



Wherever life takes you.

Annual Report.

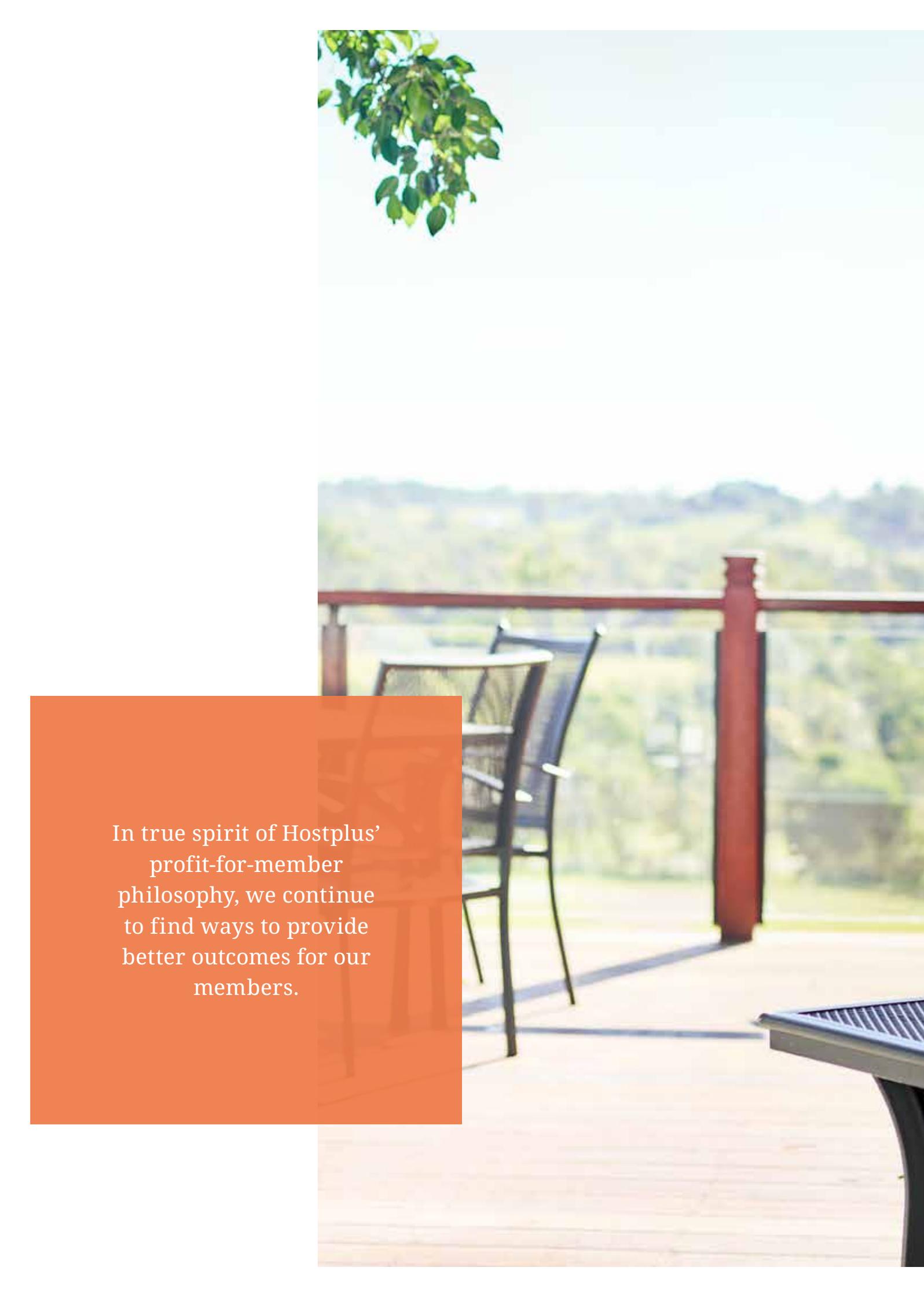
For the financial year
ended 30 June 2017



This document should be read in conjunction with the 30 June 2017 Member Statement.
Issued by Hostplus Pty Ltd ABN 79 008 634 704, RSE L0000093, AFSL No. 244392.

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A photograph of an outdoor patio area. In the foreground, there is a wooden deck. A dark metal chair with a mesh back is positioned on the deck. To the right, a portion of a dark metal table is visible. A dark metal railing with a wooden post runs across the middle ground. In the background, there is a lush green landscape, likely a golf course, with rolling hills and trees under a clear blue sky. A small branch with green leaves hangs from the top left corner.

In true spirit of Hostplus’
profit-for-member
philosophy, we continue
to find ways to provide
better outcomes for our
members.

CEO update.



A message from the Chief Executive Officer



I am honoured to share that Hostplus is the number one* performing fund in the country, delivering a 13.2 per cent return for our MySuper Balanced option in the 2016–17 financial year.

We've also been rated number one over three, five and seven years. This is truly an industry-leading result for our members and further vindication that the industry fund model, and our profit-for-member philosophy, delivers more to working Australians.

Number one performing fund in Australia*

Much of the Fund's outperformance has stemmed from our long-term strategic asset allocation to unlisted assets – which outperformed cash and bonds – as well as our active management of equities and credit. However, this investment formula isn't new to Hostplus, nor has it been the result of good luck.

Hostplus' Balanced option is a diversified portfolio across a wide range of asset classes that has achieved top quartile performance for more than a decade. I am incredibly proud of our team's efforts in consistently delivering the best returns to members – according to two leading superannuation ratings houses, Chant West and SuperRatings*.

Driving growth and fostering innovation

Beyond producing the best returns, Hostplus continues to make a unique contribution to the Australian economy, investing meaningfully in developments that drive economic growth and foster greater innovation over the last 30 years.

Unlisted property and infrastructure have played an integral role in our diversified portfolio, providing stable long-term yields and attractive risk-adjusted returns. However, they go much further than this, helping to stimulate economic growth, boost employment and long-term productivity, and ultimately improve the quality of life for working Australians.

Our Fund is also one of the largest institutional investors in venture capital with more than \$350 million invested in Australia's start-up ecosystem, supporting innovation in biomed, fintech, clean energy, autonomous cars and cybersecurity.

These alternative investments play an important role in our Balanced portfolio and give us exposure to exciting new businesses, rather than passively waiting for them to disrupt other more established companies.

Recognised for our integrity

Hostplus was awarded the 2017 Chant West Integrity Award for doing the right thing by our members. Specifically, we were recognised for finding the right balance between offering lower fees and premiums, but also continuing to provide benefits that members really need – including quality investments and insurance, financial advice and effective member engagement.

Our ongoing commitment to transparent and detailed disclosure was also recognised and we will continue in our efforts to make super accessible and easy to understand for everyone.

Lowering insurance premiums, without compromising on cover

Continuing our commitment to provide the best outcomes for Hostplus members, we were pleased to announce an insurance saving of at least six per cent to Death and Total and Permanent Disablement (TPD) premiums, with no changes to the quality of cover for a guaranteed period of three years – effective 1 July 2017.

This is the second consecutive insurance discount Hostplus has achieved in less than two years, within a challenging environment where other insurance providers are tightening definitions and exclusions, or aren't able to secure rate guarantees.

Inside our Fund, we employ 50 per cent women with 40 per cent of our senior executive roles held by females. This extends through to our Board, which is comprised of 40 per cent female independent, employer and employee representatives. We are also a proud signatory to the Australian Council of Superannuation Investors' 30 per cent Club, which aims to achieve 30 per cent female representation on all ASX200 company Boards by 2018.

Bridging the gender gap.

Hostplus strives for gender equality and takes proactive steps to correct the existing imbalance, both in our own workplace and amongst the community. Around 55 per cent of our one million members who live and love Australian hospitality, tourism, recreation and sport are female.



Walking Together (2016), Nathan Patterson

Hostplus is also championing women in the wider community through our hugely successful partnerships with the AFL Women's (AFLW) league and Sunshine Coast Lightning netball team, providing females with an equal opportunity to play elite sport, as well as inspiring and increasing their participation.

In its debut year, our AFLW national partnership helped provide 218 listed players access to elite facilities, coaching, medical services and welfare support. Similarly, in less than one year, our Queensland-based partnership with Sunshine Coast Lightning enabled the club to develop from concept to national champion. We look forward to seeing these partnerships grow from strength to strength.

Playing an active role in reconciliation

We are committed to ensuring all Australians have access to the tools and resources required to enjoy the retirement they deserve. We are also very aware of the current social and economic challenges faced by members of Aboriginal and Torres Strait Islander communities around the country.

It was with great pride that Hostplus launched its first Reconciliation Action Plan in December 2016, representing an important step in our journey to promote awareness and outline initiatives to help close the gap between Aboriginal and Torres Strait Islander people. While we acknowledge we have a lot of work to do ahead of us, we are committed to creating real outcomes and influencing positive change – both internally and externally – to build momentum towards reconciliation in Australia.

Looking forward

In true spirit of Hostplus' profit-for-member philosophy, we continue to find ways to provide better outcomes for our members. As of November 2017 members can keep track of their leading investment performance with Hostplus through the introduction of daily unit pricing, which allows more flexibility for members seeking to switch between investment options.

Building on the success of our Indexed Balanced option, we launched two new indexed international shares options – one hedged and the other unhedged – both with extremely low management costs. These options are available alongside our existing suite of investment choices, enabling members to tailor their own asset allocation within their super portfolio.

The 2016–17 financial year produced an outstanding and unprecedented set of results. Our leading investment performance, funds under management growth and strong membership continues to set Hostplus apart from its peers. We will continue to work hard to keep this momentum going.

We thank you for your continued support of Hostplus.

David Elia
Chief Executive Officer

*Number one Balanced Fund over one year (13.2 per cent), three years (9.68 per cent), five years (11.76 per cent), and seven years (9.92 per cent) - SuperRatings Fund Crediting Rate Survey, 2 August 2017. Past performance is not a reliable indicator of future performance. Consider the Host-Plus PDS and your objectives, financial situation and needs, which are not accounted for in this information before making an investment decision. Host-Plus Pty Limited ABN 79 008 634 704, AFSL No. 244392. Hostplus Superannuation Fund ABN 68 657 495 890. MySuper No. 68657495890198

Hostplus by numbers.

