

1 October 2020

The information in this document forms part of the following Product Disclosure Statements:

- HESTA Product Disclosure Statement issued 1 October 2020
- HESTA Personal Super Product Disclosure Statement issued 1 October 2020
- HESTA Corporate Super Product Disclosure Statement issued 1 October 2020

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 minimise 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 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.
Liquidity	The risk a fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments.

Risk	Explanation
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.
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.
Investment management risk	Investment managers try to understand and manage investment risk. There is a risk that investment managers may underperform the market.

Other risks

Risk	Explanation
Operational risk	This is the risk that factors beyond our reasonable control may prevent the normal administration and management of your account. These risks include terrorist acts, war, earthquakes, epidemics, pandemics, fire or civil disturbance.
Legislative risk	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 risk	This is the risk that your savings will not be adequate to provide your desired level of income in retirement.
Longevity risk	This is the risk that you will live longer than your savings can provide for you financially in your retirement.

contact us

hesta@hesta.com.au | 1800 813 327 | Locked Bag 5136, Parramatta NSW 2124 | hesta.com.au

Issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL 235249, the Trustee of Health Employees Superannuation Trust Australia (HESTA) ABN 64 971 749 321. The information in this document forms part of the HESTA Product Disclosure Statement (PDS) issued 1 October 2020, HESTA Personal Super PDS issued 1 October 2020 and the HESTA Corporate Super PDS issued 1 October 2020. To access the other parts of the relevant PDS visit hesta.com.au/pds or call 1800 813 327. This document does not relate to the HESTA Income Stream. Refer to the HESTA Income Stream PDS for information about that product. This information 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. Before making a decision about HESTA products you should read the relevant Product Disclosure Statement, and consider any relevant risks (hesta.com.au/understandingrisk). Information in this document may change from time to time and may not be up-to-date at the time you receive the PDS. Information changes that are not materially adverse may be updated on our website hesta.com.au. A paper copy of the updated information will be made available to you upon request, without charge, by calling 1800 813 327.