

**HOSTPLUS
ANNUAL REPORT
2013 – 2014**



CONTENTS

A message from the Chair of the Board and Chief Executive Officer	4
HOST PLUS by numbers	8
Our focus on members	10
HOST PLUS partnerships	14
Environment, Social and Governance	16
Our people	20
Corporate governance report	34
Investments	38
Our investment options	40
Our investment returns	54
Our investment managers	58
Investment holdings	62
Other investment information	73
Financial summary	74
Other important information	76
HOST PLUS Superannuation Fund Financial Statements 30 June 2014	80

A MESSAGE FROM THE CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER

WE ARE PROUD TO BRING YOU THE 2014 MEMBER ANNUAL REPORT AND
THANK YOU FOR YOUR CONTINUED SUPPORT AND LOYALTY TO HOST**PLUS**.

The financial year has ended with another solid year of investment performance with a 13.6% return from our Balanced option for the year ended 30 June 2014. This result places **HOSTPLUS** as a top quartile performer over 1, 3, 5, 7 and 10 year periods to 30 June 2014, according to the SuperRatings SR50 June 2014 Fund Survey. These are numbers we are very proud of in the pursuit of boosting our members' retirement savings.

Thanks to your trust and loyalty in **HOSTPLUS**, we have also experienced substantial growth over the last year having reached \$15.3 Billion in funds under management (FUM) which we manage on behalf of over 1 million members.

In a recent global survey by professional services firm Towers Watson, **HOSTPLUS** was appointed the newest Australian fund to enter a list of the top 300 pension funds in the world. **HOSTPLUS** debuted on the list in 290th place based on funds under management (at December 31, 2013).

HOSTPLUS is the first Australian fund to debut on the top 300 list in at least five years. It was noted that two big drivers of growth for **HOSTPLUS** are the loyal membership and the strong performance of investment earnings.

The most rewarding thing about this level of size and growth, is that it allows us to keep costs low for members. So at time when many super funds in our sector are announcing fee increases, **HOSTPLUS** has been able to leverage its growth and scale by maintaining our weekly member fee at a low \$1.50 per week for 10 years. Unlike many of our competitors, we've also resisted the temptation to charge percentage based fees. These fee commitments to you demonstrate **HOSTPLUS'** conviction, confidence and relentless pursuit to offer genuine value.



We are pleased to announce that the **HOSTPLUS** Balanced option returned 13.6% for members in the last financial year. This was above the median fund return of 12.7% for the year according to the SuperRatings June 2014 survey.

Our record of consistent long term outperformance and low costs once again earned **HOSTPLUS** the SuperRatings Platinum rating for the tenth year running, in addition to a 5 Apples rating from Chant West – both the highest accolades in their class.

Another initiative we're proud of over the last year is the launch of the ChoicePlus investment option. In September 2013, **HOSTPLUS** launched ChoicePlus to provide our members with the convenience and control of a basic Self-Managed Super Fund (SMSF) without the administration hassle or cost of setting up and managing a SMSF.

ChoicePlus gives members the option to invest and trade directly in the ASX 300, Exchange Traded Funds and Term Deposits all at the click of a button.

We are seeing a strong uptake of this service by our members and we're encouraged by the fact they are taking a keen interest in managing their superannuation savings.

Throughout the course of the next year, we will be enhancing our investment choices with the addition of an individual manager option – the IFM Investors Australian Infrastructure Fund which will give members the ability to invest directly in nation building projects.

We will also introduce **HOSTPLUS** Life – a lifecycle investment option that automatically changes your investment choice in line with your stage of life, as determined by your age and retirement horizon.

And from November 2014, **HOSTPLUS** will restructure into a Pooled Superannuation Trust (PST) enabling us to develop products and services that allow SMSF investors to take advantage of the great benefits and solid returns that **HOSTPLUS** delivers.

We never take your support for granted and we thank you for entrusting us to manage your retirement savings. We take our fiduciary responsibility very seriously which is why we ensure our governance structures are world class. To this end, we appointed two new Directors to the **HOSTPLUS** Board this year – Ms. Rebecca Stark and Ms. Alexandra Gai Grayson.

Ms. Stark was appointed on 27 February 2014 as an Employee Representative Director. Ms Stark is also currently the Head of Responsible Investment and Engagement at United Voice.

Ms. Grayson joined the **HOSTPLUS** Board on the 23rd October 2013 as an Independent Director. Ms. Grayson is a lawyer with over 15 years' industrial relations experience in both state and federal industrial relations systems, has won many high profile industrial cases, and has dedicated her career to social justice and advocating on behalf of workers.

We are very pleased to welcome Ms Stark and Ms Grayson and feel privileged to have a great balance of skills, expertise and industry diversity on the **HOSTPLUS** Board.

This member annual report contains detailed disclosure of all our Fund operations in the spirit of being open and transparent with our members. We welcome you taking a "deeper dive" into **HOSTPLUS** to obtain a greater appreciation for how we operate and our commitment to serve the best interest of our members.

We look forward to the continued delivery of high quality, low cost solutions to members for years to come and once again thank you for your support and trust in **HOSTPLUS**.



David Elmslie
Chairman, **HOSTPLUS**



David Elia
Chief Executive Officer



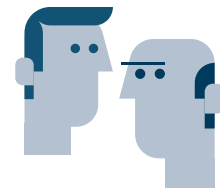
HOSTPLUS BY NUMBERS



10 Years Compound
Annual Growth Rate
(CAGR) **18.0%**



Employers
98,015



Members
1,006,331

Funds under management
\$15.3 billion

% Growth since
2004: **423%**



Balanced option investment returns

- 1 year 13.60%
- 3 year 10.09%
- 5 year 9.69%
- 7 year 4.17%
- 10 year 7.42%



Our **HOSTPLUS** Balanced investment option return of 13.60% for the financial year ending 30 June 2014, placed **HOSTPLUS** in the top ten of all Balanced investment options surveyed in the SuperRatings Fund Crediting Rate Survey. Results in this survey for the year to 30 June 2014 show the Balanced option recording top quartile returns over 3, 5, 7 and 10 years (Source: SuperRatings Fund Crediting Rate Survey, 19 July 2014).

HOSTPLUS enters a list of the top 300 pension funds in the world

In a recent global survey by professional services firm Towers Watson, **HOSTPLUS** was the newest Australian fund to enter a list of the top 300 pension funds in the world. **HOSTPLUS** debuted on the list in 290th place based on funds under management (at December 31, 2013).

6206 total employer visits



ChoicePlus

974 members as at 30 June 2014, 12th most popular of our 20 investment options, \$28 million invested in ChoicePlus and growing.



\$28 million

HOSTPLUS is the first Australian fund to debut on the top 300 list in at least five years. It was noted that the two big drivers of growth for **HOSTPLUS** are the loyal membership and the strong performance of investment earnings.

1000+ member education seminars



OUR FOCUS ON MEMBERS

WE'VE BEEN A PART OF THE HOSPITALITY, TOURISM, RECREATION AND SPORT INDUSTRY SECTORS FOR MORE THAN 25 YEARS. WE LEARNED VERY QUICKLY THAT OUR SECTORS LIVE OR DIE BY THE QUALITY OF SERVICES AND EXPERIENCES THEY PROVIDE TO THEIR CUSTOMERS.



Serving you better

Back in 2007, we took the decision to manage and control our contact centre ourselves. While many of our competitor super funds outsource call centres, we brought this important service in-house. So as a **HOSTPLUS** member you can always be assured you're speaking directly to a **HOSTPLUS** employee.

We also manage the insurance claims process ourselves, to ensure that you get the support you need during the most difficult times.

Helping members invest wisely

At **HOSTPLUS**, we believe that affordable, commission-free advice is the most valuable and effective way to provide financial advice, in order to help you identify and work towards achieving your money goals and life objectives. **HOSTPLUS** has selected Industry Fund Services Ltd (IFS) (AFSL 232514) as its partner in providing quality financial advice to **HOSTPLUS** members. IFS was established by industry super funds to help our members access quality, value for money and personalised financial advice. IFS's 'fee-for-service, no commissions' philosophy and long term track record of providing advice solely in members' best interests, continues to align closely with the strong member focus of **HOSTPLUS**.

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As an introduction to the benefits of financial advice, we're proud to offer members first joining **HOSTPLUS** a free, no obligation consultation with a licensed financial planner.

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Super advice online

HOSTPLUS is all about making super simple, and that includes financial advice. So we created **HOSTPLUS** Super Adviser. This is a simple online tool that provides our members with advice in an easy, flexible and non-intimidating way. **HOSTPLUS** Super Adviser is just like having your own virtual financial adviser, anytime, anywhere, free of charge.

What makes it more than a calculator is the fact that when you're done, you'll receive a Personalised Super Program (Personal Statement of Advice) containing the details of everything you've covered online, including recommendations and how to action them. Super Adviser also saves your details, so you can log-in and review your program whenever your situation changes.

Our commitment to technology

We believe that making it easy for you to access **HOSTPLUS** services is the key to helping you connect with your super, so you're in the best position to achieve your retirement goals. It's also the best way for employers to get the support they need. That's why we have invested in improved technology for 'anytime, anywhere, my way' delivery of member and employer services.

Ultimately we want you to choose how you engage with us. Whether it's online, mobile device, over the phone or face-to-face at your worksite. You can check your balance, make changes to your super and insurance arrangements, move your super together, develop a budget or even complete an online super plan. We also have a range of calculators to help you sort out your super strategy for retirement.

Talking to our members

We love super. But we realise that super might not be top of mind for everyone. By using the right channels, we are able to provide relevant content for our members that's both engaging and informative. That's why **HOSTPLUS** has taken the lead in the social media space, to allow our members to connect with us through the channels they prefer to use. Our social media pages provide a forum for members to share in our passion for the industries that make Australia great – hospitality, tourism, recreation and sport.

Pluses members can enjoy now

Our focus is helping you save for your future. In addition, you also have access to a suite of benefits so you can enjoy the 'pluses' today.

Low cost banking

To provide our members access to fairer banking, this year we introduced the **HOSTPLUS** Debit MasterCard® linked to the ME Bank Everyday Transaction Account (ETA), with no account-keeping fees and no hidden costs. This allowed us to provide members with a range of special offers. Previously promoted offers include, \$50 bonus, 5% cash back on PayPass transactions for six months, and more recently, free access to any ATM in Australia with the first ETA, for as long as they hold the account.

Through our partnership with ME Bank, members also have access to a range of other low cost banking products such as high interest savings accounts and low interest credit cards, personal loans and home loans.

HOSTPLUS Health Wealth Program

The **HOSTPLUS** 'Health Wealth' program was introduced for **HOSTPLUS** members to kick-start themselves on the road to a fitter, healthier life. Running over 6 weeks, the program offers the opportunity to gain real insights into your health and fitness from elite sportspeople in state of the art facilities through our partnerships with Richmond Football Club and the Gold Coast SUNS.

Health insurance at special rates

HOSTPLUS is always looking for ways to offer you a better deal, especially when it comes to essentials like health insurance. That is why we have chosen HCF as a preferred health fund for our members. HCF has tailored an exclusive range of corporate health insurance products that are not available to the general public, in order to meet the needs and budgets of **HOSTPLUS** members, whatever your life stage. HCF is Australia's largest not-for-profit health fund, so members, not shareholders, get more.

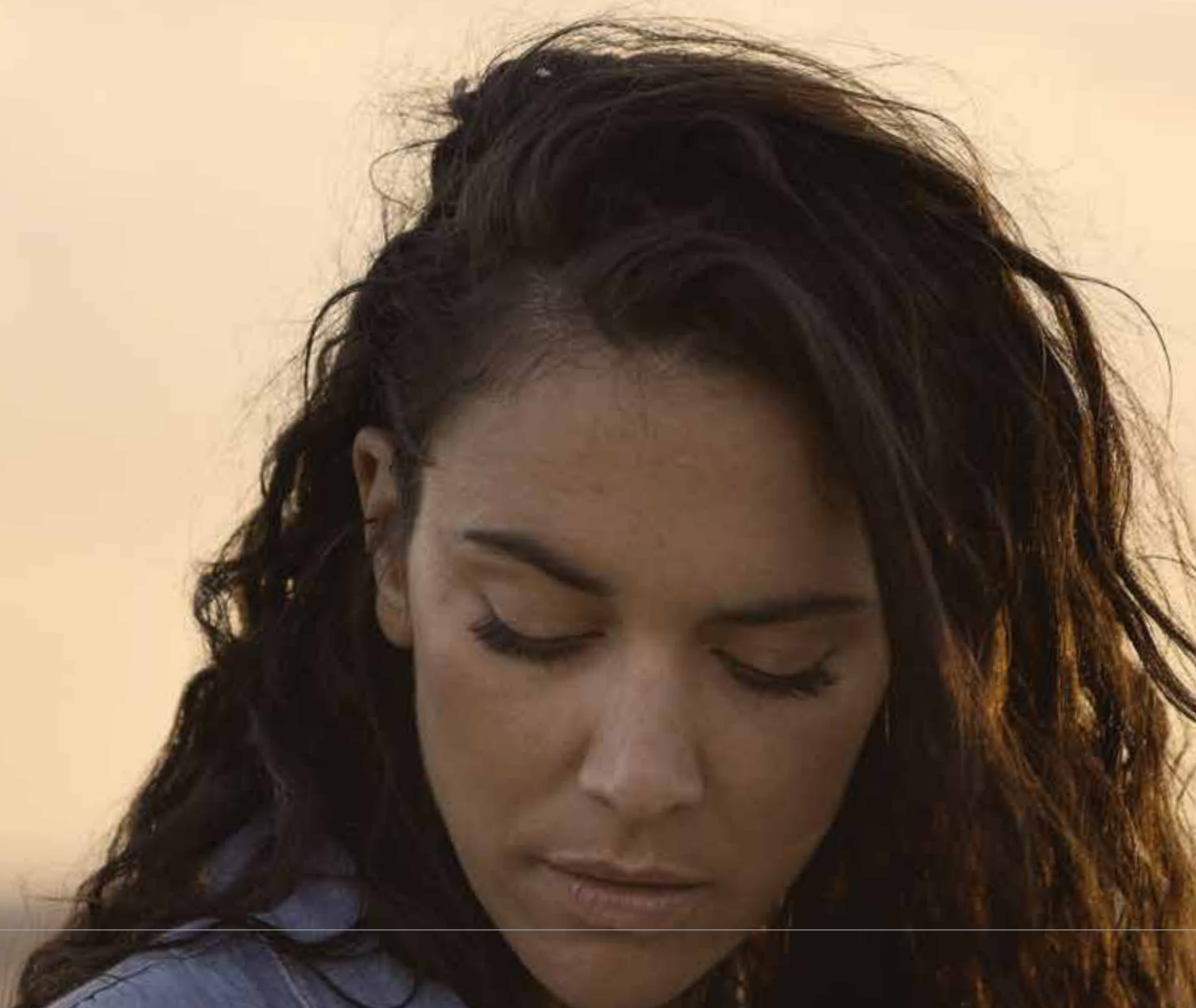
Free sporting and tourism tickets

As the industry super fund for the sporting and tourism industry, **HOSTPLUS** is a proud partner of various sporting and tourism networks, including teams within the NRL, A League and AFL. So as **HOSTPLUS** member, you can register through our ticketing ballot for a chance to attend free events.



HOSTPLUS PARTNERSHIPS

MAJOR SPORTING EVENTS ARE NOT JUST ABOUT SPORT, THEY BRING TOGETHER THE HOSPITALITY AND TOURISM INDUSTRIES AND PLAY AN IMPORTANT ROLE IN CREATING ECONOMIC GROWTH WITHIN THE INDUSTRIES THAT WE SERVE.



At **HOSTPLUS**, we place a lot of importance on ensuring our members are aware of the benefits we deliver. With 1 million members nationally, a cost effective way of achieving this is via marketing communications. The superannuation industry is highly competitive, so making sure members are aware of **HOSTPLUS** helps the Fund grow, and whilst it continues to grow, this level of scale provides cost advantages for the benefit of members.

Thanks to building this awareness and the trust and loyalty that you place in **HOSTPLUS**, we have experienced solid growth over the last year having reached \$15.3 Billion in funds under management which we manage on behalf of our membership.

We believe our overall marketing and communications program, including our partnerships, has been integral to that success and allows us to continue to deliver low cost services to our members.

So what do we mean by 'partnerships'?

Our partnerships with key industry bodies, such as Restaurant and Catering, Club Managers Association, Transport and Tourism Forum, Queensland Tourism Industry Council, the Australian Hotels Association and United Voice, provide a highly effective way for us to engage with existing and potential members and employers, delivering opportunities for us to access our members face to face for education and information sessions.

Not only do these partnerships provide us with the chance to attend and even speak at relevant industry conferences and events, with associated marketing opportunities that reach our members directly, they also demonstrate our commitment to our industries.

In addition to our industry partnerships, **HOSTPLUS** also partners with sporting associations across Australia covering all football codes and golf. When you go to the footy you will often see **HOSTPLUS** around the ground, whether it's on the boundary, the ball or even in the coach's box. But what takes place on the ground is just the tip of the iceberg.

Major sporting events are not just about sport, they bring together the hospitality and tourism industries and play an important role in creating economic growth within the industries that we serve. Fans that arrive in their thousands for a big game, from interstate or overseas, will book hotels, enjoy our restaurants and cafes, celebrate in bars and visit the local tourist attractions around the game. It all adds up to a huge boost to the tourism, hospitality and sport industries – our sectors. These linkages and the subsequent economic benefits that occur between the hospitality and tourism industries are something we're very proud to help facilitate as it helps boost employment opportunities for our members.

We have seen this with our partnership with the Gold Coast Suns. **HOSTPLUS** became the Foundation Partner of the Gold Coast SUNS in 2009. Our support not only helped the club to enter the Australian Football League, it also boosts the Gold Coast economy - in particular the hospitality and tourism industries.

In the club's first year 6,000 visitors travelled to the Gold Coast for the Collingwood match. An economic study found that the event was worth about \$5 million in spending, 95 per cent of which directly benefited hospitality and tourism businesses on the Gold Coast. By helping foster demand in these sectors, **HOSTPLUS** is actively supporting the very industries our members and employers either work in, enjoy, or both.

It's also reassuring to know that we have a proven track record of extracting significant value from sports partnerships. In 2013, **HOSTPLUS** was ranked 8th in generating the highest exposure across all Australian football codes (according to Repucom QI Exposure Analysis report 2013). So not only are we demonstrating support for our core industries, we're also ensuring that our marketing expenditure is targeted, accountable and effective. That's a plus for our members.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENVIRONMENT, SOCIAL AND GOVERNANCE CONSIDERATIONS
ARE A KEY PART OF THE HOSTPLUS INVESTMENT APPROACH.



At HOSTPLUS, we're committed to acting as a responsible long-term investor. We also recognise our obligation to first and foremost maximise investment returns for our members - it's a fiduciary requirement and responsibility we take very seriously.

We have one million members that work in hospitality, tourism, recreation and sport industries or who simply enjoy the attributes of HOSTPLUS. Within this membership group there are different views as to what types of investments should be included or excluded from an investment portfolio. Our position is to invest on behalf of our members in a responsible way, while supporting the industries we represent. Industries that provide jobs for hundreds of thousands of Australians and help drive the national economy.

As part of our approach to Environmental, Social and Governance (ESG) risks, HOSTPLUS pursues an 'active ownership program' and engages with listed companies on ESG issues directly and collectively through Australian Council of Super Investors (ACSI). HOSTPLUS is a foundation member of ACSI, which engages with companies on our behalf, to ensure that the interests of HOSTPLUS members are well represented. It is HOSTPLUS' policy to vote the proxy rights associated with most of our Australian and International equities holdings and we are committed to publicly disclosing any ESG-related activities, including proxy voting records and examples of how ESG practices have been applied to our investments.

The latest record of HOSTPLUS' recent proxy voting activity is available at hostplus.com.au

In addition, HOSTPLUS is a signatory to the Principles for Responsible Investment (PRI). These principles establish a collective international framework for institutional investors to integrate ESG considerations into their investment decision-making. We believe that the PRI provides an important universal framework for signatories to work together, learn from each other and to provide a collective voice on ESG issues.

So how are we managing the issue of climate change?

At HOSTPLUS, we recognise that the impact of ESG risks, such as climate change, may influence the performance of the Fund's investments over time, so it's important to consider climate change risks in our decision-making process in order to protect and manage our investments for the long-term.

That's because we believe that entities that best manage ESG risks, impacts and opportunities are more financially sustainable in the long term and will deliver better long-term financial performance. So the ESG performance of entities in which we invest is an important consideration when assessing their likelihood to deliver strong returns for our members.

Reducing the environmental footprint of our investments is also part of being a responsible long-term investor and is therefore in the best interests of our members. Companies that have sound ESG practices are likely to improve investment returns to their shareholders in the long term. Ensuring that companies we invest in operate with sound ESG practices is one way to reduce and control investment risk.

That's why we conduct thorough analysis of these factors as part of our decision making process when considering a new investment.

Some examples of ESG factors we take into consideration include:

- **Environmental:** Climate change, environmental impact of assets, renewable energy.
- **Social:** Health and safety issues, labour practices, employee relations, diversity, human capital management.
- **Governance:** Executive remuneration, benefits and compensation, bribery/corruption, board independence, shareholder rights, business ethics.

One of the main arguments being raised today by climate change advocacy organisations is that superannuation funds need to reduce, or eliminate, their investment in assets that generate high emissions because of the risk that their value may be affected by future changes in regulation or technological advances.

Although avoiding investment in these sorts of assets might seem like the most simple and appealing course of action, we do not believe that excluding a whole class of companies when we rely on them heavily for their products and services every day, represents a 'silver bullet' to the investment challenges posed by climate change.

Furthermore, reducing or eliminating investment in companies that produce fossil fuels may result in them reducing investment on essential research required to develop new technologies such as carbon capture and storage.

By retaining our ownership, we have the opportunity to engage with those companies to persuade them to improve their environmental practices while continuing to meet society's energy needs.

So we welcome the broader public debate about climate change and the implications for investors, however as part of our fiduciary responsibility to members, we do not have a 'blanket rule' on high emission assets and as such, have some investment exposure to fossil fuels via investments made by the Fund's investment managers.

As you can imagine, there are thousands of companies listed on the Australian Stock Exchange and other stock exchanges around the world. Because of the enormity of the investment task, HOSTPLUS has appointed a diverse range of over 30 professional investment managers, each focussing on a specific area of the global share market universe. We encourage our investment managers to consider the potential implications of climate change and other ESG factors before making investments on behalf of HOSTPLUS.

There are various paths that investment managers can take when considering whether to invest in companies that have relatively poor ESG practices. One approach is 'negative screening', which prohibits investment in those companies that score poorly on ESG factors. Another approach is 'positive screening', which invests only in those companies that score highly on ESG factors.

The only example of 'negative screening' that is currently applied to HOSTPLUS investments relates to companies that produce 'cluster' munitions. Due to destructive nature of these weapons and the fact that their use is banned by many countries around the world, HOSTPLUS has a policy to ban cluster munition producers from its investment portfolio.

Importantly, we prefer a third approach of investing using a combination of financial and non financial metrics and then engaging with companies where there are reservations about their ESG activities. In this way, as shareholders of companies, we have the opportunity to persuade them to improve their practices.

Overall, HOSTPLUS is very mindful of its obligation to invest its members' money in a responsible way. ESG considerations are a key part of our investment approach and we will look to further enhance and promote responsible investment practice to ensure we deliver long term sustainable returns to our members.

Your investments in sustainable assets

We believe that innovative sustainable assets not only contribute to local communities and help to preserve the environment, they will also be profitable investments both now and in the future. Which means more money for our members to enjoy in their retirement.

