

HESTA Income Stream

Significant Event Notice



1 September 2016

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

HESTA is moving to unit pricing

From late 2016, HESTA will move to unit pricing to calculate and report on members' account balances.

The change will happen automatically and will not affect your account balance. The initial units allocated to you will be determined by your account balance divided by the unit prices for the investment options you are invested in at the time of change. Once this change takes place, your account balance will be shown in both dollars and units. You will be able to see how much your super is worth by looking up the unit price for your chosen investment option and multiplying the number of units you hold by the unit price.

Payments, fees and or any other withdrawal from your account will reduce the number of units held, determined by dividing the amount by the relevant unit price.

We will calculate the unit price for each investment option weekly so you continue to have an up-to-date account balance that reflects any market movements.

The change in unit prices will reflect changes in the value of the assets held by each investment option and will be used to determine the percentage investment return over time of each option. In times of poor investment performance, rates may be negative.

You will still be able check the value of your account at any time, by logging onto member online at www.hesta.com.au/mol. You will be able to see the number of units you hold, the current unit price and the total value you hold in each investment option, with the total of these making up your HESTA account balance.

Your annual statement will show the value of your account based on the unit price of your selected investment options as at 30 June each year. If you exit HESTA before 30 June, the last weekly available unit price will be used to calculate your withdrawal benefit.

Family Law Fees

From 1 September 2016, the following activity fees will apply.

Activity Fee	How and when paid
Family law information request	\$103 charged directly to any eligible person requesting information
Family law account splitting	An \$80 fee is split equally between you and your former spouse (unless your former spouse receives the entire balance in which case the former spouse pays the entire fee), when giving effect to a family law splitting order or agreement.

Investment changes

Indirect Cost Ratio (ICR) - Investment Costs

Investment Option	2014/2015	2015/2016
Balanced	0.38% p.a.	0.41% p.a.
Defensive	0.16% p.a.	0.17% p.a.
Conservative	0.27% p.a.	0.27% p.a.
Eco	0.79% p.a.	0.79% p.a.
Active	0.48% p.a.	0.46% p.a.
Cash	0.05% p.a.	0.04% p.a.
Term Deposits	0.03% p.a.	No change
Property	0.33% p.a.	0.30% p.a.
Australian Shares	0.46% p.a.	0.48% p.a.
International Shares	0.52% p.a.	0.44% p.a.

Annual Returns – probable number of negative annual returns over 20 years

Investment Option	Up to 31/8/2016	From 1/9/2016
Balanced	2 to less than 3	3 to less than 4
Defensive	Less than 0.5	No change
Conservative	0.5 to less than 1	1 to less than 2
Eco	3 to less than 4	4 to less than 6
Active	4 to less than 6	No change
Cash	Less than 0.5	No change
Term Deposits	Less than 0.5	0.5 to less than 1
Property	2 to less than 3	3 to less than 4
Australian Shares	4 to less than 6	6 or greater
International Shares	4 to less than 6	No change

Investment objectives and benchmarks

Investment Option	Up to 31/8/2016	From 1/9/2016
Balanced	Medium term objective (5 years) CPI+3.5%	Medium term objective (5 years) CPI+2.75%
Defensive	Medium term objective (5 years) CPI+2.0%	Medium term objective (5 years) CPI+1.0%
Conservative	Medium term objective (5 years) CPI+2.5%	Medium term objective (5 years) CPI+1.5%
Eco	Medium term objective (5 years) CPI+3.5%	Medium term objective (5 years) CPI+3.0%
Active	Medium term objective (5 years) CPI+4.5%	Medium term objective (5 years) CPI+4.0%
Cash	Return equivalent or higher than the Reserve Bank of Australia (RBA) Cash Rate	To earn a return before tax and after the Indirect Cost Ratio equivalent or higher than the Reserve Bank of Australia (RBA) Cash Rate
Term Deposits	Bloomberg AusBond Bank Bill Index	To earn a return before tax and after the Indirect Cost Ratio equivalent to or higher than the Bloomberg AusBond Bank Bill Index
Property	Equivalent or higher than its benchmark of <ul style="list-style-type: none"> • 85.0% Mercer/IPD Australian Property Pooled Fund Index • 15.0% RBA Cash Rate 	To earn a return before tax and after the Indirect Cost Ratio equivalent to or higher than CPI + 4.0%
Australian Shares	Equivalent or higher than its benchmark of <ul style="list-style-type: none"> • 1.0% or more than the S&P/ASX 300 Accumulation Index 	To earn a return after adjusting for tax credits and after the Indirect Cost Ratio higher than the return from the combination of: <ul style="list-style-type: none"> • 95% S&P/ASX 300 Accumulation Index • 5.0% RBA Cash Rate
International Shares	Equivalent or higher than its benchmark of <ul style="list-style-type: none"> • 50.0% MSCI All Countries World Ex-Aust Index in \$A Net Dividends Reinvested Unhedged • 50.0% MSCI All Countries World Ex-Aust in \$A Net Dividends Reinvested Hedged 	To earn a return before tax and after the Indirect Cost Ratio higher than the return from the combination of: <ul style="list-style-type: none"> • 47.5% MSCI All Countries World Ex-Aust Index in \$A Net Dividends Reinvested Unhedged • 47.5% MSCI All Countries World Ex-Aust in \$A Net Dividends Reinvested Hedged • 5.0% RBA Cash Rate

