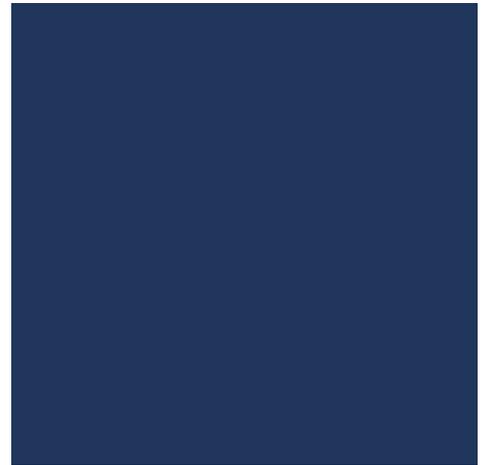




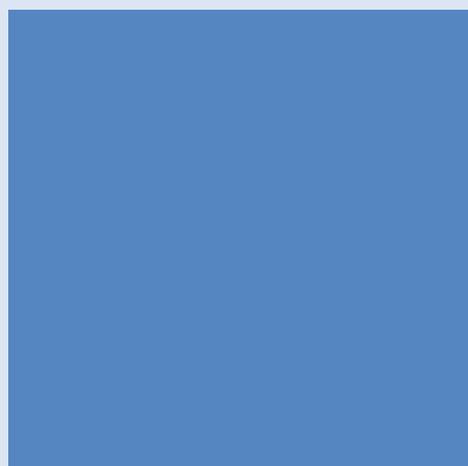
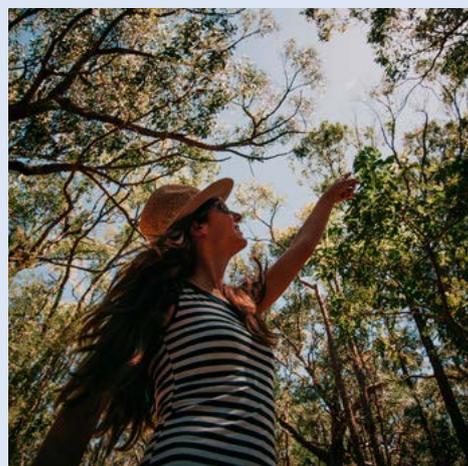
Hostplus Member Outcomes Assessment

Financial year ending 30 June 2020



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Important information

Information contained within this report is general advice only and does not take into account your personal objectives, financial situation or needs. You should consider if this information is appropriate for you, in light of your circumstances, before acting on it. Please read the relevant Hostplus Product Disclosure Statement (PDS), available at hostplus.com.au before making a decision about Hostplus. Past performance is not a reliable indicator of future performance. You may also find it beneficial to obtain advice from a licensed financial adviser. Issued by Host-Plus Pty Limited ABN 79 008 634 704, AFSL 244392 as trustee for the Hostplus Superannuation Fund (the Fund) ABN 68 657 495 890, MySuper No 68 657 495 890 198. HP1513 0221



Introduction

This report is Hostplus' inaugural member outcomes assessment.

The report demonstrates how Hostplus' MySuper and choice investment options, products and services have promoted the financial interests of members and are expected to continue to do so going forward.

As a proud industry super fund, everything we do at Hostplus is in the best financial interests of our members. This ranges from the products we provide, the services we deliver, and the investments we manage on your behalf.

We not only work hard to optimise the Fund's investment performance on your behalf, but also work constantly to keep our operating costs low, so you enjoy the best possible net benefit.

Our primary purpose is to deliver the best long-term net returns for our members so they may enjoy the dignified retirement they deserve. This report is an important guide as to how we aim to achieve this objective.

Overview of determinations:

Investment strategy - Based on a benchmark assessment of long-term net returns and net benefit returns to members, alongside an assessment of asset allocation and risk profile with reference to the demographics of Hostplus members, the Hostplus MySuper option meets the best financial interests of the Fund's members.

Operating costs and fees – Based on benchmark comparisons of total fees and costs, total administration fees, and costs per member, Hostplus offers a cost competitive MySuper option and is operating efficiently in the best financial interests of members.

Scale – Based on a comparison of scale metrics, namely overall membership and funds under management, Hostplus continues to be one of the largest superannuation funds in the country with strong capabilities to leverage economies of scale in promoting the best financial interests of members.

Insurance strategy and fees – Based on affordability and cost benchmarking, with consideration for the quality of the Hostplus insurance offering, Hostplus' standard default insurance supports the best financial interests of members.

Options, benefits and facilities – Based on utilisation of additional services, and the benefit they provide to the membership, Hostplus' services support the best financial interests of members by promoting the best outcomes for members.

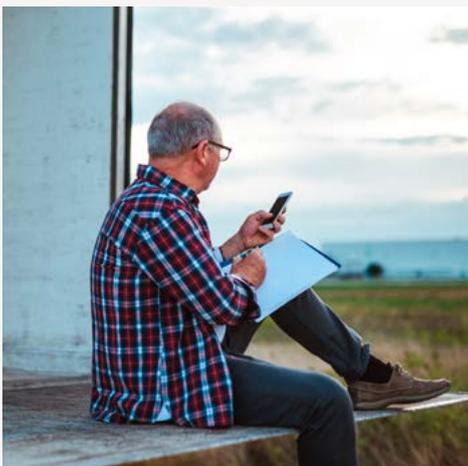
These determinations have been reviewed and approved by the Hostplus Trustee Board on 12 February, 2021.

