

significant event notice

25 August 2020

This Significant Event Notice ('Notice') is to inform you of important changes to HESTA Income Stream and HESTA term allocated pension (TAP). Generally this includes changes to, or events impacting, the information provided in the Product Disclosure Statements ('PDS') of those products. The changes will be incorporated into subsequent releases of the PDS available at hesta.com.au/pds

The changes that we are letting you know about in this Notice include:

- Temporary changes to unit pricing, investment switching and transaction processing
- Investment changes
- Legislation and tax changes; and
- Other changes.

Changes to unit pricing, investment switching and transaction processing

To implement the investment changes (detailed in the next section), there will be a short period between **28 September – 5 October 2020** where transaction requests and investment switches will be impacted. After 12.01am 5 October, members will be able to check their new investment options online. There will also be a change to the regular unit pricing cycle.

Unit pricing

Generally unit prices are valued weekly on a Tuesday, then applied to member accounts the immediate Friday. To implement the investment changes and enable the system update, the unit price cycle will change for the week during the implementation. Unit pricing will return to the normal cycle from Tuesday 6 October 2020, after the investment options are implemented.

Here's what's changing

Instead of calculating the unit price on Tuesday 29 September 2020, the unit price will be calculated on Wednesday 30 September. There will be no unit price calculated on the Tuesday.

The unit price calculated 30 September (Wednesday) will be effective on 1 October (Thursday) instead of 2 October (Friday). Any switches processed thereafter will use the last effective unit price (being that on 1 October) until the next regular cycle.

The following timings and unit pricing will apply to investment switching and transactions:

Transaction type	Timings that apply	Unit pricing that apply
Investment switching will be temporarily suspended from 12.01am 30 September to 12.01am 5 October		
An automatic transfer of members to their new investment option (where relevant)	Processed effective Thursday 1 October	The automatic transfer will be processed using unit prices calculated at the end of the day on Wednesday 30 September
Investment switches received by 11.59pm (AET) 29 September 2020	Processed effective Friday 2 October	Your switch will be processed using the new investment option and unit prices calculated at the end of the day on Wednesday 30 September
Members can submit switch requests under our changed investment menu	From 12.01am Monday 5 October	Normal investment switching rules apply: If you complete an investment switch before 11.59pm (AET) Tuesday 6 October, your switch will be processed the immediate Friday using prices calculated at the end of the day on the Tuesday. Any switch requests received after 11:59pm (AET) Tuesday 6 October will be processed the Friday of the following week using the prices calculated the next Tuesday

Changes to unit pricing, investment switching and transaction processing (continued)

Transaction type	Timings that apply	Unit pricing that apply
Changes to transaction processing		
Money 'in' <ul style="list-style-type: none">Including employer and personal contributions and money you roll in from other funds	Money 'in' will be temporarily suspended from 12.01am 1 October to 12.01am 5 October and will be processed on 5 October, effective the day of receipt	Money 'in' during this period will be processed using unit prices calculated at the end of the day on Wednesday 30 September
Money 'out' <ul style="list-style-type: none">Including benefit payments or lump sum commutations	Money 'out' will be temporarily suspended from 12.01am 28 September to 12.01am 5 October, with requests received from 28 September being processed within three business days from 5 October	Money 'out' will be processed using prices calculated at the end of the day on Wednesday 30 September until Friday 9 October when the next weekly unit price is applied to member accounts (as per normal unit price cycle)

It is important to know that income stream payments will not be impacted by this system update.

Investment changes

From 1 October 2020, we are making changes to the investment options we offer, so we can better concentrate our investment expertise on a more focussed set of choices.

These changes are to support the continued delivery of strong, competitive, long-term returns for members and are the result of more than 18 months' worth of extensive research into member needs and choices.

In updating our investment options, some options will be closing, others will have a name change, be new or be a mix of existing options.

The impact to members who are invested in closing or merging options will be minimal. Transition to Retirement (TTR) Income Stream members, some Retirement Income Stream (RIS) and Term Allocated Pension (TAP) members will be automatically transferred to another option (if no other choice is made) which offers a similar risk/return profile. This means that the risk and return profile on the new option will be in a similar range as their previous option. These members were notified on 11 August about the changes affecting them. You can read that notification [here](#).

Investment options from 1 October 2020

Members will have a choice of 10 investment options across super and Transition to Retirement (TTR) Income Stream and 10 options in Retirement Income Stream (RIS). This includes offering members more choice with a new Indexed Balanced Growth option that aims to closely match index returns and a Diversified Bonds option.

Our investment options will be consistently named across both super and income stream. This will give members a better understanding of the options and a seamless experience when moving from the accumulation phase of super to taking an income stream as members approach or reach retirement.

