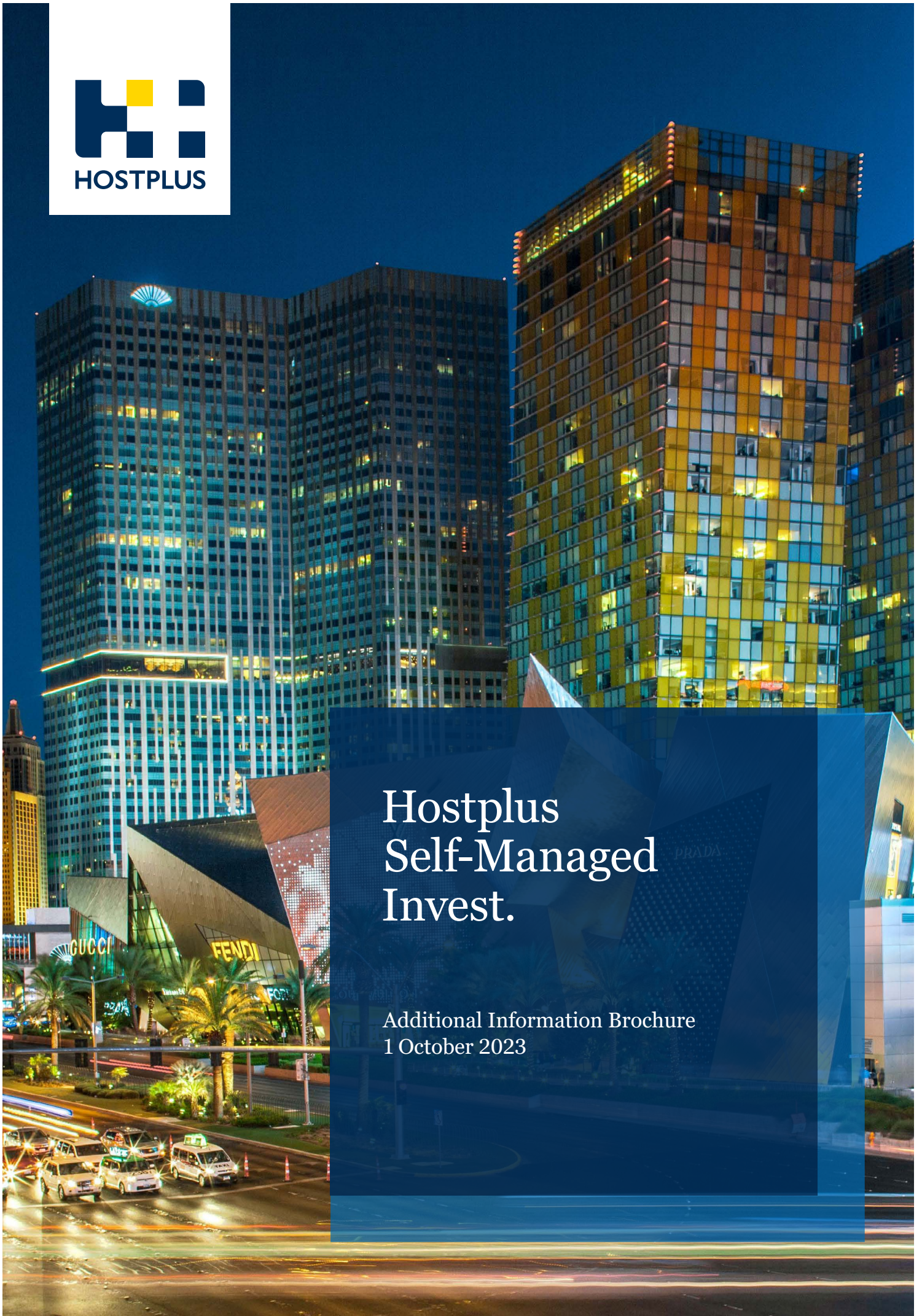




Hostplus Self-Managed Invest.

Additional Information Brochure
1 October 2023



Contents

1. Hostplus Self-Managed Invest	2
2. Investments and risks	6
3. Fees and costs	28
4. Other important information	34
5. Glossary	36

Hostplus Self-Managed Invest (SMI) is issued by Host-Plus Pty Limited ABN 79 008 634 704, AFSL 244392 in its capacity as the Trustee of the Hostplus Pooled Superannuation Trust (PST) ABN 13 140 019 340.

The information in this document forms part of Hostplus SMI Product Disclosure Statement (PDS) dated 1 October 2023 and should be read in conjunction with the PDS. It contains further information about investments, fees and costs, and other important information.

We may update this document as required according to changes to Hostplus SMI, the Trust Deed and the relevant law. Hostplus may provide updated information via its website, rather than update the PDS, if that information is not materially adverse to investors. This updated information is available at hostplus.com.au/smi or you may request a paper or electronic copy of the updated information, free of charge.

While every care has been taken to ensure that the information in this document is correct, Hostplus reserves the right to correct any error or misprint in respect of the information shown.

For a description of the target market, please read the Target Market Determination (TMD), available at hostplus.com.au/ddo

1389.4 ISS17 1023

Hostplus Self-Managed Invest

Managing your investments in Hostplus Self-Managed Invest

Online access

All functions for your account, including transactions and administrative requests, are conducted online at hostplus.com.au/smi where you can:

- join Hostplus SMI
- make additional investments
- make investment switches and withdrawals
- obtain a summary of your investment allocation including unit prices and current values
- review your transaction history
- generate reports and view past statements, and
- view and update your details

Upon accepting your application to invest in Hostplus SMI you will receive an investor welcome email, including a unique user ID. This will be followed by an email confirming your temporary password which you will be required to change when you first log in.

The investor welcome email and access will be issued to each nominated director/trustee on the investment as well as any authorised representative and their delegates and/or representatives.

Transaction authority

When you invest in Hostplus SMI you will be able to nominate multiple Account Authorities to act on behalf of the investment. For example the primary trustee, an authorised representative or your financial adviser, their delegates and/or representatives. Your nominated Account Authorities will be granted the approved level of access so they can keep up to date with the investment.

You can request to change your nominated Account Authorities at any time. Forms and more information are available from hostplus.com.au/smi

How to transact on your Hostplus Self-Managed Invest investment

Your request	Minimum transaction	Things to note
Opening a Hostplus SMI account		
<p>Eligible investors or an authorised representative, their delegates and/or representatives can apply for Hostplus SMI via hostplus.com.au/smi or seek assistance from the SMI service team at 1300 350 819.</p> <p>The minimum initial investment is \$10,000.</p> <p>Applications received after 2pm AEST/AEDT will be considered as having been received the following business day.</p> <p>Once your application is verified and payment has been received, your investment will be valued according to the last known unit price for the relevant investment options.</p> <p>The following payment methods are available to make investments into Hostplus SMI:</p> <p>BPAY Biller Code: 266684</p> <p>Ref: < ></p> <p>A personalised reference number will be provided to you at the completion of your SMI application.</p> <p>Electronic Funds Transfer (EFT)</p> <p>Account Name: Hostplus PST – Self-Managed Invest BSB: 242 000 Account Number: 217071003</p>	\$10,000	<p>For authentication and Anti Money Laundering Counter-Terrorism Financing purposes, investors and nominated authorised financial adviser(s) are required to provide the following evidence at the time of application:</p> <ul style="list-style-type: none"> ▪ identification for each named director/trustee; ▪ evidence of fund compliance; ▪ if applicable, evidence and identification of adviser nomination (refer to below section 'Appointment of Adviser'. This may include but not be limited to: <ul style="list-style-type: none"> ▪ Full name of the adviser(s) [if an organisation]; ▪ Full name of the adviser organisation (if applicable) ; ▪ Adviser's ABN (if applicable); ▪ Licence number applicable to the adviser; and ▪ Full business address (not a PO Box) of the adviser(s). <p>An application will be considered 'verified', once all initial investment application evidence required by the Trustee is reviewed and confirmed.</p> <p>Initial payment is required within 5 business days of your verified investment application. Should payment not be received by this time your application may be cancelled. We will contact you in such an event to provide assistance.</p> <p>Investors are required to nominate their preferred investment allocation and allocate assets according to their superannuation phase (accumulation or pension) for their application to proceed.</p> <p>No default investment option applies.</p> <p>No maximum investment applies. The Trustee however reserves the right to decline any application for investment, at its absolute discretion.</p>
Appointment of an authorised representative		
<p>You can appoint an authorised representative to manage your account.</p> <p>An appointment can be made to grant your authorised representative, their delegates and/or representatives 'information-only' access or 'full transaction' access as a nominated Account Authority to act on your behalf.</p>		<p>You can make a nomination via your initial application or via the investor portal at hostplus.com.au/smi or by completing an Appointment of Adviser form available from the Hostplus SMI service team on 1300 350 819. You can appoint, change or revoke your adviser at a later time.</p> <p>Please note in the event of revoking your nominated adviser, the authority may remain in place for up to 3 business days after the Trustee receives a notice of revocation via email or phone.</p>
Making additional investments		
<p>You can add to your investment at any time via the online investor portal.</p> <p>The minimum additional investment is \$5,000 per investment option, noting the ongoing balance requirement of \$5,000 per option.</p> <p>Transaction requests must be received before 2pm AEST/AEDT. Applications received before this cut-off time will be processed at the next determined application price. This is provided payment is received as cleared funds overnight. Applications received after 2pm AEST/AEDT will be processed at the application price applicable to the following business day, subject to receipt of payment.</p>	\$5,000	<p>Investors are required to nominate their preferred investment allocation and allocate assets according to their superannuation phase (accumulation or pension) for the additional investment to be accepted. No default investment option applies.</p> <p>Applications will be valued according to the effective date of your request provided payment has been received by us the following business day. Should payment not be received by this time, your request will be delayed and may be cancelled if not received within 5 business days.</p> <p>No maximum investment applies. The Trustee however reserves the right to decline any application for investment, in its absolute discretion.</p> <p>You should refer to the current PDS available from the Hostplus SMI website hostplus.com.au/smi or by the Hostplus SMI Service team on 1300 350 819 for up to date terms and conditions when transacting.</p>
Switching between options		
<p>You can switch between Hostplus SMI investment options at any time via the online investor portal.¹</p> <p>The minimum investment switch is \$5,000* per investment option, subject to the ongoing balance requirement of \$5,000 per option.</p>	\$5,000*	<p>Switch requests are processed as a withdrawal from one option and an investment into another, which occurs on the same business day.</p> <p>You should refer to the PDS in its entirety available from the Hostplus SMI website hostplus.com.au/smi or by the Hostplus SMI service team on 1300 350 819 for up to date terms and conditions when transacting.</p> <p>1. Switching windows apply to the Property and Infrastructure investment options. Refer to page 18 for further details.</p> <p>*Switches may be accepted below the minimum limit where the balance of an option has fallen below that minimum limit due to market movement.</p>

Switches are processed on every national business day. A national business day is a weekday that is not a national public holiday. Switch requests between investment options received before 2.00pm (AEST/AEDT) are transacted at the unit prices applicable on the day your request is received, otherwise they are not considered to have been received until the following national business day. However, the calculation of unit prices takes two national business days, and therefore these unit prices will only be available to you two national business days after receipt of your requested investment switch.

For example, if you make a switch on a Monday, and each of Monday, Tuesday and Wednesday are national business days, then the unit prices used for your switch will be those relating to Monday, and you will receive them on Wednesday.

