

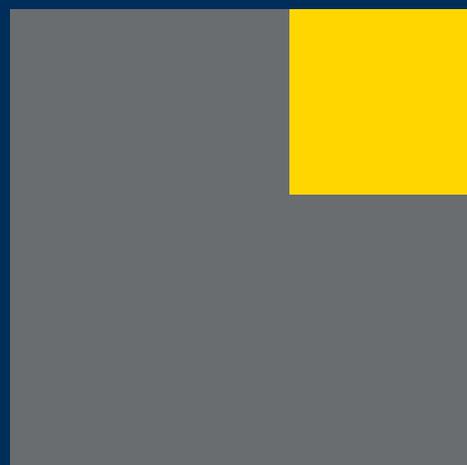


MINUTES OF THE HOSTPLUS 2022 ANNUAL MEMBERS' MEETING

Held at the Sofitel, Melbourne at 10am (AEDT)
on 30 November 2022 and broadcast live online

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Speakers

Damien Frawley, Chair

David Elia, Chief Executive Officer

Imogen Beynon, Employee Director

Craig Laundry, Employer Director

Alexandra Grayson, Independent Director

Sam Sicilia, Chief Investment Officer

Other attendees

Hostplus Board:

Janet Whiting, Independent Director

David Gibson, Employer Director

David Attenborough, Employer Director

Tim Lyons, Employee Director

Gary Bullock, Employee Director

Bev Myers, Alternative Employee Director

Brian Kearney, Alternate Employer Director

Hostplus Executive Team:

Natalie Strickland, Group Executive -
People Performance and Culture

Paul Watson, Group Executive -
Member Experience

Norlena Brouwer, Group Executive -
Risk, Compliance and Legal

Kelly Cantwell, Group Executive -
Administration Optimisation, Service and Insurance

Lewis Tassone, Group Executive - Finance and Technology

Stuart Wilkinson, Group Executive -
Strategy and Transformation

Umberto Mecchi, Group Executive -
Marketing, Corporate Affairs, Stakeholder Management,
Policy and Advocacy

Fund Auditor:

George Sagonas, Audit Partner, PwC

Fund Actuary:

Louise Campbell, Actuary Partner, WTW

The Chair declared the meeting open at 10am.

Minutes of the Hostplus Annual Members' Meeting

ITEM 1. Introduction

The Chair, on behalf of Hostplus' Board and Executive team, welcomed and thanked those attending, either in person or online, the Hostplus Annual Members Meeting (AMM).

The Chair commenced by acknowledged the Wurundjeri people as the Traditional Custodians of the land where the meeting was being held and broadcast from. He acknowledged any Aboriginal and Torres Strait Islander members in attendance and paid his respects to elders across Australia – past, present and emerging.

The Chair noted that this was Hostplus' first in-person AMM, the previous AAMs having all been held online due to the pandemic.

The Chair thanked outgoing Chair, David Elmslie, for his 15 years' service and enormous contribution to the Fund's success. He expressed personal gratitude for the legacy Mr Elmslie leaves. The Chair said he was honoured to assume the role and shares his predecessor's commitment to delivering superior outcomes in members' best financial interest – a feature of the Fund's 35-year history.

Robyn Buckler was also farewelled and thanked, having served from 2003 to 2021 as both an Employee Director and Alternate Employee Director. Her strong and consistent member advocacy on the Board's Claims Review Committee was noted, as was her valuable role in Hostplus' growth. The Chair advised that Bev Myers is now an Alternate Employee Director and Gary Bullock an Employee Director.

Quorum

The Chair recognised that a quorum of Hostplus Board Directors was present and, as such, the AMM would serve as an official Board meeting. He noted that the requirement for all Hostplus directors, relevant executive officers, auditors and actuaries, and Chair of the Trustee Board to attend, had also been met.

The Chair outlined the order of proceedings and advised that answers to all member questions, a full video recording of the meeting, and its minutes would be available on Hostplus' website within 30 days.



ITEM 2. Chair's Message

The Chair spoke to the following matters:

- Australians are living in a 'new normal', facing ongoing investment market volatility, with rapidly rising inflation and interest rates impacting cost of living globally.
- Hostplus' flagship Balanced (MySuper) option, where most members invest, delivered a 1.57% return to 30 June 2022 – Hostplus was one of few funds to return a positive result.¹
- SuperRatings, an independent ratings agency, ranked it the number one MySuper option over 10, 15 and 20 years as at 30 June 2022.²
- The Socially Responsible Investment (SRI) Balanced option also delivered a positive return – 2.36% – outperforming its SRI peers and Hostplus' default Balanced option as at 30 June 2022.
- These results are a testament to Hostplus' long term investment strategy.
- Hostplus' entire investment portfolio will transition to net zero emissions by 2050, in line with the Paris Agreement, formalising existing efforts to consider climate change and find innovative solutions and investment opportunities as the world transitions.
- Two successful mergers with funds that share Hostplus' values, expanded the Fund's national footprint and helped leverage new products and services for members:
 - Intrust Super – added 90,000 members, 25,000 employers, \$3 billion in funds under management (FUM)
 - Statewide Super – added 140,000 members, 24,000 employers, around \$11 billion FUM
 - new staff – some from Intrust and 98% of previous Statewide employees
 - membership in SA up by 133%, and 60% in the NT – many from the local government and public sectors.
- Hostplus currently manages \$6 billion on behalf of Maritime Super members as part of the Pooled Super Trust. The two funds are presently working towards a formal merger in mid-2023.

- Hostplus is widely recognised as lifetime fund of choice for Australians from a broad range of backgrounds and industries. More than 220,000 new members chose Hostplus in 2021–22, in addition to those who came across through mergers.
- Hostplus is now one of Australia's 10 largest super funds by FUM with 1.6 million members, 273,000 contributing employers and \$86 billion FUM. Five years ago it had fewer than a million members and just under \$25 billion FUM.
- Hostplus was named SuperRatings Fund of the Year 2023³ – being particularly recognised for its strong performance, competitive fees and ongoing member focus.

The Chair introduced the Fund's Chief Executive Officer, David Elia, acknowledging Mr Elia's more than 25 years' service and the role his strategic vision, energy and passion have played in Hostplus' success over decades.

The Chair introduced the Fund's Chief Executive Officer, David Elia.

1. Source: SuperRatings SR50 Balanced (60–76) Index, June 2022

2. See footnote 1

3. Visit lonsec.com.au/logo-disclosure for the full SuperRatings disclosure. Go to lonsec.com.au/super-fund/ratings-and-awards/ for rating and award criteria. General advice only. Consider the relevant Hostplus PDS and TMD at hostplus.com.au and your objectives, financial situation and needs, which have not been accounted for. Awards and ratings are only one factor to consider. Past performance is not a reliable indicator of future performance.

ITEM 3. Chief Executive Officer (CEO) Update

The CEO thanked the Chair for his opening remarks, then welcomed and thanked members for attending. He also acknowledged and paid his respects to the Wurundjeri people as the traditional custodians of the land on which the AMM was being held and paid his respects to their elders past, present and emerging.

The CEO welcomed Damien Frawley to his first AMM as Chair and said Mr Frawley's experience across the financial, government and not-for-profit sectors will continue to serve members well. The CEO thanked former Chair, David Elmslie, for his diligent, faithful loyalty and service and said it was a privilege to work together.

The CEO spoke to the following matters:

- Hostplus stuck to its mission and purpose: 'To maximise our members' superannuation outcomes so they can enjoy a dignified retirement.'
- Hostplus is proud to be one of Australia's largest and oldest industry super funds, run solely to benefit members and do what is in their best financial interests. This is seen in Hostplus products, services and net benefits.
- Net benefit is the difference between what a member and their employer put into a member's account and what that member receives once fees, costs and taxes are paid.
- If fees are low and there is a history of strong investment returns, members get a higher net benefit – more money in retirement. While historical performance does not predict future performance, it helps explain how, in combination, low fees and consistently solid investment returns can make a big difference to retirement savings.
- SuperRatings found Hostplus Balanced (MySuper) option members were \$30,000 better off than members in the average default not-for-profit super fund, and almost \$45,000 better off than the average of all other default fund members over the past 15 years as at 30 June 2022.⁴
- SuperRatings Net Benefit award (Hostplus was number one of the 10 biggest industry funds by FUM) and their Fund of the Year award recognise the true benefits Hostplus members enjoy.⁵
- Hostplus' vision to become lifetime fund of choice for all Australians is based on the fact that growth and scale benefit members – smaller funds are less able to enhance and reinvest in products, services and capabilities.
- Attracting members in the increasingly competitive and concentrated superannuation environment requires investment, to create a strong, favourable brand presence.
- SuperRatings My Choice Super of the Year award⁶ recognised Hostplus' member growth from outside the traditional industries of hospitality and tourism.
- Around a quarter of Hostplus' 1.6 million members made an active choice to join – up 20% this year.
- Hostplus supports the new government's commitment to enshrine superannuation's objective and purpose in legislation. Its key building blocks will:
 - help drive stability longer term
 - support long-term investment strategies
 - protect the retirement of future generations.
- Hostplus supports the commitment in the October Federal budget, to include a right to superannuation in National Employment Standards, so workers can expect and pursue their full entitlements and have these paid on time, every time.

The CEO concluded his remarks and introduced the next speaker, Employee Representative Director, Imogen Beynon.

4. Source: SuperRatings Net Benefit data as of 30 June 2022. This data compares the Hostplus Balanced (MySuper) option with the Balanced options of the 10 biggest industry funds in Australia. It only includes funds that have data available for the whole period. It assumes employer contributions on a starting annual salary of \$50,000 and a \$50,000 starting balance and takes into account historical investment earnings (after administration and investment fees and taxes). Contribution fees, additional adviser fees or any other fees charged are excluded from this model. Outcomes may vary between individual funds. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

5. See footnote 3

6. See footnote 3

ITEM 4. Employee Director Update

Imogen Beynon also acknowledged and paid her respects to the Wurundjeri people of the Kulin Nation, the Traditional Owners of the land Narrm (Melbourne) and all other Aboriginal and Torres Strait Islander members at the AMM. She paid her respects too to their Elders, past, present and emerging.

Imogen Beynon spoke to the following matters:

- The Hostplus Board has an important role in governance and overseeing workplace culture – passionate employees drive the member-first philosophy.
- Hostplus' values underpin employees' connection to everything they do. They care about their work, clients, colleagues and stakeholders and are expected to be optimistic, solution-focused, honest, genuine, straightforward and transparent.
- Hostplus has taken on around 119 employees due to mergers – significant growth – adding a wealth of experienced, highly skilled industry professionals giving the Fund more capability for innovation and improved decision-making at all levels.
- A cultural integration team will oversee the best parts of Intrust Super and Statewide Super's cultures being integrated into the Fund, encouraging new employees to thrive and stay long-term.
- Cultural assessments, in consultation with employees, are identifying key similarities, strengths, opportunities and areas for change, to make integration easier.
- An inclusive workforce reflecting a broad range of backgrounds, perspectives and life experiences helps represent Hostplus' rich member diversity – critical for strong connections with members and employers.
- Hostplus encourages work-life balance:
 - A hybrid option allows employees to work from home part of the week but also stay connected to the organisation, helping create and maintain the workplace culture Hostplus is so proud of.
 - Parental leave is a competitive 14 weeks and formal programs are in place to help parents keep in touch and transition smoothly back to work – 94% of new parents have not left within 12 months.
- Hostplus' Board is 36% female and the executive team 33% – work is being done to reach the strategic target of 40%.
- The Group Executive Succession Plan exceeds gender diversity targets, with at least 50% male and female representation.
- Hostplus' diversity policy is being refreshed with targets and measures extended to:
 - gender representation beyond Board and group executive levels
 - Aboriginal and Torres Strait Islander peoples, in line with the Reconciliation Action Plan
 - people of culturally and linguistically diverse backgrounds
 - LGBTQI+ people
 - people living with disability
 - workers transitioning to retirement.

Ms Beynon noted that the highest industry accolades, like SuperRatings Fund of the Year⁷, are underpinned by the great work of the people in the Hostplus organisation. She thanked them for their contribution to an incredibly successful year. Ms Beynon then introduced the next speaker, Employer Representative Board Director and Co-Deputy Chair, Craig Laundry.

7. See footnote 3

ITEM 5. Employer Director Update

Mr Laundry acknowledged the traditional owners of the lands in Melbourne on which the AAM was being held and Sydney, where he lives. He also paid his respects to elders past, present and emerging.

Mr Laundry spoke to the following matters:

- The Board works together to prioritise members' rights and the industries they work in.
 - Hostplus was born in the hospitality sector 35 years ago, its foundations laid by the Australian Hotels Association and the United Workers Union. Each chooses three directors, to represent employer and employee interests respectively.
 - Hospitality and tourism are a major contributor to employment and the economy, but also the social fabric of society, providing jobs for almost one million people – 6.8% of the nation's employment. Numbers will grow as the effects of COVID fade.
 - Hostplus' origins remain important, but now more than 50% members are from outside the traditional sectors – a clear demonstration that more Australians are choosing Hostplus as their lifetime fund.
 - In 2021–22, employers contributing to Hostplus grew to 273,000 – up 15%.
 - Hostplus has always been passionate about supporting employers, making it as simple as possible for them to engage with super.
 - The national team keeps employers informed of all superannuation changes and developments and offers the latest news about impacts on them and their employees.
- Across the financial year:
 - the National Client Relationships team attended 5,416 employer meetings
 - 1,000+ employer representatives attended employer-focused webinars learning about merger transitions and being assisted on July's legislative changes
 - employers received assistance through the Hostplus Service Excellence Centre – phone, online and Click-2-Chat support.
 - Employer engagement helps Hostplus assist their employees – Hostplus members – with super education and simple account assistance.
 - The workplace education team:
 - delivered 488 in-person education sessions to almost 10,000 members
 - promoted 32 digital education webinars – 4,600 members attended.
 - Hostplus is committed to evolving employer services and working with employer and industry partners to deliver members the best possible financial outcomes in retirement.

Mr Laundry concluded his remarks and introduced the next speaker, Independent Board Director, Alex Grayson.

ITEM 6. Independent Director Update

Independent Director Alex Grayson acknowledged the Wurundjeri people of the Kulin Nation, and the Gadigal people of the Eora Nation – Traditional custodians of the land in Sydney where she lives. She paid her respects to Elders past, present and future, and all emerging leaders.

