

lifelong partners

About this report

Every aspect of our work aims to create value for our members, our partners and our people. We use the International Integrated Reporting Framework as a guide to producing our Annual Report, to ensure the entire HESTA community can see how we're performing against that aim.

'Value' in the framework is defined as a set of 'capitals' that increase, decrease or transform through the activities and outputs of an organisation. These include financial, intellectual, natural, human, and social and relationship capitals.

Because sustainability is essential to creating long-term value for our members, HESTA shares the global ambitions for the advancement of the 17 United Nations Sustainable Development Goals (SDGs). We realise the important role super funds can play in achieving these ambitions, making a better world for our members to live, work and retire into. Throughout this report we reference the SDGs and specifically the seven SDGs we believe are most appropriate for our members in Australia.

This report covers the operations of HESTA from 1 July 2018 to 30 June 2019. We also discuss risks, opportunities and outcomes of our partners and the companies we invest in, where they are relevant to our own performance.

The way HESTA thinks about the capitals reflects our strategic promise, purpose and ambition.

Our promise (who we will be)

The gutsy advocate driving meaningful change for generations to come.

Our purpose (why we exist)

To make a real difference to the financial future of every member.

Our ambition (what we strive to achieve)

To become the super fund for life for all those who work in health and community services in Australia.

<IR> capital	What this looks like at HESTA	Value created
Financial	The money we invest and manage to help fund our members' retirement and the money we spend to carry out that work	A secure and confident financial future for our members
Intellectual	The research, data and insights we capture, produce and share as a result of our work, and the governance, risk, compliance, engagement and advocacy that inform and support our work	A healthy economy, society and environment
Natural	How we factor environmental impacts into our investments and our operations	
Human	Our people's contributions to our work and the way we support them to carry it out	A stronger, better appreciated health and community services sector
Social and relationship	The partnerships we form to support our work and the benefits that flow from these to our members, the sector we support and our society	

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2018/19 performance snapshot

840,000+
members

\$50b 
funds under management
(up 13% from 30 June 2018)

80,000 employers

\$60,711 
average account balance
(up 12% from 30 June 2018)

57/43

female/male board
gender diversity



80%

female
members



81%

member
satisfaction with
advice services^



Core Pool

8.78% p.a.*

return since inception
(annual return 7.25%)

 **7.6%**

increase in retirement
readiness since 2018



1,085

Awards program
attendees (representing
247 industry partners)



↑ 30%

online account
registrations since 2018

(Our data shows members who have registered
are far more likely to be ready for retirement.)

↑ 99%

death
insurance
claims paid

5 years

Top decile
employee
satisfaction



37.2%

increase in calls
to contact centre
June quarter 2019*
(*compared with June quarter 2018)

Industry award wins



* Annualised return for the period. Past performance is not a reliable indicator of future performance.

The value of your investment may rise or fall. The return shown is net of investment fees, indirect costs and taxes as at 30/6/2019. ^ Forethought Research, 2019.

welcome

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who we are



welcome

Ensuring we continue to deliver value to our members, in the context of ongoing economic and legislative change, has remained our focus this year.



We are proud to present our 2018/19 Annual Report.

This was a landmark year for the entire HESTA community. We continued to grow; we welcomed a new Chair; and we realigned almost every aspect of our operations to help our members face the future with greater confidence.

HESTA became a \$50 billion fund, enabling us to increase the benefits of scale we have been delivering for our members for many years.

Our growth is a testament to our deep connection to the sector we were created for; a world-class investment approach that yields consistently strong long-term returns; and, perhaps most pivotal of all, our members' trust in us to work only for their benefit.

Ensuring we continue to deliver value to our members, in the context of ongoing economic and legislative change, has remained our focus this year.

Our responsible investment approach continues to yield market-leading investment returns for our members. Against a backdrop of growing market volatility, our strong performance underscores our investment team's expertise and the deep, global partnerships we've fostered over many years.

Our *MySuper*-authorised option, Core Pool (in which 80% of our members are invested) returned 7.25% in the 2018/19 financial year, well above its CPI plus 3.5% target. And our socially and environmentally responsible option Eco Pool continues to perform exceptionally strongly with a return of 11.03%: the standout among this year's returns and more evidence of the value of investing for healthy people and planet.

In fact, all our diversified investment options have outperformed their long-term objectives across every timeframe: a remarkable result in any context, but especially in the current investment climate.

our values

ownership



passion



leadership



respect



partnership



We continued to enhance our internal investment capability to help us maximise returns and manage risk in response to market changes. And we further embedded HESTA as an 'investor of choice' in the market, partnering with global experts to ensure we can access the best investment opportunities for our members well into the future.

At this point I'd like to recognise the fantastic contribution made by our former Executive-Investment Execution, Robert Fowler, who retired in August after 15 years with HESTA. Rob's central role in developing our responsible investment policy and practice has helped position the fund as a globally recognised leader in sustainable investing. Rob leaves HESTA in very good hands under Chief Investment Officer Sonya Sawtell-Rickson's leadership. His legacy is the team's strong capability to lead investment execution. It's also timely to pay tribute to our former Chair, Angela Emslie, who has made such an enormous contribution to HESTA and super more broadly over more than 20 years. Angela has been pivotal in so many of the initiatives that have helped shape our fund.

Using our three strategic pillars of value, experience, and growth, we've refined and expanded our offering and how we help our members make the most of it, in close partnership with them. This is evident in a fresh approach to the design and delivery of a seamless advice and education service that can make a real difference for all members, at every step in their journey to and beyond retirement. Enhancing our already strong digital and data capabilities has been key to this and many other innovations detailed in this year's report.

The year has not been without its challenges. The significant regulatory changes introduced on 1 July caused a steep increase in the volume of member enquiries our contact centre receives, putting pressure on our capacity to respond. With a very short timeline for communication and implementation, our people worked extremely hard to meet this challenge. With more change ahead, we know our members' experience can and must improve in future. We apologise unreservedly for any hardship our members and employers may have encountered due to the unprecedented high number of calls. We have redoubled our focus on, and resourcing for, new systems and services to ensure we deliver those positive experiences every time our members interact with us.

Our value creation story starts and ends with our members; member contributions make HESTA possible, and member outcomes are our constant focus.

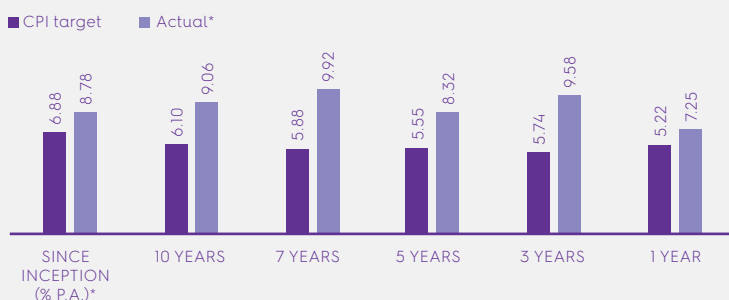
As the industry fund dedicated to the health and community services sector we have a profound understanding of the immense contribution our members make to the community, and the challenges they face in being fairly rewarded for it. By investing, advocating and operating with those needs front of mind, we aim to forge a better future for, and with, every member.

Debby Blakey
Chief Executive Officer

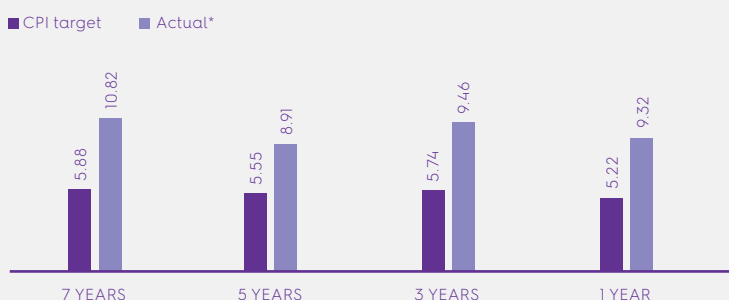
Nicola Roxon
Chair

our investment performance

HESTA Core Pool



HESTA Retirement Income Stream (Balanced)



HESTA Transition to Retirement Income Stream (Balanced)



Our Core Pool and HESTA Income Stream Balanced options continue to perform well above their investment objectives over the long term.



It's these long-term returns, rather than returns in any one year, that make the biggest difference to our members' balance over time.

See pages 43–44 for all our investment returns this year.

* Annualised return for the period. Investments may rise or fall. Past performance is not a reliable indicator of future performance.

It's been another strong year for our members' super.

Our default *MySuper* option, Core Pool, and the HESTA Income Stream Balanced options continue to perform well above their investment objectives over the long term.

These are very pleasing results given the volatility in investment markets over the past financial year.

We're focused on achieving strong, competitive long-term performance because, over time, this will make the biggest difference to our members' account balances.

Strategic asset allocation

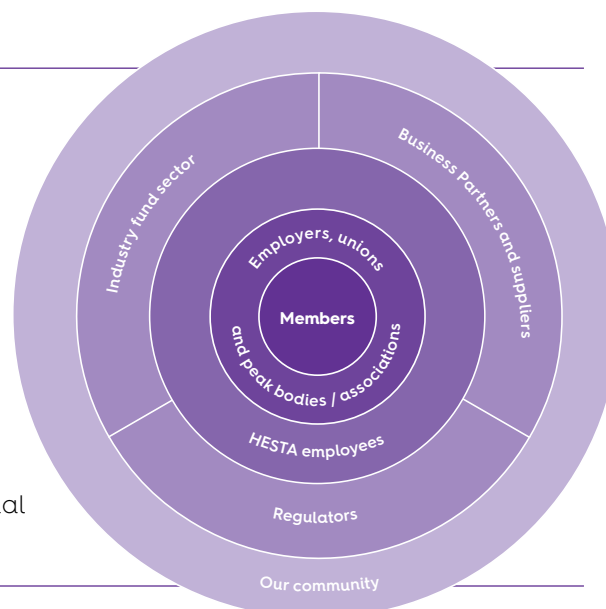
Over the past six months, we have undertaken a more defensive approach to our investments with a lower allocation to growth assets. This has been done as we expect softer returns from equities looking forward.

our context

HESTA works closely with the health and community services sector, our partners and our community to create value for our members.

Our stakeholders

Our members are at the centre of everything we do. And because 80% of them are women, we have a special focus on issues that affect them.



Our operating environment

Economic environment

The 2018/19 financial year has seen a return of volatility into investment markets. Over the year, markets performed strongly. Australian equities have delivered a gain of 11.4%; (hedged) international equities have lagged with a 6.2% return. Bonds have been the star performers, delivering 9.6% domestically, and 7.2% globally.

In Australia, the economic outlook deteriorated, with GDP slowing as the downturn in the property market and high levels of debt discouraged consumer spending.

Globally, economic activity has been lower than in recent years. In the US, stimulus from Trump's tax cuts is fading, Europe continues to struggle from structurally low growth and China is showing few signs of a meaningful rebound. The past 12 months have also seen heightened geopolitical risk from the US-China trade wars, and Brexit and Italy's budget woes.

Strategic environment

Industry superannuation funds continue to grow following the release of the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, which highlighted the benefits of the profit-to-member model.

Digital and data innovation is driving better experiences and efficiencies for funds and members, as well as opportunities for new suppliers and operating models. The financial advice landscape is also changing. Increasing professional standards present an opportunity to evolve our service delivery model to provide maximum support with fewer touch points.

Regulatory environment

The Royal Commission's final report was released in February 2019. We strongly support its focus on placing the needs of consumers at the centre of financial services into the future.

Sustainability

As the world begins to face the reality of climate change and its effects, our members and our community are becoming more and more conscious of sustainability as the key to protecting our people and planet.

This is why HESTA uses the United Nations' Sustainable Development Goals (SDGs) to inform our investments, advocacy and operations. The goals call for worldwide action to end poverty and promote dignity and opportunity for all, within a sustainability framework. They inform our business strategy, and by meaningfully contributing to them through our investments, we aim to support our members and their working lives in the health and community services sector.

**our value creation story
starts and ends with members;
member contributions make
HESTA possible, and member
outcomes are our constant focus.**

who we are & how we work...

what we do...

Our people and culture

We attract and keep the best people.
We up-skill and engage them.
We live our values and fulfil our
brand promise.

Our governance, risk and compliance

We use a representative Trustee model;
we embed a focus on a financially
sustainable fund.

Our business partners

We select and work with our partners
to enact our values and strategy.

Our research and insights

We believe data-led decision making enables
us to work effectively for our members.

Our scale

The size of our membership and our fund
gives us both power and responsibility.

We invest responsibly

We invest for long-term performance
and impact. We use our scale to influence
others and to keep our costs down.
We protect our members' capital.

We understand our members

We ask our members what they need.
We invest in technology that makes things
easier. We design products and services
that connect members to their money.

We stand up for what's right

We raise our voices on issues that matter.
We stand up for women. We work to close
the super gap. We fight for financial equality.
We keep companies responsible.

We partner with purpose

We choose to work with like-minded
partners for the benefit of our members
and the industry we support.

what we deliver...

the value we help create...



A model of sustainable, responsible financial growth

Strong financial returns in line with members' interests



Meaningful, lasting change in opinion, policy and culture



Members who understand and are engaged with their super



Support where it's needed most for people who work in health and community services

Strong partnerships aligned with our values and our members' interests



Highly skilled and engaged employees who strive to deliver for our members

secure future

A secure & confident financial future for our members

resilient economy

A more resilient economy, society and environment

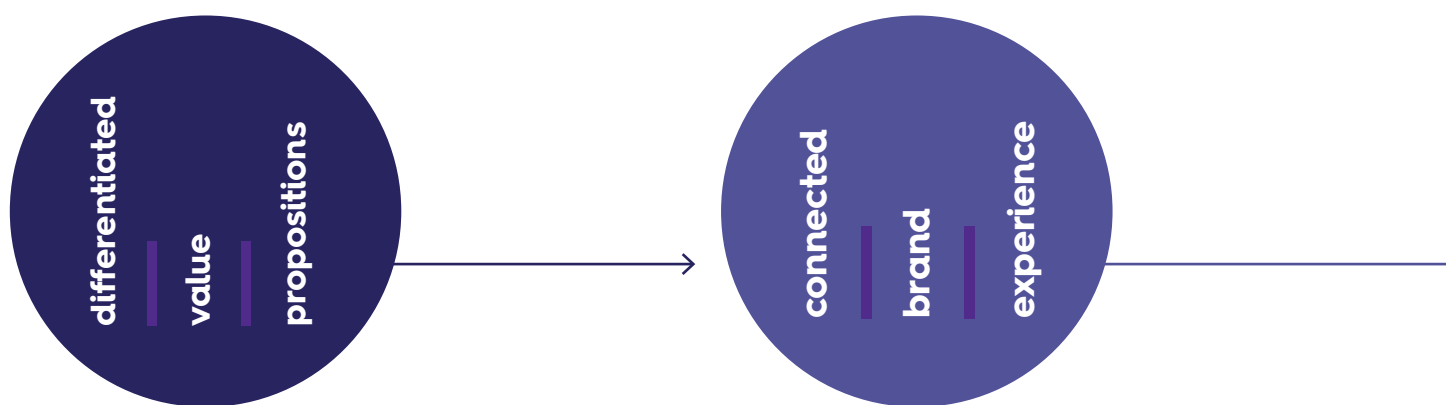
stronger sector

A stronger, better appreciated health and community services sector



all profits go to our members

our strategy



1. value

1.1 Deliver sustainable, ambitious, net long-term returns

We will continue implementing the recommendations from our Investment Strategy Review, with a focus on adding greater value to our investment approach. The review aims to impact net returns, reduce fees and outperform peers.

