

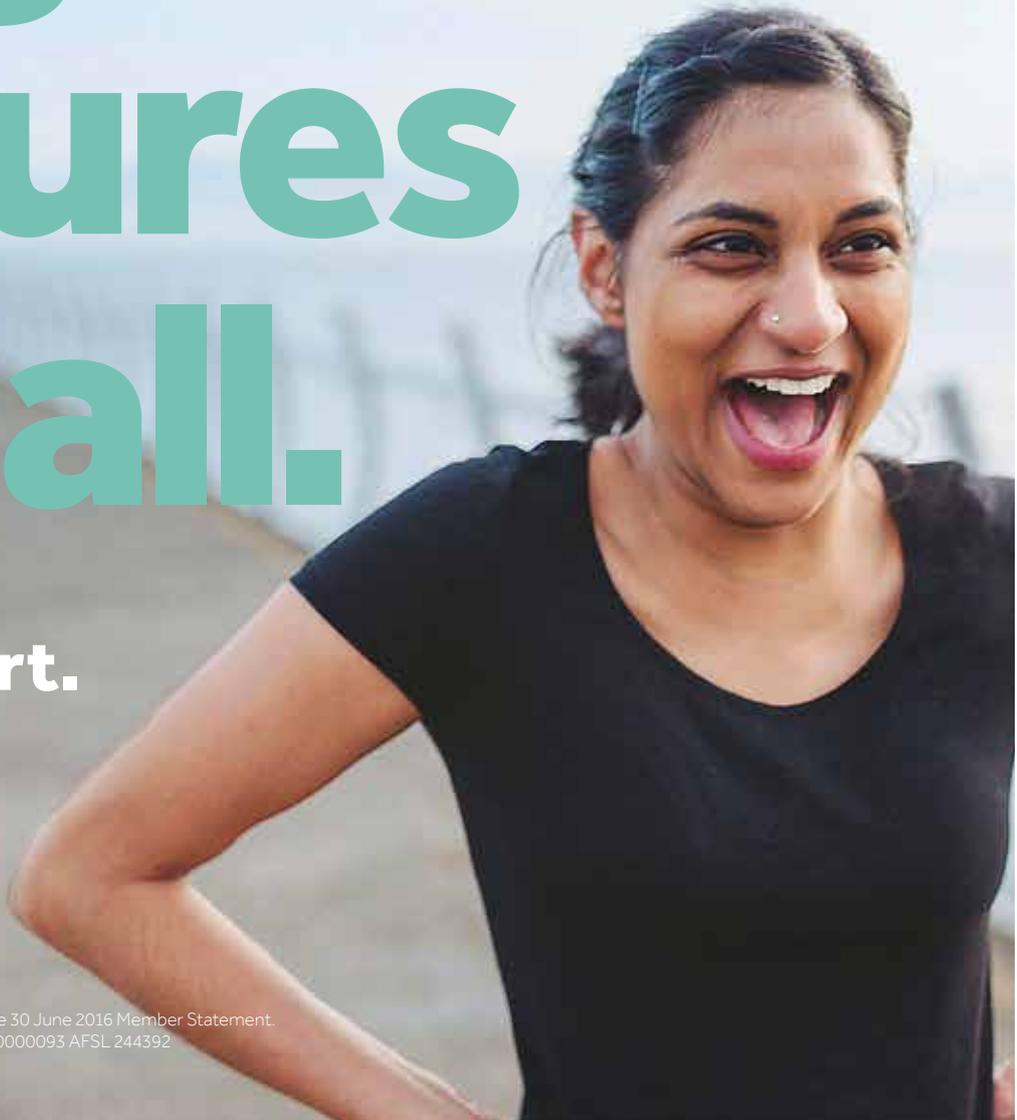


# Creating brighter futures for all.

## **Annual Report.**

For the financial year  
ending 30 June 2016

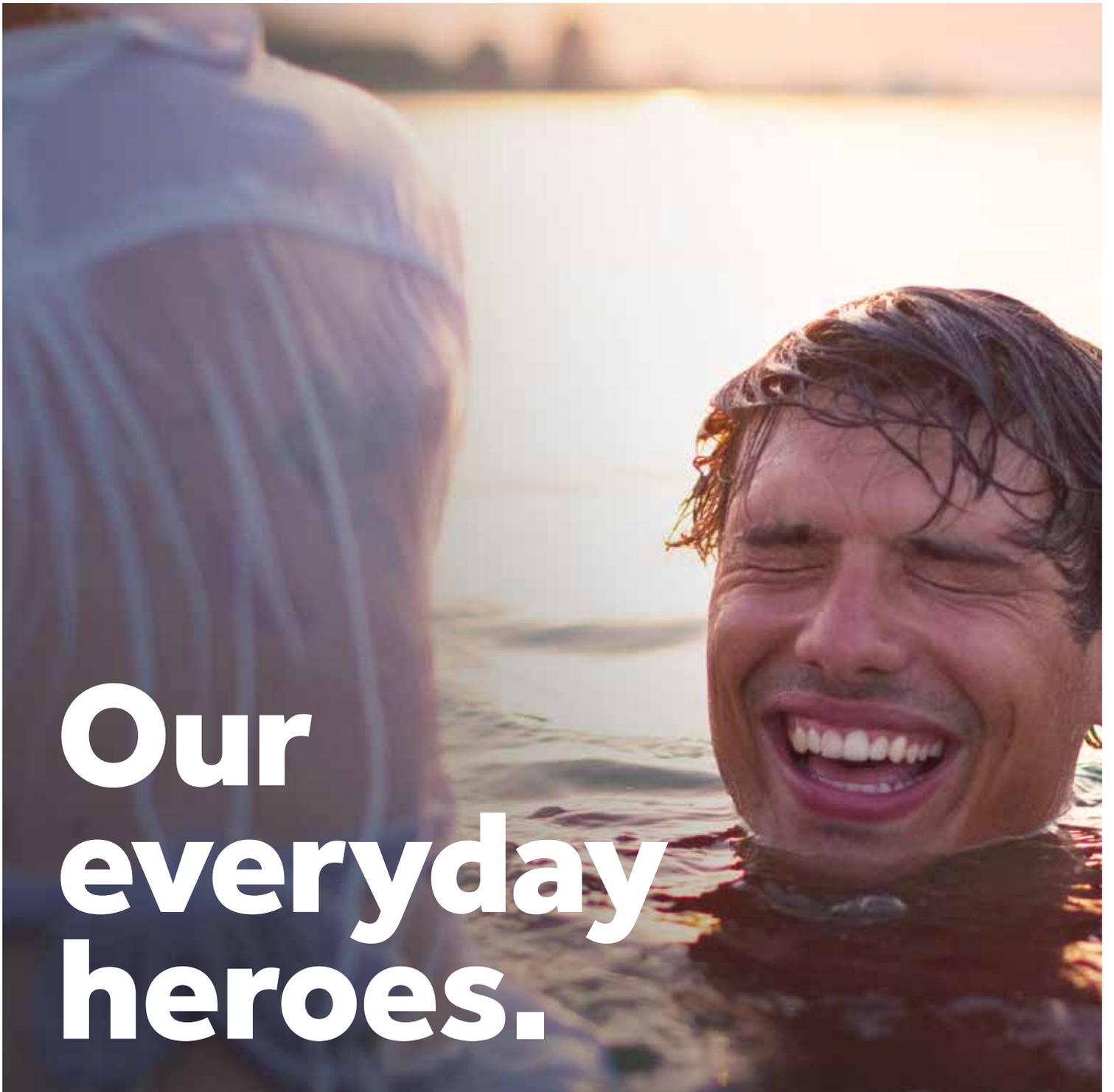
This document should be read in conjunction with the 30 June 2016 Member Statement.  
Issued by Hostplus Pty Ltd ABN 79008634704 RSE L0000093 AFSL 244392





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**Our  
everyday  
heroes.**

# A message from the Chief Executive Officer

Hostplus continued to perform strongly in the 2015/16 financial year, delivering great investment returns and enhanced services to deliver better value to our members. We're honoured to support those who live and love hospitality, tourism, recreation and sport and it's my great pleasure to share some of the year's highlights with you.

## Top quartile performance

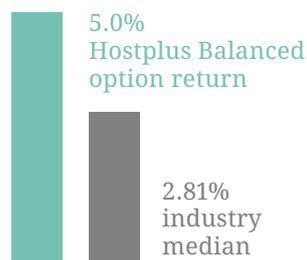
The Hostplus Balanced MySuper option delivered a 5% return against an industry median of 2.81% according to the SuperRatings SR50 Balanced Performance Survey (60-76) 20 July 2016. This result ranked Hostplus in the top quartile of the best-performing super funds in Australia, a fantastic outcome for the 90 per cent of members invested in our default investment choice\*.

As we know, super is a long-term game and according to the same survey, the Hostplus Balanced MySuper option has consistently returned top quartile results over 1, 3, 5, 7 and 10 years.

Beyond the MySuper Balanced option, Hostplus offers a wide range of investment choices, from Pre-Mixed, Sector Specific, and Individual Manager options, all of which delivered strong investment returns for the year.

Of particular note is the IFM – Australian Infrastructure single-manager option, returning a staggering 21.05% for the year ending 30 June 2016.

\*Past performance is not reliable indicator of future performance. Ratings are only one factor to be taken into account when deciding whether to acquire, continue to hold or dispose of a financial product. For more information on the meaning of these ratings and the rating scales used please refer to Rainmaker at [selectingsuper.com.au/awards](http://selectingsuper.com.au/awards).



Financial year ending 30 June 2016

## Fund of the year for second year in a row



Following the fund's success in 2014, Hostplus was once again named Rainmaker SelectingSuper's Fund of the Year for 2015\*, the first time a fund has won this prestigious award in concurrent years. Rainmaker highlighted the fund's 'low fees, consistently strong and persistent investment returns, and competitive insurance' as just some of the reasons for our win.

We were also proud to preserve a top-level rating of 5 stars for our suite of superannuation and retirement products in the Heron Partnership's most recent assessment of the Australian superannuation market. The ratings have been allocated twice yearly since July 2006 and Hostplus has received 5 Stars in each of the 21 assessments.

+SuperRatings Pty Ltd ABN 95100 192 283 AFSL No 311880 (SuperRatings) does not issue, sell, guarantee or underwrite Hostplus products. The SelectingSuper logo is a trademark of Rainmaker Information Pty Ltd ABN 86 095 610 996 AFSL 461816 and used under license.

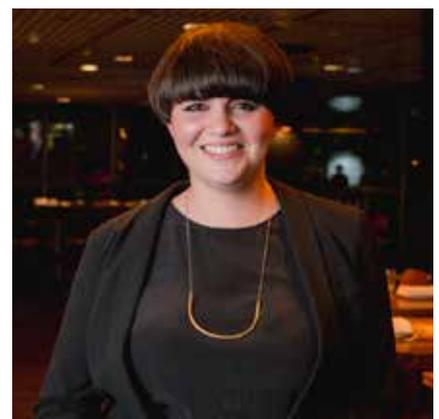
## Investing in the future of talent within our industries

Commitment to the industries we serve is of the utmost importance to Hostplus. That's why we have an extensive program of scholarships and support platforms designed to foster and nurture talent wherever it can be found.

Each year, Hostplus offers a variety of scholarships, across the fields of hospitality and sports management, providing a leg-up to students and young professionals around the country.

**MELBOURNE FOOD & WINE FESTIVAL** Hostplus supports rising talent every year through the Hostplus Hospitality Scholarship, supported by Melbourne Food and Wine. The winner receives the opportunity to work with three of the world's best hospitality businesses internationally, including flights, accommodation and spending money, in addition to a year-long mentorship with a Melbourne Food and Wine legend.

Elika Rowell, head roaster at Square One Coffee Roasters, was the winner of the 2016 scholarship and will soon be heading off on the work experience adventure of a lifetime, taking in the expertise of industry leaders around the world.



In New South Wales, two Hostplus scholarships are offered through the International College of Management, for hospitality management and sports management respectively. And in May Hostplus was a partner at the Hotel Career Expo in Sydney, providing super education and support to those considering a career in hospitality.

Other initiatives we are proud of include our partnership with William Angliss Institute. Hostplus and William Angliss award two scholarships annually; one to a student who shows commitment to seeking excellence in their education and another to an Aboriginal or Torres Strait Islander student who demonstrates excellence, passion and a love for the culinary and/or hospitality industry.

## Innovation

Innovation is vital for any organisation and Hostplus is no different. Forward-focused and member-dedicated, Hostplus is constantly on the lookout for new ways to improve retirement outcomes for those who choose to trust the fund with their superannuation needs.

In September 2015 the new-look [hostplus.com.au](http://hostplus.com.au) was launched with great results, with the site quickly awarded the Sitecore Experience award for Best use of Mobile, a testament to the fund's commitment to the digital space.

Insurance was a major focus for innovation; we announced on 26 September 2015 a premium decrease of 3% across our range of Death and Total & Permanent Disablement (TPD) insurance products with no change to our TPD insurance definitions. In addition, the maximum age for Death insurance cover was extended from 65 to 70.

Outside of the fund, the Hostplus investments team has shown support for innovation through a number of key investments, including \$40 million in Blackbird ventures, and \$120 million in the world-class Darling Harbour Live project incorporating the Sydney International Convention Centre. Due for completion in December 2016, Darling Harbour Live is set to revolutionise central Sydney, providing a boost to local infrastructure and employment opportunities.

## 2017 and beyond

The development of the Hostplus Pooled Superannuation Trust represents a new era for the fund. The PST will soon provide a platform for SMSF investors and larger investment bodies to invest directly in Hostplus, benefiting from the expertise of our investment managers and presenting an opportunity previously out of reach.

Looking forward, we expect a greater focus on digital services for the fund. The successful transition to the Link Group as fund administrators builds on the foundations laid by the Hostplus Digital Member Card and award-winning [hostplus.com.au](http://hostplus.com.au), and paves the way for industry-leading service across a variety of platforms. We're excited to explore this ever-changing frontier to deliver a wider range of tools and resources to our members and our employer network.

## Simply put.

Super is a long-term game and according to SuperRatings SR50 Balanced Performance Survey (60-76) 20 July 2016, the Hostplus Balanced MySuper option has consistently returned top quartile results over 1, 3, 5, 7 and 10 years.

The evolution of Hostplus is a source of great pride and I'd like to take this opportunity to extend my thanks for your trust and support as we continue to deliver greater value for your journey towards retirement. The responsibility of managing the retirement savings of nearly 1 million working Australians is something we never take for granted.

It's been a great year and we will be working hard to keep the momentum going.

Thank you.



David Elia

A young man with light brown hair and a friendly smile is sitting in front of a shop entrance. He is wearing a dark blue t-shirt and a brown leather apron. He is holding a white cup in his hands. The background shows a shop interior with a hanging lamp and shelves. The text "Investing in a brighter tomorrow, today." is overlaid on the image in large, white, bold letters.

**Investing  
in a brighter  
tomorrow,  
today.**

# Hostplus by numbers.



5%

Hostplus Balanced investment option return for the financial year ending 30 June 2016

#### Balanced option net investment returns to 30 June 2016.

1 year	3 year (pa)	5 year (pa)	7 year (pa)	10 year (pa)
5.00%	9.81%	9.23%	9.20%	6.12%

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

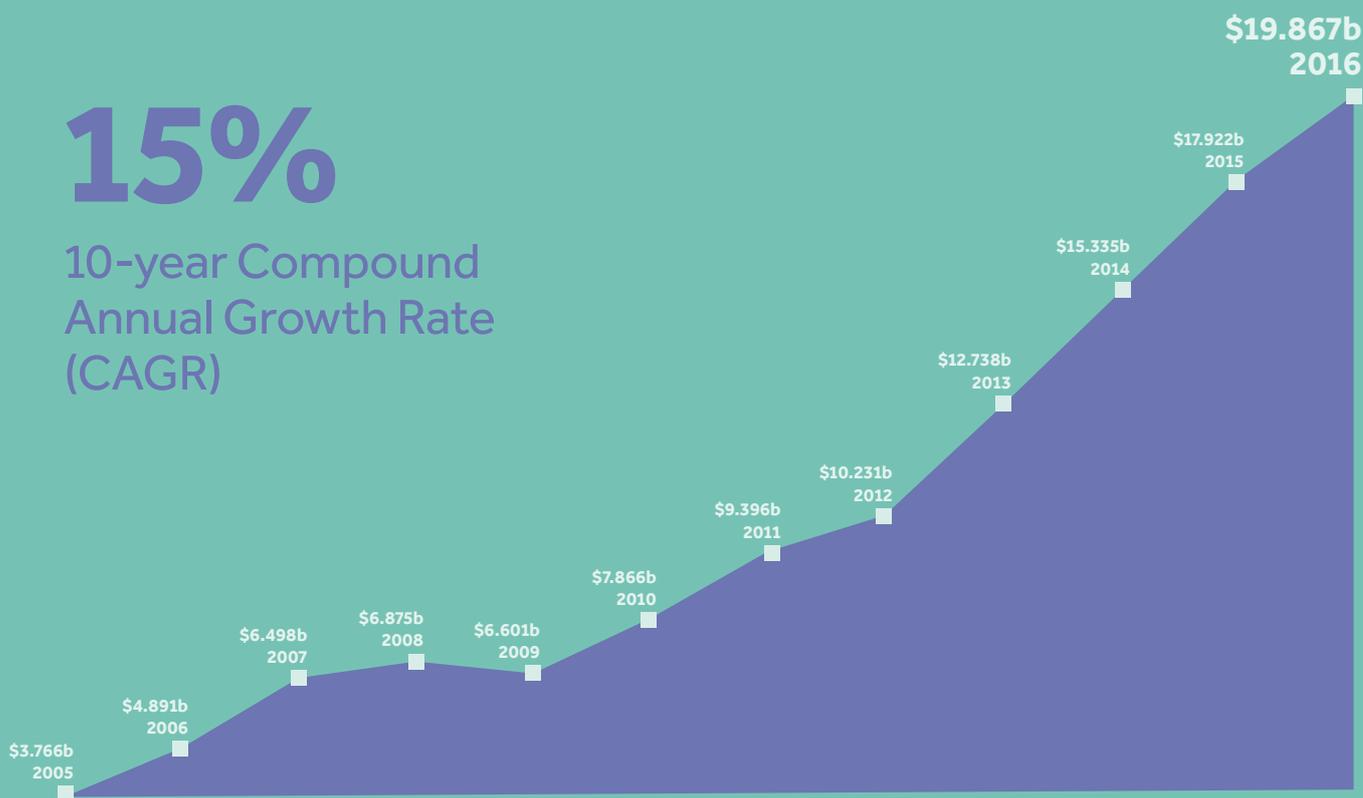
The Hostplus Balanced investment option return of 5.00% for the financial year ending 30 June 2016 placed Hostplus in the top 10 of the top 50 Balanced investment options surveyed in the SuperRatings Fund Crediting Rate Survey.

Results in this survey for the year to 30 June 2016 show the Balanced option recording top quartile returns over one, three, five, seven and ten years (Source: SuperRatings Fund Crediting Rate Survey - SR50, 20 July 2016).

# Hostplus funds under management growth to 30 June 2016.

# 15%

10-year Compound Annual Growth Rate (CAGR)



## Top 300 pension funds in the world.

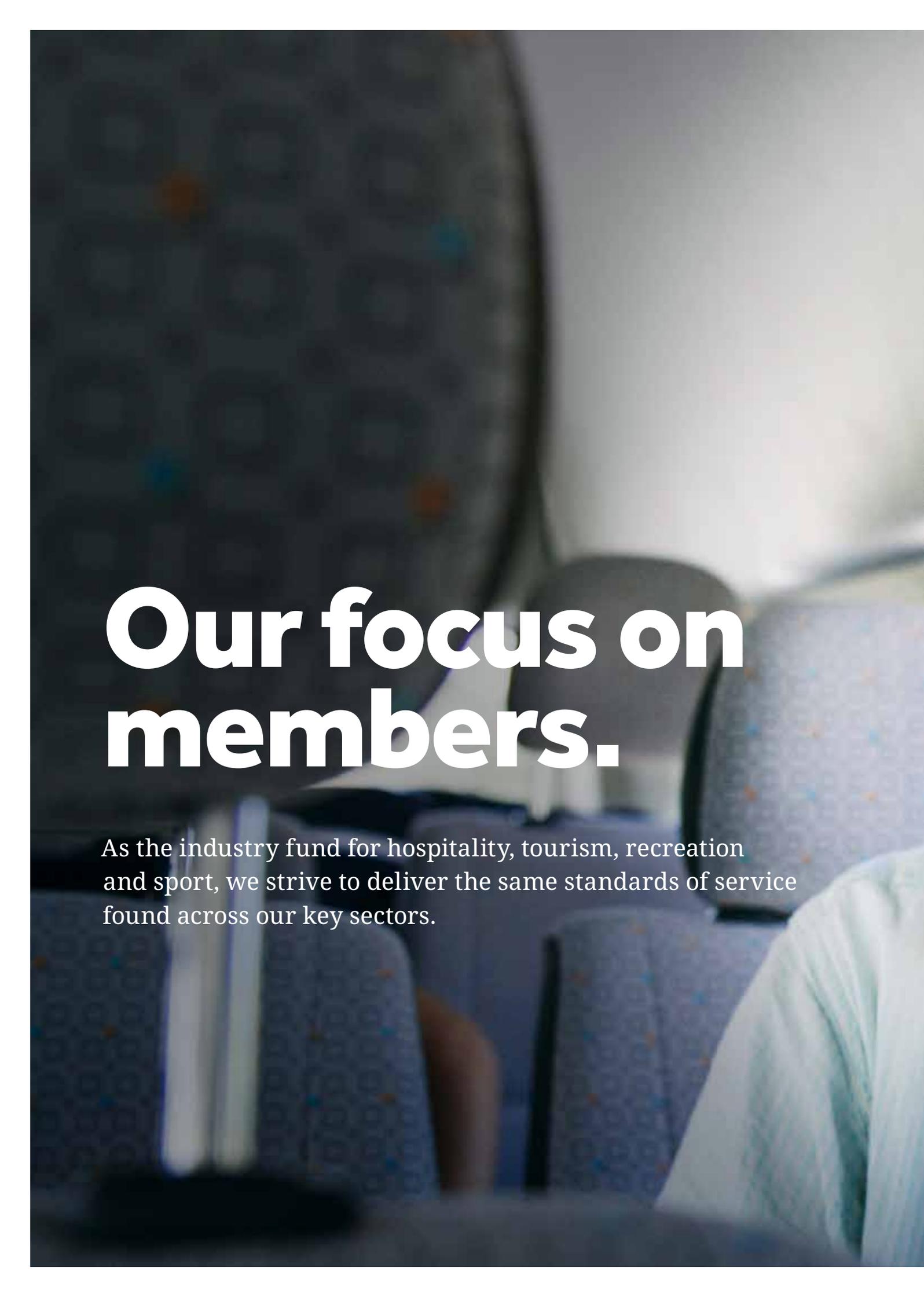
In a global survey\* by professional services firm Towers Watson, Hostplus was again featured in the top 300 pension funds in the world. Hostplus was ranked at 282 based on funds under management (as at 31 December 2015).

## Hostplus grows steadily.

Of the 51 superannuation funds ranked by SuperRatings, Hostplus has the 3rd most members of any fund+. Hostplus has also grown strongly relative to other funds, with its funds under management ranking advancing from 12th to 10th (as at 30 June 2016).

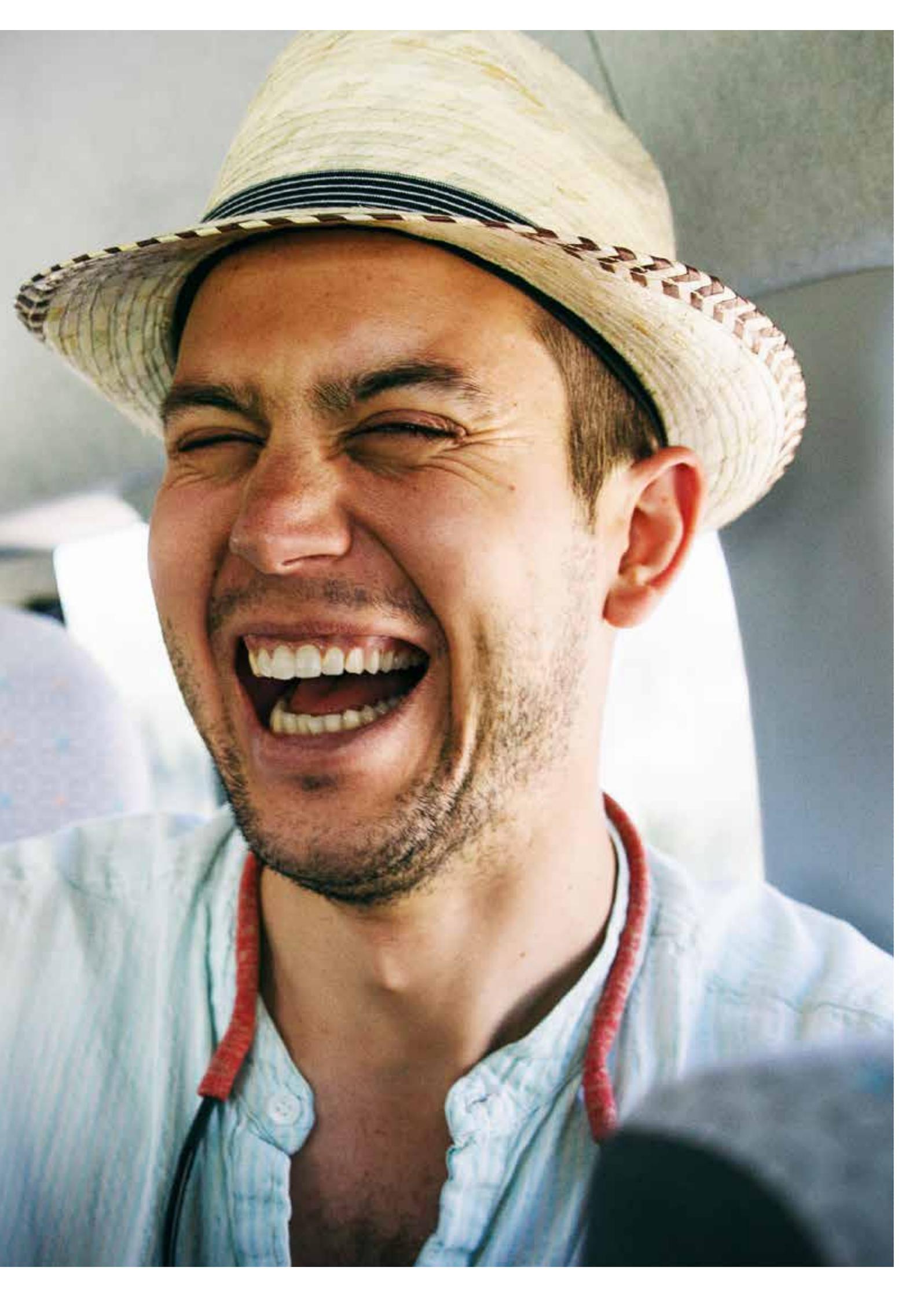
\* Pension and Investments / Willis Towers Watson 300 analysis 31 December 2015

+SuperRatings Fund Crediting Rate Survey - Default Options, 20 July 2016



# Our focus on members.

As the industry fund for hospitality, tourism, recreation and sport, we strive to deliver the same standards of service found across our key sectors.