994,706
members

135,723
employers

\$24.7b
Funds under
management

1

Hostplus My Super Balanced investment option delivered market leading returns in the long term with chart topping results over the last 1, 3, 5, and 7 years as of 30 June 2017.

SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, June 2017

13.2%

Hostplus My Super Balanced investment option return for the financial year ended 30 June 2017

Investment returns to 30 June 2017 (My Super Balanced option)

	1 year	3 year	5 year	7 year	10 year	20 year
Hostplus Balanced	13.20%	9.68%	11.76%	9.92%	5.79%	8.05%
SR50 Top Quartile	11.68%	8.28%	10.75%	9.06%	5.29%	8.05%

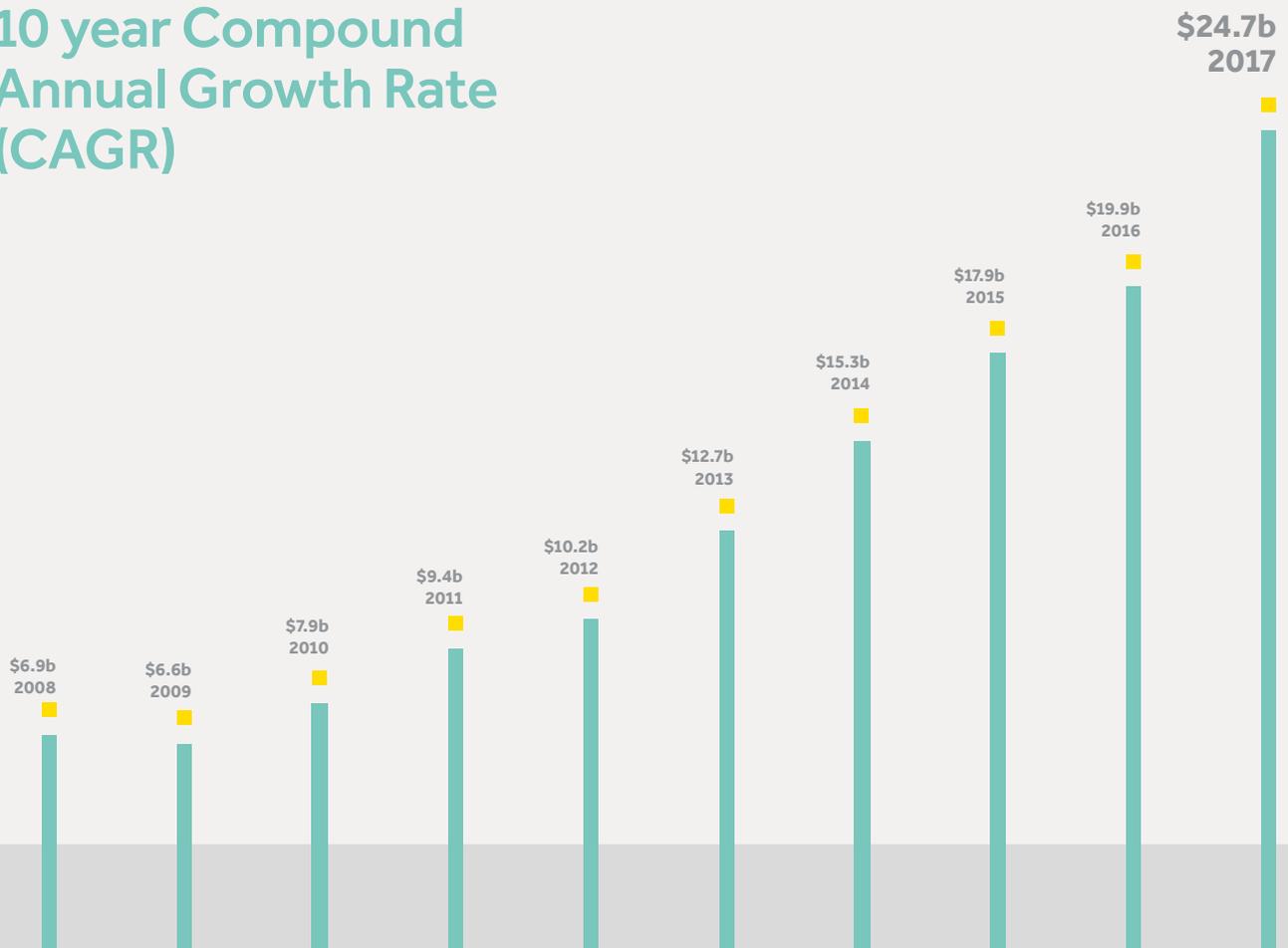
Past performance is not a reliable indicator of future performance.

Net investment returns represent the rate of returns on investments, net of investment-related fees, costs and taxes.

Hostplus funds under management (\$b)

14.3%

10 year Compound Annual Growth Rate (CAGR)



In a global survey by professional services firm Willis Towers Watson, Hostplus' ranking has risen amongst the world's top 300 pension funds from 282 to 255 based on funds under management (as at 31 December 2016).

According to the Willis Towers Watson global survey, FUM for the top 300 pension funds increased by 6.1% in the 12 months to 31 December 2016. During the same period, Hostplus increased its funds under management by 16.6%.

Pensions & Investments/Willis Towers Watson 300 analysis – Year end 2016 (released September 2017)



As an industry super fund, our primary function is to deliver the best retirement outcomes to our members while also supporting the industries they love.

Members.





The 2016–17 financial year offered Hostplus an array of opportunities to deliver product and service improvements, and strong member outcomes.

Our focus on members.

As an industry super fund, our primary function is to deliver the best possible products and services, and member outcomes while also supporting the industries our members love. It's a responsibility that informs every decision we make and we take great care to ensure each of our actions meet this obligation.

With this in mind, the 2016–17 financial year offered Hostplus an array of opportunities to deliver product and service improvements across a number of key areas.

Insurance premium reduction

Following the success of the insurance redesign project in 2015–16, we were thrilled to pass on a blanket reduction across our core Death and Total & Permanent Disability coverage. Effective 1 July 2017, members with our Core insurance offering benefited from a minimum 6 per cent reduction to their overall insurance premiums. Best of all, these discounts are guaranteed until 2020 and are effective with no amendments to terms or definitions.

This is a staggering achievement during a time of premium increases and more restrictive definitions by some of our competitors and a testament to our ongoing commitment to members' best interests.

IT overhaul

In June 2017, it was announced Hostplus had appointed Dimension Data as principle supplier of information technology services to the Fund. This transition represents a massive step forward for Hostplus and paves the way for a greater synergy between superannuation and emerging technologies. The effects of this partnership will be both far-reaching and long-lasting, with positive impacts to the way we deliver member services in the modern age.

An example of the impact is the upcoming transition to daily unit pricing, allowing members to greater transparency and flexibility for investment switches as well as more timely and accurate account value updates.

In the end, of course, the most important outcome of this is that we can be more responsive to our members' needs.

Socially Responsible Investment

In response to growing interest from members and the community more broadly, we were pleased to introduce the Hostplus Socially Responsible Investment (SRI) option in March of this year. Certified by the Responsible Investment Association of Australasia, funds in the SRI are managed within a responsible investment framework.

Underlying investment managers combine traditional performance metrics with environmental, social and governance criteria to identify investments that meet acceptable standards in areas such as environmental and social impact, ethical considerations, labour standards and corporate governance.

Available as part of our existing suite of investment options, the SRI provides our members with even greater control over the way in which their retirement savings are managed.

Financial planning

We have enhanced our financial planning services by welcoming a team of dedicated planners to solely service Hostplus members.

This means we can be more responsive and offer a more holistic advice service to our members.

Choiceplus

Upgrades to Choiceplus, our direct investment choice designed to offer the hands-on control of a self-managed super fund (SMSF), saw a number of improvements delivered to users. Featuring a refreshed newsfeed and easy to navigate enhancements, the upgrades add further value to our direct investment option. In addition to these improvements, Choiceplus members can now also enjoy access to a wider range of investment options, including the top three Listed Investment listed investment companies (LICs) in the country; Australian Foundation Investment Company, Argo Investments Limited and Milton Corporation Limited.

Humans of Hostplus

This year we quite literally put the focus on to our members in our Humans of Hostplus campaign series. We created a series of short videos to showcase the real-life stories of our members and to celebrate the hospitality, tourism, recreation and sport industries. The videos were shared across social media and were met with a fantastic response across the board, generating wide-ranging discussion as individuals shared their own experiences working in our pillar industries. Meet the Humans of Hostplus and check out some more fantastic video content at youtube.com/hostplus

Health Wealth

Our Health Wealth program continues to deliver professional fitness training to members along the east coast.

Working closely with some of the leading trainers for the AFL and NRL, Health Wealth drives our members and employers to focus on their greatest asset – their physical health and fitness. The six-week programs have become a regular highlight on the Hostplus calendar and a celebration of our partnerships with South Sydney Rabbitohs, Richmond Football Club and the Gold Coast Suns.



At Hostplus we are
honoured to be part of the
industries we serve -
hospitality, tourism,
recreation and sport.

Hostplus partnerships.



Supporting Our Industries.

At Hostplus we are honoured to be part of the industries we serve – hospitality, tourism, recreation and sport. We know we are privileged to work alongside the women and men who work tirelessly across these sectors and as such we strive to give back whenever we can.

We also support many organisations that help us promote the benefits that Hostplus delivers to its members to remind them of the value we deliver to their retirement outcomes and with the hope that they choose Hostplus throughout their working life as the super fund of choice. In what is a very competitive market, increased exposure of Hostplus benefits and values promotes the attributes of Hostplus which leads to increased membership and funds under management. As the fund grows, we are better able to service and deliver greater value to our members. This scale of growth is then leveraged to negotiate better fee outcomes with Fund Managers, or offer more competitive insurance options that help maintain our member administration fees low.

