

significant event notice

HESTA

11 August 2020

This Significant Event Notice is to let you know about important changes to **HESTA and HESTA Personal Super**. 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 future versions of the PDS available at hesta.com.au/pds

We are focusing our investment options to better serve members

From 1 October, 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.

While some options will be closing, others will have a name change, or be a mix of existing options.

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

As a result of these changes, all members will be impacted in the following way:

Member group	Summary of main change	Further information
All members	Processing freeze and change to unit pricing and investment switching during implementation period	Page 2

If you have some of your super invested in any of the below Your Choice Asset Classes as at 30 September 2020, you will be directly affected from 1 October 2020.

Changing investment options	Summary of main change	Further information
Cash	Include term deposit assets to become Cash and Term Deposits	Page 3 (Table 1)
Property	Merging with Infrastructure to become Property and Infrastructure	Page 4 (Table 2)
Infrastructure	Closing and merging with Property to become Property and Infrastructure	Page 5 (Table 3)
Private Equity	Closing. Members invested in this option will be transferred to the Shares Plus investment option, renamed to High Growth	Page 6 (Table 4)

Read on to page 7 for other more general investment changes that may apply to you.

What do I need to do now?

Read this significant event notice carefully. From 1 October, HESTA and HESTA Personal Super investment options will change as outlined above. If you are in one of the changing investment options at 30 September 2020, you will be automatically transferred to the indicated option on 1 October 2020, which has a similar risk/return profile. You should make sure you are comfortable with the key changes outlined and summarised in the following pages and consider if those changes are right for you.

If you prefer not to remain in the changing option(s), you can make changes by submitting an investment switch request before 11:59pm 29 September 2020 via your online account at hesta.com.au/login (more details on the next page). Before our new investment options take effect on 1 October, any change you make could also be impacted by other changes. There are no fees for switching investment options in HESTA and HESTA Personal Super.

Consider seeking financial advice before making any changes to your investments. If you'd like to speak to someone about the changes, make a time [here](#)

Changes to unit pricing, investment switching and transaction processing

While we implement the new investment menu, there will be a short period between 28 September - 5 October 2020 where transaction requests including rollovers and investment switches will be impacted. 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 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 rollovers, withdrawals, lump sum payments for claims and Covid-19 early release payments	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)

Investment option changes

From 1 October, this is how your investments will change from the 'Current' to the 'New' (unless you choose a different outcome), with the key changes summarised below for each option. Text in bold shows what is changing. You will need to be comfortable with the new investment option characteristics, especially where there are changes to fees and costs.

Table 1: Changes for Your Choice Asset Class - Cash

		Current	New
Name		Cash	Cash and Term Deposits
Fees and costs¹	Investment fee	0.02%	No change
	Indirect Cost Ratio (ICR)	0.00%	No change
Investment objective (long term)		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	No change
Probable number of negative returns over 20 years		Less than 0.5	No change
Risk level		Very low	No change
Suggested minimum investment timeframe		Less than 1 year	No change
Type of investor this may suit		Cautious Or, an investor seeking to create their own diversified portfolio, who would like to include cash and cash products	No change to risk profile, renamed to 'Very Cautious' Or, an investor seeking to create their own diversified portfolio, who would like to include cash, cash products and term deposits
Strategic asset allocation	Cash	100%	50%
	Term Deposits	-	50%
Allocation ranges	Cash	100%	40 - 100%
	Term Deposits	-	0 - 60%
Overall growth/defensive split²	Growth	0%	No change
	Defensive	100%	No change

^{**}Estimated tax rate provided by independent investment consultant.

¹Investment fees and Indirect Cost Ratio will vary from year to year. The amounts provided in this document are derived from estimated costs incurred in 2019/20. Final fees and costs will be included in the PDS on 1 October 2020.

²The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 2: Changes for Your Choice Asset Class - Property

		Current	New
Name		Property	Property and Infrastructure
Fees and costs¹	Investment fee	1.07%	0.93%
	Indirect Cost Ratio (ICR)	0.17%	0.14%
Investment objective (long term)		Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%	No change
Probable number of negative returns over 20 years		2 to less than 3	No change
Risk level		Medium	No change
Suggested minimum investment timeframe		5 to 7 years	No change
Type of investor this may suit		An investor seeking to create their own diversified portfolio, who would like to include Australian and international property	An investor seeking to create their own diversified portfolio, who would like to include property and infrastructure
Strategic asset allocation	Cash	10%	10%
	Property	90%	45%
	Infrastructure	-	45%
Allocation ranges	Cash	5 - 15%	0 - 30%
	Property	85 - 95%	30 - 70%
	Infrastructure	-	30 - 70%
Overall growth/defensive split²	Growth	58.5%	68%
	Defensive	41.5%	32%

¹Investment fees and Indirect Cost Ratio will vary from year to year. The amounts provided in this document are derived from estimated costs incurred in 2019/20. Final fees and costs will be included in the PDS on 1 October 2020.

