

Product Disclosure Statement

Colonial First State
Wholesale Equity
Investment Solutions

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

This is a Product Disclosure Statement (PDS) for Colonial First State Wholesale Equity Investment Solutions.

The name and contact details of the responsible entity are:

Colonial First State Investments Limited
Level 29, 52 Martin Place
Sydney NSW 2000
Telephone: 13 13 36
Facsimile: (02) 9303 3200
Email: contactus@colonialfirststate.com.au

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 the 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 to 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.

Investments in the Colonial First State Wholesale Equity Investment Solutions (referred to in this PDS as 'the fund' or collectively as 'the funds') 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'. If any part of this 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.

The responsible entity may change any of the terms and conditions in the PDS with, in the case of material changes, 30 days notice to unitholders. You should note that unless the fund is suspended, restricted or unavailable you may withdraw from the fund in accordance with our normal processes. Colonial First State is a subsidiary of the Commonwealth Bank of Australia ('the Bank') ABN 48 123 123 124.

The Bank and its subsidiaries do not guarantee the performance of the fund or the repayment of capital by the fund. Investments in the fund 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.

Colonial First State reserves the right to outsource any or all of its investment management functions, including to related parties, without notice to investors.

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

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 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.

The offer made in this PDS is available only to persons receiving this PDS within Australia. 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. Applications from outside Australia and New Zealand will not be accepted. 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. This will only be made in accordance with the terms of any treaty or exemption which allows Colonial First State to make the offer in New Zealand.

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

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. You should read this PDS carefully and assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment decision.

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

Colonial First State may, without prior notice to investors, 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. Updated information can be obtained by visiting our website, colonialfirststate.com.au. A paper copy of the updated information will be provided free of charge on request.

Colonial First State Wholesale Equity Investment Solutions

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About the funds

The Colonial First State Wholesale Equity Investment Solutions funds are managed funds with no establishment, contribution or withdrawal fees¹. Some key investment information on the funds are included below.

What is a managed fund?

A managed fund pools the money of other investors. This money is then professionally managed according to the investment objective of the fund. By investing in a managed fund and pooling your money with other investors, you can take advantage of substantial 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 and falls.

What are the benefits of the funds?

Investing in the funds allow 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.

Competitive fees

There are no establishment, contribution or withdrawal fees¹ and the management cost is competitive.

Award-winning service

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

Investment funds ²			
Australian property securities	Global property and infrastructure securities	Australian share	Global share
Wholesale Property Securities Fund	Wholesale Colliers Global Property Securities Fund Wholesale Global Listed Infrastructure Securities Fund Wholesale Colliers Geared Global Property Securities Fund	Wholesale Australian Share – Core Fund Wholesale Australian Share Long Short – Core Fund Wholesale Australian Share Fund Wholesale Equity Income Fund Wholesale Imputation Fund Wholesale Leaders Fund Wholesale Small Companies – Core Fund Wholesale Geared Share Fund	Wholesale Global Resources Fund Wholesale Global Resources Long Short Fund Wholesale Global Share Fund Wholesale Geared Global Share Fund Wholesale Global Health & Biotechnology Fund Wholesale Global Technology & Communications Fund

¹ Transaction costs ('buy/sell' spreads) apply to the fund, see page 14.

² For full registered fund names see page 21.

Our investment principles

At Colonial First State, we aim to create wealth by applying an active and disciplined approach to managing money and our robust investment processes are implemented by investment professionals of the highest calibre.

Active management

A market index, or 'benchmark' as it is often called, reflects the performance of all investments making up that index.

We believe the dynamic nature of investment markets enables us to add value in the markets we operate in, and as such we seek to outperform the relevant market indices for the active funds we manage.

Disciplined methodology

We manage portfolios across a range of different investment styles. In each case we believe our role is not to avoid risk, but rather to understand the relationship between risk and reward and to manage risk appropriately, relative to the objectives, strategy and asset allocation of the portfolio.

We select investments and construct our portfolios in a disciplined manner, with an emphasis on identifying and controlling risk.

Quality people

Colonial First State is regarded as one of Australia's largest and most reputable investment managers. As a result we are able to attract and retain the highest quality people.

Our business has been built on people who exercise good judgement and are acknowledged as leaders in their respective fields of expertise.

On occasion we may also outsource some or all of the investment management of a fund. Where we do so, an external search process is undertaken to ensure we select managers of the highest quality.

Colonial First State Global Asset Management

Colonial First State Global Asset Management ('CFSGAM') is committed to delivering quality investment solutions which enhance the wealth of our investors. We provide asset and investment management services to institutional and wholesale investors, as well as indirectly to retail investors.

CFSGAM is the largest Australian-based investment manager, with a growing presence in selected international markets. Our specialist investment teams manage portfolios across a diverse range of global markets, investment styles and asset classes, including Australian equities, global equities, global emerging market equities, global resource equities, global property securities, global listed infrastructure securities, global fixed interest and credit and short term investments. In addition, we have a direct asset management business which offers investors specialist property and infrastructure investments.

Our aim as an investment manager is to understand and manage risk appropriately relative to the return objectives of the funds we manage. We do this through the implementation of disciplined investment and risk management processes. CFSGAM is also a signatory to the United Nations Principles for Responsible Investment, a framework we follow to incorporate environmental, social and governance issues into our investment process.

Our approach to investment is driven by a commitment to providing the best possible outcomes over the long term for our investors. To achieve this, we ensure our interests are aligned with our investors and uphold a culture of always acting in our clients' best interests.

Understanding investment risk

Before you consider your investment strategy, it is important that you understand the risks that can affect your investment. All investments are subject to risk. This means that you can lose money on your investments or that they may not meet your objectives, such as growth in the value of your investments or the expected return from your investments.

What risks affect your investments?

The main risks which 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.

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

The funds are managed by Colonial First State, or a manager appointed by it, 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 or process switches 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 and regulatory risk

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

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.

Currency risk

Investments in global markets or securities which are denominated in foreign currencies give rise to foreign currency exposure. This means that the Australian dollar value of these investments will vary depending on changes in the exchange rate.

Funds in the PDS 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 in the investment information on pages 6 to 10.

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

Additional important information about currency risk is provided on page 18.

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
- gear 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.

As a financial instrument, 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 that may use derivatives such as futures, options, forward currency contracts and swaps, are outlined in the strategy of the 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.

Funds in the PDS generally endeavour to manage counterparty credit risk through the following processes:

- reviewing overall counterparty credit risk, the nature of lending principles and arrangements, the availability and adequacy of security where relevant
- applying stringent credit risk management policies and prudent valuation policies
- managing and/or limiting specific counterparty credit risk to particular counterparties, sectors and geographic locations.