Hostplus year in review

Financial year ending 30 June 2020

The following is a snapshot of the Fund's position and key achievements over the past financial year:

- Hostplus has 1.3 million members and over \$47 billion in funds under management (FUM). According to APRA data, this makes Hostplus the 4th largest superannuation fund in Australia by members and the 12th largest by FUM. This scale makes it possible to keep per-member operating costs low, negotiate better arrangements with investment managers and other service providers, and provide access to a wider range of assets (e.g. unlisted infrastructure and venture capital opportunities).
- Over the past financial year, Hostplus' funds under management, membership and participating employers all grew, demonstrating that the Fund has the scale and resilience to withstand the challenges posed by the COVID-19 pandemic while continuing to deliver desirable outcomes for members.
- During the COVID-19 pandemic, Hostplus provided \$3.1 billion in immediate financial assistance to over 316,000 of its members through the Early Release of Superannuation scheme (as at 31 December 2020). The Fund also aided members impacted by bushfires early in 2020.
- Hostplus has maintained its fixed administration fee for accumulation members at \$78 per year, unchanged since 2004, and importantly, does not charge any asset-based or percentage-of-balance administration fees. This provides market-leading value to members.
- To assist members in becoming more engaged with their superannuation and make monitoring their account easier, Hostplus released its mobile App in 2020. Uptake has been strong, and feedback has been excellent.
- To help members with affordable, quality insurance through their superannuation, Hostplus undertook a review of its insurance product design in order to ensure that we continue to meet the needs of our members.
- The Fund began work on improving its Socially Responsible Investment – Balanced investment option, the design for which has been assisted by extensive consultations with Hostplus members.
- Hostplus refreshed its FY21-23 strategy which will continue to seek to maintain low costs for members by continuing to build scale, improve engagement with members, and ultimately to further improve and optimise member outcomes in retirement.



Investment strategy

Hostplus' Investment strategy is developed by the Hostplus board in conjunction with its asset consultant to create a high probability of attaining the outlined objective of each of the Fund's investment options. Hostplus' investment strategy is based on the core principles of resilience and stability. We seek to ensure the overall portfolio is resilient to withstand market volatility, and put in place appropriate risk management policies to achieve stability of the Fund.

Hostplus' choice investment options provide varying degrees of risk/return profiles to suit the needs of individual members. If they so choose, members have the ability to switch options without incurring costs and can allocate their superannuation funds across multiple options.

Description	Option	Funds under management (million) at 30 June 2020	% of FUM in option
Pre-mixed Investment Options aim to produce consistent returns over time through investing in a mix of growth and low risk investments.	Balanced	\$32,659.12m	69.43%
	Indexed Balanced	\$7,169.79m	15.24%
	Capital Stable	\$1,059.31m	2.25%
	Conservative Balanced	\$963.06m	2.05%
	Socially Responsible Investment (SRI)	\$620.54m	1.32%
	Shares Plus	\$93.02m	0.20%
Sector Investment Options allow members to select percentages of asset classes in their portfolios, depending on their investment objectives.	Cash	\$1,537.13m	3.27%
	Diversified Fixed Interest	\$564.39m	1.20%
	Property	\$311.96m	0.66%
	Infrastructure	\$311.38m	0.66%
	Australian Shares	\$309.89m	0.66%
	International Shares	\$143.69m	0.31%
	International Shares - Indexed	\$58.22m	0.12%
	International Shares (Hedged) – Indexed	\$17.23m	0.04%
Individual manager investment options allow members to maintain additional control.	Macquarie Inv. Mngmt – Aust. Fixed Interest	\$232.96m	0.50%
	BlackRock Asset Mngmnt – Int. Fixed Interest	\$87.7m	0.19%
	ISPT – Property	\$61.36m	0.13%
	Lendlease Australian Prime Property	\$59.98m	0.13%
	IFM – Australian Infrastructure	\$51.98m	0.11%
	Balanced Equity Management – Aust. Shares	\$45.93m	0.10%
	IFM – Australian Shares	\$26.34m	0.06%
	Paradise Inv. Mngmnt (Small Cap) – Aust. Shares	\$25.29m	0.05%
	Neuberger Berman – Int. Shares	\$21.69m	0.05%
The Choiceplus, or direct, investment option has been developed for members who want a more active role in the investment and management of their super or pension.	Choiceplus	\$606.65m	1.29%
Total		\$47,038.6m	100%