		Action	Unit Price
Day 0	Monday	You raise an investment switch before 2.00pm (AEST/AEDT)	Switch request 'T' (day zero) date
Day 1	Tuesday		
Day 2	Wednesday	Switch is processed (T+2)	Switch is processed based on the declared unit prices for day zero

For all transactions, the number of units allocated or redeemed is the dollar value of the transaction divided by the unit price of the relevant investment option. Your account balance is equal to the number of units you hold in each investment option multiplied by the relevant unit price for the option.

Your request	Important info	Things to note
Making a withdrawal		
<p>You can make partial or full withdrawal from your Hostplus SMI investment at any time via the online investor portal.</p> <p>The minimum withdrawal is \$5,000* per investment option, subject to the ongoing balance requirement of \$5,000 per option.</p> <p>Requests must be received prior to 2pm AEST/AEDT to receive that day's unit price.</p>	\$5,000*	<p>The effective date of withdrawals will be the date your valid instruction is received.</p> <p>*Withdrawals may be accepted below the minimum limit where the balance of an option has fallen below that minimum limit due to market movement.</p> <p>You should refer to the PDS in its entirety available from the Hostplus SMI website hostplus.com.au/smi or by the Hostplus SMI Service team on 1300 350 819 for up to date terms and conditions when transacting.</p>

Your request	Things to note
Cancelling a request	
You can request to cancel an investment instruction, provided your cancellation is received before 2pm AEST/AEDT on the same business day.	Please contact us at smi@hostplus.com.au or phone 1300 350 819 to cancel your instruction.
Updating your account details	
You can manage updates to your personal account details online any time and over the phone Monday to Friday 8am to 8pm AEST/AEDT.	Evidence may be required to verify certain requests. Further details including any forms required are available from the Hostplus SMI website hostplus.com.au/smi or by the Hostplus SMI Service team on 1300 350 819 .

Appointment of Power of Attorney or Legal Guardian	
<p>A Power of Attorney (POA) or Legal Guardian may be appointed to act on behalf of an individual Trustee or Director.</p> <p>Appointments allow the nominated party to manage the assets of the Trustee or Director and they can do anything on behalf of that Trustee or Director that they could lawfully do themselves.</p> <p>Hostplus will determine what, if any, powers will be granted to the nominated party based on evidence provided upon request.</p>	<p>Appointments may often be requested where the Trustee / Director elects to outsource the administration requirements of their SMSF investments, is temporarily absent from Australia, physically or mentally incapacitated, or under the age of 18.</p> <p>Certified evidence will be required by Hostplus. Please contact us on 1300 350 819, or via smi@hostplus.com.au for more information.</p> <p>An appointment will remain in force until notice of revocation by the individual Trustee or Director for whom they act is received by Hostplus.</p> <p>The appointment of a POA or Legal Guardian who resides outside of Australia will not be accepted.</p>

Your request	Things to note
Investor support & enquiries	
A range of assistance services are available to enhance your Hostplus SMI investor experience.	A selection of help guides and FAQs are available on our website and investor portal. Our friendly and experienced support team are also on hand for further assistance on 1300 350 819 Monday to Friday, 8am - 8pm AEST/AEDT.
User ID and Password assistance	
If you require assistance accessing the investor portal, including password issues, please call 1300 350 819 or email smi@hostplus.com.au	

Investor correspondence and reporting

Correspondence for your Hostplus SMI investment will be made available to all nominated parties including Trustees Directors authorised representatives, and their delegates and/or representatives via email or the online investor portal. These communications may relate to transactions and account updates, statements, product updates, and promotional and educational information.

Hostplus SMI provides investors with quarterly statements and an annual report. These, and a range of on-demand reports can be accessed via your online account.

Suspension of applications, switches, redemptions and withdrawals

The Trustee may suspend or restrict applications, switches, redemptions and withdrawal requests, for all or a particular investment option at its absolute discretion. In such circumstances, transactions may not be processed or may be processed with significant delay.

The Trustee may also decide to process a transaction request for a particular type of benefit from a suspended, restricted or closed option on a case by case basis. Any decision about whether to process transactions from such an option will be made in the best interests of investors as a whole.

All impacted transaction requests will be processed using the effective unit price applicable on the date the suspension is lifted, or the date special approval is granted if earlier.

Restrictions for particular Hostplus Employees and Directors

To avoid conflicts of interest where some identified Hostplus Employees and Directors (Access Person) have access to information not generally available or option specific inside information, Hostplus imposes a Switching Window limitation. A Hostplus Access Person that may become aware of information that may impact decision-making, operation, performance, investment strategies or returns of the Hostplus Superannuation Fund (Fund) would generally be considered to hold inside information.

The limitation means such persons can only make one investment switch, on an annual basis, during the Switching Window – generally 1 August – 31 August, unless the window is amended by the CEO. The CEO reserves the right to declare a Switching Window closed at any time at their sole discretion and without prior notice.

Unreasonable switching

Superannuation trustees are required to review, and where appropriate, manage unreasonable switching of investments between investment options.

Unreasonable switching involves frequent switching into and out of an investment option at times and in circumstances that may be detrimental to other investors.

Such activity is not considered to be in the best financial interests of all Hostplus investors and goes against the intent of the product design and offering.

Hostplus carries out monitoring of switching activity and, if unreasonable switching by an investor is identified, Hostplus may choose to suspend or remove an investor from certain investment options at its discretion. We will write to affected investors if this occurs.



Investments and risks

Superannuation benefits are subject to investment risks and can change in value. Each investment option has different risk characteristics and volatility. Net investment returns can have a positive or negative effect on your account balance depending on investment performance.

Hostplus Self-Managed Invest investment options explained

Hostplus SMI invests through the Hostplus PST, in order to access the investment options. Investors in Hostplus SMI can choose to invest in the following investment options:

Accumulation or Pension phase

Core (pre-mixed)

Balanced

Conservative Balanced

Capital Stable

Indexed (pre-mixed)

Indexed Balanced

Socially Responsible Investment (SRI) – pre-mixed

Socially Responsible Investment (SRI) - Balanced

Single sector

Australian Shares – Indexed

International Shares – Emerging Markets

Property*

Infrastructure*

Diversified Fixed Interest - Indexed

Further details of the investment options are outlined in the following tables.

*Please note that switching windows apply to the Property and Infrastructure options. See page 18 for more details.

Understanding our investment options

On the next few pages, you'll find more detail about each investment option. To help you understand what makes up each investment option, we've put together the example below.

		Balanced																																					
Describes the focus of the investment option.	Summary	The Balanced investment option is focused on delivering the best net return from investing in a portfolio that has a bias to growth assets and has high diversification .																																					
How risky this option is. Ranges from very low to very high risk. This is an industry wide Standard Risk Measure, which is based on the expected number of negative annual returns over a 20-year period.	Who is this investment suitable for?	With a bias to growth assets, this Core pre-mixed investment option is designed for investors with a medium to long-term investment time frame, who are seeking strong long-term returns and have a medium to high tolerance of negative returns.																																					
	Investment objective	CPI plus 3.0% per annum on average over 10 years. CPI plus 4.0% per annum on average over 20 years.																																					
	Level of investment risk	Medium to High. (Negative returns expected in between 3 to less than 4 out of every 20 years).																																					
	Minimum suggested time frame	5 years +																																					
The recommended minimum period that this option should be invested in for.	Growth/defensive allocation	76% growth / 24% defensive																																					
How the option is invested between growth assets (higher risk / higher return like shares) and defensive assets (lower risk / lower returns like cash).	Investment mix and asset ranges	<table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Listed equities</td> <td>● Australian shares</td> <td>10–40%</td> <td>21%</td> </tr> <tr> <td>● International shares – Developed markets</td> <td>10–40%</td> <td>21%</td> </tr> <tr> <td>● International shares – Emerging markets</td> <td>0–15%</td> <td>8%</td> </tr> <tr> <td rowspan="5">Unlisted assets</td> <td>● Property</td> <td>0–30%</td> <td>11%</td> </tr> <tr> <td>● Infrastructure</td> <td>0–30%</td> <td>11%</td> </tr> <tr> <td>● Private equity</td> <td>0–25%</td> <td>10%</td> </tr> <tr> <td>● Credit</td> <td>0–20%</td> <td>7%</td> </tr> <tr> <td>● Alternatives</td> <td>0–20%</td> <td>3%</td> </tr> <tr> <td rowspan="2">Bonds and cash</td> <td>● Diversified fixed interest</td> <td>0–20%</td> <td>3%</td> </tr> <tr> <td>● Cash</td> <td>0–15%</td> <td>5%</td> </tr> </tbody> </table>		ASSET CLASS	RANGE %	TARGET	Listed equities	● Australian shares	10–40%	21%	● International shares – Developed markets	10–40%	21%	● International shares – Emerging markets	0–15%	8%	Unlisted assets	● Property	0–30%	11%	● Infrastructure	0–30%	11%	● Private equity	0–25%	10%	● Credit	0–20%	7%	● Alternatives	0–20%	3%	Bonds and cash	● Diversified fixed interest	0–20%	3%	● Cash	0–15%	5%
	ASSET CLASS	RANGE %	TARGET																																				
Listed equities	● Australian shares	10–40%	21%																																				
	● International shares – Developed markets	10–40%	21%																																				
	● International shares – Emerging markets	0–15%	8%																																				
Unlisted assets	● Property	0–30%	11%																																				
	● Infrastructure	0–30%	11%																																				
	● Private equity	0–25%	10%																																				
	● Credit	0–20%	7%																																				
	● Alternatives	0–20%	3%																																				
Bonds and cash	● Diversified fixed interest	0–20%	3%																																				
	● Cash	0–15%	5%																																				
The different asset classes that the investment option is invested in. Listed securities are assets that are listed on a securities exchange, like shares, while unlisted assets include assets that are not listed on an exchange, like direct property. Bonds and Cash include cash in the bank, bank bills and government bonds.	Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in this option is in Section 6. Fees and Costs . Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.																																					

Describes the types of investors that this option is suitable for, based on the characteristics of the investment option.

Describes the target investment return over a 10 and/or 20-year period.

The Target provides guidance on how much Hostplus invests in different asset classes. The Range is the minimum and maximum for each asset class. The Hostplus investment team can change actual allocations within these ranges to reflect what's happening in investment markets to maximise returns for investors.

Where you can find more information about how the option has performed in the past, the fees and costs for the investment option, and explanations of bolded terms outlined in the 'Summary' and 'Who is this investment suitable for?'

Read the full details of each investment option on pages pages 10 to 21.

Pre-mixed investment options

Our pre-mixed options invest in combinations of asset classes.

They have varying levels of investment risk and focus on three different investment styles. You can choose to invest in more than one pre-mixed option, or combine them with our single sector options to give you greater flexibility.

Each pre-mixed option has its own mix of growth and defensive assets, investment objective, and level of investment risk (see the following pages for details of each investment option).

Investment option	Investment style	Level of investment risk	Growth assets exposure target	Minimum suggested investment time frame
Balanced	Core: Focused on delivering the best net returns for a given level of risk	Medium to High	76%	5 years +
Conservative Balanced		Medium	57%	5 years +
Capital Stable		Low to Medium	38%	5 years +
Indexed Balanced	Indexed: Focused on minimising investment fees and costs	High	75%	5 years +
Socially Responsible Investment (SRI) - Balanced	Socially Responsible Investment (SRI): Focused on values-based investing	Medium to High	71%	5 years +

The following section provides further details of the available pre-mixed investment options and the investment styles that apply to them.




For definitions of the different types of asset classes, defensive and growth assets, and the relationship between risk and return, please refer to pages 22 to 25.