Some recent examples where the achievement of scale has benefited members include:

- Our member administration fee remaining at \$1.50 per week for over 11 years
- The reduction of our Executive product member administration fee from \$2.00 to \$1.50
- The ability to negotiate a 6% reduction of Death and TPD premiums with no changes to the quality of cover in an environment where competitors were increasing fees and reducing the quality of cover.
- The ability to negotiate low investment costs for the Hostplus Indexed Balanced option making it Australia's lowest cost superannuation option in Australia as voted for the 6th year in a row by Money Magazine.

These outcomes would not be possible without the ability to maintain the scale of membership via the promotion and communication that remind our members of the benefits of staying with Hostplus.

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 a significant increase to \$24.7 billion funds under management as of 30 June 2017 and have over 1 million members who have their superannuation with Hostplus.

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.

They also deliver opportunities for face-to-face education and information sessions vital to helping our members understand and grow their superannuation so that they can live a life they love in retirement. We believe education is an integral part of ensuring you are equipped for 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 in our industry sectors who may otherwise miss out on this opportunity. In addition, our industry partnerships allow us to reach a wider audience beyond our immediate networks via conferences, events and associated marketing opportunities. For example, our affiliations with groups such

as Hospitality Training Network NSW and Hospitality Training Group WA to allow us to educate growing networks of hospitality, tourism and recreation workers and students across key Australian territories.

We are also proud of our industry partnerships with the William Angliss Institute, Melbourne Food and Wine and the International College of Management Sydney that deliver a suite of scholarship opportunities for talented young hospitality professionals. These arrangements provide direct assistance to the industry professionals of tomorrow and are just some examples of the fund's dedication to members.

The Hostplus Hospitality Scholarship (supported by Melbourne Food and Wine) offers a talented young professional the opportunity to set off 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 28 per cent year-on-year increase in the number of applications between 2016 and 2017.

Through William Angliss Institute we are afforded the opportunity to offer a leg up to industry students who show promise in their field. The Hostplus 3 Star and Indigenous scholarships provide practical support and financial assistance to rising stars enrolled full time in certificate III or higher program at the institute's Melbourne campus.

Of course, it's no surprise Hostplus is a big supporter of Australian sport. We invest in sport because it is a large part of the hospitality, tourism, recreation and sport ecosystem that fuels economic growth. 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. One example of this can be seen in the AFL Grand Final in Melbourne. Each year, visitors from all over the world arrive in Melbourne specifically for the Grand Final. They stay in local hotels, relax in the city's parklands and recreation precincts and eat in some of the city's renowned restaurants. On game day visitors are further served by a team of front of house and food and beverage staff all of whom work together to ensure their guests have a truly fantastic experience.

On a macro level, the economic contribution of sport cannot be overstated. According to the AFL's Annual Report, Australian Football contributed an estimated \$5.7 billion to the Australian economy. This figure includes a contribution in excess of \$500 million to domestic tourism. Examples like this serve to highlight the interconnectedness of our industries and shows the integral role sport plays in the way we as a fund, support our members in the industries they live and love.

Our investment in these industries also extends to the infrastructure that is vital to their success such as airports, pubs, sporting venues and more. We see all of this as such an important part of Hostplus contribution in the community; our partnerships are all designed to support our industries and support our members.

Looking forward, Hostplus remains fully committed to ensuring our investment back into the industry delivers practical, measurable value to our members and the industry sectors we serve. From grass roots to the national sporting arena, we will strive to bring the industry leading, value driven performance Hostplus is known for to all of our arrangements.



Samuel May, recipient of the Hostplus Indigenous Scholarship from Semester 1, 2017



Caitlyn Rees, Head Sommelier at Charlie Parker's and Fred's in Sydney, is the winner of the 2017 Hostplus Hospitality Scholarship

Environ

Hostplus is committed to acting as a responsible long-term investor.



**Environmental, social
and governance.**



Our approach to environmental, social and governance considerations

Hostplus is committed to acting as a responsible long-term investor. We believe proper management of environmental, social and governance (ESG) risks and capitalisation on ESG opportunities will deliver far superior returns to our members over the long-term – which is our fiduciary duty and a responsibility we take very seriously.

We do this by encouraging our external fund managers to incorporate ESG considerations into their investment decision-making, as well as ensuring ESG factors – such as those outlined below – form part of our overarching investment strategy.

- **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 composition, shareholder rights, business ethics.

With over one million members that work in hospitality, tourism, recreation and sport industries, or who simply enjoy the attributes of Hostplus, there are different views as to what types of investments should be included or excluded from an investment portfolio.

Our position is to invest on behalf of our members in a responsible way, while supporting the industries we represent. Industries that provide jobs for hundreds of thousands of Australians and help drive the national economy.

Our position on climate change

"As a global long-term investor and signatory to the Principles for Responsible Investment, Hostplus acknowledges that climate change will have a wide range of consequences which may impact our investment portfolio. We are committed to improving our understanding of our fund's exposure to material climate change risks across companies, sectors, regions and asset classes."

Climate change is one component of Hostplus' ESG considerations, however it is one of the largest economic challenges facing investors today – physically, socially and legally.

As a fund, we respect the concern and commitment shown by members of our community who are working to confront this problem, as well as those who have different investment preferences. While we share many community members' belief in the importance of addressing climate change, we do not believe that full divestment from the fossil fuel industry is the best approach.

As individuals and as a community, we extensively rely on these companies' products and services for so much of what we do every day – the heating and lighting of our buildings, fuelling our transportation, as well as running our computers and appliances. As a long-term investor, it is difficult for us to reconcile boycotting a whole class of companies as we do not believe this represents a 'silver bullet' approach to the investment challenges posed by climate change.

Furthermore, divestment can cause company valuations to fall where they are more likely to shift from public markets to private equity funds, which have lower reporting obligations. Such a shift could hurt transparency and limit everyone's ability to engage the management of these companies in discussion around climate change. We prefer to exercise these rights ourselves and that's what our ownership of these companies allows us to do.

As a responsible trustee, we are committed to improving our understanding of our fund's exposure to material climate change opportunities and risks across companies, sectors, regions and asset classes. Such risks and opportunities are complex, often global in nature, and addressing them effectively frequently entails collaborative approaches.

Engagement over withdrawal

As a shareholder, Hostplus greatly favours engagement over withdrawal. We pursue an active ownership program that engages with most ASX300 companies on ESG issues directly and collectively through the Australian Council of Superannuation Investors (ACSI).

ACSI seeks to influence companies through constructive engagement with their boards about material ESG issues, with the aim of promoting long-term shareholder value and minimising risk. Some examples of ESG risks discussed are board diversity and independence, remuneration report recommendations, carbon asset risk, human rights in supply chains and sustainability reporting disclosure.

By taking a proactive approach, we are positively contributing towards the accountability and integrity of companies, promoting a framework where organisations can be managed in the best interests of their shareholders.

Proxy voting

We also take our proxy voting rights very seriously. It is Hostplus' policy to vote the proxy rights associated with all of our Australian and international equities holdings, and we are committed to publicly disclosing all proxy voting records which are available at hostplus.com.au.

Principles for Responsible Investment

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

Socially Responsible Investment Option

In addition to incorporating ESG considerations across our investment portfolio, we also offer our members a separate ESG investment option called Socially Responsible Investment (SRI) – Balanced. This option gives investors dedicated access to responsible investing opportunities across a wide range of asset classes, including shares, property, fixed income, infrastructure, alternatives and cash.

The option is managed within a responsible investment framework, combining traditional investment metrics with ESG criteria to identify investments that meet acceptable standards in areas such as environmental performance, social impact, ethics, labour standards and corporate governance.

Sustainable investments

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

Hostplus members are currently investing in a wide range of award-winning properties, infrastructure assets, and organisations which are detailed below.

We have also committed over \$550 million to venture capital including funds that are building water treatment systems, autonomous taxis and cars, and supporting clean energy funds to create new ways to produce, store, distribute, own and trade renewable energy.

313@Somerset Shopping Centre, Singapore

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

Darling Quarter urban regeneration precinct, Darling Harbour, Sydney

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

Green Square North Tower, Fortitude Valley, Queensland

- Rated 6 Star Green Star As-Built and Design V2.

Barangaroo South International Towers 1, 2 and 3, Sydney

- 6 Star Green Star Design ratings;
- Targeting carbon neutrality in 2017 and net zero waste to landfill by 2020; and
- The most sustainable development ever delivered by Lend Lease.

Darling Square, Sydney

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

500 Bourke Street, Melbourne

- Rated 5 Star Green Star Design and As-Built V2.

UNSW Village, Sydney

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

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 (continued)

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; and
- 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, US

- 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 the community environment.

Darling Harbour Live

- 6 Star Green Star Communities (1) rating from GBCA;
- More than 15 per cent reduction in annual greenhouse gas emissions to 2012 NCC minimum requirements;
- Target 14 per cent reduction in potable water use;
- Solar hot water servicing the commercial kitchens; and
- 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

Your investments 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.

Simply put.

Hostplus has invested more than \$3.2 billion in Australian core property and \$2.7 billion in our airports, railway stations, toll roads, water and renewable energy. So, you're not only growing your investment; you're also helping to build our nation.

