

2009-10 Super Income Stream

# Annual Report

**HESTA**  
**SUPER FUND**  
Your Health & Community  
Services Industry Fund



Keeping you up-to-date with HESTA in September 2010

Does your retirement  
strategy need a check-up?

## HESTA's investment performance

Minimum income  
stream payment  
reduction extended

Healthy  
eating for  
a healthier  
heart



# CEO's report

While it's been another turbulent year for financial markets around the world, this year, the turbulence was in the context of a rebound in returns from last year. I am pleased to report positive returns across each of HESTA's Super Income Stream Investment Options for the full financial year. See page 10 for details of all returns\*.

The financial market rebound, which commenced in early 2009, continued throughout most of the year. Investor confidence was buoyed by the extensive stimulus packages that many governments around the world introduced, which led to a broad recovery across most markets.

The Australian economy also remained resilient during this period. A Chinese-led recovery in demand for commodities greatly benefitted our resources sector in 2009 which contributed to strong gains in the share market. In addition, continued low unemployment and the on-going strength of residential housing prices sustained consumer confidence and the economy more generally.

Investor sentiment weakened late in the financial year, adding to market turbulence. Issues such as the European debt crisis, in particular Greece, highlighted that economic recovery remains somewhat fragile. Concerns about the sustainability of the US economic recovery, as well as a potential slow down in the Chinese economy also impacted investor confidence. The performance of the Chinese economy is of particular relevance to Australia, as our resource sector relies heavily on Chinese demand to support high commodity prices and exports. This has a flow-on effect to other sectors, which in turn affects investor and consumer confidence.

As we enter a new financial year, uncertainty remains in the markets and we can expect markets to continue to fluctuate. However, you can be confident that HESTA will, as always, work hard to protect your retirement savings.



**Anne-Marie Corboy**  
Chief Executive Officer  
September 2010



\*The investment performance is for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests.

# What's making *news?*

## Extension of minimum income stream payment reduction

The Government has announced that it is extending the minimum income drawdown relief for account-based income streams for the 2010-11 financial year. The purpose of the relief is to help income stream members preserve more of their capital in the wake of the global financial crisis.

For the 2010-11 financial year, members who previously elected to receive the minimum annual payment will receive the percentage relevant to their age as shown below:

Age	2010-11 minimum % of your account balance
Under 65	2%
65-74	2.5%
75-79	3%
80-84	3.5%
85-89	4.5%
90-94	5.5%
95 or over	7%

If you wish to change your payment amount you must advise us in writing. Call us on 1300 734 479 or visit

[hesta.com.au/sispayments](http://hesta.com.au/sispayments) for a copy of the *Change of income payment amount and frequency form*.

## Lump sum super benefit tax threshold indexed

The limit of the amount of the taxable component of a super lump sum benefit an individual can receive between their preservation age and age 60, at nil rate of tax has increased to \$160,000 for 2010-11.

## Recognising nursing achievements



The annual HESTA Australian Nursing Awards continue to be one of Australia's most celebrated nursing events. This year, eleven finalists from throughout Australia were selected from a strong field of hundreds of nominations.

The 2010 winners, pictured below, were presented with their awards on 13 May in Melbourne.



Jacinta Vanderpuije (Innovation in Nursing), Charlotte Collins (Nurse of the Year) and James Bonello (Graduate Nurse of the Year)

HESTA CEO, Anne-Marie Corboy said, "the awards provide a great opportunity to acknowledge the enormous contribution nurses make to our nation's wellbeing."

Visit [hestanursingawards.com](http://hestanursingawards.com) to nominate an outstanding nurse for the 2011 awards.



**On the cover:**  
Maureen & Michael Henry

**Cover photo by:**  
Stu Morley  
[www.stumorley.com](http://www.stumorley.com)

# Healthy eating for a healthier heart

**M**ost women don't know that heart disease is their number one killer. What's more, the risk of developing the disease increases significantly after reaching menopause. With the disease killing four times as many women as breast cancer, the Heart Foundation encourages women to be as vigilant in looking after their heart health as they are about their breast health.

While some risk factors such as age and family history are beyond your control, many factors such as body weight, high blood pressure and high blood cholesterol can be controlled.

Healthy eating is one way to help manage your risk of developing heart disease. Even small changes to your eating habits can make a big difference.