Value to members: the fund is positioned to deliver strong, sustainable long-term investment performance.

1.2 Enhance and differentiate value for members

We will work with members to improve our products and services so they engage with their super and take actions that will improve their 'retirement readiness'.

Value to members: more and better support to achieve the financial future they want.

1.3 Enhance and differentiate value for employers and other partners

We aim to improve employer and partner satisfaction by working with them to enhance our services, support and ease of use. We also aim to provide the best possible workplace support for our members, who are also their employees.

Value to members: the full benefit of their super entitlements and opportunities to learn more about their super in their own workplace.

2. experience

2.1 Provide personalised, seamless experiences

We will design and deliver outstanding and continually improving experiences that meet members' growing expectations. We will help members take actions to improve their retirement readiness. This will help us satisfy and retain members, and drive advocacy to help attract new members.

Value to members: 24/7 support to improve their financial future, anytime and anywhere that suits them.

2.2 Have engaged, talented and adaptable people

We will help our employees develop the mindsets, capability and culture to deliver the fund's strategy. Our people and culture are assets that must be supported and enhanced in an increasingly competitive market for talent.

Value to members: their super is managed by skilled people committed to achieving great outcomes for them.

2.3 Accelerate and deliver HESTA Impact

We will develop a whole-of-fund approach to expand and promote the outcomes of the HESTA Impact program (see page 48). This involves growing members' confidence that HESTA invests their money in a socially and environmentally responsible way.

Value to members: their fund is working for positive outcomes not only for their financial future, but for the world into which they will retire.



3. growth

3.1 Acquire members and funds under management

We will work to improve net new member growth by expanding relationships with our largest employers and developing a more effective channel to reach potential members directly.

Value to members: more of the benefits that flow from scale, such as a bigger investment pool and controlled costs.

3.2 Retain members for life

We will reposition HESTA as the fund for life and work with members to simplify the experience of transitioning from accumulation to retirement. This will improve retention rates and net cash flows.

Value to members: the ease and confidence of staying with a fund they trust throughout their lives, as well as the benefits of our growing scale.

3.3 Maintain a competitive business model

We will continue to evolve and improve our business model so that it remains competitive in a market likely to be disrupted by new technologies and rapidly changing economics. As a profit-to-member fund, we need to continue to develop a flexible and cost-effective infrastructure that allows us to compete while retaining our lean, low-cost operating model.

Value to members: knowing they're with a sustainable fund that can deliver value for them now and into the future.

Our strategic plan is designed to help us deliver value to members by fulfilling our purpose and ambition.

2021 strategy

Our 2021 strategy will position us to create value for our members, employers, partners and our community now and into the future.

3 key goals

It centres on three key goals: delivering the best possible value, experience and growth for our members.

value | experience | growth

It's reviewed annually and shapes our business plan, which keeps us on track towards our longer-term goals.

Key objectives and initiatives are outlined in the plan and our employees take responsibility for delivering against each item.

a village of 100

HESTA proudly includes over 840,000 members. We are working hard to make a real difference to the financial future of every one of them.

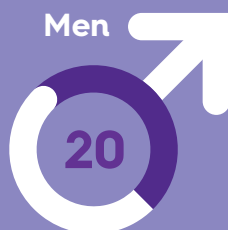
Our Vital Signs report highlights the challenges faced by our members, by imagining how the entire HESTA membership would look if it was compressed into a single village of 100 people. That microcosm would portray the diversity and talents of the people who deliver essential health care and community services for Australians.

Here's what that village would look like.

100 HESTA members

Gender

Like the health and community services workforce in general, HESTA members are predominantly women.



Working and retired

Most of our members are still working. That's because the superannuation system (which only began in the early 1990s) is still maturing, and few of our members have retired yet.

96

Still Working



4

retired and drawing pension



Age

HESTA members fall into all stages of work life: younger workers just starting out, mid-career workers, and older and retired workers.

Under 30:

19

In their 30s:

24

In their 40s:

21



In their 50s:

20

In their 60s:

13

Over 70:

3

Average annual salary (for working members)

The average HESTA member makes over **\$53,000** per year. But our male members, on average, make about **20% more** than our female members.

Total

\$53,300

Women

\$52,400

Men

\$63,000



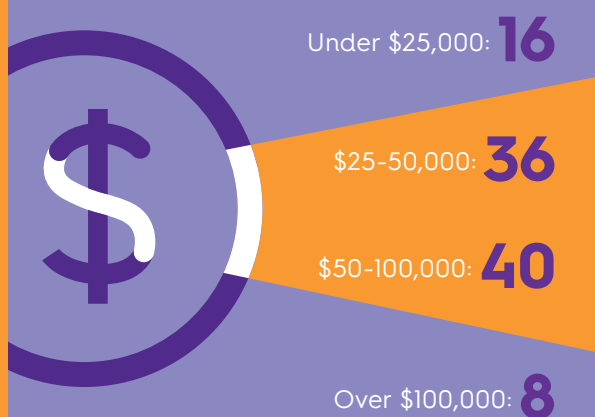
Average length of HESTA membership

Over one third of HESTA members joined our fund within the last five years; this reflects the strong growth that has occurred in health care and community services. Relatively few members have been with the fund for more than 20 years – but that is changing as the fund matures, and our working members accumulate more experience.



Annual salary (for working members)

The earnings of HESTA members are concentrated in the broad middle-income band: **over three-quarters of our village earn between \$25,000 and \$100,000**. But a significant minority of our members earn less.



Family structure of HESTA members

Like Australian society as a whole, the family arrangements of HESTA members have evolved, and become more diverse. Our members have many different ways of living.

Home ownership of HESTA members

Among HESTA members over 50 years of age, 80% own their own home. That's higher than the average (65%) for all Australians. Of those over 50 that own a home, over half have paid off their mortgages.

Own home, no mortgage:

25

Own home, with mortgage:

36

Don't own home:

39



Average superannuation balance

Because many HESTA members are early in their careers, their super balances are still relatively small. On the other hand, our retired members have had more time to build up larger balances.

For those still working:

\$50,000



For those retired

\$208,000



Couple with children:

47

Couple without children:

17

Single with children:

10

Single without children:

23

Other:

3

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how we work



our governance

> Why this matters to us

Good governance is the key to operating as a responsible and sustainable fund for our members.

It lays the foundation of every aspect of our operations, ensuring we act ethically, prudently, and in the best interests of our members and other stakeholders.

Our governance framework ensures the responsibilities of both the Trustee Board and the Trustee Executive Team support fairness, transparency and accountability.

> How we create value

HESTA stands for Health Employees Superannuation Trust Australia – the fund that is made up of all of our members' retirement savings. HESTA is managed by a corporate trustee, H.E.S.T. Australia Limited, a not-for-profit public company limited by guarantee and regulated by legislative, regulatory and prudential obligations.

The Trustee is governed by a Board of Directors. The Board is made up of two independent Directors appointed by the Board and twelve Directors (six employee representatives and six employer representatives) who are appointed under the equal representation model and nominated by eligible guarantor organisations in health and community services.

Our Board structure ensures the voices of both employers and members are heard at every level of the fund. This means their views can be part of the decisions we make on our members' behalf.

The Board decides our strategic direction and monitors the implementation of our strategy by the Executive Team in accordance with our governance framework. This ensures the fund is run in accordance with the Trust Deed, relevant legislation and regulations. The Board works to continuously improve their governance practices. They have adopted the Australian Institute of Superannuation Governance Code to promote transparency and disclosure of our governance arrangements.

At HESTA we believe that identifying and managing risk is central to achieving our strategic objectives and purpose. Our risk management framework and internal controls aim to identify, evaluate and manage risks in line with our risk appetite, which is reviewed and approved by the Board annually.

The HESTA Trustee holds professional indemnity insurance to protect both itself and the Directors from claims against them. No claims have been made under the insurance policy and no penalties have been imposed under the *Superannuation Industry (Supervision) Act 1993*, which covers the regulation, responsibilities and activities of super funds during the year.

14

trustee directors

6

employee
organisations

6

employer
organisations

1

independent
director
(chair of the
investment
committee)

1

independent
chair

4

board committees



**Like to know more about
the governing rules and
governance activities of
the Fund?**

You can access a full copy
of the HESTA Trust Deed,
the H.E.S.T. Australia Limited
Constitution and
Governance Disclosures at
hesta.com.au/disclosure

our board

Chairs



The Honorable Nicola Roxon
Independent Chair



Mark Burgess
Independent Director

Board changes in 2018/19

Angela Emslie (former Board Chair) retired from the Board on 31 December 2018 and Nicola Roxon joined the Board as Board Chair on 1 January 2019. Michael Borowick (nominating body: Australian Council of Trade Unions) resigned from the Board on 31 December 2018 and Sophie Ismail joined the Board on 1 March 2019.

Employer organisation appointed Directors



Klaus Zimmermann
Deputy Chair
Nominating body:
Aged & Community Services Australia



Daniel Sims
Nominating body:
Australian Private Hospitals Association



Dr Deborah Cole
Nominating body:
Australian Healthcare and Hospitals Association



Catherine Smith
Nominating body:
Australian Council of Social Service



Gary Humphrys
Nominating body:
Catholic Health Australia



Dr Saranne Cooke
Nominating body:
Leading Aged Services Australia

Employee organisation appointed Directors



Lloyd Williams
Deputy Chair
Nominating body:
Health and Community Services Union



Anna Claude
Nominating body:
Australian Nursing and Midwifery Federation



Helen Gibbons
Nominating body:
United Voice



Lori-Anne Sharp
Nominating body:
Australian Nursing and Midwifery Federation

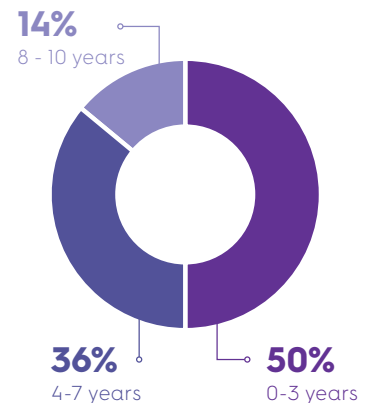


David Smith
Nominating body:
Australian Services Union

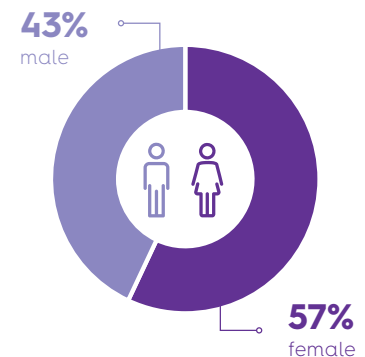


Sophie Ismail
Nominating body:
Australian Council of Trade Unions

Board tenure



Board diversity (gender)



Like to know more about our Board of Directors?

Visit our website for further details on our Board of Directors hesta.com.au/board including board and committee meeting attendances hesta.com.au/disclosure

board committees

Committee	Chair	Members
Audit and Risk Committee Responsible for ensuring the fund maintains high standards of business behaviour and ethics, complies with all legal and regulatory requirements, manages risk effectively, and provides assurance on the quality and reliability of financial information	Gary Humphrys	Saranne Cooke Helen Gibbons Daniel Sims Klaus Zimmermann Sophie Ismail
Governance and Remuneration Committee Responsible for all governance and remuneration matters including maintaining the appropriate balance of skills and expertise of Directors, reviewing and recommending Director training and education, Director and Executive Management remuneration, and Board performance and processes	Lloyd Williams	Nicola Roxon Deborah Cole Catherine Smith Lori-Anne Sharp
Investment Committee Responsible for overseeing the Trustee's investment strategy and frameworks, and ensuring the proper governance of the fund's investment practices	Mark Burgess	Nicola Roxon Anna Claude Gary Humphrys David Smith Klaus Zimmermann Melda Donnelly <i>(External Advisor)</i> Robert Mann <i>(External Advisor)</i>
Impact Committee Formed at the start of 2019, the Impact Committee's purpose is to provide strategic direction and oversight for HESTA Impact (our holistic approach to the impact we deliver for members in corporate social responsibility, advocacy and responsible investment)	Anna Claude	Mark Burgess Catherine Smith Helen Gibbons Saranne Cooke Angela Emslie <i>(External Advisor)</i>

Specialised responsibilities are delegated to Board-appointed committees consisting of Directors who report to the full Board meeting.

> Our performance

A key governance initiative for the year was the Board's establishment of the Impact Committee. HESTA Impact encompasses how we create positive value for our members and our broader society and how we reduce our negative impact on society and the environment through corporate responsibility, responsible investment, and advocacy. We do this to achieve strong, long-term performance and better outcomes for our members and their communities.

As HESTA Impact is central to our purpose and ambition as a fund, the Impact committee was established to review decision making and measure outcomes associated with its program of work, with full accountability to the Board.

📍 Find out more about HESTA Impact in **'We stand up for what's right'**

> Looking forward

Following the federal election and the appointment of a new minister to the superannuation portfolio, there is renewed interest from the government on issues such as default super status and trustee governance, which will be a continued focus for the Board. With an independent Board chair and an independent chair of the Investment Committee, HESTA is well positioned to continue to deliver high standards of governance to serve our members' interests and meet changing community expectations.

our people and culture

> Why this matters to us

HESTA members are at the centre of everything our employees do. Our members count on us to do the best work of our careers to help them achieve a better financial future. This is why we are committed to learning, growing and maintaining a skilled, diverse and purpose-driven team.

By ensuring we have the talent, capacity and engagement to offer the support our members need, we can deliver value to them.

HESTA employees have high levels of change agility, resilience and passion which continue to drive our high-performance culture.