As a HOSTPLUS member you're currently investing in a wide range of award-winning properties, developments, and organisations including:

- Asia Square Towers (Singapore)
- The Gauge (Melbourne)
- Convesso and Concavo (Melbourne)
- Darling Quarter (Sydney)
- UNSW Village (Sydney)
- Codrington Wind Farm (Victoria)
- Coya and Pangal Hydro Plants (Chile)

Asia Square Towers (Singapore)

- Leadership in Energy and Environmental Design (LEED) Platinum Certification
- Building and Construction Authority of Singapore Green Mark Platinum Award winner
- Highest ever Construction Quality Assessment System (CONQUAS) score for a high-rise commercial development in Singapore
- Highly Commended Office Development award winner (Singapore) - 2011 Asia Pacific Property Awards
- Best Mixed Use Development award winner (Singapore) - 2011 Asia Pacific Property Awards, Singapore

The Gauge 825 Bourke Street, Melbourne

- Australia's first 6 Star Green Star Office As-Built certified building

313@Somerset Shopping Centre (Singapore)

- Building and Construction Authority of Singapore Green Mark Platinum Award winner

800 Collins Street, Melbourne

- 5 Star Green Star Office As-Built v2 certified building

420 George Street, Sydney

- 5 Star Green Star Office As-Built v2 certified building

Convesso apartment development, Victoria Harbour, Melbourne

- Australia's first luxury high rise residential tower to achieve the 4 Star Green Star Multi Unit Residential Tool Pilot Design rating

Darling Quarter urban regeneration precinct, Darling Harbour, Sydney

- Australia's first 6 Star Green Star Office As-Built v3 certified building representing 'World Leadership' in environmentally sustainable design

Caneland central redevelopment, Mackay, Queensland

- 4 Star Green Star Retail Design certification representing 'Best Practice' in environmentally sustainable design
- Green Square North Tower, Fortitude Valley, Queensland
- Rated 6 Star Green Star As-Built and by Design

Green Square South Tower, Fortitude Valley, Queensland

- Rated 5 Star Green Star As-Built and by Design

500 Bourke St, Melbourne

- Rated 5 Star Green Star by Design

UNSW Village, Sydney

- Urban Development Institute of Australia award winner for sustainable development 2010
- Australian Institute of Architects award winner in the multiple housing category

Hamburg Airport (Germany)

- Local social authority award winner in recognition for an excellent personnel policy and equal treatment and integration of handicapped employees

South East Water (UK)

- Peter Parker Prize winner for Business Commitment to the Environment, identifying the company as the most outstanding example of environmental best practice in the country
- The Green Organisation's "Gold Green Apple Award" winner for its work to protect toads at its Offham Water Treatment Works. The company built three ponds and numerous hibernation sites on its land in order to keep the toads from trying to cross the busy A275.

Freeport LNG (Texas, USA)

- Ebby Halliday and Maurice Acres Business/Industry Award winner for environmental stewardship and community involvement activities. This award was given by Keep Texas Beautiful, a non-profit organisation whose mission is to improve community environment.

Pacific Hydro (Australia, Brazil, Chile)

- A leading renewable energy company, producing clean power from natural resources. Pacific Hydro has hydro, wind, solar and geothermal power projects at varying stages of development, construction and operation in Australia, Brazil and Chile.

Your investments in Australia

Your super is an investment in your financial future. And your pension account is obviously invested too. But did you know you're investing in your future in more ways than one?

Through a number of fund managers, HOSTPLUS invests in a range of physical assets such as airports, sea ports, shopping centres, industrial property estates, retirement villages, roads, wind farms, water filtration plants, office buildings, community buildings and more.

So you're not only growing your own investment with HOSTPLUS, you're helping to build our nation.

Wind farms

Pacific Hydro's Portland Wind Energy Project will produce enough clean energy to power 120,000 homes each year when it's completed.

Water filtration plants

Two water filtration plants in Illawarra and Woronora in New South Wales provide water to more than half a million people every day.

Airports

Melbourne, Sydney, Hobart, Brisbane, Darwin, Alice Springs, Perth and Adelaide - you probably have a stake in all these airports through HOSTPLUS.

Railway stations

You may have contributed towards building and operating Southern Cross Station in Melbourne.

Roads

The M5 South West Motorway, Eastern Distributor and M4 Motorway in Sydney are all projects HOSTPLUS invests in. So every time you pay a toll on these roads, you're indirectly contributing to your super.

Schools

We invest in a company that owns nine schools in New South Wales.

Aged care facilities

The Mercy Health & Aged Care Inc in Colac, Victoria is partially funded by HOSTPLUS investments.

Public buildings

We are investing in a project that will design, build and operate the Perth CBD courts in Western Australia.

OUR PEOPLE THE HOSTPLUS BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

THE HOSTPLUS BOARD STRUCTURE GIVES CONFIDENCE TO OUR MEMBERS AND EMPLOYERS THAT DECISIONS WILL BE MADE FOR THE RIGHT REASONS, AND MOST IMPORTANTLY IN THE BEST INTEREST OF MEMBERS.



The HOSTPLUS Board of Directors

The activities of HOSTPLUS are managed by our Trustee Board, which has equal representation from employer (nominated by the Australian Hotels Association (AHA)) and employee (nominated by United Voice) organisations, plus three independent directors jointly selected by the AHA and United Voice. The HOSTPLUS Board structure was directly referred to as a model other funds should strive for in the Government's extensive Cooper Review released in late 2010.

The Board represents our members in accordance with the HOSTPLUS Trust Deed and superannuation law. They also ensure that HOSTPLUS meets Federal Government requirements for the fair and safe operation of the Fund.

Our Board of Directors:

- David Elmslie
- The Hon Peter Collins AM QC
- Alexandra Grayson
- David Gibson
- The Hon Mark Vaile AO
- Mark Robertson OAM
- Brian Daley
- Robyn Buckler
- Rebecca Stark

Alternate Employer Director

- Neil Randall

Resignations

- Troy Burton, Employee Director resigned in November 2013.

Our Executive Management Team

Our Executive Management Team are responsible for the day-to-day management of the Fund's operations and the implementation of the corporate strategy plan to ensure we meet the needs of our members, employers and stakeholders.

Our Executive Management Team:

- David Elia
- Arthur Antonellos
- Therese Kenny
- Christopher McManamon
- Umberto Mecchi
- Sam Sicilia
- Natalie Strickland
- Paul Watson
- Ann Wong

Resignations and retirements

- Stephen Rowbottom, resigned as Chief Operating Officer in September 2013.
- Kelly Cantwell, resigned as Executive Manager, Business Transformation in December 2013.
- Bruce Smethurst, retired as Executive Manager, Human Resources in December 2013.

For full remuneration details of Directors and Key Executives, please visit hostplus.com.au/under-the-hood.



David Elmslie

Role & responsibility

- Independent Director
- Chair of the Board
- Member of the Remuneration Committee

Year of appointment

- February 2007

Qualifications and memberships

- Bachelor of Law, University of Melbourne
- Bachelor of Commerce, University of Melbourne
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- Member of the AIST

Experience

With over 15 years experience in the hospitality industry and a further 15 years in various finance related roles, David has held the following key roles:

- Crown Limited (2008 – 2010)
 - Chief Operating Officer International Business
 - Chief Executive Officer of Gateway Casinos and Entertainment Inc.
- Tabcorp Holdings Ltd (1995 – 2006)
 - Executive General Manager of Development
 - Executive General Manager of the Victorian Gaming Division
 - Chief Financial Officer
 - Trustee of Tabcorp Employee Superannuation Fund.

Other Directorships / appointments

Director:

- Host-Plus Investments Pty Ltd
- IGIPT Pty Ltd
- ISPT Pty Ltd
- Maldonstation Pty Ltd
- Nyah Pty Ltd
- Shu Cube Pty Ltd
- Vardav Capital Pty Ltd

Secretary

- Maldonstation Pty Ltd
- Nyah Pty Ltd



The Hon Peter Collins AM QC

Role & responsibility

- Independent Director
- Chair of the Audit, Risk and Compliance Committee (ARCC)

Year of appointment

- July 2006

Qualifications and memberships

- Bachelor of Law, University of Sydney
- Bachelor of Arts, University of Sydney
- Member of the Order of Australia in 2004 and also received the Centenary Medal
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- Fellow of the AIST

Experience

Peter has had a distinguished career as a Company Director, a Parliamentarian, a Military and Naval Reserve Officer, a Barrister and ABC Journalist and has held a number of senior roles including:

- Chair of the Australian Institute of Health and Welfare (2004-11);
- Member of Cancer Council of NSW (2004-06);
- Chair of the Cancer Institute of NSW (2005-08);
- Deputy Chair of the Centenary of ANZAC Commemoration Committee for NSW (2010 – 2011).
- Chair of Barton Deakin Government Relations
- Board member of Macquarie Generation (2006 – 2009)
- Board member of the Workers Compensation Insurance Fund Investment Board of NSW (2005 – 2012)
- Honorary Colonel of 1st Commando Regiment (1995-2000);
- Active service in Iraq in 2007; where he was awarded the US Joint Service Commendation Medal
- Captain in the RAN Reserve (Retired 2012)
- Acting Fleet Legal Officer for RAN (2003).
- NSW Parliament (1981 – 2003) including Minister for Health, Arts, Consumer Affairs and State Development, Attorney General, Treasurer of NSW, Deputy Leader and Leader of the NSW Opposition.

Other Directorships / appointments

Director:

- Host-Plus Investments Pty Ltd
- Barton Deakin Pty Ltd
- ISA Pty Ltd
- NPT Pty Ltd (Advisory Board)
- Retirement Villages Group
- Sydney Financial Forum



Alexandra Grayson

Role & responsibility

- Independent Director

Year of appointment

- October 2013

Qualifications and memberships

- Bachelor of Laws. Awarded Prizes by Faculty of Law for:
 - Legal Ethics
 - Legal Accounting
 - Law of Evidence
- Bachelor of Commerce - Industrial Relations/Management
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)

Experience

Alex has over 15 years' industrial relations experience in both state and federal industrial relations systems. Currently a Senior Associate at W.G McNally Jones Staff, previous roles include:

- Industrial Relations Commission of New South Wales
- University of Western Sydney
- Finance Sector Union

Other Directorships / appointments

- Host-Plus Investments Pty Ltd
- W G McNally Jones Staff



David Gibson

Role & responsibility

- Employer Director
- Chair of the Remuneration Committee
- Appointed by the AHA

Year of appointment

- July 2012

Qualifications and memberships

- Licensed Real Estate Agent (Queensland)
- Diploma in Financial Markets, FINSIA
- Member of the Australian Institute of Company Directors
- Lifetime Membership Award 2009, Tourism and Transport Forum
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)

Experience

With over 30 years' experience in the tourism and hospitality industry across all facets including operations, corporate management, investment, development, asset management and real estate, David continues to provide consulting services and strategic advice on tourism investment opportunities. Key senior roles have included:

- CEO Asia Pacific, Jones Lang LaSalle Hotels (1996 – 2010)
- Global Hotels Board Member
- International Director, Sunotel Corporation (1990 – 1995, Feb 2010 to present)
- Chairman, CEO & Founder, Tourism & Leisure Corporation Limited (1984 – 1989)
- Managing Director, General Manager Hilton Internationals Hotel Group (1978 – 1984)
- Operations analyst
- Food & beverage analyst
- Trainee Manager

Other Directorships / appointments

Director:

- Host-Plus Investments Pty Ltd
- Giulia Pty Ltd
- King Cobra Renovations Pty Ltd
- Mantra Group Limited
- Pomkaru Pty Ltd
- Sunotel Corporation Pty Ltd



The Hon Mark Vaile AO

Role & responsibility

- Employer Director
- Appointed by the AHA

Year of appointment

- July 2012

Qualifications and memberships

- Awarded the Centenary Medal for “service as Minister for Trade” during his time in Parliament.
- Recognised in the Queen’s Birthday Honours List as an Officer of the Order of Australia for “distinguished service to the Parliament of Australia, through support for rural and regional communities, to the pursuit of global trade and investment opportunities, and to the citizens of the Taree region.”
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)

Experience

Since 2008, Mark has embarked on a career in the private sector and sits on a number of Boards as a Director or Chairman. He also provides corporate advice to a number of Australian companies operating in the international marketplace.

Mark is a former member of the House of Representatives for the seat of Lyne in New South Wales, Leader of the National Party and Deputy Prime Minister in the Howard Government from 2005 through 2007. He has enjoyed a distinguished Parliamentary career over 18 years and served on the Taree City Council prior to that. Key Parliamentary and Ministerial appointments have included:

- Deputy Prime Minister (July 2005 – December 2007)
- Minister for Transport and Regional Services (September 2006 – December 2007)
- Minister for Trade (July 1999 – September 2006)
- Minister for Agriculture, Fisheries and Forestry (October 1998 – July 1999)
- Minister for Transport and Regional Development (October 1997 – October 1998)
- Member of the Speaker’s Panel (January 1995 – October 1997)
- Prior to joining Federal Parliament, Mark held a number of roles in Local Government and agriculture.

Other Directorships / appointments

Director:

- Host-Plus Investments Pty Ltd
- Servcorp Limited
- Stamford Land – Singapore
- Virgin Australia Holdings Limited
- Whitehaven Coal Limited (Chairman)



Mark Robertson OAM

Role & responsibility

- Employer Director
- Deputy Chair of the Board
- Member of the Audit, Risk and Compliance Committee (ARCC)
- Appointed by the AHA

Year of appointment

- June 2003

Qualifications and memberships

- Bachelor of Arts from La Trobe University, Melbourne
- Member of the Order of Australia
- Associate of the Australian Property Institute
- Fellow of the Australian Institute of Management
- Fellow of the Australian Institute of Company Directors
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- Fellow of the AIST

Experience

Mark has extensive experience in property development, property management and hotel and leisure management. Current roles include:

- Vice President of the Australian Hotels Association (Vic Chapter)
- Councillor of the Victorian Chapter of the AHA

Other Directorships / appointments

Director:

- Host-Plus Investments Pty Ltd
- Astonmill Pty Ltd
- Biberen Investments Pty Limited
- Bincorn Pty Ltd
- Estal Nominees Pty Ltd
- Exchange Corner Pty Ltd
- Flying Duck Freehold Pty Ltd
- Fourth Lieutenant Pty Ltd
- Gaming & Leisure Holdings Pty Ltd
- HOSTPLUS Pty Ltd
- Hotel & Leisure Management Pty Ltd
- IFM Investors Advisory Board (IFM)
- Imperial Hotel Pty Ltd
- Mesembriomys Pty Ltd
- Lucky Eights Pty Ltd
- Ninth Lieutenant Pty Ltd
- Owl Developments Pty Ltd
- Quinayen Nominees Pty Limited
- Robertson Projects (Vic) Pty Ltd
- Robmark Pty Ltd
- Roburn Pty Ltd
- Sargood House Pty Ltd
- Seventh Lieutenant Pty Ltd
- Sixth Lieutenant Pty Ltd
- The Australian Wildlife Conservancy
- WGH Pty Ltd
- Winning Concepts Pty Ltd
- 128 Bourke St Pty Ltd



Brian Daley

Role & responsibility

- Employee Director
- Deputy Chair of the Board
- Member of the Audit, Risk and Compliance Committee (ARCC)
- Appointed by United Voice

Year of appointment

- June 1990

Qualifications and memberships

- Bachelor of Mathematics Degree, University of Newcastle
- Awarded Centenary Medal of Federation (2001)
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- Member of the AIST

Experience

- National Officer (Superannuation) of United Voice
- Former National President and Branch Secretary of United Voice (Vic)
- Over 30 years' experience on superannuation Trustee Boards such as HESTA and AGEST and other Board roles with IFS, AIST Executive, AIST Governance and Professional Standards Committee and ASFA National Executive

Other Directorships / appointments

Director:

- Host-Plus Investments Pty Ltd
- Australian Super Pty Ltd
- IGIPT Pty Ltd
- ISPT Pty Ltd
- National Officer (Superannuation) of United Voice



Robyn Buckler

Role & responsibility

- Employee Director
- Chair of the Claims Review Committee (CRC)
- Member of the Remuneration Committee
- Appointed by United Voice

Year of appointment

- May 2003

Qualifications and memberships

- Diploma in Teaching, Commercial Adelaide College of Advanced Education
- Graduate Diploma, Legal Studies, South Australian College of Advanced Education
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- Fellow of the Australian Institute of Superannuation Trustees

Experience

With over 30 years' experience, Robyn has held a number of senior roles with United Voice, training in commercial organisations and the education sector:

- Former Assistant Branch Secretary of United Voice (SA)
- Former Training Liaison Officer and Industrial Officer with United Voice
- Former training co-ordinator with Corrs Chambers Westgarth
- Former Secondary School Teacher

Other Directorships / appointments

Director

- Host-Plus Investments Pty Ltd
- Compliance Governance Building Services United Voice SA
- Hospitality Group Training Inc.

**Rebecca Stark****Role & responsibility**

- Employee Director
- Appointed by United Voice

Year of appointment

- February 2014

Qualifications and memberships

- Rebecca holds a Bachelor of Commerce (First Class Honours) and a Bachelor of Arts from the University of Sydney.
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST).

Experience

Currently Head of Responsible Investment and Engagement with United Voice, Rebecca's key responsibilities include providing research and advice on key investments, finance and superannuation trends, responsible investment practice and policies and issues that support the adequacy of the retirement savings of Australian workers.

Prior to this role Rebecca was managing a team of research and policy analysts working on industry, corporate and workplace research and campaigns. She has been involved with United Voice in a research capacity since 2006.

Other Directorships / appointments

- Director of Host-Plus Investments Pty Ltd
- Head of Responsible Investment & Engagement at United Voice



David Elia
Chief Executive Officer

David is one of Australia's most experienced and recognised business leaders. In a career spanning more than 20 years, his singular vision has helped create businesses that deliver consistently excellent results and real stakeholder value.

His wide ranging experience includes senior roles in superannuation, finance, marketing, corporate and fund governance, taxation, risk management, audit, corporate/strategic planning and implementation.

David's leadership has been recognised with numerous industry awards including the Australian Financial Review Boss Magazine True Leader Award and the Funds Executives Association, Fund Executive of the Year Award. He is especially interested in what makes organisations tick – from creating an innovative culture to leadership values, strategy and teamwork at all levels.

He takes a leading role as a Director of the men's health, not-for-profit charity, The E.J. Whitten Foundation and he is passionate about furthering the charity's vision of increasing awareness of prostate cancer in men and raising funds for research. His role as a Director of the Fund Executive Association is testament to his dedication to the professional development of leaders in the super industry.

A chartered accountant, David also holds a Bachelor of Economics from La Trobe University and Post Graduate Diploma of Applied Finance and Investments from the Financial Services Institute of Australia. He's a Graduate Member of the Australian Institute of Company Directors.

Role & responsibility

- Chief Executive Officer HOSTPLUS Superannuation Fund

Year of appointment

- 2003

Qualifications and memberships

- Bachelor of Economics, La Trobe University, May 1991
- Professional Year (PY), Institute of Chartered Accountants, November 1995
- Graduate Diploma of Applied Finance and Investments, FINSIA, April 2005
- Building and Sustaining Competitive Advantage, Harvard Business School, June 2006
- Graduate Diploma – Company Directors Course, Australian Institute of Company Directors, October 2010
- Member of Chartered Accountants in Australia, November 1995
- Fellow of Financial Services Institute of Australia, July 2002
- Fellow of Association of Superannuation Funds of Australia (ASFA), February 2012
- Fellow of Australian Institute of Management, August 2012
- Member Australian Institute of Superannuation Trustees (AIST)
- Member Fund Executives Association Limited (FEAL)

Experience

More than 20 years' in senior positions in superannuation, finance, marketing, corporate and fund governance, taxation, risk management, audit, corporate and strategic planning and implementation

Other Directorships / appointments

Director:

- ASFA
- Darling Harbour Live HoldCo 3 Pty Limited
- Darling Harbour Live HoldCo 4 Pty Limited
- Fund Executives Association Ltd (FEAL)
- ISA Pty Ltd
- Tourism & Transport Forum (TTF)

Secretary:

- HOSTPLUS Pty Ltd
- Host-Plus Investments Pty Ltd



Arthur Antonellos
Executive Manager, Client Services and Sales

Arthur is a career superannuation professional. For almost 30 years he has held senior executive positions in both retail and industry funds. He has managed large administrative teams and account-managed some of this country's largest client and member bases.

Since 2000, Arthur has brought his considerable experience to the management of HOSTPLUS' Client Services and Sales staff.

Role & responsibility

- Executive Manager, Client Services and Sales
- Management and leadership of the Fund's Client Services and Sales staff

Year of appointment

- 2000

Qualifications and memberships

- Diploma of Superannuation Management (ASFA)
- Certificate of Financial Planning Principles and Practice (Securities Institute)

Experience

- AMP
- AXA
- Account Manager, Super Partners
- REST



Therese Kenny
Executive Manager, Finance and Operations

Therese joined HOSTPLUS in early 2012 after spending 15 years in a succession of senior positions with Ernst & Young.

A Certified Chartered Accountant with qualifications in Applied Finance and Investments, and a Bachelor of Commerce, she brings a wealth of knowledge and experience to her current position of Executive Manager, Finance and Operations.

An important part of the role Therese plays as Executive Manager, Finance and Operations is to champion excellence in how the organisation handles the vital areas of insurance, member administration, IT, audit and finance.

Therese also oversees the key deliverables of the HOSTPLUS administrator, Superpartners, as well as the development of one of the Fund's strategic initiatives, the HOSTPLUS Pooled Superannuation Trust.

Role & responsibility

- Executive Manager, Finance and Operations covering insurance, member administration, IT, audit, finance and the Pooled Superannuation Trust.

Year of appointment

- 2013

Qualifications and memberships

- Bachelor of Commerce, University of Melbourne
- Certified Chartered Accountant
- Graduate Diploma Applied Finance and Investments

Experience

- 15 years in senior positions with Ernst & Young from Senior Accountant to Executive Director of Assurance and Advisory Business Services

Other Directorships / appointments

Director:

- CRI West Ryde Pty Ltd
- CRI Development Investment Fund Operations Pty Ltd
- CRI Bay Central Project Pty Ltd
- CRI Development Fund No. 1 Operations Pty Ltd



Christopher McManamon
Executive Manager, Service Operations

In a career spanning over 20 years, Christopher has built an impressive resume in customer and stakeholder management across both retail and industry superannuation organisations.

As Executive Manager, Service Operations, Christopher is responsible for the development and execution of organisational strategies for the Fund's member and employer service channels, including telephone and branch.

Over the past 11 years, Christopher has contributed to the Fund's rapid growth. He has been an invaluable driving force in helping HOSTPLUS make significant gains in being the fund of choice for employers - from 18,000 employers 11 years ago to 90,000 today. In that time the Fund's members have also grown from 480,000 members to over 1 million with more than \$15b in funds under management.

Role & responsibility

- Executive Manager, Service Operations
- Develop and execute organisational strategies

Year of appointment

- 2013

Qualifications and memberships

- Bachelor of Business, Charles Sturt University
- Additional qualifications in finance and superannuation

Experience

- Extensive and varied experience in retail and industry superannuation organisations
- 11 years experience with HOSTPLUS



Umberto Mecchi
Executive Manager, Strategy and Marketing

As Executive Manager of Strategy and Marketing, Umberto brings his considerable experience and insight to bear to set the strategic course for HOSTPLUS including product development and marketing initiatives.

A career marketer with unparalleled financial services credentials, he is responsible for leading a team that is dedicated to ensuring HOSTPLUS is at the forefront of clear, concise, benefit driven communications and services to members, employers and stakeholders.

Under his stewardship, the organisation has consistently delivered breakthrough brand campaigns and strategies and established itself as one of Australia's most trusted superannuation brands.

