

Product Disclosure Statement

Acadian Wholesale  
Global Equity  
Long Short Fund

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 the Commonwealth Specialist Fund 10 ARSN 117 032 176 ABN 40 778 687 289 APIR code FSF0788AU.

The name and contact details of the responsible entity are:

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## What is an IDPS?

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

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

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

When you invest via a master trust, IDPS or wrap account you are investing indirectly in this fund and as such you do not become a unitholder in the fund. It is the master trust, IDPS or wrap account operator (IDPS operator) that is the unitholder and the term 'unitholder' as used in this PDS refers to those entities. You will not receive reports or other documentation from Colonial First State in respect 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 Commonwealth Specialist Fund 10 (referred to in this PDS as 'the fund' or 'the Acadian Wholesale Global Equity Long Short Fund') 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'.

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. 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.

Acadian Asset Management LLC ('Acadian') have given, and not withdrawn, their consent to be referenced in this PDS. Acadian are acting as investment manager only. They are not issuing, selling, guaranteeing, underwriting or performing any other function in relation to the product.

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 offer document to make their initial investment.

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](http://colonialfirststate.com.au). A paper copy of the updated information will be provided free of charge on request.

# About this fund

The Acadian Wholesale Global Equity Long Short Fund is a managed investment fund with no establishment, contribution or withdrawal fees<sup>1</sup>, which usually distributes income half-yearly to investors. Some key investment information on the fund is included below.

## What is a managed fund?

A managed fund pools the money of many individual investors. This money is then professionally managed according to the investment objective of 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 Acadian Wholesale Global Equity Long Short Fund?

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

### Alliance with Acadian

The fund is offered to you by Colonial First State through an alliance with Acadian, providing you the opportunity to invest with one of the world's leading global investment managers.

### Professional investment management

The Acadian investment managers 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 fees<sup>1</sup> and the management cost is competitive and easy to understand.

## Acadian Wholesale Global Equity Long Short Fund

### Objective

To maximise risk-adjusted, long-term returns by investing in undervalued stocks and short selling overvalued stocks from around the world, while carefully controlling portfolio risk and transaction costs.

### Strategy

The fund's investment strategy is based on the belief that markets are inefficient, creating price anomalies that can be exploited by a disciplined, objective investment process. Acadian's investment approach employs structured stock and peer group valuation models, which are designed to capture a broad range of relevant characteristics such as value, earnings growth and price-related factors. This allows Acadian to systematically unearth securities with unrecognised value, as well as improving earnings prospects, to help unlock that value. Undervalued stocks will be purchased and overvalued stocks will be selectively short sold. The fund will generally maintain a gross long exposure of 130% and a gross short exposure of 30% (130/30), with an upper limit of 150/50. The fund may partially hedge currency risk up to 50% of the fund's value. Important information on long short strategies and the risks involved is provided on pages 3, 4 and 8.

### Asset allocation

Ranges	Benchmark
95-100%	100% Global shares
0-5%	0% Cash

Minimum suggested timeframe 7 years

A performance fee may apply of 15% of the gross return (before management fees) above the MSCI World Net Index (AUD) (inclusive of the net effect of GST). For more information on the performance fee, refer to pages 5 and 6.

<sup>1</sup> Transaction costs ('buy/sell' spreads) apply to the fund, see page 6.

# Our investment principles

The management of the fund is currently outsourced to Acadian.

## About Acadian

In May 2005 Colonial First State and Acadian Asset Management Inc. formed a Sydney-based joint venture, Acadian Australia, to provide investment management services for Australian equity products. Effective on 29 December 2007, as part of a corporate reorganisation, the assets and liabilities of Acadian Asset Management Inc., including the relationship with Colonial First State, merged into and became the responsibility of the newly formed Acadian Asset Management LLC ('Acadian').

Like its predecessor, Acadian is a Boston, Massachusetts, United States-based investment adviser registered with the United States Securities and Exchange Commission. The same management team and investment professionals remain in place. Acadian has two wholly owned affiliates, Acadian Asset Management Singapore Pte Ltd that is registered with the Monetary Authority of Singapore and Acadian Asset Management (UK) Limited that is authorised and regulated by the Financial Services Authority of the United Kingdom. All Acadian entities specialise in active equity strategies.