Core options (pre-mixed)

Focused on delivering the best net return for a given level of risk.

This pre-mixed investment options outlined opposite and on the following page, take full advantage of Hostplus' investment expertise and feature our best investment ideas across listed and unlisted assets, bonds and cash.

Core options	Indexed options	Socially Responsible investment (SRI) options	Single sector options																																					
Capital Stable																																								
Summary	The Capital Stable investment option is focused on delivering the best net return from investing in a portfolio that has a bias to defensive assets and has high diversification .																																							
Who is this investment suitable for?	With a bias to defensive assets, this Core pre-mixed investment option is designed for investors with a medium to long-term investment time frame, who are seeking modest long-term returns and have a low to medium tolerance of negative returns.																																							
Investment objective	Accumulation: CPI plus 2.0% per annum on average over 20 years. Pension: CPI plus 3.0% per annum on average over 20 years.																																							
Level of investment risk	Low to Medium. (Negative returns expected in between 1 to less than 2 out of every 20 years)																																							
Minimum suggested time frame	Accumulation: 5 years + Pension: 5 years +																																							
Growth/defensive allocation	38% growth / 62% defensive																																							
Investment mix and asset ranges	 <table border="1" data-bbox="343 1339 906 1877"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Listed equities</td> <td>Australian shares</td> <td>0–30%</td> <td>8%</td> </tr> <tr> <td>International shares – Developed markets</td> <td>0–30%</td> <td>8%</td> </tr> <tr> <td>International shares – Emerging markets</td> <td>0–10%</td> <td>3%</td> </tr> <tr> <td rowspan="5">Unlisted assets</td> <td>Property</td> <td>0–25%</td> <td>11%</td> </tr> <tr> <td>Infrastructure</td> <td>0–25%</td> <td>11%</td> </tr> <tr> <td>Private equity</td> <td>0–10%</td> <td>1%</td> </tr> <tr> <td>Credit</td> <td>0–20%</td> <td>6%</td> </tr> <tr> <td>Alternatives</td> <td>0–20%</td> <td>6%</td> </tr> <tr> <td rowspan="2">Bonds and cash</td> <td>Diversified fixed interest</td> <td>10–50%</td> <td>25%</td> </tr> <tr> <td>Cash</td> <td>10–50%</td> <td>21%</td> </tr> </tbody> </table>				ASSET CLASS	RANGE %	TARGET	Listed equities	Australian shares	0–30%	8%	International shares – Developed markets	0–30%	8%	International shares – Emerging markets	0–10%	3%	Unlisted assets	Property	0–25%	11%	Infrastructure	0–25%	11%	Private equity	0–10%	1%	Credit	0–20%	6%	Alternatives	0–20%	6%	Bonds and cash	Diversified fixed interest	10–50%	25%	Cash	10–50%	21%
	ASSET CLASS	RANGE %	TARGET																																					
Listed equities	Australian shares	0–30%	8%																																					
	International shares – Developed markets	0–30%	8%																																					
	International shares – Emerging markets	0–10%	3%																																					
Unlisted assets	Property	0–25%	11%																																					
	Infrastructure	0–25%	11%																																					
	Private equity	0–10%	1%																																					
	Credit	0–20%	6%																																					
	Alternatives	0–20%	6%																																					
Bonds and cash	Diversified fixed interest	10–50%	25%																																					
	Cash	10–50%	21%																																					
Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in these options can be found at Fees and Costs on page 28. Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.																																							

Indexed options (pre-mixed)

**Focused on minimising
investment fees and costs.**


This pre-mixed investment option generally use a passive investment style to invest in listed companies, bonds and cash, and aim to track the returns of the markets in which they invest.

Core options	Indexed options	Socially Responsible investment (SRI) options	Single sector options																																					
	Indexed Balanced																																							
Summary	The Indexed Balanced investment option is focused on minimising investment fees and costs from investing in a portfolio that has a bias to growth assets and has medium diversification .																																							
Who is this investment suitable for?	With a bias to growth assets, this Indexed pre-mixed investment option is designed for investors with a medium to long-term investment time frame, who are seeking moderate long-term returns and have a high tolerance of negative returns.																																							
Investment objective	Accumulation: CPI plus 2.5% per annum on average over 20 years. Pension: CPI plus 3.0% per annum on average over 20 years.																																							
Level of investment risk	High. (Negative returns expected in between 4 to less than 6 out of every 20 years)																																							
Minimum suggested time frame	Accumulation: 5 years + Pension: 5 years +																																							
Growth/defensive allocation	75% growth / 25% defensive																																							
Investment mix and asset ranges	<table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Listed equities</td> <td>Australian shares</td> <td>20–60%</td> <td>35%</td> </tr> <tr> <td>International shares – Developed markets</td> <td>20–60%</td> <td>40%</td> </tr> <tr> <td>International shares – Emerging markets</td> <td>0–15%</td> <td>0%</td> </tr> <tr> <td rowspan="5">Unlisted assets</td> <td>Property</td> <td>0–10%</td> <td>0%</td> </tr> <tr> <td>Infrastructure</td> <td>0–10%</td> <td>0%</td> </tr> <tr> <td>Private equity</td> <td>0–10%</td> <td>0%</td> </tr> <tr> <td>Credit</td> <td>0–10%</td> <td>0%</td> </tr> <tr> <td>Alternatives</td> <td>0–10%</td> <td>0%</td> </tr> <tr> <td rowspan="2">Bonds and cash</td> <td>Diversified fixed interest</td> <td>10–30%</td> <td>17%</td> </tr> <tr> <td>Cash</td> <td>0–20%</td> <td>8%</td> </tr> </tbody> </table>				ASSET CLASS	RANGE %	TARGET	Listed equities	Australian shares	20–60%	35%	International shares – Developed markets	20–60%	40%	International shares – Emerging markets	0–15%	0%	Unlisted assets	Property	0–10%	0%	Infrastructure	0–10%	0%	Private equity	0–10%	0%	Credit	0–10%	0%	Alternatives	0–10%	0%	Bonds and cash	Diversified fixed interest	10–30%	17%	Cash	0–20%	8%
	ASSET CLASS	RANGE %	TARGET																																					
Listed equities	Australian shares	20–60%	35%																																					
	International shares – Developed markets	20–60%	40%																																					
	International shares – Emerging markets	0–15%	0%																																					
Unlisted assets	Property	0–10%	0%																																					
	Infrastructure	0–10%	0%																																					
	Private equity	0–10%	0%																																					
	Credit	0–10%	0%																																					
	Alternatives	0–10%	0%																																					
Bonds and cash	Diversified fixed interest	10–30%	17%																																					
	Cash	0–20%	8%																																					
Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in this option can be found at Fees and Costs on page 28. Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.																																							

Socially Responsible Investment (SRI) options (pre-mixed)

**Focused on
values-based investing.**

This pre-mixed investment option seeks to reduce exposure to industry segments within fossil fuels and tobacco production, as well as other factors.

Core options	Indexed options	Socially Responsible investment (SRI) options	Single sector options																																					
Socially Responsible Investment (SRI) – Balanced																																								
Summary	The Socially Responsible Investment (SRI) – Balanced investment option is focused on values-based investing from investing in a portfolio with a bias to growth assets and has high diversification .																																							
Who is this investment suitable for?	With a bias to growth assets, this Socially Responsible Investment pre-mixed option is designed for investors with a medium to long-term investment time frame, who are seeking moderate long-term returns and have a medium to high tolerance of negative returns.																																							
Investment objective	Accumulation: CPI plus 3.0% per annum on average over 20 years. Pension: CPI plus 4.0% per annum on average over 20 years.																																							
Level of investment risk	Medium to high. (Negative returns expected in between 3 to less than 4 out of every 20 years)																																							
Minimum suggested time frame	Accumulation: 5 years + Pension: 5 years +																																							
Growth/defensive allocation	71% growth / 29% defensive																																							
Investment mix and asset ranges	 <table border="1" data-bbox="341 1352 903 1899"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Listed equities</td> <td>Australian shares</td> <td>10–50%</td> <td>24%</td> </tr> <tr> <td>International shares – Developed markets</td> <td>10–50%</td> <td>26%</td> </tr> <tr> <td>International shares – Emerging markets</td> <td>0–20%</td> <td>0%</td> </tr> <tr> <td rowspan="5">Unlisted assets</td> <td>Property</td> <td>0–30%</td> <td>10%</td> </tr> <tr> <td>Infrastructure</td> <td>0–30%</td> <td>9%</td> </tr> <tr> <td>Private equity</td> <td>0–30%</td> <td>8%</td> </tr> <tr> <td>Credit</td> <td>0–20%</td> <td>0%</td> </tr> <tr> <td>Alternatives</td> <td>0–30%</td> <td>10%</td> </tr> <tr> <td rowspan="2">Bonds and cash</td> <td>Diversified fixed interest</td> <td>0–30%</td> <td>8%</td> </tr> <tr> <td>Cash</td> <td>0–20%</td> <td>5%</td> </tr> </tbody> </table>				ASSET CLASS	RANGE %	TARGET	Listed equities	Australian shares	10–50%	24%	International shares – Developed markets	10–50%	26%	International shares – Emerging markets	0–20%	0%	Unlisted assets	Property	0–30%	10%	Infrastructure	0–30%	9%	Private equity	0–30%	8%	Credit	0–20%	0%	Alternatives	0–30%	10%	Bonds and cash	Diversified fixed interest	0–30%	8%	Cash	0–20%	5%
	ASSET CLASS	RANGE %	TARGET																																					
Listed equities	Australian shares	10–50%	24%																																					
	International shares – Developed markets	10–50%	26%																																					
	International shares – Emerging markets	0–20%	0%																																					
Unlisted assets	Property	0–30%	10%																																					
	Infrastructure	0–30%	9%																																					
	Private equity	0–30%	8%																																					
	Credit	0–20%	0%																																					
	Alternatives	0–30%	10%																																					
Bonds and cash	Diversified fixed interest	0–30%	8%																																					
	Cash	0–20%	5%																																					
Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in this option can be found at Fees and Costs on page 28. Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.																																							

This Socially Responsible Investment (SRI) options allows investors to align their superannuation with their personal values. We select these investments based on additional responsible investment criteria compared to Hostplus' other investment options.

Specifically, our Socially Responsible Investment (SRI) option seeks to:

Reduce exposure in investments in the following industries:

Fossil fuels ¹
Companies that breach Human Rights or Labour Rights standards ²
Companies with very poor ESG policies and systems ³
Controversial weapons ⁴
Uncertified palm oil ⁵
Predatory lending ⁶
For-profit detention ⁷
Gambling ⁸
Tobacco production ⁹
Live animal export ¹⁰

1. Companies that own reserves, explore, mine, extract, produce, refine or generate energy from fossil fuels as well as those companies that receive revenue from servicing these sectors through equipment services, pipeline transport or distribution. Seeks to apply a zero-materiality threshold, but dedicated renewable energy generators with backup fossil fuel sources (<5%) may remain investible. Data is supplied by Morgan Stanley Capital International (MSCI) and Institutional Shareholders Services (ISS) Inc.
2. Companies that breach the United Nations (UN) Global Compact or International Labour Organisation's (ILO) Core Conventions. Data is supplied by Morgan Stanley Capital International (MSCI).
3. Companies with a MSCI ESG rating B or CCC.
4. Companies involved in the development, production, maintenance or sale of controversial weapons (including cluster munitions, anti-personnel mines, depleted uranium, biological weapons, chemical weapons, blinding laser weapons, non-detectable fragment weapons, incendiary weapons and nuclear weapons). Involvement includes companies directly involved as well as prime-contractors, key subcontractors, and suppliers of key components. Data is supplied by ISS.
5. Companies involved in growing, processing or using palm oil, that derive >10% of their revenue from these activities and where <50% of the palm oil is Roundtable on Sustainable Palm Oil (RSPO) Certified. Data is supplied by ISS.
6. Companies involved in predatory lending, including unfair or deceptive products, excessive interest rates, misleading marketing, inclusion of unnecessary costs and hidden fees and those targeting minority, low income or elderly consumers. Data is supplied by ISS.
7. Companies deriving >5% of their revenue from for-profit detention e.g. prisons and immigration detention. Data is supplied by ISS. 8. Companies deriving >5% of their revenue from gambling. Data is supplied by MSCI.
9. Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves. Data is supplied by MSCI.
10. Companies involved in the export of live animals for the purpose of slaughter, husbandry and breeding, including specialised transportation. Data is supplied by ISS.

i Like our other investment options, our SRI options invest in unlisted assets such as private equity/venture capital as well as listed investments.