His work has been recognised and acknowledged with numerous awards.

Role & responsibility

- Executive Manager, Strategy and Marketing

Year of appointment

- 2011

Qualifications and memberships

- Bachelor of Business (Marketing), RMIT
- Graduate Certificate in Organisational Leadership, Melbourne Business School
- Certificate in Direct Marketing, ADMA
- Member of the Australian Institute of Superannuation Trustees
- Member of FEAL (Fund Executives Association Limited)
- Member of Australian Superannuation Funds Association (ASFA)

Experience

- Executive Manager, Strategy and Marketing, HOSTPLUS (2004 – 2010) and (2011 – 2014)
- Executive Director, Marketing, Industry Funds Management
- Director Client Services, The Shannon Company
- Strategy Director, trademarkDM
- Marketing Manager Business Solutions, Zurich Australia
- Strategic Marketing Manager, AXA Australia
- Project Manager, Express Banking, ANZ Bank

Other Directorships / appointments

Director:

- Board Member, E J Whitten Foundation
- Member of the Risk and Finance Committee, Jesuit Social Services



Sam Sicilia
Chief Investment Officer

Sam joined HOSTPLUS in 2008 as Chief Investment Officer after a storied career in academia and the finance industry stretching back to the early 1990's. During that time he has held a number of senior roles, both locally and internationally:

Director of Investment Consulting with Russell Investments, with responsibility for leadership of the Alternative Assets and Unlisted Property Sector Teams, covering private markets, such as infrastructure, private equity and direct property.

Senior Manager at Bank of Ireland Asset Management, with responsibility for gathering market intelligence and keeping abreast of industry developments across all asset classes, providing thought leadership and championing and facilitating global product development initiatives.

Senior Consultant with Frontier Investment Consulting and a foundation member of Frontier's management team and Chair of the Frontier Research Practice Meeting, a monthly think tank forum, where investment manager assessments and ratings were determined and investment house views established, reviewed and debated.

Senior Asset Consultant with Towers Perrin and a foundation member of the Australian Asset Consulting Services leadership team that was responsible for the ongoing formulation and review of business strategy. He was an architect and the inaugural coordinator of Towers Perrin's manager research process in Australia, with responsibility for overseeing the manager research function. Sam was also Towers Perrin's Asia Pacific regional representative, a foundation member of the Global Investment Manager Research Group and Director of Investment Manager Research for Towers Perrin in the USA.

Role & responsibility

- Chief Investment Officer
- To deliver consistent growth in member value
- To provide strategic leadership to increase funds under management

Year of appointment

- 2008

Qualifications and memberships

- Bachelor of Science (Honours), Monash University
- Ph.D. in Mathematical Modelling, Monash University
- Master of Applied Finance, University of Melbourne

Experience

- More than 20 years in senior executive positions
- Director of Investment Consulting, Russell Investments
- Senior Manager, Bank of Ireland Asset Management
- Senior Consultant, Frontier Investment Consulting
- Senior Asset Consultant, Towers Perrin
- Director of Investment Manager Research, Towers Perrin (USA)

Other Directorships / appointments

Member of Advisory Boards:

- Campus Living Villages Investor Committee
- Industry Funds Management (IFM Investors) Investor Advisory Board
- Retirement Villages Group Security-holder Committee
- Wilshire Private Markets Group Investor Committees
- Partners Group Advisory Board
- Hayfin Investor Advisory Board
- Siguler Guff Small Buyouts Investor Board



Natalie Strickland
Executive Manager, People and Culture

Natalie joined HOSTPLUS in 2010 as Human Resources Consultant and was appointed Executive Manager, People & Culture in 2014. Natalie brings a wealth of employee relations expertise to the area of people and culture to the Fund, with over 14 years' experience in a diverse range of key advisory roles.

Natalie and her team are responsible for driving, implementing and managing the People & Culture strategy of the Fund.

This includes Recruitment, Performance, Payroll, Culture, Performance & Development, Learning & Development and Health, Safety & Wellbeing.

Role & responsibility

- Executive Manager, People and Culture
- To drive, implement and manage the People & Culture strategy

Year of appointment

- 2014

Qualifications and memberships

- Diploma of Human Resources, Swinburne University of Technology

Experience

- Human Resources Consultant HOSTPLUS
- HR Recruitment Officer, Tabcorp
- Resourcing Coordinator, Barclays Bank (London)
- Recruitment Administrator, Cadbury Schweppes
- Resourcer, Lloyd Morgan



Paul Watson
Executive Manager, Business Transformation, Platforms and Advice

As Executive Manager of Business Transformation, Platforms & Advice, Paul makes an invaluable contribution to the development and implementation of the Fund's strategy, business plans, product development and operational delivery. He also leads HOSTPLUS' Business Transformation and Project Management Office and its Financial Planning department.

With over 23 years' experience in superannuation and the financial services industry, across a range of business disciplines, Paul has an in-depth understanding of the dynamics of successful organisations.

He has held C suite and senior executive roles in the public and private sectors, including Chief Executive and Executive Director positions and 13 years in the Australian Public Service where his career included positions in a number of central Federal Government agencies where he contributed to the development of policy and the delivery of targeted national and scheme education superannuation campaigns.

Role & responsibility

- Executive Manager, Business Transformation, Platforms and Advice
- Contributes to the development and implementation of strategy, business plans, product development and operational delivery
- Leads the Business Transformation, Project Management and Financial Planning functions

Year of appointment

- 2010

Qualifications and memberships

- PLD, Executive Education, Harvard Business School, MA, USA
- Diploma of Management (Financial Services), Macquarie University, NSW
- Diploma of Financial Planning, Deakin University, VIC
- Fellow, Australian Institute of Superannuation Trustees
- Fellow, Association of Superannuation Funds of Australia

Experience

- HOSTPLUS Executive Manager, Member and Employer Relationships
- HOSTPLUS Executive Manager, Member and Consumer choice
- Chief Executive Officer, Military Super
- Deputy Chief Executive Officer, Australian Reward Investment Alliance
- Deputy Executive Director, Motor Trades Association of Australia
- Australian Public Service Senior officer roles in the Departments of Finance, Taxation, ComSuper, Defence and the Attorney Generals Department

**Ann Wong****Executive Manager, Risk and Compliance**

Ann has over 30 years experience in the financial services industry.

Beginning as an advisor to a variety of private financial services practices, she gained invaluable knowledge and experience, which led to her appointment as Compliance Manager for the multi-national AXA in Australia. Ann spent eight years with AXA building on her experience and expertise.

Her next career move saw her broaden her knowledge with a role in private practice financial planning.

In 2004, Ann joined **HOSTPLUS** to lead the Risk and Compliance team. In this capacity she has made an invaluable contribution and has recently celebrated her 10 year anniversary.

Ann ensures the Fund remains at the forefront of legislative and regulatory change through a period of rapid growth.

Ann has a Bachelor of Economics from La Trobe University and is a certified Financial Planner.

Role & responsibility

- Executive Manager, Risk and Compliance
- Leading contributor to **HOSTPLUS** Audit, Risk and Compliance Committee.

Year of appointment

- 2004

Qualifications and memberships

- Bachelor of Economics, La Trobe University
- Certified Financial Planner

Experience

- Extensive and varied experience in private practice, financial planning
- Compliance Manager for AXA
- 10 years experience with **HOSTPLUS**

CORPORATE GOVERNANCE REPORT

KEY CORPORATE GOVERNANCE STRUCTURES ARE IN PLACE TO ENSURE BEST PRACTICE FOR CORPORATE GOVERNANCE OF THE TRUSTEE AND THE FUND.



At HOSTPLUS we believe that corporate governance is fundamental to:

- Ensuring that the Trustee and the Fund are managed properly; and
- Delivering long-term financial security for members

Corporate structure and governing documents

The Trustee company of HOSTPLUS is Host-Plus Pty Limited. The Trustee has complete management and control of all matters relating to HOSTPLUS. The Trustee is governed by a constitution, and holds a Registrable Superannuation Entity (RSE) licence from the Australian Prudential Regulation Authority (APRA) and an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission (ASIC). The AFSL enables HOSTPLUS to operate as a superannuation fund and provide financial product advice to its members.

The Trustee is governed by a Trust Deed. In 2013 the Trust Deed was amended as part of the MySuper authorisation process with APRA specifically to ensure compliance with the requirements of section 29TC of the Superannuation Industry (Supervision) Act 1993.

During 2013, the Trustee received its MySuper authorisation which has enabled it to offer a MySuper product since 1 July 2013. The company acts in accordance with its constitution and the terms and conditions of its regulatory licenses.

Board of Directors

Our Board of nine Directors is made up of three-employer (Australian Hotels Association), three-member (United Voice) and three-independent representatives with an independent Chairman. Board level decisions are based on a two thirds majority. All Directors are appointed on a non-executive basis and appointments are made in accordance with the Fund's fit and proper policy.

Overview of Board governance practices

The Board is responsible for the overall governance and strategic direction of the Fund, with the aim of protecting and enhancing the interests of members, taking into account the interest of other stakeholders, including employees, providers and the wider community.

A range of governance practices have been implemented to facilitate fairness, transparency and accountability in corporate governance.

Board charter

The Board charter details the key policies and processes that the Board has in place for the governance of the Fund, as well as the key roles and responsibilities of the Board which include strategic planning, corporate culture, monitoring and evaluation of management and stewardship.

Board appointments

Directors are appointed for a three year term. At the conclusion of each term, the nominating body either renews the term of the existing Director or appoints another representative. For Independent Directors, the two remaining Independent Directors must approve the appointment or re-appointment of the third Independent Director.

Each nominating body may elect to appoint an alternate Director to represent appointed Directors in their absence. The Chair of the HOSTPLUS Board is elected by the Board.

Terms of reference have been established to govern Board proceedings including membership, role and responsibilities, operating functions and charter, appointment of Chair, quorum, voting entitlements and meeting arrangements.

Board Committees

Under the Constitution, the **HOSTPLUS** Board has the ability to delegate its powers and responsibilities to Committees of the Board. Currently, the **HOSTPLUS** Board has established the following Committees:

Committee	Chair	Members	Role
Audit, Risk and Compliance Committee	Peter Collins	Brian Daley Mark Robertson	The role of the Audit, Risk and Compliance Committee is to oversee the financial reporting, regulatory, legislative, risk management and taxation activities of the Fund.
Claims Review Committee	Robyn Buckler	Robert Hinkley Colin Cassidy	The role of the Claims Review Committee is to review members' claims rejected by the insurer.
Remuneration Committee	David Gibson	David Elmslie Robyn Buckler	The role of the Remuneration Committee is to oversee the remuneration strategies of the Fund and make recommendations to the Board in relation to executive remuneration.

Members of the Committees are appointed by the **HOSTPLUS** Board. Similar to the **HOSTPLUS** Board, each Committee is operated in accordance with its Terms of Reference.

Every year, the **HOSTPLUS** Board and Committees undertake a formal performance assessment process using the services of an external consultant to assess and benchmark their performance.

Risk Management and Compliance Frameworks

Risk Management Framework

The Risk Management Framework encompasses the overall operations of **HOSTPLUS**, and all of the risk exposures associated with the fulfilment of its strategic objectives. This includes the material risks listed in the Risk Management Strategy (RMS). The Risk Management Framework adopted by the Fund is consistent with the requirements of the Risk Management International Standard (ISO 31000:2009) as well as applicable APRA prudential standards and regulated requirements.

The objective of the Risk Management Framework is to:

- Communicate a common understanding of risk management at **HOSTPLUS** by providing all staff with the knowledge and tools to take ownership of those risks / controls that are relevant to their roles;
- Provide a detailed outline of all activities undertaken by **HOSTPLUS** to identify, mitigate and minimise risk;
- Assist **HOSTPLUS** in applying the various stages of the risk management process, as outlined in the Risk Management Standard (ISO 31000:2009);
- Satisfy the initial and ongoing risk management requirements imposed on RSE licensees by APRA;
- Meet the prudential standard duty of **HOSTPLUS** to manage the Fund in the best interests of members and beneficiaries by effectively managing the risks associated with the operation of the Fund; and

- Design and distribute required templates to all staff to assist in the process of risk identification, recording, treatment, monitoring and reporting.

The **HOSTPLUS** Board and Executive Management are responsible for the annual review and ongoing monitoring of the RMS.

Compliance Framework

HOSTPLUS has a Compliance Framework which formalises the structure and processes in place to meet legislative, regulatory and prudential standards, as well as the contractual obligations applicable to those standards. The Compliance Framework is based on the principles contained within the Australian Standard AS/NZS3806:2006 Compliance Program.

The compliance program has two tiers:

- "The Compliance Framework", is the structure **HOSTPLUS** employs to manage the compliance requirements; and
- "Policy documents & standards", is a listing of policy documents and standards adopted at **HOSTPLUS**.

The **HOSTPLUS** Board maintains overall responsibility for the compliance program. Governance of the Compliance Framework and program is the responsibility of the Executive Manager, Risk and Compliance, reporting directly to the Audit, Risk and Compliance Committee, and the Chief Executive Officer.



INVESTMENTS

A MESSAGE FROM THE CHIEF
INVESTMENT OFFICER – SAM SICILIA



As the Chief Investment Officer of **HOSTPLUS**, I'm often asked where I invest. Many are surprised to hear that my sole investment, other than my house, is my super investment in the **HOSTPLUS** Balanced investment option.

Superannuation is a long-term investment. During the GFC, I remained invested in the **HOSTPLUS** Balanced option. I chose not to move my money away from the Balanced option into any of the other options. I chose to do nothing, and that was the best course of action because markets inevitably recovered.

One of the investment truisms that applies in the world of finance and investing, is that diversification works. At **HOSTPLUS** we ensure that we have some investments that do well when interest rates are high. We also have investments that do well when interest rates are low. We have investments that do well when inflation is higher, and we have other investments that do well when inflation is lower. That way we're not taking a bet in terms of where interest rates or inflation may be heading. We are diversified across all of those strategies so that we have a smoother run, no matter what the financial environment is going forward.

At **HOSTPLUS** we're mindful that we're working hard for when you no longer have to. So we were pleased that the Balanced option was particularly impressive this financial year, and we were able to return to members 13.6%. That is after tax and after fees, credited to member accounts, which is a great result. What's even more impressive is that our longer term numbers for 3 years, 5 years, 7 years and 10 years are also all top quartile. So at this point in time they're in a very favourable position as measured by Super Ratings surveys.

.....

Many are surprised to hear that my sole investment, other than my house is my super investment in the **HOSTPLUS** Balanced investment option.

.....

When it comes to the economy there's a lot to take in and it can be hard for an average person to know where to look. Some of the things we're looking at are various markets around the world that are in slightly different parts of the cycle at the moment. There are equity markets, largely going forward at full steam; we have fixed interest markets, where bonds have been very, very expensive for a long time and that's primarily due to low interest rates prevailing around the world at this point in time. We also have the unlisted markets, such as property and infrastructure where asset prices are being competitively bid to higher and higher prices and that's causing stresses and strains as capital tries to find a home around the world. We're also watching US Federal Reserve announcements closely as these can affect the global and local markets.

You can't predict the market, but you can prepare for it. It is a common myth that it's possible, using historical data, to predict what is going to happen in the share market over the short-term. The simple truth is that no one can predict what's going to happen in the share market so, rather than predict, we know that it's better to be prepared.

OUR INVESTMENT OPTIONS

Our Pre-mixed options

The Balanced option, our default and MySuper investment option, aims to achieve competitive, long-term investment performance for members. The Balanced option has recorded top quartile investment returns over the longer term, that is the past 3, 5, 7 and 10 years as at 30 June 2014, according to the SuperRatings Fund Crediting Rate Survey (19 July 2014).

Pre-mixed options – Balanced (default, MySuper)			
Return target	• CPI plus 3.5% per annum over 10 years.		
Level of investment risk*	• High (Negative returns expected in between 4 and 5 out of every 20 years)		
Investment style	• Investments through diversified investment portfolio, including some growth assets and some lower risk investments.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time. • This Option may suit members who have a six year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	6 years +		
Asset mix		Range	Benchmark
	Growth assets		76%
	Equity	35 – 85%	60%
	– Australian shares	25 – 45%	30%
	– International shares	10 – 30%	25%
	– Private equity	0 – 10%	5%
	Infrastructure	0 – 10%	7%
	Property	0 – 15%	6%
	Other (Alternatives)	0 – 10%	3%
	Defensive assets		24%
	Infrastructure	0 – 5%	3%
	Property	0 – 15%	9%
	Fixed income	0 – 20%	7%
	Cash	0 – 10%	0%
Other (Alternatives)	0 – 10%	5%	

*The Level of investment risk is based on an industry-wide Standard Risk Measure. It shows the number of expected negative annual returns over a 20-year period. #The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Pre-mixed options – Capital Stable			
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. 		
Risk/return profile	<ul style="list-style-type: none"> • Low to medium risk investment. • Likelihood of a negative annual return in any one year: one in every 10 to 11 years. 		
Investment style	Most conservative and low-risk of the HOSTPLUS pre-mixed investment options.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option has a lower risk return profile than the Fund's Default Option. • This Option may suit members who have a three to four year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	3 - 4 years +		
Asset mix		Range	Benchmark
	Growth assets		30%
	Equity	10 – 40%	20%
	– Australian shares	5 – 20%	11%
	– International shares	5 – 15%	9%
	– Private equity	0 – 5%	0%
	Infrastructure	0 – 10%	4%
	Property	0 – 10%	5%
	Other (Alternatives)	0 – 10%	1%
	Defensive assets		70%
	Infrastructure	0 – 5%	1%
	Property	0 – 15%	7%
	Fixed income	30 – 50%	30%
	Cash	10 – 40%	30%
	Other (Alternatives)	0 – 5%	2%

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Pre-mixed options (continued)

Pre-mixed options – Conservative Balanced			
Investment objectives and strategies	<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 returns of other similar funds. 		
Risk/return profile	<ul style="list-style-type: none"> • Medium risk investment. • Likelihood of a negative annual return in any one year: one in every five to six years. 		
Investment style	Contains roughly equal proportions of growth and defensive assets.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option is diversified across a range of growth and defensive assets, and has a lower risk return profile than the Fund's Default Option. • This Option may suit members who have a five year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	5 years +		
Asset mix		Range	Benchmark
	Growth assets		50%
	Equity	25 – 65%	40%
	– Australian shares	15 – 30%	21%
	– International shares	10 – 25%	17%
	– Private equity	0 – 10%	2%
	Infrastructure	0 – 10%	4%
	Property	0 – 10%	5%
	Other (Alternatives)	0 – 10%	1%
	Defensive assets		50%
	Infrastructure	0 – 5%	1%
	Property	0 – 15%	8%
	Fixed income	20 – 40%	20%
	Cash	5 – 20%	18%
	Other (Alternatives)	0 – 5%	3%

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Pre-mixed options – Indexed Balanced			
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. 		
Risk/return profile	<ul style="list-style-type: none"> Medium to high risk investment. Likelihood of a negative annual return in any one year: one in every four to five years. 		
Investment style	Investments through diversified investment portfolio, including some growth assets and some lower risk investments.		
Who is this investment suitable for?	<ul style="list-style-type: none"> This Option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time. This Option may suit members who have a six year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	6 years +		
Asset mix		Range	Benchmark
	Growth assets		75%
	Equity	35 – 95%	75%
	– Australian shares	25 – 55%	42%
	– International shares	10 – 40%	33%
	Defensive assets		25%
	Fixed income	10 – 30%	15%
Cash	0 – 10%	10%	

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Pre-mixed options (continued)

Pre-mixed options – Shares Plus			
Investment objectives and strategies	<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"> • High risk investment. • 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"> • Pre-mixed option. • Contains the highest investment in assets with potential for capital growth. 		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option is less diversified than the Fund's Default Option and has a higher risk and return profile. • This Option may suit members who have a six year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	6 years +		
Asset mix		Range	Benchmark
	Growth assets		85%
	Equity	50 – 100%	78%
	– Australian shares	30 – 50%	38%
	– International shares	20 – 40%	34%
	– Private equity	0 – 15%	6%
	Infrastructure	0 – 10%	3%
	Property	0 – 10%	3%
	Other (Alternatives)	0 – 10%	1%
	Defensive assets		15%
	Infrastructure	0 – 5%	1%
	Property	0 – 10%	5%
	Fixed income	0 – 10%	6%
	Cash	0 – 10%	0%
Other (Alternatives)	0 – 5%	3%	

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Sector options

Sector options – Cash			
Investment objectives and strategies	<ul style="list-style-type: none"> • Maintain the invested capital. • To provide positive returns. 		
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. 		
Investment style	Cash investments could include deposits in a bank, investments in short-term money markets and other similar investments.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option may suit members who have a short term investment horizon. • It will provide security of capital but returns will typically be lower than that produced by the Fund's Default Option over the medium to long term. 		
Suggested Minimum Investment Timeframe [#]	Less than 1 year		
Asset mix		Range	Benchmark
	Growth assets		0%
	Defensive assets		100%
	Cash	0 – 100%	100%

The Suggested Minimum Investment is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Sector options – Diversified Fixed Interest			
Investment objectives and strategies	<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. 		
Risk/return profile	<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. 		
Investment style	Usually a loan to a Government or business with a fixed interest rate and the length of the loan agreed in advance.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option may suit members who desire lower volatility over the medium term. • Whilst returns can fluctuate, the risk and return profile is lower than the Fund's Default and Shares Options. 		
Suggested Minimum Investment Timeframe [#]	5 years +		
Asset mix		Range	Benchmark
	Growth assets		0%
	Other (Alternatives)	0% – 10%	0%
	Defensive assets		100%
	Fixed income	90 – 100%	100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Sector options (continued)

Sector options – Property			
Investment objectives and strategies	<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"> 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	An investment in property or buildings, either directly or via property trusts.		
Who is this investment suitable for?	<ul style="list-style-type: none"> This Option has a lower risk and return profile than the Fund's Default Option and aims to achieve income returns and capital growth over the longer term. This Option may suit members who have a five year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	5 years +		
Asset mix		Range	Benchmark
	Growth assets		40%
	Property	0 – 100%	40%
	Defensive assets		60%
	Property	0 – 100%	60%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Sector options – Australian 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. 		
Risk/return profile	<ul style="list-style-type: none"> High to very high investment risk. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 		
Investment style	Active management.		
Who is this investment suitable for?	<ul style="list-style-type: none"> This Option is less diversified than the Fund's Default Option and has a higher risk and return profile. This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity	0 – 100%	100%
	– Australian shares	0 – 100%	100%
	– International shares	0 – 10%	0%
	Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Sector options – International Shares			
Investment objectives and strategies	<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 investment risk. • 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	Active management.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option is less diversified than the Fund's Default Option and has a higher risk and return profile. • This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity	0 – 100%	100%
	– International shares	0 – 100%	100%
	Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Individual manager options

Individual manager options – Macquarie Investment Management – Australian Fixed Interest			
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. 		
Risk/return profile	<ul style="list-style-type: none"> • Low to medium risk investment. • Likelihood of a negative annual return in any one year: one in every six to seven years. 		
Investment style	Passive management.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option may suit members who desire lower return volatility over the medium term. • Whilst returns can fluctuate, the risk and return profile is lower than the Fund's Default and Shares Options. 		
Suggested Minimum Investment Timeframe [#]	3 years +		
Asset mix		Range	Benchmark
	Growth assets		0%
	Defensive assets		100%
	Fixed income		100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Individual manager options – BlackRock Asset Management – International Fixed Interest			
Investment objectives and strategies	<ul style="list-style-type: none"> • Provide returns similar to the Barclays Global Aggregate Index (hedged in AUD with net dividends reinvested). 		
Risk/return profile	<ul style="list-style-type: none"> • Low to medium risk investment. • 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. • The manager invests in securities that form the Barclays Global Aggregate Index, using an index tracking approach to manage securities. 		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option may suit members who desire lower return volatility over the medium term. • Whilst returns can fluctuate, the risk and return profile is lower than the Fund's Default and Shares Options. 		
Suggested Minimum Investment Timeframe [#]	3 years +		
Asset mix		Range	Benchmark
	Growth assets		0%
	Defensive assets		100%
	Fixed income		100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Individual manager options – Industry Super Property Trust Core Fund – Property			
Investment objectives and strategies	<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"> • 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	The Fund has an income bias aiming to offer investors lower relative earnings volatility and a higher income yield.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option has a lower risk and return profile than the Fund's Default Option and aims to achieve income returns and capital growth over the longer term. • This Option may suit members who have a five year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	5 years +		
Asset mix		Range	Benchmark
	Growth assets		30%
	Property		30%
	Defensive assets		70%
	Property		70%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Individual manager options – Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property			
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. 		
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. 		
Investment style	Long-term direct investment in a quality portfolio of major regional core retail assets, commercial assets and industrial assets across Australia.		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option has a lower risk and return profile than the Fund's Default Option and aims to achieve income returns and capital growth over the longer term. • This Option may suit members who have a five year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	5 years +		
Asset mix		Range	Benchmark
	Growth assets		30%
	Property		30%
	Defensive assets		70%
	Property		70%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Individual manager options (continued)

Individual manager options – Balanced Equity Management – Australian Shares			
Investment objectives and strategies	<ul style="list-style-type: none"> To outperform the S&P/ASX100 Accumulation Index over rolling three year periods. 		
Risk/return profile	<ul style="list-style-type: none"> High to very high risk investment. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 		
Investment style	Active management style based on fundamental analysis of stocks within the S&P/ASX100 Accumulation Index.		
Who is this investment suitable for?	<ul style="list-style-type: none"> This Option is less diversified than the Fund's Default Option and has a higher risk and return profile. This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity		100%
	– Australian shares		100%
	Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Individual manager options – Industry Funds Management – Australian Shares			
Investment objectives and strategies	<ul style="list-style-type: none"> Match the return of the S&P/ASX 200 Accumulation Index. 		
Risk/return profile	<ul style="list-style-type: none"> High to very high risk investment. Expectation of high returns over the long term. Likelihood of a negative annual return in any one year: one in every two to three years. 		
Investment style	Enhanced passive management.		
Who is this investment suitable for?	<ul style="list-style-type: none"> This option is less diversified than the Fund's Default Option and has a higher risk and return profile. This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity		100%
	– Australian shares		100%
	Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Individual manager options – Paradise Investment Management (Small Cap) – Australian 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. 		
Risk/return profile	<ul style="list-style-type: none"> High to very high risk investment. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. 		
Investment style	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.		
Who is this investment suitable for?	<ul style="list-style-type: none"> This Option is less diversified than the Fund's Default Option and has a higher risk and return profile. This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity		100%
	– Australian shares		100%
	Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our Individual manager options (continued)

Individual manager options – IronBridge Capital Management – International Shares			
Investment objectives and strategies	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 risk investment. • 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"> • 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. 		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option is less diversified than the Fund’s Default Option and has a higher risk and return profile. • This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity		100%
	– International shares		100%
	Defensive assets		0%
Investment managers may invest a proportion of this option’s assets in cash for management purposes from time to time.			