Alex Grayson spoke to service excellence:

- Putting members first essentially means providing and sustaining excellent service – it is core to Hostplus' philosophy.
- This has been a difficult year with service delivery challenged by staff shortages, and member enquiries increasing due to market volatility and end-of-year financial queries.
- The service team handled, on average, 66,000 interactions per month across inbound and outbound voice calls, web chats, emails, and social channels.
- High demand meant not all members got answers as quickly as they, or Hostplus, would like. Considerable investment is underway to improve this.
- Despite challenges, Hostplus was named Roy Morgan's Major Industry SuperFund of the Year, for customer satisfaction – a testament to the hard work of the Hostplus Service Excellence Centre and Hostplus staff.
- Service enhancements included:
 - retaining the Adelaide Superhub as part of the Statewide Super merger so Adelaide-based members receive in-person help
 - modernising call centre technology
 - adding the popular 'Click-2-Chat' and telephone self-service channels
 - revamping 24/7 Member Online
 - recruiting 70 additional contact centre staff over three months, to restore service standards to acceptable levels.
- Hostplus will continue working with the customer service and digital development teams to optimise key member journeys and make it easier to engage with super.
- Eight individual manager investment options were closed on 30 June 2022 and three new sector-specific investment options created: Diversified Fixed Interest – Indexed; Australian Shares – Indexed; and International Shares – Emerging Markets.
- The new options are more diversified across geographies, sectors, industries and management styles and should better support strong, long-term risk-adjusted returns.
- Hostplus continued to extend its suite of products, now including Statewide Super's defined benefit products – Salarylink, Deferred, Old Benefit Members, Term Pensions and Lifetime Pensions.
- The new Retirement Projection Calculator is an easy-to-use general interactive tool for anyone, not just Hostplus members. Based on some limited assumptions, it:
 - can estimate someone's funds in retirement and how long their super may last
 - offers a starting point to empower members to act on achieving better retirement outcomes.
- Hostplus' objectives, and the objectives of the broader superannuation system, are to increase awareness and engagement as a means to ensure a more dignified retirement.

Ms Grayson introduced Chief Investment Officer Dr. Sam Sicilia, noting that he has been the Fund's CIO since 2008. She said Sam and his team have been instrumental in leading Hostplus' investment strategy and consistently growing members' net benefit.

ITEM 7. Chief Investment Officer (CIO) Update

The CIO acknowledged the Wurundjeri people and other Traditional Owners across Australia and paid his respects to all Elders past, present and emerging.

The CIO then spoke to the following matters:

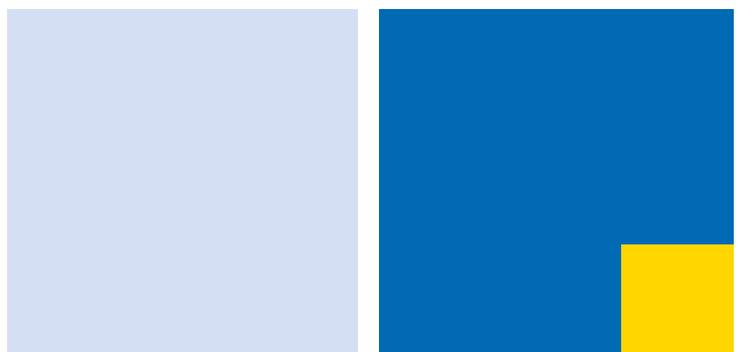
- Market volatility had a significant impact on superannuation returns over the financial year and will continue to do so.
- The Balanced option's diversified investment strategy provided some protection from falling stock markets with a return of 1.57% for the financial year, making Hostplus one of a small number of funds to achieve a positive result⁸.
- Success is not an indicator of future returns but, over the longer term, the Balanced option has been a top performer, ranked number one over 10, 15, and 20 years as at 30 June 2022⁹.
- Revenue from many Hostplus infrastructure and property investments is linked to inflation, so recent inflation rises have been good for those investments.
- Hostplus has a lower exposure to share markets than most of its super fund peers and benefits from avoiding fixed interest investments, so the Fund did comparatively well.
- The SRI Balanced option returned 2.36% for the financial year.
- Hostplus' four other pre-mixed options were more aligned with the sector-wide trend to negative returns – in particular the Index Balanced option which is passively managed and aims to mirror wider market performance.
- 2022 has been particularly volatile for markets:
 - the Russian invasion in Ukraine – energy prices rose, partially influenced by sanctions on Russia, driving share markets lower
 - continued disruption caused by COVID-19 – adversely impacting supply
 - significantly higher inflation in Australia – from 3.5% in December 2021, to 6.1% in June, to 7.3% in September 2022
 - rising interest rates – when central banks try to curb inflation, investors worry.
- There are reasons to believe inflation is peaking and, when it does, central banks should start to return to lower interest rates, but short term volatility is likely through 2022–23.
- History tells us that markets correct over the long term through panics, pandemics, wars, depressions and recessions. They recovered from more severe falls like 1987's global stock market crash, the tech bubble of 2000 and the 2008 global financial crisis.
- Nearly 50% of the default MySuper Balanced option is invested in unlisted assets, such as property, infrastructure, private equity and venture capital – assets that are not easy to access by everyday investors and which help stabilise investment during volatility.
- Hostplus uses investment managers to oversee valuations on the Fund's behalf. This independent process is conducted according to long-established protocols and the valuation policy was carefully developed in accordance with industry standards. The Australian Prudential Regulation Authority (APRA) has input.
- Members must understand that short-term returns can be impacted by valuations and timings – sometimes this is unavoidable despite the Fund's best efforts.
- Market-leading returns over 5, 10, 15 and 20 years as at 30 June 2022¹⁰, offer confidence in Hostplus' valuation processes. Hostplus was a SuperRatings Smooth Ride Award¹¹ finalist – recognising funds that deliver strong outcomes while weathering market ups and downs.
- Hostplus has been managing climate change risk for many years. It poses direct risks to Hostplus' investment strategy, governance and investment portfolio, so the Fund formally committed to net zero emissions by 2050.
- The investments team is working closely with the Board and leadership teams to define and set interim targets and clear deliverables to position the Fund for a lower carbon future. Options include:
 1. divest from carbon-intensive companies or assets
 2. engage with carbon-intensive companies and asset owners
 3. proactively invest in future-based solutions.

10. See footnote 1

11. See footnote 3

- Divesting is essentially 'virtue signalling', as for every seller, there must be a buyer. The new owner may not share Hostplus' ambition for net zero, so selling achieves nothing. It is the least effective path.
- Engaging with carbon-intensive companies and asset owners, influencing them to use more sustainable business practices and help protect jobs so vulnerable communities that rely on them don't fall behind – a 'just transition' – is the hardest path.
- Hostplus has encouraged 20 target companies to adopt net zero 2050 goals and 16 to integrate climate change into executive remuneration.
- Hostplus has invested over \$1.4 billion in companies and projects that offer clean technology and climate solutions – including Commonwealth Fusion Systems, Terra-Gen, Finerge, Tilt Renewables and others, including:
 - Gippsland Renewable Energy Park – Hostplus is proud to invest in the Octopus Australia sustainable investments platform, a portfolio of renewable energy assets across Australia. A large-scale clean energy park in Victoria will accelerate the Gippsland region's transition to a clean, green future. Construction and development at the 3,000 hectare site will offer full-time, high-value jobs.
 - Hysata – An Australian company is developing world-leading electrolyser technology to produce green hydrogen, a clean fuel that will be vital in decarbonising hard-to-electrify sectors like steel, heavy transport, and chemicals.
 - Campus Living Villages (CLV) – A global leader in purpose-built student accommodation, managing 27,000 beds across 46 villages in Australia, the UK, and USA. All new buildings are built and managed with environmental, cultural, and community impacts in mind. Students from everywhere are welcomed and there is a focus on residential programs that connect and promote wellbeing.

The CIO encouraged members to visit the Hostplus website and read the latest annual report for more information. He wished members the very best for the future, then handed the meeting back to the Chair to facilitate a question-and-answer segment.



Annual Members’ Meeting questions: Written responses

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Cryptocurrency

- *Will Hostplus be looking into investing in cryptocurrency?*
- *When is bitcoin going to be made available as an investment option?*
- *When will cryptocurrency be an investable asset through Hostplus?*
- *Are you willing to add bitcoin/other digital assets as part of your investment portfolio?*
- *Is Hostplus investing in cryptocurrency for the future?*
- *What will be the profit growth once cryptocurrency is established as an investment strategy in the years to come?*

At this time we have no plans to invest in cryptocurrencies, nor to offer an investment option based on them.

Some of the recent events in crypto, including the billions stolen by hackers, demonstrates that the governance structure is not at the level we would need it to be to feel comfortable that we were keeping your money safe.

Data security

- ***Data security is a big issue, what is Hostplus planning to increase activity and investment in to ensure customer data is not compromised in the future? What will be done beyond the standard approach?***
- ***I'm very concerned about online security.***
- ***In light of recent cyber-attacks, how secure are Hostplus' systems and what vulnerability checks have been put in place?***
- ***With the rampant data breaches that are happening in Australian companies in the last few months, how can we, as members be assured that our super is secured and what are the guards in place to prevent scrupulous hackers accessing our data?***
- ***How does Hostplus guarantee protection against client data breaches given the recent cyber-attacks on Optus, Medibank and more?***
- ***What measures has the Board implemented to make sure that we have a robust cyber security system to protect members' privacy, personal and financial details and guard against hacking of our super accounts?***
- ***How is cyber security of the fund, its members and investments guaranteed to protect us from having our accounts hacked, our private details exposed and the fund reputation damaged?***
- ***How safe are my personal and financial details?***
- ***Given the recent increase in cybercrime and ransomware attacks what measures has Hostplus implemented to safeguard members' privacy and data?***
- ***With the recent data issues at Optus, Medicare & possibly more... What does Hostplus have in place to protect our personal data? And have there been any issues that you need to come clean with us concerning past or current data breaches?***

We would like to give all members comfort by providing you with information about the level of security we currently have – but also the continuous improvement work we are doing in this area.

The protection of your information and financial assets is of utmost importance to us.

Our information security controls are governed under the requirements of Prudential Standard CPS 234 Information Security (CPS 234). The purpose of CPS 234 is to ensure that APRA-regulated entities have implemented sufficient information security protections, CPS 234 requires finance sector organisations to consider the breadth of responsibilities across the organisation.

Our security controls exceed the requirements under CPS 234, and they are regularly tested and independently reviewed by our appointed internal auditor, external professional services firm - KPMG.

We can confirm we have 24/7 security monitoring in place across our IT frameworks.

Within days of the recent high-profile data breaches, we acted quickly by monitoring and strengthening our member identity checks, recognising that criminals may have accessed personal details of our members via the Optus and Medibank customer data breaches.

We nevertheless urge members to also remain vigilant when it comes to their personal data. We encourage you to check in on your super account and monitor for any unusual activity. If you see anything that doesn't look right, report it to us immediately. If you're concerned your ID may already be compromised as a result of a data breach in another organisation, get in contact with us as soon as possible to ensure further security can be added to your account.

To date, no data issues or breaches have been reported. Furthermore, as a regulated superannuation fund, Hostplus has strict 72 hour reporting requirements to both the Australian Cyber Security Centre and the Australian Prudential Regulation Authority for any data breaches that may occur.

ESG – investment decisions

- ***How does Hostplus plan to maintain high returns whilst managing social interests and concerns like climate change and fossil fuels?***

Managing social concerns and delivering strong returns can certainly be achieved together. In fact, we believe the integration of environmental, social and governance (ESG) factors may lead to more complete analysis and better-informed investment decisions, which should ultimately drive better performance over the long term. Some issues, such as climate change, can actually represent opportunities through investment in new technologies such as renewable energy, battery storage and other clean energy solutions.

Through our Infrastructure and Venture Capital portfolios, Hostplus has a significant investment in climate change solutions currently worth over \$1.4B that we believe will contribute positively to member returns in the future whilst also providing meaningful social outcomes.

More information on our approach to managing climate change can be found on our [website](#).

- ***How does Hostplus plan on achieving its goal of net zero portfolio emissions by 2050 if the fund won't divest from companies pursuing new or expanded fossil fuel projects?***
- ***If Hostplus is committed to net zero portfolio emissions by 2050, why hasn't the fund divested from companies pursuing new oil and gas production like Woodside & Santos?***
- ***Does Hostplus genuinely believe undiversified thermal coal miners like Whitehaven and New Hope can align with the Paris climate goals while they take us in the opposite direction by continuing to expand production?***
- ***We've seen an increasing number of organisations (Darwin Festival, Fringe Festival) either dumping fossil fuel companies as sponsors or speaking out against them. Why does Hostplus think it appropriate to invest our money in them?***
- ***With the increasing impacts of climate change, are you looking to remove your investment in fossil fuels to future-proof the planet? Ethically you have a financial responsibility to the future returns of the funds, we need a planet.***
- ***Will you move out investments from fossil fuel industries? If yes, when will it be?***
- ***When are you moving away from investing in fossil fuels and unethical industries?***
- ***Watching The Project on Channel 10 this week one of the panel mentioned that Hostplus is still heavily invested in fossil fuels? What are you doing to reduce this?***
- ***Much is debated about ethical and environmentally sustainable investments. To what extent does the Board advocate investment in mediums consistent with this philosophy versus less risky and higher return investments.***
- ***How is Hostplus approaching the energy transition, both for today and into the next 20 to 30 years? Additionally, at what point do you envisage the current positions in traditional providers to be economic suicide to returns and your business?***
- ***Disinvestment from fossil fuel industry.***

Responsible investing forms a key part of our strategy. This year, we formally committed to transition our investment portfolio to Net Zero emissions by 2050.

Climate change is one of the biggest challenges facing the world today. The risks it poses is directly relevant to Hostplus' investment strategy, governance and the management of our investment portfolio on behalf of Hostplus members.

In other words, we have a responsibility to protect our members' retirement savings and deliver the best financial outcomes. So it's important that we take action now to ensure our investment portfolio remains well-positioned as the world adapts to a lower-carbon future.

Investors can reduce carbon emissions from investments in three ways.

1. The easiest path is to divest from carbon intensive companies or assets. But this is essentially virtue signalling, as for every seller there must be a buyer. Divestment therefore simply creates new investment opportunities for other investors who may not share our ambition for net zero. In short, immediate divestment achieves nothing.
2. The hardest path is to engage with carbon intensive companies and asset owners. In doing so, we can influence a company's sustainable business practices while at the same time protect the jobs and communities that rely on it. This goes to the concept of a 'just transition' – doing what we can to assist industries reliant on fossil fuels to access new opportunities and protect vulnerable communities from falling behind. Company engagement is very effective in creating change, and through it, Hostplus has encouraged 20 target companies to Net Zero 2050 goals, and 16 companies to integrate climate change into executive remuneration.
3. The third option, which can accompany the other two, is to proactively invest in technologies that are directed at solving greenhouse gas emissions problems.

Our investment team is working closely with our Board and leadership teams to define and set interim targets and clear deliverables that combine these three paths and assist us in meeting our Net Zero by 2050 commitment.

Already we are quite well-progressed in this area. Although our formal commitment to Net Zero 2050 is recent, we have been managing climate risk for many years.

We have also been actively seeking investment opportunities in climate solutions that aim to support an orderly transition to Net Zero by 2050, with over \$1.4 billion currently invested in clean technology and climate solutions.

Click [here](#) to see some examples that include our investments in Commonwealth Fusion Systems, Terra-Gen, Finerge and Tilt Renewables.

- ***I'm wondering about the level of greenwashing that is occurring at Hostplus presently, I'm concerned that you are only committing to leave fossil fuel investment by 2050. As a shareholder and member, this is unacceptable.***
- ***Will you move out investments from fossil fuel industries? If yes, when will it be?***
- ***When are you moving away from investing in fossil fuels and unethical industries?***
- ***What is Hostplus position on responsible investing. Are there any options that can align with need of some members to invest into ethical funds?***
- ***Does, or will, Hostplus invest in ethical (for example not live animal exports) or "green" companies?***

Firstly we reject the claim that Hostplus is greenwashing. Our sector is heavily regulated, to prevent superannuation funds from partaking in greenwashing activity. We take this responsibility seriously.