²The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 3: Changes for Your Choice Asset Class - Infrastructure

		Current	New
Name		Infrastructure	Property and Infrastructure
Fees and costs¹	Investment fee	0.81%	0.93%
	Indirect Cost Ratio (ICR)	0.15%	0.14%
Investment objective (long term)		Over the long term, to earn an after-tax return after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%	No change
Probable number of negative returns over 20 years		3 to less than 4	2 to less than 3
Risk level		Medium to High	Medium
Suggested minimum investment timeframe		5 to 7 years	No change
Type of investor this may suit		An investor seeking to create their own diversified portfolio, who would like to include exposure to infrastructure assets	An investor seeking to create their own diversified portfolio, who would like to include property and infrastructure
Strategic asset allocation	Cash	10%	10%
	Property	-	45%
	Infrastructure	90%	45%
Allocation ranges	Cash	5 - 15%	0 - 30%
	Property	-	30 - 70%
	Infrastructure	85 - 95%	30 - 70%
Overall growth/defensive split²	Growth	45%	68%
	Defensive	55%	32%

¹Investment fees and Indirect Cost Ratio will vary from year to year. The amounts provided in this document are derived from estimated costs incurred in 2019/20. Final fees and costs will be included in the PDS on 1 October 2020.

²The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 4: Changes for Your Choice Asset Class - Private Equity

		Current	New
Name		Private Equity	High Growth (formerly named Shares Plus)
Fees and costs¹	Investment fee	2.74%	0.74%
	Indirect Cost Ratio (ICR)	1.05%	0.13%
Investment objective (long term)		Over the long term, to earn an after-tax return after investment fees and indirect costs, at least 3% higher than the return (net of tax ^{**}) of the combination of: <ul style="list-style-type: none"> • 13.5% S&P/ASX 300 Accumulation Index • 76.5% MSCI ACWI ex Australia in \$A Net Dividends Reinvested Hedged • 10.0% Bloomberg Ausbond Bank Bill Index 	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 4.0%
Probable number of negative returns over 20 years		4 to less than 6	No change
Risk level		High	No change
Suggested minimum investment timeframe		7 to 10 years	No change
Type of investor this may suit		An investor seeking to create their own diversified portfolio, who would like to include exposure to Australian and international private equity products	Very ambitious, renamed from 'Aggressive'
Strategic asset allocation	Australian shares	-	39%
	International shares	-	30.5%
	Private Equity	90%	10%
	Alternatives	-	8.5%
	Infrastructure	-	4.5%
	Property	-	3.5%
	Global debt	-	2%
	Cash	10%	2%
Allocation ranges	Australian shares	-	25 - 50%
	International shares	-	25 - 50%
	Private Equity	85 - 95%	0 - 15%
	Alternatives	-	0 - 15%
	Infrastructure	-	0 - 10%
	Property	-	0 - 10%
	Global debt	-	0 - 10%
	Cash	5 - 15%	0 - 25%
Overall growth/defensive split²	Growth	90%	No change
	Defensive	10%	No change

^{**}Estimated tax rate provided by independent investment consultant.

¹Investment fees and Indirect Cost Ratio will vary from year to year. The amounts provided in this document are derived from estimated costs incurred in 2019/20. Final fees and costs will be included in the PDS on 1 October 2020.

²The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

General investment changes from 1 October 2020

We have streamlined investments and made the following changes.

Other changes

- Changing the name of our *MySuper* investment option from Core Pool to **Balanced Growth**
- Changing the name of Conservative Pool to **Conservative**
- Changing the name of Shares Plus to **High Growth**
- Changing the name of Eco Pool to **Sustainable Growth**
- Changing the name of Global Bonds to **Diversified Bonds**

Changes such as fees and costs and asset allocations will occur from 1 October 2020. You will be notified to see all the changes at hesta.com.au/sen when you receive your Annual Statement.

These changes will apply automatically from 1 October 2020 and will be included in the *HESTA* or *HESTA Personal Super PDS* on 1 October 2020 at hesta.com.au/pds

For other information on investment changes go to hesta.com.au/investment-changes

Need help?

Our investment team of experienced professionals has been managing the super of Australia's health and community service workers for many years. No matter what changes today, they're keeping a steady focus on your tomorrow.

And if you need help to make decisions about your investments, our advice team is right here for you. Make a time [here](#)

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