



Annual Members' Meeting questions: Written responses

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Responsible Investment

Renewable energy

What investments have Hostplus made into the renewable energy sector?

There is some uncertainty coming from global warming; how much are you investing in Australian renewable energy?

We have a number of investments in renewable energy, which we believe is testament to our recognition of, and our commitment to, this important sector.

These investments include the Powering Australian Renewables Fund (PowAR), within our infrastructure portfolio, which is developing 1,000 megawatts of large-scale renewable generation projects. The fund consists of four assets across wind energy and solar energy and will assist Australia's transition to a more sustainable energy future.

We have also invested in Swift Solar, a startup company that is developing lightweight and flexible solar cells. They have invented new technology using a mineral called perovskite, which can be more efficient, more affordable, and more scalable than conventional solar technologies. If successful, this could prove to be the lowest cost source of zero-carbon electricity in the world.

Another key renewable energy investment is in fusion energy, which unlike fission energy from conventional nuclear reactors, has the potential to produce clean, carbon emission-free power, without the by-product of radioactive material.

Fusion energy is the same energy as generated by the Sun. Arguably, fusion is the ultimate renewable energy, as it promises unlimited, clean energy that the world desperately needs.

We are very proud to report that Hostplus has invested in two different approaches to generating fusion energy.

Commonwealth Fusion Systems, a company developing a new generation of high-temperature super conducting magnets to confine the fusion reaction, and First Light Fusion, a company focused on the "inertial confinement" approach to generating fusion energy.

Could you please explain why you have not invested in Hydrogen as a fuel?

We invest in a number of listed companies which are investing in hydrogen-based fuel technology. Examples include BHP, Macquarie, Woodside Petroleum, Fortesque as well as international companies such as Air Products & Chemicals and Cummins.

Sustainability

What is Hostplus' approach to ensuring its investments are environmentally sustainable and ethical?

What is Hostplus doing to ensure our investments are within sustainable companies, not those linked to coal or clearing large areas of native forest (such as Alcoa in south west Australia), and are ethical and pay a living wage?

We as a family of 5 all with Hostplus are trying to understand what you are doing to move Hostplus to a stronger focus on cost efficient ethical investments?

What actions are you taking to ensure members' funds do not support environmentally unsustainable practices that will undermine our futures? How is this reported and made available?

What plans do you have to invest in environmentally friendly companies? Will these funds cost more? And are you planning to still invest in unethical companies?

Hostplus' primary duty is to deliver the best retirement outcomes for our members. This duty guides every decision we make. At the same time, we recognise that the world faces many environmental and social challenges including climate change that can pose a material, direct and current financial risk that is relevant to Hostplus' investment decisions and its management of its investment portfolio on behalf of members.

Hostplus is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and is proud to have this year achieved an A+ rating for our Responsible Investment Strategy and Governance from the PRI. Responsible investment, which involves incorporating environmental, social and governance factors into investment decisions and active ownership, helps Hostplus manage risk and optimise retirement outcomes for its members.

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 an approach based on four pillars – environmental, social and governance (ESG) integration; active ownership; building Australia's future; and member values. Our [Responsible Investment Policy](#) was substantially updated during the year.

Hostplus is committed to responsible investment across all our investment activities including: across all geographic locations, all asset classes; all structures (e.g. mandated and pooled funds) and all styles (including active and passive management).

Our 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.

For all asset classes, Hostplus is committed to ESG integration. ESG factors are considered as part of our annual strategic asset allocation process and are taken into account in setting investment objectives. Hostplus, together with our 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 managers' ESG capabilities must be in line with that of their asset class peer group at a minimum for inclusion in the portfolio. In this way 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.

Our preference, and in our view our greatest opportunity to effect change, is to retain exposure to a broad range of sectors and seek to actively engage with companies rather than divest from a company or sector and thereby lose influence.

We pursue an active ownership program and engage with companies both directly and through specialist service providers. This involves meeting the company Boards and management. Our engagement focuses on understanding and analysing how companies are strategically responding to ESG issues. During 2019–20, Hostplus engaged with 189 companies either directly or through our specialist provider, the Australian Council of Superannuation Investors (ACSI). In September 2020, we significantly expanded our company engagement, appointing Hermes EOS to provide engagement in relation to our international equities. By taking a collective engagement approach, Hostplus can exert greater influence beyond our own shareholding in an investee company and manage resources more effectively. We have found this engagement to be highly effective.

As our CIO Sam Sicilia highlighted during his AMM address, we have put in place a roadmap of actions to ensure we are transitioning our investments towards sustainability and doing so in a way that does not compromise returns to our members, which is of course our number one priority. We invest in a range of assets that aim to change the world for the better - in areas including medical therapies, alternative food sources, collaborative tech, robotics and clean energy – while delivering future investment returns for our members. More information in these investments is provided on p.28 – 31 of our [Annual Report](#). A list of investments that include [sustainable attributes](#) are also included on our website. We plan to update these disclosures with case studies in the new year.

In addition to incorporating ESG considerations across our investment portfolio, we also offer our members a separate Socially Responsible Investment (SRI) option. The option gives members dedicated access to responsible investing opportunities across a wide range of asset classes, including shares, property, fixed income, infrastructure, alternatives and cash.

Divestment from fossil fuels

What action will Hostplus be taking, such as divestment from fossil fuels, to help address the climate crisis?

Has a date been set for Hostplus to stop investing in fossil fuels? If not, why not?

When are you pulling out of all fossil fuel investments?

Please report on the value of Hostplus' investments in coal, oil and gas companies, and on any plans to divest from these?

Will you go on investing in fossil fuels such as coal, gas and oil? Likewise, in contentious infrastructure industries like Transurban? Or will you change the investment policy to start investing in renewable energy?

Given that ESG investments that include fossil fuel companies have underperformed the ASX300 over the past 10 years, when will Hostplus also exclude them (especially from its SRI option), or will investors continue to leave?

This year multiple super funds including Australian Super and Aware Super have stopped funding coal due to decreased returns for members and fears of stranded assets. Is Hostplus planning on divesting from thermal coal companies?

How do you expect to engage with fossil fuel companies, whose primary purpose is to burn fossil fuels?

Why does Hostplus continue to thwart the efforts of the Paris Agreement to reduce emissions by investing in fossil fuels, and when will you square up the science with smarter, future-focused investment choices and divest from coal and gas?

What are your plans for moving decisively beyond unsustainable fossil fuel investments and when do you plan to enact them?

Does Hostplus have any affiliation with Adani or any coal based businesses? And if so, what would be your plans moving forward from here, into a greener future?

What current investments do you have in the coal and oil & gas sector & (if you have such investments) will you be shifting your investment strategy away from fossil fuel industries?

Hostplus recognises climate change as a financial risk, as well as an environmental and community one, the impact of which will be dependent on the extent of social and regulatory changes.

We believe in the importance of a measured and deliberate transition to a low-carbon economy. Given our investment philosophy, rather than simply divesting or selling our holdings – which we firmly believe does not in and of itself address the issue – we prefer to retain ownership in those companies and then use our influence to create change within companies by encouraging and supporting this transition.

Our engagement focuses on understanding and analysing how companies are strategically responding to climate change and their capacity to transition to a low carbon environment. By taking a collective engagement approach, Hostplus can exert greater influence beyond our own shareholding in a company and manage resources more effectively.

We have found this engagement to be highly effective. During the past financial year, we engaged with 189 companies, either directly or through the Australian Council of Superannuation Investors, of which we are an active member.

Importantly, 18 out of 20 target companies specifically engaged to improve disclosure of their climate change risks, agreed to do so as a direct result of our engagement. We firmly believe direct engagement delivers tangible and often faster outcomes, and the evidence backs this up.

