present market, credit, currency, liquidity, legal, political and other risks different from, and potentially greater than, the risks of investing in developed market countries.

For example, companies in emerging markets may not be subject to:

- accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets
- the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions. There are also risks that, while existing in all countries, may be higher in emerging markets due to the legal, political, business and social frameworks being less developed than those in more established market economies.

Examples of higher risks include:

- political or social instability (including recession or war)
- institutional manipulation of currency or capital flows
- deflation, inflation, or loss in value of currency, and
- greater sensitivity to interest rates and commodity prices.

As a result, investment returns from emerging market securities are usually more volatile than those from developed markets.

This means that there may be large movements in the unit prices of investment options that invest in emerging market securities over short or long periods of time.

You should consider whether an investment option that invests in emerging market securities is suitable for your portfolio.

## Are there any other risks you should be aware of?

When investing, there is the possibility that your investment goals will not be met. This can happen because of the risks discussed previously. It can also happen if your chosen investment strategy is not aligned to your objectives and timeframes.

## How should you determine your investment timeframe?

Investment professionals will have differing views about the minimum investment timeframe you should hold various investments, and your own personal circumstances will also affect your decision. We have suggested a minimum investment timeframe, however, you should regularly review your investment decision because your investment needs to market conditions may change over time. Our minimum suggested timeframe should not be considered personal advice.

## Understanding the main asset classes



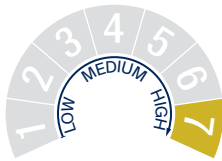
**Cash** generally refers to investments in bank bills, money market and similar securities which have a short investment timeframe. Cash investments generally provide a stable return, with low potential for capital loss.



**Fixed interest securities** such as bonds, generally operate in the same way as loans. You pay cash for the bond and in return you receive a regular interest payment from the bond issuer for an agreed period of time. The value

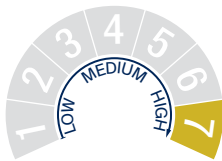
of the bond can fluctuate based on interest rate movements. When the bond matures, the loan is repaid in cash.

Historically, bonds have provided a more consistent but lower return than shares.



**Property<sup>1</sup>** generally involves buying a property directly or investing in property securities. Property securities do not involve buying a property directly. Instead, they can provide an indirect exposure to property and

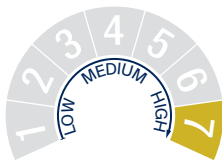
generally represent a part ownership of a company or an entitlement to the assets of a trust. The company or trust may hold, manage or develop property in sectors such as office, industrial and retail. Property securities are generally listed on a stock exchange and are bought and sold like shares.



**Infrastructure<sup>2</sup>** refers to the physical assets required for a business or country to operate, including transportation, communication and utilities (eg water, sewage and electricity). It may also include 'social

infrastructure' such as prisons, hospitals and public housing.

Infrastructure investments typically have: high upfront capital requirements, low ongoing operating costs and relatively predictable cash flows and operational risks. Infrastructure securities are securities listed on a stock exchange that predominantly own infrastructure assets.



**Shares** represent a part ownership of a company and are generally bought and sold on a stock exchange. Shares are generally considered to be more risky than the other asset classes because their value tends to fluctuate more than

that of other asset classes. However, over the longer term they have tended to outperform the other asset classes.

## Standard risk measure

We have adopted the Standard Risk Measure (SRM), which is based on industry guidance, to allow investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20-year period (as outlined in the following table). The SRM for each fund is also a measure of the risk objective of the fund. It is a measure of the expected variability of the return of the fund.

The SRM is not a complete assessment of all forms of investment risk; for instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Investors should still ensure that they are comfortable with the risks and potential losses associated with their chosen investment fund(s). The SRM should not be considered personal advice. Investors should regularly review their investment decision with their financial adviser.

## Risk measure categories

Below is a table that outlines our labelling of risk measures and categories.

Risk band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very High	6 or greater

<sup>1</sup> If a fund invests in property or property securities it is detailed in the strategy or allocation of the fund.

<sup>2</sup> If a fund invests in infrastructure or infrastructure securities it is detailed in the strategy or allocation of the fund.

## A guide to your investment risk profile

The main risks which can typically affect your investment in a fund are outlined on pages 2 to 3. In addition to the general risks (ie market risk, security and investment-specific risk, management risk, liquidity risk, counterparty risk, legal, regulatory and foreign investment risk, environmental, social and governance (ESG) and climate risk and distribution risk) further fund-specific risks are described. The table below identifies funds that typically have exposure to these fund-specific risks. Please note that the table is not exhaustive and is a reference guide only. The relative importance of a risk to a particular fund and whether or not a fund-specific risk is applicable may differ from the table below and change from time to time. Funds can have exposure to a fund-specific risk at or after the date of this issue, and this may not be reflected in the table. Further details on fund-specific risks are contained on pages 3 and 14.

Fund name	Currency risk	Derivatives risk	Credit risk	Emerging markets risk
First Sentier Premium Cash Fund		•	•	
First Sentier Wholesale Strategic Cash Fund		•	•	
First Sentier Wholesale Global Credit Income Fund	•	•	•	
First Sentier Wholesale Target Return Income Fund <sup>1</sup>	•	•	•	
First Sentier Wholesale Diversified Fixed Interest Fund	•	•	•	•
First Sentier Wholesale Australian Bond Fund	•	•	•	

## Additional disclosure required for hedge funds and other complex funds

Hedge funds and funds with certain hedge fund characteristics can pose more complex risks for investors than traditional managed investment schemes. This can arise due to their diverse investment strategies, in many cases involving the use of leverage and complex and offshore structures.

The Australian Securities and Investments Commission (ASIC) has identified some characteristics that distinguish hedge funds from other managed investment schemes in its Regulatory Guide 240, such as the use of leverage, derivatives and short selling, charging performance fees, or funds that have complex investment strategies or structures.