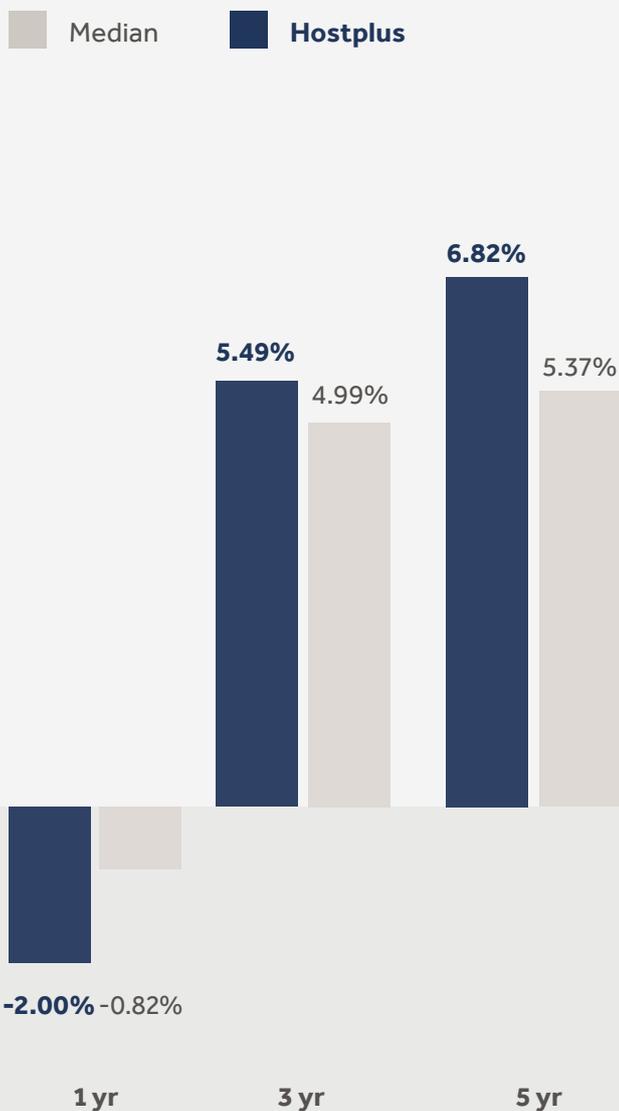
Hostplus MySuper (Balanced) net returns & investment risk

Hostplus' MySuper investment option has achieved above median results across long-term investment timeframes (3 and 5 years) when compared to other MySuper products measured by APRA.

Similar to most MySuper products, Hostplus' MySuper (Balanced) option has a "medium to high" risk level, with negative returns expected in between 3 and 4 out of every 20 years.

Despite the expectation of this risk profile, Hostplus' MySuper option has delivered a negative annual return on only four occasions in its 32-year history.

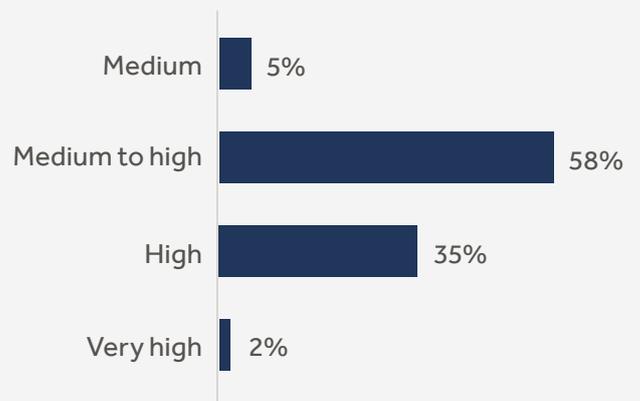
Hostplus vs median fund MySuper net returns¹



1. APRA Quarterly MySuper Statistics June 2020 based on 55 funds (issued 24 Nov 2020) – Table 2a (Rep member) (based on Reporting Form SRF 702.0 Investment Performance). Past performance is not a reliable indicator of future performance.

