

# Executive Member Annual Report

*Financial year ended 30 June 2010*

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# HOSTPLUS Executive updates for 2010

## Market update

Supplied by Jana Investment Advisers Pty Ltd. July 2010.

**Overall the 2009/10 financial year has seen positive returns in shares, property and cash. A welcome relief after two years of tough times for investors.**

The year kicked off with a strong start. We saw evidence of the 'green shoots' of an economic recovery, which encouraged investors back in to the share market and helped push along markets both here and overseas. We also saw positive trends in manufacturing activity and retail sales.

However a mixed economic picture began to develop towards the end of 2009. Although Australia was at the positive end of the spectrum, bad economic news in the US and Europe, like unemployment rates of over 10%, led to a sell-off in global share markets. Eventually this made investors in the Australian share market nervous and our share market rally also came to a halt.

The new calendar year saw concern about the amount of debt some European countries were getting into, in order to keep their economies ticking over – a bit like maxing out their credit cards! Countries like Greece, Portugal and Spain received credit rating downgrades and investors got very nervous that this would catch on and economies would collapse again. Then came an announcement of a \$750bn bailout package for Greece by the European Union and the IMF – a bit like Mum and Dad stepping in to help pay off the credit cards, and investors were able to relax a little which gave some relief to global share markets.

By the time 30 June came around, it had been a topsy turvy year for share markets. Australian shares finished the year up 13.1%. Despite the roller coaster ride, global shares also ended the year positively up 15.6%.

For Australian investors in those markets the fact our dollar had climbed 4.5% during the year meant the value of those overseas gains converted back into Australian currency was reduced quite significantly.

The Property sector delivered a "tale of two cities". Listed Property Trusts, which had been decimated during the Global Financial Crisis, bounced back strongly this year returning 20.3%. Unlisted Property however delivered a more stable return of 3.1% over the year. It is important to note that the commercial, retail and industrial property sectors are pretty much unrelated to the housing property sector, which anyone trying to buy a home will know has seen a lot of growth this year. However, for the commercial, retail and industrial sectors it now appears things have finally bottomed out after a couple of very difficult years.

Global bonds returned 9.2% over the year, whilst Australian bonds returned 7.9%. Australia underperformed because our central bank, the RBA, was virtually the only central bank around the world raising interest rates in an attempt to cool the housing market. Towards the end of the financial year, as other areas of the economy looked shaky, investors continued to flock to the "safety" of US and German government bonds.

After a great start, we saw a difficult last half to the year. The mood in the markets has now returned to one of caution. As we look forward, many eyes are fixed on the ability of the emerging markets like China and India, to drive global economic growth in the absence of growth from the US and Europe.

## Super update

### *The 2010-11 Federal Budget*

Several proposed changes to super were announced as part of the 2010-11 Federal Budget. At this point the changes are proposed only and will need to be passed by Parliament before they become law. **HOSTPLUS** Executive will advise further if the changes become law and the effect to members.

#### **Increases to the Superannuation Guarantee (SG) rates**

Generally, this is the contribution made to an employee's super account by their employer. Currently the rate is 9% of an employee's salary. The Government is proposing to increase this to 12% by 2019 (see table below).

The Government's intention is to increase the superannuation of Australians to help offset the costs of an aging population.

Proposed timetable of SG rate increases:

Year	Rate (%)
2013-14	9.25
2014-15	9.5
2015-16	10
2016-17	10.5
2017-18	11
2018-19	11.5
2019-20	12

#### **Changing the Superannuation Guarantee limit from 70 to 75**

It is proposed that from 1 July 2013 the superannuation guarantee (SG) age limit would increase from 70 to 75, meaning workers aged 70 to 74 would be eligible to receive SG contributions.

Currently, SG contributions aren't required for employees aged 70 and over. This increase in the age bracket would then bring employer SG contributions into line with employer voluntary deductible contributions and self-employed deductible contributions which can be made until employees turn 75.

This measure may provide an incentive for mature workers to remain in the workforce.

#### **Low income earners Government contribution**

Currently, as a result of the flat tax rate for all concessional superannuation contributions, low-income earners receive little or no tax advantage.

