

FINANCIAL REPORT

Commonwealth Investment Funds

Year ended 30 June 2017

Commonwealth
Financial Services



COMMONWEALTH INVESTMENT FUNDS

**FINANCIAL REPORT
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

Responsible Entity of the Funds

COLONIAL FIRST STATE INVESTMENTS LIMITED

ABN: 98 002 348 352

Registered Address:

Ground Floor Tower 1, 201 Sussex Street
SYDNEY NSW 2000

COMMONWEALTH INVESTMENT FUNDS

Represented by:

ARSN

Commonwealth Income Fund	089 461 343
Commonwealth Balanced Fund	089 465 501
Commonwealth Growth Fund	089 455 210
Commonwealth Australian Share Fund	089 463 865
Commonwealth Share Income Fund	089 455 185
Commonwealth Property Securities Fund	089 463 383
Commonwealth International Share Fund	089 456 431
Commonwealth Bond Fund	089 462 813

COMMONWEALTH INVESTMENT FUNDS

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COMMONWEALTH INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

The Directors of Colonial First State Investments Limited, the Responsible Entity of the Funds as listed below, present their report together with the Financial Report of the Funds for the reporting period as stated below.

Reporting Period

The current reporting period for the financial report is from 1 July 2016 to 30 June 2017. The comparative reporting period is from 1 July 2015 to 30 June 2016.

Date of Constitutions and Date of Registration of the Funds

The dates of the Constitutions and Registrations with the Australian Securities & Investments Commission (ASIC) are 24 May 1988 and 7 October 1999 respectively. The Funds in this financial report are presented as follows:

Commonwealth Income Fund
Commonwealth Balanced Fund
Commonwealth Growth Fund
Commonwealth Australian Share Fund
Commonwealth Share Income Fund
Commonwealth Property Securities Fund
Commonwealth International Share Fund
Commonwealth Bond Fund

Principal Activities

The principal activities of the Funds are to invest in accordance with the investment objectives and guidelines as set out in the current Product Disclosure Statements and their Constitutions.

Please refer to the current Product Disclosure Statements for more information.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise indicated.

Comparatives

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current reporting period.

COMMONWEALTH INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

Review of Operations

Income

The results of the operations for the Funds for the current and previous reporting periods are tabled below:

Name of Fund	Operating profit/(loss) Attributable to unitholders	
	Period ended 30/06/2017 \$'000	Period ended 30/06/2016 \$'000
Commonwealth Income Fund	1,643	2,406
Commonwealth Balanced Fund	11,105	3,429
Commonwealth Growth Fund	8,403	3,771
Commonwealth Australian Share Fund	3,329	(353)
Commonwealth Share Income Fund	9,646	(1,158)
Commonwealth Property Securities Fund	(1,032)	2,808
Commonwealth International Share Fund	1,482	692
Commonwealth Bond Fund	(171)	807

Distribution to unitholders

The total amount distributed to unitholders for the current and previous reporting period are as follows:

Name of Fund	Period ended 30/06/2017 \$'000	Period ended 30/06/2016 \$'000
Commonwealth Income Fund	4,526	2,992
Commonwealth Balanced Fund	2,437	3,730
Commonwealth Growth Fund	2,628	3,128
Commonwealth Australian Share Fund	3,289	1,839
Commonwealth Share Income Fund	9,527	5,636
Commonwealth Property Securities Fund	269	937
Commonwealth International Share Fund	2	-
Commonwealth Bond Fund	253	660

Details of the income distributions for the reporting periods ended 30 June 2017 and 30 June 2016 are disclosed in the "Distributions to Unitholders" note to the financial statements.

COMMONWEALTH INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

Review of Operations (continued)

Exit Prices

The exit price is the price at which unitholders realise an entitlement in a fund and is calculated by deducting a predetermined cost of selling (commonly known as the "sell spread"), if applicable, from the net asset value per unit ("NAV unit price") of a fund. NAV unit price is calculated by taking the total fair value of all of the 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 unitholders on that day.

The following unit prices represent the ex-distribution exit unit prices as at 30 June 2017, together with comparative unit prices as at 30 June 2016:

Name of Fund	30/06/2017 \$	30/06/2016 \$
Commonwealth Income Fund	1.0185	1.0576
Commonwealth Balanced Fund	1.6494	1.5683
Commonwealth Growth Fund	1.8511	1.7707
Commonwealth Australian Share Fund	1.4396	1.4416
Commonwealth Share Income Fund	1.5996	1.6033
Commonwealth Property Securities Fund	0.7426	0.0817
Commonwealth International Share Fund	2.1014	1.9030
Commonwealth Bond Fund	1.1323	1.1587

Responsible Entity and Directors

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (ABN 48 123 123 124).

The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Name of Director	Date of Appointment or resignation
Andrew Morgan	Resigned on 10 July 2017.
Anne Ward	Appointed on 1 January 2013.
Penelope James	Appointed on 1 January 2013.
Peter Hodgett	Appointed on 1 January 2013.
Elizabeth Lewin	Appointed on 27 October 2015.
Linda Elkins	Resigned on 5 September 2016 and subsequently reappointed on 24 March 2017.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

Scheme Information

The Funds are registered managed investment schemes domiciled in Australia and have their principal place of business at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

COMMONWEALTH INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

Unit Pricing Adjustments Policy

There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and where relevant, transaction costs. When the factors used to calculate the unit price are incorrect an adjustment to the unit price may be required. The Responsible Entity uses a variance of 0.30% (0.05% for a cash investment option) in the unit price before correcting the unit price.

If a unit pricing error is greater than these tolerance levels the Responsible Entity will:

- compensate unitholders' accounts balance if they have transacted on the incorrect unit price or make other adjustments as the Responsible Entity may consider appropriate, or
- where unitholders' accounts are closed the Responsible Entity will send them a payment if the amount of the adjustment is more than \$20.

These tolerance levels are consistent with regulatory practice guidelines and industry standards. In some cases the Responsible Entity may compensate where the unit pricing error is less than the tolerance levels.

Significant Changes in the State of Affairs

There were no significant changes in the nature of the Funds' activities during the reporting period.

Matters Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the current reporting period that have significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Funds in future financial periods.

Indemnification and Insurance Premiums for Officers and Auditor

No insurance premiums are paid for out of the assets of the Funds in relation to insurance cover provided to Colonial First State Investments Limited or the auditor of the Funds. So long as the officers of Colonial First State Investments Limited act in accordance with the Constitutions and the Corporations Act 2001, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditor of the Funds is in no way indemnified out of the assets of the Funds.

The Commonwealth Bank of Australia (CBA) has paid insurance premiums for the benefit of the Directors and Officers of the Responsible Entity, a wholly owned subsidiary of CBA. Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the insurance contracts.

Likely Developments and Expected Results of Operations

The Funds are expected to continue to operate within the terms of their Constitutions, and will continue to invest in accordance with their investment objectives and guidelines.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

At the time of preparing this report the Responsible Entity is not aware of any likely developments which would impact upon the future operations of the Funds.

COMMONWEALTH INVESTMENT FUNDS

DIRECTORS' REPORT FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

Fees Paid to and Received by the Responsible Entity or its Associates

Fees paid or payable to the Responsible Entity and its associates out of the Funds' assets during the reporting period are disclosed in the Statements of Comprehensive Income.

No fees were paid to the Directors of the Responsible Entity during the reporting period out of the Funds' assets.