For members who'd like to avoid investments in fossil fuels, our Socially Responsible Investment (SRI) Option invests in companies that do not make a material amount of money from these sectors. We are currently tightening this Option's fossil fuel restrictions further and incorporating it in our updated and improved SRI Balanced Option which will be launched in early 2021. Our refreshed and improved SRI Option will exclude all companies that mine, produce or generate energy from coal, oil, or gas, as well as those that receive more than 10% of revenue from servicing these sectors.

Hostplus invests wholly through specialist external investment managers as we believe this model not only provides great value for Hostplus members but also gives them access to the skills and expertise of some of the best investment managers in the world. We work closely with our investment consultant, JANA, to select and monitor our external investment managers. While the approach to ESG integration may vary by manager, each managers' ESG capabilities must be in line with that of their asset class peer group at a minimum for inclusion in the portfolio.

Hostplus has concluded that it is not in the financial best interests of our members to apply a blanket ban on any exposure to fossil fuels in our Fund. However, we are keenly aware of the impact of fossil fuels in exacerbating global climate change. For that reason, climate change is a key consideration taken into account by Hostplus and our investment managers when applying our investment decision frameworks as described above.

Any investment in a particular company, asset or sector that is heavily exposed to or reliant upon fossil fuels is likely to be assessed as higher risk. This could be due to likely future regulatory changes and market shifts away from the use of fossil fuels, among other factors. We rely upon our rigorous investment process, which includes external investment managers considering climate-related risk as one of a range of factors, to determine decisions about the selection, retention or realisation of Hostplus' investments across the portfolio. At the time of writing, Hostplus held no investments in Adani, across any of our investment portfolios.

When will Hostplus cease investments in the tobacco industry?

Within the majority of investment options, Hostplus does not actively exclude companies involved in tobacco production, however our exposure to these companies is very small (<0.5% of the total investment portfolio).

SRI Balanced Option

Does the Hostplus SRI Balanced option sufficiently exclude fossil fuels, such as coal, oil and natural gas? Currently companies such as BHP and SANTOS are included, so would Hostplus consider a stricter exclusion list for this option?

When will Hostplus make it possible for customers to select a 'Green Superannuation' plan that is entirely sustainable? I.e. does not incorporate options based on fossil fuels, exploitation, or gender inequalities?

Does Hostplus have a plan to release a transparent environmentally responsible and ethical investment option to members? We all have a role in conserving our environment and the planet.

Our SRI - Balanced Option gives members dedicated access to responsible investing opportunities across a wide range of asset classes, including shares, property, fixed income, infrastructure, alternatives and cash.

We have progressively been tightening the fossil fuel exclusion within this Option over time.

When it was first launched, the product excluded companies that make more than 20% of revenue from the most carbon intensive fossil fuels, being thermal coal, oil sands, coal-fired power and the conversion of coal to liquid fuels and feedstock.

This threshold was reduced 10% of revenue in 2019.

In July this year we decided to strengthen the fossil fuel exclusion further. From 1 January 2021, our SRI Option will exclude all companies that mine, produce or generate energy from coal, oil, or gas, as well as those that receive more than 10% of revenue from servicing these sectors.

During 2020 we conducted a significant review of our SRI – Balanced option. This has included a research exercise regarding members' preferences specifically related to this option. Our intention is to release a significantly amended SRI option in Q1 2021 responding to this member feedback. The option will:

1. Exclude a range of industries that cause harm (fossil fuels, companies that breach human rights or labour rights standards, companies with very poor ESG policies and systems, controversial weapons, uncertified palm oil, predatory lending, for profit immigration detention, gambling, tobacco production and live animal exports).
2. Focus on investing in companies and assets that contribute toward positive social and environmental outcomes aligned to the Sustainable Development Goals (e.g. green buildings, renewable energy, community infrastructure, essential water infrastructure, green bonds, medical solutions, sustainable farming and alternative foods).
3. Focus on net benefit to members through a competitive fee and investment objective in line with the Hostplus Balanced option.

When will Hostplus offer an SRI option based on lower cost passive indexed funds, instead of high priced active funds?

I have a question about whether the index fund would consider extending to an ethical index fund, that relies on ethical ETFs. Otherwise it's likely I'll be looking to move my super to an ethical option but like the low cost ETF index tracker option.

As a member approaching retirement, the advice is to move to less volatile investment options but the only Socially Aware option is Balanced and therefore more volatile than Capital Stable. Where is the Stable Socially Aware option?

it is important that my money is not used to support the fossil fuels but as an older member I know that my super should be low/medium risk. You are discriminating against older members by not offering a low to medium risk SRI option.

Thank you very much for your feedback.

We are constantly listening to our members to ensure that we have a suite of options that meets their needs and is aligned with what our members are looking for with regards to how their retirement savings are invested and managed.

We are pleased to advise that we have asked, listened to and are acting on the feedback of our members to further improve our SRI option, which will see our improved SRI Option going live in early 2021. While we presently do not have any immediate plans to introduce further SRI-focused options in the near term, we will continue to actively monitor and assess the demand for these over the coming year.

Net zero carbon emissions

I note other industry superfunds have committed to achieving net zero carbon emissions from their investment portfolios by 2050. When will Hostplus be setting similar clear and transparent targets?

More & more Australian super funds are committing to achieving net zero carbon emissions from their investment portfolios by 2050. What's Hostplus doing to remove the risk to shareholders of investing in companies that exacerbate climate change?

In the aftermath of the case by Mark McVeigh against REST Super, how is Hostplus managing its own exposure to climate change litigation? And will Hostplus follow Australian Super's lead declaring a portfolio net zero by 2050?

Does Hostplus have a target to align its asset portfolio with the Paris Climate Agreement?

Do you intend to bring your investments in line with the climate goals set out in the Paris Agreement? And if so, when?

What is Hostplus doing to help combat climate change and assist in reducing our emissions to below 1.5 degrees as outlined by the Paris Agreement and how much of our investment is linked to the fossil-fuel industry?

Following the recent court case between REST super breaching fiduciary duties around adequately considering climate change risks, what changes have you made to your consideration of climate change on investment decisions? Are you (will you) treat(ing) climate change as a financial risk more than a 'socially responsibility' reputational issue?

Hostplus' primary duty is to deliver the best retirement outcomes for our members. This duty guides every decision we make. At the same time, we recognise that climate change is one of the biggest challenges facing the world today, and can pose a material, direct and current financial risk that is relevant to Hostplus' investment decisions and the management of our investment portfolio on behalf of members.

In particular, we recognise that climate-related risk presents itself in many ways, including physical risk (such as damage to assets and property particularly from more severe weather events), transitional risk (which could include risks associated with financial and regulatory adjustments as a result of climate mitigation policies), and litigation risk. These risks can impact the performance of our investment portfolios including through changes to asset values or revenue, and through costs arising from regulatory changes as the world transitions to a low carbon economy.

Hostplus takes these risks very seriously and we've implemented the following policies and processes to ensure that consideration of climate-related financial risks is embedded in operational and reporting frameworks across the Fund:

Incorporating climate change risk in our investment strategy

In order to manage the financial risks of climate change, we incorporate climate change into all aspects of the investment process. We do this through:

- **Investment Philosophy, Investment Strategy and Strategic Asset Allocation:** Climate-related financial risk is incorporated into our Investment Philosophy. The Investment Philosophy is a key document within Hostplus' Investment Policies and Procedures Statement, which forms an integral part of the investment governance framework and it is the basis of investment decision making. Specifically, with respect to climate change, the Investment Philosophy states "The Trustee recognises that climate change may influence the performance of the Fund's investments over time and that the impact will be dependent on the extent of physical, social and regulatory changes. The Trustee recognises that it must manage the financial risk due to climate change in our portfolio by incorporating climate change into all aspects of the investment process". Climate-related risks are also considered by Hostplus and our investment adviser, as part of our investment strategy (including the strategic asset allocation),

alongside a range of other risks. The investment strategy is reviewed and approved by the Board annually, at minimum, and guides investment allocation decisions.

