risks of super

19 April 2025

The information in this document forms part of the following Product Disclosure Statements:
- HESTA Product Disclosure Statement issued 19 April 2025
- HESTA Personal Super Product Disclosure Statement issued 19 April 2025
- HESTA Corporate Super Product Disclosure Statement issued 19 April 2025

Understanding risks

Super allows you to save for your retirement in a low-cost, tax-effective way. However, it's important to note that the amount of your super benefit may not meet your expectations due to the impact of risk factors.

You should make yourself aware of and consider all risks, as well as your own personal circumstances, before making decisions about your super.

We have a Risk Management Framework and Strategy to help manage risks, although risk cannot be completely eliminated.

Each person has their own comfort level with risk. This may vary over time with changes in life circumstances and financial status. You should regularly review decisions you make about your super to make sure they continue to meet your needs and circumstances.

It's important to understand the following:
- the value of investments will vary
- the level of investment returns will vary and future returns may differ from past returns
- returns are not guaranteed and you may lose some of your money
- superannuation and tax laws may change in the future
- the amount of your super benefit at retirement may not be enough to provide adequately for your retirement.

Types of investment risk

All investing carries varying degrees of risk, depending on the nature of the underlying investments and the approach taken to seek to achieve each investment's objective.

Risk	Explanation
Market	Includes factors that affect investment markets, like domestic and international economic conditions, interest rates, exchange rates, inflation, government policy, current valuation levels and market sentiment. These factors can affect various investments differently at different times or may have an impact on returns from all investments in that market.
Company	Unexpected changes in a company's operations or business environment may affect the value of an investment in that company.
Country	Investment markets outside Australia may be exposed to risks not associated with Australian investments. Such risks include different economic conditions and foreign currency exposures, different political and regulatory environments and different interest rates.
Currency	Changes in exchange rates may adversely affect the translated value of investments made outside Australia in other currencies.
Interest rate	Changes in interest rates may affect the value of investments or investment returns.

Risk	Explanation
Liquidity	The risk a fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments.
Climate change	Climate related risks that can affect the value of investments or investment returns include: • physical risks (those related to the physical impacts of climate change on both the natural and built environment, such as extreme weather events, chronic heat waves, sea-level rise, erosion and biodiversity loss); • transition risks (risks associated with the response of governments, markets and society to climate change); and • liability risks (the risk that inaction or lack of adequate management of climate change could result in regulatory action or litigation).
Credit	The risk another party will fail to perform its contractual obligation relating to the fund's investment, resulting in a financial loss to the fund.
Investment management	Investment managers try to understand and manage investment risk. There is a risk that investment managers may underperform the market.
Concentration	The risk of amplified losses that may occur from having a substantial portion of a portfolio in a specific investment, sector or asset class.
Valuation	The risk that the values of a fund's assets are not calculated with sufficient frequency or accuracy, impacting investment option returns and financial statements.

Other risks

Risk	Explanation
Operational	This is the risk of loss resulting from inadequate or failed internal processes and controls, people and systems or external events.
Sequencing	The risk that the order or timing of negative investment returns may impact the value of a portfolio of investments. Positive or negative returns have more impact depending on when they occur. Sequencing risk increases as contributions and/or investment account balances increase. If a period of poor performance is experienced near to or early in retirement, this can have a significant impact on how long savings may last, particularly if funds need to be withdrawn to pay an income stream.
Legislative	The laws that impact on super, including tax laws, are subject to change. These changes may affect the tax effectiveness or value of your investment, or your ability to access it.
Adequacy	This is the risk that your savings will not be adequate to provide your desired level of income in retirement.
Longevity	This is the risk that you will live longer than your savings can provide for you financially in your retirement.

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