Schools

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

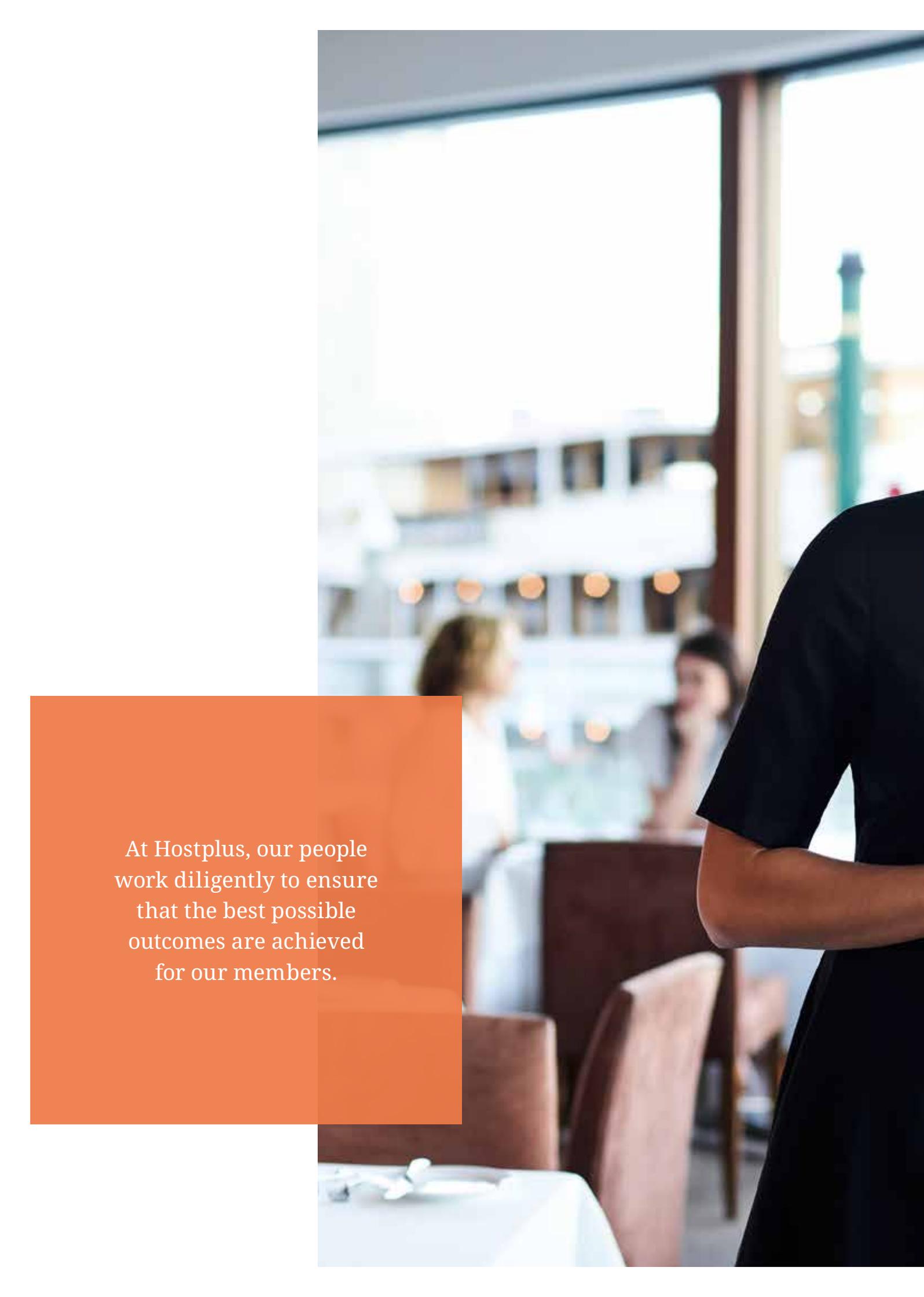
Aged care facilities

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.





At Hostplus, our people work diligently to ensure that the best possible outcomes are achieved for our members.

A woman in a black dress stands in the foreground, smiling broadly while holding a black clipboard. In the background, another woman with grey hair, wearing a maroon top and a necklace, is seated at a table with a white tablecloth, also smiling. The setting appears to be a bright, modern restaurant or cafe with large windows overlooking a body of water.

People.



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; and
 - Alexandra Grayson.
- ### Employer directors
- David Gibson;
 - The Hon Mark Vaile AO; and
 - Mark Robertson OAM, Deputy chair

Employee directors

- Rebecca Stark (ceased 31 January 2017);
- Tim Lyons, Deputy Chair .
- David McElrea (ceased 20 January 2017);
- Beverley Myers (appointed 10 February 2017); and
- Judith Hill (appointed 10 February 2017).

Alternate directors

- Neil Randall, Alternate Employer Director; and
- Robyn Buckler appointed as an Alternate Employee Director for United Voice.

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 (resigned effective 30 September 2016);
- Umberto Mecchi, Group Executive, Strategy and Marketing¹;
- Sam Sicilia, Chief Investment Officer;
- Natalie Strickland, Group Executive People, Performance and Culture;
- Paul Watson, Group Executive Business Growth, Client Relationships and Advice²;
- Mark Abramovich, General Counsel and Group Executive – Compliance³ (resigned 4 April 2017);
- Ann Wong, Group Executive, Legal and Compliance⁴ (resigned 30 September 2016);
- Norlena Brouwer, Group Executive Risk and Compliance (appointed 20 July 2017); and
- Kelly Cantwell, Group Executive Service Operations (appointed 10 October 2016).

For full remuneration details of Directors and Officers, please visit hostplus.com.au

¹ Appointed Group Executive, Strategy, Marketing and Client Services from Group Executive Strategy, Marketing and Growth, effective 31 August 2015.

² Appointed Group Executive Business Growth, Product and Advice, from Group Executive Product and Advice, effective 31 August 2015.

³ Resigned as General Counsel and Group Executive, Compliance, effective 23 December 2015.

⁴ Appointed Group Executive, Legal and Compliance, effective 19 January 2016.

Independent directors



David Elmslie

Independent Director

Roles

- Independent Director;
- Chair of the Board; and
- Member of the People and Remuneration Committee.

Appointment date

9 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); and
- Member of the AIST.

Experience

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

Other directorships/ appointments

Director

- IGIPT Pty Ltd; and
- ISPT Pty Ltd.

Advisory position

- Industry Super Australia Pty Ltd (ISA) – Advisory Board Member.



The Hon Peter Collins

AM QC

Independent Director

Roles

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

Appointment date

1 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); and
- Fellow of the AIST.

Experience

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

- Chair of the Australian Institute of Health and Welfare (2004–2011);
- Member of Cancer Council of NSW (2004–2006);
- Chair of 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;
- 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); and
- 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;
- Director & Chair of the Board; and
- Nepean and Blue Mountains Local Health District.

Advisory position

- Industry Super Australia Pty Ltd (ISA) – Chair of the Advisory Board.

Independent directors (continued)



Alexandra Grayson

Independent Director

Role

- Independent Director

Appointment date

24 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; and
- 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, previous roles include:

- Senior Associate at WG McNally Jones;
- Industrial Relations Commission of New South Wales;
- University of Western Sydney; and
- Finance Sector Union.

Other directorships/ appointments

Advisory position

- Senior Associate, Maurice Blackburn Lawyers.

Employer directors



Mark Robertson OAM

Role and responsibilities

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

Appointment date

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); and
- 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 (AHA), Victorian Chapter;
- Councillor of the Victorian Chapter of the AHA Director;

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; and
- GGS. Nominees Proprietary Ltd.
- Gaming and Leisure Holdings Pty Ltd;
- GBH Freehold Pty Ltd;
- HLM Admin Pty Ltd;
- Hotel and 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;
- Winning Concepts Pty Ltd; and
- 128 Bourke St Pty Ltd.

Secretary:

- Markann Number 2 Pty Ltd;
- Robertson Group Appointor Pty Ltd; and
- 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; and
- Caspian Private Equity, LLC – Caspian Private Equity (CPE) Fund 3 – Member Advisory Committee.

Employer directors (continued)



David Gibson

Role and responsibilities

- Employer Director, Hostplus Pty Limited;
- Chair of the People and Remuneration Committee; and
- Appointed by the AHA.

Appointment date

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; and
- 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, 2010 to present);
- Chairman, CEO and Founder, Tourism and Leisure Corporation Limited, (1984–1989);
- Managing Director, General Manager Hilton Internationals Hotel Group, (1978–1984);
- Operations analyst;
- Food and beverage analyst; and
- Trainee manager.

Other directorships/ appointments

Director:

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

Secretary:

- King Cobra Renovations Pty Ltd;
- Pomkaru Pty Ltd; and
- Sunotel Corporation Pty Ltd.



The Hon Mark Vaile AO

Role and responsibilities

- Employer Director, Hostplus Pty Limited; and
- Appointed by the AHA.

Appointment date

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'; and
- 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); and
- SmartTrans Holdings Limited (Chair).

Advisory position:

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

Employer directors (continued)



Neil Randall

Role and responsibilities

- Alternate Employer Director, Hostplus Pty Limited; and
- Appointed by AHA.

Appointment date

July 2013

Qualifications and memberships

- RG 146 (ASIC Tier 1) for the Superannuation Industry, Australian Institute of Superannuation Trustees (AIST); and
- 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; and
- 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;
- Kununurra Properties Pty Ltd; and
- Prostate Cancer Foundation of Australia.

Secretary:

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

Advisory position:

- Commissioner, WA Football League.

Employee directors



Tim Lyons

Role and responsibilities

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

Appointment date

May 2015

Qualifications and memberships

- Bachelor of Arts from the University of Tasmania, BA/LLB program;
- Diploma, Company Directors Course – AICD; and
- 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.

Other directorships/ appointments

Director:

- Reville Strategy Pty Ltd;
- IOTA Services Pty Ltd; and
- South East Water.

Employee directors (continued)



Bev Myers

Role and responsibilities

- Host-Plus Pty Ltd Employee Director;
- Appointed by United Voice.

Appointment date

February 2017

Qualifications and memberships

- Master in Public and International Law (Honours), University of Melbourne (2006);
- Bachelor of Laws (Honours), University of Melbourne (2003);
- Bachelor of Arts (Honours), University of Melbourne (2003);
- Graduate Certificate in Legal Practice, Skills and Ethics (Honours), Monash University (2006); and
- Admitted to legal practice: New South Wales (2016 – ongoing) Supreme Court of Victoria (2004–2010) High Court of Australia (2004 – ongoing).

Experience

Bev has experience in industrial relations and corporate law Australia-wide, a sound understanding of the social, economic and political context in Australia and of economic, social and labour rights internationally.