# Our focus on members

Hostplus has always embraced a 'members first' approach to superannuation. This attitude informs our day-to-day decision making and can be seen across all facets of the fund.

We're exceptionally proud of our contact centre and claims team, employed and managed internally by Hostplus from 2007 and 2010 respectively. The importance of the decision to bring both departments in-house cannot be overstated. Whether you're updating your contact details or making your way through the challenges associated with an insurance claim, your needs will be met by a team of efficient, dedicated and professional Hostplus employees on every call.

## Insurance redesign improvements

At a time when insurance premiums across the industry are on the rise, Hostplus is pleased to have negotiated a 3% reduction in premium costs across our range of Death and Total & Permanent Disability insurance products with no change to our TPD insurance definitions. By working closely with MetLife, our insurance provider, the fund has been able to pass these reductions through to you without compromising the quality of the products on offer.

## New administrator

In April 2016 Hostplus successfully transitioned to the Link Group as fund administrators. Integral to the sale of previous administrators Superpartners, Hostplus is incredibly excited by the opportunities afforded by the transition. Cutting-edge administrative technology will allow the fund to face the challenges of running a business in the digital economy head on, providing you with easier and faster services to make managing your retirement savings easier.

## Technology

As the pace of the world continues to increase, it's vital to keep up with the latest technological developments. Hostplus continues to position itself at the forefront of the industry by delivering a suite of digital tools to provide our members and employers with more control over their superannuation needs.

One way we're facilitating the transition into the digital age is through our Digital Member Card (DMC). Introduced in early 2015, the DMC is stored on your smartphone and allows 24/7 access to your account details, balance estimate and BPAY information for easy voluntary contributions. The DMC also allows you to easily notify a new employer of everything they need to start making contributions to your super.

We also launched a new version of [hostplus.com.au](http://hostplus.com.au) presenting a fresh, modern portal designed to take the guesswork out of super and retirement planning.

## Investment advice

Affordable advice is the most valuable and effective way to achieve the retirement you deserve. Our team of Hostplus financial planners, (licensed by Industry Fund Services Ltd (IFS)(AFSL 232514)) is on hand to provide quality financial advice you can count on. IFS was established by industry super funds to help our members access quality, value for money and personalised financial advice. IFS' fee-for-service and commitment to providing advice solely in members' best interests continues to align closely with the strong member focus of Hostplus.

## Simply put.

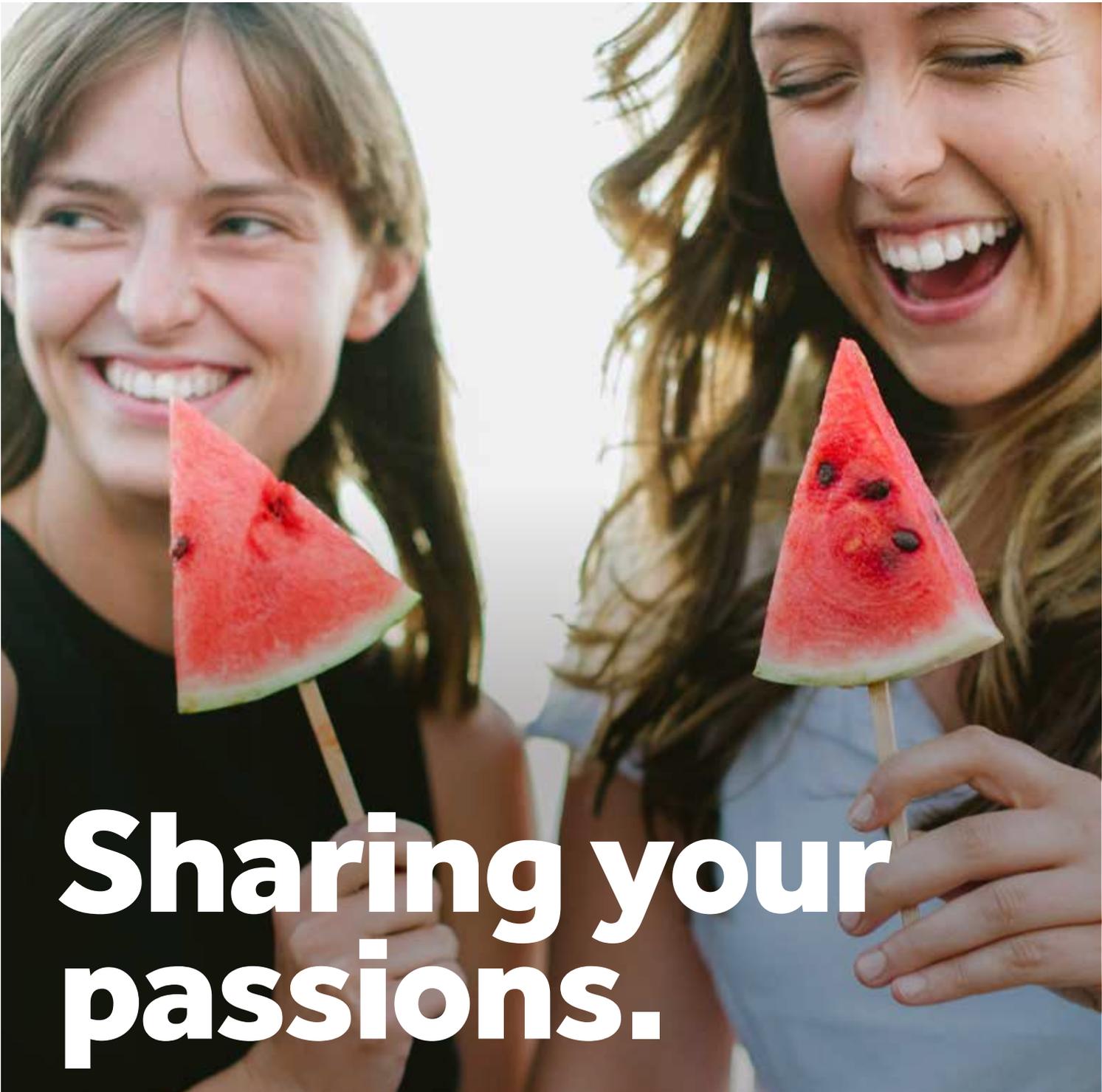
At a time when insurance premiums across the industry are on the rise, Hostplus is pleased to have negotiated a 3% reduction in premium costs across our range of Death and Total & Permanent Disability insurance products with no change to our TPD definitions.

## Hostplus Health Wealth program

The Hostplus 'Health Wealth' program returned for 2016, affording Hostplus members the opportunity to kick-start their path to a fitter, healthier life. Run 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 the South Sydney Rabbitohs, the Richmond Football Club and the Gold Coast SUNS.

## Free sporting tickets

Hostplus is a proud partner of various sporting networks, including teams within the NRL, A-League and AFL. As a Hostplus member, you can register through our ticketing ballot for a chance to attend these events for free. In addition, Digital Member Card holders are first in line for exclusive member offers like the chance to win tickets to International Champions Cup matches, and other major events.



**Sharing your  
passions.**

# Hostplus partnerships

In the highly competitive superannuation industry Hostplus leverages partnerships and marketing opportunities to help the fund grow, increasing scale, which in turn delivers cost advantages to our valued members. For example, the more members and funds under management (FUM) we have, the greater our buying power becomes for products like insurance and investments, so prices can stay low. This has also allowed us to keep our member admin fee at a low \$1.50 per week for more than 12 years.

This strategy, combined with the trust and loyalty that you, our members, continue to place in Hostplus, has allowed the fund to experience impressive growth over the last year. We reached \$19.9 billion in FUM, a significant increase from \$17.9 billion as of 30 June 2015.

We believe our overall marketing and communications program, including our partnerships, has been integral to this success, allowing us to deliver low-cost, high-value services to our members year after year.

## So what do we mean by 'partnerships'?

Partnerships with key industry bodies, such as Restaurant and Catering Australia, The Club Managers Association Australia, Tourism and Transport Forum, Tropical Tourism North Queensland, the Australian Hotels Association, United Voice and the Australian Council of Trade Unions, provide a highly effective way for us to engage with existing and potential members and employers, delivering opportunities for face-to-face education and information sessions.

We believe education is an integral part of the journey to a dignified retirement and so we place a great deal of importance on any partnership that allows us to offer our expertise to those who may otherwise miss out on the opportunity. In addition, our industry partnerships allow us to reach a wider audience beyond our immediate networks via conferences, events and associated marketing opportunities.

Through scholarship arrangements with industry leaders including Melbourne Food and Wine, William Angliss and the International College of Management Sydney, Hostplus provides direct support to rising stars within the fields of hospitality and sports management.

The Hostplus Hospitality Scholarship (supported by Melbourne Food and Wine) offers a talented young professional to set off on the work experience adventure of a lifetime. Interest in the scholarship has grown continuously from the inaugural competition in 2014, with a staggering 800% year on year increase between 2015 and 2016.

Of course, it's no surprise Hostplus is a big supporter of Australian sport. When you go to the footy you'll often see Hostplus around the ground, whether it's on the boundary, on the ball or even in the coach's box.

But it's not just about logos on jerseys or around the pitch. In many ways, we see high-profile sporting events as the glue that binds our industries together. Whether it's interstate visitors staying in local hotels, eating out in restaurants and taking in the sights or the dedicated staff manning the bars and snack stands at the game, the pillar industries of hospitality, tourism, recreation and sport are all championed in their own right.

## Simply put.

Our overall marketing and communications program, including our partnerships, has been integral to this success, allowing us to deliver low-cost, high-value services to our members year after year.

## Results

It's also reassuring to know that we have a proven track record of extracting significant value from our partnerships. In fact, Hostplus' partnership with the Penrith Panthers Rugby League Club in 2016 saw a 34% year-on-year increase in total media exposure, enabling Hostplus to achieve even greater reach in the NSW Clubs market (according to Hostplus 2016 Q2 Media Exposure Summary provided by Repucom).

So not only are we demonstrating support for our core industries, but we're also ensuring that our marketing expenditure is targeted, accountable and effective.



**Facing  
the future  
together .**

# Our approach to environmental, social and governance considerations

Hostplus is 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 a responsibility we take very seriously.

Our position is to invest on behalf of our members in a responsible way, while supporting the industries we represent. These industries 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 the 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](http://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 provide a collective voice on ESG issues.

## Hostplus and 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 the companies we invest in operate with sound ESG practices is one way to reduce and control investment risk.

That's why we conduct a 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 whose products and services we rely on every day is the answer to the investment challenges posed by climate change.

Instead, 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.

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

Hostplus welcomes the broader public debate about climate change and the implications for investors; however, as part of our responsibility to members, we do not have a 'blanket rule' on high-emission assets and, as such, have some 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 focusing on a specific area of the global share market. 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 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 the destructive nature of these weapons and the fact 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 our members' money in a responsible way. ESG considerations are a key part of our investment approach and we look to further enhance and promote responsible investment practice to ensure we deliver long-term sustainable returns to our members.

### Your investment in sustainable assets

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

Hostplus currently invests in a wide range of sustainable award-winning properties, developments and organisations, including:

#### 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

#### Darling Quarter urban regeneration precinct, Darling Harbour, Sydney.

- Rated 6 Star Green Star Design As-Built, signifying 'World Leadership' in sustainable design and construction.

#### Green Square North Tower, Fortitude Valley, Queensland

- Rated 6 Star Green Star As-Built and by Design

#### Barangaroo South International Towers 2&3, Sydney

- 6 Star Green Star Design ratings
- Targeting net zero waste to landfill by 2020
- The most sustainable development ever delivered by Lend Lease.

#### Darling Square, Sydney

- Targeting 6 Star Green Star certification
- Features a large roof-mounted solar array that will provide zero carbon electricity to the building.

#### Green Square South Tower, Fortitude Valley, Queensland

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

#### 500 Bourke Street, 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 employees with a disability

#### The Ponds Shopping Centre, Kellyville

- Australia's first 6 star Green Star Retail Centre Design v1 shopping centre

# Our approach to environmental, social and governance considerations (cont.)

## 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 it is to improve community environment.

## Darling Harbour Live

- 6 Star Green Star Communities (1) rating from GBCA
- More than 15% reduction in annual greenhouse gas emissions to 2012 NCC minimum requirements
- Target 14% reduction in potable water use
- Solar hot water servicing the commercial kitchens
- Includes Australia's largest electric car charging facility

## Your investments in Australia

Your super or pension is an investment in your financial future. 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 also helping to build our nation.

### 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 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.

## Simply put.

As at 30 June 2016 Hostplus was the only super fund invested in the major Darling Harbour redevelopment in Sydney. So you're not only growing your own investment with Hostplus; you're also helping to build our nation.

### Schools

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

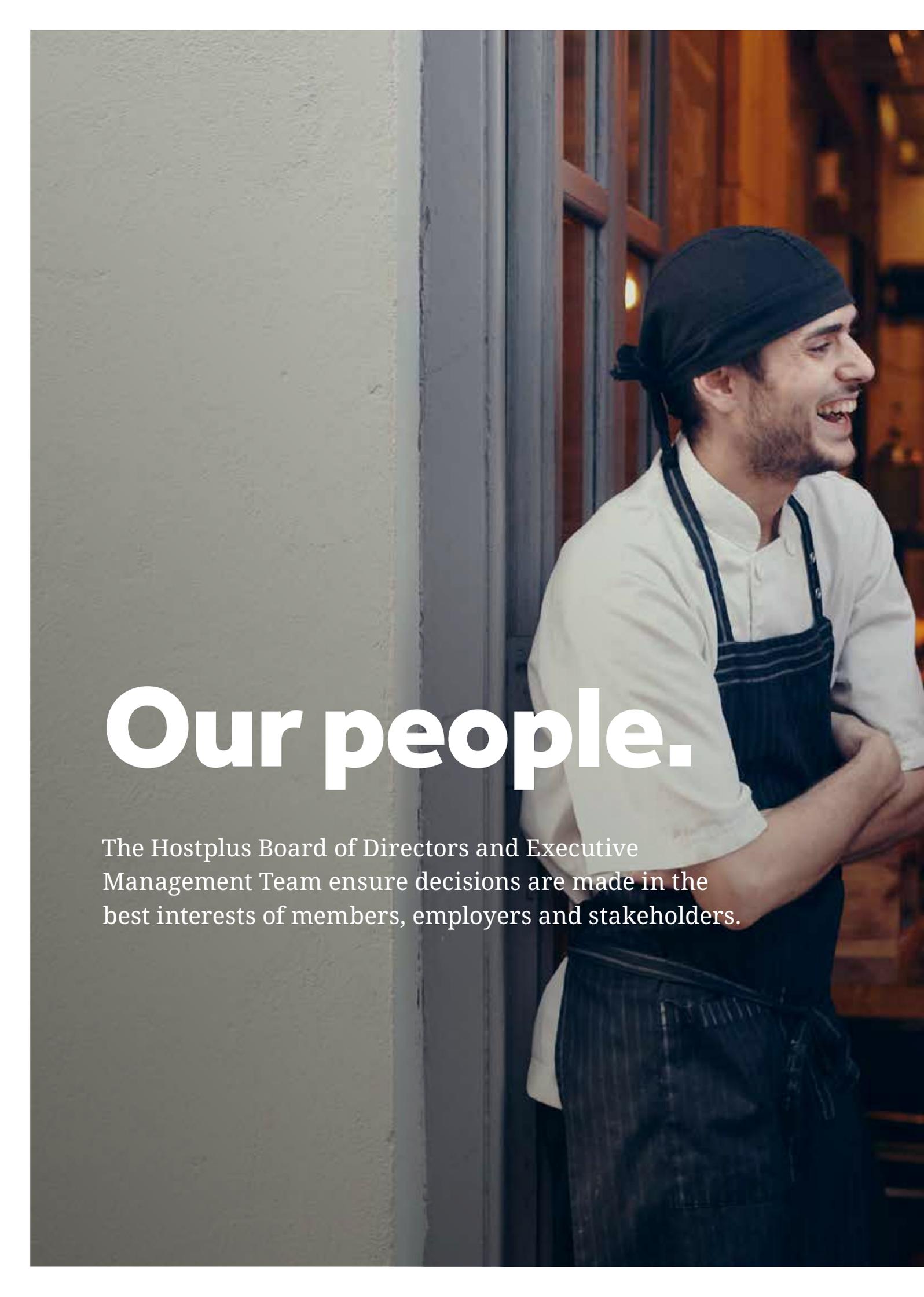
### Aged care facilities

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

### Public buildings

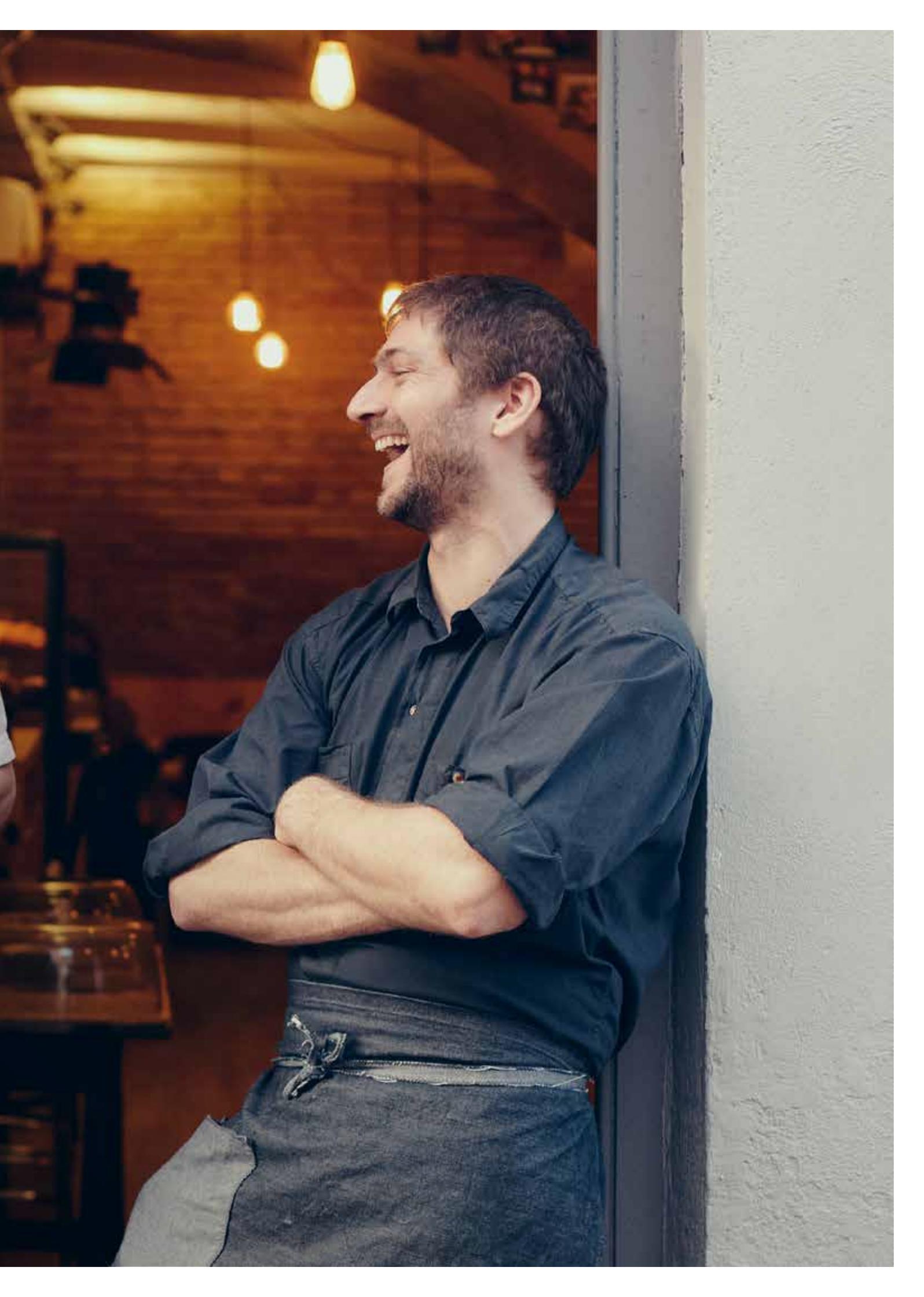
We are investing in a project that will design, build and operate the Perth CBD courts in Western Australia.



A photograph of a young man, likely a chef, smiling and looking to the right. He is wearing a white long-sleeved shirt, a dark apron, and a black headband. He is leaning against a dark window frame. The background is a warm, dimly lit interior, possibly a kitchen or restaurant.

# Our people.

The Hostplus Board of Directors and Executive Management Team ensure decisions are made in the best interests of members, employers and stakeholders.



# The Hostplus Board of Directors and Executive Management Team

## The Hostplus Board of Directors

The activities of Hostplus are managed by our Trustee Board of Directors, with David Elia as Chief Executive Officer.

The Board of Directors comprises of a 3-3-3 structure, equally represented by:

- three Directors nominated by the Australian Hotels Association (AHA)
- three Directors nominated by United Voice, and
- three independent directors jointly selected by the AHA and United Voice.

The Board represents our members in accordance with the Hostplus Constitution 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:

#### Independent directors:

- David Elmslie (Chairman)
- The Hon Peter Collins AM QC
- Alexandra Grayson

#### Employer directors:

- David Gibson
- The Hon Mark Vaile AO
- Mark Robertson OAM

### Employee directors:

- Brian Daley (ceased effective 31 July 2015)
- Rebecca Stark
- Tim Lyons (Deputy Chair) (appointed Director and Deputy Chair on 17 August 2015)
- David McElrea (ceased as an Alternate Director on 27 October 2015 and appointed as a Director on 14 October 2015)

### Alternate directors:

- Neil Randall (Alternate Employer Director)
- Robyn Buckler (ceased as an Employee Director on 14 October 2015 and appointed as an Alternate Employee Director for United Voice nominated Directors on 28 October 2015)

## Our Executive Management Team

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

### Our Executive Management Team:

David Elia, Chief Executive Officer

- Therese Kenny, Group Executive Finance, Risk and Operations
- Umberto Mecchi, Group Executive, Strategy, Marketing & Client Services <sup>1</sup>
- Sam Sicilia, Chief Investment Officer
- Natalie Strickland, Group Executive People, Performance and Culture

- Paul Watson, Group Executive Business Growth, Product & Advice <sup>2</sup>
- Mark Abramovich, General Counsel & Group Executive – Compliance <sup>3</sup>
- Ann Wong, Group Executive, Legal and Compliance <sup>4</sup>

For full remuneration details of Directors and Officers, please visit [hostplus.com.au](http://hostplus.com.au)

<sup>1</sup> Appointed Group Executive, Strategy, Marketing & Client Services from Group Executive Strategy, Marketing and Growth, effective 31 August 2015

<sup>2</sup> Appointed Group Executive Business Growth, Product and Advice, from Group Executive Product and Advice, effective 31 August 2015

<sup>3</sup> Resigned as General Counsel & Group Executive – Compliance, effective 23 December 2015

<sup>4</sup> Appointed Group Executive – Legal and Compliance, effective 19 January 2016

# Board of Directors



## David Elmslie

### Role and responsibility

- Independent Director and Chairman – Host-Plus Pty Limited
- Member of the People and 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

- 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:

- IGIPT Pty Ltd
- ISPT Pty Ltd
- Maldonstation Pty Ltd
- Nyah Pty Ltd
- Shu Cube Pty Ltd
- Vardav Capital Pty Ltd

#### Secretary:

- Maldonstation Pty Ltd

#### Member:

- Industry Super Australia Pty Limited (ISA) – Advisory Board
- ISPT Pty Ltd (Audit and Compliance Committee)



## The Hon Peter Collins AM QC

### Role and responsibility

- Independent Director – Host-Plus Pty Limited
- 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 an ABC journalist, and has held a number of senior roles, including:

- Chair of the Australian Institute of Health and Welfare, 2004–2011
- Member of Cancer Council of NSW, 2004–2006
- Chair of the Cancer Institute of NSW, 2005–2008
- Deputy Chair of the Centenary of Anzac Commemoration Committee for NSW, 2010 – 2011
- Chair of Barton Deakin Government Relations



## Alexandra Grayson

### Role and responsibility

- Independent Director – Host-Plus Pty Limited

### 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 Maurice Blackburn, her previous roles include:

- Senior Associate, W G McNally
- Industrial Relations Commission of New South Wales
- University of Western Sydney
- Finance Sector Union

### Other Directorships / appointments

#### Senior Associate:

- Maurice Blackburn Lawyers



## Mark Robertson OAM

### Role and responsibility

- Employer Director – Host-Plus Pty Limited
- 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, 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

- 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:

- Barton Deakin Pty Ltd
- Industry Super Australia Pty Limited (Chair)
- Sydney Financial Forum

#### Advisory position:

- Australian National Maritime Museum – Councillor
- Industry Super Australia Pty Limited – Chair (Advisory Board)
- NPT Pty Ltd – Advisory Board Member



## David Gibson

### Role and responsibility

- Employer Director – Host-Plus Pty Limited
- Chair of the People and 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

### Director:

- Gaming & Leisure Holdings Pty Ltd
- GBH Freehold Pty Ltd
- HLM Admin Pty Ltd
- Hotel & Leisure Management Pty Ltd
- Imperial Hotel Freehold Pty Ltd
- Lake Victoria Views Pty Ltd
- Lothian Street NM Pty Ltd (formerly Flying Duck Freehold Pty Ltd)
- Lucky Eights Pty Ltd
- Markann Number 2 Pty Ltd
- Mesembriomys Pty Ltd
- Mikshar Nominees Pty Ltd
- Ninth Lieutenant Pty Ltd
- Owl Developments Pty Ltd
- Quinayen Nominees Pty Limited
- Robertson Projects (Vic) Pty Ltd
- Robertson Group Appointor Pty Ltd
- Robmark Pty Ltd
- Roburn Pty Ltd
- Sanscot Pty Ltd
- Sargood House Pty Ltd
- Sargood Hotels Pty Ltd
- Sargood Investments Pty Ltd
- Sargood Wine Co. Pty Ltd
- Seventh Lieutenant Pty Ltd
- Shadowfax Winery Pty Ltd
- Sixth Lieutenant Pty Ltd
- WGH Pty Ltd
- Wine Publishing Pty Ltd

- Winning Concepts Pty Ltd

- 128 Bourke St Pty Ltd

### Secretary:

- Markann Number 2 Pty Ltd
- Robertson Group Appointor Pty Ltd
- Sixth Lieutenant Pty Ltd

### Advisory position:

- IFM Investors Pty Ltd – Member (Investment Shareholder Advisory Board)
- Australian Hotels Association – Member (Executive Board)
- Caspian Private Equity, LLC – Caspian Private Equity (CPE) Fund 2 – Member Advisory Committee
- Carnegie Innovation Fund No. 1 and Fund No. 2 – Member (Supervisory Board)
- Carnegie Private Opportunities Fund No. 1 and Fund No. 2 – Member (Advisory Board)
- Siguler Guff & Company, LP Small Buyout Opportunities Fund (SBOF) II – Member (Advisory Board)

### Other Directorships / appointments

- Astonmill Pty Ltd
- Australian Wildlife Conservancy
- Biberen Investments Pty Limited
- Bincorn Pty Ltd
- Calmega Pty Ltd
- Chapungu Shona Gallery Pty Ltd
- Estal Nominees Pty Ltd
- Exchange Corner Pty Ltd
- Fourth Lieutenant Pty Ltd
- GGS. Nominees Proprietary Ltd



## The Hon Mark Vaile AO

- 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:

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

#### Secretary:

- King Cobra Renovations Pty Ltd
- Pomkaru Pty Ltd
- Sunotel Corporation Pty Ltd

### Role and responsibility

- Employer Director – Host-Plus Pty Limited
- 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 pursued 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 to 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:

- Servcorp Limited
- Virgin Australia Holdings Limited
- Whitehaven Coal Limited (Chair)
- SmartTrans Holdings Limited (Chair)

#### Advisory position:

- Palisade Investment Partners Limited (Stamford Land Singapore) – Chair (Advisory Board)



## Brian Daley\*

### Role and 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, 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

\* Ceased effective 31 July 2015

### Other Directorships / appointments

#### Director:

- ACTU Super Shareholdings Pty Ltd
- AustralianSuper Pty Ltd
- IGIPT Pty Ltd
- ISPT Pty Ltd

#### Advisory Position:

- Australian Council of Trade Unions (Capital Stewardship Officer)
- Industry Super Australia (ISA) Pty Ltd (Member Advisory Board)



## Tim Lyons

### Role and responsibility

- Employee Director and Deputy Chair – Host-Plus Pty Limited
- Member of the Audit, Risk and Compliance Committee (ARCC)
  - Member of the People and Remuneration Committee
  - Appointed by United Voice

### Year of appointment

- May 2015

### Qualifications and memberships

- Bachelor of Arts from the University of Tasmania, BA/LLB program
- Diploma, Company Directors Course – AICD
- Diploma of Financial Services (Financial Planning) – AIST / ASFA

### Experience

As the Assistant Secretary of the ACTU between 2008 and 2015, Tim's key responsibilities included management of the organising and education programs, the industrial and policy unit, and superannuation and retirement incomes.