Gearing risk

Some of the funds in the PDS use gearing. Gearing means the fund borrows so that it can invest more to increase potential gains. Gearing magnifies both gains and losses from the fund's investments, and investors in geared funds will face larger fluctuations in the value of their investments compared with a comparable ungeared portfolio. A geared fund will underperform a comparable ungeared portfolio when the cost of borrowing exceeds the return on the ungeared investment (ignoring the effects of franking credits).

In extreme market conditions, such as a rapid fall of over 60% in the value of investments in the Colonial First State Wholesale Geared Global Share fund, or over 40% for the other two geared funds, you may lose all your capital.

We suggest you consult a financial adviser regarding the impact of these investments on your overall portfolio.

Short selling risk

Some of the funds in the PDS use short selling. Short selling means the fund sells a security it does not own to try and profit from a decrease in the value of the security. This is generally done by borrowing the security from another party to make the sale. The short sale of a security can greatly increase the risk of loss, as losses on a short position are not limited to the purchased value of the security. Short selling strategies involve additional risks such as:

Liquidity risk

In certain market conditions, a fund that adopts a short selling strategy may not be able to reverse a short position because the security it needs to buy may not be available for purchase in a reasonable timeframe or at all. In this event losses may be magnified.

Leverage risk

Whilst short selling can often reduce risk, it is also possible for a fund's long positions and short positions to both lose money at the same time.

Prime broker risk

When short selling is employed, the assets of the investment fund are generally held by the prime broker (which provides the broking, stock lending and other services). As part of this arrangement,

assets may be used by or transferred to the prime broker and there is a risk that the prime broker does not return equivalent assets or value to the fund (for example, because of insolvency). This would have a substantial negative impact on the value of your investment. We aim to manage this risk by having arrangements with large, well established and globally operating prime brokers.

If a fund uses short selling, this is detailed in the strategy of the fund.

Emerging markets risk

Due to the nature of the investments in emerging markets, there is an increased risk that the political and/ or legal framework may change and adversely impact your investments. This could include the ability to sell assets. For further information, refer to page 17.

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 investment strategy is not aligned to your objectives and timeframes.

Understanding the main asset classes

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

Property generally involves buying a property directly or investing in property securities. Each property security holds real property investments in sectors such as office, industrial and retail. Property securities are generally listed on a stock exchange and are bought and sold like shares. Historically, property investments have been less volatile than shares.

Infrastructure 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. Over the long term these investments may provide a stable return with less risk of capital loss. 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 other asset classes. However, over the longer term they have tended to outperform the other asset classes.

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 or market conditions may change over time. Our minimum suggested timeframe and our indicative risk meter should not be considered personal advice.

Investment information

Wholesale Property Securities Fund

Objective

To provide medium-to-long term capital growth and income predominantly from a selection of listed property-related investments.

Strategy

The fund's strategy is to add value by evaluating each underlying property and selecting investments for anticipated outperformance against others in the sector. As the fund's investments are predominantly Australian securities, the fund does not hedge currency risk.

Asset allocation

Ranges	Benchmark
90-100%	100% Property securities
0-10%	0% Cash

Minimum suggested timeframe

5 years

Risk



Wholesale Global Listed Infrastructure Securities Fund

Objective

To deliver capital growth and inflation-protected income by investing in a globally diversified portfolio of listed infrastructure and infrastructure-related securities.

Strategy

This fund invests in infrastructure and infrastructure-related companies from around the world. The assets held by these companies typically have high barriers to entry, strong pricing power, sustainable growth and predictable cash flow. This fund targets companies with robust business models and strong management execution. The fund's strategy is based on an active, bottom-up security selection process that aims to exploit market inefficiencies, utilising fundamental, qualitative and valuation analysis. The fund looks to integrate this stock selection with risk-managed portfolio construction. This fund aims to hedge its currency exposure.

Asset allocation

Ranges	Benchmark
90-100%	100% Infrastructure securities ¹
0-10%	0% Cash

Minimum suggested timeframe

5 years

Risk



Wholesale Colliers Global Property Securities Fund

Objective

To maximise the total return to the investor by investing in a broad selection of listed property-related investments from around the world.

Strategy

The fund invests primarily in property securities sourced from around the world. These investments may include securities that provide exposure to commercial, retail and industrial properties and, to a lesser extent, car parks, hotels, leisure properties, appropriate infrastructure projects, and other property related investments. The fund would normally be fully invested in these types of securities, with cash held only to meet expected liquidity requirements or awaiting investment. The fund aims to hedge its currency exposure. Details of the investment management arrangement for this fund is outlined on page 19.

Asset allocation

Ranges	Benchmark
80-100%	100% Global property securities
0-20%	0% Cash

Minimum suggested timeframe

5 years

Risk



Wholesale Colliers Geared Global Property Securities Fund

Objective

To maximise the total return to the investor by borrowing to invest in a broad selection of listed property-related investments from around the world.

Strategy

The fund invests primarily in property securities sourced from around the world. The fund's strategy is to use gearing to magnify the returns from underlying investments. These investments may include securities that provide exposure to commercial, retail and industrial properties and, to a lesser extent, car parks, hotels, leisure properties, appropriate infrastructure projects and other property-related investments. The fund would normally be fully invested in the types of securities, with cash held only to meet expected liquidity requirements or awaiting investment. The fund's gearing effectively magnifies returns from the underlying investments, whether they are gains or losses. The fund aims to hedge its currency exposure. Important information on gearing and the risks involved is provided on pages 16 and 17. Details of the investment management arrangement for this fund are outlined on page 19.

Asset allocation

Ranges	Benchmark
80-100%	100% Global property securities
0-20%	0% Cash

Minimum suggested timeframe

7 years

Risk



Gearing magnifies market gains, as long as these gains (including dividends) are more than the borrowing expenses. Gearing always magnifies losses. Investors will therefore experience increased volatility in the value of their investment. This means that investors may have potentially large fluctuations both up and down in the value of their investments.

Refer to pages 16 to 17 for additional information regarding investments in the fund and discuss with your financial adviser.

¹ This includes infrastructure and infrastructure-related securities.

Wholesale Australian Share – Core Fund

Objective

To provide long-term capital growth with some income by investing predominantly in a broad selection of Australian companies.

Strategy

This fund's strategy is to not seek any particular style bias, such as to growth or value, but to consistently add value throughout the investment cycle by taking advantage of mispricing by the market. Suitable companies are identified by detailed fundamental research, including a high number of company visits and a proprietary database to analyse company financials. This fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian shares
0-10%	0% Cash

Minimum suggested timeframe

7 years

Risk



Wholesale Australian Share Fund

Objective

To provide long-term capital growth with some income by investing in a broad selection of Australian companies.