Interests in the Funds

The units issued and redeemed in the Funds during the period and the number of units on issue at the end of the financial period are set out in "Changes in Net Assets Attributable to Unitholders" note to the financial statements. The value of the Funds' assets at the end of the financial period are set out in the Balance Sheets.

Any interests in the Funds held by the Responsible Entity or its associates at the end of the reporting period are disclosed in the "Related Parties Disclosures" note to the financial statements.

Environmental Regulation

The Funds' operations are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. There have been no known significant breaches of any other environmental requirements applicable to the Funds.

Single Financial Report

The Funds are of the kind referred to in ASIC Corporation Instrument 2015/839 dated 1 October 2015 issued by ASIC and in accordance with that ASIC Corporation Instrument, funds with a common Responsible Entity can include the financial statements in adjacent columns in a single financial report.

Proceeds from redeeming units in a fund can be applied to acquire units in other funds included in this financial report.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out in the following page.

Signed in accordance with a resolution of the Directors of Colonial First State Investments Limited.



Linda Elkins
Director
Sydney
24 August 2017



Auditor's Independence Declaration

As lead auditor for the audits of Commonwealth Investment Funds for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audits; and
- b) no contraventions of any applicable code of professional conduct in relation to the audits.

A handwritten signature in black ink, appearing to read 'CJ Cummins', followed by a period.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
24 August 2017

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COMMONWEALTH INVESTMENT FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

	Note	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
		1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016
Investment Income		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income	3	27	39	49	68	38	53
Distribution income		5,145	3,727	4,886	6,228	8,059	5,594
Changes in fair value of financial instruments held for trading		(2,726)	(480)	8,667	(96)	1,857	(285)
Other income		-	-	-	1	-	1
Total investment income/(loss)		2,446	3,286	13,602	6,201	9,954	5,363
Expenses							
Responsible Entity's management fees	8(c)	791	878	2,474	2,767	1,534	1,588
Expenses recharged	8(d)	11	2	23	5	17	4
Other expenses		1	-	-	-	-	-
Total operating expenses		803	880	2,497	2,772	1,551	1,592
Operating profit/(loss) attributable to unitholders		1,643	2,406	11,105	3,429	8,403	3,771
Distributions to unitholders	4	(4,526)	(2,992)	(2,437)	(3,730)	(2,628)	(3,128)
Change in net assets attributable to unitholders from operations	6(a)	2,883	586	(8,668)	301	(5,775)	(643)
Profit/(Loss) for the period		-	-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

		Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
	Note	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment Income							
Interest income	3	7	11	16	24	4	6
Distribution income		3,451	2,057	9,906	6,019	434	856
Changes in fair value of financial instruments held for trading		206	(2,083)	680	(6,224)	(1,302)	2,119
Total investment income/(loss)		3,664	(15)	10,602	(181)	(864)	2,981
Expenses							
Responsible Entity's management fees	8(c)	331	337	942	975	166	172
Expenses recharged	8(d)	4	1	12	2	2	-
Other expenses		-	-	2	-	-	1
Total operating expenses		335	338	956	977	168	173
Operating profit/(loss) attributable to unitholders		3,329	(353)	9,646	(1,158)	(1,032)	2,808
Distributions to unitholders	4	(3,289)	(1,839)	(9,527)	(5,636)	(269)	(937)
Change in net assets attributable to unitholders from operations	6(a)	(40)	2,192	(119)	6,794	1,301	(1,871)
Profit/(Loss) for the period		-	-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

		Commonwealth International Share Fund		Commonwealth Bond Fund	
	Note	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016
		\$'000	\$'000	\$'000	\$'000
Investment Income					
Interest income	3	5	7	5	7
Distribution income		156	136	427	820
Changes in fair value of financial instruments held for trading		1,481	743	(415)	183
Other income		-	-	-	1
Total investment income/(loss)		1,642	886	17	1,011
Expenses					
Responsible Entity's management fees	8(c)	157	193	185	203
Expenses recharged	8(d)	2	-	2	1
Other expenses		1	1	1	-
Total operating expenses		160	194	188	204
Operating profit/(loss) attributable to unitholders		1,482	692	(171)	807
Distributions to unitholders	4	(2)	-	(253)	(660)
Change in net assets attributable to unitholders from operations	6(a)	(1,480)	(692)	424	(147)
Profit/(Loss) for the period		-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	-	-

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

**BALANCE SHEETS
AS AT 30 JUNE 2017**

	Note	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
		30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000
Assets							
Cash and cash equivalents		1,837	2,108	3,109	3,652	2,422	2,786
Trade and other receivables:							
- application monies		-	-	1	1	1	1
- interest		-	3	-	5	-	4
- others		14	23	46	74	30	44
Financial assets held for trading	5	76,148	86,352	165,965	172,825	125,297	127,535
Total assets		77,999	88,486	169,121	176,557	127,750	130,370
Liabilities							
Trade and other payables:							
- others		7	2	10	1	7	-
Distribution payable		2,966	1,334	531	1,990	1,546	2,077
Responsible Entity - fee	8(c)	63	77	198	251	128	156
Total liabilities (excluding net assets attributable to unitholders)		3,036	1,413	739	2,242	1,681	2,233
Net assets attributable to unitholders - liability		74,963	87,073	168,382	174,315	126,069	128,137
Represented by:							
Fair value of outstanding units based on redemption value		74,965	87,068	168,376	174,305	126,071	128,142
Adjustment to period end accruals		(2)	5	6	10	(2)	(5)
Net assets attributable to unitholders		74,963	87,073	168,382	174,315	126,069	128,137

The above Balance Sheets should be read in conjunction with the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

**BALANCE SHEETS
AS AT 30 JUNE 2017**

	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund		
	Note	30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000
Assets							
Cash and cash equivalents		478	693	894	1,649	254	360
Trade and other receivables:							
- interest		-	1	-	2	-	-
- others		7	9	18	26	3	5
Financial assets held for trading	5	31,123	30,768	88,790	89,874	12,254	15,007
Total assets		31,608	31,471	89,702	91,551	12,511	15,372
Liabilities							
Trade and other payables:							
- others		2	-	5	-	1	1
Distribution payable		2,321	1,080	6,674	3,358	265	784
Responsible Entity - fee	8(c)	27	31	77	90	12	16
Total liabilities (excluding net assets attributable to unitholders)		2,350	1,111	6,756	3,448	278	801
Net assets attributable to unitholders - liability		29,258	30,360	82,946	88,103	12,233	14,571
Represented by:							
Fair value of outstanding units based on redemption value		29,258	30,359	82,949	88,102	12,232	14,570
Adjustment to period end accruals		-	1	(3)	1	1	1
Net assets attributable to unitholders		29,258	30,360	82,946	88,103	12,233	14,571

The above Balance Sheets should be read in conjunction with the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

**BALANCE SHEETS
AS AT 30 JUNE 2017**

	Note	Commonwealth International Share Fund		Commonwealth Bond Fund	
		30/06/2017 \$'000	30/06/2016 \$'000	30/06/2017 \$'000	30/06/2016 \$'000
Assets					
Cash and cash equivalents		314	423	311	452
Trade and other receivables:					
- interest		-	-	-	1
- others		4	7	3	5
Financial assets held for trading	5	14,905	14,643	16,249	18,739
Total assets		15,223	15,073	16,563	19,197
Liabilities					
Trade and other payables:					
- others		1	-	2	1
Distribution payable		2	-	96	300
Responsible Entity - fee	8(c)	15	32	14	18
Total liabilities (excluding net assets attributable to unitholders)		18	32	112	319
Net assets attributable to unitholders - liability		15,205	15,041	16,451	18,878
Represented by:					
Fair value of outstanding units based on redemption value		15,205	15,048	16,452	18,877
Adjustment to period end accruals		-	(7)	(1)	1
Net assets attributable to unitholders		15,205	15,041	16,451	18,878

The above Balance Sheets should be read in conjunction with the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

STATEMENTS OF CHANGES IN EQUITY FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

The Funds' net assets attributable to unitholders are classified as a liability under AASB 132 Financial Instruments Presentation. As such the Funds have no equity, and no items of changes in equity have been presented for the current and comparative reporting periods.

