

Executive Member Annual Report

Financial year ended 30 June 2011

Amended version

Net fund earning
rates update
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HOSTPLUS Executive updates for 2011

Market update

Supplied by Jana Investment Advisers Pty Ltd. July 2011.

The 2010/11 financial year in review

While the year to 30 June 2011 did experience some volatility, all up it proved to be one of the best years investors have experienced over the last couple of years. Despite generally tough economic conditions, with major natural disasters such as earthquakes, the Japanese tsunami nuclear plant crisis, and floods all impacting, it was the emerging rather than the developed economies from which much of the growth came during the year.

The Australian share market finished the year up 11.9% – a strong result but not as strong as global shares, which rose by nearly 27%. Over the year, the Australian dollar rose against all currencies to record high levels, boosted by high interest rates, high commodity prices, and a much improved balance of trade. A strong dollar, of course, brings good news and bad news; but for those who invested in global shares it was bad news as the strong dollar offset much of their gains, with unhedged global equities returning only 3.2% for the year.

Sentiment in bond markets has fluctuated wildly at times, with signs of a recovery early in the year causing bond yields to sell-off, before signs of trouble in European economies such as Greece, Portugal and Ireland led to renewed buying of safe harbour bonds. The big fear is that defaults by these countries will force a crisis in the European banking system.

Hedged Global bonds returned 6.9% over the year, whilst Australian bonds returned 5.6%. Australian government bonds underperformed global bonds, as the RBA raised rates further to combat signs of inflation. Listed Property Trusts returned 5.8% over the year, whilst Unlisted Property delivered a more stable return, adding 9.1%; with stable capitalisation rates and valuations increasing mainly on the back of rental increases.

Reflecting on where markets and economies were this time a year ago, it seems little has changed. Equity markets are still reasonably cheap based on forward earnings, but once again the mood in the markets has been cautious. Recovery in the developed markets seems to have stalled but in the emerging markets, such as China, Brazil and India, authorities are trying to slow the rate of growth and reduce inflation.

Super update

The 2011 – 12 Federal Budget

As we expected the 2011 Federal budget included only a few changes to superannuation rules. Those that were announced were minor in comparison to the major superannuation reforms seen in previous years.

Excess contributions

The Government currently sets limits on the amount of concessional contributions you can contribute each year. Concessional contributions are payments made from your before-tax salary. Once you exceed these limits, any excess contributions you make will be charged at the top marginal tax rate of 46.5% (including Medicare levy).

Members who breach their concessional cap in any year after 1 July 2011 will be allowed to seek a refund of up to \$10,000 to prevent them receiving an excess contributions tax assessment. It is only available for their first breach. Subsequent breaches will incur the excess contributions tax in full.

Superannuation contribution caps

The Government has confirmed a temporary measure set in last year's budget, which increases the concessional contributions cap for eligible members aged 50 and over with a total superannuation balance of less than \$500,000 from 1 July 2012.

This means that members in this age group can contribute an extra \$25,000 more to their super than other workers, and sets their contribution cap at \$50,000.

The general (under 50's) concessional contribution cap is set at \$25,000.

Flood Levy

The Government has introduced a Temporary Flood and Cyclone Reconstruction Levy (Flood Levy) applying to taxable income for the 2012 Financial Year only. Individual taxpayers, except those affected by natural disasters, who have a taxable income over \$50,000 will have to pay the Flood Levy as follows:

Taxable income	Applicable Flood Levy tax
\$50,001 to \$100,000	0.5 cents for each dollar over \$50,000
Over \$100,000	\$250 plus 1 cent for each dollar over \$100,000

For more information visit ato.gov.au

Super Co-contribution

Under the current superannuation co-contribution scheme the government matches personal contributions made by members to their super, dollar for dollar, up to a maximum amount of \$1,000 for people with incomes up to \$31,920.

This amount is reduced and phased out once a member's income level exceeds \$61,920. The Government has announced that there will be no change to these income thresholds for the 2011/12 financial year.

Tax file numbers (TFN)

From 1 July 2011, super funds will be able to use members' TFNs as a primary source of identification for members. From 1 January 2012 this will be extended to assist in the consolidation of duplicate super accounts into one account within the fund. This may be extended to include consolidation across super funds in 2012, however this is yet to be confirmed.

This means getting your super together will be easier and you could save in fees by having just one account.

Super reporting

From 1 July 2012, your employer will be required to include any amount of superannuation paid to your super fund on your payslip. This will provide you with a greater awareness of the amount of super being paid on your behalf, and will show whether your super payments are not being made.

Superannuation Funds will also have an increased responsibility to monitor payments and will be required to advise both employers and members on a quarterly basis if regular payments cease.

Duplicate account insurance arrangements

If more than one account is opened for you in HOSTPLUS Executive, or you have joined another division of HOSTPLUS, you are eligible for insurance cover in only one account (usually you will retain the highest level of insurance cover in the respective account, unless you tell us otherwise). Insurance premiums will be refunded for the account with the cancelled insurance cover.

If you have any further queries please call **1300 HOSTPLUS (1300 467 875)**.

Don't be a lost member

The Government requires superannuation funds to transfer lost superannuation accounts to the Australian Taxation Office (ATO) as unclaimed monies where:

- the balance of the lost account is less than \$200, or
- the account has been inactive for a period of five years and the provider has insufficient records to identify the owner of the account.

Generally, you are classified as lost if:

- you cannot be contacted (ie. mail has been returned unclaimed)
- you joined the fund more than two years ago for the purpose of receiving employer contributions, and
- the fund has not received further contributions or rollovers.

Members will be able to reclaim their money from the ATO at any time.

Changes to member investment options

HOSTPLUS has introduced two new investment options available from 1 June 2011:

BlackRock Asset Management – International Fixed Interest and **IronBridge Capital Management – International Shares**.

From 31 October 2011 another new investment option, **Neuberger Berman – International Shares** will be available.

Two investment options were closed on 1 December 2010: **BridgeWater Associates – Diversified Fixed Interest** and **AllianceBernstein – International Shares**.

On 31 October 2011 **Perpetual Investment Management – Australian Shares** and **Marvin & Palmer Associates – International Shares** will cease as HOSTPLUS investment options.

HOSTPLUS Executive performance to 2011

Looking after your super investment

We've designed investment options with different investment objectives, strategies and risk profiles. We utilise high quality investment managers and, together with our investment adviser, JANA Investment Advisers Pty Ltd (JANA), we monitor and review the performance of our options and make whatever changes necessary to deal with the changing economic outlook.

Founded in 1987, JANA is one of Australia's leading asset consulting firms with approximately A\$180 billion under advice. JANA assists the trustee in establishing the overall investment strategy and investment objectives of all the fund's investment options.