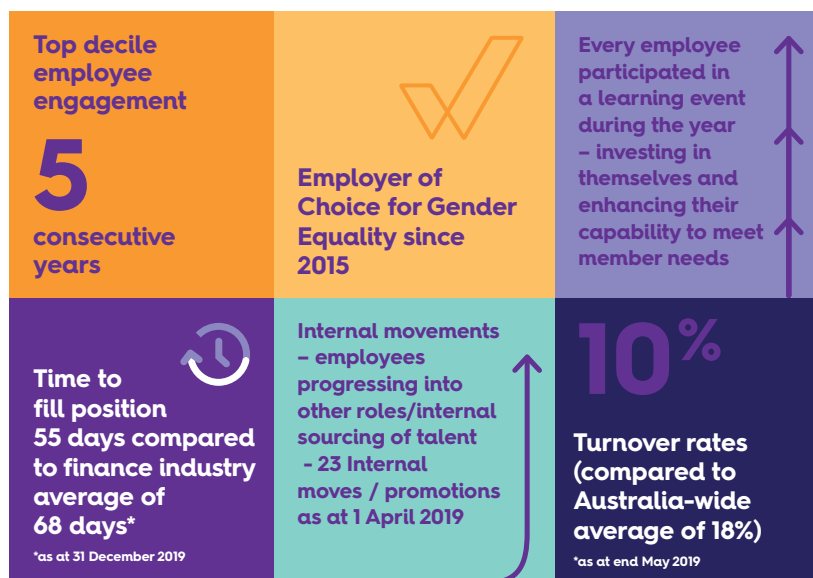
> How we create value

We attract high-performing, purpose-driven employees who continue to deliver outstanding outcomes for HESTA members. Leadership is an expectation for every employee in every role. Every employee is accountable for contributing to the fund's performance. This reinforces our employees' strong connection to our purpose.

Our workforce has a lean, flexible operating model. This helps us control costs while maintaining the expertise to deliver our ambitious strategic goals.

We proactively manage the HESTA culture by recognising and reinforcing behaviour that aligns with our values, through our Culture Roadmap program.

> Our performance



BUILD

Build our employees' capacity and capability to perform so they can deliver on our strategic objectives



NURTURE

Find, develop and retain capable, proficient and confident employees who will perform well



SUPPORT

Support our employees' wellbeing and work/life balance to help retain skills and experience



ENGAGE

Actively engage with our community and the sector we serve through our corporate social responsibility and awards programs, so our people are deeply connected to members' work and needs



Positive member outcomes

> Our performance

Scholarship program

We believe in providing the right environment, tools and development opportunities so that every employee can do their best work at HESTA.

Our scholarship program supports three of our employees with funding for learning opportunities and experiences that can help them enhance their skills and knowledge.

Professional development

Each of our employees has the opportunity to grow their capability through professional development. HESTA offers both internally and externally run programs to support individuals and teams to realise their full professional potential.

Case study

Performing now, and into the future

HESTA employees are part of a high-performing team that focuses on the work that contributes to achieving the Fund's strategic goals. While performance now is important, there is also a focus on continuing to develop our people to have the skills, mindset and capability that will be required in the future. We do this in a number of ways:

plan



Future of Work and Workforce Planning

focusing on advancements in different areas across the organisation to understand the future capability needs of the workforce

connect



Connecting with students

maintaining a connection with a student panel who can inform and guide leaders to understand their expectations about the workforce that they will want to work in

research



Conducting broad research

to explore options and different approaches to the work we do at HESTA

> Looking forward

Over the next 12 months we will keep our focus on cultivating an environment where cognitive diversity can thrive. This will bring together differing views, perspectives, experiences and thinking styles for better decision making.

While significant effort goes into ensuring the current workforce has the right capability to execute our current strategic goals, identifying and cultivating future capability is critical to ensure the Fund's ongoing performance.

We use research that anticipates advances in technology and our digital environment, customer experience, government reform, environmental changes and the convergence of multiple generations in one workforce. This will ensure we can build the skills, knowledge and experience required for the future, so that when changes happen, our workforce will be ready.

our executive



(Left to right) Sonya Sawtell-Rickson, Matthew Halpin, Lisa Samuels, Debby Blakey, Stephen Reilly, Megan Bolton, Neil Saxton, Robert Fowler

Debby Blakey

Chief Executive Officer

Debby was appointed CEO in 2015. She joined HESTA in 2008 as Executive - Member Advice, and became Deputy CEO in 2012. She has held a range of senior positions across the finance sector. Debby is a Director of the Fund Executives Association Limited, Industry Super Australia Ltd and the Australian Council of Superannuation Investors.

Megan Bolton

Executive - Finance & Corporate Services

Megan joined HESTA in September 2016. She and her team are responsible for managing financial processes, legal and compliance, risk, facilities and sustainability.

Robert Fowler

Executive - Investment Execution

Since 2004, Robert has overseen our investments program and implemented the HESTA corporate governance policy for investments. He and his team focus on managing investment, including the risks arising from environmental, social and governance (ESG) factors.

Matthew Halpin

Executive - Member Engagement

Matthew joined HESTA in July 2018. He and his team are responsible for making a real difference to the financial futures of our members through education, financial advice and other engagement activities.

Stephen Reilly

Chief Operating Officer

Stephen joined HESTA in August 2015, and is responsible for ensuring the HESTA operating model is a competitive differentiator in cost effectiveness and quality of member services. He leads the development and coordination of digital innovation and integration, administration, insurance, outsourcing, strategic projects and technology.

Lisa Samuels

Executive - Marketing & People

Lisa joined HESTA in July 2015. She and her team are responsible for brand, marketing, customer and employee experience, insights and people and culture.

Sonya Sawtell-Rickson

Chief Investment Officer

Sonya was appointed Chief Investment Officer in July 2017. She is responsible for overseeing the HESTA investment program and leads a team of investment professionals, working with the HESTA Board and Investment Committee, to develop the investment framework and strategy of the Fund.

Neil Saxton

Executive - Partnership Engagement

Neil joined HESTA in 2006. He has held a number of senior roles, and currently oversees how we grow and foster our deep links to the health and community services sector.

our business partners

> Why this matters to us

Our partnerships are central to delivering real value to our members. We nurture strong relationships with business partners who share our commitment to creating a better future for our members.

By partnering with best-in-class providers and systems we can ensure HESTA stays lean and responsive, making good choices today while being flexible enough to respond to change.

> How we create value

We choose partners who:

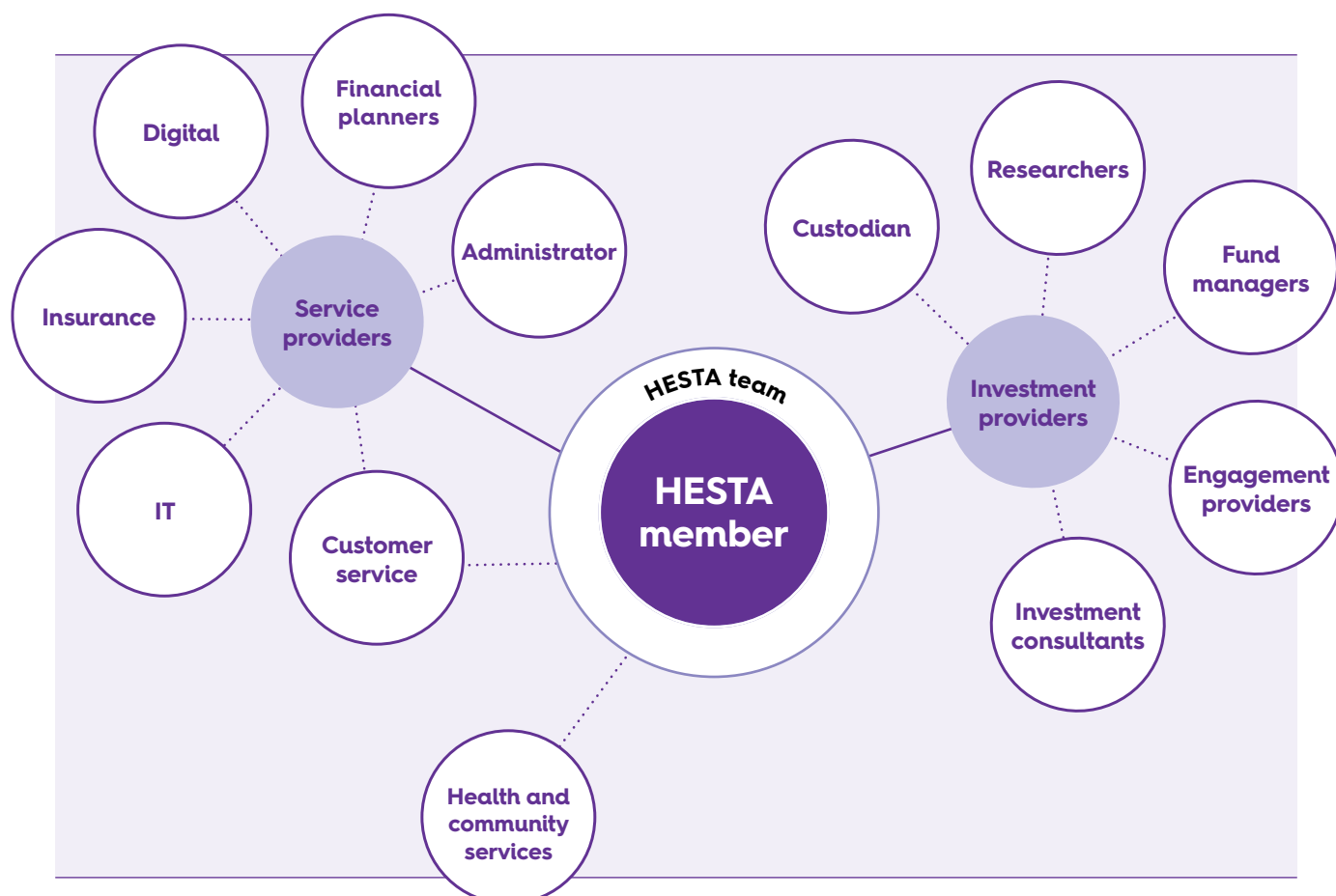
- offer market-leading solutions for members
- share and support our purpose and member-focused approach
- increase our people's capacity and capability
- offer genuine value for money, to help us control costs
- ensure our strategy and execution are responsible and exemplify leading global practice
- support us to meet our regulatory obligations.

> Our performance

AKQA

We have continued to partner with leading digital agency AKQA to deliver our Member Online transformation, the first phase of our digital education and advice project and member campaign optimisation.

AKQA has also been instrumental in supporting the integration of the full Adobe suite of digital experience solutions at HESTA. AKQA's insights help us realise the potential of this powerful technology, so we can continually refine how we personalise each member's journey to better outcomes, now and in retirement.



our research and insights

> Why this matters to us

Our research and insights capability is the engine that drives our increasingly personalised support of our members' needs now, and throughout their journey with us.

This tailored support can help create lasting value for our members in the form of a better financial future.

As a truly data-driven organisation we can continue to grow and deliver value for our members.

> How we create value

We combine insights supported by leading research partners with our growing internal capability to inform every decision we make on our members' behalf.



> Our performance

Member segmentation focused on member outcomes

This year we refined our member segmentation model by adding a 'jobs to be done' lens based on their retirement needs.

Our segmentation model is built around members' retirement readiness and their path to financial wellbeing. By tracking their progress over time, we can ensure every member is getting the support they need to achieve their goals. Over the past two years our members' overall Retirement Readiness Score has continued to improve, reflecting how better data is helping us enhance our member support.

Enhancing Ada

We continued to develop our internal advanced analytics platform, 'Ada'. Ada enables all employees to access vital insights quickly, informing better solutions for our members.

Our Ada community, which grew by over 100 people in 2018/19, asked for insights over 3,300 times during the year. We integrated regular data feeds from our partners to provide greater insight into what members are doing and how we engage with them.

Ada also got a lot smarter. In addition to the existing algorithms and propensity modelling, our Empowered Intelligence team built two systems powered by advanced analytics and statistical methods.

Ada Says

'Ada says' uses large sets of data and statistical methods to create a personalised list of suggested actions for each member, focused on improving their retirement readiness. The Ada Says system was piloted in our contact centre in July 2019.

Abe

Abe is an anomaly detection system which analyses the billion rows of data HESTA and our partners generate each week. Abe flags irregular patterns in our data and enables employees to explore these with its data discovery tool.

Member and partner satisfaction research

We use leading research firm Forethought to track member and employer satisfaction with our products, services and support.

These annual reports give us a clear picture of where we are doing well and where we could improve. In the past 12 months we've continued to improve across member and employer measures.

You Are Part of the Story (customer experience program)

We expanded our end-to-end customer experience program, designed to help our employees support our members at every step in their journey with us.

Throughout the year we collected feedback from over 24,000 members about their recent interactions and took action to improve our products and services. The program's benefits were made clear when we sent our annual statement to members. Real-time surveys completed by statement recipients revealed a large number of members were unable to access their statement in their desired format. By drilling down into member feedback, we were able to identify and resolve the key issue within 24 hours of statement distribution to offer members the experience they wanted.

Have a Say

Our online community insights panel provides ready access to over 5,000 members who have chosen to be part of the community. They have helped us understand member needs across a broad range of topics this year including investment options, channel preferences, insurance, and communication.

8.6

Partner satisfaction
(unions and associations)



8.1

Employer satisfaction



7.4/10*

Member satisfaction
(compared with a 7.0/10 average rating for health and community service workers with other super funds)

7.71*

Overall reputation
(compared with a 7.15 rating by members of other funds with their funds)

We invest for positive outcomes	26
We stand up for what's right	48
We understand our members	51
We partner with purpose	56

what we do

we invest for positive outcomes

> Why this matters to us

Every aspect of our investment strategy is informed by our focus on investing responsibly, knowing the importance of each decision to our members' future financial health. We aim to generate sustainable long-term performance while carefully controlling costs.

We align our members' interests with their long-term investment needs. And we invest to support a healthy economy, environment and society.

> How we create value

Our investment strategy centres on driving better investment outcomes for our members to support the HESTA promise, purpose and ambition. We invest members' money across a broad range of asset classes, underpinned by our belief in diversification and risk limitation.

As the investment environment becomes more complex, we are committed to evolving and adapting to capture benefits for our members.



Our beliefs

A strong set of beliefs guides every decision we make on behalf of our members.

OUR OVERALL APPROACH



Invest responsibly



Carefully limit risk



Keep a long-term focus

HOW WE MAKE DECISIONS



Have the right controls in place



Use our size to benefit members



Partner with other like-minded investors

MARKET RETURNS



Generate returns by taking risks we believe will be rewarded



Invest in different markets to help manage risk



Keep an eye out for opportunities to add value or reduce risk as markets change

ACTIVE MANAGEMENT



Be open to a wide range of investment approaches



Use our experience and research to identify and partner with talented managers



Use the opportunity for active returns to enhance performance across markets

Our policies

Our investment approach is supported by a number of policies spanning responsible investment, governance, active ownership, climate action and stewardship. You can read our policies at hesta.com.au/responsible

> How we invest

Investing responsibly

Our approach to impact through responsible investment practices is guided by the United Nations-backed Principles for Responsible Investment (PRI). The PRI requires signatories to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making and practise active ownership of the companies in which we invest.