**These simple tips from the Heart Foundation can help you improve your heart health and get you on your way to leading a healthier lifestyle:**



## Fish

### Tip

Eat 150g of oily fish two to three times a week

### Food source examples

- Tinned salmon and sardines are convenient alternatives to fresh fish

## Salt

### Tip

Foods with less than 120mg of salt or sodium per 100g are considered to be low in salt

### Food source examples

- Look out for products with the Heart Foundation Tick – they're tested to ensure they have lower levels of salt
- When seasoning, replace salt with herbs and spices

## Fats

### Tip

Know the good from the bad

- ✗ Unhealthy - Saturated and Trans
- ✓ Healthier - Mono-unsaturated, polyunsaturated and omega-3s

### Food source examples

- ✗ Saturated – fat on meat
- ✗ Trans – biscuits, pastries, fast food
- ✓ Mono-unsaturated – olive oil, avocados, peanuts
- ✓ Polyunsaturated – sunflower oil, fish, margarine
- ✓ Omega 3 – tuna, salmon, sardines, walnuts, linseed

## Fruit

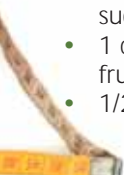
### Tip

Eat 2 serves per day

### Food source examples

One serve of fruit is:

- 2 small pieces of fruit, such as apricots, or
- 1 cup drained canned fruit, or
- 1/2 cup 100 per cent fruit juice



## Veggies

### Tip

Aim for 5 serves of colourful veggies a day

### Food source examples

One serve of vegetables is:

- 1/2 cup cooked chopped vegetables, or
- 1 cup sliced raw vegetables, or
- 1 small to medium potato

## Fibre

### Tip

Aim to eat 25/30g of dietary fibre a day

### Food source examples

- 2 slices wholemeal bread (4.5g)
- 1/4 cup baked beans (3g)
- 3/4 cup bran/oat cereal (4.5g)



## Snacks

### Tip

Stick to no more than three snacks with less than 600kJ per serve a day

### Food source examples

- A piece of fresh fruit, a handful of dried fruit
- Handful (30 grams) of plain unsalted nuts
- Reduced, low or no fat yoghurt

Learn more about heart health by calling the Heart Foundation's Heart Health Information Service on 1300 36 27 87 or by visiting [heartfoundation.org.au](http://heartfoundation.org.au)

# Member mind games

Rating: Novice

To solve a Sudoku puzzle, every number from 1 to 9 must appear in:

- Each of the nine vertical columns
- Each of the nine horizontal rows
- Each of the nine 3 x 3 boxes

Remember no number can occur more than once in any row, column or box.

Visit [hesta.com.au/sismindgames](http://hesta.com.au/sismindgames) for the solution.

								2
				5	1	7		6
	8	6	9				3	4
5		2	4	1			8	
3	9			6			2	5
	4			3	5	9		1
8	5				2	1	7	
6		9	1	7				
2								

# Does your retirement strategy need a check-up?

Did you know that despite saving our whole lives for a comfortable retirement, only 1 in 5 people will seek advice about how to finance their retirement?

In an ever changing financial environment, understanding your options, benefits and entitlements has never been more important. Especially for retirees.

Michelle Kerlin, one of HESTA's Superannuation Advisers, has been working in financial services for 10 years. Michelle suggests that HESTA Super Income Stream members should consider reviewing their retirement strategy at least every 3 years.

**“The need to review becomes even more urgent if legislation or your circumstances have changed since you set up your income stream or last talked to an adviser”, Michelle explains.**

## **So what constitutes a change in circumstances?**

A promotion or salary increase if you're transitioning to retirement may prompt you to review your salary sacrifice arrangements. Moving from part-time work to full retirement may alter the amount of income you can draw from your Super Income Stream account. Major events like a change in your health or the death of a spouse or partner can also lead to a significant change in your financial requirements. A change in your age alone can lead to more flexibility in your income stream payment options.

Michelle recalls recently preparing a retirement strategy with a HESTA member who was planning to reduce her working hours. “Shortly after completing her strategy, the member was promoted unexpectedly. This meant that her retirement strategy needed to be reviewed almost immediately to reflect the change in her circumstances” she explains.



# Knowledge is power

Not knowing your entitlements and the impact of your decisions on any social security benefits may lead to missed opportunities or costly loss of benefits.