All MySuper products - level of investment risk²

Hostplus' MySuper Balanced option is categorised as medium to high



2. APRA Quarterly MySuper Statistics June 2020 (issued 24 Nov 2020) – Table 2a

Hostplus' overall strategic objective

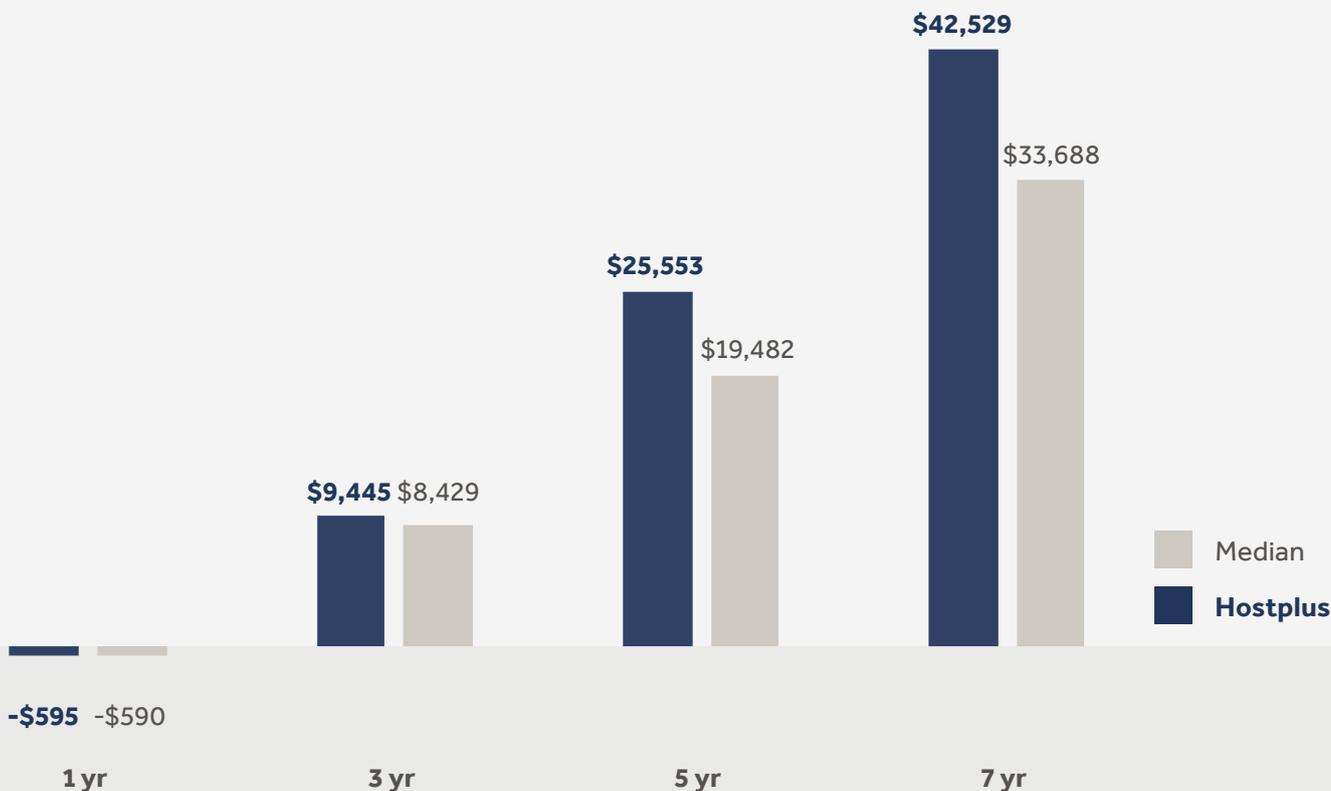
Hostplus' overall strategic objective is to maximise retirement outcomes for members. A key component of that objective is for our MySuper (Balanced) option to exceed the median 5-year net benefit for all Balanced funds.

Hostplus has always maintained that **net benefit** is the best measure of value delivered by super funds to their members, especially measured over the longer term.

The net benefit measure represents total investment returns minus all investment costs and administration fees, providing members invested in the Hostplus MySuper option with a concise measure of their overall outcome. This measure is relevant to the majority (over 80%) of Hostplus members who are invested in the MySuper option.

At 30 September 2020, Hostplus' 5-year net benefit (\$26,000) for the MySuper option exceeded the median for all funds (\$20,000).

Hostplus vs median fund net benefit outcomes at September 2020¹



1. Lonsec – iRate Net Benefit Comparison Tool September 2020. Median is for all Balanced options as measured by Lonsec/Superratings

Hostplus investment returns – choice options

The vast majority of members (94%) and funds under management (85%) sit within Hostplus' Balanced and Indexed Balanced investment options. As at 30 June 2020, both options exceeded the median returns for all Balanced options as measured by SuperRatings over rolling 5 and 7 year periods, and the Balanced option easily exceeded the median over 10 years.

As at 30 June 2020		Hostplus option net returns (p.a.)			SR index/option type median net returns (p.a.)		
Hostplus option	Superratings index/option	5-yr	7-yr	10-yr	5-yr	7-yr	10-yr
Balanced	Balanced (60-76)	6.98%	8.47%	8.61%	5.49%	7.15%	7.43%
Indexed Balanced	Balanced (60-76)	6.07%	7.89%	N/A	5.49%	7.15%	7.43%
Capital Stable	Capital Stable (20-40)	3.99%	4.92%	5.77%	3.83%	4.63%	5.19%
Conservative Balanced	Conservative Balanced (41-59)	5.68%	6.73%	7.19%	4.50%	5.72%	6.25%
Socially Responsible Investment (SRI)	Sustainable Fund Crediting Rate Survey	N/A	N/A	N/A	5.18%	6.73%	7.13%
Shares Plus	Growth (77-90)	8.03%	9.37%	9.31%	5.79%	7.72%	7.95%
Cash	Cash	1.49%	1.68%	2.35%	1.57%	1.79%	2.40%
Diversified Fixed Interest	Diversified Fixed Interest	4.78%	5.26%	6.42%	3.49%	3.81%	4.61%
Property	Property	7.70%	8.42%	7.26%	4.97%	6.68%	7.71%
Infrastructure	Internal benchmark/target (CPI + 3%)	N/A	N/A	N/A	4.77%	4.87%	5.05%
Australian Shares	Australian Shares	7.10%	8.64%	8.73%	5.95%	7.35%	7.41%
International Shares	International Shares	9.07%	10.63%	10.96%	7.44%	10.52%	10.30%
International Shares - Indexed	International Shares	N/A	N/A	N/A	7.44%	10.52%	10.30%
International Shares (Hedged) – Indexed	International Shares	N/A	N/A	N/A	7.44%	10.52%	10.30%
Macquarie Inv. Mngmt – Aust. Fixed Interest	Diversified Fixed Interest	4.07%	4.34%	4.77%	3.49%	3.81%	4.61%
BlackRock Asset Mngmnt – Int. Fixed Interest	Diversified Fixed Interest	3.79%	4.36%	N/A	3.49%	3.81%	4.61%
ISPT– Property	Property	8.48%	8.87%	8.47%	4.97%	6.68%	7.71%
Lendlease Australian Prime Property	Property	8.00%	7.93%	7.70%	4.97%	6.68%	7.71%
IFM – Australian Infrastructure	Internal benchmark/target (CPI + 3%)	11.19%	N/A	N/A	4.77%	4.87%	5.05%
Balanced Equity Management – Australian Shares	Australian Shares	5.21%	7.20%	8.13%	5.95%	7.35%	7.41%
IFM – Australian Shares	Australian Shares	6.72%	8.17%	N/A	5.95%	7.35%	7.41%
Paradise Inv. Mngmnt (Small Cap) – Aust. Shares	Australian Shares	8.81%	8.87%	8.87%	5.95%	7.35%	7.41%
Neuberger Berman – International Shares	International Shares	5.78%	7.37%	N/A	7.44%	10.52%	10.30%