Where a fund exhibits two or more of the characteristics defined, ASIC now requires responsible entities to provide additional reporting and disclosure.

We will provide this additional reporting and disclosure for the First Sentier Wholesale Target Return Income Fund.

For the fund, we will report against the following benchmarks as required by ASIC:

- valuation of assets: information about whether assets which are not exchange-traded are valued by an independent administrator or an independent valuation service provider, and
- periodic reporting.

Where we can't provide all the components of the periodic reporting benchmark, we will explain why we can't and the types of information which will be provided instead so that you can monitor the investment performance of your investment.

In addition, for the fund, we will provide the following information in the Reference Guide – Complex Funds, available online at [colonialfirststate.com.au/complex](http://colonialfirststate.com.au/complex). This information will be updated from time to time, in accordance with our legal obligations.

## Disclosure principles


Benchmark	Description
<b>Investment strategy</b>	Details of the fund's investment strategy, including the type of strategy, how it works and how risks are managed.
<b>Investment manager</b>	Information about the people responsible for managing the fund's investments.
<b>Fund structure</b>	An explanation of the investment structures involved.
<b>Valuation, location and custody of assets</b>	Disclosure of the types of assets held, where they are located, how they are valued and the custodial arrangements.
<b>Liquidity</b>	The fund's ability to realise its assets in a timely manner and the risks of illiquid classes of assets.
<b>Leverage</b>	Outlines the maximum level of leverage (where applicable) of the fund.
<b>Derivatives</b>	The purpose and types of derivatives used by the appointed investment manager and the associated risks.
<b>Short selling</b>	How short selling (where applicable) may be used as part of the investment strategy and the associated risks and costs of short selling.
<b>Withdrawals</b>	Circumstances in which Colonial First State allows withdrawals. A full explanation of how your withdrawal will be processed can be found on page 13.


This disclosure principle information is available at [colonialfirststate.com.au/complex](http://colonialfirststate.com.au/complex)

<sup>1</sup> This fund has been identified as a 'complex' fund. Accordingly, for this fund, we have provided further disclosure and reporting prescribed by ASIC. This information is provided in the Reference Guide – Complex Funds, available online at [colonialfirststate.com.au/complex](http://colonialfirststate.com.au/complex) or by calling us on 13 13 36.

# Investment information

First Sentier Premium Cash Fund		CASH AND DEPOSITS
<p><b>Objective</b> To outperform (before tax and fees and assuming income as reinvested) the returns of Australian money markets over rolling two-year periods as measured by the Reserve Bank of Australia cash rate.</p>	<p><b>Strategy</b> The fund's strategy is to invest in high quality money market securities, with short maturities, to achieve a very stable income stream. The fund invests in assets that offer value-for-risk by taking into account economic analysis and market trends. Derivatives may be used for risk management.</p>	
<p><b>Minimum suggested timeframe</b> No minimum</p>	<p><b>Asset allocation</b></p> <p>0% ————— Range ————— 100%    Benchmark</p> <p>100%    100%    Cash and money market securities</p>	
<p><b>Risk</b></p> 		

First Sentier Wholesale Strategic Cash Fund		ENHANCED CASH
<p><b>Objective</b> To provide a regular income stream from investments in money market securities with a very low risk of capital loss. The fund aims to outperform the returns of Australian money markets over rolling three-year periods as measured by the Bloomberg AusBond Bank Bill Index before fees and taxes.</p>	<p><b>Strategy</b> The fund's strategy is to invest in high quality money market securities (including asset backed securities), with predominantly short maturities, to achieve a very stable income stream. The fund invests in assets that offer value-for-risk by taking into account economic analysis and market trends. Derivatives may be used for risk management.</p>	
<p><b>Minimum suggested timeframe</b> No minimum</p>	<p><b>Asset allocation</b></p> <p>0% ————— Range ————— 100%    Benchmark</p> <p>100%    100%    Cash and money market securities</p>	
<p><b>Risk</b></p> 		

First Sentier Wholesale Global Credit Income Fund		SHORT DURATION FIXED INTEREST
<p><b>Objective</b> To provide income-based returns and to outperform the Bloomberg AusBond Bank Bill Index over rolling three-year periods before fees and taxes by investing in a diversified portfolio of relatively higher yielding Australian and international fixed interest investments.</p>	<p><b>Strategy</b> The fund invests in a portfolio of predominantly global credit securities. The fund's strategy is to earn an income return from its investments, controlling risk through careful selection and monitoring, combined with broad diversification. The increased credit risk of credit securities means that these investments have the potential to deliver higher returns over the medium term compared to cash. Derivatives may be used for risk management or return enhancement. The fund aims to hedge currency exposure.</p>	
<p><b>Minimum suggested timeframe</b> At least 3 years</p>	<p><b>Asset allocation</b></p> <p>0% ————— Range ————— 100%    Benchmark</p> <p>100%    100%    Cash and fixed interest</p>	
<p><b>Risk</b></p> 		



## First Sentier Wholesale Target Return Income Fund

ALTERNATIVE INCOME

### Objective

To actively manage investor capital to target a total return of 2–2.5% pa above the Reserve Bank of Australia cash rate over three years (including franking) after fees and before taxes by investing across income producing assets including cash, bonds, capital notes and equity income strategies. The fund will aim to pay an annual income in the region of 5% out of its total return.

### Minimum suggested timeframe

At least 5 years

### Risk



### Strategy

The fund manages a broad opportunity set of income-producing investments, actively adjusting the investment mix to achieve the target return under all market conditions. The investment style is an active, research-driven decision making process that seeks to construct a portfolio of the best ideas across the capital structure incorporating interest rate, inflation, government, credit, capital note and equity income strategies. These diversified sources of income and return are managed in a risk-aware framework to achieve the investment objectives with a low degree of volatility and minimal risk of capital loss. The fund provides daily liquidity and is managed from the perspective of an Australian investor, thereby incorporating the benefits of franking credits. Derivatives may be used for risk management or return enhancement. The fund aims to hedge currency exposure.