How the Socially Responsible Investment (SRI) option is designed

To develop our Socially Responsible Investment (SRI) option, we partnered with specialist external investment managers.

Hostplus or its investment managers also source sustainable investment data from external service providers (Institutional Shareholder Services (ISS) Inc and Morgan Stanley Capital International (MSCI)).

Decisions about the selection, retention or realisation of investments, particularly for listed assets, apply a rules-based approach and may therefore be affected by the accessibility and accuracy of data or an error by an external service provider. This may result in inadvertent holdings, typically over the short-term, in companies or assets the investment options seek to avoid.

While the option invests with managers through mandates or fund-of-one structures wherever possible in order to adhere fully to the above rules, there will be circumstances where the option invests in pooled funds. In such circumstances, we cannot set the specific filter criteria, but will aim for the closest fit to the criteria in selecting a pooled fund.

More information on our Socially Responsible Investment (SRI) option can be found on our website at hostplus.com.au/investment/investment-governance/socially-responsible-investment.

Single sector investment options

Focused on investing in a single investment sector.

The single sector investment options outlined on the following pages invest only in a specific asset class, such as Cash or Australian Shares, and have varying investment styles.

Single sector investment options

The single sector investment options invest only in a specific asset class, such as Cash or Australian Shares.

You can choose to invest in more than one single sector option, or combine them with our pre-mixed options to give you greater flexibility.

i If you choose one or more of the single sector investment options without adequately diversifying your investment, you could expose your retirement savings to a greater risk of loss.

Investment option	Level of investment risk	Growth assets exposure target	Minimum suggested investment time frame
Australian Shares – Indexed	Very High	100%	5 years +
International Shares – Emerging Markets	High	100%	5 years +
Property	Medium to high	30%	7 years +
Infrastructure	Medium to high	60%	7 years +
Diversified Fixed Interest – Indexed	Medium	0%	2 years +

*Please note, switching windows apply to the Property and Infrastructure options. See below for more details.

Switching windows for Property and Infrastructure investment options

Hostplus is introducing switching "windows" for the Property and Infrastructure options. Any switches into and out of the Property and/or Infrastructure options need to occur during a pre-determined switching period ("window") each quarter.


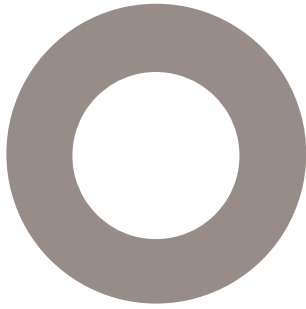
The quarterly switching windows will open on the second Monday of the second month of each calendar quarter. You can find the exact dates of these windows for the 2023-24 financial year in the table below. The switching windows for future financial years will be published on our website.


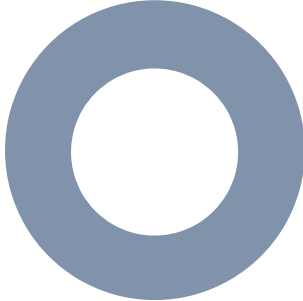
The switching windows for the Property and Infrastructure options for the 2023-24 financial year are shown below:

Quarter	1 Oct 23 – 31 Dec 2023	1 Jan 24 – 31 Mar 2024	1 Apr 24 – 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.

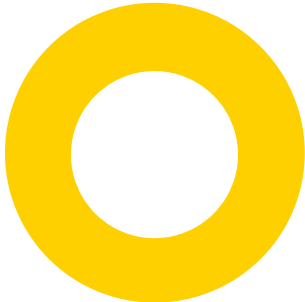
i For definitions of the different types of asset classes, defensive and growth assets, and the relationship between risk and return, please refer to pages 19 to 21.

Core options	Indexed options	Socially Responsible investment (SRI) options	Single sector options																						
	Australian Shares – Indexed		International Shares – Emerging Markets																						
Summary	The Australian Shares – Indexed investment option is focused on minimising investment fees and costs in a single sector from investing in a portfolio of all growth assets (typically companies listed predominantly on the Australian Securities Exchange) and has low diversification .		The International Shares – Emerging Markets investment option is focused on delivering the best net return in a single sector from investing in a portfolio of all growth assets (typically companies listed on international securities exchanges in emerging markets only) and has medium diversification .																						
Who is this investment suitable for?	With all growth assets, this single sector investment option is designed for investors with a medium to long-term investment time frame, who are seeking moderate long-term returns and have a very high tolerance of negative returns.		With all growth assets, this single sector investment option is designed for investors with a medium to long-term investment time frame, who are seeking strong long-term returns, have a high tolerance of negative returns and can accept the impacts of foreign currency movements .																						
Investment objective	Accumulation: CPI plus 3.0% per annum on average over 20 years. Pension: CPI plus 4.5% per annum on average over 20 years.		Accumulation: CPI plus 4.0% per annum on average over 20 years. Pension: CPI plus 5.0% per annum on average over 20 years.																						
Level of investment risk	Very high. (Negative returns expected in 6 or greater years out of every 20 years)		High. (Negative returns expected in between 4 to less than 6 out of every 20 years)																						
Minimum suggested time frame	Accumulation: 5 years + Pension: 5 years +		Accumulation: 5 years + Pension: 5 years +																						
Growth/defensive allocation	100% growth / 0% defensive		100% growth / 0% defensive																						
Investment mix and asset ranges																									
	<table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Listed equities</td> <td>● Australian shares</td> <td>90–100%</td> <td>100%</td> </tr> <tr> <td>● Cash</td> <td>0–10%</td> <td>0%</td> </tr> </tbody> </table>		ASSET CLASS	RANGE %	TARGET	Listed equities	● Australian shares	90–100%	100%	● Cash	0–10%	0%		<table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Listed equities</td> <td>● International shares – Emerging markets</td> <td>90–100%</td> <td>100%</td> </tr> <tr> <td>● Cash</td> <td>0–10%</td> <td>0%</td> </tr> </tbody> </table>		ASSET CLASS	RANGE %	TARGET	Listed equities	● International shares – Emerging markets	90–100%	100%	● Cash	0–10%	0%
	ASSET CLASS	RANGE %	TARGET																						
Listed equities	● Australian shares	90–100%	100%																						
	● Cash	0–10%	0%																						
	ASSET CLASS	RANGE %	TARGET																						
Listed equities	● International shares – Emerging markets	90–100%	100%																						
	● Cash	0–10%	0%																						
Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in these options can be found at Fees and Costs on page 28. Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.																								

Core options	Indexed options	Socially Responsible investment (SRI) options	Single sector options																								
	Property	Infrastructure																									
Summary	The Property investment option is focused on delivering the best net return in a single sector from investing in a portfolio with a bias to defensive assets (typically investing in property or buildings, either directly or via property trusts) and has medium diversification .	The Infrastructure investment option is focused on delivering the best net return in a single sector from investing in a portfolio with a similar proportion of defensive and growth assets (typically investing in tangible infrastructure assets, such as airports, seaports, toll roads, renewable energy and utilities, both within Australia and globally) and has medium diversification .																									
Who is this investment suitable for?	With a bias to defensive assets, this single sector investment option is designed for investors with a long-term investment timeframe, who are seeking moderate long-term returns and have a medium to high tolerance of negative returns.	With a similar proportion of defensive and growth assets, this single sector investment option is designed for investors with a long-term investment timeframe, who are seeking moderate long-term returns, have a medium to high tolerance of negative returns.																									
Investment objective	Accumulation: CPI plus 2.0% per annum on average over 20 years. Pension: CPI plus 2.5% per annum on average over 20 years.	Accumulation: CPI plus 2.0% per annum on average over 20 years. Pension: CPI plus 2.5% per annum on average over 20 years.																									
Level of investment risk	Medium to high. (Negative returns expected in between 3 to less than 4 years out of every 20 years)	Medium to high. (Negative returns expected in between 3 to less than 4 years out of every 20 years)																									
Minimum suggested time frame	Accumulation: 7 years + Pension: 7 years +	Accumulation: 7 years + Pension: 7 years +																									
Growth/defensive allocation	30% growth / 70% defensive	60% growth / 40% defensive																									
Investment mix and asset ranges																											
	<table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td>Listed equities</td> <td>● Property</td> <td>90–100%</td> <td>100%</td> </tr> <tr> <td>Bonds and cash</td> <td>● Cash</td> <td>0–10%</td> <td>0%</td> </tr> </tbody> </table>		ASSET CLASS	RANGE %	TARGET	Listed equities	● Property	90–100%	100%	Bonds and cash	● Cash	0–10%	0%	<table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td>Listed equities</td> <td>● Infrastructure</td> <td>90–100%</td> <td>100%</td> </tr> <tr> <td>Bonds and cash</td> <td>● Cash</td> <td>0–10%</td> <td>0%</td> </tr> </tbody> </table>		ASSET CLASS	RANGE %	TARGET	Listed equities	● Infrastructure	90–100%	100%	Bonds and cash	● Cash	0–10%	0%	
	ASSET CLASS	RANGE %	TARGET																								
Listed equities	● Property	90–100%	100%																								
Bonds and cash	● Cash	0–10%	0%																								
	ASSET CLASS	RANGE %	TARGET																								
Listed equities	● Infrastructure	90–100%	100%																								
Bonds and cash	● Cash	0–10%	0%																								
Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in these options can be found at Fees and Costs on page 28. Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.																										

Core options	Indexed options	Socially Responsible investment (SRI) options	Single sector options
--------------	-----------------	---	-----------------------

Diversified Fixed Interest – Indexed

Summary	The Diversified Fixed Interest – Indexed investment option is focused on minimising investment fees and costs in a single sector from investing in a portfolio of all defensive assets (Australian and international government bonds and other investment grade debt) and has low diversification .											
Who is this investment suitable for?	With all defensive assets, this single sector investment option is designed for investors with a short-term investment time frame, who are seeking stable returns and have a medium tolerance of negative returns.											
Investment objective	Accumulation: CPI minus 0.5% per annum on average over 20 years. Pension: CPI per annum on average over 20 years.											
Level of investment risk	Medium. (Negative returns expected in between 2 to less than 3 years out of every 20 years)											
Minimum suggested time frame	Accumulation: 2 years + Pension: 2 years +											
Growth/defensive allocation	0% growth / 100% defensive											
Investment mix and asset ranges	 <table border="1"> <thead> <tr> <th></th> <th>ASSET CLASS</th> <th>RANGE %</th> <th>TARGET</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Bonds and cash</td> <td>● Diversified fixed interest</td> <td>90–100%</td> <td>100%</td> </tr> <tr> <td>● Cash</td> <td>0–10%</td> <td>0%</td> </tr> </tbody> </table>		ASSET CLASS	RANGE %	TARGET	Bonds and cash	● Diversified fixed interest	90–100%	100%	● Cash	0–10%	0%
	ASSET CLASS	RANGE %	TARGET									
Bonds and cash	● Diversified fixed interest	90–100%	100%									
	● Cash	0–10%	0%									
Additional information	Information about the past performance of this option is at hostplus.com.au/returns . Information about the fees and costs for investing in this option can be found at Fees and Costs on page 28. Explanations of the bolded terms used in the 'summary' and 'who is this investment suitable for' are in the Glossary on page 36.											

