

Commonwealth PensionSelect

Effective date: 1 July 2017

Product Disclosure Statement

Part 1 - General Information

Issued by Colonial Mutual Superannuation Pty Ltd ABN 56 006 831 983 AFSL 235025 (the 'Trustee')

Commonwealth
Financial Services



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This Product Disclosure Statement (PDS) is provided in two parts:

- **Part 1 – General Information**
- **Part 2 – Fees and Tax**

You should read both Part 1 and Part 2.

If you have not received both parts simply call **13 2015** between 8.30am and 6pm (Sydney time), Monday to Friday.

Notices

Commonwealth PensionSelect is a pension plan in Colonial Super Retirement Fund ABN 40 328 908 469, SFN 2933 419 40 (the Fund). Colonial Mutual Superannuation Pty Ltd (CMS, Trustee, we, us, or our) is the trustee of the Fund.

The Fund is administered by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA).

Commonwealth Financial Services is a registered business name of CMS and CMLA.

CMS and CMLA are both wholly owned subsidiaries of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 (Commonwealth Bank Group or the Group).

Commonwealth Bank and its subsidiaries do not guarantee or in any way stand behind the performance of the Fund or the repayment of capital or interest by the Fund. Investments in Commonwealth PensionSelect are not deposits or other liabilities of Commonwealth Bank or its subsidiaries (other than CMLA or the Trustee) and investment-type products are subject to investment risk, including possible delays in repayment and loss of income and principal invested.

Part 1 – General Information

About Commonwealth PensionSelect

Commonwealth PensionSelect ('PensionSelect') is only available to the dependants of a deceased member (in certain circumstances) where the death benefit is over \$10,000. This PDS is only available to people receiving this PDS in Australia.

PensionSelect is an allocated pension plan, which allows superannuation savings to be converted into a tax effective and flexible income stream, with the benefit of concessional tax treatment. PensionSelect offers a diverse range of investment options structured to provide investment flexibility.

PensionSelect is the pension plan of the Colonial Super Retirement Fund. All investments in PensionSelect are made by the Trustee via an Investment Policy issued to the Trustee by CMLA (the 'Investment Policy').

Features at a glance

A wide choice of investment options to suit your needs

Benefits	<p>PensionSelect is a flexible and tax-effective allocated pension plan, which pays you an income stream.</p> <p>It offers a range of professionally managed investment options to suit a wide variety of investment goals.</p> <p>You have the flexibility to:</p> <ul style="list-style-type: none">• switch between investment options• select your payment frequency and alter your income payments• choose the amount of income you receive (subject to minimum requirements)• have access to your benefits as a lump sum payment at any time.
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Risks	<p>The period of time over which PensionSelect will pay you an income stream may be impacted by the amount of your investment and investment related risk. Please see page 13 of Part 1 for further details of some of the risks.</p> <p>Returns from investment options will vary depending on the type of assets they are invested in.</p> <p>Shares and property, for example, generally tend to be better suited to a long-term investment period. Your investment in PensionSelect is not guaranteed and your investment can rise or fall in value.</p>
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Who can receive a PensionSelect pension?

Dependant(s)	An eligible dependant as determined by the Trustee in the event of a member's death.
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Part 1 – General Information

Your investment options

Initially all funds in Commonwealth PensionSelect are invested in the Commonwealth Savings investment option. Once an account is established in your name, you can choose to invest in up to 15 different investment options (refer from page 17 of Part 1 for more details). If you do not select an investment option on your application form, the funds will remain in the Commonwealth Savings investment option.

	Strategy	Investment Option
Investment options	Aggressive	<ul style="list-style-type: none"> Commonwealth Australian Shares Commonwealth Shares FirstChoice Wholesale High Growth Commonwealth Growth
	Growth	<ul style="list-style-type: none"> Commonwealth Managed Colonial First State Diversified Perpetual Wholesale Balanced Growth FirstChoice Multi-Index Balanced
	Moderate	<ul style="list-style-type: none"> Commonwealth Balanced Colonial First State Balanced BT Active Balanced
	Conservative	<ul style="list-style-type: none"> Colonial First State Conservative
	Defensive	<ul style="list-style-type: none"> Commonwealth Capital Defensive Commonwealth Savings Commonwealth Capital Secure

Accessing information

A range of ways to keep informed about your investment

	Phone: 13 2015	Internet: Commbank. com.au/personal	Mail: Commonwealth Financial Services GPO Box 3306 Sydney NSW 2001	In person: Any Commonwealth Bank branch	Email: service@cba.com.au
Investment balances	✓	–	✓	✓	✓
Pension details	✓	–	✓	✓	✓
Unit prices	✓	✓	✓	✓	✓
Product information	✓	✓	✓	✓	✓

Part 1 – General Information

Accessing information

A range of ways to keep informed about your investment

Availability	Unit prices are available 24 hours a day, seven days a week. All other information available via phone can be accessed 8.30am to 6pm (Sydney time), Monday to Friday.	
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Transacting

(refer to pages 6 and 7 of Part 1 for more details)

		Minimums	Mail to Commonwealth Financial Services	At any Commonwealth Bank branch
Switches		\$1,000	✓	✓
Withdrawals	credit your bank account	\$2,000	✓	✓
	rollover to another fund (where applicable)	no minimum	✓	✓

Pension flexibility

(refer to pages 5 to 7 of Part 1 for more details)

Pension payment frequency	Fortnightly, monthly, quarterly, half-yearly or yearly.
Pension payment method	By direct credit into your nominated bank, building society or credit union account.
Size of pension payments	You can choose the amount of income you receive as a pension, as long as it meets the legislated minimum levels. Refer to pages 5 to 6 of Part 1 for more information.
Indexation of pension	0% – 5% p.a.
Switching	You can switch all or part of your investment between the options within PensionSelect.

Reporting

(refer to page 9 of Part 1 for more details)

Transaction confirmation	You'll receive written confirmation of your investment, withdrawals, switches and other transactions as required by law.
Annual statement	You'll receive an annual statement after the end of the financial year detailing your account balance and transactions (including pension payments, withdrawals, tax, fees and charges).

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Reporting

(refer to page 9 of Part 1 for more details)

Annual report	<p>The Annual report provides information on the management of the Fund, regulatory and product changes, and the performance of the investment options. It is available at commbank.com.au/personal/superannuation/forms-and-documents</p> <p>Alternatively we can mail a copy of the Annual report to you on request.</p>
Tax reporting	<p>Following the end of financial year, if your pension was taxable, you will receive:</p> <ul style="list-style-type: none">• a payment summary showing the total payments made to you and any tax withheld• instructions on how to report your pension in your tax return.

Fees and charges

Competitive and simple. It's important to read the Fees and other costs section (refer to page 1 of Part 2 for more details).

How is your pension taxed?

(refer to page 10 of Part 2 for more details)

While your money is invested	<p>The Fund does not pay tax on investment earnings in the allocated pension.</p>
Pension payments	<p>Pension payments are generally tax free if the pensioner is aged 60 and over. Further, if the deceased member was age 60 or greater at the date of death then your pension will be tax free.</p> <p>In other cases, a percentage of your pension payments may be tax free and the remainder is taxable. The taxable portion is taxed at your marginal tax rate but qualifies for a 15% tax offset.</p> <p>Pay As You Go (PAYG) tax instalments may be deducted from your pension payments.</p>
When you leave	<p>Lump sum withdrawals, also known as commutations, are treated as superannuation lump sums and taxed accordingly.</p>

Other important information

Complaints resolution	<p>We have a complaints handling process (refer to page 36 of Part 1).</p>
Cooling-off period	<p>A 14 day cooling-off period may apply to your initial investment only (refer to page 35 of Part 1).</p>

Starting a PensionSelect pension

How do I commence my pension?

To commence your PensionSelect pension you will need to complete and sign the Application form. Forward this, together with any other paper work requested of you by the Trustee, to Commonwealth Financial Services (see page 41 for address details).

On completion of your Application, we will confirm your account details to you in writing.

From 1 July 2017, the total amount of super you can transfer from accumulation to pension phase will be capped at \$1.6 million and will be indexed in line with CPI by \$100,000 increments. We are unable to accept amounts above this limit.

Can I make additional transfers/investments?

We are unable to accept additional amounts into your pension.

How can I access my benefits?

Your benefit is accessible as either:

- an income stream (pension payments) and/or
- a lump sum (withdrawal or rollover).

Pension Payments

PensionSelect gives you the ability to choose the amount of your regular pension payment, provided that it meets the minimum amount.