- Director, Corporate and Public Affairs, United Voice (April 2016 – ongoing);
- Director of Institutional Advancement and General Counsel, University of the People (2010–2015);
- National Industrial Officer, Textile, Clothing and Footwear Union of Australia (2007–2009); and
- Solicitor, Minter Ellison Lawyers (2003–2005).

Other directorships/ appointments

- United Voice - Director Corporate & Public Affairs



Judith Ann Hill

Role and responsibilities

- Host-Plus Pty Ltd Employee Director
- Appointed by United Voice.

Appointment date

February 2017

Qualifications and memberships

- Bachelor of Arts, University of NSW
- Diploma in Librarianship, University of NSW; and
- Diploma in Labour Relations and Law, University of Sydney.

Experience

Judith has experience as an independent consultant in workplace reform and industrial relations.

- Secretary of the Australian Insurance Employees Union, NSW;
- Senior Manager Human Resources, Sydney Water Board; and
- Consultant adviser to a Federal Government Minister.



Robyn Buckler

Role and responsibilities

- Alternate Employee Director, Hostplus Pty Limited;
- Chair of the Claims Review Committee (CRC); and
- Appointed by United Voice.

Appointment date

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); and
- 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; and
 - Former secondary school teacher.
- **Other directorships/ appointments**
- United Voice SA (Compliance Governance Building Services)

Executive 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 singular vision has helped create businesses that deliver consistently excellent results and real stakeholder value.

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

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

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

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

Role and key responsibilities

- Chief Executive Officer; and
- Company Secretary.*

Year of appointment

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 of Australian Institute of Superannuation Trustees (AIST); and
- Member of Fund Executives Association Limited (FEAL).

*Effective 28 June 2002

Executive team (continued)

Experience

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

- Redding Ridge Asset Management LLC;
- Australian Council of Superannuation Investors Limited (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;
- E.J. Whitten Foundation;
- Galileo Phillip Street JV Pty Limited;
- Host-Plus North Fremantle Pty Ltd;
- Host-Plus Peel Street Pty Limited;
- Host-Plus Phillip Street Pty Limited;
- Industry Super Australia Pty Ltd (ISA);
- 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; and
- 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;
- Darling Harbour Live 4 Pty Limited;
- North Fremantle JV Pty Limited;
- Peel Street JV Pty Ltd;
- Hostplus Property Pty Limited; and
- Hostplus Investments Pty Ltd.
- Darling Harbour Live Partnership - Member Partnership Committee

Advisory Board

- Delaware North Australian Advisory Committee;
- IFM Investors – Investor Advisory Board;
- Investment Attraction Industry Advisory Panel (Tourism Australia);
- Tourism & Transport Forum (TTF);
- M.H. Carnegie & Co. Pty Ltd Alternate Member of the Advisory Board;
- ACSI – Finance, Risk and Audit Committee Member; and
- Redding Ridge Holdings LP.

Representative appointments

- Members Equity Bank Limited (Shareholder meeting).



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 has held a number of senior roles, both locally and internationally:

- Director of Investment Consulting with Russell Investments, with responsibility for leadership of the Alternative Assets and Unlisted Property Sector teams, covering private markets, such as infrastructure, private equity and direct property;
- Senior Manager at Bank of Ireland Asset Management, with responsibility for gathering market intelligence and keeping abreast of industry developments across all asset classes, providing thought leadership and championing and facilitating global product development initiatives;
- Senior Consultant with Frontier Investment Consulting and a foundation member of Frontier's management team and Chair of the Frontier Research Practice Meeting, a monthly think tank forum, where investment manager assessments and ratings were determined and investment house views established, reviewed and debated; and

- 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 US.

Role and key responsibilities

Chief Investment Officer,*

- Provides strategic leadership across Hostplus investments; and
- Delivers consistent growth in net benefit to members.

Year of appointment

2008

Qualifications and memberships

- Bachelor of Science (Honours), Monash University;
- Ph.D. in Mathematical Modelling, Monash University; and
- 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; and
- Director of Investment Manager Research, Towers Perrin, US.

Executive team (continued)

Other directorships/ appointments

Alternate Director

- IGIPT Pty Ltd; and
- ISPT Pty Ltd.

Advisory position

- Brandon Capital Partners Pty Ltd Medical Research Commercialisation Fund 3 – Advisory Committee;
- Campus Living Funds Management Limited – Campus Living Villages Investor Committee;
- Hayfin Capital Management LLP Special Opportunities Credit Fund Advisory Board;
- IFM Investors Pty Ltd Shareholder Advisory Board;

Partners Group – Advisory Committee

- Partners Group Direct Investments - Advisory Committee
- Partners Group Direct Equity - Advisory Committee
- Siguler Guff & Company, LP, Small Buyouts Opportunities II – Advisory Board;
- Wilshire Private Markets Asia No. 1 Fund Investor Advisory Committee;
- Wilshire Private Markets Asia No. 2 Fund Investor Advisory Committee;
- QIC Limited - QIC Global Infrastructure Fund – Advisory Committee;
- Square Peg Australia LP and Square Peg Global Trust - Advisory Committee;
- ROC Asia Pacific Co-Investment Fund iii – Advisory Committee;
- Artesian Venture Capital Fund of Funds Management, .ILP - Advisory Committee;
- MRCF Biomedical Translation Fund – Advisory Committee;
- Artesian Hostplus VC Fund 1, ILP – Investment Committee; and
- Carthona Capital Venture Fund 1 – Advisory Committee.

Representative appointments

- Australian Council of Superannuation Investors;
- Blackbird Ventures Pty Ltd – Blackbird Ventures 2015, L.P.;
- Carnegie Venture Capital Pty Ltd;
- Caspian Private Equity, LLC Caspian Private Equity Fund 2;
- Caspian Private Equity, LLC Caspian Private Equity Fund 3;
- Industry Super Holdings Pty Ltd Shareholder Meeting; and
- Lexington Co-Investment Partners III, L.P.



Umberto Mecchi

Group Executive, Strategy and Marketing

As Group Executive, Strategy and Marketing, Umberto brings his considerable experience and insight to bear to set the strategic course for Hostplus. His areas of responsibility include strategic planning, brand management, marketing program delivery, product delivery, product development and data-driven member and employer experience design.

A career marketer with unparalleled financial services credentials, he is responsible for leading a talented team that is dedicated to ensuring Hostplus is at the forefront of delivering leading product 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.

In 2017 Umberto was delighted to be ranked Australia's 11th best Chief Marketing Officer (CMO) in one of the country's leading marketing programs, the CMO top 50.

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; and
- AIST Gold Communication Award in 2008 and 2009 for Excellence in Member Reporting Communications.

Role and key responsibilities

Group Executive, Strategy and Marketing

- Develops business strategy and insights
- Marketing and brand strategy;
- Product development and management;
- Member and employer experience design;
- Project management office and delivery of strategic projects; and
- Designs and delivers the Member Education program.

Year of appointment

2011

Qualifications and memberships

- Bachelor of Business (Marketing), RMIT;
- Graduate Diploma in Organisational Leadership, Melbourne Business School;
- Google Squared Online Certification
- Certificate in Direct Marketing, ADMA;
- Member of the Australian Institute of Superannuation Trustees;
- Member of Member of Fund Executives Association Limited (FEAL); and
- Member of Australian Superannuation Funds Association (ASFA).

Executive team (continued)

Experience

- Group Executive, Strategy and Marketing, Hostplus (2014–);
- 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, Trademark DM;
- Marketing Manager Business Solutions, Zurich Australia;
- Strategic Marketing Manager, AXA Australia; and
- Project Manager, Express Banking, ANZ Bank.

Other directorships/ appointments

- Director, E.J. Whitten Foundation;
- Member of Fundraising Committee, E.J. Whitten Foundation;
- Member of the Risk and Finance Committee, Jesuit Social Services;
- Member of the Fundraising Committee, Jesuit Social Services; and
- Member of ASFA Policy Committee
- Member of ASFA State Executive Committee (VIC)



Paul Watson

**Group Executive, Business Growth,
Client Relationships and Advice**

As Group Executive, Business Growth, Client Relationships and Advice, Paul makes an invaluable contribution to the development and implementation of the Hostplus' strategy, business plans, membership growth and key client relationship objectives. 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 where 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, Business Growth, Client Relationships and Advice

- Leads new business development and growth initiatives, focused on key strategic accounts, through existing distribution channels and identifying and securing new streams of growth and retention opportunities for the Fund through its Pooled Superannuation Trust (PST);
- Leads Hostplus' key employer and member relationship management and retention initiatives, activities and programs;
- Leads and manages the provision of the end-to-end financial planning and advice solutions and services for Hostplus' various market segments; and
- Contributes to Hostplus' product strategy and suite, service delivery and business insights.

Year of appointment

2011

Qualifications and memberships

- PLD, Executive Education, Harvard Business School, MA, US;
- Diploma of Management (Financial Services), Macquarie University, NSW;
- Diploma of Financial Planning, Deakin University, VIC;
- Fellow of Australian Institute of Superannuation Trustees;
- Fellow of Association of Superannuation Funds of Australia;
- Member of Member of Fund Executives Association Limited (FEAL); and
- Member of ASFA Super System Design Policy Council.

Executive team (continued)

Experience

- Hostplus Group Executive, Business Growth, Product and Advice;
- Hostplus Executive Manager, Member and Employer Relationships;
- Chief Executive Officer, Military Super
- Deputy Chief Executive Officer, Australian Reward Investment Alliance;
- Deputy Executive Director, Motor Trades Association of Australia; and
- Australian Public Service Senior officer roles in the Departments of Finance, Taxation, ComSuper, Defence and the Attorney Generals Department.

Other directorships/ appointments

Director

- Fund Executive Association Limited (FEAL).
Member
- ASFA Super System Design Policy Council.



Norlena Brouwer

Group Executive, Risk and Compliance

Appointed Group Executive, Risk and Compliance in October 2016, Norlena's extensive experience in both Central Group Operational Risk Functions as well as Divisional Operational Risk teams sees her well qualified to manage the intricacies of risk with respect to superannuation.