Strategy

The fund's strategy is based on the belief that, over the medium-to-long term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry. The strategy of the fund is to generally invest in high quality companies with strong balance sheets and earnings. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian shares
0-10%	0% Cash

Minimum suggested timeframe

7 years

Risk



Wholesale Australian Share Long Short – Core Fund

Objective

To provide long-term capital growth with some income by investing predominantly in a broad selection of Australian companies, as well as taking short positions in order to invest more and expand investment returns.

Strategy

This fund's strategy is to not seek any particular style bias, such as to growth or value, but to consistently add value throughout the investment cycle by taking advantage of mispricing by the market. Suitable companies are identified by detailed fundamental research, including a high number of company visits and a proprietary database to analyse company financials. The fund will aim to have a net long exposure of 100%. It will also aim to short sell 30% of its net asset value and invest that amount in the long portfolio to around 130% of the net asset value, in order to expand active risk and seek higher long-term investment returns. Upper limits have been placed on the fund's short exposure of 50% of the net asset value and on the long exposure of 150% of the net asset value. This fund may use derivatives to obtain market exposure. This fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Important information on long short strategies and the risks involved is provided on pages 5 and 17.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian shares ²
0-10%	0% Cash

Minimum suggested timeframe

7 years

Risk



A performance fee may apply of 15% of the net return (after management fees) above the S&P/ASX 100 Accumulation Index (inclusive of the net effect of GST). For more information on the performance fee, refer to page 13.

Wholesale Equity Income Fund

Objective

To provide regular income, including tax-effective income, and some capital growth by investing predominantly in a broad selection of Australian shares and other securities.

Strategy

The fund's strategy is to focus on income generation by investing in Australian shares and hybrid securities. The fund uses derivatives to generate additional income and adjust the risk and return characteristics of the portfolio and individual holdings. In the selection of Australian shares, the fund utilises our Core Equity investment process, which focuses on companies that have been mispriced by the market. Suitable companies are identified by detailed fundamental research, including a high number of company visits and utilising a proprietary database to analyse company financials. On occasion, the fund may opportunistically short sell securities. The fund predominantly invests in Australian dollar denominated securities and therefore does not hedge currency risk.

Important information on long short strategies and the risks involved is provided on pages 5 and 17.

Asset allocation

Ranges	Benchmark
0-100%	N/A Australian shares and hybrid securities ³
0-100%	N/A Cash ³

Minimum suggested timeframe

7 years

Risk



2 Net long exposure to Australian shares.

3 The ranges reflect the fund's effective exposure (ie after taking derivatives into account).

Investment information

Wholesale Imputation Fund

Objective

To provide long-term capital growth with some tax-effective income by investing in a broad selection of Australian companies.

Strategy

The fund's strategy is based on the belief that, over the medium-to-long term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry. The fund generally invests in high quality companies with strong balance sheets and earnings. The strategy has an emphasis on companies paying higher dividend yields and some tax-effective income. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian shares
0-10%	0% Cash

Minimum suggested timeframe
7 years



Wholesale Small Companies – Core Fund

Objective

To provide long-term capital growth by investing predominantly in small Australian companies.

Strategy

The fund's strategy is not to seek any particular style bias, such as to growth or value, but to consistently add value through the investment cycle by investing in small companies that have been mispriced by the market. Suitable mispriced companies are identified by superior research, a very high number of company visits and a proprietary database to analyse company financials. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Asset allocation¹

Ranges	Benchmark
90-100%	100% Australian shares
0-10%	0% Cash

Minimum suggested timeframe
7 years



Wholesale Leaders Fund

Objective

To provide long-term capital growth by investing in large Australian companies.

Strategy

The fund's strategy is based on the belief that over the medium-to-long term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry. The fund generally invests in high quality companies with strong balance sheets and earnings in the S&P/ASX 100 Index. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian shares
0-10%	0% Cash

Minimum suggested timeframe
7 years



Wholesale Geared Share Fund

Objective

To magnify long-term returns from capital growth by borrowing to invest in large Australian companies.

Strategy

The fund's strategy is based on the belief that over the medium-to-long term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry. The fund generally invests in large, high quality companies with strong balance sheets and earnings. The fund's gearing effectively magnifies returns from the underlying investments, whether they are gains or losses. The fund predominantly invests in Australian companies and therefore does not hedge currency risk. Where the fund borrows in a foreign currency, proceeds will be fully hedged into Australian dollars. Important information on gearing and the risks involved is provided on pages 16 and 17.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian shares
0-10%	0% Cash

Minimum suggested timeframe
7 years



Gearing magnifies market gains, as long as these gains (including dividends) are more than the borrowing expenses. Gearing always magnifies losses. Investors will therefore experience increased volatility in the value of their investment. This means that investors may have potentially large fluctuations both up and down in the value of their investments.

Refer to pages 16 to 17 for additional information regarding investments in the fund and discuss with your financial adviser.

¹ A reference to Australian shares or companies may include, for example, units in trusts listed on the Australian Securities Exchange (ASX) and/or investments in companies listed on an overseas stock exchange if they are also listed on the ASX. The fund may have a small exposure to shares listed solely on the New Zealand Stock Exchange in its Australian share exposure. The fund may also purchase unlisted securities on the basis that the securities will list in the future.

Wholesale Global Resources Fund

Objective

To provide long-term capital growth by predominantly investing in resource companies from around the world.

Strategy

The fund's strategy is to add value over the medium-to-long term by investing in quality global resource companies. Rather than attempting to predict commodity price movements, we choose to focus on quality resource companies around the world. These companies typically have strong balance sheets, quality management, high quality assets and a low cost of production. The fund does not hedge currency risk.

Asset allocation

Ranges	Benchmark
90-100%	100% Australian and global shares
0-10%	0% Cash

Minimum suggested timeframe
7 years



Wholesale Global Share Fund

Objective

To provide long-term capital growth by investing in a diversified portfolio of shares from around the world.

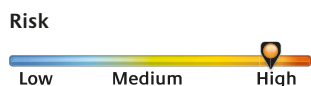
Strategy

This fund invests in a portfolio of our best stock ideas from around the world. The fund's strategy is based on the belief that stock selection is the best way to deliver consistent outperformance, picking stocks rather than countries, sectors, styles or other top-down factors. For a stock to be considered for the portfolio, it must be mispriced (attractively valued) and it must have an identifiable catalyst to unlock that mispricing in a reasonable timeframe. This approach seeks to maximise the return on portfolio capital within an appropriate risk management framework. The fund may partially hedge currency risk. The currency hedge undertaken can be between 0% (ie unhedged) and 50% (ie partially hedged).