Hostplus recognises that climate change represents a significant financial risk to global markets and economies over the long term, so we feel it's important that we take appropriate action now to ensure our investment portfolio remains well positioned as the world adapts to a low carbon future.

Our commitment to net zero portfolio emissions by 2050 does not set any timeframe as to when, or if, we will fully divest from particular companies or sectors, such as fossil fuels.

Decisions around divestment over the medium- and longer-term will be made based on our views on the ability and willingness of companies and sectors to adapt to the transition to a low carbon future. We acknowledge there needs to be a just transition and phase-out of coal, oil and natural gas, but the speed of this transition will depend upon the rate of further technological developments in clean energy and advancements in sectors currently reliant on fossil fuels in the manufacturing process (such as steelmaking). However, it is possible that well before 2050 the portfolio's exposure to fossil fuels will be minimal.

In relation to what would be considered 'unethical' industries, we have a broad and diverse membership across many industries, age groups and cultural backgrounds, so what is considered socially undesirable to some members may be of less concern to others.

We also believe that divestment from a company or sector means losing influence and, if done for non-financial reasons, may impede our ability to deliver the highest possible return to members while assessing and effectively managing all foreseeable risks. The current exception to this is controversial weapons – to comply with Australia's laws, or to satisfy international treaties – the Fund has decided not to invest in companies involved in the development, production, maintenance or sale of controversial weapons (including nuclear weapons).

We also recognise that some members may want to align the investment of their superannuation savings to their personal values, so we endeavour to accommodate these members through specific investment options such as the Socially Responsible Investment (SRI) – Balanced option, and also via the Choiceplus investment option:

- The SRI – Balanced option seeks to exclude particular industries such as fossil fuels, tobacco, gambling and live animal export, as well as companies with poor labour practices. The option also aims to invest in companies and assets providing goods or services that deliver positive social or environmental impact such as renewable energy, clean water and medical solutions.
- The Choiceplus investment option enables members seeking exposure to (or avoidance of) specific companies or industry sectors the flexibility to build a portfolio more aligned to their individual needs. Two new options supporting clean energy and climate solutions were recently added to the list of exchange traded funds (ETFs) available to our members, VanEck Global Clean Energy (CLNE) and BetaShares Climate Change Innovation (ERTH).

More information on these ETFs and our SRI – Balanced option are available on our website:

hostplus.com.au/members/our-products-and-services/investment-options/your-investment-options/pre-mixed-investment-options/socially-responsible-investment-sri-balanced

hostplus.com.au/members/learn-about-super/responsible-investment/hostplus-offers-new-socially-responsible-investment-options

- ***How much of Members' funds, if any are involved in fossil fuels as a percentage & will Hostplus be actively investing in the renewables boom Australia will embark on, such as the SEC renewables Announcement from the Victorian Government?***
- ***To what extent is the current investment portfolio as a whole influenced by the recent trend towards "green" investments?***
- ***Is there viability currently in the market place for "green energy" investing for super funds?***

Exposure to fossil fuels is primarily through our Australian and International equities portfolios. As at 30 June 2022, approximately 2.8% of total FUM, or \$2.6B, is invested in the Energy sector (Coal, Oil and Gas companies). However, a number of these companies, including Santos, Woodside and Ampol have set net zero emissions targets by (or before) 2050.

Hostplus has for many years invested in renewables and other clean energy technology, with over \$1.4 billion now invested in projects supporting a transition to a lower carbon future. These investments include:

- Octopus Australia, a multi-billion dollar renewable energy portfolio that includes the 333MW Darlington Point Solar Farm and the Gippsland Renewable Energy Park, replacing the fossil fuel supply that will be lost when the Yallourn coal fired power station closes.
- Hysata Hydrogen Technology which is creating a path to delivering the world's lowest cost green hydrogen
- Commonwealth Fusion Systems who are developing a new generation of high-temperature superconducting magnets to produce clean, carbon emission-free baseload power.

We will continue to look for further investment opportunities in renewables both in Australia and globally as the industry grows and technology develops.

More information on the above investments and other investments in renewables can be found on our [website](#) and in the latest [Annual Report](#).

More information on SEC renewables has also been answered [here](#).

• **How diversified and inclusive is the employment culture at Hostplus and is there an ESG strategy in place?**

Hostplus is committed to supporting and embracing diversity throughout our organisation and in the wider community. We strive to create an inclusive workplace and culture that respects diversity through our policy and by setting clear targets and measures. For financial year 2022 (FY22) these include:

Area	Specific gender equality targets	Measure	Result
Overall	Employee satisfaction with gender diversity and inclusion	Employee engagement score relating to diversity >70%	65%
Board	To achieve gender balance in consultation with our sponsoring organisations	Maintain a minimum of 40% of each gender represented around the Board table	The Board (including alternate members) has: - Seven males (64%) - Four females (36%)
Recruitment	Increasing gender diversity in recruitment interviews	To have at least one female/male candidate per interview	100%
Retention	Introduction of a formal 'keep in touch' and 'welcome back' program for employees on parental leave	>85% of employees that have returned from parental leave, do not leave within 12 months	94%
Succession planning	Increasing gender diversity on succession plans	From 1 July 2018, minimum of 40% of either gender to make up our future Group Executive Succession plan	Group Executive Succession plan: • 50% female • 50% male
Remuneration	Conduct of regular pay equity reviews (including regular analysis and monitoring)	Review completed annually and recommendations taken to CEO	Review completed Recommendations actioned

To support our ongoing commitment to diversity and inclusion, Hostplus is currently refining our policy and developing a refreshed strategy and new action plan, which will include improved targets and measures and consider other forms of diversity.

• **Is Hostplus developing a strategy towards addressing the United Nations Sustainable Development Goals? Do you care about all aspects of the UNSDGs and not just focus on ESG reporting that is narrowly focused on financial related outcomes?**

While the integration of ESG factors into investment decisions can lead to improved financial outcomes, this can also drive positive environmental and social impact. Hostplus seeks out investment opportunities that contribute to the UN's 17 SDGs, and reports annually on the real-world outcomes of selected investments, highlighting their contribution to specific SDGs.

Pages 34 and 35 of our latest [Annual Report](#) features case studies on a number of our innovative investments including Gilmour Space (satellite technology), SafetyCulture (workplace safety), Hysata (green hydrogen), Campus Living Villages (sustainable student housing) and Gippsland Renewable Energy Park (renewable energy).

In addition, we also offer a Socially Responsible Investment (SRI) - Balanced option which not only seeks to avoid investment in particular industries (such as fossil fuels, tobacco, gambling and live animal export) but also seeks to invest in companies and assets that contribute to the SDGs such as through investment in renewable energy, green buildings, healthcare and medical solutions, clear water and green/social bonds. We report quarterly on the [SDG alignment](#) of our SRI - Balanced option's equity investments compared to the benchmark.

• **Is your net zero commitment for Scope 1, 2 and 3 emissions? I hope Hostplus will interrogate your investments for greenwashing.**

Yes, our commitment to transition our investment portfolio to net zero emissions by 2050 does cover all of scope 1, 2 and 3 emissions.

We will be working closely with our external investment managers to emphasise our expectations that their investment approaches are aligned to this goal, and will be monitoring their progress and activities, particularly around engagement with individual portfolio companies and the reporting of company commitments to net zero 2050.

Hostplus is a member of the Australian Council of Superannuation Investors (ACSI) and also partners with EOS at Federated Hermes (EOS), which conduct ESG research and company engagement on our behalf for Australian and global listed companies respectively.

A priority engagement topic for both ACSI and EOS is climate change, and they each have a set of guidelines to

assess the alignment of company emission reductions plans with a net zero 2050 outcome, as well as adequacy of their disclosures around management of climate risk. This will highlight and identify any deficiencies or misleading statements around company net zero commitments which we can appropriately raise and address via our active engagement with those companies.

- ***I'm interested to hear what Hostplus' ESG targets are? I'd also like to know what percentage of investments are currently contributing towards non regenerative industries, particularly gas & coal, fracking and mining in Australia.***

As at 30 June 2022, around 7% of Fund assets are currently invested in non-regenerative industries in Australia (Energy and Materials sectors in the ASX), however over two thirds of this exposure is in companies that have already made commitments to net zero emissions by 2050.

We have a number of objectives with relation to how ESG is integrated across our investment portfolio, including:

- A commitment to transition the portfolio to net zero emissions by 2050. There will be a range of targets relating to how this long-term goal will be achieved, which will be communicated in our climate action plan in the near future, view more [here](#).
- For our Socially Responsible Investment (SRI) – Balanced option, a contribution to the UN's Sustainable Development Goals (SDGs) to be higher than the benchmark for both the Australian and global equities portfolios (latest quarterly report is [here](#)).
- To be rated at least in line with, or better than, peers in the annual Principles for Responsible Investments (PRI) assessment for our Investment Strategy and Stewardship. For the most recent assessment, Hostplus scored a 4 out of 5-star rating for its Investment and Stewardship Policy (compared to a peer median of 3 out of 5 stars).
- In what way is Hostplus driving renewable and recyclable capacity in the Australian economy. I would value investment into sustainable infrastructure to support the community.

Through our venture capital and infrastructure portfolios, we've invested significantly in clean technology such as solar and wind power, waste-to-energy, battery storage, green hydrogen and fusion power. We recently announced a joint venture with Octopus Australia and the Clean Energy Finance Corporation in relation to the development of the Gippsland Renewable Energy Park,

which will not only provide clean energy to Australia's national electricity grid but also support local communities through creation of hundreds of new jobs.

Some examples of our investment in climate solutions can be found on our website and [Annual Report](#).

The circular economy is another priority engagement area, particularly for our Australian equities portfolio. Through our membership in the Australian Council of Superannuation Investors, we are engaging with large Australian corporations on the issues of recycling, packaging, water efficiency and waste management. A number of investee companies, including Coles, Woolworths and Amcor have joined the Australia, New Zealand and Pacific Islands Plastics Pact (ANZPAC), which has ambitions to eliminate unnecessary plastic, increase plastic recycling and are targeting 100% plastic packaging to be reusable, recyclable or compostable by 2025.

Through our venture capital portfolio, we have invested in Radical Plastics, a US-based company that has patented technology enabling regular plastic to be converted into biodegradable material. More information on this can be found on our [website](#).

- ***Help us understand what you are doing for making sure our funds are invested in an ESG compliant manner.***

There is no universally agreed definition of what ESG investing is or isn't. However, Hostplus is a signatory to the United Nations-supported Principles for Responsible Investment (PRI), the world's leading advocate for responsible investment. The PRI's set of six principles establish a collective international framework for institutional investors to integrate ESG considerations into their investment and active ownership decisions.

As a signatory, we commit to adopt and promote the principles, and are assessed on this annually. Results are published through public transparency results. For the most recent assessment, Hostplus scored a 4 out of 5-star rating for its Investment and Stewardship Policy (compared to a peer median of 3 out of 5 stars).

You can read our [PRI Transparency Report](#) to find further information on the PRI assessment methodology.

In 2022 Hostplus was also announced as an ESG Leader by financial services industry research provider Rainmaker Information, which assesses funds on governance, investment transparency, ESG reporting, investment processes and performance.

• ***I would like to learn more about the socially responsible balanced investments. What are the kinds of companies invested in?***

We offer a Socially Responsible Investment (SRI) – Balanced option which not only seeks to avoid investment in particular industries (such as fossil fuels, tobacco, gambling and live animal export) but also seeks to invest in companies and assets that contribute to the United Nation's Sustainable Development Goals such as through investment in renewable energy, green buildings, healthcare and medical solutions, clear water and green/ social bonds.

The SRI option invests across a range of asset classes so will include listed and unlisted companies. Some examples include Octopus (renewables), Hysata (green hydrogen), Gilmour Space (satellite technology), SafetyCulture (workplace safety applications) and Campus Living Villages (sustainable student housing). Each of these companies are featured in our latest [Annual Report](#) on pages 34–35.

More detailed information about the SRI - Balanced option can be found [here](#).

• ***How is the Board addressing its obligations for risk management and uncertainty, particularly climate change impacts on investments and the need to contribute to the achievement of Net Zero emissions by 2050?***

Our members' best financial interests are at the core of our investment decisions. Our view for some time has been that ESG factors may present a material impact and risk on your investment returns, and they are therefore taken into consideration when making investment decisions in order to protect your retirement savings.

Certainly, some specific ESG issues are of growing significance, particularly climate change and modern slavery, and we engage regularly with our external investment managers to ensure we understand how these risks are being identified and managed.

In addition to this, the increasing commitment by organisations to Net Zero 2050 presents a range of investment opportunities to help grow our members retirement savings. We have been investing in climate solutions and green technology for many years through our infrastructure and venture capital portfolios.

More information on Hostplus investments in renewables can be found on our website and in the latest [Annual Report](#).

We expect these investments to increase over time as we play our role in supporting a global transition away from fossil fuels.

When it comes to environmental impacts, the Hostplus Board has ultimate responsibility for oversight of our investment decisions, including management of the financial risks due to climate change.

• ***How will Sam and Con work to ensure that our investments take account of climate change risks, global geopolitical disruption and inflationary pressures?***

From an investment point of view we adhere to broad diversification, both across, and within, asset classes. We believe this diversification provides the best protection towards the geopolitical issues that arise from time to time.

We are patient investors, meaning we run long-term investments. We are also underweight in bonds - we didn't believe the yield on government related bonds would continue to derive long term returns, and we've benefitted from that.

Please see further information on climate change [here](#).

• ***So proud about what you are doing on the "path to net zero". As a big fund we have so much power and it is fantastic that we are using it - well done. Let's get bolder than 2050 though!***

Thank you for your feedback. Our net zero target 2050 is a starting point but will be regularly reviewed based on the rate and level of commitments globally. We do agree that significant reductions in emissions intensity are required by 2030, and for some companies and industries, net zero potentially may be achieved well before 2050.

However, we need to recognise that some industry sectors will take longer to transition, particularly those where low-carbon technology or alternatives do not yet exist or are not cost-effective at-scale, such as cement production.

The relative difficulty in transitioning that some sectors will face needs to be accommodated if we are to maintain a diversified portfolio and support a 'just transition', which seeks to ensure that the benefits of moving to a low carbon economy are shared widely and those who stand to lose economically are assisted.

We look forward to sharing more details of our climate action plan with you in the near future.

- ***I would like to know what the future investment plan is looking like, I have heard that investment in Santos has increased but would like investments in renewable energy and environmentally sustainable areas to increase, these are needed!***

The value and/or relative weighting of our holdings in particular listed companies may fluctuate with equity market movements and individual company performance, as well as with investment decisions made by our external investment managers. Additionally, the value of our investments across particular asset classes (and individual assets/companies within them) will grow over time, consistent with the growth of the Fund.

If you are referring to the Market Forces report regarding Santos, it is simplistic in its inference as it fails to recognise the fact that Hostplus' increased stake in Santos came about due to the merger between Hostplus and Statewide Super.

Also overlooked in the Market Forces report, are the expansive investments Hostplus has made in climate change and renewable related projects that employ Australians and support local communities. Our full statement in response to the Market Forces report can be found [here](#).