Acadian was originally established as Acadian Financial Research in 1977. In 1978 it began to design, develop and implement an international index-matching strategy and an active country selection strategy for State Street Bank and Trust Company. In 1987, Acadian Financial Research ended its relationship with State Street and Acadian began to manage institutional assets directly. Since then the Acadian entities have served some of the world's largest and most sophisticated investors.

In 1992, Acadian became an affiliate of Boston-based United Asset Management (UAM). UAM in turn was acquired in October 2000 by London-based Old Mutual PLC, a publicly traded international financial services group. In 1999, Acadian established Acadian Asset Management Singapore Pte Ltd to service clients in the Asia-Pacific region. In 2006, Acadian established Acadian Asset Management (UK) Limited to service clients in the United Kingdom and throughout Europe.

## Investment philosophy and process

Acadian believes that the larger the pool of potential investments, the greater the opportunity an active manager has to add value. Acadian believes that stocks and markets have many attributes that are related to potential outperformance, and that a successful investment approach must be multifaceted and highly adaptable. Acadian believes that objectivity is crucial to investment success.

Acadian's investment philosophy is founded on these observations:

- Markets are inefficient because many investors do not always act rationally
- Investors have 'mental models' of how stock prices are set, but these frequently change due to both external and internal (psychological) factors
- Markets are adaptive, investment strategies go in and out of favour, and risk/reward relationships change over time.

This suggests value-added can best be generated by:

- Knowing the value of different pieces of information at different points in time in an objective, quantified and disciplined way
- Applying this value to a broad opportunity set
- Employing dynamic investment strategies adapted to the current market environment.

Acadian's investment process is quantitative, active and bottom-up. Acadian employs structured stock and peer group valuation models that are customised to each market. These models are designed to capture a broad range of characteristics such as valuation, earnings potential, financial quality and price movements. Stock factors are used to assess how well each stock in Acadian's universe is likely to perform relative to its peer group. Acadian also applies separate models to forecast peer group returns, and then adds a peer group forecast to each stock forecast.

Acadian combines the factor data and determines a return forecast for each stock. The end result is a ranking of the entire 25,000-stock universe from most to least attractive. Acadian then uses a sophisticated portfolio optimisation system to trade off the expected return of the stocks with such considerations as the benchmark, desired level of risk, transaction cost estimates and other requirements. Country and sector weights fall out of the bottom-up stock selection process, with overall portfolio risk control ensuring the desired level of diversification.

# 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.

## What risks affect your investments?

The main risks which affect 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, hybrid securities, yield securities or bonds 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 fund is managed by an investment manager 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.

In certain market conditions, the fund may be affected by a decrease in market liquidity for the instruments in which it invests. That is, the positions that the fund holds may not be able to be easily sold and, if the fund needs to sell assets and reverse short positions at short notice, it may only be able to do so at a loss. In extreme cases, it may not be possible to liquidate fund holdings at all.

### Currency risk

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

Currency hedging is a currency management strategy that involves reducing or removing the impact of currency movements on the value of the investment. The fund does not generally hedge currency risk, but may hedge up to 50% of the fund's value.

### 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, 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. 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.

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 fund may use derivatives such as futures, options, forward currency contracts and swaps.

### Credit risk

Credit risk refers to the risk that a party to a credit transaction fails to meet its obligations, such as defaulting under either a mortgage, mortgage backed security, a hybrid, yield security, bond, a fixed interest security or a derivative contract. This creates an exposure to underlying borrowers and the financial condition of issuers of these securities.

Generally, we endeavour to manage counterparty credit risk through the following processes:

- reviewing overall counterparty credit risk including any fund/option borrowing, the creditworthiness of counterparties, 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 limiting specific counterparty credit risk to particular counterparties, sectors and geographic locations.

# Understanding investment risk

## Short selling risk

The fund may use short selling as a strategy to try to improve returns and to manage risk. Short selling involves selling a security that is not already held by the fund, and this is generally done by borrowing the security from another party to make the sale. The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security.