## Not sure who to go to for advice?

The good news is that, as a HESTA member, you have access to the following advice:

Personal advice about:	Who can help?	What's the cost?
<ul style="list-style-type: none"> <li>• contribution strategies</li> <li>• restructuring your super/income stream investment options</li> <li>• insurance options</li> <li>• consolidating super accounts</li> </ul>	HESTA Superannuation Adviser	No extra cost
<ul style="list-style-type: none"> <li>• creating a personalised Transition to Retirement strategy</li> <li>• creating a personalised super income stream strategy for full retirement</li> </ul>	HESTA Superannuation Adviser	A fixed fee of \$495
All of the above, and <ul style="list-style-type: none"> <li>• your assets outside super</li> <li>• estate planning</li> <li>• Centrelink entitlements</li> <li>• aged care</li> </ul>	Financial Planner (offered through HESTA in conjunction with Industry Fund Financial Planning (IFFP))	Fee-for-service (no commissions - all fees are agreed in advance before any personal advice is given)

## Your advice team

### HESTA Superannuation Advisers

Call **1300 734 479** to make an appointment with a HESTA Superannuation Adviser



Nick Cowling  
VIC



Silas Dingiria  
VIC



John Fox  
VIC



Ester Cibasek  
NSW/ACT



Michelle Kerlin  
NSW/ACT



Joanne Fenton  
TAS



Bernadette Missen  
WA



Sam Thompson  
QLD



Pat Toffoli  
SA/NT

### Financial Planners

Call **1300 138 848** to make an appointment with a Financial Planner



Betty Tran  
ACT/NSW/QLD/WA



Emily Wheatley  
NT/SA/TAS/VIC



Emily Wheatley, IFFP Financial Planner, with HESTA member Maureen Henry and her husband Michael.

## Financial planning made easy – a member's experience

**N**ewly retired nurse Maureen and her husband Michael, like many recent retirees, found themselves nearing retirement with diminished super balances. They knew they needed to make the absolute most of their retirement savings.

"I try to remain informed about what's happening in the global economy by reading the financial section of the daily paper. During the financial crisis, I also kept an eye on my super through Member Online. But, I needed to meet with a Financial Planner to figure out what to do with our assets outside super to maximise our retirement income," Maureen explains.

Having met with a Financial Planner nine years ago, the Melbourne couple realised they weren't in a position to retire. Six years later, when Michael was preparing to retire, they again sought advice from a different organisation. "The experience wasn't reassuring. Michael retired without really knowing whether the strategy recommended was right for us", Maureen recalls.

Then, keen to retire herself, Maureen contacted HESTA to request assistance with financial planning. With an initial consultation available free of charge and obligation, Maureen had nothing to lose.



She and Michael met with Emily Wheatley, an Industry Fund Financial Planning consultant for HESTA members.

"It was such a relief to find a Planner who spoke to us in language we could understand", says Maureen. "I can't recommend Emily highly enough".

**"Emily's advice was clear, easy to understand and relevant to our circumstances".**

Maureen's HESTA Super Income Stream is now up and running and she has joined Michael in retirement. She's happy in the knowledge that, as a HESTA member, she has ongoing access to expert advice when she needs it.

**Need to speak to a Financial Planner?**

Call 1300 138 848 to make an appointment

## Managing your account is easy with Super Income Stream Online

Around the clock access to your HESTA Super Income Stream account is only a phone call away.

"Setting up your account couldn't be easier. Just grab your member number, give us a call and we'll give you your password right there and then", explains Nicole Borthwick, HESTA Customer Service Centre Team Leader.

Super Income Stream (SIS) Online allows you to update your personal details, view your balance and investment choices, change your payment and investment arrangements and more.

Nicole's team are also happy to answer any questions you have about how to use SIS online.



**"We can talk you through how things work and how to make changes to your account – don't be afraid to pick up the phone."**

To set up your online account access, contact our Customer Service Centre on 1300 734 479 between 8.30am and 5.30pm AET. Then visit [hesta.com.au/sis](http://hesta.com.au/sis) any time, any day.

# HESTA's investment performance

12-month performance\* from 1 July 2009 to 30 June 2010

HESTA option	HESTA performance (%)	Benchmark performance (adjusted for fees) (%)	Name of benchmark
<b>Defensive</b>	7.85	6.54	60% Intech Conservative Gross Investor Index, 40% UBS Australian Bank Bill Index
<b>Conservative</b>	9.66	8.86	Intech Conservative Gross Investor Index
<b>Balanced</b>	9.85	10.99	Intech Growth Gross Investor Index
<b>Active</b>	9.87	11.07	Intech High Growth Gross Investor Index
<b>Fixed Interest</b>	10.00	8.02	75% UBS Warburg Australian Composite Bond All Maturities Index and 25% Barclays Capital Aggregate Index (Hedged AUD)
<b>Cash</b>	4.84	3.89	UBS Australian Bank Bill Index
<b>Property</b>	7.09	12.11	50% S&P/ASX 300 Australian Listed Property Accumulation Index, 50% Intech Australian Unlisted Property Investor Index
<b>Australian Shares</b>	10.31	12.05	S&P/ASX 300 Accumulation Index
<b>International Shares</b>	6.55	6.14	67% MSCI World ex-Australia Index (unhedged), 33% MSCI World ex-Australia (hedged)
<b>Sustainable Australian Shares</b>	33.01	11.90	S&P/ASX 300 Accumulation Index

\*The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees for the period 1 July 2009 to 30 June 2010.