ESG issues can impact investment risks and returns, by considering these risks and acting to mitigate them, we can improve the long-term investment returns for our members and improve the world they retire into.

Active ownership means working to bring about real, positive change to create sustainable value for our members. Our objective is to raise the standards of the companies and markets in which we invest.

To make these changes, HESTA meets with the companies we have ownership in. We do this on our own or as a part of a collective group. The top three themes we have pursued change on this year are:

- gender diversity and Board composition
- climate change
- remuneration practices.

A complementary part of our active ownership approach is our proactive voting practices. HESTA will seek to vote 'for' or 'against' all resolutions on a meeting agenda to send a clear signal to the company and the marketplace on our priorities.

You can read our share voting reports at hesta.com.au/responsible under 'Active ownership'.

Engaging actively

HESTA plays an important role in the investment chain through engaging with the companies we invest in, and also voting on resolutions at company annual general meetings. We conduct these engagements through our partners the Australian Council of Superannuation Investors (ACSI), Regnan Governance Research and Engagement (Regnan) and Hermes Equity Ownership Service (EOS).

Voting is an effective way for HESTA and other investors to publicly express views on what a company is doing right, and what they need to improve. As a long-term investor, where we expect to own a stake in a company for a number of years, active ownership is especially important in serving the interests of our members on environmental and social risks that have the potential to impact investment returns.

investment managers

as at 30 June 2019

Asset Class	Investment manager
Cash	Colonial First State Global Asset Management
	IFM Investors Pty Ltd
	JP Morgan Chase Bank, N.A.
	State Street Global Advisors, Australia, Limited
Global Debt	BlackRock Asset Management (Australia) Limited
	Pendal Group Limited
	PIMCO Australia Pty Limited
Property	AEW Capital Management, L.P.
	EG Funds Management Pty Ltd
	Eureka Funds Management Limited
	Franklin Templeton Investments Australia Limited
	Heitman Capital Management, LLC
	Investa Wholesale Funds Management Limited
	ISPT Pty Ltd
	IIPT Pty Ltd
	MSREF V International-GP, L.L.C.
	Nuveen Management AIFM Limited
	QIC Property Management Pty Ltd
	Scarborough Pacific Group Pty Limited
	Stride Property Limited
International shares	Artisan Partners Limited Partnership
	Baillie Gifford Overseas Limited
	BlackRock Investment Management (Australia) Limited
	Citigroup Global Markets Australia Pty Limited
	Copper Rock Capital Partners LLC
	Generation Investment Management LLP
	Hexavest Inc
	IFM Investors Pty Ltd
	Lazard Asset Management Pacific Co
	Martin Currie Investment Management Limited
	Robeco Hong Kong Limited
	Russell Investment Management Limited
	RWC Asset Management LLP
	Sanders Capital LLC
	Somerset Capital Management
	Stewart Investors
Australian shares	Airlie Funds Management Limited
	Allan Gray Australia Pty Limited (formerly Orbis)
	Citigroup Global Markets Australia Pty Limited
	Cooper Investors Pty Limited
	Ellerston Capital Limited
	Greencape Capital Pty Ltd
	IFM Investors Pty Ltd
	Pendal Group Limited
	Plato Investment Management
	Renaissance Smaller Companies Pty Ltd
	Schroders Investment Management Australia Limited
	Solaris Investment Management Limited
	Touchstone Asset Management Pty Ltd
	Yarra Funds Management Limited
Infrastructure	IFM Investors Pty Ltd
	Kohlberg Kravis Roberts & Co. L.P.
	Morrison & Co Utilities Management (Australia) Pty Ltd

as at 30 June 2019

Asset Class	Investment manager
Infrastructure (continued)	Pacific Equity Partners Pty Ltd
	Palisade Investment Partners Limited
	Stafford Timberland Limited
Private equity	Advent Partners Pty Ltd
	Adveq Management AG
	Allegro Funds Pty Ltd
	Brandon Capital Partners Pty Ltd
	Coller Investment Management Limited
	Five Elms Capital Management, LLC
	FSN Capital Partners AS
	FTV Management Company, L.P.
	Generation Investment Management LLP
	Grey Mountatin Partners LLC
	IFM Investors Pty Ltd
	JMI Management Inc
	Leapfrog Investments Group Ltd
	Lexington Advisors Inc
	Littlejohn & Co., LLC
	Madison-India Management Advisors Private Limited
	Newbury Associates LLC
	Oaktree Capital Management, L.P.
	PAG Asia Capital Limited
	Performance Equity Management, LLC
	Providence Equity Partners LLC
	Rio Energy Management LLC
	Roark Capital Management LLC
	Stafford Fund Nominees Pty Ltd
	Stafford Private Equity Pty Ltd
	Stafford Private Equity Inc
	Siguler Guff Advisers, LLC
	Stone Point Capital LLC
	TDR Capital, LLP
	Vencap Limited
Alternatives	AlphaCat Managers Limited
	Barings LLC
	BlackRock Financial Management, Inc
	Bridgewater Associates, Inc
	Challenger Investment Partners Limited
	Graham Capital Management L.P.
	Healthcare Royalty Management, LLC
	IFM Investors Pty Ltd
	Kohlberg Kravis Roberts & Co. L.P.
	La Française Investment Solutions
	Members Equity Bank Pty Limited
	ME Portfolio Management Limited
	Nephila Capital Limited
	Oaktree Capital Management, L.P.
	Social Ventures Australia
	Westbourne Credit Management Limited
Currency management	Lee Overlay Partners Limited
	ME Portfolio Management Limited
	Insight Investment Management Limited
Risk management strategies	QIC Limited

HESTA investment options

ready-made investment pools

Investment options	Conservative Pool	Core Pool (our MySuper default option)
Investment objective	<p>To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than:</p> <ul style="list-style-type: none"> • medium term (5 years) CPI + 1.5% • long term (10 years) CPI + 2.0% 	<p>To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than:</p> <ul style="list-style-type: none"> • medium term (5 years) CPI + 3.0% • long term (10 years) CPI + 3.5%
Strategy	<p>Asset allocation includes:</p> <ul style="list-style-type: none"> • more exposure to cash and debt markets than other Ready-Made Pools • approximately 25% of investments in shares. <p>Shares tend to have a low correlation, or relationship, with cash and debt and as one rises in value, the other may be expected to fall. Investing a proportion in shares helps reduce risk while enhancing the potential return over the longer term.</p>	<p>Invests in a diversified but balanced mix of assets. Aims to provide a less volatile return than would otherwise be expected in an investment with its investment objective.</p>
Probable number of negative annual returns over 20 years	1 to less than 2	3 to less than 4
Risk level	Low to medium	Medium to high
Suggested minimum investment timeframe	1 to 3 years	5 to 7 years
Type of investor this option may suit	Defensive	Assertive

Strategic asset allocation

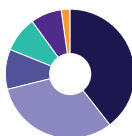



Asset class	Strategic allocation	Allocation range
Australian shares	12.0%	5-20%
International shares	11.0%	5-15%
Alternatives	6.0%	0-15%
Infrastructure	10.5%	2-15%
Property	8.5%	2-15%
Global debt	30.0%	20-40%
Cash	22.0%	10-30%




Asset class	Strategic allocation	Allocation range
Australian shares	25.0%	17-37%
International shares	24.0%	16-36%
Private equity	6.0%	0-12%
Alternatives	8.5%	0-15%
Infrastructure	12.0%	5-25%
Property	9.5%	3-20%
Global debt	10.0%	5-25%
Cash	5.0%	0-30%

as at 30 June 2019



Shares Plus	Eco Pool																																																						
<p>To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than:</p> <ul style="list-style-type: none">• medium term (5 years) CPI + 3.5%• long term (10 years) CPI + 4.0%	<p>To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than:</p> <ul style="list-style-type: none">• medium term (5 years) CPI + 3.0%• long term (10 years) CPI + 3.5%																																																						
<p>Has a mixed asset allocation, with more exposure to the share market than Core Pool. However, its diversification means that it has a lower risk profile than an investment in shares alone.</p>	<p>Invests in companies with superior environmental, social and governance performance as assessed by our managers. Eco Pool has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. See investment policies for details (page 22). Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private Equity investments are in Cleantech.</p>																																																						
4 to less than 6	4 to less than 6																																																						
High	High																																																						
7 to 10 years	7 to 10 years																																																						
Aggressive	Aggressive																																																						
																																																							
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HESTA investment options

your choice asset classes



Investment options	Cash	Global Bonds																		
Investment objective	Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than the return (net of tax ¹) of the Bloomberg Ausbond Bank Bill Index.	Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than the return (net of tax ¹) of the combination of: <ul style="list-style-type: none"> • 50% Bloomberg AusBond Composite 0+ Year Index • 50% Barclays Capital Global Aggregate ex Australia Index Hedged to \$A 																		
Strategy	Cash is primarily invested in at-call bank deposits, along with an allocation to short-dated term deposits. It may include a small allocation to other cash investments.	Is 100% invested in bonds and other debt products. The underlying investments are similar for this asset class in Core Pool, being a range of global and alternative debt products (see page 7), but excluding some unlisted debt that is considered higher risk. All currency exposures in international debt are fully hedged.																		
Probable number of negative annual returns over 20 years	Less than 0.5	1 to less than 2																		
Risk level	Very low	Low to medium																		
Suggested minimum investment timeframe	Less than 1 year	1 to 3 years																		
Type of investor this option may suit	Cautious Or, an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.	An investor seeking to create their own diversified portfolio, who would like to include debt and other fixed interest investments.																		
Strategic asset allocation	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Cash</td><td>100.0%</td><td>100.0%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Cash	100.0%	100.0%	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Global debt</td><td>100.0%</td><td>50-100%</td></tr> <tr> <td>Cash</td><td>0.0%</td><td>0-25%</td></tr> <tr> <td>Alternatives</td><td>0.0%</td><td>0-30%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Global debt	100.0%	50-100%	Cash	0.0%	0-25%	Alternatives	0.0%	0-30%
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Asset class	Strategic allocation	Allocation range																		
Global debt	100.0%	50-100%																		
Cash	0.0%	0-25%																		
Alternatives	0.0%	0-30%																		

as at 30 June 2019

Property	Infrastructure																		
Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%.	Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%.																		
Is invested primarily in unlisted property products, and has a 10% holding in cash investments. Your Choice – Property investments are managed in a similar style to that used by Core Pool for this asset class.	Is invested primarily in unlisted infrastructure products with a 10% holding in cash products. It will have investments in both Australian and international infrastructure. The underlying investments are similar to those for this asset class in Core Pool.																		
2 to less than 3	2 to less than 3																		
Medium	Medium																		
5 to 7 years	5 to 7 years																		
An investor seeking to create their own diversified portfolio, who would like to include Australian and international property.	An investor seeking to create their own diversified portfolio, who would like to include exposure to infrastructure assets.																		
																			
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Infrastructure	90.0%	85-95%																	

HESTA investment options

your choice asset classes (continued)

Investment options	International Shares	Australian Shares																		
Investment objective	<p>Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than the return (net of tax¹) of the combination of:</p> <ul style="list-style-type: none"> • 77.5% MSCI World ex Australia Index in \$A Net Dividends Reinvested • 22.5% MSCI Emerging Markets Index in \$A Net Dividends Reinvested • 50/50 \$A Hedged/Unhedged 	<p>Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than the return (net of tax¹) of the S&P/ASX 300 Accumulation Index.</p>																		
Strategy	<p>The underlying investments in Your Choice – International Shares are similar for this asset class in Core Pool. The currency exposures in international shares are managed under our currency overlay program policy. It may include managers who also short sell shares.</p>	<p>The underlying investments in Your Choice – Australian Shares are similar for this asset class in Core Pool. It can hold a small percentage of its assets in shares of companies not listed on the Australian Stock Exchange. It may include managers who also short sell shares.</p>																		
Probable number of negative annual returns over 20 years	4 to less than 6	6 or greater																		
Risk level	High	Very high																		
Suggested minimum investment timeframe	7 to 10 years	7 to 10 years																		
Type of investor this option may suit	An investor seeking to create their own diversified portfolio, who would like to include exposure to listed international shares.	An investor seeking to create their own diversified portfolio, who would like to include exposure to listed Australian shares.																		
Strategic asset allocation	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Cash</td><td>0.0%</td><td>0-25%</td></tr> <tr> <td>International shares</td><td>100.0%</td><td>75-100%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Cash	0.0%	0-25%	International shares	100.0%	75-100%	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Cash</td><td>0.0%</td><td>0-25%</td></tr> <tr> <td>Australian shares</td><td>100.0%</td><td>75-100%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Cash	0.0%	0-25%	Australian shares	100.0%	75-100%
Asset class	Strategic allocation	Allocation range																		
Cash	0.0%	0-25%																		
International shares	100.0%	75-100%																		
Asset class	Strategic allocation	Allocation range																		
Cash	0.0%	0-25%																		
Australian shares	100.0%	75-100%																		

as at 30 June 2019

Private Equity

Over the long term, to earn an after-tax return after investment fees and indirect costs, at least 3% higher than the return (net of tax^{***}) of the combination of:

- 13.5% S&P/ASX 300 Accumulation Index
- 76.5% MSCI ACWI ex Australia in \$A Net Dividends Reinvested Hedged
- 10.0% Bloomberg Ausbond Bank Bill Index.

Invests primarily in Australian and international private equity and also has a 10% holding in cash products. The underlying investments are similar to those for this asset class in Core Pool.

4 to less than 6

High

7 to 10 years

An investor seeking to create their own diversified portfolio, who would like to include exposure to Australian and international private equity products.



Asset class

Cash

Property

Strategic allocation

10.0%

90.0%

Allocation range

5-15%

85-95%

Derivatives policy

A derivative is a financial instrument whose value depends on, or is derived from, the value of some other underlying asset or index. Derivatives are generally focused on equity, currency, interest rate, credit and commodity markets, and include various instruments such as futures, options, forward rate agreements, swaps and warrants.

Derivatives have a role in the fund’s overall investment strategy, and are generally used to improve the risk-adjusted returns of the fund by providing an efficient way to add or remove market risk. The use of derivatives is common practice in investments, as they assist in managing liquidity, transitions, cost, and risk as well as, in some instances, to generate return.

Our derivative usage is governed by the HESTA policy on the use of derivatives, which outlines the monitoring and controls in place to ensure all risks are appropriately managed.