Under this proposal, the Government would provide a super contribution of \$500 annually for employees with an adjusted taxable income of up to \$37,000.

The amount payable under this measure would be calculated by applying a 15 per cent matching rate to the concessional (before tax) contributions made by or for individuals on adjusted taxable incomes of up to \$37,000, with an annual maximum amount payable of \$500 (not indexed).

The amount will be paid directly into an employee's super account. Concessional contributions made from 2012-13 would be eligible for the Government contribution which would be paid in 2013-14.

#### **Higher concessional caps\***

Currently, transitional arrangements double the concessional contributions cap of \$25,000 (to \$50,000) for those aged 50 or over. This transitional arrangement will expire on 30 June 2012.

From 1 July 2012, a separate higher concessional contributions cap of \$50,000 (indexed) will be in place for those aged 50 or over who have total superannuation balances of less than \$500,000.

This proposal is aimed at those with lower superannuation savings. It is proposed they will be able to make additional 'catch-up' contributions close to retirement.

#### **Government co-contribution rate and income thresholds frozen\***

Co-contributions are additional contributions that the Government makes to the superannuation accounts of eligible lower income workers who make after-tax contributions.

In the 2009-10 Budget, the Government reduced the matching rate for co-contributions to 100% and the maximum Government co-contribution to \$1,000 – a measure that was indicated as temporary.

However, the matching rate of 100% and the maximum superannuation co-contribution of \$1,000 will be retained permanently.

The co-contribution eligibility income thresholds will be frozen for the next two years at their present levels of \$31,920 (in order to receive the full co-contribution of \$1,000), phasing out completely at \$61,920.

#### **Changes to *HOSTPLUS* Executive insurance arrangements**

From 1 December 2010, **HOSTPLUS** Executive is making changes to our insurance so your cover will cost less.

Fixed Cover premiums will decrease - white collar premiums will decrease by 4% and light blue premiums by 17%.

With Fixed Cover, the value of your insurance stays the same while your premium changes each year, so you'll always know exactly how much cover you have. The amount of cover could be selected by you or as 'Salary-Linked' which is a multiple of your salary chosen by your employer – as your salary increases or decreases, so does the amount of your cover and premiums.

Salary Continuance premiums will decrease by 8 – 12%.

Salary Continuance Insurance helps protect your income if you can't work because of

illness or injury (temporarily and totally) by providing regular monthly payments to help you meet your living expenses.

If you have unutilised Death and TPD cover premiums will increase from \$1.00 per unit to \$1.50 per unit. Death Only cover premiums will increase from 50c to 75c per unit.

**However, members will get an increase of between 51% and 73% in their insured benefits.**

These enhancements to the **HOSTPLUS** Executive insurance offering aim to provide flexibility and affordability to members.

These changes are covered in the **Executive Member Magazine** which was included with your half-yearly statement mailed in September.

#### **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 most recent insurance arrangement you have with us, whether of higher or lower value). Any duplicate insurance premiums will be refunded.

If you are transferring to or from **HOSTPLUS** Executive which inadvertently results in you 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 1300 799 998.

#### **Don't be a lost member**

From 1 July 2010, the Government will require 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.

#### **Indexed Balanced – a new investment option**

**HOSTPLUS** is introducing a new investment option called **Indexed Balanced** which will have a low investment expense of just 0 - 0.05%. It will be available for members to select from 1 December 2010.

\*These proposals have been passed by Parliament and are now superannuation legislation.

# HOSTPLUS Executive performance to 2010

## 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 are necessary to deal with the changing economic outlook.

Founded in 1987, JANA is one of Australia's leading asset consulting firms with approximately A\$154 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\$2.1 trillion and operations in more than 60 countries. JPMorgan is a leading global provider with more than US\$15.3 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.