### Asset allocation



A performance-related fee may apply of 10% of the net return (after management fees), grossed up for Australian imputation credits, above the Reserve Bank of Australia cash rate plus 0.5% (inclusive of the net effect of GST and any related GST credits). For more information on the performance-related fee, refer to page 10.

This fund has been identified as a 'complex' fund. Accordingly, for this fund, we have provided further disclosure and reporting prescribed by ASIC. This information is provided in the Reference Guide – Complex Funds, available online at [colonialfirststate.com.au/complex](http://colonialfirststate.com.au/complex) or by calling 13 13 36.

## First Sentier Wholesale Diversified Fixed Interest Fund

DIVERSIFIED FIXED INTEREST

### Objective

To outperform the Bloomberg AusBond Composite 0+Yr Index over rolling three-year periods before fees and taxes.

### Minimum suggested timeframe

At least 3 years

### Risk



### Strategy

The fund is an actively managed portfolio that aims to add value by managing interest rate, inflation, and sector exposures and the mix of Australian and foreign securities. The fund primarily invests in Australian and international fixed interest securities. Derivatives may be used for risk management or return enhancement. The fund aims to hedge currency exposure.

### Asset allocation



## First Sentier Wholesale Australian Bond Fund

AUSTRALIAN FIXED INTEREST

### Objective

To outperform the Bloomberg AusBond Composite 0+Yr Index over rolling three-year periods before fees and taxes.

### Minimum suggested timeframe

At least 3 years

### Risk



### Strategy

The fund is an actively managed portfolio that aims to add value by managing interest rate, inflation sector, and security exposures. The fund primarily invests in Australian fixed interest securities and may have up to 30% exposure to global fixed interest markets. Derivatives may be used for risk management or return enhancement. The fund aims to hedge currency exposure.

### Asset allocation



# Fees and other costs

## Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable.<sup>1</sup> Ask the fund or your financial adviser.

## To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

These fees do not include any fees that may be charged by the IDPS operator where an investment is made through an IDPS.

Taxes are set out in another part of this document.

You should read all the information about fees and other costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in and out of the fund</b>		
<b>Establishment Fee</b> The fee to open your investment	Nil	N/A
<b>Contribution Fee<sup>2</sup></b> The fee on each amount contributed to your investment	Nil	N/A
<b>Withdrawal Fee<sup>2</sup></b> The fee on each amount you take out of your investment	Nil	N/A
<b>Exit Fee<sup>2</sup></b> The fee to close your investment	Nil	N/A
<b>Management costs</b>		
The fees and costs for managing your investment The amount you pay for specific funds is shown in the table on page 9.	Funds with performance-related fees 0.59% pa (estimated) Other funds 0.40% to 0.62% pa (estimated)	The management cost is expressed as a percentage of the total average net assets of the fund, including estimated performance-related fees (if applicable). See page 10 for details of funds with performance-related fees. The management costs are reflected in the daily unit price and payable monthly or as incurred by the fund.
<b>Service fees</b>		
<b>Switching Fee<sup>2</sup></b> The fee for changing funds	Nil	N/A

All fees disclosed include the net effect of GST and any related GST credits.

<sup>1</sup> Please note: Although we are required by law to include this wording, the fees are not subject to negotiation.

<sup>2</sup> Even though contribution fees, switching fees, withdrawal fees and exit fees are not charged, buy/sell spreads may apply (refer to page 11 for further details).

## Additional explanation of fees and costs

### Fees and costs

Fund name	Estimated management costs (pa)	=	Management costs excluding performance-related fees	+	Estimated performance-related fee (pa)	Buy/sell spread (%)
<b>Cash</b>						
First Sentier Premium Cash Fund	0.40% <sup>2</sup>		0.40%			0.00
First Sentier Wholesale Strategic Cash Fund	0.41%		0.41%			0.00
<b>Short duration fixed interest</b>						
First Sentier Wholesale Global Credit Income Fund	0.62%		0.62%			0.15
<b>Alternative income</b>						
First Sentier Wholesale Target Return Income Fund	0.59% <sup>1</sup>		0.51%		0.08% <sup>1</sup>	0.15
<b>Diversified fixed interest</b>						
First Sentier Wholesale Diversified Fixed Interest Fund	0.56%		0.56%			0.20
<b>Australian fixed interest</b>						
First Sentier Wholesale Australian Bond Fund	0.47%		0.47%			0.10

These fees are inclusive of the net effect of GST and any related GST credits.

### Management costs

The terms 'management costs' and 'management fees' mean different things.

Management costs include management fees, estimated performance-related fees (if applicable), investment expenses and custody fees. Management costs are deducted from the performance of the fund (ie they are not charged directly to your account). These costs may be incurred directly by the fund or within an underlying investment vehicle. They do not include contribution fees, transaction costs or additional service fees. The management costs for each fund are either an estimate or based on current financial information. They are expressed as a percentage of each fund's net assets and, together with any applicable buy/sell spreads, are outlined in the table above.

Management fees are the fees payable under the Constitution for the management of each fund. Management fees are calculated from gross assets of the fund. For details of the maximum management fees allowed under the Constitution, refer to 'Increases and alterations to the fees' on page 12.

### Example of annual fees and costs for a balanced investment option or other investment option

This table gives an example of how fees and costs in the Wholesale Global Credit Income Fund for this managed investment product can affect your investment over a one-year period.

You should use this table to compare this product with other managed investment products.

