

FirstChoice Geared Growth Plus

Investments
Personal Super
Pension
Employer Super

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	3 months (%)	1 year (%)	2 years (% pa)	3 years (% pa)	4 years (% pa)	5 years (% pa)	Inception (% pa)
Investments	3.52	-18.04	-8.75	5.22	-	-	-13.44
Distribution Return	0.00	6.15	4.29	3.86	-	-	3.65
Growth Return	3.52	-24.19	-13.04	1.36	-	-	-17.09
Personal Super	3.74	-15.92	-6.96	6.30	-	-	-12.10
Pension	3.62	-17.18	-7.95	5.77	-	-	-12.66
Employer Super	3.71	-16.24	-7.08	6.08	-	-	-11.09
Benchmark	3.23	-6.26	-0.07	8.52	-	-	

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

To magnify long-term returns from capital growth by borrowing to invest in growth assets.

Investment strategy

To allocate 90% of investments to a diversified portfolio of shares, property and infrastructure securities. In order to provide further diversification, the portfolio is allocated across a number of leading investment managers. The portfolio will also allocate 10% to investments designed to generate additional income and to further diversify returns. Income from investments is used to pay the costs of gearing. The portfolio's gearing effectively magnifies returns from the underlying investments, whether they are gains or losses. The portfolio aims to hedge currency risk except for the allocation to emerging market shares and part of the allocation to global shares. Important information on gearing and emerging markets and the risks involved is provided in Part 2 – Other information, section 5.

Investment category

Geared

Minimum suggested time frame

7 years

Key data	Size of option (\$m)	Management cost*	Date established
Investments	\$1.77m	3.25%	May 2008
Personal Super	\$8.27m	3.25%	May 2008
Pension	\$0.47m	3.25%	May 2008
Employer Super	\$4.57m	3.26%	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.

Income distributions	Cents per unit	Franking level	Realised capital gain
Total 10/11	5.07	27.40%	71.64%
Total 09/10	1.06	94.38%	6.07%

Gearing ratio

44.52%

Manager allocation

	Benchmark %
Australian shares	36.00%
Tyndall Investment Management	6.48%
Schroder Investment Management	6.48%
Colonial First State Growth	1.62%
Colonial First State Core	2.43%
Perennial Value Management	6.48%
Perennial Growth Management	6.48%
Colonial First State Core LS	2.43%
State Street Global Advisers	3.60%
Australian small companies	4.00%
Realindex - Small companies	4.00%
Global shares	20.00%
Capital International	4.40%
Baillie Gifford	1.80%
Sarasin & Partners	3.40%
Bernstein Value Equities*	2.70%
Hexavest	3.20%
Acadian Asset Management	3.50%
J O Hambro	1.00%
Global Property	10.00%
AMP Capital Investors	4.00%
CBRE Global R.E. Securities	4.00%
Colonial First State	2.00%
Emerging market share	10.00%
Wells Capital	2.50%
Franklin Templeton Investments	2.25%
T. Rowe Price	3.00%
Fisher Investments	2.25%
Global infrastructure	10.00%
Lazard Asset Management	3.50%
RARE Infrastructure	3.50%
Cohen & Steers Capital Management	2.00%
Colonial First State	1.00%
Yield	10.00%

We may change managers or allocations to individual managers without prior notice to investors.

* a unit of AllianceBernstein L.P.

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Market review

Ongoing uncertainties in financial markets and economies resulted in investors favouring relatively secure investments, including fixed interest securities. Australian government bonds performed well, underpinned by strong demand from overseas central banks and institutions which were seeking higher yields and a 'safe haven'. Australia's underlying inflation rose by just 0.3% in the September quarter (2.45% annualised), its weakest pace for 14 years. The economy grew by 1%, primarily driven by strong mining sector investment.

Expectations of interest rate cuts by the Reserve Bank of Australia (RBA) played a significant role. Two official cash rate cuts totalling 0.5% were made, bringing the overnight cash rate down to 4.25%, with the market expecting more in the future.

In Australian dollar terms, world share markets rose by 2% over the period. Global share markets were volatile over the quarter due to continuing uncertainty about the eurozone sovereign debt crisis, but ended the period higher as governments provided liquidity for the banking sector. However, the global resources and soft commodities sectors performed poorly. Throughout the quarter the prices of gold, copper and coal remained volatile which negatively affected investor confidence.

The Australian share market rose 2% but values and sector performance fluctuated significantly. In some sectors corporate earnings appear to be holding up relatively well, which provided some support. However, in late 2011 there was a stream of earnings downgrades from retailers. Also, a wide range of companies hosted Annual General Meetings during November, and most confirmed that trading conditions remain challenging.

Fund performance

The portfolio produced a positive return for the December quarter.

The portfolio has a combined 70% allocation to Australian, global and emerging equity markets and a 20% allocation to property and infrastructure securities. The portfolio performed well due to the gearing within the portfolio boosting the good returns from equity markets over the quarter.

Specifically, the portfolio's 10% allocation to global property securities was the largest contributor to performance during the quarter while the second largest contributor was the 40% allocation to Australian equities. In a period of a rising Australian dollar, the 10% allocation to hedged global equities was also a significant contributor to performance.

The only detractor to overall performance was the portfolio's 10% allocation to emerging market shares which was unhedged to the rising Australian dollar.

Strategy

The portfolio aims to allocate 90% of investments to a diversified portfolio of shares along with property and infrastructure securities. In order to provide further diversification, the portfolio is allocated across a number of leading investment managers. The portfolio will also allocate 10% to investments designed to generate additional income and to further diversify returns. Income from investments is used to pay the costs of gearing. The portfolio's gearing effectively magnifies returns from the underlying investments, whether they are gains or losses. The portfolio aims to hedge currency risk except for the allocation to emerging market shares and part of the allocation to global shares.