Investment objectives and benchmarks

	Up to 31/8/2016			From 1/9/2016		
Investment Option	Asset Class	Strategic Allocation	Allocation Range	Asset Class	Strategic Allocation	Allocation Range
Balanced	Australian Shares International Shares Alternative Growth (Cleantech) Property Infrastructure Global Credit Alternative Defensives Cash Cash Term Deposits	27.0% 27.0% 0.0% 9.0% 9.0% 22.0% 0.0% 6.0% 0.0%	17-37% 17-37% 0-10% 4-14% 4-14% 4-40% 0-10% 2-30% 0-10%	Australian Shares International Shares Alternative Growth Property Infrastructure Global Credit Cash	27.0% 27.0% 0.0% 9.0% 9.0% 20.0% 8.0%	17-37% 17-37% 0-10% 4-14% 4-14% 4-40% 2-30%
Defensive	Australian Shares International Shares Property Infrastructure Global Credit Alternative Defensives Cash Cash Term Deposits	6.0% 6.0% 6.0% 6.0% 31.0% 0.0% 10.0% 35.0%	2-12% 2-12% 2-15% 2-15% 10-55% 0-14% 5-50% 0-40%	Australian Shares International Shares Property Infrastructure Global Debt Cash	6.0% 6.0% 6.0% 6.0% 31.0% 45.0%	2-12% 2-12% 2-15% 2-15% 10-55% 5-50%
Conservative	Australian Shares International Shares Property Infrastructure Global Credit Alternative Defensives Cash Cash Term Deposits	13.5% 13.5% 6.0% 6.0% 44.0% 0.0% 10.0% 7.0%	5-22% 5-22% 2-15% 2-15% 10-70% 0-12% 5-30% 0-15%	Australian Shares International Shares Property Infrastructure Global Credit Cash	13.5% 13.5% 6.0% 6.0% 44.0% 17.0%	5-22% 5-22% 2-15% 2-15% 10-70% 5-30%
Eco	Australian Shares International Shares Alternative Growth (Cleantech) Property Infrastructure Global Credit Alternative Defensives Cash Cash Term Deposits	33.0% 31.0% 4.0% 8.0% 0.0% 15.5% 0.0% 8.5% 0.0%	23-47% 17-41% 0-10% 0-16% 0-10% 4-30% 0-10% 5-20% 0-10%	Australian Shares International Shares Alternative Growth (Cleantech) Property Infrastructure Global Credit Cash	32.0% 32.0% 4.0% 8.0% 0.0% 16.0% 8.0%	20-44% 20-44% 0-10% 0-16% 0-10% 4-30% 5-20%
Active	Australian Shares International Shares Alternative Growth (Cleantech) Property Infrastructure Global Credit Cash	43.5% 43.5% 0.0% 4.0% 4.0% 0.0% 5.0%	28-59% 28-59% 0-15% 0-9% 0-9% 0-10% 2-20%	Australian Shares International Shares Alternative Growth Property Infrastructure Global Debt Cash	43.5% 43.5% 0.0% 4.0% 4.0% 0.0% 5.0%	28-59% 28-59% 0-15% 0-9% 0-9% 0-10% 2-20%
Cash	Cash Cash Term Deposits	75.0% 23.0%	65-100% 0-35%	Cash	100%	100%
Term Deposits	Term Deposits Cash Cash Term Deposits	90.0% 10.0% 0.0%	50-95% 5-50% 0-50%	Term Deposits Cash	90.0% 10.0%	50-95% 5-50%
Property	Property Cash Cash Term Deposits	85.0% 10.0% 5.0%	80-95% 5-20% 0-10%	Property Cash	85.0% 15.0%	80-95% 5-20%
Australian Shares	Australian Shares Cash	95.0% 5.0%	85-97.5% 2.5-15%	Australian Shares Cash	No change	No change
International Shares	International Shares Cash	95.0% 5.0%	85-97.5% 2.5-15%	International Shares Cash	No change	No change

Foreign Currency Exposure

Investment Option	Up to 31/8/2016			From 1/9/2016		
	Strategic foreign currency exposure (%)	Strategic foreign currency exposure range (%)	Active hedge (%)	Strategic foreign currency exposure (%)	Strategic foreign currency exposure range (%)	Active hedge (%)
Active	27.5%	0-60%	Yes	25.0%	0-60%	Yes
Balanced	15.0%	0-40%	Yes	12.5%	0-40%	Yes
Conservative	8.5%	0-30%	Yes	7.5%	0-30%	Yes
Defensive	0.0%	0-20%	Yes	0.0%	0-20%	Yes
Eco	0.0%	0-50%	Yes	15.0%	0-50%	Yes
Australian Shares	0.0%	0-10%	No	0.0%	0-10%	No
International Shares	55.0%	0-100%	Yes	47.5%	0-100%	Yes

Issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL 235249, the Trustee of Health Employees Superannuation Trust Australia (HESTA) ABN 64 971 749 321. The information is current at the date of preparation (15/08/2016). This information 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. 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). This information does not relate to the HESTA or HESTA Personal super products. For more information about changes to those products visit hesta.com.au/sen