#### EXAMPLE

Wholesale Global Credit Income Fund		Balance of \$50,000 with a contribution of \$5,000 during the year
Contribution fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
<b>Plus</b>		
Management costs	0.62% <sup>pa</sup>	And for every \$50,000 you have in the Wholesale Global Credit Income Fund you will be charged \$310 each year.
<b>Equals</b>		
Cost of Wholesale Global Credit Income Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: up to \$341 What it costs you will depend on the fund you choose and the fees you negotiate.

These fees are inclusive of the net effect of GST and any related GST credits.

Additional fees may apply:

**Establishment fee: \$0**

**And, if you leave the managed investment scheme early, you may also be charged exit fees of 0% of your total account balance.**

Please note that this is just an example. In practice, the actual investment balance of an investor will vary daily and the actual fees and expenses we charge are based on the applicable fees and costs and value of the fund, which also fluctuates daily.

Buy/sell spreads also apply.

Refer to the management costs and buy/sell spreads table above.

<sup>1</sup> Refer to page 10 for more details on the different types of performance-related fees, how they have been calculated and how they have been estimated in the assessment of fees and costs. The estimated performance-related fee is generally based on the performance of the fund over the 12 months to 30 June 2020 and the associated performance-related fee. As past performance is not a reliable indicator of future performance, the performance-related fee charged in future may differ.

<sup>2</sup> The management cost for this fund has been temporarily reduced to 0.025% (pa).

## Performance-related fees

Performance-related fees are payable from some investment funds if the investment returns of the fund, or a portion of the fund's investments, exceed specified targets.

Other performance-related fees apply to some funds where the fee is based on the performance of a portion of the fund's investments.

The table on page 9 shows which funds are subject to performance-related fees.

Performance-related fees increase the management costs for the relevant fund. Performance-related fees are reflected in the daily unit price and are paid monthly at the relevant rate (inclusive of the net effect of GST and any related GST credits).

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 fee is calculated at the rate of 10%<sup>1</sup> of the net return (after management fees), grossed up for Australian imputation credits above the Reserve Bank of Australia cash rate plus 0.5% (inclusive of the net effect of GST and any related GST credits). The return on the fund includes total income, inclusive of overseas withholding tax deducted at source and grossed up by the amounts of Australian franking credits. The fund's outperformance is the percentage return, less the management fee of 0.50%, above the Reserve Bank of Australia cash rate plus 0.5%.

Performance-related fees disclosed in this PDS are estimates only. The actual amounts paid may be greater or less than the amounts disclosed.

The following tables show how the performance-related fee is calculated for the First Sentier Wholesale Target Return Income Fund.

### Performance-related fee after management fees

Fund name	Benchmark	Base management fee (pa) <sup>2</sup>	Performance-related fee rate <sup>1</sup>
First Sentier Wholesale Target Return Income Fund <sup>3</sup>	Reserve Bank of Australia cash rate plus 0.5%	0.50%	10%

<sup>1</sup> This rate is inclusive of the net effect of GST and any related GST credits.

<sup>2</sup> This fee excludes the amounts included under 'Other operating expenses and abnormal costs'.

<sup>3</sup> The return of this fund can include total income, inclusive of overseas withholding tax deducted at source and grossed up by the amounts of Australian franking credits.

## Dollar fee example – performance-related fees (after management fees) for the First Sentier Wholesale Target Return Income Fund

Assumptions for this example: 2.00% return before management fees above the relevant benchmark, \$50,000 investment, performance-related fee rate of 10% and a management fee of 0.50% pa (excluding other operating expenses).

Management cost calculation		Amount
Management cost: (excluding performance-related fee)	0.51% pa	\$255
Plus Performance-related fee example: $10\% \times (2.00\% - 0.50\%)$	0.15% pa	\$75
Management cost (including performance-related fee)	0.66% pa	\$330 inclusive of the net effect of GST and any related GST credits

Please note that this is just an example. In practice, the actual performance-related fee will depend on the fund, the return of the fund and the investment balance.

Sometimes the calculation of the performance-related fee will result in a negative dollar amount (negative performance-related fee). This negative performance-related fee is offset against any entitlement to future performance-related fees. We do not have to reimburse the fund for negative performance. In extreme circumstances (eg if the net outflow from the fund is more than 10% in one month) the negative performance-related fee which is offset may be reduced pro rata with the percentage of net outflow.

However, if there is a change to the fund, such as a change of manager or investment strategy, the performance-related fee will be based on the rates prescribed in the tables above and will not take into account any negative performance-related fee for the previous period.

Colonial First State may keep some of the performance-related fee. For periods of high outperformance, the performance-related fee may be substantial. We recommend you discuss this with your financial adviser to understand the impact of the performance-related fee.

A maximum performance-related fee rate of 25% (inclusive of the net effect of GST and any related GST credits) is provided for under the fund's constitution.

## Transaction costs

Transaction costs are the costs of buying and selling assets directly or indirectly held by a fund, and may include brokerage (and other related Broker costs), government taxes/duties/levies, bank charges, custodian charges on transactions and the buy/sell spread of any underlying funds.

If the amount payable to acquire an investment exceeds the price that it would be disposed of at that time, the difference is also a transaction cost.

Transaction costs are an additional cost to you, but no part of a transaction cost (including the buy/sell spread) is paid to us or an investment manager. Transaction costs are usually paid for from the assets directly or indirectly held by a fund at the time of the transaction.

### Buy/sell spreads

For most funds, there is a difference between the unit price used to issue and redeem units and the value of the fund's assets. This difference is due to what is called the buy/sell spread. When you (or any person you have authorised) invest or withdraw all or part of your investment in these funds, 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 these transaction costs to the investor transacting rather than other investors in the fund.

A fund's buy/sell spread is set to reflect the estimated transaction costs the fund will incur as a result of investor transactions.