The fund's investments are held by a custodian: JPMorgan Chase Bank N.A. – a leading global financial services firm with assets of US\$2.2 trillion and operations in more than 60 countries. JPMorgan is a leading global provider with more than US\$16.9 trillion in assets under custody. The firm is also a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A list of the investment managers and investments utilised for HOSTPLUS Executive's investment options can be found in the table on page 16.

Before you consider making an investment choice, you may like to learn more about our investment process, outlined next.

1. Developing the investment strategy

The Directors of HOSTPLUS meet on a regular basis with JANA. JANA assists in establishing the overall investment strategy and the investment objectives of each investment option.

The Directors meet to determine the fund's strategic asset allocation. This involves the setting of the allocation between growth and defensive assets for the pre-mixed investment options. They decide which asset classes the fund will invest in and the mix of investment styles. They also set constraints on allocations to investments within each asset class.

2. Appointment and ongoing review of investment managers

Professional investment managers are selected based on a detailed assessment by the investment adviser and the Directors. Once appointed, the investment managers are given detailed guidelines to follow and invest according to the strategy and risk profile stipulated.

The performance of the investment managers is constantly monitored. In fact, a monthly performance report is prepared for the trustee by the custodian and a quarterly report by the investment adviser. The performance of each investment option and investment manager is also regularly reviewed to ensure it is achieving the agreed investment objectives.

HOSTPLUS is responsible for selecting investment managers, monitoring their progress and determining the overall investment profile. Sometimes, a decision may be made to remove an investment manager as a result of poor investment performance, change in key personnel, or a shift in a manager's style or HOSTPLUS investment strategies.

3. The fund's earning rates

Pages 5–6 of this report detail the earning rates for each investment option for the financial year ended 30 June 2011.

Net fund earning rates to 30 June 2011

Pre-mixed options

Year	Capital Stable	Conservative Balanced	Indexed Balanced	Balanced	Shares Plus
2011	8.88%	9.80%	1.95%**	10.11%	11.62%
2010	7.92%	8.47%	–	8.10%	9.34%
2009	-3.75%	-6.46%	–	-13.10%	-14.46%
2008	3.06%	1.00%*	–	-3.58%	-5.44%
2007	9.76%	–	–	16.80%	19.56%
6 mth	2.98%	2.70%	1.05%	2.66%	2.16%
3 yr p.a.	4.19%	3.67%	–	1.13%	1.44%
5 yr p.a.	5.05%	–	–	3.10%	3.37%
7 yr p.a.	6.22%	–	–	6.30%	7.01%
10 yr p.a.	6.00%	–	–	6.12%	5.81%

* The Conservative Balanced option was introduced on 1 October 2007, therefore this performance figure is for the nine months to 30 June 2008.

** The Indexed Balanced option was introduced on 1 December 2010, therefore this performance figure is for the seven months to 30 June 2011.

Past performance is not a guide to future performance. All net fund earning rates are after fees and taxes.

Sector investment options

Year	Cash	Diversified Fixed Interest [^]	Property	Australian Shares	International Shares
2011	5.08%	9.48%	4.92%	13.50%	16.22%
2010	3.76%	8.96%	2.53%	13.26%	8.51%
2009	5.03%	4.67%	-10.39%	-10.74%	-22.04%
2008	6.58%	5.81%	9.66%	-10.20%	-11.62%
2007	5.86%	4.45%	14.60%	27.80%	16.00%
6 mth	2.81%	3.73%	2.23%	1.12%	2.68%
3 yr p.a.	4.62%	7.68%	-1.22%	4.69%	-0.56%
5 yr p.a.	5.26%	6.65%	3.91%	5.66%	0.16%
7 yr p.a.	5.27%	6.41%	6.07%	10.44%	3.88%
10 yr p.a.	4.99%	6.46%	6.85%	9.62%	1.35%

Past performance is not a guide to future performance. All net fund earning rates are after fees and taxes.

[^] Due to a calculation error these rates have been updated as of 16 September 2011.

Explanation of terms

Net fund earning rate. This is the rate allocated to your account which could be positive or negative. The net fund earning rates are calculated using the effective compound rate.

Effective compound rate. A method of calculating earnings in each period where earnings are calculated on both the principal (the initial investment) and any amounts previously earned. The calculation assumes actual earnings are applied at a constant rate on both the principal and any amounts subsequently earned. The method assumes any subsequent earnings are reinvested on an ongoing basis for the life of the investment. For example, you invest \$1,000 in an account and it earned an effective compound rate of 10% per annum, the next year you will earn 10% on the original \$1,000 plus the \$100 in earnings received in the first year and so on.

Please note the HOSTPLUS Executive product has only been available from June 2005. However, the Executive product and industry fund product have the same investment options. The figures provided are the figures that would have applied had the Executive product been available for the periods specified on these pages.

Individual manager options

Option	2011	2010	2009	2008	2007	6mth	3 yr p.a.	5 yr p.a.
Macquarie Investment Management - Australian Fixed Interest	4.69%	6.65%	9.35%	3.80%	3.40%	3.75%	6.88%	5.56%
BlackRock Asset Management - International Fixed Interest	—	—	—	—	—	0.00%*	—	—
Bridgewater Associates - Diversified Fixed Interest	5.07%**	13.38%	4.42%	10.90%	3.20%	—	7.55%	7.32%
Industry Super Property Trust Core Fund - Property	7.87%	5.95%	-13.74%	8.00%	16.20%	3.81%	-0.47%	4.35%
Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) - Property	7.90%	0.16%	-10.12%	12.20%	17.40%	3.45%	-0.96%	5.05%
Balanced Equity Management - Australian Shares	12.55%	14.30%	-10.94%	-13.40%	26.10%	0.46%	4.64%	4.58%
Macquarie Investment Management - Australian Shares	10.93%	11.52%	-16.09%	-9.80%	27.40%	-0.38%	1.25%	3.59%
Paradise Investment Management (Small Cap) - Australian Shares	18.66%	24.61%	-15.80%	-20.80%	33.40%	-1.87%	7.58%	5.64%
Perpetual Investment Management - Australian Shares	13.25%	14.74%	-9.38%	-6.60%	23.70%	2.65%	5.60%	6.35%
AllianceBernstein - International Shares	0.81%**	3.18%	-24.04%	-21.60%	8.60%	—	-7.55%	-7.62%
IronBridge Capital Management - International Shares	—	—	—	—	—	-0.45%*	—	—
Marvin & Palmer Associates - International Shares	2.80%	9.07%	-27.48%	-1.80%	13.40%	-3.45%	-6.66%	-1.97%

* These options were introduced on 1 June 2011, therefore the returns for these options represent a period of one month (1 June 2011 - 30 June 2011).

** The returns for these options represent periods ending 30 November 2010. These options were closed on 1 December 2010.

Past performance is not a guide to future performance. All net fund earning rates are after fees and taxes.

Declared net fund earning rate

The declared net fund earning rate is based on the actual investment performance data for the previous week ending Sunday, less any applicable fees and taxation. However, for the last two weeks of June the declared net fund earning rate will not be finalised until 20–25 business days after 30 June. For the last two weeks of December, the declared net fund earning rate will not be finalised until 20–25 business days after 31 December.