The above Statements of Changes in Equity should be read in conjunction with the "Changes in Net Assets attributable to Unitholders" note in the accompanying notes.

COMMONWEALTH INVESTMENT FUNDS

**CASH FLOW STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

	Commonwealth Income Fund		Commonwealth Balanced Fund		Commonwealth Growth Fund	
Note	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments held for trading	21,023	12,970	77,813	20,250	12,154	11,190
Payments for purchase of financial instruments held for trading	(8,400)	-	(57,400)	(1,300)	-	(800)
Interest received	30	41	54	71	42	55
Dividends received	1	-	-	-	-	-
Responsible Entity fee received/ (paid)	(797)	(885)	(2,499)	(2,777)	(1,547)	(1,582)
Others	(6)	(9)	(15)	(15)	(12)	(10)
Net cash (used in)/from operating activities	11,851	12,117	17,953	16,229	10,637	8,853
Cash flows from financing activities						
Receipts from issue of units	611	792	1,614	1,939	1,840	1,595
Payment for redemption of units	(11,486)	(12,374)	(19,366)	(18,149)	(12,552)	(10,633)
Distributions paid	(1,247)	(1,818)	(744)	(723)	(289)	(237)
Net cash (used in)/from financing activities	(12,122)	(13,400)	(18,496)	(16,933)	(11,001)	(9,275)
Net movement in cash and cash equivalents	(271)	(1,283)	(543)	(704)	(364)	(422)
Add opening cash and cash equivalents brought forward	2,108	3,391	3,652	4,356	2,786	3,208
Closing cash and cash equivalents carried forward	1,837	2,108	3,109	3,652	2,422	2,786

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Non-cash financing activities are disclosed in part (b) under "Cash and Cash Equivalents" note to the financial statements.

COMMONWEALTH INVESTMENT FUNDS

**CASH FLOW STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

	Commonwealth Australian Share Fund		Commonwealth Share Income Fund		Commonwealth Property Securities Fund	
Note	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Cash flows from operating activities						
Proceeds from sale of financial instruments held for trading	3,302	3,015	11,669	9,040	1,885	1,440
Interest received	8	11	17	24	5	6
Responsible Entity fee received/ (paid)	(332)	(339)	(947)	(980)	(168)	(171)
Others	(3)	(1)	(7)	(7)	(3)	(1)
Net cash (used in)/from operating activities	2,975	2,686	10,732	8,077	1,719	1,274
Cash flows from financing activities						
Receipts from issue of units	197	179	376	1,265	69	39
Payment for redemption of units	(3,193)	(2,817)	(9,675)	(8,724)	(1,652)	(1,281)
Distributions paid	(194)	(386)	(2,188)	(3,601)	(242)	(78)
Net cash (used in)/from financing activities	(3,190)	(3,024)	(11,487)	(11,060)	(1,825)	(1,320)
Net movement in cash and cash equivalents	(215)	(338)	(755)	(2,983)	(106)	(46)
Add opening cash and cash equivalents brought forward	693	1,031	1,649	4,632	360	406
Closing cash and cash equivalents carried forward	478	693	894	1,649	254	360

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Non-cash financing activities are disclosed in part (b) under "Cash and Cash Equivalents" note to the financial statements.

COMMONWEALTH INVESTMENT FUNDS

**CASH FLOW STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

		Commonwealth International Share Fund		Commonwealth Bond Fund	
	Note	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016	1/07/2016 - 30/06/2017	1/07/2015 - 30/06/2016
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments held for trading		1,374	1,615	2,502	2,330
Interest received		5	7	5	7
Responsible Entity fee received/ (paid)		(172)	(179)	(186)	(204)
Others		(1)	(1)	(2)	(2)
Net cash (used in)/from operating activities	7(a)	1,206	1,442	2,319	2,131
Cash flows from financing activities					
Receipts from issue of units		106	142	155	7
Payment for redemption of units		(1,421)	(1,592)	(2,368)	(1,959)
Distributions paid		-	(30)	(247)	(365)
Net cash (used in)/from financing activities		(1,315)	(1,480)	(2,460)	(2,317)
Net movement in cash and cash equivalents		(109)	(38)	(141)	(186)
Add opening cash and cash equivalents brought forward		423	461	452	638
Closing cash and cash equivalents carried forward		314	423	311	452

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Non-cash financing activities are disclosed in part (b) under "Cash and Cash Equivalents" note to the financial statements.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards Board and the Corporations Act 2001 in Australia. The Funds are for-profit unit trusts for the purpose of preparing these financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Balance Sheets are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

The financial report was authorised for issue by the Directors of the Responsible Entity on 24 August 2017. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

The current reporting period for the financial report is from 1 July 2016 to 30 June 2017. The comparative reporting period is from 1 July 2015 to 30 June 2016.

Both the functional and presentation currency of the Funds are Australian dollars.

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures and presentation in the current reporting period.

The Funds are registered schemes of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

(i) Compliance with International Financial Reporting Standards

The Financial Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(ii) New and Amended Standards adopted by the Funds

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the Funds.

The amendments to AASB 107 have been early adopted. The Funds have elected to adopt the amendments made by AASB 2016 Amendments to Australian Accounting Standard - Disclosure Initiative: Amendments to AASB 107 early. This amendment requires disclosure of changes in liabilities arising from financing activities. The relevant information is provided the "Changes to Net Assets Attributable to Unitholders" note.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Investments in Financial Assets and Liabilities Held for Trading

(i) Classification

The Funds' investments are classified as held for trading and initially recognised at fair value not including transaction costs, which are expensed in the Statements of Comprehensive Income.

(ii) Recognition/Derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

The derecognition of a financial instrument takes place when the Funds no longer control the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(iii) Measurement

At initial recognition, the Funds measure their financial assets at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statements of Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities held for trading are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities held for trading' category are presented in the Statements of Comprehensive Income within changes in fair value of financial instruments held for trading in the period in which they arise.

For further details on how the fair values of financial instruments are determined refer to the "Financial Assets Held for Trading" note to the financial statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to the "Offsetting Financial Assets and Financial Liabilities" note to the financial statements for further information.

(c) Investment Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Funds and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

(i) Distribution or Dividend Income

Income is recognised when the right to receive the payment is established.

(ii) Interest Income

Income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(iii) Changes in Fair Value of Financial Assets Held for Trading

Gains or losses on investments held for trading are calculated and recognised as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheets comprise cash at bank, deposits at call with futures clearing house and short-term bank deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

(e) Trade and Other Receivables

Receivables are recognised and carried at the original invoice amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

(f) Trade and Other Payables

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Funds.