Tim has a decade of experience as a director of two other industry superannuation funds and in various industry bodies. He has also served on government committees and boards in relation to superannuation, tax and workplace relations.

Prior to this role, Tim held various positions at the National Union of Workers between 1995 and 2008.



## David McElrea

### Other Directorships / appointments

Director:

- Reveille Strategy Pty Ltd
  - IOTA Services Pty Ltd
  - South East Water

Advisory Position:

- Victorian Government Purchasing Board (Member)
- Research Fellow, Per Capita

### Role and responsibility

- Employee Director – Hostplus Pty Limited
- Appointed by United Voice

### Year of appointment

- March 2015

### Qualifications and memberships

- Bachelor of Arts, Bachelor of Laws
- Graduate Diploma in Legal Management
- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- The Rules Committee – ALP (NSW Branch)
- Industrial Relations Committee – ALP (NSW Branch)

### Experience

David is the Assistant National Secretary of United Voice one of Australia's largest unions. United Voice represents members in the accommodation, hospitality and gaming industries – the areas from which Hostplus draws many of its members. David has held a number of positions in United Voice and prior to that worked as an advisor to the Education Minister in the New South Wales government and as a solicitor practising in both the United Kingdom and Australia.

### Other Directorships / appointments

Director:

- Construction and Property Services Industry Skills Council
- NEST Nominees Pty Limited

Advisory Positions:

- The Rules Committee – ALP (NSW Branch) – Elected Member
- Industrial Relations Committee – ALP (NSW Branch) – Elected Member
- United Voice – Assistant National Secretary



## Rebecca Stark

### Role and responsibility

- Employee Director
- Appointed by United Voice

### Year of appointment

- July 2014

### Qualifications and memberships

- Bachelor of Commerce (First Class Honours)
- Bachelor of Arts, 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

- United Voice, Head of Responsible Investment and Engagement



## Neil Randall

### Role and responsibility

- Alternate Employer Director – Host-Plus Pty Limited
- Appointed by United AHA

### Year of appointment

- July 2013

### Qualifications and memberships

- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST)
- Member of the AIST

### Experience

With over 30 years' experience in the hospitality industry, key senior roles include:

- President AHA State Council, WA Branch
- Senior roles with the AHA since 1994
- Owner/operator of Paddington Alehouse, Mount Hawthorn
- Partner, The Sandbar, Scarborough Beach
- Former league footballer, and held various executive roles over a 30-year period including Director of Football Operations (10 years) and President of Subiaco Football Club (seven years).

### Other Directorships / appointments

#### Director:

- Alfon Pty Ltd
- Randall Properties Pty Ltd
- 117 913 989 Randall Properties Pty Ltd
- Kununurra Properties Pty Ltd
- 063 101 306 Alfon Pty Ltd

#### Secretary:

- Alfon Pty Ltd
- Randall Properties Pty Ltd
- Australian Hotels Association (President WA)

#### Advisory position:

- WA Football League (Commissioner)



## Robyn Buckler

### Role and responsibility

- Alternate Employee Director – Host-Plus Pty Limited
- Chair of the Claims Review Committee (CRC)
- 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 coordinator with Corrs Chambers Westgarth
- Former secondary school teacher

### Other Directorships / appointments

- United Voice SA (Compliance Governance Building Services)

# Executive Management Team



## David Elia

### Chief Executive Officer

David is one of Australia's most experienced and recognised business leaders. In a career spanning more than 25 years, his 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 past Director and current Member 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 and responsibility

- Chief Executive Officer – Host-Plus Pty Limited

### Year of appointment

- September 2003

### Qualifications and memberships

- Bachelor of Economics, La Trobe University, May 1991
- Professional Year (PY), Institute of Chartered Accounts, 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

David has spent more than 25 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:

- Australian Council of Superannuation Investors Ltd (ACSI)
- The Association of Superannuation Funds of Australia (ASFA)
- Darling Harbour Live HoldCo 3 Pty Limited
- Darling Harbour Live HoldCo 4 Pty Limited
- Darling Harbour Live 3 Pty Limited
- Darling Harbour Live 4 Pty Limited
- EJ Whitten Foundation
- Galileo Phillip Street JV Pty Limited
- Hostplus North Fremantle Pty Ltd
- Hostplus Peel Street Pty Limited
- Hostplus Phillip Street Pty Limited
- Industry Super Australia Pty Limited
- North Fremantle JV Pty Limited
- Peel Street JV Pty Ltd
- Hostplus Property Pty Limited
- Hostplus Investments Pty Ltd
- Hostplus Sunbury Pty Limited
- Hostplus Helensvale Pty Limited
- Helensvale Nominee Pty Limited

#### Secretary:

- Darling Harbour Live HoldCo 3 Pty Limited
- Darling Harbour Live HoldCo 4 Pty Limited
- Darling Harbour Live 3 Pty Limited



## Therese Kenny

- Darling Harbour Live 4 Pty Limited
- North Fremantle JV Pty Limited
- Peel Street JV Pty Ltd
- Hostplus Property Pty Limited
- Hostplus Investments Pty Ltd

### Advisory positions:

- Delaware North Australian Advisory Committee—Member (Advisory Board)
- IFM Investors Pty Limited – Member (Investment Shareholder Advisory Board)
- Investment Attraction Industry Advisory Panel (Tourism Australia) – Member (Advisory Board)
- Tourism & Transport Forum (TTF)
- Australian Council of Superannuation Investors Limited (ACSI) – Member Finance, Risk and Audit Committee
- Darling Harbour Live Partnership – Member (Partnership Committee)
- Carnegie Innovation Fund No. 1 and Fund No. 2 – Member Supervisory Board (Alternative Representative)
- Carnegie Private Opportunities Fund No. 1 and Fund No. 2 – Member Advisory Board (Alternative Representative)

### Group Executive, Finance, Risk 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 Group Executive, Finance, Risk and Operations.

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

Therese also oversees the key deliverables of the Hostplus administrator, Australian Administration Services (AAS), as well as the development of one of the fund's strategic initiatives, the Hostplus Pooled Superannuation Trust.

### Role and key responsibilities

- Group Executive, Finance, Risk and Operations
- Financial reporting, budgeting and cost control
- Operations including oversight of the fund's outsourced administrator and insurance arrangements
- Risk management function
- Audit arrangements
- IT requirements

### Year of appointment

- November 2013

### Qualifications and memberships

- Bachelor of Commerce, University of Melbourne
- Institute of Chartered Accountants in Australia
- Graduate Diploma of Applied Finance and Investments
- Member of the Australian Institute of Superannuation Trustees
- Member of FEAL (Fund Executives Association Limited)
- Member of Australian Superannuation Funds Association (ASFA)

### 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:

- Hostplus Investments Pty Limited
- Hostplus Property Pty Limited

#### Member:

- Australian Superannuation Funds Association (ASFA) VIC State Executive Committee



## Umberto Mecchi

Group Executive, Strategy, Marketing and Client Services

As Group Executive, Strategy, Marketing & Client Services, Umberto brings his considerable experience and insight to bear to set the strategic course for Hostplus.

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:

- Australian Institute of Superannuation Trustees (AIST) Superannuation Marketing Award for Excellence
- Rainmaker Superannuation Marketer of the Year
- Winner of the 2008 ASFA Communications Award
- AIST Gold Communication Award in 2008 and 2009 for Excellence in Member Reporting Communications.

### Role and key responsibilities

- Group Executive, Strategy, Marketing and Client Services
- Business strategy and insights
- Marketing and brand strategy
- Member and employer experience design

- Employer and member relationship management and retention
- Service centre and branch/advice centre operations
- Business development and growth
- Project Management office and delivery of strategic projects
- Member Education program design and delivery

### Year of appointment

- November 2011

### Qualifications and memberships

- Graduate Diploma in Organisational Leadership, Melbourne Business School
- Bachelor of Business (Marketing), RMIT
- 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

- Group Executive, Strategy, Marketing and Growth, Hostplus 2014 to present
- 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:

- E.J. Whitten Foundation Limited
- Member, Fundraising committee, E.J. Whitten Foundation Limited
- Member of the Risk and Finance Committee, Jesuit Social Services
- Member of the fundraising Committee, Jesuit Social Services
- Member of ASFA Consumer, Governance & Regulation Policy Council



## 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 1990s. During that time he 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 and key responsibilities

- Chief Investment Officer
- Deliver consistent growth in member value
- Provide strategic leadership to increase funds under management

#### Year of appointment

- March 2008

#### Qualifications and memberships

- Bachelor of Science (Honours), Monash University
- PhD 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

##### Director:

- IGIPT Pty Ltd (Alternate Director)
- ISPT Pty Ltd (Alternate Director)

##### Advisory positions:

- IFM Investors Pty Limited - Member (Investment Shareholder Advisory Board)
- Wilshire Australia Private Markets No. 1 Fund and No. 2 Fund and Wilshire Private Markets Asia No. 1 Fund and No. 2 Fund – Member (Investor Advisory Committee)

- Campus Living Villages Fund – Member (Investor Committee)
- Partners Group Direct Investments 2012 – Member (Advisory Board)
- Hayfin Special Opportunities Credit Fund No. 1 - Member (Advisory Board)
- Siguler Guff Small Buyout Opportunities Fund II – Member (Advisory Board – Alternate Representative)
- Brandon Medical Research Commercialisation Fund 3 – Member (Advisory Committee)
- Carnegie Innovation Fund No. 1 – Member (Supervisory Board)
- Carnegie Innovation Fund No. 2 – Member (Supervisory Board)
- Carnegie Private Opportunities Fund No. 1 – Advisory Committee Member
- Carnegie Private Opportunities Fund No. 2 – Advisory Committee Member
- Industry Super Holdings Pty Ltd – Shareholder Meeting - Hostplus Representative
- Lexington Co-Investment Partners IV, L.P – Member (Advisory Committee)
- Members Equity Bank Limited – Hostplus Representative at Shareholder Meetings
- Darling Harbour Live Partnership - Member – Partnership Committee (Alternative Representative)
- Blackbird Ventures 2015, L.P – Member (Advisory Committee)
- QIC Limited – QIC Global Infrastructure Fund – Member – Advisory Committee (Alternative Representative)
- Caspian Private Equity Fund No. 2 – Member – Advisory Committee (Alternative Representative)



## Natalie Strickland

Group Executive, People, Performance 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, Performance and Culture strategy of the fund.

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

Natalie is passionate about providing employees at Hostplus with the best possible employment experience and supporting leaders with delivering superior performance at the fund, and has seen success in areas of:

- Insourcing recruitment
- Improving employee engagement and alignment
- Learning and development.

### Role and key responsibilities

- Group Executive, People, Performance and Culture
- Drive, implement and manage the People, Performance and Culture strategy for Hostplus

### Year of appointment

- February 2014

### Qualifications and memberships

- Diploma of Human Resources, Swinburne University of Technology
- Member of the Australian Institute of Superannuation Trustees
- Member of FEAL (Fund Executives Association Limited)
- Member of Australian Superannuation Funds Association (ASFA)

### Experience

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



## Paul Watson

Group Executive, Business Growth, Product & Advice

As Group Executive, Business Growth, Product and Advice, Paul makes an invaluable contribution to the development and implementation of Hostplus' strategy, business plans, product development and operational delivery. He also leads Hostplus' Financial Planning and Advice group.

With over 25 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, in which he contributed to the development of policy and the delivery of targeted national and scheme education superannuation campaigns.

Paul is a graduate of the Harvard Business School's Leadership Development Program and holds qualifications in financial planning, management and administration.

### Role and key responsibilities

- Group Executive, Product and Advice
- Develop and manage Hostplus' product suite (ie. Pension, Choiceplus, PST/SMSF) and service portfolio for engaged and self-directed members to drive access to new markets and retention opportunities
- Design, develop and deliver the appropriate digital tools and platforms to assist members and drive greater



## Mark Abramovich

advice outcomes for members (ie. online calculators, online advice tools, PST product)

- Lead and manage the provision of the end-to-end financial planning and advice service for Hostplus' various market segments

### Year of appointment

- March 2011

### Qualifications and memberships

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

### Experience

- Executive Manager, Member and Employer Relationships, Hostplus
- Executive Manager, Member and Consumer Choice, Hostplus
- 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-General's Department

General Counsel and Group Executive – Compliance\*

Mark joined Hostplus in late 2014 after spending more than 20 years as a lawyer specialising in superannuation, financial services, insurance and funds management.

Mark has worked closely with Hostplus since 1999 and has extensive experience in all aspects of superannuation law, investment management agreements, major investment reviews and negotiation, public offer and MySuper applications and advice, as well as merger and acquisition due diligence.

As General Counsel, Mark provides superior legal advice and a deep understanding of the intricacies of Hostplus' operations.

### Role and key responsibilities

- General Counsel
- Company Secretary (Hostplus subsidiaries)
- Group Executive, Compliance
- Direct and manage the organisation's legal activities to protect its interests
- Act as general legal counsel to the Fund and Board
- Negotiate, draft and settle all major contracts, leases, loan agreements, securities and other commercial arrangements
- Review Board papers and minutes
- Manage our external legal panel
- Head the fund's Compliance department

### Year of appointment

- 2014

### Qualifications and memberships

- Bachelor of Laws, University of Sydney
- Graduate Diploma in Legal Practice, University of Technology, Sydney
- Member, Association of Superannuation Funds of Australia (ASFA)
- Member, ASFA Governance & Regulation Policy Council
- Member, Australian Institute of Superannuation Trustees (AIST)
- Member, Investments and Pensions Europe
- Member, Law Institute of Victoria

### Experience

- Partner, Herbert Geer/Thomson Geer
- Partner, Deacons (now known as Norton Rose)
- Partner, IFS Fairley

### Other Directorships / appointments

#### Director and Secretary:

- LIGC Lawyers & Consultants Pty Ltd

\* Ceased as General Counsel and Group Executive – Compliance on 23 December 2015



## Ann Wong

Group Executive, Legal 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, Risk and Advisory roles for the multinational 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 and made an invaluable contribution. Following a review and separation of the Risk and Compliance disciplines, Ann was appointed to the Head of Risk. After having celebrated her 11-year anniversary with Hostplus, Ann was appointed to the position of Group Executive, Legal and Compliance.

As a member of the fund's Executive Management Team, 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 and key responsibilities

- Group Executive, Legal and Compliance
- Direct and manage the organisation's legal and compliance activities
- 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
- Associate of the Securities Institute of Australia
- Member of the Financial Planning Association
- Certificate of Life Insurance Regulation and Compliance – Australian Insurance Institute

### Experience

- Extensive and varied experience in private practice, financial planning
- Compliance, Risk and Advisory Roles – AXA
- 11 years' experience with Hostplus

# Corporate governance report

At Hostplus we believe corporate governance is fundamental to:

- ensuring the trustee and the fund are managed properly; and
- delivering long-term financial security for members.

Our corporate governance is therefore designed to protect and enhance the interests of members, while also taking into account the interests of other stakeholders, including employees, providers and the community.

As an industry super fund, Hostplus is run to benefit members. We're proud of our governance practices, which facilitate fairness, transparency and accountability.

## Corporate structure and governing documents

Host-Plus Pty Limited (referred herein as Hostplus, trustee or Company) is the trustee for the Hostplus Superannuation Fund (the fund). The trustee is governed by constitution, and holds a Registrable Superannuation Entity (RSE L0000093) Licence from the Australian Prudential Regulation Authority (APRA) and an Australian Financial Services Licence (AFSL # 244392) issued by the Australian Securities and Investments Commission (ASIC).

The Hostplus Board represents our members in accordance with financial services laws and the Hostplus Superannuation Fund's Trust Deed (the governing rules of the fund).

The trustee Board has complete management and control of all matters relating to Hostplus including responsibility for the overall governance and strategic direction of the fund.

The AFSL held by the trustee Company also enables Hostplus, to provide financial product advice and deal primarily with respect to superannuation.

In 2013 the Hostplus Superannuation Fund's Trust Deed (Trust Deed) was amended as part of the APRA MySuper authorisation process, specifically to ensure compliance with the requirements of section 29TC of the Superannuation Industry (Supervision) Act 1993. Following this, the trustee received its MySuper authorisation, which has enabled it to offer a MySuper product since 1 July 2013. The Trust Deed is a legal document that sets out the governing rules for the establishment and ongoing operations of the fund. It has provisions that cover such items as membership rules, contributions, trustee obligations, the appointment of auditors and recording keeping requirements.

The Company acts in accordance with its constitution and the terms and conditions of its regulatory licences.

## Proposed changes to superannuation governance

On 26 June 2015, the Australian Prudential Regulation Authority (APRA) informed all superannuation trustees that they were proposing to change the governance requirements for Registrable Superannuation Entities (RSE). The proposed changes relate to the RSE Board structures, requiring the Board of Directors to consist of one-third independent Directors with an independent Chair. Hostplus currently complies with this requirement.

The proposed legislation also requires changes to the structure of the Audit Risk & Compliance Committee and the Board Remuneration Committee.

With the recent dissolution of Parliament, draft legislation that sought to implement these changes effective 1 July 2016 lapsed on prorogation. APRA has, however, reiterated its commitment to review Prudential Standards as they relate to Board governance practices.

## Board of Directors

The Hostplus Board has equal representation from three employer representative directors, nominated by the Australian Hotels Association (AHA), and three employee representative directors, nominated by United Voice, as well as three independent directors jointly selected by the AHA and United Voice (the Founding Members) or, failing agreement by the Founding Members, by the Selection Committee. Board-level decisions are based on a two-thirds majority vote.

All Directors are appointed on a non-executive basis and appointments are made in accordance with the Hostplus Constitution and the Company's fit and proper policy.

## Overview of Board governance practices

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 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.

# Corporate governance report (cont.)

## 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 nominating bodies, being AHA and United Voice (the Founding Members), must reach agreement on the appointment or re-appointment of the independent Director(s) (as the case may be) in each relevant year by 16 May. The remaining two independent Directors must also agree to the appointment of the Independent Director. If the Founding Members fail to reach agreement by this date, the Selection Committee must appoint or reappoint the independent director (as the case may be) by no later than 30 June in each relevant year.

In assessing directors, the Founding Members will give consideration to the overall balance of the Board, taking into account stability, longevity, experience, corporate knowledge and whether an individual's period of tenure on the Board could, or could be perceived to, materially interfere with their ability to act in the best interests of the members.

Each nominating body may elect to appoint an Alternate Director to represent appointed Directors in their absence. The Chair of the Hostplus Board (who must be an independent Director) 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. The constitution also details how and when a Director needs to be removed from the directorship of the Trustee Company, such as when the best interests of members

## Committees of the Board.

Committee	Chair	Members	Role
Audit, Risk and Compliance Committee (ARCC)	Peter Collins	Mark Robertson Timothy Lyons	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 (CRC)	Robyn Buckler	Robert Hinkley Collin Cassidy	The role of the Claims Review Committee is to review members' claims rejected by the insurer.
People and Remuneration Committee	David Gibson	David Elmslie Timothy Lyons	The role of the People and Remuneration Committee is to oversee the remuneration strategies of the fund and make recommendations to the Board in relation to executive remuneration..

would be served, including as a result of non-compliance with the Hostplus Fit and Proper Policy, in the Founding Member's judgement and in accordance with the constitution. A Director may also resign by giving written notice to the trustee.

Under the Trust Deed of the fund, the Hostplus Board has the ability to delegate its powers and responsibilities to Committees of the Board. Currently, the Hostplus Board has established the Committees described in the table above.

Members of the Committees are appointed by the Hostplus Board or, if permitted under the Charter of the Committee, by the CEO. 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 are 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
- 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 that formalises the structure and processes in place to meet legislative and regulatory requirements, including relevant prudential standards and contractual obligations.

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', the structure Hostplus employs to manage the compliance requirements
- 'Policy documents & standards,' a listing of policy documents and standards adopted at Hostplus.

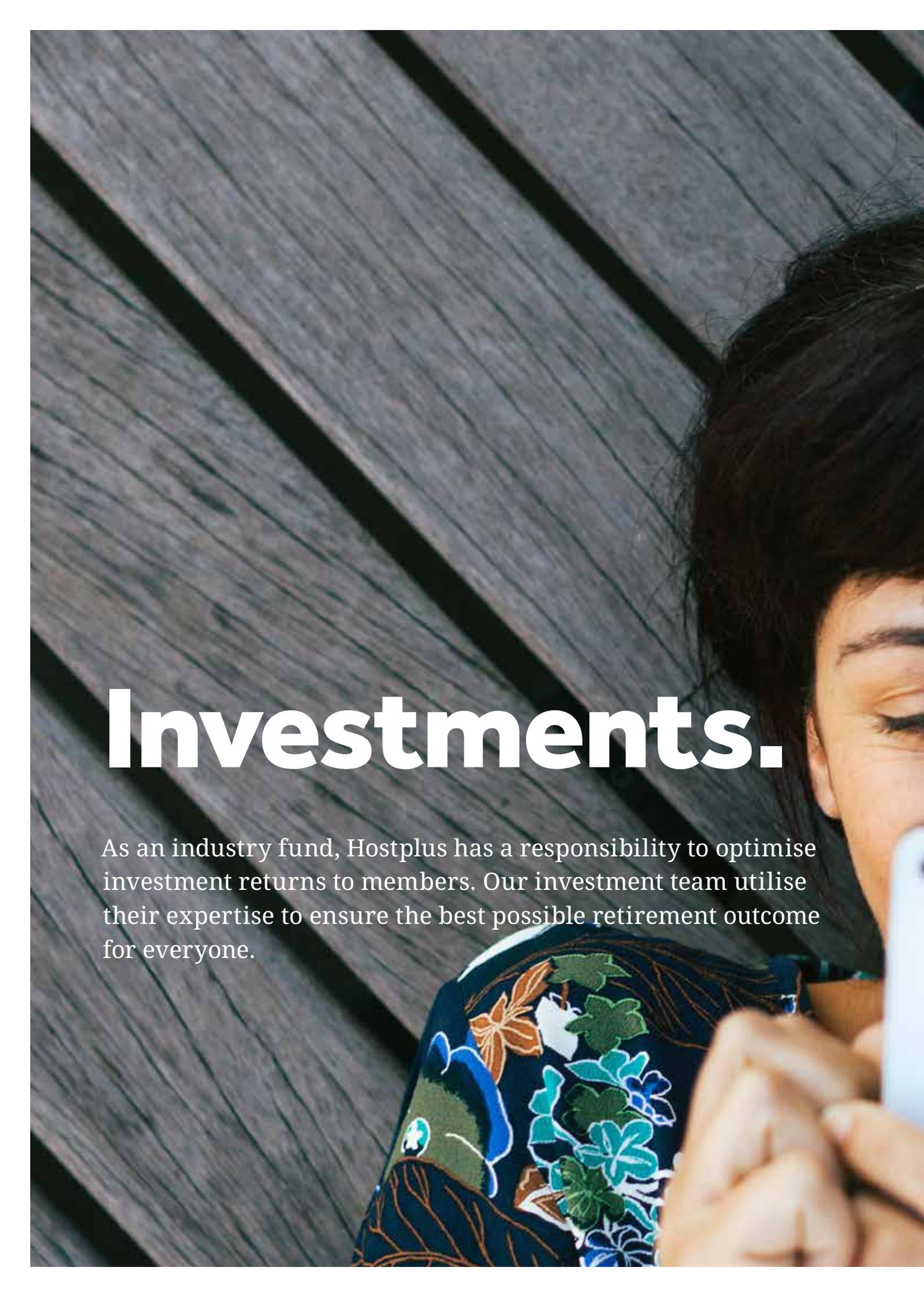
The Hostplus Board maintains overall responsibility for the compliance program.