### *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 2010.

## Net fund earning rates to 30 June 2010

### Pre-mixed options

Year	Capital Stable	Conservative Balanced	Balanced	Shares Plus
2010	7.9%	8.5%	8.1%	9.3%
2009	-3.8%	-6.5%	-13.1%	-14.5%
2008	3.1%	1.0%*	-3.6%	-5.4%
2007	9.8%	–	16.8%	19.6%
2006	8.1%	–	15.5%	18.8%
<b>6 months</b>	2.3%	0.4%	-0.9%	-3.3%
<b>3 year p.a.</b>	2.3%	–	-3.2%	-4.0%
<b>5 year p.a.</b>	4.9%	–	4.1%	4.7%
<b>7 year p.a.</b>	6.1%	–	6.8%	7.7%
<b>10 year p.a.</b>	5.8%	–	5.8%	5.2%

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

\* This option was introduced on 1 October 2007, therefore this performance figure was for the nine months to 30 June 2008.

### Sector investment options

Year	Cash	Diversified Fixed Interest	Property	Australian Shares	International Shares
2010	3.8%	9.0%	2.5%	13.3%	8.5%
2009	5.0%	4.7%	-10.4%	-10.7%	-22.0%
2008	6.6%	5.8%	9.7%	-10.2%	-11.6%
2007	5.9%	4.5%	14.6%	27.8%	16.0%
2006	5.4%	2.7%	12.2%	22.4%	21.8%
<b>6 months</b>	2.3%	5.5%	3.9%	-7.6%	-4.8%
<b>3 year p.a.</b>	5.1%	6.5%	0.3%	-3.2%	-9.2%
<b>5 year p.a.</b>	5.3%	5.3%	5.3%	7.3%	1.1%
<b>7 year p.a.</b>	5.2%	5.7%	6.8%	11.5%	4.2%

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

### 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	2010	2009	2008	2007	2006	6 month	3 year p.a.	5 year p.a.
Macquarie Investment Management – Australian Fixed Interest	6.7%	9.4%	3.8%	3.4%	2.8%	4.1%	6.6%	5.2%
Bridgewater Associates – Diversified Fixed Interest	13.4%	4.4%	10.9%	3.2%	1.5%	8.3%	9.5%	6.6%
Lend Lease Managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property	0.2%	-10.1%	12.2%	17.4%	11.0%	2.9%	0.3%	5.7%
Industry Super Property Trust Core Fund – Property	6.0%	-13.7%	8.0%	16.2%	13.7%	5.1%	-0.4%	5.5%
Balanced Equity Management – Australian Shares	14.3%	-10.9%	-13.4%	26.1%	21.8%	-9.9%	-4.1%	6.2%
Macquarie Investment Management – Australian Shares	11.5%	-16.1%	-9.8%	27.4%	22.0%	-7.8%	-5.5%	5.6%
Paradise Investment Management (Small Cap) – Australian Shares	24.6%	-15.8%	-20.8%	33.4%	25.2%	-7.3%	-6.0%	6.8%
Perpetual Investment Management – Australian Shares	14.7%	-9.4%	-6.6%	23.7%	25.7%	-4.6%	-1.0%	8.6%
AllianceBernstein – International Shares	3.2%	-24.0%	-21.6%	8.6%	22.7%	-6.5%	-15.0%	-3.9%
Marvin & Palmer Associates – International Shares	9.1%	-27.5%	-1.8%	13.4%	33.2%	-3.5%	-8.1%	3.2%

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.

When you switch between investment options, your request to switch is effective from the following 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 2010*

	Capital Stable			Conservative Balanced		
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>• Achieve positive returns that exceed the return on cash over rolling three year periods.</li> <li>• Provide stable returns through an asset mix that maximises the prospect of a positive rate of return each financial year.</li> <li>• Achieve returns that are above the average returns of other similar funds.</li> </ul>			<ul style="list-style-type: none"> <li>• Achieve positive returns that exceed the return of the Capital Stable option over rolling three year periods.</li> <li>• Provide a good prospect of positive returns each financial year.</li> <li>• Achieve returns that are above the average return of other similar funds.</li> </ul>		
<b>Risk/return profile</b>	<ul style="list-style-type: none"> <li>• Low to medium.</li> <li>• Likelihood of a negative annual return in any one year: one in every 10 to 11 years.</li> </ul>			<ul style="list-style-type: none"> <li>• Medium.</li> <li>• Likelihood of a negative annual return in any one year: one in every five to six years.</li> </ul>		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>• Most conservative and low-risk of the HOSTPLUS Executive pre-mixed investment options.</li> <li>• Contains a higher percentage of defensive assets (cash and diversified fixed interest) than the Conservative Balanced, Balanced and Shares Plus options.</li> </ul>			<ul style="list-style-type: none"> <li>• Contains roughly equal proportions of growth and defensive assets.</li> </ul>		
<b>Asset mix</b>		<b>Range</b>	<b>Benchmark</b>		<b>Range</b>	<b>Benchmark</b>
	<b>Growth assets</b>		<b>30%</b>	<b>Growth assets</b>		<b>50%</b>
	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%
	<b>Defensive assets</b>		<b>70%</b>	<b>Defensive assets</b>		<b>50%</b>
	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 2010