When you commence an allocated pension, we must pay you at least your minimum pension payment amount each year (rounded to the nearest 10 whole dollars). We will continue to pay your pension payment amount until your account balance is reduced to zero. Your minimum pension payment amount is worked out each year. It's calculated by multiplying your account balance as at 1 July (or the commencement of your pension) by a percentage factor depending on your age, as follows:

Age	Minimum pension (% of account balance)
Under 65	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95 or more	14%

From time to time, the government may change these pension minimums.

There is no maximum pension payment amount you must receive from an allocated pension. If you select an amount less than the minimum pension payment, we will simply pay you the minimum pension payment.

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What pension payment frequency options do I have?

You can choose to have your pension paid:

- fortnightly
- monthly
- quarterly
- half-yearly
- yearly.

How will my Pension payment be paid?

Your pension will be paid to your nominated bank, building society or credit union account. Pension payments can only be made to personal accounts in your name.

What investment options will my pension be paid from?

If you have more than one investment option, you can choose:

- to have your payment drawn from each option in the same proportion as your investment mix at the time of the payment, or
- the order in which your payments are drawn from each option.

If you don't nominate a choice, we will pay your pension in the same proportion as your investment mix at the time of the payment.

Can I index my pension?

You can select between zero and five per cent per annum, as long as the pension payment being received is above the legislated minimum levels.

Lump Sum

You may withdraw all or part of your investment in PensionSelect at any time. The minimum withdrawal is \$2,000.

If you make a partial withdrawal, your remaining account balance must be at least equal to the value of the minimum annual pension payment amount applicable to you, less the value of payments already made to you in that financial year.

If you make a withdrawal which results in your account balance falling below \$2,000, the balance of the account will be paid to you and your account will be closed.

Cash withdrawals will be treated as superannuation lump sums and may be subject to lump sum tax. Should you request a full or a partial withdrawal (commutation) of your investment in PensionSelect, a minimum pension payment must be paid to you. This minimum pension payment is a pro-rata amount, equal to the minimum pension payment for the period the pension has been payable in the year to the time of commutation. The minimum pension payment is determined in accordance with superannuation law.

The exception to this requirement is commutation resulting from your death.

Can I switch between investment options?

You can switch all or part of your investment between investment options in PensionSelect as your needs change. A minimum switch of \$1,000 applies.

A switch is treated as a withdrawal from one option and an investment in another on the same business day. The withdrawal and deposit price current for each option at the time of the switch will apply. Any decision to change your investment option(s) should be carefully considered.

We recommend you speak to your financial adviser about this decision.

You can switch between investment options at any time by completing a Commonwealth PensionSelect Switch and Pension Drawdown Nomination form. You can download a copy of this form at commbank.com.au/personal/superannuation/forms-and-documents or call **13 2015** between 8.30 am and 6 pm (Sydney time), Monday to Friday.

When enquiring about the unit price for account balance or transactional purposes, we can provide a historic price or value only. Should you decide to switch, you will receive the unit price applicable to the date your completed documents were received at our principal office of administration.

What benefits are paid if I die?

If you die while you are a member of the Fund the Trustee will pay any death benefit to your dependant/s (as defined in the Trust Deed) and/or to your Legal Personal Representative (the executor or administrator of your estate), as determined by the Trustee.

Under the Fund Trust Deed, a dependant includes:

- a spouse, including a person (whether of the same or a different sex) with whom you are living on a genuine domestic basis in a relationship as a couple and a person with whom you are in a relationship registered under State or Territory law
- a child of any age (including an adopted child, step child or an ex-nuptial child, a child of your spouse and your child within the meaning of the Family Law Act 1975)
- a person with whom you have an interdependency relationship
- a person financially dependent on you.

Under superannuation law, an 'interdependency relationship' will exist where two people (whether or not related by family) meet all of the following conditions:

- they have a close personal relationship
- they live together
- one or each of them provides the other with financial support, and
- one or each of them provides the other with domestic support and personal care.

There may also be an interdependency relationship where two people have a close personal relationship and either or both of them suffer from a physical, intellectual or psychiatric disability. In this circumstance, there is no requirement for cohabitation or for provision of financial or domestic support.

PensionSelect offers you a range of options to consider when deciding on how you would like your benefits to be paid in the event of your death.

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You have a choice of one of three options, as outlined below.

- **Option 1** Pension beneficiary (non-binding)

Under this option, you can at any time nominate one of your dependants to receive your pension following your death.

Although children generally qualify as dependants, a child aged 18 or over can only receive a pension if the child is financially dependent on you at your death and under age 25, or suffers from certain types of disability. Where a child aged 18 or over receives a pension, unless the child suffers from a relevant disability, the pension must be cashed as a lump sum when the child turns 25.

- **Option 2** Lump sum beneficiary (non-binding)

Under this option, you can at any time nominate one or more of your dependants and/or your Legal Personal Representative to receive a lump sum on your death, in the percentages you select.

However, for either of these options, your nomination is not binding on the Trustee which means that, while it will be taken into consideration, the Trustee has the absolute discretion in determining to whom and in what form (i.e. lump sum, pension or annuity) your benefits will be paid on your death.

A nomination under either of these options can be changed or revoked at any time by providing the Trustee with a completed 'Notification of change of details' form.

If you select either of these options and your nominee predeceases you or is not your dependant/Legal Personal Representative at the time of your death, your nomination will be invalid and of no effect.

- **Option 3** Reversionary beneficiary

Under this option, you can nominate a reversionary beneficiary and if we accept your nomination, pension benefits will automatically become payable to the reversionary on your death, provided the reversionary beneficiary is a dependant who qualifies as a reversionary beneficiary under SIS. Any reversionary beneficiary must be nominated at the commencement of the account. Please note that reversionary beneficiaries are unable to nominate a reversionary beneficiary of their own when they assume ownership of the account.

Death Benefit

Where payable, the death benefit is the greater of:

- the current value of your account, or
- total contributions less any withdrawals, pension payments, fees and taxes.

Please see the section entitled 'How is my pension taxed?' on page 10 of Part 2 for a summary of the way these benefits are currently taxed.

Before making or, where permitted, changing or revoking a nomination under one of the three options, we suggest you seek advice from your financial adviser or tax agent as your decision may have tax consequences.

Treatment of your benefits upon death

Upon notification of your death, the Trustee will move your account balance to the Commonwealth Savings investment option unless a reversionary beneficiary has been nominated.

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The table below shows payment details upon death for options 1 and 2 outlined on page 8.

	Option 1 Pension beneficiary Option 2 Lump sum beneficiary
Who is the benefit paid to on death?	One or more dependants, or the legal personal representative or another person at the discretion of the Trustee where there is no dependant(s) or legal personal representative.
How is the benefit paid on death?	The benefit is paid as a pension or lump sum based on your instruction, although Trustee discretion will apply.
What are the tax consequences?	Refer to page 10 of Part 2 for the details of the current tax rules.

As superannuation, tax and social security laws change over time, it's important that you review your estate planning arrangements frequently. To ensure that you're fully aware of the impacts of your estate planning arrangements, we recommend you speak to a financial adviser.

How do I access information on my account?

Information on your account balance and pension details can be obtained by calling us on **13 2015**.

Please note that when requesting unit price or investment valuation information, this information will be historical only.

Phone

By calling **13 2015** between 8.30am and 6pm (Sydney time), Monday to Friday you can access information on your investment balance, including pension amount and investment options.

Internet

Our website, commbank.com.au/personal/superannuation, has been developed to assist you with your investment choices and to manage your investments on a day to day basis.

You can access:

- information on investment products and services
- latest performance information
- unit prices.

What information will I receive?

We will provide you with:

- an annual statement as at 30 June, which shows information about your investment. The statement will show the balance of your account and your transactions (including pension payments, withdrawals, tax, fees and charges) as well as the new pension levels applying for the new financial year
- if your pension was taxable at any point during the year, a payment summary dated 30 June, which shows total payments made over the year and any tax instalments deducted
- upon exit from PensionSelect you will receive an exit statement detailing your closing balance and any transactions since your last statement. We will confirm all your transactions in writing.

Determining your investment strategy and investor profile

Selecting your investment strategy

When investing, you need to consider the following three key elements:

1. Time horizon

One of the most important elements in selecting your investment strategy is your money's time horizon or the length of time you expect your money to be invested.

