



Your member magazine

SEPTEMBER 2023

# Investment performance update

## RECONCILIATION ACTION

How we're helping to  
create a fair and  
healthy future

## RE-ENERGISING RETIREMENT

Boost your mindset  
to live a happy and  
healthy retirement





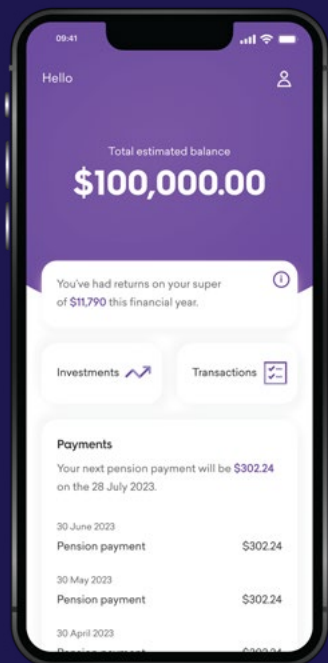
# Your **HESTA** app is here!

**Your super is in your hands, with the launch of your new HESTA app.**

Check your balance, edit your contact details, and see your latest transactions, scheduled payments and investment earnings.

Best of all, you only need to enter your membership login details once, like all your other apps.

Stay in touch with your super so you can take the next best step. That's what we want for all our members.



For illustrative purposes only

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our society

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# From the CEO

Welcome to your latest  
member magazine.



**It's certainly been a challenging year for many households, with cost of living pressures and rising interest rates. We share more about how your investments have performed over the page.**

These economic pressures may have personally impacted you. No matter your life stage, HESTA is here to support you through every step of your financial journey.

This year, we've partnered with Infoxchange to bring you Ask Izzy, a not-for-profit social enterprise that helps our members access support services like financial assistance, meals, family violence support and much more. Ask Izzy is a great way to access help outside of super, directly from our website. Through this initiative, we hope to help connect members to the services they need when they need them. Read more about it on page 8.

And more broadly, HESTA supports our more than one million members by delivering Super with impact<sup>1</sup>. We bring this to life by supporting you to face the future with confidence, being a gutsy advocate for a fair and healthy community and delivering investment excellence with impact. In this issue, we explore what that means for you, from launching our new HESTA app, how we're investing with impact, to our commitment to reconciliation.

I hope you enjoy these stories and wish you the best for the coming year.

Best regards,

**Debby Blakey**

Chief Executive Officer

**Three things I'm focusing on right now**



**Opportunities**

The fantastic opportunities that the scale of more than one million members brings to every member's experience with us.



**Possibilities**

New and exciting ways to innovate, shape and strengthen how we support our members.



**Impact**

How HESTA can continue to have a real and long-lasting impact on our members' lives now and in the future.

<sup>1</sup>For more information about Super with impact please visit [hesta.com.au/impact](https://hesta.com.au/impact)

# Performance

In many ways it has been a challenging year, with inflation persistently high and the consequent rapid increase in interest rates putting pressure on household budgets.

Despite this, financial markets have remained resilient. Global and Australian equity markets produced elevated returns for the 12 months to 30 June 2023. In the second half of the year, we saw global equities surge, with technology stocks and Japanese shares two standout areas.

However, bonds and property returns were muted in the rising interest rate environment. Over the recent financial year, the Reserve Bank lifted its cash rate from 0.85% to 4.10%. However, inflation-linked assets, including infrastructure, performed well.

We have seen the impacts of higher interest rates flowing through to the global economy, leading to a regional banking crisis in the US, and likely to lead to a slowing economy.

As such, as we look ahead, we see many similarities to the year that was. High (although moderating) inflation and elevated interest rates are likely to lead to ongoing market volatility and shape relative asset class performance. However, this will also provide opportunities for long-term investors like HESTA.

Reflecting our history of strong long-term performance, HESTA Income Stream received SuperRatings' 15-year platinum performance rating for the 15 years to 2023 - the highest rating possible<sup>1</sup>.