	Balanced (default)			Shares Plus		
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>Achieve positive returns that exceed the return of the Conservative Balanced option over rolling three year periods.</li> <li>Maximise the prospect of positive returns each financial year.</li> <li>Achieve returns that are above the average return of other similar funds.</li> </ul>			<ul style="list-style-type: none"> <li>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.</li> <li>Invest in long-term growth assets, accepting the prospect of negative returns is increased.</li> <li>Achieve returns that are above the average return of other similar funds.</li> </ul>		
<b>Risk/return profile</b>	<ul style="list-style-type: none"> <li>Medium to high.</li> <li>Likelihood of a negative annual return in any one year: one in every four to five years.</li> </ul>			<ul style="list-style-type: none"> <li>High.</li> <li>Likelihood of a negative annual return in any one year: one in every three to four years.</li> </ul>		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>Aims to produce consistent returns.</li> <li>Investments through diversified investment portfolio, including some growth assets and some lower risk investments.</li> </ul>			<ul style="list-style-type: none"> <li>Pre-mixed option.</li> <li>Contains the highest investment in assets with potential for capital growth.</li> </ul>		
<b>Asset mix</b>		<b>Range</b>	<b>Benchmark</b>		<b>Range</b>	<b>Benchmark</b>
	<b>Growth assets</b>		<b>76%</b>	<b>Growth assets</b>		<b>85%</b>
	Australian shares	25–45%	32%	Australian shares	30–50%	38%
	International shares	10–30%	23%	International shares	20–40%	34%
	Unlisted assets			Unlisted assets		
	– Infrastructure	0–10%	7%	– Infrastructure	0–10%	3%
	– Private equity	0–10%	6%	– Private equity	0–15%	6%
	– Alternatives	0–10%	2%	– Alternatives	0–10%	1%
	Property	0–15%	6%	Property	0–10%	3%
	<b>Defensive assets</b>		<b>24%</b>	<b>Defensive assets</b>		<b>15%</b>
	Unlisted assets			Unlisted assets		
	– Infrastructure	0–10%	2%	– Infrastructure	0–5%	1%
	– Alternatives	0–10%	5%	– Alternatives	0–5%	3%
	Property	0–15%	8%	Property	0–10%	5%
	Australian fixed interest	0–20%	3.5%	Australian fixed interest	0–10%	3%
	International fixed interest	0–20%	3.5%	International fixed interest	0–10%	3%
	Cash	0–10%	2%	Cash	0–10%	0%