## How investment returns are applied to your account



Investment returns (which may be positive or negative) are allocated to your account by working out the value of your chosen option(s) each week. The upward or downward movement in the value is applied to your account through earning rates.

The movement in value of an option is dependent on the underlying assets, liabilities, income (after imputation credits and other tax credits), any taxes and other expenses. These underlying assets are influenced by movements in markets including shares, bonds, property etc.

The investment objective for each option is not a guarantee of future performance.

For updated performance information, please visit our website at [hesta.com.au/superincomestream](https://hesta.com.au/superincomestream) or contact our Customer Service Centre on 1300 734 479.



# Investment options – a snapshot

	Defensive	Conservative
Investment objective & strategy	To achieve returns that exceed the inflation rate (change in the CPI*) by 2% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option aims to provide security (but not a guarantee) of capital invested and to limit the likelihood of applying negative annual returns to a negligible level.	To achieve returns that exceed the inflation rate (change in the CPI*) by 2.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option aims to provide security (but not a guarantee) of capital invested and to limit the likelihood of applying negative annual returns to one in every 14 years.
Expected risk/return profile	Low	Moderate
Asset allocation to 30 June 2010	 <ul style="list-style-type: none"> <li>■ Australian Shares 6.40%</li> <li>■ International Shares 2.67%</li> <li>■ Australian Fixed Interest 27.63%</li> <li>■ International Fixed Interest 9.54%</li> <li>■ Cash 46.75%</li> <li>■ Property 7.01%</li> </ul>	 <ul style="list-style-type: none"> <li>■ Australian Shares 14.41%</li> <li>■ International Shares 11.40%</li> <li>■ Australian Fixed Interest 33.25%</li> <li>■ International Fixed Interest 10.30%</li> <li>■ Cash 21.33%</li> <li>■ Property 9.31%</li> </ul>
Allocation ranges	<ul style="list-style-type: none"> <li>■ Australian Shares 2-12%</li> <li>■ International Shares 0-8%</li> <li>■ Australian Fixed Interest 23-33%</li> <li>■ International Fixed Interest 4.5-14.5%</li> <li>■ Cash 40-50%</li> <li>■ Property 5-10%</li> </ul>	<ul style="list-style-type: none"> <li>■ Australian Shares 10-20%</li> <li>■ International Shares 7.5-17.5%</li> <li>■ Australian Fixed Interest 29-39%</li> <li>■ International Fixed Interest 6-16%</li> <li>■ Cash 12.5-22.5%</li> <li>■ Property 5-15%</li> </ul>
Benchmark index	60% Intech Conservative Gross Investor Index and 40% UBS Australian Bank Bill Index	Intech Conservative Gross Investor Index
12-month performance**	7.85%	9.66%

\* CPI = Consumer Price Index

\*\* The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees for the period 1 July 2009 to 30 June 2010.

	Balanced	Active
Investment objective & strategy	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will invest a significant portion in growth assets such as shares and property and aims to limit the likelihood of applying negative annual returns to one in every 6 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will predominantly invest in Australian and international shares and aims to limit the likelihood of applying negative annual returns to one in every 5 years.
Expected risk/return profile	Moderate to High	High
Asset allocation to 30 June 2010	 <ul style="list-style-type: none"> <li>■ Australian Shares 35.41%</li> <li>■ International Shares 21.61%</li> <li>■ Australian Fixed Interest 13.17%</li> <li>■ International Fixed Interest 4.59%</li> <li>■ Cash 10.72%</li> <li>■ Property 14.50%</li> </ul>	 <ul style="list-style-type: none"> <li>■ Australian Shares 44.85%</li> <li>■ International Shares 44.47%</li> <li>■ Cash 10.68%#</li> </ul>
Allocation ranges	<ul style="list-style-type: none"> <li>■ Australian Shares 32.5-47.5%</li> <li>■ International Shares 17.5-27.5%</li> <li>■ Australian Fixed Interest 8-18%</li> <li>■ International Fixed Interest 0-9.5%</li> <li>■ Cash 2.5-12.5%</li> <li>■ Property 10-20%</li> </ul>	<ul style="list-style-type: none"> <li>■ Australian Shares 32.5-62.5%</li> <li>■ International Shares 32.5-62.5%</li> <li>■ Cash 0-10%</li> </ul>
Benchmark index	Intech Growth Gross Investor Index	Intech High Growth Gross Investor Index
12-month performance**	9.85%	9.87%

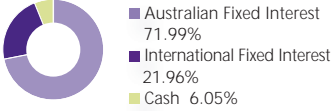

\* CPI = Consumer Price Index

\*\* The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

# Where asset allocations are outside target ranges, the Trustee of SMPST is ensuring cashflows are used to rectify the breach where possible.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees for the period 1 July 2009 to 30 June 2010.