Green - exceeds median **Red** - below median **N/A** - time period not available

Superratings' Accumulation Fund Crediting Rate Survey (FCRS) June 2020

Hostplus MySuper (Balanced) Fees

In order to optimise members' financial outcomes, Hostplus continues to monitor and, wherever possible, minimise all costs incurred in the operations and management of the fund to maintain low administration fees for members.

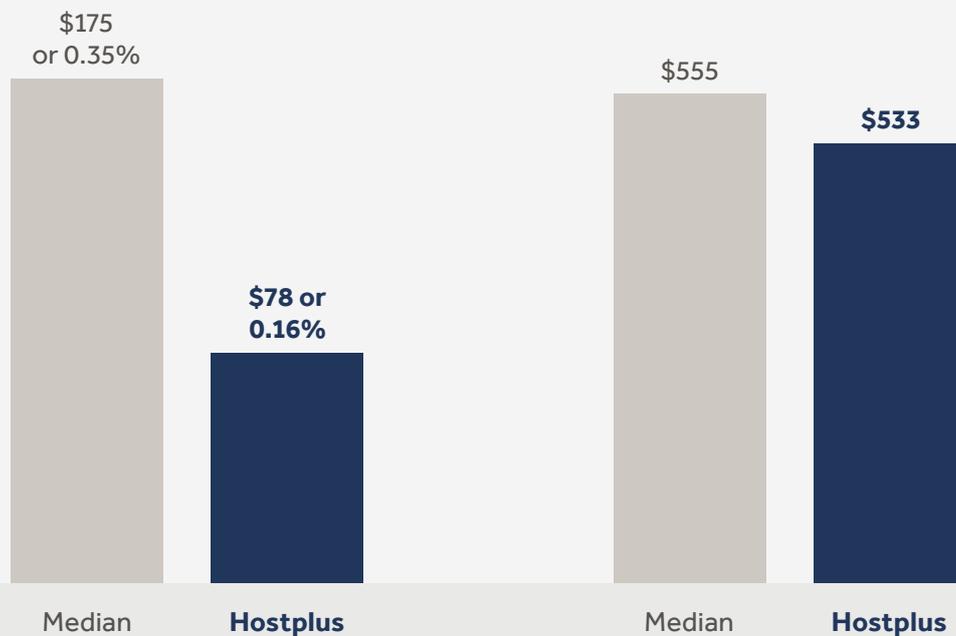
Hostplus retains one of the lowest administration fees of just \$78 per year for accumulation members. This low administration fee is a primary objective of Hostplus' strategy and value proposition to its members.

Unlike most of Hostplus' competitors, the Fund has no asset or balance-based administration fee, strengthening member outcomes further.

Based on the Australian Prudential Regulation Authority's (APRA) measurement of a representative member's total fees and costs, Hostplus has lower-than-median fees and costs compared to all other MySuper products.

Hostplus vs median fund total administration fees¹

APRA statement of fees and other charges 30 June 2020²



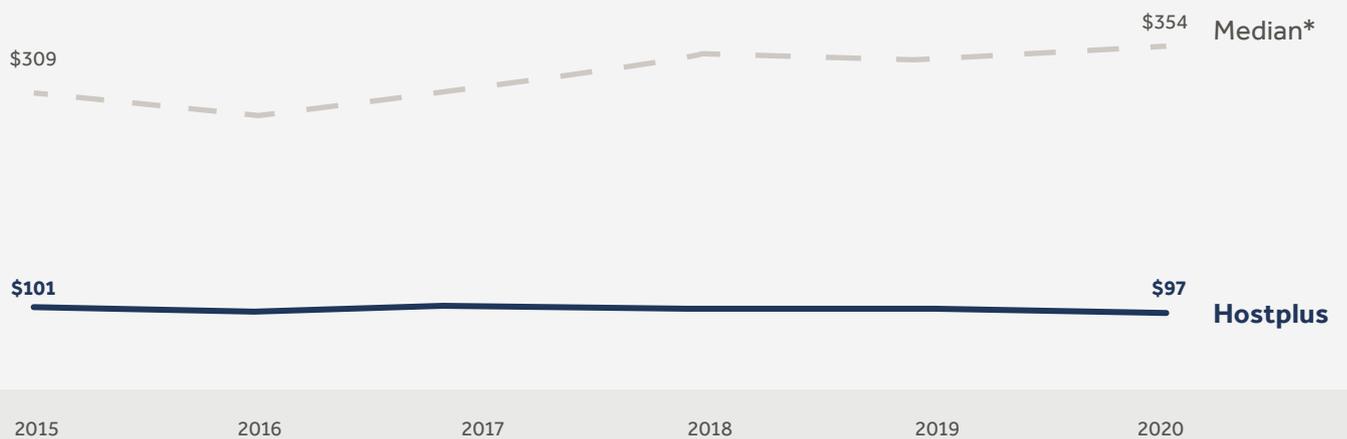
1. APRA Quarterly MySuper Statistics June 2020 (issued 24 Nov 2020) – Table 3, based on a member with a \$50k balance

