

Executive Member Half Yearly Report

31 December 2009



The power of one

Coca-cola. Apple. Google. Some of the biggest corporations in the world started off with one simple idea. But the beauty of taking one small step in the right direction is the potential for it to gain momentum and grow into something substantial over time. As a **HOSTPLUS** Executive member, you're in a prime position to build your investment by taking one small step now. Read on to find out how **HOSTPLUS** Executive can help you harness the power of one for your super.

HOSTPLUS Executive news

Find out how to get more out of your super and **HOSTPLUS** Executive membership.

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HOSTPLUS Executive updates

We provide you with updates on investing and new government legislation that may affect your super.

section 2

HOSTPLUS Executive performance

Read this section for important information about our investment performance.

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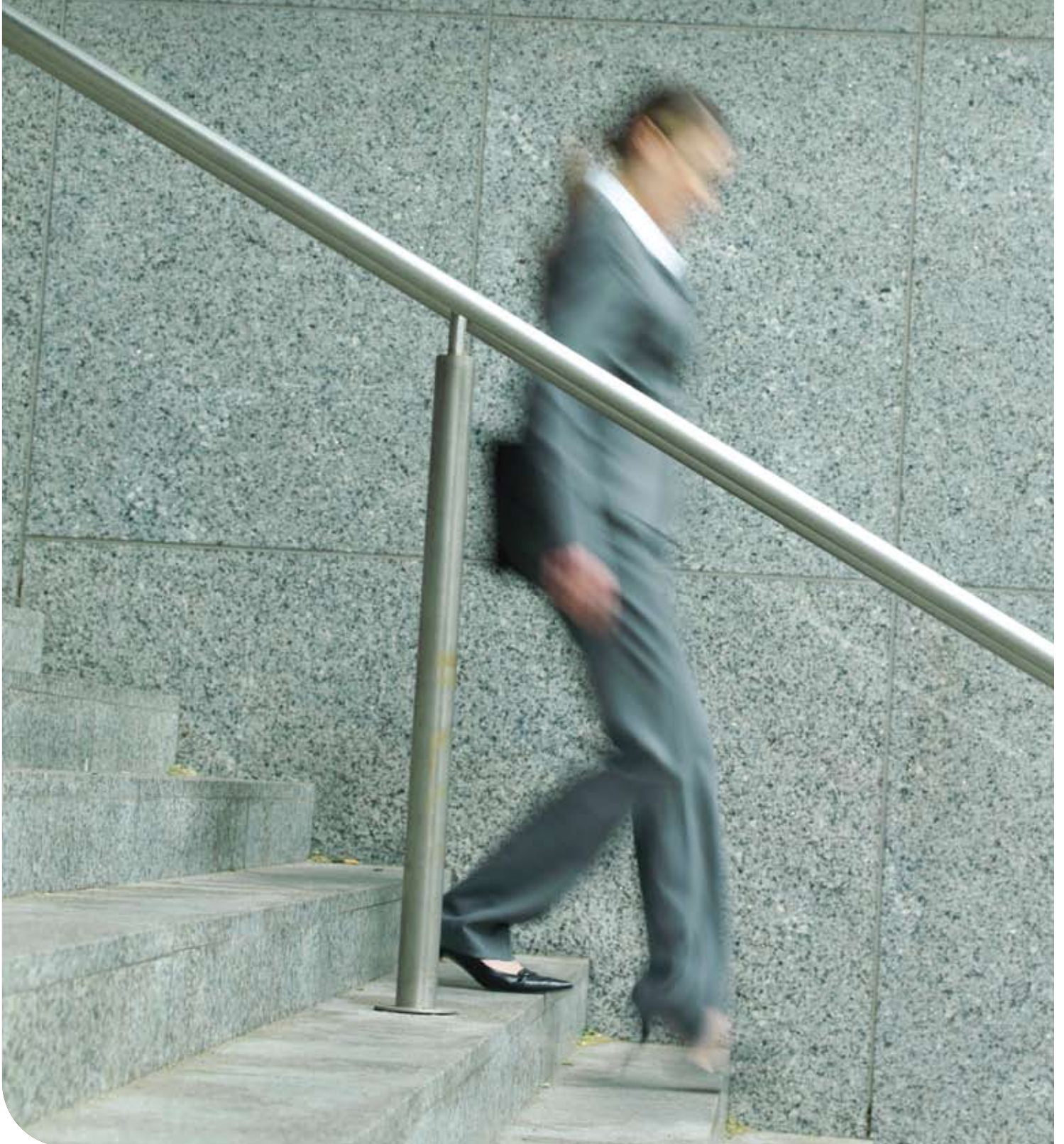
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Superannuation is one of the most tax-effective ways to grow your wealth. In this section, we provide you with smart strategies to maximise your investment, so superannuation becomes an invaluable part of your long-term financial plan.





