

# significant event notice

12 September 2023

This Significant Event Notice (Notice) is to let you know about important changes to

- HESTA Income Stream (which includes HESTA Retirement Income Stream (RIS), HESTA Transition to Retirement (TTR) Income Stream), and
- HESTA Term Allocated Pension (TAP)

Generally, this includes changes to, or events impacting the information provided in the HESTA Income Stream Product Disclosure Statement.

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

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

- investment changes
- changes to risk 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, TTR and TAP**

|  | 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, TTR and TAP**

|                           |                  | 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 for RIS, TTR and TAP**

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 |
| <b>Ready-Made Options</b> |                      |                            |                |                     |                |
| <b>Balanced Growth</b>    | 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           |
| <b>Conservative</b>       | 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          | 38.0                       | 38.0           | 25-55               | 25-55          |
|                           | Cash                 | 18                         | 18             | 10-30               | 10-30          |
|                           | Currency Exposure    | 9.5                        | 9.5            | 0-25                | 0-25           |
| <b>Sustainable Growth</b> | 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           |
| <b>High Growth</b>        | 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 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, but an update to align disclosures to how investment risks are being considered and managed by HESTA.

## 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) and Term Allocated Pension (TAP)

|                     |                             | 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 to reflect this. We allocate amounts to the relevant HESTA member's account using the calculated unit price of the investment option(s) effective the day the amounts are received. If the amounts cannot be allocated, we will refund or transfer to ASIC as required by law.

## contact us

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