The table below compares the current and new investment options for TTR and RIS members.

		Key changes		
	Current investment Options	Investment options from 1 October 2020	RIS and TAP Members	TTR members
Ready-Made Options	Balanced	Balanced Growth	Name change, details on page 6.	Closed and allocated to super Balanced Growth. Details on page 10.
	Defensive	Conservative	Defensive closed and members allocated to Conservative. See details on page 6.	Closed and allocated to super Conservative. Details on page 10.
	Conservative		Details on page 6.	
	-	Indexed Balanced Growth	New investment option. Details on page 7.	New investment option. Details on page 11.
	Eco	Sustainable Growth	Name change, details on page 7.	Closed and allocated to super Sustainable Growth. Details on page 11.
	Active	High Growth	Name change, details on page 7.	Closed and allocated to super High Growth. Details on page 11.
Your Choice Options	Cash	Cash and Term Deposits	Term deposits merged into Cash. See details on page 8.	Closed and allocated to super Cash and Term Deposits. Details on page 12.
	Term Deposits			
	-	Diversified Bonds	New investment option. Details on page 8	New investment option. Details on page 12.
	Property	Property and Infrastructure	Infrastructure assets included in the Property option and renamed. See details on page 9.	Closed and allocated to super Property and Infrastructure. Details on page 13.
	International shares	International shares	Details on page 9.	Closed and allocated to super International shares. Details on page 13.
	Australian shares	Australian shares	Details on page 9.	Closed and allocated to super Australian shares. Details on page 13.

Full details of the changes are on pages 6 - 13.

Terminology updates

The feedback we received through extensive member testing is that members would like investments explained to them in a more straightforward and literal way to make them easier to understand. This feedback has driven these changes. From 1 October 2020:

- all references to 'Diversified options' will be renamed to 'Ready-Made Options'. Similarly, 'Sector-specific options' will be renamed to 'Your Choice Options'
- our 'Ready-Made Investment Strategy' will be known as 'Ready-Made Strategy'
- the 'Strategy' label for each investment option will be known as 'Description'. Each description is designed to explain what the option is invested in and what it is trying to achieve.

Changes to the Ready-Made Strategy

From 1 October 2020, our Ready-Made Strategy will be structured to combine both Conservative and Balanced Growth investment options.

The HESTA Income Stream PDS has been updated to reflect the changes to the Ready-Made Strategy for new members with 66% of funds being invested in the Conservative option and 34% invested in Balanced Growth. The order of drawdown for income stream payments remains the same.

For existing Ready-Made Strategy members, there will be no change to the investment strategy other than transferring any amount invested in Defensive into the Conservative option. Your investments will not be rebalanced to match the new investment strategy. This means, the new Conservative investment option has a higher allocation to growth assets (39%) compared to Defensive (22.5%). Members should consider whether the higher allocation to growth assets, as part of their investment strategy is suitable.

Risk profile descriptions

To improve members' understanding, we have updated the names assigned to our risk profiles which corresponds to 'Type of investor this option may suit' for some options in tables 1 - 8 on pages 6 - 13.

Old risk profile names	New risk profile names	Detailed descriptions of the new risk profile
Cautious	Very Cautious	<ul style="list-style-type: none"> You cannot accept a short-term capital loss from your super. You're usually investing over a short time period (less than 1 year). You may choose to invest in 100% defensive assets.
Defensive	Cautious	<ul style="list-style-type: none"> Generally your priority is to keep your super steady in the short-term. You prefer not to risk losing capital but want to keep pace with inflation. You're typically planning to stay invested for at least 1-3 years. While you typically invest in defensive assets, you may choose to invest up to 39% in growth assets.
Moderate	Moderate	<ul style="list-style-type: none"> You may be comfortable with some exposure to growth assets in your super to increase the likelihood of a higher investment return over the short to medium-term. You may also be comfortable with year-to-year variation in returns, including an occasional negative return. You're typically planning to stay invested for at least 3-5 years. You may choose to invest up to 57% in growth assets.
Assertive	Ambitious	<ul style="list-style-type: none"> You may be comfortable with more exposure to growth assets in your super to increase the likelihood of a higher investment return over medium to long-term. You may also be comfortable with short-term changes in the value of investments, including negative returns, in aiming for higher returns over the long-term. You're typically planning to stay invested for at least 5-7 years. You may choose to invest up to 75% in growth assets.
Aggressive	Very Ambitious	<ul style="list-style-type: none"> You may be comfortable with high exposure to growth assets to increase the likelihood of a higher investment return over the long-term. You may also be comfortable with short-term changes in the value of investments, including negative returns, in aiming for higher returns over the long-term. You're typically planning to stay invested for at least 7-10 years You may choose to invest up to 90% in growth assets.