Make one super difference

With super being a long-term investment, any small adjustments you make now could generate significant returns in the future. Here's how we could help translate minimum effort from you into maximum results for your super. We've made a list of six, simple changes you can make to your super account. Simply pick one.

1 Consolidate your investment

Not only are multiple super accounts often completely unnecessary, they come with multiple sets of fees, so you're paying more for what you don't need. Over time, the compound effect of these unnecessary charges can cost you more than you realise.

The solution is to combine all your other super accounts into **HOSTPLUS Executive**. That way you'll only pay a flat fee of \$2 a week plus investment expenses. Our fees are among the most competitive in the market and the savings go towards a bigger super payout.

How to consolidate

Consolidation is not nearly as complex as it sounds. Simply complete the enclosed rollover form and return it with your proof of identity in the reply paid envelope provided. We'll take care of it from there.

Have more than one fund to rollover? Simply copy the form and complete a separate one for each fund. You can also download the form at hostplusexecutive.com.au

It couldn't be easier. So consolidate your super with **HOSTPLUS Executive** now.

Rollover tip

It's completely free to roll your super into **HOSTPLUS Executive** but remember to check with your other funds if there are any exit fees or other penalties, or if your insurance cover will be affected.

2 Find your lost money

Rolling your super into one fund is easy if you know where it is. But if you have a few super funds, it's quite possible to lose track of one or two along the way. In fact, Australians have lost track of almost \$13 billion worth of super.

Changing jobs, moving house or getting married and changing your name are just some of the many ways you could lose track of your super. If you have more than one super fund, there's a good chance you also have some lost super and now's as good a time as any to reunite yourself with your money.

How to find your lost money

There are a few easy ways to track down your money.

Search for your lost super free of charge at www.unclaimedsuper.com.au by entering your full name and date of birth. Or head to www.ato.gov.au/super to do a superseeker search.

If you've got your Tax File Number handy, you can also contact the ATO on 13 10 20.

Once you've found your lost super, simply complete a rollover form to transfer it to your **HOSTPLUS Executive** account.

Keep your super together with HOSTPLUS Executive

Once you've gone to the effort of rolling your super into your **HOSTPLUS Executive** account or tracking down your lost super, the last thing you want is to start collecting super funds again. The best way to avoid extra super work is to stay with **HOSTPLUS Executive**. You can stay with us even if you move to a new job, new industry or new state. Simply tell your new employer to pay your super into your **HOSTPLUS Executive** account. Easy.

3 Provide us with your TFN

The easiest way to maximise your super is to minimise the amount of tax you pay on your contributions.

If you provide **HOSTPLUS Executive** with your Tax File Number (TFN), your employer and salary sacrifice contributions will be taxed at just 15%. But if we don't have your TFN, you'll be taxed at 46.5% including Medicare levy.

What's more, we can't accept any personal contributions from you. Not only does that stop you from adding to your super, you might also miss out on the government co-contribution scheme. So check your statement to make sure we have your TFN.

How to provide your TFN

If we don't have your TFN or if the TFN you've submitted is invalid, you'll need to provide it online.

Simply head to hostplusexecutive.com.au and click on the *Provide us with your TFN* link or call us on **1300 799 998**.

4 *Review your investment choice*

Reviewing your investment choice regularly to make sure your super is working exactly the way you want is one way to keep your financial goals on track.

If you haven't made an investment choice, your super is invested in the **HOSTPLUS Executive Balanced** option – our default option.

The **Balanced** option is designed to deliver a balanced level of risk and return. But depending on your income and other investments, investment goals, attitude to risk, financial commitments, how long you have until retirement and various other factors, there could be a better investment strategy for you.

That's why **HOSTPLUS Executive** offers 19 different investment options which you can mix and match as you wish. It gives you the flexibility to develop an investment strategy that suits your needs.

Since your goals could change as your priorities do over your working life, switching between investment options is easy, free and available once a week.

To find out more about our investment options, simply download a copy of the **HOSTPLUS Executive Member Guide Product Disclosure Statement** from hostplusexecutive.com.au

How to change your investment choice

The quickest and easiest way to change your investment choice is to log in to your SuperSite account and make the change online. If you haven't set up a SuperSite account yet, read on to find out how.

You can also complete and return the investment choice form available at hostplusexecutive.com.au

5 *Let the government boost your super*

You probably recognise a good opportunity when you see one, so why not take advantage of the government co-contribution scheme to give your super a boost. It's literally free money.

If your total income is under \$61,920 in the 2009–10 financial year and you make a personal contribution, you could receive up to \$1,000 from the government. Find out if you're eligible and what you might be entitled to on our website.