Payables include outstanding settlements on the purchase of financial assets and liabilities held for trading and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

(g) Taxation

Under current legislation, the Funds are not subject to income tax provided the unitholders are presently entitled to the income of the Funds and the Funds fully distribute their taxable income.

(h) Distributions to Unitholders

In accordance with the Funds' Constitutions, the Funds fully distribute their distributable income to unitholders. Distributions are payable at the end of each distribution period. Such distributions are determined by reference to the taxable income of the Funds. Distributable income includes capital gains arising from the disposal of financial assets and liabilities held for trading. Unrealised gains and losses on financial assets and liabilities held for trading that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(i) Net Assets Attributable to Unitholders

Under AASB 132 "Financial Instruments: Disclosure and Presentation", contractual obligations are regarded as liabilities. As unitholders have the ability to redeem units from the Funds, all net assets attributable to unitholders have been recognised as liabilities of the Funds, rather than as equity. The classification of net assets attributable to unitholders does not alter the underlying economic interest of the unitholders in the net assets and net profit attributable to unitholders of the Funds.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Terms and Conditions on Units

Each unit issued confers upon the unitholder an equal interest in the respective fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the particular fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- have their units redeemed;
- receive income distributions;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the fund.

The rights, obligations and restrictions attached to each unit within each fund are identical in all respects.

(k) Applications and Redemptions

Applications received for units in the Funds are recorded net of any entry fees payable (where applicable) prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable (where applicable) after the cancellation of units redeemed.

(l) Goods and Services Tax (GST)

Income, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST.

Reduced input tax credits (RITC) recoverable by the Funds from the Australian Taxation Office are recognised as receivables in the Balance Sheets.

Cash flows are included in the Cash Flow Statements on a gross basis. The GST component of cash flows, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) Expense Recognition

Expenses are recognised in the Statements of Comprehensive Income when the Funds have a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the Statements of Comprehensive Income if expenditure does not produce future economic benefits that qualify for recognition in the Balance Sheets.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Use of Estimates

The Responsible Entity makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Funds invest in managed investment schemes which are also managed by the Responsible Entity. For the majority of the financial instruments of these managed investment schemes, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(o) Unit Prices

Unit prices are determined in accordance with the Funds' Constitution and are calculated as the net assets attributable to unitholders, divided by the number of units on issue. Financial assets and liabilities held for trading for unit pricing purposes are valued on a "last sale" price basis.

(p) Investment Entity

The Responsible Entity has determined that the Funds are an investment entity under the definition in AASB 10 as they meet the following criteria:

- (a) the Funds have obtained funds from unitholders for the purpose of providing them with investment management services
- (b) the Funds' business purpose, which it communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and
- (c) the performance of investments made by the Funds are measured and evaluated on a fair value basis.

The Funds also meet all of the typical characteristics of investment entities.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Transactions in Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheets date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, are recognised in the profit or loss in the period in which they arise.

Items included in the Funds' Financial Statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

The Funds do not isolate that portion of gains or losses on securities and derivative financial instruments that are measured at fair value through profit and loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit and loss.

(r) New Application of Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Funds. The Responsible Entity's assessment of the impact of these new standards (to the extent relevant to the fund) and interpretations is set out below:

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The Responsible Entity does not expect this to have a significant impact on the recognition and measurement of the Funds' financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Funds do not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Funds' investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Funds.

The Funds have not yet decided when to adopt AASB 9.

(s) Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. Depending on the Funds' power over the activities of the entity and their exposure to and ability to influence its own returns, they may control the entity. However, the Funds apply the Investment Entity Exemption available under AASB10 and therefore does not consolidate its controlled entities (Note 1(p)). In other cases they may have exposure to such an entity but not control it.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Funds. Such interests include holdings of units in unlisted trusts. The nature and extent of the Funds' interests in structured entities are titled "unlisted unit trusts" and are summarised in Note 1(b), "Financial Assets Held for Trading" and "Related Parties Disclosures" notes where appropriate. The total size of the structured entities that the Funds have exposure to is the net assets of the "unlisted unit trusts", which is determined based on the percentage interest held and carrying value disclosed in the "Related Parties Disclosures" note.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

2. AUDITOR'S REMUNERATION

The auditor's remuneration in respect of auditing the financial reports is fully paid by the Responsible Entity.

The Responsible Entity may recharge a portion of the auditor's remuneration to the Funds. See the note under "Management Expenses Recharged" in the "Related Parties Disclosures" note to the Financial Statements.

Other services provided by the auditor are the audit of the compliance plan of the Funds and tax compliance services. The auditor's non-audit remuneration is also fully paid by the Responsible Entity.

3. INTEREST INCOME

Interest income of the Funds is derived mainly from interest earned on bank accounts.

4. DISTRIBUTIONS TO UNITHOLDERS

The Responsible Entity adopts the policy of distributing as a minimum the net income for tax purposes. The amounts shown as "Distribution payable" in the Balance Sheets represent the components of the distributions for the reporting period which had not been paid at balance date.

Quarterly and half-yearly distributing Funds:

The amounts distributed or proposed to be distributed to unitholders in cents per unit (cpu) during the period were:

Commonwealth Income Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 30 September	0.30	244	0.30	271
- 31 December	0.81	623	1.01	875
- 31 March	0.91	682	0.60	509
- 30 June	4.05	2,977	1.62	1,337
Distributions to unitholders		4,526		2,992

Commonwealth Balanced Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 30 September	0.30	329	0.30	354
- 31 December	0.60	638	0.90	1,042
- 31 March	0.90	939	0.30	341
- 30 June	0.52	531	1.79	1,993
Distributions to unitholders		2,437		3,730

Commonwealth Growth Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 31 December	1.51	1,069	1.41	1,050
- 30 June	2.28	1,559	2.88	2,078
Distributions to unitholders		2,628		3,128

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

4. DISTRIBUTIONS TO UNITHOLDERS (continued)

Commonwealth Australian Share Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 31 December	4.65	957	3.51	758
- 30 June	11.46	2,332	5.14	1,081
Distributions to unitholders		3,289		1,839

Commonwealth Share Income Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 31 December	5.26	2,807	4.06	2,274
- 30 June	12.89	6,720	6.13	3,362
Distributions to unitholders		9,527		5,636

Commonwealth Property Securities Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 31 December	-	-	0.81	151
- 30 June	1.61	269	4.40	786
Distributions to unitholders		269		937

Commonwealth International Share Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 31 December	-	-	-	-
- 30 June *	-	2	-	-
Distributions to unitholders		2		-

* Income paid on redemption

Commonwealth Bond Fund				
Period ended:	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	cpu	\$'000	cpu	\$'000
- 30 September	0.30	49	0.31	54
- 31 December	0.40	63	0.91	155
- 31 March	0.30	45	0.90	150
- 30 June	0.66	96	1.84	301
Distributions to unitholders		253		660

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

5. FINANCIAL ASSETS HELD FOR TRADING

(a) Fair Value Measurements

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities held for trading
- Derivative financial instruments

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(b) Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 for quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 for inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 for inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Fair Value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Funds value their investments in accordance with policies set out in Note 1 to the financial statements. For the majority of these investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets held by the Funds is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid and asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

5. FINANCIAL ASSETS HELD FOR TRADING (continued)

(b) Fair Value Hierarchy (continued)

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date. The fair value of an option contract is determined by applying the Black Scholes option valuation model.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, to allow for additional factors including liquidity risk and counterparty risk.