Table 1: Changes to Ready-Made Options for Retirement Income Stream (RIS) and Term Allocated Pension (TAP) members – Balanced Growth and Conservative

Name		Up to 30/9/2020 Balanced	From 1/10/2020 Balanced Growth	Up to 30/9/2020 Defensive	Up to 30/9/2020 Conservative	From 1/10/2020 Conservative
Description		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.	Invests in a wide range of mainly shares, private equity, property and infrastructure, with some debt and cash investments. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	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.	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.	Invests in a range of mainly debt and cash, with some exposure to shares, property and infrastructure. This option aims to achieve medium-term growth with some possible ups and downs but is expected to be more stable than Balanced Growth in the short-term.
Investment objective (long-term)		To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 3.5%	To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 4.0%	To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 2.0%	To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 2.5%	To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 2.5%
Probable number of negative returns over 20 years		3 to less than 4	No change	Less than 0.5	1 to less than 2	1 to less than 2
Risk level		Medium to high	No change	Very low	Low to medium	Low to medium
Suggested minimum investment timeframe		5 to 7 years	No change	1 to 3 years	3 – 5 years	1 to 3 years
Type of investor this may suit		Assertive	No change to risk profile, renamed to 'Ambitious'	Defensive	Moderate	Defensive risk profile, renamed to 'Cautious'
Strategic asset allocation	Australian shares	27%	28.5%	7.0%	12.0%	11.5%
	International shares	25%	27%	6.0%	11%	10.5%
	Private equity	0.0%	0.0%	-	-	-
	Alternatives	6.0%	7.5%	6.0%	6.0%	6.0%
	Infrastructure	9.5%	12.0%	7.0%	7.0%	10.5%
	Property	8.5%	9.5%	6.0%	6.0%	8.5%
	Global debt	19%	10.5%	28%	36%	30%
	Cash	5%	5%	40%	22%	23%
Allocation range	Australian shares	17 - 37%	17 - 37%	3 - 13%	5 - 20%	5 - 20%
	International shares	16 - 36%	16 - 36%	3 - 13%	5 - 15%	5 - 15%
	Private equity	0%	0 - 12%	-	-	-
	Alternatives	0 - 15%	0 - 15%	0 - 10%	0 - 15%	0 - 15%
	Infrastructure	5 - 25%	5 - 25%	2 - 15%	2 - 15%	2 - 15%
	Property	3 - 20%	3 - 20%	2 - 15%	2 - 15%	2 - 15%
	Global debt	5 - 35%	5 - 25%	20 - 40%	20 - 45%	20 - 40%
	Cash	0 - 30%	0 - 30%	30 - 50%	10 - 30%	10 - 30%
Overall growth / defensive split*	Growth	65.3%	75%	22.5%	32.5%	39%
	Defensive	34.7%	25%	77.5%	67.5%	61%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 2: New Indexed Balanced Growth and Changes to Ready-Made Options for RIS and TAP members - Sustainable Growth and High Growth

Name		New option from 1/10/2020 Indexed Balanced Growth	Up to 30/9/2020 Eco	From 1/10/2020 Sustainable Growth	Up to 30/9/2020 Active	From 1/10/2020 High Growth
Description		Invests in a mix of low-cost asset classes that aim to closely match index returns. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	Eco invests in companies with above average environmental, social and governance performance. Eco has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private Equity investments are in sustainable investments.	Invests in shares, debt and private equity of companies with above average environmental, social and governance performance, along with some exposure to environmental property investments. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	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.	Invests in a wide range of primarily Australian and international shares, and private equity, along with some exposure to property, infrastructure, debt and cash. This option aims to achieve strong long-term growth with some possible ups and downs that may be greater than Balanced Growth in the short-term.
Investment objective (long-term)		To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%	To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 4.0%	No Change	To earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 4.5%	No Change
Probable number of negative returns over 20 years		4 to less than 6	4 to less than 6	No Change	4 to less than 6	No Change
Risk level		High	High	No Change	High	No Change
Suggested minimum investment timeframe		7 to 10 years	7 to 10 years	No Change	7 to 10 years	No Change
Type of investor this may suit		Ambitious	Aggressive	No change to risk profile, renamed to 'Very Ambitious'	Aggressive	No change to risk profile, renamed to 'Very Ambitious'
Strategic asset allocation	Australian shares	32%	33%	33%	43.5%	42.0%
	International shares	43%	31%	31%	43.5%	37.5%
	Private equity	-	4%	4%	0%	0%
	Alternatives	-	0%	0%	0%	8.5%
	Infrastructure	-	0%	0%	4%	4.5%
	Property	-	10%	10%	4%	3.5%
	Global debt	20%	17%	17%	0%	2%
	Cash	5%	5%	5%	5%	2%
Allocation range	Australian shares	27 - 37%	23 - 47%	23 - 43%	30 - 55%	25 - 50%
	International shares	38 - 48%	17 - 41%	21 - 41%	30 - 55%	25 - 50%
	Private equity	-	0 - 10%	0 - 10%	-	0 - 15%
	Alternatives	-	0 - 15%	0 - 15%	0 - 10%	0 - 15%
	Infrastructure	-	0 - 20%	0 - 20%	0 - 10%	0 - 10%
	Property	-	0 - 20%	0 - 20%	0 - 10%	0 - 10%
	Global debt	15 - 25%	5 - 25%	5 - 25%	0 - 10%	0 - 10%
	Cash	0 - 10%	2 - 20%	2 - 20%	2 - 20%	0 - 25%
Overall growth / defensive split*	Growth	75%	73%	75%	91.6%	90%
	Defensive	25%	27%	25%	8.4%	10%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 3: Changes to Your Choice Options - Cash and Term Deposits and Diversified Bonds

