

27 August 2018

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

Asset classes

From 1 October 2018;

- The Alternative Growth asset class changed name to Private Equity; and
- A new asset class called Alternatives has been added, which may include investments in liquid alternatives, insurance linked securities and alternative credit.

Risk Label and Probable number of negative annual returns over 20 years

	Up to 30/9/2018		From 1/10/2018	
	Risk label	Negative returns	Risk Label	Negative returns
Term deposits	Low to Medium	1 to less than 2	Low	0.5 to less than 1
Property	Medium to High	3 to less than 4	Medium	2 to less than 3
Australian Shares	Very High	6 or greater	High	4 to less than 6

Foreign currency exposure

	Up to 30/9/2018			From 1/10/2018		
	Strategic exposure	Strategic exposure range	Active hedge	Strategic exposure	Strategic exposure range	Active hedge
Balanced	12.5%	0-40%	Yes	15.0%	0-30%	Yes
Defensive	0.0%	0-20%	Yes	0.0%	0-20%	No
Eco	15.0%	0-50%	Yes	15.0%	0-30%	Yes

Controversial weapons exclusion

Across our entire listed equities portfolio we are in the process of excluding investment in any company that produces controversial weapons defined as whole weapon systems or components developed for exclusive use in cluster munitions, anti-personnel mines, biological or chemical weapons.

Investment changes

Asset Allocation

	Asset class	Long term strategic asset allocation (LTSAA)		LTSAA range	
		Up to 30/9/2018	From 1/10/2018	Up to 30/9/2018	From 1/10/2018
Balanced	Australian Shares	27.0%	27.0%	17-37%	17-37%
	International Shares	27.0%	25.0%	17-37%	16-36%
	Private Equity	0.0%	0.0%	0-10%	0-0%
	Infrastructure	9.0%	9.5%	4-14%	5-25%
	Property	9.0%	8.5%	4-14%	3-20%
	Global Debt	20.0%	19.0%	4-40%	5-35%
	Cash	8.0%	5.0%	2-30%	0-30%
	Alternatives	0.0%	6.0%	0-0%	0-15%
Defensive	Australian Shares	6.0%	7.0%	2-12%	3-13%
	International Shares	6.0%	6.0%	2-12%	3-13%
	Infrastructure	6.0%	7.0%	2-15%	2-15%
	Property	6.0%	6.0%	2-15%	2-15%
	Global Debt	31.0%	28.0%	10-55%	20-40%
	Cash	45.0%	40.0%	5-50%	30-50%
	Alternatives	0.0%	6.0%	0-0%	0-10%*
Conservative	Australian Shares	13.5%	12.0%	5-22%	5-20%
	International Shares	13.5%	11.0%	5-22%	5-15%
	Infrastructure	6.0%	7.0%	2-15%	2-15%
	Property	6.0%	6.0%	2-15%	2-15%
	Global Debt	44.0%	36.0%	10-70%	20-45%
	Cash	17.0%	22.0%	5-30%	10-30%
	Alternatives	0.0%	6.0%	0-0%	0-15%
Eco	Australian Shares	32.0%	33.0%	20-44%	23-47%
	International Shares	32.0%	31.0%	20-44%	17-41%
	Private equity	4.0%	4.0%	0-10%	0-10%
	Infrastructure	0.0%	0.0%	0-10%	0-20%
	Property	8.0%	10.0%	0-16%	0-20%
	Global Debt	16.0%	17.0%	4-30%	5-25%
	Cash	8.0%	5.0%	5-20%	2-20%
	Alternatives	0.0%	0.0%	0-0%	0-15%
Active	Australian Shares	43.5%	43.5%	28-59%	30-55%
	International Shares	43.5%	43.5%	28-59%	30-55%
	Private equity	0.0%	0.0%	0-15%	0-0%
	Infrastructure	4.0%	4.0%	0-9%	0-10%
	Property	4.0%	4.0%	0-9%	0-10%
	Global Debt	0.0%	0.0%	0-10%	0-10%
	Cash	5.0%	5.0%	2-20%	2-20%
	Alternatives	0.0%	0.0%	0-0%	0-10%
Term Deposits	Term Deposits	90.0%	90.0%	50-95%	0-95%
	Cash	10.0%	10.0%	5-50%	5-100%

*TTR 0-15%

Investment changes – Retirement Income Stream and Term Allocated Pension options

Investment Objectives – Long Term

	Up to 30/9/2018	From 1/10/2018
		To earn a return, after investment fees and indirect costs, equivalent to or higher than
Balanced	CPI + 4.0%	CPI + 3.5%
Cash	To exceed the return from the RBA Cash Rate	the return of the Bloomberg Ausbond Bank Bill Index
Property	CPI + 4.0%	CPI + 3.5%
International Shares	To exceed the return from the combination of: <ul style="list-style-type: none"> · MSCI ACWI ex Aust Index in \$A Net Dividends Reinvested Unhedged (47.5%) · MSCI ACWI ex Aust Index in \$A Net Dividends Reinvested Hedged (47.5%) · RBA Cash Rate (5.0%) 	the return from the combination of: <ul style="list-style-type: none"> · 73.6% MSCI World ex Aust 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
Australian Shares	To exceed the return from the combination of: <ul style="list-style-type: none"> · S&P/ASX 300 Accumulation Index (95.0%) · RBA Cash Rate (5.0%) 	the return from the combination of: <ul style="list-style-type: none"> · 95.0% S&P/ASX 300 Accumulation Index · 5.0% Bloomberg Ausbond Bank Bill Index