- **Risk Framework:** Climate-related risks are embedded within the Fund's internal risk framework, recognising that climate change has the potential to impact the Fund and its members by way of financial, physical, transitional, regulatory, member retention and reputational risks. Hostplus' Chief Investment Officer oversees climate-related risk, which based upon the current risk level, must be considered and assessed at least every six months. The Board is responsible for setting the risk appetite for the Fund. If a risk is outside of the risk appetite, the Board is responsible for either accepting the risk or requesting additional controls. Controls have been put in place to mitigate and manage climate-related risks. These include incorporation of climate-related risk within our Investment Philosophy and our investment strategy (including the strategic asset allocation process), climate change stress testing and scenario analysis, the assessment of investment manager climate change risk management capabilities, and engagement with investee companies regarding climate change risk assessment, management and disclosure.
- **Stress Testing of Investment Options:** In connection with our investment governance framework, we determine the overall investment profile for our investment options based on a range of factors, including climate change stress testing and scenario analysis, in accordance with the Hostplus Stress Testing Policy. This process occurs annually, at minimum, as part of the review and approval of the investment strategy by the Board. As part of this analysis, and consistent with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), we currently consider and report to the Board on two climate change scenarios: the IEA Sustainable Development Scenario (which has a 66% probability of limiting long-term global average temperature rise to 1.8 degrees Celsius by 2100); and the IEA Stated Policies Scenario (which represents announced policies and has a 66% probability of limiting temperature rise to 3.2 degrees Celsius). Our stress testing scenarios and parameters are subject to annual review. These scenarios help us to quantify potential impacts to performance associated with greater transition and physical risk, respectively.
- **Selection and Review of Investment Managers:** Based on advice from our investment adviser and internal investment team, Hostplus' Board is responsible for the appointment of specialist external investment managers that manage the underlying investments. Hostplus' internal investment team and investment adviser subsequently undertake regular monitoring of investment managers' progress. Part of the manager selection and review process involves assessing the climate change risk management capabilities of each investment manager, which are reported to the Board annually through an ESG Review.
- **Monitoring the Investment Portfolio:** We continually monitor our investment portfolio and use external providers to advise on the ESG and climate change risks in our portfolio. Through our investment adviser, we monitor the equities portfolio ESG scores, carbon emissions and climate risk. We also use the service provider, Trucost, to measure the carbon emissions of our equities portfolio.
- **Reporting:** In our 2020 Annual Report we committed to using the TCFD recommendations to report our management of climate change risks, commencing in the 2020-21 financial year. As a signatory to the United Nations supported Principles of Responsible Investment, Hostplus complied with the requirement to report TCFD-based information on climate change to the PRI, including climate risk assessment within investment policies and strategies, governance and oversight over climate risk, and scenario analysis and modelling. We also expect the companies in which we invest to disclose climate change risks in accordance with the TCFD, as advocated by our engagement service providers.

Board oversight regarding the management of climate-related risk

The Hostplus Board has ultimate responsibility for oversight of Hostplus investment decisions, including oversight of management of the financial risks due to climate change. The Board follows an investment approach that is in accordance with Hostplus' investment governance framework. Management of climate-related financial risk is embedded in the framework, including through the Investment Philosophy, Responsible Investment Policy, Stress Testing Policy and investment strategy process. Through a combination of these processes, the Hostplus Board has considered or noted climate change matters as part of five out of seven Board meetings held during 2020.

Continual improvement

Hostplus recognises that the management of climate-related risk is a rapidly evolving area, which requires continual improvement. For this reason, we have committed to reviewing our approach to climate-related risk management on an annual basis and to reporting the results of the review to the Board through the ESG Review. While Hostplus has not yet adopted a net zero emissions target, this year's review of Hostplus' approach to climate-related risk management is currently in progress and consideration of a net zero emissions target is a part of the scope of that review.

In addition, we note that APRA has flagged its intention to develop a new prudential practice guide which will aim to assist regulated entities to prepare for climate risks and clarify regulatory expectations in respect of management of those risks. Hostplus welcomes the preparation of this guidance and intends to review and adopt new guidance as and when this becomes available.

Positive impact

What are you doing to influence change in the mining industry with respect to the desecration of indigenous sacred sites?

Like you, we were very concerned to read of Rio Tinto's actions at the Juukan Gorge. Hostplus is committed to supporting reconciliation. We recognise the unique challenges faced by Aboriginal and Torres Strait Islander people, particularly with regards to financial wellbeing and retirement outcomes and seek to contribute to collaboratively addressing these through our 'Innovate' Reconciliation Action Plan (RAP).

We have investments in a number of Australian mining companies and plan to retain these, as we believe divesting from a company or sector would only cause us to lose influence. Instead, in relation to a range of issues, our approach is to seek to change the behaviour of companies by using our influence as a shareholder.

Through our membership of the Australian Council of Superannuation Investors (ACSI) we have been engaging with the Board and management of Rio Tinto, BHP, Fortescue and other mining companies on the issue of indigenous rights. Through ACSI, we have also been involved in efforts to address the regulatory environment which allowed these issues to occur. This has included a submission to the Parliamentary Inquiry into the Juukan Gorge incident and a submission on the WA Cultural Heritage Bill.

Company engagement is a focus of our approach to responsible investment. We have found engagement to be a very effective tool. As an example, without engagement by ACSI and asset owners, it is unlikely that there would have been the same level of accountability within Rio Tinto's senior management that ultimately occurred (and resulted in the termination of three key executives most responsible, including the CEO). Further information on the engagement that ACSI conducted with Rio Tinto on behalf of Hostplus and other super funds is detailed in its [Half Year Statement](#).

Investment performance

I've seen a drop in my account balance this year. Will my balance recover from this? What reassurance can you provide?

My wife and I have both pension and accumulation accounts with Hostplus and Australian Super respectively. All accounts are of the Balanced category. Why has Hostplus performed so poorly against Australian Super over the last 9 months?

Why was Hostplus returns in 2019-20 negative in some cases when other comparable Industry funds produced more favourable returns and will that continue in 2020-21?

Through COVID-19, do I need to be conservative about my portfolio, or do you expect the market to pick up?

It's always tough to see your account balance go down and we appreciate that the past financial year has been an anxious time for many members.

Our primary objective is delivering the best net long-term returns for our members so that they're able to enjoy a comfortable and dignified retirement.

Our investment strategy is understandably geared towards the long-term, while taking into account investment market and economic cycles, recognising that these can and do vary over time.

The Hostplus Balanced Option, in which the majority of our members are invested, returned a modest negative result this past year to 30 June, the first negative return for that option since 2009, and only its fourth negative return in its 32-year history.

Our strategy is designed to withstand these downturns in the investment market cycle and seek to deliver the best net return for members over the long-term.

Pleasingly, and in keeping with that strategy, the Balanced Option has rebounded well from the lows of the investment market downturn earlier this year and continues to be among the top 5 market-leading funds over rolling 5 to 20 year periods.

For members who rode-out the market downturn this year, their decision to stay the course and not switch to a defensive option such as cash, has seen their so-called 'paper losses' this year largely recovered, if not fully.

About a third of those members that switched to cash in the midst of the market downturn earlier this year have since moved back into the Balanced Option or other more growth-orientated options.

Global investors are increasing their exposure to the rapidly growing Chinese market. How does Hostplus view investing in mainland China and is this impacted by recent tensions in the Australia-China relationship?

Hostplus has had exposure to China for many years, both via listed equities as part of our emerging market equities portfolio and through our private equity portfolio.

In light of the recent escalation in trade tensions between Australia and China we are monitoring events very closely. While there is the potential for the current tensions to have a more material impact generally on Australia's economic growth going forward, this is not evident at this point in time. Certainly, the influence of China on Australia's future prosperity as a result of our reliance on the Chinese market for many of our exports is a critical factor, but it is important to remember that the advantage of Hostplus' investment strategy is that we are not reliant on any one specific investment, market or geographical region to generate returns.

Hostplus' investment strategy is built around the importance of diversification, so while the ongoing Australia-China geopolitical tensions is something we continue to monitor closely, our direct exposure to China is not a significant exposure within the overall investment structure.

