SIGNIFICANT EVENT NOTICE

FREQUENTLY ASKED QUESTIONS

8 December 2023

On 8 December 2023 we sent a Significant Event Notice (SEN) to investors in the Socially Responsible Investment (SRI) – Balanced and Infrastructure investment options.

The SEN provided information about increases to investment fees and costs for these options.

Below, you'll find answers to some frequently asked questions about the SEN.

Why have the investment fees and costs changed?

All superannuation funds, including Hostplus, are required by law to calculate and publish the investment fees and costs applicable to all of the fund's investment options and products for the current financial year, based on actual and estimated information from the previous financial year.

As a result, Hostplus has recently completed a review and updated our previous estimates with the actual fees and costs incurred.

The actual investment fees and costs and/or transaction costs for the SRI – Balanced and Infrastructure investment options have materially increased.

The key reasons for these increases are:

Compelling performance
Recently, certain investments in the SRI - Balanced and Infrastructure options have surpassed their return targets, resulting in higher performance fees charged by some of our external investment managers. Though the performance fees are higher, it means these investments have added value to investors' accounts overall.

In fact, Hostplus' SRI – Balanced option is one of the top-performing socially responsible balanced options in Australia over five years[1], even after investment and performance fees have been paid. And, the Infrastructure option has returned 9.96% per year over three years (accumulation phase) and 11.17% per year over three years (pension phase)[2].

1. Source: SuperRatings Sustainable Survey – Balanced (60-76), October 2023.
2. Source: Hostplus data at 30 September 2023.

New investments

In our commitment to continually improve, we've introduced new investments within the SRI – Balanced and Infrastructure options. While some of these come with higher management fees, we believe they will add greater value to investors overall. These adjustments reflect our goal of delivering sustainable and robust net returns to support your retirement journey.

Why haven't you included information about other investment options' changes to fees and costs in this SEN?

We're required by law to communicate material changes to our investment fees and costs to investors:
- within 90 days following any material increase
- within 12 months following any material decrease.

To ensure timely communication to the impacted investors and prudent cost management, we're sending this SEN to investors invested in the SRI – Balanced or Infrastructure options.

While we have also updated the investment fees and costs for other options, we have not included them in this SEN as they were either reductions or were not material increases. Material reductions in fees for other options will be communicated to investors at a later date.

Click here to see details of all current Hostplus Self-Managed Invest fees and costs in the SMI Additional Information Brochure.

What's included in total investment fees and costs?

Total investment fees and costs are fees and costs that relate to investing and include:

- Investment management fees and costs
- Performance fees
- Investment transaction fees and costs.

Administration fees are not included in the total investment fees and costs. Click here to see details of all current Hostplus Self-Managed Invest fees and costs in the SMI Additional Information Brochure.

What does a material change mean?

A material change is a change regarded as significant enough it should be communicated to investors through a SEN.

Hostplus has defined a material change as an increase or decrease in total investment fees and costs (TIC) of:

- 0.05% (or more) when subtracting the old TIC from the new TIC

  AND

- 10% (or more) when comparing the two TICs as a percentage change.