Governance of the Compliance Framework and program is the responsibility of the Group Executive, Legal and Compliance, reporting directly to the Audit, Risk and Compliance Committee, and the Chief Executive Officer.

## Simply put.

As an industry super fund, Hostplus is run to benefit members. We're proud of our governance practices, which facilitate fairness, transparency and accountability.

**We share  
your  
passions.**



# Investments.

As an industry fund, Hostplus has a responsibility to optimise investment returns to members. Our investment team utilise their expertise to ensure the best possible retirement outcome for everyone.



# A message from the Chief Investment Officer

Continued economic uncertainty across the world has resulted in companies not investing and consumers not spending. This has produced low inflation and low economic growth almost everywhere and prompted governments and central banks to respond by cutting interest rates. We are now destined for low interest rates, low inflation and low growth for much longer.

The world is also awash with greater political uncertainty than usual. The consequence of the US presidential election outcome is unknown and we are in uncharted waters, yet again, with the UK's exit from the European Union.

At home here in Australia, the new Parliament is untested and the impact of the rise of minor parties is also largely unknown. Uncertainty could reign for the next three years as the government struggles to get its legislative agenda through both Houses, due to a majority of only one in the House of Representatives and a potentially fractious Senate. Whether or not the government of the day is able to progress their agenda may have a significant impact on the economy and on markets, so we are watching developments closely.

Although global uncertainty would appear to provide a sobering outlook for Hostplus members, pleasingly, Hostplus is in a good position to manage through the likely volatility in investment markets that may arise.

Hostplus has a number of beneficial characteristics and advantages.

In the investment game, demographics are everything. Our relatively young member demographic enables Hostplus to maintain a long-term investment horizon and our strong net cash flow provides the financial firepower to take advantage of investment opportunities as they arise.

Hostplus' strong net cashflow position permits a greater exposure to unlisted assets, such as infrastructure and property, which have a mixture of defensive and growth characteristics that provide most of the downside protection from volatile markets.

Further, Hostplus also benefits from having a very capable and astute trustee Board that understands the timely decision-making processes required to capture investment opportunities.

All of these factors allow Hostplus to set an investment strategy that provides increased downside protection from the worst consequences of global uncertainty.

Hostplus members continue to benefit from the advantages provided by the fund's characteristics. Hostplus is a recognised top quartile performer over the short and long term.

For the financial year ended 30 June 2016, the Hostplus Balanced MySuper option delivered a 5.0% return to members, which ranked Hostplus in the top quartile of the best-performing super funds in Australia according to the SuperRatings SR50 Balanced Performance survey (60-76) 20 July 2016.

In addition, the survey shows the Hostplus Balanced option – where more than 90% of Hostplus members are invested – has delivered top quartile returns over 1, 3, 5, 7 and 10 years.

These are great results for Hostplus members. Going forward, we will strive to continue to deliver outstanding results for our members irrespective of the global uncertainties we face.



Sam Sicilia

Chief Investment Officer

**Putting you  
in control.**

# 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 one, three, five, seven and ten years as at 30 June 2016, according to the SuperRatings Fund Crediting Rate Survey.

Balanced (default MySuper option)			
<b>Return target</b>	<ul style="list-style-type: none"> <li>▪ CPI plus 3.5% per annum on average over 10 years.</li> <li>▪ CPI plus 4% per annum over 20 years.</li> </ul>		
<b>Level of investment risk*</b>	<ul style="list-style-type: none"> <li>▪ High (negative returns expected in between 4 and 5 out of every 20 years).</li> </ul>		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>▪ Investments through diversified investment portfolio, including some growth assets and some lower-risk investments.</li> </ul>		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time.</li> <li>▪ This option may suit members who have a 6-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	6 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>76%</b>
	Equity		
	▪ Australian shares	15 – 45%	27.5%
	▪ International shares		
	- Developed markets	10 – 30%	20.5%
	- Emerging markets	0 – 15%	7%
	▪ Private equity	0 – 15%	5%
	Infrastructure	0 – 15%	6%
	Property	0 – 15%	4%
	Other		
	- Credit	0 – 10%	2%
	- Alternatives	0 – 10%	4%
	<b>Defensive assets</b>		<b>24%</b>
	Infrastructure	0 – 10%	4%
	Property	0 – 20%	11%
	Fixed income	0 – 20%	2%
	Cash	0 – 10%	0%
	Other		
	- Credit	0 – 10%	6%
	- Alternatives	0 – 10%	1%

\* 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.

Capital Stable			
Return target	▪ CPI plus 3% per annum over 20 years.		
Level of investment risk*	▪ Low (negative returns expected in between 1 and 2 out of every 20 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"> <li>▪ This option has a lower risk return profile than the fund's Default option.</li> <li>▪ This option may suit members who have a 3- to 4-year-plus investment time horizon.</li> </ul>		
Suggested minimum investment timeframe#	▪ 3-4 years +		
Asset mix		Range	SAA Benchmark
	<b>Growth assets</b>		<b>35%</b>
	Equity		
	▪ Australian shares	5 – 20%	10%
	▪ International shares		
	- Developed markets	5 – 15%	7.5%
	- Emerging markets	0 – 5%	2.5%
	▪ Private equity	0 – 5%	0%
	Infrastructure	0 – 10%	3%
	Property	0 – 10%	4%
	Other		
	- Credit	0 – 5%	2%
	- Alternatives	0 – 10%	6%
	<b>Defensive assets</b>		<b>65%</b>
	Infrastructure	0 – 5%	2%
	Property	0 – 15%	8%
	Fixed income	10 – 50%	20%
	Cash	10 – 40%	25%
	Other		
	- Credit	0 – 15%	8%
- Alternatives	0 – 5%	2%	

\* 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.

# Our investment options

## Our Pre-mixed options

Conservative Balanced			
Return target	▪ CPI plus 3.5% per annum over 20 years.		
Level of investment risk*	▪ Medium (negative returns expected in between 2 and 3 out of every 20 years).		
Investment style	▪ Contains roughly equal proportions of growth and defensive assets.		
Who is this investment suitable for?	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ This option may suit members who have a 5-year-plus investment time horizon.</li> </ul>		
Suggested minimum investment timeframe#	5 years +		
Asset mix		Range	SAA Benchmark
	<b>Growth assets</b>		<b>53%</b>
	Equity		
	▪ Australian shares	15 – 30%	19%
	▪ International shares		
	- Developed markets	10 – 25%	14%
	- Emerging markets	0 – 10%	5%
	▪ Private equity	0 – 10%	2%
	Infrastructure	0 – 10%	3%
	Property	0 – 10%	4%
	Other		
	- Credit	0 – 5%	2%
	- Alternatives	0 – 10%	4%
	<b>Defensive assets</b>		<b>47%</b>
	Infrastructure	0 – 5%	2%
	Property	0 – 15%	9%
	Fixed income	10 – 40%	15%
	Cash	5 – 25%	15%
	Other		
	- Credit	0 – 10%	4%
	- Alternatives	0 – 5%	2%

\* 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.

Indexed Balanced			
<b>Return target</b>	▪ CPI plus 4% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ High (negative returns expected in between 4 and 5 out of every 20 years).		
<b>Investment style</b>	▪ Investments through diversified investment portfolio, including some growth assets and some lower-risk investments.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time.</li> <li>▪ This option may suit members who have a 6-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 6 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>75%</b>
	Equity		
	▪ Australian shares	25 – 55%	37.5%
	▪ International shares		
	- Developed markets	25 – 55%	37.5%
	- Emerging markets	0 – 10%	0%
	<b>Defensive assets</b>		<b>25%</b>
	Fixed income	10 – 30%	15%
Cash	0 – 20%	10%	
<p>* 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.</p>			

# Our investment options

## Our Pre-mixed options

Shares Plus			
Return target	▪ CPI plus 4.5% per annum over 20 years.		
Level of investment risk*	▪ High (negative returns expected in between 4 and 5 out of every 20 years).		
Investment style	<ul style="list-style-type: none"> <li>▪ Pre-mixed option.</li> <li>▪ Contains the highest investment in assets with potential for capital growth.</li> </ul>		
Who is this investment suitable for?	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 6-year-plus investment time horizon.</li> </ul>		
Suggested minimum investment timeframe#	6 years +		
Asset mix		Range	SAA Benchmark
	<b>Growth assets</b>		<b>85%</b>
	Equity		
	▪ Australian shares	30 – 50%	36%
	▪ International shares		
	- Developed markets	20 – 40%	27%
	- Emerging markets	0 – 15%	9%
	▪ Private equity	0 – 15%	6%
	Infrastructure	0 – 10%	2%
	Property	0 – 10%	2%
	Other		
	- Credit	0 – 5%	1%
	- Alternatives	0 – 5%	2%
	<b>Defensive assets</b>		<b>15%</b>
	Infrastructure	0 – 5%	2%
	Property	0 – 10%	6%
	Fixed income	0 – 10%	6%
	Cash	0 – 10%	0%
	Other		
	- Credit	0 – 5%	1%
	- Alternatives	0 – 5%	0%

\* 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.

Hostplus Life**				
<b>Return target</b>	<b>Age bracket</b>	<b>Investment option</b>	<b>Objective</b>	
	Under 40	Shares Plus	CPI plus 4.5% per annum on average over 20 years.	
	40 – 49	Balanced	CPI plus 4% per annum on average over 20 years.	
	50 – 59	Conservative Balanced	CPI plus 3.5% per annum on average over 20 years.	
	60 and over	Capital Stable	CPI plus 3% per annum on average over 20 years.	
<b>Level of investment risk*</b>	<b>Age bracket</b>	<b>Investment option</b>	<b>Level of risk</b>	<b>Negative returns expected out of every 20 years</b>
	Under 40	Shares Plus	High	Negative returns expected in between 4 and 5 out of every 20 years.
	40 – 49	Balanced	High	Negative returns expected in between 4 and 5 out of every 20 years.
	50 – 59	Conservative Balanced	Medium	Negative returns expected in between 2 and 3 out of every 20 years.
	60 and over	Capital Stable	Low	Negative returns expected in between 1 and 2 out of every 20 years.
<b>Investment style</b>	<ul style="list-style-type: none"> <li>Throughout your younger years, investment is focused on long-term capital growth, with a higher investment in shares and property. As you move closer to retirement, your superannuation will be invested in increasingly more defensive assets, with less exposure to risk, and more focus on providing a steady income and preserving capital.</li> </ul>			
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>This option is suitable for members who prefer to have the investment decisions made on their behalf.</li> <li>This option may suit members with a ten-year-plus investment time horizon.</li> </ul>			
<b>Suggested minimum investment timeframe#</b>	<b>Age bracket</b>	<b>Investment option</b>	<b>Minimum investment timeframe</b>	
	Under 40	Shares Plus	6 years +	
	40 – 49	Balanced	6 years +	
	50 – 59	Conservative Balanced	5 years +	
	60 and over	Capital Stable	3 – 4 years +	

## Our investment options

Hostplus Life** (continued)					
Asset mix		0 – 40		40 – 49	
		Shares Plus		Balanced	
		Range	SAA Benchmark	Range	SAA Benchmark
	<b>Growth assets</b>		<b>85%</b>		<b>76%</b>
	Equity				
	▪ Australian shares	30 – 50%	36%	15 – 45%	27.5%
	▪ International shares				
	- Developed markets	0 – 40%	27%	10 – 30%	20.5%
	- Emerging markets	0 – 15%	9%	0 – 15%	7%
	▪ Private equity	0 – 15%	6%	0 – 15%	5%
	Infrastructure	0 – 10%	2%	0 – 15%	6%
	Property	0 – 10%	2%	0 – 15%	4%
	Other				
	- Credit	0 – 5%	1%	0 – 10%	2%
	- Alternatives	0 – 5%	2%	0 – 10%	4%
	<b>Defensive assets</b>		<b>15%</b>		<b>24%</b>
	Infrastructure	0 – 5%	2%	0 – 10%	4%
	Property	0 – 10%	6%	0 – 20%	11%
	Fixed income	0 – 10%	6%	0 – 20%	2%
	Cash	0 – 10%	0%	0 – 10%	0%
	Other				
	- Credit	0 – 5%	1%	0 – 10%	6%
	- Alternatives	0 – 5%	0%	0 – 10%	1%

## Hostplus Life\*\* (continued)

	50 – 59		60+	
	Conservative Balanced		Capital Stable	
	Range	SAA Benchmark	Range	SAA Benchmark
<b>Growth assets</b>		<b>53%</b>		<b>35%</b>
Equity				
▪ Australian shares	15 – 30%	19%	5 – 20%	10%
▪ International shares				
- Developed markets	10 – 25%	14%	5 – 15%	7.5%
- Emerging markets	0 – 10%	5%	0 – 5%	2.5%
▪ Private equity	0 – 10%	2%	0 – 5%	0%
Infrastructure	0 – 10%	3%	0 – 10%	3%
Property	0 – 10%	4%	0 – 10%	4%
Other				
- Credit	0 – 5%	2%	0 – 5%	2%
- Alternatives	0 – 10%	4%	0 – 10%	6%
<b>Defensive assets</b>		<b>47%</b>		<b>65%</b>
Infrastructure	0 – 5%	2%	0 – 5%	2%
Property	0 – 15%	9%	0 – 15%	8%
Fixed income	10 – 40%	15%	10 – 50%	20%
Cash	5 – 25%	15%	10 – 40%	25%
Other				
- Credit	0 – 10%	4%	0 – 15%	8%
- Alternatives	0 – 5%	2%	0 – 5%	2%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

\*\* Whilst this option was introduced on 25 May 2015, the net investment returns are the actual net returns of the underlying investment options forming Hostplus Life. \* 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.

# Our investment options

## Our Sector options

Cash			
<b>Return target</b>	▪ CPI plus 1% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Very low (negative returns expected in between 0 and 1 out of every 20 years).		
<b>Investment style</b>	▪ Cash investments could include deposits in a bank, investments in short-term money markets and other similar investments.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option may suit members who have a short-term investment horizon.</li> <li>▪ 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.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ Less than 1 year		
Asset mix		Range	SAA Benchmark
	<b>Growth assets</b>		<b>0%</b>
	<b>Defensive assets</b>		<b>100%</b>
	Cash	0 – 100%	100%
<small>* 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.</small>			

Diversified Fixed Interest			
<b>Return target</b>	▪ CPI plus 1% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium (negative returns expected in between 2 and 3 out of every 20 years).		
<b>Investment style</b>	▪ Usually a loan to a government or business with a fixed interest rate and the length of the loan agreed in advance.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option may suit members who desire lower volatility over the medium term.</li> <li>▪ Whilst returns can fluctuate, the risk and return profile is lower than the fund's Default and Shares options.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 5 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>0%</b>
	Other (Alternatives)	0% – 10%	0%
	<b>Defensive assets</b>		<b>100%</b>
	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.			
<small>* 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.</small>			

# Our investment options

## Our Sector options

Property			
<b>Return target</b>	▪ CPI plus 3% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium to high (negative returns expected in between 3 and 4 out of every 20 years).		
<b>Investment style</b>	▪ An investment in property or buildings, either directly or via property trusts.		
<b>Who is this investment suitable for?</b>	▪ 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.		
<b>Suggested minimum investment timeframe#</b>	▪ This option may suit members who have a 5-year-plus investment time horizon.		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>40%</b>
	Property	0 – 100%	40%
	<b>Defensive assets</b>		<b>60%</b>
	Property	0 – 100%	60%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		
<small>* 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.</small>			

Australian Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Very high (negative returns expected in between 6 and 7 out of every 20 years).		
<b>Investment style</b>	▪ Active management.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	Equity		
	▪ Australian shares	0 – 100%	100%
	▪ International shares	0 – 10%	0%
	<b>Defensive assets</b>		<b>0%</b>
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

\* 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.

# Our investment options

## Our Sector options

International Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ High (negative returns expected in between 5 and 6 out of every 20 years).		
<b>Investment style</b>	▪ Active management.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	Equity		
	▪ International shares		
	- Developed markets	0 – 100%	75%
	- Emerging markets	0 – 100%	25%
	<b>Defensive assets</b>		<b>0%</b>
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		
<small>* 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.</small>			

## Our Individual Manager options

Macquarie Investment Management – Australian Fixed Interest			
<b>Return target</b>	▪ CPI plus 1% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium (negative returns expected in between 2 and 3 out of every 20 years).		
<b>Investment style</b>	▪ Passive management.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option may suit members who desire lower return volatility over the medium term.</li> <li>▪ Whilst returns can fluctuate, the risk and return profile is lower than the fund's Default and Shares options.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 3 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>0%</b>
	<b>Defensive assets</b>		<b>100%</b>
	▪ Fixed income		100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			
<small>* 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.</small>			

# Our investment options

## Our Individual Manager options

BlackRock Asset Management – International Fixed Interest <sup>^</sup>			
<b>Return target</b>	▪ CPI plus 1% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium (negative returns expected in between 2 and 3 out of every 20 years).		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>▪ Passive management.</li> <li>▪ The manager invests in securities that form the Barclays Global Aggregate Index, using an index tracking approach to manage securities.</li> </ul>		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option may suit members who desire lower return volatility over the medium term.</li> <li>▪ Whilst returns can fluctuate, the risk and return profile is lower than the fund's Default and Shares options.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 3 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>0%</b>
	<b>Defensive assets</b>		<b>100%</b>
	▪ Fixed income		100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			
<p>* 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. ^ From the 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).</p>			

Industry Super Property Trust Core Fund – Property			
<b>Return target</b>	▪ CPI plus 3% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium to high (negative returns expected in between 3 and 4 out of every 20 years).		
<b>Investment style</b>	▪ The fund has an income bias aiming to offer investors lower relative earnings volatility and a higher income yield.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ This option may suit members who have a 5-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 5 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>30%</b>
	▪ Property		30%
	<b>Defensive assets</b>		<b>70%</b>
	▪ Property		70%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

\*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.

# Our investment options

## Our Individual Manager options

Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property			
<b>Return target</b>	▪ CPI plus 3% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium to high (negative returns expected in between 3 and 4 out of every 20 years).		
<b>Investment style</b>	▪ Long-term direct investment in a quality portfolio of major regional core retail assets, commercial assets and industrial assets across Australia.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ This option may suit members who have a 5-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 5 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>30%</b>
	▪ Property		30%
	<b>Defensive assets</b>		<b>70%</b>
	▪ Property		70%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			
<small>* 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.</small>			

IFM – Australian Infrastructure <sup>1</sup>			
<b>Return target</b>	▪ CPI plus 3% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Medium to high (negative returns expected in between 3 and 4 out of every 20 years).		
<b>Investment style</b>	▪ Long-term direct investment option that invests in tangible infrastructure assets, such as airports, toll roads, power plants and utilities, across Australia.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ This option may suit members who have a 5-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 5 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>50%</b>
	▪ Infrastructure		50%
	<b>Defensive assets</b>		<b>50%</b>
	▪ Infrastructure		50%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		
<p>1. The option may be closed to new investors if a cap of 3% of Total funds under management for the fund is reached.  *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.</p>			

# Our investment options

## Our Individual Manager options

Balanced Equity Management – Australian Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Very high (negative returns expected in between 6 and 7 out of every 20 years).		
<b>Investment style</b>	▪ Active management style based on fundamental analysis of stocks within the S&P/ASX100 Accumulation Index.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	<b>Equity</b>		
	▪ Australian shares		100%
	<b>Defensive assets</b>		<b>0%</b>
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			
<small>* 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.</small>			

IFM – Australian Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Very high (negative returns expected in between 6 and 7 out of every 20 years).		
<b>Investment style</b>	▪ Enhanced passive management.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	<b>Equity</b>		
	▪ Australian shares		100%
	<b>Defensive assets</b>		<b>0%</b>
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			
<small>* 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.</small>			

# Our investment options

## Our Individual Manager options

Paradise Investment Management (Small Cap) – Australian Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Very high (negative returns expected in between 6 and 7 out of every 20 years).		
<b>Investment style</b>	▪ 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.		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	<b>Equity</b>		
	▪ Australian shares		100%
	<b>Defensive assets</b>		<b>0%</b>
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

\* 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.

IronBridge Capital Management – International Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ High (negative returns expected in between 5 and 6 out of every 20 years).		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>▪ Active style blend of growth and value stock selection.</li> <li>▪ Utilises proprietary concept 'Life Cycle', which defines the path of analysis for fundamental research and for ensuring proper diversification in the portfolio construction process.</li> </ul>		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	<b>Equity</b>		
	▪ International shares		
	- Developed Markets		100%
	<b>Defensive assets</b>		<b>0%</b>
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		
<p>* 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.</p>			

# Our investment options

Neuberger Berman – International Shares			
<b>Return target</b>	▪ CPI plus 5% per annum over 20 years.		
<b>Level of investment risk*</b>	▪ Very high (negative returns expected in between 6 and 7 out of every 20 years).		
<b>Investment style</b>	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ The style can best be characterised by Growth at a Reasonable Price (GARP).</li> </ul>		
<b>Who is this investment suitable for?</b>	<ul style="list-style-type: none"> <li>▪ This option is less diversified than the fund's Default option and has a higher risk and return profile.</li> <li>▪ This option may suit members who have a 7-year-plus investment time horizon.</li> </ul>		
<b>Suggested minimum investment timeframe#</b>	▪ 7 years +		
<b>Asset mix</b>		<b>Range</b>	<b>SAA Benchmark</b>
	<b>Growth assets</b>		<b>100%</b>
	<b>Equity</b>		
	▪ International shares		
	- Emerging Markets		100%
	<b>Defensive assets</b>		<b>0%</b>

\* 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.

## Our Choiceplus option

The Choiceplus investment option offers you a greater level of control and choice in investing your super.

It provides you with access to real-time trading, extensive market information, independent research through Thomson Reuters and investment tools to assist you in making an informed investment decision and manage your portfolio.

Choiceplus allows you to invest directly in:

- Australian shares (S&P/ASX 300 Index);
- Exchange traded funds (ETFs); and
- Term deposits.

The Choiceplus investment option offers many of the features available to a self-managed super fund (SMSF) at a low cost, and you continue to be invested in an APRA regulated super fund with all the prudential protections that it provides.

Hostplus reserves the right to change or add to the selection of investments available through the Choiceplus investment option as required. Visit [hostplus.com.au/choiceplus](http://hostplus.com.au/choiceplus) for details of the current investments available.

**Passionate and knowledgeable about the things we do.**

# Our investment returns - Superannuation

Net investment returns for Hostplus and Hostplus Executive 1 year to 30 June	2016	2015	2014	2013	2012
Capital Stable	3.23%	6.61%	7.94%	9.14%	5.35%
Conservative Balanced	3.88%	8.39%	10.42%	12.21%	3.08%
Indexed Balanced	2.20%	10.83%	14.39%	18.71%	0.44%
Balanced (MySuper)	5.00%	11.00%	13.60%	16.30%	1.00%
Shares Plus	3.88%	10.84%	14.79%	17.91%	-1.07%
Cash	1.82%	2.04%	2.30%	2.84%	3.88%
Diversified Fixed Interest	6.82%	5.92%	7.00%	7.30%	10.82%
Property	10.16%	11.92%	8.58%	5.28%	3.62%
Australian Shares	5.47%	7.88%	17.55%	19.33%	-4.53%
International Shares	-2.16%	12.13%	17.21%	23.97%	-3.18%
Macquarie Investment Management – Australian Fixed Interest	5.94%	4.77%	5.28%	2.36%	10.47%
BlackRock Asset Management – International Fixed Interest	7.82%	5.22%	6.39%	3.96%	11.23%
Industry Super Property Trust Core Fund	12.02%	11.36%	8.40%	8.01%	6.78%
Lend Lease – Australian Prime Property Funds – Property	10.44%	8.01%	7.47%	5.13%	8.48%
Balanced Equity Management – Australian Shares	-6.25%	6.60%	18.38%	26.12%	-5.34%
IFM – Australian Shares <sup>1</sup>	2.02%	6.95%	17.04%	9.29%	N/A
Paradice Investment Management (Small Cap) – Australian Shares	30.37%	9.40%	8.67%	7.33%	1.33%
IronBridge Capital Management – International Shares	-0.75%	23.50%	14.28%	28.70%	-1.14%
Neuberger Berman – International Shares <sup>2</sup>	-2.99%	13.44%	9.50%	19.99%	1.64%
IFM – Australian Infrastructure <sup>3</sup>	21.05%	2.14%	N/A	N/A	N/A

1 The IFM – 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.

2 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.

3 The IFM – Australian Infrastructure option was introduced on 25 May 2015, therefore the 2015 performance is for the period of five weeks to 30 June 2015.

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.

Net investment returns for Hostplus and Hostplus Executive to 30 June	6 months	1 yr	3 yr p.a.	5 yr p.a.	7 yr p.a.	10 yr p.a.
Capital Stable	2.28%	3.23%	5.91%	6.43%	6.99%	5.74%
Conservative Balanced (A)	2.62%	3.88%	7.53%	7.54%	7.99%	N/A
Indexed Balanced (B)	0.97%	2.20%	9.02%	9.09%	N/A	N/A
Balanced (MySuper)	3.43%	5.00%	9.81%	9.23%	9.20%	6.12%
Shares Plus	2.68%	3.88%	9.74%	9.04%	9.45%	6.17%
Cash	0.98%	1.82%	2.05%	2.57%	3.10%	3.91%
Diversified Fixed Interest	4.13%	6.82%	6.58%	7.56%	8.03%	7.10%
Property	6.29%	10.16%	10.21%	7.87%	6.67%	5.87%
Australian Shares	3.43%	5.47%	10.18%	8.79%	10.08%	7.21%
International Shares	0.50%	-2.16%	8.74%	9.07%	9.98%	4.52%
Macquarie Investment Management – Australian Fixed Interest	4.19%	5.94%	5.33%	5.73%	5.71%	5.64%
BlackRock Asset Management – International Fixed Interest (C)	5.69%	7.82%	6.47%	6.89%	N/A	N/A
Industry Super Property Trust Core Fund	7.00%	12.02%	10.58%	9.30%	8.61%	6.79%
Lend Lease – Australian Prime Property Funds – Property	6.85%	10.44%	8.63%	7.89%	6.75%	6.46%
Balanced Equity Management – Australian Shares	-2.77%	-6.25%	5.76%	7.15%	8.91%	5.86%
IFM – Australian Shares (D)	2.48%	2.02%	8.49%	N/A	N/A	N/A
Paradice Investment Management (Small Cap) – Australian Shares	16.19%	30.37%	15.73%	11.01%	13.94%	8.29%
IronBridge Capital Management – International Shares (C)	-4.14%	-0.75%	11.89%	12.25%	N/A	N/A
Neuberger Berman – International Shares (E)	3.08%	-2.99%	6.41%	N/A	N/A	N/A
IFM – Australian Infrastructure (F)	17.25%	21.05%	N/A	N/A	N/A	N/A

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 The IFM – Australian Shares option was introduced on 1 November 2012.