How do I know I am getting a good investment or a good super return with Hostplus compared to other super funds?

Hostplus has remained a solid performer compared to Australia's leading superannuation funds over long-term periods.

Based on the most recent performance survey from SuperRatings, an independent specialist superannuation researcher, our default Balanced Option is ranked in the top five in terms of net investment returns over rolling five to twenty-year periods.

And with super, it's the long term that counts. While this isn't a guarantee of future performance, our long-term performance results suggest that our investment strategy is working well.

Do you expect Hostplus to be as successful as it has been in recent years with its exposure to alternative assets?

We are confident in our investment approach across all asset classes. While not a guarantee of future performance, our long-term performance results suggest that our investment strategy is working well.

It's a strategy that's built on active investment management, strong diversification and a reasonable allocation to unlisted & direct assets such as property, infrastructure, private equity & venture capital.

I invest in the Property Option. The blurb states that this option invests primarily for yield, yet no yield data is provided. When will the annual yield for the option be provided?

Within our Property Option, income does form a material component of the return. We don't currently provide the yield data as the income and/or yield derived from the underlying investment products is confidential and ever changing.

Please comment on the classification of infrastructure investments as low risk in light of comments recently made in the press.

Please explain the difference between the two infrastructure options - does the global infrastructure also include some Australian assets?

We offer two investment options that invest solely in infrastructure assets. The first is the Infrastructure Investment Option, which invests in Australian and global infrastructure assets and is diversified across many investment managers, and the second is the IFM – Australian Infrastructure Investment Option, which invests in Australian Infrastructure and is managed by just one investment manager (IFM).

While it's not clear which media comments the member is referring to here, it's important to note that both these Hostplus Options are not categorised as low risk. They are both categorised as "medium-to-high" risk in our Product Disclosure Statement and Annual Report.

Has Hostplus undertaken any further revaluation of infrastructure or other assets and does it have any present intention to do so in the next few months?

Yes. All unlisted assets held by Hostplus, including infrastructure assets, are valued by independent valuers on a regular basis throughout the year. The frequency of these valuations depends on the asset itself – some are valued every month, while in rare cases some assets are valued only once per year. However, the vast majority of the portfolio is independently valued on a quarterly basis.

Across the fund, Hostplus invests nearly \$4.5 billion in infrastructure assets and many of these assets will have been revalued within the past few months or will be due to be revalued within the next few months.

The Fund's unlisted assets, including infrastructure assets, were also revalued by Hostplus' Trustee in March, and again in June 2020, as a special response to the volatile market movements resulting from COVID-19. Please see the below question for more information on that process.

More information can be found in our [valuations policy](#) on our website.

I believe that infrastructure assets were revalued down by 15% earlier this year when stocks were dropping. Have you since revalued them upwards?

It was stated by the directors of Hostplus to themselves revalue down the IFM infrastructure assets. Why haven't they been correctly revalued up like the Property assets you realised were undervalued. All this stated in the press.

In March 2020, as the economic impact of COVID-19 was beginning to unfold and remained highly uncertain, Hostplus worked closely with its investment managers and its asset consultant to determine the impact of the pandemic on the valuations of its unlisted assets such as property, infrastructure and private equity. This ensured that our investment unit prices appropriately reflected the unique circumstances presented by the crisis, in the best interests of all members.

As such, Hostplus devalued assets within its property and infrastructure portfolios by a range of 7.5-10%, depending on the individual investment. Hostplus' private equity and venture capital investments were also devalued, for similar considerations and prudence, by 15% on average. In electing to put these directors' valuations in place, Hostplus temporarily replaced the existing valuations while providing the independent valuers of these assets the necessary time and opportunity to undertake their revaluations in an informed and orderly timeframe, to ensure that once these up-to-date revaluations had been determined, Hostplus could revert to these as soon as practicable.

In June 2020, the independent valuers had time to better understand and account for the economic impact of the COVID-19 crisis on the underlying assets. This reduced some of the material uncertainty that existed in March 2020. For this reason, as of the end of June 2020, Hostplus moved to replace the interim directors' valuations in respect of those categories of assets where it has received an updated independent valuation. As per normal practice, that independent valuation immediately flowed through to the applicable unit prices.

As a result, several underlying investments within our property and infrastructure asset portfolios have received valuations that were higher than the interim directors' valuations, thus resulting in an uplift in the relevant asset class's unit price.

How have Hostplus' investments in infrastructure in Europe and North America fared during the (ongoing) pandemic?

International assets have generally performed in line with domestic assets. Specific asset performance (positive, neutral or negative) has proven to be less about location and much more about specific sectors. In North America and Europe, Hostplus has exposure to many regulated assets (that is, a business or asset that is the sole or predominant provider of an essential service and where revenue and charges are regulated by government entities) and long-term contracted assets that have been able to perform throughout the pandemic as they haven't been directly impacted by border closures and quarantines.

The comparison of the default Balanced Option is made against similar investments options in the industry. How does the Share Plus option compare against other similar investment strategies in the industry?

Our Shares Plus Option compares very well against similar investment options managed by other leading superannuation funds.

The Option delivered a positive net return of 0.68% for the financial year ended 30 June 2020, and according to leading independent ratings agency SuperRatings, it is ranked in the top five compared to competitor funds over three- to twenty-year periods, including being ranked 2nd overall over 20 years.

Superannuation Guarantee

It was recently reported that Hostplus' Employer Directors supported a deferral or freeze in the superannuation guarantee increase due next July. Can you confirm this is the case, and whether the board also supports this?

Do the employer Hostplus directors support the increase of the super levy as legislated? What is their view?

The government's Retirement Income Review has called into question the Super Guarantee increase due next July, which would take the rate from its current 9.5% to 10%, then in increments to 12% by 2025.

The Employer Directors on Hostplus' Board support our world-class retirement income system and specifically the role that the Super Guarantee has, and needs to continue to play, in assisting working Australians to save for and enjoy a dignified retirement.

It's a simple fact that the Super Guarantee has risen by only half a percent over the past 18 years. It was due to have increased to be around 12% by now, but was delayed some six years ago.

While it can be argued that in light of the current pandemic-induced economic circumstances now's not the right time to resume increasing the Super Guarantee rate, the Hostplus Board believes a further delay to the already legislated increase will be detrimental to our members' long-term retirement savings outcomes.

While this is a position that isn't without its challenges, the Board is united in their belief that proceeding with the legislated increases, starting with a modest half percent rise from next July, is in members' best longer-term financial interests.

Investments

I would like to find out more about the underlying investments that make up the Balanced option. Can you provide more disclosure around this?

I invest in Index Balanced but have no information about the index ETF that this fund invests in. I am also a Choice plus member who invests in ETF index funds. When will Hostplus provide more transparency about its funds?

All asset classes and underlying [investment managers](#) engaged by Hostplus are listed on our website for everyone to view and are updated regularly. We also provide a number of [investment holdings](#) reports detailing the assets held by Hostplus.

In relation to each of our investment options, including the Balanced Option and Indexed Balanced Option, we are currently working on a project to move towards providing improved investment disclosure at the individual investment option level.

In June 2020, Hostplus increased the allocation to cash within the Balanced Option. This could reduce potential future returns. How do you ensure your good performance track record can be maintained?

For our default Balanced Option, a core part of our strategy is to spread our investments across many different types of assets, such as shares, property, infrastructure and cash so that we are not overly concentrated in one or two areas. This is prudent risk management.

While Hostplus is well-placed to invest for the long term, we are conscious of the precedent set by the Australian Government's early release of super scheme. By allowing members to access some of their super early, the liquidity of the fund becomes a greater consideration. This is a factor we considered when we increased the Balanced Option's strategic asset allocation to cash in June, from 0% to 5%.

This too was prudent risk management, in response to that particular policy initiative which was introduced with little notice or prior consultation.