Asset allocation

Ranges	Benchmark
90-100%	100% Global shares
0-10%	0% Cash

Minimum suggested timeframe
7 years



Wholesale Global Resources Long Short Fund

Objective

The fund aims to generate positive returns over the long term from predominantly investing both long and short in the shares of companies involved in the resources sector globally.

Strategy

The fund aims to generate returns by capitalising on both our positive and negative views on resource companies globally. Positive views are implemented by holding the company's securities (long positions) and negative views by selling the company's securities, including short selling (short positions). Short selling involves selling an asset that is not already held by the fund, and this is generally done by borrowing this asset from another party to make the sale. The difference between the amount invested in the long positions and short positions represents the fund's net exposure to resource shares. This exposure will vary over time, depending on investment opportunities and market conditions, but will be managed within the range of -50% to +100% of total net portfolio value including cash.

Investments are generally selected by careful examination of the underlying companies and their assets rather than trying to predict commodity prices. For long positions, we look for companies that generally have high quality assets and a low cost of production, with growing earnings, sound balance sheets and good management. Companies with characteristics opposite to these may offer shorting opportunities. Derivatives may be used by the fund to achieve its investment objectives and control risk. The fund does not generally hedge currency risk. To execute this strategy, funds are placed on deposit in the base currency and, if necessary, borrowings are taken out in other currencies to finance the purchase of stock. The net effect of this to the investment risk of the portfolio is that the fund is exposed to some currency fluctuations and the difference between the cost of the borrowings and the receipt of interest on deposits. The interest rate risk to the portfolio is not significant as the deposit and borrowing interest rates are variable.

Important information on long short strategies and the risks involved is provided on pages 5 and 17.

Asset allocation²

Range	Benchmark
100%	100% Australian and global shares and cash

Minimum suggested timeframe
7 years



A performance fee may apply of 20% of the positive return of the fund net of the fund's management fee. For more information on the performance fee, refer to page 13.

2 The fund may also purchase unlisted securities on the basis that the securities will list in the future.

Investment information

Wholesale Geared Global Share Fund

Objective

To magnify long-term returns from capital growth by borrowing to invest in a diversified portfolio of shares from around the world.

Strategy

This fund is a portfolio of our best stock ideas from around the world. The fund's strategy is based on the belief that stock selection is the best way to deliver consistent outperformance, picking stocks rather than countries, sectors, styles or other top-down factors. For a stock to be considered for the portfolio, it must be identified as mispriced (attractively valued) with an identifiable catalyst to unlock that mispricing in a reasonable timeframe. This approach seeks to maximise the return on portfolio capital within an appropriate risk management framework. The fund's gearing effectively magnifies returns from the underlying investments, whether they are gains or losses. The fund may hedge up to 100% of the currency exposure relating to the borrowings of the fund and between 0% (ie unhedged) and 50% (ie partially hedged) of investors' capital. Important information on gearing and the risks involved is provided on pages 16 and 17.

Asset allocation

Ranges	Benchmark
90-100%	100% Global shares
0-10%	0% Cash

Minimum suggested timeframe

7 years

Risk



Gearing magnifies market gains, as long as these gains (including dividends) are more than the borrowing expenses. Gearing always magnifies losses. Investors will therefore experience increased volatility in the value of their investment. This means that investors may have potentially large fluctuations both up and down in the value of their investments.

Refer to pages 16 to 17 for additional information regarding investments in the fund and discuss with your financial adviser.

Wholesale Global Technology & Communications Fund

Objective

To provide long-term capital growth by predominantly investing in companies around the world, whose primary business is in the fields of technology, and/or communications.

Strategy

The fund's strategy is to add value by investing in companies with sustainable earnings per share growth and sensible valuations, whose primary business is in the field of information technology and/or communications. The fund does not hedge currency risk. Details of the investment arrangement for this fund are outlined on page 20.

Asset allocation¹

Ranges	Benchmark
90-100%	100% Global shares
0-10%	0% Cash

Minimum suggested timeframe

7 years

Risk



Wholesale Global Health & Biotechnology Fund

Objective

To provide long-term capital growth by predominantly investing in companies around the world, whose primary business is in the fields of pharmaceuticals, biotechnology, healthcare services and medical products.

Strategy

The fund's strategy is to add value by investing, over the medium-to-long term, in quality companies, with sustainable earnings per share growth and sensible valuations, whose primary business is healthcare-related. The fund does not hedge currency risk. The details of the investment management arrangement are outlined on page 20.

Asset allocation¹

Ranges	Benchmark
90-100%	100% Global shares
0-10%	0% Cash

Minimum suggested timeframe

7 years

Risk



¹ The fund may purchase unlisted securities on the basis that the securities will list in the future.

Fees and other costs

Consumer advisory warning

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 fund 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. 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.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that the unitholder may be charged. These fees and costs may be deducted from the unitholder's money, from investment returns or from the fund assets as a whole.

These fees do not include any fees that may be charged by the IDPS operator.

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

Type of fee or cost	Amount	How and when paid
Fees when your money moves in and out of the fund		
Establishment Fee		
The fee to open your investment	N/A	N/A
Contribution Fee²		
The fee on each amount contributed to your investment	N/A	N/A
Withdrawal Fee²		
The fee on each amount you take out of your investments	N/A	N/A
Termination Fee		
The fee charged to close your investment	N/A	N/A
Management Costs		
The fees and costs for managing your investment		Unless otherwise stated in this PDS, the management cost is expressed as a percentage of the total average net assets of the fund, including estimated performance fees (if applicable). See page 13 for details of funds with performance fees.
Geared funds	1.76% to 2.14% pa (n) ³	
Funds with performance fees	1.49% to 1.50% pa	
All other funds	0.82% to 1.25% pa	The management costs are reflected in the daily unit price and payable monthly or as incurred by the fund.
The amount you pay for specific funds is shown on page 12.		
Service Fees		
Switching Fee²		
The fee charged when you switch between funds	N/A	N/A

All figures disclosed include the net effect of GST.

² Transaction costs ('buy/sell' spreads) apply to the fund (refer to page 14 for further details).

³ The figure shown above for the geared share funds is based on net (n) assets (which excludes the fund's borrowings).

