

target market determination

For HESTA Personal Super product

HESTA Personal Super product provides a range of investment options, which incorporates our responsible investment approach. It also provides insurance options that cover income protection, total and permanent disability, and death.

Trustee of Superannuation Fund	H.E.S.T. Australia Ltd
Fund name	Health Employees Superannuation Trust Australia (HESTA)
Australian Business Number (ABN)	66 006 818 695
Unique Superannuation Identifier (USI)	HST0100AU
Australian Financial Services Licence (AFSL)	235249

1. About this document

This target market determination (TMD) seeks to provide members and distributors with an understanding of the target market for whom the Personal Super product (including key attributes) has been designed and is likely to be appropriate for, having regard to their objectives, financial situation and needs.

This document is not a full summary of the product's risks and features and is not intended to provide financial advice. Members and distributors must refer to the Product Disclosure Statement and any supplementary documents when deciding whether to join this product.

Product Disclosure Statement to which this TMD applies

This TMD applies to the HESTA Personal Super product referred to in the HESTA Personal Super Product Disclosure Statement and the supplementary documents available at hesta.com.au/pds

2. Important dates

Date from when this TMD is effective	5 October 2021
Date when this TMD was last reviewed	5 October 2021
Latest date when this TMD will be next reviewed	5 October 2022

3. Type of members that fall within this target market

The HESTA Personal Super product is designed for members who:

- are looking to save for their retirement, within the superannuation system
- at any life stage want to make an active investment choice that aligns to their risk profile and/or employment basis or tenure
- are self-employed or not currently employed, where legislated minimum employer contributions are **not** required to be paid on their behalf.

There is no minimum age, minimum contribution value or pre-existing superannuation balance for joining the product.

The product remains appropriate for members whilst transitioning to retirement, who may take career breaks or on the expiry of a self-employment arrangement after joining the product.

Product description and key attributes

The key product attributes include:

- ability to select from ten investment options, allowing members to create their own portfolio to suit their specific investment needs
- ability to increase their retirement savings by making additional contributions on a before or after-tax basis
- access to a tax efficient way to save for retirement
- online member portal access using HESTA Member Online
- access to apply for Standard Insurance Cover (if eligible) as well as the option to apply for additional insurance cover to suit personal situations
- ability to access intra-fund advice about superannuation.

Objectives, financial situation and needs

Investment options

The following Ready-Made options are designed to meet the needs of members who want exposure to a diversified portfolio of investments across different asset classes and with different risk/return outcomes.

Balanced Growth (Our default option)	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking to invest in a wide range of asset classes including shares, private equity, alternatives, property, and infrastructure, with some debt and cash investments • are seeking to outperform the rate of inflation as measured by the CPI, by 3.0% in the long term (10 years) • may be comfortable with a higher exposure to growth assets • may be comfortable with exposure to a high-risk investment with possible short-term volatility • would ideally invest in the option for 5 to 7 years (but can switch in and out of this option at any time).
Conservative	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking to invest in a wide range of asset classes with a higher allocation than Balanced Growth to debt and cash investments, with some shares, property, infrastructure, and alternatives investments • are seeking to outperform the rate of inflation as measured by the CPI, by 1.5% in the long term (10 years) • may be comfortable with less exposure to growth assets and more exposure to defensive assets • may be comfortable with exposure to a medium risk investment with some short-term volatility; but is expected to have relatively lower volatility than Balanced Growth in the short term • would ideally invest in the option for 1 to 3 years (but can switch in and out of this option at any time).

Index Balanced Growth	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking to invest in low-cost passive investment strategies that aim to closely match index returns • are seeking to outperform the rate of inflation as measured by the CPI, by 2.0% in the long term (10 years) • may be comfortable with a high exposure to listed shares • may be comfortable with exposure to a high-risk investment option with more short-term volatility than Balanced Growth given its higher allocation to listed markets • would ideally invest in the option for 5 to 7 years (but can switch in and out of this option at any time).
Sustainable Growth	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking to invest in shares, property, private equity with some debt, and cash investments • are seeking investments that are selected and managed in accordance with specific ESG requirements, that take into consideration the preferences of members, with a focus on ESG risks and opportunities • are seeking to outperform the rate of inflation as measured by the CPI, by 3.0% in the long term (10 years) • may be comfortable with a higher exposure to growth assets. • may be comfortable with exposure to a high-risk investment with possible short-term volatility that may be greater than Balanced Growth given its higher allocation to listed markets • would ideally invest in the option for 5 to 7 years (but can switch in and out of this option at any time).
High Growth	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> ○ are seeking to invest in a wide range of primarily Australian and international shares, and private equity, along with some exposure to alternatives, property, infrastructure, debt and cash ○ are seeking to outperform the rate of inflation as measured by the CPI, by 4.0% in the long term (10 years) ○ may be comfortable with high exposure to growth assets through the highest allocation to shares across our Ready-made options ○ may be comfortable with exposure to a very high-risk investment option with short-term volatility that may be greater than Balanced Growth ○ would ideally invest in the option for 7 to 10 years (but can switch in and out of this option at any time).

