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# Member outcomes assessment

Financial year ending 30 June 2023

The information in this document relates to:

- **HESTA Income Stream**
- **HESTA for Mercy Income Stream**
- **HESTA Term Allocated Pension**

Members of these products who have reached preservation age but have not met a condition of release are members of *HESTA Choice - Income Stream (Transition to Retirement)*, all other members are members of *HESTA Choice - Income Stream* for the purposes of this assessment.

## How we assessed ourselves and how we compare

Each year we are required to assess our performance to determine whether we have promoted the financial interests of members.

We do this by comparing our products against other comparable products (comparison factors) and assessing the features of our products (assessment factors).

This year our assessment has determined that we have promoted the financial interests of members. This document provides a summary of our assessment.

# Comparison factors

## How we compare

The tables below detail how we compare to the industry over 1, 3, 5 and 10 year average annualised returns.

## HESTA Choice - Income stream product Investment Results<sup>1</sup>

### HESTA Balanced Growth

1 year return	3 year returns	5 year returns	10 year returns
<b>11.79%</b>	<b>8.7%</b>	<b>7.18%</b>	<b>8.65%</b>

Relative to median of comparable products

**Better**

Source: SuperRatings Fund Crediting Rating Survey, as at 30 June 2023 – comparing HESTA with most products in the market (excluding employer plans). Data that is not available or where there is no comparable data is referenced with n/a.

## HESTA Choice - Income stream product Investment Results<sup>1</sup>

The table below details how we compare to the industry, as per SuperRatings data, over 1, 3, 5 and 10 year average annualised returns.

HESTA's Investment option	1 year return		3 year returns		5 year returns		10 year returns	
	HESTA (%)	Relative to median of comparable products	HESTA (%)	Relative to median of comparable products	HESTA (%)	Relative to median of comparable products	HESTA (%)	Relative to median of comparable products
Balanced Growth	11.79	Better	8.7	Lower	7.18	Better	8.65	Better
Conservative	6.40	Better	4.56	Better	4.72	Better	6.00	Better
Indexed Balanced Growth	13.98	Better	n/a	No return	n/a	No return	n/a	No return
Sustainable Growth	11.07	Lower	8.39	Lower	8.01	Better	10.21	Better
High Growth	15.49	Better	11.49	Better	8.58	Better	10.39	Better
Cash and Term Deposits	3.05	Lower	1.16	Lower	1.34	Lower	1.90	Better
Diversified Bonds	0.47	Lower	n/a	No return or no benchmark	n/a	No return or no benchmark	n/a	No return or no benchmark
Property and Infrastructure	4.17	No benchmark	9.20	No benchmark	5.89	No benchmark	8.32	No benchmark
International Shares	19.26	Lower	11.26	Lower	8.79	Lower	10.99	Lower
Australian Shares	16.70	Better	13.15	Better	8.59	Better	9.76	Lower

Source: SuperRatings Fund Crediting Rating Survey, as at 30 June 2023 – comparing HESTA with most products in the market (excluding employer plans). Data that is not available or where there is no comparable data is referenced with n/a.

<sup>1</sup> Returns are calculated net of investment fees and costs (excluding administration fees).

Past performance is not a reliable indicator of future performance.

## HESTA Choice - Income Stream (Transition-to-retirement) product Investment Results

There are no comparative results for Transition to Retirement (TTR) investment returns.

## Key results:<sup>2</sup>

### HESTA Choice – Income Stream

1 year returns for Choice (income stream) options rank above the median for comparable Choice (income stream) products, except for Sustainable Growth, International Shares, Cash and Term Deposits and Diversified Bonds (which benchmarked below the median).

### Investment Risk

→ The HESTA Choice - Income Stream and HESTA Choice - Income Stream (Transition to Retirement) investment risk ratings for each option are in line with comparable products and remains appropriate.

<sup>2</sup> Past performance is not a reliable indicator of future performance.

## Fees and costs

The table below details how we compare to similar products. According to Chant West data - fees for a member with a \$50,000 account balance are below most comparable products with a comparable risk profile for most of our investment options.

## HESTA Choice – Income Stream products

period to 30 June 2023

### HESTA Balanced Growth

Amount

**\$438**

Relative to median of comparable products

**Better**

Source: Chant West Member Outcomes Dashboard - comparing HESTA with most products in the market.

## HESTA Choice – Income Stream products

	Period to 30 June 2023	
HESTA's Investment option	HESTA Fees (\$)	Relative to median of comparable products
Balanced Growth	438	Better
Conservative	418	Better
Indexed Balanced Growth	238	Better
Sustainable Growth	703	Above
High Growth	443	Better
Cash and Term Deposits	218	Above
Diversified Bonds	363	Above
Property and Infrastructure	633	n/a
International Shares	418	Above
Australian Shares	298	Better

Source: Chant West Member Outcomes Dashboard - comparing HESTA with most Income Stream products in the market.

## Key results:

### HESTA Choice – Income Stream

Fees and costs for a member with a \$50,000 balance compare favourably against comparable products across many of the Choice (income stream) options.

Source: Chant West Member Outcomes Dashboard - comparing HESTA with most products in the market.

# Assessment factors

## Retirement Income Strategy

From 1 July 2022, the Retirement Income Covenant requires HESTA and trustees of a registrable superannuation entity to develop a Retirement Income Strategy for members and their beneficiaries who are retired or approaching retirement.

HESTA has a Retirement Income Strategy in place to help our members maximise and manage the expected risks to the sustainability and suitability of their expected retirement income, and to allow flexible access to their capital.

## Services and benefits

Our analysis found that the options, benefits, and facilities available to members in HESTA's products are appropriate for those members.