[#] The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Individual manager options – Neuberger Berman – International Shares			
Investment objectives and strategies	The strategy seeks 3-5% in excess return over a full market cycle, (typically 3 to 5 years) versus the MSCI Emerging Market index through security selection, active country allocation and risk management.		
Risk/return profile	<ul style="list-style-type: none"> • High to very high risk investment. • Corresponding high returns. • Investment is fully exposed to currency fluctuations. • Likelihood of negative annual return in any one year: one in every three to four years. 		
Investment style	<ul style="list-style-type: none"> • Neuberger Berman seeks to maximise performance by constructing its portfolios with high quality, growing companies trading at attractive valuations, which have the potential to outperform the MSCI Emerging Markets Index at lower risk. • The style can best be characterized by Growth at a Reasonable Price (GARP). 		
Who is this investment suitable for?	<ul style="list-style-type: none"> • This Option is less diversified than the Fund's Default Option and has a higher risk and return profile. • This Option may suit members who have a seven year plus investment time horizon. 		
Suggested Minimum Investment Timeframe [#]	7 years +		
Asset mix		Range	Benchmark
	Growth assets		100%
	Equity		100%
	– International shares		100%
	Defensive assets		0%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

The Suggested Minimum Investment Timeframe is based on the risk and return profile of this option. The timeframe considers volatility and the likelihood of negative annual returns in any one year.

Our ChoicePlus option

The ChoicePlus investment option has been developed for members who want a more active role in the investment and management of their super.

ChoicePlus provides you with access to:

- Direct investment into companies in the S&P/ASX 300 Index – which incorporates the largest 300 companies on the Australian Stock Exchange (by market capitalisation),
- Exchange Traded Funds (ETFs) covering developed, emerging and commodity markets. ETFs are traded like shares, but are structured like a traditional managed fund. ETFs contain a collection of securities and generally represent a particular market index, (eg. ASX Small Caps), and
- Term Deposits.

ChoicePlus is offered as part of our existing member investment choice menu, providing many of the benefits of a Self-Managed Super Fund (SMSF) without the cost and administrative burden. HOSTPLUS recommends that you obtain advice from a licensed financial planner before investing in the ChoicePlus investment option. Visit hostplus.com.au/choiceplus

OUR INVESTMENT RETURNS

Net investment returns for HOSTPLUS and HOSTPLUS Executive to 30 June 2014

Capital Stable
Conservative Balanced (A)
Indexed Balanced (B)
Balanced
Shares Plus
Cash
Diversified Fixed Interest
Property
Australian Shares
International Shares
Macquarie Investment Management - Australian Fixed Interest
BlackRock Asset Management - International Fixed Interest (C) (D)
Industry Super Property Trust Core Fund - Property
Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) - Property
Balanced Equity Management - Australian Shares
Industry Funds Management - Australian Shares (E)
Paradise Investment Management (Small Cap) - Australian Shares
IronBridge Capital Management - International Shares (C)
Neuberger Berman - International Shares (F)

A - The Conservative Balanced option was introduced on 1 October 2007.

B - The Indexed Balanced option was introduced on 1 December 2010.

C - The BlackRock International Fixed Interest and IronBridge International Shares options were introduced on 1 June 2011.

D - From the BlackRock International Fixed Interest option's inception on 1 June 2011 to 14 January 2014, this option was invested in the BlackRock Indexed World Government Bond Fund, which tracked the Citigroup World Government Bond Index (hedged in AUD with net dividends reinvested). From 15 January 2014, this option has been invested in the BlackRock Global Bond Index Fund, which tracks the Barclays Global Aggregate Index (hedged in AUD with net dividends reinvested).

E - The Industry Funds Management Australian Shares option was introduced on 1 November 2012.

F - The Neuberger Berman International Shares option was introduced on 31 October 2011.

2014	2013	2012	2011	2010	6 mth	1 yr	3 yr p.a.	5 yr p.a.	7 yr p.a.	10 yr p.a.
7.94%	9.14%	5.35%	8.88%	7.92%	2.94%	7.94%	7.46%	7.84%	5.42%	6.59%
10.42%	12.21%	3.08%	9.80%	8.47%	3.25%	10.42%	8.50%	8.75%	N/A	N/A
14.39%	18.71%	0.44%	1.95%(1)	N/A	2.50%	14.39%	10.90%	N/A	N/A	N/A
13.60%	16.30%	1.00%	10.11%	8.10%	3.78%	13.60%	10.09%	9.69%	4.17%	7.42%
14.79%	17.91%	-1.07%	11.62%	9.34%	3.79%	14.79%	10.22%	10.32%	4.07%	7.96%
2.30%	2.84%	3.88%	5.08%	3.76%	1.20%	2.30%	3.00%	3.57%	4.20%	4.59%
7.00%	7.30%	10.82%	9.48%	8.96%	3.88%	7.00%	8.36%	8.70%	7.70%	6.99%
8.58%	5.28%	3.62%	4.92%	2.53%	3.28%	8.58%	5.81%	4.97%	3.26%	5.99%
17.55%	19.33%	-4.53%	13.50%	13.26%	4.23%	17.55%	10.22%	11.48%	4.71%	10.37%
17.21%	23.97%	-3.18%	16.22%	8.51%	3.27%	17.21%	12.05%	12.15%	2.91%	6.26%
5.28%	2.36%	10.47%	4.69%	6.65%	4.99%	5.28%	5.98%	5.86%	6.05%	N/A
6.39%	3.96%	11.23%	0.00%(4)	N/A	4.68%	6.39%	7.15%	N/A	N/A	N/A
8.40%	8.01%	6.78%	7.87%	5.95%	3.12%	8.40%	7.73%	7.40%	4.17%	N/A
7.47%	5.13%	8.48%	7.90%	0.16%	4.21%	7.47%	7.02%	5.78%	4.22%	N/A
18.38%	26.12%	-5.34%	12.55%	14.30%	4.43%	18.38%	12.22%	12.70%	4.95%	N/A
17.04%	9.29%(2)	N/A	N/A	N/A	3.81%	17.04%	N/A	N/A	N/A	N/A
8.67%	7.33%	1.33%	18.66%	24.61%	3.44%	8.67%	5.73%	11.81%	2.21%	N/A
14.28%	28.70%	-1.14%	0.45%(4)	N/A	-1.48%	14.28%	13.29%	N/A	N/A	N/A
9.50%	19.99%	1.64%(3)	N/A	N/A	1.45%	9.50%	N/A	N/A	N/A	N/A

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

2 - The Industry Funds Management Australian Shares option was introduced on 1 November 2012, therefore the 2013 performance figure is for the period from 1 November 2012 to 30 June 2013.

3 - The Neuberger Berman International Shares option was introduced on 31 October 2011, therefore the 2012 performance figure is for the period 31 October 2011 to 30 June 2012.

4 - The BlackRock International Fixed Interest and IronBridge International Shares options were introduced on 1 June 2011, therefore the 2011 performance figure is for the period 1 June 2011 to 30 June 2011.

Past performance is not a reliable indicator of future performance. Net investment returns represent the rate of return on investments, net of investment-related fees, costs and taxes.

The above net investment returns are for comparison purposes only.

Net investment returns for HOSTPLUS Pension to 30 June 2014

Capital Stable
Conservative Balanced (A)
Indexed Balanced (B)
Balanced
Shares Plus
Cash
Diversified Fixed Interest
Property
Australian Shares
International Shares
Macquarie Investment Management - Australian Fixed Interest
BlackRock Asset Management - International Fixed Interest (C) (D)
Industry Super Property Trust Core Fund - Property
Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) - Property
Balanced Equity Management - Australian Shares
Industry Funds Management - Australian Shares (E)
Paradise Investment Management (Small Cap) - Australian Shares
IronBridge Capital Management - International Shares (C)
Neuberger Berman - International Shares (F)

A - The Conservative Balanced option was introduced on 1 October 2007.

B - The Indexed Balanced option was introduced on 1 December 2010.

C - The BlackRock International Fixed Interest and IronBridge International Shares options were introduced on 1 June 2011.

D - From the BlackRock International Fixed Interest option's inception on 1 June 2011 to 14 January 2014, this option was invested in the BlackRock Indexed World Government Bond Fund, which tracked the Citigroup World Government Bond Index (hedged in AUD with net dividends reinvested). From 15 January 2014, this option has been invested in the BlackRock Global Bond Index Fund, which tracks the Barclays Global Aggregate Index (hedged in AUD with net dividends reinvested).

E - The Industry Funds Management Australian Shares option was introduced on 1 November 2012.

F - The Neuberger Berman International Shares option was introduced on 31 October 2011.

2014	2013	2012	2011	2010(5)	6 mth	1 yr	3 yr p.a.
8.86%	10.57%	6.04%	10.42%	4.23%	3.28%	8.86%	8.47%
11.53%	14.18%	3.43%	11.70%	2.40%	3.58%	11.53%	9.61%
15.70%	21.55%	-0.44%	2.25%(1)	N/A	2.69%	15.70%	11.87%
14.74%	18.41%	0.96%	11.39%	0.58%	3.90%	14.74%	11.11%
16.22%	20.83%	-1.19%	14.40%	-1.13%	4.03%	16.22%	11.54%
2.62%	3.32%	4.67%	5.24%	3.09%	1.30%	2.62%	3.53%
7.82%	8.38%	12.29%	10.62%	8.08%	4.29%	7.82%	9.48%
9.41%	5.80%	4.01%	5.67%	3.91%	3.41%	9.41%	6.38%
19.40%	22.14%	-5.41%	14.83%	-6.15%	4.24%	19.40%	11.31%
19.14%	28.09%	-3.34%	19.47%	-1.90%	3.79%	19.14%	13.83%
6.31%	2.36%	12.45%	5.53%	5.96%	4.75%	6.31%	6.96%
7.11%	4.54%	12.53%	0.00%(4)	N/A	5.15%	7.11%	8.01%
9.77%	8.35%	7.89%	9.12%	7.74%	3.16%	9.77%	8.67%
7.91%	5.85%	9.43%	8.93%	0.47%	4.41%	7.91%	7.72%
20.14%	29.73%	-6.49%	14.71%	-8.01%	4.36%	20.14%	13.38%
18.37%	10.30%(2)	N/A	N/A	N/A	3.65%	18.37%	N/A
9.39%	8.36%	0.79%	21.12%	-3.56%	3.16%	9.39%	6.11%
15.58%	30.84%	-1.36%	-0.26%(4)	N/A	-0.42%	15.58%	14.26%
10.54%	22.80%	-1.97%(3)	N/A	N/A	2.85%	10.54%	N/A

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

2 - The Industry Funds Management Australian Shares option was introduced on 1 November 2012, therefore the 2013 performance figure is for the period from 1 November 2012 to 30 June 2013.

3 - The Neuberger Berman International Shares option was introduced on 31 October 2011, therefore the 2012 performance figure is for the period 31 October 2011 to 30 June 2012.

4 - The BlackRock International Fixed Interest and IronBridge International Shares options were introduced on 1 June 2011, therefore the 2011 performance figure is for the period 1 June 2011 to 30 June 2011.

5 - The HOSTPLUS Pension commenced on 21 September 2009. The 2010 returns are for the nine months to 30 June 2010.

Past performance is not a reliable indicator of future performance. Net investment returns represent the rate of return on investments, net of investment-related fees, costs and taxes.

The above net investment returns are for comparison purposes only. To view historical HOSTPLUS Pension unit prices, please visit hostpluspension.com.au.

OUR INVESTMENT MANAGERS

HOSTPLUS has appointed a range of specialist investment managers, with a track record of providing solid returns, to invest on the Fund's behalf. Each manager is chosen on their suitability in relation to the Fund's overall investment objective and strategy. Each manager's investment performance is regularly reviewed with changes made where necessary. The managers in place as at 30 June 2014 (together with allocations) are shown below.

Investment manager allocations

Australian Shares		
Manager/investment	% of total assets	\$m
Airlie	1.5	236.0
Allan Gray	2.2	341.4
Balanced Equity Management	3.5	545.9
BT	1.4	219.6
Goldman Sachs (Emerging Leaders)	1.1	166.6
Goldman Sachs (Aust Equity)	2.2	338.0
Greencape	3.9	611.0
IFM (Passive Enhanced Indexed)	4.8	755.6
IFM (Small Cap)	0.7	107.1
L1 Capital	1.0	159.4
Paradice (Large Cap)	3.6	562.8
Paradice (Mid Cap)	1.4	226.1
Paradice (Small Cap)	1.1	174.6
Vinva	1.8	279.8
Total	30.2	4,724.0

International Shares		
Manager/investment	% of total assets	\$m
Apostle Global (Small Mid Cap)	1.2	186.3
Baillie Gifford	2.5	389.2
BlackRock	0.4	67.6
Cooper Investors	0.5	71.7
Dundas	0.9	133.7
Independent Franchise Partners	2.3	357.1
IronBridge	3.6	567.5
Martin Currie	1.3	195.7
Neuberger Berman	1.8	287.7
Northcape	1.7	260.5
Orbis	4.1	639.4
Paradice (Global Small Mid Cap)	1.3	198.2
Proa Partners	0.4	62.9
Wellington (Asia Ex-Japan)	0.4	66.1
Wellington (Special Strategies)	2.4	375.2
Total	24.7	3,858.8

Private Equity		
Manager/investment	% of total assets	\$m
Apostle Carnegie (POF/Innovation)	0.1	21.5
Industry Super Holdings	0.3	39.1
IFM (Aust. & Int. Private Equity)	0.6	100.8
Lexington	0.3	43.9
LGT Crown European	0.5	76.6
ME Bank Ordinary Shares	0.8	124.2
Partners Group	1.2	181.3
Siguler Guff	0.6	91.6
Superpartners Ordinary Shares	0.2	23.7
Wilshire	0.9	133.2
Total	5.4	835.8

Australian Fixed Income		
Manager/investment	% of total assets	\$m
IFM (Specialised Credit Fund)	1.2	189.7
IFM (Renewable Energy)	0.6	95.8
IFM (Enhanced Cash)	0.0	7.0
Macquarie True Index	0.1	16.3
ME Bank (Floating Rate Notes)	0.0	3.1
Super Loans Trust	0.8	125.0
Total	2.8	436.8

Cash		
Manager/investment	% of total assets	\$m
Citigroup	6.0	932.6
ME Bank Term Deposits	1.0	161.3
Mesirow*	0.0	6.3
Total	7.0	1,100.2

*Currency overlay

International Fixed Income		
Manager/investment	% of total assets	\$m
BlackRock Global Bond Index	0.1	22.0
Total	0.1	22.0

Property		
Manager/investment	% of total assets	\$m
AMP Select Property Portfolios	0.2	27.1
BlackRock Asia Property Fund	0.1	19.2
ISPT Core	3.9	612.2
ISPT DOF 1&2	0.1	23.1
ISPT Retail Aust. Property	0.5	83.8
Lend Lease ARIF	1.0	156.9
Lend Lease APPF	4.7	726.8
Lend Lease Communities Fund	0.2	25.3
Lend Lease Real-Estate Partners 3	0.4	65.8
Lend Lease V5	0.0	1.9
Macquarie REEF	0.2	25.6
Retirement Villages Group	0.3	44.8
Stockland REEF1	0.0	5.0
Wholesale Property	0.2	28.7
Total	11.8	1,846.2

Infrastructure		
Manager/investment	% of total assets	\$m
Colonial First State AWG	0.4	60.6
Campus Living Villages Fund	1.6	253.8
Darling Harbour	0.1	18.6
Hastings UTA	1.2	186.7
IFM Infrastructure	6.0	933.7
Macquarie GIF	0.5	77.0
NSW Ports Consortium	0.5	74.4
Total	10.3	1,604.8

Other (Alternatives)		
Manager/investment	% of total assets	\$m
Apollo	1.7	267.0
Apostle Loomis Sayles	1.6	256.2
Babson	1.4	222.9
Bridgewater Pure Alpha II	0.8	130.3
GMO	1.6	243.2
HayFin Special Opportunities	0.3	40.3
Total	7.4	1,160.0

Investments greater than 5% of total Fund assets

Combined

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 Limited
- Paradise Investment Management Pty Ltd.

Investment costs for 2013 – 2014

Investment option	Investment Management costs	Performance Fee ¹	Total Investment Management costs before applicable tax deduction	Total Investment Management costs after applicable tax deduction ^{2,3}
Pre-mixed options				
Capital Stable	0.38%	0.06%	0.44%	0.37%
Conservative Balanced	0.54%	0.12%	0.66%	0.56%
Indexed Balanced	0.04%	0.00%	0.04%	0.03%
Balanced	0.80%	0.21%	1.01%	0.86%
Shares Plus	0.77%	0.19%	0.96%	0.82%
Sector investment options				
Cash	0.02%	0.00%	0.02%	0.02%
Diversified Fixed Interest	0.25%	0.00%	0.25%	0.21%
Property	0.75%	0.25%	1.00%	0.85%
Australian Shares	0.43%	0.06%	0.49%	0.42%
International Shares	0.65%	0.13%	0.78%	0.66%
Individual manager options				
Macquarie Investment Management – Australian Fixed Interest	0.00%	0.00%	0.00%	0.00%
BlackRock Asset Management – International Fixed Interest	0.24%	0.00%	0.24%	0.20%
Industry Super Property Trust – Property	0.36%	0.00%	0.36%	0.31%
Lend Lease managed APPF (Retail, Commercial & Industrial) – Property	0.82%	0.00%	0.82%	0.70%
Balanced Equity Management – Australian Shares	0.20%	0.00%	0.20%	0.17%
Industry Fund Management – Australian Shares	0.11%	0.00%	0.11%	0.09%
Paradise Investment Management (Small Cap) – Australian Shares	0.82%	0.04%	0.86%	0.73%
IronBridge Capital Management – International Shares	0.48%	0.00%	0.48%	0.41%
Neuberger Berman – International Shares	0.80%	0.00%	0.80%	0.68%

1. The performance based cost component comprises actual fees paid and estimates of fees to be paid for the financial year ending 30 June 2014.
2. PricewaterhouseCoopers have performed independent verification on the calculation of the above investment costs and confirmed that they were calculated in accordance with the trustee's policy.
3. 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 investment return for each investment option is declared and applied to members' accounts. The expenses that will be payable for the 2014 – 2015 financial year will be calculated as at 30 June 2015.