# Investment options – a snapshot (*cont.*)

	Fixed Interest	Cash
Investment objective & strategy	To achieve returns that exceed the inflation rate (change in the CPI*) by 2% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will predominantly invest in a diverse range of government and corporate bonds and alternative debt and aims to limit the likelihood of applying negative annual returns to one in every 15 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 1% per annum on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will invest in short term cash investments with minimal risk of capital loss and aims to limit the likelihood of applying negative annual returns to a negligible level.
Expected risk/return profile	Low	Low
Asset allocation to 30 June 2010	 <ul style="list-style-type: none"> <li>■ Australian Fixed Interest 71.99%</li> <li>■ International Fixed Interest 21.96%</li> <li>■ Cash 6.05%</li> </ul>	 <ul style="list-style-type: none"> <li>■ Cash 100%</li> </ul>
Allocation ranges	<ul style="list-style-type: none"> <li>■ Australian Fixed Interest 70-80%</li> <li>■ International Fixed Interest 20-30%</li> <li>■ Cash 0-10%</li> </ul>	<ul style="list-style-type: none"> <li>■ Cash 100%</li> </ul>
Benchmark index	75% UBS Warburg Australian Composite Bond All Maturities Index and 25% Barclays Capital Global Aggregate Index (Hedged AUD)	UBS Australian Bank Bill Index
12-month performance**	10.00%	4.84%

\*CPI = Consumer Price Index

\*\*The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees for the period 1 July 2009 to 30 June 2010.



	Property	Australian Shares
Investment objective & strategy	To achieve returns that exceed the inflation rate (change in the CPI*) by 3% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will predominantly invest in both direct and indirect Australasian property trusts and aims to limit the likelihood of applying negative annual returns to one in every 6 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will predominantly invest in Australian shares and aims to limit the likelihood of applying negative annual returns to one in every 4 years.
Expected risk/return profile	Moderate to High	High
Asset allocation to 30 June 2010	<p>■ Property 91.16% ■ Cash 8.84%</p>	<p>■ Australian Shares 95.45% ■ Cash 4.55%</p>
Allocation ranges	<p>■ Property 90-100% ■ Cash 0-10%</p>	<p>■ Australian Shares 90-100% ■ Cash 0-10%</p>
Benchmark index	50% S&P/ASX 300 Australian Listed Property Accumulation Index and 50% Intech Australian Unlisted Property Investor Index	S&P/ASX 300 Accumulation Index
12-month performance**	7.09%	10.31%

\*CPI = Consumer Price Index

\*\*The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees for the period 1 July 2009 to 30 June 2010.

# Investment options – a snapshot (*cont.*)

	International Shares	Sustainable Australian Shares
Investment objective & strategy	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will predominantly invest in international shares and aims to limit the likelihood of applying negative annual returns to one in every 4 years.	To achieve returns that exceed the inflation rate (change in the CPI*) by 3.5% per annum (before tax), on a rolling five year basis. This is expected to be achieved approximately 7 years out of every 10. To achieve this, the Option will predominantly invest in Australian shares of companies that display environmental, sustainable and socially responsible features and aims to limit the likelihood of applying negative returns to one in every 4 years.
Expected risk/return profile	High	High
Asset allocation to 30 June 2010	 <ul style="list-style-type: none"> <li>International Shares 92.55%</li> <li>Cash 7.45%</li> </ul>	 <ul style="list-style-type: none"> <li>Sustainable Australian Shares 88.23%#</li> <li>Cash 11.77%#</li> </ul>
Allocation ranges	<ul style="list-style-type: none"> <li>International Shares 90-100%</li> <li>Cash 0-10%</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Australian Shares 90-100%</li> <li>Cash 0-10%</li> </ul>
Benchmark index	67% MSCI World ex-Australia Index (unhedged), 33% MSCI World ex-Australia (hedged)	S&P/ASX 300 Accumulation Index
12-month performance**	6.55%	33.01%

\*CPI = Consumer Price Index

\*\*The 12-month performance figures displayed are for the Super Members Pooled Super Trust (SMPST) through which the HESTA Super Income Stream invests. The returns quoted are not a reflection of the actual return on your account. Your actual return will depend on when you commenced investing in the income stream. This is the performance applicable to members who were members at the beginning and the end of the period and who did not have any transactions during the period.