*Your sector investment options as at 30 June 2010*

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

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

*Your individual manager options as at 30 June 2010*

	<b>Macquarie Investment Management – Australian Fixed Interest</b>	<b>Bridgewater Associates – Diversified Fixed Interest</b>	<b>Industry Super Property Trust Core Fund – Property</b>																																							
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>• Guarantee the return of the UBS Composite Bond Index (All Maturities).</li> <li>• Underperformance of the index by the underlying portfolio is reimbursed by the manager.</li> <li>• Any out-performance of the index is retained by the manager.</li> </ul>	<ul style="list-style-type: none"> <li>• Outperform the Barclays Global Aggregate Index hedged in Australian dollars over rolling three year periods.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide returns superior to the Mercer Unlisted Property Fund Index.</li> </ul>																																							
<b>Risk/return profile</b>	<ul style="list-style-type: none"> <li>• Low to medium.</li> <li>• Likelihood of a negative annual return in any one year: one in every six to seven years.</li> </ul>	<ul style="list-style-type: none"> <li>• Medium.</li> <li>• Likelihood of a negative annual return in any one year: one in every six to seven years.</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate to high risk investment.</li> <li>• Corresponding moderate to high returns.</li> <li>• Likelihood of a negative annual return in any one year: one in every six to seven years.</li> </ul>																																							
<b>Investment style</b>	<ul style="list-style-type: none"> <li>• Passive management.</li> </ul>	<ul style="list-style-type: none"> <li>• Active management with positions in Australian and international indexed or nominal bond markets, and in currencies, that offer good value.</li> <li>• For diversification purposes the manager may also invest in alternatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified direct property investments in commercial, retail and industrial assets.</li> </ul>																																							
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	<b>Lend Lease Managed Australian Prime Property Funds (Retail, Commercial &amp; Industrial) – Property</b>	<b>Balanced Equity Management – Australian Shares</b>	<b>Macquarie Investment Management – Australian Shares</b>																																				
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>• Long-term investment in quality-diversified portfolios of retail, commercial and industrial properties in Australia.</li> <li>• Provide returns superior to the Mercer Unlisted Property Fund Index.</li> </ul>	<ul style="list-style-type: none"> <li>• To outperform the S&amp;P/ASX100 Accumulation Index over rolling three year periods.</li> </ul>	<ul style="list-style-type: none"> <li>• Match the return of the S&amp;P/ASX300 Accumulation Index.</li> </ul>																																				
<b>Risk/return profile</b>	<ul style="list-style-type: none"> <li>• Moderate to high risk investment.</li> <li>• Corresponding moderate to high returns.</li> <li>• Likelihood of a negative annual return in any one year: one in every six to seven years.</li> </ul>	<ul style="list-style-type: none"> <li>• High to very high.</li> <li>• Corresponding high returns.</li> <li>• Likelihood of a negative annual return in any one year: one in every two to three years.</li> </ul>	<ul style="list-style-type: none"> <li>• High to very high.</li> <li>• Corresponding high returns.</li> <li>• Likelihood of a negative annual return in any one year: one in every two to three years.</li> </ul>																																				
<b>Investment style</b>	<ul style="list-style-type: none"> <li>• Long-term direct investment in a quality portfolio of substantially major regional core retail, commercial and industrial assets across Australia.</li> </ul>	<ul style="list-style-type: none"> <li>• Active management style based on fundamental analysis of stocks within the S&amp;P/ASX100 Index.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced passive management.</li> </ul>																																				
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	Paradice Investment Management (Small Cap) – Australian Shares			Perpetual Investment Management – Australian Shares			AllianceBernstein – International Shares		
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>To exceed the S&amp;P/ASX ex-100 Leaders Accumulation Index over rolling three year periods.</li> </ul>			<ul style="list-style-type: none"> <li>To outperform the S&amp;P/ASX300 Accumulation Index over rolling three year periods.</li> </ul>			<ul style="list-style-type: none"> <li>To outperform the MSCI World (ex-Australia) Index in Australian dollars over rolling three year periods.</li> </ul>		
<b>Risk/return profile</b>	<ul style="list-style-type: none"> <li>High to very high.</li> <li>Corresponding high returns.</li> <li>Likelihood of a negative annual return in any one year: one in every two to three years.</li> </ul>			<ul style="list-style-type: none"> <li>High to very high.</li> <li>Corresponding high returns.</li> <li>Likelihood of a negative annual return in any one year: one in every two to three years.</li> </ul>			<ul style="list-style-type: none"> <li>High to very high.</li> <li>Corresponding high returns.</li> <li>Likelihood of a negative annual return in any one year: one in every three to four years (although losses could be more frequent over shorter periods).</li> <li>Investment is fully exposed to currency fluctuations.</li> <li>Manager is permitted to invest a limited proportion of the portfolio in emerging countries.</li> </ul>		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>			<ul style="list-style-type: none"> <li>Active value driven bottom up stock picking management based on internal research.</li> <li>Invests predominantly in Australian shares, but has the capacity to invest in securities listed on stock exchanges other than the Australian Stock Exchange.</li> </ul>			<ul style="list-style-type: none"> <li>Active style blend of value and growth global equity manager that aims to deliver long-term growth of capital on a total return basis using a barbell structure of high conviction growth and value stocks.</li> </ul>		
<b>Asset mix</b>		<b>Range</b>	<b>Benchmark</b>		<b>Range</b>	<b>Benchmark</b>		<b>Range</b>	<b>Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>	<b>Growth assets</b>		<b>100%</b>	<b>Growth assets</b>		<b>100%</b>
	Australian/NZ shares	–	100%	Australian/International shares	–	100%	International shares	–	100%
	<b>Defensive assets</b>		<b>0%</b>	<b>Defensive assets</b>		<b>0%</b>	<b>Defensive assets</b>		<b>0%</b>