Make a personal contribution before 30 June 2010 and the government will credit your free money to your **HOSTPLUS Executive** account after your tax return is processed.

How to add to your super

You can either make a one-off contribution or regular contributions before June 30. There are many different ways to pay your contributions too – you can set up a direct debit, use **BPAY**[®], get your employer to deduct it from your pay or send us a cheque. Simply visit hostplusexecutive.com.au to find out more.

6 *Set up your SuperSite account*

Question: What's the easiest way to take charge of your super investment?

Answer: Do away with the paperwork and manage everything online.

SuperSite – your online super account – allows you to update your details and make changes to your investment option at your convenience.

To access your SuperSite account, simply head to hostplusexecutive.com.au, click on Member login and log in with your member number and PIN.

The best part is, SuperSite makes almost every other super task on this list even easier.

How to set up your SuperSite account

If you haven't logged in before, don't worry, we've pre-registered a PIN for you – your date of birth. For example, if your birthday is on 28 September 1975, your PIN would be 28091975. Your pre-registered PIN expires 31 May 2010, so remember to log in and change it before then.

For more information or help

Call: **1300 799 998**, 8am–8pm, Monday to Friday

Fax: **1300 366 991**

Visit: hostplusexecutive.com.au

Email: info@mail.hostplusexecutive.com.au

Mail: **Locked Bag 969 Carlton South VIC 3053**

Why you should do one thing now

Scott Pape tells us where super's come from, where it's heading and why there's no better time to do one thing for your biggest investment.

More change ahead

Compulsory super was introduced in Australia in July 1992, so it has been kicking around for almost twenty years. The aim of superannuation is to encourage us to save for retirement. This encouragement comes in two forms – firstly a legal obligation on our employers to put money into super on our behalf and, secondly, we are given tax concessions and other incentives to put some of our own money in.

The Super System Review announced last May has the job of reviewing the super system (strangely enough). The final report is due on 30 June this year however we are getting 'peeks' at what they are working on.

The thing that made my ears prick up the most was the proposed change to how super is controlled. The Review Panel has recommended taking the cheese away from the product providers, like the banks and other retail financial institutions, and giving the power back to the people.

As it stands you will be able to classify yourself as:

- not interested
- semi-interested
- moderately interested
- very interested in super.

The choice made will then determine the fees you pay, your investment options and even the amount of paperwork you receive. This can have serious ramifications on the amount of money in your super when you line up to receive your gold watch and retire.

What it means for you

There are more preliminary papers to be released and further industry discussion over the next few months before the final report is submitted. After the obligatory waffle and red tape it may be next year before we see how the government is going to supervise and monitor super over the next few years.

What does this mean for you? Super could look quite different in a few years time. So I challenge you, in 2010, to do just one thing with your super and I'm going to give you a suggestion where to start.

Stick to your plan

The GFC gave us some investment lessons; firstly the importance of diversification, that is, keeping your eggs in different baskets so when one basket gets hit the others are okay. Secondly if all your baskets get rattled at the same time (GFC), stick with your plan. Those that panicked and sold at the March 2008 low have missed out on the 56.2% recovery on the S&P/ASX 200 since then. Review your super to make sure you are doing all you can (extra contributions, adequate diversification) and above all, stick to your plan.

This is a small ask, given that most people sweat over their footy tips each week all in the name of winning a few bucks!

For more common sense, jargon-busting advice for the young and young at heart on how to live richly, no matter what you earn, look no further than *Ka-ching! Ka-ching!* The Barefoot Series on Moneytube.

The second pack in the series – *Pimpin' da World* – is available now. Containing a booklet, CD and pocket guide bursting with Barefoot wisdom, it's a step-by-step guide to travelling the world without blowing your budget. To secure your free copy from HOSTPLUS, head to kachingkaching.com.au and order the series today.

Scott Pape – The Barefoot Investor – is a best selling author and nationally syndicated columnist for New Limited, hosts his own self titled personal finance show on CNBC, has a weekly segment on Channel 10's the 7PM Project and is a regular contributor on radio.





Superannuation is constantly changing. At HOSTPLUS Executive, we're committed to keeping you informed of the latest legislation, developments and news. And helping you take better advantage of it.

Important super information

Market update

Supplied by JANA Investment Advisors Pty Ltd. December 2009.

Over the first half of the financial year, the global economy entered a period of stabilisation. Fiscal and monetary stimulus in most countries assisted in arresting the decline in economic activity. Recent months have seen some recovery in world economic growth and business confidence appears to be rising. However, recovery is still uneven, with China faring best, followed by the commodity countries such as Brazil, Canada and Australia. The weakest are the old 'developed' economies, such as Japan and Western Europe where growth remains weak and unemployment high.