The buy/sell spread that applies to each fund is shown in the table on page 9.

**Please note:** The buy/sell spreads are not paid to us or the investment manager. They are paid to the fund and can be altered at any time and may be altered without prior notice to you.

**Example:** The buy/sell spread for the Wholesale Global Credit Income Fund is currently 0.15%. If you make a \$50,000 investment in or withdrawal from the Wholesale Global Credit Income Fund you will incur a buy/sell spread of \$75.

### Other transaction costs

Not all transaction costs are funded from the buy/sell spread. One reason for this is that a fund may buy or sell assets even though there have been no investor transactions. Additional transaction costs may be incurred either in the fund or in underlying funds and these will reduce the returns of the fund.

The 'estimated total transaction costs' for each fund, for the 12 months to 30 June 2020, 'estimated recovery amount' from the buy/sell spread and the 'estimated net transactional costs' which reduce the returns on the fund are set out in the following table:

#### TRANSACTION COSTS

Fund name	Estimated total transaction costs (pa)	=	Estimated recovery amount (pa)	+	Estimated net transactional costs (pa)	Estimated borrowing costs (pa)
<b>Cash</b>						
First Sentier Premium Cash Fund	0.00%		0.00%		0.00%	
First Sentier Wholesale Strategic Cash Fund	0.00%		0.00%		0.00%	
<b>Short duration fixed interest</b>						
First Sentier Wholesale Global Credit Income Fund	0.25%		0.04%		0.21%	0.01%
<b>Alternative income</b>						
First Sentier Wholesale Target Return Income Fund	0.30%		0.08%		0.22%	0.01%
<b>Diversified fixed interest</b>						
First Sentier Wholesale Diversified Fixed Interest Fund	0.16%		0.09%		0.07%	
<b>Australian fixed interest</b>						
First Sentier Wholesale Australian Bond Fund	0.12%		0.02%		0.10%	

These figures are inclusive of the net effect of GST and any related GST credits.

Please note: Past costs are not a reliable indicator of future costs. Future costs may differ.

## Increases or alterations to the fees

We may vary the management fee used to calculate the management costs set out on page 9 at any time at our absolute discretion, without your consent, within the limits prescribed in each fund's Constitution. If the variation is an increase in a fee or charge, we will give you at least 30 days prior written notice.

The maximum management fee per annum is listed in the table below:

Fund name	Maximum management fee (pa)
<b>Cash</b>	
First Sentier Premium Cash Fund	1.025%
First Sentier Wholesale Strategic Cash Fund	1.538%
<b>Short duration fixed interest</b>	
First Sentier Wholesale Global Credit Income Fund	2.050%
<b>Alternative income</b>	
First Sentier Wholesale Target Return Income Fund	2.050%
<b>Diversified fixed interest</b>	
First Sentier Wholesale Diversified Fixed Interest Fund	1.538%
<b>Australian fixed interest</b>	
First Sentier Wholesale Australian Bond Fund	1.538%

**Please note:** The maximums are provided for information and are not the current fees charged. The current fees are shown in the table on page 9.

## Other operating expenses and abnormal costs

The Constitution for each fund allows for the ongoing operating costs, charges, expenses and properly incurred outgoings (such as registry, trust accounting, investment, audit, regulatory, production of the offer documents and taxation advice) and other administration costs, charges and expenses to be paid directly from the fund. Alternatively, the Responsible Entity is entitled to recover these costs from the fund.

The Constitution does not place any limit on these costs that can be paid from each fund.

Abnormal costs (such as costs of unitholder meetings, recovery and realisation of assets, changes to the Constitution and defending or pursuing legal proceedings) are paid out of the fund. These costs are incurred fairly infrequently.

Where short-term settlement borrowing or borrowing for underlying funds occurs, borrowing costs such as interest on borrowings, legal fees and other related costs are payable by those funds.

## Commissions and other payments

The IDPS operator may receive remuneration from us to the extent that it is permitted under law. This remuneration will be paid out of the fees we derive from you that are indicated in the table on page 9 in a given year. If these amounts are paid, they are paid by us from our revenue and are not an extra amount paid from the fund, nor are they a further amount you pay.

Your adviser may also receive remuneration from the IDPS operator in a variety of ways for the provision of services. Details of this remuneration will be in the offer documents for the master trust or wrap account and the Financial Services Guide and Statement of Advice which your financial adviser must give you.

## Differential fees

We may issue units to certain investors such as sophisticated, professional, wholesale investors or Bank employees with reduced management costs. Such arrangements would be subject to individual negotiation, compliance with legal requirements and any applicable ASIC instruments.

## Taxation

The Australian taxation system is complex and different investors have different circumstances. You should consider seeking professional taxation advice before investing in the fund.

You may be required to pay tax in relation to your investment in the funds (generally income or capital gains tax); however you may be able to claim some tax credits or receive the advantage of some tax concessions.

Your IDPS operator will send you information on what you will need each year in order for you to complete your tax return. For further information on the taxation implications of investing in the funds, you should also contact your IDPS operator.

# Additional information

## How do I invest?

To invest into the funds, complete the documents which the IDPS operator requires. You do not need to complete any of our forms. In extraordinary circumstances, we may suspend or restrict applications and we may also reject applications at our discretion.

If we receive an application from your IDPS operator for a suspended, restricted or unavailable fund, we will be unable to process this application and your money will be returned to the IDPS operator.

## Interest earned on application monies for the Premium Cash Fund

The holding account for application monies in the Premium Cash Fund is interest bearing. Any interest earned on the investment of application monies forms part of the trust income and is apportioned and distributed to investors within the Fund based on the level of their unit holdings.

## How do I make withdrawals from my investment?

Withdrawals are normally processed within seven working days of receiving a request from the IDPS operator. Longer periods may apply from time to time. In extraordinary circumstances (which may include where a fund becomes illiquid), we may suspend withdrawals, or restrict the ability to withdraw.

