



Significant Event Notice.

For investors of Hostplus Self-Managed Invest (SMI)

19 June 2023

i This Significant Event Notice (SEN) contains important updates relating to changes to Hostplus Self-Managed Invest (SMI) which may impact your investment and related services. Please take the time to read through the important information provided and refer to the SMI Product Disclosure Statement (PDS) on our website for further information.

Contents

- 1. New investment options**
- 2. Introduction of switching windows for Property and Infrastructure investment options**
- 3. Changes to investment fees and costs**

Material changes to the investment fees and costs and/or transaction costs.
- 4. Strengthening investment governance**
- 5. Changes to asset rebalancing practices**

1. New investment options

On 28 November 2022, Hostplus SMI introduced three new pre-mixed investment options. These options provide investors with a more diversified range of pre-mixed investment alternatives, including access to lower risk (conservative/defensive) and lower cost options, and a socially responsible option for investors wanting to invest in assets that contribute to sustainable outcomes.

The new options are:

Capital Stable

A diversified, pre-mixed investment option designed for investors seeking a much lower allocation to growth assets and a much higher allocation to defensive assets compared to our Balanced option.

Conservative Balanced

A diversified, pre-mixed investment option with a similar proportion of growth and defensive assets. This option is designed for investors wanting a diversified, pre-mixed investment option with lower risk compared to our Balanced option.

Socially Responsible Investment (SRI) - Balanced

A diversified, pre-mixed investment option with a socially responsible investment style. This option is designed for investors wanting to invest in assets that contribute to sustainable outcomes.

Details of the new options are provided in the following tables. For further information, please refer to the [Hostplus Self-Managed Invest Product Disclosure Statement \(PDS\)](#) and [Additional Information brochure \(AIB\)](#).

Capital Stable	
Return target	Accumulation: CPI plus 2.0% p.a. on average over 20 years Pension: CPI plus 3.0% p.a. on average over 20 years
Level of investment risk¹	Low to Medium. (Negative returns expected in between 1 to less than 2 out of every 20 years)
Investment style	Most conservative and low-risk of the Hostplus pre-mixed investment options.
Investment objective	Eligible investors with a five years plus investment horizon in pursuit of the lowest risk, diversified, pre-mixed investment option. Capital Stable has been designed for investors seeking a much lower allocation to growth assets such as equities (shares) and a much higher allocation to defensive assets such as fixed interest and cash, compared to the Balanced option.
Minimum Suggested Time Frame²	5 + years

Conservative Balanced	
Return target	Accumulation: CPI plus 3.0% p.a. on average over 20 years Pension: CPI plus 3.5% p.a. on average over 20 years
Level of investment risk¹	Medium. (Negative returns expected in between 2 to less than 3 out of every 20 years)
Investment style	Contains roughly equal proportions of growth and defensive assets.
Investment objective	Eligible investors with a five years plus investment horizon in pursuit of a diversified, pre-mixed investment option with lower risk compared to our Balanced option. Conservative Balanced has been designed for investors seeking a lower allocation to growth assets such as equities (shares) and a higher allocation to fixed interest and cash. It contains a similar proportion of growth and defensive assets.
Minimum Suggested Time Frame²	5 + years

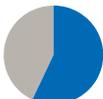
Asset mix		
Asset Class	Range	Strategic Asset Allocation Benchmark
Australian Shares	0 – 30%	8%
International Shares - Developed Markets	0 – 30%	8%
International Shares - Emerging Markets	0 – 10%	3%
Property	0 – 25%	11%
Infrastructure	0 – 25%	11%
Private Equity	0 – 10%	1%
Credit	0 – 20%	6%
Alternatives	0 – 20%	6%
Diversified Fixed Interest	10 – 50%	25%
Cash	10 – 50%	21%



38% ■ Growth Assets

62% ■ Defensive Assets

Asset mix		
Asset Class	Range	Strategic Asset Allocation Benchmark
Australian Shares	10 – 30%	16%
International Shares - Developed Markets	10 – 30%	16%
International Shares - Emerging Markets	0 – 15%	6%
Property	0 – 25%	10%
Infrastructure	0 – 25%	9%
Private Equity	0 – 10%	3%
Credit	0 – 20%	6%
Alternatives	0 – 20%	6%
Diversified Fixed Interest	10 – 40%	15%
Cash	5 – 25%	13%



57% ■ Growth Assets

43% ■ Defensive Assets

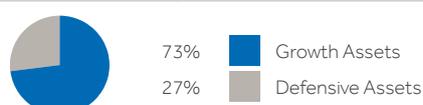
1. The Level of investment risk is based on an industry-wide Standard Risk Measure.
2. The Minimum Suggested Time Frame is based on the risk and return profile of this option. The time frame considers volatility and the likelihood of negative annual returns in any one year.

