



ASX announcement

Colonial First State fee cuts to benefit over 500,000 members with around \$68 million in annual fee reductions

Three new low-cost Colonial First State Index options expand choice

18 April 2019: Colonial First State today announced significant fee reductions across its superannuation and investment platforms, reducing the cost of investing for over 500,000 members.

Colonial First State fee reductions will lower costs for members across its FirstChoice Wholesale platform, FirstChoice Employer Super and its FirstWrap Plus platform and will come into effect from early June 2019 in line with updates to the relevant product disclosure statements. The changes announced today are projected to result in a total benefit to members of approximately \$68 million per year¹.

The FY20 impact on net profit after tax is expected to be approximately \$45 million.

“The changes we’re making will see over 500,000 existing members benefit from lower fees,” said Kelly Power, Acting Executive General Manager, Colonial First State.

“We know lowering fees will benefit member retirement saving outcomes and we’re aiming to make our platform and investments as cost effective as possible for them,” Ms Power said.

Three new index funds cater for rising demand

As well as reducing fees, three new low-cost Colonial First State Index options (Conservative, Diversified and Growth) will be added to both FirstChoice Wholesale and FirstWrap Plus. Investment fees on existing Colonial First State Index options will also be reduced.

The Conservative, Diversified and Growth investment options will give members access to a diverse range of assets with low fees of around 0.34% p.a.². The existing range of Colonial First State single sector index options will be similarly priced.

“We’ve seen a significant increase in demand for index funds over recent years, with 80%³ of advisers now using index investments due to the benefits they provide members, including lower cost, diversification and simplicity,” Ms Power said.



Summary of fee reductions

- **FirstWrap Plus** - tiered administration fees will be reduced by 30% - reducing fees for a super and pension member with an average balance of \$400,000 by \$782 p.a.⁴
- **FirstChoice Wholesale** - will introduce improved fee rebates for members with a starting balance of \$100,000.
 - Previously only available to members who have balances over \$800,000, the rebate will see fees reduced by 0.05% p.a. for the portion of their balance between \$100,000 to \$500,000; 0.10% p.a. for the portion of their balance between \$500,000 and \$1 million; and 0.20% p.a. for the portion of their balance over \$1 million.
 - More than 60% of FirstChoice Wholesale members will see a reduction in fees due to the improved fee rebates. Fees for a super or pension member with a balance of \$200,000 will reduce by \$90 p.a.⁵
- **FirstChoice Employer Super**
 - FirstChoice Lifestage (MySuper) investment fees will be reduced.
 - This, in addition to other changes, will result in lower fees for more than 65% of FirstChoice Employer Super members. Fees for members with a balance of \$50,000 in MySuper options and no current discounts will reduce by \$100 p.a.⁶
- Removal of Regulatory Reform Fee across all products.
- Investment fees on existing Colonial First State Index options will be reduced.

Important information

About Colonial First State

Colonial First State (which includes Colonial First State Investments Limited ABN 98 002 348 352 AFSL 232468 (CFSIL) and Avanteos Investments Limited ABN 20 096 259 979 AFSL 245531 (Avanteos) (trading as Custom Solutions) is the issuer of investment, superannuation and retirement products to individuals and corporate and superannuation fund investors, as well as being the operator and administrator of investment platforms.

CFSIL and Avanteos are owned ultimately by Commonwealth Bank of Australia ABN 48 123 123 124. The Commonwealth Bank of Australia and its subsidiaries do not guarantee performance or the repayment of capital of Colonial First State (including CFSIL and Avanteos).

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¹ Based on customer account information, including asset holdings and balance, as at November 2018.

² 0.33% p.a. to 0.35% p.a. (inclusive of investment fee, administration fee and indirect cost ratio on FirstChoice Wholesale Personal Super and Pension), 0.21% p.a. investment fee on FirstWrap Plus

³ Wealth Insights Adviser Market Trends Report September 2018

⁴ As a result of reduction in tiered administration fee and the removal of the Regulatory Reform Fee

⁵ As a result of the improved fee rebates and the removal of the Regulatory Reform Fee

⁶ As a result of reduction in administration fee, MySuper investment fee and the removal of the Regulatory Reform Fee

Note: Fee reductions for members are quoted gross of tax.