Hostplus has for many years invested in renewables and other clean energy technology, with over \$1.4 billion now invested in projects supporting a transition to a lower carbon future. These investments include:

- Octopus Australia, a multi-billion-dollar renewable energy portfolio that includes the 333MW Darlington Point Solar Farm and the Gippsland Renewable Energy Park, replacing the fossil fuel supply that will be lost when the Yallourn coal fired power station closes.
- Hysata Hydrogen Technology which is creating a path to delivering the world's lowest cost green hydrogen
- Commonwealth Fusion Systems who are developing a new generation of high-temperature superconducting magnets to produce clean, carbon emission-free baseload power.

We will continue to look for further investment opportunities in renewables both in Australia and globally as the industry grows and technology develops.

More information on the above investments and other investments in renewables can be found on our website and in the latest [Annual Report](#).

- ***Why are we not investing in mining or oil, gas and coal. I want my money invested where it will make the most profit. Not where the woke tell us.***

Our members' best financial interests are at the core of our investment decisions. We choose ALL investments based their potential to provide the best long-term returns over a range of market conditions.

We already have investments in mining, oil and gas. Our view for some time, however, has been that ESG factors may have a material impact and risk on your investment returns, and they are therefore taken into consideration when making investment decisions in order to protect your investments.

Certainly some specific ESG issues are of growing significance, particularly climate change and modern slavery, and we engage regularly with our external investment managers to ensure we understand how these risks are being identified and managed.

In addition to this, the increasing commitment by organisations to Net Zero 2050 presents a range of investment opportunities to help grow our members retirement savings. We have been investing in climate solutions and green technology for many years through our infrastructure and venture capital portfolios.

More information on the above investments and other investments in renewables can be found on our website and in the latest [Annual Report](#).

We expect these investments to increase over time as we play our role in supporting a global transition away from fossil fuels.

- ***How are you considering the opportunities of circular economy? Especially given, the 21 Oct 2022 meeting with all Environmental Ministers in Australia, where they agreed to work with private sector to achieve a circular economy by 2030?***

The circular economy is another priority engagement area, particularly for our Australian equities portfolio. Through our membership in the Australian Council of Superannuation Investors, we are engaging with large Australian corporations on the issues of recycling, packaging, water efficiency and waste management.

A number of investee companies, including Coles, Woolworths and Amcor have joined the Australia, New Zealand and Pacific Islands Plastics Pact (ANZPAC), which has ambitions to eliminate unnecessary plastic, increase plastic recycling and are targeting 100% plastic packaging to be reusable, recyclable or compostable by 2025.

Through our venture capital portfolio, we have invested in Radical Plastics, a US-based company that has patented technology enabling regular plastic to be converted into biodegradable material. More information on this can be found on our [website](#).

Expenditure - Marketing

- ***Why does it cost so much in marketing?***
- ***What is Hostplus' yearly total amount for all advertising in relation of members contribution in dollars and percentage?***
- ***I am concerned about the amount of money spent on sponsorship. Can Hostplus please advise the benefit of their sponsorship spend?***
- ***What steps are Hostplus planning to make in order to reduce its \$24.5 million expenditure on advertising and marketing in the year ahead. This appears to be a large amount considering the current economic situation.***
- ***It seems Hostplus spends a disproportionately high amount on sponsorships. Can Hostplus focus available funds more on member services?***
- ***Can Hostplus redirect spend on sponsorships to reduce fees?***
- ***How is the annual marketing communications funded and how are the related activities prioritised?***
- ***Why do you spend so much on promotion, marketing and sponsorship? And how does this benefit the members?***

Our strategic objectives recognise the impact that growth and scale can create to benefit our members. One of the most effective ways to optimise members' financial outcomes is to grow the Fund. As a larger fund, we can access greater investment opportunities that aren't generally available to small funds. And with this greater scale comes greater capacity to enhance and re-invest in the products, services and capabilities that help you achieve your retirement goals.

But building scale is not short of its challenges.

The superannuation industry has become a very competitive marketplace. That's why Hostplus, and other peer industry funds, invest in marketing and brand-building activity. Having and maintaining a strong and favourable brand presence helps us retain and attract members. We operate in a highly concentrated and competitive market, and Australians are rightfully encouraged to actively choose their preferred super fund.

We therefore feel it's very important, and in members' best financial interests, that Hostplus' strong long-term performance and low fee model is front of mind when Australians make the very important decision of choosing a super fund. If people don't know we exist, or about the benefits we offer, they are less likely to join our fund, and we won't be able to realise the benefits that scale can deliver to our members.

Reduced spending on marketing (including sponsorships) relative to competitors has the very real potential to diminish growth and our scale.

This year you would have seen additional information in your Annual Member Meeting notice invitation, relating to expenditure in certain categories.

Marketing expenses were included within that information – and you will see that we reported \$24,473,017 for marketing, promotion and sponsorship.

All of the Fund's operational costs, including marketing and sponsorship expenses, are met by the member admin fee. The expenditure does not come from the Fund's investment returns which are paid to members' accounts.

Hostplus places great importance on ensuring that all its activities, including in relation to the Fund's marketing strategies and expenditure, occurs in the best financial interests of its members and for the purpose of improving members' retirement outcomes.

In seeking to ensure we attain maximum returns on our marketing investment, we use sophisticated data, modelling, and marketing science to create robust business cases for every marketing dollar spent. We then test the results against our expected returns, to ensure that every dollar we spend is contributing to new member growth and increasing scale.

The marketing strategies we have undertaken have, based on our objective assessments, contributed to the strong growth in member and FUM numbers (beyond merger growth) we have achieved in recent years.

In essence, this growth allows us to realise benefits which are passed directly onto our members in the form of low fees, multi-awarded products and market-leading investment outcomes.

Expenditure – operating expenses

- ***Where do you disclose the details of the costs of operating?***
- ***Where do my fees go?***
- ***What are the salaries paid to Executives and Directors?***
- ***ASX-listed entities disclose this, so where do you disclose this? Transparency is ideal.***

The costs of operating are disclosed as administration expenses within our audited **Financial Statements** available on the website. The full details of these costs for the year ended 30 June 2022 are outlined within note 7 of the Financial Statements, which include expenses for fund administration, staff, marketing, advertising & sponsorship, office expenditure, depreciation & amortisation and trustee services fees.

Details of the remuneration paid to our Board directors and leadership team are available publicly on **our website**.

Hostplus is a profit-to-member Fund proudly run to benefit our members; administration fees are used to fund administration expenses.

We aim to remunerate fairly and equitably, and in a manner which is consistent with the best financial interests of members.

Our remuneration frameworks at Hostplus are designed to incentivise and reward superior performance and long-term commitment to Hostplus, which in turn results in improved financial outcomes for members.

The CEO and Executive team salaries are benchmarked by an independent remuneration specialist who reports to the People, Performance and Culture Committee, a subcommittee of the Board.

We believe and act upon the fundamental principle that our remuneration structures should facilitate the delivery of superior long-term investment returns to our members.

As a result, Hostplus remuneration structures includes systems to reflect the markets the Fund operates in, as well as measures to attract, retain, motivate and align the talents we need to achieve our member goals, whilst reinforcing leadership, accountability, teamwork and innovation. Consistent with that objective, when reviewing salaries for the CEO and CIO, Hostplus has regard to both general and specific market factors and considerations relating to the financial services and superannuation sector.

- ***How come the CEO & the management team is getting salary hike when all the super fund holder is losing big money? You guys are having a feast on our money and when we ask it's always the copybook answer - because of market volatility.***

Firstly it's important to note the Hostplus Balanced MySuper option, where 84% of our members reside, returned 1.57% for the FY22.¹² We therefore feel your claim that "all super fund holder is losing big money" is not accurate.

In relation to your question on CEO and management Salary increases, the CEO and Executive team salaries are benchmarked by an independent remuneration specialist who reports to the People, Performance and Culture Committee, a subcommittee of the Board.

We believe and act upon the fundamental principle that our remuneration structures should facilitate the delivery of superior long-term investment returns to our members. Against this measure of long term returns, Hostplus' Balanced option where 84% of members have their investments, is ranked number 1 over 7, 10, 15 and 20 years.¹³

As a result, Hostplus remuneration structures includes systems to reflect the markets the Fund operates in, as well as measures to attract, retain, motivate and align the talents we need to achieve our member goals, whilst reinforcing leadership, accountability, teamwork and innovation.

Consistent with that objective, when reviewing salaries for the CEO and the Executive team, Hostplus has regard to both general and specific market factors and considerations relating to the financial services and superannuation sector.

- ***Please disclose any bonuses paid in relation to the merger of Statewide Super into Hostplus.***

No bonuses were paid by Hostplus to staff in direct relation to the Statewide Super merger, or any other merger.

12. See footnote 1

13. Source: SR50 Balanced (60–76) Index, October 2022

Expenditure – donations

- ***What are your criteria for donations to political parties? Do you report how much and to which political parties you donate to?***
- ***Are you donating to political parties?***
- ***Hostplus does not make donations to political parties.***
- ***Hostplus has several staff /officials connected to the Gaming Industry and United Workers Union, National Union of Workers. Does Hostplus give donations or support these entities on any way?***

The Hostplus Board does not make political donations or support individual political parties.

The Australian Hoteliers Association and the United Workers Union are shareholders of the Trustee.

Accordingly, the Trustee Board comprises three employer representative directors, nominated by the Australian Hotels Association (AHA) and three employee representative directors, nominated by United Workers Union, as well as three independent directors jointly selected by the AHA and United Workers Union (UWU). Our Board is chaired by one of Hostplus' independent directors.

Any commercial or sponsorship contracts with these parties, or any other, external organisation go through a rigorous process that includes the development of a business case to ensure that every dollar spent is contributing to new member growth and increasing scale of the fund and monitored and audited on at least an annual basis.

All spending related to this query is included in the Annual Member Meeting invitations in a short form, and is available in long form [here](#).

Fees

- **Given the increasing number of clients through mergers and partnerships, do you anticipate being able to reduce management costs to existing members?**
- **Does Hostplus plan to be more competitive with fees?**
- **Does the fund anticipate administration and insurance fees increasing?**

Hostplus' administration fee is very competitive one of the lowest out of any MySuper product.¹⁴

Hostplus also boasts one of the lowest investment fees in the industry with the Hostplus Indexed Balanced option. Click [here](#) to find out more.

Fees are only one factor to be considered when it comes to retirement outcomes. Another factor that will impact your account balance is the returns you earn on your investments.

These two elements, fees and returns, come together to create net benefit, which is the investment return you receive on your savings after all fees and taxes have been taken out.

Hostplus was recently awarded SuperRatings Net Benefit Award for 2023¹⁵, in recognition of the significant net benefit that we deliver to our members over the short, medium and long term.

Whilst past performance is not an indicator of future performance, according to SuperRatings, a Hostplus member in our default Balanced option was \$44,000 better off than the average of all default super fund members over the last 15 years.¹⁶

- **Everything seems to be increasing in cost and predicted to keep increasing for many more years. Any chance of increasing the fee free tier?**

Hostplus' admin fee is one of the lowest in market, at \$1.50 per week plus 0.0165% of your account balance. We're proud to have one of the lowest administration fees of any MySuper product¹⁷ in Australia.

For account balances less than \$6,000 as at 30 June, the government has legislated to cap certain administration fees and costs to 3% of the account balance.

As a profit-to-member fund we have no immediate plans to change the fee structure as that may mean increased fees to the broader membership.

- **Can Hostplus please make it easier for members to calculate or find the fees associated with their choice of super product please?**

Hostplus fees can be found [here](#).

We're committed to make information as easy as possible for members to understand, and aim to make the fee structure as simple as possible while still aligning with the ASIC Regulatory Guidance 97 which outlines which and how fees should be disclosed. You can find out more about this [here](#).

Our service team or one of our financial advisers would also be happy to explain our choice product fees. You can contact our team through your preferred channel [here](#).

14. Source: Based on SuperRatings fee data for public offer MySuper products extracted from SMART platform on 11/10/2022. Comparison is based on the total administration fees assuming a \$50k account balance. Our accumulation members pay \$78 per year, plus an asset-based fee of 0.0165%. A further \$32.24 p.a. per member was deducted from the Fund's Administration Reserve for the year (not from members' accounts). Our pension members pay \$234 per year, plus an asset-based fee of 0.0165%. A further \$49.22 p.a. per member was deducted from the Fund's Administration Reserve for the year (not from members' accounts).

15. See footnote 3

16. Source: SuperRatings Net Benefit data as of 30 June 2022. This analysis compares the Hostplus Balanced (MySuper) option with the Industry Fund Average and the average of all Balanced options out of all super funds in Australia. It shows average differences in net benefit of Hostplus' Balanced (MySuper) investment option and the main balanced options of all super funds and Industry funds tracked by SuperRatings. It assumes employer contributions on a starting annual salary of \$50,000 and a \$50,000 starting balance and takes into account historical investment earnings (after administration and investment fees and taxes). Contribution fees, additional adviser fees or any other fees charged are excluded from this model. Outcomes may vary between individual funds. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

17. Source: Based on SuperRatings fee data for public offer MySuper products extracted from SMART platform on 11/10/2022. Comparison is based on the total administration fees assuming a \$50k account balance. Our accumulation members pay \$78 per year, plus an asset-based fee of 0.0165%. A further \$32.24 p.a. per member was deducted from the Fund's Administration Reserve for the year (not from members' accounts). Our pension members pay \$234 per year, plus an asset-based fee of 0.0165%. A further \$49.22 p.a. per member was deducted from the Fund's Administration Reserve for the year (not from members' accounts).

- ***I can see there is administration fees, TPD insurance, death insurance fees been deducted regularly. Please explain why?***

Under law, a minimum level of Death and Total and Permanent Disablement (TPD) insurance must be provided to members invested in the MySuper option. Exceptions¹⁸ to this are:

- people under 25 (unless you work in a dangerous occupation)
- people with superannuation account balances less than \$6,000
- People who opt-out of insurance.

In addition, if your superannuation account has not received any contributions for 16 months, we must cancel your insurance cover¹⁹. We will contact you before we cancel your cover.

You can find out more about how to opt out, cancel or adjust your insurance [here](#).

18. Treasury Laws Amendment (Putting Members' Interests First) Act 2019 (PMIF)

19. Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019 (the PYSP) changes to superannuation came into effect on 1 July, resulting in the cancellation of insurance cover in a member's account that has not received any type of contribution for 16 months or more, unless the member makes a written election to keep their insurance.

General benefits

- ***What separates Hostplus from every other superannuation fund out there? What is Hostplus doing differently? Why should others join?***
- ***What makes Hostplus better than other superannuation companies for the consumer to trust and save their superannuation? This might be someone's lifetime savings in preparation for their retirement.***
- ***In comparison with other superannuation companies, there is more return and more products available for members i mean some discounts on some certain things.***
- ***What are some of the benefits of being a Hostplus member? I've been a member since 2018.***

To put it simply, our members come first – always. Hostplus is incredibly proud to be one of Australia's largest and oldest industry super funds. As an industry fund, we're run only to benefit you – our members.

On the measure of delivering superior net benefit we have performed strongly over all time periods. Hostplus has delivered top-performing net returns to members over the long-term. Over 10 and 20 years, our Balanced option is also ranked by SuperRatings as the industry's number one option – that's using the most recent available data.