Asset classes

Understanding asset classes

An asset is an investment used to gain a return.

Assets are divided into different **asset classes**, which is a grouping of investments with similar characteristics. For example, 'Cash' and 'Fixed interest' are types of asset classes.

Each Hostplus investment option is designed with different investment objectives, strategies and levels of investment risk, which help to determine the mix of asset classes it invests in. Our pre-mixed options invest in a combination of asset classes, while our single-sector options invest in a single asset class.

The table below explains the main asset classes Hostplus invests in.

Asset class		What is it?	How does it work?	What is the risk/return?
Listed equities	Australian equities (shares)	Australian equities are typically investments in companies listed on the Australian Securities Exchange (ASX). Equities are sometimes called shares, securities, or stocks.	Shares allow you to participate alongside other owners in a company's future success. Returns come from dividends (income) and movements in the share prices, known as capital gains (or losses).	Australian equity returns can be more volatile in the short term, making them a higher risk investment, but over the long term are expected to generate strong returns.
	International equities (shares) – developed markets	International equities (shares) are investments in companies listed on a range of stock exchanges around the world. These companies operate across a broad range of largely developed countries.	Returns from international shares come from a combination of dividend income and capital gains (or losses) plus any impact of currency movements relative to the Australian dollar.	International equity returns can be more volatile in the short term, making them a higher risk investment, but over the long term are expected to generate strong returns.
	International equities (shares) – emerging markets	Emerging markets represent the up-and-coming economies of Asia, Africa, the Middle East, South America and Eastern Europe, and investments in companies listed on their securities exchanges.	Returns from international shares come from a combination of dividend income and capital gains (or losses) plus any impact of currency movements relative to the Australian dollar.	While emerging markets tend to be more volatile than developed markets, favourable returns are expected over the long term, partly driven by the improving standard of living in these developing economies.
Unlisted assets	Property	Represents an investment in property assets across many sectors including industrial, retail, residential, healthcare and commercial.	There are two ways that property can provide returns – income in the form of rent, and capital growth from an increase in the value of the asset. Value is typically determined by an assessment of the present value of all future cashflows generated by the asset.	Property is considered a moderate to high-risk investment. Returns are driven by several macro factors including economic (e.g. inflation, interest rates and employment), secular (e.g. ageing demographic, technological advancement and urbanisation) and asset-specific considerations (e.g. location and quality). Returns are generally higher than cash or fixed interest over the long term.
	Infrastructure	Assets that provide essential public facilities and services in a number of sectors including transport, energy generation and transition, utilities and telecommunications in Australia and overseas.	Investments in infrastructure can be through direct investments in single assets or pooled funds and investment through a fund of funds vehicle.	A key characteristic of infrastructure is the predictability of cash flows generated due to the essential nature of the service they provide. In addition, they often have strong links to inflation embedded in their contracts, which are typically long-term or via regulatory pricing regimes. As a result of the predictability of cash flows, infrastructure assets are often seen as a substitute for bonds, providing both cash yield and capital growth.

Asset class		What is it?	How does it work?	What is the risk/return?
Unlisted assets	Private equity	Private equity involves investments in entities or vehicles that are not listed on securities exchanges. They can be based in Australia and overseas.	Private equity investments are usually made to finance one or more stages of a company's growth cycle, ranging from those businesses in the early stages of development (venture capital) to more mature businesses seeking capital. Returns are generally derived from the movements in the value of the underlying assets.	The private equity market is less efficient than the listed market, and the companies are less mature. This inefficiency creates opportunities for skilled managers to add value and to achieve strong returns but can also result in very significant volatility.
	Credit	Represents a broad spectrum of debt across a range of sectors, security types and both public and private markets. The corporate bond market is the largest sector within credit markets and consists of debt issued by companies. Other credit sectors include mortgage-backed and asset-backed securities.	Like fixed interest, credit investments involve a loan to a borrower in exchange for regular interest payments, plus repayment of the original investment amount (principal) at maturity. Loans may be based on a fixed or floating interest rate, with the latter providing protection in a rising interest rate environment.	Credit investments are mostly sub-investment grade and therefore tend to be higher yielding (and higher risk) than investment-grade debt. These investments are likely to be more volatile than fixed interest but less than listed equities, with potential for negative returns and illiquidity (particularly in the case of private debt.)
	Alternatives	Almost any non-traditional investment strategy could be classified as an alternative investment (e.g. hedge funds).	Alternative investments generally aim to achieve a fixed return objective, rather than to outperform a specific sector benchmark.	Alternatives aim to produce unique return streams that are less correlated to traditional markets. Return targets are usually in excess of cash over the long term. However, its volatility over the long term is generally higher than that of fixed interest.
Bonds and cash	Diversified fixed interest	A fixed interest investment (or bond) is a loan to a government, semi-government authority or large corporation in exchange for regular interest payments, plus repayment of the original investment amount (principal) when the loan period ends.	Bond values are driven by prevailing interest rates and expected interest rate movements. In general, when interest rates rise, the market value of bonds falls, and when interest rates fall, bond values rise. This can have a significant impact on performance.	While the fixed nature of interest payments provides certainty of cash flows, changes to interest rates during the term of the loan will result in capital gains (interest rate decline) or losses (interest rate increase). The securities in the fixed interest asset class are generally investment-grade quality reflecting reduced default risk relative to high yielding sub-investment grade debt (i.e. Credit).
	Cash	Short-term highly liquid securities such as deposits, bank bills and short-term bonds that are issued by governments and companies.	A cash investment is a short-term obligation, usually less than 90 days, that provides a return in the form of interest payments (such as your own bank account).	Cash is considered to be the lowest-risk investment because of its limited potential to rise and fall in value over the short term. However, this perceived safety comes at a price – dedicated cash investments typically may not earn enough to meet long-term goals such as retirement.

Growth vs defensive asset classes

Asset classes are classified as 'growth' or 'defensive', or a mixture of the two. The classification of a particular asset class can indicate what level of risk applies to investing in that asset class.

	Description
Growth assets	Growth assets generally provide relatively higher returns over the longer term with a corresponding higher level of risk (increased chance of a negative return and greater volatility). A high proportion of their returns are derived from capital growth. Examples include shares and private equity investments.
Defensive assets	Defensive assets are generally lower risk (less chance of a negative return), with a corresponding expectation of lower returns over the longer term. A high proportion of their returns are derived from income (cash) flows. Examples include cash, term deposits and some fixed interest investments.
Mix of growth and defensive assets	<p>Some asset classes, such as infrastructure, property and alternatives may have growth and defensive characteristics.</p> <p>How these asset classes derive a large proportion of their returns can also determine their classification as mostly growth or defensive. For example, where assets such as infrastructure, property and alternatives derive a high proportion of their returns from strong income (cash) flows rather than capital growth, in the same manner that bonds do, these assets may be classified as mostly defensive. Where they derive a high proportion of their returns from capital growth rather than income (cash) flows, in the same manner that equities do, these assets may be classified as mostly growth.</p>

How the asset classes have performed

Investment markets are unpredictable. Past performance shows that over shorter periods, it's almost impossible to predict which asset class will earn the highest rate of return. However, over the long-term, growth assets, like equity, have consistently earned a higher rate of return than defensive assets such as cash and fixed interest.

While past performance is not a reliable indicator of future performance, it does give an insight into how each asset class has performed. Generally, the performance of growth assets is more unpredictable than the returns for defensive assets. Australian and international shares have usually provided the highest returns over the long-term. Someone who invested in these asset classes generally would have done better than someone who put all their money in cash or fixed interest over the same period.

So, while it remains true that investment markets are hard to predict, different asset classes tend not to all move in the same direction, at the same time, or at the same speed. This is because the main asset classes react differently to influences such as growth, inflation, interest rates and exchange rates. A change that is good for one asset class can be bad for another. That's why diversification is so important to investors. Using diversification you may capture the returns you want, and manage the volatility, or risk, you want to avoid.

i It makes sense to diversify your investment mix – and with Hostplus it's easy. We have provided a broad range of pre-mixed, well-diversified investment options, or alternatively, you can combine these with the single sector options which give you the opportunity to create your own investment mix based on your financial needs and personal circumstances.

Understanding risk versus return

Risk and return are interrelated. Generally, the **lower** the risk for an investment, the **lower** the expected return (or the lower the likelihood of a negative return). For a **higher** possible return on an investment, you **increase** the risk and the possibility of a negative return from year to year.

For self-managed super funds, the level of risk will largely depend on the asset classes you're invested in through your chosen investment option/s.

Is time on your side?

Just because investment values fall, this doesn't necessarily mean that your investment will lose money.

You don't actually lose money until you sell an investment for less than you paid for it. So, if you do have a year or two when your investment value falls, remember that if the strategy you have selected is for the long-term, then history has shown that investment markets usually go on to recover.

For example

You wouldn't consider selling your house if market values fell for a year or two.

In the same way, your super is a long-term investment and short-term fluctuations should not be overly concerning.

Investment risks

All investments are subject to varying risks and can change in value. There are risks in choosing to invest in superannuation and each investment option has different risk characteristics and volatility.

The most significant risks are:

Concentration risk

During a market downturn, investments that are concentrated in one asset class risk suffering significant losses all at once. Diversifying your portfolio by investing in different types of assets helps reduce this risk.

Sequencing risk

Sequencing risk is the risk that the order and timing of your investment returns causes a less favourable result in your overall super balance. For example, a low or negative return when you're younger (and have a lower balance) may not have a significant overall impact on your retirement balance; but a low or negative return when you're nearing retirement may have a bigger impact on your retirement plans.

Inflation risk

Inflation may exceed the return on your investment - inflation is measured by the Consumer Price Index (CPI). Where the CPI increases, money has less purchasing power. When an investment provides a lower return than the increase in inflation, it actually loses value in terms of purchasing power. Therefore, it is important to invest in assets that are expected to generate returns in excess of inflation over the medium to long term.

Market risk

Economic, technological, political or legal conditions and even market sentiment can change and affect the value of investments.

Changes in interest rates

Interest rate changes can have a positive or negative impact on investment returns across asset classes.

Foreign exchange

If we invest in assets in other countries there is a risk their currencies could change in value relative to our dollar and so increase or reduce the value of the investment.

Investment styles

Varying investment styles will perform differently depending on market conditions and other factors.

Risks associated with each individual investment

Individual investments can fall in value for many reasons.

For example:

- Australian shares – inflation, interest rates and changes in market conditions will all have an effect on the value of shares, as does the performance of the company itself.
- International shares – the risks relating to international shares are the same as for Australian shares. There are also additional risks relating to exchange rates and currencies, and political risks associated with investing in assets in that country.
- Property and Infrastructure – returns on these asset classes can rely on general economic factors such as inflation, interest rates and employment, as well as unique factors such as its location, quality and competition.
- Australian fixed interest – changes in interest rates in particular will have an impact on fixed interest investments so that, if interest rates change during the term of a loan, there could be capital gains or capital losses. Depending on the nature of the issuer of the investment, there is a varying level of risk that the borrower may default on repayment of the loan.
- International fixed interest – similar to Australian fixed interest but with additional risks associated with exchange rates and currencies, and political developments.