INVESTMENT HOLDINGS

Australian Equities – 100 Largest Holdings

Rank	Name	Amount Invested (AUD)	% of Asset Class	% of Total Fund
1	AUSTRALIA NEW ZEALAND BANKING	\$336.8m	7.1%	2.2%
2	COMMONWEALTH BANK OF AUSTRALIA	\$332.2m	7.0%	2.1%
3	WESTPAC BANKING CORPORATION OR	\$299.0m	6.3%	1.9%
4	BHP BILLITON ORD	\$272.3m	5.8%	1.7%
5	NATIONAL AUSTRALIA BANK ORD	\$224.5m	4.8%	1.4%
6	TELSTRA CORPORATION ORD	\$161.6m	3.4%	1.0%
7	WESFARMERS ORD	\$102.8m	2.2%	0.7%
8	WOOLWORTHS ORD	\$100.5m	2.1%	0.6%
9	WOODSIDE PETROLEUM ORD	\$78.0m	1.7%	0.5%
10	CSL ORD	\$75.6m	1.6%	0.5%
11	RIO TINTO ORD	\$74.8m	1.6%	0.5%
12	SUNCORP GROUP LTD NPV DFD 11/0	\$62.5m	1.3%	0.4%
13	ASCIANO ORD	\$57.3m	1.2%	0.4%
14	BRAMBLES ORD	\$57.3m	1.2%	0.4%
15	SANTOS ORD	\$57.0m	1.2%	0.4%
16	MACQUARIE GROUP ORD	\$55.7m	1.2%	0.4%
17	AURIZON ORD	\$50.6m	1.1%	0.3%
18	ORIGIN ENERGY ORD	\$49.5m	1.0%	0.3%
19	INSURANCE AUSTRALIA GROUP ORD	\$47.3m	1.0%	0.3%
20	ALUMINA ORD	\$42.4m	0.9%	0.3%
21	SEEK ORD	\$42.2m	0.9%	0.3%
22	AMP ORD	\$41.3m	0.9%	0.3%
23	OIL SEARCH ORD	\$40.0m	0.8%	0.3%
24	TRANSURBAN GROUP ORD	\$40.0m	0.8%	0.3%
25	AMCOR ORD	\$38.8m	0.8%	0.2%
26	BANK OF QUEENSLAND ORD	\$38.4m	0.8%	0.2%
27	ECHO ENTERTAINMENT GROUP ORD	\$38.1m	0.8%	0.2%
28	CHALLENGER ORD	\$37.2m	0.8%	0.2%
29	COMPUTERSHARE ORD	\$36.2m	0.8%	0.2%
30	CALTEX AUSTRALIA ORD	\$36.1m	0.8%	0.2%
31	RESMED CDI	\$35.7m	0.8%	0.2%
32	FLETCHER BUILDING LTD NPV	\$35.6m	0.8%	0.2%
33	CROWN RESORTS ORD	\$33.7m	0.7%	0.2%
34	WESTFIELD CORPORATION UNT	\$31.5m	0.7%	0.2%
35	QBE INSURANCE GROUP ORD	\$30.5m	0.6%	0.2%
36	JAMES HARDIE INDUSTRIES CDI	\$27.9m	0.6%	0.2%
37	MACQUARIE ATLAS ROADS GROUP UN	\$26.7m	0.6%	0.2%

Rank	Name	Amount Invested (AUD)	% of Asset Class	% of Total Fund
38	GPT GROUP UNT	\$25.0m	0.5%	0.2%
39	BORAL ORD	\$24.7m	0.5%	0.2%
40	WORLEYPARSONS ORD	\$24.6m	0.5%	0.2%
41	SP AUSTNET CF	\$23.2m	0.5%	0.1%
42	SYDNEY AIRPORT UNT	\$22.5m	0.5%	0.1%
43	FEDERATION CENTRES UNT	\$21.2m	0.4%	0.1%
44	QANTAS AIRWAYS ORD	\$21.1m	0.4%	0.1%
45	DAVID JONES ORD	\$20.9m	0.4%	0.1%
46	AGL ENERGY ORD	\$20.6m	0.4%	0.1%
47	NEWCREST MINING ORD	\$19.7m	0.4%	0.1%
48	LEND LEASE GROUP UNT	\$19.1m	0.4%	0.1%
49	HENDERSON GROUP CDI	\$18.5m	0.4%	0.1%
50	GRAINCORP ORD	\$18.1m	0.4%	0.1%
51	APN NEWS & MEDIA ORD	\$18.1m	0.4%	0.1%
52	ORORA ORD	\$17.6m	0.4%	0.1%
53	DULUXGROUP ORD	\$17.4m	0.4%	0.1%
54	GOODMAN GROUP UNT	\$16.7m	0.4%	0.1%
55	SUPER RETAIL GROUP ORD	\$16.5m	0.4%	0.1%
56	SKY NETWORK TELEVISION ORD	\$15.9m	0.3%	0.1%
57	CARSALES.COM ORD	\$15.3m	0.3%	0.1%
58	METCASH ORD	\$15.1m	0.3%	0.1%
59	SIGMA PHARMACEUTICALS ORD	\$14.8m	0.3%	0.1%
60	ALCOA CDI	\$14.5m	0.3%	0.1%
61	ARISTOCRAT LEISURE ORD	\$14.3m	0.3%	0.1%
62	ALS ORD	\$14.2m	0.3%	0.1%
63	QUBE HOLDINGS ORD	\$14.1m	0.3%	0.1%
64	VEDA GROUP ORD	\$13.8m	0.3%	0.1%
65	NAVITAS ORD	\$13.3m	0.3%	0.1%
66	CSR ORD	\$13.2m	0.3%	0.1%
67	BENDIGO AND ADELAIDE BANK ORD	\$13.0m	0.3%	0.1%
68	FLIGHT CENTRE ORD	\$13.0m	0.3%	0.1%
69	RAMSAY HEALTH CARE ORD	\$12.9m	0.3%	0.1%
70	TRANSFIELD SERVICES ORD	\$12.8m	0.3%	0.1%
71	BLUESCOPE STEEL ORD	\$12.7m	0.3%	0.1%
72	UGL ORD	\$12.2m	0.3%	0.1%
73	SCENTRE GROUP ORD	\$12.0m	0.3%	0.1%
74	TWENTY FIRST CENTURY FOX CL B	\$11.8m	0.2%	0.1%

Rank	Name	Amount Invested (AUD)	% of Asset Class	% of Total Fund
75	TREASURY WINE ESTATES ORD	\$11.7m	0.2%	0.1%
76	LEIGHTON HOLDINGS ORD	\$11.1m	0.2%	0.1%
77	MIRVAC GROUP UNT	\$10.9m	0.2%	0.1%
78	JB HI-FI ORD	\$10.9m	0.2%	0.1%
79	REA GROUP ORD	\$10.8m	0.2%	0.1%
80	INCITEC PIVOT ORD	\$10.7m	0.2%	0.1%
81	KAROON GAS AUSTRALIA ORD	\$10.5m	0.2%	0.1%
82	ANSELL ORD	\$10.3m	0.2%	0.1%
83	SOUTHERN CROSS MEDIA GROUP ORD	\$10.3m	0.2%	0.1%
84	AVEO GROUP UNT	\$10.1m	0.2%	0.1%
85	PERPETUAL ORD	\$10.0m	0.2%	0.1%
86	IINET ORD	\$9.9m	0.2%	0.1%
87	G8 EDUCATION ORD	\$9.7m	0.2%	0.1%
88	ROC OIL COMPANY ORD	\$9.7m	0.2%	0.1%
89	NINE ENTERTAINMENT ORD	\$9.6m	0.2%	0.1%
90	SEVEN GROUP HOLDINGS ORD	\$9.6m	0.2%	0.1%
91	SIRTEX MEDICAL ORD	\$9.4m	0.2%	0.1%
92	ASX ORD	\$8.8m	0.2%	0.1%
93	CHARTER HALL GRP UNT	\$8.7m	0.2%	0.1%
94	TRANSPACIFIC INDUSTRIES GROUP	\$8.7m	0.2%	0.1%
95	FORTESCUE METALS GROUP ORD	\$8.7m	0.2%	0.1%
96	TPG TELECOM ORD	\$8.7m	0.2%	0.1%
97	DOWNER EDI ORD	\$8.4m	0.2%	0.1%
98	AUSTAL ORD	\$8.4m	0.2%	0.1%
99	PREMIER INVESTMENTS ORD	\$8.4m	0.2%	0.1%
100	NUFARM ORD	\$8.3m	0.2%	0.1%
Total		\$4,024.4m	85.2%	25.8%

Australian Equities

Sector Allocation of the 100 Largest Holdings

Sector	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Consumer Discretionary	\$255.5m	5.4%	1.6%
Consumer Staples	\$248.3m	5.3%	1.6%
Energy	\$305.3m	6.5%	2.0%
Financials	\$1,710.9m	36.2%	11.0%
Healthcare	\$158.7m	3.4%	1.0%
Industrials	\$467.2m	9.9%	3.0%
Information Technology	\$15.3m	0.3%	0.1%
Materials	\$639.2m	13.5%	4.1%
Telcom Services	\$180.2m	3.8%	1.2%
Utilities	\$43.8m	0.9%	0.3%
Total	\$4,024.4m	85.2%	25.8%

International Equities

100 Largest Holdings

Rank	Name	Country	Amount Invested (AUD)	% of Asset Class	% of Total Fund
1	SAMSUNG ELECTR ORD	KOREA	\$51.1m	1.3%	0.3%
2	TENCENT HOLDINGS LTD ORD HKDO.	CHINA	\$47.6m	1.2%	0.3%
3	TAIWAN SEMICONDUCTOR MNFTG ADR	TAIWAN	\$43.5m	1.1%	0.3%
4	GOOGLE CL ORD	UNITED STATES	\$41.2m	1.1%	0.3%
5	APPLE INC	UNITED STATES	\$39.7m	1.0%	0.3%
6	MICROSOFT CORP	UNITED STATES	\$39.1m	1.0%	0.3%
7	NESTLE N ORD	SWITZERLAND	\$38.5m	1.0%	0.2%
8	BAIDU ADR REP 1/10 CL A ORD	CHINA	\$38.1m	1.0%	0.2%
9	AMAZON COM INC COM	UNITED STATES	\$33.6m	0.9%	0.2%
10	NETEASE ADR REP 25 ORD	CHINA	\$31.2m	0.8%	0.2%
11	JOHNSON & JOHNSON COM	UNITED STATES	\$30.8m	0.8%	0.2%
12	ILLUMINA INC COM USD0.01	UNITED STATES	\$28.7m	0.7%	0.2%
13	SBERBANK OF RUSSIA ADR	RUSSIA	\$24.6m	0.6%	0.2%
14	MALAYSIA AIRPORTS HOLDINGS ORD	MALAYSIA	\$24.4m	0.6%	0.2%
15	OCCIDENTAL PETE CORP D COM	UNITED STATES	\$24.1m	0.6%	0.2%
16	EBAY INC COM	UNITED STATES	\$23.8m	0.6%	0.2%
17	ZOETIS INC COM USD0.01 CL 'A'	UNITED STATES	\$22.3m	0.6%	0.1%
18	MONDELEZ INTERNATIONAL INC	UNITED STATES	\$21.9m	0.6%	0.1%
19	MOTOROLA SOLUTIONS ORD	UNITED STATES	\$21.7m	0.6%	0.1%
20	WEATHERFORD INTL ORD	UNITED STATES	\$21.6m	0.6%	0.1%
21	BRITISH AMERICAN TOBAC ORD	GREAT BRITAIN	\$21.2m	0.5%	0.1%
22	RECKITT BENCKISER GROUP PLC	GREAT BRITAIN	\$20.7m	0.5%	0.1%
23	PHILIP MORRIS INTERNAT NPV	UNITED STATES	\$20.5m	0.5%	0.1%
24	JSC GAZPROM ADR	RUSSIA	\$20.1m	0.5%	0.1%
25	AIG COM	UNITED STATES	\$19.6m	0.5%	0.1%
26	JAPAN TOBACCO INC	JAPAN	\$19.6m	0.5%	0.1%
27	DISNEY WALT CO COM DISNEY	UNITED STATES	\$19.6m	0.5%	0.1%
28	QUALCOMM INC COM	UNITED STATES	\$19.4m	0.5%	0.1%
29	INDITEX	SPAIN	\$18.8m	0.5%	0.1%
30	FACEBOOK INC-A COM USD0.000006	UNITED STATES	\$18.5m	0.5%	0.1%
31	ANHEUSER-BUSCH INBEV NV	BELGIUM	\$18.5m	0.5%	0.1%
32	BAYER N ORD	GERMANY	\$18.0m	0.5%	0.1%
33	TOP GLOVE ORD	MALAYSIA	\$17.5m	0.5%	0.1%
34	FIRST REPUBLIC BANK/SAN FRAN C	UNITED STATES	\$17.1m	0.4%	0.1%
35	INDOCEMENT ORD	INDONESIA	\$17.0m	0.4%	0.1%
36	KIMBERLY CLARK A ORD	MEXICO	\$17.0m	0.4%	0.1%
37	COMCAST CL A ORD	UNITED STATES	\$16.9m	0.4%	0.1%
38	ILLINOIS TOOL ORD	UNITED STATES	\$16.8m	0.4%	0.1%
39	CHARLES SCHWAB ORD	UNITED STATES	\$16.7m	0.4%	0.1%
40	NOVARTIS AG-REG SHS	SWITZERLAND	\$16.5m	0.4%	0.1%
41	ICBC ORD H	CHINA	\$16.4m	0.4%	0.1%
42	CHARTER COMMUNICATIONS CL A OR	UNITED STATES	\$16.0m	0.4%	0.1%
43	NOVOZYMES B ORD	DENMARK	\$16.0m	0.4%	0.1%
44	DISCOVER FINANCIAL-W/I COM STK	UNITED STATES	\$16.0m	0.4%	0.1%
45	COLGATE-PALMOLIVE CO	UNITED STATES	\$15.9m	0.4%	0.1%

Rank	Name	Country	Amount Invested (AUD)	% of Asset Class	% of Total Fund
46	IMPERIAL TOBACCO GROUP PLC	GREAT BRITAIN	\$15.8m	0.4%	0.1%
47	UNION PAC CORP COM	UNITED STATES	\$15.3m	0.4%	0.1%
48	GILEAD SCIENCES INC COM	UNITED STATES	\$15.1m	0.4%	0.1%
49	CONTINENTAL AG	GERMANY	\$15.0m	0.4%	0.1%
50	SALESFORCE.COM INC COM USD0.00	UNITED STATES	\$15.0m	0.4%	0.1%
51	AMBEV ORD	BRAZIL	\$14.7m	0.4%	0.1%
52	KERING	FRANCE	\$14.6m	0.4%	0.1%
53	BROOKFIELD ASSET MANAGEMENT CL	CANADA	\$14.4m	0.4%	0.1%
54	INPEX ORD	JAPAN	\$14.3m	0.4%	0.1%
55	GIVAUDAN-REG ORD	SWITZERLAND	\$14.1m	0.4%	0.1%
56	INTUITIVE SURGICAL IN COM NEW	UNITED STATES	\$13.6m	0.4%	0.1%
57	GLAXOSMITHKLINE PLC ORD	GREAT BRITAIN	\$13.4m	0.3%	0.1%
58	ALCOA ORD	UNITED STATES	\$13.3m	0.3%	0.1%
59	AIA GROUP LTD USD1.00	HONG KONG	\$13.2m	0.3%	0.1%
60	VALEANT PHARMACEUTICALS INTE	CANADA	\$13.2m	0.3%	0.1%
61	TESLA MOTORS INC COM USD0.001	UNITED STATES	\$13.1m	0.3%	0.1%
62	SCHNEIDER ELECTRIC SE ORD	FRANCE	\$13.1m	0.3%	0.1%
63	AMERICA MOVIL ADR REP 20 SR L	MEXICO	\$13.1m	0.3%	0.1%
64	WALGREEN CO COM	UNITED STATES	\$13.0m	0.3%	0.1%
65	STERICYCLE INC	UNITED STATES	\$12.7m	0.3%	0.1%
66	LINDE AG LINDE AG	GERMANY	\$12.6m	0.3%	0.1%
67	LIBERTY GLOBAL CL C ORD	UNITED STATES	\$12.6m	0.3%	0.1%
68	ING GROEP GDR	NETHERLANDS	\$12.5m	0.3%	0.1%
69	SAP ORD	GERMANY	\$12.3m	0.3%	0.1%
70	ACCENTURE CL A ORD	UNITED STATES	\$12.3m	0.3%	0.1%
71	ATLAS COPCO AB-A SHS	SWEDEN	\$12.2m	0.3%	0.1%
72	DIAGEO ORD	GREAT BRITAIN	\$12.1m	0.3%	0.1%
73	BNK CENTRAL ASIA ORD	INDONESIA	\$11.8m	0.3%	0.1%
74	ABBOTT LABORATORIES COM NPV	UNITED STATES	\$11.7m	0.3%	0.1%
75	KB FGI ORD	KOREA	\$11.6m	0.3%	0.1%
76	NEW ORIENTL EDUCTN GRP ADR REP	CHINA	\$11.5m	0.3%	0.1%
77	HSBC HOLDINGS ORD	GREAT BRITAIN	\$11.4m	0.3%	0.1%
78	THERMO FISHER SCIENTIFIC INC	UNITED STATES	\$11.3m	0.3%	0.1%
79	MEGACABLE HOLDINGS CPO ORD	MEXICO	\$11.2m	0.3%	0.1%
80	TELKOM INDONESIA ORD	INDONESIA	\$11.2m	0.3%	0.1%
81	ROPER INDUST ORD	UNITED STATES	\$11.1m	0.3%	0.1%
82	ADIDAS N ORD	GERMANY	\$10.8m	0.3%	0.1%
83	UNICHARM ORD	JAPAN	\$10.8m	0.3%	0.1%
84	VISA INC-CLASS A SHARES COM ST	UNITED STATES	\$10.7m	0.3%	0.1%
85	HANA FINANCIAL G ORD	KOREA	\$10.7m	0.3%	0.1%
86	CTRIIP.COM INTERNATL ADR REP 1/	CHINA	\$10.6m	0.3%	0.1%
87	MSCI ORD	UNITED STATES	\$10.6m	0.3%	0.1%
88	PROCTER & GAMBLE CO COM	UNITED STATES	\$10.6m	0.3%	0.1%
89	NOW ORD	UNITED STATES	\$10.6m	0.3%	0.1%
90	ADVANCED INFO SV NVDR	THAILAND	\$10.3m	0.3%	0.1%
91	MARUTI /MLINTL	INDIA	\$10.3m	0.3%	0.1%
92	SMFG ORD	JAPAN	\$10.3m	0.3%	0.1%

Rank	Name	Country	Amount Invested (AUD)	% of Asset Class	% of Total Fund
93	WHOLE FOODS MARKET INC	UNITED STATES	\$10.3m	0.3%	0.1%
94	TIME WARNER CABLE-A COM STK US	UNITED STATES	\$10.2m	0.3%	0.1%
95	ECOLAB INC COM	UNITED STATES	\$10.2m	0.3%	0.1%
96	ABBVIE INC	UNITED STATES	\$10.1m	0.3%	0.1%
97	MOODYS CORP COM	UNITED STATES	\$9.8m	0.3%	0.1%
98	HAITIAN INTL ORD	CHINA	\$9.7m	0.3%	0.1%
99	ZIMMER HOLDINGS ORD	UNITED STATES	\$9.3m	0.2%	0.1%
100	MCGRAW-HILL FINANCIAL INC	UNITED STATES	\$9.3m	0.2%	0.1%
Total			\$1,762.8m	45.6%	11.3%

International Equities

Sector Allocation of the 100 Largest Holdings

Sector	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Consumer Discretionary	\$283.2m	7.3%	1.8%
Consumer Staples	\$281.1m	7.3%	1.8%
Energy	\$80.2m	2.1%	0.5%
Financials	\$236.1m	6.1%	1.5%
Healthcare	\$231.5m	6.0%	1.5%
Industrials	\$136.7m	3.5%	0.9%
Information Technology	\$396.4m	10.3%	2.5%
Materials	\$83.1m	2.2%	0.5%
Telcom Services	\$34.6m	0.9%	0.2%
Total	\$1,762.8m	45.6%	11.3%

Private Equity

Strategy Allocation

Strategy	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Buy-outs	\$378.6m	45.3%	2.4%
Venture Capital	\$69.9m	8.4%	0.4%
Special Situations	\$5.3m	0.6%	0.0%
Expansion	\$70.9m	8.5%	0.5%
Distressed	\$8.3m	1.0%	0.1%
Co-investments	\$50.5m	6.0%	0.3%
Other (incl Mixed Strategy, ISH, ME Bank, Superpartners)	\$252.3m	30.2%	1.6%
Total	\$835.8m	100.0%	5.4%

Private Equity

Geographical Allocation

Location	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Australia	\$267.5m	32.0%	1.7%
Victoria	\$204.2m	24.4%	1.3%
New South Wales	\$56.7m	6.8%	0.4%
Queensland	\$3.0m	0.4%	0.0%
Western Australia	\$3.6m	0.4%	0.0%
South Australia	\$0.0m	0.0%	0.0%
Australian Capital Territory	\$0.0m	0.0%	0.0%
Northern Territory	\$0.0m	0.0%	0.0%
Overseas	\$471.8m	56.4%	3.0%
United States	\$311.4m	37.3%	2.0%
China	\$62.9m	7.5%	0.4%
United Kingdom	\$53.3m	6.4%	0.3%
France	\$12.4m	1.5%	0.1%
Germany	\$11.4m	1.4%	0.1%
Hong Kong	\$11.0m	1.3%	0.1%
Netherlands	\$9.3m	1.1%	0.1%
Other	\$96.6m	11.6%	0.6%
Total	\$835.8m	100.0%	5.4%

Infrastructure

List of Assets

Asset Name	Asset type	Location	Amount Invested (AUD)	% of Asset Class	% of Total Fund
NSW Ports Consortium	Seaports	New South Wales	\$197.4m	12.3%	1.3%
Melbourne Airport	Airports	Victoria	\$154.9m	9.7%	1.0%
Pacific Hydro	Renewable Energy	Australia, Chile, Brazil	\$136.9m	8.5%	0.9%
Port of Brisbane	Seaports	Queensland	\$120.0m	7.5%	0.8%
Anglian Water Group	Water and Wastewater	United Kingdom	\$94.3m	5.9%	0.6%
Campus Living United States Investment	Student Accommodation	United States	\$92.3m	5.8%	0.6%
Manchester Airport Group	Airports	United Kingdom	\$74.6m	4.7%	0.5%
Campus Living Australian Investment	Student Accommodation	Australia	\$74.0m	4.6%	0.5%
Brisbane Airport	Airports	Queensland	\$70.4m	4.4%	0.5%
Perth Airport	Airports	Western Australia	\$65.0m	4.1%	0.4%
Campus Living United Kingdom Investment	Student Accommodation	United Kingdom	\$41.4m	2.6%	0.3%
NT Airports	Airports	Northern Territory	\$40.2m	2.5%	0.3%
Hobart Airport	Airports	Tasmania	\$35.6m	2.2%	0.2%
Southern Cross Station	Social Infrastructure	Victoria	\$27.2m	1.7%	0.2%
Pisto	Oil Storage	France	\$25.5m	1.6%	0.2%
Arqiva Limited	Telecommunications	United Kingdom	\$23.1m	1.4%	0.1%
Colonial Pipeline Company	Pipelines	United States	\$22.8m	1.4%	0.1%
Eastern Distributor (M1)	Toll Roads	New South Wales	\$22.3m	1.4%	0.1%
Dalkia Polska	Steam and Hot Water Supply	Poland	\$19.9m	1.2%	0.1%

Asset Name	Asset type	Location	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Darling Harbour Live	Social Infrastructure	New South Wales	\$19.4m	1.2%	0.1%
50Hertz	Electricity Transmission and Distribution	Germany	\$19.0m	1.2%	0.1%
Campus Living New Zealand Investment	Student Accommodation	New Zealand	\$18.7m	1.2%	0.1%
South East Water	Water and Wastewater	United Kingdom	\$18.4m	1.1%	0.1%
Essential Power	Electricity Generation	United States	\$18.1m	1.1%	0.1%
Freeport LNG	Gas Distribution	United States	\$16.3m	1.0%	0.1%
Phoenix Natural Gas	Gas Distribution	United Kingdom	\$15.6m	1.0%	0.1%
Interlink Roads (M5)	Toll Roads	New South Wales	\$15.3m	1.0%	0.1%
Ecogen Energy	Electricity Generation	Victoria	\$15.0m	0.9%	0.1%
Duquesne Light Holdings	Electricity Transmission and Distribution	United States	\$13.8m	0.9%	0.1%
Sydney Desalination Plant	Water and Wastewater	New South Wales	\$12.9m	0.8%	0.1%
Retirement Care (NZ)	Social Infrastructure	New Zealand	\$12.6m	0.8%	0.1%
Adelaide Airport	Airports	South Australia	\$11.2m	0.7%	0.1%
Interlink Roads	Toll Roads	New South Wales	\$10.1m	0.6%	0.1%
ElectraNet	Electricity Transmission and Distribution	South Australia	\$9.7m	0.6%	0.1%
Perth Airport Property Fund	Airports	Western Australia	\$8.0m	0.5%	0.1%
Southwest Generation	Electricity Generation	United States	\$6.5m	0.4%	0.0%
Wyuna Water	Social Infrastructure	New South Wales	\$6.2m	0.4%	0.0%
Port of Portland	Seaports	Victoria	\$4.4m	0.3%	0.0%
Defence HQ	Social Infrastructure	New South Wales	\$4.1m	0.3%	0.0%
AviAlliance	Airports	Germany, Greece	\$2.8m	0.2%	0.0%
Perth CBD Courts	Social Infrastructure	Western Australia	\$2.6m	0.2%	0.0%
Axiom Education	Social Infrastructure	New South Wales	\$1.6m	0.1%	0.0%
IFM Aged Care Financing Trust	Social Infrastructure	Victoria	\$1.2m	0.1%	0.0%
NSW Rent Buy	Social Infrastructure	New South Wales	\$0.5m	0.0%	0.0%
State Highway 130 5&6	Toll Roads	United States	\$0.0m	0.0%	0.0%
Other	-	-	\$3.0m	0.2%	0.0%
Total			\$1,604.8m	100.0%	10.3%