According to SuperRatings, a Hostplus member in our default Balanced option was \$30,000 better off than the average default not-for-profit super member, and almost \$45,000 better off than the average of all other default super fund members over the past 15 years.²⁰

Over the same time period, Hostplus ranks number one for net benefit out of the 10 biggest industry super funds by funds under management.²¹

This exceptional result was also recognised by SuperRatings when, in addition to the 2023 Fund of the Year award, we also received their Net Benefit Award.²² This is a really meaningful recognition of the true benefit you, our members, receive.

20. See footnote 4

21. See footnote 3

22. See footnote 3

While not rely on these awards as a basis for future performance, it's something we're extremely proud of.

As a reflection of our performance on this growth measure, Hostplus also received the SuperRatings 2023 – My Choice Super of the Year Award.²³ This award recognises the growth the Fund has achieved from members outside our traditional industries of hospitality and tourism. It's a reflection that around a quarter of our 1.6 million members have made an active choice to join us – with a 20% increase in this cohort just this year.

And whilst we're proud of our achievements, one of our team values is "Keep it real". We are not arrogant enough to think we are perfect and recognise there is more we have to do to maintain and improve our quality of service delivery, enhance our technology to deliver frictionless service and continue to innovate and expand the investment opportunities that help protect and grow your retirement savings while keeping costs low.

• ***What can members be expecting after this AGM going into the future, why tax?***

In answering the part of the question relating to tax, concessional contributions (before-tax) are taxed at 15%. Types of before-tax contributions include: employer contributions, such as compulsory employer contributions and salary sacrifice payments made to your super fund. contributions that you are allowed as an income tax deduction. This is legislated by the Federal government and further detail on how superannuation is taxed is in Section 7 of the [Member Guide](#).

In relation to the question about what members can expect going into the future, Hostplus will have a continued focus on our members and optimising net benefit outcomes. We will also continue investing in technology and services and we are looking at expanding our service offerings and products for members post retirement.

• ***I'm interested to get the perspective on the app. Increasingly in financial services, apps are the way a lot of members and customers engage with financial services companies (with their banks, insurers, etc). How do you feel the Hostplus app stands right now against other peers in the market and its potential for the future?***

We launched the app in September 2020. It has, basic, fundamental, transactional capability. It gives you your account balance, it tells you your contributions, you can pull down statements. There's a range of other functions available, including contacting and engaging with us. Most of the superior apps largely emanate from the banking industry. So trying to embed additional transactional capability, which largely mimics every single interaction that members have with us, is ostensibly the goal.

We have a program of works including re-platforming where our app is currently hosted to give us greater capability to add that enhanced functionality. You've probably already seen new enhancements progressively being introduced. The expectation is that you will get to see a lot more of that, including things such as the capability and capacity to make investment switches.

23. See footnote 3

Insurance

- ***Is the Board comfortable with the current insurance offerings and confident that it offers value for money to members? Is there any risk of past and present insurance being liable to claims of “junk insurance”?***

Mandatory insurance

In line with our Insurance Management Framework, Hostplus, with the support of external consultants, regularly reviews its insurance offering to ensure that members who are eligible receive value from the insurance offered.

Our insurance options are designed to provide a balance between quality and cost for our members. The most recent analysis of our insurance affordability, completed in July 2020, identified that the cost of default insurance premiums remained under 1% of salary for our members.

Hostplus has maintained the current default Death and Total and Permanent Disablement insurance premiums since 2015 for members in the Superannuation and Personal Super divisions, and we have successfully obtained a guarantee from our insurer, MetLife, that the insurance premiums for default coverage will be maintained through to early 2024.

In line with Putting Members' Interests First legislation introduced on 1 April 2020, members who are eligible will only receive automatic (default) Death and TPD insurance once they're 25 years or older and have at least \$6,000 in their Hostplus account and receives employer contributions.

This minimises the erosive impacts that insurance premiums can have on low account balances during the early part of a member's working life. Members can opt-in to automatic cover, even if they don't meet these criteria. They can also apply to change their Death and TPD cover or apply for Income Protection if they believe the default arrangements do not suit their requirements or other personal circumstances.

The Fund has a thorough process to review all declined claims to ensure that the members have been fairly assessed against the policy terms and conditions. This process has supported Death and TPD claim acceptance rates of over 90%, performing in line with or above the APRA published industry averages.²⁴

In the past financial year alone, more than \$38 million was paid in Death claims to 386 beneficiaries, more than \$17 million was paid in Terminal Illness claims to 132 members and more than \$93 million was paid to 765 members for Total and Permanent Disability.²⁵

We are not aware of any Hostplus insurance arrangements that could be considered junk insurance.

Some members are provided automatic default Death and TPD insurance cover when they have met the insurance eligibility criteria. This insurance is unitised meaning you receive a set number of units based on your age. The level of cover changes based on your age. This may explain why your levels of cover are different.

Details of the amount of Death and TPD insurance cover automatically provided can be found in section 8 of the Product Disclosure Statement (PDS) available [here](#).

24. Source: MetLife and APRA Life insurance claims and disputes statistics June 2022

25. Source: Lump sum insurance benefits paid by MetLife and Zurich/OnePath to Hostplus members to 30 June 2022

Investment strategy

- *What is your investment team's view of equity markets in next 12 months - will earnings be materially impacted or have we reached the bottom?*
- *With the instability in global markets, rising inflation and implication of war, what is the prospect for our ROI in the medium term?*
- *What's the next 12-month outlook for the fund compared to the last 24 months' performance?*
- *What is the anticipated economic outlook for the next 12-36 months and what will this likely mean for the performance of Hostplus funds?*
- *Given the current market environment, what sectors are you positioning into more?*
- *What measures have been taken to maximize the return on our superannuation?*
- *Currently we are experiencing some challenges with high, increasing interest rates and some other economical sufferings. What are Hostplus' plans to invest to secure the best of interests of super fund income and why?*
- *Is the 2023- 2024 FY, a positive or negative outlook for super funds in general?*
- *How can Hostplus' investment portfolios avoid financial crisis if there is going to be one next year?*
- *What is the future investment plan and expected return rate?*
- *What do you think is a good next step for the company under the current financial climate?*
- *How will you position investment options (I'm with Socially Responsible) to be more defensive over the next 2 years or so?*
- *What changes have Hostplus made to the balanced fund investment strategy to deal with the impacts of inflation?*
- *What exactly can be expected as returns on the super amount in the next 48 months?*
- *What are the future investment plans?*
- *With ongoing challenges facing the most astute and conservative investors, what long term confidence can you provide that Hostplus is the fund to back during the period of extended economic discourse?*
- *How are you managing assets and returns considering returns?*
- *What investment strategy is recommended with advice to members when there is a "bear" Australian or other international share markets?*
- *What is the recommended investment strategy that the fund managers will adopt for members in a bear stock market, that is when the market index such as the All Ordinaries is declining.*
- *How do you plan to protect us from keep losing our money?*
- *What is Management's outline for continued growth of returns to Members' funds over the next 5 years with the current storms on the horizon?*
- *Why are my investment returns are in negative for the previous and current year?*
- *How will we maximise our profits for members in this climate?*
- *Why did I get a negative income for the last 12 months?*
- *To what extent are members protected from the adverse effects of higher interest rates?*
- *How has the recent change in Federal government affected the stability of returns?*
- *What is the new trend in super investment? With so much negative returns on the rise, is it safer to keep the investment strategy at low risk low return until things get better?*
- *The Hostplus portfolio performance has been poor in calendar year 2022. What is the strategy to improve portfolio returns in this developing economic climate?*
- *With such poor results recently, how do you plan to recover those losses?*
- *What's your advice on our investments for the near future?*

- ***I am questioning on the duration of the financial percentages used in your industry. I haven't noticed great changes in years and this has suited me to the best of my ability. As my superannuation had been looked after.***
- ***Why has our super money decreased during the Covid times and even now? How can you recover money back for us?***
- ***Why are we getting negative returns consistently. Why hasn't Hostplus suggested anything to curtail that?***
- ***When do you envision an improvement in returns, and what is Hostplus doing to make this happen?***
- ***Over the last 12 months, my super investment returns were -\$3,700. Should I be concerned about the stability of my super?***
- ***What are the factors owing to the recent negative growth? What strategies are being put in place to mitigate the evident slump in the market going forward.***
- ***With such difficult times worldwide, war climate change, record floods, fires, famine, political instability and recession, I am wondering if you see any bright spots coming for our super returns?***
- ***How are Hostplus' asset allocations impacted by the current rising interest rate environment?***
- ***Why is my balance depleting instead of growing?***
- ***In a market downturn is it more advantageous to leave our super in 100% indexed balanced watching our balance plummet because more shares will be purchased in companies at a cheaper price, so during the recovery, our balance will be magnified?***
- ***Is 1.57% a real rate of return for financial year, considering the rate of inflation?***
- ***How does Hostplus plan on navigating the next 2 years of turbulent market activity and how do you plan on your members making a profit?***
- ***What is the prognosis for investment markets over the next 5 years and 10 years?***

First and foremost, we want to reinforce that super is a long-term investment, and every investment decision we make is based on that foundation.

This is especially the case in Hostplus – with an average member in their mid-30s, most of our members have at least a 20-year horizon before retirement – which means we can invest with this timeframe in mind. We never think short term, which is why changes in inflation for example, don't greatly influence our investment decisions.

Global share markets have seen many ups and downs over the past 25 years, rising and falling due to a range of different factors.

For more than a decade, we have experienced low interest rates and supportive monetary policies from central banks globally, and this has boosted the markets. Significant government spending during the pandemic has also provided a "sugar hit".

More recently, concerns about interest rates and inflation, along with the ongoing disruption due to Omicron and Russia invading Ukraine, has led to falls in the markets.

Let's look at inflation first.

Inflation jumped from 3.5% in December 2021, to 6.1% in June 2022, and 7.3% by end-September 2022 and recently increased again. In response, central banks across the world are raising interest rates, hoping to control inflation. And investors are worried that central banks will begin to increase interest rates too aggressively.

However, there are reasons to believe that inflation is peaking. When the current issues that are affecting prices start to level out, we believe central banks will start to reverse recent decisions and return to low interest rates.

In the short term, it's likely volatility will continue throughout the current financial year.

However, rising inflation is not the only thing impacting markets right now. Elevated energy prices (partially influenced by sanctions imposed on Russia) are driving share markets lower and COVID-19 continues to have an adverse impact on supply.

We don't know how long this current period of volatility will last. Nobody does. What we can say with absolute certainty is that there will be downturns in the future – some serious, some not. Our job, as your superannuation investment manager, is to invest in a way that aims to balance those risks with the expected returns available across different types of assets.

History tells us that markets will correct themselves over the long term – through panics, pandemics, wars, depressions, and recessions.

Think of the global stock market crash of 1987, the tech bubble of 2000 or the global financial crisis of 2008. Those falls were much more severe. But the important point is that the markets recovered each time.

Hostplus has plans and strategies which aim to handle volatile markets. Our investment strategies are heavily diversified and were developed knowing there will be fluctuations.

The purpose of our investment diversification is to act as a buffer to falls in market segments. Our solid cash flow has enabled us to invest across a range of alternative assets with the aim of continuing to drive positive medium- to long-term returns during volatility in the share markets.

For example, the revenue from many of our infrastructure and property investments is linked to inflation. So, when inflation goes up, as it has done quite significantly recently, that's a good thing for those investments.

In addition, we have a lower exposure to share markets than most of our super fund peers, and we have benefitted from having little exposure to fixed interest. As both share markets and fixed interest markets have declined this year, that decision helped drive some of our returns, relative to other funds.

Hostplus' Balanced investment option returned 1.57% for the financial year to 30 June 2022.²⁶ Only a small number of funds achieved a positive return for the year. And, whilst obviously not an indicator of future returns, over the long-term, our Balanced option continued to be a top-performer, ranking number 1 over 7, 10, 15 and 20 years using the most recent available data available [here](#).²⁷

For those members asking about negative returns on their account, there could be several reasons behind that, depending on which investment option you're in. While our balanced option delivered a positive return for the 12 months to 30 June, our Indexed Balanced option did not. This is partly because it's passively managed and aims to mirror the performance of the wider market. When markets are performing well, the option will reflect this. When they are not, it will reflect that too.

We have a range of investment options to suit a range of risk appetites and personal values. You can compare all our investment options, including the breakdown between growth and defensive assets [here](#). Your personal circumstances need to be considered and we encourage members to a specialist financial planner.

- **Are 'risk-on' portfolios such as Shares Plus likely to have the strongest recovery once the economy rebounds?**
- **Short prospects for Australian shares?**
- **What is your view about the world economy and financial markets going forward?**

All other things being equal, we expect higher risk options like Shares Plus to do very well in that environment.

We do not believe in trying to time the market with respect to short term movements in Australian shares.

Our investment strategy remains the same. We're committed to embracing diversification across all the asset classes and providing long-term patient capital towards investments that will achieve long-term returns. In this environment, we continue to find attractive areas for investing patient capital like private credit, private equities, infrastructure and specialist unlisted property.

- **Could Hostplus consider investment options for funds such as precious/electric vehicle battery metals, gold, silver, energy (oil, gas, uranium, etc)?**

Hostplus already invests in mining and energy companies through our Australian and International shares portfolios.

Our Choiceplus option also enables members direct investment into companies in the S&P/ASX 300 Index and ETFs covering developed, emerging and commodity markets. This flexibility allows members to tailor an investment portfolio to better suit their needs if they are looking for increased exposure to specific sectors.

- **How will the property assets perform over the next few years?**

Property investments come in many forms, including but not limited to, investment across commercial, residential, retail and industrial sectors. While we don't have a crystal ball and past performance is not an indicator of future performance, as at 30 September 2022 the domestic unlisted property sector delivered a 10 year return of 8.75% p.a. (net of fees, pre-tax, source: MSCI/Mercer Australia Core Wholesale Property Fund Index), while our property option returned 8.85% for the same time period (net of fees post tax).

The primary objective of Hostplus' property investments is to deliver stable income and moderate capital growth over the long term.

26. See footnote 1

27. See footnote 13

- **Can you please comment on the 1970s study "Limits to Growth" and existing capitalistic society cannot be sustained and the economy as we know it will cease in 2050? Previous global growth cannot continue forever.**

Recent innovations – applicable to both digital technology and biotechnology – mean that we are finding more efficient ways of doing things, therefore requiring less resourcing. We believe this innovation and entrepreneurship, into which we have invested heavily via our infrastructure and venture capital portfolios, will be key drivers.

As investors, we want to ensure a 'just transition' to net zero emissions by 2050. We believe this will reduce reliance on existing resources, while the new green revolution will continue to enable economies to grow.

- **Will you have more overseas investment options available in future?**

All of our pre-mixed options have international shares exposure, for further information, please click [here](#). We also have several sector investment options entirely dedicated to International shares, which you can find [here](#).

- **Have there been any changes to the external investment managers used?**
- **Is Hostplus making plans to bring more investment management in-house?**
- **Has the Board actively considered bringing most of the investment management of our assets in-house rather than through external managers? If not why not given the potential savings to members?**

We are constantly reviewing our external asset managers and we continue to invest with new managers or new strategies across all the asset classes. For example, we've added new managers in specialist property, renewable infrastructure, and credit.

We've also maintained and continued to invest in venture capital and deep technology that we believe will provide good opportunity to optimise member investment returns.