(c) Recognised Fair Value Measurements

The Funds' financial assets held for trading are unlisted managed investment schemes which also managed by the Responsible Entity. These Funds are priced daily and offer daily applications and redemptions. The fair value of these investments are therefore classified as Level 2.

(d) Transfers between Levels

There are no material transfers between levels for the Funds during the current and previous reporting periods.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend to a right to the underlying assets of the Funds. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the respective Funds.

(a) Movements in Number of Units and Net Assets Attributable to Unitholders

Commonwealth Income Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	82,325	87,073	91,046	96,900
Applications	553	612	740	781
Redemptions	(10,837)	(11,486)	(11,688)	(12,375)
Units issued upon reinvestment of distributions	1,560	1,647	2,227	2,353
Change in net assets attributable to unitholders from operations		(2,883)		(586)
Closing Balance	73,601	74,963	82,325	87,073

Commonwealth Balanced Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	111,146	174,315	119,651	187,851
Applications	957	1,613	1,225	1,923
Redemptions	(11,981)	(19,366)	(11,629)	(18,149)
Units issued upon reinvestment of distributions	1,960	3,152	1,899	2,991
Change in net assets attributable to unitholders from operations		8,668		(301)
Closing Balance	102,082	168,382	111,146	174,315

Commonwealth Growth Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	72,367	128,137	76,103	134,021
Applications	920	1,840	881	1,573
Redemptions	(6,775)	(12,553)	(6,038)	(10,634)
Units issued upon reinvestment of distributions	1,592	2,870	1,421	2,534
Change in net assets attributable to unitholders from operations		5,775		643
Closing Balance	68,104	126,069	72,367	128,137

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

(a) Movements in Number of Units and Net Assets Attributable to Unitholders (continued)

Commonwealth Australian Share Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	21,059	30,360	20,393	31,400
Applications	132	197	104	178
Redemptions	(2,110)	(3,194)	(1,861)	(2,817)
Units issued upon reinvestment of distributions	1,243	1,855	2,423	3,791
Change in net assets attributable to unitholders from operations		40		(2,192)
Closing Balance	20,324	29,258	21,059	30,360

Commonwealth Share Income Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	54,952	88,103	55,812	96,088
Applications	225	377	711	1,260
Redemptions	(5,734)	(9,676)	(5,161)	(8,724)
Units issued upon reinvestment of distributions	2,414	4,023	3,590	6,273
Change in net assets attributable to unitholders from operations		119		(6,794)
Closing Balance	51,857	82,946	54,952	88,103

Commonwealth Property Securities Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	17,828	14,571	19,197	13,765
Applications	81	69	56	39
Redemptions	(2,085)	(1,652)	(1,663)	(1,281)
Units issued upon reinvestment of distributions	651	546	238	177
Change in net assets attributable to unitholders from operations		(1,301)		1,871
Closing Balance	16,475	12,233	17,828	14,571

COMMONWEALTH INVESTMENT FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

(a) Movements in Number of Units and Net Assets Attributable to Unitholders (continued)

Commonwealth International Share Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	7,911	15,041	8,633	15,712
Applications	55	106	75	141
Redemptions	(731)	(1,422)	(843)	(1,592)
Units issued upon reinvestment of distributions	-	-	46	88
Change in net assets attributable to unitholders from operations		1,480		692
Closing Balance	7,235	15,205	7,911	15,041

Commonwealth Bond Fund				
	1/07/2016 - 30/06/2017		1/07/2015 - 30/06/2016	
	No.'000	\$'000	No.'000	\$'000
Opening balance	16,291	18,878	17,710	20,370
Applications	129	155	2	3
Redemptions	(2,069)	(2,368)	(1,689)	(1,952)
Units issued upon reinvestment of distributions	178	210	268	310
Change in net assets attributable to unitholders from operations		(424)		147
Closing Balance	14,529	16,451	16,291	18,878

(b) Capital Risk Management

The Responsible Entity manages the Funds' net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders.

The Responsible Entity monitors the level of daily applications and redemptions relative to the liquid assets in the Funds. Liquid assets include cash and cash equivalents and financial assets classified as Level 1 in the "Financial Assets Held for Trading" note to the financial statements.

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

7. CASH AND CASH EQUIVALENTS

(a) Reconciliation of Net Profit/(Loss) Attributable to Unitholders to Net Cash from Operating Activities

Commonwealth Income Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	1,643	2,406
Proceeds from sale of financial instruments held for trading	21,023	12,970
Payments for purchase of financial instruments held for trading	(8,400)	-
Changes in fair value of financial instruments held for trading	2,726	480
Distribution or Dividend income reinvested	(5,145)	(3,727)
Change in receivables and other assets	13	(4)
Change in payables and other liabilities	(9)	(8)
Net Cash From/(Used In) Operating Activities	11,851	12,117

Commonwealth Balanced Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	11,105	3,429
Proceeds from sale of financial instruments held for trading	77,813	20,250
Payments for purchase of financial instruments held for trading	(57,400)	(1,300)
Changes in fair value of financial instruments held for trading	(8,667)	96
Distribution or Dividend income reinvested	(4,886)	(6,228)
Change in receivables and other assets	32	(14)
Change in payables and other liabilities	(44)	(4)
Net Cash From/(Used In) Operating Activities	17,953	16,229

Commonwealth Growth Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	8,403	3,771
Proceeds from sale of financial instruments held for trading	12,154	11,190
Payments for purchase of financial instruments held for trading	-	(800)
Changes in fair value of financial instruments held for trading	(1,857)	285
Distribution or Dividend income reinvested	(8,059)	(5,594)
Change in receivables and other assets	18	(10)
Change in payables and other liabilities	(22)	11
Net Cash From/(Used In) Operating Activities	10,637	8,853

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of Net Profit/(Loss) Attributable to Unitholders to Net Cash from Operating Activities (continued)

Commonwealth Australian Share Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	3,329	(353)
Proceeds from sale of financial instruments held for trading	3,302	3,015
Changes in fair value of financial instruments held for trading	(206)	2,083
Distribution or Dividend income reinvested	(3,451)	(2,057)
Change in receivables and other assets	3	(1)
Change in payables and other liabilities	(2)	(1)
Net Cash From/(Used In) Operating Activities	2,975	2,686

Commonwealth Share Income Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	9,646	(1,158)
Proceeds from sale of financial instruments held for trading	11,669	9,040
Changes in fair value of financial instruments held for trading	(680)	6,224
Distribution or Dividend income reinvested	(9,906)	(6,019)
Change in receivables and other assets	12	(5)
Change in payables and other liabilities	(9)	(5)
Net Cash From/(Used In) Operating Activities	10,732	8,077

Commonwealth Property Securities Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	(1,032)	2,808
Proceeds from sale of financial instruments held for trading	1,885	1,440
Changes in fair value of financial instruments held for trading	1,302	(2,119)
Distribution or Dividend income reinvested	(434)	(856)
Change in receivables and other assets	1	(1)
Change in payables and other liabilities	(3)	2
Net Cash From/(Used In) Operating Activities	1,719	1,274

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of Net Profit/(Loss) Attributable to Unitholders to Net Cash from Operating Activities (continued)