The declared net fund earning rate can be positive or negative depending on investment performance. A negative earning rate can result in a reduction in your account balance.

Allocating net fund earnings to a member's account

Net fund earnings are allocated to your account:

- as at 30 June and 31 December each year (a statement is sent to you in approximately September and March respectively)
- when you switch between investment options
- when you fully withdraw (exit) or fully transfer out of HOSTPLUS Executive.

Declared net fund earning rates are calculated on the daily balance of your account and are compounded daily. This is important as it is likely that you will have different closing balances in your account throughout the year as a result of transactions in your account (eg. contributions, taxation, insurance, account keeping fee, etc).

The declared net fund earning rates can be positive or negative depending on investment performance. A negative earning rate can result in a reduction in your account balance.

Note: Earnings are not allocated to your account at the time of a partial withdrawal (exit) or partial transfer out of the fund.

Earnings allocated when you switch between investment options

You can switch between investment options as often as once a week free of charge.

If your completed request is received in the HOSTPLUS Melbourne office before 4pm on a Friday, or in the case of online switches by 11.59pm Melbourne time on a Sunday, it will generally be processed the following Wednesday and back-dated to Monday. The latest available declared net fund earning rate will be used to allocate earnings to your account.

Calculating earnings on partial withdrawals or partial transfers out of HOSTPLUS Executive

When you are invested only in the Balanced option

The latest available declared net fund earning rate will be used to allocate earnings for the amount of the partial withdrawal or partial transfer. However this rate may be adjusted (positively or negatively) with the

actual declared net fund earning rate for the applicable period when the first of any of the following events occur:

- 30 June and 31 December each year (a statement is sent to you in approximately September and March respectively)
- when you switch between investment options, or
- when you fully withdraw (exit) or fully transfer out of HOSTPLUS Executive.

When you have made an investment choice other than the Balanced option

Earnings are not allocated to your account at the time of a partial withdrawal or partial transfer out of the fund. The amount of the partial withdrawal or partial transfer is simply withdrawn from your account at the time. Earnings will be allocated when the first of the following events occur:

- 30 June and 31 December each year (a statement is sent to you in approximately September and March respectively)
- when you switch between investment options, or
- when you fully withdraw (exit) or fully transfer out of HOSTPLUS Executive.

Your pre-mixed options as at 30 June 2011

	Capital Stable			Conservative Balanced		
Investment objectives and strategies	<ul style="list-style-type: none"> • Achieve positive returns that exceed the return on cash over rolling three year periods. • Provide stable returns through an asset mix that maximises the prospect of a positive rate of return each financial year. • Achieve returns that are above the average returns of other similar funds. 			<ul style="list-style-type: none"> • Achieve positive returns that exceed the return of the Capital Stable option over rolling three year periods. • Provide a good prospect of positive returns each financial year. • Achieve returns that are above the average return of other similar funds. 		
Risk/return profile	<ul style="list-style-type: none"> • Low to medium. • Likelihood of a negative annual return in any one year: one in every 10 to 11 years. 			<ul style="list-style-type: none"> • Medium. • Likelihood of a negative annual return in any one year: one in every five to six years. 		
Investment style	<ul style="list-style-type: none"> • Most conservative and low-risk of the HOSTPLUS Executive pre-mixed investment options. 			<ul style="list-style-type: none"> • Contains roughly equal proportions of growth and defensive assets. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		30%	Growth assets		50%
	Australian shares	5–20%	11%	Australian shares	15–30%	21%
	International shares	5–15%	9%	International shares	10–25%	17%
	Unlisted assets			Unlisted assets		
	– Infrastructure	0–10%	4%	– Infrastructure	0–10%	4%
	– Private equity	0–5%	0%	– Private equity	0–10%	2%
	– Alternatives	0–10%	1%	– Alternatives	0–10%	1%
	Property	0–10%	5%	Property	0–10%	5%
	Defensive assets		70%	Defensive assets		50%
	Unlisted assets			Unlisted assets		
	– Infrastructure	0–5%	1%	– Infrastructure	0–5%	1%
	– Alternatives	0–5%	2%	– Alternatives	0–5%	3%
	Property	0–15%	7%	Property	0–15%	8%
	Australian fixed interest	10–30%	20%	Australian fixed interest	5–25%	14%
	International fixed interest	10–30%	20%	International fixed interest	5–25%	14%
	Cash	10–40%	20%	Cash	5–20%	10%

Your pre-mixed options as at 30 June 2011

	Indexed Balanced			Balanced (default)			Shares Plus					
Investment objectives and strategies	<ul style="list-style-type: none"> Achieve investment returns that closely track index performance within each asset class to which this investment option has exposure. 			<ul style="list-style-type: none"> Achieve positive returns that exceed the return of the Conservative Balanced option over rolling three year periods. Maximise the prospect of positive returns each financial year. Achieve returns that are above the average return of other similar funds. 			<ul style="list-style-type: none"> Achieve high, long-term returns that exceed the return of the Balanced option over rolling five year periods and acknowledging the chance of significant fluctuations in returns. Invest in long-term growth assets, accepting the prospect of negative returns is increased. Achieve returns that are above the average return of other similar funds. 					
Risk/return profile	<ul style="list-style-type: none"> Medium to high. Expectation of a negative annual return in any one year: one in every four to five years. 			<ul style="list-style-type: none"> Medium to high. Likelihood of a negative annual return in any one year: one in every four to five years. 			<ul style="list-style-type: none"> High. Likelihood of a negative annual return in any one year: one in every three to four years. 					
Investment style	<ul style="list-style-type: none"> Investments through diversified investment portfolio, including some growth assets and some lower risk investments. 			<ul style="list-style-type: none"> Aims to produce consistent returns. Investments through diversified investment portfolio, including some growth assets and some lower risk investments. 			<ul style="list-style-type: none"> Pre-mixed option. Contains the highest investment in assets with potential for capital growth. 					
Asset mix		Range	Benchmark		Range	Benchmark		Range	Benchmark			
	Growth assets			75%	Growth assets			76%	Growth assets			85%
	Australian shares	25–55%	42%	Australian shares	25–45%	33%	Australian shares	30–50%	38%			
	International shares	10–40%	33%	International shares	10–30%	22%	International shares	20–40%	34%			
	Unlisted assets	–	–	Unlisted assets			Unlisted assets					
	– Infrastructure	–	–	– Infrastructure	0–10%	6%	– Infrastructure	0–10%	3%			
	– Private equity	–	–	– Private equity	0–10%	5%	– Private equity	0–15%	6%			
	– Alternatives	–	–	– Alternatives	0–10%	4%	– Alternatives	0–10%	1%			
	Property	–	–	Property	0–15%	6%	Property	0–10%	3%			
	Defensive assets			25%	Defensive assets			24%	Defensive assets			15%
	Unlisted assets			Unlisted assets			Unlisted assets					
	– Infrastructure	–	–	– Infrastructure	0–10%	2%	– Infrastructure	0–5%	1%			
	– Alternatives	–	–	– Alternatives	0–10%	6%	– Alternatives	0–5%	3%			
	Property	–	–	Property	0–15%	7%	Property	0–10%	5%			
	Australian fixed interest	0–20%	10%	Australian fixed interest	0–20%	3.5%	Australian fixed interest	0–10%	3%			
	International fixed interest	0–20%	10%	International fixed interest	0–20%	3.5%	International fixed interest	0–10%	3%			
	Cash	0–10%	5%	Cash	0–10%	2%	Cash	0–10%	0%			