Whenever we make changes to the Strategic Asset Allocation for any of our investment options, our first priority is to act in a manner that is both prudent and maximises our members' returns.

Ultimately, we want to increase the robustness of the portfolio and reduce the risk of being overly exposed to any one particular scenario. Diversification and active management will become more important than it has in the past.

How do members get visibility of the valuation of unlisted assets to help make decisions on our asset allocation? This refers to bundled investments such as Hostplus Balanced Funds or Hostplus Indexed Balanced etc.

Hostplus invests in a wide range of unlisted assets, totaling between \$15-20 billion dollars across the Fund. For a range of prudent commercial and fiduciary reasons it isn't currently desirable or in some cases possible to report the valuations for each unlisted asset. We are, however, currently reviewing what investment data we can report on our website and in other channels, with the objective of improving the overall level of transparency across our extensively diverse asset portfolios.

As the US is leading the way on this, when will you implement crypto option as a super fund investment? Or have you been looking into it or considering it? I am also fully aware regulations are not there yet and this market is volatile.

I'm interested to find out what Hostplus' plans are regarding digital currencies. Does Hostplus have any plans to look at digital currencies as an investment vehicle for its members?

What consideration have you given to Bitcoin as an investment option? What is the level of understanding within the organisation of Bitcoin, the upside benefits, and downside risks?

We don't currently have any plans to invest in cryptocurrencies, such as Bitcoin, nor to launch an investment option based on digital or virtual currency.

The speaker mentioned a list of companies Hostplus invests in for me (like v2 foods and Vaxxas), can I get that list of companies?

All asset classes and underlying [investment managers](#) engaged by Hostplus are listed on our website and are updated regularly. We also provide a number of [investment holdings](#) reports detailing the assets held by Hostplus.

Further information on investments including v2 foods and Vaxxas is provided on p.28 – 31 of our [Annual Report](#).

A list of investments that include [sustainable attributes](#) are also included on our website. We plan to update these disclosures with case studies in the new year.

How are dividends used within your Indexed Balanced Option?

Dividends typically are the distribution of a proportion of the profits made by a corporation to its shareholders. Alternatively, a company may retain undistributed profits which are taken to be re-invested in the business. Dividends represent one of two principal ways in which a shareholder's return is derived, the other being the increase in value of the shares held in the company (capital gain), however, shares can also decrease in value, resulting in a capital loss.

All dividend income earned by an underlying asset is retained in the relevant portfolio account and is reinvested by the underlying investment manager.

When will Hostplus management commit to better data disclosure standards by providing all net investment fund returns by percentage data each few days on the website, not 6-7 weeks later?

We currently provide daily unit prices on our website for all our investment options. You can find them [here](#). These unit prices are published each business day, as at close of business two days ago. From the unit prices, you can calculate net investment returns over any period. We are also working to upload our monthly time-series returns data in a timelier manner.

When will Hostplus management provide a percentage disclosure of investments by country? E.g. at least the top 20 country investments?

We're continually working to improve our investment disclosures on the website. While we currently meet all regulatory requirements in terms of publishing this information, there is more work required to collate and report a breakdown of investments by country.

Choiceplus

When will Hostplus offer an option to invest in an Australian Shares Index, such as the ASX 200?

Hostplus already offers members two ways to invest in an Australian shares index, via our IFM – Australian Shares investment option or via our Choiceplus investment option.

Choiceplus is designed for members seeking greater choice and control and a more active role in the management of their superannuation or retirement balances.

It provides members the ability to invest some of their balances in individual Australian shares, term deposits, listed investment companies and exchange traded funds, or ETFs. There are multiple Australian shares index ETFs to choose from, including sustainable ETFs.

In addition, Choiceplus provides members with access to real-time trading data, extensive market information and independent research and investment tools, to help members make informed investment decisions or simply increase their financial literacy and investment knowledge.

Find out more about Choiceplus and other Hostplus investment options [here](#).

I have made good profits in my Choiceplus account. What are the GST ramifications?

10% GST applies only to brokerage services – whenever you buy and sell shares, ETFs and/or LICs. A refund for the reduced input tax credit of 75% of the GST paid will be credited to your account at the time of settlement. For example, brokerage fees of \$19.95 are subject to GST of \$1.99. Members will be credited 75% of the GST paid, i.e. \$1.50.

For more information on taxation and your Choiceplus account, see page 21 of our [Choiceplus guide](#).

However, for detailed tax queries, we strongly recommend you seek personal financial advice from a licensed tax or financial adviser. We also offer a Hostplus dedicated financial planner from Industry Fund Services for our members, simply call us on 1300 246 423 or [book an appointment](#) with a financial planner.

Why are these shares not on the list for me to purchase and trade? Please include the following up and coming shares on the list: Greenland minerals "GGG", Lion town "LTR" and Core lithium "CXO".

The S&P/ASX 300 Index incorporates the largest 300 companies on the Australian Stock Exchange (by market capitalisation). Through the S&P/ASX 300 Index you can invest directly in well-known Australian companies and some less well known or niche companies over a range of industries.

Currently the shares referenced are not listed in the S&P/ASX 300, and as such are not investable securities on our Choiceplus platform.

For Choiceplus, why is Perth Mint Gold (PMGOLD) not included in the ETF list? Perth Mint is owned by the WA Government, and Perth Mint Gold is a WA fund. By not including this fund, you are disregarding the views of your WA members.

The ETFs offered on Choiceplus have been selected by Hostplus based on detailed research and recommendations from Lonsec Research Pty Ltd, a specialist investment research house and the leading provider of quality managed fund and ETF research in the Australian market. We routinely review our Approved Product List (APL) of ETFs and LICs to ensure appropriate diversification across asset classes, geography, themes and market depth and support. While Perth Mint's Gold ETF is not presently on our APL, we will consider it as part of our next scheduled review of our APL.

Members in Choiceplus have a choice of 46 ETFs in which to invest but only 5 Listed Investment Companies, and 4 of those 5 LICs are very similar to each other. Will consideration be given to increasing the number of LICs available?"

The LICs offered on Choiceplus have been selected by Hostplus based on recommendations from specialist independent research. Our menu of ETFs and LICs are regularly reviewed as assessed against a number of quality and risk filters, which in turn assist to identify those that we elect to place on our Approved Product List (APL).

By design, we favour an APL with quality over quantity and we seek to provide access to the 'best of breed' ETFs and LICs for members.

We do, however, appreciate feedback and suggestions from members as to what securities they'd like to see on our APL and we will consider this as we undertake our future APL reviews.

Why does Hostplus restrict the number of ETF that Choiceplus members can invest in? In particular, investing in Asia is limited to only IAA. Why are ASIA and CNEW not available to Choiceplus members?

Why are ETF funds such as MOAT, HACK, CNEW, ASIA, ROBO not available to Choiceplus investors?

The choice of ETF investments in Asia is so limited for Choiceplus members. IAA is the only ETF available. Asia is probably going to be the fastest growing region in the next 20 years. Why are Choiceplus members limited to one Asian ETF?

The ETFs offered on Choiceplus have been selected by Hostplus based on recommendations from Lonsec Research Pty Ltd, a specialist investment research house and the leading provider of quality managed fund and ETF research in the Australian market.

Region based ETFs are limited on the Choiceplus menu, however the emerging markets and international market ETFs do offer exposure to Asian markets.

By design, we favour an APL with quality over quantity and we seek to provide access to the 'best of breed' ETFs and LICs for members.

We do, however, appreciate feedback and suggestions from members as to what securities they'd like to see on our APL and we will continue to review this as we undertake our future APL reviews.

With so many platforms offering cheaper brokerage and some platforms offering flat fee brokerage regardless of trade size, isn't it time for Hostplus to reduce the current brokerage fees so as to save members fees?

Hostplus routinely monitors, researches and assesses the cost competitiveness of Choiceplus against many well-known and popular direct investment options offered by leading superannuation funds and other platforms. Our most recent review has indicated that Choiceplus remains one of the best value direct investment options with very competitive fees for members.