Commonwealth International Share Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	1,482	692
Proceeds from sale of financial instruments held for trading	1,374	1,615
Changes in fair value of financial instruments held for trading	(1,481)	(743)
Distribution or Dividend income reinvested	(156)	(136)
Change in receivables and other assets	3	(2)
Change in payables and other liabilities	(16)	16
Net Cash From/(Used In) Operating Activities	1,206	1,442

Commonwealth Bond Fund		
	1/07/2016 - 30/06/2017 \$'000	1/07/2015 - 30/06/2016 \$'000
Net profit/(loss) attributable to unitholders	(171)	807
Proceeds from sale of financial instruments held for trading	2,502	2,330
Changes in fair value of financial instruments held for trading	415	(183)
Distribution or Dividend income reinvested	(427)	(820)
Change in receivables and other assets	3	(2)
Change in payables and other liabilities	(3)	(1)
Net Cash From/(Used In) Operating Activities	2,319	2,131

(b) Non-cash Financing Activities Carried Out During the Reporting Periods on Normal Commercial Terms and Conditions include:

- Reinvestment of unitholders distributions as disclosed under "Units issued upon reinvestment of distributions" in part (a) of the "Changes in Net Assets Attributable to Unitholders" note to the financial statements.
- Participation in dividend reinvestment plans as disclosed under "Distribution or Dividend Income Reinvested" in part (a) of the "Cash and Cash Equivalents" note to the financial statements.

(c) Terms and Conditions on Cash

Cash at bank and in hand, cash held in collateral and deposits at call with a futures clearing house, earn interest at floating rate as determined by the financial institutions.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

8. RELATED PARTIES DISCLOSURES

(a) Responsible Entity

The Responsible Entity of the Funds is Colonial First State Investments Limited. The ultimate holding company is the Commonwealth Bank of Australia (the Bank).

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Ground Floor Tower 1, 201 Sussex Street, Sydney, New South Wales, 2000.

(b) Details of Key Management Personnel

(i) Key Management Personnel

The Directors of Colonial First State Investments Limited are considered to be Key Management Personnel. The Directors of the Responsible Entity in office during the period and up to the date of the report are:

Name of Director	Date of Appointment or Resignation
Andrew Morgan	Resigned on 10 July 2017.
Anne Ward	Appointed on 1 January 2013.
Penelope James	Appointed on 1 January 2013.
Peter Hodgett	Appointed on 1 January 2013.
Elizabeth Lewin	Appointed on 27 October 2015.
Linda Elkins	Resigned on 5 September 2016 and subsequently reappointed on 24 March 2017.

(ii) Compensation of Key Management Personnel

No amounts are paid by the Funds directly to the Directors of the Responsible Entity of the Funds.

Directors are employed as executives of the Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Consequently, no compensation as defined in AASB 124: Related Parties is paid by the Funds to the Directors as Key Management Personnel.

(c) Responsible Entity's Management Fees

Under the terms of the Constitutions, the Responsible Entity is entitled to receive monthly management fees which are expressed as a percentage of the total assets of each fund (i.e. excluding liabilities). Management fees are paid directly by the Funds. The table below shows the current fee rates charged.

Where monies are invested into other funds managed by the Responsible Entity the management fees are calculated after rebating fees charged in the underlying funds. As a consequence, the amounts shown in the Statements of Comprehensive Income reflect only the amount of fees charged directly to the respective Funds.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

8. RELATED PARTIES DISCLOSURES (continued)

(c) Responsible Entity's Management Fees (continued)

The management fees rate charged for the current and comparative reporting periods are as follows:

Name of Fund:	Period Ended 30/06/2017 Management Fees %	Period Ended 30/06/2016 Management Fees %
Commonwealth Income Fund	1.50	1.50
Commonwealth Balanced Fund	2.00	2.00
Commonwealth Growth Fund	2.00	2.00
Commonwealth Australian Share Fund	2.00	2.00
Commonwealth Share Income Fund	2.00	2.00
Commonwealth Property Securities Fund	2.00	2.00
Commonwealth International Share Fund	2.00	2.00
Commonwealth Bond Fund	1.50	1.50

The Responsible Entity's management fees charged for the reporting periods are as follows:

Name of Fund:	Period Ended 30/06/2017 \$	Period Ended 30/06/2016 \$
Commonwealth Income Fund	791,422	877,607
Commonwealth Balanced Fund	2,474,495	2,766,517
Commonwealth Growth Fund	1,533,837	1,588,349
Commonwealth Australian Share Fund	330,523	337,467
Commonwealth Share Income Fund	942,302	974,911
Commonwealth Property Securities Fund	165,882	172,367
Commonwealth International Share Fund	157,072	192,808
Commonwealth Bond Fund	184,952	202,968

Fees due to/(refund from) the Responsible Entity as at the end of the reporting periods are as follows:

Name of Fund:	Period Ended 30/06/2017 \$	Period Ended 30/06/2016 \$
Commonwealth Income Fund	62,588	76,515
Commonwealth Balanced Fund	197,612	250,663
Commonwealth Growth Fund	128,044	155,647
Commonwealth Australian Share Fund	27,230	31,139
Commonwealth Share Income Fund	76,911	90,017
Commonwealth Property Securities Fund	12,487	16,496
Commonwealth International Share Fund	14,877	32,311
Commonwealth Bond Fund	14,171	17,637

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

8. RELATED PARTIES DISCLOSURES (continued)

(d) Management Expenses Recharged

The Responsible Entity is responsible for paying the custody fees on behalf of the Funds. The amount paid is based on the overall arrangement in place with the custodian. The Responsible Entity recharges the custody fees to the Funds. The amount recharged is disclosed as "Custody Fees" in the "Statements of Comprehensive Income".

The Responsible Entity is also responsible for paying certain expenses (such as audit fees, printing and postage) for the Funds. The amount recharged is based on the lower of the expenses paid or 0.02% of the net assets of the Funds. The amount recharged is disclosed under "Expenses Recharged" in the "Statements of Comprehensive Income".

(e) Bank and Deposit Accounts

The bank accounts and 11am deposit accounts for the Funds may be held with the Commonwealth Bank of Australia. Fees and expenses are negotiated on an arm's length basis. Various short term money market, fixed interest securities and foreign currency transactions are from time to time transacted through the Commonwealth Bank of Australia which receives a fee which is negotiated on an arm's length basis.

(f) Units Held by Related Parties

Other funds managed by the Responsible Entity or its affiliates may from time to time purchase or redeem units in the Funds. Such activity is undertaken in the ordinary course of business at entry and exit prices available to all investors at the time of the transaction.

There is no interest of Colonial First State Investments Limited and its associates in the Funds.

(g) Related Party Transactions

The Funds may transact with other managed investment schemes, which are also managed by the Responsible Entity. These transactions normally consist of the sale or purchase of units in related managed investment schemes and receipt and payment of distributions on normal commercial terms and conditions.

(i) Terms and Conditions of Transactions with Related Parties

All related party transactions are made in arm's length transactions on normal commercial terms and conditions. Outstanding balances at period end are unsecured and settlement occurs in cash.

(ii) Guarantees

There have been no guarantees provided or received for any related party receivables.

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

8. RELATED PARTIES DISCLOSURES (continued)

(h) Investing Activities

(i) Related Managed Investment Schemes

The following Funds held investments in the following managed investment schemes which were managed by Colonial First State Investments Limited. Distributions received are immediately reinvested into additional units.