Where a fund is suspended, restricted or unavailable we may not process withdrawal requests. Further, where a fund is not liquid, we cannot allow investors to withdraw from the fund unless we make an offer to withdraw. There is no obligation for us to make such an offer and if we do, investors may only be able to withdraw part of their investment. Any decisions whether to process withdrawals or partial withdrawals will be made in the best interests of investors as a whole, and if any payment is to be made, then the exit price used to calculate this payment will be the one determined at the time the payment is made.

You should note that unless an investment fund is suspended, restricted or unavailable, you may withdraw from an investment fund in accordance with our normal processes.

## How do I receive income?

The frequency of distributions depends on the type of fund invested in.

Fund name	Distribution frequency
Wholesale Global Credit Income Fund, Strategic Cash Fund and Premium Cash Fund	Monthly
All other funds	Quarterly (September, December, March and June)

Distributions are calculated on 30 June, and generally the last Sunday of all other months as they fall due and are normally paid to the IDPS operator within 14 days. In certain

circumstances we may vary the distribution timing and frequency without notice (for example to take into account days that fall on a public holiday).

## How are unit prices calculated?

When investing, a number of units are allocated in each fund you have selected.

Each of these units represents an equal part of the market value of the portfolio of investments that the fund holds. As a result, each unit has a dollar value, or 'unit price'.

All funds, except the Premium Cash Fund are valued daily. The unit price is calculated by taking the total market value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by all investors on that day. Although your unit balance in the fund will stay constant (unless there is a transaction on your account), the unit price will change according to changes in the market value of the investment portfolio or the total number of units issued for the fund. We determine the market value of the fund based on the information we have most recently available.

For the Premium Cash Fund the unit price is generally \$1.00. For partial withdrawals you will receive a unit price of \$1.00. For full withdrawals you will receive a unit price of \$1.00 plus any accrued income entitlements, which may be positive or negative.

We may exercise certain discretions that could affect the unit price of units on application or withdrawal in each fund. The types of discretions that we may exercise, in what circumstances, our policies on how we exercise the discretions and the reasons why we consider our policies are reasonable, are set out in our Unit Pricing Permitted Discretions Policy. If we exercise a discretion in a way that departs from the policies set out in our Unit Pricing Permitted Discretions Policy, we are required to keep a record of this in a Register of Exceptions. You can obtain a copy of our Unit Pricing Permitted Discretions Policy or Register of Exceptions, or both, free of charge, by calling us on 13 13 36.

## What is the difference between entry and exit unit prices?

There may be a difference between the entry and exit unit price for each fund, quoted on any business day. This difference relates to the fund's buy/sell spread.

So existing investors do not continually bear the transaction costs resulting from new investments or withdrawals that you make, all investors pay a set, average amount (a buy/sell spread) when they transact. This is calculated according to the particular types of investments the fund holds. Not all new investments or withdrawals cause transaction costs to be incurred by the fund, for example, where an investment does not incur any significant costs, or when a new investment coincides with a withdrawal by someone else. However, to be consistent, we generally apply buy/sell spreads to all new investments and withdrawals from the fund. Refer to page 9. for the buy/sell spreads that apply to each fund.

## Unit pricing adjustment policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and, where relevant, transaction costs. When the factors used to calculate the unit price are incorrect, an adjustment to the unit price may be required. We generally use a variance of 0.30% (0.05% for a cash investment fund) in the unit price before correcting the unit price.

If a unit pricing error is greater than or equal to this variance, we will:

- compensate your account balance if you have transacted on the incorrect unit price or make other adjustments as we may consider appropriate, or
- where your account is closed, we will send you a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases we may compensate where the unit pricing error is less than the tolerance levels.

## Do the funds borrow?

The funds do not borrow except for short-term arrangements for settlement purposes or if an emergency or extraordinary situation arises.

Borrowing can only occur in line with a fund's investment strategy. If a fund borrows, this is detailed in the strategy of the fund.

## Currency risk

### How is currency risk managed?

Changes in the value of the Australian dollar lead to a difference between the foreign currency returns or the value of the global investments held by a fund and those returns or values expressed in Australian dollars. This is known as foreign currency risk. Currency is not an asset class and therefore does not give a fund either natural long-term growth or an income stream. Rather, currency exposure gives rise to a source of potential volatility of returns – both positive and negative.

Financial instruments can be used to reduce currency risk – this is known as hedging. Hedging is a process where exposure to one currency can be reduced or removed by entering into a transaction that offsets that exposure. If a fund is unhedged, then any foreign currency investments the fund holds are fully exposed to movements in the Australian dollar, which can have a positive or negative effect on the value of the fund.

Whether a fund is hedged or unhedged is disclosed under each fund's strategy in the investment information section on pages 6 to 7.

The extent to which a fund is hedged depends on the underlying objectives and risk characteristics of the fund. The extent of hedging may also vary over time depending on the value of the Australian dollar. The cash asset allocation limits disclosed for an investment fund that hedges its currency exposure, may not include cash held as collateral to back these hedges.

In funds that hedge currency risk, movements in the Australian dollar can impact the size of distributions that you receive. Generally, a rising Australian dollar will produce gains on the currency hedge and increase the distribution, while a falling Australian dollar will produce currency losses that reduce the distribution.

For more information on how we manage currency, please see the information flyer 'Managing currency risk', available at [colonialfirststate.com.au](http://colonialfirststate.com.au) or by calling 13 13 36.

## Are labour standards or environmental, social or ethical considerations taken into account?

As the Responsible Entity, we appoint investment managers to manage the underlying investments of each investment option. We do not directly manage the investments but have in place a robust governance process for assessing the capabilities of the investment managers.