In reaching this finding, we considered the availability of services and member usage as compared to other funds. Chant West data showed that HESTA's options, benefits, and facilities were well utilised by members, and the services available were similar to our peers. We also considered the fees and costs are appropriate, compare favourably to peers and come in below the median for the provision of services, benefits, and facilities.

## Investment strategy

HESTA Choice - Income Stream and Income Stream (Transition to Retirement) investment options comprise ready-made, diversified investment options, and for HESTA Your Choice (specific asset class/classes) these are designed to meet the needs of members who want access to a range of investment option choices with different risk/return outcomes.

HESTA has an investment strategy for the whole of the fund and for each investment option. We have reviewed our Investment Strategy for each option to ensure objectives, risk levels and long term strategic asset allocation targets and ranges remain appropriate.

## Scale and size of business operations

HESTA has determined that the scale and size of HESTA's business operations do not disadvantage members, and our operating costs are not inappropriately affecting the financial interests of members.

When compared against most funds in the market HESTA performs better than the benchmark in most metrics that we assessed, including:

- operating expense per member of \$169 is lower than the median of \$266
- membership growth of 4.7% is above the median of 0%

As HESTA continues to grow, investment fees are expected to naturally decline through scale benefits. This also enables our investment team to leverage our size and reputation in negotiating fees with external fund managers.

With over one million members and \$76 billion in assets<sup>3</sup>, we can use our scale and size to deliver value to all our members.

## Basis for setting fees

All fees charged to HESTA member accounts consider principles of cost recovery in setting the amount to reflect HESTA's position as a not-for-profit fund. Our analysis found that HESTA's fees and costs, and the basis for setting fees on a cost recovery basis is appropriate for members currently invested in HESTA products.

All fees deducted from member accounts are retained in the reserves to fund the operations of the Fund, planning for significant projects that are not business as usual, address risks or to respond to any initiatives that arise that will benefit members of the fund (and in accordance with reserving policies).

<sup>3</sup> Represents membership and FUM at 1 July 2023.

# HESTA Income Stream - list of comparison products

## Chant West comparison products

Active Super Account Based Pension	GESB Retire. Income
Alcoa Retirement Plan	GuildPension
AMIST	HESTA for Mercy Super Income Stream
AMP SignatureSuper Allocated Pension	HESTA Income Stream
ANZ Smart Choice	Hostplus Pension
ANZ Staff Super Retirement Section	ING Living Super
Australian Catholic Super & Ret Fund	legalsuper
Australian Ethical Super	Maritime Super
Australian Retirement Trust - QSuper - Retirement Income	Meat Industry Super
Australian Retirement Trust - Super Savings - Retirement Income	Mercer Super Trust - Allocated Pension Division
AustralianSuper Choice Income	Mine Super Pension
AvSuper	MLC MasterKey Fundamentals
Aware Super Allocated Pension (ex Stateplus)	MyLife MyPension
Aware Super Flexible Income Plan (ex Stateplus)	NESS Super Pension
Aware Super Income Stream (ex First State Super)	NGS Super
Bendigo SmartStart Pension	Perpetual Select
Brighter Super Pension Accounts	Perpetual WealthFocus Pension
BT Super For Life	Plum Retirement Income
BUSSQ	Prime Super
CareSuper	Qantas Super Gateway - Income Account
CBUS Income Stream	REI Super Pension
CFS FirstChoice Pension	Rest
CFS FirstChoice Wholesale	Russell iQ Retirement
Christian Super	Spirit Super Pension
ClearView WealthFoundations	Suncorp Brighter Super pension
Commonwealth Bank Group Super	Suncorp Everyday Pension
CSC Retirement Income	Super SA Income Stream
EISS Pension (NSW)	TelstraSuper RetireAccess
Equip Pensions	TWUSUPER TransPension
ESSSuper Income Streams	UniSuper
First Super Pension	VicSuper Flexible Income
	Vision Super

Source: Chant West Member Outcomes Dashboard – comparing HESTA with most Income Stream products in the market (excluding any employer plans).

# HESTA Income Stream - list of comparison products

## SuperRatings comparison products

Active Super Account Based Pension	GuildPension
Alcoa Retirement Plan	HESTA for Mercy Super Income Stream
AMP SignatureSuper Allocated Pension	HESTA Income Stream
ANZ Smart Choice	Hostplus Pension
ANZ Staff Super Retirement Section	ING Living Super
Australian Ethical Super	legalsuper
Australian Food Super Pension	Meat Industry Super
Australian Retirement Trust - QSuper - Retirement Income	Mercer SmartRetirement Income
Australian Retirement Trust - Super Savings - Retirement Income	Mine Super Pension
AustralianSuper Choice Income	MLC MasterKey Fundamentals
AvSuper	NESS Super Pension
Aware Super Retirement Income	NGS Super
Bendigo SmartStart Pension	Perpetual Select
Brighter Super Pension Accounts	Perpetual WealthFocus Pension
BUSSQ	Plum Retirement Income
CareSuper	Prime Super
Catholic Super Retirement Income	Qantas Super Gateway - Income Account
CBUS Income Stream	REI Super Pension
CFS FirstChoice Wholesale	Rest
ClearView WealthFoundations	Russell iQ Retirement
Commonwealth Bank Group Super	Spirit Super Pension
CSC Retirement Income	Super SA Income Stream
Equip Retirement Income	TelstraSuper RetireAccess
ESSSuper Income Streams	TWUSUPER TransPension
First Super Pension	UniSuper
GESB Retire. Income	Vision Super

Source: SuperRatings Fund Crediting Rate Survey (FCRS).

## contact us

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