Your sector investment options as at 30 June 2011

	Cash			Diversified Fixed Interest			Property		
Investment objectives and strategies	<ul style="list-style-type: none"> Maintain the invested capital. To provide positive returns. 			<ul style="list-style-type: none"> Aim to provide a high level of capital protection and returns that over the medium term exceed those available from investing solely in cash type investments. 			<ul style="list-style-type: none"> To provide exposure to the rental income and capital growth arising from property and land assets. 		
Risk/return profile	<ul style="list-style-type: none"> Lowest risk with corresponding expectation of lower returns. Expectation of a positive return being achieved each year. 			<ul style="list-style-type: none"> Moderate risk investment. Generally less volatile than property and shares over the short term, but also provides a lower level of return. Likelihood of a negative annual return in any one year: one in every six to seven years. 			<ul style="list-style-type: none"> Moderate to high risk investment. Corresponding moderate to high return. Likelihood of a negative annual return in any one year: one in every six to seven years. 		
Investment style	<ul style="list-style-type: none"> Cash investments could include deposits in a bank, investments in short-term money markets and other similar investments. 			<ul style="list-style-type: none"> Usually a loan to a Government or business with a fixed interest rate and the length of the loan agreed in advance. 			<ul style="list-style-type: none"> An investment in property or buildings, either directly or via property trusts. 		
Asset mix		Range	Benchmark		Range	Benchmark		Range	Benchmark
	Growth assets		0%	Growth assets		0%	Growth assets		40%
	Defensive assets		100%	Alternatives	0–10%	0%	Property	0–100%	40%
	Cash	0–100%	100%	Defensive assets		100%	Defensive assets		60%
				Australian and international fixed interest	90–100%	100%	Property	0–100%	60%

	Australian Shares			International Shares		
Investment objectives and strategies	<ul style="list-style-type: none"> To provide exposure to predominantly Australian shares with the potential for a high level of growth over the long term. Outperform the S&P/ASX300 Accumulation Index over rolling three year periods. 			<ul style="list-style-type: none"> To provide exposure to international shares with the potential for a high level of growth over the long term. Outperform the MSCI World Accumulation Index (ex-Australia) over rolling three year periods. 		
Risk/return profile	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 			<ul style="list-style-type: none"> High to very high. Corresponding high returns. A component of this investment is exposed to currency fluctuations. Likelihood of a negative annual return in any one year: one in every two to three years. 		
Investment style	<ul style="list-style-type: none"> Active management. 			<ul style="list-style-type: none"> Active management. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		100%	Growth assets		100%
	Australian shares	0–100%	100%	International shares	0–100%	100%
	International shares	0–10%	0%			
	Defensive assets		0%	Defensive assets		0%

Investment managers may invest a proportion of these investment options' assets in cash for management purposes from time to time.

Your individual manager options as at 30 June 2011

	Macquarie Investment Management – Australian Fixed Interest	BlackRock Asset Management – International Fixed Interest	Industry Super Property Trust Core Fund – Property						
Investment objectives and strategies	<ul style="list-style-type: none"> Guarantee the return of the UBS Composite Bond Index (All Maturities). Underperformance of the index by the underlying portfolio is reimbursed by the manager. Any out-performance of the index is retained by the manager. 	<ul style="list-style-type: none"> Provide returns similar to the Citigroup World Government Bond Index (hedged in AUD with net dividends reinvested). 	<ul style="list-style-type: none"> Long term investment in a diversified pool of quality Australian office, retail and industrial properties. Provide returns superior to the Mercer/IPD Australian Pooled Property Fund Index. 						
Risk/return profile	<ul style="list-style-type: none"> Low to medium. Likelihood of a negative annual return in any one year: one in every six to seven years. 	<ul style="list-style-type: none"> Low to medium. Likelihood of a negative annual return in any one year: one in every six to seven years. 	<ul style="list-style-type: none"> Moderate to high risk investment. Corresponding moderate to high returns. Likelihood of a negative annual return in any one year: one in every six to seven years. 						
Investment style	<ul style="list-style-type: none"> Passive management. 	<ul style="list-style-type: none"> Passive management. The manager invests in securities that form the Citigroup World Government Bond Index, using an index tracking approach to manage securities. 	<ul style="list-style-type: none"> The Fund has an income bias aiming to offer investors lower relative earnings volatility and a higher income yield. 						
Asset mix	Range	Benchmark	Range	Benchmark	Range	Benchmark			
	Growth assets		0%	Growth assets		0%	Growth assets		100%
	Defensive assets		100%	Defensive assets		100%	Defensive assets		0%
	Australian fixed interest	–	100%	International fixed interest	–	100%	Australian property	–	100%

	Lend Lease Managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property	Balanced Equity Management – Australian Shares	Macquarie Investment Management – Australian Shares						
Investment objectives and strategies	<ul style="list-style-type: none"> Long-term investment in quality-diversified portfolios of retail, commercial and industrial properties in Australia. Provide returns superior to the Mercer/IPD Australian Pooled Property Fund Index. 	<ul style="list-style-type: none"> To outperform the S&P/ASX100 Accumulation Index over rolling three year periods. 	<ul style="list-style-type: none"> Match the return of the S&P/ASX300 Accumulation Index. 						
Risk/return profile	<ul style="list-style-type: none"> Moderate to high risk investment. Corresponding moderate to high returns. Likelihood of a negative annual return in any one year: one in every six to seven years. 	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 						
Investment style	<ul style="list-style-type: none"> Long-term direct investment in a quality portfolio of major regional core retail assets, commercial assets and industrial assets across Australia. 	<ul style="list-style-type: none"> Active management style based on fundamental analysis of stocks within the S&P/ASX100 Accumulation Index. 	<ul style="list-style-type: none"> Enhanced passive management. 						
Asset mix	Range	Benchmark	Range	Benchmark	Range	Benchmark			
	Growth assets		100%	Growth assets		100%	Growth assets		100%
	Australian property	–	100%	Australian shares	–	100%	Australian shares	–	100%
	Defensive assets		0%	Defensive assets		0%	Defensive assets		0%

Investment managers may invest a proportion of these investment options' assets in cash for management purposes from time to time.