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

F The IFM – Australian Infrastructure option was introduced on 25 May 2015.

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.

# Our investment returns - Pension

Net investment returns for Hostplus Pension 1 year to 30 June 2016	2016	2015	2014	2013	2012
Capital Stable	3.58%	7.30%	8.86%	10.57%	6.04%
Indexed Balanced	1.82%	12.21%	15.70%	21.55%	-0.44%
Conservative Balanced	4.20%	9.35%	11.53%	14.18%	3.43%
Balanced	4.66%	12.28%	14.74%	18.41%	0.96%
Shares Plus	3.96%	12.21%	16.22%	20.83%	-1.19%
Cash	2.15%	2.55%	2.62%	3.32%	4.67%
Diversified Fixed Interest	7.98%	7.06%	7.82%	8.38%	12.29%
Property	11.30%	12.59%	9.41%	5.80%	4.01%
Australian shares	5.88%	8.76%	19.40%	22.14%	-5.41%
International shares	-3.29%	14.47%	19.14%	28.09%	-3.34%
Macquarie Investment Management – Australian Fixed Interest	6.38%	5.93%	6.31%	2.36%	12.45%
BlackRock Asset Management – International Fixed Interest	9.24%	5.78%	7.11%	4.54%	12.53%
Industry Super Property Trust Core Fund	13.48%	10.79%	9.77%	8.35%	7.89%
Lend Lease – Australian Prime Property Funds – Property	11.28%	8.64%	7.91%	5.85%	9.43%
Balanced Equity Management – Australian Shares	-7.28%	7.55%	20.14%	29.73%	-6.49%
IFM – Australian Shares <sup>1</sup>	2.05%	7.86%	18.37%	10.30%	N/A
Paradice Investment Management (Small Cap) – Australian Shares	33.71%	11.86%	9.39%	8.36%	0.79%
IronBridge Capital Management – International Shares	-0.86%	26.36%	15.58%	30.84%	-1.36%
Neuberger Berman – International Shares <sup>2</sup>	-3.37%	15.10%	10.54%	22.80%	-1.97%
IFM – Australian Infrastructure <sup>3</sup>	24.63%	-0.06%	N/A	N/A	N/A

1 The IFM – 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.

2 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.

3 The IFM – Australian Infrastructure option was introduced on 25 May 2015, therefore the 2015 performance is for the period of five weeks to 30 June 2015.

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.

Net investment returns for Hostplus Pension to 30 June 2016	6 months	1 yr	3 yr p.a.	5 yr p.a.
Capital Stable	2.27%	3.58%	6.56%	7.24%
Indexed Balanced	0.47%	1.82%	9.75%	9.85%
Conservative Balanced	2.52%	4.20%	8.31%	8.46%
Balanced	2.53%	4.66%	10.48%	10.02%
Shares Plus	2.39%	3.96%	10.68%	10.11%
Cash	1.02%	2.15%	2.44%	3.06%
Diversified Fixed Interest	4.97%	7.98%	7.62%	8.69%
Property	6.08%	11.30%	11.09%	8.57%
Australian shares	2.61%	5.88%	11.20%	9.69%
International shares	0.29%	-3.29%	9.67%	10.31%
Macquarie Investment Management – Australian Fixed Interest	4.28%	6.38%	6.20%	6.64%
BlackRock Asset Management – International Fixed Interest	6.62%	9.24%	7.37%	7.80%
Industry Super Property Trust Core Fund	6.36%	13.48%	11.34%	10.04%
Lend Lease – Australian Prime Property Funds – Property	6.50%	11.28%	9.27%	8.61%
Balanced Equity Management – Australian Shares	-4.03%	-7.28%	6.21%	7.76%
IFM – Australian Shares <sup>1</sup>	1.86%	2.05%	9.22%	N/A
Paradice Investment Management (Small Cap) – Australian Shares	16.67%	33.71%	17.84%	12.31%
IronBridge Capital Management – International Shares	-4.24%	-0.86%	13.13%	13.32%
Neuberger Berman – International Shares <sup>2</sup>	3.54%	-3.37%	7.13%	N/A
IFM – Australian Infrastructure <sup>3</sup>	17.55%	24.63%	N/A	N/A

1 The IFM – Australian Shares option was introduced on 1 November 2012.

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

3 The IFM – Australian Infrastructure option was introduced on 25 May 2015.

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.

# Investment holdings

## Australian Equities

100 largest holdings as at 30 June 2016

Rank	Name	Value (AUD)	% of Asset class	% of Total fund
1	WESTPAC BANKING CORPORATION ORD	\$343.4m	6.5%	1.7%
2	COMMONWEALTH BANK OF AUSTRALIA	\$340.5m	6.5%	1.7%
3	AUSTRALIA NEW ZEALAND BANKING	\$248.8m	4.7%	1.2%
4	NATIONAL AUSTRALIA BANK ORD	\$177.2m	3.4%	0.9%
5	BHP BILLITON ORD	\$152.4m	2.9%	0.8%
6	TELSTRA CORPORATION ORD	\$139.3m	2.7%	0.7%
7	CSL ORD	\$114.2m	2.2%	0.6%
8	WESFARMERS ORD	\$106.6m	2.0%	0.5%
9	MACQUARIE GROUP ORD	\$90.3m	1.7%	0.4%
10	WOODSIDE PETROLEUM ORD	\$81.8m	1.6%	0.4%
11	ORIGIN ENERGY ORD	\$76.4m	1.5%	0.4%
12	RIO TINTO ORD	\$71.6m	1.4%	0.4%
13	WOOLWORTHS ORD	\$66.0m	1.3%	0.3%
14	AGL ENERGY ORD	\$65.3m	1.2%	0.3%
15	NEWCREST MINING ORD	\$60.3m	1.1%	0.3%
16	RESMED CDI	\$56.3m	1.1%	0.3%
17	BRAMBLES ORD	\$54.0m	1.0%	0.3%
18	SYDNEY AIRPORT UNT	\$53.8m	1.0%	0.3%
19	TREASURY WINE ESTATES ORD	\$49.8m	0.9%	0.2%
20	TRANSURBAN GROUP ORD	\$49.2m	0.9%	0.2%
21	ARISTOCRAT LEISURE ORD	\$48.2m	0.9%	0.2%
22	SUNCORP GROUP ORD	\$47.9m	0.9%	0.2%
23	MACQUARIE ATLAS ROADS GROUP	\$47.7m	0.9%	0.2%
24	AMCOR ORD	\$45.7m	0.9%	0.2%
25	QBE INSURANCE GROUP ORD	\$44.2m	0.8%	0.2%
26	THE STAR ENTERTAINMENT GROUP	\$43.0m	0.8%	0.2%
27	CALTEX AUSTRALIA ORD	\$42.8m	0.8%	0.2%
28	BLUESCOPE STEEL ORD	\$41.2m	0.8%	0.2%
29	SANTOS ORD	\$39.6m	0.8%	0.2%
30	CROWN RESORTS ORD	\$38.9m	0.7%	0.2%
31	ALUMINA ORD	\$38.5m	0.7%	0.2%
32	QANTAS AIRWAYS ORD	\$38.5m	0.7%	0.2%
33	VOCUS COMMUNICATIONS ORD	\$38.2m	0.7%	0.2%
34	CHORUS ORD	\$38.1m	0.7%	0.2%

## Australian Equities

### 100 largest holdings as at 30 June 2016 (continued)

Rank	Name	Value (AUD)	% of Asset class	% of Total fund
35	JAMES HARDIE INDUSTRIES CDI	\$35.0m	0.7%	0.2%
36	METCASH ORD	\$34.7m	0.7%	0.2%
37	PARADICE MICRO INVESTMENT FUND	\$33.9m	0.6%	0.2%
38	LEND LEASE GROUP NPV	\$33.5m	0.6%	0.2%
39	Z ENERGY ORD	\$33.0m	0.6%	0.2%
40	ASCIANO ORD	\$32.9m	0.6%	0.2%
41	CARSALES.COM ORD	\$32.2m	0.6%	0.2%
42	AURIZON ORD	\$30.0m	0.6%	0.1%
43	SOUTH32 ORD G	\$29.9m	0.6%	0.1%
44	CHALLENGER ORD	\$29.6m	0.6%	0.1%
45	SPARK INFRASTRUCTURE GROUP UNT	\$29.0m	0.6%	0.1%
46	COMPUTERSHARE ORD	\$28.9m	0.5%	0.1%
47	SCENTRE GROUP ORD	\$28.2m	0.5%	0.1%
48	IRON MOUNTAIN INCORPORATED CDI	\$28.2m	0.5%	0.1%
49	WESTFIELD CORPORATION ORD	\$28.0m	0.5%	0.1%
50	SIGMA PHARMACEUTICALS ORD	\$27.1m	0.5%	0.1%
51	BORAL ORD	\$27.0m	0.5%	0.1%
52	SEEK ORD	\$26.0m	0.5%	0.1%
53	HENDERSON GROUP CDI	\$24.7m	0.5%	0.1%
54	SIMS METAL MANAGEMENT ORD	\$24.3m	0.5%	0.1%
55	TPG TELECOM ORD	\$24.3m	0.5%	0.1%
56	COCHLEAR ORD	\$24.1m	0.5%	0.1%
57	OIL SEARCH ORD	\$24.0m	0.5%	0.1%
58	ORORA ORD	\$23.4m	0.4%	0.1%
59	AUSNET SERVICES	\$23.1m	0.4%	0.1%
60	LINK ADMINISTRATION HOLDINGS	\$22.7m	0.4%	0.1%
61	GPT GROUP UNT	\$22.6m	0.4%	0.1%
62	APN OUTDOOR GROUP ORD	\$22.5m	0.4%	0.1%
63	ANSELL ORD	\$22.5m	0.4%	0.1%
64	TWENTY FIRST CENTURY FOX CL B	\$22.2m	0.4%	0.1%
65	CYBG PLC CDI	\$22.2m	0.4%	0.1%
66	AMP ORD	\$21.6m	0.4%	0.1%
67	MEDIBANK PRIVATE ORD	\$21.5m	0.4%	0.1%
68	NEWS CORPORATION CDI	\$20.4m	0.4%	0.1%

# Investment holdings

## Australian Equities

100 largest holdings as at 30 June 2016 (continued)

Rank	Name	Value (AUD)	% of Asset class	% of Total fund
69	GOODMAN GROUP UNT	\$20.2m	0.4%	0.1%
70	NORTHERN STAR RESOURCES ORD	\$19.9m	0.4%	0.1%
71	HEALTHSCOPE ORD	\$19.6m	0.4%	0.1%
72	PACIFIC BRANDS ORD	\$18.5m	0.4%	0.1%
73	DOWNER EDI ORD	\$18.4m	0.4%	0.1%
74	FLETCHER BUILDING ORD	\$18.0m	0.3%	0.1%
75	ILUKA RESOURCES ORD	\$17.6m	0.3%	0.1%
76	HARVEY NORMAN HOLDINGS ORD	\$17.0m	0.3%	0.1%
77	TABCORP HOLDINGS ORD	\$16.8m	0.3%	0.1%
78	RAMSAY HEALTH CARE ORD	\$16.2m	0.3%	0.1%
79	FORTESCUE METALS GROUP ORD	\$16.1m	0.3%	0.1%
80	IRESS ORD	\$16.0m	0.3%	0.1%
81	STEADFAST GROUP ORD	\$15.9m	0.3%	0.1%
82	SOUTHERN CROSS MEDIA GROUP ORD	\$15.8m	0.3%	0.1%
83	SUPER RETAIL GROUP ORD	\$15.7m	0.3%	0.1%
84	STOCKLAND UNT	\$15.4m	0.3%	0.1%
85	JB HI-FI ORD	\$14.9m	0.3%	0.1%
86	AVEO GROUP UNT	\$14.6m	0.3%	0.1%
87	GRAINCORP ORD	\$14.6m	0.3%	0.1%
88	DOMINO'S PIZZA ENTERPRISES ORD	\$14.4m	0.3%	0.1%
89	MINERAL RESOURCES ORD	\$14.4m	0.3%	0.1%
90	BANK OF QUEENSLAND ORD	\$14.3m	0.3%	0.1%
91	TATTS GROUP ORD	\$13.8m	0.3%	0.1%
92	GATEWAY LIFESTYLE GROUP UNT	\$13.6m	0.3%	0.1%
93	A2 MILK COMPANY ORD	\$13.6m	0.3%	0.1%
94	APN NEWS & MEDIA ORD	\$13.5m	0.3%	0.1%
95	VICINITY CENTRES RES	\$13.3m	0.3%	0.1%
96	ADELAIDE BRIGHTON ORD	\$13.3m	0.3%	0.1%
97	EVOLUTION MINING ORD	\$13.1m	0.2%	0.1%
98	WORLEYPARSONS ORD	\$12.4m	0.2%	0.1%
99	ALCOA CDI	\$12.2m	0.2%	0.1%
100	PREMIER INVESTMENTS ORD	\$12.0m	0.2%	0.1%
<b>Total</b>		<b>\$4,398.3m</b>	<b>83.8%</b>	<b>21.8%</b>

## Australian Equities

### Sector allocation of the 100 largest holdings as at 30 June 2016

Sector	Value (AUD)	% of Asset class	% of Total fund
Consumer Discretionary	\$347.8m	6.6%	1.7%
Consumer Staples	\$285.3m	5.4%	1.4%
Energy	\$310.0m	5.9%	1.5%
Financials	\$1,693.6m	32.3%	8.4%
Healthcare	\$280.0m	5.3%	1.4%
Industrials	\$432.6m	8.2%	2.1%
Information Technology	\$32.2m	0.6%	0.2%
Materials	\$659.7m	12.6%	3.3%
Telcom Services	\$239.9m	4.6%	1.2%
Utilities	\$117.3m	2.2%	0.6%
<b>Total</b>	<b>\$4,398.3m</b>	<b>83.8%</b>	<b>21.8%</b>

# Investment holdings

## International Equities

100 largest holdings as at 30 June 2016

Rank	Name	Country	Value (AUD)	% of Asset class	% of Total fund
1	TENCENT ORD	CHINA	\$81.0m	1.7%	0.4%
2	AMAZON COM ORD	UNITED STATES	\$61.9m	1.3%	0.3%
3	FACEBOOK CL A ORD	UNITED STATES	\$61.6m	1.3%	0.3%
4	MICROSOFT ORD	UNITED STATES	\$58.2m	1.2%	0.3%
5	SAMSUNG ELECTR ORD	KOREA	\$56.5m	1.2%	0.3%
6	TAIWAN SEMICONDUCTOR MNFTG ADR	TAIWAN	\$53.9m	1.1%	0.3%
7	NESTLE N ORD	SWITZERLAND	\$49.6m	1.0%	0.2%
8	AIA ORD	HONG KONG	\$47.3m	1.0%	0.2%
9	NETEASE ADR REP 25 ORD	CHINA	\$46.7m	1.0%	0.2%
10	BAIDU ADR REP 1/10 CL A ORD	CHINA	\$45.4m	0.9%	0.2%
11	ALIBABA GROUP HOLDING ADR REP	CHINA	\$45.2m	0.9%	0.2%
12	ALPHABET CL C ORD	UNITED STATES	\$43.4m	0.9%	0.2%
13	APPLE ORD	UNITED STATES	\$43.2m	0.9%	0.2%
14	AB INBEV ORD	BELGIUM	\$40.9m	0.8%	0.2%
15	ZOETIS CL A ORD	UNITED STATES	\$40.0m	0.8%	0.2%
16	ILLUMINA ORD	UNITED STATES	\$36.4m	0.7%	0.2%
17	IMPERIAL BRANDS ORD	GREAT BRITAIN	\$34.4m	0.7%	0.2%
18	TESLA MOTORS ORD	UNITED STATES	\$33.6m	0.7%	0.2%
19	CHARTER COMMUNICATIONS CL A ORD	UNITED STATES	\$33.4m	0.7%	0.2%
20	QUALCOMM ORD	UNITED STATES	\$32.0m	0.7%	0.2%
21	JOHNSON & JOHNSON ORD	UNITED STATES	\$30.9m	0.6%	0.2%
22	GENERAL ELECTRIC ORD	UNITED STATES	\$29.1m	0.6%	0.1%
23	ACCENTURE CL A ORD	UNITED STATES	\$27.9m	0.6%	0.1%
24	HDFC BANK ADR REP 3 ORD	INDIA	\$27.9m	0.6%	0.1%
25	APACHE ORD	UNITED STATES	\$26.4m	0.5%	0.1%
26	INDITEX ORD	SPAIN	\$26.2m	0.5%	0.1%
27	MOTOROLA SOLUTIONS ORD	UNITED STATES	\$25.0m	0.5%	0.1%
28	BRITISH AMERICAN TOBACCO ORD	GREAT BRITAIN	\$24.7m	0.5%	0.1%
29	MERCK & CO ORD	UNITED STATES	\$24.3m	0.5%	0.1%
30	JAPAN TOBACCO ORD	JAPAN	\$23.0m	0.5%	0.1%
31	LG HOUSEHOLD ORD	KOREA	\$23.0m	0.5%	0.1%
32	MONDELEZ INTERNATIONAL CL A ORD	UNITED STATES	\$22.9m	0.5%	0.1%
33	FIRST REPUBLIC BANK ORD	UNITED STATES	\$21.9m	0.5%	0.1%
34	MALAYSIA AIRPORTS HOLDINGS ORD	MALAYSIA	\$21.8m	0.4%	0.1%

## International Equities

### 100 largest holdings as at 30 June 2016 (continued)

Rank	Name	Country	Value (AUD)	% of Asset class	% of Total fund
35	COLGATE PALMOLIVE ORD	UNITED STATES	\$21.6m	0.4%	0.1%
36	CVS HEALTH ORD	UNITED STATES	\$21.5m	0.4%	0.1%
37	MARUTI SUZUKI INDIA ORD	INDIA	\$21.4m	0.4%	0.1%
38	PHILIP MORRIS INTERNATIONAL OR	UNITED STATES	\$21.0m	0.4%	0.1%
39	RECKITT BENCKSR STK	GREAT BRITAIN	\$20.8m	0.4%	0.1%
40	ANHEUSER BUSCH ADR REP 1 ORD	BELGIUM	\$20.8m	0.4%	0.1%
41	WALT DISNEY ORD	UNITED STATES	\$20.1m	0.4%	0.1%
42	TIME WARNER ORD	UNITED STATES	\$19.8m	0.4%	0.1%
43	NOVARTIS N ORD	SWITZERLAND	\$19.3m	0.4%	0.1%
44	COMCAST CL A ORD	UNITED STATES	\$19.3m	0.4%	0.1%
45	ORACLE ORD	UNITED STATES	\$18.9m	0.4%	0.1%
46	EBAY ORD	UNITED STATES	\$18.9m	0.4%	0.1%
47	PAYPAL HOLDINGS ORD	UNITED STATES	\$18.7m	0.4%	0.1%
48	SANOFI ORD	FRANCE	\$18.7m	0.4%	0.1%
49	BARRICK GOLD ORD	CANADA	\$18.7m	0.4%	0.1%
50	SBERBANK OF RUSSIA ADR	RUSSIA	\$18.7m	0.4%	0.1%
51	XPO LOGISTICS ORD	UNITED STATES	\$18.7m	0.4%	0.1%
52	GIVAUDAN N ORD	SWITZERLAND	\$18.3m	0.4%	0.1%
53	OCCIDENTAL PETROLEUM ORD	UNITED STATES	\$18.1m	0.4%	0.1%
54	ALIMENTATION COU TARD SUBVTNG	CANADA	\$18.0m	0.4%	0.1%
55	ROLLS-ROYCE HOLDINGS ORD	GREAT BRITAIN	\$17.9m	0.4%	0.1%
56	S&P GLOBAL ORD	UNITED STATES	\$17.3m	0.4%	0.1%
57	AIG COM	UNITED STATES	\$17.1m	0.4%	0.1%
58	TOP GLOVE ORD	MALAYSIA	\$17.1m	0.4%	0.1%
59	BERKSHIRE HATHWAY CL B ORD	UNITED STATES	\$16.9m	0.3%	0.1%
60	SABMILLER ORD	GREAT BRITAIN	\$16.6m	0.3%	0.1%
61	THERMO FISHER SCIENTIFIC ORD	UNITED STATES	\$16.6m	0.3%	0.1%
62	GLAXOSMITHKLINE ORD	GREAT BRITAIN	\$16.3m	0.3%	0.1%
63	FOMENTO ECONOMICO MEXICANO UBD	MEXICO	\$16.2m	0.3%	0.1%
64	KIRIN HOLDINGS ORD	JAPAN	\$16.0m	0.3%	0.1%
65	ABBOTT LABORATORIES ORD	UNITED STATES	\$15.9m	0.3%	0.1%
66	VF ORD	UNITED STATES	\$15.8m	0.3%	0.1%
67	INTUITIVE SURGICAL IN COM NEW	UNITED STATES	\$15.8m	0.3%	0.1%
68	BROOKFIELD ASSET MANAGEMENT CL	CANADA	\$15.6m	0.3%	0.1%

# Investment holdings

## International equities

### 100 largest holdings as at 30 June 2016 (continued)

Rank	Name	Country	Value (AUD)	% of Asset class	% of Total fund
69	MEGACABLE HOLDINGS CPO	MEXICO	\$15.4m	0.3%	0.1%
70	DELTA ELECTRONIC ORD	TAIWAN	\$15.3m	0.3%	0.1%
71	EXPERIAN ORD	GREAT BRITAIN	\$15.3m	0.3%	0.1%
72	ADVANCED INFO SV NVDR	THAILAND	\$15.2m	0.3%	0.1%
73	ECOLAB ORD	UNITED STATES	\$15.1m	0.3%	0.1%
74	WELLS FARGO ORD	UNITED STATES	\$15.0m	0.3%	0.1%
75	ICBC ORD H	CHINA	\$14.9m	0.3%	0.1%
76	CTRIPOCOM INTRNTL 8 ADR	CHINA	\$14.8m	0.3%	0.1%
77	NASPERS N ORD	SOUTH AFRICA	\$14.6m	0.3%	0.1%
78	CITIGROUP INC COM	UNITED STATES	\$14.6m	0.3%	0.1%
79	NOVOZYMES B ORD	DENMARK	\$14.4m	0.3%	0.1%
80	TELKOM INDONESIA ORD	INDONESIA	\$14.4m	0.3%	0.1%
81	STARBUCKS ORD	UNITED STATES	\$14.2m	0.3%	0.1%
82	DIAGEO ORD	GREAT BRITAIN	\$14.1m	0.3%	0.1%
83	MONSANTO ORD	UNITED STATES	\$14.0m	0.3%	0.1%
84	ILLINOIS TOOL ORD	UNITED STATES	\$13.9m	0.3%	0.1%
85	ASSA ABLOY B ORD	SWEDEN	\$13.9m	0.3%	0.1%
86	NAVER ORD	KOREA	\$13.7m	0.3%	0.1%
87	JD.COM ADR REP 2 CL A ORD	CHINA	\$13.6m	0.3%	0.1%
88	YANDEX CL A ORD	NETHERLANDS	\$13.4m	0.3%	0.1%
89	TECHTRONIC IND ORD	HONG KONG	\$13.3m	0.3%	0.1%
90	HARLEY DAVIDSON ORD	UNITED STATES	\$13.2m	0.3%	0.1%
91	ESSILOR INTERNATIONAL ORD	FRANCE	\$13.1m	0.3%	0.1%
92	ISHARES MSCI INDIA ETF	INDIA	\$13.0m	0.3%	0.1%
93	ROPER TECHNOLOGIES ORD	UNITED STATES	\$13.0m	0.3%	0.1%
94	ELI LILLY ORD	UNITED STATES	\$12.7m	0.3%	0.1%
95	KERING ORD	FRANCE	\$12.6m	0.3%	0.1%
96	AMERICA MOVIL ADR REP 20 SR	MEXICO	\$12.6m	0.3%	0.1%
97	L'OREAL ORD	FRANCE	\$12.6m	0.3%	0.1%
98	THE PRICELINE GROUP ORD	UNITED STATES	\$12.6m	0.3%	0.1%
99	VEOLIA ENVIRONNEMENT VE ORD	FRANCE	\$12.5m	0.3%	0.1%
100	BOSTON SCIENTIFIC ORD	UNITED STATES	\$12.5m	0.3%	0.1%
<b>Total</b>			<b>\$2,366.3m</b>	<b>48.7%</b>	<b>11.7%</b>

## International equities

### Sector allocation of the 100 largest holdings as at 30 June 2016

Sector	Value (AUD)	% of Asset class	% of Total fund
Consumer Discretionary	\$537.2m	11.1%	2.7%
Consumer Staples	\$417.8m	8.6%	2.1%
Energy	\$44.5m	0.9%	0.2%
Financials	\$227.3m	4.7%	1.1%
Healthcare	\$289.8m	6.0%	1.4%
Industrials	\$162.4m	3.3%	0.8%
Information Technology	\$539.1m	11.1%	2.7%
Materials	\$80.5m	1.7%	0.4%
Telcom Services	\$42.2m	0.9%	0.2%
Utilities	\$12.5m	0.3%	0.1%
Exchange Traded Funds	\$13.0m	0.3%	0.1%
<b>Total</b>	<b>\$2,366.3m</b>	<b>48.7%</b>	<b>11.7%</b>

## Private equity

### Strategy allocation as at 30 June 2016

Sector	Value (AUD)	% of Asset class	% of Total fund
Buy-Outs	\$615.1m	45.3%	3.1%
Venture Capital	\$122.7m	9.0%	0.6%
Expansion	\$173.0m	12.7%	0.9%
Co-Investments	\$134.6m	9.9%	0.7%
Special Situations	\$20.2m	1.5%	0.1%
Distressed	\$9.3m	0.7%	0.0%
Other (incl. Mixed Strategy, ISH & ME Bank)	\$283.9m	20.9%	1.4%
<b>Total</b>	<b>\$1,358.8m</b>	<b>100.0%</b>	<b>6.7%</b>

# Investment holdings

## Private equity

Geographic allocation as at 30 June 2016

Location	Value (AUD)	% of Asset class	% of Total fund
<b>Australia</b>	<b>\$282.1m</b>	<b>20.8%</b>	<b>1.4%</b>
Victoria	\$226.5m	16.7%	1.1%
New South Wales	\$48.1m	3.5%	0.2%
Queensland	\$4.5m	0.3%	0.0%
Western Australia	\$3.0m	0.2%	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%
Tasmania	\$0.0m	0.0%	0.0%
<b>Overseas</b>	<b>\$1,076.6m</b>	<b>79.2%</b>	<b>5.3%</b>
United States	\$619.1m	45.6%	3.1%
China	\$171.5m	12.6%	0.9%
United Kingdom	\$46.4m	3.4%	0.2%
Germany	\$18.0m	1.3%	0.1%
France	\$14.7m	1.1%	0.1%
Brazil	\$12.3m	0.9%	0.1%
Hong Kong	\$6.2m	0.5%	0.0%
Netherlands	\$6.0m	0.4%	0.0%
Japan	\$4.5m	0.3%	0.0%
Other	\$177.8m	13.1%	0.9%
<b>Total</b>	<b>\$1,358.8m</b>	<b>100.0%</b>	<b>6.7%</b>

## Infrastructure

### Sector allocation as at 30 June 2016

Sector	Value (AUD)	% of Asset class	% of Total fund
Airports	\$647.3m	26.7%	3.2%
Electricity Generation	\$19.8m	0.8%	0.1%
Electricity Transmission and Distribution	\$94.1m	3.9%	0.5%
Energy Storage	\$88.5m	3.7%	0.4%
Gas Distribution	\$13.2m	0.5%	0.1%
Liquefied Natural Gas	\$95.7m	4.0%	0.5%
Oil Storage	\$57.2m	2.4%	0.3%
Pipelines	\$31.9m	1.3%	0.2%
Rail	\$16.5m	0.7%	0.1%
Renewable Energy	\$5.2m	0.2%	0.0%
Seaports	\$415.0m	17.1%	2.1%
Social Infrastructure	\$239.9m	9.9%	1.2%
Steam and Hot Water Supply	\$18.8m	0.8%	0.1%
Telecommunications	\$20.9m	0.9%	0.1%
Toll Roads	\$272.4m	11.2%	1.4%
Transport	\$0.0m	0.0%	0.0%
Water and Wastewater	\$138.8m	5.7%	0.7%
Wireless Communication Towers	\$0.0m	0.0%	0.0%
Other	\$1.9m	0.1%	0.0%
<b>Total*</b>	<b>\$2,421.2m</b>	<b>100.0%</b>	<b>12.0%</b>

\*Due to price sensitive information, not all investments are currently included within this table.