Infrastructure

Sector Allocation

Sector	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Airports	\$462.7m	28.8%	3.0%
Electricity Generation	\$39.6m	2.5%	0.3%
Electricity Transmission and Distribution	\$42.5m	2.7%	0.3%
Gas Distribution	\$31.9m	2.0%	0.2%
Oil Storage	\$25.5m	1.6%	0.2%
Pipelines	\$22.8m	1.4%	0.1%
Renewable Energy	\$136.9m	8.5%	0.9%
Seaports	\$321.8m	20.1%	2.1%
Social Infrastructure	\$75.4m	4.7%	0.5%
Steam and Hot Water Supply	\$19.9m	1.2%	0.1%
Student Accommodation	\$226.4m	14.1%	1.4%
Telecommunications	\$23.1m	1.4%	0.1%
Toll Roads	\$47.8m	3.0%	0.3%
Transport	\$0.0m	0.0%	0.0%
Water and Wastewater	\$125.6m	7.8%	0.8%
Wireless Communication Towers	\$0.0m	0.0%	0.0%
Other	\$3.0m	0.2%	0.0%
Total	\$1,604.8m	100.0%	10.3%

Infrastructure

Geographical Allocation

Location	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Australia	\$989.4m	61.7%	6.3%
New South Wales	\$325.9m	20.3%	2.1%
Victoria	\$255.3m	15.9%	1.6%
Queensland	\$203.0m	12.7%	1.3%
Western Australia	\$100.2m	6.2%	0.6%
Northern Territory	\$40.2m	2.5%	0.3%
Tasmania	\$35.6m	2.2%	0.2%
South Australia	\$20.9m	1.3%	0.1%
Australian Capital Territory	\$8.4m	0.5%	0.1%
Overseas	\$612.3m	38.2%	3.9%
United Kingdom	\$267.3m	16.7%	1.7%
United States	\$169.9m	10.6%	1.1%
Chile	\$71.9m	4.5%	0.5%
New Zealand	\$31.3m	1.9%	0.2%
France	\$25.5m	1.6%	0.2%
Germany	\$21.2m	1.3%	0.1%
Poland	\$19.9m	1.2%	0.1%
Brazil	\$4.8m	0.3%	0.0%
Greece	\$0.6m	0.0%	0.0%
Other	\$3.0m	0.2%	0.0%
Total	\$1,604.8m	100.0%	10.3%

Property

Sector Allocation

Sector	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Retail	\$802.6m	43.5%	5.1%
Industrial	\$143.5m	7.8%	0.9%
Commercial	\$672.8m	36.4%	4.3%
Residential	\$190.3m	10.3%	1.2%
Other	\$37.0m	2.0%	0.2%
Total	\$1,846.2m	100.0%	11.8%

Property

Allocation by Type

Type	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Core	\$1,384.4m	75.0%	8.9%
Development/Opportunistic/Tactical	\$461.8m	25.0%	3.0%
Total	\$1,846.2m	100.0%	11.8%

Property

Geographical Allocation

Location	Amount Invested (AUD)	% of Asset Class	% of Total Fund
Australia	\$1,672.7m	90.6%	10.7%
New South Wales	\$590.5m	32.0%	3.8%
Queensland	\$393.7m	21.3%	2.5%
Victoria	\$399.9m	21.7%	2.6%
Western Australia	\$144.3m	7.8%	0.9%
Australian Capital Territory	\$92.0m	5.0%	0.6%
South Australia	\$52.4m	2.8%	0.3%
Overseas	\$173.5m	9.4%	1.1%
Singapore	\$159.5m	8.6%	1.0%
Malaysia	\$10.1m	0.5%	0.1%
Japan	\$2.1m	0.1%	0.0%
China	\$1.5m	0.1%	0.0%
Thailand	\$0.3m	0.0%	0.0%
New Zealand	\$0.0m	0.0%	0.0%
Total	\$1,846.2m	100.0%	11.8%

Property

Sustainability Ratings

Green Star Sustainability Rating*	Amount Invested (AUD)	% of Asset Class	% of Total Fund
6-star Green Star	\$93.0m	5.0%	0.6%
5-star Green Star	\$136.3m	7.4%	0.9%
4-star Green Star	\$93.1m	5.0%	0.6%
Not Rated/not applicable/yet to be rated	\$1,523.8m	82.5%	9.8%
Total	\$1,846.2m	100.0%	11.8%

*Green Star is a comprehensive, national, voluntary environmental rating system that evaluates the environmental design and construction of buildings. Please note the Green Star rating is currently only applicable to Commercial properties.

The following Green Star Certified Ratings are available:

4 Star Green Star Certified Rating (score 45-59) signifies 'Best Practice' in environmentally sustainable design and/or construction

5 Star Green Star Certified Rating (score 60-74) signifies 'Australian Excellence' in environmentally sustainable design and/or construction

6 Star Green Star Certified Rating (score 75-100) signifies 'World Leadership' in environmentally sustainable design and/or construction

OTHER INVESTMENT INFORMATION

Currency hedging

International investments are vulnerable to currency fluctuations. Hedging removes the currency exposure of international investments. HOSTPLUS partially hedges the currency exposure of all international asset exposures.

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 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 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.

HOSTPLUS monitors the use of derivatives by our investment managers. An annual review of the Derivatives Risk Statements of the investment managers or attestations obtained from various investment managers in relation to their internal control mechanisms for the use of derivatives, is undertaken to ensure any such investments are made in accordance with the investment mandate guidelines. The use of derivatives and subsequent control frameworks are considered as part of our investment risks.

FINANCIAL SUMMARY

Presented below is an abridged financial summary of the HOSTPLUS audited accounts for the last two years. More detailed financial information can be found in the Fund's annual financial statements on page 80.

	2014	2013
Financial performance	\$'000	\$'000
Opening net assets	12,738,842	10,213,212
<i>Add:</i>		
Contributions	1,644,358	1,432,814
Transfers in	410,103	379,640
Net investment earnings	1,862,484	1,793,317
Net other income	102,338	105,529
<i>Less:</i>		
Benefits paid	809,970	661,868
Administration expenses	97,956	87,247
Insurance premiums	190,536	117,811
Tax	325,649	318,744
Closing net assets	15,334,014	12,738,842

	2014	2013
Financial position – snapshot of net assets	\$'000	\$'000
Investments	15,658,782	12,940,969
Cash at bank	7,589	8,482
Other assets	16,874	7,388
<i>Less:</i>		
Liabilities	349,231	217,997
Net assets	15,334,014	12,738,842
<i>Represented by:</i>		
Members funds	15,193,158	12,619,358
Reserves	140,856	119,484
Members funds and reserves	15,334,014	12,738,842

Reserve accounts

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

Reserves	Investment Reserve \$'000	Administration Reserve \$'000	Operational Risk Financial Requirement Reserve \$'000	RSE Reserve \$'000	Total Reserves \$'000
2014	(13,641)	128,947	25,450	100	140,856
2013	(10,105)	118,790	10,699	100	119,484
2012	(6,654)	109,315	-	100	102,761
2011	(1,237)	96,379	-	100	95,242
2010	(1,755)	81,697	-	100	80,042

Investment Reserve

HOSTPLUS allocates investment earnings to members' accounts at 30 June and 31 December each year; or 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 reserve, pending this allocation process. After six months, all investment earnings are allocated to members' accounts.

Administration Reserve

The fees deducted from members' accounts are deposited into the administration reserve and the accumulated funds are utilised to pay for the operations of HOSTPLUS.

Operational Risk Financial Requirement Reserve ('ORFR')

An ORFR Reserve is separately maintained to ensure the Fund has access to adequate financial resources in the event of losses arising from an operational risk event.

An ORFR Reserve is being established as required by the Australian Prudential Regulation Authority (APRA). APRA has indicated that the level of the ORFR should represent 0.25% of total Funds Under Management (FUM) and be fully funded by no later than 30 June 2016.

HOSTPLUS has an approved ORFR policy detailing what constitutes an operational risk event and how the ORFR is accessed (if an operational risk event occurs). The policy also outlines that the ORFR will be established over a three year period, as follows:

- through a reduction of 0.09% of the 30 June 2013 annual net investment returns; and
- through an annual transfer from the Administration Reserve to the ORFR for the years ending 30 June 2014 and 2015.

The amounts to be funded from the Administration Reserve are estimated to remain at approximately 0.09% of FUM per year. The actual amounts funded will be subject to various factors, including the investment earnings of the ORFR and growth in FUM.

RSE Reserve

An RSE reserve is separately maintained to comply with the Fund's RSE Licence condition of maintaining a balance of at least \$100,000 at all times in a reserve.

OTHER IMPORTANT INFORMATION

New Custodian

From 1 September 2013 Citigroup Pty Limited replaced JPMorgan as custodian of HOSTPLUS. A leading global bank, with \$1,884 billion in total assets, Citi provides consumers, corporations, governments, and institutions with a broad range of financial products and services, such as personal banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management – across more than 160 countries and jurisdictions.

New insurance partner

After an extensive review, HOSTPLUS teamed up with MetLife Insurance to provide members with market leading personal insurance cover that protects them against the unexpected. MetLife is one of the world's leading insurance firms and a specialist provider of life insurance with over 145 years' experience and trusted by over 90 million customers worldwide.

They were also recently awarded an A+ financial strength and issuer credit in Standard & Poor's Annual Report, the seventh time they have been awarded this rating. Partnering with MetLife has allowed us to harness the latest technology to make your insurance experience with HOSTPLUS even more seamless and easy when it comes to applying for, reviewing, or changing insurance cover and managing claims.

Our investment in Superpartners

In early 2014 HOSTPLUS and other Shareholder Funds of Superpartners undertook a strategic review of our investment in Superpartners. In September 2014, the Shareholder Funds announced that they had entered into a Heads of Agreement for the potential sale of Superpartners to Link Group, subject to final due diligence at the time of printing this report.

If the sale proceeds, Link Group will become the future provider of superannuation administration services to HOSTPLUS. As always our objective is to maintain the highest levels of service for our members and keep costs low.

For further details on the Fund's financial interest in Superpartners, refer to Note 9, Collective Investments on page 92.

Penalties

In the 12 months to 30 June 2014 HOSTPLUS received no penalties or enforceable undertakings under SIS legislation.

Trustee of the Fund

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

Surcharge payments

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

Trustee indemnity insurance

CGU Insurance Ltd, Catlin Australia Pty Ltd, AXIS Specialty Australia, Zurich Australia Insurance Ltd, Liberty International and Dual Australia Pty Ltd underwriters provided trustee insurance cover from 30 September 2013 until 30 September 2014.

Enquiries and complaints

If you have an enquiry or complaint, call **1300 HOSTPLUS (1300 467 875)**, 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
 Locked Bag 9
 Carlton South VIC 3053

Eligible rollover fund

In accordance with legislation and the Fund's policy, if your account balance is less than \$200 (subject to change) and we have not received contributions for you for more than 5 years, 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 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**.
- Your insurance arrangements with **HOSTPLUS** will cease.
- You'll become a member of AUSfund and be subject to its governing rules. If **HOSTPLUS** 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 an administration fee of \$14 per year or part-year plus operational and investment costs, while lower balances are not subject to an administration fee but do not receive earnings. AUSfund protects all accounts from erosion due to the administration fee, so that the fee cannot exceed the earnings allocated to each account.
- AUSfund has a different investment strategy to **HOSTPLUS**, which is explained in their PDS.
- AUSfund does not offer any insurance arrangements.

For more information about AUSfund visit hostplus.com.au/memberguide/super

Significant Event Notices

HOSTPLUS will always advise members about any material changes to the Fund - particularly when the outcome will impact their retirement savings. A change or event includes any decisions that will affect a member's investment, including a change to fees and costs, the benefit design, such as insurance cover and premiums or instances where a member's benefit may be transferred without their consent.

During the reporting period, the following significant events occurred:

1 July 2013 – Transfer of accrued benefit amount to **HOSTPLUS MySuper Balanced (default) investment option**.

HOSTPLUS has launched a MySuper product from 1 July 2013 to provide a cost effective super option with a simple and uniform set of features to its members.

As a result members that were in the Balanced (default) investment option became investors in the MySuper investment option on 1 July 2013 with no change to fees or the investment itself. All members were notified of the change in their 30 June 2013 half yearly statement.

1 Dec 2013 – Change in insurance provider from **One Path to MetLife**.

From 1 December 2013, MetLife took over from OnePath as the Fund's insurance partner. This has resulted in an increase in death and TPD premiums, however salary continuance premiums were reduced for the 2 year benefit period.

An insurance brochure detailing the changes was mailed to all members.

15 Jan 2014 – Individual manager investment option (BlackRock Asset Management, international fixed interest option), change in benchmark.

From the option's inception i.e. 1 June 2011 to 14 January 2014, this option was invested in the BlackRock Indexed World Government Bond Fund, which tracked the Citigroup World Government Bond Index (hedged in AUD with net dividends reinvested). From 15 January 2014, this option has been invested in the BlackRock Global Bond Index Fund, which tracks the Barclays Global Aggregate Index (hedged in AUD with net dividends reinvested).

There has been no impact on the members who are invested in this investment option. Letters were sent to approximately 465 members advising them of the change which is for information purposes only.

30 June 2014 – Removal of indirect administration cost – ORFR.

HOSTPLUS has determined that the establishment of the Operational Risk Financial Reserve (ORFR) will no longer be funded through a reduction in the annual net investment returns. Instead the establishment of the ORFR for 30 June 2014 and 2015 will be funded from the Administration Reserve – meaning a reduction in the cost of the product for HOSTPLUS members.

The impact of the cost reduction is approximately 0.09%. All members were informed of the change in the 30 June 2014 half yearly statement.

Privacy Policy

The Fund has updated its Privacy Policy which is available on the HOSTPLUS website at hostplus.com.au/privacy. The Policy includes information about how we may use personal information to send direct marketing communications including information about our products and services or other opportunities available to members of HOSTPLUS that we consider to be of interest. At any time you may opt-out of receiving marketing communications from us by contacting us or by using opt-out facilities provided in the marketing communications.



**HOSTPLUS
SUPERANNUATION FUND
FINANCIAL STATEMENTS
30 JUNE 2014**



HOST PLUS Superannuation Fund Statement of Financial Position for the year ended 30 June 2014	82
HOST PLUS Superannuation Fund Statement of Comprehensive Income for the year ended 30 June 2014	83
HOST PLUS Superannuation Fund Statement of Cash Flows for the year ended 30 June 2014	84
HOST PLUS Superannuation Fund notes to the financial statements for the year ended 30 June 2014	85
HOST PLUS Superannuation Fund Trustee statement	110
Independent auditor's report to the Trustee and members	111

HOSTPLUS Superannuation Fund
Statement of Financial Position as at 30 June 2014

Investments	Notes	2014	2013
		\$	\$
Cash		1,100,849,553	517,862,860
Fixed interest		461,427,243	490,765,902
Australian shares		4,730,981,908	4,034,379,058
International shares		3,859,207,528	3,225,789,985
Private equity		835,826,928	622,942,746
Property		1,846,188,301	1,621,797,222
Infrastructure		1,604,766,519	1,357,309,091
Derivative assets		59,494,566	29,515,164
Alternative assets		1,160,039,130	1,040,607,232
Total investments		15,658,781,676	12,940,969,260
Other assets			
Cash at bank		7,588,990	8,482,150
Other receivables	3	3,524,359	3,088,581
Prepayments		6,014,241	996,046
Plant and equipment		4,325,545	1,970,930
Deferred tax asset		3,010,989	1,332,007
Total other assets		24,464,124	15,869,714
Total assets		15,683,245,800	12,956,838,974
Liabilities			
Benefits payable		26,992,950	24,378,038
Employee entitlements		2,383,338	1,926,450
Accounts payable	4	34,881,780	33,190,320
Derivative liabilities		41,014,761	68,870,439
Current tax liabilities		58,586,121	34,485,107
Deferred tax asset		185,372,244	55,146,251
Total liabilities		349,231,194	217,996,605
Net assets available to pay benefits		15,334,014,606	12,738,842,369
Represented by:			
Liability for accrued benefits	5		
Members' funds		15,193,158,251	12,619,358,707
Reserves		140,856,355	119,483,662
		15,334,014,606	12,738,842,369

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

HOSTPLUS Superannuation Fund
Statement of Comprehensive Income for the year ended 30 June 2014

		2014	2013
Revenue from ordinary activities	Notes	\$	\$
Investment revenue			
Interest		55,473,685	28,141,312
Dividends and distributions		532,063,521	430,127,527
Other income		4,964,622	18,006,316
Changes in net market value of investments	8	1,322,988,236	1,370,627,019
Less: Investment expenses		(53,006,151)	(53,584,930)
Net investment revenue		1,862,483,913	1,793,317,244
Contribution revenue			
Employer contributions		1,500,670,452	1,351,349,696
Members' contributions		100,522,111	69,123,796
Government contributions		43,165,904	12,340,163
Transfers from other superannuation funds		410,103,255	379,640,201
Total contribution revenue		2,054,461,722	1,812,453,856
Other revenue			
Proceeds from insurance		102,247,272	105,476,888
Sundry income		91,205	52,257
Total other income		102,338,477	105,529,145
Total revenue from ordinary activities		4,019,284,112	3,711,300,245
Expenses from ordinary activities			
Superannuation contributions surcharge		9,946	(12,462)
Insurance premiums		190,536,015	117,811,437
Administration expenses		97,956,366	87,246,557
Total expenses from ordinary activities		288,502,327	205,045,532
Benefits accrued as a result of operations before income tax		3,730,781,785	3,506,254,713
Less:			
Income tax expense	10	325,648,676	318,744,495
Benefits accrued as a result of operations		3,405,133,109	3,187,510,218

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

HOSTPLUS Superannuation Fund
Statement of Cash Flows for the year ended 30 June 2014

		2014	2013
Cash flows from operating activities	Notes	\$	\$
Contributions received		2,054,461,722	1,812,453,856
Interest received		829,301	832,770
Other receipts		91,206	52,257
Death and disablement claims received from insurer		102,247,272	105,476,888
Insurance premiums paid to insurer		(179,799,685)	(121,656,431)
Administration expenses paid		(102,786,052)	(88,687,982)
Investment expenses paid		(7,198,939)	(8,143,160)
Payments for operating assets		(3,302,684)	(388,876)
Benefits paid		(807,345,960)	(641,630,569)
Income tax paid		(173,010,598)	(169,882,778)
Net cash inflow from operating activities	11	884,185,583	888,425,975
Cash flows from investing activities			
Proceeds from the redemption of investments		185,737,185	166,670,586
Payments for investments		(1,070,815,928)	(1,051,342,150)
Net cash (outflow) from investing activities		(885,078,743)	(884,671,564)
Net increase/(decrease) in cash		(893,160)	3,754,411
Cash at the beginning of the financial year		8,482,150	4,727,739
Cash at the end of the financial year	11	7,588,990	8,482,150

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

HOSTPLUS Superannuation Fund
Notes to the financial statements for the year ended 30 June 2014

Note 1. Operation of the Fund

HOSTPLUS Superannuation Fund ('the Fund') is an APRA regulated, defined contribution fund initially established by a Trust Deed dated 1 October 1987 to provide retirement benefits to its members. The Fund comprises an accumulation and pension division with numerous employers predominantly from the hospitality, tourism, sport and recreational industries.

The Fund accepts contributions from employers and members in accordance with the Trust Deed. Members may also transfer money from other superannuation funds.

The Trustee of the Fund is Host-Plus Pty. Limited and it is the holder of a public offer class of Registrable Superannuation Entity Licence.

Note 2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*, other accounting standard's to the extent applicable, the provisions of the Trust Deed and the Superannuation Industry (Supervision) Act 1993 and Regulations. International Financial Reporting Standards form the basis of Australian Accounting Standards and have been applied where relevant except to the extent that they are inconsistent with the requirements of AAS 25.

The financial statements are presented in Australian Dollars and have been prepared on a net market value basis representing the amount which could be expected to be received from the disposal of an asset in an orderly market less disposal costs. Net market value is considered a reasonable approximation of fair value.

The accounting policies adopted are consistent with those of the previous year unless otherwise stated.

(b) Assets

Assets of the Fund are recorded at net market value as at the reporting date. Net market values are determined as follows:

Listed shares and securities - by reference to market quotations

Unlisted shares and securities - Trustee's valuation based on the advice of the Fund's investment manager

Units in pooled superannuation trusts - redemption price

Real estate properties - independent valuations are obtained from qualified valuers at no more than three yearly intervals. In the intervening period assessments are made by the Trustee taking into account changes in market values of similar properties

Plant and equipment - Refer to note 2(o) to the financial statements for further - information

(c) Revenue

Investment revenue is brought to account on an accruals basis. Dividends on quoted shares are deemed to accrue on the date the dividend is declared. Changes in the net market value of assets are recognised in the Statement of Comprehensive Income in the periods in which they occur. Contributions and transfers from other funds are brought to account when received.

(d) Income tax

The Fund is eligible for concessional tax treatment as it is a regulated fund and has complied with the relevant provisions of the Superannuation Industry (Supervision) Act 1993 and Regulations.

Taxable contributions and investment income are taxed at 15% after allowance for deductions. Any tax credits available from investment managers have been brought to account in determining the final tax liability of the Fund.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income or accounting profit.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(e) Other debtors and creditors

Other debtors are recognised at the amounts receivable, which approximate net fair value. Other creditors represent liabilities for goods and services provided to the Fund prior to the end of the financial year and which are unpaid. The amounts are unsecured. Other debtors and creditors are subject to normal trade credit terms.

(f) Liability for accrued benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at the reporting date.

(g) Reserves

The Trustee maintains the following reserves for the purposes described below:

Residual reserve

A residual reserve is separately maintained to manage the receipt of investment income and the allocation of investment returns to members via the process of declaring crediting rates.

Administration reserve

An administration reserve is separately maintained to manage the receipt of administration levies and the payment of Fund expenses.

Operational Risk Financial Requirement reserve

An Operational Risk Financial Requirement reserve is separately maintained to ensure the Fund has access to adequate financial resources in the event of losses arising from an operational risk event.

RSE reserve

An RSE reserve is separately maintained to comply with the Fund's RSE Licence condition of maintaining a balance of at least \$100,000 at all times in a reserve.

(h) Goods and Services Tax (GST)

Where applicable GST incurred by the Fund that is not recoverable from the Australian Taxation Office, has been recognised as part of the expense to which it applies. Receivables and payables are stated with any applicable GST included in their carrying amounts.

The amount of any GST recoverable from, or payable to, the Australian Taxation Office is included as an asset or liability in the Statement of Financial Position.

(i) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the Statement of Financial Position and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for long service leave is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(j) Benefits payable

Benefits payable represents insurance claims in progress that have not yet been paid to members.

(k) Derivatives

The Fund enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps. Derivatives are measured at net market value in accordance with AAS 25. Further details of derivative financial instruments are disclosed in note 12 to the financial statements.

(l) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)****(m) Significant accounting judgements, estimates and assumptions**

The preparation of the Fund's financial statements requires judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Estimates and judgements are reviewed on an ongoing basis.

(n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to note 13 of the financial statements for further information.

(o) Furniture, fittings and equipment**(i) Recognition and measurement**

Furniture, Fittings and Equipment (FFE) is measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment losses. If significant parts of an item have different useful lives, then they are accounted for as separate items.