As such, we do not specifically take into account labour standards or environmental, social or ethical considerations when making investment decisions. However, where those factors negatively impact investment performance or potential, we may discuss these matters with the relevant investment manager and/or review our decision to hold the specific investment.

We may also consider these factors to the extent that they impact on an investment manager's organisational stability, reputation and performance. Each investment manager may have its own policy on the extent to which labour standards or environmental, social or ethical considerations are taken into account when making investment decisions. We may consider these policies when selecting investment managers.

## What investments can the funds hold?

The Constitution of each fund allows us a great deal of discretion about what investments are held in the funds. The investments intended to be held are outlined in the strategy of the funds. If we decide to change, we will advise you as soon as practicable. The Bank, our parent company, is listed on the Australian Securities Exchange (ASX). We are permitted to hold shares in the Bank under ASIC relief on certain conditions which include that any such holding is not voted and the total holdings for all entities in the Bank Group do not exceed 5% of the issued capital of the Bank.

## Changes to investment funds

Colonial First State may, without prior notice to investors, change the investment objective and/or strategy; add, close or terminate an investment fund; or change an investment manager.

Any change would be considered in light of the potential negative or positive impact on investors. We will notify your IDPS operator on affected funds of any material change as soon as practicable.

## Constitutions of the funds

Each of the funds is governed by a Constitution (which is substantially the same for each fund). Together with the Corporations Act and some other laws, the Constitution sets out the conditions under which the fund operates and the rights, responsibilities, powers, discretions and duties of the Responsible Entity and investors. The Constitution deals with a number of issues including:

- your rights as a holder of units
- fund termination, and
- our broad powers to invest, borrow, receive fees and other payments and generally manage the fund.

The Constitution states that your liability is limited to the amount you paid for your units, but the courts are yet to determine the effectiveness of provisions of this kind.

You can inspect a copy of the Constitution at our head office or we will provide you with a copy free of charge.



The Constitution gives us a number of rights, including a number of discretions relating to unit pricing and fund termination. You can obtain a copy of our Unit Pricing Permitted Discretions Policy, free of charge, by calling 13 13 36.

We may alter the Constitution if we, as the Responsible Entity, reasonably consider the amendments will not adversely affect investors' rights. Otherwise, we must obtain investors' approval at a meeting of investors.

We may retire or be required to retire as Responsible Entity (if investors vote for our removal).

Your rights to requisition, attend and vote at meetings are mainly contained in the Corporations Act.

## Custody

For most funds, a professional custodian generally holds the assets of each fund. The custodian is appointed by Colonial First State and is responsible only to us.

The custodian may be changed from time to time and we may change the custodian where we are satisfied that the proposed new custodian meets all regulatory requirements.

You will not be notified of a change in custodian. If the custodian is another company in the Commonwealth Bank Group then we would have to:

- satisfy ASIC that we are able to separate each fund's assets from our own, and
- satisfy ourselves that holding each fund's assets in this way would be cost-effective for investors.

If you would like details of our custodian, please contact either the IDPS operator or us.

## How is my personal information dealt with?

We do not normally receive any personal information about you when you invest in the fund through an IDPS operator.

For details on the collection, storage and use of your personal information, please contact your IDPS operator.

If we do receive any of your personal information we will deal with it in accordance with our Privacy Policy. For a copy of our Privacy Policy Statement please visit [colonialfirststate.com.au](http://colonialfirststate.com.au) or call 13 13 36.

## Is there a cooling-off period?

A 14-day 'cooling-off period' will apply to your initial investment in the funds in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then simply advise us, or if you are an indirect investor, your IDPS operator in writing.

The 14 days start when your transaction confirmation is received by you or if you are an indirect investor, your IDPS operator, or five days after your units are issued, whichever is earlier.

We will refund your investment, reduced or increased for market movements (and, where relevant, once we have established your identity). We will also deduct any tax or duty incurred and an amount for reasonable transaction and administration costs we incur in relation to your investment in the funds, including determining your application. As a result, the amount returned to you may be less than your original investment.

Under normal circumstances refunds are made within seven working days of your IDPS operator notifying us.

## What happens if I make a complaint?

If you are investing through an IDPS then complaints should be directed to the IDPS operator who will facilitate dispute resolution on your behalf.

If you have an enquiry or complaint and want to contact us directly, please call 13 13 36. If you require further assistance, then direct your written complaint to the Dispute Resolution Officer at our head office address or email [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au)

## External dispute resolution

If you are dissatisfied with the handling or outcome of your complaint, you have the option of contacting an external dispute resolution service about your complaint. You may lodge a complaint with the **Australian Financial Complaints Authority (AFCA)**:

Online [www.afca.org.au](http://www.afca.org.au)

Email [info@afca.org.au](mailto:info@afca.org.au)

Phone 1800 931 678

Mail Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

AFCA has discretion in considering a complaint about a financial service where the complainant is a wholesale client (as defined by the Corporations Act).

Time limits may apply to complain to AFCA, so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

## What are our reporting requirements?

If any fund is a disclosing entity under the Corporations Act, the fund is subject to regular reporting and continuous disclosure obligations. Copies of documents we lodge with ASIC to fulfil these obligations may be obtained from, or inspected at, an ASIC office.

You also have a right to request a copy of certain documents from us when they become available, and we must send you a copy (free of charge) as soon as practicable and in any event within five days. Your request will be fulfilled in the way you choose – by email, or post, or you can collect it from our offices. The documents are:

- the annual financial report for the fund most recently lodged with ASIC, and
- any half-year financial report lodged with ASIC and any continuous disclosure notice given for the fund after the lodgement of the annual financial report for the fund and before the date of this document.

## Annual reports

An annual report detailing the financial position and performance of the fund over the last financial year will be available by 30 September each year. Please contact us if you would like a copy.