Name		Up to 30/9/2020	Up to 30/9/2020	From 1/10/2020	New option from 1/10/2020
		Cash	Term Deposits	Cash and Term Deposits	Diversified Bonds
Description		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 investment.	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.	Invests in a range of at-call bank deposits and short-dated term deposits, and may have a small allocation to other cash investments. It is expected to deliver a return above the official RBA cash rate over the long-term.	Invests in Australian and international government bonds and other debt. This option aims for returns that typically outperform cash, but is more stable than shares in the short to medium-term.
Investment objective (long-term)		Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than the return of the Bloomberg Ausbond Bank Bill Index.	Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than the return of the Bloomberg Ausbond Bank Bill Index.	No Change	Over the long-term, to earn a return, after investment fees and indirect costs, equivalent to or higher than the return 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
Probable number of negative returns over 20 years		less than 0.5	less than 0.5	No Change	1 to less than 2
Risk level		Very low	Very low	No Change	Low to medium
Suggested minimum investment timeframe		Less than 1 year	Less than 1 year	No Change	1 to 3 years
Type of investor this may suit		This option may suit an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include term deposits.	Very Cautious Or an investor seeking to create their own diversified portfolio, who would like to include cash, cash products and term deposits.	An investor seeking to create their own diversified portfolio, who would like to include debt and other fixed interest investments.
Strategic asset allocation	Global debt	-	-	-	100%
	Alternatives	-	-	-	0%
	Cash	100%	10%	50%	-
	Term deposit	-	90%	50%	-
Allocation range	Global debt	-	-	-	50 - 100%
	Alternatives	-	-	-	0 - 30%
	Cash	100%	5 - 100%	40 - 100%	0 - 25%
	Term deposit	-	0 - 95%	0 - 60%	-
Overall growth / defensive split*	Growth	0%	0%	No Change	0%
	Defensive	100%	100%	No Change	100%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 4: Changes to Your Choice Options for RIS and TAP members - Property and Infrastructure, International Shares and Australian Shares