The longer your money's time horizon, the more aggressively you may want to invest, because you have more time to ride out the ups and downs in the value of your investments. Even though the value of your investments is likely to fall at times, there is the potential that over time such a fall will be offset by higher returns on your investments. On the other hand, the shorter your money's time horizon, the more conservatively you may want to invest, with a view to safeguarding your money from adverse market fluctuations.

2. Rate of return

The second important element in selecting your investment strategy is the rate of return you want or need your investments to earn.

Historically, strategies which invest primarily in growth assets have over the long-term provided higher returns than those that invest primarily in defensive assets. As a result, the temptation may be to invest in the strategy which is expected to deliver the highest returns. However, investments with the potential for higher returns normally come with higher risk, and it may not be necessary to take that higher risk to achieve your investment goals.

3. Risk tolerance

The third important element in selecting your investment strategy is your risk tolerance or how comfortable you are with variation in the value of your investments. Everyone has a different attitude towards risk. Some people can relax while their account balance goes up and down dramatically. Others get nervous if their account shows even the smallest drop in value.

You need to be comfortable with the amount of risk you are taking and the potential consequences. Bear in mind that there is not only the risk of poor or negative returns, but also the risk of not achieving your investment goals. Ultimately, your risk tolerance is dependent on your time horizon.

Selecting your investor profile

You need to balance risk and return by finding where you want your investments to be positioned to earn the highest returns possible for the amount of risk you feel comfortable taking.

We have identified five investor profiles, determined by attitudes to investment time horizon, required rate of return and tolerance to risk.

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Investment strategy overview

	Aggressive	Growth	Moderate	Conservative	Defensive
Risk/return profile	Higher				Lower
Suggested investment time horizon	7 years or more	5 to 6 years or more	5 years or more	3 years or more	0 to 3 years or more
Volatility	Higher				Lower
Investment objective	To earn significant returns over the long-term.	To earn relatively high returns over the long-term.	To earn moderate returns over the medium-term.	To earn relatively stable returns over the short to medium-term.	To earn relatively stable returns over any investment time horizon, with low potential for capital loss.
Investment strategy	Investment exposure is primarily to growth assets.	Focus is on growth assets. Defensive assets provide stability to returns.	Investment strategy slightly favours growth assets, with defensive assets providing stability to returns.	Focus is on defensive assets with some exposure to growth assets.	Investment exposure is primarily in domestic cash and short-term securities.
Investor profile	For investors who seek to maximise their return and in exchange are prepared to accept a higher level of risk on their investment. They have a very long-term horizon (7 years or more) and invest nearly entirely in growth assets.	For investors who desire the potential for higher returns and are comfortable with higher risks. Often, they have more time to ride out the ups and downs of the market, so they invest more aggressively to seek maximum long-term (5 to 6 years or more) growth.	For investors who seek capital growth and are willing to accept some volatility. Often, they have longer time horizons (5 years or more) and therefore may go after higher investment returns to outpace inflation. This strategy is balanced between shares and more defensive investments.	For investors who regard security as more important than the level of returns. Often they have short time horizons (3 years or more) and don't have time to ride out the ups and downs in the value of their investment. This strategy is more heavily weighted to defensive assets, which are usually more stable.	For investors who regard security as the most important aspect of their investment. They are willing to sacrifice returns to minimise risk and often have a very short-term horizon (as little as 0 years). This strategy is predominantly weighted to defensive assets.

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Your choices

Standard Risk Measure

We have adopted the Standard Risk Measure (SRM), which is based on industry guidance to allow investors to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period (as outlined in the table below).

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

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

More detail on risks which may affect your investment is included in the ‘What are the risks of investing?’ section below.”

Risk measure categories

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

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

	Aggressive	Growth	Moderate	Conservative	Defensive
Investment options (Refer pages 17 to 30 of Part 1)	Commonwealth Australian Shares	Commonwealth Managed	Commonwealth Balanced	Colonial First State Conservative	Commonwealth Capital Defensive
	Commonwealth Shares	Colonial First State Diversified	Colonial First State Balanced		Commonwealth Savings
	FirstChoice Wholesale High Growth	Perpetual Wholesale Balanced Growth	BT Active Balanced		Commonwealth Capital Secure
	Commonwealth Growth	FirstChoice Multi-Index Balanced			

Note: The performance of the investment options is not guaranteed and is dependent on factors such as economic conditions, investment management and taxation laws. There is no guarantee that one investment option will outperform another.

The benefits of a financial adviser

The information in this section is only a guide. In order to determine which investment options best suit your needs, we recommend that you speak with an adviser. An adviser will be able to make a detailed assessment of your financial situation, help you define your investment goals and set a clear path to reaching them.

To arrange an appointment with a Commonwealth Financial Planner* just ask at any Commonwealth Bank branch or call us on the numbers shown on the inside back cover of this PDS.

* Commonwealth Financial Planners are representatives of Commonwealth Financial Planning Limited ABN 65 003 900 169 AFSL 231139. Commonwealth Financial Planners are not representatives of the Trustee or CMLA.

What are the risks of investing?

Important – Risks of investing

Risk represents the level of performance uncertainty associated with your investments. These risks can mean that:

- each of the investment options invests in assets that fluctuate in value and cause the unit price to rise and fall
- the performance of each investment option is not guaranteed
- there is no guarantee that one investment option will outperform another.

Types of risk

There are many different types of risk and your tolerance to each needs to be considered when choosing an investment strategy.

Economic and political risk

Individual countries or regions may be affected by factors such as economic breakdown or political unrest. This can have a negative impact on the returns and value of investments in that country or region.

Security specific risk

Within each asset class, individual securities like shares or bonds can be affected by risks that are specific to that security. For example, the value of a company's shares can be influenced by changes in company management, its business environment, company's level of debt or profitability.

Currency risk

Returns from international investments are affected by exchange rates. When foreign currencies rise in value relative to the Australian dollar there can be a positive impact on returns. Conversely, when foreign currencies fall in value there can be a negative impact on returns.

Inflation risk

Over the long-term it's important that your investments perform at a level equal to or greater than inflation. Otherwise, in real terms, the value of your investment is falling. There is a higher risk of this occurring with cash investments due to their typically low returns.

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Credit risk

Generally associated with cash and bonds, this is the risk that the borrower will default on the repayment of the loan.

Interest rate risk

Also associated with cash and bond investments, this is the risk that interest rates will rise, resulting in capital losses.

Liquidity risk

Some investments, particularly unlisted assets such as direct property, private equity and infrastructure, may be illiquid in nature meaning there is a risk the asset cannot be sold quickly or can only be sold quickly at a discount to its current value.

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.

Management risk

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

Ways to manage risk

Asset diversification

The different types of risk have a different impact on the performance of each asset class during a given period of time. Generally, by diversifying your investments across several different asset classes, several geographic regions or even many different investments of the same type, you reduce the risk that your investments will perform poorly if one asset class, region or investment performs badly during a given period of time.

Financial derivatives

Investments in derivatives, such as futures and options, may be used to change the exposure to markets more rapidly than could be done by purchasing or selling securities directly.

Types of investments

Growth assets

Growth assets have the potential to earn higher rates of return, but they can carry higher risk.

- **Shares** - When you buy shares (also called equities) in a company, you buy part ownership in that company. Share prices are determined by the value the financial markets place on the company and usually rise and fall in the short-term.
- **Global or international shares** - There are risks involved in international share investing that may not be present with Australian shares, such as currency risk.
- **Listed Property/Property Securities** - Listed property markets are influenced by many factors, such as supply and demand conditions of the specific markets in which the properties are located, as well as the supply and demand conditions of equity markets in which prices can rise and fall in any period.

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- **Alternative** - These are investments in non-traditional sectors that may be illiquid in nature, which may include but are not limited to private equity, direct property, infrastructure, alternative betas, and hedge funds. Alternative investments offer the opportunity for enhanced returns and further portfolio diversification.

Defensive assets

Defensive assets provide lower probability of capital loss, but generally earn a lower rate of return.

- **Bonds** - When you buy a bond, also known as a fixed interest investment, you lend money to a corporation or government entity. Bonds pay investors fixed interest rates and the value of bonds will change depending on how attractive the bond's interest rate is compared to current interest rates.
- **Cash** - Cash investments are similar to bonds, but are considered less risky because they have very short-term repayment periods.

Who manages your investments?

The Fund's investment strategy is to invest in life insurance policies. These policies are issued by CMLA.

CMLA also manages your money but may delegate the investment management of the investment option.

How is risk managed?