	Marvin & Palmer Associates – International Shares		
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>To outperform the MSCI Emerging Markets Index in Australian dollars over rolling three year periods.</li> </ul>		
<b>Risk/return profile</b>	<ul style="list-style-type: none"> <li>High to very high.</li> <li>Corresponding high returns.</li> <li>Likelihood of a negative annual return in any one year: one in every two to three years.</li> <li>Investment is fully exposed to currency fluctuations.</li> <li>Manager is to invest in emerging countries.</li> </ul>		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>Very active growth manager investing in countries and shares that the manager believes offer the best opportunity for capital appreciation.</li> </ul>		
<b>Asset mix</b>		<b>Range</b>	<b>Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	International shares	–	100%
	<b>Defensive assets</b>		<b>0%</b>

*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.
- ING Investment Management Ltd.
- Lend Lease Investment Management.
- Paradice Investment Management Pty Ltd.

## Investment expenses

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 2010, 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 2010 – 11 financial year will be calculated as at 30 June 2011.

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 <sup>#</sup>	Total Investment Management costs before applicable tax deduction	Total Investment Management costs after applicable tax deduction
<b>Pre-mixed options</b>				
Capital Stable	0.47%	0.03%	0.50%	0.43%
Conservative Balanced	0.53%	0.05%	0.58%	0.49%
Balanced	0.61%	0.09%	0.70%	0.60%
Shares Plus	0.60%	0.05%	0.66%	0.56%
<b>Sector investment options</b>				
Cash	0.05%	0.00%	0.05%	0.04%
Diversified Fixed Interest	1.03%	0.00%	1.03%	0.88%
Property	0.68%	0.00%	0.68%	0.58%
Australian Shares	0.40%	0.19%	0.59%	0.50%
International Shares	0.50%	-0.15%	0.35%	0.29%
<b>Individual manager options</b>				
Macquarie Investment Management – Australian Fixed Interest	0.00%	0.00%	0.00%	0.00%
Bridgewater Associates – Diversified Fixed Interest	0.75%	0.00%	0.75%	0.64%
Industry Super Property Trust – Property	0.29%	0.00%	0.29%	0.25%
Lend Lease Managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property	0.69%	0.00%	0.69%	0.59%
Balanced Equity Management – Australian Shares	0.20%	0.00%	0.20%	0.17%
Macquarie Investment Management – Australian Shares	0.19%	0.00%	0.19%	0.16%
Paradise Investment Management (Small Cap) – Australian Shares	0.75%	1.57%	2.32%	1.97%
Perpetual Investment Management – Australian Shares	0.38%	0.00%	0.38%	0.32%
AllianceBernstein – International Shares	0.56%	0.00%	0.56%	0.47%
Marvin & Palmer Associates – International Shares	0.60%	0.00%	0.60%	0.51%

<sup>#</sup>The performance based cost component comprises actual fees paid and estimates of fees to be paid for the financial year ending 30 June 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?*

You can apply to access your superannuation 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 your 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
- 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](mailto:admin@ausfund.net.au)  
Web: [www.unclaimedsuper.com.au](http://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 \$10 per year or part-year, while lower balances are not subject to the levy but do not earn 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 29 June 2009, available at [hostplusexecutive.com.au](http://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](http://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](http://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](http://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 2009 until 30 September 2010.