The cost of leasehold improvements is capitalised as an asset and depreciated over the assets useful life.

Any gain or loss on disposal of an item of is recognised in the Statement of Comprehensive Income.

(ii) Depreciation

Depreciation is calculated as the cost of the item less its estimated residual value, over the item's useful life. The estimated useful lives of FFE are as follows:

Asset	Useful Life	Useful Life
Furniture & Fittings	10 years	Diminishing value
Office Equipment	5 years	Diminishing value
Computer Hardware	3-4 years	Diminishing value

(p) Accounting standards and interpretations**(i) New accounting standards that are applicable for mandatory adoption in the current year:****AASB 13 Fair value measurement**

AASB 13 outlines the measurement and disclosure requirements for items measured at fair value. It also extends to the fair value measurement that applies to both financial instrument items and non-financial instrument items.

The Fund has made additional disclosures in the financial statements to comply with the requirements of AASB 13 but there was no material impact on the amounts recognised in the financial statements.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities

AASB 2012-2 requires additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments has resulted in additional disclosure in the notes to the financial statements but did not have any impact on the Fund's financial position or performance.

AASB 12 Interests in other entities

AASB12 aims to enhance disclosure in relation to investments in other entities and structured entities. The Fund has exposures to unconsolidated structured entities through its investments. The Fund typically has no other involvement with the structured entity other than the securities it holds as part of its investments and its maximum exposure to loss is restricted to the carrying value of the investment, as disclosed in the Statement of Financial Position.

(ii) New accounting standard that are applicable for early adoption in the current year:

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been early adopted by the Fund. The assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out overleaf.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

AASB 1056 Superannuation Entities (effective 30 June 2017)

Issued in June 2014, AASB 1056 replaces AAS 25 *Financial Reporting by Superannuation Plans* and is first applicable to the Fund for the year ended 30 June 2017. No decision has been made whether the Fund will early adopt the new standard.

AASB 1056 will have a number of impacts on the financial statements of the Fund, including:

- The requirement to prepare five statements as follows:
 - a. Statement of Financial Position;
 - b. Income Statement;
 - c. Statement of Changes in Equity/Reserves;
 - d. Statement of Cash Flows; and
 - e. Statement of Changes in Member Benefits.
- Funds must recognise member benefits as a liability on the face of the Statement of Financial Position.
- The Statement of Financial Position will need to disclose the surplus or deficit of funds.
- Net assets will reflect the Fund's reserves, including the Operational Risk Financial Requirement Reserve.
- Increased disclosure in relation to insurance arrangements.

AASB 9 Financial instruments (effective from 1 January 2017)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, there will be no impact of the standard on the Fund's accounting for financial instruments as movements in the fair value of investments and derivatives will continue to be recognised in the Statement of Comprehensive Income in the periods in which they occur.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the offsetting criteria in AASB 132 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement arrangements may be considered equivalent to net settlement. The amendments are not expected to have any impact on the Fund's financial position or performance.

There are no other standards, interpretations, or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2013 that would be expected to have a material impact on the Fund.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 3. Other receivables

	2014	2013
	\$	\$
GST receivable	1,655,504	1,936,909
Other receivables	1,868,855	1,151,672
	3,524,359	3,088,581

Note 4. Accounts payable

	2014	2013
	\$	\$
Administration services	4,699,868	6,252,929
Audit services	272,410	306,753
Custodian fees	130,895	524,000
Insurance premiums	17,689,925	6,953,595
Investment management fees	8,649,308	16,191,037
PAYG withholding tax	544,621	342,290
Other payables	2,894,753	2,619,716
	34,881,780	33,190,320

Note 5. Liability for accrued benefits

	2014	2013
	\$	\$
Changes in the liability for accrued benefits:		
Liability for accrued benefits at the beginning of the financial year	12,738,842,369	10,213,212,407
Plus: Increase in accrued benefits	3,405,133,109	3,187,510,218
Less: Benefits paid	(809,960,872)	(661,880,256)
Liability for accrued benefits at the end of the financial year	15,334,014,606	12,738,842,369
Accrued benefits - members' funds:	15,193,158,251	12,619,358,707
Accrued benefits - reserves:		
Residual reserve	(13,641,159)	(10,105,674)
Administration reserve	128,947,164	118,789,972
Operational Risk Financial Requirement Reserve	25,450,350	10,699,364
RSE reserve	100,000	100,000
Total accrued benefits - reserves	140,856,355	119,483,662
Total liability for accrued benefits	15,334,014,606	12,738,842,369

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Reserves

The Fund maintains the following reserves in accordance with the accounting policies described in note 2(g).

	Residual Reserve	Administration Reserve	Operational Risk Financial Requirement Reserve	RSE Reserve	Total
	\$	\$	\$	\$	\$
2014					
Opening balance	(10,105,674)	118,789,972	10,699,364	100,000	119,483,662
Revenue	1,862,557,583	78,948,259	1,467,715	-	1,942,973,557
Expenditure	(1,866,093,068)	(54,191,067)	(1,316,729)	-	(1,921,600,864)
Transfer between reserves	-	(14,600,000)	14,600,000	-	-
Closing balance	(13,641,159)	128,947,164	25,450,350	100,000	140,856,355

	Residual Reserve	Administration Reserve	Operational Risk Financial Requirement Reserve	RSE Reserve	Total
	\$	\$	\$	\$	\$
2013					
Opening balance	(6,653,718)	109,314,573	-	100,000	102,760,855
Revenue	1,793,365,110	66,554,448	-	-	1,859,919,558
Expenditure	(1,786,117,702)	(57,079,049)	-	-	(1,843,196,751)
Transfer between reserves	(10,699,364)	-	10,699,364	-	-
Closing balance	(10,105,674)	118,789,972	10,699,364	100,000	119,483,662

Note 6. Vested benefits

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their membership as at the reporting date.

	2014	2013
	\$	\$
Vested benefits	15,193,158,251	12,619,358,707

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 7. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

Note 8. Revenue - investments (changes in net market value)

	2014	2013
	\$	\$
Investments held at balance date		
Cash	(1,242)	688,497
Fixed interest	7,281,274	4,207,807
Australian shares	430,055,160	391,724,002
International shares	426,255,501	647,031,684
Private equity	22,611,468	10,456,885
Property	20,311,503	35,066,882
Infrastructure	80,395,418	94,110,747
Derivative assets	36,268,674	(57,682,483)
Alternative assets	25,891,005	108,475,838
	1,049,068,761	1,234,079,859
Investments realised during the year		
Cash	13,464,642	15,262,276
Fixed interest	(5,926,021)	(962,026)
Australian shares	134,406,155	135,597,800
International shares	92,287,775	51,411,492
Private equity	(2,573,164)	(578,844)
Property	(909,849)	(1,120,264)
Infrastructure	7,404	4,825,534
Derivative assets	37,239,394	(73,060,103)
Alternative assets	5,923,139	5,171,295
	273,919,475	136,547,160
Total revenue - investments (changes in net market value)	1,322,988,236	1,370,627,019

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 9. Collective investments

Collective investments are investments by the Fund in entities which provide a required service to the Fund. The other investors in these entities include a number of other industry superannuation funds.

All transactions with these entities are based on normal commercial terms and arrangements. At 30 June 2014, the Fund had the following investments:

Industry Super Holdings Pty Ltd and subsidiaries

The Fund's investments include a 9.47% (2013: 9.47%) shareholding in Industry Super Holdings Pty Ltd (ISH).

ISH and its subsidiaries provide a range of services and investment products to the Fund and other institutional clients. Industry Fund Services Pty Ltd, Industry Funds Credit Control, IFS Insurance Broking Pty Ltd, Industry Fund Financial Planning Services and Industry Funds Management Limited are wholly owned subsidiaries of ISH.

As at 30 June 2014, the Fund's investment in ISH was valued at \$39.1m (2013: \$37.2m). Total income earned by the Fund from this investment for the year ended 30 June 2014 was \$1.8m (2013: \$6.6m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Industry Funds Management Pty Ltd ('IFM'), a wholly owned subsidiary of ISH, manages a selection of infrastructure, Australian listed equities, private equity, fixed interest and cash portfolios on behalf of the Fund. IFM managed portfolios totalling \$2,978.5m (2013: \$2,422.2m) on behalf of the Fund. The income earned on the portfolios managed by IFM was \$271.8m (2013: \$283.7m).

A total of \$9.6m (2013: \$7.7m) of direct and indirect fees were charged for the investment management of these portfolios. IFM received \$6.2m (2013: \$4.4m) with the remaining \$3.4m (2013: \$3.3m) indirectly charged by managers in underlying investments structures.

All transactions were made on normal commercial terms, under normal conditions and at market rates.

Industry Fund Services Pty Ltd ('IFS'), a wholly owned subsidiary of ISH, provides a range of services to the Fund such as financial planning, insurance broking, marketing and advertising, debt collection services and other ancillary services. Total fees paid to IFS for the year ended 30 June 2014 were \$5.5m (2013: \$5.9m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Industry Super Property Trust

Industry Super Property Trust ('ISPT') manages unlisted property trusts on behalf of the Fund and other institutional clients. The Fund's investments include property trusts totalling \$719.1m (2013: \$656.4m). ISPT received \$2.0m (2013: \$3.3m) in fees for the management of these trusts. The income earned on this portfolio was \$63.7m (2013: \$40.1m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Superpartners

The Fund's investments includes an 18.83% (2013: 18.83%) shareholding in Superpartners Pty Ltd, valued at \$23.7m (2013: \$27.2m). As at 30 June 2014, the Fund had outstanding commitments with Superpartners (2013: \$0.3m). Total income earned by the Fund from this investment for the year ended 30 June 2014 was -\$3.5m (2013: -\$35.9m). Superpartners provide member administration and custodial services to the Fund and other institutional clients and received \$40.3m (2013: \$38.4m) in fees from the Fund. All transactions were made on normal commercial terms, under normal conditions and at market rates.

ME Bank

The Fund's investments include a 12.54% (2013: 12.27%) shareholding in ME Bank. ME Bank offer and provide banking products to the members of the Fund at the members' discretion. As at 30 June 2014, the Fund's investment in ME Bank was valued at \$124.1m (2013: \$94.4m). Total income earned by the Fund from this investment for the year ended 30 June 2014 was \$11.5m (2013: \$10.5m). All transactions were made on normal commercial terms, under normal conditions and at market rates. As at 30 June 2014, the Fund had no outstanding commitments (2013: \$14.8m).

The Fund also invests in the Super Loans Trust, a fixed interest vehicle managed by ME Bank. As at 30 June 2014, the Fund's investment in the Super Loans Trust was valued at \$125.0m (2013: \$173.1m). Total income earned by the Fund from this investment for the year ended 30 June 2014 was \$11.1m (2013: \$12.3m). ME Bank received \$0.6m (2013: \$0.8m) in fees from the management of the Fund's investment. All transactions were made on normal commercial terms, under normal conditions and at market rates.

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)**

Term deposits held with ME Bank on behalf of ChoicePlus members as at 30 June 2014 were \$2.6m (2013: \$0). Term deposit income earned on behalf of members for the year ended 30 June 2014 was \$0.04m (2013: \$0). The ChoicePlus product holds a cash account with ME Bank. As at 30 June 2014, the balance of cash held was \$6.8m (2013: \$0). The cash account earned \$0.1m (2013: \$0) interest for the year ended 30 June 2014.

The Fund also holds a term deposit with ME Bank. As at 30 June 2014, the value of the term deposit was \$161.3m (2013: \$156.3m). Total income earned by the Fund from this Investment for the year ended 30 June 2014 was \$5.0m (2013: \$5.7m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

On 20 December 2012, the Fund commenced a Floating Rate Note investment managed by ME Bank. As at 30 June 2014, the value of the note was \$3.1m (2013: \$3.0m). Total income earned by the Fund from this Investment for the year ended 30 June 2014 was \$0.2m (2013: \$0.1m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Note 10. Income tax expense

Income tax expense in the Statement of Comprehensive Income represents the tax on the benefits accrued as a result of operations before income tax, adjusted for permanent differences. The tax effect of temporary differences, which occur where items are allowed for income tax purposes in a period different from that in which they are recognised in the accounts, is included in the provisions for deferred tax liability or deferred tax asset, as applicable, at current taxation rates.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

(a) Income tax reported in Statement of Comprehensive Income

	2014	2013
	\$	\$
Statement of Comprehensive Income		
Current income tax expense (income)		
Current income tax charge	196,937,267	165,870,068
Adjustments in respect of current income tax of previous years	(3,193,566)	(3,496,371)
Deferred tax expense / (income)		
Relating to the origination and reversal of temporary differences	131,904,975	156,370,798
Income tax expense reported in Statement of Comprehensive Income	325,648,676	318,744,495
The prima facie income tax expense on benefits accrued as a result of operations before income tax reconciles to the income tax expense in the financial statements as follows:		
Benefits accrued as a result of operations before income tax	3,730,781,785	3,506,254,713
Income tax expense calculated at 15%	559,617,268	533,297,503
Gross up for imputation and foreign tax credits	9,000,917	7,828,942
Investment income	(77,096,827)	(72,913,430)
Exempt pension income	(4,525,184)	(2,846,589)
Under / (Over) provision of income tax in previous year	(3,193,566)	(3,496,371)
Non-taxable group life proceeds	(15,337,091)	(15,821,533)
No TFN Tax	(64,966)	1,126,728
Non-taxable member contributions	(20,257,575)	(11,232,680)
Non-taxable transfers in	(61,095,417)	(63,888,399)
Anti-detriment adjustments	(1,394,259)	(1,114,860)
Non-deductible surcharge expense	1,492	(1,869)
Income tax expense	385,654,792	370,937,442
Imputation credits, withholding tax	(60,006,116)	(52,192,947)
Income tax expense reported in Statement of Comprehensive Income	325,648,676	318,744,495

(b) Deferred tax assets and liabilities

Deferred income tax at 30 June relates to the following:

	2014	2013
	\$	\$
Deferred income tax liabilities		
Unrealised gains in investments subject to CGT	185,372,244	55,146,251
	185,372,244	55,146,251
Deferred income tax assets		
Insurance premiums	2,653,488	1,043,039
Employee entitlements and other accruals	357,501	288,968
	3,010,989	1,332,007

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 11. Notes to the Statement of Cash Flows

	2014	2013
	\$	\$
(a) Reconciliation of cash		
The figure shown for cash in the Statement of Cash Flows consists of:		
Cash at bank	7,588,990	8,482,150
(b) Reconciliation of benefits accrued as a result of operations to net cash inflow from operating activities		
Benefits accrued as a result of operations	3,405,133,109	3,236,572,189
Non-cash investment revenue	(1,865,140,710)	(1,804,339,551)
Depreciation of operating assets	948,069	465,565
Plant and equipment acquisitions	(3,302,684)	(388,876)
Benefits paid	(807,345,960)	(690,692,540)
(Increase)/decrease in assets		
Other receivables	(8,444,343)	(2,008,423)
Increase/(decrease) in liabilities		
Accounts payable	(1,046,253)	3,800,888
Insurance premiums	10,736,330	(3,844,994)
Deferred tax liabilities	130,225,993	156,370,798
Income tax payable	22,422,032	(7,509,081)
Net cash inflow from operating activities	884,185,583	888,425,975

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 12. Financial risk management

The Fund's assets predominantly consist of a range of financial instruments in various asset classes including cash, fixed interest, Australian shares, International shares, property and infrastructure as per the strategic asset allocation set by the Board. The type of financial instruments held within each asset class are either (i) held directly in the form of equity or debt type financial instruments or (ii) indirectly through collective investment vehicles.

Risk is inherent in the Fund's activities and is actively managed through the Fund's Risk Management Framework as further described below. Depending on the type of financial instrument held, ie., direct or indirect, the Fund is exposed to a variety of financial risks such as market risk (including currency, interest rate and price risk), credit risk and liquidity risk. This note represents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Trustee is responsible for setting, monitoring and revising the investment strategy of the Fund including the allocation amongst various asset classes. The Trustee is also responsible for the appointment of various investment managers for each asset class via an investment manager mandate or through holding a collective investment vehicle. Investment manager mandates reflect the target asset allocation of the Fund as well as the level of financial risk which the Trustee is willing to accept. Where an investment manager of a collective investment vehicle is appointed, the Trustee will have regard to the investment manager's investment strategy and the associated risks of the collective investment vehicle.

The Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies are established to identify and analyse the risks faced by the Fund, including those risks arising from holding financial instruments, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The risk framework is documented in the Fund's Risk Management Framework which is subject to regular review both by management and the Board and an annual audit of compliance.

The Trustee receives regular reports concerning the performance and activities of the Fund's investment managers from the Fund's investment advisors and the Fund's custodian. Divergence from target asset allocations and the composition of the portfolio is monitored by the Trustee. Reports received by the Trustee include:

- current asset allocations against target positions;
- investment performance against benchmarks; and
- investment manager compliance reporting against the investment manager mandate.

The Fund also uses derivative financial instruments, principally fixed interest futures or swaps and forward foreign exchange contracts to manage currency and interest rate risk and as a means to effect a change in the asset mix of the portfolio. The use of derivatives is subject to specified limits and gearing is not permitted.

The Fund undertakes extensive due diligence to ensure fund managers have appropriate skills and expertise to manage the funds allocated prior to their appointment. The Fund has appointed JANA Investment Advisers and other specialist asset advisers to provide expert advice regarding asset allocation, the selection of investment managers and the management of the Fund's investment portfolio in accordance with the Investment Strategy.

The Trustee's Audit, Risk and Compliance Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund including investment related risks. The Committee reports directly to the Board.

Concentrations of risk arise when the number of financial instruments or contracts entered into are with the same counterparty, or when a number of counterparties are engaged in similar business activities, have activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Such risks are managed through the regular review and reporting of exposures and concentrations to ensure risk remains within acceptable levels in accordance with the overall mandate of each investment manager.

The Fund's Investment Department regularly tracks the value of the Fund's investments through monitoring of market conditions, relevant benchmarks and indices and review of regular reports provided by the Fund's custodian and investment managers.

(a) Market Risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)**

To mitigate market risk, the Fund undertakes extensive due diligence to ensure fund managers have appropriate skills and expertise to manage the Fund's allocated investment prior to their appointment. Further, the Investment Department tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions and benchmark analysis.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign currency risk on financial instruments that are denominated in a currency other than Australian dollars, the functional currency of the Fund. Foreign exchange risk on all denominated foreign currency denominated assets and liabilities is regularly monitored and managed against pre-determined limits and asset allocations.

The Fund holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price

risk. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. Only fixed interest securities and derivatives are monetary assets and have exposure to currency risk.

Sensitivity analysis

Following analysis of historical data over 10 years by the Fund's investment consultant and assuming all other variables remain constant, the Fund has adopted a volatility factor for currency risk of 11% (2013: 12%) on the assumption that the Australian dollar will weaken / strengthen against each other currency to which the Fund is exposed. This represents management's best estimate of a reasonably possible shift in exchange rates having regard to historical data and is not guaranteed as actual results may vary from management's reasonably possible estimate.

An increase or decrease in foreign exchange rates would have impacted Benefits accrued as a result of operations and Net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables remain constant.

2014

Amounts in AUD

	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
		-11.00%	11.00%	-11.00%	11.00%
USD	(811,317,984)	75,858,231	(75,858,231)	75,858,231	(75,858,231)
JPY	(74,903,396)	7,003,467	(7,003,467)	7,003,467	(7,003,467)
Euro	(263,502,882)	24,637,519	(24,637,519)	24,637,519	(24,637,519)
GBP	(184,521,501)	17,252,760	(17,252,760)	17,252,760	(17,252,760)
SGD	(91,056,385)	8,513,772	(8,513,772)	8,513,772	(8,513,772)
Other Currencies	(100,004,746)	9,350,444	(9,350,444)	9,350,444	(9,350,444)
	(1,525,306,893)	142,616,193	(142,616,193)	142,616,193	(142,616,193)

2013

Amounts in AUD

	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
		-12.00%	12.00%	-12.00%	12.00%
USD	(656,383,996)	66,951,168	(66,951,168)	66,951,168	(66,951,168)
JPY	(81,169,374)	8,279,276	(8,279,276)	8,279,276	(8,279,276)
Euro	(266,543,460)	27,187,433	(27,187,433)	27,187,433	(27,187,433)
GBP	(146,872,781)	14,981,024	(14,981,024)	14,981,024	(14,981,024)
SGD	(70,159,319)	7,156,251	(7,156,251)	7,156,251	(7,156,251)
Other Currencies	(110,141,635)	11,234,447	(11,234,447)	11,234,447	(11,234,447)
	(1,331,270,565)	135,789,599	(135,789,599)	135,789,599	(135,789,599)

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)****Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's investments in fixed interest and cash instruments which are interest bearing securities are subject to interest rate risk.

Interest rate risk is mitigated by holding a diversified portfolio of instruments both in Australia and internationally including holding a mixture of fixed and floating rate securities. All fund managers are subject to extensive due diligence prior to being appointed to manage the Fund's investment.

The Fund's interest rate risk is monitored on a daily basis by the fund managers awarded mandates in these asset classes in accordance with the investment guidelines set for them by the Trustee.

Sensitivity analysis

In considering what may be an appropriate volatility factor for interest rate exposure, the Fund examined the average absolute movement in the yields of 10-year Australian and US Government bonds. US Government bonds were used as a proxy for offshore bond markets.

The Fund believes the historical movement of the yields of benchmark 10-year bond yields is a reasonably possible estimate of the level of movement in market yields.

The average annual absolute movement in the yields of 10-year Australian and US Government bonds over the 10 financial years to 30 June 2014 is 70 basis points and 72 basis points respectively. The Fund's fixed interest investments are approximately 95% invested domestically and 5% offshore, such that the weighted average of these two figures is 70 basis points. Therefore, the Fund has adopted a volatility factor for interest rate risk of 70% (2013: 65%) basis points. This represents management's best estimate of a reasonably possible shift in interest rates having regard to historical data and is not guaranteed as actual results may vary from management's reasonably possible estimate.

	2014	2013
Fixed Interest	70 bps	65 bps
Cash	70 bps	65 bps

An increase or decrease in interest rates would have impacted Benefits accrued as a result of operations and Net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables remain constant.

2014

Amounts in AUD

	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
		+70 bps	-70 bps	+70 bps	-70 bps
Fixed interest	461,427,243	(2,745,492)	2,745,492	(2,745,492)	2,745,492
Cash	1,100,849,553	6,550,055	(6,550,055)	6,550,055	(6,550,055)
	1,562,276,796	3,804,563	(3,804,563)	3,804,563	(3,804,563)

2013

Amounts in AUD

	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
		+65 bps	-65 bps	+65 bps	+65 bps
Fixed interest	490,765,902	(2,711,482)	2,711,482	(2,711,482)	2,711,482
Cash	517,862,860	2,861,192	(2,861,192)	2,861,192	(2,861,192)
	1,008,628,762	149,710	(149,710)	149,710	(149,710)

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)****Other price risk**

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Investments of the Fund that are exposed to other price risk include listed Australian and International equities, private equity, property, infrastructure, absolute return strategies and other collective investments. The Fund's exposure to other price risk is therefore limited to the market price movement of these investments. The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Fund's published investment strategy.

Other price risk is mitigated by constructing a diversified portfolio of instruments which are traded in various markets. The actual asset allocation of the Fund is continually monitored and reported to the Board, and is adjusted if necessary having regard to the strategic asset allocation. Price risk is further mitigated by a thorough due diligence process and careful selection and monitoring of investments and managers.

Sensitivity analysis

Following analysis of the deviation in relevant indices over the past 10 years the following movements in other price risk are considered reasonably possible for the 2014 reporting period. This represents management's best estimate of a reasonably possible shift in market prices having regard to historical data and is not guaranteed as actual results may vary from management's reasonably possible estimate.