Norlena joined Hostplus in 2014 following a number of senior roles within the sphere of risk, compliance and governance for organisations including Cricket Australia, Bankwest and Property Exchange Australia.

As Group Executive, Risk and Compliance, Norlena is responsible for developing, enhancing and implementing an effective risk management framework, leading the risk and compliance team and supporting the Board and leadership team on risk management practices and emerging risks.

Role and key responsibilities

Group Executive, Risk and Compliance

- Leads the risk team in the execution of, and oversees the delivery of, the risk business plan;

- Reports regularly and in a timely manner to the Board, Audit, Risk and Compliance Committee, Group Executive and other stakeholders on risk management practices and emerging risks;
- Communicates risk management obligations to stakeholders and enhances risk awareness across the organisation on a continuous basis;
- Develops robust frameworks, processes and systems for the identification, management, mitigation and monitoring of risk across the organisation;
- Identifies compliance issues and makes recommendations on enhancements to existing, and development of new, risk controls and processes; and
- In consultation with the Chief Executive Officer, selects and retains external counsel as required to obtain legal opinions or handle claims and litigation and establishes policies governing the retention of external counsel to protect its interests.

Year of appointment

2016

Qualifications and memberships

- Diploma of Financial Services;
- Risk Management ANZIIIF;
- Member of Risk Management Institute of Australia;
- Member of Governance Risk & Compliance Institute;
- Member of Association of Superannuation Funds of Australia; and
- Member of Australian Institute of Superannuation Trustees.

Experience

Eight years' experience in senior risk management and advisory positions with a number of organisations, including Cricket Australia, Bankwest and Property Exchange Australia.

Executive team (continued)



Kelly Cantwell

Group Executive, Service Operations

With over 29 years of financial services experience, Kelly Cantwell is the Group Executive, Service Operations.

A strong negotiator with a member and employers' services focus, Kelly is a valuable asset to the Hostplus leadership team.

Appointed in October 2016, Kelly plays a critical role in developing and leading member service for Hostplus by optimising the capabilities of all team members; developing specialist skill sets and a highly experienced team and, in turn, achieving high levels of staff satisfaction and retention. One of Kelly's key functions is to build solid frameworks and infrastructure to manage internal and external stakeholders whilst driving outcomes to implement the overall strategic plan for the Fund.

In addition, management of end-to-end insurance products and services has always been a passion and strength of Kelly's.

Role and key responsibilities

Group Executive, Service Operations

- Identifies and monitors key business drivers. Introduces improved business processes and structures to meet changing business needs;
- Strategically manages, reviews and designs the service centre operating;
- Manages the Fund's service operations centre, including transactional inbound and outbound calls, member and employer services teams' quality assurance;
- Manages end- to-end insurance contracts including design, operations and service;
- Oversees the day-to-day member and employer operational aspects of the Fund and manages information from and between the Fund and key service providers, both internally and externally;
- Oversees the daily operational requirements for claims management; and
- Ensures administration and other services to the Fund are delivered in the most efficient, user-friendly and cost-effective way and meet member and employer needs and ensures the functional requirements are in line with Fund policy, procedures and business objectives.

Year of appointment

2016

Experience

Eleven years' experience with John Millet Independent Financial Advisors (JMIFA) in key roles including Fund Service Co-ordinator, Account Manager and Contact Centre Manager.

Fifteen years' experience in previous roles within Hostplus, including a number of years as a Group Executive.



Natalie Strickland

Group Executive People,
Performance and Culture

Natalie joined Hostplus in 2010 as Human Resources Consultant and was appointed Group Executive, People, Performance and 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 and development, 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; and
- Learning and development.

Role and key responsibilities

Group Executive, People, Performance and Culture*

- Drives, implements and manages the People, Performance and Culture strategy for Hostplus.

Year of appointment

2014

Qualifications and memberships

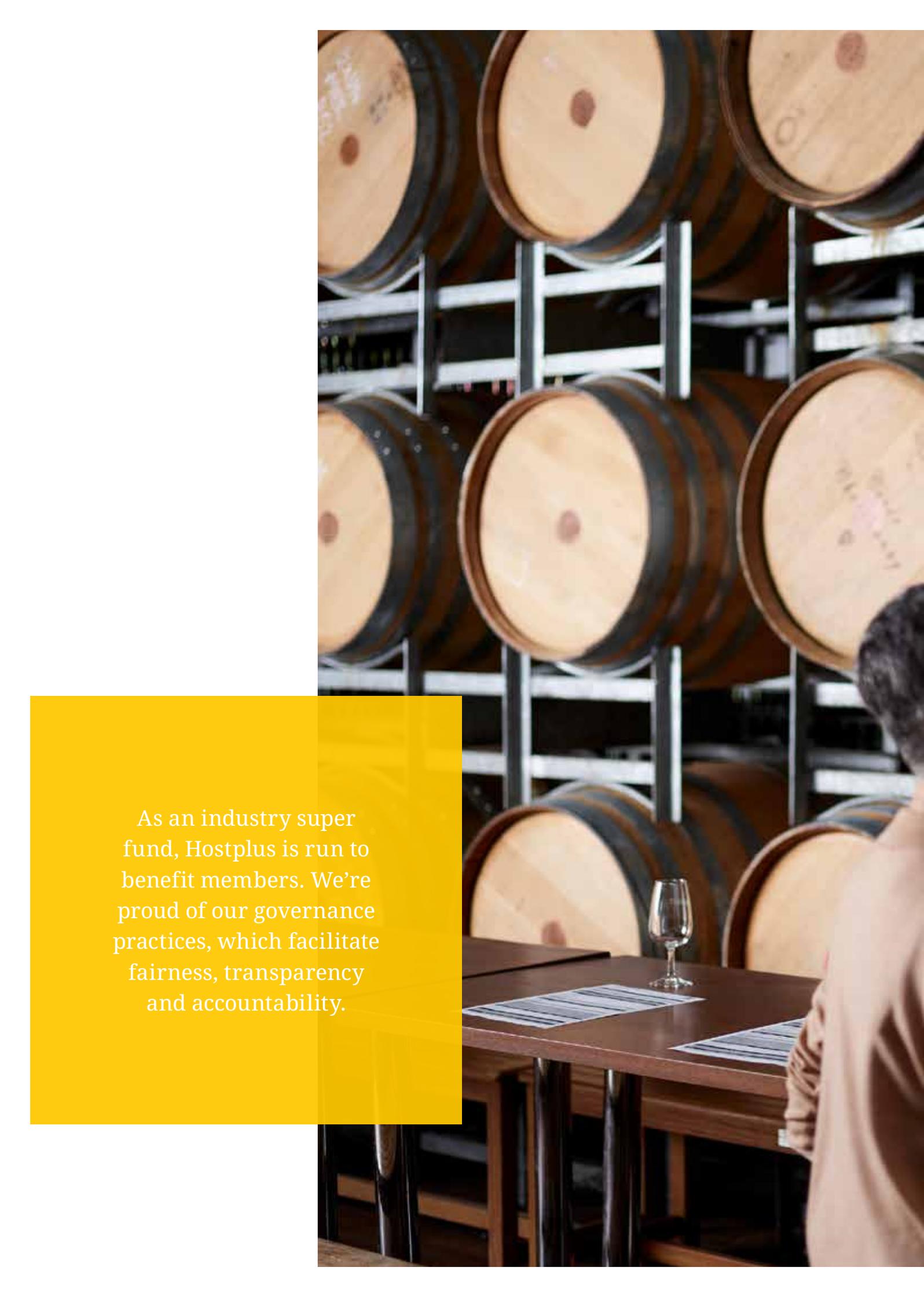
- Diploma of Human Resources, Swinburne University of Technology;
- Member of the Australian Institute of Superannuation Trustees;
- Member of Member of Fund Executives Association Limited (FEAL); and
- Member of Australian Superannuation Funds Association (ASFA).