	Paradice Investment Management (Small Cap) – Australian Shares	Perpetual Investment Management – Australian Shares	IronBridge Capital Management – International Shares																																				
Investment objectives and strategies	<ul style="list-style-type: none"> To exceed the S&P/ASX ex-100 Leaders Accumulation Index over rolling three year periods. 	<ul style="list-style-type: none"> To outperform the S&P/ASX300 Accumulation Index over rolling three year periods. 	<ul style="list-style-type: none"> Outperform the MSCI World (ex Australia) Index in Australian dollars over rolling three year periods. 																																				
Risk/return profile	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Investment is fully exposed to currency fluctuations. Manager is permitted to invest a limited proportion of the portfolio in emerging countries. Likelihood of negative annual return in any one year: one in every three to four years. 																																				
Investment style	<ul style="list-style-type: none"> Specialises in investing in companies outside the ASX top 100 stocks as defined by market capitalisation, as well as having the capacity to invest in New Zealand stocks. 	<ul style="list-style-type: none"> Active value driven bottom up stock picking management based on internal research. Invests predominantly in Australian shares, but has the capacity to invest in securities listed on stock exchanges other than the Australian Stock Exchange. 	<ul style="list-style-type: none"> Active style blend of growth and value stock selection. Utilises proprietary concept “Life Cycle” which defines the path of analysis for fundamental research and for ensuring proper diversification in the portfolio construction process. 																																				
Asset mix	<table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Growth assets</td> <td></td> <td>100%</td> </tr> <tr> <td>Australian/NZ shares</td> <td>–</td> <td>100%</td> </tr> <tr> <td>Defensive assets</td> <td></td> <td>0%</td> </tr> </tbody> </table>		Range	Benchmark	Growth assets		100%	Australian/NZ shares	–	100%	Defensive assets		0%	<table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Growth assets</td> <td></td> <td>100%</td> </tr> <tr> <td>Australian/International shares</td> <td>–</td> <td>100%</td> </tr> <tr> <td>Defensive assets</td> <td></td> <td>0%</td> </tr> </tbody> </table>		Range	Benchmark	Growth assets		100%	Australian/International shares	–	100%	Defensive assets		0%	<table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Growth assets</td> <td></td> <td>100%</td> </tr> <tr> <td>International shares</td> <td>–</td> <td>100%</td> </tr> <tr> <td>Defensive assets</td> <td></td> <td>0%</td> </tr> </tbody> </table>		Range	Benchmark	Growth assets		100%	International shares	–	100%	Defensive assets		0%
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	Marvin & Palmer Associates – International Shares												
Investment objectives and strategies	<ul style="list-style-type: none"> Outperform the benchmark, which is MSCI Emerging Markets Index in Australian dollars over rolling three year periods. 												
Risk/return profile	<ul style="list-style-type: none"> High to very high. Corresponding high returns. Investment is fully exposed to currency fluctuations. Manager is to invest in emerging countries. Likelihood of a negative annual return in any one year: one in every two to three years. 												
Investment style	<ul style="list-style-type: none"> Very active growth manager investing in countries and shares that the manager believes offer the best opportunity for capital appreciation. 												
Asset mix	<table border="1"> <thead> <tr> <th></th> <th>Range</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Growth assets</td> <td></td> <td>100%</td> </tr> <tr> <td>International shares</td> <td>–</td> <td>100%</td> </tr> <tr> <td>Defensive assets</td> <td></td> <td>0%</td> </tr> </tbody> </table>		Range	Benchmark	Growth assets		100%	International shares	–	100%	Defensive assets		0%
	Range	Benchmark											
Growth assets		100%											
International shares	–	100%											
Defensive assets		0%											

Investments greater than 5% of total fund assets

These investment managers have combined investments in excess of 5% of total fund assets:

- Industry Funds Management Pty Ltd.
- Lend Lease Investment Management.
- Orbis Investment Management Australia Pty Ltd.
- Paradice Investment Management Pty Ltd.

Investment managers may invest a proportion of these investment options' assets in cash for management purposes from time to time.

Investment expenses for 2010 - 2011

Most superannuation funds pay fees to investment managers to invest and manage their assets.

Investment expenses are deducted from investment returns before returns are applied to your account. All returns declared are net of these expenses.

The table shows the investment expenses paid for the financial year ended 30 June 2011, based on the funds under management in each investment option.

The costs for each of the investment options are in addition to the \$2.00 per week member fee (\$104 per year).

As the investment management costs attract a tax deduction, the 'total investment management costs after applicable tax deduction' is the amount incurred by members. These costs are deducted before the net earnings for each investment option are declared and applied to members' accounts.

The expenses that will be payable for the 2011 - 12 financial year will be calculated as at 30 June 2012.

PricewaterhouseCoopers have performed independent procedures over the calculation of the investment costs and confirmed that they were calculated in accordance with the trustee's policy.

Investment option	Investment Management costs	Performance Fees*	Total Investment Management costs before applicable tax deduction	Total Investment Management costs after applicable tax deduction**
Pre-mixed options				
Capital Stable	0.42%	0.04%	0.46%	0.39%
Conservative Balanced	0.51%	0.05%	0.56%	0.48%
Indexed Balanced ¹	0.03%	0.00%	0.03%	0.03%
Balanced	0.66%	0.09%	0.75%	0.64%
Shares Plus	0.64%	0.05%	0.69%	0.59%
Sector investment options				
Cash	0.05%	0.00%	0.05%	0.04%
Diversified Fixed Interest	0.33%	0.00%	0.33%	0.28%
Property	0.68%	0.00%	0.68%	0.58%
Australian Shares	0.43%	0.09%	0.52%	0.44%
International Shares	0.61%	-0.08%	0.53%	0.45%
Individual manager options				
Macquarie Investment Management – Australian Fixed Interest	0.00%	0.00%	0.00%	0.00%
BlackRock Asset Management – International Fixed Interest ²	0.12%	0.00%	0.12%	0.10%
Bridgewater Associates – Diversified Fixed Interest ³	0.74%	0.00%	0.74%	0.63%
Industry Super Property Trust – Property	0.29%	0.00%	0.29%	0.25%
Lend Lease managed APPF (Retail, Commercial & Industrial) – Property	0.63%	0.00%	0.63%	0.54%
Balanced Equity Management – Australian Shares	0.16%	0.00%	0.16%	0.14%
Macquarie Investment Management – Australian Shares	0.19%	0.00%	0.19%	0.16%
Paradise Investment Management (Small Cap) – Australian Shares	0.75%	0.55%	1.30%	1.11%
Perpetual Investment Management – Australian Shares	0.38%	0.00%	0.38%	0.32%
IronBridge Capital Management – International Shares ²	0.48%	0.00%	0.48%	0.41%
AllianceBernstein – International Shares ³	0.56%	0.00%	0.56%	0.48%
Marvin & Palmer Associates – International Shares	0.60%	0.00%	0.60%	0.51%

* The performance based cost component comprises actual fees paid and estimates of fees to be paid for the financial year ending 30 June 2011.