To ensure that your investment is managed as disclosed, the Trustee and CMLA manages risk by monitoring the various investment managers to ensure they follow the stated investment objective, style and asset allocation ranges. A Risk Management Statement is also provided from each investment manager to assist with this review. In addition, the Trustee and CMLA may use independent external investment consultant(s) to provide recommendations on the selection and ongoing review of external investment options.

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

The Trustee does not specifically take into account labour standards or environmental, social or ethical considerations when making investment decisions and when selecting, retaining or realising investments.

The Trustee does not have a predetermined approach for considering labour standards or environmental, social or ethical consideration when making investment decisions for Commonwealth PensionSelect.

However, should sustainability of earnings of those companies we invest in be adversely affected due to poor labour standards or activities considered environmentally, socially or ethically unacceptable, we may divest ourselves of the investment.

Hence, these factors may sometimes be considered when investment decisions are made. e.g. The Trustee has appointed CMLA to manage its investments for Commonwealth PensionSelect.

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Responsible Investing

Environment, Social and Corporate Governance (ESG) factors can have a material impact on investment outcomes and therefore ESG considerations are embedded into CMLA's investment decision making and active ownership practices. CMLA has adopted the CBA Wealth Management Responsible Investing Framework (visit commbank.com.au) and is a signatory to the Principles for Responsible Investment (PRI), which provides a framework for the mainstream global investment community to incorporate ESG factors into their investment processes.

CMLA has embedded ESG considerations in the process used to select managers and managers are encouraged to actively engage with companies and to incorporate ESG factors into their investment processes. CMLA's ESG approach is reflected in our PRI ratings, receiving an A rating in 5 out of 7 categories in 2016.

Consents

The third parties listed below have consented to be named in this PDS. No third parties other than CMLA, have caused the issue of, or are responsible for the statements in this PDS.

- BT Investment Management (RE) Limited
- Colonial First State Investments Limited
- Colonial First State Global Asset Management
- Perpetual Investment Management Limited.

Do the investment managers use financial derivatives?

Investment managers may use financial derivatives such as futures, options and forward rate agreements.

For investment options the use of financial derivatives will depend on the strategies of the individual investment options.

Closure of an investment option

The Trustee has the right to close an investment option to further investments and/or terminate an investment option.

In this event, you will receive written notice and a request for your instructions on which option your balance in the closed option is to be transferred. If we receive no instructions from you, your balance in the closed option will be transferred to another option in the same strategy.

In either case, you will, on the transfer, incur any applicable spread between the relevant deposit and withdrawal unit prices.

Investment options

Aggressive strategy

	Commonwealth Australian Shares
Investment objective ¹	To provide long term capital growth through investment in Australian listed company shares. This option may have a high level of short to medium-term volatility.
Risk measure category	Very High
Suggested investment horizon ²	At least 7 years
Investment strategy ¹	Invest in shares of Australian listed companies.
Benchmark asset allocation (%)	
Australian shares	100
International shares	–
Fixed interest	–
Alternative assets ³	–
Cash	–
Asset allocation ranges ⁴	90 – 100% Australian shares 0 – 10% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited (CFSIL)

	Commonwealth Shares
Investment objective ¹	To invest in a diversified portfolio of Australian and global listed company shares expected to generate a mix of long-term capital growth and income but which may have a high level of short to medium-term volatility.
Risk measure category	High
Suggested investment horizon ²	At least 7 years
Investment strategy ¹	Invest in shares of Australian and overseas listed companies.
Benchmark asset allocation (%)	
Australian shares	50
International shares	50
Fixed interest	–
Listed property	–
Alternative assets ³	–
Cash	–
Asset allocation ranges ⁴	25 – 75% Australian shares 25 – 75% International shares 0 – 10% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited

Part 1 – General Information

Aggressive strategy (cont)

	FirstChoice Wholesale High Growth
Investment objective	To provide long-term capital growth by investing in growth assets. To outperform the option's composite benchmark ⁶ over rolling three-year periods before fees and taxes.
Risk/return profile	High
Suggested investment time horizon ²	At least 7 years
Investment strategy	To invest in 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 aims to hedge currency risk except for the allocation to emerging market shares and part of the allocation to global shares.
Allocation	40.0% Australian shares 15.0% Global shares 15.0% Global shares – hedged 10.0% Emerging market shares 10.0% Global property securities 10.0% Global infrastructure securities
Underlying investment manager ⁵	Colonial First State Investments Limited

Part 1 – General Information

Aggressive strategy (cont)

	Commonwealth Growth
Investment objective ¹	To invest in a diversified portfolio of predominately growth assets expected to generate a mix of long-term capital growth and income but which may be quite volatile in the short to medium term.
Risk measure category	High
Suggested investment horizon ²	At least 7 years
Investment strategy ¹	Invest in a broad range of assets, predominantly in growth investments.
Benchmark asset allocation (%)	
Australian shares	34
Global shares	34
Alternative assets ³	22
Fixed interest	5
Cash	5
Asset allocation ranges ⁴	20 – 50% Australian shares 20 – 50% Global shares 0 – 30% Alternative assets 0 – 25% Fixed interest 0 – 25% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited

Part 1 – General Information

Growth strategy

	Commonwealth Managed
Investment objective ¹	To invest in a diversified portfolio of assets expected to generate a mix of long-term capital growth and income, but which may be volatile in the short to medium term.
Risk measure category	High
Suggested investment horizon ²	At least 6 years
Investment strategy ¹	Invest in a broad range of assets with a majority in growth investments.
Benchmark asset allocation (%)	
Australian shares	28
Global shares	28
Alternative assets ³	19
Fixed interest	15
Cash	10
Asset allocation ranges ⁴	15 – 40% Australian shares 15 – 40% Global shares 0 – 30% Alternative assets 5 – 35% Fixed interest 0 – 20% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited

Part 1 – General Information

Growth strategy (cont)

	Colonial First State Diversified
Investment objective ¹	To provide long-term capital growth. The option aims to outperform the composite benchmark ⁶ over rolling three-year periods before fees and taxes.
Risk measure category	High
Suggested investment horizon ²	At least 5 years
Investment strategy ¹	The option's broad asset allocation is to be 70% invested in growth assets (shares and property) and 30% in defensive assets (fixed interest and cash). Allocations are reviewed regularly although a reallocation is only considered in response to a fundamental change in long-term expectations or market demand. The investment manager seeks to add value through a disciplined approach to selection of the investments held by the investment option. The investment option may hedge some or all of its currency exposure.
Benchmark asset allocation (%)	
Australian shares	30
Global shares	20
Global resource shares	10
Property securities	5
Global infrastructure securities	5
Fixed interest and cash	30
Asset allocation ranges ⁴	25 – 35% Australian shares 15 – 25% Global shares 5 – 15% Global resource shares 0 – 10% Property securities 0 – 10% Global infrastructure securities 20 – 40% Fixed interest and cash
Underlying investment manager ⁵	Colonial First State Global Asset Management (CFS GAM)

Part 1 – General Information

Growth strategy (cont)

	Perpetual Wholesale Balanced Growth
Investment objective ¹	To provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments. The option aims to outperform its composite benchmark ⁶ over rolling three-year periods before fees and taxes.
Risk measure category	High
Suggested investment horizon ²	At least 5 years
Investment strategy ¹	Perpetual invests in a diverse mix of growth, defensive and other assets with a focus on Australian and international shares. Tactical asset allocation strategies may be applied, which involves the option adjusting its exposure to asset classes on a regular basis within the allocation ranges. Currency hedges may be used from time to time. Derivatives and exchange traded funds may be used.
Benchmark asset allocation (%)	
Australian shares	33
Global shares	29
Property	3
Fixed income	17
Alternative assets ³	10
Cash and credit	8
Asset allocation ranges ⁴	10 – 50% Australian shares 10 – 50% Global shares 0 – 15% Property 0 – 35% Fixed income 0 – 30% Alternative assets ³ 0 – 40% Cash and credit
Underlying investment manager ⁵	Perpetual

Part 1 – General Information

Growth strategy (cont)