Each asset class and investment option has its own level of risk and return. Typically, the greater an investment risk, the greater its potential return over the long term.

Other risks may also affect the accessibility or value of your investment. These include:

Liquidity risks

This refers to the ability to convert an investment into cash with little or no loss of capital and minimum delay. Some investments, such as direct property and infrastructure, are relatively illiquid.

Security specific risks

Where an individual company or asset fails, for example through bankruptcy, fraudulent activity or the business environment in which it operates, the value of the investment can fall sharply.

Derivatives risks

Derivatives are used by Hostplus SMI's investment managers for many purposes, including hedging to protect an asset against market fluctuations, reducing costs of achieving a particular market exposure, and specifically using derivative overlays to manage Hostplus SMI's exposure to foreign currency movements against the Australian dollar. The Trustee has appointed various external investment managers who can directly invest in derivatives in order to assist with the effective management and protection of Hostplus SMI assets. To satisfactorily manage this risk we set appropriate terms, levels of usage and constraints. The Trustee also obtains confirmation from these investment managers that they have the appropriate risk management processes in place in relation to the use of derivatives.

Market failure

There is a risk of broad market failure or significant financial collapse that affects investments broadly. Such events are outside the control of the Trustee. Consequently, even long-term investors like superannuation investors should be mindful of the risk that if such high impact events occur, their benefits may be less than the total amount of contributions invested.

Operational risks

Operational risks include the possibility of a financial loss arising from:

- Inadequacy of Resources (Human, Financial and Technological),
- Business Continuity / Disaster Recovery,
- Fraud and Theft,
- Administrative Errors,
- Inappropriate Advice,
- Unit Pricing errors, or
- Failure of Outsourced Providers.

Most operational risks can be controlled by the Trustee through its internal control framework.

The Trustee has a compliance and risk management program in place to manage these risks. In addition to the operational risks that may arise, there is also the possibility for legal or legislative risks to occur. These risks include:

- superannuation legislation changes that may affect your benefit or ability to access a benefit,
- taxation changes that may affect the value of your investment,
- economic or political climate changes,
- Government policy and law changes, or
- Hostplus SMI's termination, the Trustee being replaced or investment managers changing.

The investment relationship between the Balanced option and the CPIplus option

CPIplus is a Hostplus superannuation Pension-only investment option (CPIplus is not offered as a SMI pension investment option). The CPIplus option is designed to offer returns that are more certain and less volatile than those available by investing in growth assets, such as shares, while offering higher returns than those available by investing in conservative assets, such as cash.

This objective is sought to be achieved by an internal investment mechanism whereby the rate of return of the CPIplus option is set at a predetermined rate 'n' above the Consumer Price Index (CPI) for specified Return Periods (Return Period is the period that particular predetermined returns apply to. This is usually 12 months from 1 July). This means that returns for the return period are unaffected by the returns on the underlying investments of the option.

The assets of CPIplus option are invested in the same pool and alongside the Hostplus' Balanced option (in the Pension phase), which is the same pool of assets which the Fund's Balanced option assets (in the Accumulation and Transition to Retirement phases) are also invested in.

Through the internal investment mechanism that sets and regulates the predetermined return for the CPIplus option, the Balanced option (in the Accumulation phase) provides investors in the CPIplus option, the predetermined return irrespective of market and performance outcomes.

While the return to the CPIplus option is predetermined, the Balanced option (in the Accumulation phase) receives the benefit of any excess market returns generated on the underlying assets of the CPIplus option. If, however, the investment return generated on the underlying assets of the CPIplus option falls short of the predetermined return, the Balanced option (in the Accumulation phase) makes up the shortfall. This mechanism could therefore result in the Balanced option (in the Accumulation phase) returns being either increased or decreased, depending on how the market returns compare to the predetermined returns.

A key assumption of this internal return arrangement is that the CPIplus option's assets produce a return sufficiently above that of CPI over the long term (10- and 20-year periods) to adequately and appropriately compensate the Balanced option (in the Accumulation phase) for the corresponding investment risk undertaken by that option.

Hostplus, and independent modelling commissioned by Hostplus, estimates that over the long term, i.e., 10- and 20-year periods, the probability of the Balanced option (in the Accumulation Phase) achieving a return sufficient to both meet the CPIplus option return and adequately compensate the Balanced option (in the Accumulation phase) for the assumed investment risk in doing so, is very high.

The process and internal investment mechanism for setting the predetermined CPIplus option's return requires and involves balancing the relative interests of members in the CPIplus option with those of investors in the Balanced option (in the Accumulation phase) and while this arrangement produces additional volatility and risk for the Balanced option (in the Accumulation phase), these are within the Trustee's current investment risk appetite and policy.

Hostplus has appropriate fiduciary policies, processes and mechanisms to meet these requirements, which are formally reviewed and substantiated by the Trustee, with the assistance of its independent investment consultant and other subject matter experts as deemed appropriate, at least annually as part of its annual investment strategy review.

Responsible investing

Responsible investment – general

As a profit-for-member superannuation fund, Hostplus is run only to benefit members. Our primary duty is to deliver the best retirement outcomes for our members. These responsibilities guide every decision we make, and great care is taken to ensure each action fulfils these duties.

Responsible investment is an important part of our investment approach that helps us better manage risk and optimise retirement outcomes for our members. Our approach to responsible investment is informed by our responsible investment beliefs and implemented through our Responsible Investment Policy.

ESG integration

Hostplus' approach to responsible investment is influenced by our investment strategy, including outsourcing to investment managers to invest on our behalf. The way and extent to which responsible investment is incorporated into investment decisions will differ across the portfolio and is dependent on the relevance of ESG factors to a particular asset class and the style of the investment strategy.

Here are some examples of ESG factors we may consider:

Environmental	Social	Governance
<ul style="list-style-type: none"> ▪ Climate change* ▪ Pollution and waste ▪ Resource depletion ▪ Biodiversity ▪ Land use changes 	<ul style="list-style-type: none"> ▪ Human rights ▪ Labour rights ▪ Health & safety ▪ Employee relations ▪ Human capital management ▪ Indigenous and First Nations People ▪ Local communities' relations ▪ Consumer protection ▪ Animal welfare 	<ul style="list-style-type: none"> ▪ Board structure, size, diversity, skills and independence ▪ Executive remuneration ▪ Shareholder rights ▪ Corporate culture and ethics ▪ Bribery and corruption ▪ Risk management ▪ Lobbying ▪ Tax strategy

* More information on Hostplus' approach to climate change go to hostplus.com.au/investment/investment-governance/climate-change.

ESG considerations will be one factor that informs how Hostplus' investment managers invest on behalf of Hostplus, including decisions about the selection, retention or realisation of Hostplus' investments across the portfolio.

ESG factors are considered as part of our annual strategic asset allocation process and are taken into account in setting investment objectives.

One example is that Hostplus, together with its investment adviser, JANA Investment Advisers Pty Ltd (JANA), also reviews investment managers' abilities to integrate ESG risks and opportunities into their investment decision making process as part of the investment manager selection and review process. While the approach to ESG integration may vary by manager, each manager's ability to consider and evaluate ESG factors must be in line with that of their asset class peer group at a minimum for inclusion in the portfolio.

While consideration of ESG factors (labour standards or environmental, social or ethical considerations) is part of Hostplus' Responsible Investment Policy, application of ethical screens we seek to apply in decisions about the selection, retention or realisation of Hostplus' investments is limited to the extent these are relevant under Hostplus' Controversial Weapons Divestment Policy.

This policy seeks to reduce exposure to companies involved in the development, production, maintenance, or sale of controversial weapons.

Our Socially Responsible Investments (SRI) apply a range of additional filters. See [page 15](#) for further information.

Active ownership

Our preference is to retain exposure to a broad range of sectors and seek to create change within companies or sectors that we invest in through engagement rather than divest from a company or sector and lose influence.

Therefore, Hostplus pursues an active ownership program (which includes engagement and proxy voting) seeking to positively influence company behaviour and performance and therefore contribute positively to long-term returns.

Key principles which direct our engagement and proxy voting focus on board oversight and accountability, shareholder rights, major transactions, remuneration and ESG risk management and disclosure. Hostplus engages with companies primarily through its membership of the Australian Council of Superannuation Investors (ACSI) and EOS at Federated Hermes, as well as directly and through investment managers.

We also take our proxy voting rights seriously, aiming to vote in all matters where it is practical for us to do so. We make our voting decisions taking into account voting guidance from specialist service providers, recommendations from our investment managers and based on Hostplus' key engagement and voting principles.

More information about our approach to proxy voting can be found in our Responsible Investment Policy and we publicly disclose a full record of our voting decisions on the investment governance section of our website: hostplus.com.au/super/about-us/investment-governance.



Fees and costs



Consumer advisory warning:

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.



TO FIND OUT MORE:

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

Please note: This Consumer Advisory Warning is prescribed by law. However, the statement concerning the possibility of negotiating fees is not applicable to Hostplus.

Fees and other costs

This section shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment, or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, and advice fees for personal advice, may also be charged, but these will depend on the nature of the activity, or advice chosen by you. Entry fees and exit fees cannot be charged.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

The fees and other costs for each investment option offered by the superannuation entity are set out on [page 29](#).

Fees and costs summary

Hostplus SMI		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs¹		
Administration fees and costs	\$165 p.a. plus Trustee fee of 0.0155% p.a. of your account balance	The dollar cost is calculated and deducted from your account monthly. If you are invested in more than one investment option, the administration fee is proportionately charged to each investment option based on the end of month valuation. Deducted daily and paid to the Trustee monthly from gross investment earnings before net investment returns are applied to your account. See page 33 for further information about the Trustee fee.
Investment fees and costs²	Balanced 0.88% p.a. Balanced Pension 0.88% p.a. and varies between 0.03% and 0.84% for other investment options(s) ³ Refer to the Additional Explanation of fees and costs on page 32 .	The investment fees and costs are not deducted from your account balance. It is deducted daily from gross investment earnings before net investment returns are applied to your account.
Transaction costs	Balanced 0.09% p.a. Balanced Pension 0.10% p.a. and varies between 0.00% and 0.31% for other investment options(s) ³ Refer to the Additional Explanation of fees and costs on page 32 .	Deducted from gross investment earnings as and when incurred before net investment returns are applied to your account.
Member activity related fees and costs		
Buy-sell spread	Nil	Not applicable
Switching fee	Nil	Not applicable
Other fees and costs	Refer to our Additional Explanation of fees and costs on page 32 for more information on other fees and costs	
	\$240	The dollar cost is deducted from your initial application amount as a joining fee. If you have nominated more than one investment option, the joining fee is proportionately charged to each investment option based on your nomination.

1. If your account balance for a product offered by the superannuation entity is less than \$6,000 at the end of the entity's income year, certain fees and costs charged to you in relation to administration and investment are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded. This statement is prescribed by law but it does not relate to interests in the Hostplus PST.

2. Investment fees and costs includes an amount up to 0.36% for performance fees. The calculation basis for this amount is set out under "Additional explanation of fees and costs".