# Investment holdings

## Infrastructure

Geographic allocation as at 30 June 2016

Location	Value (AUD)	% of Asset class	% of Total fund
<b>Australia</b>	<b>\$1,437.7m</b>	<b>59.4%</b>	<b>7.1%</b>
New South Wales	\$589.2m	24.3%	2.9%
Victoria	\$377.8m	15.6%	1.9%
Queensland	\$265.7m	11.0%	1.3%
Western Australia	\$89.4m	3.7%	0.4%
Northern Territory	\$52.0m	2.1%	0.3%
Tasmania	\$39.2m	1.6%	0.2%
South Australia	\$23.5m	1.0%	0.1%
Australian Capital Territory	\$0.8m	0.0%	0.0%
<b>Overseas</b>	<b>\$983.5m</b>	<b>40.6%</b>	<b>4.9%</b>
United Kingdom	\$359.7m	14.9%	1.8%
United States	\$410.6m	17.0%	2.0%
France	\$57.2m	2.4%	0.3%
Austria	\$46.5m	1.9%	0.2%
New Zealand	\$35.9m	1.5%	0.2%
Mexico	\$29.4m	1.2%	0.1%
Germany	\$20.5m	0.8%	0.1%
Poland	\$18.8m	0.8%	0.1%
Chile	\$2.8m	0.1%	0.0%
Other	\$2.0m	0.1%	0.0%
<b>Total</b>	<b>\$2,421.2m</b>	<b>100.0%</b>	<b>12.0%</b>

## Infrastructure

### List of assets as at 30 June 2016

Asset Name	Asset type	Location	Value (AUD)	% of Asset class	% of Total fund
NSW Ports Consortium	Seaports	New South Wales	\$254.5m	10.5%	1.3%
Melbourne Airport	Airports	Victoria	\$220.0m	9.1%	1.1%
Indiana Toll Road	Toll Roads	United States	\$182.2m	7.5%	0.9%
Darling Harbour Live	Social Infrastructure	New South Wales	\$168.8m	7.0%	0.8%
Port of Brisbane	Seaports	Queensland	\$156.1m	6.4%	0.8%
Anglian Water Group	Water and Wastewater	United Kingdom	\$113.4m	4.7%	0.6%
Brisbane Airport	Airports	Queensland	\$101.8m	4.2%	0.5%
Manchester Airport Group	Airports	United Kingdom	\$97.4m	4.0%	0.5%
Lochard Energy	Energy Storage	Victoria	\$88.5m	3.7%	0.4%
Perth Airport	Airports	Western Australia	\$75.1m	3.1%	0.4%
Freeport Investment Notes	Liquefied Natural Gas	United States	\$64.5m	2.7%	0.3%
Pisto	Oil Storage	France	\$57.2m	2.4%	0.3%
NT Airports	Airports	Northern Territory	\$52.0m	2.1%	0.3%
Vienna Airport	Airports	Austria	\$46.5m	1.9%	0.2%
TransGrid	Electricity Transmission and Distribution	New South Wales	\$41.1m	1.7%	0.2%
Hobart Airport	Airports	Tasmania	\$39.2m	1.6%	0.2%
Southern Cross Station	Social Infrastructure	Victoria	\$34.1m	1.4%	0.2%
Interlink Roads	Toll Roads	New South Wales	\$33.2m	1.4%	0.2%
Colonial Pipeline Company	Pipelines	United States	\$31.9m	1.3%	0.2%
Freeport Train 2	Liquefied Natural Gas	United States	\$31.2m	1.3%	0.2%
Conmex	Toll Roads	Mexico	\$29.4m	1.2%	0.1%
Eastern Distributor (M1)	Toll Roads	New South Wales	\$27.5m	1.1%	0.1%

# Investment holdings

## Infrastructure

### List of assets as at 30 June 2016 (continued)

Asset Name	Asset type	Location	Value (AUD)	% of Asset class	% of Total fund
Duquesne Light Holdings	Electricity Transmission and Distribution	United States	\$24.2m	1.0%	0.1%
Arqiva Limited	Telecommunications	United Kingdom	\$20.9m	0.9%	0.1%
50Hertz	Electricity Transmission and Distribution	Germany	\$20.5m	0.8%	0.1%
Oceania Healthcare (NZ)	Social Infrastructure	New Zealand	\$19.0m	0.8%	0.1%
Veolia Energia Polska	Steam and Hot Water Supply	Poland	\$18.8m	0.8%	0.1%
Porterbrook Rolling Stock	Rail	United Kingdom	\$16.5m	0.7%	0.1%
Adelaide Airport	Airports	South Australia	\$15.3m	0.6%	0.1%
South East Water	Water and Wastewater	United Kingdom	\$15.2m	0.6%	0.1%
Ecogen Energy	Electricity Generation	Victoria	\$12.4m	0.5%	0.1%
Phoenix Natural Gas	Gas Distribution	United Kingdom	\$12.2m	0.5%	0.1%
Sydney Desalination Plant	Water and Wastewater	New South Wales	\$10.2m	0.4%	0.1%
Wyuna Water	Social Infrastructure	New South Wales	\$9.1m	0.4%	0.0%
ElectraNet	Electricity Transmission and Distribution	South Australia	\$8.2m	0.3%	0.0%
Southwest Generation	Electricity Generation	United States	\$7.4m	0.3%	0.0%
Pacific Hydro	Renewable Energy	Australia, Chile, Brazil	\$5.2m	0.2%	0.0%
Port of Portland	Seaports	Victoria	\$4.5m	0.2%	0.0%
Defence HQ	Social Infrastructure	New South Wales	\$3.4m	0.1%	0.0%
Perth CBD Courts	Social Infrastructure	Western Australia	\$2.2m	0.1%	0.0%
Axiom Education	Social Infrastructure	New South Wales	\$1.4m	0.1%	0.0%
IFM Aged Care Financing Trust	Social Infrastructure	Victoria	\$1.3m	0.1%	0.0%
Freeport LNG	Gas Distribution	United States	\$1.0m	0.0%	0.0%
NSW Rent Buy	Social Infrastructure	New South Wales	\$0.6m	0.0%	0.0%
Other	-	-	\$1.9m	0.1%	0.0%
<b>Total*</b>			<b>\$2,421.2m</b>	<b>100.0%</b>	<b>12.0%</b>

\*Due to price sensitive information, not all investments are currently included within in this table.

## Property

### Sector allocation as at 30 June 2016

Sector	Value (AUD)	% of Asset class	% of Total fund
Retail	\$1,584.8m	54.1%	7.9%
Industrial	\$310.2m	10.6%	1.5%
Commercial	\$890.4m	30.4%	4.4%
Residential	\$121.5m	4.1%	0.6%
Other	\$23.8m	0.8%	0.1%
<b>Total</b>	<b>\$2,930.6m</b>	<b>100.0%</b>	<b>14.5%</b>

## Property

### Allocation by type as at 30 June 2016

Type	Value (AUD)	% of Asset class	% of Total fund
Core	\$2,332.9m	79.6%	11.6%
Development/Oppportunistic/Tactical	\$597.7m	20.4%	3.0%
<b>Total</b>	<b>\$2,930.6m</b>	<b>100.0%</b>	<b>14.5%</b>

## Property

### Geographic allocation as at 30 June 2016

Location	Value (AUD)	% of Asset class	% of Total fund
<b>Australia</b>	<b>\$2,669.0m</b>	<b>91.1%</b>	<b>13.3%</b>
New South Wales	\$907.7m	31.0%	4.5%
Victoria	\$631.9m	21.6%	3.1%
Queensland	\$598.2m	20.4%	3.0%
Western Australia	\$325.4m	11.1%	1.6%
South Australia	\$108.1m	3.7%	0.5%
Australian Capital Territory	\$86.8m	3.0%	0.4%
Tasmania	\$10.9m	0.4%	0.1%
Northern Territory	\$1.7m	0.1%	0.0%
<b>Overseas</b>	<b>\$260.0m</b>	<b>8.9%</b>	<b>1.3%</b>
Singapore	\$248.0m	8.5%	1.2%
Malaysia	\$9.7m	0.3%	0.0%
China	\$2.0m	0.1%	0.0%
Thailand	\$0.3m	0.0%	0.0%
Japan	\$0.0m	0.0%	0.0%
New Zealand	\$0.0m	0.0%	0.0%
<b>Total</b>	<b>\$2,930.6m</b>	<b>99.9%</b>	<b>14.5%</b>

## Property

### Sustainability ratings as at 30 June 2016

Green Star Sustainability Rating*	Amount invested (AUD million)	% of Asset class	% of Total fund
6-star Green Star**	\$204.8m	7.0%	1.0%
5-star Green Star**	\$155.7m	5.3%	0.8%
4-star Green Star**	\$141.1m	4.8%	0.7%
Not Rated/not applicable/yet to be rated	\$2,428.9m	82.9%	12.1%
<b>Total</b>	<b>\$2,930.6m</b>	<b>100.0%</b>	<b>14.5%</b>

### Other investment information

#### Currency hedging

International investments are vulnerable to currency fluctuations and, as such, hedging can reduce exposure to certain currencies. Hostplus partially hedges the currency component of its international asset exposures with the utilisation of forward foreign exchange contracts.

#### 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 investment 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 controls is undertaken to ensure that they have the appropriate controls to trade such instruments. The use of derivatives and subsequent control frameworks are considered as part of our investment risks.

\* Green Star is a comprehensive, national, voluntary environmental rating system that evaluates the environmental design and construction of buildings. 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; and 6-Star Green Star Certified Rating (score 75-100) signifies 'World Leadership' in environmentally sustainable design and/or construction  
 \*\* Please note the Green Star rating is currently only applicable to Commercial properties.

# Our investment managers

## Investment manager allocations

Hostplus appoints a range of trusted, specialist investment managers to invest on the fund's behalf. Each manager is assessed for suitability in relation to the fund's overall investment strategy.

Each manager's investment performance is regularly reviewed, with changes made where necessary. The managers in place as at 30 June 2016 (together with allocations) are shown in the following tables.

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

- IFM Investors Pty Ltd
- ISPT Pty Ltd
- Lend Lease Investment Management
- Orbis Investment Management Limited
- Paradise Investment Management Pty Ltd.

Manager / Investment	% total assets	\$m
<b>Australian Shares</b>	<b>26.2</b>	<b>5,249.7</b>
Airlie (Australian Equities Portfolio)	1.2	243.2
Allan Gray (Australian Equities Portfolio)	2.0	396.7
Balanced Equity Management (Australian Equities Portfolio)	2.4	485.8
BT Wholesale Australian Long/Short Fund	1.2	236.6
Goldman Sachs (Core Australian Equities Portfolio)	1.8	355.0
Goldman Sachs (Emerging Leaders Australian Equities Portfolio)	1.2	236.5
Greencape (Australian Equities Portfolio)	3.3	658.5
IFM (Enhanced Indexed Australian Equities Portfolio)	3.7	738.3
IFM (Small Cap Australian Equities Portfolio)	0.7	135.4
L1 Capital (Australian Equities Portfolio)	1.0	199.3
Macquarie (Australian Equities Portfolio)	0.4	71.7
Paradice (Large Companies Australian Equities Portfolio)	2.9	585.0
Paradice (Mid Cap Australian Equities Portfolio)	1.7	334.0
Paradice (Smaller Companies Australian Equities Portfolio)	1.3	251.0
Vinva Australian Equity Alpha Extension Fund	1.6	322.5
<b>International Shares</b>	<b>24.5</b>	<b>4,916.0</b>
Apostle Dundas Global Equity Fund	1.3	269.8
Baillie Gifford (International Equity Portfolio)	2.5	503.6
BlackRock Fission Indexed International Equity Fund	0.9	180.4
Cooper Investors (Asian Equities Strategy Portfolio)	0.4	84.9
Hosking Partners (International Equity Portfolio)	0.8	154.3
Independent Franchise Partners (International Equity Portfolio)	2.6	525.0
Investec (International Emerging Markets Equity Portfolio)	0.4	77.3
IronBridge (International Equity Portfolio)	2.8	567.2
Martin Currie (International Emerging Markets Equity Portfolio)	1.0	209.5
Neuberger Berman (International Emerging Markets Equity Portfolio)	1.6	325.0
Northcape (International Emerging Markets Equity Portfolio)	1.7	337.4
Orbis Global Equity Fund	3.3	672.3
Paradice (Global Small Mid Cap Portfolio)	1.5	298.1
Proa Partners (Asian Equities Strategy Portfolio)	0.4	90.1
RWC (International Equity Portfolio)	0.4	71.1
Vaughan Nelson (Global Small Mid Cap Portfolio)	0.6	124.9
Wellington (Asia Ex-Japan Contrarian Portfolio)	0.4	77.4
Wellington (Global Contrarian Equity Portfolio)	1.7	347.6

## Our investment managers

Manager / Investment	% total assets	\$m
<b>Property</b>	<b>14.4</b>	<b>2,899.1</b>
AMP Select Property Portfolios 1, 2 & 3	0.1	27.4
BlackRock Asia Property Fund	0.1	20.7
Charter Hall Prime Industrial Fund	0.6	116.8
ISPT Core Fund	4.3	856.0
ISPT Development and Opportunities Funds 1 & 2	0.0	8.6
ISPT Residential Property Trust	0.4	86.9
ISPT Retail Australian Property Trust	0.9	182.1
Lend Lease Asian Retail Investment Funds 1, 2 & 3	1.5	295.6
Lend Lease Australian Prime Property Fund – Retail	1.6	327.7
Lend Lease Australian Prime Property Fund – Industrial	0.7	131.1
Lend Lease Australian Prime Property Fund – Commercial	2.1	418.7
Lend Lease Communities Fund	0.0	2.7
Lend Lease Sub Regional Retail Fund	0.7	141.3
Lend Lease V5 Trust	0.0	1.1
LWIP Trust	0.9	184.8
LWIP Trust II	0.4	84.5
Macquarie Real Estate Equity Fund 6	0.0	9.6
Wholesale Property	0.0	3.5
<b>Private Equity</b>	<b>6.6</b>	<b>1,332.8</b>
Blackbird Ventures Funds	0.0	1.8
Blackbird Ventures Follow-On Fund	0.1	11.6
Brandon Capital – MRFC III Trust	0.0	2.0
Carnegie Innovation Funds No. 1 & 2	0.1	10.6
Carnegie Private Opportunities Fund No. 1 B	0.1	27.4
Caspian Private Equity II, L.P	0.4	87.2
Continuity Australia Private Equity Fund No.1 & 2	0.1	12.8
Industry Super Holdings	0.3	55.3
IFM Australian Private Equity Funds II, III & IV	0.1	16.4
IFM International Private Equity Funds I, II & III	0.3	69.2
Lexington Co-Investment Partners III LP	0.7	147.9
Lexington Capital Partners VIII LP	0.2	31.0
LGT Crown European Buyout Opportunities Fund II	0.1	29.2
LGT Crown Europe Middle Market Fund II	0.2	41.0
ME Bank Ordinary Shares	0.7	136.0
Partners Group Secondary 2008 S.C.A SICAR	0.2	44.3
Partners Group 2011 (EUR) S.C.A SICAR	0.4	83.6
Partners Group Direct Investments 2012 (USD) ABC LP	0.8	155.3
Siguler Guff HP China Opportunities Fund LP	0.7	137.2
Siguler Guff HP Opportunities Fund II LP	0.1	23.5
Siguler Guff Small Buyout Opportunities Fund II LP	0.5	105.3
Wilshire Australian Private Markets PST (Class A, B, D, E, G, H, J, K, L & M Units)	0.4	80.9
Wilshire Private Markets Asia Funds No. 1 & 2	0.1	23.5

Manager / Investment	% total assets	\$m
<b>Infrastructure</b>	<b>12.1</b>	<b>2,421.5</b>
CFS Infrastructure Fund – AWG Sector	0.4	72.4
Darling Harbour	0.8	163.7
Hastings Utilities Trust of Australia	1.0	209.9
IFM – Australian Infrastructure Fund	4.3	870.2
IFM International Infrastructure Fund	2.8	570.4
Macquarie Global Infrastructure Fund III A & B	0.6	115.5
NSW Ports Consortium	0.4	86.9
QGIF Iona Aggregator Trust	0.2	49.7
QIC Global Infrastructure Fund	0.1	29.8
<b>Credit</b>	<b>6.0</b>	<b>1,206.4</b>
Apollo (Structured Credit Portfolio)	2.2	445.1
Babson Capital (Structured Credit Portfolio)	1.9	390.3
HayFin Special Opportunities Credit Fund I	0.5	94.4
Loomis Sayles Credit Opportunities Fund	1.4	276.6
<b>Alternatives</b>	<b>4.1</b>	<b>830.0</b>
Bridgewater Pure Alpha Fund II	0.7	146.5
GMO Multi-Strategy Trust	2.0	397.6
Vinva Asia Pacific Equity Long Short Fund	1.4	285.9
<b>Fixed Income</b>	<b>1.9</b>	<b>381.8</b>
BlackRock Global Bond Index Fund	0.2	35.4
IFM (Enhanced Cash Portfolio)	0.0	1.0
IFM Specialised Credit Fund	1.0	208.6
Macquarie True Index Australian Fixed Interest Fund	0.3	54.7
ME Bank Floating Rate Notes	0.0	3.0
Super Loans Trust	0.4	79.2
<b>Cash</b>	<b>3.7</b>	<b>750.9</b>
Citigroup	3.2	638.7
ME Bank Term Deposits	0.8	169.9
Mesirow Currency Overlay <sup>^</sup>	-0.3	-57.7
<b>Choiceplus</b>	<b>0.4</b>	<b>84.2</b>
<b>Total investments*</b>	<b>100.0</b>	<b>20,072.3</b>

<sup>^</sup>Currency Overlay

\*Due to price sensitive information, not all investments are currently included within in this table.

## Investment costs for 2015 – 2016

Investment option	Investment Management costs	Performance Fee <sup>1</sup>	Total Investment Management costs before applicable tax deduction <sup>2</sup>	Total Investment Management costs after applicable tax deduction <sup>3</sup>
<b>Pre-mixed options</b>				
Capital stable	0.60%	0.07%	0.67%	0.57%
Conservative balanced	0.67%	0.14%	0.81%	0.69%
Indexed balanced	0.02%	0.00%	0.02%	0.02%
Balanced	0.94%	0.26%	1.20%	1.02%
Shares plus	0.79%	0.26%	1.05%	0.89%
<b>Sector investment options</b>				
Cash	0.00%	0.00%	0.00%	0.00%
Diversified fixed interest	0.20%	0.00%	0.20%	0.17%
Property	0.99%	0.10%	1.09%	0.93%
Australian shares	0.62%	0.37%	0.99%	0.84%
International shares	0.68%	0.08%	0.76%	0.65%
<b>Individual Manager options</b>				
Macquarie Investment Management – Australian Fixed Interest	0.00%	0.00%	0.00%	0.00%
Black Rock Asset Management – International Fixed Interest	0.09%	0.00%	0.09%	0.08%
Industry Super Property Trust – Property	0.36%	0.00%	0.36%	0.31%
Lend Lease managed APPF (Retail, Commercial & Industrial) – Property	0.83%	0.00%	0.83%	0.71%
IFM – Australian Infrastructure	0.64%	0.00%	0.64%	0.54%
Balanced Equity Management – Australian Shares	0.32%	0.00%	0.32%	0.27%
IFM – Australian Shares	0.04%	0.00%	0.04%	0.03%
Paradise Investment Management (Small Cap) – Australian Shares	1.16%	2.67%	3.83%	3.26%
Ironbridge Capital Management – International Shares	0.43%	0.00%	0.43%	0.37%
Neuberger Berman – International Shares	1.05%	0.00%	1.05%	0.89%

1 The performance-based cost component comprises actual fees paid and estimates of fees to be paid for the financial year ending 30 June 2016.

2 PricewaterhouseCoopers have performed independent verification on the calculation of the 2015 - 2016 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 2016 – 2017 financial year will be calculated as at 30 June 2017.

**We love  
what we do.**

# Other important information

## Insurance redesign

Hostplus made changes to its group Death and Total & Permanent Disability (TPD) insurance provided by MetLife Insurance Limited, effective from 26 September 2015, with further changes to clarify some rules and improve the insurance offering made effective 9 September 2016. Please see our Product Disclosure Statement available at [pds.hostplus.com.au](http://pds.hostplus.com.au) for more information.

## Changes to our insurance product

Effective from 26 September 2015, Hostplus made changes to our insurance product to give members a discounted premium of 3% across our range of Death and TPD insurance.

Under the new design, the unit value is smaller, giving members greater flexibility when choosing the amount of cover they need.

For some members, when converting current units to the new design, it was necessary to allocate an additional unit to preserve the members' existing cover and prevent any reduction that would otherwise have occurred on conversion. Where exact matching was not possible, Hostplus applied an incremental increase to the members' benefits, along with a small increase in overall premium.

Affected members were notified by letter.

## Compass Group insurance update

From 1 October 2015 a new default insurance arrangement was implemented for Hostplus Executive members employed by Compass Group.

Members affected by the new arrangement were contacted in the form of a Significant Event Notice mailed in September 2015 advising of the upcoming changes.

Members were provided with instructions outlining how to accept the new default insurance, retain the existing arrangement, tailor their cover to their specific needs or cancel their insurance.

## Transition to Link Group

The sale of our Administrator Superpartners to the Link Group was finalised in 2015. The transition to the Link Group became effective from 12 April 2016.

## Trustee of the fund

Host-Plus Pty Limited was the trustee of Hostplus Superannuation Fund for the reporting period. Registered address: Level 9, 114 William Street, Melbourne VIC 3000

## Trustee indemnity insurance

Pioneer Insurance Group Pty Ltd, QBE Syndicate, Nexus Ltd and Dual Australia Pty Ltd underwriters provided trustee insurance cover from 30 September 2015 until 30 September 2016.

## Penalties

In the 12 months to 30 June 2016, Hostplus received no penalties or enforceable undertakings under governing laws.

## Significant Events Notice

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

The key message announcing the decisions and impact is referred to as a significant event notice, which is sent to affected members. Hostplus' aim is to provide information to members in a clear, concise manner that will enable our members to understand the nature of the change or event and the effect it could have on them.

During the reporting period, the following significant events occurred:

### New strategic asset allocations for some investment options

From 4 September 2015, Hostplus revised the Investment Ranges and Strategic Asset Allocation (SAA) Benchmarks for the Capital Stable, Conservative Balanced, Indexed Balanced, Balanced, Shares Plus, International Shares, IronBridge Capital Management – International Shares and Neuberger Berman – International Shares options.

While the overall allocation to listed equities has remained unchanged, the mix of equities has been altered, with a slight reduction to the SAA for Australian equities, and an increase to the SAA for International equities.

The revised SAAs were published within section 5 of the Superannuation and Personal Super Product Disclosure Statement and Pension Supplementary Product Disclosure Statement dated 4 September 2015.

### New Strategic Assets Allocations for Shares Plus

Effective 14 August 2016, Hostplus revised the Strategic Asset Allocation (SAA) for the Shares Plus investment option.

The overall allocation to Australian and international equities, direct property, private equity, and alternatives remained unchanged. The allocation to diversified fixed interest was reduced to zero and there was an increased allocation to both infrastructure and credit (growth and defensive).

The revised SAAs were published within section 5 of the Superannuation and Personal Super Product Disclosure Statement and Pension Supplementary Product Disclosure Statement dated 12 August 2016.

#### Lost members thresholds

Proposed changes to lost member and unclaimed money legislation have recently been passed into law that increase the account balance threshold below which small lost member accounts are required to be transferred to the ATO from \$2,000 to \$4,000 effective 31 December 2015, and from \$4,000 to \$6,000 effective 31 December 2016.

Further legislative and regulatory changes have also been proposed which will:

- enable the ATO to pay certain superannuation amounts directly to individuals with a terminal medical condition
- streamline certain super fund lost member reporting
- allow Eligible Rollover Funds (ERFs) to proactively consolidate accounts they hold into the active superannuation accounts of members without member consent
- vary the definition of 'lost member' so as to ensure members who choose to interact with their super fund through contemporary means are not inadvertently deemed to be lost members.

Superannuation Trustees were required to re-report (on/by 30 April 2016) all lost and inactive members on their records as at 31 December 2015, irrespective of whether the members have previously been reported to the ATO.