## Are there any other benefits to Colonial First State?

The fund receives banking and treasury-related services from the Bank in the normal course of business and pays normal commercial fees for them. We may derive monetary or administrative benefits from the Bank as a consequence of maintaining bank accounts with the Bank and through performing administration services for Bank products.

## Proposal to retire as Responsible Entity

CFSIL intends to hold a meeting of unitholders to consider a resolution for CFSIL to retire as Responsible Entity of the Premium Cash fund and appoint The Trust Company (RE Services) Ltd ABN 45 003 278 831 AFSL 235150 (Trust Company) as the new Responsible Entity. CFSIL has issued a notice of meeting dated 3 November 2020.

If you become a unitholder in this fund you will receive the notice of meeting and will have the opportunity to vote on the resolution. Importantly, First Sentier Investors will continue to be the investment manager of the fund in accordance with this PDS. The potential change of Responsible Entity will not by itself result in any changes to the investment objective, strategy or fees.

## Related party remuneration

All the entities referred to below are subsidiaries of Commonwealth Bank of Australia (the Bank) and related bodies corporate of the Responsible Entity and trustee.

On 13 May 2020, the Bank entered into an agreement to sell a 55% interest in a company holding 100% of the shares in Colonial First State to an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, KKR). Subject to regulatory approvals, the sale is expected to be completed in mid-calendar year 2021 (Completion). From Completion, Colonial First State, the issuer of this PDS, will no longer be a subsidiary of the Bank or a related body corporate of the Bank or its subsidiaries and any references in this PDS to the relationship between Colonial First State (on the one hand) and the Bank and its subsidiaries (on the other hand) is modified by this disclosure. Following Completion the Bank will retain an indirect 45% interest in Colonial First State.

Colonial First State Investments Limited (CFSIL) ABN 98 002 348 352 AFS Licence 232468 is the Responsible Entity for the funds. CFSIL receives and retains fees in connection with those investment funds, as disclosed in this document and the relevant disclosure document. The Bank may charge annual maintenance levies to us as an issuer of underlying investments. These are not additional charges to you. The only fees payable in respect of those investment funds are the charges disclosed in the relevant disclosure documents.

Your adviser may belong to a related party of the Bank, Responsible Entity or trustee, such as Commonwealth Financial Planning ABN 65 003 900 169 AFS Licence 231139. Details of these relationships should be disclosed by your adviser in documents such as the Financial Services Guide which your adviser must give you. For more information on related party transactions, refer to the 'Managing conflicts of interest' section.

## Managing conflicts of interest

CFSIL is a subsidiary of the Bank. All related party transactions are conducted on arm's length terms. Accordingly, CFSIL believes that related parties are receiving reasonable remuneration. Any conflict of interest or potential conflict of interest is managed in accordance with the Bank's Conflicts of Interest Policy.

CFSIL is the Responsible Entity for the funds and makes its investment decisions in accordance with its systems and processes separately from other members of the Bank Group. The available investments may include securities or other financial products issued by members of the Bank Group. As a result, the Bank Group's activities may have an effect on the investments.

CFSIL makes no representation as to the future performance of any underlying investments held in the funds, including those issued by members of the Bank Group.

CFSIL, other members of the Bank Group and their directors and employees may hold, buy or sell shares or other financial products included in the funds. Members of the Bank Group may have business relationships (including joint ventures) with related parties or any of the entities included in the funds. In addition, members of the Bank Group may from time to time advise CFSIL in relation to activities unconnected with the funds.

Such relationships and advisory roles may include acting as general financial adviser in respect of, without limitation, corporate advice, financing, funds management, property and other services.

The directors and employees of CFSIL and other members of the Bank Group may hold directorships in the companies included in the funds. Any confidential information received by the Bank Group and its directors and employees as a result of the business relationships, advisory roles and directorships discussed above will not be made available to CFSIL.

## Interests of the directors of the Responsible Entity

Executive directors may receive remuneration as employees of the Bank or one of its related entities. Non-executive directors are also remunerated for their services. From time to time directors may hold interests in shares or other securities issued by the Bank or hold investments in one or more of the funds offered by Colonial First State.

This PDS has been authorised under delegation by our directors.

<b>Marketing fund name</b> Registered fund name	<b>First Sentier Premium Cash Fund</b>	ABN	97 274 937 740
	Colonial First State Wholesale Premium Cash Fund	ARSN	089 468 360
		APIR	COM0024AU
	<b>First Sentier Wholesale Strategic Cash Fund</b>	ABN	93 508 337 224
	Colonial First State Wholesale Cash Fund	ARSN	087 558 674
		APIR	FSF0075AU
	<b>First Sentier Wholesale Global Credit Income Fund</b>	ABN	17 818 879 429
	Colonial First State Wholesale Global Corporate Debt Fund	ARSN	093 045 713
		APIR	FSF0084AU
	<b>First Sentier Wholesale Target Return Income Fund</b>	ABN	97 149 229 395
	Colonial First State Wholesale Enhanced Yield Fund	ARSN	112 736 491
		APIR	FSF0694AU
	<b>First Sentier Wholesale Diversified Fixed Interest Fund</b>	ABN	24 258 154 801
	Colonial First State Wholesale Diversified Fixed Interest Fund	ARSN	087 570 634
		APIR	FSF0039AU
	<b>First Sentier Wholesale Australian Bond Fund</b>	ABN	98 852 084 690
	Colonial First State Wholesale Australian Bond Fund	ARSN	087 570 885
		APIR	FSF0027AU

**Enquiries:**

New investors: 1300 360 645

Existing investors: 13 13 36

Advisers: 13 18 36

Website: [colonialfirststate.com.au](http://colonialfirststate.com.au)

Email: [contactus@colonialfirststate.com.au](mailto:contactus@colonialfirststate.com.au)