Experience

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

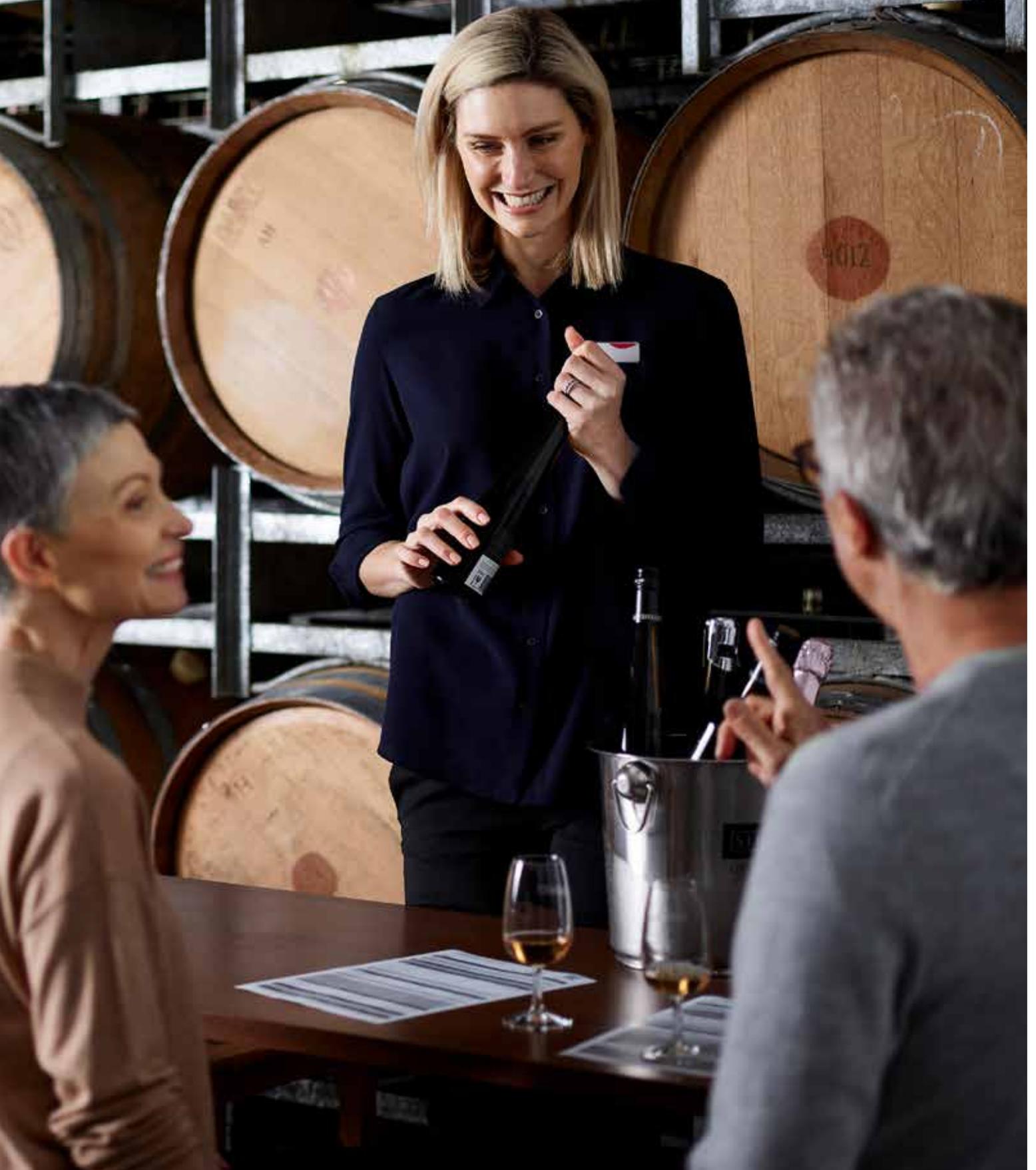
*Effective 19 September 2014

Therese Kenny resigned as Group Executive, Finance and Investment Operations on 22 December 2016. Ann Wong resigned as Group Executive, Legal and Compliance on 30 September 2016. Bruce Smethurst temporarily occupied the position of Group Executive, People, Performance and Culture from 25 July 2016 to 6 March 2017.



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

Governance.



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 record-keeping requirements.

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

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 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.

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 re-appoint 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 his or her 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, roles 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 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.

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.

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.

Corporate governance report (continued)

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

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

Compliance Framework

Hostplus has a Compliance Framework 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:

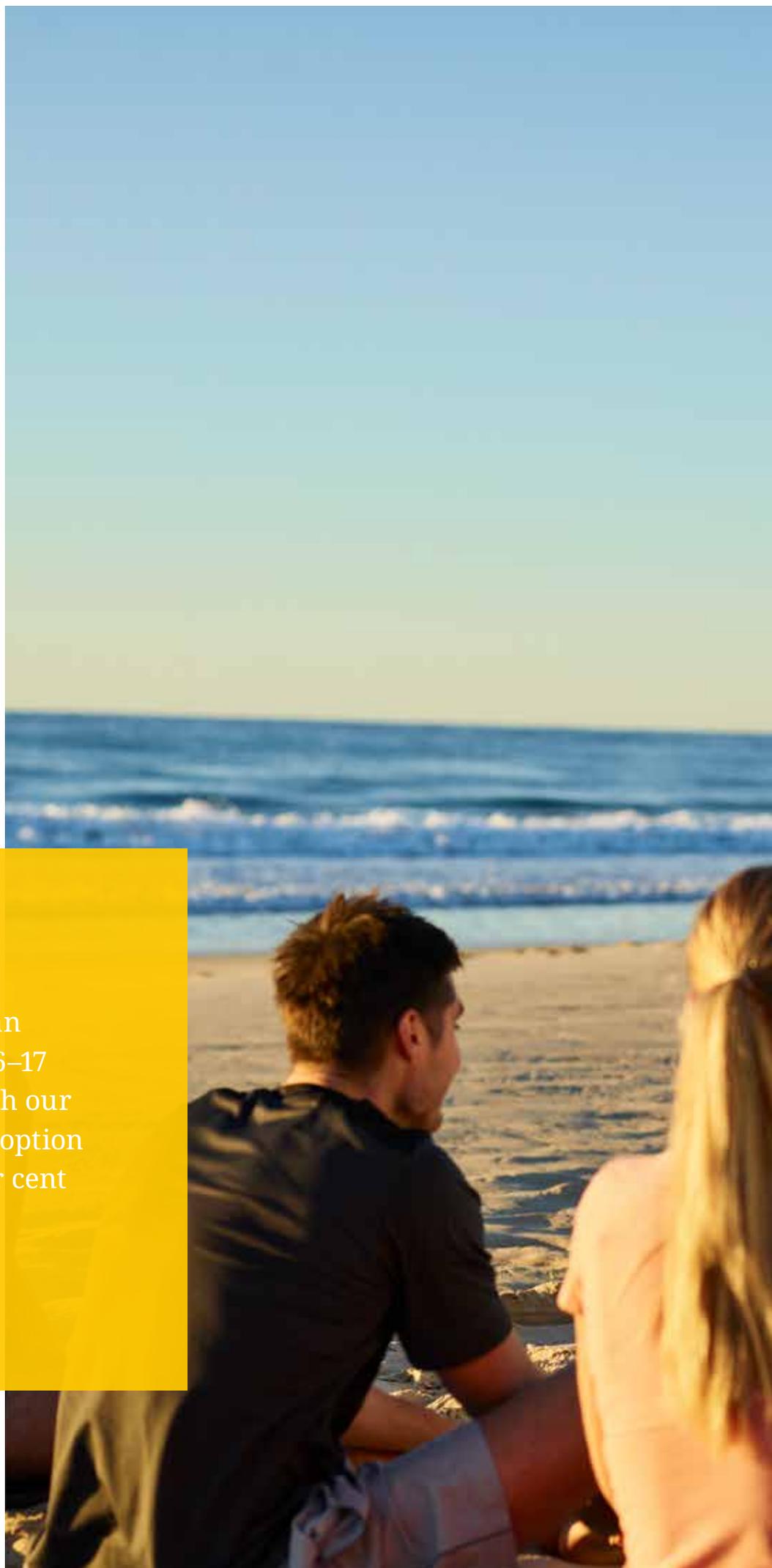
- The Compliance Framework – the structure Hostplus employs to manage the compliance requirements; and
- Policy documents and standards – a listing of policy documents and standards adopted at Hostplus.

The Hostplus Board maintains overall responsibility for the compliance program.

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



Hostplus had an outstanding 2016–17 financial year, with our MySuper Balanced option returning 13.2 per cent to members.



Investments.



A message from the Chief Investment Officer

Hostplus had an outstanding 2016–17 financial year, with our MySuper Balanced option returning 13.2 per cent to members – ranking Hostplus as the number one fund in SuperRatings' SR50 Balanced Fund survey and Chant West's Growth survey over a staggering 1, 3, 5 and 7 years. Exceptionally strong results were also achieved in the International Shares (21.05 per cent), Shares Plus (15.47 per cent) and Australian Shares (13.87 per cent) options.

Importance of unlisted assets and active management

I am pleased to share that much of the Fund's outperformance continues to branch from our strategic asset allocation to unlisted assets and active management – two fundamental principles underpinning our long-term investment strategy.

Hostplus has more than 40 per cent of its portfolio heavily invested in unlisted assets, including direct property and infrastructure, which outperformed bonds by 7 per cent (FYTD end-June). These unlisted assets continue to provide strong portfolio protection and far superior returns versus standard defensive investments in bonds and cash.

Active management also continues to play an important role in outperforming the equities market. For the last financial year, active management achieved strong dividends for our developed market equities portfolio, which outperformed the developed markets index by 3 per cent (returning 18 per cent FYTD end-June).

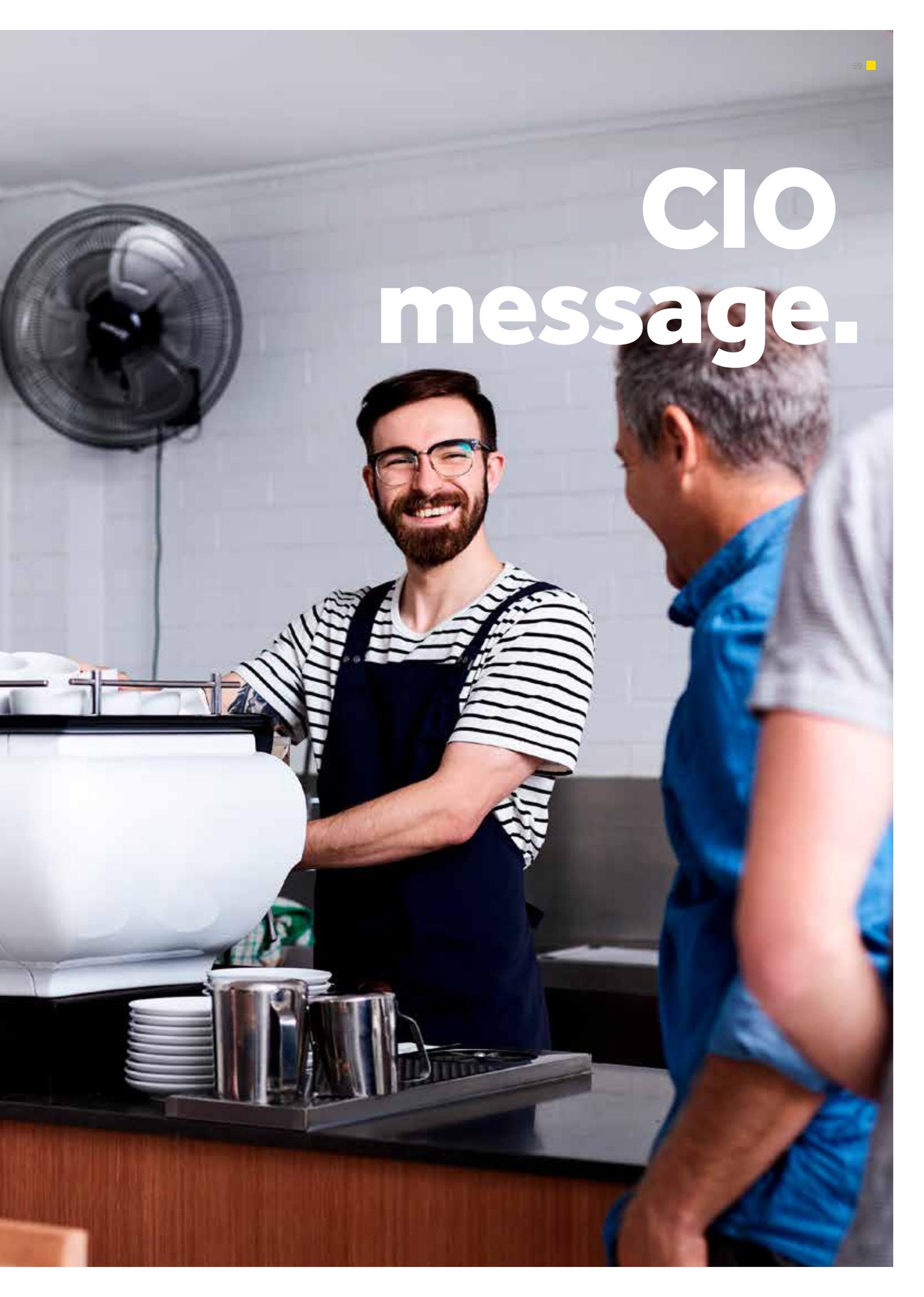
The quality of our investment approach was recognised by SelectingSuper in December 2016, where the Fund was awarded their prestigious Investment Leadership Award for our distinctive investment approach, quality and consistent performance over all time periods, as well as our unique market insights.