Asset sector	2014	2013
Australian shares	20%	21%
International shares	20%	21%
Private equity	15%	15%
Property	11%	11%
Infrastructure	11%	10%
Alternative assets	11%	12%

An increase or decrease in the market price of investments of the Fund at 30 June would have impacted Benefits accrued as a result of operations and Net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables remain constant.

2014

Amounts in AUD

	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
Australian shares	4,730,981,908	804,266,924	(804,266,924)	804,266,924	(804,266,924)
International shares	3,859,207,528	656,065,280	(656,065,280)	656,065,280	(656,065,280)
Private equity	835,826,928	106,567,933	(106,567,933)	106,567,933	(106,567,933)
Property	1,846,188,301	172,618,606	(172,618,606)	172,618,606	(172,618,606)
Infrastructure	1,604,766,519	150,045,670	(150,045,670)	150,045,670	(150,045,670)
Alternative assets	1,160,039,130	108,463,659	(108,463,659)	108,463,659	(108,463,659)
	14,037,010,314	1,998,028,072	(1,998,028,072)	1,998,028,072	(1,998,028,072)

2013

Amounts in AUD

	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
Australian shares	4,034,379,058	720,136,662	(720,136,662)	720,136,662	(720,136,662)
International shares	3,225,789,985	575,803,512	(575,803,512)	575,803,512	(575,803,512)
Private equity	622,942,746	79,425,200	(79,425,200)	79,425,200	(79,425,200)
Property	1,621,797,222	151,638,040	(151,638,040)	151,638,040	(151,638,040)
Infrastructure	1,357,309,091	115,371,273	(115,371,273)	115,371,273	(115,371,273)
Alternative assets	1,040,607,232	106,141,938	(106,141,938)	106,141,938	(106,141,938)
	11,902,825,334	1,748,516,625	(1,748,516,625)	1,748,516,625	(1,748,516,625)

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

(b) Credit risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Credit risk also reflects uncertain asset values due to adverse movements in the credit quality of an asset.

Credit risk primarily arises from investments in debt securities and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. None of these assets are impaired nor past due but not impaired.

Credit risk arising from investments is mitigated by extensive due diligence undertaken by the Fund prior to the appointment of fund managers to ensure fund managers have appropriate skills and expertise to manage the Fund's allocated investments. The Fund further mitigates credit risk by dealing with highly rated counterparties and where appropriate, ensuring collateral is maintained. Exposure to credit risk is monitored on an ongoing basis by counterparty, geographical region and by industry sector.

The carrying amount of amount of assets as at reporting date subject to credit risk is as follows:

	2014	2013
	\$	\$
Derivative assets	59,494,566	29,515,164
Directly held Fixed interest	449,325,628	455,833,104
	508,820,194	485,348,268

Scrip lending

The Fund has entered into scrip lending arrangements under which legal title to certain assets of the Fund have been transferred to another entity, notwithstanding the fact that the risks and benefits of ownership of the assets remain with the Fund.

The assets transferred to other entities under scrip lending arrangements include Australian and International equities and global bonds that are held discreetly by the Fund's Custodian. The risks and rewards of ownership to which the Fund remains exposed are currency risk, interest rate risk and other market price risk.

The carrying amount of assets potentially subject to scrip lending at reporting date amounted to \$194,933,211 (2013: \$175,722,685).

The terms and conditions associated with the use of collateral held as security in relation to the assets lent are governed by a Securities Lending Agreement that requires the borrower to provide the lender with collateral to the value equal to or greater than the loaned securities.

The collateral held at reporting date as security consisted of cash and fixed interest securities with a fair value of \$206,005,589 (2013: \$189,965,593). No collateral has been sold or repledged during the year.

(c) Liquidity risk

Liquidity risk is the risk of failing to meet financial obligations as and when they fall due. A key consideration is the saleability of assets. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's Trust Deed and Product Disclosure Statement provide for the daily withdrawal of benefits and the Fund is therefore exposed to the liquidity risk of meeting members' withdrawals at any time.

The Fund's financial instruments include unlisted investments that are not traded in organised public markets and may be illiquid. As a result the Fund may not be able to liquidate quickly some of its investments at an amount close to fair value in order to meet its liquidity requirements. As the value of these investments is monitored to comply with the asset allocation stipulated in the Fund's Investment Strategy this risk is considered minimal.

The Fund's listed securities are considered to be readily realisable as they are all listed on recognised stock exchanges around the world.

The Fund's liquidity risk is managed on a daily basis in accordance with policies and procedures in place and the Fund's Investment Strategy. Stress testing and scenario analysis are completed on a regular basis.

The contractual maturity of financial liabilities is set out on the next page.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

2014

Amounts in AUD

	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
Benefits payable	26,992,950	26,992,950	-	-
Vested benefits	15,193,158,251	15,193,158,251	-	-
Employee entitlements	2,383,338	2,383,338	-	-
Accounts payable	34,881,780	34,881,780	-	-
Derivative liabilities	36,211,479	-	18,218,471	17,993,008
Foreign currency forward contracts				
Inflows	(2,139,470,510)	(2,398,517)	(2,137,071,993)	-
Outflows	2,133,598,765	2,405,506	2,131,193,259	-
Current tax liabilities	58,586,121	-	58,586,121	-
Total	15,346,342,174	15,257,423,308	70,925,858	17,993,008

2013

Amounts in AUD

	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
Benefits payable	24,378,038	24,378,038	-	-
Vested benefits	12,619,358,707	12,619,358,707	-	-
Employee entitlements	1,926,450	1,926,450	-	-
Accounts payable	33,190,320	33,190,320	-	-
Derivative liabilities	38,279,103	-	28,805,477	9,473,626
Foreign currency forward contracts				
Inflows	(1,883,954,782)	(579,358)	(1,883,375,424)	-
Outflows	1,914,546,118	585,873	1,913,960,245	-
Current tax liabilities	34,485,107	-	34,485,107	-
Total	12,782,209,061	12,678,860,030	93,875,405	9,473,626

Vested benefits have been included in the "Less than 1 month" column above as this is the amount that members could call upon as at 30 June, however the Fund considers it is highly unlikely that all members will request to roll over their superannuation fund account at the same time.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

(d) Estimation of fair values

The Fund's financial assets and liabilities included in the Statement of Financial Position are carried at net market value on a recurring basis, which Directors believe approximates fair value. The major methods and assumptions used in determining net market value of financial instruments have been disclosed at Note 2 Summary of Significant Accounting Policies.

(e) Fair value hierarchy

The table below analyses financial instruments carried at net market value which approximates fair value by using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability; and
- level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety of the instrument. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Trustee. The Trustee considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period less estimated future selling costs. The Fund values its investments in accordance with the accounting policies disclosed at Note 2 Summary of Significant Accounting Policies. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current redemption price; the appropriate quoted market price for financial liabilities is the current application price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The majority of the Fund's investments categorised under level 2 and 3 are held in unlisted unit trusts and are recorded at the redemption value per unit, as reported by the external investment manager. Some of the inputs used by the external investment managers in their pricing models may not be market observable and are therefore subject to a level of estimation uncertainty.

The fair value of other financial assets and liabilities that are not traded in an active market is determined using valuation techniques by independent valuers. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The fair value of derivatives that are not exchange traded are estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2014.

2014

Amounts in AUD

	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
Financial assets designated at fair value through profit or loss:			
Cash	1,100,849,552	-	-
Fixed interest	18,950,673	346,706,535	95,770,035
Australian shares	4,730,981,908	-	-
International shares	3,116,872,163	742,335,365	-
Private equity	-	262,552,957	573,273,971
Property	-	-	1,846,188,301
Infrastructure	-	-	1,604,766,519
Alternative assets	-	-	1,160,039,130
Derivative assets	59,494,566	-	-
Financial liabilities			
Financial liabilities held for trading:			
Derivative liabilities	(41,014,761)	-	-
Total	8,986,134,101	1,351,594,857	5,280,037,956

2013

Amounts in AUD

	Level 1	Level 2	Level 3
	\$	\$	\$
Financial assets			
Financial assets designated at fair value through profit or loss:			
Cash	517,862,860	-	-
Fixed interest	36,118,524	359,082,583	95,564,795
Australian shares	4,034,379,058	-	-
International shares	2,571,667,531	654,122,454	-
Private equity	-	229,790,534	393,152,212
Property	-	-	1,621,797,222
Infrastructure	-	-	1,357,309,091
Alternative assets	-	-	1,040,607,232
Derivative assets	29,515,164	-	-
Financial liabilities			
Financial liabilities held for trading:			
Derivative liabilities	(68,870,439)	-	-
Total	7,120,672,698	1,242,995,571	4,508,430,552

There were no transfers between levels for the year ended 30 June 2014.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Level 3 investments

The investments held by the Fund include unlisted financial instruments that are not traded in an active market. Hence, their fair values are based on prices advised by the external investment manager, as well as valuations determined by appropriately skilled independent third parties. The following table presents the movement in level 3 instruments for the year ended 30 June 2014.

	2014	2013
	\$	\$
Opening balance	4,508,430,552	3,691,571,533
Purchases	588,643,362	606,974,860
Sales	(233,366,108)	(249,047,219)
Transfers into/(out) of level 3	-	-
Gains and losses recognised in profit or loss	416,330,150	458,931,378
Closing balance	5,280,037,956	4,508,430,552

Valuation inputs and relationships to fair value - level 3 investments

Details of the inputs and assumptions used in the current valuation of investments are described below. Detailed information has been provided where available. A significant majority of these investments are held via externally managed unlisted pooled investment vehicles, and as such the Trustee is not privy to the detailed inputs and assumptions used to value the underlying investment assets.

The Trustee has an established control framework with respect to the measurement of fair values. The Trustee engages appropriately skilled independent third parties to perform a valuation, where required. With respect to investments held externally by investment managers, the Trustee reviews the appropriateness of the investment manager's valuation policies during the due diligence phase, prior to initial investment. The Trustee also obtains an annual GS007 specified assertions report confirming the valuation, existence, rights and obligations of the Fund's investments. At least annually in July, final valuations are adopted by the Board in determining the final annual crediting rate.

Further details on valuation inputs of the Fund's level 3 investments can be explained under the following categories:

(i) Unlisted unit trusts

As at 30 June 2014 the Fund has \$4,438,055,962 (2013: \$3,794,430,479) invested in unlisted unit trusts. These investments are recorded at the redemption value at balance date, as provided by the external investment manager.

(ii) Debt Securities

As at 30 June 2014 the Fund has \$841,981,994 (2013: \$714,000,077) invested in debt securities. Debt securities include fixed interest investments through investments in Government, Government related, corporate and securitised bonds, loans and other debt instruments.

The valuations of debt securities investments are based primarily on third party pricing servicers, brokers, market makers and valuation methodologies determined to be appropriate by the manager or their independent valuation agent. Such methodologies applied may include discounted cash flow, amortised cost and direct comparison.

Unobservable inputs and assumptions can include the appropriate credit spread and other risk premium, risk free discount rate, future cash flows, identification of appropriate comparables and future economic and regulatory conditions. The Trustee is not privy to the unobservable inputs and assumptions used by the underlying investment manager and are therefore not able to quantify the effect of a movement in an unobservable input or assumption.

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 13. Offsetting financial assets and financial liabilities

The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the table below.

Effects of offsetting on the Statement of Financial Position**2014**

Amounts in AUD

	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position
Financial assets			
Derivative assets	2,188,283,328	(2,128,788,762)	59,494,566
Financial liabilities			
Derivative liabilities	(2,169,803,523)	2,128,788,762	(41,014,761)

Effects of offsetting on the Statement of Financial Position**2013**

Amounts in AUD

	Gross amounts of financial assets	Gross amounts set off in the Statement of Financial Position	Net amount of financial assets presented in the Statement of Financial Position
Financial assets			
Derivative assets	2,529,235,575	(2,499,720,411)	29,515,164
Financial liabilities			
Derivative liabilities	(2,568,590,850)	2,499,720,411	(68,870,439)

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

Note 14. Related parties

(a) Board and Executive remuneration

Directors

Directors and alternate Directors of the Trustee, Host-Plus Pty. Limited during the financial year were as follows:

Member nominated by United Voice	Employer nominated by Australian Hotels Association ('AHA')	Independent
R Buckler	M Vaile	D Elmslie (Chair)
B Daley	D Gibson	P Collins
T Burton (a)	M Robertson	A Grayson (d)
R Stark (b)	N Randall (c)	

(a) Resigned as a Director 29 November 2013

(b) Alternate Director for United Voice nominated Directors up until 27 February 2014, appointed as a Director on 27 February 2014

(c) Alternate Director for AHA nominated Directors

(d) Appointed as a Director on 24 October 2013

Details of the remuneration of Directors and alternates paid/payable by the Fund are set out in the following table:

Remuneration band	2013/2014 Number of Directors within remuneration band	2012/2013 Number of Directors within remuneration band
\$0 - \$25,000	1	2
\$25,001 - \$75,000	2	0
\$75,001 - \$125,000	5	8
\$125,001 - \$175,000	3	1

Directors appointed by United Voice do not personally receive Directors Fees from the Fund. An equivalent amount is paid to United Voice to compensate for the time spent by the Director in fulfilling their responsibilities as a Trustee of the Fund.

Remuneration includes Director's fees paid/payable by the Fund. Total remuneration including key components for Directors is as follows:

Total summary of remuneration - Directors	2014 \$	2013 \$
Short-term - Directors	1,021,379	988,077
Post employment	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payment	-	-
	1,021,379	988,077

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)****Management personnel**

Management personnel of the Fund include the following key Executives:

Name of Executive	Role
David Elia	Chief Executive Officer
Umberto Mecchi	Executive Manager, Strategy & Marketing
Stephen Rowbottom (resigned 23/09/2013)	Chief Operating Officer
Therese Kenny (appointed 01/11/2013)	Executive Manager, Finance & Operations
Sam Sicilia	Chief Investment Officer
Paul Watson	Executive Manager, Business Transformation, Platforms & Advice

Details of the remuneration of management personnel are set out in the following table, disclosed in remuneration bands of \$50,000:

Remuneration band	2013/2014 Number of Management personnel within remuneration band	2012/2013 Number of Management personnel within remuneration band
\$125,001 - \$175,000	1	0
\$225,001 - \$275,000	0	1
\$275,001 - \$325,000	2	1
\$325,001 - \$375,000	1	1
\$475,001 - \$525,000	0	1
\$525,001 - \$575,000	1	0
\$625,001 - \$675,000	0	1
\$725,001 - \$775,000	1	0

Remuneration includes cash and non-cash salary and bonus incentives paid. Total remuneration including key components for management personnel are as follows:

Total summary of remuneration – Management personnel	2014	2013
	\$	\$
Short-term - Management personnel	2,213,259	2,058,562
Post employment	-	-
Other long term benefits	-	-
Termination benefits	225,612	-
Share based payment	-	-
	2,438,871	2,058,562

HOSTPLUS Superannuation Fund

Notes to the financial statements for the year ended 30 June 2014 (continued)

(b) Directors' attendance at Board and Committee meetings

Year ended 30 June 2014

Director/ Alternate Director	Full Board meeting of Directors		Meetings of committees						HOSTPLUS investment trust		HOSTPLUS Property Pty Ltd	
			Audit, risk and compliance		Claims review		Remuneration					
			A	B	A	B	A	B	A	B	A	B
D Elmslie	8	8	3(*)	-	-	-	3	3	3	3	1	1
R Buckler	7	8	-	-	9	15	3	3	3	3	1	1
P Collins	8	8	3	3	-	-	-	-	2	3	1	1
B Daley	7(t)	8	3	3	-	-	-	-	3	3	1	1
D Gibson	8	8	1(*)	-	-	-	2	2	2	3	1	1
M Robertson	8	8	3	3	-	-	1	1	3	3	1	1
M Vaile	8	8	-	-	-	-	-	-	2	3	1	1
T Burton	3	3	-	-	-	-	-	-	2	2	-	-
A Grayson	5	6	-	-	-	-	-	-	1	1	1	1
R Stark	2	3	-	-	-	-	-	-	1	1	1	1

Observers

D Elmslie	-	-	3(*)	-	-	-	-	-	-	-	-	-
R Stark	2(#)	-	-	-	-	-	-	-	1(#)	-	-	-
N Randall	4(#)	-	-	-	-	-	-	-	1(#)	-	-	-
A Grayson	1	-	-	-	-	-	-	-	1	-	-	-

A Number of meetings attended including where an alternate may have attended on behalf of the appointed Director

B Number of meetings held during the time the Director held office or was a member of the Committee during the year

(#) Alternate Directors are invited to attend Board Meetings as an Observer

(*) All Directors and alternates are invited to attend Committee meetings and receive full Committee papers

Where a Non-Committee member has attended a Committee attendance has been noted

(t) Director Daley did not participate in the April 2014 meeting due to a conflict

Year ended 30 June 2013

Director/ Alternate Director	Full Board meeting of Directors		Meetings of committees						HOSTPLUS investment trust		HOSTPLUS Property Pty Ltd	
			Audit, risk and compliance		Claims review		Remuneration					
			A	B	A	B	A	B	A	B	A	B
D Elmslie	9	9	3(*)	-	-	-	3	3	3	3	-	-
R Buckler	8	9	-	-	9	9	3	3	3	3	-	-
P Collins	9	9	3	3	-	-	-	-	3	3	-	-
B Daley	8	9	3	3	-	-	-	-	3	3	-	-
D Gibson	8	9	-	-	-	-	-	-	1	3	-	-
B Hinkley	8	9	2(*)	-	9	9	2(*)	-	-	3	-	-
M Robertson	9	9	3	3	-	-	3	3	3	3	-	-
M Vaile	8	9	-	-	-	-	-	-	1	3	-	-
T Burton	9	9	-	-	-	-	-	-	1	3	-	-

Observers

R Stark	1(#)	-	-	-	-	-	-	-	2	-	-	-
N Randall	2(#)	-	-	-	-	-	-	-	2	-	-	-

A Number of meetings attended including where an alternate may have attended on behalf of the appointed Director

B Number of meetings held during the time the Director held office or was a member of the Committee during the year

(#) Alternate Directors are invited to attend Board Meetings as an Observer

(*) All Directors and alternates are invited to attend Committee meetings and receive full Committee papers

Where a Non-Committee member has attended a Committee attendance has been noted

HOSTPLUS Superannuation Fund**Notes to the financial statements for the year ended 30 June 2014 (continued)****(c) Transactions with Directors and Management Personnel**

The following Directors and Management Personnel were also members of the Fund during the year:

Trustee Directors

R Buckler
N Randall
M Robertson
M Vaile

Executive members

D Elia
U Mecchi
S Rowbottom
T Kenny
S Sicilia
P Watson

Their membership terms and conditions were the same as those applied to other members of the Fund.

The shareholders of the Trustee, Host-Plus Pty. Limited, are United Voice and Australian Hotels Association (AHA). As part of the Fund's ongoing marketing initiatives, the Fund has agreements in place with both shareholders to support the marketing, advocacy and promotion of the Fund. The agreements include specific obligations of each party and provide for attendance and speaking opportunities at various industry events and forums, name and logo exposure opportunities at industry events or through industry publications and use of other stipulated mediums to promote and advertise the Fund.

The Fund measures and monitors the benefits derived against the benefits stipulated in the above agreements which are subject to annual testing by the Fund's internal auditor, KPMG. The objectives of the internal audit includes considering whether the delivery of stipulated benefits have been received. Based on the procedures they have undertaken, the internal auditor has not reported any significant control weaknesses in the processes, procedures and controls in respect of the arrangements.

The agreements with the AHA include the National body of the AHA and the following State based affiliates (Australian Capital Territory, New South Wales, Northern Territory, South Australia, Tasmania and Victoria). The agreement with the United Voice is with the National body of the United Voice which incorporates the following State based affiliates (Australian Capital Territory, New South Wales, Northern Territory, South Australia, Tasmania, Victoria and Western Australia). During the year, the Trustee paid the Australian Hotels Association \$550,091 (2013: \$500,500) and United Voice \$342,000 (2013: \$330,000) fees excluding GST.

Note 15. Remuneration of auditors

Remuneration paid or payable for services provided by the auditor, PricewaterhouseCoopers:

	2014	2013
	\$	\$
Audit of financial statements	146,309	136,840
Other assurance services	71,696	57,365
Other services	43,555	7,315
	261,560	201,520

Note 16. Matters subsequent to the end of the financial year

No significant events have occurred since the end of the reporting period which would impact on the Statement of Financial Position, Statement of Comprehensive Income or Statement of Cash Flows of the Fund for the year ended on that date.

Note 17. Investment commitments

Commitments for the acquisition of investments contracted for at the reporting date but not recognised as liabilities payable:

	2014	2013
	\$	\$
Fixed Interest	27,000,000	27,000,000
Infrastructure	508,269,201	-
Private Equities	520,930,942	638,667,138
Property	160,490,420	88,939,991
Alternatives	123,555,475	101,483,243
	1,340,246,038	856,090,372

Note 18. Segment information

The Fund operates solely in one reportable business segment, being the provision of benefits to members.

The Fund also operates from one reportable geographic segment, being Australia, from where its activities are managed. Revenue is derived from interest, dividends, property rentals, gains on sale of investments, unrealised changes in the value of investments, and contribution revenue.

HOSTPLUS Superannuation Fund Trustee statement

In the opinion of the Trustee:

- (a) the financial statements and notes set out on pages 82 to 109 are drawn up so as to present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of HOSTPLUS Superannuation Fund as at 30 June 2014 and the benefits accrued as a result of its operations and its cash flows for the year then ended;
- (b) the financial statements are prepared in accordance with the requirements of the Trust Deed dated 1 October 1987 and the Superannuation Industry (Supervision) Act 1993 and Regulations; and
- (c) the Fund has complied with the requirements of the Trust Deed, and with the applicable provisions of the Superannuation Industry (Supervision) Act 1993, and Regulations and the Corporations Act 2001 and Regulations and Guidelines during the year ended 30 June 2014; and (d). Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This statement is made in accordance with a resolution of the Directors of the Trustee company, Host-Plus Pty. Limited.

Director:



Director:



Sydney

19 September 2014



HOSTPLUS SUPERANNUATION FUND (ABN: 68 657 495 890)
Report by the RSE Auditor to the trustee and members

Financial statements

I have audited the financial statements of HOSTPLUS SUPERANNUATION FUND for the year ended 30 June 2014 comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, summary of significant accounting policies and other explanatory notes.

Trustee's responsibility for the financial statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards¹ and the requirements of the Superannuation Industry (Supervision) Act 1993 (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of HOSTPLUS SUPERANNUATION FUND.

My audit has been conducted in accordance with Australian Auditing Standards². These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

¹ The Australian Accounting Standards issued by the Australian Accounting Standards Board.

² The Australian Auditing Standards issued by the Auditing and Assurance Standards Board.

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 Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006
 GPO Box 1331, MELBOURNE VIC 3001
 T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditor's opinion

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of HOSTPLUS SUPERANNUATION FUND as at 30 June 2014 and the results of its operations and its cash flows for the year ended 30 June 2014.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'G. Sagonas', written in a cursive style.

George Sagonas
Partner

Melbourne
19 September 2014





Trustee's contact details:

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Important information

Legislation allows superannuation funds to publish their fund information online. In the interest of reducing costs to members of producing and distributing the Annual Report we publish our annual reports as PDFs for download from our website hostplus.com.au

If you wish to receive a printed copy of the annual report by mail free of charge, please call us on **1300 HOSTPLUS (1300 467 875)** or email info@hostplus.com.au and request a copy.

This annual report is 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, MySuper No. 68657495890198.

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Neither the Trustee, nor any employees or Directors of the Trustee, guarantee the repayment of capital or the performance of the Fund. Past performance is not an indication of future performance.