We continue to invest for the long term, to seek the best possible outcomes for your retirement savings and help more than one million HESTA members face the future with confidence.



**Watch our video  
update from Chief  
Investment Officer,  
Sonia Sawtell-Rickson**



**Like to chat  
about your  
account with  
an adviser?**

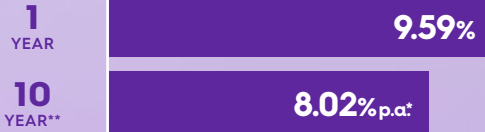
Organise a time at  
**hesta.com.au/  
speak-to-an-adviser**

Investments may go up or down. Past performance is not a reliable indicator of future performance.

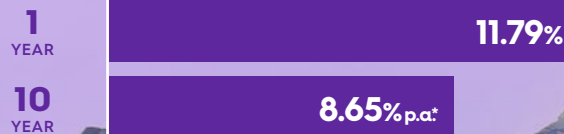
<sup>1</sup> Product ratings and awards are only one factor to be considered when making a decision. SuperRatings is part of the Lonsec group - go to [superratings.com.au/products](https://www.superratings.com.au/products) for important information about this rating.

## Performance to 30 June 2023

### Balanced Growth (Super and Transition to Retirement)



### Balanced Growth (Retirement Income Stream and Term Allocated Pension)



### Conservative (Super and Transition to Retirement)



### Conservative (Retirement Income Stream and Term Allocated Pension)



Investments may go up or down. Past performance is not a reliable indicator of future performance. The returns shown are net of investment fees and costs, transaction costs and taxes.

Balanced Growth is the default option for HESTA Super, while a blend of Balanced Growth and Conservative is the default strategy for the HESTA Income Stream.

\* Average annualised return for the period.

\*\* From 1 October 2020, TTR investment options were replaced with the same investment options as HESTA super. The past performance history shown here is indicative as it is based on the performance of the corresponding super options.



## Need some support to make the most of your income stream?

Our retirement help service can support you to enjoy your life after work. Our team can help you with all aspects of your income stream including checking your Centrelink entitlements. We can also refer you to specialists that can help with applying for the Government Age Pension as well as estate planning services.

Visit [hesta.com.au/retirement-hub](https://hesta.com.au/retirement-hub)



Find the help you need, now and nearby.

Search over 400,000 support services.

What do you need help with?



Search

### Access to support services outside of super

While your income stream may be one of your most important investments, we recognise many of our members may need extra support right now. We've partnered with Infoxchange, a not-for-profit social enterprise, to bring you **Ask Izzy**. Ask Izzy helps people access support services in their local area, across Australia. You can search for over 400,000 services close to you, including financial assistance, meals, mental health counselling, shelter, family violence support, and much more. Find out more about Ask Izzy at [hesta.com.au/askizzy](https://hesta.com.au/askizzy)

Ask Izzy is owned and operated by Infoxchange ABN 74457506140.



# Key super changes you need to know about



**Across the latest super changes that could affect you? Let's get you up to speed.**

## **Drawdown rates go back to pre-COVID levels**

The temporary 50% reduction of the minimum pension drawdown rates, introduced during the COVID pandemic, has ended as of 30 June 2023. The return to the government's standard minimum drawdown rates has applied since 1 July 2023.

## **Proposed extension to the Pension Work Bonus**

The government has proposed to extend a measure (introduced in the October 2022 Federal Budget) that provides eligible age and veteran pensioners a once-off credit of \$4,000 to their

'Work Bonus income bank' until 31 December 2023.

Under this measure, pensioners can earn up to \$11,800 before their pension is reduced, supporting those who want to work, or work more hours, to do that without losing their pension.

## **Transfer Balance Cap**

The general Transfer Balance Cap increased from \$1.7 million to \$1.9 million on 1 July 2023. This cap limits the total amount of superannuation that can be transferred into what's known as 'the retirement phase' of superannuation.

The cap doesn't include Transition to Retirement income streams.

So if you still have a super account on the go, this might be relevant to you.

## **Got a burning question about your money in retirement?**

Head to our Retirement Hub.