The large majority of investments are externally managed. We do have some co-investments, but they are still managed by external investors. This approach has served us well for a long time as it gives us the capacity to tap into and access the best investment minds and opportunities globally. Whilst not an indicator of future performance, our strong long-term returns history demonstrates the merit in this approach.

As we build and forecast further scale in FUM, we always apply due consideration to this question and are always modelling where it makes sense to internalise. But, at this stage we are happy with our current approach.

- **Should we be investing in more precious metals, rather than shares?**

We already have good precious metals exposure via Australian shares including rare earths. This is all part of having a diversified investment portfolio consisting of a range of asset class exposures.

Some examples of our investments in precious metals include Newcrest Mining and Northern Star Resources.

- **Any plans to add more passive fund options to our investment choices?**

At this time, we have no plans to add more passive fund options, however we periodically review the investment choice options available to members and SMI Investors. As part of doing that we consider the optimal mix of active and passive strategies, asset classes and underlying asset managers, mandates and securities that make up and support our investment options and their strategies and objectives.

We also routinely review and add to our direct investment option's (Choiceplus) Approved Product List, which includes exchange traded funds, which in many cases includes passive options. We also already have five passively managed indexed options available.

- **What is your biggest piece of advice for young entrepreneurs?**

We are unable to offer entrepreneurial specific advice, we specialise in superannuation and retirement. We would suggest you speak to an accountant or business coach.

Inflation

- **How will we address the impacts of the Reserve Bank of Australia?**
- **How does your investment strategy change in a high inflation and low AUD environment?**
- **How is Hostplus trying to tackle inflation for its super funds?**
- **Is Hostplus focusing on investments that are suitable for a high inflationary environment? How are they doing this? And how are they adjusting their index/balanced funds?**

Inflation jumped from 3.5% in December 2021, to 6.1% in June 2022, and 7.3% by end-September 2022. In response, central banks across the world are raising interest rates, hoping to control inflation. And investors are worried that central banks will begin to increase interest rates too aggressively.

However, there are reasons to believe that inflation is peaking. When the current issues that are affecting prices start to level out, we believe central banks will start to reverse recent decisions and return to low interest rates.

In the short term, it's likely volatility will continue throughout the current financial year.

The markets have already reflected the changing nature of inflation and interest rates.

We believe the war in Ukraine and the post Covid environment has manufactured most of the inflation that we're currently experiencing. While we don't know when the war or COVID will end, we know that they will.

Long-term drivers such as innovation and technology will also continue to act as a brake on inflation. As bond yield rise and equities fall, we expect the indexed fund to provide higher expected returns due to the recent falls in prices.

That aside, we are long term investors, with a strategy which, whilst continually monitored, has to date demonstrated it can weather the varied inflationary environments, and during both bull and bear markets.

Our MySuper Balanced option is actively managed. We actively manage our highly diversified portfolio, aiming to offer protection from market volatility, smoothing results over the long term. We have chosen assets such as property, infrastructure and credit that are designed to perform well during times of inflation, as well as energy and commodities companies.

For example, the revenue from many of our infrastructure and property investments is linked to inflation. So, when inflation goes up, as it has done quite significantly recently, that's a good thing for those investments.

In contrast, our Indexed Balanced option is passively managed and designed to follow market index returns. Because it is a passive portfolio, there's no adjustment required for our Indexed Balanced option; this is also why its investment fees are low. The Indexed Balanced option is an option with a long term horizon and we believe that over the medium to long-term inflation will moderate.

Finally, an area that we are very keen on is in the innovation, venture capital, growth equity space. In a world of deglobalisation, we've invested in these areas that we believe will perform well in times of slightly higher inflation and ongoing technological and societal innovation.

- **What is your investment strategy given 2 scenarios, if inflation stops this year, and if it keeps rising?**

We are long term investors, with a strategy which contains a diversified portfolio of investments to smooth the volatility in markets. This strategy, has to date, demonstrated it can weather varied inflationary environments.

For example, the revenue from some of our infrastructure and property investments is linked to inflation. When inflation goes up, as it did in the first half of 2022, that's a good thing for those investments. Currently, we have fewer investments in equities (shares) than most of our super fund peers, and almost no investments in fixed interest (bonds), both of which fell in 2022. In 2015, we decided to reduce our investments in bonds in the belief they wouldn't perform well while interest rates remained so low. We actively manage our investment strategy to account for the impacts of inflation.

- **What are the 5 key indicators to determine performance of mutual/managed funds you invest in?**

We work extensively with our asset consultant, Jana Advisers, our existing managers and the internal team to identify leading external expertise in the management of our assets. We have also built strong relationships with our external managers to help identify investment opportunities.

Having said that, the five key indicators to determine performance are:

- People – are their people skilled, with appropriate investment experience and expertise?
- Process – do they have a sound investment strategy and investment process?

- Performance – do they have a track record of long term outperformance?
- Philosophy – does their investment philosophy align with ours?
- Fees – are their fees competitive?

We look at these indicators in our external managers. It's the people, the philosophy, the process, the price we pay and the type of risk-adjusted performance we think they can deliver.

• ***Will large cap ETFs ever be available under Choiceplus?***

A large range of ETFs are currently available via Choiceplus, including those that focus on 'large cap' companies. These include iShares S&P/ASX 20 ETF (ILC), Vanguard MSCI Australian Large Companies Index ETF (VLC) and iShares Global 100 ETF (IOO).

We recommend that you consider taking advice from a licensed financial planner or share broker before investing in the Choiceplus investment option, so you can have peace of mind that your investment strategy matches your investment time frame and risk tolerance.

• ***With pension funds and bond markets defaulting in Europe, how over-leveraged is Hostplus' fund and how much risk are you taking with other people's money?***

We would like to clarify European bond markets and pension funds are not defaulting. Hostplus does not use leverage at the fund level. Each investment option has defined investment objectives which governs the risk tolerance and investment return target.

• ***Do you purchase more shares through Dividend Reinvestment Plans to avoid brokerage fees or do you wait and buy in the dip?***

Hostplus' share investments are externally managed, which has served us well for a long time. It gives us access to the best investment minds and opportunities globally.

Individual buy and sell decisions on specific stocks are at the discretion of our external managers, including any participation in dividend reinvestment plans. Buy and sell timings are driven by maximising member investment outcomes.

• ***What are the immediate future predictions for better income outcomes for investments in ABP Allocated Income Stream accounts?***

Hostplus has recently developed and published its Retirement Income Strategy (RIS) which outlines how we intend to assist members who are retired, or approaching retirement, to achieve and balance key retirement income objectives. You can read a summary of our RIS [here](#).

Hostplus' RIS aims to leverage our existing retirement investment products, alongside the recently introduced dedicated retirement option CPIplus, as well as our member education, support tools and comprehensive financial planning and advice solutions.

These retirement solutions each offer Hostplus members benefits such as: flexibility and choice as to how much and how often they'd like to draw income for their retirement account, ready access to their capital, tax efficiency, varying levels of investment markets exposure and other features.

As to future predictions of likely returns and retirement income outcomes, this depends on a number of factors such as: the investment option(s) used, the required income drawdown and frequency of doing so. These are distinctive and personalised by each member's strategy.

To learn more about our retirement solutions, products and services visit our [website](#).

• ***How has the investment management team and leadership been strengthened with the merger with Statewide? What plans are there to further strengthen it under the leadership of Sam and Con?***

Absolutely yes. Hostplus was happy to retain around 98% of all Statewide staff when the two funds merged. Specifically, the investment team has been significantly enhanced and strengthened with the entire Statewide Super investment team moving over. This includes people in the Investment Operations team.

Under this new structure, Sam Sicilia is the CIO and there are two deputy CIOs, Greg Clerk originally from Hostplus and Con Michalakis, the ex-CIO of Statewide. Underneath that, ex-Statewide and existing Hostplus team members have been allocated asset class 'Head Of' roles.

In addition to the investment team, our risk and compliance, product, service, and marketing teams have also had a fresh injection of highly qualified leaders adding to Hostplus' capability.

- ***Sam, you have traditionally eschewed investment in sovereign bonds, but with yields becoming attractive for the first time in years and the probability of recession rising, do you see a case for increasing your exposure now?***

We have benefited from a very low allocation to fixed income, particularly investment in sovereign bonds. We've also added significantly more exposure to credit related strategies, where we believe they will do better than bonds. We've also increased exposure to core infrastructure and some specialist property plays.

In the future we may look to add to fixed income. If the yield curve for sovereign bonds start to move back up or steepen we may look to add them, but this is not the case right now.

- ***Please comment on the Australian article about Airwallex, which is backed by Hostplus, last week stuck to its \$US5.5bn (\$8.9bn) valuation in its latest raising.***

The last 12 months has been a volatile period for technology stock valuations in public and private markets. Companies that are struggling, that are not cash flow positive, or needed capital may have been unable to raise new equity or may have raised equity at a significant discount to their last valuation.

Airwallex continues to grow revenue quickly and has significant cash on its balance sheet. It did raise new capital recently at the same \$5.5bn valuation as it achieved when it last raised in November 2021.

A number of existing investors and also a new investor bought shares in the company, at that valuation, after conducting their due diligence. Consistent with our valuation policy we continue to hold our shares in Airwallex at that valuation.

- ***How long before we start seeing a return? I have lost more than I have put in since moving from Statewide.***

Hostplus can confirm the amount that left your Statewide account was the same amount loaded onto your Hostplus account at joining. Post-merger, members saw fluctuations in their balances due to the volatility in the market, which was unrelated to the merger itself.

All members remained invested in comparable options and would have experienced similar, if not the same, movement to their account balances if they had remained invested with Statewide Super.

Market volatility

- ***Any guarantees we don't lose our funds to the great market crash for the great reset?***

Over history there have been so many peaks and troughs in the markets. Hostplus was formed in 1988. In 2002 we experienced the Dot com tech bubble bust, in 2007 the GFC, in 2020 the COVID-19 pandemic.

For the last 20 years Hostplus Balanced option has returned 8.1% over a rolling 20-year period.²⁸

Super is a long-term investment and Hostplus has performed well in bull and bear markets. Hostplus has plans and strategies which aim to handle volatile markets. Our investment strategies are heavily diversified and were developed knowing there will be fluctuations.

The purpose of our investment diversification is to act as a buffer to falls in market segments. Our solid cash flow has enabled us to invest across a range of alternative assets with the aim of continuing to drive positive medium- to long-term returns during volatility in the share markets.

For example, we invest in property both in Australia and around the world that encompass both residential, commercial, industrial medical offices and science labs to name a few.

28. See footnote 13

Policy

- ***Happy for 'member first'. Creating a workplace that attract the best talents and maximising the talent pool is great. Limiting talent pool by irrelevant requirements such as gender and ethnicity is directly contradicting 'member first'.***

Hostplus does not believe that employee diversity limits our talent pool. We represent over 1.6 million members across Australia from various ethnic, religious, cultural and social backgrounds. Having a workforce that reflects our member diversity, enhances the organisation's skill sets and diversity of thought, will ultimately add value to the experiences and outcomes of our members.

- ***Can the Hospitality industry actively reduce alcohol sales and replace with venues that EXCLUDE alcohol and tobacco consumption in place of cannabis, psychedelics and cocaine? Accompanied by food and accommodation facilities of course.***

While we appreciate your question, we don't believe we are qualified to answer this.

- ***The lack of access to decent work amongst our young means that they are not accumulating enough in their super and are undervaluing the protections of insurance. What strategies does Hostplus have to rectify this situation?***

The Putting Members' Interests First (PMIF) laws which took effect from 1 April 2020, restrict super funds from providing automatic default insurance cover to new members until they reach age 25 and have an account balance of \$6,000 or more.

New Hostplus members can opt-in to receive insurance cover prior to meeting these age and account balance requirements. Information on how to opt-in early to receive the insurance cover is provided to new members in their welcome pack when they join Hostplus.

In addition, Hostplus has an increased focus on insurance education and engagement. In support of this, Hostplus recently sent all members our first annual insurance communication to support their awareness of insurance and the importance of understanding the type and amount of insurance cover they hold and how much it's costing them, making it easy for them to both calculate what cover best meets their needs and to change their insurance cover if they need to.

- ***Is there a plan for the mandatory employer contribution percentage to be increased?***

The Superannuation Guarantee (SG) determines at law the minimum percentage of a person's earnings that their employer needs to pay into a super fund on their behalf. The Australian Government controls and legislates the SG and related compliance laws.

From 1 July 2022 the superannuation guarantee rate increased to 10.5%, an increase of 0.5%.

The SG is legislated to increase a further 0.5% each year until it reaches 12% in 2025.

- ***Why are there tax deductions again on superannuation money?***
- ***I paid \$766.13 in tax to the government last year. Which was 4 times more than my investment returns made last year, which was \$192. Why are we paying 15% to the government on my capital in my Super rather than paying tax on its growth?***

1. This is legislated by the Federal government. Concessional contributions (before-tax) are taxed at 15%. Types of before-tax contributions include: employer contributions, such as compulsory employer contributions and salary sacrifice payments made to your super fund. Investment returns are taxed up to a maximum rate of 15%, further information on how superannuation is taxed is in Section 7 of the [Member Guide](#).
2. The exception to this rule is if you earn \$37,000 or less, the tax is paid back into your super account through the low-income super tax offset (LISTO). You don't need to do anything to receive a LISTO. Just make sure we have your tax file number (TFN) – without your TFN, we cannot accept a LISTO payment. Further information is available [here](#).

- **Why is Hostplus not disclosing major businesses (if not all) that each fund invested in? Similar to ETF product disclosure statement.**

All super funds are required to disclose all portfolio holdings every six months in accordance with Portfolio Holdings Disclosure regulation under section 1017BB of the Corporations Act. The law is prescriptive on the format for the disclosures.

You can find Hostplus portfolio holdings disclosure information [here](#).

- **What is Hostplus' attitude to the current government thinking of taxing Super shares?**

The government has recently released exposure draft legislation as part of several new integrity measures. The purpose of this legislation is to prevent organisations from leveraging the dividend imputation system (to obtain inappropriate access to franking credits).

At this point legislation is still in draft and Hostplus has not fully assessed the impact for our members. We will work with subject matter experts to consider the changes and if required, we will advocate for change in our members' best financial interest.

Processes

- **How do you balance the best interest duty to all members with switches in international assets? There is a time lag on switching mentioned of 2 business days. I am presuming a high spread is applied to a transaction price, or not?**
- **Why does it take two working days for an investment balance switch to be effective?**
- **Why 48 business hours to switch my 100 % balanced portfolio into 100% cash?**

While calculations and system changes for investment switches take two business days, you are not exposed to market movement during these two days. We apply the unit prices as at the day your request the switch, so the switch is effective the day you request it (prior to 4.00 pm NSW time). Further information and examples can be found on page 32 of the [PDS](#).

- **Will you publish answers to all Q&As that you receive given you will not be able to answer all questions?**

Yes all questions will be published on the Hostplus website within 30 days of the Annual Member Meeting.

- **The Hostplus site proudly declares "Your Online Account. Anytime. Anywhere." The site is often down on weekends without any notice or reasons. Can a better discipline be applied to email members ahead of system maintenance down time?**

Thank you for your feedback. To ensure our online services are up to date and functioning optimally we need to undertake systems maintenance periodically. We seek to minimise the disruption to members by undertaking much of this upkeep over weekends when traffic and demand is usually lighter.