Name		Up to 30/9/2020 Property	From 1/10/2020 Property and Infrastructure	Up to 30/9/2020 International Shares	From 1/10/2020 International Shares	Up to 30/9/2020 Australian Shares	From 1/10/2020 Australian Shares
Description		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.	Invests in Australian and global property and infrastructure, along with some cash. This option aims to achieve medium to long-term growth with some possible ups and downs, but is expected to be more stable than shares in the short-term.	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.	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.	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.	Invests in a range of companies listed on the Australian stock exchange, as well as a few that aren't. This option aims to achieve strong growth over the long-term, with possible short-term ups and downs.
Investment objective (long-term)		Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than CPI + 3.5%.	No change	Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than the return from the combination of: • 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	Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than the return of the combination of: • 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	Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than the return from the combination of: • 95.0% S&P/ASX 300 Accumulation Index (adjusted for tax credits) • 5.0% Bloomberg Ausbond Bank Bill Index	Over the long-term, to earn a return after investment fees and indirect costs, equivalent to or higher than the return of the S&P/ASX 300 Accumulation Index.
Probable number of negative returns over 20 years		2 to less than 3	No Change	4 to less than 6	No Change	6 or greater	No Change
Risk level		Medium	No Change	High	No Change	Very High	No Change
Suggested minimum investment timeframe		3 to 5 years	5 to 7 years	7 to 10 years	No Change	7 to 10 years	No Change
Type of investor this may suit		This option may suit an investor seeking to create their own diversified portfolio, who would like to include property.	An investor seeking to create their own diversified portfolio, who would like to include property and infrastructure.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include international shares.	No Change	This option may suit an investor seeking to create their own diversified portfolio, who would like to include Australian shares.	No Change
Strategic asset allocation	Infrastructure	-	45%	-	-	-	-
	Property	85%	45%	-	-	-	-
	Cash	15%	10%	5%	0%	5%	0%
	International shares	-	-	95%	100%	-	-
	Australian shares	-	-	-	-	95%	100%
Allocation ranges	Infrastructure	-	30 - 70%	-	-	-	-
	Property	80 - 95%	30 - 70%	-	-	-	-
	Cash	5 - 20%	0 - 30%	2.5 - 15%	0 - 10%	2.5 - 15%	0 - 10%
	International shares	-	-	85 - 97.5%	90 - 100%	-	-
	Australian shares	-	-	-	-	85 - 97.5%	90 - 100%
Overall growth / defensive split*	Growth	55.3%	68%	95%	100%	95%	100%
	Defensive	44.7%	32%	5%	0%	5%	0%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 5: Changes to Ready-Made Options for Transition to Retirement (TTR) members – Balanced Growth and Conservative

Name		Up to 30/9/2020 Balanced	From 1/10/2020 Balanced Growth (formerly Core Pool)	Up to 30/9/2020 Defensive	Up to 30/9/2020 Conservative	From 1/10/2020 Conservative (formerly Conservative Pool)
Description		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.	Invests in a wide range of mainly shares, private equity, property and infrastructure, with some debt and cash investments. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	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.	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.	Invests in a range of mainly debt and cash, with some exposure to shares, property and infrastructure. This option aims to achieve medium-term growth with some possible ups and downs but is expected to be more stable than Balanced Growth in the short-term.
Investment objective (long-term)		To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.5%	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than CPI + 1.5%	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than CPI + 2.0%	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 2.0%
Probable number of negative returns over 20 years		3 to less than 4	No change	Less than 0.5	1 to less than 2	1 to less than 2
Risk level		Medium to high	No change	Very low	Low to medium	Low to medium
Suggested minimum investment timeframe		5 to 7 years	No change	1 to 3 years	3 – 5 years	1 to 3 years
Type of investor this may suit		Assertive	No change to risk profile, renamed to 'Ambitious'	Defensive	Moderate	Defensive risk profile, renamed to 'Cautious'
Strategic asset allocation	Australian shares	27%	25%	7%	12%	11.5%
	International shares	25%	24%	6%	11%	10.5%
	Private equity	0%	6%	-	-	-
	Alternatives	6%	8.5%	6%	6%	6%
	Infrastructure	9.5%	12%	7%	7%	10.5%
	Property	8.5%	9.5%	6%	6%	8.5%
	Global debt	19%	10%	28%	36%	30%
	Cash	5%	5%	40%	22%	23%
Allocation range	Australian shares	17 - 37%	17 - 37%	3 - 13%	5 - 20%	5 - 20%
	International shares	16- 36%	16- 36%	3 - 13%	5 - 15%	5 - 15%
	Private equity	-	0 - 12%	-	-	-
	Alternatives	0 - 15%	0 - 15%	0 - 15%	0 - 15%	0 - 15%
	Infrastructure	5 - 25%	5 - 25%	2 - 15%	2 - 15%	2 - 15%
	Property	3 - 20%	3 - 20%	2 - 15%	2 - 15%	2 - 15%
	Global debt	5 - 35%	5 - 25%	20 - 40%	20 - 45%	20 - 40%
	Cash	0 - 30%	0 - 30%	30 - 50%	10 - 30%	10 - 30%
Overall growth / defensive split*	Growth	65.3%	75%	22.5%	32.5%	39%
	Defensive	34.7%	25%	77.5%	67.5%	61%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 6: New Indexed Balanced Growth and Changes to Ready-Made Options for Transition to Retirement (TTR) members - Sustainable Growth and High Growth