2. APRA Quarterly MySuper Statistics, 30 June 2020, table 2a "Statement of fees and other costs" (all funds) based on \$50,000 superannuation balance.

Hostplus' operating costs

With 1.3 million members, Hostplus is one of the largest super funds in the country, enabling it to deliver outstanding scale benefits to those members. Hostplus' disciplined focus on cost management over a long period of time has allowed the Fund to maintain its leading position on a cost-per-member basis.

**Hostplus vs median fund
cost per member over the past five years**



* Based on APRA Annual Fund-level Superannuation Statistics June 2020 Table 3, 10 & 11.

Insurance

Insurance affordability

Hostplus' insurance offering promotes members' financial interests by seeking to keep annual default premiums below 1% of members' salaries* while maintaining the value of insurance through the quality of its insurance products with minimal exclusions. The Fund has achieved this goal across all age groups and genders. Hostplus continues to monitor premiums and default coverage amounts, particularly for older part-time workers, to maintain affordability.

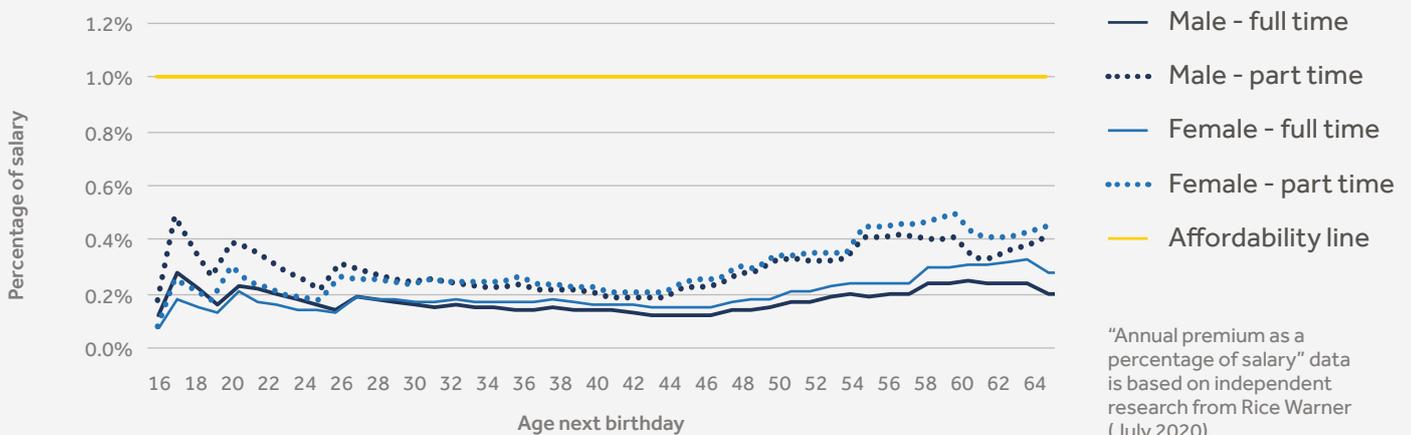
Members are made aware of their insurance coverage via two statements each year as well as having insurance sections on both Member Online and

the new mobile App that provide members with details of their insurance coverage amount and premiums. Alongside maintaining low premiums and efforts to increase awareness of insurance in super, members' financial interests are also enhanced by making it easy to alter the level of their insurance or cancel it altogether.