Fees and other costs

Management and transaction costs			
Fund name	Management costs including estimated performance fee (pa)	Estimated performance fee (pa) ¹	Transaction costs per transaction (%)
Property securities			
Wholesale Property Securities Fund	0.82%		0.20
Global property and infrastructure securities			
Wholesale Colliers Global Property Securities Fund	1.04%		0.30
Wholesale Global Listed Infrastructure Securities Fund	1.25%		0.35
Wholesale Colliers Geared Global Property Securities Fund ⁴	1.08%(g)/2.14%(n) ²		0.75
Australian share			
Wholesale Australian Share – Core Fund	0.97%		0.20
Wholesale Australian Share Long Short – Core Fund	1.49% ¹	0.27% ¹	0.30
Wholesale Australian Share Fund	0.97%		0.20
Wholesale Equity Income Fund	1.25%		0.25
Wholesale Imputation Fund	0.97%		0.20
Wholesale Leaders Fund	0.97%		0.20
Wholesale Small Companies – Core Fund	1.14%		0.25
Wholesale Geared Share Fund ⁴	1.05%(g)/1.97%(n) ²		0.20-0.50 ³
Global share			
Wholesale Global Resources Fund	1.20%		0.30
Wholesale Global Resources Long Short Fund	1.50% ¹	0.00% ¹	0.35
Wholesale Global Share Fund	1.20%		0.25
Wholesale Geared Global Share Fund ⁴	1.20%(g)/1.76%(n) ²		0.40
Wholesale Global Health & Biotechnology	1.18%		0.25
Wholesale Global Technology & Communications	1.19%		0.25

Additional explanation of fees and costs

Management costs

The terms ‘management costs’ and ‘management fees’ mean different things.

Management costs include management fees, estimated performance 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). 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 transaction costs, 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 fee allowed under the Constitution refer to page 14.

1 Refer to page 13 for more details on the calculation of performance fees and how performance fees have been estimated in the assessment of management costs.

2 The two figures shown above for the geared share funds are based on the gross (g) assets (which includes the fund’s borrowings and is the lower of the two fees) and on net (n) assets (which excludes the fund’s borrowings and is the higher of the two fees). **This is not a change in how the fund’s fees are calculated or in the amount that is charged to the fund.**

3 Transaction costs depend on the specific gearing level of the fund.

4 For these funds, we are not remunerated by way of a cash fee. Instead, each month we receive units in the funds at no cost in consideration for managing the funds.

Example of annual fees and costs

This table gives an example of how fees and costs in the fund 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 Geared Global Share Fund		Balance of \$50,000 with total contributions of \$5,000 during year
Contribution Fees	N/A	N/A
Plus Management Costs	1.76% pa (n) ²	And , for every \$50,000 you have in the fund you will be charged \$880 each year.
Equals Cost of 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 will be charged fees of: \$880 What it costs you will depend on the fees you negotiate with your fund or financial adviser.

These figures are inclusive of the net effect of GST.

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 value of the fund, which also fluctuates daily. Transaction costs also apply.

Performance fees

In addition to the management fee, on some funds a performance fee may also be payable. The performance fee is reflected in the daily unit price and paid monthly at the relevant performance rate (inclusive of the net effect of GST). The fee is calculated as a percentage rate of the relevant fund's outperformance.

The fund's outperformance is the percentage return above the relevant benchmark, as outlined below.

Please note: There is no standard that is applied to how performance fees are calculated. You should carefully compare the different performance fee types in the tables below, noting which benchmark they aim to outperform and whether performance fees are before or after management fees are charged. For funds where a performance fee applies, an estimate of the performance fees is included within the management cost for the fund. This estimate is generally based on the actual performance fees paid from the fund over the 12 months to 30 November 2009.

For funds which do not have 12 months of performance history (at 30 November 2009), we have assumed that the fund has achieved performance in line with the relevant benchmark and therefore no performance fees would be payable. The use of this

estimate is not an indication of future performance. The actual performance fee and therefore the management cost will vary, depending on the Fund's return.

The table below shows which funds within this PDS are subject to performance fees.

Fund	Benchmark	Management fee (pa)	Performance fee rate ⁵
Performance fee <i>after</i> management fees			
Wholesale Australian Share Long Short – Core	S&P/ASX 100 Accumulation Index	1.20%	15%
Wholesale Global Resources Long Short	Greater than 0%	1.50%	20%

Sometimes the calculation of the performance fee will result in a negative dollar amount (negative performance fee). This negative performance fee is offset against any entitlement to future performance 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 fee which is offset may be reduced pro rata with the percentage of net outflow. It is also possible for the manager to exceed the relevant benchmark (and therefore be entitled to a performance fee) even where a fund has had negative performance over a period, as that fund may have performed better, relative to the benchmark.

Colonial First State may keep some of the performance fee. For periods of high outperformance, the performance fee may be substantial.

Increases or alterations to the fees

We may vary the management fees used to calculate the management costs set out on page 12 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 30 days advance written notice.

For all other funds with performance fees other than those listed in the table below, a maximum performance fee rate of 25% (inclusive of the net effect of GST) is provided for under the Constitution.

Fund name	Maximum performance fee ⁶
Wholesale Australian Share Long Short – Core	27.50%

⁵ This rate is inclusive of the net effect of GST.

⁶ All maximum performance fees in the table are inclusive of the net effect of GST.

Fees and other costs

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

Fund name	Maximum management fee (pa)
Property securities	
Wholesale Property Securities Fund	1.538%
Global property and infrastructure securities	
Wholesale Colliers Global Property Securities Fund	1.538%
Wholesale Global Listed Infrastructure Securities Fund	3.075%
Wholesale Colliers Geared Global Property Securities Fund	3.075% (g) ²
Australian share	
Wholesale Australian Share – Core Fund	2.050%
Wholesale Australian Share Long Short – Core Fund	3.075%
Wholesale Australian Share Fund	1.538%
Wholesale Equity Income Fund	3.075%
Wholesale Imputation Fund	1.538%
Wholesale Leaders Fund	1.538%
Wholesale Small Companies – Core Fund	1.538%
Wholesale Geared Share Fund	1.025% (g) ^{1,2}
Global share	
Wholesale Global Resources Fund	1.538%
Wholesale Global Resources Long Short Fund	3.075%
Wholesale Global Share Fund	1.538%
Wholesale Geared Global Share Fund	3.075% (g) ²
Wholesale Global Health & Biotechnology	3.075%
Wholesale Global Technology & Communications	3.075%

These figures are inclusive of the net effect of GST.

Please note: The maximums are provided for information and are not the current fees charged. The current fees are shown on page 12.

Transaction costs

Transaction costs such as brokerage, government taxes/duties/levies, bank charges and account transaction charges are paid from each fund. When you (or any person you have authorised) invest, switch or withdraw all or part of your investment, we use what is called a ‘buy/sell’ spread to recover transaction costs incurred. Because there are costs in buying and selling assets, we use the ‘buy/sell’ spread to direct these costs to investors transacting rather than other investors in the fund.

Please note that the ‘buy/sell’ spreads are not fees paid to Colonial First State. They are paid to the fund. They are, however, and additional cost to you. They may be altered at any time. The transaction costs (‘buy/sell’ spread) that applies to each fund is shown in the table on page 12.

¹ Maximum fee is charged for this fund.