Member value is important to us, and we are currently reviewing Choiceplus' fees and costs, including brokerage, to ensure these remain appropriately valued and competitive.

For more information on Fees and Costs, see page 18 of the [Choiceplus Guide](#).

For Investment Options, why is there no gold stock fund (e.g. managed by Baker Steel, Spott, U.S. Global Investors or Spott) and why is there no way to invest directly in Gold (as an alternative to Cash)?

The ETFs offered on Choiceplus have been selected by Hostplus based on recommendations from Lonsec Research Pty Ltd, a specialist investment research house and the leading provider of quality managed fund and ETF research in the Australian market. We recognise that some members wish to gain an investment exposure to gold and we cater for that via the current ETF security offer on our Choiceplus Approved Product List.

By design, we favour an APL with quality over quantity and we seek to provide access to the 'best of breed' ETFs and LICs for members.

We do, however, appreciate feedback and suggestions from members as to what securities they'd like to see on our APL and we will consider this as we undertake our future APL reviews.

Is it possible for Hostplus to set up a Nasdaq or S&P 500 index investment fund as an investment option for members?

Hostplus already offers members the option to invest in international shares through our Choiceplus investment option.

Choiceplus provides members the ability to invest some of their balances in individual Australian shares, term deposits, listed investment companies and exchange traded funds, or ETFs. There are multiple Australian and International shares index ETFs to choose from, including the S&P 500 and other popular indexes.

While we presently do not offer a Nasdaq Index ETF we will consider whether to do so at our next Approved Product List review, which will next occur around March 2021.

Find out more about Choiceplus' APL investment options [here](#).

One area I feel Hostplus could greatly improve in competitively is the fund currently does not offer an "in-specie" service. Can Hostplus please look into doing so into the future? Thank-you!

While we recognise there are market and administrative benefits to such transactions for investors, due to the structure and nature of our products and our investment operations arrangements we currently do not provide an in-specie capability for members seeking to roll listed or unlisted securities into their Hostplus accounts.

As part of our ongoing commitment to ensure that we remain innovative and meet member requirements, we will continue to monitor this as part of our future service and product agenda.

Administration

There was a recent news article about how some top super funds are taking their admin in-house. Does Hostplus have any current or future intentions to take its admin in-house?

Hostplus partners with Link group, who provide all back-office administrative services on behalf of Hostplus.

We have recently undertaken a thorough review of our administration arrangements and reaffirmed that Link Group will be a key partner with Hostplus over the next five years.

We believe that our arrangement with Link delivers the best possible value for our members.

In fact, in November we announced that our partnership with Link will be extended to include the management of our service centre and other member service functions, forming a new Hostplus Service Excellence Centre.

The extended partnership arrangement will see Link deliver a multi-channelled communication and engagement experience for Hostplus' 1.3 million members and over 220,000 contributing employers.

The AFR reported that Australian Super has set a target to bring 50 per cent of its investment management function in-house by 2021. Does Hostplus have any similar plans?

No. We believe outsourcing the investment of funds to our selected investment managers remains appropriate and an investment operating model that best suits our investment strategy, beliefs and operations.

More particularly, we believe this model not only provides great value for Hostplus members but also provides the fund with access to the skills, expertise and experience of some of the best investment managers in the world. Furthermore, we work closely with our investment consultant, JANA, to select and achieve our investment objectives.

Marketing

How much money is spent on advertising, particularly on all football code uniforms and at the sporting venues. From that advertising, what has been the membership growth and how many of the sporting teams have their funds with Hostplus?

How many dollars were spent on sports sponsorship/sporting clubs support in 2019/2020 and please outline what percentage of this expenditure was for male sport and female sport. Could this information please be included in annual reports?

How much does Hostplus give to the NRL and AFL? How much do you give to sporting bodies each year?

When will advertising stop?

Superannuation is typically a low engagement product for many Australians, but is increasingly a competitive and contestable market for super funds. As is the case for most significant businesses operating in such a market, Hostplus engages in a broad range of marketing and communication strategies as a core part of its brand engagement and member retention and growth strategies.

Like other costs associated with the operations of the fund, we carefully determine and budget for our marketing activities. Importantly, these costs are not derived from the Fund's investment returns and therefore do not affect or reduce the important goal of maximising our members' net investment return outcomes. Rather, these ongoing operational costs, including marketing expenses, are met entirely from our low administration fee, which has remained unchanged for over 16 years, since 2004, at just \$1.50 per week.

We are incredibly proud of this achievement, which has only been realised by exercising great cost discipline and leveraging the scale benefits delivered by the Fund's impressive growth over this period; growth which is in part attributable to our cost-efficient and effective marketing and brand awareness efforts.

Well-targeted marketing and brand awareness promotes the attributes of Hostplus which leads to increased membership and funds under management. As the fund grows, this assists us to negotiate better fees with fund managers and other service providers, as well deliver more compelling insurance offerings, product innovations and realise other operational efficiencies and improvements. Most importantly, all these realised benefits are passed directly onto our members in the form of low fees, multi-awarded products and market-leading investment outcomes.

As disclosed in our annual financial statements on our website, Hostplus expended \$13.9 million on marketing, advertising and sponsorships during the past financial year. Given the commercial-in-confidence nature relating to a number of these contracts and arrangements, and the competitive advantages and intellectual properties attached to these, Hostplus does not publicly disclose the exact amounts spent on sponsorships for sporting codes such as the AFL or specific teams.

We are very proud of our partnerships with several of Australia's iconic sports bodies and teams including the AFL and AFLW, AFL teams Richmond and the Gold Coast Suns, Richmond's AFLW team, NRL teams Melbourne Storm and South Sydney Rabbitohs, the A-League's Melbourne City, Netball's Sunshine Coast Lightning, the NBL's Sydney Kings and Brisbane Bullets, and as of the end of 2020 the WNBL's Sydney Uni Flames.

We also have a range of recognised and characteristic key performance measures to assess and report to both the Fund's Trustee and industry regulators, the effectiveness and value of these marketing programs.

In terms of sport sponsorships, these extend to much more than brand awareness. Tens of thousands of Australians are directly employed in the sport and recreation sectors, with hundreds of thousands more attending live sport and venues weekly, and millions more watching sport on television and streaming services. A significant number of these Australians are Hostplus members, and many more potentially so.

Sponsorships and associated marketing allow us to engage and connect with our members, and prospective members, working in these industries, at sporting events and venues, including in allied industries such as food, catering and security. These events are also televised into our broader employer network including pubs, clubs and restaurants, where significant numbers of our members work and socialise.

In terms of sporting teams having appointed Hostplus as their default fund, it's fundamentally important to note that the default superannuation arrangements of sports teams, venues, catering and other associated entities are strictly and completely separate from any decisions we make in terms of our sponsorship and marketing arrangements. Not only is this the law, but it is also how we have acted, operated and conducted ourselves well before it was so.

As the national industry super fund for the hospitality, tourism, recreation and sport industries for over 30 years, Hostplus has been the predominant default superannuation provider for a significant number of employers and businesses in the sport and recreation sectors, which naturally include sports teams and associated organisations. It's also important to note that employers also have the right to choose their default super provider from a large number of retail and industry MySuper funds, which we recognise and respect. Indeed, this promotes and encourages funds to continuously improve their products, services and cost competitiveness.

How many free tickets and corporate boxes were used by staff & management & their guests? What percentage went to members? What is the value?

Would each board member declare how many sports events they attended over past 12 months & who paid for it?

What politicians have enjoyed sports events at the invitation of Hostplus & what was the amount spent?

Corporate hospitality has been a legitimate and much scrutinised element of many companies' marketing, partnerships and sponsorships programs in the past, including super funds like Hostplus. However, a recommendation of the Hayne Royal Commission in 2018 was to clarify the legislation governing superannuation so as to prohibit trustees or associates from engaging in particular activities or conduct if it would reasonably be expected to influence an employer to choose a default fund for their employees or encourage employees to choose or retain membership of a fund.

