

# target market determination



1 July 2026

## For HESTA Transition to Retirement Income Stream product

The HESTA Transition to Retirement (TTR) Income Stream product provides a regular income stream (regular payments) from money accumulated in superannuation, available once members reach age 60 but are still working in either a full or part-time capacity. The HESTA TTR Income Stream product provides access to a range of investment options.

<b>Trustee of Superannuation Fund</b>	H.E.S.T. Australia Ltd
<b>Fund name</b>	HESTA
<b>Trustee Australian Business Number (ABN)</b>	66 006 818 695
<b>Unique Superannuation Identifier (USI)</b>	HST0001AU
<b>Australian Financial Services Licence (AFSL)</b>	235249

## 1. About this document

This target market determination (TMD) seeks to provide consumers and distributors with an understanding of the target market for whom this HESTA TTR Income Stream product (including its key attributes) has been designed and is likely to be appropriate for, having regard to their likely 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. Consumers and distributors must refer to the Product Disclosure Statement (PDS) 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 TTR Income Stream product referred to in the HESTA *Income Stream PDS* available at [hesta.com.au/pds](https://hesta.com.au/pds).

## 2. Important dates

Date from when this TMD is <b>effective</b>	1 July 2026
Date when this TMD was <b>last reviewed</b>	1 July 2026
Latest date when this TMD will be <b>next reviewed</b>	1 July 2027

### 3. Target market

#### Consumers that fall within this target market

The HESTA TTR Income Stream is designed for consumers who:

- are under age 65 and have reached preservation age (age 60 is currently the age super can generally be accessed as income) but are not fully retired from the workforce;
- have the minimum starting investment of \$10,000 within the superannuation system and are looking to convert this into an income stream to support their transition into retirement phase by:
  - working fewer hours and using the HESTA TTR Income Stream to supplement income; or
  - working full time and salary sacrificing into super to save tax and using the HESTA TTR Income Stream to boost their super;
- want the ability to continue to apply an investment strategy (through investment choice) whilst drawing down from their capital (within government limits).

#### Consumers for whom this product is not appropriate

The HESTA TTR Income Stream is not designed for a person who is:

- fully retired from the workforce
- seeking insurance from this product
- wanting to receive a lump-sum cash payment; or
- unable to meet the conditions of the target market set out above.

#### Key product attributes

The key product attributes include:

- access to a tax-efficient way to draw an income if over age 60
- access to a Ready-Made Strategy (our default option in the absence of investment choice) upon joining, where exposure to growth-oriented assets is expected to decline over time without the need to rebalance the portfolio
- the ability to select from 10 investment options allowing consumers to create their own portfolio to suit their specific investment needs
- the ability to specify an annual income level, subject to a minimum and maximum annual payment amount set by government legislation
- access to flexible payment options for regular income payments, including fortnightly, monthly, quarterly, half-yearly and yearly.

## Objectives, financial situation and needs

### Investment options

Refer to the HESTA *Income Stream PDS* at [hesta.com.au/pds](https://hesta.com.au/pds) for detailed information.

The following Ready-Made options or default strategy are designed to meet the needs of consumers who want exposure to a diversified portfolio of investments across different asset classes and with different risk/return outcomes. Members can choose one or more options and can switch in and out at any time. In the table below, there are some references to 'long term', which for practical purposes means 10 years.