Investment Objectives – Medium Term

	Up to 30/9/2018	From 1/10/2018
Defensive	CPI + 1.0%	CPI + 1.5%
Conservative	CPI + 1.5%	CPI + 2.0%
Balanced	CPI + 2.75%	CPI + 3.0%
Eco	CPI + 3.0%	CPI + 3.5%

Fees and costs

	Investment Fee		Indirect Cost Ratio	
	2016/17	2017/18	2016/17	2017/18
Defensive	0.20%	0.27%	0.12%	0.05%
Conservative	0.27%	0.37%	0.17%	0.06%
Balanced	0.39%	0.51%	0.25%	0.09%
Eco	1.02%	0.93%	0.25%	0.12%
Active	0.45%	0.54%	0.31%	0.04%
Cash	0.05%	0.06%	0.00%	0.00%
Term Deposits	0.03%	0.05%	0.00%	0.00%
Property	0.24%	0.42%	0.34%	0.65%
International Shares	0.68%	0.66%	0.37%	0.01%
Australian Shares	0.30%	0.44%	0.30%	0.00%

Investment fees and ICRs for 2017/18 includes several components which are estimates only. Final Investment fees and ICRs for 2017/18 will be published in relevant Product Disclosure Statement on 1 October 2018. Visit hesta.com.au/pds or call 1800 813 327 for a copy. 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.

Investment changes – Transition to Retirement options

Investment Objectives – Long Term

	Up to 30/9/2018	From 1/10/2018
		To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than
Defensive	CPI + 1.25%	CPI + 1.5%
Conservative	CPI + 1.75%	CPI + 2.0%
Balanced	CPI + 3.25%	CPI + 3.0%
Eco	CPI + 3.25%	CPI + 3.5%
Active	CPI + 3.75%	CPI + 4.0%
Cash	To exceed the return from the RBA Cash Rate	the return of the Bloomberg Ausbond Bank Bill Index
Property	CPI + 3.25%	CPI + 2.75%
International Shares	To exceed the return from the combination of: <ul style="list-style-type: none"> · MSCI ACWI ex Aust Index in \$A Net Dividends Reinvested Unhedged (47.5%) · MSCI ACWI ex Aust Index in \$A Net Dividends Reinvested Hedged (47.5%) · RBA Cash Rate (5.0%) 	the return from the combination of: <ul style="list-style-type: none"> · 73.6% MSCI World ex Aust 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
Australian Shares	To exceed the return from the combination of: <ul style="list-style-type: none"> · S&P/ASX 300 Accumulation Index (95.0%) · RBA Cash Rate (5.0%) 	the return from the combination of: <ul style="list-style-type: none"> · 95.0% S&P/ASX 300 Accumulation Index · 5.0% Bloomberg Ausbond Bank Bill Index

Investment Objectives – Medium Term

	Up to 30/9/2018	From 1/10/2018
Defensive	CPI + 0.5%	CPI + 1.0%
Conservative	CPI + 1.0%	CPI + 1.5%
Balanced	CPI + 2.0%	CPI + 2.5%
Eco	CPI + 2.25%	CPI + 3.0%
Active	CPI + 3.25%	CPI + 3.5%

Fees and costs

	Investment Fee		Indirect Cost Ratio	
	2016/17	2017/18	2016/17	2017/18
Defensive	0.20%	0.30%	0.12%	0.05%
Conservative	0.27%	0.44%	0.17%	0.06%
Balanced	0.39%	0.55%	0.25%	0.09%
Eco	1.02%	1.12%	0.25%	0.12%
Active	0.45%	0.58%	0.31%	0.04%
Cash	0.05%	0.06%	0.00%	0.00%
Term Deposits	0.03%	0.04%	0.00%	0.00%
Property	0.24%	0.40%	0.34%	0.62%
International Shares	0.68%	0.75%	0.37%	0.01%
Australian Shares	0.30%	0.44%	0.30%	0.00%

Investment fees and ICRs for 2017/18 includes several components which are estimates only. Final Investment fees and ICRs for 2017/18 will be published in relevant Product Disclosure Statement on 1 October 2018. Visit hesta.com.au/pds or call 1800 813 327 for a copy. 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.

Legislation and tax changes

The following superannuation tax thresholds have changed for the 2018/19 financial year.

	2017/18	2018/19
Lump sum low rate cap	\$200,000	\$205,000
Untaxed plan cap amount	\$1,445,000	\$1,480,000

Dispute resolution changes

From 1 November 2018, superannuation related complaints must be made to a new external dispute resolution body.

Complaints lodged before 1 November 2018	Complaints lodged on or after 1 November 2018
Superannuation Complaints Tribunal Online: www.sct.gov.au Email: info@sct.gov.au Phone: 1300 884 114 Mail: Superannuation Complaints Tribunal, Locked Bag 3060, MELBOURNE VIC 3001	Australian Financial Complaints Authority Online: www.afca.org.au Email: info@afca.org.au Phone: 1800 931 678 Mail: Australian Financial Complaints Authority GPO Box 3, MELBOURNE VIC 3001

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