# Re-energise your retirement!

If you're feeling some dissatisfaction with your current life in retirement, let's explore some of the possible causes and ways to deal with some of the challenges.

People that are unhappy in retirement often fall into one of these three buckets:

01. frustrations with no longer having a job
02. frustrations with the physical changes of ageing
03. frustrations with family interactions.

So what can you do to deal with some of these challenges?

In a survey of both urban and rural retirees, Michael Longhurst found that satisfied retirees tended to engage in three levels of activity<sup>1</sup>:

01. **maintenance activities:** cleaning, cooking, mowing lawns, eating, sleeping, routine shopping etc.
02. **leisure activities:** watching TV, reading, going out for coffee, playing golf, playing bridge, tennis, bowls, walking etc.
03. **purposeful activities:** where something is produced or achieved (i.e. we create, improve, restore, fix, adapt or enhance something) or where we support someone else.

<sup>1</sup> M.Longhurst, Enjoying Retirement, Hachette Australia, 2018

Do you ever get a sinking feeling around 'What am I going to do today?'



## The power of the little things in life

It's the little things that have the greatest impact on how we feel. When we connect the dots of all these small events, life seems fuller and more satisfying. In fact, a thousand little activities connected can make something immense.

### Thought starters:

- going through some old photographs and identifying a long-lost friend or relative, then making contact and arranging a catch up
- listening to a podcast and tapping into the incredible range of interviews and programs available, including audio books

- doing little things for others, including family and neighbours, like cooking meals when someone is sick.

Take time to think about one thing – no matter how small – that you could start doing, or do more of, or even stop doing, that will give your retirement a real boost.

**Remember:**  
"enjoy the little things in your life as, one day, you may look back and realise they were the big things".

And if you are experiencing ongoing feelings of isolation, depression or loneliness, know there is help: visit [beyondblue.org.au](http://beyondblue.org.au) or call a counsellor on 1300 224 636.

**Watch more tips on living a happy and healthy retirement:**



Learn more at [hesta.com.au/superquestionsanswered](http://hesta.com.au/superquestionsanswered)

# Do you have an aged care plan?



The good news is we're living longer, with more time in retirement to tick off your wish list. But at some point, you can expect to slow down and take things easier.

When this happens, you or your loved ones may need help around the home with daily needs and medical care, or may need to make the move to an aged care home.

**While we plan for many aspects of our lives, few people plan for future aged care needs.**

Navigating aged care isn't easy. The rules, fees and charges can be complex – especially if you're making decisions while emotions are running high.

We know advice from a specialist financial adviser with aged care experience can help.

We've partnered with Aged Care Personal Advice\*, industry leaders in aged care financial advice, to give our members and their families access to expert guidance on aged care<sup>1</sup>.

**Planning and knowledge create peace of mind**

**The right advice can help you:**

- access services that meet your needs
- manage costs
- take the pressure off family when a crisis occurs
- have a voice
- avoid costly mistakes.

**Ready to start the conversation, or want to know more?**

Contact us for a referral to Aged Care Personal Advice at [hesta.com.au/advice](https://hesta.com.au/advice)

\* Trading as Aged Care Personal Advice, Aged Care Steps Pty Ltd, ABN 42 156 656 843 operates under AFSL 486723

<sup>1</sup> Fees for advice may apply  
Third-party services are provided by parties other than H.E.S.T. Australia Ltd and terms and conditions apply. H.E.S.T. Australia Ltd does not recommend, endorse or accept any responsibility for the products and services offered by third parties or any liability for any loss or damage incurred as a result of services provided by third parties. You should exercise your own judgment about the products and services being offered.

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# HESTA supports the Voice

**We're proud to share that HESTA has pledged support for the recognition of Aboriginal and Torres Strait Islander peoples through a constitutionally enshrined Voice.**

Our members work primarily in health and community services and see firsthand the devastating consequences of the systemic disadvantage Aboriginal and Torres Strait Islander peoples face.