Our managers are permitted to use derivatives to achieve their investment objectives, particularly to control risk and maintain desired exposures, within the constraints of their investment mandates.

HESTA also uses derivatives directly to hedge positions (e.g. currency) or to efficiently maintain asset allocation targets (e.g. equity futures). Where held directly, derivatives are not used speculatively, to gear the portfolio, or to create net short positions.

Significant holdings with investment managers	
The following investment managers manage more than 5% of the fund’s total assets:	
Industry Funds Management Pty Ltd	PIMCO Australia Pty Limited
21.9%	6.7%

investment options

for Retirement Income Stream (RIS), Term Allocated Pension (TAP) and Transition to Retirement (TTR) Income Stream

as at 30 June 2019

Investment options	Balanced	Defensive
Investment objective	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:RIS:
Med term (5 years)	RIS/TAP: CPI + 3.0%	RIS/TAP: CPI + 1.5%
Long term (10 years)	RIS/TAP: CPI + 3.5%	RIS/TAP: CPI + 2.0%
	TTR: CPI + 2.5%	TTR: CPI + 1.0%
	TTR: CPI + 3.0%	TTR: CPI + 1.5%
Strategy	Balanced invests in a diversified mix of asset classes, with 65.3% invested in growth style assets, including listed shares and the remainder invested in defensive style assets, like cash, defensive property and global debt. Infrastructure assets provide a mix of both growth and defensive characteristics. The inclusion of infrastructure should give Balanced a lower risk profile than if the growth assets were all listed shares.	Defensive invests in a diversified mix of asset classes, with 22.5% invested in growth style assets, like listed shares and 77.5% invested in defensive style assets, like cash, term deposits, defensive property and global debt. Infrastructure assets provide a mix of both growth and defensive characteristics. The diversification and defensive asset bias of this option means that it has a lower risk profile than Conservative, while its exposure to some growth assets should provide a small amount of protection against inflation.
Probable number of negative annual returns over 20 years	3 to less than 4	less than 0.5
Risk level	Low to medium	Very low
Suggested minimum investment timeframe	5 to 7 years	1 to 3 years
Type of investor this option may suit	Assertive	Defensive

Strategic asset allocation





Asset class	Strategic allocation	Allocation range
Australian shares	27.0%	17-37%
International shares	25.0%	16-36%
Alternatives	6.0%	0-15%
Infrastructure	9.5%	5-25%
Property	8.5%	3-20%
Global debt	19.0%	5-35%
Cash	5.0%	0-30%



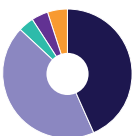

Asset class	Strategic allocation	Allocation range
Australian shares	7.0%	3-13%
International shares	6.0%	3-13%
Alternatives	6.0%	0-10% (RIS) 0-15% (TTR)
Infrastructure	7.0%	2-15%
Property	6.0%	2-15%
Global debt	28.0%	20-40%
Cash	40.0%	30-50%

investment options

for Retirement Income Stream (RIS), Term Allocated Pension (TAP) and Transition to Retirement (TTR) Income Stream

Investment options		Conservative		Eco	
Investment objective	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:			To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:	
Med term (5 years)	RIS/TAP: CPI + 2.0%	TTR: CPI + 1.5%		RIS/TAP: CPI + 3.5%	TTR: CPI + 3.0%
Long term (10 years)	RIS/TAP: CPI + 2.5%	TTR: CPI + 2.0%		RIS/TAP: CPI + 4.0%	TTR: CPI + 3.5%
Strategy	Conservative invests in a diversified mix of asset classes, with 32.5% invested in growth style assets like listed shares, and approximately 67.5% invested in defensive style assets including cash, term deposits, defensive property and global debt. Infrastructure assets provide a mix of both growth and defensive characteristics. The diversification and defensive asset bias of this option means that it has a lower risk profile than either the Balanced or Active options, while its exposure to some growth assets should provide some protection against inflation.			Eco invests in companies with superior environmental, social and governance performance as assessed by our managers. Eco has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. See HESTA Income Stream investment policies for details. Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private Equity investments are in Cleantech.	
Probable number of negative annual returns over 20 years	1 to less than 2			4 to less than 6	
Risk level	Low to medium			High	
Suggested minimum investment timeframe	3 to 5 years			7 to 10 years	
Type of investor this option may suit	Moderate			Aggressive	
Strategic asset allocation					
	Asset class	Strategic allocation	Allocation range	Asset class	Strategic allocation
	Australian shares	12.0%	5-20%	Australian shares	33.0%
	International shares	11.0%	5-15%	International shares	31.0%
	Alternatives	6.0%	0-15%	Private equity	4.0%
	Infrastructure	7.0%	2-15%	Alternatives	0.0%
	Property	6.0%	2-15%	Infrastructure	0.0%
	Global debt	36.0%	20-45%	Property	10.0%
	Cash	22.0%	10-30%	Global debt	17.0%
				Cash	5.0%
					2-20% (RIS) 5-20% (TTR)

as at 30 June 2019



Active		Cash
To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than:		Over the long term, to earn a return (after-tax for TTR) after investment fees and indirect costs, equivalent to or higher than the return (net of tax ^{**} for TTR) of the Bloomberg Ausbond Bank Bill Index.
RIS/TAP: CPI + 4.0% RIS/TAP: CPI + 4.5%		TTR: CPI + 3.5% TTR: CPI + 4.0%
Active offers a diversified asset portfolio, investing predominantly in growth style assets like listed shares, while maintaining a balance of defensive assets like defensive property and cash. In addition, infrastructure assets are included, which provide a mix of both growth and defensive characteristics. The diversification of asset classes means this option has a lower risk profile than an investment in shares alone.		Cash is primarily invested in at-call bank deposits, along with an allocation to short-dated term deposits. It may include a small allocation to other cash investments.
4 to less than 6		less than 0.5
High		Very low
7 to 10 years		< 1 year
Aggressive		This option may suit an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.
		
Asset class	Strategic allocation	Allocation range
Australian shares	43.5%	30-55%
International shares	43.5%	30-55%
Alternatives	0.0%	0-10%
Infrastructure	4.0%	0-10%
Property	4.0%	0-10%
Global debt	0.0%	0-10%
Cash	5.0%	2-20%
Asset class	Strategic allocation	Allocation range
Cash	100.0%	100%

Past performance is not a reliable indicator of future performance and the value of your investment can rise or fall.

[#]The investment objective for a TTR differs to a retirement income stream due to the taxed investment earnings on investments in a TTR.

investment options

for Retirement Income Stream (RIS), Term Allocated Pension (TAP) and Transition to Retirement (TTR) Income Stream

Investment options	Term deposits	Property																		
Investment objective	Over the long term, to earn a return (after-tax for TTR) after investment fees and indirect costs, equivalent to or higher than the return (net of tax** for TTR) of the Bloomberg Ausbond Bank Bill Index.	Over the long term, to earn a return (after-tax for TTR) after investment fees and indirect costs, equivalent to or higher than CPI + 3.5% (CPI + 2.75% for TTR).																		
Strategy	The Trustee will seek to invest in a diversified range of term deposits to enable flexibility to achieve the highest rates possible while managing reinvestment risk.	Property is invested primarily in unlisted property and property debt with a small allocation in cash products. The primary characteristic of the unlisted property will be that rental income is expected to generate the majority of the returns, not capital growth.																		
Probable number of negative annual returns over 20 years	0.5 to less than 1	2 to less than 3																		
Risk level	Low	Medium																		
Suggested minimum investment timeframe	< 1 year	3 to 5 years																		
Type of investor this option may suit	This option may suit an investor seeking to create their own diversified portfolio, who would like to include term deposits.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include property.																		
Strategic asset allocation	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Term Deposit</td><td>90.0%</td><td>0-95%</td></tr> <tr> <td>Cash</td><td>10.0%</td><td>5-100%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Term Deposit	90.0%	0-95%	Cash	10.0%	5-100%	 <table> <thead> <tr> <th>Asset class</th><th>Strategic allocation</th><th>Allocation range</th></tr> </thead> <tbody> <tr> <td>Property</td><td>85.0%</td><td>80-95%</td></tr> <tr> <td>Cash</td><td>15.0%</td><td>5-20%</td></tr> </tbody> </table>	Asset class	Strategic allocation	Allocation range	Property	85.0%	80-95%	Cash	15.0%	5-20%
Asset class	Strategic allocation	Allocation range																		
Term Deposit	90.0%	0-95%																		
Cash	10.0%	5-100%																		
Asset class	Strategic allocation	Allocation range																		
Property	85.0%	80-95%																		
Cash	15.0%	5-20%																		

as at 30 June 2019

Australian Shares		International Shares	
<p>Over the long term, to earn a return (after-tax for TTR) after investment fees and indirect costs, equivalent to or higher than the return (net of tax** for TTR) from the combination of:</p> <ul style="list-style-type: none"> 95.0% S&P/ASX 300 Accumulation Index (adjusted for tax credits) 5.0% Bloomberg Ausbond Bank Bill Index 		<p>Over the long term, to earn a return (after-tax for TTR) after investment fees and indirect costs, equivalent to or higher than the return (net of tax** for TTR) from the combination of:</p> <ul style="list-style-type: none"> 73.6% MSCI World ex Australia Index in \$A Net Dividends Reinvested 21.4% MSCI Emerging Markets Index in \$A Net Dividends Reinvested 50/50 \$A Hedged/Unhedged 5.0% Bloomberg Ausbond Bank Bill Index 	
<p>Australian Shares option is invested primarily in listed Australian shares. It may at times hold a small percentage of its assets in shares of companies not listed on the Australian Stock Exchange. It may include managers who also short sell shares.</p>		<p>International Shares is invested primarily in listed international shares. The currency exposures in International Shares are managed under our currency overlay program policy. It may include managers who also short sell shares.</p>	
4 to less than 6		4 to less than 6	
High		High	
7 to 10 years		7 to 10 years	
<p>This option may suit an investor seeking to create their own diversified portfolio, who would like to include Australian shares.</p>		<p>This option may suit an investor seeking to create their own diversified portfolio, who would like to include international shares.</p>	
			
Asset class	Strategic allocation	Allocation range	
■ Australian shares	95.0%	85-97.5%	
■ Cash	5.0%	2.5-15%	
Asset class	Strategic allocation	Allocation range	
■ International shares	95.0%	85-97.5%	
■ Cash	5.0%	2.5-15%	

Case study



Investing in housing affordability

In 2019 HESTA committed \$20 million to an innovative Melbourne apartment project that could be replicated at scale to help improve housing affordability and sustainability for first home buyers, Affordable Housing clients and those working in key community occupations.

At the launch of the project, HESTA CEO Debby Blakey met with prospective homeowners and HESTA members Lindsay and Rebecca (pictured above).

“Having a home is a fundamental element of financial security and societal connection and the lack of affordable homes close to major infrastructure is a huge issue for the community and our members,” says Debby.

Using a uniquely privately funded model focusing on financial and environmental sustainability, Nightingale Village is a 185-apartment, carbon-neutral residential project in Brunswick. It consists of six architecturally-designed buildings on former warehouse sites.

The project is a partnership between HESTA, housing organisation Nightingale Housing and Social Ventures Australia (SVA), a not-for-profit that works with partners to alleviate disadvantage.

More than 80% of HESTA members are women working in the health and community services sector. 20% of apartments in the project were allocated to Key Contribution Workers such as nurses, aged care professionals, and those working in the not-for-profit sector.

A further 20% were pre-sold to Community Housing Providers, which eligible clients can rent at reduced rates. The remainder were sold to the general public, many of whom are first home-buyers.

The Nightingale investment is the single biggest commitment HESTA has made through our \$70m Social Impact Investment Trust (SIIT). SVA manages the SIIT, with investments designed to provide both a risk-adjusted market-based return and a measurable social impact. The SIIT is investing alongside SVA's managed impact fund, the Diversified Impact Fund.

The investment made by HESTA will help finance the apartment project and aims to earn an appropriate risk-adjusted return in line with similar types of investments. The financing will be provided alongside another social impact fund, the SVA managed Diversified Impact Fund.

hesta.com.au/stories

HESTA

investment performance

Ready-Made Investment Pools

Annualised returns as at 30 June 2019 (% p.a.)

Investment option	Since inception (% p.a.)**	10 years (% p.a.)**	7 years (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (return)
Conservative Pool (1/7/95*)	6.54	6.81	7.00	6.33	6.77	6.66
Core Pool (1/8/87*)	8.78	9.06	9.92	8.32	9.58	7.25
Eco Pool (1/2/00*)	6.76	10.82	12.70	10.93	11.38	11.03
Shares Plus (1/7/95*)	8.64	10.02	11.39	9.23	11.20	8.19

* Refers to date of inception for the investment option. **Annualised return for the period.

Your Choice Asset Classes

Annualised returns as at 30 June 2019 (% p.a.)

Investment option	Since inception (% p.a.)**	10 years (% p.a.)**	7 years (% p.a.)**	5 years (% p.a.)**	3 years (% p.a.)**	1 year (return)
Cash (1/7/01*)	3.38	2.80	2.27	2.02	1.85	1.90
Global Bonds (1/7/01*)	5.52	5.54	4.47	4.40	3.70	7.14
Property (1/7/01*)	6.82	7.61	8.74	9.30	7.95	5.64
Infrastructure (1/7/01*)	8.61	9.96	10.32	10.84	11.21	11.29
International Shares (1/7/01*)	5.11	10.39	13.13	9.91	12.61	6.60
Australian Shares (1/7/01*)	9.17	10.29	11.35	8.44	11.54	8.22
Private Equity (1/7/01*)	8.26	12.03	12.13	11.61	9.92	9.30

* Refers to date of inception for the investment option. **Annualised return for the period.
Investments may rise or fall. Past performance is not a reliable indicator of future performance.

How returns are applied to HESTA accounts and HESTA Income Stream accounts

Each week a unit price for each investment option is calculated which reflects the net movement in value of the underlying assets. The movement may be positive or negative. This unit price is applied to the number of units held by each member to calculate an account balance.

Investment fees and indirect costs (available at hesta.com.au/pds) and taxes are deducted from investment earnings before the unit price is declared.

The latest and historical returns are available for HESTA at hesta.com.au/performance
HESTA Income Stream at hesta.com.au/isperformance and HESTA Transition to Retirement Income Stream at hesta.com.au/ttrperformance

HESTA Retirement Income Stream / Term Allocated Pension (TAP) investment performance

Annualised returns as at 30 June 2019 (% p.a.)