The following Your Choice options are designed to meet the needs of members who are seeking to create a diversified portfolio or would like specific exposure to a certain asset class or asset classes to suit their financial needs and objectives:

Cash and Term Deposits	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking a specific exposure to cash, cash products and short-dated term deposits • are seeking over the long term, to earn an after-tax return, after investment fees and costs, equivalent to or higher than the return (net of tax) of the Bloomberg Ausbond Bank Bill Index • are comfortable with an exposure to a very low risk investment asset class, acknowledging current interest rates are low, with the potential for negative rates that would lead to a small negative return • would ideally invest in the option for less than 1 year (but can switch in and out of this option at any time).
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Diversified Bonds	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking a specific exposure to, Australian and international government bonds and other debt • seeking over the long term, to earn an after-tax return, after investment fees and costs, equivalent to or higher than the return (net of tax) 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 • are comfortable with an exposure to a lower volatility asset class, however acknowledging that currently interest rates are very low and, in some countries, negative. This means the chance of interest rates rising from current levels is higher. If this happens investors should expect a small to moderate loss • would ideally invest in the option for 1 to 3 years (but can switch in and out of this option at any time).
Property and Infrastructure	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking a specific exposure to, Australian and global property and infrastructure, along with a smaller allocation to cash • are seeking over the long term, to earn an after-tax return after investment fees and costs, equivalent to or higher than CPI + 3.0% • are comfortable with exposure to a medium-risk investment, which is expected to earn a better return than cash and global debt but may be more volatile • would ideally invest in the option for 3 to 5 years (but can switch in and out of this option at any time).
International Shares	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking a specific exposure to, a range of companies listed on the stock exchanges around the world • are seeking over the long term, to earn an after-tax return, after investment fees and 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 • are comfortable with exposure to a very high-risk investment, with higher volatility relative to other investment options • would ideally invest in the option for 7 to 10 years (but can switch in and out of this option at any time).
Australian Shares	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> • are seeking a specific exposure to, a range of companies listed on the Australian stock exchange as well as a few that are not • are seeking over the long term, to earn an after-tax return, after investment fees and costs, equivalent to or higher than the return (net of tax) of the S&P/ASX 300 Accumulation Index • are comfortable with exposure to a very high-risk investment, with higher volatility relative to other investment options • would ideally invest in the option for 7 to 10 years (but can switch in and out of this option at any time).

Insurance options

The HESTA Personal Super product gives members access to the following types of insurance:

Standard Cover	<p>This option is designed for members who require a minimum cover of 2 units of Income Protection Cover, 2 units of Death Cover and who are seeking access to:</p> <ul style="list-style-type: none"> • a monthly income benefit to help with ongoing living expenses if they are temporarily or permanently disabled • death cover to assist with the financial impact their death would have on their dependants.
Income Protection Cover	<p>This option is designed for members who are aged between 15 and 67, who are seeking access to:</p> <ul style="list-style-type: none"> • a monthly income benefit to help with their ongoing living expenses if they are temporarily or permanently disabled • the ability to increase their Income Protection Cover, up to a maximum monthly cover of \$25,000 (capped at 85% of salary) • the flexibility to choose the age their cover stops, the benefit payment period and the waiting period.
Death Cover	<p>This option is designed for members who are aged between 15 and 75, who are seeking access to:</p> <ul style="list-style-type: none"> • a lump-sum benefit to help their dependants with ongoing expenses and one-off costs if they died or were terminally ill • the ability to increase their Death Cover subject to a maximum cover of \$3 million.
Lump-sum TPD Cover	<p>This option is designed for members aged between 15 and 70 and hold death cover, who are seeking access to:</p> <ul style="list-style-type: none"> ○ a lump-sum benefit if they are totally and permanently disabled and unlikely to ever be able to return to work. ○ the ability to increase their TPD cover subject to a maximum cover of \$2 million.
Fixed Death Cover	<p>This option is designed for members, aged between 15 and 75, who are seeking access to:</p> <ul style="list-style-type: none"> ○ a lump-sum benefit to help their dependants with ongoing expenses and one-off costs if they died or were terminally ill ○ a specific dollar value of death cover that will maintain the benefit amount as they get older in age, subject to maximum cover limits of \$3 million.
Fixed Lump-sum TPD Cover	<p>This option is designed for members, aged between 15 and 70, hold death cover and who are seeking access to:</p> <ul style="list-style-type: none"> ○ a lump-sum benefit if they are totally and permanently disabled and unlikely to ever be able to return to work ○ a specific dollar value of disability insurance cover that will maintain the benefit amount as they get older in age, subject to a maximum cover limit of \$2 million.