As a result, and in support of this legislative clarification, Hostplus ensures that its marketing and associated initiatives and activities are carried out in full accordance with and support for this requirement.

Most large organisations use some form of Net Promoter Score to check customer satisfaction. The best ask for feedback after every interaction, and report on NPS in a public and transparent fashion, and use the feedback to improve customer interactions (both with support staff and online systems), and use the NPS score to drive executive performance. Why doesn't Hostplus monitor and publicly report on customer satisfaction – especially regarding Hostplus support staff and systems?

Hostplus' highest ambition and priority is delivering the best possible outcomes for our members. Achieving and maintaining consistently high levels of service excellence for our valued members is a key part of that.

There has been much debate as to the efficacy of the Net Promoter Score as a key, singular, measure of customer satisfaction, engagement and advocacy. While we do not use NPS as our principal satisfaction metric, we do employ a number of other measures of the drivers and outcomes of engagement. This includes Customer Effort Scores, which measure the effort a member or others need to undertake to engage or transact with us. We believe CES is a more appropriate and fitting measure than NPS for a range of services and customer engagements.

Our chosen member engagement measures are augmented and supported by an extensive range of qualitative and quantitative research and insight-seeking studies of our members, their employers and the public. These have and we believe will continue to serve us well, and it turn our members.

COVID-19

Will the high value of withdrawals during COVID allowed by the Federal Government have a detrimental effect on Hostplus in the future?

Has Hostplus analysed the financial impact on the Balanced Fund of the COVID super withdrawals to date and if so can you please go through these figures?

Hostplus has worked hard to provide the much-needed immediate financial assistance to many of our members who have made the difficult decision to access some or all of their super early via the federal government's 'Early Release of Superannuation' scheme.

Since the scheme commenced in April, we have paid members over \$3 billion, with 97.5% of all payments processed within five business days.

The scheme is due to finish on 31 December, and we don't anticipate any detrimental effect on Hostplus between now and the scheme's end. While \$3 billion is a lot of money, to put it in some perspective, it represents less than 6% of Hostplus' total funds under management, and we are already seeing an increase in super contributions as businesses have opened up again and our members get back to work.

Importantly, we continue to be well-placed to make payments under the scheme due to the ample liquidity in the Fund, including cash reserves of approximately \$4 billion. So even if there were to be a late uptick in payment requests in the coming weeks ahead of the scheme's ending, we are in a good position to accommodate these payments.

How was the loss calculated and applied to investments during COVID?

In 2021, if COVID-19 stays like it is, what would be the projected loss and how will Hostplus recover the loss and how long it will take?

How have Hostplus' investment returns been adversely impacted by the money going out in COVID-19 early release - because of the need to hold more cash in reserves?

In June 2020 Hostplus made changes to its Strategic Asset Allocation in response to market conditions and one of the changes was to increase its holding of cash by 5% for the default Balanced (MySuper) option. This was considered both necessary and prudent planning in light of the introduction of the Australian Government's Early Release of Superannuation Scheme and prudent risk management on our part for what has since proved to have been volatile investment market conditions.

While this change and the broader investment market downturn impacted performance for the year, more recently, the market has largely recovered to be where it broadly was before late March 2020. This has served to reiterate and support the demonstrated value of our long term investment strategy.

It's a long-standing and well-diversified investment strategy that has helped to limit the negative impacts of financial markets, while taking advantage of the opportunities these markets present.

Hostplus' Balanced option has close to half of its investments in unlisted assets, such as property, infrastructure, private equity, credit and venture capital, all of which provides varying degrees of correlation with listed markets. In this past year, the majority of these unlisted assets played a stabilising role in the Fund's portfolio, countering to an extent the volatility of listed share markets, especially in the throes of the market downturn experienced in the March and June quarters.

In the event Australia is exposed to a second pandemic, would you say you are adequately placed to handle the headwinds again, based on the markets at the time? I understand it depends on world markets too.

Stability and resilience are the two guiding principles of our investment strategy and they have not only seen us through the disruptions caused by COVID-19 in 2020, but also ensure we are well placed to respond to the ongoing uncertainty and change in the foreseeable future.

A key part of this approach is to ensure Hostplus' default Balanced Option maintains diversified exposures to different asset classes. This includes an appropriate level of exposures to unlisted assets such as property, infrastructure and private equity.

In his presentation at the Annual Member Meeting, CIO Sam Sicilia demonstrated the extensive stress-testing exercises undertaken by the fund to assess and determine how our portfolios might be affected by a range of significant shocks and scenarios, both on their own or in various combinations. As well as being required to assist and inform our investment strategy and risk management planning, we routinely provide the outcomes and treatments of this modelling to regulators.

While no one can predict or forecast so-called 'black swan' or shock events, such as pandemics, economic recessions or investment market downturns, our scenario planning and well-practiced risk management polices broadly see us well placed to respond to shock events such as that described in the question.

Working at Hostplus

I am keen to understand the stability of the CEO in role and the executive. I am looking at consolidating my super and I know that the better stability at the top, the better the performance of the fund will be.

It's very important to have a stable, competent and experienced leadership in any organisation, and that's certainly what we've got at Hostplus.

Our CEO, David Elia, has been leading the Fund for 17 years now, and has built an impressive team of talented and experienced executives and senior managers to lead and manage our operations, client services, investments, and many other functions within the business. Many of these executives have been with Hostplus a long time too, with an average tenure of 9 years at the fund, including Sam Sicilia, who's been our Chief Investment Officer for 12 years.

It's no coincidence that David's tenure as CEO has seen significant growth for Hostplus as an organisation. During his 17 years in charge, Hostplus' funds under management have grown from \$2 billion to \$49 billion, and our membership has grown from around half a million to 1.3 million.

Over this period, and under David's and his executive team's leadership, the Fund has won multiple industry awards and other honours for investment performance, member services, product innovation and for value.

A core part of this value is our low, fixed, administration fee which has remained at just \$1.50 per week for the last 16 years, with no additional asset-based fee attached, which we believe is an unprecedented achievement and one that has come from the Board and Management having exercised great cost disciplines over that time.

At the same time, our long-term net investment performance has been market-leading and is testament to the stability, guidance and leadership of both our board and management team.

I would like to understand what your fund does differently to engage the best people in the market and maintain them and keep them happy?

Every employee at Hostplus has a key role to play and is proud of what they do – either as an individual or as a part of a team – in improving the lives of our members by delivering services that will help them enjoy a dignified retirement.

We recognise that in order to successfully achieve our objectives for our members, we must ensure that we are an employer of choice and our employees are well-supported.

We believe that by investing in our people and providing them with a great place to work, where they are appreciated, engaged and productive, we not only foster and support our employees' wellbeing but create and maintain a distinctive competitive advantage that benefits our Fund and its members.

To achieve this, we've established a range of workplace initiatives and employee engagement strategies, including competitive remuneration and a renewed enterprise agreement, having people-focused goals, providing learning and succession opportunities, flexible work arrangements and much more.

These initiatives are covered in more detail in our latest Annual Report, found on our website.

We also value diversity at Hostplus and we've set clear targets to achieve our objective of having fair gender representation across the business.

Our Employee Value Proposition (EVP) articulates the single-minded reason to join and play your role on Hostplus' team. At Hostplus, we believe that our employees play an integral role in building the industries we support, which are critical to Australia's economy and culture.

Are there any job opportunities for minorities?

Hostplus strives to create an inclusive workplace and culture that respects diversity. Diversity includes gender, age, ethnicity, language, cultural background, disability, socio-economic background, religion and sexual orientation, relationship status or family responsibilities, gender identity or expression, inter-sex status, work experience, skills and professional background.

Fees

Will Hostplus guarantee to inform investors and members of the total fee changes for 2020/21 and future years on the website news and via emails, not just via the disclosure doc?

