FirstChoice

Colonial First State

FirstChoice Option Profile & Commentary

31 December 2011

DWS Global Equity Thematic

Investments
Personal Super
Pension

Colonial First State Investments Limited ABN 98 002 348 352, AFS Licence 232468 (Colonial First State) is the issuer of interests in FirstChoice Personal Super, FirstChoice Wholesale Personal Super, FirstChoice Pension, FirstChoice Wholesale Pension and FirstChoice Employer Super from the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557. The investment information in this option profile is historical, produced as at the date specified above. The information below (except performance and key data information) relates to the FirstChoice Investments option only. Information for other options in the FirstChoice product range will be different and is available at colonialfirststate.com.au or by calling us on 13 13 36. We may change asset allocation and securities within the option at any time. Past performance is not an indicator of future performance for this option or any other option available from Colonial First State.

	3 months (%)	1 year (%)	3 years (%) pa	5 years (%) pa	7 years (%) pa	10 years (%) pa	Inception (%) pa
Investments	-0.07	-15.66	-2.76	-	-	-	-10.29
Distribution Return	0.00	0.00	0.00	-	-	-	0.00
Growth Return	-0.07	-15.66	-2.76	-	-	-	-10.29
Personal Super	-0.06	-15.11	-2.64	-	-	-	-9.34
Pension	-0.07	-15.66	-2.74	-	-	-	-10.33
MSCI World ex Australia Net Index	2.00	-5.34	-2.58	-	-	-	

All returns are calculated on an annualised basis using exit price to exit price with distributions reinvested, net of management costs, transaction costs and for FirstChoice Personal Super and FirstChoice Employer Super net of tax payable by the trustee. All return calculations exclude contribution surcharge, excess contribution tax or individual taxes payable by the investor and all other fees and rebates disclosed in the relevant product disclosure statements available on our website or by calling us. For FirstChoice Investments, the 'distribution' component is the amount paid by the way of distribution, which may include net realised capital gains.

Investment objective

The investment objective is to outperform the MSCI World (ex Australia) Index (in Australian dollar terms, after fees and net dividends reinvested) over rolling three-year periods by investing in securities listed on a range of sharemarkets.

Investment strategy

DWS's thematic investment philosophy is based on the belief that there is one global economy and the best investment ideas know no national boundaries. This philosophy translates into a thematic approach that identifies early on the major secular, cyclical and structural influences on the world's economies and stock markets. These social, economic, industrial or demographic themes determine the strategic direction of the option. The investment style is a research-driven, top-down/ bottom-up approach where the top-down aspect is thematic rather than geographic. This option does not hedge currency risk.

Investment category

Global Share

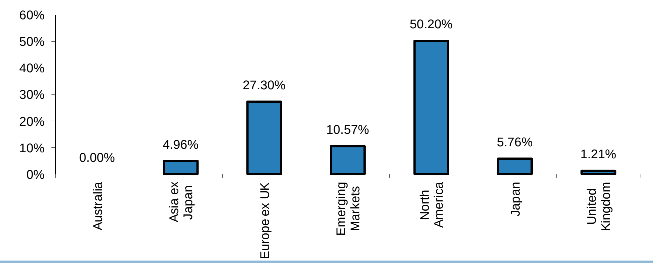
Minimum suggested time frame

7 years

Investment ranges

	Range	Benchmark
Global Shares	95% - 100%	100%
Cash	0% - 5%	0%

Regional allocation



Top 10 holdings as at 30 November 2011

Laboratory Corporation of America Holdings	2.96%
Unilever NV-CVA	2.78%
Ericsson LM B Shares	2.68%
Life Technology Corp	2.30%
Petroleo Brasileiro SA ADR	2.08%
Inpex Corp	2.08%
Samsung Electronics	2.07%
The Williams Companies Inc	1.97%
Exxon Mobil Corporation	1.94%
Symantec Corporation	1.94%

Income distributions

	Cents per unit	Franking level	Realised capital gain
Total 10/11	0.00	0.00%	0.00%
Total 09/10	0.00	0.00%	0.00%

Key data

	Size of option ($m)	Management cost*	Date established
Investments	$1.83m	2.13%	May 2008
Personal Super	$3.78m	2.14%	May 2008
Pension	$1.96m	2.13%	May 2008

* Management costs include management fees, estimated performance fees (if applicable), investment expenses and custody fees but do not include contribution fees, transaction costs or adviser or plan service fees which may also apply. Please refer to the PDS for full details of the applicable fees and costs.

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Market review

The focus for December was again on Europe, as European Union leaders met for a two day summit to discuss closer political and economic coordination, as well as other measures to restore market confidence and stabilise the euro currency. The market initially responded positively towards the outcomes of the European leaders' summit which included an agreement to add an additional $200bn to their bailout fund while also agreeing to tighter anti-deficit rules. Despite initial optimism, markets subsequently traded lower as investors questioned whether the measures announced at the summit went far enough. Adding to the negative sentiment was rating agency Moody's indicating that the summit offered little in new measures that would alleviate the risk of Credit downgrades across the EU member states. Also in December, the European Central Bank (ECB) cut its key interest rate by a 0.25% point to 1%. The central bank was widely expected to cut its rates by up to 0.5%, as the risk of a broad recession in Europe continues to rise.

Meanwhile, conditions outside of the Continent remain relatively robust. US economic activity remained resilient in December and continues to outpace expectations. This includes declines in weekly claims for unemployment benefits, rising consumer confidence and an uptick in new home construction. Notably, initial jobless claims continued their positive trend, reaching their lowest level since June 2008. In China, growth is cooling but not much more than expected, major figures out in December, including IP and retail sales, were in line with expectations. Meanwhile, inflation continues to fall (the latest reading came in at 4.2%, below expectations of 4.5%), providing leeway for the PBOC to continue easing policy.

Fund performance and activity

The themes that contributed to performance were Supply Chain Dominance, Global Agribusiness and Talent & Ingenuity. The only themes that detracted from performance were Distressed Companies, Sufficiency and Indian Ocean.

At the stock level, key contributors to performance included Samsung Electronics Co. Ltd (Supply Chain Dominance), Williams Companies Inc (Disequilibria) and Monsanto Co (Global Agribusiness). Key detractors at the stock level included Erste Group Bank AG (Distressed Companies), Commerzbank AG (Disequilibria), and ICICI Bank Ltd. (Indian Ocean)

Outlook and strategy

During 2011, volatility and correlations prevented many of the option's investments from asserting their claim on what we consider appropriate valuations. In most cases our thematic milestones have been met, but nevertheless, the market has remained focused on more immediate and potentially overwhelming matters, which obscured investors' focus on longer-term thematic value drivers. We previously witnessed a similar situation in 2008. To better illustrate the evolving sources of uncertainty and their path toward higher volatility, we have mapped below the main events of volatility/uncertainty over the past few years.

This exercise raises the important question of whether the challenges to the thematic strategy will continue, that is, the nature of uncertainty that translated into higher volatility and consequently a higher S&P 500 Volatility (VIX). Our view is very simple: The nature of uncertainty has migrated from relatively small and relatively local sources, such as SARS in late 2003, to very large and globally relevant questions, such as whether Europe's monetary union will survive. From this perspective, having travelled from isolated events to questions of supranational sustainability, we may have arrived near the end of a road of sources of uncertainty. While the future will certainly bring new and unforeseen challenges, the past five years have brought a series of progressively larger and unprecedented crises whose novelty and scale would be difficult to match over the next five years. Although the European question is still very much a 'live' source of uncertainty, our base case of muddling through with a potentially narrowing but deepening core union is probably not priced into the global equity markets.