Socially Responsible Investment (SRI) - Balanced

Return target	Accumulation: CPI plus 3.0% p.a. on average over 20 years Pension: CPI plus 4.0% p.a. on average over 20 years
Level of investment risk¹	High. (Negative returns expected in between 4 to less than 6 out of every 20 years)
Investment style	Responsible investment option invested through diversified investment portfolio, including some growth assets and some lower risk investments. Seeks to reduce exposure to particular industries and invest in assets that contribute to sustainable outcomes.
Investment objective	Eligible investors with a five years plus investment horizon in pursuit of a diversified, pre-mixed investment option with a socially responsible investment style. The SRI Balanced option has been designed for investors specifically seeking to reduce exposure to fossil fuels, companies that breach human rights or labour rights, uncertified palm oil, tobacco production and other particular industries, while investing in assets that contribute to sustainable outcomes. Compared to our Balanced option, SRI Balanced has a similar split between assets with growth and defensive characteristics.
Minimum Suggested Time Frame²	5 + years

Asset mix

Asset Class	Range	Strategic Asset Allocation Benchmark
Australian Shares	10 – 50%	24%
International Shares - Developed Markets	10 – 50%	26%
International Shares - Emerging Markets	0 – 20%	0%
Property	0 – 30%	10%
Infrastructure	0 – 30%	9%
Private Equity	0 – 30%	8%
Credit	0 – 20%	0%
Alternatives	0 – 30%	10%
Diversified Fixed Interest	0 – 30%	8%
Cash	0 – 20%	5%



1. The Level of investment risk is based on an industry-wide Standard Risk Measure.

2. The Minimum Suggested Time Frame is based on the risk and return profile of this option. The time frame considers volatility and the likelihood of negative annual returns in any one year.

Fees and costs for the new investment options

The following table provides the current investment fees and costs per annum for the new investment options. Other fees and costs apply – please refer to the [Hostplus Self-Managed Invest Product Disclosure Statement \(PDS\)](#) and [Additional Information brochure \(AIB\)](#) for details.

Hostplus Self-Managed Invest (SMI)					
Investment option	Investment fees and costs (excl Performance Fees)	Performance Fee	Transaction costs	Total investment fees and costs ¹	Cost of Product ²
Capital Stable	0.31%	0.18%	0.09%	0.58%	\$462.75
Conservative Balanced	0.38%	0.21%	0.10%	0.69%	\$517.75
Socially Responsible Investment (SRI) - Balanced	0.30%	0.11%	0.08%	0.49%	\$417.75

1. These costs are based on actual figures and estimates as disclosed in the 1 April 2023 AIB. The costs payable in respect of each future year may be higher or lower.

2. The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your superannuation investment over a 1-year period for all superannuation products and investment options and is a calculation of the administration fees, investment fees and costs and investment transaction costs on a \$50,000 balance.

2. Introduction of switching windows for Property and Infrastructure investment options

Hostplus is introducing switching “windows” for the Property and Infrastructure options. From 1 October 2023, any switches into and out of the Property and/or Infrastructure options will need to occur during a pre-determined switching period (“window”) each quarter.

The quarterly switching windows will open on the second Monday of the second month of each calendar quarter. You can find the exact dates of these windows for the 2023-24 financial year in the table below. The switching windows for future financial years will be published on our website.

i From 1 October 2023 onwards, you will not be able to switch in or out of the Property or Infrastructure options on your SMI account outside of these switching windows. However you will be able to continue to make additional contributions to or withdrawals from these options at any time.

Commencing 1 October 2023, the switching windows for the Property and Infrastructure options for the 2023-24 financial year are shown below:

Quarter	1 Oct 23 – 31 Dec 2023	1 Jan 24 – 31 Mar 2024	1 Apr 23 – 30 June 2024
Month	November 2023	February 2024	May 2024
Switching window opens	12.01am ¹ 13 November 2023	12.01am ¹ 12 February 2024	12.01am ¹ 13 May 2024
Switching window closes	2:00pm ¹ 24 November 2023	2:00pm ¹ 23 February 2024	2:00pm ¹ 24 May 2024

1. AEST/AEDT.

Switches for all other SMI investment options are not impacted by these switching windows and can continue to be made at any time.

Why is Hostplus introducing these switching windows?

Hostplus has a fiduciary duty to ensure the use of its products and the operational and risk frameworks within which they operate are in the best financial interests of all members and investors.

In addition, the Australian Prudential Regulation Authority (APRA) – the superannuation regulator – recently issued updated Prudential Standard SPS 530 (Investment Governance), specifically in relation to valuation practices, liquidity management and investment switching. We’ve introduced these new switching windows to further enhance our investment governance and risk controls. You can read more about how we are strengthening our investment governance in Section 4 of this SEN.