Investment option	10 years (% p.a.) [^]	7 years (% p.a.) [^]	5 years (% p.a.) [^]	3 years (% p.a.) [^]	1 year (return)
Balanced	9.38%	10.82%	8.91%	10.51%	9.32%
Defensive	6.02%	5.91%	5.29%	5.51%	6.00%
Conservative	7.52%	7.78%	6.75%	7.39%	7.73%
Eco	N/A	13.96%	11.96%	12.47%	12.07%
Active	10.76%	13.21%	10.27%	13.02%	9.81%
Cash	3.27%	2.62%	2.30%	2.08%	2.20%
Term Deposits	N/A	3.09%	2.66%	2.45%	2.39%
Property	8.61%	9.35%	9.77%	9.14%	4.76%
Australian Shares	10.11%	12.39%	9.36%	12.77%	12.26%
International Shares	11.17%	14.11%	10.82%	13.73%	7.79%

[^] Does not apply to the HESTA TAP. The HESTA TAP commenced in February 2018, and only one full year of performance data is available. HESTA TAP has the same investment options as HESTA Retirement Income Stream.

HESTA Transition to Retirement investment performance*

Annualised returns as at 30 June 2019 (% p.a.)

Investment option	10 years (% p.a.)	7 years (% p.a.)	5 years (% p.a.)	3 years (% p.a.)	1 year (return)
Balanced	9.07%	10.36%	8.29%	9.46%	7.46%
Defensive	5.88%	5.71%	5.02%	5.05%	5.19%
Conservative	7.31%	7.48%	6.34%	6.70%	6.58%
Eco	N/A	13.69%	11.59%	11.85%	11.36%
Active	10.38%	12.67%	9.53%	11.76%	7.68%
Cash	3.20%	2.52%	2.17%	1.86%	1.83%
Term Deposits	N/A	2.99%	2.52%	2.22%	2.05%
Property	8.50%	9.18%	9.55%	8.77%	4.71%
Australian Shares	9.54%	11.57%	8.23%	10.84%	7.90%
International Shares	11.03%	13.91%	10.55%	13.28%	7.65%

Returns are annualised for the periods and net of investment fees, indirect costs and taxes.

* Note that performance numbers for Income Stream options have been used in Transition to Retirement options for 10 years / 7 years / 5 years / 3 years numbers prior to 01/07/2017. Investments may rise or fall.

Note: Performance figures for financial years prior to 2011/12 include figures for the Super Members Pooled Super Trust (SMPST) through which the HESTA Income Stream invested until 30 November 2010.

Responsible investment

We continue to invest responsibly, and act as an active owner. We also invest for impact – and during the year broke ground on Australia’s first dementia village in Korongee, Tasmania, working with our long-term partner Social Ventures Australia to pursue ‘profit with purpose’ opportunities in Australia. This is a direct investment in the future of our members’ own sector, while helping address the social challenge of quality dementia care.

Our Unlisted Assets team finalised two new investments aligned to our responsible investment goals and focus on the transition to a low carbon economy. LeapFrog’s Emerging Consumer Fund provides our members with access to investments in emerging markets which are focused on generating both long-term capital appreciation and sustainable social impact.

Generation’s Sustainable Solutions Fund will invest in late stage venture capital and growth orientated businesses with a sustainability focus. It will invest across a range of market sectors, including transportation, agriculture, energy, industrial, and consumer software.

Diversity

Last year we wrote to our investment managers seeking data on their current gender balance. We believe diversity improves investment decision-making, and therefore performance, throughout our value chain. We found women currently represent approximately 17% of investment roles.








Investment strategy review

Early in FY2019 we finalised our program structure to deliver on our three year strategic plan and deliverables. The program’s success is measured in ambitious investment performance, strong governance outcomes and industry ratings, and a highly positive employee experience. We have identified four key work streams: Investment Process; Data & Systems; Governance and Operating Model and Talent & Culture, which are translated into quarterly deliverables.

impact investments

HESTA thinks and acts holistically about how we achieve sustainable investment returns, while contributing to a healthier society and planet.

Our impact investments aim to earn both a financial return and have a measurable social or environmental impact. Combined with our engagement program, this approach helps us drive meaningful change for generations to come.

<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>Investment</p> <ul style="list-style-type: none"> • Que Oncology is developing a treatment for the debilitating hot flushes associated with breast cancer • PolyActiva is working on a life-changing new implant to improve the vision of glaucoma patients • Certa Therapeutics is developing precision therapies for patients living with chronic kidney disease. 	<p>Engagement</p> <ul style="list-style-type: none"> • Through our support of the FAIRR initiative, which studies the risks associated with intensive agriculture, we have challenged global food companies to limit the use of antibiotics in farming. The initiative aims to better protect public health against rising antimicrobial resistance.
<p>5 GENDER EQUALITY</p> 	<p>Engagement</p> <ul style="list-style-type: none"> • The number of ASX200 Boards without female board members has fallen to five, following significant engagement efforts. At around 90 ASX200 companies, more than 30% of the Board is now female, with 19 of those companies reporting a gender balance in favour of women. 	
<p>6 CLEAN WATER AND SANITATION</p> 	<p>Investment</p> <ul style="list-style-type: none"> • Anglian Water, a British water company, is rolling out technology traditionally used for submarine navigation to detect leaks in its pipes as part of a targeted 22% leak reduction by 2025. 	
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Investment</p> <ul style="list-style-type: none"> • IntelliHUB, one of Australia's leading "smart" electricity meter service providers helps to address improvements in energy efficiency through its ability to collect, analyse and respond to usage information. 	<p>Engagement</p> <ul style="list-style-type: none"> • We co-filed a successful shareholder resolution at BP's AGM, requiring the firm to align its investment program with goals within the Paris Climate Change Agreement.
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Investment</p> <ul style="list-style-type: none"> • NeoGrowth Credit has pioneered a new way of assessing firms requesting a loan, allowing it to lend to Indian small and medium-sized businesses otherwise unable to access credit, spurring economic growth. 	
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Investment</p> <ul style="list-style-type: none"> • Nightingale Housing is a social enterprise that builds affordable homes, will start construction on over 180 new homes in Melbourne's Brunswick for vulnerable and low-income tenants and key workers. 	
<p>13 CLIMATE ACTION</p> 	<p>Investment</p> <ul style="list-style-type: none"> • The Ross River Solar Farm, near Townsville, will have the capacity to generate 148 megawatts of renewable energy - enough to power 54,000 homes and offset 230,000 tonnes of CO2 emissions. Its construction will support 250 jobs. 	<p>Engagement</p> <ul style="list-style-type: none"> • We will be engaging with a number of our asset managers to discuss physical risks stemming from climate change, and how they can mitigate its impact on infrastructure and real estate.

> Looking forward

The global investment environment remains challenging. We believe that, over the next three to five years, the risks are skewed to the downside. The US economic expansion has now reached the longest on record and, while cycles don't die of old age, the likelihood of a recession is rising.

The external environment also remains uncertain with the US-China trade conflict continuing and Brexit negotiations extended until October. Structurally, high levels of global debt, aging demographics and low productivity may mean a lower return profile for both fixed income and equities going forward.

While central banks' stimulus may be positive for risk assets in the shorter term, we believe this is a time for caution and have shifted our portfolio to a more defensive stance. Given our longer-term outlook, we believe we can be patient and wait for more attractive opportunities to arise.

Looking at the next five to ten years, we see exciting investment prospects for companies involved in themes such as disruptive technology and clean energy. These transformative industries have the potential not only to be rewarding investments, but to change the world.

For a number of years we have been exploring internal asset management, which provides many strategic benefits. These include increased internal investment capability for decision-making, access to capacity, maintenance of our relative positioning, and reducing costs for our members. Our initial focus in 2019/20 will be primarily on building the foundations and operating platform.

Over the past year, our Investments team has introduced a cloud-based data and research platform, providing better insights for decision-making, in a scalable and automated way. As we move forward, we expect to be able to leverage many more innovations and benefits from the new technology infrastructure to drive performance for HESTA members.

we stand up for what's right

> Why this matters to us

Creating long-term value for our members is the reason HESTA exists. With the Sustainable Development Goals (SDGs) as our compass, we're using our influence to drive meaningful change for them. We lead by example, we advocate with influence and we invest for positive outcomes. We do this to make a real difference to our members' financial future, and to the world into which they'll retire. We think of this as the HESTA Impact.

HESTA is also a proud supporter of the 30% Club, which campaigns for ASX 200 Boards to consist of at least 30% women. While the campaign missed its 2018 target of 30% by a mere 0.03%, we expect the 30% target will be reached next financial year.

> How we create value



📍 See 'We invest for positive outcomes' for more on how we do this.

> Our performance

Closing the gender super gap

HESTA continues to push for a range of policy measures aimed at tackling the persistent super gender gap that sees women retire with more than 40 per cent less super than men.

Our recommendations include removing the \$450 super threshold that sees employees miss out on SG contributions from an employer if they earn under this amount per month.

Early release of super on family violence grounds

In November 2018, after a long campaign by HESTA and community sector partners, the government announced that victims and survivors of family violence will be able to receive early access to their superannuation.

Since 2017 we have advocated to extend compassionate access to super for victims and survivors of family violence, to provide a vital financial lifeline to those seeking safety from violence and abuse.

Tobacco-Free Finance Pledge

In September 2018 HESTA joined some of the world's largest investors in pledging to support tobacco-free finance. As one of the 85 founding signatories to pledge to ensure a tobacco-free world, raise awareness of the issue and encourage the transition away from financing or investing in tobacco companies, we're encouraging others to stop financing an industry that's a leading cause of death and disease globally.

Reconciliation Action Plan

Helping to close the gap in financial inclusion with Aboriginal and Torres Strait Islander Peoples is an essential part of our Reconciliation Action Plan commitments. HESTA again supported First Nations Foundation's Big Super Day out, offering help to reunite people with their super on country. Our employees also undertook immersive training in South Australia's remote Anangu Pitjantjatjara Yankunytjatjara (APY) Lands as part of ASIC's Indigenous Outreach Program, and internally through Black Card's cultural competency program.

Mother's Day Classic (MDC)

As a founding partner of this annual breast cancer fundraising event, HESTA again rallied employees, members and partners to walk, run or donate this year to support the MDC across Australia. This meant we had:

- activations at 10 sites nationally
- over 30 volunteers handing out visors
- 66 employees walking or running
- total funds raised of \$9,460 (ranked 11th among fundraising teams).

To date, the MDC has raised more than \$36m towards breast cancer research.

Invest for positive outcomes

Earlier this year HESTA established the Responsible Investment Steering Group and Impact Board Committee to help direct the work undertaken by the HESTA Impact team.

We began work on a comprehensive Climate Change Transition Plan to inform our future investment strategy, with analysis commissioned to measure the impact of a range of climate change scenarios on the current investment portfolio.

Lead by example

As the Trustee for the Health Employees Superannuation Trust Australia ('HESTA'), we use the National Greenhouse Accounts Factors and the International Greenhouse Gas Protocol to measure our operational environmental performance. These are published annually by the Australian Department of the Environment and Energy. We also follow the International Standard for Greenhouse Gas reporting (GHG Protocol).

Our emissions are categorised as:

- Scope 1, direct emissions over which we have direct control, such as fuel used in our car fleet
- Scope 2, indirect emissions from the generation of purchased energy such as electricity
- Scope 3, indirect emissions not included in Scope 2 that occur in the value chain of our business operations.

The HESTA operational carbon footprint after reduction initiatives was 1,796 tCO₂-e for FY18-19, which is an increase of 24% compared with the previous year. This increase is a result of growth in headcount, an increase of 25% as compared to the previous year and an increase in the emissions reporting boundary.

We offset our carbon footprint via the QANTAS Future Planet Program.

Certified offsets that provide co-benefits purchased through the QANTAS program include those generated through savanna burning in the Northern Kimberley and tree planting in North-Western NSW.

The HESTA operational footprint was certified as carbon neutral as an organisation under the National Carbon Offset Scheme, which is managed by the Department of Environment and Energy.

> Looking forward

2019/20 will see HESTA continue to drive meaningful change for our members, society and environment.

We will keep pushing for system changes that can help close the persistent gender gap in wages, salaries and super which sees women earn and retire with less than men.

We will work to reduce the environmental consequences of our own operations by choosing sustainable options wherever possible.

We will continue to invest in projects that help address growing social challenges such as housing affordability for women.

we understand our members

> Why this matters to us

Our members are extraordinary people. Their work in health and community services makes a priceless contribution to our community.

Every HESTA member should be able to look forward to a retirement that rewards their life's work.

We aim to be our members' fund for life. That means delivering products and services that can make a real difference to their financial future. And because more than 80 per cent of our members are women, it also means delivering support that helps bridge the challenges women face in building their retirement savings.

By supporting each member's individual needs and choices at every step along their journey, we can help them achieve their goals. And by partnering with their sector as a service provider, investor, insights leader and advocate, we're supporting them now and throughout their retirement.