FirstChoice Multi-Index Balanced	
Investment objective ¹	To provide capital growth and income over the long term. To outperform the option's composite benchmark ⁶ over rolling three-year periods before fees and taxes.
Risk measure category	High
Suggested investment horizon ²	At least 5 years
Investment strategy ¹	The option allocates 70% of investments to growth assets such as shares, property and infrastructure to provide potential for capital growth. The shares component is managed by Realindex Investments using the RAFI [®] methodology to select securities. The property and infrastructure components are managed using market capitalisation indices. 30% of the portfolio is allocated to defensive assets such as fixed interest and cash to provide the portfolio with relatively stable returns. The fixed interest component includes government bonds managed on a traditional index basis and a broadly diversified portfolio of credit securities. The portfolio aims to hedge currency risk except for the allocation to emerging market shares and part of the allocation to global shares.
Benchmark asset allocation (%)	
Australian shares	29
Global shares	13
Global shares (hedged)	14
Fixed interest	25
Emerging market shares	2
Global property securities	6
Global infrastructure securities	6
Cash	5
Underlying investment manager ⁵	Colonial First State Investments Limited

Moderate strategy

	Commonwealth Balanced
Investment objective ¹	To invest in a diversified portfolio of assets expected to generate a mix of long-term capital growth and income with a moderate level of security and relatively stable returns.
Risk measure category	Medium to High
Suggested investment horizon ²	At least 5 years
Investment strategy ¹	Invest in a broad range of assets with exposure to defensive and growth investments.
Benchmark asset allocation (%)	
Australian shares	19
Global shares	19
Alternative assets ³	17
Fixed interest	28
Cash	17
Asset allocation ranges ⁴	Australian shares 5 - 25% Global shares 5 - 25% Alternative assets 0 - 25% Fixed interest 15 - 45% Cash 10 - 35%
Underlying investment manager ⁵	Colonial First State Investments Limited

	Colonial First State Balanced
Investment objective ¹	To provide long-term capital growth and income. The option aims to outperform the composite benchmark ⁶ over rolling three-year periods before fees and taxes.
Risk measure category	Medium to High
Suggested investment horizon ²	At least 5 years
Investment strategy ¹	The option's broad asset allocation is to be 50% invested in growth assets (shares and property) and 50% in defensive assets (fixed interest and cash). Allocations are reviewed regularly although a reallocation is only considered in response to a fundamental change in long-term expectations or market demand. The manager seeks to add value through a disciplined approach to the selection of the investments held by the option. Derivatives may be used for risk management. The option may hedge some or all of its currency exposure.

Part 1 – General Information

	Colonial First State Balanced
Benchmark asset allocation (%)	
Australian shares	20
Global shares	15
Global resource shares	10
Property securities	5
Fixed interest and cash	50
Asset allocation ranges ⁴	15 – 25% Australian shares 10 – 20% Global shares 5 – 15% Global resource shares 0 – 10% Property securities 40 – 60% Fixed interest and cash
Underlying investment manager ⁵	CFS GAM

	BT Active Balanced
Investment objective ¹	The option aims to provide a return (before fees, costs and taxes) that exceeds the option's composite benchmark ⁶ over rolling three-year periods.
Risk measure category	High
Suggested investment horizon ²	At least 5 years
Investment strategy ¹	The option is an actively managed diversified portfolio that invests in Australian and international shares, property securities, Australian and international fixed interest and cash. The option has a higher weighting towards growth assets than to defensive assets. This option may hedge a portion of its currency exposure. Derivatives may be used in managing the option.
Benchmark asset allocation (%)	
Australian shares	38
Global shares	22
Diversified fixed interest	25
Property securities	8
Cash	7
Asset allocation ranges ⁴	28 – 48% Australian shares 12 – 32% Global shares 5 – 45% Diversified fixed interest 0 – 15% Property securities 0 – 15% Cash
Underlying investment manager ⁵	BT Investment Management

Part 1 – General Information

Moderate strategy (cont)

Conservative strategy

	Colonial First State Conservative
Investment objective ¹	To provide long-term capital preservation with an income focus. The option aims to outperform the composite benchmark ⁶ over rolling three-year periods before fees and taxes.
Risk measure category	Medium
Suggested investment horizon ²	At least 3 years
Investment strategy ¹	The option's broad asset allocation is to be 30% invested in growth assets (shares and property) and 70% in defensive assets (fixed interest and cash). Allocations are reviewed regularly although a reallocation is only considered in response to a fundamental change in long-term expectations or market demand. The manager seeks to add value through a disciplined approach to the selection of the investments held by the option. Derivatives may be used for risk management. The option may hedge some or all of its currency exposure.
Benchmark asset allocation (%)	
Australian shares	15
Global shares	10
Property securities	5
Fixed interest and cash	70
Asset allocation ranges ⁴	10 – 20% Australian shares 5 – 15% Global shares 0 – 10% Property securities 60 – 80% Fixed interest and cash
Underlying investment manager ⁵	CFS GAM

Part 1 – General Information

Defensive strategy

	Commonwealth Capital Defensive
Investment objective ¹	To invest in a diversified portfolio of predominately defensive assets expected to generate a mix of income and long-term capital growth with an emphasis on stable returns and a high level of security.
Risk measure category	Low
Suggested investment horizon ²	At least 3 years
Investment strategy ¹	Invest primarily in defensive investments while maintaining some exposure to growth investments.
Benchmark asset allocation (%)	
Australian shares	4
Global shares	4
Alternative assets ³	8
Fixed interest	42
Cash	42
Asset allocation ranges ⁴	0 – 10% Australian shares 0 – 10% Global shares 0 – 15% Alternative assets 5 – 75% Fixed interest 5 – 75% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited

	Commonwealth Savings
Investment objective ¹	To provide income from investments in money market securities with a very low risk of capital loss.
Risk measure category	Very Low
Suggested investment horizon ²	At least 0 years
Investment strategy ¹	Invest solely in deposits of the Commonwealth Bank.
Benchmark asset allocation (%)	
Australian shares	–
Global shares	–
Fixed interest	–
Alternative assets ³	–
Cash	100
Asset allocation ranges ⁴	100% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited

Part 1 – General Information

Defensive strategy (cont)

Commonwealth Capital Secure	
Investment objective ¹	To invest in a diversified portfolio of fixed interest and money market securities expected to generate a mix of income and some long-term capital growth with an emphasis on stable returns and a high level of security.
Risk measure category	Very Low
Suggested investment horizon ²	At least 3 years
Investment strategy ¹	Invest in a defensive portfolio of income producing investments.
Benchmark asset allocation (%)	
Australian shares	–
Global shares	–
Fixed interest	35
Alternative assets ³	–
Cash	65
Asset allocation ranges ⁴	5 – 60% Fixed interest 45 – 95% Cash
Underlying investment manager ⁵	Colonial First State Investments Limited

Notes to tables

¹ Investment objective and strategy - If there is any significant change in the investment strategy or objective of the investment option we will give you notice as required by law.

² The suggested period is based on analysis of the past performance of the types of assets held in each investment option and is not intended to imply or guarantee any particular return from any investment option. You should be aware that the value of your investment could fall as well as rise.

³ These assets cover investments not covered by the other asset classes in the table including but not limited to alternative risk premia strategies, private equity, mortgages, direct property, development capital and infrastructure.

⁴ The asset allocation ranges represent the expected minimum and maximum exposure to each asset class within the investment option over the long-term. Asset allocations may move outside these ranges temporarily depending on movements in the value of financial markets. The asset allocation ranges may change over time.

⁵ Refers to the investment manager/adviser of the underlying fund.

⁶ The option's composite benchmark is shown on page 29.

Part 1 – General Information

Composite benchmarks

For some options in the PDS, the objective includes a reference to a composite benchmark. The composite benchmarks outlined below for each option are current as at the date of the PDS. They may be subject to change at any time within the allocation ranges.