We will publish scheduled and unscheduled outage details on our [Facebook page](#) and on [Member Online](#) too, usually as an online banner for maximum visibility.

- **Why does Hostplus not provide for non-lapsing binding death benefit nominations unlike some other major industry super funds such as Care Super and Unisuper?**

Thank you for your feedback. The primary reason we don't offer non-lapsing binding death benefit nominations is because we believe it is important that members check and review their nominated beneficiaries from time-to-time to make sure their nomination still reflects their preferences and intentions.

A valid binding nomination requires Hostplus to pay the remaining super or insurance benefit to the person, or people, that you've nominated and there is no discretion to adjust this even if the person's circumstances have changed.

To help you keep track of your nomination, we include the expiry date of your nomination on your statement. You can also check your beneficiaries in your Member Online account at any time. Hostplus will also send a reminder to members as their nomination is nearing expiry.

- ***Will members get to vote for the trust's directors? Or why do the unions who appoint the directors not fund the special purpose reserve fund that pays for any directors' fines?***
- ***Why don't the unions who nominate directors contribute to the emergency fund to protect the trust's solvency in the event of fines caused by directors' actions?***

The Board of Directors is equally represented by employer (nominated by the Australian Hotels Association (AHA)) and employee (nominated by United Workers Union (UWU)) organisations. There are also three independent directors jointly selected by the AHA and United Workers Union.

While the United Workers Union is a shareholder in the trustee, Hostplus is a profit-to-member fund. The UWU therefore does not profit from the Fund's activities. In these circumstances, the UWU is not prepared to contribute to the Special Purpose Reserve maintained by the trustee.

- ***How do we invest our 100% cash to earn the highest interest rate? E.g. ING bank currently has an interest rate on cash in savings account with 4.05% at call.***

Hostplus regularly reviews the cash option in order to benefit from more attractive retail rates. We always consider the optimal balance for the return and risk characteristics of our cash option and pay a fixed margin over the RBA cash rate. Typically cash term deposits quoted by retail banks such as ING are gross of tax, amounts quoted though Hostplus are net of tax. Hostplus cash option is ranked seventh out of nineteen options for performance over 20 years.²⁹

• ***What measures has Hostplus taken to implement Your Future Your Super requirements?***

In 2021 the Federal Government passed its Your Future, Your Super (YFYS) superannuation reforms. The major changes under YFYS included:

- **Performance testing:** From 1 July 2021 all super funds are measured against performance benchmarks set by the Australian Prudential Regulation Authority (APRA). Funds that fail the test must notify their members, and funds that fail the test two years in a row cannot accept new members. Additionally, using a new comparison tool on the ATO website, members can compare their super fund's performance to other funds.
- **Super fund stapling:** From 1 November 2021 a person commencing employment will be 'stapled' to the first super fund they join, unless they arrange with their employer to join another one. Previously, employers usually opened a new super account for a new employee unless the employee specified otherwise. While you can change funds whenever you want, 'stapling' aims to eliminate people having multiple super accounts over their working lives.
- **Best financial interest duty:** From July 2021 trustees of APRA regulated super funds must act in the best financial interests of their members. Hostplus has always acted in members' best financial interests, so these requirements align with the already high standards we've set ourselves.

Hostplus complies with all aspects of the YFYS legislation.

The Government is presently undertaking a review of the Your Future Your Super Legislation, to ensure some unintended consequences of the legislation are addressed, and Hostplus has played an active role, in association with the super industry peak bodies such as ISA, AIST and ASFA, in responding to this review.

- ***Why aren't all the investment options available to switch on the phone to manage while we are away from home e.g during our quiet lunchbreak at work?***

We can confirm that all options are available to switch by phone and Member Online. Switches via the Hostplus app have been identified as a priority for the next phase of our app development, expected in late 2023.

29. Source: SuperRatings SR50 Cash Index, October 2022

• ***When will a smartphone app be available for Hostplus Pension members?***

We have identified the extending of the app's functionality to pension members and expect that this will occur later in 2023.

• ***Why would the AGM start at 7am AWST – surely a midday start in the East would be more equitable for West Australians dialling in?***

Thank you for your feedback- we have passed this on for future planning consideration. If the time difference prevented you attending this year's AMM, you can view the recording [here](#).

• ***Hostplus have been very lax in describing transactions in member statements accurately i.e. labelling investment 'losses'/movement as 'interest'. What is being done to ensure transactions etc are ALWAYS correctly presented?***

You will see net investment returns are now shown as either negative or positive, as applicable, and not labelled 'interest'. This is correct for both our statements and Member Online transaction summary.

• ***Why does registration process not recognise pension members? It gives an error if you enter HPnnnnn or just nnnnn. Did anyone test this process prior to release?***

The error you are experiencing is within the Hostplus app, which doesn't currently cover pension division members. Pension functionality within the Hostplus app has been identified for development in 2023. Pension members can still access their account via [Pension Online](#).

• ***Are there any plans to add Choiceplus functionality to the Hostplus Mobile App?***

Existing Choiceplus members can access their account via the mobile app. We understand some members may have experienced a bug with the last release, however this is now fixed (in version 2.9.1). Once signed in, you can see your balance and update your investments directly in the app. Only if you are eligible for Choiceplus will see the Choiceplus features and functionality. If you don't see this functionality and you believe you are eligible to use Choiceplus, please update your app or contact us for assistance.

Products

• ***Why are there not more LICs available in Members Choice when by comparison there are so many ETFs that members can invest in?***

We formally review Choiceplus' Approved Product List (APL) at least annually, with the assistance of Lonsec, one of Australia's leading and most experienced investment researchers. This includes reviewing and assessing newly rated ETFs and LICs as well as others that members have requested, to identify opportunities for inclusion on the APL.

We have rigorous quality standards for all investments offered in Choiceplus, and all ETFs and LICs must meet these standards before being formally considered for our Choiceplus APL.

Retirement Income Covenant

- ***Please explain Hostplus' Retirement Income Strategy and how it will meet the best financial interests of members.***
- ***How is Hostplus implementing the Retirement Income Covenant mandated by the government?***
- ***How is Hostplus implementing the Retirement Incomes Covenant and the Your Future Your Super legislation?***

While superannuation has been an essential part of Australia's retirement income system, especially for the past 30 years after the introduction of the Superannuation Guarantee for the majority of workers, the focus over this time has largely been on accumulation and growth (pre-retirement).

However, with the maturity of the superannuation system and the increasing role superannuation now plays in the makeup of Australians' retirement incomes, the Federal Government recently introduced a Retirement Income Covenant (RIC), which came into force on 1 July 2022. The RIC requires super funds to develop a Retirement Income Strategy (RIS) with a view to improving the retirement outcomes for their members.

Hostplus has developed its RIS, which outlines how the fund intends to assist members who are retired, or approaching retirement, achieve and balance key retirement income objectives.

Our strategy is based around a holistic, three-pillar approach, which integrates with the Age Pension and other sources of retirement income to help members maximise their retirement income, manage risks, and provide flexible access to their retirement savings.

A detailed summary of our RIS is available on our website and can be accessed [here](#).

Our Retirement Income Strategy will evolve as we continue to research, assess and respond to our member retirement needs and preferences, which will help us enhance and tailor our products, member education and support tools, and financial planning and advice solutions.

Service

- ***So, you talk the talk - why can't you walk the walk?***
- ***Imogen, please take the time to look at what members are saying online and the frustrations and disappointment with services being experienced.***
- ***Why was the Statewide fiasco labelled as a merger in South Australia when it was actually a Takeover from the Victorian perspective. We get worse service from Hostplus than we did from Statewide. Your phone queues are far too long.***
- ***Why not invest more in your staff and technology, so that members can be better and more efficiently served? Why not reduce the \$24m marketing and self-promotion spend and redirect some to more staff and technology?***

Achieving and maintaining service excellence is vital to our core philosophy at Hostplus. Putting members first essentially means providing excellent service. We're always striving to improve our customer service and to sustain the high standards our members deserve and you expect from us.

Like many other industries, this has been a challenging year. And our service delivery has been challenged by staff shortages and increased member inquiries due to market volatility and end-of-year financial inquiries. As a result, at times, we've been unable to respond to members as quickly as we would like. For those that experienced this, we are sorry.

This is an area we are continuing to try and improve on, and considerable investment is being injected into recruitment and our member support offering to ensure members can get answers to their questions as quickly as they would like and as quickly as possible.

In the past financial year, our service team handled 66,000 interactions on average *per month*. That's across inbound and outbound voice calls, web chats, emails, and social channels.

Despite some of the challenges faced this year, we were really proud to be named Roy Morgan's Superfund, Major Industry Superfund of the Year, for customer satisfaction. And that recognition is a testament to the hard work of the Hostplus Service Excellence Centre and our staff in assisting members any way we can.

We also made several service enhancements this past financial year. We retained the Adelaide Superhub as part of our merger with Statewide Super, enabling Adelaide-

based members to receive in-person help or general advice about their retirement. We modernised our call centre technology so staff can serve members in a more efficient and personal way. We added 'Click to chat' and telephone self-service channels. We have also recruited 70 additional contact centre staff over three months which has seen us restore our standards of service to acceptable levels.

When it comes to service, we never rest. Over the next financial year, we'll continue working with our customer service and digital development teams to further optimise key member journeys and remove service friction at every opportunity.

- **What technological changes and improvements are planned to make access to member accounts and advice from the fund easier, more user friendly and up-to-date, backed by superb customer service?**

Our investment in technology and customer service is a continuous focus for Hostplus. Some upcoming initiatives which are either currently or soon to commence developing include:

- Leveraging technology to deliver tailored and personal education and advice at a greater scale and accessibility for more of our members. This will include two major advice initiatives, a tailored financial literacy and education platform and enhancements to our digital advice platform. Members will be able to use the education platform to learn about key concepts of superannuation and retirement in a more personalised, easy to access and tailored way. Members will also be able to easily action these insights, learnings and guidance to better understand and take positive steps with their super and financial wellbeing more generally. Members will also benefit from our next generation digital advice tool, which will replace our current and popular advice tool, Super Adviser, in 2023.
- We are also striving to better appreciate and respond to our members through our other member service solutions, including our 'Contact Us' via phone, chat and email channels. This will include prioritising our technology capability and 'digital first' approach to allow us to better meet the digital needs of our members.
- Improving functionality within the app. The next phase and upgrade for the app is targeted for the second half of 2023. This will include more transactional functionality, including members being able to easily consolidate their super, get more notifications, switch investment options and update their nominated beneficiaries. We will also extend the app to our pension members in 2023 too.

- **Is your call centre located in Australia, which city or is it located overseas? Call centre staff are pleasant when they answer the phone, but often give out wrong answers or promise something but no follow up, or give out wrong information.**

Yes, all of our member services team are located in Australia. We've recently recruited 70 additional contact centre staff over three months, which has seen us restore our standards of service to acceptable levels. Over the next financial year, we'll continue working with our customer service and digital development teams to further optimise key member journeys and to remove some of that service friction at every opportunity.

- **Why don't I receive regular (three month) general updates and analyses from your CIO/CEO as to effects of domestic and global events?**

We publish a quarterly email newsletter, and the content of this newsletter will regularly include investment and market updates. Hostplus also communicates with members on a regular basis, including education based communications and updates from the CEO and the CIO.

In response to increasing inquiries and member concern around current market economic conditions, our CIO Sam Sicilia wrote this [recent article](#) for members, discussing market volatility.

On our [website](#) you will find a series of articles and videos, including from the CEO and CIO.

Members that have opted out of receiving email communication from the fund may not be reviewing some of our information updates. If you think this is the case, you can contact our Service Centre on 1300 467 875 to restore your access to these communications.

- **Why am I unable to meet face to face with anyone from Hostplus?**

We understand many of our members prefer meeting face to face and we are continuing to explore further ways we can improve the access to our face-to-face services. We do provide face to face services via our Super Hub in Adelaide, through our financial planning and advice services and with our Account Managers, who are located in all states and territories.

Social Housing/SEC

- *Will Hostplus join other super funds to start investing in build to rent developments to help assist low income members with an affordable housing solution for the future?*
- *What role can and will Hostplus play in affordable housing creation in partnership with Community Housing Providers (CHP) and the Federal Government's Housing Australia Future Fund (HAFF)?*
- *Will Hostplus rule out lending investors' money to affordable housing, renewable solar and wind farm schemes promoted by the Victorian and Federal Labor governments, if they don't meet the usual return on investment hurdles?*
- *Is Hostplus engaging with the Federal Government and their Housing Australia Future Fund towards addressing Australia's housing crisis? Are you looking to contributing towards social outcomes and not only focusing on financial returns?*
- *Is Hostplus thinking of investing into community housing in the future?*
- *Will Hostplus take part in the Federal Government Housing Accord? Will this provide a suitable return to members, and how?*
- *If the Labour Govt continue with their pledge to reintroduce the SEC will Hostplus be participating in using our funds to invest in this new SEC?*
- *Will Hostplus be investing our super funds in Dan Andrews' new SEC renewable plan and also the Federal Government's Social Housing scheme, or will you prioritize returns to your members?*
- *Will Hostplus be investing in Premier Dan Andrews' scheme to buy back the Victorian electricity generation? I would be totally against this as it will result in net losses not gains.*
- *With Daniel Andrews being re-elected as premier, he wants to bring back the SEC. He has stated that he wants Super funds to pay the entire cost of wind turbines and solar panels. Is that something that Hostplus is investing in?*

Ultimately, when we make investments our primary objective is to make a great risk-adjusted return for our members. If an opportunity presents for Hostplus to participate we will assess it like we do every other opportunity we consider and determine on a risk weighted basis whether to participate.

It is not unusual for pension funds or sovereign wealth funds to buy assets that were previously owned by government or investing alongside governments, and some of these deals are incredibly attractive. We do that today through some of our various venture capital funds with federal governments. These are Public Private Partnerships, or PPPs, and the Sydney Entertainment Exhibition and Convention Centre is an example of this. This is a partnership with the private sector, alongside the New South Wales government.

- *What is the fund's stance on relaxing the potential early access of funds to facilitate entry into the housing market? Do certain factors possibly change this opinion? Eg: Social factors such as single parent status, disability/carer status?*

The Government has recently identified some of the changes it intends to make to the super system. One of the most important of these commitments is to enshrine the purpose of superannuation into legislation, an initiative that Hostplus supports. By confirming the objective and the purpose of super in law, we can protect the fundamentals of the superannuation system – the preservation of Australia's retirement savings, and continuation of compulsory super payments.

The Federal Government's affordable housing objectives, as outlined in the recently publicised National Housing Accord, are being considered by various stakeholders including superannuation funds. Any potential investment opportunity that emerges from this process will be assessed in the same manner as all investment opportunities, with the primary objective of acting in the best financial interests of our members.

We do think there is some real merit in considering this opportunity. In fact, Hostplus has investments overseas in similar style investments that have proven effective with significant investment scale.

In the Australian context, we are currently exploring various investment models to determine how the effort could be structured to deliver risk adjusted returns from affordable housing by pooling capital with other likeminded investors.

The most critical part of our assessment is ensuring we maintain a focus on our purpose to generate risk adjusted returns for you, our members. Any nation-building concept needs to pass that sole purpose. We will continue to assess this opportunity.