## 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 31 October 2010. 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](http://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:

<b>2010:</b>	\$80,041,528
<b>2009:</b>	\$72,719,316
<b>2008:</b>	\$66,786,013
<b>2007:</b>	\$61,220,329

## 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 a 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:

<b>2010:</b>	(\$1,755,449)*
<b>2009:</b>	\$1,968,281
<b>2008:</b>	\$2,123,621
<b>2007:</b>	\$2,013,531

## 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:

<b>2010:</b>	\$81,796,977
<b>2009:</b>	\$70,751,035
<b>2008:</b>	\$64,662,392
<b>2007:</b>	\$59,206,798

## 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:  
Norton Rose, IFS Legal
- Tax advisers:  
KPMG, Ernst & Young
- Master custodian:  
JPMorgan Chase Bank, N.A.
- Internal auditor:  
BDO Kendalls

\*This is a timing issue on the receipt of investment earnings and on 1 July 2010 the investment account balance was again positive.

## 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 derivative risk statements. HOSTPLUS Executive has the Derivatives Risk Statements Part A and Part B as required by APRA. These summarise the policies, amongst other details, that HOSTPLUS has in place covering the use of derivatives.

## 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 managers. 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 now 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](http://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:

Complaints Officer  
 HOSTPLUS Executive  
 Locked Bag 969  
 Carlton South VIC 3053

## 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*  
 Appointed 19 October 2009

### Employer Representative Directors



*Mark Robertson*  
 Deputy Chairman



*Bevan Douglas*



*Neil Randall*

# Investments and Investment Managers at 30 June 2010

## **Cash**

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

## **Diversified fixed interest**

Alternative Fixed Income Funds  
– Industry Funds Management Pty Ltd  
Bridgewater Associates, Inc\*  
ING Investment Management Ltd  
Macquarie True Index Australian Fixed Interest Fund  
– Macquarie Investment Management Ltd\*  
SMHL Private Placement Trust  
– ME Portfolio Management Limited  
Super Loans Trust  
– ME Portfolio Management Limited  
Wholesale Fixed Interest

## **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 Limited  
Select Property Portfolio 1, 2 & 3  
– AMP Capital Investors Limited  
Stockland Residential Estates Equity Fund No. 1  
– Stockland Funds Management 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 LLC  
Babson Capital Management LLC  
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**

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)  
– Industry Funds Management Pty Ltd  
Partners Group Secondary 2008, L.P.  
– Partners Group Management  
Superpartners Pty Ltd  
Wilshire Private Markets Group – US, European, Asian and Australian Private Equity  
– Wilshire Australia Pty Limited

### **Australian shares**

452 Capital Pty Ltd  
Acadian Wholesale Australian Equity Long Short Fund  
– Acadian Asset Management (Australia) Limited  
Balanced Equity Management Pty Ltd\*  
BNY Mellon Australian Equity 130/30 Trust  
– Mellon Capital Management Corporation  
BT Wholesale Australian Long/Short Fund  
– BT Investment Management Limited  
Greencap Capital Pty Limited  
Industry Funds Management Pty Ltd (Enhanced Indexed)  
Industry Funds Management Pty Ltd (Strategic Australian Equities)  
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\*

### **International shares**

AllianceBernstein\*  
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  
Bridgewater Pure Alpha Fund II, Ltd  
– Bridgewater Associates, Inc  
Esemplia Emerging Markets  
Goldman Sachs JBWere Hedged Global Long Short Fund  
– Goldman Sachs JBWere Investment Management Pty Ltd  
Ironbridge Capital Management, L.P.  
Marvin & Palmer Associates, Inc.\*  
Orbis Institutional Global Equity Fund  
– Orbis Investment Management Ltd  
Paradice Investment Management Pty Ltd (Global Small Cap)  
Wellington International Management Company Pte Ltd  
Wholesale Pooled Fund Special Strategies Portfolio  
– Wellington Management Company

### **Currency**

Mesirow Financial Investment Management Inc.