Name		From 1/10/2020 Indexed Balanced Growth	Up to 30/9/2020 Eco	From 1/10/2020 Sustainable Growth (formerly Eco Pool)	Up to 30/9/2020 Active	From 1/10/2020 High Growth (formerly Shares Plus)
Description		Invests in a mix of low-cost asset classes that aim to closely match index returns. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	Eco invests in companies with above average environmental, social and governance performance. Eco has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private Equity investments are in sustainable investments.	Invests in shares, debt and private equity of companies with above average environmental, social and governance performance, along with some exposure to environmental property investments. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	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.	Invests in a wide range of primarily Australian and international shares, and private equity, along with some exposure to property, infrastructure, debt and cash. This option aims to achieve strong long-term growth with some possible ups and downs that may be greater than Balanced Growth in the short-term.
Investment objective (long-term)		To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 2.5%	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than CPI + 3.5%	No Change	To earn a return (after-tax return for TTR), after investment fees and indirect costs, equivalent to or higher than CPI + 4.0%	No Change
Probable number of negative returns over 20 years		4 to less than 6	4 to less than 6	No Change	4 to less than 6	No Change
Risk level		High	High	No Change	High	No Change
Suggested minimum investment timeframe		7 to 10 years	7 to 10 years	No Change	7 to 10 years	No Change
Type of investor this may suit		Ambitious	Aggressive	No change to risk profile, renamed to 'Very Ambitious'	Aggressive	No change to risk profile, renamed to 'Very Ambitious'
Strategic asset allocation	Australian shares	32%	33%	33%	43.5%	39%
	International shares	43%	31%	31%	43.5%	30.5%
	Private equity	-	4%	4%	0%	10%
	Alternatives	-	0%	0%	0%	8.5%
	Infrastructure	-	0%	0%	4%	4.5%
	Property	-	10%	10%	4%	3.5%
	Global debt	20%	17%	17%	0%	2%
	Cash	5%	5%	5%	5%	2%
Allocation range	Australian shares	27 - 37%	23 - 47%	23 - 43%	30 - 55%	25 - 50%
	International shares	38 - 48%	17 - 41%	21 - 41%	30 - 55%	25 - 50%
	Private equity	-	0 - 10%	0 - 10%	-	0 - 15%
	Alternatives	-	0 - 15%	0 - 15%	0 - 10%	0 - 15%
	Infrastructure	-	0 - 20%	0 - 20%	0 - 10%	0 - 10%
	Property	-	0 - 20%	0 - 20%	0 - 10%	0 - 10%
	Global debt	15 - 25%	5 - 25%	5 - 25%	0 - 10%	0 - 10%
	Cash	0 - 10%	2 - 20%	2 - 20%	2 - 20%	0 - 25%
Overall growth / defensive split*	Growth	75%	73%	75%	91.6%	90%
	Defensive	25%	27%	25%	8.4%	10%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 7: Changes to Your Choice Options for Transition to Retirement (TTR) members - Cash and Term Deposits and new Diversified Bonds

Name		Up to 30/9/2020 Cash	Up to 30/9/2020 Term Deposits	From 1/10/2020 Cash and Term Deposits	From 1/10/2020 Diversified Bonds
Description		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 investment.	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.	Invests in a range of at-call bank deposits and short-dated term deposits, and may have a small allocation to other cash investments. It is expected to deliver a return above the official RBA cash rate over the long-term.	Invests in Australian and international government bonds and other debt. This option aims for returns that typically outperform cash, but is more stable than shares in the short to medium-term.
Investment objective (long-term)		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 the return (net of tax## for TTR) of the Bloomberg Ausbond Bank Bill Index.	No Change	Over the long-term, to earn a return, after investment fees and indirect costs, equivalent to or higher than the return 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
Probable number of negative returns over 20 years		Less than 0.5	Less than 0.5	No Change	1 to less than 2
Risk level		Very low	Very low	No Change	Low to medium
Suggested minimum investment timeframe		Less than 1 year	Less than 1 year	No Change	1 to 3 years
Type of investor this may suit		This option may suit an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include term deposits.	Very Cautious Or an investor seeking to create their own diversified portfolio, who would like to include cash, cash products and term deposits.	An investor seeking to create their own diversified portfolio, who would like to include debt and other fixed interest investments.
Strategic asset allocation	Global debt	-	-	-	100%
	Alternatives	-	-	-	0%
	Cash	100%	10%	50%	-
	Term deposit	-	90%	50%	-
Allocation range	Global debt	-	-	-	50 - 100%
	Alternatives	-	-	-	0 - 30%
	Cash	100%	5 - 100%	40 - 100%	0 - 25%
	Term deposit	-	0 - 95%	0 - 60%	-
Overall growth / defensive split*	Growth	0%	0%	No Change	0%
	Defensive	100%	100%	No Change	100%

Estimated tax rate provided by independent investment consultant.