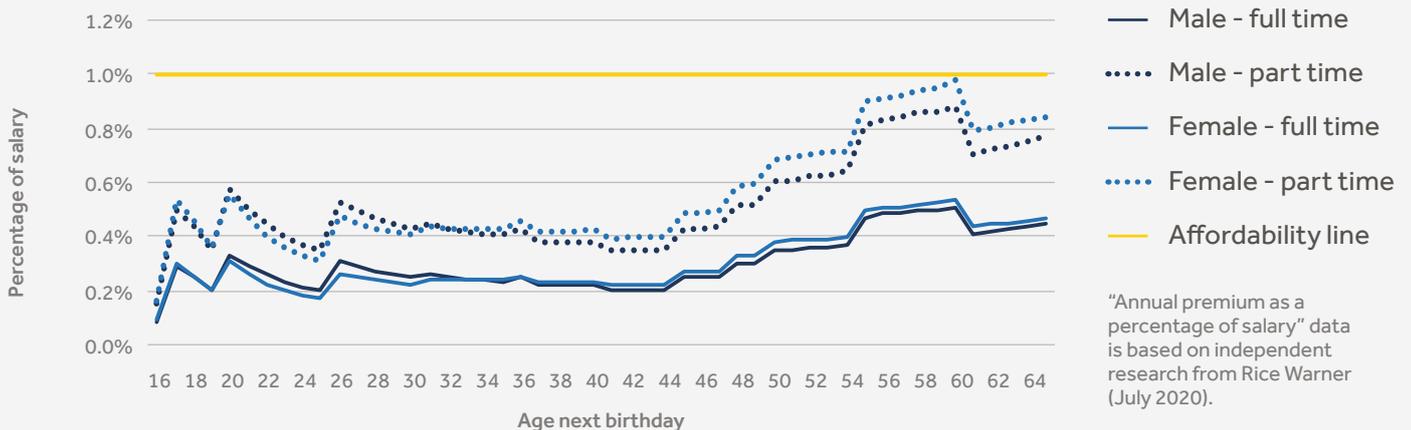
To help members with affordable, quality insurance through their superannuation, particularly older part-time workers, Hostplus undertook a comprehensive review of its insurance offering, pricing and services in 2020 in order to best meet the needs of its members.

*This threshold comes from the independent actuarial services firm Rice Warner and is a common measure of group life insurance affordability within the industry.

Annual premium as a percentage of salary - Death and TPD Cover, White collar



Annual premium as a percentage of salary - Death and TPD Cover, Light Blue Collar



Insurance costs

The Hostplus insurance strategy seeks to minimise cost while maximising value. The insurance provided is a quality offering so that in the event the worst happens, insured Hostplus members can depend on their insurance being there to assist themselves or their dependents. When benchmarking the Fund's standard default insurance offer premiums on a cost per \$1,000 of cover basis against other similar offerings in the market, 87% of Hostplus members with this insurance pay the same or less than the median. Hostplus continually monitors its insurance offering against both the needs of the Fund's members and other quality insurance offerings in the market.

Member services and products

Hostplus offers a range of services and products to all members in order to assist them in engaging with their superannuation in the easiest possible manner and to help members optimise their retirement outcomes.

For example: free superannuation advice is made available to all members to assist in maximising their outcomes in retirement, and the new Hostplus mobile App for iOS and Android devices, alongside the Fund's existing Member Online service, makes it easier for all members to engage with and monitor their superannuation account.

Digital services

With a large membership base (1.3m) and a generally young demographic, with an average age of 35, digital engagement and channels are vital tools for members when interacting with the fund and their account. This includes:

- Member online (800,000 registered, 630,000 unique members logged in last 12 months)
- Member app (125,000+ registrations since launch in July 2020)
- Super Adviser online advice tool

Retirement products

To optimise outcomes for members in retirement, Hostplus provides products to assist members in both the transition to and during retirement. These include:

- Transition-to-retirement pension (2,000 members)
- Account-based pension (over 7,000 members and the fastest growing account type)

Financial advice

To assist our members to prepare for retirement and also manage their other financial affairs (e.g. insurance and budgeting), Hostplus provides a range of information, guidance and advice services:

- Interactive webinars covering a wide range of topics, including maximizing the benefits of super, dealing financially with redundancy and transitioning to retirement (over 1,000 attendees in last 12 months)
- Free phone-based superannuation advice (over 5,000 in last 12 months) to help members optimise their superannuation at Hostplus
- Comprehensive personal financial advice – provided on a competitive fee for service basis, (1,000 in last 12 months).

Member outcomes assessment. Recap of key determinations.

Investment strategy

The Hostplus MySuper investment option has achieved above median results across the long-term investment timeframes (3 and 5 years) when compared to all MySuper products as measured by APRA and all Balanced options measured by independent ratings agency Superratings. Further, the net benefit result (total investment returns less all fees and costs) for Hostplus members is well above the Superratings median for all funds, ensuring that Hostplus members are achieving some of the best financial outcomes in superannuation. This has all been achieved with a level of risk exposure consistent with most APRA MySuper products.

Operating costs and fees

In order to optimise member financial outcomes, Hostplus monitors and, wherever possible, minimises costs incurred in the operations and management of the fund to maintain low administration fees for members. As a result, Hostplus has maintained its administration fee for accumulation members at \$78 per annum since 2004, thereby providing market-leading value to members. Unlike some super funds, Hostplus does not have asset or balance-based fee, which further strengthens member outcomes.

Insurance strategy and fees

The Hostplus insurance offering promotes member financial interests by keeping annual default premiums below 1% of members' salaries while maintaining the value of insurance through minimal exclusions. The Fund's insurance offering is also cost competitive with similar quality standard default offerings in the marketplace, with 87% of members paying the same or less as the median cost per \$1,000 of cover. Members are made aware of the insurance coverage via two statements each year as well as having insurance sections on both Member Online and the new member app that clearly state coverage amount and premiums. Alongside maintaining low premiums and efforts to increase awareness of insurance in super, members' financial interests are also enhanced by making it easy to alter the level of their insurance or cancel it altogether.

To help members with affordable, quality insurance through their superannuation, the fund also undertook a review of its insurance product design in order to best meet the needs of its members.