3. Changes to investment fees and costs

Hostplus is required by law to calculate and publish the investment fees and costs applicable to its investment options and products for the current financial year, based on actual and estimated information from the previous financial year.

Hostplus has recently completed a review and re-estimated certain investment fees and costs. Where applicable, fees and costs that were previously estimated have been updated with actual fees and costs or updated estimates, which may be either higher or lower than previously used estimates.

As a result of this recent review, the estimated investment fees and costs and/or transaction costs for the following two investment options have either materially increased or decreased:

- Socially Responsible Investment (SRI) – Balanced
- International Shares- Emerging Markets.

A summary of the changes is provided in the table below.

Additionally, the investment fees and costs and/or transaction costs for other investment options may have also changed, however, these have been assessed as immaterial. You can view all our investment option and product fees and costs, and how they are paid, in the [Product Disclosure Statement \(PDS\)](#).

Summary of material changes to investment fees and costs and /or transaction costs

Investment option	Disclosure period the cost estimates relate to ¹	Investment fees and costs (excl. performance fees)	Performance fees	Transaction costs	Total investment fees and costs	Change in total investment fees and costs	Cost of product ²	Principal reason for change
Socially Responsible Investment (SRI) – Balanced ²	At 28 November 2022	0.23%	0.11%	0.05%	0.39%	+0.10%	\$417.75	Slightly higher average investment manager fees, and higher transaction costs in the last year.
	From 1 April 2023	0.30%	0.11%	0.08%	0.49%			
International Shares- Emerging Markets	Up to 30 June 2022	0.63%	0.00%	0.14%	0.77%	-0.11%		Reduction in base fees due to increase in scale and changes to manager composition.
	From 1 July 2022	0.51%	0.00%	0.15%	0.66%			
	From 1 April 2023	0.52%	0.00%	0.15%	0.67%	+0.01%	\$507.75	No significant change.

1. The disclosure period up to 30 June 2022 reflects the investment fees and costs and transaction costs and cost of product disclosed in the 18 March 2022 Product Disclosure Statement (PDS).

2. The cost of product gives a summary calculation about how ongoing annual fees and costs can affect your superannuation investment over a 1-year period for all superannuation products and investment options and is a calculation of the administration fees, investment fees and costs and investment transaction costs on a \$50,000 balance. Please refer to the current PDS available on our website for detailed fees and costs information.

4. Strengthening investment governance

Under what is known as product Design and Distribution Obligations (DDO), Hostplus is required to periodically review how our financial products are designed, distributed, and used by members and investors. This is done with the aim of helping members and investors determine that their use of certain Hostplus products, such as our investment options, remains appropriate for their likely objectives, financial situation and needs.

In addition to the above requirements and policies, APRA periodically issues updated standards, requirements and guidance to superannuation funds. APRA recently issued updated Prudential Standard SPS 530 (Investment Governance), specifically in relation to valuation practices, liquidity management and investment switching.

Among several other updates, these requirements reflect APRA's expectations for super funds to consider and strengthen their processes, policies, and product rules to mitigate any member and investor equity risk in relation to these areas.

APRA's revised SPS 530 commenced on 1 January 2023 and applies to all APRA supervised superannuation funds.

To ensure we continue to have appropriate risk controls in place to meet the regulatory requirements, and as a prudent Trustee of members' investments, Hostplus continues to monitor, review and further enhance our investment governance policies, procedures, controls and business rules to ensure relevant risks are well managed and are in keeping with APRA's guidance and expectations.

In doing so, Hostplus has recently updated its member and investor switching, monitoring and review processes and its product rules and relevant disclosures. Should we identify switching activity that we determine to be unreasonable and potentially detrimental to other members' or investors' interests, we may take appropriate actions. This may include providing education and guidance to members and investors engaging in such activity, more formal cautions being issued to dissuade such activity or acting to restrict or remove a member's capacity to exercise investment switching in relation to options at our discretion.

5. Changes to asset rebalancing practices

Hostplus seeks to ensure that each investment option is managed within its strategic parameters, as represented by the asset class ranges around its strategic asset allocation benchmarks.

Market valuation movements and investor-related cashflows can impact upon these asset allocation settings. Accordingly, and based upon its current and prospective views of markets, Hostplus can choose to alter these settings as required, albeit while remaining within the required asset class ranges.

Hostplus can do so by engaging in transactions with the underlying managers, but also by rebalancing, whereby the underlying assets can be redistributed across different investment options. As the Balanced option represents the largest option, to date the Balanced option has been the main counterparty to all other investment options regarding these redistributions.

We have since further reviewed our rebalancing policies and have determined that from 1 July 2023 rebalancing will now be proportionately applied across all pre-mixed investment options, rather than across just the Balanced option.