Option Name	Composite benchmark
FirstChoice Wholesale High Growth	10.0% FTSE EPRA/NAREIT Developed Rental Index (AUD hedged), 10.0% FTSE Developed Core Infrastructure 50/50 Index (AUD hedged), 36.0% S&P/ASX 300 Accumulation Index, 4.0% S&P/ASX Small Ordinaries Index, 18.0% MSCI All Country World Index, 18.0% MSCI All Country World Index (AUD hedged), 4.0% MSCI Emerging Markets Index
FirstChoice Multi-Index Balanced	24.0% S&P/ASX 200 Accumulation Index, 13.0% Bloomberg AusBond Composite 0+Yr Index, 14.0% MSCI All Country World (ex Australia) Index (AUD hedged), 13.0% MSCI All Country World (ex Australia) Index, 7.0% Citigroup World Government Bond Index (ex Australia) (AUD hedged), 6.0% FTSE Developed Core Infrastructure 50/50 Index (AUD hedged), 6.0% FTSE EPRA/NAREIT Developed Rental Index (AUD hedged), 5.0% S&P/ASX Small Ordinaries Accumulation Index, 5.0% Bloomberg AusBond Bank Bill Index, 2.0% MSCI Emerging Markets Index, 5.0% Citigroup World Broad Investment Grade Corporate Index
Colonial First State Conservative	40.0% Bloomberg AusBond Composite 0+Yr Index, 30.0% Bloomberg AusBond Bank Bill Index, 15.0% S&P/ASX 300 Accumulation Index, 10.0% MSCI All Country World (ex Australia) Index, 5.0% FTSE EPRA/NAREIT Developed Index (AUD hedged)
Colonial First State Balanced	35.0% Bloomberg AusBond Composite 0+Yr Index, 20.0% S&P/ASX 300 Industrials ex A-REIT, 15.0% MSCI All Country World (ex Australia) Index, 15.0% Bloomberg AusBond Bank Bill Index, 10.0% Euromoney Global Mining Accumulation Index (75.0%) and MSCI All Country World Energy Index (25.0%), 5.0% FTSE EPRA/NAREIT Developed Index (AUD hedged)
BT Active Balanced	38.0% S&P/ASX 300 Accumulation Index, 22.0% MSCI World (ex Australia) Index, 8.0% S&P/ASX 300 A-REIT Accumulation Index, 17.0% Bloomberg AusBond Composite 0+Yr Index, 8.0% JP Morgan GBI Global Traded Index (AUD hedged), 7.0% Bloomberg AusBond Bank Bill Index

Part 1 – General Information

Option Name	Composite benchmark
Colonial First State Diversified	30.0% S&P/ASX 300 Industrials ex A-REIT Index, 25.0% Bloomberg AusBond Composite 0+Yr Index, 20.0% MSCI All Country World (ex Australia) Index, 10.0% Euromoney Global Mining Accumulation Index (75.0%) and MSCI All Country World Energy Index (25.0%), 5.0% FTSE EPRA/NAREIT Developed Index (AUD hedged), 5.0% FTSE Global Core Infrastructure 50/50 Index (AUD hedged), 5.0% Bloomberg AusBond Bank Bill Index
Perpetual Wholesale Balanced Growth	8.0% Bloomberg AusBond Bank Bill Index, 17.0% Bloomberg AusBond Composite 0+Yr Index, 33.0% S&P/ASX 300 Accumulation Index, 29.0% MSCI All Country World (ex Australia) Index, 3.0% FTSE EPRA/NAREIT Developed Rental Index, 10.0% CPI plus 5.0%

Unless otherwise stated, indices referred to in the PDS are calculated on the basis that: dividends are reinvested; foreign dividends are reinvested net of withholding tax; the calculation is in Australian dollar terms; and the index is unhedged to movements in the Australian dollar.

Additional Information

Social security treatment

Centrelink and the Department of Veterans' Affairs (DVA) treat allocated pensions as follows:

Income test – pension commenced on or after 1 January 2015

The pension will be deemed, meaning the total market value of your Commonwealth PensionSelect account is assumed to be earning a certain rate of income which is determined by Centrelink/DVA, regardless of the actual income earned from the investment or the pension payments made to you from your Commonwealth PensionSelect account. Centrelink/DVA will use the deemed income rate in the assessment of any benefits payable to you by Centrelink/DVA.

Income test – pension commenced prior to 1 January 2015

If you are in receipt of an eligible Centrelink/DVA income support payment immediately before 1 January 2015 and you continue to receive such payment, the amount of income to be assessed by Centrelink/DVA from your pension is based on the pension payment paid to you, reduced by the amount of the annual 'deductible amount' received. For social security purposes the deductible amount is the amount that is used to start the allocated pension (less any lump sum commutations received since commencement), divided by the relevant life expectancy when the pension starts. Note, this income test treatment on your pension will discontinue and your pension will be subject to deeming should you cease to receive an eligible Centrelink/DVA income support payment.

Assets test

The account balance is counted as an asset.

Part 1 – General Information

Collecting information

'Customer information' is information about a customer. It includes personal information such as name, age, gender, contact details as well as your health and financial information.

How we collect it

We can collect and verify customer information in different ways and we will advise you of the most acceptable ways to do this.

The law may require us to identify our customers. We do this by collecting and verifying information about you. We may also collect and verify information about persons who act on your behalf.

Collecting and verifying information helps to protect against identity theft, money- laundering and other illegal activities. We may disclose your customer information in carrying out verification e.g. we may refer to public records to verify information and documentation, or we may verify with an employer that the information you have given us is accurate.

What we collect

Depending on whether you are an individual or an organisation, the information we collect will vary. For instance, if you are an individual, the type of information we may collect and verify includes your full name, date of birth and residential address. If you are commonly known by two or more different names, you must give us full details of your other name or names.

Accuracy

You must provide us with accurate and complete information. If you do not, you may be in breach of the law and also we may not be able to provide you with products and services that best suit your needs.

How do we use your personal information?

We collect, use and exchange your personal information so that we can:

- establish your identity and assess applications for our products and services;
- price and design our products and services; administer our products and services; manage our relationship with you;
- manage our risks and help identify and investigate illegal activity, such as fraud; contact you, for example if we need to tell you something important;
- conduct and improve our businesses and improve the customer experience;
- comply with our legal obligations and assist government and law enforcement agencies or regulators; or
- identify and tell you about other products or services that we think may be of interest to you.

We may also collect, use and exchange your information in other ways where permitted by law.

To improve our overall customer experience and ensure quicker communication with customers, we may use electronic methods such as email and internet to communicate with you about your product. If you prefer to receive paper forms of communication from us and want to opt out of electronic forms of communication, please give us a call on **13 2015** between 8:30am and 6pm (Sydney time), Monday to Friday.

Electronic Communication

If we have your email or mobile phone details we may contact you electronically including by SMS. You may also receive information on the Commonwealth Bank Group's products and services electronically.

Part 1 – General Information

Direct marketing

If you don't want to receive direct marketing from us, you can tell us by calling **13 2015**.

Gathering and combining data to get insights

Improvements in technology enable organisations, like us, to collect and use information to get a more integrated view of customers and provide better products and services.

The Commonwealth Bank Group may combine customer information it has with information available from a wide variety of external sources (for example census or Australian Bureau of Statistics data). Group members are able to analyse the data in order to gain useful insights which can be used for any of the purposes mentioned above.

In addition, Commonwealth Bank Group members may provide data insights or related reports to others, for example to help them understand their customers better. These are based on aggregated information and do not contain any information that identifies you.

Protecting your personal information

We comply with the Australian Privacy Principles as incorporated into the Privacy Act 1988 (Cth). The Privacy Act protects your sensitive information, such as health information. When we need to obtain this type of information, we will ask for your consent, except where otherwise permitted by law.

Who do we exchange your personal information with?

We exchange your personal information with other members of the Commonwealth Bank Group, so that the Group may adopt an integrated approach to its customers.

Commonwealth Bank Group members may use this information for any of the purposes mentioned under 'How do we use your personal information' above.

Third parties

We may exchange your information with third parties where this is permitted by law or for any of the purposes mentioned under 'How do we use your personal information' above. These third parties include:

- service providers or those to whom we outsource certain functions, for example, direct marketing, statement production, debt recovery and information technology support;
- your employer;
- brokers and agents who refer your business to us;
- any person acting on your behalf, including your financial advisor, solicitor, accountant, executor, administrator, trustee, guardian or attorney;
- medical practitioners (to verify or clarify, if necessary, any health information you may provide); claims-related providers, such as assessors and investigators, who help us with claims;
- auditors;
- government and law enforcement agencies or regulators; or
- entities established to help identify illegal activities and prevent fraud.

In all circumstances where our contractors and outsourced service providers become aware of customer information, confidentiality arrangements apply.

We may be required to disclose customer information by law, e.g. under Court Orders or Statutory Notices pursuant to taxation or social security laws or under laws relating to sanctions, anti-money laundering or counter terrorism financing.

Part 1 – General Information

Sending information overseas

From time to time we may send your personal information overseas, including to overseas Commonwealth Group members and to service providers or other third parties who operate or hold data outside Australia. Where we do this, we make sure that appropriate data handling and security arrangements are in place. Please note that Australian law may not apply to some of these entities.

We may also send information overseas to complete a particular transaction or where this is required by laws and regulations of Australia or another country.