² The management fees shown above for the geared share funds are based on gross (g) assets. Management costs shown in the table on page 12 for the geared funds are based on the gross (g) assets (which includes the fund’s borrowings and is the lower of the two fees) and on net (n) assets (which excludes the fund’s borrowings and is the higher of the two fees). **This is not a change in how the fund’s fees are calculated or in the amount that is charged to the fund.**

Borrowing costs

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

Transaction costs example: If you make a \$100,000 investment in or withdrawal from the Wholesale Geared Global Share Fund, you will incur transaction costs of \$400.

Abnormal costs

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 each fund. These costs are incurred fairly infrequently.

Other operating expenses

The Constitution for each fund allows for the ongoing operating expenses (such as registry, audit, taxation advice and offer documents) to be paid directly from each fund. Until further notice, Colonial First State will pay such amounts from our management fees, except where the expense relates to custody, audit or a particular transaction. The Constitution does not place any limit on the amount of the ongoing operating expenses that can be paid from each fund.

Commissions and other payments

Dealer groups, IDPS operators and other licensees may receive remuneration from us for offering the fund on their investment menus or for the provision of services. This remuneration will generally be in the form of a Fund Manager Payment and may be up to 0.50% pa of funds invested. These amounts may be rebated or retained by the dealer group, IDPS operator or licensee. If these amounts are paid, they are paid by us and are not an extra amount paid from the fund nor are they an amount unitholders pay.

Any payments will be made in compliance with the IFSA Industry Code of Practice on Alternative Forms of Remuneration. We keep a register of certain payments as required by the Code. Please contact us if you would like to view this register.

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 adviser must give you.

Negotiation of fees

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 Australian Securities and Investments Commission (ASIC) class orders.

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.

Additional information

How do I invest?

To invest into this fund, complete the documents which the IDPS operator requires. You do not need to complete any of our forms.

In extraordinary circumstances, we may suspend 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.

How do I make withdrawals from my investment?

Withdrawals are normally processed within seven working days of receiving a request from the IDPS operator, except for the Wholesale Global Resources Long Short fund. Longer periods may apply from time to time.

For the Wholesale Global Resources Long Short fund withdrawals can only be made monthly in accordance with the requirements below. If you wish to make a withdrawal, the request must be received from the IDPS operator by 3pm (Sydney time) 30 calendar days before the last day of that month. Withdrawals are not permitted at any other time. Your withdrawal request will be processed as at the end of the month as soon as we have calculated the month end unit prices for the fund. If we receive your withdrawal request after the current month's cut-off date, your withdrawal request will not be processed until the unit price is calculated for the following month.

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. 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.

How do I receive income?

Distributions

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

Fund name	Distribution frequency
Wholesale Australian Share – Core Fund and Wholesale Small Companies – Core Fund	Half-yearly (December, June)
Global Share Funds	Half-yearly (December, June)
Global Property and Infrastructure Securities Funds	Half-yearly (December, June)
All other funds	Quarterly (September, December, March, June)

Distributions are calculated on 30 June, and generally the last Sunday of the month they fall due, and are normally paid to the IDPS operator within 14 days. In some circumstances we may vary the distribution timing and frequency without notice.

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 are valued daily, except for the Wholesale Global Resources Long Short Fund, which is valued monthly. The unit price is calculated by taking the total market value of all of a fund's assets on a particular day (or the last day of the calendar month for monthly unit prices), 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 the unit balance in a 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.

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 a fund, quoted on any business day. This difference relates to the fund's transaction costs from buying investments (when money is added to the fund), and selling investments (when withdrawals are made) and is often called a 'buy/sell' spread.

So that existing investors do not continually bear the transaction costs resulting from investments or withdrawals that are made, all investors pay a set, average amount (a 'buy/sell' spread) when they transact. This is calculated according to the particular types of investments a fund holds. Not all new investments or withdrawals cause transaction costs to be payable to a 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 transaction costs to all new investments and withdrawals from a fund. Refer to page 12 for the transaction costs ('buy/sell' spread) that applies to each fund.

Additional information

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% 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 Colonial First State 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.

This tolerance level is 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.

Some important points about geared funds

The aim of gearing is to produce a larger investment return over the long term by using borrowed money in addition to your own funds. The geared funds in the PDS are ‘internally geared’, which means that the funds borrow the money instead of you borrowing directly.

The benefits of internally geared funds are that they are able to borrow at institutional rates, there are no margin calls and you do not need to apply for a loan or offer security. Importantly, we will not ask investors to provide additional funds to meet borrowing costs or to repay debt. All obligations are met within the fund itself.

Some investors, such as superannuation funds or their trustees, may be unable to borrow in their own name, and therefore cannot use standard margin loans. Internally geared funds permit such investors to gain leveraged exposure to a selected asset class.

Where do geared share funds borrow from?

The geared funds raise money either by issuing notes or bonds in Australian or international capital markets, or by borrowing at competitive rates from a large number of international and Australian financial institutions. Interest and related borrowing costs are paid by the funds. Providers of funding have priority over fund investors for interest and principal repayments. Providers of funding earn interest and may receive reimbursements relating to early repayments, dealer fees, legal expenses, government charges, account transaction fees and undrawn commitments.

How does the gearing work on the geared funds?

There are three geared funds offered in the PDS. Colonial First State is responsible for the gearing of all three geared funds, allowing the investment manager to focus on managing the fund’s investments.

→ The following fund is managed using ‘dynamic gearing’, as described below:

- Wholesale Geared Share

This fund is managed so that as far as possible, income from dividends and interest exceeds the cost of borrowing and other expenses, to ensure the preservation of franking credits, which are passed on to you. This process of managing income and expenses is called ‘**dynamic gearing**’ because the gearing ratio may vary according to market conditions, in particular, the relationship between dividend yields and market interest rates. The gearing ratio is the total amount borrowed expressed as a percentage of the total assets of the fund.

Dynamic gearing is also a prudent approach which forces a lower gearing ratio when borrowing costs are relatively high or dividend yields reduce. For example, if it costs 6% per annum to borrow money, and the fund earns a net 3% per annum in dividends and income, this gives a gearing ratio of 50%. However, if the borrowing cost rises to 6.50% per annum, with income unchanged, the gearing ratio would fall to about 46%. The table below illustrates the relationship between the interest rates on borrowings, dividend yields and the gearing levels of a dynamically geared fund.