** The total management cost after the applicable tax deduction includes the investment management costs and performance fees.

- 1 This is a new investment option available from 1 December 2010. The figure shown is an approximation of expenses had this investment option existed for a full financial year.
- 2 This is a new investment option available from 1 June 2011. The figure shown is an approximation of expenses had this investment option existed for a full financial year.
- 3 This investment option was closed on 1 December 2010.

Important information about your super

When can you access your superannuation savings?

Generally, your super must be kept in a complying superannuation account until you reach your preservation age and have permanently retired from the workforce.

Depending on your date of birth, your preservation age varies, as the table below shows.

Date of birth	Preservation age
After June 1964	60
July 1963 – June 1964	59
July 1962 – June 1963	58
July 1961 – June 1962	57
July 1960 – June 1961	56
Before July 1960	55

Are all contributions preserved?

Generally, contributions made by your employer, and earnings allocated on all amounts, must be preserved. Until 30 June 1999, personal contributions were not usually preserved. However personal contributions made from 1 July 1999 are preserved. Any amounts that were non-preserved at 1 July 1999 will remain non-preserved, but the earnings allocated will be preserved. The table below provides a summary. Your half-yearly **HOSTPLUS** Executive Statement will show the preserved and non-preserved components of your account.

	Up to 30 June 1999	From 1 July 1999
Employer contributions	Preserved	Preserved
Personal contributions	Non-preserved	
Net earnings on personal contributions	Non-preserved	
Net earnings on all other contributions	Preserved	

Can you access your superannuation in other situations?

Access to your superannuation occurs in a number of situations including:

- termination of employment after turning age 60 without necessarily retiring permanently
- once you reach the age of 65, even if you're still working
- in the event of death
- permanent incapacity
- a terminal medical condition exists
- on the grounds of severe financial hardship subject to certain conditions and trustee approval
- on compassionate grounds as approved by the Australian Prudential Regulation Authority or its delegates (currently Medicare)
- on termination of your employment with an employer sponsor where your preserved benefit is less than \$200
- on your permanent departure from Australia if you are an eligible temporary resident, or
- on complying with any other condition of release specified under superannuation law.

Please call **HOSTPLUS** Executive **1300 799 998** for more information.

Eligible rollover fund

In accordance with legislation and the fund's policy, if your account balance is less than \$400 (subject to change) and we have not received contributions for you for more than 18 months, we may transfer your account balance to our eligible rollover fund (ERF). Our nominated ERF is AUSfund. However, if we have a current address we will write to you and give you the option to reactivate your account before transferring your **HOSTPLUS** Executive account to AUSfund.

The contact details for AUSfund are:

AUSfund Administration
PO Box 2468
KENT TOWN SA 5071

Phone: 1300 361 798
Fax: 1300 366 233
Email: admin@ausfund.net.au
Web: www.unclaimedsuper.com.au

If your superannuation benefits are transferred to AUSfund, your personal information will be used by AUSfund to establish your membership account and manage your superannuation balance, process your contributions, pay benefits, provide you with membership benefits and services, and correspond with you.

Being transferred to AUSfund may affect your benefits because:

- You'll cease to be a member of **HOSTPLUS** Executive.
- Your insurance arrangements with **HOSTPLUS** Executive will cease.
- You'll become a member of AUSfund and be subject to its governing rules. If **HOSTPLUS** Executive can provide AUSfund with current contact details, AUSfund will send you their Product Disclosure Statement (PDS). You can also ask AUSfund for a copy.
- Accounts of \$50 or more attract a levy of \$14 per year or part-year, while lower balances are not subject to the levy but do not receive earnings. AUSfund protects all accounts from erosion due to the administration levy, so that the levy cannot exceed the earnings allocated to each account.
- AUSfund has a different investment strategy to **HOSTPLUS** Executive, which is explained in their PDS.
- AUSfund does not offer any insurance arrangements.

For more details about AUSfund see the **HOSTPLUS** Executive Member Guide PDS dated 1 June 2011, available at hostplusexecutive.com.au

Protecting small accounts

If at any time your account balance is less than \$1,000, HOSTPLUS Executive member protection rules apply. If your account includes or has included SG or award contributions, the management costs deducted won't exceed the net fund earning rate applied to your account for that year.

During periods of poor investment returns, management costs are limited to any positive investment return plus \$10 per protected account. Management costs don't include insurance premiums and taxes, which will be deducted from your account as applicable.

Unclaimed money

HOSTPLUS Executive wants to keep in touch with you and makes every effort to do so. However, if you reach qualifying age for the age pension and are eligible to claim your super, but we cannot find you, then your investment becomes unclaimed money and must be paid to the Australian Tax Office (ATO) every six months.

You can enquire about unclaimed benefits by contacting the ATO on 13 10 20 or visit ato.gov.au/super.

If you believe you may have unclaimed money which may have been paid before 1 July 2007 please contact:

Registrar of Unclaimed Moneys
State Revenue Office
GPO Box 1641
MELBOURNE VIC 3001

Phone: 13 21 61
Web: www.sro.vic.gov.au

Lost members

The Australian Taxation Office (ATO) has established a lost member register. This register contains details of the super accounts for members that funds cannot locate and certain members for whom contributions have ceased. All superannuation funds report lost members to the ATO twice a year.

You are classified as lost if no contributions or rollovers have been received for you during the past five years and we have lost contact with you.

If you think a fund may have lost contact with you, you can check with the ATO to see if you're registered as a lost member.

If you have inactive accounts in any other super fund, eligible rollover fund or retirement savings account, you may consolidate them into your HOSTPLUS Executive account.

You can make enquiries at the ATO if you have lost contact with a fund and think you may be entitled to a benefit. Just call 13 10 20 or visit www.ato.gov.au/super and use SuperSeeker, the ATO's online tool to search for lost super.

Trustee indemnity insurance

Chubb Insurance Company Australia Ltd, Chartis, Liberty International and Dual underwriters provided trustee insurance cover from 30 September 2010 until 30 September 2011.

Audit

The annual audit of the HOSTPLUS Executive financial statements is currently being completed. We expect the auditor to issue an unqualified audit opinion on the financial statements and the auditor's report is expected to be finalised by 23 September 2011. The audited financial statements and auditor's report are available on request.

Fund documentation

If you would like a copy of the HOSTPLUS Trust Deed or other fund documentation, please call **1300 799 998**.

Confirmation of transactions on your HOSTPLUS Executive account

Some transactions, like rollovers and transfers, are confirmed in writing with you directly when they occur. Other transactions, such as contributions, can be verified by checking your half-yearly statements. You can also confirm transactions by accessing your account at hostplusexecutive.com.au. To register for this service, call HOSTPLUS Executive on **1300 799 998**.