We believe that HESTA has a role in shaping a fairer, more just and inclusive society. We're committed to increasing our ability to practically advance equity for Aboriginal and Torres Strait Islander peoples through how we act as an organisation and by using our influence in the superannuation industry.

As an investor, we also understand that strong and respectful stakeholder relationships are fundamental to good governance and strong long-term value creation, including strong long-term returns, which can lead to improved member outcomes. That's why for many years, we've supported the Uluru Statement and its ambition to create a Voice.

We were among the first major super funds to implement a Reconciliation Action Plan (RAP). Our reconciliation work continues to help us deliver Super with impact: through how we act as a member-focused fund, advocate for a fair and healthy community, and invest with excellence for impact, having delivered strong long-term returns<sup>1</sup>.

Our 2023-25 Innovate RAP sets out how we'll continue to help advance reconciliation through our work, as a fund dedicated to health and community services and as an investor.

Find out more about  
Super with impact:  
[hesta.com.au/impact](https://hesta.com.au/impact)

<sup>1</sup> Investments may go up or down.  
Past performance is not a reliable indicator of future performance.

# How we're acting on climate change

We believe our members' financial interests are best served by a deep commitment to responsible investing. Responsible investment is an approach to investing that incorporates the consideration of environmental, social and governance (ESG) risks and opportunities into investment decision making, and active ownership, to promote the best financial interests of HESTA members<sup>1</sup>.

## Investment excellence with impact

Investment excellence with impact is a part of how we bring our purpose to life and create positive outcomes for our members.

To support this, HESTA has acted on climate change for over two decades<sup>2</sup>. We take this action as we recognise that climate change poses a material financial risk that is relevant to the management of our members' retirement savings.

We were one of the first major Australian super funds to announce a plan to reach net zero portfolio emissions by 2050 as part of our Climate Change Transition Plan.

This was supported by an interim target of a 33% reduction in normalised portfolio emissions<sup>3</sup> by 2030, which we're proud to have achieved, eight years ahead of schedule.

This led us to strengthen our interim target to a 50% reduction in normalised<sup>4</sup> portfolio carbon emissions by 2030.

We're proud of our achievements so far and continue to take action that accelerates our contribution to a more sustainable world.

**Read more about investment excellence with impact:**



[hesta.com.au/impact](https://hesta.com.au/impact)

## Our other key actions

- Launching the HESTA Eco Pool (evolved into what is now HESTA Sustainable Growth) investment option on 1 July 2012. HESTA Sustainable Growth is the top performer<sup>5</sup> versus similar investment options over 10 years to 30 June 2023.
- Seeking to have 10% of the portfolio invested in climate solutions like renewable energy and sustainable property by 2030<sup>6</sup>.
- Implementing select restrictions in 2014 for companies involved in thermal coal activities that were further strengthened in 2020. For more information on restrictions and exclusions, scan here and scroll to page 35:



Read more about the actions we're taking on climate change at [hesta.com.au/climate-action](https://hesta.com.au/climate-action)

<sup>1</sup> Our Responsible Investment Policy outlines the principles and commitments that direct our approach to responsible investment. It's available on our website.

<sup>2</sup> Our Path to Net Zero report outlines how we've acted on climate change since 2001. It's available on our website.

<sup>3</sup> Normalised carbon emissions scope 1 and 2 (tonnes CO<sub>2</sub>e / \$m invested) below the 2020 baseline. We've chosen normalised carbon emission as it represents HESTA's share (based on Enterprise Value) of real-world emissions. As at 30 June 2022.

<sup>4</sup> Normalised carbon emissions scope 1 and 2 (tonnes CO<sub>2</sub>e / \$m invested) below the 2020 baseline.

<sup>5</sup> SuperRatings Fund Crediting Rate Survey – Sustainable Investment Survey. Balanced (60-76). June 2023. Investments may go up or down. Past performance is not a reliable indicator of future performance.

<sup>6</sup> Identification of opportunities has been based upon the Sustainable Development Investment Asset Owner Platform (SDI AOP) Taxonomy. Investments that are aligned to SDG 7, 11.1 and 13 have been included in the baseline.

**HESTA**

**Super with impact**