# Where asset allocations are outside target ranges, the Trustee of SMPST is ensuring cashflows are used to rectify the breach where possible.

Note: Past performance is not a reliable indicator of future performance and the value of investments can rise or fall. Returns are quoted after fees for the period 1 July 2009 to 30 June 2010.



# Investment managers

The HESTA Super Income Stream is currently invested through the Super Members Pooled Super Trust (SMPST). The HESTA Super Income Stream investment options reflect portfolios managed through the SMPST.

At 30 June 2010, the following investment managers are used by the SMPST:

Asset class	Investment manager
Cash	<ul style="list-style-type: none"> <li>Industry Funds Management</li> </ul>
Australian Fixed Interest	<ul style="list-style-type: none"> <li>BlackRock Asset Management Australia Ltd*</li> <li>Industry Funds Management</li> </ul>
International Fixed Interest	<ul style="list-style-type: none"> <li>BlackRock Asset Management Australia Ltd*</li> </ul>
Property	<ul style="list-style-type: none"> <li>ISPT Super Property</li> <li>BlackRock Asset Management Australia Ltd*</li> </ul>
Australian Shares	<ul style="list-style-type: none"> <li>Perpetual Investment Management Ltd</li> <li>Perennial Investment Partners Ltd</li> <li>Industry Funds Management</li> <li>Acadian Asset Management</li> </ul>
International Shares	<ul style="list-style-type: none"> <li>Capital National Alliance</li> <li>BlackRock Asset Management Australia Ltd*</li> </ul>
Sustainable Australian Shares	<ul style="list-style-type: none"> <li>Perpetual Investment Management Ltd</li> </ul>

The Trustee of the SMPST has a discretion to change investment options, the asset allocation within each option and the investment managers used. The Fund Trustee may also change investment arrangements.

\* Formerly known as Barclays Global Investors

# Financial statements

These unaudited figures relate to the HESTA Super Income Stream only. The audited accounts for the HESTA Super Fund and Auditor's Report are available on request. Free call 1800 813 327 for a copy.

Operating statement	2008-09	2009-10
Investment revenue	(\$10,158,616)	\$14,682,280
Contribution revenue	\$107,357,903	\$103,715,267
Other revenue	\$134,105	\$81,432
Total revenue from ordinary activities	\$97,333,392	\$118,478,979
Benefits accrued as a result of operations before income tax	\$97,333,392	\$118,478,979
Benefits accrued as a result of operations after income tax	\$97,333,392	\$118,478,979

Statement of cash flows	2008-09	2009-10
Cash flows from operating activities	\$85,317,583	\$71,452,984
Cash flows from investing and other activities	(\$85,608,704)	(\$67,645,358)
Net cash flow	(\$291,120)	\$3,807,626
Cash at the beginning of reporting period	\$1,616,103	\$1,324,983
Cash at the end of reporting period	\$1,324,983	\$5,132,609

Statement of financial position	2008-09	2009-10
Fixed Interest Option	\$14,828,599	\$15,470,107
Balanced Option	\$65,761,959	\$114,409,677
Active Option	\$4,837,610	\$7,392,516
Property Option	\$1,503,195	\$2,309,929
Defensive Option	\$14,008,090	\$16,987,910
Conservative Option	\$23,602,013	\$37,070,345
Australian Shares Option	\$5,635,663	\$13,336,703
Cash Option	\$22,426,836	\$26,675,121
International Share Option	\$919,705	\$2,051,662
Sustainable Australian Share Option	\$381,238	\$4,230,258
Other assets - Cash at Bank	\$1,443,273	\$5,132,608
<b>Total assets</b>	<b>\$155,348,180</b>	<b>\$245,066,835</b>
<b>Liabilities</b>	<b>\$1,437,783</b>	<b>\$5,376,694</b>
<b>Net assets available to pay benefits</b>	<b>\$153,910,398</b>	<b>\$239,690,142</b>
<b>Represented by:</b>		
Allocated to Super Income Stream Accounts	\$163,949,220	\$224,926,428
Not Yet Allocated to Member Accounts	(\$10,038,823)	\$14,763,712