For more information about which countries your information may be sent to, see the Commonwealth Bank Group Privacy Policy available at **commbank.com.au**

Viewing your information

You can (subject to permitted exceptions) request access to your personal information by contacting Customer Relations (see page 36 of the PDS for contact details).

We may charge you for providing access. For more information about our privacy and information handling practices, please refer to the Commonwealth Bank Group Privacy Policy, which is available through **commbank.com.au** or on request from any Commonwealth Bank branch.

Making a privacy complaint

We accept that sometimes we can get things wrong. If you have a concern about your privacy you have a right to make a complaint and we'll do everything we can to put matters right. For further information on how to make a complaint and how we deal with your complaint please refer to Commonwealth Bank Group's Privacy Policy, which is available at **commbank.com.au** or upon request at any Commonwealth Bank branch."

Important Note

We recommend you contact your adviser, Centrelink or DVA to confirm the social security treatment of allocated pensions should social security implications be an important factor in making investment decisions.

Centrelink and DVA provide a free confidential information service to existing or prospective clients. They can be contacted on:

Centrelink **13 2300**

DVA **13 3254**

1800 555 254 connect non-metropolitan callers to their nearest DVA state office.

Investment option structure

The investment options offered in this product, with the exception of the Commonwealth Savings option, are made through underlying wholesale trusts or a series of wholesale trusts for which either a company within the Commonwealth Bank Group or the relevant external fund manager is the responsible entity. The underlying portfolio of assets for each of the options will be:

- managed by the relevant fund manager under an investment management agreement (mandate), or
- invested in wholesale trusts of the fund manager.

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Where the relevant fund manager is external to the Commonwealth Bank Group, the relevant assets may be managed by the fund manager under mandate. These assets will be held through an underlying trust which is structured to reflect a wholesale fund or wholesale funds, of the relevant manager.

We may change the structure at any time. A change in structure may lead to costs being incurred.

Unit prices

The value of your account is expressed in terms of units. The number of units allocated to you depends on the unit price and the amount you invest.

The unit price of each investment option is the market value of the assets the option holds, adjusting for any liabilities such as fees and taxes as applicable, divided by the number of units on issue, adjusted for transactional and operational costs, also known as the buy/sell spread (refer to Part 2 for more details).

The unit price for each investment option is calculated at least weekly. Currently, we calculate the unit price for each investment option each Sydney business day. The calculation of unit prices may, however, be deferred and/or the payment of benefits delayed in certain circumstances (in accordance with the Investment Policy).

Deposit and withdrawal unit prices

You will receive the deposit or withdrawal unit price applicable to the date your completed documentation (including all relevant paperwork and/or funds/cheque) is received at our principal office of administration. A switch request involves a withdrawal from one investment option and an application into another on the same business day.

The deposit and withdrawal price applicable to each investment option will apply.

If your application, withdrawal and/or switch request is incomplete (that is, important information and/or funds are missing), you will receive the unit price applicable on the date the missing information and/or funds are received at our principal office of administration.

Acceptance of transaction requests

All transaction requests (applications, withdrawals and switches) are deemed to be received on the day the completed documentation is received at our principal office of administration in a form approved by the Trustee.

The Trustee reserves the right to refuse to accept any request, where an application is incomplete and/or where questions relating to lodgement are unresolved.

The application will not be accepted unless and until all requirements are met. The investment will take effect from the date all necessary, completed documentation is received at our principal office of administration.

Suspension policy

CMLA has a suspension policy in place to assist in the management of your investment. For more information on this policy please contact us on the number provided on page 41.

Unit Pricing Adjustment and Error Compensation

Unit prices are calculated on a daily basis by CMLA. The calculation process for these unit prices takes into account a number of inputs and assumptions. Sometimes, it is discovered that an error has been made in the calculation process, resulting in an incorrect unit price. In that case an adjustment in the unit price may be required. Also, if you have transacted at the incorrect unit price, the value of your account could be incorrect.

CMLA has established a compensation policy to deal with these events and return investors to a financial position that is materially the same as if the error had not occurred. If the error is material, you may be entitled to compensation. CMLA will generally use a variance of 0.30% (0.05% for cash based investment options) in the unit price in determining whether individual compensation is payable.

If a unit pricing error is greater than or equal to these variances, we may pay you compensation:

- by crediting your account with the amount due or
- where your account is closed, if the amount of the adjustment is greater than a payment threshold of between \$5 and \$20 (depending on the circumstances), by sending you a payment by cheque or electronic funds transfer. Note: for your superannuation investment, if you have not met a condition of release, compensation will be paid to SuperTrace (or another superannuation or Retirement Savings Account product).

The tolerance levels we use are in line with industry standards and regulatory practice guidelines. In some cases we may provide compensation where the unit pricing error is less than the tolerance levels.

Cooling-off period

When you become a member of PensionSelect, you are entitled to a 14 day 'cooling-off' period as provided for in the Corporations Act. Essentially, this means that where you exercise your cooling-off rights, the Trustee will repay the money, including any fees, charges and other expenses, to acquire the product as a lump-sum.

However, you bear the risk of market movement in the value of the investments in this period.

The 14 day cooling-off period starts on the earlier of:

- the time when any requirement to confirm the relevant transaction has been complied with, and
- the end of the fifth day after the day on which the relevant product was issued to you.

To exercise your cooling-off rights simply write to us (refer to Contact details on page 42) within the cooling-off period.

Business days

Where we refer to business days in this PDS, we mean all weekdays that are not public or bank holidays in Sydney.

Enquiries and Complaints handling procedures

The Trustee is obliged to provide you with any information you reasonably require to understand your benefit entitlements. Further information about the Fund is available on request.

If you require further information about the Fund, require assistance in understanding your benefit entitlements, have any other enquiries or have a complaint, please call **13 2015** between 8.30 am and 6 pm (Sydney time), Monday to Friday.

If you wish to lodge a complaint, you should write to:

The Complaints Manager
Customer Relations
Commonwealth Bank Group
Reply Paid 41
Sydney NSW 2001

Please mark your letter Notice of Complaint. Upon receipt of your complaint, the Complaints Manager will investigate the cause of your concern and respond to you as quickly as possible. If the matter cannot be resolved quickly, you will be kept informed of the progress.

If you are not satisfied with our handling of your complaint or our decision, you may have the right to lodge a complaint with the Superannuation Complaints Tribunal.

The Superannuation Complaints Tribunal (SCT)

The SCT is an independent body established by the Commonwealth Government to assist members, beneficiaries and other persons to resolve certain complaints with superannuation fund trustees and insurers.

Before the SCT has jurisdiction to deal with a particular matter, it must be satisfied that the complaint was referred to an appropriate person under our internal enquiries and complaints arrangements. The SCT cannot deal with a complaint until you have made reasonable efforts to have the complaint resolved by the Fund. If, after you have made a complaint to the Fund, you are not satisfied with the response, or do not receive a response within 90 days, you can lodge a complaint with the SCT.

The SCT cannot deal with certain matters, for example; decisions relating to the management of the Fund as a whole, such as investment performance, or the level of fees or charges.

If the SCT accepts your complaint, it will attempt to resolve the matter through conciliation. If a complaint cannot be resolved through conciliation and has not been withdrawn by the SCT, it will proceed to Review. This means that the SCT will consider submissions and make a decision to determine the outcome of the complaint.

To contact the SCT, you can telephone **1300 884 114** between 9 am and 5 pm (AEST time), Monday to Friday. Alternatively visit their website at **www.sct.gov.au**

When might my benefit be transferred to an Eligible Rollover Fund?

The Trustee has selected SuperTrace Eligible Rollover Fund ABN 73 703 878 235 (SuperTrace) as the fund to which benefits of PensionSelect may be transferred if:

- two pieces of written communications to you are returned unclaimed; or
- we are unable to allocate a contribution or rollover to your Account and the transferor will not accept a refund of the monies; or
- you exercise cooling-off rights and the nominated fund will not accept the transfer; or
- no contributions or rollovers have been credited to your Account for a period of at least 12 months, and your Account balance is less than \$1,000; or to meet family law requirements; or we have not had two-way contact with you for a period greater than three years.

The trustee of SuperTrace is Colonial Mutual Superannuation Pty Ltd ABN 56 006 831 983 AFSL 235025. SuperTrace is part of the Commonwealth Bank Group's range of products and is administered by CMLA.

On transfer, you cease to be a member of PensionSelect and become a member of SuperTrace and your insurance cover (if applicable) will cease.

You should also note that:

SuperTrace will apply a different fee structure.