#### Crediting rate and unit pricing

The following crediting rate and unit pricing errors occurred during the financial year:

##### **Orbis Global Equity Fund (Australian Registered) ARSN 147 222 535 APIR ETL 0051AU**

On 7 April 2016 pricing variances were identified by Hostplus with respect to the market value and unit price of the Orbis Global Equity Fund (Australian Registered) ARSN 147 222 535, APIR ETL 0051AU (the fund). Investigations revealed that the daily pricing feed received by the Custodian related to another investor class within the fund.

The incident was found to have affected weekly crediting rates and unit prices for the period from 7 November 2014 to 17 April 2016 (impacted period) across the below listed accumulation and pension options, in addition to the June and December 2014, June and December 2015, and June 2016 periodic statements, with member transactions for the impacted options for the impacted period processed using incorrect crediting rates and unit prices.

Impacted investment options:

- Shares Plus
- Balanced
- Conservative Balanced
- Capital Stable
- International Shares.

In remediating impacted accounts a \$20.00 materiality threshold was applied to exited members, together with a 30 basis point benchmark for the adjustments for existing members. This accords with good practice guidelines set out within the joint ASIC and APRA Unit Pricing Guide to Good Practice.

Existing impacted members will be notified by post and informed of adjustments made to their accounts, as shown on their periodic statement. Revised exit statements have been issued for exited members impacted above the materiality threshold.

##### **Retirement Villages Group Asset Sale Transaction**

Due to an erroneous asset sale, member transactions for the below impacted options for the period from 30 November 2015 to 10 January 2016 were processed using incorrect crediting rates and unit prices.

Impacted investment options:

- Property
- Shares Plus
- Balanced
- Capital Stable
- Conservative Balanced.

In remediating impacted accounts a \$20.00 materiality threshold was applied to exited members, together with a 30 basis point benchmark for the adjustments for existing members. This accords with good practice guidelines set out within the joint ASIC and APRA Unit Pricing Guide to Good Practice.

Revised statements were issued following adjustment to any member impacted above the materiality threshold.

## Other important information (cont.)

### Annualised crediting rate error

On 26 April 2016, discrepancies were identified across the fund's interim weekly crediting rates. This resulted from an input error into the fund's administration system (aaspire).

The incident affected the weekly interim crediting rates for the period 13 April 2016 to 26 April 2016 across all Hostplus accumulation and pension investment options. The impact resulted in an understatement of investment earnings.

As a consequence, member transactions across each of the impacted options for the aforementioned period were processed using incorrect crediting rates. A system roll back was performed and active members within the fund returned to the position they should have been in had the error not occurred.

In remediating exited accounts, a \$20.00 materiality threshold was applied. This accords with good practice guidelines set out within the joint ASIC and APRA Unit Pricing Guide to Good Practice.

Revised exit statements were issued following adjustment to any exited member impacted above the materiality threshold.

### Overstatement of Indirect Cost Ratio (ICR)

In September 2016 it was discovered that a performance fee for one of our underlying managers was overstated in the disclosure of the Hostplus Indirect Cost Ratio (ICR), which impacted the below listed investment options, as follows.

### Investment option Indirect Cost Ratio

Investment option	Original ICR*	Revised ICR**
Capital Stable	0.69 %	0.67%
Conservative Balanced	0.86%	0.81%
Balanced	1.28%	1.20%
Shares Plus	1.14%	1.05%
International Shares	1.01%	0.76%

\*Disclosed at 12 August 2016 Indirect Cost Ratio  
\*\*Corrected at 26 September 2016

For more information on the Hostplus ICR, please refer to the Hostplus Member Guide.

The overstatement in the performance fee impacted the following Hostplus fees and costs disclosures:

- 1) Product Disclosure Statements
- 2) the MySuper Product Dashboard
- 3) 30 June 2016 half year Member Statements.

Hostplus members have not been materially impacted by the overstatement in ICR disclosures, as investment returns remain unaffected by the change and are correctly attributed to member accounts. Replacement disclosures have also been issued and a notice placed on the Hostplus website.

### 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 five 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.

If your superannuation benefits are transferred to AUSfund, your personal information will be used by AUSfund so that they can establish and manage your account, 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 of the following circumstances:

- You will cease to be a member of Hostplus.
- Any insurance cover with Hostplus will cease.

you will 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. AUSfund has a different investment strategy from Hostplus. For more details, see the AUSfund PDS.

AUSfund does not offer insured benefits in the event of death or disability.

AUSfund engages specialist agents such as its administrator to provide services and other benefits to its members, under the strictest confidence. AUSfund will not use or disclose your information for any other purpose without your consent, except where required or authorised by law.

Should your benefits be transferred into AUSfund, you may request access to, or correction of, any personal information held by AUSfund by writing to AUSfund's Privacy Officer. AUSfund can be contacted at:

AUSfund Administration  
PO Box 543  
CARLTON SOUTH  
VIC 3053 Australia

Phone: 1300 361 798  
8:30am – 5pm Monday to Friday.

If calling from outside Australia:  
+ 61 3 9814 6400

All AUSfund members are charged a \$14 annual Administration Fee. If the interest earned is insufficient to cover this fee, the account balance may be reduced to zero and the account closed. All accounts with less than 5 cents will be closed as amounts below 5 cents are not legal tender and cannot be maintained.

For information about this Administration Fee and other costs associated with an AusFund membership, please visit [unclaimedsuper.com.au/about-ausfund/account-fees-and-costs/](http://unclaimedsuper.com.au/about-ausfund/account-fees-and-costs/).

## Enquiries and complaints

If you have an enquiry or complaint, call **1300 467 875** AEST, 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

If you are not satisfied with either the way Hostplus handles your complaint or its resolution, you may contact the Superannuation Complaints Tribunal (SCT). You can contact the SCT on **1300 884 114** for the cost of a local call, or you should address any correspondence to the SCT at:

Superannuation Complaints Tribunal,  
Locked Bag 3060  
Melbourne VIC 3001

In some cases, you may also be able to ask the Financial Ombudsman Service (FOS) to resolve a dispute. FOS is an independent dispute resolution body. Depending on the nature of the complaint, FOS may have jurisdiction. You can lodge a dispute at [www.fos.org.au](http://www.fos.org.au) or contact FOS on **1300 780 808**, 9am – 5pm. You should address any correspondence to FOS at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001

# Financial summary

The following pages present an abridged financial summary of the fund's audited accounts for the last two years. More detailed financial information can be found in the Financial Statements section.

Financial performance	2016	2015
	\$'000	\$'000
<b>Opening net assets</b>	<b>17,921,684</b>	<b>15,334,014</b>
<b>Add:</b>		
Contributions	1,993,621	1,848,898
Transfers in	481,783	445,387
Net investment earnings	931,446	1,694,361
Other revenue	109,923	113,329
<b>Less:</b>		
Benefits paid	1,012,896	970,655
Transfer to Hostplus PST	18,100	-
Administration expenses	96,785	101,344
Insurance premiums	219,612	234,773
Tax	223,514	207,533
<b>Closing net assets</b>	<b>19,867,550</b>	<b>17,921,684</b>

Financial position	2016	2015
	\$'000	\$'000
Investments	20,137,206	18,161,907
Cash at bank	9,908	12,396
Other assets	18,490	18,452
<b>Less:</b>		
Liabilities	298,054	271,071
<b>Net assets</b>	<b>19,867,550</b>	<b>17,921,684</b>
<b>Represented by:</b>		
Members funds	19,697,789	17,738,874
Reserves	169,761	182,810
<b>Members funds and reserves</b>	<b>19,867,550</b>	<b>17,921,684</b>

## 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 balance of all fund reserves at 30 June for the last five years has been as follows:

Reserves	Investment reserve	Administration reserve	Operational Risk Financial Requirement reserve	RSE reserve	Total reserves
	\$'000	\$'000	\$'000	\$'000	\$'000
2016	738	121,955	46,968	100	<b>169,761</b>
2015	2,911	134,767	45,032	100	<b>182,810</b>
2014	(13,641)	128,947	25,450	100	<b>140,856</b>
2013	(10,105)	118,790	10,699	100	<b>119,484</b>
2012	(6,654)	109,315	-	100	<b>102,761</b>

### Investment reserve

During the year, investment earnings are accumulated in an investment reserve and are allocated to members' accounts upon one of the following events:

- at 30 June and 31 December each year, as part of the fund's periodic investment earnings allocation process
- when a member closes their account with Hostplus
- when a member initiates an investment switch from one investment option to another.

### 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.

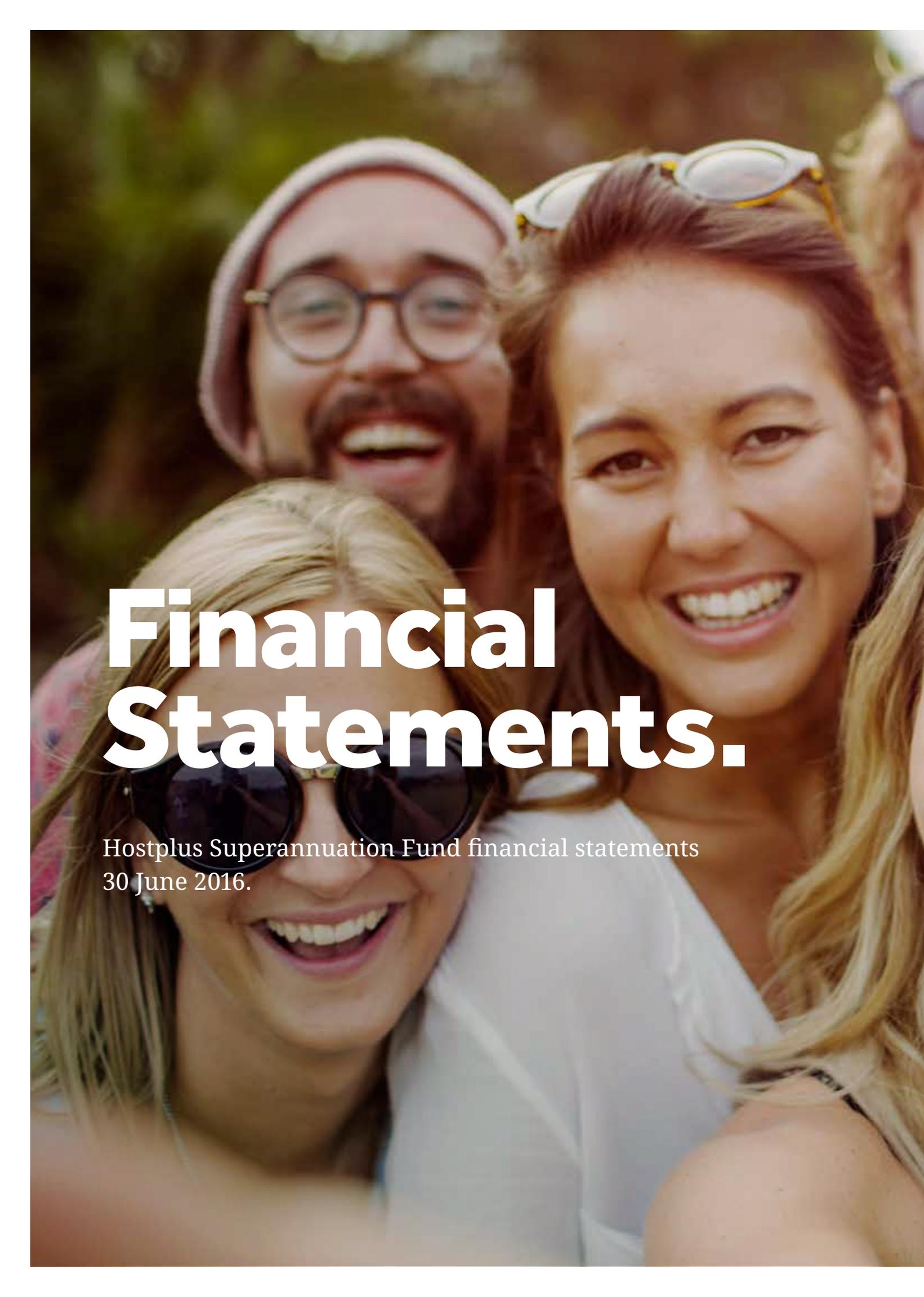
### Operational Risk Financial Requirement (ORFR) reserve

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 has been established, as required by the Australian Prudential Regulation Authority (APRA), at a target level of 0.25% of Fund Net Assets.

Hostplus has an approved ORFR policy detailing what constitutes an operational risk event and how the ORFR Reserve is accessed (if an operational risk event occurs).

### 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.



# Financial Statements.

Hostplus Superannuation Fund financial statements  
30 June 2016.



## Hostplus superannuation fund

### Statement of financial position as at 30 June 2016

		2016	2015
	Notes	\$	\$
<b>Investments</b>			
Cash and cash equivalents		21,569,447	12,675,146
Fixed interest securities		8,088,191	4,319,743
Equities		44,264,068	29,108,957
Pooled superannuation trust and managed funds		20,063,284,558	18,115,802,919
<b>Total investments</b>		<b>20,137,206,264</b>	<b>18,161,906,765</b>
<b>Other assets</b>			
Cash at bank		9,907,866	12,396,693
Other receivables	3	1,140,490	1,411,086
Prepayments		1,073,982	1,216,549
Plant and equipment		12,032,255	11,119,839
Deferred tax asset	11	4,243,149	4,704,756
<b>Total other assets</b>		<b>28,397,742</b>	<b>30,848,923</b>
<b>Total assets</b>		<b>20,165,604,006</b>	<b>18,192,755,688</b>
<b>Liabilities</b>			
Benefits payable		47,618,922	29,599,140
Employee entitlements		4,010,061	2,828,093
Accounts payable	4	23,741,663	26,059,018
Current tax liabilities	11	222,683,675	212,585,069
<b>Total liabilities</b>		<b>298,054,321</b>	<b>271,071,320</b>
<b>Net assets available to pay benefits</b>		<b>19,867,549,685</b>	<b>17,921,684,368</b>
<b>Represented by:</b>			
<b>Liability for accrued benefits</b>	5		
Members' funds		19,697,789,141	17,738,874,416
Reserves	6	169,760,544	182,809,952
		<b>19,867,549,685</b>	<b>17,921,684,368</b>

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 2016

		2016	2015
	Notes	\$	\$
<b>Revenue from ordinary activities</b>			
<b>Net investment revenue</b>			
Interest		1,459,113	27,095,842
Dividends and distributions		1,817,349	262,322,174
Other income		1,237	3,296,772
Changes in net market value of investments	9	933,134,938	1,437,644,679
Less: Investment expenses		(4,966,987)	(35,998,515)
		<b>931,445,650</b>	<b>1,694,360,952</b>
<b>Contribution revenue</b>			
Employer contributions		1,790,808,101	1,662,152,066
Members' contributions		150,475,074	136,073,119
Government contributions		52,338,142	50,673,308
Transfers from other superannuation funds		481,782,853	445,386,633
		<b>2,475,404,170</b>	<b>2,294,285,126</b>
<b>Other revenue</b>			
Proceeds from insurance		109,713,536	113,141,628
Sundry income		209,388	187,426
		<b>109,922,924</b>	<b>113,329,054</b>
<b>Total revenue from ordinary activities</b>		<b>3,516,772,744</b>	<b>4,101,975,132</b>
<b>Expenses from ordinary activities</b>			
Superannuation contributions surcharge		(345)	5,284
Insurance premiums		219,611,851	234,772,545
Administration expenses		96,785,494	101,344,021
<b>Total expenses from ordinary activities</b>		<b>316,397,000</b>	<b>336,121,850</b>
<b>Benefits accrued as a result of operations before income tax</b>		<b>3,200,375,744</b>	<b>3,765,853,282</b>
Less:			
Income tax expense	11	223,513,595	207,533,574
<b>Benefits accrued as a result of operations</b>		<b>2,976,862,149</b>	<b>3,558,319,708</b>

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 2016

		2016	2015
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Contributions received		2,475,404,170	2,294,285,126
Interest received		850,286	1,064,040
Other receipts		209,389	187,427
Death and disablement claims received from insurer		109,713,536	113,141,628
Insurance premiums paid to insurer		(220,423,503)	(235,445,971)
Administration expenses paid		(93,784,620)	(90,532,080)
Investment expenses paid		(1,880,263)	(5,943,088)
Payments for operating assets		(3,801,511)	(8,232,211)
Benefits paid		(994,877,050)	(968,043,756)
Income tax paid		(212,953,038)	(240,605,922)
<b>Net cash inflow from operating activities</b>	<b>12</b>	<b>1,058,457,396</b>	<b>859,875,193</b>
<b>Cash flows from investing activities</b>			
Proceeds from the redemption of investments		215,106,767	253,353,236
Payments for investments		(1,276,052,990)	(1,108,420,726)
<b>Net cash (outflow) from investing activities</b>		<b>(1,060,946,223)</b>	<b>(855,067,490)</b>
<b>Net increase (decrease) in cash</b>		<b>(2,488,827)</b>	<b>4,807,703</b>
Cash at the beginning of the financial year		12,396,693	7,588,990
<b>Cash at the end of the financial year</b>	<b>12</b>	<b>9,907,866</b>	<b>12,396,693</b>

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 2016

#### 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 standards 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:

**Active markets** - Fixed interest securities and equity securities – by reference to market quotations.

**Inactive markets** - Fixed interest securities, equity securities pooled superannuation trust and managed funds – by reference to the redemption value, as reported by the external investment manager; or by using valuation techniques conducted by an external professional valuer.

**Plant and equipment** - Refer to note 2(m) in the financial statements for further information.

For further details on how the net market values of financial instruments are determined please see note 13(e).

##### (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.

Section 295-260 of the *Income Tax Assessment Act 1997* enables a complying superannuation fund which has an investment in a pooled superannuation trust to transfer the liability for tax on assessable contributions to the pooled superannuation trust, provided certain conditions are met. The fund intends to enter an agreement to transfer a portion of its assessable contributions earned during the year ended 30 June 2016 to the Hostplus Pooled Superannuation Trust. For further information refer to note 11(c).

##### 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 nor accounting profit.

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) 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.

#### **(h) 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.

#### **(i) Benefits payable**

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

#### **(j) 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, and 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.

#### **(k) 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.

#### **(l) 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.

#### **(m) Plant and equipment**

##### **(i) Recognition and measurement**

Plant and equipment (P&E) 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 asset's useful life. Any gain or loss on disposal of an item 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 P&E are as follows:

Asset	Useful life	Depreciation method
Office equipment	10 years	Diminishing value
Furniture & fittings	5 years	Diminishing value
Computer hardware	3 – 4 years	Diminishing value
Intangibles	4 years	Diminishing value

### **(n) Accounting standards and interpretations**

New accounting standards that are applicable for mandatory adoption in the current year:

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 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 below.

#### **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. The new standard is available for early adoption; however, the fund has elected not to early adopt.

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

- Five statements must be prepared as follows:
  - Statement of financial position
  - Income statement
  - Statement of changes in equity/reserves
  - Statement of cash flows
  - 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 is required in relation to insurance arrangements.

#### **AASB 9 Financial instruments (effective from 1 January 2018)**

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. When adopted, the standard will not affect 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.

**Note 3. Other receivables**

	2016	2015
	\$	\$
GST receivable	901,680	1,305,229
Other receivables	238,810	105,857
	<b>1,140,490</b>	<b>1,411,086</b>

**Note 4. Accounts payable**

	2016	2015
	\$	\$
Administration services	3,124,516	2,382,805
Audit services	269,629	344,889
Custodian fees	827,491	911,159
Insurance premiums	16,204,847	17,016,499
PAYG withholding tax	269,274	554,723
Other payables	3,045,906	4,848,943
	<b>23,741,663</b>	<b>26,059,018</b>

**Note 5. Liability for accrued benefits**

	2016	2015
	\$	\$
<b>Changes in the liability for accrued benefits</b>		
Liability for accrued benefits at the beginning of the financial year	17,921,684,368	15,334,014,606
Plus: Increase in accrued benefits	2,976,862,149	3,558,319,708
Less: Benefits paid	(1,012,896,832)	(970,649,946)
Less: Transfer to Hostplus Pooled Superannuation Trust	(18,100,000)	-
<b>Liability for accrued benefits at the end of the financial year</b>	<b>19,867,549,685</b>	<b>17,921,684,368</b>
<b>Accrued benefits – members' funds:</b>	<b>19,697,789,141</b>	<b>17,738,874,416</b>
<b>Accrued benefits – reserves</b>		
Residual reserve	737,628	2,910,814
Administration reserve	121,954,959	134,767,463
Operational Risk Financial Requirement reserve	46,967,957	45,031,675
RSE reserve	100,000	100,000
	<b>169,760,544</b>	<b>182,809,952</b>
<b>Total liability for accrued benefits</b>	<b>19,867,549,685</b>	<b>17,921,684,368</b>

## Note 6. Reserves

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

**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** - is separately maintained to manage the receipt of administration levies and the payment of fund expenses.

**Operational Risk Financial Requirement ('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. The Fund has an approved ORFR reserve policy detailing what constitutes an operational risk event and how the ORFR reserve is accessed (if an operational risk event occurs). The policy also provides that the target balance of the ORFR reserve is 25 basis points of the fund's net assets.

**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.

The fund held the following reserves at year end:

2016	Residual reserve	Administration reserve	Operational Risk Financial Requirement reserve	RSE reserve	Total
Opening balance	2,910,814	134,767,463	45,031,675	100,000	182,809,952
Revenue	931,831,417	124,836,054	1,936,282	-	1,058,603,753
Expenditure	(953,004,603)	(118,648,558)	-	-	(1,071,653,161)
Transfer between reserves	19,000,000	(19,000,000)	-	-	-
<b>Closing balance</b>	<b>737,628</b>	<b>121,954,959</b>	<b>46,967,957</b>	<b>100,000</b>	<b>169,760,544</b>

2015	Residual reserve	Administration reserve	Operational Risk Financial Requirement reserve	RSE reserve	Total
Opening balance	(13,641,159)	128,947,164	25,450,350	100,000	140,856,355
Revenue	1,694,685,616	128,955,510	2,799,253	-	1,826,440,379
Expenditure	(1,678,133,643)	(101,635,211)	(4,717,928)	-	(1,784,486,782)
Transfer between reserves	-	(21,500,000)	21,500,000	-	-
<b>Closing balance</b>	<b>2,910,814</b>	<b>134,767,463</b>	<b>45,031,675</b>	<b>100,000</b>	<b>182,809,952</b>

## Note 7. 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.

	2016	2015
	\$	\$
<b>Vested benefits</b>	<b>19,697,789,141</b>	<b>17,738,874,416</b>

## Note 8. Guaranteed benefits

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

## Note 9. Revenue – investments (changes in net market value)

	2016	2015
	\$	\$
<b>Investments held at balance date</b>		
Equities	(108,155)	(2,067,587)
Pooled superannuation trust and managed funds	931,890,327	1,175,047,093
	<b>931,782,172</b>	<b>1,172,979,506</b>
<b>Investments realised during the year</b>		
Fixed interest securities	-	21,074,098
Equities	174,155	232,437,538
Pooled superannuation trust and managed funds	1,178,611	5,874,670
Derivative assets	-	5,278,867
	<b>1,352,766</b>	<b>264,665,173</b>
<b>Total revenue – investments (changes in net market value)</b>	<b>933,134,938</b>	<b>1,437,644,679</b>

In November 2014, the fund restructured its investment portfolio to predominately invest its assets through the Hostplus Pooled Superannuation Trust. Accordingly, the changes in net market value of investments realised during the prior year largely reflect those gains and losses realised on transitioning the fund's investments portfolio to the Hostplus Pooled Superannuation Trust.

## Note 10. Collective investments

Host-Plus Pty Limited is the trustee for both the Hostplus Superannuation Fund ('Fund') and the Hostplus Pooled Superannuation Trust ('Trust'), collectively known as 'Hostplus'. The Fund uses the Trust as its primary investment vehicle. Hostplus invests in a number of entities, known as 'collective entities' that provide administration or investment services. The other investors in these collective entities include a number of other industry superannuation funds. All transactions with collective entities are based on normal commercial terms and arrangements.

During the year, Hostplus transacted with the following collective entities.

### Industry Super Holdings Pty Ltd and subsidiaries

Hostplus has a 9.47% (2015: 9.48%) shareholding in Industry Super Holdings Pty Ltd ('ISH'). ISH and its subsidiaries provide a range of services and investment products to Hostplus 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 2016, Hostplus' investment in ISH was valued at \$55.3m (2015: \$45.3m). Total income earned by Hostplus from this investment for the year ended 30 June 2016 was \$10.0m (2015: \$6.2m). 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 Hostplus totalling \$2,598.0m as at 30 June 2016 (2015: \$2,495.7m). Total income earned on the portfolios managed by IFM was \$306.9m (2015: \$126.9m). Direct and indirect fees of \$21.0m (2015: \$7.8m) were charged for the investment management of these portfolios. IFM received fees of \$9.9m (2015: \$5.1m) with the remaining \$11.1m (2015: \$2.7m) 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 Hostplus 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 2016 were \$6.6m (2015: \$5.4m). 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 Hostplus and other institutional clients. Hostplus' investments include property trusts totalling \$1,046.7m (2015: \$803.5m). ISPT received \$2.9m (2015: \$2.7m) in fees for the management of these trusts. The income earned on this portfolio was \$121.1m (2015: \$85.3m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

### ME Bank

Hostplus' investments include a 12.63% (2015: 12.58%) shareholding in ME Bank. ME Bank offers and provides banking products to the members of the fund at the members' discretion. As at 30 June 2016, Hostplus' investment in ME Bank was valued at \$136.0m (2015: \$137.5m). Total income earned by Hostplus from this investment for the year ended 30 June 2016 was \$6.8m (2015: \$9.2m). All transactions were made on normal commercial terms, under normal conditions and at market rates. As at 30 June 2016, Hostplus had \$15.1m outstanding commitments (2015: \$5.3m). Hostplus also invests in the Super Loans Trust ('SLT'), a fixed interest vehicle managed by ME Bank. As at 30 June 2016, Hostplus' investment in the SLT was valued at \$79.2m (2015: \$95.4m). Total income earned by Hostplus from this investment for the year ended 30 June 2016 was \$5.4m (2015: \$7.2m). ME Bank received \$0.15m (2015: \$0.30m) in fees from the management of Hostplus' investment. All transactions were made on normal commercial terms, under normal conditions and at market rates.

Term deposits held with ME Bank on behalf of Choiceplus members within the fund as at 30 June 2016 were \$8.1m (2015: \$4.3m). Term deposit income earned on behalf of Fund members for the year ended 30 June 2016 was \$0.22m (2015: \$0.15m). The Choiceplus product also operates a cash account with ME Bank, which as at 30 June 2016 had a balance of \$21.1m (2015: \$12.7m). The cash account earned \$0.4m (2015: \$0.3m) of interest in the year ended 30 June 2016.