\*Managers available on individual manager investment options.

## Financials

Statement of financial position at 30 June		
	2010	2009
<b>Investments</b>	\$7,858,630,259	\$6,499,023,833
<b>Other assets</b>		
Cash at bank	\$4,040,202	\$8,255,503
Prepayments	\$344,350	\$298,990
Other receivables	\$1,231,060	\$2,268,794
Operating assets	\$1,731,134	\$1,813,651
Deferred tax asset	\$99,202,074	\$130,365,917
<b>Total other assets</b>	<b>\$106,548,820</b>	<b>\$142,972,855</b>
<b>Total assets</b>	<b>\$7,965,179,079</b>	<b>\$6,641,996,688</b>
<b>Liabilities</b>		
Accounts payable	\$64,341,495	\$30,508,207
Current tax liabilities	\$34,466,764	\$11,092,202
<b>Total liabilities</b>	<b>\$98,808,259</b>	<b>\$41,600,409</b>
<b>Net assets available to pay benefits</b>	<b>\$7,866,370,820</b>	<b>\$6,600,396,279</b>
<b>Represented by: Liability for accrued benefits</b>		
Balanced	\$7,088,643,110	\$6,000,964,133
Shares Plus	\$146,431,726	\$112,318,572
Capital Stable	\$53,562,293	\$47,494,206
Conservative Balanced	\$25,386,029	\$13,645,154
<i>Sector investment</i>		
Cash	\$157,556,821	\$171,847,644
Diversified Fixed Interest	\$30,453,974	\$23,657,692
Property	\$25,877,457	\$19,659,651
Australian Shares	\$109,955,527	\$62,907,718
International Shares	\$22,076,590	\$15,427,153
Individual managers and Pension	\$126,385,765	\$59,755,040
Reserves	\$80,041,528	\$72,719,316
<b>Total liability for accrued benefits</b>	<b>\$7,866,370,820</b>	<b>\$6,600,396,279</b>

Operating statement for the year ended 30 June		
	2010	2009
<b>Revenue from ordinary activities</b>		
<b>Net investment revenue</b>		
Interest	\$22,642,218	\$20,878,990
Dividends and distributions	\$243,724,687	\$267,795,648
Other income	\$4,919,251	\$11,164,669
Changes in net market value	\$307,719,583	(\$1,318,408,955)
Direct and other investment expenses	(\$27,594,033)	(\$17,408,871)
<b>Total net revenue – investments</b>	<b>\$551,411,706</b>	<b>(\$1,035,978,519)</b>
<b>Contribution revenue</b>		
Employer	\$1,000,713,494	\$935,877,461
Member	\$88,824,347	\$76,122,526
Transfers from other superannuation funds	\$229,012,747	\$183,655,872
<b>Total revenue – contributions</b>	<b>\$1,318,550,588</b>	<b>\$1,195,655,859</b>
<b>Other revenue</b>		
Sundry income	\$76,755	\$92,556
Proceeds from insurance	\$60,746,463	\$36,368,537
<b>Total revenue – other</b>	<b>\$60,823,218</b>	<b>\$36,461,093</b>
<b>Total revenue from ordinary activities</b>	<b>\$1,930,785,512</b>	<b>\$196,138,433</b>
<i>Less</i>		
Expenses from ordinary activities		
Superannuation contributions surcharge	(\$30,299)	(\$2,713)
Insurance	\$74,110,444	\$67,560,343
Administration	\$67,875,852	\$64,203,677
<b>Total expenses from ordinary activities</b>	<b>\$141,955,997</b>	<b>\$131,761,307</b>
<b>Benefits accrued as a result of operations before income tax</b>	<b>\$1,788,829,515</b>	<b>\$64,377,126</b>
<i>Less</i>		
Income Tax Expense	\$159,510,550	(\$18,689,526)
<b>Benefits accrued as a result of operations</b>	<b>\$1,629,318,965</b>	<b>\$83,066,652</b>

**HOSTPLUS** *Executive*  
**Annual Report 2010**

Host-Plus Pty Limited  
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RSEL No. L0000093  
RSE No. R1000054

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