> How we create value

Industry super fund	<p>Our members are with a fund that was founded by and for their industry. All profits go to them, not to shareholders.</p> <p>Every member can feel confident that:</p> <ul style="list-style-type: none"> • all profits go to our members • we keep our fees down and our costs low • we aim to deliver strong long-term performance. 	Insurance	<p>Our members have access to 24/7 insurance cover designed to meet the needs of people in health and community services.</p> <p>For some members this is the only cover they have. This important benefit protects them and their ability to continue contributing to their sector.</p> <p>We know understanding what level of cover is right for them can be complicated. We offer a range of resources to help, from an Insurance Cover Calculator on our website to insurance adequacy advice from our Member Engagement team, over the phone and in person. Members can also pause their insurance premiums for up to 12 months while on parental leave, an important benefit for our more than 600,000 female members.</p>
Education and advice	<p>Our Member Engagement team works directly with members to empower them towards a better financial future.</p> <p>We support members to take positive action, providing help when they need it and in the way they want it:</p> <ul style="list-style-type: none"> • help and guidance delivered in members' workplaces and through information sessions and seminars online and in person • personalised help with super online, over the phone and in person • full financial planning for members & their spouses. <p>Our members pay no additional fee for advice on their HESTA super account.</p> <p>We also focus on making sure our members get the help they need first time by lifting the capability of our frontline teams to support people with more complex needs.</p>	Research and insights	<p>We're developing our capability to better understand what individual members need, and support them with the right solutions at the time and place they need them.</p> <p>We're using that data to help inform members on the next best action they can take to reach their goals.</p> <p>≥ Our research and insights on (page 23) for more on how we do this.</p>
Partnering with health and community services	<p>Our partnership with the sector, through our relationships with employers, unions and other partners, connects us to our members and the issues affecting them.</p> <p>≥ We partner with purpose (page 56) for more on how we do this.</p>	Advocacy	<p>Women face unique challenges in building their retirement savings. To forge a fairer future for our 80 per cent female membership, we advocate for changes to the super system.</p> <p>≥ We stand up for what's right (page 48) for more on how we do this.</p>
Investments	<p>We invest members' money responsibly, with a focus on strong long-term performance.</p> <p>Our members can choose the level of return they want to aim for and level of risk they're comfortable with.</p> <p>≥ We invest for positive outcomes (page 26) for more on how we do this.</p>	HESTA Income Stream	<p>Our members can stay with HESTA throughout their retirement with our income stream product. The income stream ensures members can continue to enjoy all the benefits of being with HESTA while accessing a regular income as transition out of full-time work.</p>
		Digital support	<p>In the last five years digital channels have become our members' preferred way to engage with us.</p> <p>We've been growing our digital capability to offer members personalised journeys that enable them to quickly and easily take more positive actions based on their individual needs.</p>

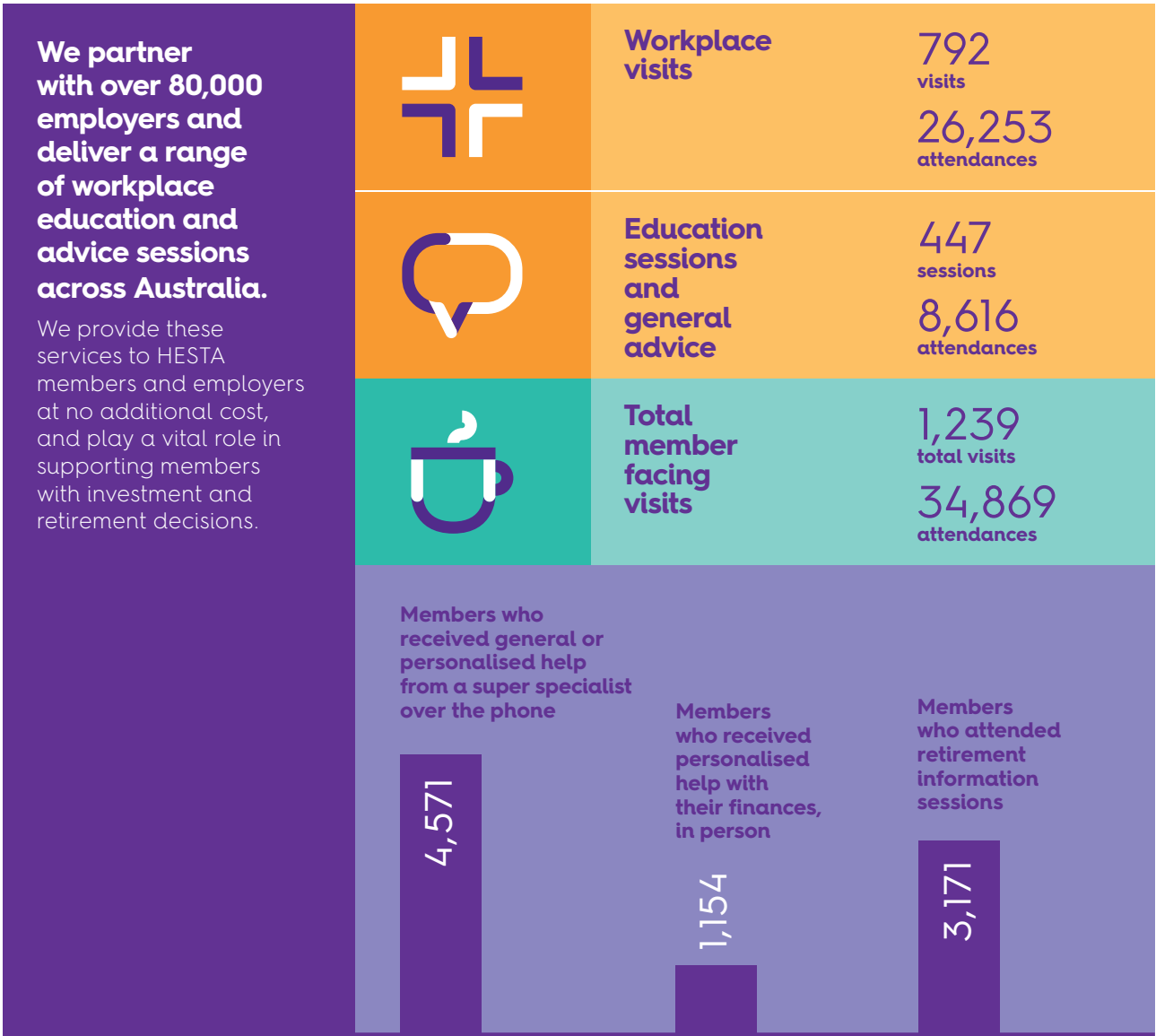
> Our performance

Education and advice

Our team provided help to 6.2% more members this year, including via our inbound contact centre and advice team.

We measure customer satisfaction and advocacy from members that have received help from HESTA to help us continually improve the services we provide. Satisfaction with our services and ease of accessing them are consistently rated very highly by members, again improving on last year's results.

Demand for our teams' support continues to be strong, and we're looking for ways to provide additional value to members by expanding the nature and reach of the support we provide as cost effectively as possible.



Member experience

We've continued to develop new ways to offer our members better experiences whenever they connect with us.

In 2018/19 we launched:

- a change to our financial planning approach, where members now receive a pre-meeting call to help prepare them for their meeting
- a program of work to upskill our contact centre capability; in the next year we have planned for all of our team to be qualified to provide members with general guidance about their super, as well as factual information, offering added value to members asking for help with their super
- a dedicated, specially trained contact centre team to support the needs of our members who identify as Aboriginal or Torres Strait Islander
- outbound calling services which resulted in our team calling more than 17,000 members about key super topics and to learn from their experiences.

Insurance

HESTA and AIA have partnered to provide continuously improving income protection insurance experiences for our members, including:

- LifeApp 2.0: this online underwriting application tool has increased automatic approval rates for new applicants to 35% (from 27% in February 2018)
- enabling them to increase cover within six months of joining HESTA and to cancel cover online via the insurance dashboard in their online account
- rolling out customer satisfaction and net promoter scoring across the member insurance journey, so we can identify and implement ongoing improvements in the claims and underwriting processes
- access to one of the largest wellbeing and return-to-work insurance teams in the industry, that focuses on prevention, early intervention, condition-specific work readiness and return to work programs to support HESTA members in returning to wellness and work.

Digital support

This was our most digital year so far, with more than 10,000 transactions performed each day by members using their online accounts.

- 68,000 members rolled super into HESTA online
- online join time reduced by 45%
- more than 2,700,000 unique visits to website, demonstrating high engagement with members.

Insurance snapshot FY19

> \$164m

paid claims

3,200

approved claims



1,047

death and terminal illness payments made from members' super accounts

99%

of member death benefits paid



automatic approval rates for new applicants increased to

↑ 35%

creating better member experiences

Member campaigns



Protecting Your Super (PYS)

In 2019 the government's PYS reforms meant affected members needed to opt in to keep their insurance cover. To make opting in easier, we offered members an Interactive Voice Recognition (IVR) option. To date, the IVR has taken over 5,400 instructions, freeing up our contact centre to support members with information to decide whether to keep their cover. We will look for additional ways to use IVR in future to save members time and stress.

More than 24,000 members opted in to keeping their cover through phone and online channels, enabling them to stay protected.



Member Online

Our members increasingly prefer to manage their super, and interact with us, online. And we know that the more digital touchpoints they have with us, the more likely they are to take actions in real time that can improve their financial future.

Using an omnichannel approach (our welcome email series, contact centre messages, statements and annual campaigns) we have migrated an additional 150,000 members to an online account. This means more than 500,000 of our members are now supported with a personalised digital journey towards better financial outcomes.



Income stream

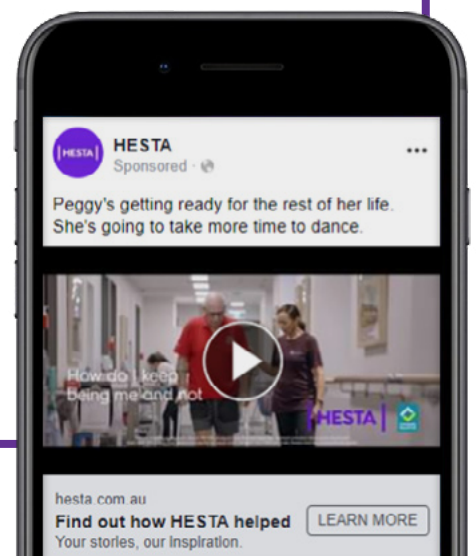
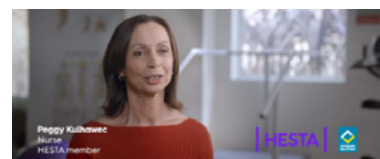
In December 2018 we launched our new income stream campaign. Every week, HESTA members approaching retirement receive information, detailing the benefits and next steps that can help them decide whether an income stream is right for them.

As at 30 June 2019 the campaign has supported 19% more members opening an income stream account, ensuring we can continue to support them throughout their retirement.

Getting ready for the rest of your life

Launched in April 2019, our latest campaign traced member Peggy Kulhawec's journey from a nursing career spanning 45 years to planning life beyond it, with support from a HESTA adviser.

We shared Peggy's story on TV, outdoor posters, online video and social media to encourage more members to see HESTA as a retirement partner.



> Looking forward

In the coming year we'll be seeking ways to make it easier for members to access our help, and to proactively identify opportunities to provide members with further help. We will evolve our conversations to shield members from unnecessary complexity. We intend to design active experiences so that our members feel empowered to take action towards a better financial future.

We'll be looking to digital technology solutions to enable us to provide even more personalised guidance to members, in the way they want it.

We'll be looking for ways to keep members informed, leveraging email and SMS to update them when they have made a request with us.

We also expect to evolve the way in which we engage with members, taking a more holistic approach to helping them enhance their financial wellbeing. We will look for ways to help members envisage their future selves; we know a member's transition to their retirement is not an end state but a continuum of their life journey. We'll empower our team to deliver services that help members identify and take the right action to make a real difference to their financial future.

The financial services sector has endured increased public scrutiny in the last year, and we are proud that our approach to service delivery meets community expectations. However, we're aware the appetite for and community trust in financial advice has been challenged, and we will need to keep demonstrating the value of advice.

The Financial Adviser Standards and Ethics Authority (FASEA) has imposed new education requirements for advisers who provide financial advice. We are committed to operating to the highest professional standards and welcome the increasing professionalism of the industry. Our engagement team either already adheres to, or has personal development plans to abide by, the education standards set out by FASEA.

we partner with purpose

> Why this matters to us

HESTA is founded on our close partnership with Australia's health and community services sector. Our relationships with employers, unions, peak bodies and associations and other key partners are central to delivering better outcomes for our members in retirement. And we're equally committed to supporting the sector's invaluable contribution to our community.

> How we create value



> Our performance

Direct engagement with our partners

Our ongoing association and support of the health and community services sector has seen our new default employers increase by 50% from last year, highlighting the value HESTA is creating for our partners.

We partner with more than 80,000 employers and deliver a range of workplace education and advice sessions across Australia.

We provide these services to HESTA members and employers at no extra cost. This can help them make more informed decisions about super, delivering long-term value in the form of better outcomes.

Engagements with employers, unions and partners:

1,934

National conferences:

30 supported

27,330
attendees

what we do

Case study

Super webinars

Our partners are as focused as we are on improving employees' financial wellbeing. In May 2019 HESTA partnered with a key employer to create a new webinar series to better inform employees about their super.

The webinars ran throughout June and were tailored to deliver content relevant to the various life stages:

- early career
- mid-career
- late career.

The webinars were promoted and made available to all staff nationally. Pending the success of this webinar series, there may be an opportunity to continue this offering within Ramsay, and extend to other employer partners also.

Early results show attendees have gained real value from the webinars to date.

157

registrations across
16 webinars

94%

of attendees indicated
they will take action
following the webinar

59%

of those who have
attended and
completed the survey
have requested contact
from HESTA to support
them with their super

Case study

HESTA Awards

The Awards program continues to strengthen our deep connection to the health and community services sector, celebrating exceptional work in nursing and midwifery, aged care, community services and early childhood education and care.

And by amplifying the winners' and finalists' stories across our advertising and communications, we're attracting and retaining members to grow the fund and keep delivering benefits of scale.

The HESTA Australian Nursing & Midwifery Awards

In May we held the first Awards event of 2019, receiving 144 submissions.

More than 300 guests attended the event, representing 28 sector organisations. Among them were more than 70 nursing and midwifery students, sponsored by our investment fund managers.



Nurse of the Year **Professor Kate Curtis,** **Illawarra Shoalhaven Local** **Health District & Professor** **of Trauma and Emergency,** **University of Sydney, NSW**

Recognised for her work advocating to improve emergency hospital care across Australia and internationally, particularly for injured children.



Midwife of the Year **Tracey Stephens,** **Monash Health, Vic**

Recognised for her work in improving maternity and health care outcomes for Aboriginal and Torres Strait Islander women and babies by implementing culturally appropriate and safe maternity health care services.



Team Excellence **INSPIRED Team,** **Calvary Public Hospital** **Bruce – Clare Holland** **House, Barton, ACT**

Recognised for developing, trialling and testing a new integrated model of palliative care delivery for aged care residents with life limiting illnesses.

> Looking forward

The HESTA Business Development team is actively pursuing a number of key employer groups across the health and community services sector. Many of these are large national organisations with a geographically broad workforce, presenting rich opportunities for fund growth.

We are also adding the ability to tailor our insurance offering for employers, providing a unique solution specifically designed for their teams.

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financial statements



financial statements

The following Statement of Financial Position, Income Statement and Statement of Changes in Member Benefits are extracts of the audited Financial Statements of the Fund for the year ended 30 June 2019. Call 1800 813 327 to request a copy of the full Financial Statements.