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 8: Changes to Your Choice Options for Transition to Retirement (TTR) members - Property and Infrastructure, International Shares and Australian Shares

Name	Up to 30/9/2020 Property	From 1/10/2020 Property and Infrastructure	Up to 30/9/2020 International Shares	From 1/10/2020 International Shares	Up to 30/9/2020 Australian Shares	From 1/10/2020 Australian Shares
Description	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.	Invests in Australian and global property and infrastructure, along with some cash. This option aims to achieve medium to long-term growth with some possible ups and downs, but is expected to be more stable than shares in the short-term.	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.	Invests in a range of companies listed on stock exchanges around the world. This option aims to achieve strong growth over the long-term, with possible short-term ups and downs.	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.	Invests in a range of companies listed on the Australian stock exchange, as well as a few that aren't. This option aims to achieve strong growth over the long-term, with possible short-term ups and downs.
Investment objective (long-term)	Over the long-term, to earn a return (after-tax for TTR) after investment fees and indirect costs, equivalent to or higher than CPI + 2.75%.	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 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: <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 	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##) of the combination of: <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 	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: <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 	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##) of the S&P/ASX 300 Accumulation Index.
Probable number of negative returns over 20 years	2 to less than 3	No Change	4 to less than 6	No Change	6 or greater	No Change
Risk level	Medium	No Change	High	No Change	Very High	No Change
Suggested minimum investment timeframe	3 to 5 years	5 to 7 years	7 to 10 years	No Change	7 to 10 years	No Change
Type of investor this may suit	This option may suit an investor seeking to create their own diversified portfolio, who would like to include property.	An investor seeking to create their own diversified portfolio, who would like to include property and infrastructure.	This option may suit an investor seeking to create their own diversified portfolio, who would like to include international shares.	No Change	This option may suit an investor seeking to create their own diversified portfolio, who would like to include Australian shares.	No Change
Strategic asset allocation	Infrastructure	-	45%	-	-	-
	Property	85%	45%	-	-	-
	Cash	15%	10%	5%	0%	5%
	International Shares	-	-	95%	100%	-
	Australian Shares	-	-	-	-	95%
Allocation ranges	Infrastructure	-	30 - 70%	-	-	-
	Property	80 - 95%	30 - 70%	-	-	-
	Cash	5 - 20%	0 - 30%	2.5 - 15%	0 - 10%	2.5 - 15%
	International Shares	-	-	85 - 97.5%	90 - 100%	-
	Australian Shares	-	-	-	-	85 - 97.5%
Overall growth / defensive split*	Growth	55.3%	68%	95%	100%	95%
	Defensive	44.7%	32%	5%	0%	5%

Estimated tax rate provided by independent investment consultant.

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Investment fees and costs updates

Investment fees and indirect cost ratios (ICRs) include several components which are estimates only. Actual amounts you will be charged in subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs.

Retirement Income Stream (RIS) and Term Allocated Pension (TAP)

		Investment fee		Indirect Cost Ratio	
		2018/2019	2019/2020	2018/2019	2019/2020
Ready-Made options	Balanced Growth	0.50%	0.49%	0.03%	0.02%
	Conservative	Defensive - 0.33%	0.34%	Defensive - 0.02%	0.02%
		Conservative - 0.42%		Conservative - 0.02%	
	Indexed Balanced Growth	-	0.06%	-	0.00%
	Sustainable Growth	1.18%	0.83%	0.04%	0.05%
High Growth	0.44%	0.51%	0.02%	0.01%	
Your Choice Options	Cash and Term Deposits	Cash - 0.08%	0.03%	Cash - 0.00%	0.00%
		Term Deposits - 0.06%		Term Deposits - 0.00%	
	Diversified Bonds	-	0.24%	-	0.00%
	Property and Infrastructure	Property - 1.16%	1.03%	Property - 0.08%	0.15%
	International shares	0.46%	0.54%	0.01%	0.00%
	Australian shares	0.38%	0.38%	0.00%	0.00%

Transition to Retirement (TTR)

		Investment fee		Indirect Cost Ratio	
		2018/2019	2019/2020	2018/2019	2019/2020
Ready-Made Options	Balanced Growth	0.49%	0.73%	0.03%	0.09%
	Conservative	Defensive - 0.33%	0.42%	Defensive - 0.02%	0.03%
		Conservative - 0.43%		Conservative - 0.02%	
	Indexed Balanced Growth	-	0.06%	-	0.00%
	Sustainable Growth	1.27%	0.82%	0.04%	0.05%
High Growth	0.43%	0.79%	0.02%	0.12%	
Your Choice Options	Cash and Term Deposits	Cash - 0.08%	0.03%	Cash - 0.00%	0.00%
		Term Deposits - 0.06%		Term Deposits - 0.00%	
	Diversified Bonds	-	0.42%	-	0.00%
	Property and Infrastructure	Property - 1.15%	1.03%	Property - 0.08%	0.15%
	International shares	0.46%	0.56%	0.01%	0.00%
	Australian shares	0.40%	0.37%	0.00%	0.00%