Scale

With 1.3 million members and over \$47 billion in funds under management, Hostplus is one of the largest superannuation funds in the country. This scale makes it possible to keep per member operating costs low, negotiate better arrangements with investment managers and material service providers, and provide access to a wider range of assets (e.g. unlisted infrastructure and venture capital opportunities). Hostplus' scale also allowed the fund to support members in the need of immediate financial assistance efficiently through

Determinations

the government's COVID-19 Early Release of Superannuation scheme in 2020. These benefits of scale work together to improve member financial outcomes.

Options, benefits and facilities

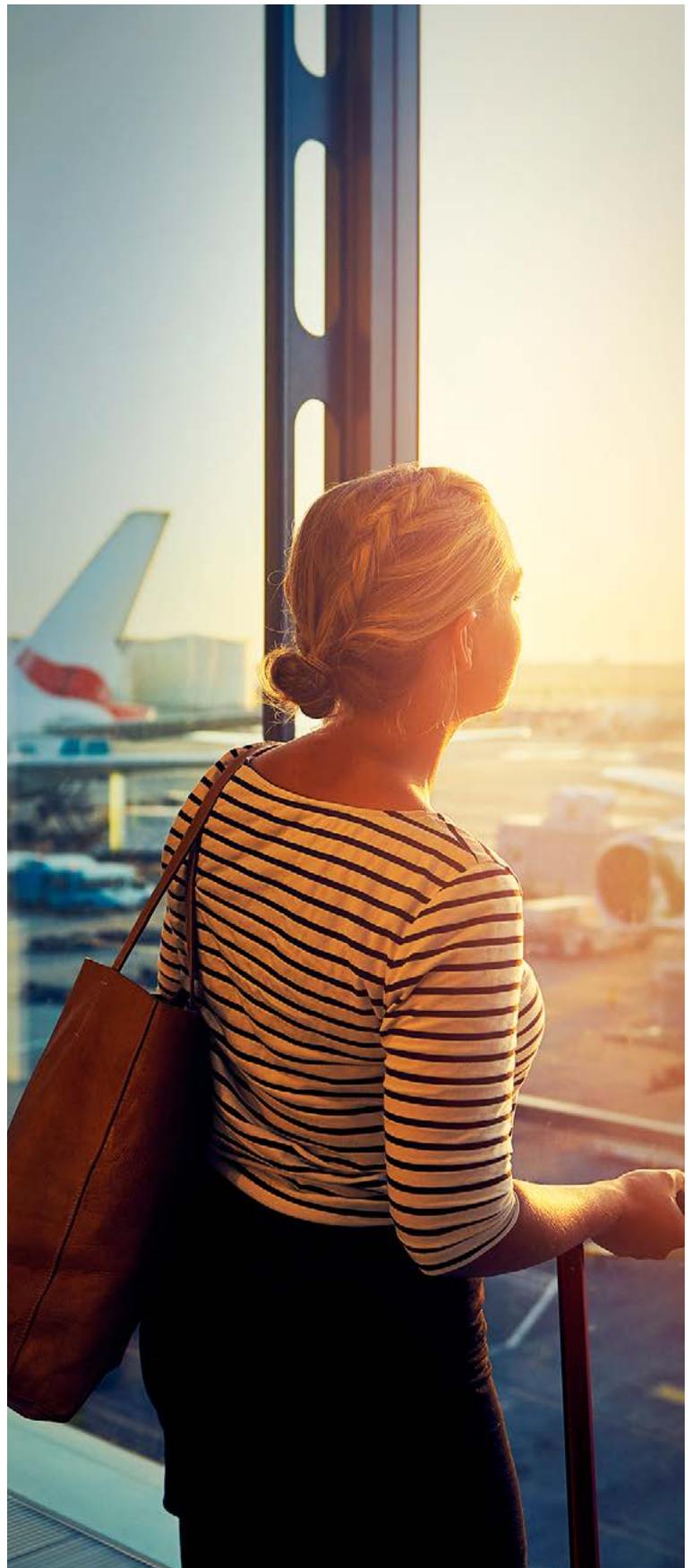
The Hostplus choice investment options provide varying degrees of risk/return profiles to suit the needs of individual members. If they so choose, members have the ability to switch options without incurring costs and can allocate their superannuation funds across multiple options, again at no additional cost. These options are available to all members, with each options' fees covering its own costs, i.e. no cross subsidisation of costs.

Hostplus makes available free intra-fund advice to all members to assist in maximising their outcomes in retirement. The new Hostplus member app for iOS and Android devices, alongside the fund's existing Member Online service, makes it easier for all members to engage with and monitor their superannuation account – uptake since the apps release in July 2020 has already reached 125,000 by January 2021.

Determination summary

It is the determination of the Fund that it has met and promoted the best financial interests of its members across all key areas throughout FY2019-20 and is well placed to do so into the future. The fund will continue to focus efforts on maintaining high performance in key areas, particularly in generating good long-term net benefits for its members, while also continuing to work hard on behalf of its members to improve in other areas critical to outcomes that support their best interests.

The determinations included in this Member Outcomes Assessment have been reviewed and approved by the Hostplus Trustee Board on 12 February, 2021.



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