Statement of financial position

As at 30 June 2019

	30 June 2019 \$'000	30 June 2018 \$'000
Assets		
Cash and cash equivalents	76,781	68,714
Receivables and other assets	2,107	1,639
Financial assets		
Cash and short term deposits	5,807,990	4,082,441
Interest bearing securities	6,994,537	5,776,598
Australian equities	13,370,818	12,478,248
International equities	11,316,918	10,302,648
Unlisted unit trusts	13,100,053	10,452,888
Unlisted pooled funds	489,355	484,833
Pooled superannuation trusts	225,458	2,585,534
Private equity	1,835,114	1,616,835
Derivative assets	228,457	126,017
Property, plant and equipment	8,670	8,445
Deferred tax assets	2,444	3,188
Income tax receivable	46,518	-
Total assets	53,505,220	47,988,028
Liabilities		
Payables and other liabilities	(94,982)	(79,824)
Income tax payable	-	(48,173)
Derivative liabilities	(256,137)	(260,591)
Deferred tax liabilities	(1,004,331)	(795,596)
Total liabilities excluding member benefits	(1,355,450)	(1,184,184)
Net assets available for member benefits	52,149,770	46,803,844
Member liabilities		
Allocated to members	(51,744,543)	(46,445,000)
Unallocated to members	(6,405)	(3,788)
Total member liabilities	(51,750,948)	(46,448,788)
Net assets	398,822	355,056
Equity		
Operational risk reserve	(124,830)	(109,630)
Fund development reserve	(115,603)	(78,872)
Investment account	(158,389)	(166,554)
Total equity	(398,822)	(355,056)

Income statement

For the year ended 30 June 2019

	30 June 2019 \$'000	30 June 2018 \$'000
Superannuation activities		
Interest	151,111	125,084
Dividend revenue	1,175,423	647,294
Distributions from unit trusts	1,158,045	963,134
Changes in fair value of financial instruments	1,353,226	2,963,240
Other investment income	19,200	16,388
Other income	12,133	12,675
Total superannuation activities income	3,869,138	4,727,815
Expenses		
Investment expenses	(169,030)	(166,394)
Administration expenses	(47,479)	(44,418)
Operating expenses	(83,666)	(68,338)
Total expenses	(300,175)	(279,150)
Net result from superannuation activities	3,568,963	4,448,665
Less: Net benefits allocated to members' accounts	(3,395,512)	(4,129,539)
Operating result before income tax	173,451	319,126
Income tax expense/(benefit)	129,685	209,432
Operating result after income tax	43,766	109,694

Statement of changes in member benefits

For the year ended 30 June 2019

	30 June 2019 \$'000	30 June 2018 \$'000
Opening balance of member benefits	46,448,788	40,238,796
Contributions:		
Employer	3,290,905	3,082,097
Member	596,944	512,743
Transfer from other superannuation plans	1,418,398	1,502,045
Government co-contributions	5,853	6,045
Low income superannuation contributions	44,786	49,852
Income tax on contributions	(477,551)	(434,945)
Net after tax contributions	4,879,335	4,717,837
Benefits paid to members/beneficiaries	(2,821,605)	(2,467,841)
Insurance premiums charged to members' accounts	(233,887)	(253,996)
Death and disability insurance benefits credited to members' accounts	82,854	84,453
Benefits allocated to members' accounts, comprising:		
Net investment income	3,497,684	4,224,836
Administration fees	(102,221)	(95,297)
Closing balance of member benefits	51,750,948	46,448,788

reserves

The Fund maintains an Operational Risk Reserve, in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS114 Operational Risk Financial Requirement, and also holds a Fund Development Reserve and Investment Account.

Operational Risk Reserve (ORR)

The purpose of the ORR is to provide protection to the Fund in the event that a loss is incurred from an operational risk event occurring. The Trustee intends to maintain this reserve at 0.25% of net assets available for member benefits.

The ORR is maintained in a distinct segregated portfolio by our Custodian and is managed to the same strategic asset allocation as HESTA's lower-risk diversified portfolio investment option, the Conservative Pool. The Trustee maintains a policy to deal with the use of the ORR including management of any shortfalls or surpluses from the target amount.

The balance of the ORR at the end of the last three financial years was:

30 June 2019	\$124.83 million (audited)
30 June 2018	\$109.63 million (audited)
30 June 2017	\$93.41 million (audited).

Fund Development Reserve (FDR)

The Fund Development Reserve (FDR) is primarily used to fund the operations of the Fund, including planning for significant projects that are not business as usual or to respond to any initiatives that arise that will benefit the members of HESTA.

The FDR is maintained in a distinct segregated portfolio by our Custodian and is largely managed to the same strategic asset allocation as HESTA's lower-risk diversified portfolio option, the Conservative Pool.

Analysis of revenue and expenditure of the Fund against budget is performed on a monthly basis, allowing the Trustee to manage any surplus or deficit to the FDR.

The balance of the FDR at the end of the last three financial years was:

30 June 2019	\$115.60 million (audited)
30 June 2018	\$78.87 million (audited)
30 June 2017	\$67.78 million (audited).

Investment Account (IA)

The Investment Account is maintained for the purpose of accumulating the investment earnings of the Fund's assets prior to allocation to member accounts as well as reflecting the transaction costs in the valuation of investments for the purpose of unit pricing that are not included for financial reporting.

The balance of the Investment Account at the end of the last three financial years was:

30 June 2019	\$158.39 million (audited)
30 June 2018	\$166.55 million (audited)
30 June 2017	\$82.93 million (audited).

related parties

Related party investments and transactions

At 30 June 2019 the Fund (Health Employees Superannuation Trust Australia) had:

- a 31% (2018: 31%) shareholding of ordinary shares valued at \$1,679,775 (2018: \$1,710,775) in Frontier Advisors Pty Ltd.

Frontier receives fees from the Fund for investment consulting services. These fees were \$3,449,267 (2018: \$3,721,731).

Ms D.Cole is a director of Frontier Advisors Pty Ltd and received fees of \$5,598 for the period 14 February 2019 to 30 June 2019. Ms A. Emslie (as nominee of H.E.S.T. Australia Ltd) was a Director of Frontier Advisors Pty Ltd and received fees of \$7,574 for the period 1 July 2018 to 31 December 2018 (2018: \$14,442).

All transactions were made on normal commercial terms, under normal conditions and at market rates. Transactions relating to dividends, investment income and subscription for new ordinary shares were on the same terms and conditions that applied to other shareholders.

There were no transactions between the fund and the Trustee of the Fund (H.E.S.T. Australia Ltd) during the year (2018: \$nil).

Other shareholdings and transactions

As at 30 June 2019 the Fund had:

- a 17.8% (2018: 17.7%) shareholding in Industry Super Holdings Pty Ltd (ISH) valued at \$177,071,549 (2018: \$147,657,984).

IFM Investors Pty Ltd is a subsidiary of ISH and manages investments totalling \$11,639,376,395 (2018: \$10,232,508,108) on behalf of the Fund.

ISH has other subsidiaries with which the Fund transacts. Industry Fund Services Pty Ltd provides financial planning and debt collection services to the Fund. IFS Insurance Solutions Pty Ltd provides insurance services to the Fund. Industry Super Australia Pty Ltd (ISA) provides marketing, advocacy, policy development and research services to the Fund. The New Daily Pty Ltd is also a subsidiary of ISH and provides online news..

Ms C.Smith is a director of The New Daily Pty Ltd.

Ms D. Blakey, as a nominee of H.E.S.T. Australia Ltd, is a Director of ISA.

- a 18.7% (2018: 18.7%) shareholding in ME Bank valued at \$234,861,805 (2018: \$223,257,306). ME Bank is the manager of the Super Members Home Loan program and the Super Loans Trust. The investment in the Super Loans Trust was valued at \$11,659,429 (2018: \$13,507,408). The Fund also had \$136,201,046 (2018: \$193,788,705) invested in cash and term deposits with ME Bank at year end.

- a 4.0% (2018: 3.8%) shareholding in ISPT Pty Ltd valued at \$1 (2018: \$1). ISPT is the trustee and manager of five unlisted direct investment property trusts which the Fund invests in and from 17 July 2019 was appointed by the Fund as manager of an unlisted direct investment property mandate. In addition, ISPT Pty Ltd provides management services to IIPT Pty Ltd in its capacity as trustee of the ISPT International Property Trust on a cost recovery basis.

ISPT Pty Ltd in its capacity as trustee and manager, managed investments totalling \$2,370,920,059 (2018: \$2,224,104,756) on behalf of the Fund.

Mr K. Zimmermann, as a nominee of H.E.S.T. Australia Ltd, is a Director of ISPT Pty Ltd, IIPT Pty Ltd and ISPT Operations Pty Ltd. On 1 July 2019, due to an ISPT restructure, the Fund was issued with one Unit in the ISPT Operations Trust which now provides funds management services to the ISPT property trusts, replacing ISPT Pty Ltd.

All transactions were made on normal commercial terms, under normal conditions and at market rates. Transactions relating to dividends, investment income and subscription for new ordinary shares were on the same terms and conditions that applied to other shareholders.

Eligible Rollover Fund (ERF)

HESTA may transfer your account to an Eligible rollover fund (ERF) if:

you reach age 65, and

- we have not received a payment into your HESTA super account for you for at least two years, and
 - after making reasonable efforts, we have been unable to contact you for five years
- OR
- you have died, and
 - after making reasonable efforts and after a reasonable period has passed, we have been unable to locate a person entitled to the benefit

OR

- you are a former temporary Australian resident and
 - it has been six months since you left Australia or since your visa expired
- OR
- you are entitled to be paid your ex-spouse's super in a divorce and we are unable to contact you

OR

- You meet the ATO's definition of a lost member

OR

- your account balance is below \$6,000; and
- your account has not received any contributions or rollovers for at least 13 months

OR

- we haven't received any amount for you for a continuous period of 16 months; and
- your account balance is less than \$6,000.

If your account is transferred to an ERF, you will cease to be a HESTA member and any insurance cover you have will cease. HESTA uses AUSfund as its ERF. Contact AUSfund at PO Box 543 Carlton South Vic 3053; email admin@ausfund.net.au; phone: 1300 361 798 or visit ausfund.com.au

key advisers and service providers

We use a number of external service providers to help us administer members' accounts and invest members' money.

Frontier Advisors Pty Ltd provided the Board with advice on investing members' money and is paid a fee for this service. The Fund is a shareholder of Frontier Advisors.

Australian Administration Services Pty Limited (ABN 62 003 429 114) part of LINK Group provides administrative services for the Fund, including operating the Fund's service centre, insurance administration, contribution and benefit processing and other general Fund administration.

Other key advisers and providers as at 30 June 2019 include:

Custodian: JP Morgan Chase Bank

Insurer: AIA Australia Limited

Solicitors: Allens Linklaters, HWL Ebsworth

Internal auditors: KPMG

External auditors: PricewaterhouseCoopers

Taxation advisers: PricewaterhouseCoopers

Technology providers: Tecala Group Pty Ltd

when you have a concern, we listen

If you're not satisfied with our products or services, we have a complaint resolution process to address your concerns fairly and efficiently.

Internal dispute resolution process

Step 1	Step 2	Step 3
<p>Call to discuss your concerns.</p> <p>If your concern relates to your:</p> <ul style="list-style-type: none"> • HESTA super account, call 1800 813 327 • HESTA Income Stream account, call 1300 734 479. 	<p>If your concerns can't be resolved immediately, you can provide more detailed information about your complaint to our Complaints Officer by:</p> <p>Mail: Complaints Officer HESTA Locked Bag 5136 Parramatta NSW 2124</p> <p>Email: 'Attention: Complaints Officer' HESTA super accounts: hesta@hesta.com.au HESTA Income Stream accounts: hestais@hesta.com.au</p>	<p>We'll investigate your complaint and try to resolve it in 10 business days.</p> <p>If we can't respond fully in that time, we will keep you informed about the progress of your complaint. We have a maximum timeframe of 90 days to resolve your complaint.</p> <p>Our response will detail the outcome of the investigation and the reason for our decision. This process is free of charge.</p>

External dispute resolution process

The **Australian Financial Complaints Authority (AFCA)** has been established to resolve complaints with financial services providers which consumers can access free of charge.

If we have not responded to your complaint within 90 days, or at anytime after receiving our decision you are not satisfied with our response, you can complain to AFCA.

Australian Financial Complaints Authority

GPO Box 3
Melbourne VIC 3001
1800 931 678
info@afca.org.au
afca.org.au

Timeframes for complaints to AFCA

For AFCA to deal with certain complaints they must be made within certain timeframes:

Death benefits

After HESTA has made its final decision, you must make a complaint to AFCA within 28 days of that decision.

Total and Permanent Disability (TPD)

If you permanently ceased employment because of the illness or injury that gave rise to the claim for a TPD benefit, you must have made a claim to us for the payment of the TPD benefit within two years of permanently ceasing employment and must make a complaint to AFCA within six years of our decision about the TPD claim.

Statements given to the Commissioner of Taxation under s.1053(2) of the Corporations Act

One year from notice.

Other superannuation complaints

For all other complaints you will have two years from the date of our response to make a complaint to AFCA.

what you need to know about this annual report

This Annual Report contains information about the Health Employees Superannuation Trust Australia (the Fund) ABN 64 971 749 321 and is produced by H.E.S.T. Australia Limited ABN 66 006 818 695, AFSL No. 235249, the Trustee of the Fund.

H.E.S.T. Australia Limited is the issuer of the products 'HESTA', 'HESTA Personal Super', 'HESTA Term Allocated Pension', and 'HESTA Income Stream'.

Care is taken to ensure that information is correct at the date of preparation, but neither the Trustee nor its advisers accept responsibility for any error or misprint, nor for anyone acting on this information, which is of a general nature. It does not take into account your objectives, financial situation or specific needs so you should look at your own financial position and requirements before making a decision.

You may wish to consult an adviser when doing this. The information also represents our interpretation of the law in some instances but should not be relied upon as legal advice. Product ratings are only one factor to be considered when making a decision. See hesta.com.au/ratings for more information.

Please note investments can go up and down. Past performance is not a reliable indicator of future performance. Before making a decision about HESTA products you should read the relevant Product Disclosure Statement (call 1800 813 327 or visit hesta.com.au for a copy), and consider any relevant risks (hesta.com.au/understandingrisk).

If you have any feedback on this Annual Report you can write to:

Debby Blakey
Chief Executive Officer
HESTA

PO Box 615,
Carlton South,
VIC, 3053

contact us

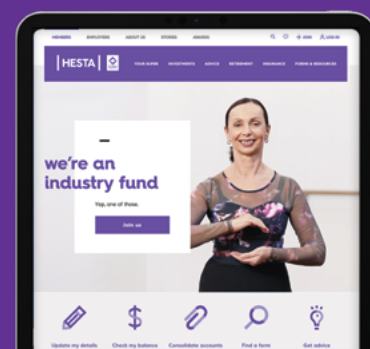
HESTA enquiries

1800 813 327

hesta@hesta.com.au

hesta.com.au

Locked Bag 5136,
Parramatta, NSW, 2124



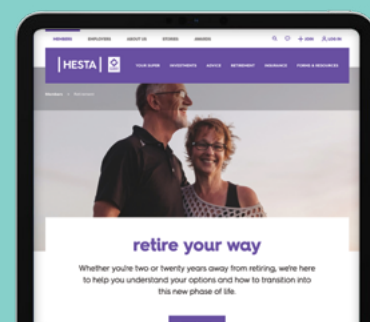
HESTA Income Stream enquiries

1300 734 479

hestais@hesta.com.au

**[hesta.com.au/
incomestream](https://hesta.com.au/incomestream)**

Locked Bag 5136,
Parramatta, NSW, 2124



...because your
stories are
our inspiration.