<b>Ready-Made Strategy (Default)</b>	<p>This Ready-Made Strategy is designed for members who:</p> <ul style="list-style-type: none"><li>• are seeking a strategy that initially comprises an investment in 66% Conservative option and 34% Balanced Growth option, with regular income payments drawn from the Balanced Growth option first</li><li>• are seeking an investment where exposure to growth-oriented assets is expected to decline over time without the need to rebalance the portfolio</li><li>• are comfortable with their regular income payments being drawn down from the Balanced Growth option first, the higher risk option of the two that is expected to have relatively higher volatility than Conservative in the short term</li><li>• are comfortable being 100% invested within the Conservative Option once the allocation to Balanced Growth has been exhausted through the drawdown of regular income payments.</li></ul> <p>Note that the standard risk measure is not available as it changes over time for this option.</p>
<b>Balanced Growth</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"><li>• are seeking to invest in a wide range of asset classes including shares, property, and infrastructure, with some private equity, alternatives, debt and cash investments</li><li>• are seeking over the long term, to earn an after-tax return after investment fees and indirect costs equivalent to or higher than the Consumer Price Index (CPI) + 3.5% p.a.</li><li>• are comfortable with a higher exposure to growth assets compared to defensive assets</li><li>• are comfortable with exposure to a medium to high-risk investment option with a probable number of negative annual returns<sup>1</sup> of between 3 to less than 4 over 20 years</li><li>• would ideally invest in the option for a minimum investment timeframe of 5 to 7 years.</li></ul>
<b>Conservative</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"><li>• 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</li><li>• are seeking over the long term to earn an after-tax return after investment fees and indirect costs equivalent to or higher than CPI + 1.5% p.a.</li><li>• are comfortable with less exposure to growth assets and more exposure to defensive assets</li><li>• are comfortable with exposure to a medium-risk investment option with a probable number of negative annual returns<sup>1</sup> of between 2 to less than 3 over 20 years</li><li>• would ideally invest in the option for a minimum investment timeframe of 1 to 3 years.</li></ul>
<b>Indexed Balanced Growth</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"><li>• are seeking to invest in lower cost passive investment strategies that aim to closely match index returns</li><li>• are seeking over the long term, to earn an after-tax return after investment fees and indirect costs equivalent to or higher than CPI + 3.0% p.a.</li><li>• are comfortable with a high exposure to listed shares</li><li>• are comfortable with exposure to a high-risk investment option with a probable number of negative annual returns<sup>1</sup> of between 4 to less than 6 over 20 years</li><li>• would ideally invest in the option for a minimum investment timeframe of 5 to 7 years.</li></ul>
<b>Sustainable Growth</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"><li>• seek to avoid exposure to particular activities and tilt towards companies and assets whose activities are thematically aligned with one or more of the UN Sustainable Development Goals (SDGs). Learn more about these SDGs at <a href="https://hesta.com.au/sustainablegrowth">hesta.com.au/sustainablegrowth</a>.</li><li>• are seeking to invest in shares, debt and property with some private equity, alternatives, infrastructure and cash investments</li><li>• are seeking over the long term to earn an after-tax return after investment fees and indirect costs equivalent to or higher than CPI + 3.5% p.a.</li><li>• are comfortable with a higher exposure to growth assets compared to defensive assets</li><li>• are comfortable with exposure to a high-risk investment option with a probable number of negative annual returns<sup>1</sup> of between 4 to less than 6 over 20 years</li><li>• would ideally invest in the option for a minimum investment timeframe of 5 to 7 years.</li></ul>

<sup>1</sup> the Standard Risk Measure

<b>High Growth</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> <li>• are seeking to invest in a wide range of primarily Australian and international shares, infrastructure and private equity, along with some exposure to alternatives, property, debt and cash</li> <li>• are seeking over the long term to earn an after-tax return after investment fees and indirect costs equivalent to or higher than CPI + 4.0% p.a.</li> <li>• are comfortable with the highest exposure to growth assets across our Ready-Made options</li> <li>• are comfortable with exposure to a high-risk investment option with a probable number of negative annual returns<sup>2</sup> of between 4 to less than 6 over 20 years</li> <li>• would ideally invest in the option for a minimum investment timeframe of 7 to 10 years.</li> </ul>
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The following Your Choice options are designed to meet the needs of consumers who are seeking to create a customised portfolio or would like specific exposure to a certain asset class or asset classes to suit their financial needs and objectives. These investment options have limited diversification in their allocation to asset classes and may not suit members who are looking for their super to be invested across a number of different asset classes. Members can choose one or more options and can switch in and out at any time. In the table below, there are some references to 'long term', which for practical purposes means 10 years.

<b>Cash and Term Deposits</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> <li>• are seeking a specific exposure to a range of cash products including but not limited to bank deposits, bank bills, debt securities and cash-like instruments with high liquidity</li> <li>• are seeking 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 Bloomberg AusBond Bank Bill Index</li> <li>• are comfortable with exposure to a very low risk investment option with a probable number of negative annual returns<sup>2</sup> of less than 0.5 over 20 years</li> <li>• would ideally invest in the option for a suggested minimum investment timeframe of less than 1 year.</li> </ul>
<b>Diversified Bonds</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> <li>• are seeking a specific exposure to, Australian and international government bonds and other debt</li> <li>• are seeking 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"> <li>• 50% Bloomberg AusBond Composite 0+ Year Index</li> <li>• 50% Bloomberg Global Aggregate ex Australia Index Hedged to \$A</li> </ul> </li> <li>• are comfortable with exposure to a low to medium risk investment option with a probable number of negative annual returns<sup>2</sup> of between 1 to less than 2 over 20 years</li> <li>• would ideally invest in the option for a minimum investment timeframe of 1 to 3 years.</li> </ul>
<b>Property and Infrastructure</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> <li>• are seeking a specific exposure to, Australian and global property and infrastructure, along with a smaller allocation to cash</li> <li>• are seeking over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than CPI + 3.0% p.a.</li> <li>• are comfortable with exposure to a medium-to-high-risk investment option with a probable number of negative annual returns<sup>2</sup> of between 3 to less than 4 over 20 years</li> <li>• would ideally invest in the option for a minimum investment timeframe of 3 to 5 years.</li> </ul>
<b>International Shares</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> <li>• are seeking a specific exposure to a range of companies listed on the stock exchanges around the world</li> <li>• are seeking 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 MSCI All Country World Ex-Australia Index (unhedged in AUD)</li> <li>• are comfortable with exposure to a high-risk investment, with a probable number of negative annual returns<sup>2</sup> of between 4 to less than 6 over 20 years</li> <li>• would ideally invest in the option for a minimum investment timeframe of 7 to 10 years.</li> </ul>
<b>Australian Shares</b>	<p>This option is designed for members who:</p> <ul style="list-style-type: none"> <li>• are seeking a specific exposure to a range of companies listed on the Australian stock exchange as well as a few that are not</li> <li>• are seeking over the long term, to earn a return (after-tax), after investment fees and indirect costs, equivalent to or higher than the return of the S&amp;P/ASX 300 Accumulation Index (net of tax).</li> <li>• are comfortable with exposure to a high-risk investment, with a probable number of negative annual returns<sup>2</sup> of 4 to less than 6 over 20 years</li> <li>• would ideally invest in the option for a minimum investment timeframe of 7 to 10 years.</li> </ul>