The underlying costs involved with managing our investment portfolios can change over time. These underlying costs are principally those Hostplus pays to third parties, such as fund and asset managers, in return for their professional services.

Over the financial year ended 30 June 2020, the Total Investment Costs for our default Balanced investment option increased from 0.91% (for the year ended June 2019), to 1.10% (for the year ended June 2020), while the TICs for the Capital Stable option decreased from 0.64% to 0.54%.

The reason for these changes is that the proportion of each option invested in each asset class can vary over time, either due to market movements or to decisions taken by Hostplus to adjust our actual or strategic asset allocation, as described above.

While some of these investment costs have varied, our fixed fund administration fee, which is charged to members by Hostplus and covers the costs of running all other aspects of the fund, has not changed for 16 years and remains at just \$1.50 per week, or \$78 per annum. We are proud that this is one of the lowest administration fees out of the 20 major super funds in Australia.

And importantly, unlike many of its competitors, Hostplus does not charge a separate asset-based fund administration fee on top of this low fixed fee.

Put simply, we don't believe member's fund administration fees should increase simply because their account balance does.

What efforts have been made to reduce excessive fees being paid to third party intermediaries for executing investment decisions. Do you feel that this eats unnecessarily into members' returns?

How is the board trying to lower costs for the benefit of its members?

Keeping costs low is a core part of our business strategy at Hostplus.

As the fund increases in size, and continues to leverage scale benefits of that growth, we are increasingly able to use our size to negotiate even better terms and fee arrangements with our investment managers and other service providers, such as our custodian, technology providers, administrators and insurers, and can pass those cost savings on to members.

You can read more about how we do this in our latest [annual report](#).

The fees for insurance are very high, what will you do in that regard?

I noticed around two months ago that the premium rates for income protection (IP) insurance have nearly doubled. Given Covid-19/2020 IP claims, is the IP premium likely to return to a more reduced, lower rate in the future?

We regularly review our insurance offering to make sure it continues to meet the changing needs of our members and provides them with the best-value cover possible. Against a backdrop of the recently introduced 'Putting Members' Interests First' and 'Protecting Your Super' legislation reforms, we conducted a comprehensive review of our insurance premiums earlier this year.

As a result, and in an environment where many of our competitors are increasing their insurance premiums, Hostplus has negotiated a new three year rate guarantee that most importantly has secured no change to our current Death and Total & Permanent Disability (TPD) premiums for the duration of the guarantee period. Importantly, a recent independent actuarial review of the Hostplus default death and TPD premiums confirmed that the cost of the default insurance provided to members is reasonable based upon the level of cover offered and is unlikely to result in any material erosion of a member's retirement benefit within the Fund.

The introduction of these reforms has however, resulted in a significant decrease in the number of members covered by our group insurance policy. Considering the reforms, changes to membership demographics and an increase in disability claim volumes, we have reluctantly had to increase the cost of our Income Protection premiums for non-default cover. Our short-term '2-year' Income Protection premiums increased by 22.3%.

Unfortunately, we were required to increase the long term 'To age 65' Income Protection premiums by 73.7% to offset the increase in claims volumes being received by the Fund and to ensure the ongoing sustainability of this benefit. This is consistent with the experience being felt across the superannuation and insurance industries. As this increase may have impacted the affordability of the 'To age 65' benefit period for some members, Hostplus has introduced a 5-year Income Protection benefit period option that may provide members with a more affordable alternative.

Why does Hostplus hide details of costs on page 3 of annual statements, rather than showing full costs up front alongside earnings.

The total administration fees charged by Hostplus is prominently shown at the top of page 1 of our twice-yearly Account Statement. The administration fee we charge covers all administrative expenses in managing the fund. That's everything – employee wages, the rent for our offices, our marketing and communication costs and utilities. A key reason we've been able to maintain this low, simple and transparent fee for over 16 years is our unwavering cost discipline and focus on growth, which in turn achieves scale benefits for all members.

A breakdown of all investment costs is also shown on every Hostplus member's account statement. These underlying costs are principally those Hostplus pays to third parties, such as fund and asset managers, in return for their professional services.

Operational

Is there anyone who can assist me to work out a retirement plan?

Absolutely there is.

As a Hostplus member, you have access to Hostplus' dedicated and licensed superannuation advisers who can assist you with areas such as contributions, investment options, insurance and retirement at no cost.

You also have access to our professional and licensed financial planners, who can assist you with pre-retirement planning and recommendations and a range of other comprehensive advice to grow and protect your assets and help you enjoy financial wellbeing.

If you are actively planning for retirement, and it's not that far off, our experienced team also run regular seminars around the country to assist members in this most important stage of their lives.

Due to COVID-19, we've been restricted in our normal delivery of these seminars, but have instead created a series of live online webinars, on a range of topics, to keep in touch with Hostplus members and ensure they're getting the service and answers they need.

I'd encourage you to visit the financial planning page of our website to find out more about how we can assist you in your advice requirements, or simply can call us on 1300 467 875 and we'll make sure we connect you with either one of our super advisers or financial planners who'll be happy to help you.

I've just realised upon receiving confirmation that this is set for 6am in WA where I and I suppose many of your other members are based. Possibly a consideration for future meetings to arrange for a time in consideration for all members.

Why start at 6 am Perth time? We are in the hospitality industry.

While the time and date were set many months in advance, we appreciate the timing of this year's event may have made it difficult for our members in Western Australia to attend live. To ensure all our members have the option to see this event, we have made the full event recording available on our website along with the Meeting's Minutes and responses to questions posed prior to and at the meeting.

Can I transfer my super to a New Zealand super fund?

If you're planning to move permanently or indefinitely to New Zealand, you may transfer your retirement savings from a participating Australian super fund, such as Hostplus, to a New Zealand KiwiSaver scheme.

To learn more about this facility, please read our [information booklet](#) to understand more about this process.

Presently it takes two days for a change in asset allocations to be implemented. Are you planning to go to overnight implementation soon?

You can switch between investment options daily. Switches between investment options must be made by 4.00pm (AEST/AEDT), otherwise, they are not considered to have been received until the following day. Investment switches take effect two national business days after receipt.

So, for example, if you switched before 4 pm Monday, after allowing 2 business days, your switch would be effective Wednesday, based on the unit price declared for Monday.

We generally believe this process is sufficient for the vast majority of our members and we have no plans to change it in the foreseeable future.

Why does the website and the app not allow me to see all my accounts with one sign-on? I have both pension and accumulation accounts but have to sign on separately to view these accounts. Can you please fix this?

If you have a pension and an accumulation account, we need to link the accounts within Member Online. When that occurs, you can switch between your accumulation and pension accounts with one sign-on.

For security reasons, we need to authenticate your details, so please contact us on 1300 348 546 and we can help set it up for you.

Currently our Mobile App is still in phase 1 of its launch, which has been built for accumulation members.

Why does it take 3-4 months to provide my 6 month & 12 month statements? One month is more than adequate! Why so slow?

Statements are issued within 3 months of the close of our financial periods – 30 June and 31 December. Final investment returns are declared at the end of the month following the reporting period and statements typically commence distribution approximately 30 days after this date.

To prepare statements, information such as investment returns, investment costs and insurance data has to be reconciled to each individual account. As you would appreciate, great care needs to be taken so all our members receive the correct information. Statement information details a member's account at a specific time (30 June and 31 December).

However, for those members that wish to review their account balances, fees and charges and other information typically provided in their twice-yearly member statements, members can get this information about their account at any time via Member Online or the Hostplus App.

Hostplus in its analysis and communications with members is consistently biased towards accumulation members, and consistently ignores or underplays the different needs of members in pension mode. This is most irritating!

Thank you for your valuable feedback. At Hostplus we place equal importance on our growing pension division members as we do on our accumulation members. This includes tailored communications for these different divisions' members, and ensuring sections of our website is also tailored for differing member groups. In 2021 we are launching a completely redesigned website that will be even better segmented to cater to the differing requirements of our broad membership group, including our valued pension members.