SuperTrace has a different risk investment approach.

SuperTrace does not currently offer insured benefits in the event of death and disablement.

You should refer to the SuperTrace PDS for more details. You will need to consider whether this is appropriate for your circumstances at the time of transfer to SuperTrace.

To obtain a copy of the current SuperTrace PDS, please contact: The Administrator

SuperTrace Eligible Rollover Fund
Locked Bag 5429
Parramatta NSW 2124

Contact can also be made with SuperTrace on **1300 788 750** between 8.30 am to 6pm Monday to Friday, Sydney time or by visiting their website **supertrace.com.au**.

The Trustee's policy for transferring funds to an Eligible Rollover Fund can change. Details of the policy will be included in the Fund's Annual Report each year.

Unclaimed benefits

In some circumstances your benefits in the Fund may become subject to unclaimed superannuation benefit laws.

Superannuation money may become unclaimed if:

- the Trustee has not had contact with the member for five years, after which reasonable efforts to make contact were unsuccessful
- the member has died and the Trustee determines that an immediate benefit (other than a pension) is required to be paid and the Trustee cannot find the person entitled to the benefit after making reasonable efforts to do so and after a reasonable period has passed, or
- the member has ceased to hold a temporary visa and left Australia and the ATO requires payment of the member's benefit.

The Trustee will transfer unclaimed benefits to the ATO. Where the Trustee has transferred such benefits, any request for payment should be directed to:

Unclaimed Super Money
Australian Taxation Office
PO Box 3578
Albury, NSW 2640

You can also contact the ATO on **13 1020**. Alternatively, you can do an online search for unclaimed superannuation using Super Seeker, available at www.ato.gov.au/super

Do you have to quote a Tax File Number (TFN)?

We can collect your TFN under the Superannuation Industry (Supervision) Act. It is not an offence not to quote your TFN.

However, if you do not provide your TFN, then:

- more tax may become payable on your benefits than would otherwise be payable
- if you are eligible, you may not receive your government co-contributions
- it may become more difficult to locate or amalgamate your superannuation benefits in the future to pay you any benefits to which you are entitled.

If you provide your TFN to us, we will use it only for legal purposes, which include:

- finding, identifying and amalgamating your superannuation benefits where other information is insufficient (including using the ATO Supermatch program which enables the fund to track down lost or unredeemed monies on your behalf)
- calculating tax on any superannuation lump sum payment you may be entitled to
- providing information to the Commissioner of Taxation (including disclosing your TFN).

Please note: The legal purposes may change in the future following legislative change, and the consequences of not providing your TFN may also change as a result. If you provide your TFN to us, we may provide it to another superannuation fund trustee or Retirement Savings Account provider to whom your benefits are to be rolled over, unless you request us not to do so in writing. In all other respects your TFN will be treated as confidential.

Family law

Family law legislation allows the superannuation of married and de facto (including same sex) couples that have divorced or separated to be divided (however, provisions of this legislation do not extend to Western Australia in respect of terminating de facto or same sex relationships). The legislation allows the following key family law process to occur in relation to your account:

- **Information request:** This is a written request for information about your account and is used to determine the value of the superannuation asset. This request may be made by you, your spouse (including a de facto spouse) or a person intending to enter a superannuation agreement with you (such as a pre-nuptial agreement). The response to an information request will only be issued to the requestor. If a request is received from your spouse or intending spouse, the legislation states that you must not be informed of the request.
- **Payment flag:** A payment flag may be placed on your account through an agreement by you and your spouse or through a court order. The presence of this flag requires the Trustee to prevent certain types of withdrawals being made from your account.
- **Splitting instructions:** Splitting instructions specify how your account is to be divided. This may be expressed as a dollar amount or as a percentage. These instructions may be made in the form of a superannuation agreement between you and your spouse, or by a court order. In both cases, valid instructions will be binding on the Trustee. If your spouse does not provide instructions within a specified time frame, their entitlement may be withdrawn from your account and transferred to SuperTrace.

The provisions of the family law legislation allow for the charging of reasonable fees for the administration of family law transactions. We have decided not to charge fees at this time, however you will be notified if a decision is made to introduce fees for transactions in the future.

For full details regarding the family law processes which can occur on your account, please call **13 2015** between 8.30 am and 6 pm (Sydney time), Monday to Friday.

Anti-Money Laundering and Counter-Terrorism Financing Laws

These laws establish a regulatory regime to combat money laundering and the financing of terrorism. They impose significant obligations upon CMLA. We are required to comply with these laws, including when required the need to establish your identity and if relevant the identity of a beneficiary and/or other persons associated with your investments.

Additionally, from time to time, we may require additional information to assist with this process. You will be notified if we need to establish your identity or if we require further information to assist with this process.

We may be required to report information about you to the relevant authorities. We may not be able to tell you when this occurs.

We may not be able to transact with you or other persons. This may include delaying, blocking, freezing or refusing to process a transaction. This may impact on your investment and could result in a loss of income and the principal amount invested.

Part 1 – General Information

The Trustee

The Trustee holds a Registrable Superannuation Entity (RSE) licence under the Superannuation Industry (Supervision) Act 1993 (SIS). Your membership of the Fund is governed by SIS.

The Trustee, as a member of the Commonwealth Bank Group is covered under the Group's Directors and Officers indemnity and Professional indemnity insurance policies. These policies maintain adequate cover to protect the interest of members.

The Trustee is responsible for holding the Fund's assets and looking after your rights. The Trustee must act according to the rules of the Fund as set out in the Trust Deed, general law and in compliance with SIS.

The rules governing the Fund are contained in the Trust Deed, which sets out the rights and obligations of the Trustee and members. A copy of the Trust Deed and the Risk Management Strategy & Plan for the Fund is available on written request to one of our Customer Service Representatives.

The Trust Deed may be changed at any time. However, any change that may adversely affect your accrued benefits can generally only be made if:

- it is required by law
- affected members agree to the change, or
- the regulatory authority agrees.

If a change is made to the Trust Deed that affects you, we will advise you.

Changes to this PDS

The information in this PDS is up to date as at the date stated on the cover, but is subject to change from time to time. Where a change is materially adverse, we will notify existing members in writing. We may also issue a new PDS or a supplementary PDS for new members joining PensionSelect.

Where a change of information is not materially adverse information, we will not notify existing members in writing, or issue a new PDS or supplementary PDS for new members joining PensionSelect. However, you will be able to find the information about any change by calling **13 2015** between 8.30am and 6pm (Sydney time), Monday to Friday. If you ask us to, we will send you a paper copy of the information without charge.

Who are the parties involved in my investment?

CMS is the Trustee of the Fund. The Fund invests in life insurance policies (Investment Policies) issued to the Trustee by CMLA. The underlying assets of the Investment Policies are held in CMLA's Statutory Fund No. 4.

CMLA is the investment manager and manages all investments of the Statutory Fund. CMLA may delegate the investment of the Statutory Fund in which the Investment Policies invest to third party managers.

Policy variation

The terms of the Investment Policy through which benefits are provided may be varied from time to time. You will be notified of any variation which affects you.

Contacting Commonwealth Financial Services

General enquiries:

Call us ¹ – within Australia

13 2015 – 8.30am to 6pm (Sydney time),
Monday to Friday

Unit Prices **13 2015** – 24 hours a day,
365 days a year

Call us – from overseas

+ 61 2 8756 5541 – 8.30am to 6pm (Sydney
time), Monday to Friday

Facsimile

1800 002 715

Email

service@cba.com.au

Branch Network

To arrange a no obligation consultation with a Commonwealth Financial Planner*, visit any Commonwealth Bank branch or simply call **1800 241 996** between 8.30am and 5.00pm (Sydney time), Monday to Friday.

Postal Address

Commonwealth Financial Services
GPO Box 3306
Sydney NSW 2001

Directory

Trustee – Colonial Mutual Superannuation Pty Ltd ABN 56 006 831 983 AFSL 235025

Administration manager – The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035

Principal office of administration – Level 1, 11 Harbour Street, Sydney NSW 2000

¹ If you call from a mobile phone, the call is not free and will be charged at the applicable mobile rate.

* Commonwealth Financial Planners are representatives of Commonwealth Financial Planning Limited ABN 65 003 900 169 AFSL 231139. Commonwealth Financial Planners are not representatives of the Trustee or CMLA.

002-207 010717

13 2015

8.30am – 6pm (Sydney time), Monday to Friday

commbank.com.au

Commonwealth
Financial Services