Additionally, there can be no guarantee that the securities necessary to cover a short position will be available for purchase. Short selling will also incur interest and other costs on the securities borrowed by the fund for sale. For a short sale to be profitable the return from the strategy must exceed these costs and, where losses are incurred on the strategy, these costs will increase the losses.

Short selling strategies involve additional risks such as liquidity risk, leverage risk and regulatory risk. Regulatory risk may affect an investment option's ability to utilise short selling in the way described in the investment strategy. Additional information on short selling and the risks is provided on page 8.

## Leverage risk

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

## 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 above. It can also happen if your investment strategy is not aligned to your objectives and timeframes.

## Understanding shares

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.

## Investment timeframes

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 timeframes should not be considered personal advice.

# 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](http://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
<b>Fees when your money moves in and out of the Fund</b>		
<b>Establishment Fee</b>		
The fee to open your investment	N/A	N/A
<b>Contribution Fee<sup>1</sup></b>		
The fee on each amount contributed to your investment	N/A	N/A
<b>Withdrawal Fee<sup>1</sup></b>		
The fee on each amount you take out of your investments	N/A	N/A
<b>Termination Fee</b>		
The fee charged to close your investment	N/A	N/A
<b>Management Costs<sup>2,3</sup></b>		
The fees and costs for managing your investment	1.47% pa management cost (excluding performance fee)  0.03% pa (estimated performance fee)	The management cost is expressed as a percentage of the total average net assets of the fund. See below for details of the performance based fee.
<b>Total management cost</b>	1.50% pa <sup>3</sup>	The management costs are reflected in the daily unit price and payable monthly or as incurred by the fund.
Performance based fee	15% of the gross return (before management fees) above the MSCI World Net Index (AUD).	The fee is reflected in the daily unit price and is payable monthly from the fund. Please refer to page 6 for further details.
<b>Service Fees</b>		
<b>Switching Fee<sup>1</sup></b>		
The fee charged when you switch between funds	N/A	N/A

All figures disclosed include the net effect of GST.

1 Transaction costs ('buy/sell' spreads) apply to the fund (refer to page 6 for further details).

2 The Constitution of the fund provides for a maximum management fee of 3.075% pa. We may vary the management fee used to calculate the management cost above at any time at our absolute discretion within the limits prescribed in the fund's Constitution. If the variation is an increase in a fee we will give the unitholder 30 days advance written notice.

3 Fees are inclusive of the net effect of GST. An estimated performance fee of 0.03% pa has been used, based on the actual performance fee paid over the year to 30 June 2008. 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.

# Fees and other costs

## 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 the fund is based on current financial information. It is expressed as a percentage of the fund's net assets and is outlined in the table on page 5.

Management fees are the fees payable under the Constitution for the management of the fund. Management fees are calculated from gross assets of the fund. For details of the maximum management fee allowed under the Constitution refer to the footnote on page 5.

### 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 – Acadian Wholesale Global Equity Long Short Fund		Balance of \$50,000 with total contributions of \$5,000 during year
Contribution Fees	N/A	N/A
<b>Plus</b> Management Costs	1.50% pa	<b>And</b> , for every \$50,000 you have in the fund you will be charged \$750 each year.
<b>Equals</b> 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:  <b>\$750</b>  <b>What it costs you will depend on the fees you negotiate with your fund or financial adviser.</b>

**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 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 fund's outperformance. The fund's outperformance is the percentage return above the relevant benchmark.

An estimate of performance fees is included within the management cost for the fund.

	Benchmark (before management fees)	Management fee (pa)	Performance fee rate
Acadian Wholesale Global Equity Long Short Fund	MSCI World Net Index (AUD)	1.45%	15%

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.

A maximum performance fee rate of 15.01% is provided for under the fund's constitution.

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. We recommend you discuss this with your financial adviser to understand the impact of the performance fee.