Other investment changes from 1 October 2020

- From 1 October 2020, the HESTA Income Stream PDS has been updated to remove the 5-year medium-term investment objectives for each investment option given the long-term investment horizon.
- From 1 October 2020, the growth and defensive classification in the asset classes of property and infrastructure has been updated to be in line with the APRA Information Paper "Heatmap - MySuper products" released in November 2019
- From 1 October 2020, information about our foreign currency hedge strategy for each investment option will be removed. The changes from 1 October are outlined in the table below.

		Strategic foreign currency exposure for RIS and TTR		Strategic foreign currency exposure range for RIS and TTR	
		up to 30/9/2020	From 1/10/2020	up to 30/9/2020	From 1/10/2020
Ready-Made Options	Balanced Growth	15%	17.5%	0 - 30%	0 - 30%
	Conservative	7.5%	7.5%	0 - 30%	0 - 20%
	Indexed Balanced Growth	-	21.5%	-	0 - 35%
	Sustainable Growth	15%	17.5%	0 - 30%	0 - 30%
	High Growth	25%	25%	0 - 60%	0 - 50%
Your Choice Options	Cash and Term Deposits	-	-	-	-
	Diversified Bonds	-	-	-	-
	Property and Infrastructure	Property - 0%	0%	Property - 0 - 20%	0 - 100%
		Infrastructure - 0%		Infrastructure - 0%	
	International shares	47.5%	50%	0 - 100%	0 - 100%
	Australian shares	-	-	-	-

Responsible investment updates

- Across our entire portfolio we exclude certain investments in companies related to thermal coal. From 1 July 2020, the restriction was extended to all investments, regardless of whether those investments were new or existing.
- From 1 October 2020, the HESTA Income Stream PDS was updated to reflect an exclusion that applies across our entire portfolio of investment in any company that provides services to asylum seeker detention centres.
- From 1 July 2020, the Australian shares and international shares asset component of Eco (renamed Sustainable Growth from 1 October) was updated to enable a more general description.

Investment term clarifications

- From 1 July 2020, the explanation of investment fees was expanded to include investment costs that are incurred by the HESTA internal investment team. These costs are allocated on an activity basis determined by underlying management costs. Similarly, the explanation of performance fee was updated to reflect that it contributes to the investment fee or indirect cost ratio (ICR) for each investment option.
- From 1 July 2020, we updated the conventions and procedures on unit pricing and investment switches including what happens when a public holiday falls on a Wednesday or Thursday with requests being applied on the immediate Saturday instead of Friday. From 1 October 2020, we have removed references to the number of units being visible in your online account as that functionality is not currently available.

Legislation and tax changes

From 1 July 2020, the age required to meet the work test will increase to 67. This means a member who is under age 67 will be able to make non-concessional contributions. The concessional contributions cap of \$25,000 and non-concessional contributions cap of \$100,000 has not changed.

Caps and thresholds

	2019/20	2020/21
SG maximum contribution base	\$55,270 p.q.	\$57,090 p.q.
Co-contribution lower/upper thresholds	\$38,564/\$53,564	\$39,837/\$54,837
Lump sum low rate cap	\$210,000	\$215,000
Untaxed plan cap amount	\$1,515,000	\$1,565,000

Other changes

Income Stream payments – default drawdown order

We offer three ways for members who have created their own investment strategy (members who are not invested in the Ready-Made Strategy) to draw payment: a pro-rata system, order of priority and a nominated percentage method. If a selection is not made, payments will be drawn in the same proportion as your initial investment allocation (pro-rata). Where funds have been depleted from the member's nominated drawdown investment option, from 1 October 2020, funds will be drawn down on a pro-rata basis from the remaining options.

Investment of accrued balance in Cash and Term Deposits upon death notification

From 1 July 2020, a member's accrued account balance will be transferred to the Cash option upon receiving formal notification of death. This has been introduced to preserve the accrued balance before being paid to beneficiaries. If the members' income stream reverts to a reversionary beneficiary, they will be able to change the investment choice once it is in their name. From 1 October 2020, the Cash option will change to a Cash and Term Deposits option as a result of the overall investment option changes.

Retirement Reward

From 1 July 2020, an additional footnote has been included to advise members that in times of severe market decline, where there is a risk that the market volatility can reduce the level of tax savings passed onto members, the Retirement Reward may reduce to zero for eligible investment options.

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