# HESTA's Board

The Trustee Directors 1 July 2009 to 30 June 2010

## Employer organisation appointed



**Angela Emslie (Chair)**  
Victorian Employers' Chamber  
of Commerce and Industry  
Appointed 15 Dec 1994



**Glenn Bunney**  
Aged & Community  
Services Australia  
Appointed 1 Jan 2007



**Don Good**  
Catholic Health Australia  
Appointed 16 Nov 1989



**Denis Hogg**  
Australian Private  
Hospitals' Association  
Appointed 20 Dec 2005



**Maree O'Halloran**  
Australian Council of Social  
Service  
Appointed 18 Jan 2010



**Prue Power**  
Australian Healthcare and  
Hospitals Association  
Appointed 1 Jan 2010



**Tony Smith**  
Aged Care Association  
Australia  
Reappointed 19 Apr 2007

---

## Employee organisation appointed



**Ged Kearney  
(Deputy Chair)**  
Australian Nursing  
Federation  
Appointed 1 Apr 2004



**Rob Elliott**  
Health Services Union  
Appointed 21 Nov 1997



**Brett Holmes**  
Australian Nursing  
Federation  
Appointed 28 Sep 2000



**Kathy Jackson**  
Health Services Union  
Reappointed 10 Mar 2009



**Tim Lyons**  
Australian Council of Trade  
Unions  
Appointed 8 Feb 2010



**Beth Mohle**  
Australian Nursing  
Federation  
Appointed 28 Jun 2001



**Kelly Shay**  
Liquor, Hospitality and  
Miscellaneous Union  
Appointed 1 Sep 2009

## The Board Committees

### The Board committees as at 30 June 2010

Specialised responsibilities are delegated to Board-appointed committees consisting of Directors who report to the full Board meeting.

Audit Committee	
Chair	Don Good
Members	Rob Elliott, Denis Hogg, Ged Kearney, Tim Lyons, Tony Smith
Role	Responsible for ensuring the Fund observes high standards of business behaviour and ethics, complies with all legal and regulatory requirements, manages risk effectively and provides assurance regarding the quality and reliability of financial information.
Board Development Committee	
Chair	Angela Emslie
Members	Glenn Bunney, Brett Holmes, Ged Kearney, Beth Mohle, Maree O'Halloran
Role	Responsible for ensuring the Board maintains the appropriate balance of skills and expertise to perform the functions required. The committee also reviews and makes recommendations on the level of training and education, Directors' remuneration and Board performance and processes.
Marketing Committee	
Chair	Brett Holmes
Members	Glenn Bunney, Denis Hogg, Beth Mohle, Prue Power, Kelly Shay
Role	Involved in HESTA's marketing function at a strategic level. This ad-hoc committee participates in the development and monitoring of the marketing strategy and the Fund's product portfolio.

## Remuneration of HESTA Directors

The total amount of remuneration paid to Directors of HESTA for the year 1 January to 31 December 2009 (including superannuation contributions) was \$504,995.

## Attendance at meetings

Directors	Board meetings attended	Audit Committee meetings attended	Board Development Committee meetings attended	Marketing Committee meetings attended
During the period 1 July 2009 to 30 June 2010				
Glenn Bunney	9/10	-	3/4	3/3
Lindsay Doherty				
Term of office expired 31/12/09	5/5	-	-	2/2
Rob Elliott	9/10	2/3	-	-
Angela Emslie	10/10		4/4	3/3
Janine Freeman				
Resigned 31/8/09	2/2	1/1	0/1	-
Don Good	7/10	3/3	-	-
Denis Hogg	10/10	1/1	3/3	-
Brett Holmes	7/10	-	2/2	3/3
Kathy Jackson	7/10	-	-	-
Ged Kearney	6/10	0/1	1/2	2/3
Tim Lyons				
Appointed 8/2/10	1/4	0/1	-	-
Valerie Lyons				
Term of office expired 31/12/09	4/5	1/2	1/1	2/2
Beth Mohle	10/10	1/1	4/4	0/1
Maree O'Halloran				
Appointed 18/1/10	5/5	-	1/2	-
Prue Power				
Appointed 1/1/10	4/5	-	-	0/1
Kelly Shay				
Appointed 1/9/09	7/8	-	-	0/1
Tony Smith	10/10	3/3	1/1	-
David Whiteley				
Resigned 5/2/10	6/6	2/2	2/3	-

Amounts between	Number of Directors in 2009
Less than \$9,999	1
\$10,000 and 19,999	1
\$20,000 and \$29,999	4
\$30,000 and \$39,999	8
\$40,000 and \$49,999	1
\$50,000 and \$59,999	1

# General information

## How do I make a complaint?

### Internal Dispute Resolution Process

- 1 Call 1300 734 479 to discuss your concerns.
- 2 If your concerns cannot be resolved immediately, you can provide further details to the Complaints Officer by:

**Mail:** Complaints Officer  
HESTA Super Fund  
Locked Bag 200  
Carlton South Vic 3053

**Fax:** 1300 368 636

**Email:** [hestasis@hesta.com.au](mailto:hestasis@hesta.com.au)

### External Dispute Resolution Process

If you are not satisfied with the outcome of the Internal Dispute Resolution Process, you may access an external dispute resolution scheme\*

#### Superannuation complaints, including income streams

Superannuation Complaints Tribunal (SCT)  
Locked Mail Bag 3060  
Melbourne VIC 3001  
1300 884 114  
[sct.gov.au](http://sct.gov.au)

\*You can also access the SCT if your complaint has not been resolved by the Internal Dispute Resolution Process within 90 days.