### Transaction costs

Transaction costs such as brokerage, government taxes/duties/levies, bank charges and account transaction charges are paid from the fund. When you invest, 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 may be altered at any time and where there is an increase, this will occur on 30 days notice. The transaction costs ('buy/sell' spread) that applies to the fund is 0.40% on entry and 0.40% on exit.

### Borrowing costs

Where short-term settlement borrowing occurs, borrowing costs such as interest on borrowings, legal fees and other related costs are payable by the fund.

## Other operating expenses

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

## Abnormal costs

Abnormal costs (such as costs of unitholder meetings, changes to the Constitution and defending legal proceedings) are paid from the fund. These costs are incurred fairly infrequently.

## 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 0.30% 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 Commonwealth Bank of Australia Group 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 terminated 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. Longer periods may apply from time to time. In extraordinary circumstances (which may include where a fund becomes illiquid), we may suspend withdrawals or restrict your ability to withdraw.

Where a fund is suspended, restricted or terminated 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?

The fund usually distributes income half-yearly. Distributions are calculated on 30 June, and in December, and are normally paid to the IDPS operator within 14 days. In certain circumstances we may vary the distribution timing and frequency without notice.

## How are unit prices calculated?

When you invest, you are allocated a number of units in the 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'.

This unit price is calculated by taking the total market value of all of a fund's assets on a particular day, adjusting for any liabilities and then dividing the net fund value by the total number of units held by all investors on that day. Although your unit balance in 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 the 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 is a difference between the entry and exit unit price for the 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 new investments or withdrawals that you make, all investors pay a set, average amount (a 'buy/sell' spread) when they transact. This is calculated according to the particular types of investments a fund holds. Not all new investments or withdrawals cause transaction costs to be payable to the fund, for example, where an investment does not incur any significant costs, or when a new investment coincides with a withdrawal by someone else. However, to be consistent, we generally apply transaction costs to all new investments and withdrawals from the fund. Refer to page 6 for the transaction costs ('buy/sell' spread) that applies to this fund.

## Some important points about long short strategies

### What are short selling, short position and 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. A fund may use short selling as a strategy to try to improve returns and to manage risk.

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

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

## Additional risks

### Regulatory risk

There is a risk that changes in the law, regulation or government policy may have an impact on the fund's ability to utilise short selling in the way described in the investment strategy. This may affect a fund's ability to achieve the stated investment objective, adversely impact the fund's returns and may increase liquidity and leverage risks.

### Regulatory risk update

During the second half of 2008, regulators and governments around the world were undertaking reviews of short selling activities in markets.

The outcomes of these reviews may be to prohibit or restrict short selling on some or all assets in those countries. A prohibition or restriction of this nature would mean this fund may be unable to implement the short side of its strategy. In the event any prohibition affects this fund, it will continue to operate employing long only or limited long/short strategies and/or achieving short exposures through means other than short selling.

For the latest information about these matters and the short exposure of this fund, you can:

- visit our internet site at [colonialfirststate.com.au](http://colonialfirststate.com.au), then click on Latest news
- phone Investor Services on 13 13 36 for the cost of a local call within Australia.

A paper copy of the most recent information will be sent to you free of charge on request.

## Securities lending

The fund may either borrow or lend securities by entering into securities lending transactions, as part of its investment 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 fund, 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.

## 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 these investments we will advise you beforehand. 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 fund

The 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 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. You can obtain a copy of our Unit Pricing Permitted Discretions Policy, free of charge, 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](http://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 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 refund 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](mailto: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.

# Additional information

## What are our reporting requirements?

As 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](http://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 the responsible entity?

In consideration of stockbroking fees paid for the purchase and sale 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 fund receives banking and treasury-related services from the Bank in the normal course of business and pays normal commercial fees for them. Colonial First State may derive monetary or administrative benefits from the Bank as a consequence of maintaining the fund's bank accounts with the Bank.

## 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.



# Product Disclosure Statement

## Investment Manager

Acadian Asset Management LLC

## Responsible Entity

Colonial First State Investments Limited

ABN 98 002 348 352

AFS Licence 232468

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## Enquiries:

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**Existing investors:** 13 13 36

**Advisers:** 13 18 36

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We want what you want

**Colonial**  
First State