Surcharge payments

The payment of superannuation surcharge (if applicable) will be deducted from member accounts, if applicable.

Reserve accounts

The fund maintains reserves to cover the day-to-day operations of HOSTPLUS Executive which are invested in a manner consistent with the fund's investment strategy in the Balanced option and in a manner that allows the fund to discharge its liabilities as they fall due. The total value of all reserve amounts at 30 June for the last four years has been:

2011:	\$95,242,026
2010:	\$80,041,528
2009:	\$72,719,316
2008:	\$66,786,013

Investment account

HOSTPLUS Executive allocates investment earnings to members' accounts at 30 June and 31 December each year, when an account is closed, or when an amount is switched to another investment option. During the year, investment earnings are accumulated in an investment account, pending this allocation process. After six months, all investment earnings are allocated to members' accounts. The total value of this investment account at 30 June for the last four years was:

2011:	(\$1,237,326)*
2010:	(\$1,755,449)*
2009:	\$1,968,281
2008:	\$2,123,621

*This is a timing issue on the receipt of investment earnings and on 1 July the investment account balance was again positive.

Administration account

The fees deducted from your account are deposited into the administration account and the accumulated funds are utilised to pay for the operations of HOSTPLUS Executive. Over the last four years, the administration account balance at 30 June has been:

2011:	\$96,479,352
2010:	\$81,796,977
2009:	\$70,751,035
2008:	\$64,662,392

Our professional partners

HOSTPLUS Executive works closely with the following professional organisations to achieve our investment and administration objectives effectively and cost-efficiently:

- Administrator:
Superpartners Pty Ltd
- Investment adviser:
JANA Investment Advisers Pty Ltd
- Auditor:
PricewaterhouseCoopers
- Insurer:
ING Australia Limited
- Legal advisers:
Herbert Geer, IFS Legal
- Tax advisers:
KPMG, Ernst & Young
- Master custodian:
JPMorgan Chase Bank, N.A.
- Internal auditor:
BDO Kendalls

Derivatives

The fund permits the use of derivatives to manage risk and enhance returns.

Derivatives are financial instruments linked to the future purchase or sale of securities, such as shares and other Executive assets. They are common risk management tools.

Derivatives will only be utilised where such use is consistent with:

- the investment strategy adopted for that portion of the fund managed by the relevant manager
- the investment powers of the fund, and
- the strategy as agreed between the fund and the respective investment managers.

Some HOSTPLUS Executive investment managers use derivatives to achieve their investment objectives and manage risk, while always complying with the asset sector investment guidelines. Derivatives may be used in the management of the fund's investment portfolio but may not be used to gear the portfolio or create net short positions.

The Australian Prudential Regulation Authority (APRA), sets standards for the prudent management of super funds and requires super funds to develop a policy to ensure proper use of derivatives. HOSTPLUS has a derivatives risk management statement to govern the use of derivatives and ensures that fund managers comply with the HOSTPLUS risk policy.

HOSTPLUS Directors

Independent Directors



David Elmslie
Chairman



The Hon Peter Collins
AM QC



Bob Hinkley

Employee Representative Directors



Brian Daley
Deputy Chairman



Robyn Buckler



Troy Burton

Employer Representative Directors



Mark Robertson
Deputy Chairman



Bevan Douglas



Neil Randall

Corporate governance

HOSTPLUS Executive follows a strict corporate governance policy for investments in Australian and international shares. Our policy provides proxy voting guidelines for mandated investment portfolios. It also includes extended reporting on pooled investment vehicles.

In 2009 HOSTPLUS Executive became a signatory to the United Nations Principles for Responsible Investment (UNPRI). The UNPRI were developed to provide a framework to sustainable long term returns. The principles are not prescriptive but provide guidance to incorporate environmental, social and governance (ESG) issues into investment decisions.

HOSTPLUS Executive will focus on encouraging its investment managers to adopt the Principles.

Earnings on accounts

The trustee is entitled to retain any earnings earned on any monies paid to the fund that are later required to be returned, eg. refunds due to overpayments or those payments made in error to the trustee.

Currency hedging

International investments are vulnerable to currency fluctuations. Hedging removes the currency exposure of international investments.

HOSTPLUS Executive partially hedges the currency exposure of all international asset exposures.

Trustee of the fund

Host-Plus Pty Limited was the trustee of HOSTPLUS Executive Superannuation Fund for the reporting period.

Your privacy is important to us

HOSTPLUS Executive operates under stringent privacy guidelines and takes every step possible to protect your privacy. There are instances when we need to give information about you to third parties (such as the Australian Taxation Office), however, there are strict controls on how they can use this information. Our complete privacy guidelines can be viewed at hostplusexecutive.com.au or you can obtain a copy calling **1300 799 998**.

Enquiries and complaints

If you have an enquiry or complaint, call HOSTPLUS Executive on **1300 799 998**, 8am–8pm, Monday to Friday. We'll do everything in our power to deal with your query promptly and courteously. If you're not happy with how your query is handled then we want to know. Please call us or write to:

Resolutions Officer
HOSTPLUS Executive
Locked Bag 9
Carlton South VIC 3053

Investments and Investment Managers at 30 June 2011

Cash

ING Investment Management Ltd
JPMorgan Chase Bank, N.A.

Diversified fixed interest

Alternative Fixed Income Funds
– Industry Funds Management Pty Ltd
BlackRock Indexed World Government Bond Fund
– BlackRock Asset Management Australia Limited*
ING Investment Management Ltd
Macquarie True Index Australian Fixed Interest Fund
– Macquarie Investment Management Limited*
Super Loans Trust
– ME Portfolio Management Limited

Property

Australian Prime Property Funds (Retail, Commercial & Industrial)
– Lend Lease Investment Management*
Colonial First State Property Opportunistic Partnership
– Colonial First State Property Limited
Goodman Australia Industrial Fund
– Goodman Funds Management Australia Limited
Industry Superannuation Property Trust (Core Fund)
– ISPT Pty Ltd*
ISPT Development and Opportunities Fund I & II
– ISPT Pty Ltd
Lend Lease Asian Retail Investment Fund
– Lend Lease Investment Management
Lend Lease Communities Fund 1
– Lend Lease Investment Management
Lend Lease Real Estate Partners 3
– Lend Lease Investment Management
Lend Lease V5 Trust
– Lend Lease Development Pty Limited
Macquarie Real Estate Equity Fund 3, 5 & 6
– Macquarie Admin Services Pty Limited
MGPA Asia Fund III
– MGPA
Retirement Villages Group
– Macquarie Capital Advisers Limited
Select Property Portfolio No. 1, 2 & 3
– AMP Capital Investors Limited
Stockland Residential Estates Equity Fund No. 1
– Stockland Capital Partners Limited
Wholesale Property