#### Non-superannuation complaints

(e.g. advice provided by HESTA staff about banking or managed investment products)

Financial Ombudsman Service (FOS)  
GPO Box 3  
Melbourne VIC 3001  
1300 780 808  
[fos.org.au](http://fos.org.au)

\*You can also access FOS if your non-superannuation complaint has not been resolved by the Internal Dispute Resolution Process within 45 days.

For more information about HESTA's complaints process visit [hesta.com.au/complaints](http://hesta.com.au/complaints)

## Who takes care of your fund?

HESTA is run by H.E.S.T. Australia Limited, an APRA and ASIC licensed trustee company. Although the Trustee Company is required to hold professional indemnity insurance, there has never been a claim under the insurance policy and no penalties have been imposed under the Superannuation Industry (Supervision) Act 1993.

## Eligible rollover funds

If you become a lost member, the Trustee may transfer your balance to an Eligible Rollover Fund (ERF). The Trustee will treat a member as 'lost' if at least two written communications sent by the Trustee have been returned unclaimed. The ERF nominated by the Trustee for this purpose is AUSfund.

When your money is transferred to AUSfund (ABN 85 945 681 973, SPIN APF0100AU), any insurance cover you have with HESTA will cease and your HESTA account will be closed. You will become a member of AUSfund and be subject to its governing rules. If HESTA can provide your current contact details, AUSfund will send you a copy of its Product Disclosure Statement (PDS).

AUSfund accounts of \$50 or more attract an administration levy of \$10 a year. Lower balances are not subject to the levy and do not earn interest. However all accounts are protected from erosion by the levy so that the levy cannot exceed the interest credited to each account. AUSfund may have a different investment strategy than HESTA. If your account is transferred to AUSfund, HESTA will disclose your personal information to allow AUSfund to administer your account.

AUSfund Administration  
PO Box 2468, Kent Town SA 5071  
Phone: 1300 361 798  
Fax: 1300 366 233  
Email: [admin@ausfund.net.au](mailto:admin@ausfund.net.au)  
[unclaimedsuper.com.au](http://unclaimedsuper.com.au)

## Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

## Derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies. The Trustee expects that derivatives will be used to either enhance the returns or control the volatility for a particular investment option.

## Reserves

The HESTA Super Income Stream does not hold reserves.

## Do you have a story to share?

We are always delighted to hear about your personal experiences with HESTA.

If you would like to contribute to the next *Super Income Stream Annual Report*, please contact our **Writer and Marketing Publications Officer** on (03) 8660 1600 or email [hestasis@hesta.com.au](mailto:hestasis@hesta.com.au)



**Email** [hestasis@hesta.com.au](mailto:hestasis@hesta.com.au)

**Mail** Locked Bag 200, Carlton South, Vic 3053

**Phone** 1300 734 479

**hesta.com.au**



This document has been produced to international environmental management standard ISO14001 by a certified green printing company using recycled paper.

This HESTA *Super Income Stream Annual Report* is produced by H.E.S.T. Australia Limited ABN 66 006 818 695 AFSL 235249, Trustee of the Health Employees Superannuation Trust Australia (HESTA Super Fund) ABN 64 971 749 321.

Unless specifically mentioned, the HESTA *Super Income Stream Annual Report* does not relate to HESTA's Industry and Personal Superannuation Plans. Please refer to *Savvy*, HESTA's super fund member magazine, or download the super fund annual report at [hesta.com.au/ar2010](http://hesta.com.au/ar2010) for more information regarding those products.

Care is taken to ensure that information is correct at the time of preparation, but neither the Trustee nor its advisers accept responsibility for any error or misprint, nor for anyone acting on this information which 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 information also represents HESTA's interpretation of the law in some instances but should not be relied upon as legal advice. Please note investments can go up and down. Past performance is not a reliable indicator of future performance. Consider our Super Income Stream Product Disclosure Statement before making a decision about HESTA — call 1300 734 479 or visit [hesta.com.au/sispds](http://hesta.com.au/sispds) for a copy.

Copyright: H.E.S.T. Australia Limited 2010.

6204 09/10