3. These fees and costs are based on actual figures and estimates from the previous financial year, except in the case of performance fees which are generally averaged over 5 financial years. The fees and costs payable in respect of each future year may be higher or lower. Where estimates were used, they have been informed by management, historical and industry experience, as well as information from third party service providers.

Example of annual fees and costs incurred for a superannuation product.

This table gives an example of how the fees and costs for the Balanced option for this superannuation product can affect your investment over a 1-year period. You should use this table to compare this superannuation product with other superannuation products.

Example – Balanced option	Balance of \$50,000	
Administration fees and costs	\$165.00 p.a. (deducted from your Hostplus SMI account) plus 0.0155% Trustee fee p.a. on your account balance	For every \$50,000 you have (deducted in the superannuation product, you will be charged or have deducted from your investment \$7.75 in administration fees and costs plus \$165 regardless of your balance
PLUS Investment fees and costs	0.88%	And, you will be charged or have deducted from your investment \$440 in investment fees and costs
PLUS Transaction costs	0.09%	And, you will be charged or have deducted from your investment \$45 in transaction costs
EQUALS Cost of product		If your balance was \$50,000, at the beginning of the year, then for that year you will be charged fees and costs of \$657.75 for the superannuation product.

Example – Balanced Pension	Balance of \$50,000	
Administration fees and costs	\$165.00 p.a. (deducted from your Hostplus SMI account) plus 0.0155% Trustee fee p.a. on your account balance	For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment \$7.75 in administration fees and costs, plus \$165 Trustee fee regardless of your balance
PLUS Investment fees and costs	0.88%	And, you will be charged or have deducted from your investment \$440 in investment fees and costs
PLUS Transaction costs	0.10%	And, you will be charged or have deducted from your investment \$50 in transaction costs
EQUALS Cost of product		If your balance was \$50,000, at the beginning of the year, then for that year you will be charged fees and costs of \$662.75 for the superannuation product.

Note: Additional fees may apply.

Cost of product for 1 year

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. It is calculated in the manner shown in the Example of annual fees and costs.

The cost of product information assumes a balance of \$50,000 at the beginning of the year. (Additional fees such as a buy-sell spread may apply: refer to the Fees and costs summary for the relevant superannuation product or investment option.)

You should use this figure to help compare superannuation products and investment options.

Investment option (Accumulation)	Cost of product	Investment option (Pension)	Cost of product
Balanced	\$657.75	Balanced	\$662.75
Conservative Balanced	\$512.75	Conservative Balanced	\$512.75
Capital Stable	\$457.75	Capital Stable	\$457.75
Indexed Balanced	\$187.75	Indexed Balanced	\$187.75
Socially Responsible Investment (SRI) - Balanced	\$472.75	Socially Responsible Investment (SRI) - Balanced	\$472.75
Australian Shares – Indexed	\$187.75	Australian Shares – Indexed	\$187.75
International Shares – Emerging Markets	\$492.75	International Shares – Emerging Markets	\$492.75
Property	\$737.75	Property	\$737.75
Infrastructure	\$657.75	Infrastructure	\$657.75
Diversified Fixed Interest – Indexed	\$202.75	Diversified Fixed Interest – Indexed	\$202.75

You should read the important information about Fees and costs before making a decision to invest. The material relating to our Fees and costs may change between the time when you read the PDS and this Additional information brochure and the day when you acquire the product.

Financial adviser fees

Financial adviser fees are not payable out of your Hostplus SMI account.

Additional explanation of fees and costs.

Hostplus Self-Managed Invest (SMI)				
Investment option	Investment fees and costs (excl Performance Fees)	Performance Fee	Transaction costs	Total investment fees and costs
Balanced	0.52%	0.36%	0.09%	0.97%
Balanced (Pension)	0.54%	0.34%	0.10%	0.98%
Conservative Balanced	0.41%	0.18%	0.09%	0.68%
Capital Stable	0.34%	0.15%	0.08%	0.57%
Indexed Balanced	0.03%	0.00%	0.00%	0.03%
Socially Responsible Investment (SRI) - Balanced	0.37%	0.14%	0.09%	0.60%
Australian Shares - Indexed	0.03%	0.00%	0.00%	0.03%
International Shares- Emerging Markets	0.53%	0.02%	0.09%	0.64%
Property	0.73%	0.09%	0.31%	1.13%
Infrastructure	0.49%	0.35%	0.13%	0.97%
Diversified Fixed Interest - Indexed	0.05%	0.00%	0.01%	0.06%

These costs are based on actual figures and estimates. The costs payable in respect of each future year may be higher or lower.

Defined fees

1. Activity fees

A fee is an **activity fee** if:

- (a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
 - (i) that is engaged in at the request, or with the consent, of a member; or
 - (ii) that relates to a member and is required by law; and
- (b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, transaction costs, a buy-sell spread, a switching fee, an advice fee or an insurance fee.

2. Administration fees and costs

Administration fees and costs are fees and costs that relate to the administration or operation of the superannuation entity and includes costs that:

- (a) relate to that administration or operation; and
- (b) are not otherwise charged as investment fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

3. Advice Fees

A fee is an **advice fee** if:

- (a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
 - (i) a trustee of the entity; or
 - (ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- (b) those costs are not otherwise charged as administration fees and costs, investment fees and costs, a switching fee, an activity fee or an insurance fee.

4. Buy-sell spreads

A **buy-sell spread** is a fee to recover costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

5. Exit fees

An **exit fee** is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.

6. Investment fees and costs

Investment fees and costs are fees and costs that relate to the investment of the assets of a superannuation entity and includes:

- (a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- (b) costs incurred by the trustee of the entity that:
 - (i) relate to the investment of assets of the entity; and
 - (ii) are not otherwise charged as administration fees and costs, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

7. Switching fees

A **switching fee** for a MySuper product is a fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.

A **switching fee** for a superannuation product other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

8. Transaction costs

Transaction costs are costs associated with the sale and purchase of assets of the superannuation entity other than costs that are recovered by the superannuation entity charging buy-sell spreads.

Additional explanation of fees and costs

1. Administration fees and costs

Administration fees and costs are based on information from the previous financial year. The administration fees and costs payable in respect of each future year may be higher or lower. The administration fees and costs collected enables the recovery of expenses incurred for the day-to-day operation of Hostplus SMI including, but not limited to, registry and administration costs, legal and professional services, audit and tax services, and regulatory expenses, such as the APRA Levy. Administration fees and costs include part of the Trustee fee.

2. Advice Fees

No advice fees apply to any of Hostplus SMI investment options. Refer to your Statement of Advice from your financial adviser regarding any additional fees payable to them.

3. Buy-sell spreads

No buy-sell spread applies to any of Hostplus SMI investment options.

4. Exit fees

The Law prohibits superannuation fund trustees from charging exit fees. No exit fee applies to any of the Hostplus SMI investment options.

5. Investment fees and costs

Performance fee

In certain circumstances, Hostplus agrees, as part of the fees payable to an investment manager, to pay a performance fee. Performance fees are payable to investment managers if they outperform required performance targets. The performance fees payable varies between the underlying investment managers and may change from year to year.

These performance fees are included within the investment fees and costs and are borne by members invested in an investment option before investment earnings are declared and applied to their account. Investment fees and costs can change as a result of changes to the performance fees.

Hostplus calculates performance fees for an option by reference to the performance fees that were accrued in relation to the underlying investments of that option, averaged over the previous 5 financial years, noting that:

- a. where an underlying investment was not in existence for the previous 5 financial years, Hostplus calculates the average performance fee by reference to the number of financial years in which the investment was in existence;
- b. where an underlying investment did not have a performance fee charging mechanism in place in each of the previous 5 financial years, Hostplus calculates the average performance fee by reference to the number of financial years in which the underlying investment had a performance fee charging mechanism in place; and
- c. where an underlying investment was created in the current financial year, Hostplus calculates the average performance fee by reference to its reasonable estimate of the performance fee for the current financial year.

How we estimate our investment fees and costs

Investment fees and costs are based on actual figures and estimates. The estimated information was informed by information obtained from investment managers.

7. Joining fee

A \$240 one-off joining fee is deducted from your initial application amount. If you have nominated more than one investment option, the joining fee is proportionately charged to each investment option based on your nomination.

8. Switching fees

No switching fee applies to any of the Hostplus SMI investment options.

9. Transaction costs

Transaction costs are associated with acquiring or disposing investments and can include costs such as brokerage, settlement costs, stamp duty and clearing costs.

Transaction costs are deducted from the valuation of investments before unit prices are calculated. They may be paid directly by Hostplus or from an interposed vehicle.

Transaction costs are not directly charged to members but are an additional cost to the member if not recovered in the form of a buy-sell spread fee. The transaction costs shown in the fees and costs summary is shown net of any amount recovered by a buy-sell spread charged by Hostplus. Hostplus does not charge a buy-sell spread to its members.

10. Trustee fee

Effective from 18 March 2022, the Trustee fee has been introduced in response to recent legislative changes (to sections 56 and 57 of the Superannuation Industry (Supervision) Act 1993 (Cth) (SIS Act)), which impact the Trustee on and from 1 January 2022.

These legislative changes have significantly broadened the types of penalties for which the Trustee and its Directors cannot be indemnified out of the assets of the Fund or the PST. As the Fund and PST are operated on a profit-for-member basis, the Trustee does not currently hold sufficient capital that could be used to indemnify the Trustee and its Directors, or otherwise meet related liabilities. Instead, the Trustee and its Directors have previously relied on being able to draw against the assets of the Fund and PST to recover such costs.

As a result of these legislative changes, the Trustee risks becoming insolvent if a penalty were to be imposed on it, or its Directors (e.g., as a result of an inadvertent breach of Commonwealth legislation), and the Trustee does not have sufficient capital to pay the penalty.

The Trustee fee is paid to the Trustee in relation to the risks of it and its Directors carrying out their duties and obligations in acting as trustee of the Fund and the PST. The Trustee holds the Trustee fee paid to it in a Special Purpose Reserve within the Trustee (and not within the Fund or PST), thus ensuring these funds are kept separate from Fund members' and PST Investors' funds. The Special Purpose Reserve will only be used to meet relevant liabilities incurred on or after 1 January 2022 for which the Trustee and its Directors cannot be indemnified out of the assets of the Fund or PST.

The Trustee fee forms part of your Administration fees and costs and is calculated against your entire account balance. The Trustee fee also forms part of the Investment fees and costs calculated on investment options.

11. Fee changes

We are required to let you know 30 days before an increase in fees takes effect where required by law. In addition, we may introduce or change the amount of fees or costs at our discretion and without members' consent, including where increased charges are incurred due to government changes to legislation; increased costs; significant changes to economic conditions and/or the imposition or increase of processing charges by third parties.

12. Tax

See section "7. How super is taxed" in the Hostplus Self-Managed Investment Product Disclosure Statement for more information on tax. Please note: all fees and costs are inclusive of GST (unless otherwise stated) less any input tax credits and stamp duty (if applicable). The fund passes on any tax deduction on investment costs in the form of higher returns to investors.

Other important information

The Hostplus PST Trust Deed

To view the Trust Deed, and for such information as the powers and indemnity of the Trustee, contact the Hostplus SMI Service team on **1300 350 819** Monday to Friday 8am–8pm AEST/AEDT.

Notification of material changes

In the event of a material change occurring to any information regarding Hostplus SMI, irrespective of whether it is adverse or not, the Trustee will notify existing investors in writing within the time frames required by law.

A change or event which does not relate to an increase to a fee or charge or constitutes a significant event will be sent as soon as possible but not later than three months after the change or event occurs. You will receive at least 30 days' notice before any increase to fees deducted directly from your account.