Investment Name	Units Held at Period End	Value of Investment at Period End	Interest held in Investment at Period End	Units Acquired During Period	Units Disposed During Period	Distribution Received
	No'000	\$'000	%	No'000	No'000	\$'000

Commonwealth Income Fund

Units held in:

Colonial First State Wholesale Australian Share Fund - Core

- 2017	5,465	7,493	0.94	624	1,364	863
- 2016	6,205	8,488	0.72	419	620	572

Colonial First State Wholesale Cash Fund

- 2017	3,347	3,377	0.07	74	1,387	74
- 2016	4,660	4,696	0.10	110	693	111

Colonial First State Wholesale Global Corporate Debt Fund

- 2017	21,789	19,510	1.80	3,393	3,205	2,668
- 2016	21,601	20,828	1.10	783	2,956	756

Colonial First State Wholesale Australian Bond Fund

- 2017	35,615	38,101	6.58	966	13,146	1,039
- 2016	47,795	52,340	8.16	2,099	7,778	2,288

Colonial First State Wholesale Indexed Global Bond Fund

- 2017	6,010	7,666	1.05	6,258	248	501
- 2016	-	-	-	-	-	-

Commonwealth Balanced Fund

Units held in:

Colonial First State Global Asset Management Fixed Interest Trust 2

- 2017	19,113	16,624	33.02	9,454	222	206
- 2016	9,881	8,678	7.61	274	602	245

Colonial First State Wholesale Indexed Australian Share Fund

- 2017	35,784	53,261	1.89	1,483	10,265	2,152
- 2016	44,566	60,654	2.79	2,834	3,918	2,507

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

8. RELATED PARTIES DISCLOSURES (continued)

(h) Investing Activities (continued)

(i) Related Managed Investment Schemes (continued)

Investment Name	Units Held at Period End	Value of Investment at Period End	Interest held in Investment at Period End	Units Acquired During Period	Units Disposed During Period	Distribution Received
	No'000	\$'000	%	No'000	No'000	\$'000

Commonwealth Balanced Fund (continued)

Colonial First State Wholesale Global Share Fund

- 2017	18,992	41,925	6.44	21,478	2,486	138
- 2016	-	-	-	-	-	-

Colonial First State Wholesale Cash Fund

- 2017	7,435	7,504	0.15	203	9,161	205
- 2016	16,393	16,521	0.35	380	1,980	383

Colonial First State Wholesale Property Securities Fund

- 2017	5,448	4,920	1.04	198	3,845	184
- 2016	9,095	9,065	1.57	567	2,378	539

Colonial First State Wholesale Indexed Australian Bond Fund

- 2017	25,090	25,238	0.69	827	9,249	838
- 2016	33,512	34,792	1.07	1,552	5,083	1,594

Colonial First State Wholesale Indexed Global Bond Fund

- 2017	12,928	16,492	2.27	6,773	360	1,068
- 2016	6,515	9,036	1.80	303	918	408

Colonial First State Wholesale Indexed Global Share Fund

- 2017	-	-	-	41	10,784	97
- 2016	10,743	25,154	1.22	156	1,138	368

Colonial First State Wholesale Global Property Securities Fund

- 2017	-	-	-	-	4,628	-
- 2016	4,628	8,926	1.07	96	393	183

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

8. RELATED PARTIES DISCLOSURES (continued)

(h) Investing Activities (continued)

(i) Related Managed Investment Schemes (continued)

Investment Name	Units Held at Period End	Value of Investment at Period End	Interest held in Investment at Period End	Units Acquired During Period	Units Disposed During Period	Distribution Received
	No'000	\$'000	%	No'000	No'000	\$'000

Commonwealth Growth Fund

Units held in:

Colonial First State Wholesale Australian Share Fund - Core

- 2017	39,435	54,069	6.77	4,351	4,518	6,011
- 2016	39,602	54,172	4.62	3,193	2,058	3,597

Colonial First State Wholesale Indexed Global Share Fund

- 2017	5,974	15,718	0.64	112	836	286
- 2016	6,698	15,684	0.76	97	451	229

Colonial First State Wholesale Global Property Securities Fund

- 2017	2,727	4,943	0.69	235	51	429
- 2016	2,543	4,905	0.59	53	234	100

Colonial First State Wholesale Global Share Fund

- 2017	7,098	15,669	2.41	23	1,088	52
- 2016	8,163	16,523	2.43	32	1,139	63

Colonial First State Wholesale Cash Fund

- 2017	2,667	2,692	0.05	51	-	52
- 2016	2,616	2,636	0.06	59	148	59

Colonial First State Wholesale Property Securities Fund

- 2017	4,918	4,442	0.94	164	295	152
- 2016	5,049	5,032	0.87	310	1,252	295

Colonial First State Wholesale Australian Bond Fund

- 2017	17,174	18,372	3.17	426	642	457
- 2016	17,390	19,044	2.97	749	1,779	817

Colonial First State Wholesale Indexed Global Bond Fund

- 2017	7,362	9,392	1.29	485	-	621
- 2016	6,877	9,539	1.90	322	908	433

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

8. RELATED PARTIES DISCLOSURES (continued)

(h) Investing Activities (continued)

(i) Related Managed Investment Schemes (continued)

Investment Name	Units Held at Period End	Value of Investment at Period End	Interest held in Investment at Period End	Units Acquired During Period	Units Disposed During Period	Distribution Received
	No'000	\$'000	%	No'000	No'000	\$'000

Commonwealth Australian Share Fund

Units held in:

Colonial First State Wholesale Australian Share Fund - Core

- 2017	22,699	31,123	3.90	2,498	2,292	3,451
- 2016	22,493	30,768	2.62	1,506	2,130	2,057

Commonwealth Share Income Fund

Units held in:

Colonial First State Wholesale Australian Share Fund - Core

- 2017	64,758	88,790	11.11	7,169	8,113	9,906
- 2016	65,702	89,874	7.66	4,406	6,477	6,019

Commonwealth Property Securities Fund

Units held in:

Colonial First State Wholesale Property Securities Fund

- 2017	13,569	12,254	2.59	469	1,957	434
- 2016	15,057	15,007	2.60	897	1,549	856

Commonwealth International Share Fund

Units held in:

Colonial First State Wholesale Indexed Global Share Fund

- 2017	2,820	7,419	0.30	52	313	131
- 2016	3,081	7,214	0.35	45	191	107

Colonial First State Wholesale Global Share Fund

- 2017	3,391	7,486	1.15	11	290	25
- 2016	3,670	7,429	1.09	15	595	29

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

8. RELATED PARTIES DISCLOSURES (continued)

(h) Investing Activities (continued)

(i) Related Managed Investment Schemes (continued)

Investment Name	Units Held at Period End No'000	Value of Investment at Period End \$'000	Interest held in Investment at Period End %	Units Acquired During Period No'000	Units Disposed During Period No'000	Distribution Received \$'000
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Commonwealth Bond Fund

Units held in:

Colonial First State Wholesale Australian Bond Fund

- 2017	15,188	16,249	2.81	397	2,320	427
- 2016	17,111	18,739	2.92	752	2,132	820

(ii) Related Listed Securities

The Funds did not invest in any related listed securities.

(iii) Other related Financial Instruments

The Funds did not invest in derivatives, money market and fixed interest securities issued by the Commonwealth Bank of Australia and its associates.

