

# significant event notice

12 September 2023



This Significant Event Notice (Notice) is to let you know about important changes to HESTA for Mercy Income Stream, which includes

- HESTA for Mercy Retirement Income Stream (RIS) and
- HESTA for Mercy Transition to Retirement (TTR) Income Stream.

Generally, this includes changes to, or events impacting, the information provided in the Product Disclosure Statement (PDS) of this product.

The changes will generally be incorporated into future versions of the PDS available at [hestaformercy.com.au/pds](https://hestaformercy.com.au/pds)

The changes we are letting you know about in this Notice include:

- investment changes
- changes to risk disclosure
- changes to unit pricing disclosure
- changes to fees and costs; and
- how amounts are allocated to accounts.

## Investment changes

### Annual investment review

We review our investment strategy every year considering a range of factors that seek to ensure our investment options remain competitive, and are appropriately positioned for the likely future environment and our long-term expectations of investment markets. Investment returns are not guaranteed.

The following changes will be made from 30 September 2023.

**Table 1: Changes to Your Choice options – International Shares**  
(probable number of negative annual returns over 20 years and risk level) for RIS and TTR

	Up to 29/9/2023	From 30/9/2023
<b>Probable number of negative returns over 20 years</b>	6 or greater	4 to less than 6
<b>Risk level</b>	Very High	High

**Table 2: Changes to Ready- Made options – Overall growth and defensive asset splits for RIS and TTR**

		Up to 29/9/2023	From 30/9/2023
<b>Balanced Growth</b>	<b>Growth</b>	70	68
	<b>Defensive</b>	30	32
<b>Conservative</b>	<b>Growth</b>	37	34
	<b>Defensive</b>	63	66
<b>Sustainable Growth</b>	<b>Growth</b>	75	72
	<b>Defensive</b>	25	28
<b>High Growth</b>	<b>Growth</b>	88	84
	<b>Defensive</b>	12	16

**Table 3: Changes to the strategic asset allocation and ranges**

Items that will change are shaded.

		Strategic asset allocation		Allocation ranges %	
		Up to 29/9/2023	From 30/9/2023	Up to 29/9/2023	From 30/9/2023
Ready-Made Options					
Balanced Growth	Australian shares	24	22	15-40	15-40
	International shares	29	31	15-45	15-45
	Private equity	5	5	0-15	0-15
	Alternatives	2	2	0-15	0-15
	Infrastructure	10	10	5-25	5-25
	Property	6	6	0-20	0-20
	Global Debt	19	19	0-35	0-35
	Cash	5	5	0-30	0-30
	Currency Exposure	19.5	19.5	0-35	0-35
Conservative	Australian shares	11	9	5-20	5-20
	International shares	11	13	5-15	5-20
	Private equity	-	-	-	-
	Alternatives	1	1	0-15	0-15
	Infrastructure	12.5	12.5	0-25	0-25
	Property	8.5	8.5	0-20	0-20
	Global Debt	38	38	25-55	25-55
	Cash	18	18	10-30	10-30
	Currency Exposure	9.5	9.5	0-25	0-25
Sustainable Growth	Australian shares	29	24.5	20-45	20-45
	International shares	34	35.5	20-45	20-45
	Private equity	5	5	0-15	0-15
	Alternatives	0.5	2	0-15	0-15
	Infrastructure	2	3.5	0-20	0-20
	Property	7.5	7.5	0-20	0-20
	Global Debt	17	17	5-30	5-30
	Cash	5	5	0-15	0-15
	Currency Exposure	20	22.5	0-35	0-35
High Growth	Australian shares	33	32	20-45	20-45
	International shares	35.5	34.5	25-55	25-55
	Private equity	10	8	0-20	0-20
	Alternatives	2	2	0-15	0-15
	Infrastructure	9.5	9.5	0-20	0-20
	Property	4	6	0-10	0-10
	Global Debt	4	5	0-15	0-15
	Cash	2	3	0-15	0-15
	Currency Exposure	24.5	24.5	0-50	0-50

There are no changes to the strategic asset allocation and ranges for the Your Choice options.

## Changes to risk disclosure

In the 1 July 2023 HESTA for Mercy Income Stream PDS, we updated our disclosure to provide more detail of the associated financial risks. These are not new risks that change how investments are being managed, rather an update to align disclosures to how investment risks are being considered and managed by HESTA.

## Changes to unit pricing disclosure

Since 1 July 2023, the description of unit pricing in the HESTA for Mercy Income Stream PDS was updated for further clarity around how money in and investment switches will be treated.

## Changes to fees and costs

### Investment fees and costs and transaction costs changes

Investment fees and costs and transaction costs are deducted from the valuation of investments before daily unit prices are calculated.

The amounts below shown are indicative only and include several components which are estimates, including performance fees which are required to be disclosed as an average of those incurred over the past five financial years. Actual amounts shown for subsequent financial years are indicative only and the amount you pay will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs.

The tables below detail the updated investment fees and costs and transaction costs for 2022/2023. Items that will change are shaded.

### Retirement Income Stream (RIS)

		2021/2022	2022/2023
		Investment fees and costs and Transaction costs	Investment fees and costs and Transaction costs
Ready-Made Options	Balanced Growth	0.47%	0.45%
	Conservative	0.41%	0.41%
	Indexed Balanced Growth	0.05%	0.05%
	Sustainable Growth	0.97%	0.98%
	High Growth	0.47%	0.46%
Your Choice Options	Cash and Term Deposits	0.02%	0.01%
	Diversified Bonds	0.27%	0.30%
	Property and Infrastructure	0.79%	0.84%
	International Shares	0.44%	0.41%
	Australian Shares	0.27%	0.17%

### Transition to Retirement (TTR)

		2021/2022	2022/2023
		Investment fees and costs and Transaction costs	Investment fees and costs and Transaction costs
Ready-Made Options	Balanced Growth	0.73%	0.66%
	Conservative	0.44%	0.42%
	Indexed Balanced Growth	0.05%	0.05%
	Sustainable Growth	0.97%	0.99%
	High Growth	0.88%	0.82%
Your Choice Options	Cash and Term Deposits	0.02%	0.01%
	Diversified Bonds	0.27%	0.28%
	Property and Infrastructure	0.88%	0.92%
	International Shares	0.44%	0.41%
	Australian Shares	0.32%	0.20%

Change to amount paid from fund assets

An additional administration cost may be paid from fund assets, not your account, in years where the amount deducted from the Fund Development Reserve exceeds the amount paid to that reserve. The amount shown is based on the costs deducted (unaudited) for the 12 months to 30 June 2023.

	For the 12 months to 30 June 2022	For the 12 months to 30 June 2023
Additional administration cost	0.06%	0.04%

How amounts are allocated to accounts

Amounts received by HESTA are held in a trust account before they are allocated to a member’s account. HESTA retains the interest (if any) earned on amounts held within the trust account. We have updated our disclosure material, where relevant, to reflect this. We allocate amounts to the relevant HESTA for Mercy member’s account using the calculated unit price of the investment option(s) effective the day the amount is allocated to a member’s account. If the amounts cannot be allocated, we will refund or transfer to ASIC as required by law.

contact us

information@hestaformercy.com.au | 1300 368 891 | PO Box 8334, Woolloongabba QLD 4102 | hestaformercy.com.au

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