Unlisted assets

Alternatives

Apostle Loomis Sayles Credit Opportunities Fund
– Loomis, Sayles & Company L.P.
Aurora Offshore Fund Ltd. II
– Aurora Investment Management L.L.C.
Babson Capital Management LLC
Bridgewater Pure Alpha Fund II, Ltd
– Bridgewater Associates, Inc
GMO Multi Strategy Trust
– GMO Australia Limited
Stone Tower Fund Management LLC

Infrastructure

Campus Living Villages Fund
– Campus Living Funds Management Limited
CFS Infrastructure Fund (Anglian Water Group Sector)
– Colonial First State Property Limited
IFM Infrastructure Funds - Australian and International Infrastructure
– Industry Funds Management Pty Ltd

Macquarie Global Infrastructure Fund III
– Macquarie Specialised Asset Management Limited
Utilities Trust of Australia
– Hastings Funds Management Limited

Private equity

Apostle Carnegie Private Opportunities Fund No.1
– M.H. Carnegie & Co. Pty Limited
Carnegie Innovation Fund, LP
– Carnegie Venture Capital Pty Limited
Crown Europe Middle Market II Plc
– LGT Capital Partners (Ireland) Limited
Crown European Buyout Opportunities II Plc
– LGT Capital Partners (Ireland) Limited
Industry Super Holdings Pty Ltd
IFM Private Equity Funds - Australian and International Private Equity Fund
– Industry Funds Management Pty Ltd
Partners Group Secondary 2008, L.P.
– Partners Group Management Ltd
Superpartners Pty Ltd
Wilshire Private Markets Group – US, European, Asian and Australian Private Equity
– Wilshire Australia Pty Limited

Australian shares

Acadian Wholesale Australian Equity Long Short Fund
– Acadian Asset Management (Australia) Ltd
Balanced Equity Management Pty Limited*
BT Wholesale Australian Long/Short Fund
– BT Investment Management Limited
Goldman Sachs & Partners Australia Managed Funds Limited
Greencape Capital Pty Ltd
Industry Funds Management Pty Ltd (Enhanced Indexed)
Industry Funds Management Pty Ltd (Strategic Australian Equities)
L1 Capital Pty Ltd
Macquarie Investment Management Ltd*
Orbis Investment Management (Australia) Pty Ltd
Paradice Investment Management Pty Ltd (Small Cap)*
Paradice Investment Management Pty Ltd (Mid Cap)
Paradice Investment Management Pty Ltd (Large Cap)
Perpetual Investment Management Limited*
Vinva Australian Equity Alpha Extension Fund
– Vinva Investment Management Limited

International shares

Apostle Global Small-Mid Cap Fund
– Highclere International Investors Ltd
– Vaughan Nelson Investment Management, L.P.
Baillie Gifford Overseas Limited
BlackRock Fission Indexed International Equity Fund
– BlackRock Asset Management Australia Limited
Esemplia Emerging Markets
Goldman Sachs Hedged Global Long Short Fund
– Goldman Sachs & Partners Australia Managed Funds Limited
Independent Franchise Partners, LLP
IronBridge Capital Management, L.P.*
Marvin & Palmer Associates, Inc.*
Northcape Capital Pty Ltd
Orbis Institutional Global Equity Fund
– Orbis Investment Management Limited
Paradice Investment Management Pty Ltd (Global Small Cap)
Wholesale Pooled Fund Special Strategies Portfolio
– Wellington Management Company

Currency

Mesirow Financial Investment Management Inc.

* Managers available as individual manager investment options.

Financials

Statement of financial position at 30 June		
	2011	2010
Investments	\$9,455,525,405	\$7,858,630,259
Other assets		
Cash at bank	\$8,324,453	\$4,040,202
Prepayments	\$395,722	\$344,350
Other receivables	\$1,866,605	\$1,231,060
Operating assets	\$1,805,575	\$1,731,134
Deferred tax asset	\$72,433,097	\$99,202,074
Total other assets	\$84,825,452	\$106,548,820
Total assets	\$9,540,350,857	\$7,965,179,079
Liabilities		
Accounts payable	\$72,735,933	\$64,341,495
Current tax liabilities	\$71,693,304	\$34,466,764
Total liabilities	\$144,429,237	\$98,808,259
Net assets available to pay benefits	\$9,395,921,620	\$7,866,370,820
Represented by: Liability for accrued benefits		
Balanced	\$8,406,214,457	\$7,088,643,110
Shares Plus	\$178,450,097	\$146,431,726
Capital Stable	\$70,266,337	\$53,562,293
Conservative Balanced	\$37,274,808	\$25,386,029
Cash	\$162,410,247	\$157,556,821
Indexed Balanced	\$2,327,745	–
Diversified Fixed Interest	\$45,636,513	\$30,453,974
Property	\$30,019,552	\$25,877,457
Australian Shares	\$142,833,937	\$109,955,527
International Shares	\$30,834,078	\$22,076,590
Individual managers and Pension	\$194,411,823	\$126,385,765
Reserves	\$95,242,026	\$80,041,528
Total liability for accrued benefits	\$9,395,921,620	\$7,866,370,820

Operating statement for the year ended 30 June		
	2011	2010
Revenue from ordinary activities		
Net investment revenue		
Interest	\$20,611,026	\$22,642,218
Dividends and distributions	\$349,676,560	\$243,724,687
Other income	\$7,261,702	\$4,919,251
Changes in net market value	\$502,059,555	\$307,719,583
Direct and other investment expenses	(\$30,561,207)	(\$27,594,033)
Total net revenue – investments	\$849,047,636	\$551,411,706
Contribution revenue		
Employer	\$1,124,951,347	\$1,000,713,494
Member	\$78,497,516	\$88,824,347
Transfers from other superannuation funds	\$215,553,693	\$229,012,747
Total revenue – contributions	\$1,419,002,556	\$1,318,550,588
Other revenue		
Sundry income	\$15,621	\$76,755
Proceeds from insurance	\$72,973,462	\$60,746,463
Total revenue – other	\$72,989,083	\$60,823,218
Total revenue from ordinary activities	\$2,341,039,275	\$1,930,785,512
<i>Less</i>		
Expenses from ordinary activities		
Superannuation contributions surcharge	(\$26,496)	(\$30,299)
Insurance	\$98,535,025	\$73,767,964
Administration	\$74,607,267	\$68,218,332
Total expenses from ordinary activities	\$173,115,796	\$141,955,997
Benefits accrued as a result of operations before income tax	\$2,167,923,479	\$1,788,829,515
<i>Less</i>		
Income Tax Expense	\$185,474,776	\$159,510,550
Benefits accrued as a result of operations	\$1,982,448,703	\$1,629,318,965

HOSTPLUS *Executive*
Annual Report 2011

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Issued by Host-Plus Pty Limited ABN 79 008 634 704 Australian Financial Services Licence No. 244392
as trustee for the **HOSTPLUS** Superannuation Fund ABN 68 657 495 890

Registrable Superannuation Entity Licence No. L0000093

Registrable Superannuation Entity No. R1000054

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