Updated information is available from the Hostplus SMI Service team on **1300 350 819**.

Taxation information

Contact your tax adviser or financial adviser for personalised taxation advice, in respect of this product.

Our governance and disclosures

Our corporate governance is designed to protect and enhance the interests of investors, while also taking into account the interests of other stakeholders, including Hostplus employees, third party service providers and the community.

Information about the following is available at hostplus.com.au/about-us/company-overview/governance-and-disclosures:

- rules on nomination, appointment and removal of Trustee directors
- Hostplus corporate governance and rules
- the Hostplus PST Trust Deed
- the Hostplus Constitution
- the Hostplus Board
- conflict management policy
- significant event notices
- audit arrangements, and
- service providers.

Our investment governance

The Trustee considers investment governance as an area that is integral to the investment selection process.

Information about the following is available at hostplus.com.au/investment/investment-governance:

- environmental, social and corporate governance (ESG)
- proxy voting
- investment in sustainable assets
- investment manager allocation, and
- our investment holdings.

Investor rights and liabilities

As an investor holding units in an investment option you have a proportional beneficial interest in that option, but do not have an interest or ownership of the underlying funds that it invests in, its assets, management or operation. An investor's entitlements as a unit holder are in Hostplus SMI as a whole and not any particular investment option.

An investor must indemnify the Trustee for any liability, overpayment or failure to provide for tax because of a reliance on information given to us by that investor. Further, an investor's liability is limited by the Trust Deed to the value of their units.

Annual report

You can find out about the PST's performance and activities for the last financial year in its annual report. The annual report is usually available online from October each year, commencing from Financial Year 2017/18. The annual report will include the audited financial statements which summarise the PST's financial position and performance for the most recently completed financial year. Hostplus SMI annual reports can be located at hostplus.com.au/smi

Financial Services Guide (FSG)

The FSG provides information about the financial services being offered by the Trustee. It contains information about the services we offer, how we are paid, any potential conflict of interest we may have, and our internal and external dispute resolution procedures and how you can access them. If you need more information or clarification of any matters raised in the FSG, please contact us. The FSG is available from the Hostplus SMI website hostplus.com.au/smi or by the Hostplus SMI Service team on **1300 350 819**.

Related party transactions and conflicts of interest

Under the law the Trustee is required to manage any conflicts of interest. The role and aim of the Trustee's Board of Directors is to develop and manage frameworks to avoid conflicts of interest. However, there might be circumstances where the avoidance of conflicts of interest will not always be possible or prudentially practical. The Board will identify, analyse and evaluate all such conflicts and then determine whether to avoid a particular conflict of interest or accept and act notwithstanding the conflict of interest, subject to any management controls.

Any conflict of interest that cannot be avoided must be managed, as is reasonable in the circumstances, but always so that priority is given firstly to the interests of investors.

Online access

At the time of establishing your investment online and accessing your online investor account, you must accept the terms and conditions of use of the websites associated with the Hostplus SMI platform.

Please note that third party providers of online access to Hostplus SMI are not involved in any transaction between you and us, accessed or facilitated through their website (eg. facilitating the completion and transmission of your application to us). Those third-party service providers exercise no control over the financial products or statements contained on the website.

Service Providers

The Trustee has engaged the key service providers listed below to assist in delivering Hostplus SMI. An outsourcing policy has been implemented to assist in the appointment, overseeing and management of these providers.

Services Outsourced	Provider	ABN
Administrator	Citigroup Pty Limited	88 004 325 080
Custodian	Citigroup Pty Limited	88 004 325 080
Online services platform provider		
Investor portal	Citigroup Pty Limited	88 004 325 080
External Auditor	PricewaterhouseCoopers	52 780 433 757
Internal Auditor	KPMG Australia	51 194 660 183
Investment Adviser	Jana Investment Advisers Pty Limited	97 006 717 568
Tax Advisers	KPMG Australia	51 194 660 183



Glossary

Assets: An asset is a resource with economic value that individuals, corporations, or countries can own or control, with the expectation that a future benefit will be provided. They are also grouped into asset classes such as cash, fixed interest, property, infrastructure, and equity (see Understanding asset classes).

Asset allocation: This means the spread of investments within an investment portfolio across various asset classes.

Benchmark: A standard against which the performance of a security, asset class or investment manager can be measured. For example, a share market index (which represents a broad mix of shares listed on a stock exchange) can be used as a benchmark for listed equity investments.

Bid-Ask spreads: The Bid-Ask spread is essentially the difference between the highest price that a buyer is willing to pay for an asset and the lowest price that a seller is willing to accept.

CPI: The Consumer Price Index, known as CPI, is a measure of the average change over time in the prices paid by households for a fixed basket of goods and services.

Custodian: An independent organisation that safeguards the Fund's assets. There are comprehensive rules governing who can issue instructions to the custodian, in particular how money can be released to investment managers.

Diversification level: Diversification can arise from having broad exposures to investments across differing asset classes, companies, industries, geographies, company capital structures, active asset management styles, currencies and counterparties. These, and other diversifiers, are considered when determining the diversification level applicable within an investment option.

To assist investors in making an informed choice, Hostplus has used the following descriptions of the level of diversification applicable to each investment option:

High diversification means that the investment option has wide levels of exposures across these diversifiers, including over multiple asset classes. For example, the Balanced option is invested across multiple asset classes including unlisted assets, as well as multiple investment managers, geographies, company capital structures, active asset management styles, currencies and counterparties.

Medium diversification means that the investment option has intermediate levels of exposures across these diversifiers, sometimes over multiple asset classes. For example, the **Indexed Balanced** option is invested across a number of investment managers, assets, and geographies, but is limited to investing in listed companies, bonds and cash.

Low diversification means that the investment option has more limited levels of exposures across these diversifiers and rarely over multiple asset classes. For example, the **Australian Shares - Indexed** option is diversified across multiple companies and investment managers, however it is limited to investing only in the Australian shares asset class.

These terms appear in the 'summary' and 'who is this investment suitable for?' of our investment options.

Growth assets label: To assist investors in making an informed choice, Hostplus has used the following criteria to categorise the bias to growth assets of our investment options:

All growth: means 100% growth assets

Strong bias to growth: means > 80% to < 100% growth assets

Bias to growth: means > 60% to = 80% growth assets

Similar proportion of growth and defensive: means > 40% to = 60% growth assets

Bias to defensive means > 20% to = 40% growth assets

Strong bias to defensive means > 0% to 20% growth assets

All defensive means 0% growth assets

These terms appear in the 'summary' and 'who is this investment suitable for?' of our investment options.

Hedge fund: A fund that invests in complex strategies in shares and other securities. It aims to achieve positive returns in both rising and falling markets, while using strategies to reduce the chance of loss.

Impact of foreign currency movements: The impact of foreign currency movement is the possibility of losing money due to unfavourable moves in exchange rates. Investments in overseas markets are exposed to the impact of foreign currency movement unless hedged.

Inflation: Inflation is the increase in the general price level of goods and services in the economy. It is usually measured using the movements of the consumer price index (CPI).

Investment grade: Refers to a company's credit rating. To be considered investment grade, the company must be rated 'BBB' or higher by a credit ratings agency, like Standard and Poor's or Moody's. Anything below a 'BBB' rating is considered non-investment grade.

Investment style: Hostplus investments invest in three distinct investment styles. These are:

Core - These investment options focus on delivering the best net return for a given level of risk. They take full advantage of Hostplus' investment expertise, and feature our best investment ideas across listed and unlisted assets, bonds and cash.

Indexed - These investment options focus on minimising investment fees and costs. They generally use a passive investment style to invest in listed companies, bonds and cash, and aim to track the returns of the markets in which they invest.

Socially Responsible Investment (SRI) - These investment options focus on values-based investing. They seek to reduce exposure to industry segments within fossil fuels and tobacco production, as well as other factors.

Investment timeframe: To assist investors in making an informed choice, Hostplus has used the following criteria to categorise the expected investment time frame applicable to the target market for our investment options. The labels outlined below are based on the minimum suggested investment time frames for each Hostplus investment option.

Long term: means 7 years or more

Medium to long term: means 5 years to < 7 years

Short term: means < 5 years

These terms appear in the 'summary' and 'who is this investment suitable for?' of our investment options.

Liquidity: Liquidity refers to the ability to convert an investment into cash with little or no loss of capital and minimum delay.

Long-term returns label: To assist investors in making an informed choice, Hostplus has used the following criteria to categorise the expected returns of our investment options. The labels outlined below are based on the long-term return objectives (20 years) for each of Hostplus' investment options:

Very strong means $> \text{CPI} + 4\%$

Strong means $> \text{CPI} + 3\%$ to $= \text{CPI} + 4\%$

Moderate means $> \text{CPI} + 2\%$ to $= \text{CPI} + 3\%$

Modest means $> \text{CPI} + 1\%$ to $= \text{CPI} + 2\%$

Stable means $\text{CPI} + 1\%$ or less

These terms appear in the 'summary' and 'who is this investment suitable for?' of our investment options.

Negative return tolerance level: To assist investors in making an informed choice, Hostplus has used the following criteria to indicate the level of tolerance to negative returns that an investor would require for each of its investment options:

Very high tolerance means 6 or greater years out of 20 years. High tolerance means equal to 4 to less than 6 years out of 20 years.

Medium to high tolerance means equal to 3 to less than 4 years out of 20 years.

Medium tolerance means equal to 2 to less than 3 years out of 20 years.

Low to medium tolerance means equal to 1 to less than 2 years out of 20 years.

Low tolerance means equal to 0.5 to less than 1 year out of 20 years.

Very low tolerance means less than 0.5 years out of 20 years.

These terms appear in the 'summary' and 'who is this investment suitable for?' of our investment options.

Pre-mixed: These investment options invest in combinations of asset classes. Each pre-mixed option has its own mix of growth and defensive assets, investment objective, and level of investment risk.

Portfolio: A portfolio is a range of investments held by a person or organisation.

Returns: Returns may include both the income received from the investment and/or an increase or decrease in the capital value of the investment.

SAA (Strategic Asset Allocation) Benchmark: SAA is a target mix of asset classes (such as shares, property, and cash) which is used to implement an investment strategy for a fund's investment option. It takes into account the option's investment return objective, risk tolerance and investment time horizon.

Single sector: The single sector investment options invest only in a specific asset class, such as Cash or Australian Shares, and have varying investment styles.

Standard Risk Measure (SRM): The Standard Risk Measure (SRM) has been adopted to assist investors in comparing investment options (both within and across superannuation funds) using a simplified risk measure.

The SRM is based on industry guidance to allow investors to compare investment options that are expected to deliver similar negative net investment returns over a 20 year period.

The SRM is not a complete assessment of all forms of investment risk; for instance, it does not detail what the size of a negative return could be or the possibility of returns not being adequate to meet an investor's investment objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

Risk measures and categories: Relevant risk label Level of investment risk – estimated number of negative net investment returns over a 20 year period

Very low	Less than 0.5
Low	0.5 to less than 1
Low to medium	1 to less than 2
Medium	2 to less than 3
Medium to high	3 to less than 4
High	4 to less than 6
Very high	6 or greater

Volatility: The short-term fluctuations in share prices, exchange rates and interest rates that affect an investment. The higher the volatility, the less certain an investor is of the return within a set time frame and hence volatility is one measure of risk.



Mail Hostplus Self-Managed Invest, GPO Box 764, Melbourne VIC 3001
Phone 1300 350 819
Email smi@hostplus.com.au
hostplus.com.au/smi