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

9. FINANCIAL RISK MANAGEMENT

Investing activities of the Funds may expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The overall risk management programme focuses on ensuring compliance with its Product Disclosure Statement/Information Memorandum and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the respective investment management departments (Investment Managers) and regularly monitored by the Investment Review Services Department of the Responsible Entity.

Different methods are used to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk.

(a) Market Risk

(i) Price Risk

Financial assets are either directly or indirectly exposed to price risk. This arises from investments held for which prices in the future are uncertain. They are classified on the balance sheet at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

An Investment Manager may mitigate price risk through diversification and a careful selection of securities and other financial instruments within specified limits and guidelines in accordance with the Product Disclosure Statement/Information Memorandum or Constitutions and monitored by the Investment Review Services Department of the Responsible Entity.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements summarises the impact of an increase/decrease of the Australian and global indexes on the Funds' net assets attributable to unitholders at the end of the reporting periods. The analysis is based on the assumptions that the relevant indexes increased or decreased as tabled with all other variables held constant and that fair values of the Funds move according to the historical correlation with the indexes.

(ii) Foreign Exchange Risk

The Funds contained in this Financial Report do not hold monetary or non-monetary assets denominated in currencies other than the Australian dollars and therefore are not exposed to foreign exchange risk.

(iii) Interest Rate Risk

The exposure to interest rate risk of the Funds contained in this Financial Report is limited to its cash and cash equivalents or bank overdraft, which earns/(charges) a floating rate of interest.

The table in part (b) under "Summarised Sensitivity Analysis" of the "Financial Risk Management" note to the financial statements, summarises the impact of an increase/decrease of interest rates on the Funds' operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates increase or decrease by a "predetermined basis points" from the year end rates with all other variables held constant. The impact mainly arises from changes in the fair value of debt securities. The "predetermined basis points" are disclosed in the table below.

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis

The following tables summarise the sensitivity of the Funds' operating profit or loss and net assets attributable to unitholders to interest rate risk, foreign exchange risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

Certain funds may not be subject to all these risks and are denoted with "-" in the tables below.

Commonwealth Income Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-13.00% \$'000	13.00% \$'000
30/06/2017	(9)	9	-	-	(9,899)	9,899
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-13.00% \$'000	13.00% \$'000
30/06/2016	(11)	11	-	-	(11,226)	11,226

Commonwealth Balanced Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-4.00% \$'000	4.00% \$'000
30/06/2017	(16)	16	-	-	(6,639)	6,639
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-4.00% \$'000	4.00% \$'000
30/06/2016	(18)	18	-	-	(6,913)	6,913

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

Commonwealth Growth Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-16.00% \$'000	16.00% \$'000
30/06/2017	(12)	12	-	-	(20,048)	20,048
30/06/2016	(14)	14	-	-	(20,406)	20,406

Commonwealth Australian Share Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-20.00% \$'000	20.00% \$'000
30/06/2017	(2)	2	-	-	(6,225)	6,225
30/06/2016	(3)	3	-	-	(6,154)	6,154

Commonwealth Share Income Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-20.00% \$'000	20.00% \$'000
30/06/2017	(4)	4	-	-	(17,758)	17,758
30/06/2016	(8)	8	-	-	(17,975)	17,975

COMMONWEALTH INVESTMENT FUNDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017**

9. FINANCIAL RISK MANAGEMENT (continued)

(b) Summarised Sensitivity Analysis (continued)

Commonwealth Property Securities Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-15.00% \$'000	15.00% \$'000
30/06/2017	(1)	1	-	-	(1,838)	1,838
30/06/2016	(2)	2	-	-	(2,251)	2,251

Commonwealth International Share Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-20.00% \$'000	20.00% \$'000
30/06/2017	(2)	2	-	-	(2,981)	2,981
30/06/2016	(2)	2	-	-	(2,929)	2,929

Commonwealth Bond Fund						
	Interest rate risk		Foreign exchange risk		Price risk	
	Impact on operating profit/(loss) and net assets attributable to unitholders					
	-50 basis points \$'000	50 basis points \$'000	-10.00% \$'000	10.00% \$'000	-3.60% \$'000	3.60% \$'000
30/06/2017	(2)	2	-	-	(585)	585
30/06/2016	(2)	2	-	-	(675)	675

COMMONWEALTH INVESTMENT FUNDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

9. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high credit rating. The Funds' investments in managed investment schemes are subject to credit risk at the point in time it renders its investment. However, as the Responsible Entity of the Funds are the same as the underlying investment, the credit risk is deemed to be insignificant.

(d) Liquidity risk

The Funds are exposed to daily cash redemptions of redeemable units. They therefore primarily hold investments that are traded in an active market and can be readily disposed. Only a limited proportion of their assets are held in investments not actively traded on a stock exchange.

The Funds' financial liabilities, excluding derivative financial liabilities, comprise trade and other payables and are contractually due within 30 days.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The Funds contained in this Financial Report did not enter into transactions in any derivative financial instruments during the current and previous reporting periods.

11. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Certain funds will present the fair value of their derivative assets and liabilities on a gross basis. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under the ISDA agreement are terminated, the termination value is assessed and only a single net amount may be payable in settlement of all transactions.

The Funds do not invest in derivatives and are therefore not subject to master netting arrangements.

12. STRUCTURED ENTITIES

Certain funds have exposures to unconsolidated structured entities through trading activities. These funds typically have no other involvement with the structured entities other than the securities they hold as part of trading activities and their maximum exposure to loss is restricted to the carrying value of the asset.

Exposure to trading assets are managed in accordance with financial risk management practices as set out in "Financial Risk Management" note, which includes an indication of changes in risk measures compared to prior year.

13. CONTINGENT LIABILITIES AND COMMITMENTS

The Funds did not have any contingent liabilities or commitments at the end of the current and previous reporting period.

14. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred since balance sheet date which would impact on the financial positions of the Funds disclosed in the Balance Sheets as at 30 June 2017 or on the results and cash flows of the Funds for the reporting period ended on that date.

COMMONWEALTH INVESTMENT FUNDS
DIRECTORS' DECLARATION
FOR THE REPORTING PERIOD ENDED 30 JUNE 2017

In the opinion of the Directors of Colonial First State Investments Limited:

- a) the financial statements and notes to the financial statements of the Funds in this Financial Report are in accordance with the Corporations Act 2001, including:
 - i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Funds' financial positions as at 30 June 2017 and of their performances for the reporting period ended on that date, and
- b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable, and
- c) the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1.

This declaration is made in accordance with a resolution of the directors.



Linda Elkins
Director
Sydney
24 August 2017



Independent auditor's report

To the members of Commonwealth Investment Funds

Our opinion

In our opinion:

The accompanying financial report of Commonwealth Investment Funds (the Funds), is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 2017 and of their financial performances for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2017
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the cash flow statements for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

The Commonwealth Investment Funds comprises the following funds:

Commonwealth Income Fund
Commonwealth Balanced Fund
Commonwealth Growth Fund
Commonwealth Australian Share Fund
Commonwealth Share Income Fund
Commonwealth Property Securities Fund
Commonwealth International Share Fund
Commonwealth Bond Fund

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
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Independence

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors of Colonial First State Investments Limited (the responsible entity) are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' Report included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the responsible entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the responsible entity are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins', written in a cursive style.

CJ Cummins
Partner

Sydney
24 August 2017

Call:
13 20 15

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8.30am – 6pm (Sydney time)

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