These are the key building blocks that help to supercharge Australians' savings, underpin domestic investment and alleviate pressure on the Age Pension. Enshrining the objective of super into legislation will help drive stability longer term and support long-term investment strategies. Most importantly, it will help to protect the retirement of future generations.

One of the key foundations of our superannuation system is preservation – that your money stays invested until preservation age. Your preservation age is the age at which you can access your super if you are retired (or have started a transition to a retirement income stream).

The reason that preservation is important is that the longer your money is invested, and the longer you continue to make contributions, the more you benefit from compound interest. Every time you reduce your balance, for whatever reason, it has the potential to impact your balance at retirement.

Preservation is legislated by the government and Hostplus is unable to release funds that do not meet the preservation age condition, or under one for the following circumstances.

- Severe financial hardship
- Compassionate grounds
- Permanent departure from Australia
- Diagnosed with a terminal illness or permanent disability
- Balance under \$200
- As part of the **First Home Super Saver Scheme (FHSS)**

Find out more on accessing your super early [here](#).

SMSF

• *Why are SMSFs getting more returns and very popular?*

The latest APRA Quarterly Performance report shows a 1.5% fall in total assets within SMSFs, and a 0.1% increase in total assets within Industry SuperFunds. Industry SuperFunds now account for 33.1% of total assets (up from 27.8% a year ago).³⁰

In relation to SMSF investment returns, these will vary depending on the individual investments chosen by the SMSF trustees. More information about SMSFs can be found on the Australian Government Moneysmart [website](#).

We understand some of our members prefer to have greater control and take a more active role in managing their investment choices. Hostplus provides the Choiceplus investment option for members seeking this greater choice and control, without the cost and complexity of running a SMSF. Learn more about Choiceplus [here](#).

Hostplus also makes a number of its investment options available to SMSF trustees via our Self-Managed Invest (SMI) product. This can help SMSF trustees build a strong, diversified investment portfolio with access to a wide range of assets and different Hostplus investment strategies and options. Learn more about SMI [here](#).

30. Source: industriysuper.com/media/apra-september-22-quarterly

- **Many people may question whether it is worth doing their own SMSF given the variable performance of managed funds. Can you compare the fee difference in a SMSF vs managed funds via Hostplus?**

According to the ATO, in 2019-20, the median annual operating expenses for an SMSF were \$4,000.

For members who want more choice and control, Hostplus also provides the Choiceplus investment option, please note additional fees and costs will apply. Please read more [here](#). This enables members to directly invest their super in a broad range of Australian shares and Exchange Traded Funds.

- **A lot of us saw some deep losses in 2020, was there an uptick in SMSFs in response to this, or was it steady?**

We are seeing a trend of declining outflows to SMSFs in the second half of 2022 and increasing popularity in our SMI investment options that allow SMSF investors to access and benefit from Hostplus investment options.

Despite most balanced super options delivering negative returns on average in 2021-2022, Hostplus' Balanced option (where most of our members invest) delivered a positive return of 1.57% p.a. after fees and tax.³¹

Whilst this was a positive return it was off the back of a stellar year where our Balanced option delivered a return 21.32% in 2020-2021.³²

31. See footnote 1

32. Source: SuperRatings SR50 Balanced (60-76) Index, June 2021

Statements

- **Issuing of account statements. As of 24 October FY21-22 still not issued.**
- **Why the decision of once annually and why 4 months post end of financial year, are they still not issued? Please do not cite admin efficiencies. This is not in the interest of members.**
- **Why have members not received 30 June 2022 end of year statements?**
- **Why is Hostplus not being transparent, straight forward, and clear in advising why Statements have not been provided?**
- **Hostplus annual member statements seem to take much longer to produce than other super funds. Why is this? What is being done to improve this process?**
- **How come I do not have my member statement for either my Super account nor my Pension account yet?**
- **When will our Annual Statements be available?**
- **When are Retired Members receiving their Annual Statements? I am an ex Statewide Member and have not received my Annual Statement.**
- **Why are statements so delayed each year?**
- **Why is my statement for financial year 1/7/21 to 30/6/2022 still not ready to download? It is already coming to end of October.**
- **Why was the 30/6/22 annual statement issued so late (early Nov) and then posted with a date of 1/8/22?**
- **Why does it take so long to get end of the year financial statements to members?**
- **At the time of writing, 21 Oct, members' statements for FY22 are still not available. Why has there been no communication from Hostplus about the two months' delay (and counting)?**
- **Could you address the challenges Hostplus has had generating annual statements? Some members haven't had a statement since June 2021. Are there systemic issues with Link?**
- **Why do summary statements take until October every year?**
- **The process for statements.**
- **Why are the Annual Reports so late this year?**

We acknowledge that annual statements have been scheduled to be issued later this year than usual. The primary reason you didn't receive your statement as early this year was because of a new feature that we introduced to our annual statements this year; this being retirement income projections.

One of the key ways we can help you to achieve the best possible outcomes in retirement is by providing you with the information you need about how you are tracking towards retirement, and then guide you to get additional information and advice about what you can do to reach the retirement outcomes you desire.

Ensuring we deliver this information to you accurately is vital and given it was the first time we did this, we applied additional reviews and tests to ensure the information you received was accurate. This inevitably delayed the distribution of the statements this time round but we assure you, it was well within the legislated timeframes.

Now that this new feature, and templates that also accommodate a number of new product lines relating to our recent mergers with both Intrust and Statewide Super have been implemented, we would expect that in coming years you should see a normalisation of statement distribution dates, although it's possible future mergers could disrupt timeframes.

Most members can access their account details and statement details through Member online and the app, including current balances and other transactions anytime and anywhere. If you need information for purposes such as Centrelink payments, our member services staff are on hand to help you anytime with any documentation you may require.

Statewide Super

- ***I am aware that Statewide and Hostplus has merged, but were Statewide members asked to vote?***

No. Our recent merger with Statewide Super was determined and managed under what is known as a successor fund transfer arrangement. A successor fund transfer is effectively a bulk transfer of members and their benefits from one superannuation fund to another.

Before a successor fund transfer can take place, the outgoing (in this case Statewide Super) and incoming (Hostplus) trustees must agree that the receiving (successor) fund will provide members with 'equivalent rights' to those the members in the outgoing fund had prior to the transfer. This step is critical in allowing the transfer to occur without member consent.

The trustees then enter into a Successor Fund Transfer Deed to agree the details of and implement the merger. The members' benefits and the fund's assets are transferred to the receiving fund, and members are notified of the merger and its relevant details in writing via a disclosure notice/member communication known as a Significant Event Notice. All statewide Super member were sent an SEN relating to the merger.

- ***What benefit have Statewide Super members seen from being subsumed into Hostplus?***
- ***How will Hostplus strengthen its local presence in Adelaide to provide face to face services to ex Statewide members?***
- ***Do you plan to open an office in South Australia to provide an opportunity for members to attend a face to face meeting? (I was a member of Statewide)***

Merging the funds will bring opportunities for greater scale and cost efficiencies, which both Statewide Super and Hostplus trustees believe will result in enhanced member choices, services and outcomes. We expect Statewide Super members will pay lower administration fees over the short to medium term and will enjoy a broader product offering.

Members are already benefiting from a greatly expanded product range available with Hostplus. We offer a range of products that were not offered at Statewide Super, including Hostplus' popular and multi-awarded low-fee Indexed Balanced option and Choiceplus, our direct investment option for members who want a more active role in the investment of their super or pension.

Importantly, our South Australian and Northern Territory members continue to be serviced by local teams, with our offices and staff in Adelaide and Darwin remaining. This includes our Super Hub on Victoria Square/Tarntanyangga. Local employers continue to be serviced by their local teams in South Australia and the Northern Territory.

Our contact centre hours are extended, so you are able to speak to our team over the phone from 7.30am - 7.30pm (ACST) Monday to Friday.

Through the merger Statewide Super members have joined a top performing super fund, that was ranked number 1 for the Balanced MySuper option over 7, 10, 15 and 20 years.³³ We were also thrilled to be awarded the SuperRatings award for Net Benefit³⁴, in recognition for providing the the best Net Benefit outcomes for our members over the short and long term.

According to SuperRatings, a Hostplus member in our Balanced option is \$44,927 better off than the average super fund member over 15 years.³⁵

- ***Will Hostplus ever host an annual face to face member meeting in Adelaide as occurred previously under Statewide Super?***

We are a national fund and are considering a more active national program for member investment forums hosted in various states in the future. We'll provide further details of these engagements in 2023.

- ***What is proposed to reduce the overhead of the larger number of Board Directors acquired as a result of the merger with Statewide?***

When the merger with Statewide Super occurred none of the former Statewide Super directors were made Directors of the Hostplus Board.

33. See footnote 13

34. See footnote 3

35. Source: SuperRatings Net Benefit data as of 30 June 2022.

Valuations / Unlisted Assets

- ***Please explain the positive MySuper Balanced performance in year to 30/06/22 while almost all MySuper options in the market produced negative outcomes. Please cover portfolio composition + asset valuation policy in detail.***
- ***What do you attribute to the better returns against your benchmark? Is the higher proportion of unlisted funds a key factor?***

The simplest answer to this question is that our superior net investment return, when compared to most other funds in 2022, was achieved largely through our investment beliefs, long-term investment strategy and our largely active management strategies which combined to assist us to navigate a difficult global investment environment.

Against this challenging backdrop we were pleased that our active investment style and highly diversified assets portfolio once again delivered favourable investment outperformance, in both absolute and relative terms, for our members relative to our peers.

Actively managing and applying a long-term strategic asset allocation to perform under different market conditions enables us to smooth out returns over the longer term. This contrasts with many 'passive' strategies and products in the market which are fundamentally aligned and exposed to the volatility of listed market movements.

In 2015 Hostplus made an active decision to significantly reduce our exposure to bonds (ie, fixed interest) in the belief bond portfolios would not provide adequate return or downside protection, especially during a period of historically low interest rates. Equity and bond markets have, independently, delivered negative returns at a level that we have not seen since the global financial crisis in 2007/08. Together, they have performed at levels not seen for more than a generation.

We instead chose to invest in medium-risk defensive assets such as infrastructure and unlisted assets. Being overweight in assets such as property and infrastructure provided all-important inflation protection. We have a highly diversified portfolio of listed and unlisted assets. It is a global portfolio that is diversified across 10 asset classes, more than 80 expert fund managers, and over 300 manager-products.

To learn more about our performance, asset portfolios, valuation and other policies, please visit our [website](#).

- ***What are Hostplus' policies for book valuation and change in unit pricing of its unlisted assets, particularly real estate, and will investors expect to see a lag in the fall in unit pricing from here as valuations are updated?***
- ***Have you amended the timing of the valuation of your unlisted investments given the swift pace of change in risk-free rate? When do you anticipate seeing these re-valuations flowing through in unit pricing?***
- ***Will there be a lag of impacts to these investments as the valuation cycle roles through?***
- ***When will Hostplus Mark to Market assets which do not have a market?***
- ***What are the dangers of unlisted investments in the balanced funds raised by the Barefoot Investor?***
- ***Why has Hostplus property and infrastructure not dropped in valuation like their ASX listed counterparts?***
- ***Can we be confident there will not be a 'catchup' drop in valuation in the next few months?***
- ***Regarding your unlisted investments, what percentage do these comprise of total investments, and if these have been independently valued recently what has been the collective percentage change in value over the last 12 months?***
- ***How would you assure members that unlisted and illiquid assets in the Balanced option are properly marked to market in line with existing discount rate to ensure contributions and benefits are valued fairly and timely?***
- ***Can you please explain how Hostplus values its illiquid assets, such as Canva, and how this valuation affects members?***
- ***How do you value the unlisted parts of the portfolio and is it a reflection of the current market value?***
- ***There are reports that Super funds are being pushed to revalue more regularly assets that are not listed on exchanges, e.g. privately held infrastructure assets. Is this true and what is Hostplus' position on this?***

Asset valuations are a critical input into the calculation of investment performance which ultimately enables the equitable distribution of investment earnings to members. Hostplus maintains a detailed Valuations Policy which covers the valuation of all investments held by both the Fund and the Fund's Pooled Superannuation Trust, with an emphasis on unlisted investments.

Unlisted assets are different to listed assets as they do not trade through exchanges or central clearing agents. Accordingly, they may not have readily available market values. The Trustee recognises that unlisted investments have additional valuation risks compared to listed assets due to factors such as a lack of liquidity, multiple management layers, complex investment structures and a lack of transaction data. Further, obtaining frequent valuations can be costly and time consuming.

Ultimately the Trustee seeks to adopt market best practice and to value all assets on a Net Market Value (NMV) basis. According to the Australian Accounting Standards 25.10 (AAS 25.10) this comprises "the amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of such a disposal". Our policy also aligns with SPG-531 valuations guidelines, which state that it is prudent for interim valuations to be staggered over time to reduce large fluctuations in value of the asset. This is what Hostplus does.

Hostplus' Valuation Policy can be accessed [here](#).

It is possible for short-term returns to be impacted by valuations and timings – sometimes that is unavoidable, even though our strategy has been designed to smooth out the highs and lows through diversification. However, when our returns are consistently market-leading over 7, 10, 15 and 20 years,³⁶ we have confidence in the effectiveness of our investment strategy, and similarly our valuation process.

These long-term results were recognised by SuperRatings when they nominated Hostplus as a finalist for the Smooth Ride award,³⁷ which recognises funds that have weathered the ups and downs of the market, while also delivering strong outcomes.

Hostplus default Balanced (MySuper) option aims to hold 45% of its investments in unlisted assets. Learn more about the role of unlisted assets in superannuation [here](#).

36. See footnote 13

37. See footnote 3

Vanguard

- ***What is the board's opinion on the Vanguard Superannuation Product and its potential impact on the Australian Superannuation market?***
- ***What's the Hostplus perspective on Vanguard entering the superannuation market? How will Hostplus respond to this new entrant?***
- ***Vanguard recently opened their super wrap platform in Australia. Does Hostplus intend to update their ETF offering to stay competitive?***

Hostplus welcomes competitors into the field and knows that low investment and administration fees can make a big difference to Australians' super balances, and their retirement, which allows people to keep more of their money invested for their future.

While Vanguard's recent entry to the retail superannuation market represents further competition, it is important to note that Vanguard's product is an entirely passively invested option. Therefore, it is very important than when comparing products such as Vanguard Super to a existing superannuation products, and especially those of long-established and market-leading industry funds, such as Hostplus, that this is done on the basis of "apples to apples" in terms of the underlying investment strategy, asset mix, net-benefit outcomes (ie, after all fees and costs deducted) and administration fees.

In considering each of these factors, we believe our offering is already competitive.

It is very important to compare super funds on a like-for-like basis and seek appropriate financial advice if you need to as well.

Barefoot

- ***What percentage of Hostplus members do you believe have swapped to Hostplus due to being endorsed by The Barefoot Investor – Scott Pape?***

Hostplus has a comprehensive marketing strategy, aimed at driving growth and scale for the ultimate benefit of members - a strategy that is based on sophisticated data, modelling and marketing science.

The growth of our fund can be attributed to all aspects of this strategy and not one element in isolation. This includes endorsement in any media or publication.

ITEM 9. Meeting Conclusion

The Chair thanked the audience for their attendance and reminded them how important it is for Hostplus to engage with members. He wished everyone and their families a very happy and safe remainder of the year and a bright future.

The Chair declared the meeting closed at 11:36am (AEDT).

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