Australian shares rose 3.4% in the December quarter to finish off a sterling year, with a rise of just over 25% for the six months to December 2009. Most sectors enjoyed the rally, with Financials outperforming the market in the September quarter and Materials and Utilities posting strong returns in the December quarter.

Unhedged global share market returns were up 9.5% for the six months to 31 December 2009. However, over the 12 months returns have been largely flat as the rise in the value of the Australian dollar offset the recovery in prices. Hedged investors did better with prices rallying 21.5% for the six months to be 27.5% ahead for the year. Emerging markets again outperformed the market with China, Brazil and Mexico leading the pack.

Domestically and internationally, bond markets had positive returns. The Australian cash rate has increased to 3.75% but elsewhere in the developed world, Central Banks are remaining steadfast in holding rates at low levels.

Listed Property Trust returns of 24.3% were weaker than ordinary shares. Unlisted Property Trusts are expected to show that returns have stabilised with no significant changes expected in valuations.

As investors reacted positively to the prospect of some recovery in economic growth improvement in corporate earnings, the December quarter was a culmination of a much more cheerful 2009 than 2008. The biggest question mark is what happens when the stimulus packages come to an end later in 2010. Is the world economy now on a sustainable footing, or will it fall back into recession?

Super update

Lost members' account balances

The Superannuation Legislation Amendment (Lost Members' Superannuation Accounts) Bill 2009 amends the Superannuation (Unclaimed Money and Lost Members) Act 1999 so that superannuation providers must transfer the balance of a lost member's account to the Commissioner of Taxation where:

- the balance of the 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.

Illegal super access

Australian Securities and Investments Commission (ASIC) is concerned that the current market conditions are contributing to an increase in the number of people attempting to gain illegal early access to their super.

ASIC is appealing to trustees of regulated super funds and to their members to help limit illegal early access, which can have significant legal and financial penalties to people who access their super money illegally.

Duplicate account insurance arrangements

If more than one account is opened in your name and you receive cover under each account, you are only eligible to receive one insurance benefit (usually the higher insured amount). Any duplicate insurance premiums will be refunded.

If you are transferring to or from HOSTPLUS which inadvertently results in your having insurance arrangements in both HOSTPLUS Executive and HOSTPLUS, the higher insurance arrangements will normally apply. However, you do have the option of retaining the lower value insurance.

If you have any further queries please call HOSTPLUS Executive on 1300 799 998.



Back in the black

Investment markets have shown a strong recovery over the past six months. This is great news for super members.





Net fund earning rates to 31 December 2009

Pre-mixed options

Year	Capital Stable	Conservative Balanced	Balanced	Shares Plus
6 months	5.5%	8.0%	9.1%	13.0%
1 year	6.2%	10.7%	6.3%	15.7%
3 years	3.2%	–	-0.3%	0.1%
5 years	5.4%	–	5.4%	6.5%

Past performance is not a guide to future performance. All net fund earning rates are after fees and taxes. Conservative Balanced option was first introduced on 1 October 2007.

Sector investment options

Year	Cash	Diversified Fixed Interest	Property	Australian Shares	International Shares
6 months	1.4%	3.3%	-1.3%	22.5%	13.9%
1 year	3.5%	6.4%	-10.9%	37.2%	18.2%
3 years	5.4%	5.2%	1.3%	3.8%	-6.0%
5 years	5.5%	5.1%	5.5%	10.5%	2.7%

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



Individual manager options

Option	6 month	1 year	3 years	5 years
Macquarie Investment Management – Australian Fixed Interest	2.4%	1.5%	5.7%	4.9%
Bridgewater Associates – Diversified Fixed Interest	4.7%	4.1%	6.9%	5.9%
Lend Lease Managed Australian Prime Property Funds – Property	-2.7%	-13.0%	1.6%	6.0%
Industry Super Property Trust – Property	0.8%	-7.0%	1.4%	5.6%
Balanced Equity Management – Australian Shares	26.9%	38.1%	3.4%	10.2%
Macquarie Investment Management – Australian Shares	21.0%	31.4%	1.2%	8.8%
Paradice Investment Management (Small Cap) – Australian Shares	34.4%	51.2%	0.7%	9.0%
Perpetual Investment Management – Australian Shares	20.3%	37.3%	4.6%	10.6%
AllianceBernstein – International Shares	10.3%	5.0%	-12.7%	-1.9%
Marvin & Palmer Associates – International Shares	13.1%	24.4%	-5.9%	4.4%

Past performance is not a guide to future performance. All net fund earning rates are after fees and taxes. Net earnings for 2005 were not calculated as a full year as HOSTPLUS individual manager investment options were first offered on 1 September 2004.

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.

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