		Theoretical gearing level (%) ¹			
		Dividend yield (net of fund expenses)			
		2.50%	3.00%	3.50%	4.00%
Interest rate on borrowing (pa)	4.00%	60	60	60	60
	5.00%	50	60	60	60
	6.00%	42	50	58	60
	7.00%	36	43	50	57

Under dynamic gearing, the gearing ratio is managed at our discretion, but we usually borrow to the maximum amount possible, subject to the availability of debt and ensuring that estimated income exceeds estimated expenses. No additional borrowing is made when the gearing ratio is at 55% or above. The gearing ratio varies daily due to changes in the value of the assets in the fund, and applications or redemptions. If these changes cause the gearing ratio to exceed 60%, we repay debt within a reasonable amount of time.

In the event of the gearing ratio exceeding 75%, we will suspend the processing of redemption requests until the gearing has decreased to below 75%.

→ The following two funds are managed using ‘**fixed gearing**’, as described below:

- Wholesale Colliers Geared Global Property Securities
- Wholesale Geared Global Share.

¹ The Wholesale Geared Share fund will stop additional borrowing at 55%, but the gearing may rise above this level due to market movements or redemptions.

These funds invest in companies listed on global stock exchanges, outside Australia and because foreign companies do not pay franking credits, there are little or no franking credits to pass on to you. There is therefore no need to ensure that the fund's income exceeds its expenses. Fixed gearing uses a target gearing level, with a defined tolerance either side of this level.

In the case of the Wholesale Geared Global Share fund, the target gearing is 33.3%, with a usual tolerance of 5%.

In the case of the Wholesale Colliers Geared Global Property Securities fund, the target gearing is 55%, with a usual tolerance of 5%.

We will not borrow additional amounts when the gearing is at the target level, but the gearing ratio may rise above the target due to declines in asset values or redemptions. If the gearing ratio exceeds the target level by more than the tolerance of 5%, we take the gearing back below this level within a reasonable amount of time by repaying debt.

In the event of the gearing ratio exceeding 60% in the case of the Wholesale Geared Global Share fund, or 75% in the case of the Wholesale Colliers Geared Global Property Securities fund, we will suspend the processing of redemption requests until the gearing has decreased to below these levels.

Some important points about long short strategies

What is short selling, a short position and a long position?

Short selling is selling a security you do not own. By short selling a security, a fund attempts to profit from a decrease in the value of the security. Generally, short selling involves borrowing a security from another party to make the sale with the intention of repaying the borrowed security at a later date with an equivalent security purchased at a lower price. A fund may use short selling as a strategy to try to improve returns and to manage risk.

A **short position** is a net position in a security that profits from a decrease in the value of the security. This can be achieved by short selling.

A **long position** is a net position in a security that profits from an increase in the value of the security. Generally, an investor adopts long positions by buying securities.

The Colonial First State Wholesale Australian Share Long Short – Core fund, the Colonial First State Wholesale Equity Income fund and the Colonial First State Wholesale Global Resources Long Short Fund may use long short strategies.

Some important points about emerging markets

Investment in emerging markets may involve a higher risk than investment in more developed markets. You should consider whether or not an investment in such a fund is either suitable for, or should constitute a substantial part of, your portfolio.

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 increased in emerging markets due to the legal, political, business and social frameworks being less developed than those in more established market economies. Examples of increased 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 are usually more volatile than those in developed markets. This means that there may be large movements in the unit price over short or long periods of time.

Do the funds engage in securities lending?

Some of the funds may either borrow or lend securities by entering into securities lending transactions, as part of their investment or borrowing strategies.

Under a securities lending transaction, securities are lent to a third party (borrower) by the securities' owner (lender) for a period of time in return for a fee.

Securities lending exposes both the lender and the borrower to additional risks. These may cause a loss to the affected funds, however, processes are in place to manage these risks where possible, including requirements for borrowers to provide sufficient collateral as security and enforceable legal contracts between the parties.

Additional information

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

As the responsible entity, 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 company stability, we may discuss these matters with company management and/or review our decision to hold the specific investment. Reviews are on a case by case basis as such factors arise. We do not use any specific methodology for such reviews or have predetermined views about the extent to which such factors will be taken into account in a review.

When we outsource investment management we do not specifically take into account labour standards or environmental, social or ethical considerations. However, we may consider these factors to the extent that they impact on a manager's organisational stability, reputation and performance. External managers have their own policies on the extent to which labour standards or environmental, social or ethical considerations are taken into account when making investment decisions.

These policies are not specifically considered in selecting managers.

What investments can the fund hold?

The Constitution of the fund allows Colonial First State a great deal of discretion about what investments are held in the fund. This PDS outlines the investments intended to be held. If we decide to change we will advise you as soon as practicable. The Bank, our parent company, is listed on the 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 do not exceed 5% of the issued capital of the Bank.

Constitution of the funds

Each fund is governed by a constitution. 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. We are empowered by the Corporations Act and each Constitution to engage agents to do anything that they are authorised to do. However, we remain fully responsible for the actions of any agents which we may engage. You can inspect a copy of the Constitution at Level 29, 52 Martin Place, Sydney NSW 2000, 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 us on 13 13 36.

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 10. 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.

We aim to hedge currency risk arising from global fixed interest and global property securities exposure. For global shares exposure, we offer funds that do not hedge, partially hedge or aim to fully hedge currency risk. When implementing a partial currency hedge, our process focuses on using hedging to partially preserve the gains that are made when the Australian dollar falls in value. This helps reduce the impact of later periods of currency rises in value. When the Australian dollar is trading at a level we believe to be close to or above, fair value, then no hedging of the foreign currency exposure for the investor's capital will take place.

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.

Where funding is raised in a foreign currency for any geared share fund, we aim to hedge up to 100% of foreign currency risk.

For more information on how we manage currency, please see the information flyer 'Managing currency risk', available at colonialfirststate.com.au or by calling us on 13 13 36.

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 our website at colonialfirststate.com.au or call us on 13 13 36.

Is there a cooling-off period?

A 14-day 'cooling-off period' will apply to your initial investment in the fund in certain circumstances. If, during the 14-day cooling-off period, you decide that the investment does not meet your needs, then simply advise your IDPS operator in writing.

The 14 days start when your transaction confirmation is received by the IDPS operator or five days after units are issued, whichever is earlier. We will return your investment, reduced or increased for market movements. We will also deduct any tax or duty incurred and a reasonable amount for transaction and administration costs. 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.

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

If you feel that your complaint has not been adequately addressed, you may lodge a complaint with the Financial Ombudsman Service (FOS). FOS' address is GPO Box 3, Melbourne VIC 3001 and the toll free telephone number is 1300 780 808.

What are our reporting requirements?

If a 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, fax 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 financial reports

An annual financial report detailing the financial position and performance of the fund over the last financial year will be made available on our website – colonialfirststate.com.au/annual-reports, by 30 September each year. If you would prefer to have a copy emailed or mailed to you, please contact us.

Are there any other benefits to Colonial First State?