<sup>2</sup> the Standard Risk Measure

## **Consistency between target market and the product**

HESTA believes that the HESTA TTR Income Stream is likely to be consistent with the likely objectives, financial situation and needs of the type of members in the target market. The key terms and attributes of the product have been critically assessed and found to be consistent with the identified target market. This assessment included consideration of the varying levels of choice that members have in the product particularly with the investment features to cater to their personal situation and life stage.

HESTA regularly reviews:

- 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 and costs
- the design of this product to ensure it is not complex and allows for a high degree of self-servicing.

## **4. How this product is distributed**

### **Distribution channels**

The HESTA TTR Income Stream has been designed to be distributed directly to members and also on an advised basis through the following means:

- through representatives of the Trustee
- directly online or by physical application form
- by third-party financial advisers and other regulated persons (holding an AFSL) who engage in retail product distribution.

### **Distribution conditions**

This product should only be distributed under the following circumstances where:

- the questions and answers in the application form and joining process have confirmed that the member is within the target market
- a member transfers at least \$10,000 held within complying superannuation or rollover funds to start their TTR income stream

The HESTA TTR Income Stream is not for distribution in jurisdictions outside of Australia.

### **Adequacy of distribution conditions**

HESTA believes that the HESTA TTR Income Stream distribution conditions ensure that only consumers who meet eligibility conditions enter into this product, because:

- the join process requires individuals to answer questions relevant to confirming their eligibility
- contact centre and member facing employees are trained on the key terms and attributes of the product, including the product eligibility.

The Trustee has determined that the distribution conditions 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:

<b>Annual review</b>	1 July 2027
<b>Periodic reviews</b>	Annually, generally before each 30 September
<b>Review events</b>	<p>An event or circumstances arising that would suggest the TMD is no longer appropriate. This includes:</p> <ul style="list-style-type: none"><li>• significant changes in member engagement that suggest the target market is no longer appropriate</li><li>• material change to the design or distribution of the product, including related documentation</li><li>• occurrence of any significant dealings having considered reportable incidents defined below as notified by product distributors</li><li>• an unexpectedly high level of complaints or adverse feedback from members about investment options, fees and costs or the product in general that would suggest that the product is no longer appropriate</li><li>• notification by the regulator of serious concerns about the distribution and design of the product</li><li>• indications that the distribution conditions do not make it likely that the members who acquire the product are in the target market</li><li>• outcomes from Member Outcomes Assessments and Business Performance Reviews, which indicate the product is not meeting stated member outcomes.</li></ul>

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 for 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](mailto:product@hesta.com.au).

<b>Complaints</b>	<p>Distributors must report quarterly (within 10 business days following the end of the quarter) the number and details 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. Learn more about HESTA's Complaints Policy at <a href="https://hesta.com.au/complaints">hesta.com.au/complaints</a>.</p>
<b>Reportable Incidents</b>	<p>Distributors are required to report a significant dealing (incident) in the product that is not consistent with this TMD within 10 business days of becoming aware of them to help the Trustee to make timely and appropriate decisions.</p> <p><b>What is a significant dealing?</b></p> <p>A significant dealing is a dealing or pattern of dealings of this product that's inconsistent with this TMD. In assessing 'significance', consider the number or proportion of affected members, the actual or potential harm or financial loss to those members, the degree of inconsistency with the target market, and the period over which inconsistent distribution has occurred. A single dealing may be significant where potential member harm is substantial. If you are uncertain, report it to us.</p> <p>Information that distributors must report within 10 business days of becoming aware of an incident:</p> <ul style="list-style-type: none"><li>• the number of members who have acquired the product that are not in the target market or have characteristics that are specifically excluded from the target market</li><li>• actual or potential harm to members who have acquired the product</li><li>• relevant dates</li><li>• circumstances where distribution conditions have regularly not been met, and</li><li>• details of any consistent feature identifying when or how members outside the target market have acquired the product (e.g. at a particular time period; consistently from a particular adviser).</li></ul>

## contact us

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