The insurance options are subject to the terms, conditions, and eligibility criteria of the insurance policies. Members who have previously claimed a lump sum Total and Permanent Disability (TPD) benefit or Terminal Illness benefit from any policy are not eligible to obtain insurance cover. Members can also apply to change to Management Cover. If an application to change is accepted, members may receive a reduction in insurance fees associated with the above insurance options. Some options are not designed for members who are in a high-risk occupation as determined by our insurer. For more information on insurance, download the insurance options guide, available at hesta.com.au/pds

Consistency between target market and the product

The HESTA Personal Super product is likely to be consistent with the likely objectives, financial situation and needs of the members in the target market.

To ensure this, HESTA regularly review:

- Our investment options to provide members with the opportunity for competitive, risk-adjusted net long-term returns (returns after fees and costs).
- Member engagement across the suite of investment options offered to ensure the appropriateness and need for a broad range of investment options appropriate for differing levels of risk tolerance and investment horizons of members.
- Administration fees, including benchmarking against similar leading super funds.
- Insurance features, fees and costs to minimise the account erosion of our members, while providing appropriate insurance options for members.
- The design of our product to ensure it is not complex and allows for a high degree of self-servicing through online account access.

4. How this product is to be distributed

Distribution channels

The HESTA Personal Super product has been designed to be distributed directly with members and also on an advised basis through the following means:

- Through representatives of the fund trustee
- Directly through online or physical application form.
- Through third-party financial advisers other regulated persons (holding an AFSL) who engage in retail product distribution

Distribution conditions

The HESTA Personal Super product is distributed under the following circumstances:

- Where a member is self-employed or not currently working in employment arrangement where legislated minimum employer contributions are required to be paid on their behalf; and
- Where a member meets the relevant insurance eligibility criteria outlined in the PDS (if a member is applying for insurance cover); and
- Where a member wants to choose their investment option.

The HESTA Personal Super product is not for distribution in jurisdictions outside of Australia.

Adequacy of distribution conditions and restrictions

The HESTA Personal Super product distribution conditions and restrictions attempts to ensure that only members who meet eligibility conditions enter into this product:

- the join process incorporates questions relating to employment status and insurance eligibility
- upon first making an investment selection, questions are presented to minimise the likelihood of distribution being inconsistent with the target market
- contact centre and member facing employees are trained on the product, including the product eligibility.

The trustee has determined that the distribution conditions and restrictions will make it likely that members who join the product are in the target market for which it has been designed.

5. Reviewing this TMD

The trustee will review this TMD in accordance with the below:

Initial review | 5 October 2022

Periodic reviews	Annually in April/May of each year (after initial review)
Review events	<p>Any event or circumstances arising that would suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> • significant changes in member engagement that suggest the target market is no longer appropriate • material change to the design or distribution of the product, including related documentation • occurrence of any significant dealings having considered reportable incidents defined below as notified by product distributors • external events such as adverse media coverage or regulatory attention triggered through media reports on instances, social media interactions or regulatory scrutiny of product. • persistent member complaints about investment options, insurance options or the product in general • Indications that the distribution conditions do not make it likely that the members who acquire the product are in the target market • outcomes from Member Outcomes assessments and Business Performance Reviews, which indicate the product is not meeting stated member outcomes.

Where a review event has occurred, this TMD will be reviewed within 10 business days.

6. Reporting and monitoring this TMD

It is an obligation of a distributor of this product to provide the following information in relation to this TMD.

This information must be sent to HESTA via email at **product@hesta.com.au**.

Complaints	<p>Distributors must report monthly (within 10 business days following the end of the month) the number of complaints received in relation to the product covered by this TMD.</p> <p>This will include the substance of complaints and general feedback relating to the product and its performance.</p>
Reportable Incidents	<p>Distributors will report incidents relating to the following circumstances, within 10 business days, to assist the trustees in their assessment of any Significant Dealings in relation to this TMD.</p> <p>Circumstances where:</p> <ul style="list-style-type: none"> ○ a proportion of members who have acquired the product are not in the target market ○ a proportion of members who have acquired the product have characteristics that are specifically excluded from the target market ○ distribution conditions have regularly not been met. ○ there is a consistent feature that identifies when or how members outside the target market acquire the product (e.g. at a particular time period; consistently from a particular adviser).

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. 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. The target market determination for HESTA products can be found at [hesta.com.au/tmd](https://www.hesta.com.au/tmd) Before making a decision about HESTA products, you should read the relevant Product Disclosure Statement (call 1800 813 327 or visit [hesta.com.au](https://www.hesta.com.au) for a copy) and consider any relevant risk (**visit the HESTA website** for more information).

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