In consideration of stockbroking fees paid for the purchase and sale of the fund's assets, certain stockbrokers may pay for some of our third party research and financial markets data, or other alternative research and execution services set out in the relevant IFSA Guidance Note. Such payments are monitored by us to ensure that any such arrangement is appropriate and in the best interests of investors. A copy of our policy is available on request.

The funds receive 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.

For the Colonial First State geared share funds where money is borrowed from members of the Bank, the terms are substantially the same as for other lenders.

Interests of the directors of the responsible entity

Directors may receive a salary as employees of the Bank and from time to time may hold interest in shares in the Bank or investments in the fund. This PDS has been authorised by our directors.

Who manages your money?

Colliers International

Colonial First State has appointed Colliers International in an alliance to combine Colliers' global property brand and research capabilities with our investment management expertise and processes for the Colonial First State Wholesale Colliers Global Property Securities Fund and the Colonial First State Wholesale Colliers Geared Global Property Securities Fund.

Colliers International represents property investors, developers and occupiers in local and global markets. Colliers International is a global partnership of real estate companies with unparalleled knowledge and expertise across the full range of property services.

Its worldwide network provides clients with an international perspective combined with in-depth knowledge of regional and local property markets. On a global basis, Colliers International's 11,000 real estate professionals operate throughout 293 offices in 61 countries, contributing to a revenue of \$2.15 billion.

Additional information

Wellington Management Company, LLP

Colonial First State has appointed Wellington Management Company, LLP as the investment manager for the Wholesale Global Health & Biotechnology Fund and the Wholesale Global Technology & Communications Fund.

Wellington Management Company, LLP is one of the oldest and largest independent investment management firms in the world. Based in Boston, USA, the firm manages over \$590 billion (at 31 December 2009) in assets for institutional clients in over 40 countries. A private partnership focused exclusively on managing money, the firm conducts extensive global, proprietary research.

Wellington Management's investment approach

Wellington Management's process seeks to add value by employing a bottom-up stock selection approach to investing. Wellington Management seeks to establish an appropriate value for a company, based on its current positioning and future outlook, and then compare that valuation to the company's current share price.

In doing this, Wellington Management considers the overall environment and assesses factors such as supply and demand characteristics, secular trends, competitive positioning, existing product evaluations, and new product developments.

Wellington Management's investment teams have extensive knowledge of, and experience within, all industry sectors. This industry knowledge and experience provides them with a unique perspective, and enables them to develop a high level of conviction in company analysis and security selection. In particular, Wellington Management seeks to accurately assess a company's position within its own lifecycle and to formulate profitable non-consensus investment ideas.

REGISTERED FUND NAME

Colonial First State Wholesale Australian Share – Core Fund Colonial First State Wholesale Australian Share Fund – Core	ABN ARSN APIR	33 966 521 852 091 478 956 CFM0404AU
Colonial First State Wholesale Australian Share Long Short – Core Fund Colonial First State Global Asset Management Equity Trust 1	ABN ARSN APIR	62 234 212 688 127 702 130 FSF0916AU
Colonial First State Wholesale Australian Share Fund Colonial First State Wholesale Australian Share Fund	ABN ARSN APIR	15 726 857 658 087 570 214 FSF0002AU
Colonial First State Wholesale Equity Income Fund Colonial First State Global Asset Management Equity Trust 2	ABN ARSN APIR	56 802 915 282 129 259 552 FSF0961AU
Colonial First State Wholesale Imputation Fund Colonial First State Wholesale Imputation Fund	ABN ARSN APIR	70 261 123 727 087 569 980 FSF0003AU
Colonial First State Wholesale Leaders Fund Colonial First State Wholesale Leaders Fund	ABN ARSN APIR	16 013 751 245 087 569 640 FSF0016AU
Colonial First State Wholesale Small Companies – Core Fund Colonial First State Wholesale Small Companies Fund – Core	ABN ARSN APIR	65 030 712 109 089 460 891 CMI0111AU
Colonial First State Wholesale Geared Share Fund Colonial First State Wholesale Geared Share Fund	ABN ARSN APIR	28 307 328 147 087 563 924 FSF0043AU
Colonial First State Wholesale Global Resources Fund Colonial First State Wholesale Global Resources Fund	ABN ARSN APIR	18 143 761 492 087 561 500 FSF0038AU
Colonial First State Wholesale Global Resources Long Short Fund Colonial First State Wholesale Global Resources Long Short Fund	ABN ARSN APIR	94 841 376 602 113 916 573 FSF0698AU
Colonial First State Wholesale Global Share Fund Colonial First State Wholesale Global Share Fund	ABN ARSN APIR	96 983 861 913 087 563 755 FSF0047AU
Colonial First State Wholesale Geared Global Share Fund Colonial First State Wholesale Geared Global Share Fund	ABN ARSN APIR	72 207 461 927 096 392 031 FSF0170AU
Colonial First State Wholesale Property Securities Fund Colonial First State Wholesale Property Securities Fund	ABN ARSN APIR	53 841 877 511 087 570 429 FSF0004AU
Colonial First State Wholesale Colliers Global Property Securities Fund Colonial First State Wholesale Global Property Securities Fund	ABN ARSN APIR	64 902 971 632 108 688 777 FSF0454AU
Colonial First State Wholesale Global Listed Infrastructure Securities Fund Colonial First State Wholesale Global Listed Infrastructure Securities Fund	ABN ARSN APIR	99 485 137 517 125 199 411 FSF0905AU
Colonial First State Wholesale Colliers Geared Global Property Securities Fund Commonwealth Specialist Fund 14	ABN ARSN APIR	60 804 535 769 123 801 178 FSF0892AU
Colonial First State Wholesale Global Health & Biotechnology Fund Colonial First State Wholesale Global Health & Biotechnology Fund	ABN ARSN APIR	62 748 152 499 092 203 506 FSF0146AU
Colonial First State Wholesale Global Technology & Communications Fund Colonial First State Wholesale Global Technology & Communications Fund	ABN ARSN APIR	71 087 602 594 089 743 395 FSF0143AU

Product Disclosure Statement

Colonial First State offices:

Sydney (Head Office)
Level 29
52 Martin Place
Sydney NSW 2000

Melbourne
Level 1
385 Bourke Street
Melbourne VIC 3000

Brisbane
Level 8
240 Queen Street
Brisbane QLD 4000

Perth
Level 4
55 St Georges Terrace
Perth WA 6000

Adelaide
Level 4
100 King William Street
Adelaide SA 5000

Enquiries:

New investors:	1300 360 645
Existing investors:	13 13 36
Advisers:	13 18 36
Fax:	(02) 9303 3267
Website:	colonialfirststate.com.au
Email:	contactus@colonialfirststate.com.au

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We want what you want

Colonial
First State