Hostplus also holds a term deposit with ME Bank. As at 30 June 2016, the value of the term deposit was \$169.9m (2015: \$166.0m).

Total income earned by Hostplus from this investment for the year ended 30 June 2016 was \$1.8m (2015: \$4.7m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Hostplus also held a Floating Rate Note investment managed by ME Bank. As at 30 June 2016, the value of the note was \$3.0m (2015: \$3.1m). Total income earned by Hostplus from this investment for the year ended 30 June 2016 was \$0.1m (2015: \$0.2m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

## Note 11. 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.

### (a) Income tax reported in statement of comprehensive income

	2016	2015
	\$	\$
<b>Statement of comprehensive income</b>		
<b>Current income tax expense / (income)</b>		
Current income tax charge	223,315,768	406,337,164
Adjustments in respect of current income tax of previous years	(263,780)	(15,125,113)
<b>Deferred tax expense / (income)</b>		
Relating to the origination and reversal of temporary differences	461,607	(183,678,477)
<b>Income tax expense reported in statement of comprehensive income</b>	<b>223,513,595</b>	<b>207,533,574</b>

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:

<b>Benefits accrued as a result of operations before income tax</b>	<b>3,200,375,744</b>	<b>3,765,853,282</b>
Income tax expense calculated at 15%	480,056,362	564,877,992
Gross up for imputation and foreign tax credits	77,738	3,124,853
Investment income	(139,504,082)	(199,631,780)
Exempt pension income	2,595	(2,065,851)
Under / (Over) provision of income tax in previous year	(263,780)	(15,125,113)
Non-taxable group life proceeds	(16,457,030)	(16,971,244)
No TFN Tax	2,249,124	(2,299,704)
Non-taxable member contributions	(28,332,418)	(26,616,588)
Non-taxable transfers in	(70,965,527)	(66,322,980)
Anti-detriment adjustments	(2,831,082)	(1,698,202)
Non-deductible surcharge expense	(52)	793
<b>Income tax expense</b>	<b>224,031,848</b>	<b>237,272,176</b>
Imputation credits, withholding tax	(518,253)	(29,738,602)
<b>Income tax expense reported in statement of comprehensive income</b>	<b>223,513,595</b>	<b>207,533,574</b>

**(b) Deferred tax assets and liabilities**

	2016	2015
	\$	\$
<b>Deferred income tax</b>		
<b>Deferred income tax at 30 June relates to the following:</b>		
<b>Deferred income tax assets</b>		
Unrealised losses in investments subject to CGT	1,210,913	1,728,067
Insurance premiums	2,430,727	2,552,475
Employee entitlements and other accruals	601,509	424,214
	<b>4,243,149</b>	<b>4,704,756</b>

**(c) Current tax asset and liability**

The current tax liability for the fund of \$222,683,675 (2015: \$212,585,069) represents the amount of income tax payable in respect of current and prior periods.

The current tax liability for 2015 included an amount payable to Hostplus Pooled Superannuation Trust ('Trust') for a tax liability relating to assessable contributions of \$770,500,000 that was expected to be transferred by the fund to the Trust prior to the lodgement of the fund's 2015 income tax return. There is no equivalent amount payable at balance date as the fund and Trust have not entered into an agreement for the transfer of assessable contributions for the 2016 financial year, as this will occur subsequent to year-end. For further information refer to Note 2(d).

**Note 12. Notes to the statement of cashflows**

	2016	2015
	\$	\$
<b>(a) Reconciliation of cash</b>		
<b>The figure shown for cash in the statement of cash flows consists of:</b>		
Cash at bank	9,907,866	12,396,693
<b>(b) Reconciliation of benefits accrued as a result of operations to net cash inflow from operating activities</b>		
<b>Benefits accrued as a result of operations</b>	<b>2,976,862,149</b>	<b>3,558,319,708</b>
Non-cash investment revenue	(932,380,921)	(1,695,242,782)
Depreciation of operating assets	2,889,095	1,437,917
Plant and equipment acquisitions	(3,801,511)	(8,232,211)
Benefits paid	(994,877,050)	(968,043,756)
<b>(Increase) / decrease in assets</b>		
Other receivables	413,163	6,910,965
<b>Increase / (decrease) in liabilities</b>		
Accounts payable	(396,090)	(1,534,159)
Insurance premiums	(811,652)	(673,426)
Deferred tax liabilities	461,607	(187,066,011)
Income tax payable	10,098,606	153,998,948
<b>Net cash inflow from operating activities</b>	<b>1,058,457,396</b>	<b>859,875,193</b>

### Note 13. Financial risk management

The fund predominately invests its assets through the Hostplus Pooled Superannuation Trust ('Trust'), a related entity with the same trustee as the fund. The Trust's assets predominantly consist of a range of financial instruments in various asset classes including cash, diversified fixed interest, Australian equities, international equities, property, infrastructure, private equity and alternative assets as per the strategic allocation set by the Board. The type of financial instruments held within each Asset class are held either directly in the form of equity or debt type financial instruments or indirectly through collective investment vehicles.

Risk is inherent in the Trust's activities and is actively managed through the trustee's Risk Management Framework as further described below. Depending on the type of financial instrument held (directly or indirectly), the Trust is exposed to a variety of financial risks such as market risk (including currency, interest rate and price risk), credit risk and liquidity risk.

The trustee is responsible for setting, monitoring and revising the investment strategy of the fund, including its exposure amongst the various asset classes. The trustee has determined the Trust's investment strategy is consistent with the investment strategy of the fund and has therefore selected it as the predominant investment vehicle. The trustee maintains the responsibility 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 determined by the trustee, 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 its 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. These are also documented in the trustee's Risk Management Framework, which is subject to regular review by both management and the Board, including an annual audit of compliance.

The trustee receives regular reports concerning the performance and activities of the Trust, as well as the Trust's underlying investments from the trustee's investment advisor and custodian. Divergence from target asset allocations and the composition of the portfolio are also monitored by the trustee. Reports received by the trustee include:

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

While the fund doesn't directly trade in derivatives, the Trust does use derivative financial instruments, such as futures, options, swaps and forward foreign exchange contracts to manage market movement and currency risk and also 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 trustee actively monitors the activities of the fund and the Trust to ensure fund managers have appropriate skills and expertise to manage the funds allocated prior to their appointment. The trustee has appointed JANA Investment Advisors and other specialist asset advisors to provide expert advice regarding asset allocation, and the management of the investment portfolio in accordance with the trustee's investment strategy.

The trustee's Audit, Risk and Compliance Committee oversees how management monitors compliance with the trustee'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 for both the fund and the Trust, to ensure risk remains within acceptable levels.

The Hostplus 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 custodian and investment advisor.

### (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.

To mitigate market risk, the trustee undertakes extensive due diligence to ensure fund managers have appropriate skills and expertise to manage the allocated investment prior to their appointment. Further, the Hostplus investment department tracks investment valuations 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.

With the fund's assets invested in the Trust (an Australian dollar denominated investment) the fund does not have any direct foreign currency exposure as at 30 June 2016.

#### 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.

The fund's exposure to interest rate risk is considered low and is isolated to the interest it earns on:

- surplus cash in operating bank accounts held with the NAB
- uninvested cash in custodian accounts held with Citi
- surplus cash and term deposits held by members with ME Bank through the fund's Choiceplus platform.

#### Sensitivity analysis

In considering what may be an appropriate volatility factor for interest rate exposure, the trustee's investment advisor examined the average absolute movement in the yields of the RBA Cash Rate. The average annual absolute movement in the yields of the RBA Cash Rate over the 10 years is 100 bps. Therefore, the fund has adopted a volatility factor for interest rate risk of 100 (2015: 85) 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.

	2016	2015
Fixed interest	100 bps	85 bps
Cash and term deposits	100 bps	85 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.

2016	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
		\$	\$	\$	\$
		+100 bps	-100 bps	+100 bps	-100 bps
Fixed interest	8,088,191	(68,750)	68,750	(68,750)	68,750
Cash and term deposits	21,569,447	183,340	(183,340)	183,340	(183,340)
	<b>29,657,638</b>	<b>114,590</b>	<b>(114,590)</b>	<b>114,590</b>	<b>(114,590)</b>

2015	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
		\$	\$	\$	\$
		+85 bps	-85 bps	+85 bps	-85 bps
Fixed interest	4,319,743	(31,210)	31,210	(31,210)	31,210
Cash and term deposits	12,675,146	91,578	(91,578)	91,578	(91,578)
	<b>16,994,889</b>	<b>60,368</b>	<b>(60,368)</b>	<b>60,368</b>	<b>(60,368)</b>

### 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.

The fund is exposed to other price risk through its investment in the Trust, and the equities and managed funds held by members through the fund's Choiceplus platform. 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 trustee's published investment strategy.

Other price risk is mitigated by investing through the Trust, which has constructed a diversified portfolio of instruments that are traded in various markets. The actual asset allocation of the Trust is continually monitored and reported to the Board, and is adjusted if necessary having regard to the trustee's strategic asset allocation. Price risk is further mitigated through a due diligence process and careful selection and monitoring of investments and managers by the Trust.

### 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 2016 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.

	2016	2015
Equities	17%	20%
Pooled superannuation trust and managed funds	11%	13%

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.

2016	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
	\$	\$	\$	\$	\$
Equities	44,264,068	6,396,158	(6,396,158)	6,396,158	(6,396,158)
Pooled superannuation trust and managed funds	20,063,284,558	1,875,917,106	(1,875,917,106)	1,875,917,106	(1,875,917,106)
	<b>20,107,548,626</b>	<b>1,882,313,264</b>	<b>(1,882,313,264)</b>	<b>1,882,313,264</b>	<b>(1,882,313,264)</b>

2015	Carrying amount	Benefits accrued as a result of operations		Net assets available to pay benefits	
	\$	\$	\$	\$	\$
Equities	29,108,957	4,948,523	(4,948,523)	4,948,523	(4,948,523)
Pooled superannuation trust and managed funds	18,115,802,919	2,001,796,223	(2,001,796,223)	2,001,796,223	(2,001,796,223)
	<b>18,144,911,876</b>	<b>2,006,744,746</b>	<b>(2,006,744,746)</b>	<b>2,006,744,746</b>	<b>(2,006,744,746)</b>

## (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 trustee prior to the appointment of investment managers, to ensure they have the appropriate skills and expertise to manage the fund's allocated investments. The trustee 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 industry sector.

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

	2016	2015
	\$	\$
Directly held fixed interest	8,088,191	4,319,743
	<b>8,088,191</b>	<b>4,319,743</b>

## (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 trustee'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 trustee's reputation.

The trustee's trust deed and product disclosure statement provide for the daily withdrawal of benefits and the trustee is therefore exposed to the liquidity risk of meeting members' withdrawals at any time.

The fund's investments include unlisted investments that are not traded in organised public markets and may be illiquid. As a result, the trustee 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 trustee'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.

Liquidity risk is managed on a daily basis in accordance with policies and procedures in place and the trustee's investment strategy. Stress testing and scenario analysis are completed on a regular basis.

The contractual maturity of financial liabilities is set out overleaf.

2016	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
	\$	\$	\$	\$
Benefits payable	47,618,922	47,618,922	-	-
Vested benefits	19,697,789,141	19,697,789,141	-	-
Employee entitlements	4,010,061	4,010,061	-	-
Accounts payable	23,741,663	23,741,663	-	-
Current tax liabilities	222,683,675	-	-	222,683,675
	<b>19,995,843,462</b>	<b>19,773,159,787</b>	<b>-</b>	<b>222,683,675</b>

2015	Carrying amount	Less than 1 month	1 to 3 months	Greater than 3 months
	\$	\$	\$	\$
Benefits payable	29,599,140	29,599,140	-	-
Vested benefits	17,738,874,416	17,738,874,416	-	-
Employee entitlements	2,828,093	2,828,093	-	-
Accounts payable	26,059,018	26,059,018	-	-
Current tax liabilities	212,585,069	-	40,828,376	171,756,693
	<b>18,009,945,736</b>	<b>17,797,360,667</b>	<b>40,828,376</b>	<b>171,756,693</b>

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 rollover their superannuation fund account at the same time.

#### (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 overleaf 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
- 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's investments are valued in accordance with the accounting policies disclosed at Note 2 Summary of Significant Accounting Policies. For the majority of its investments, the trustee 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 a pooled superannuation trust and managed funds 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 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 2016.

2016	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Financial assets</b>			
Financial assets designated at fair value through profit or loss:			
Cash and cash equivalents	21,569,447	-	-
Fixed interest securities	8,088,191	-	-
Equities	44,264,068	-	-
Pooled superannuation trust and managed funds	-	20,059,784,558	3,500,000
	<b>73,921,706</b>	<b>20,059,784,558</b>	<b>3,500,000</b>

2015	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Financial assets</b>			
Financial assets designated at fair value through profit or loss:			
Cash and cash equivalents	12,675,146	-	-
Fixed interest securities	4,319,743	-	-
Equities	29,108,957	-	-
Pooled superannuation trust and managed funds	-	18,109,202,919	6,600,000
	<b>46,103,846</b>	<b>18,109,202,919</b>	<b>6,600,000</b>

There were no transfers between levels for the year ended 30 June 2016 or 30 June 2015.

### 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 2016.

	2016	2015
	\$	\$
<b>Opening balance</b>	<b>6,600,000</b>	<b>5,280,037,956</b>
Purchases	-	476,724,296
Sales	(1,827,770)	(5,935,595,010)
Gains and losses recognised in profit or loss	(1,272,230)	185,432,758
<b>Closing balance</b>	<b>3,500,000</b>	<b>6,600,000</b>

### Valuation inputs and relationships to fair value – level 3 investments

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. At least annually in July, final valuations are adopted by the Board in determining the final annual crediting rate.

As at 30 June 2016 the fund has an exposure to an unlisted managed fund of \$3,500,000 (2015: \$6,600,000), which has been categorised as a level 3 investment. The investment has been recorded at the declared redemption value at balance date.

## Note 14. Related parties

### (a) Trustee

Host-Plus Pty Limited is the trustee for both the Hostplus Superannuation Fund ('Fund') and the Hostplus Pooled Superannuation Trust ('Trust'), collectively known as 'Hostplus'. The Trust is the fund's primary investment vehicle.

The shareholders of the trustee are United Voice and Australian Hotels Association ('AHA').

### (b) Board of Directors and remuneration

Directors and alternate Directors of the trustee during the financial year were as follows:

Independent	Member nominated by United Voice	Employer nominated by AHA
D Elmslie (Chair)	T Lyons <sup>(a)</sup> (Deputy Chair)	M Robertson (Deputy Chair)
P Collins	B Daley <sup>(b)</sup>	D Gibson
A Grayson	R Buckler <sup>(c)</sup>	M Vaile
	R Stark	N Randall <sup>(e)</sup>
	D McElrea <sup>(d)</sup>	

(a) Appointed Director and Deputy Chair on 17/08/2015

(b) Ceased as a Director and Deputy Chair on 31/07/2015

(c) Ceased as a Director on 14/10/2015 and nominated as an Alternate Director for United Voice on 28/10/2015

(d) Ceased as an Alternate Director on 27/10/2015 and appointed as a Director on 14/10/2015

(e) Alternate Director

Remuneration paid/payable to Directors by Hostplus for services to the Board and Committees of the Board is set out in the following tables:

Name	Director fee (Salary)	Parking benefits	Superannuation	Termination benefits	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2016</b>					
<b>Independent</b>					
D Elmslie	135,826	9,240	20,374	-	165,440
P Collins	114,073	-	12,370	-	126,443
A Grayson	94,950	-	14,243	-	109,193
<b>Employer nominated</b>					
M Robertson	99,676	-	14,951	-	114,627
D Gibson	99,400	-	14,910	-	114,310
M Vaile	84,400	-	12,660	-	97,060
N Randall	38,000	-	-	-	38,000
<b>Member nominated</b>					
T Lyons	105,105	-	-	-	105,105
United Voice <sup>(a)</sup>	252,010	-	-	-	252,010
<b>Total</b>	<b>1,023,440</b>	<b>9,240</b>	<b>89,508</b>	<b>-</b>	<b>1,122,188</b>

(a) With the exception of Director Lyons, United Voice nominated Directors do not personally receive Directors Fees from Hostplus, as they are appointed by United Voice. An equivalent amount is paid to United Voice to compensate for the time spent by the Directors in fulfilling their responsibilities.

Name	Director fee (Salary)	Parking benefits	Superannuation	Termination benefits	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2015</b>					
<b>Independent</b>					
D Elmslie	135,826	8,445	20,374	-	164,645
P Collins	109,950	-	16,492	-	126,442
A Grayson	94,950	-	14,242	-	109,192
<b>Employer nominated</b>					
M Robertson	99,675	-	14,951	-	114,626
D Gibson	99,400	-	14,910	-	114,310
M Vaile	84,400	-	12,660	-	97,060
N Randall	43,000	-	-	-	43,000
<b>Member nominated</b>					
United Voice <sup>(a)</sup>	352,081	-	-	-	352,081
<b>Total</b>	<b>1,019,282</b>	<b>8,445</b>	<b>93,629</b>	<b>-</b>	<b>1,121,356</b>

### (c) Group Executive management and remuneration

Key management personnel of Hostplus as at 30 June 2016 included the following Group Executives:

Name of Executive	Role
D Elia	Chief Executive Officer
S Sicilia	Chief Investment Officer
U Mecchi	Group Executive – Strategy, Marketing & Client Services
T Kenny	Group Executive – Finance, Risk & Operations
P Watson	Group Executive – Business Growth, Products & Advice
N Strickland	Group Executive – People, Performance & Culture
A Wong	Group Executive – Legal & Compliance

Remuneration of Group Executive management paid/payable by Hostplus is set out in the following tables:

Name	Date commenced	Date change in position	Salary	Short-term incentives	Parking benefits	Super-annuation	Termination benefits	Total
			\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2016</b>								
D Elia	15/03/1999		577,517	190,504	9,240	30,000	-	807,261
S Sicilia	31/03/2008		432,880	153,584	9,240	30,000	-	625,704
U Mecchi	28/11/2011		309,159	42,991	9,240	30,000	-	391,390
T Kenny	07/11/2013		299,583	34,377	9,240	30,000	-	373,200
P Watson	21/03/2011		274,084	45,407	9,240	30,000	-	358,731
N Strickland	17/02/2014		172,674	19,948	9,240	28,893	-	230,755
A Wong	12/01/2004	19/01/2016 <sup>(b)</sup>	100,005	-	4,140	15,346	-	119,491
M Abramovich	15/12/2014	23/12/2015 <sup>(a)</sup>	170,765	-	4,430	15,000	20,593	210,788
<b>Total</b>			<b>2,336,667</b>	<b>486,811</b>	<b>64,010</b>	<b>209,239</b>	<b>20,593</b>	<b>3,117,320</b>

(a) Resigned as General Counsel & Group Executive – Compliance

(b) Appointed Group Executive – Legal & Compliance

Name	Date commenced	Date change in position	Salary	Short-term incentives	Parking benefits	Super-annuation	Termination benefits	Total
			\$	\$	\$	\$	\$	\$
<b>Year ended 30 June 2015</b>								
D Elia	15/03/1999		554,257	182,208	8,445	30,000	-	774,910
S Sicilia	31/03/2008		420,106	147,677	8,445	25,000	-	601,228
U Mecchi	28/11/2011	19/09/2014 <sup>(a)</sup>	296,182	47,614	8,445	30,000	-	382,241
T Kenny	07/11/2013	19/09/2014 <sup>(a)</sup>	286,781	18,768	8,445	30,000	-	343,994
P Watson	21/03/2011	19/09/2014 <sup>(a)</sup>	262,451	44,145	8,445	30,000	-	345,041
N Strickland	17/02/2014	19/09/2014 <sup>(a)</sup>	157,692	4,176	8,445	24,280	-	194,593
A Wong	12/01/2004	19/09/2014 <sup>(a)</sup>	50,300	26,014	1,874	8,077	-	86,265
M Abramovich	15/12/2014		177,692	-	4,581	16,154	-	198,427
<b>Total</b>			<b>2,205,461</b>	<b>470,602</b>	<b>57,125</b>	<b>193,511</b>	<b>-</b>	<b>2,926,699</b>

(a) On 19 September 2014 the Executive team was reorganised to enable a realignment of portfolios, roles and responsibilities. The reorganisation also included the renaming of Executive positions from Executive Manager to Group Executive.

**(d) Directors' attendance at Board and Committee meetings**

Director / Alternate Director	Full Board Meeting of Directors		Meeting of Committees						Hostplus Investment Pty Ltd (^)		Hostplus Property Pty Ltd (^)	
			Audit, Risk & Compliance		Claims Review		People & Remuneration		A	B	A	B
	A	B	A	B	A	B	A	B				
<b>Year ended 30 June 2016</b>												
<b>Directors</b>												
D Elmslie	7	7	-	-	-	-	3	3	1	1	-	-
R Buckler	2	2	-	-	19	20	-	-	1	1	-	-
P Collins	7	7	3	3	-	-	-	-	1	1	-	-
D Gibson	7	7	-	-	-	-	3	3	1	1	-	-
A Grayson	7	7	-	-	-	-	-	-	1	1	-	-
R Stark	6	7	-	-	-	-	2	2	1	1	-	-
M Robertson	7	7	3	3	-	-	-	-	1	1	-	-
M Vaile	7	7	-	-	-	-	-	-	1	1	-	-
D McElrea	4	5	-	-	-	-	-	-	-	-	-	-
T Lyons	5	6	3	3	-	-	-	1	1	1	-	-
<b>Alternate Directors</b>												
R Buckler	3	-	-	-	-	-	-	-	-	-	-	-
T Lyons	1	-	-	-	-	-	2	-	-	-	-	-
D McElrea	1	-	-	-	-	-	-	-	1	-	-	-
N Randall	1	-	2	-	-	-	-	-	1	-	-	-
<b>Observers</b>												
D Elmslie	-	-	1(*)	-	-	-	-	-	-	-	-	-
R Buckler	1(#)	-	-	-	-	-	-	-	-	-	-	-
A Grayson	-	-	1(*)	-	-	-	-	-	-	-	-	-
M Robertson	-	-	-	-	-	-	1(*)	-	-	-	-	-
N Randall	3(#)	-	-	-	-	-	-	-	-	-	-	-

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

(^) The Directors resigned from their Directorship of Hostplus Investments Pty Ltd and Hostplus Property Pty Ltd on 06/11/2015

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

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

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

Director / Alternate Director	Full Board Meeting of Directors		Meeting of Committees						Hostplus Investment Pty Ltd		Hostplus Property Pty Ltd	
			Audit, Risk & Compliance		Claims Review		People & Remuneration		A	B	A	B
	A	B	A	B	A	B	A	B				
<b>Year ended 30 June 2015</b>												
<b>Directors</b>												
D Elmslie	7	7	-	-	-	-	3	3	3	3	3	3
R Buckler	7	7	-	-	18	21	3	3	3	3	3	3
P Collins	7	7	3	3	-	-	-	-	3	3	3	3
B Daley	7	7	3	3	-	-	-	-	3	3	2	3
D Gibson	7	7	-	-	-	-	2	3	2	3	2	3
A Grayson	7	7	-	-	-	-	-	-	2	3	3	3
R Stark	4	7	-	-	-	-	-	-	2	3	2	3
M Robertson	5	7	2	3	-	-	-	-	1	3	1	3
M Vaile	5	7	-	-	-	-	-	-	3	3	1	3
<b>Alternate Directors</b>												
D McElrea	2	-	-	-	-	-	-	-	-	-	-	-
T Lyons	1	-	-	-	-	-	-	-	-	-	-	-
N Randall	3	-	1	-	-	-	-	-	-	-	-	-
<b>Observers</b>												
D Elmslie	-	-	1(*)	-	-	-	-	-	-	-	-	-
N Randall	2(#)	-	-	-	-	-	-	-	2(#)	-	2(#)	-
R Buckler	-	-	1(*)	-	-	-	-	-	-	-	-	-
D Gibson	-	-	1(*)	-	-	-	(*)	-	-	-	-	-
M Robertson	-	-	-	-	-	-	1	-	-	-	-	-
T Lyons	-	-	1(*)	-	-	-	-	-	1(#)	-	-	-
D McElrea	1(#)	-	-	-	-	-	-	-	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

### (e) Transactions with Directors and Management Personnel

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

Trustee Directors	Executive members	
R Buckler	D Elia	P Watson
N Randall	U Mecchi	N Strickland
M Robertson	T Kenny	M Abramovich
M Vaile	S Sicilia	A Wong

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 include 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, Victoria and Western Australia). The agreement with 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 \$680,000 (2015: \$551,000) and United Voice \$400,000 (2015: \$330,000), excluding GST.

### 15. Remuneration of auditors

	2016	2015
	\$	\$
Remuneration paid or payable for services provided by the auditor, PricewaterhouseCoopers:		
- Audit of financial statements	82,377	95,370
- Other assurance services	62,877	61,822
- Other services	8,325	73,069
	<b>153,579</b>	<b>230,261</b>

#### 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. 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:

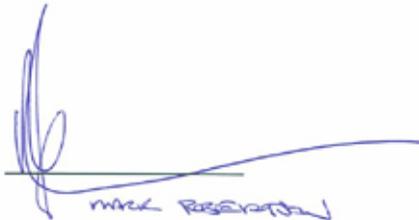
- (a). the financial statements and notes set out on pages 1 to 25 are drawn up so as to present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of Hostplus Superannuation Fund as at 30 June 2016 and the benefits 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 2016; 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:



MARK RICHARDS

Sydney  
16 September 2016



## ***Independent Auditor's report on financial statements***

### ***Hostplus Superannuation Fund (ABN: 68 657 495 890)***

#### ***Report by the RSE Auditor to the trustee***

##### ***Financial statements***

I have audited the financial statements of Hostplus Superannuation Fund for the year ended 30 June 2016, 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 RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards<sup>1</sup> 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 of Hostplus Superannuation Fund.

My audit has been conducted in accordance with Australian Auditing Standards<sup>2</sup>. 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 judgment, 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.

<sup>1</sup> The Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB).

<sup>2</sup> The Australian Auditing Standards issued by the Auditing and Assurance Standards Board (AUASB).

**PricewaterhouseCoopers, ABN 52 780 433 757**

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T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



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

***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 2016 and the results of its operations and its cash flows for the year ended 30 June 2016.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'George Sagonas', is written over the printed name.

George Sagonas  
Partner

Melbourne  
16 September 2016







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