The quality of our investment approach was recognised by SelectingSuper in December 2016, where the fund was awarded their prestigious investment Leadership Award.



CIO message.





90%

Around 90 per cent of our one million members remain invested in Hostplus' default MySuper Balanced option – our cornerstone investment approach.

Growing from strength to strength

Despite ongoing market uncertainty due to significant world events such as slumping oil prices, China's economic slowdown, the Brexit vote and highly speculated 'Trumpflation' following the US election, Hostplus continues to rise from strength to strength. This is largely due to our young member demographics, which afford exceptionally long-term investment horizons, with patient capital and a high tolerance to illiquidity, enabling us to ride out these temporary disruptions.

Our industry-defining investment performance in the MySuper Balanced option over the past decade has contributed to a surge in funds under management (FUM), totalling \$24.7 billion at 30 June 2017. Over a five-year period, the Fund has grown at 19.3 per cent and outperformed the SuperRatings industry median of 13.2 per cent. Looking specifically at the last financial year, the three main contributors to growth were strong net investment returns, member contributions and transfers in, with more than \$1.5 billion rolling into the Fund.

Around 90 per cent of our one million members and total FUM remain invested in Hostplus' default MySuper Balanced option – the cornerstone of our investment approach. However, last financial year also saw Hostplus' Indexed Balanced option grow rapidly where it is expected to exceed \$1 billion in the first quarter of the 2017–18 financial year. This was largely due to an increasing number of Public Offer members joining Hostplus.

Turning of the SMSF tide

Hostplus has seen a growing trend in the number of high net worth SMSF owners joining the fund because of our consistent industry-leading returns, low administration fees and strong portfolio diversification. Relative to the 2016–17 financial year, Hostplus has seen a 78 per cent increase of members rolling into the Fund from SMSFs, alongside a 320 per cent increase in FUM rolling in from SMSFs. We believe this may largely be due to SMSF owners' expectations falling short or the benefits of operating an SMSF being overstated.

While we acknowledge investing money is easy, making a good return from your investment can be hard. That is why we are developing options to allow SMSF owners to invest directly in Hostplus and take advantage of the Fund's expertise and scale. During this 2017–18 financial year, a Pooled Superannuation Trust (PST) offer will enable SMSF owners to invest directly

in our industry-leading Balanced portfolio, while still retaining control of their SMSF. The PST will sit alongside a range of investment options for members wanting to take a more active role in the management of their super.

Spearheading venture capital in Australia

Over the past financial year, Hostplus has committed a further \$265 million to Australia's start-up ecosystem, boosting our total venture capital (VC) portfolio to more than \$350 million. This sector is an important diversifier in our Balanced portfolio, helping to transform old industries and create new ones, along with new jobs and opportunities when markets turn.

Hostplus is funding biomedical research to develop peanut allergy vaccines, devices for managing Parkinson's disease, cancer-fighting drugs, gel implants to treat osteoarthritis, a new class of antibiotics and cardiovascular disease oral treatments. We also know many of our members are passionate about doing their bit to support a more sustainable future, which is why we invest heavily in venture funds building water treatment systems, autonomous taxis and cars, and supporting clean energy funds to create new ways to produce, store, distribute, own and trade renewable energy.

As one of the largest contributors to venture capital in Australia, I'm genuinely excited about how our Fund is seeding the way for start-ups and entrepreneurs to flourish, whilst also delivering strong risk-adjusted returns to members.

Socially responsible investments

Earlier in 2017, Hostplus launched a Socially Responsible Investment (SRI) option for members who wish to direct their investment towards social and environmental considerations. This Balanced option gives investors access to responsible investment opportunities across a wide range of asset classes, including shares, property, fixed income, infrastructure, alternatives and cash.

It is managed within a responsible investment framework, certified by the Responsible Investment Association of Australasia – combining traditional investment metrics with ESG criteria – to identify investments that meet desirable standards in areas such as environmental performance, social impact, ethics, labour standards and corporate governance.

FY17–18 full steam ahead

While political uncertainty will continue to drive economics, Australia's 26 years of uninterrupted growth looks to continue its positive trajectory. Hostplus currently invests more than \$13 billion in the Australian economy, which comprises around 55 per cent of total member assets. We look forward to continuing our engagement with government to participate in new investment opportunities, particularly in infrastructure through transport, energy and aged care.

We are also closely examining the case for greater investment in Australian agriculture where appropriate to further diversify our portfolio and supply capital to efficient producers. We believe our comparative advantage can only be unlocked if farm businesses are able to undergo a process of intensification by employing more capital, technology and better modes of operation. However, this process requires significant and patient financial backing, which we believe we are in a good position to do.

On the international stage, we look forward to continuing our relationship with the US administration to further their interest in Australia's successful asset recycling scheme and potentially open US\$1 trillion worth of infrastructure assets for Australian industry funds to invest in.

Our investments team looks forward to another year of strong returns and encourages members to take a long-term view when considering the right investment choice for their needs. Unlike day trading, superannuation is a 30- to 40-year game and our investment strategy is based on equity markets producing positive outcomes over the long-term.



Sam Sicilia
Chief Investment Officer

Our pre-mixed options

Balanced (default option)		
Return target	<ul style="list-style-type: none"> ▪ CPI plus 3.5% per annum on average over 10 years. ▪ CPI plus 4% per annum over 20 years. 	
Level of investment risk*	<ul style="list-style-type: none"> ▪ High. (Negative returns expected in between 4 and 5 out of every 20 years) 	
Investment style	<ul style="list-style-type: none"> ▪ Investments through diversified investment portfolio, including some growth assets and some lower risk investments. 	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time. ▪ This option may suit members who have a six-year plus investment time horizon. 	
Suggested minimum investment timeframe#	6 years +	
Asset mix	Range	SAA benchmark
Growth assets		76%
Equity		
Australian shares	15–45%	25%
International shares		
Developed markets	10–30%	20%
Emerging markets	0–15%	8%
Private equity	0–15%	6%
Infrastructure	0–15%	7%
Property	0–15%	4%
Other		
Credit	0–10%	2%
Alternatives	0–10%	4%
Defensive assets		24%
Infrastructure	0–10%	5%
Property	0–20%	9%
Fixed income	0–20%	2%
Cash	0–10%	0%
Other		
Credit	0–10%	6%
Alternatives	0–10%	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.

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.

Capital Stable			
Return target	▪ CPI plus 2.5% per annum over 20 years.		
Level of investment risk*	▪ Low to medium. (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"> ▪ This option has a lower risk return profile than the Fund's default option. ▪ This option may suit members who have a three-year plus investment time horizon. 		
Suggested minimum investment timeframe#	3 years +		
Asset mix	Range	SAA benchmark	
Growth assets		35%	
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%	4%	
Property	0–10%	3%	
Other			
Credit	0–5%	2%	
Alternatives	0–10%	6%	
Defensive assets		65%	
Infrastructure	0–5%	3%	
Property	0–15%	7%	
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.

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Our pre-mixed options (continued)

Conservative Balanced		
Return target	▪ CPI plus 3.5% per annum over 20 years.	
Level of investment risk*	▪ Medium to high. (Negative returns expected in between 3 and 4 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"> ▪ This option is diversified across a range of growth and defensive assets, and has a lower risk return profile than the Fund's default option. ▪ This option may suit members who have a five-year plus investment time horizon. 	
Suggested minimum investment timeframe#	5 years +	
Asset mix	Range	SAA benchmark
Growth assets		54%
Equity		
Australian shares	10–30%	18%
International shares		
Developed markets	10–25%	14%
Emerging markets	0–10%	6%
Private equity	0–10%	2%
Infrastructure	0–10%	5%
Property	0–10%	3%
Other		
Credit	0–5%	2%
Alternatives	0–10%	4%
Defensive assets		46%
Infrastructure	0–5%	3%
Property	0–15%	7%
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.

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The Conservative Balanced option was introduced on 1 October 2007.

Socially Responsible Investment (SRI) – Balanced			
Return target	▪ CPI plus 3.5% per annum on average over 20 years.		
Level of investment risk*	▪ High. (Negative returns expected in between 4 and 5 out of every 20 years)		
Investment style	▪ Responsible investment option that invests in companies that contribute to a socially and environmentally sustainable world by integrating environmental, social and ethical considerations, labour standards and corporate governance factors into the investment analysis.		
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option encourages corporate practices that promote environmental stewardship, consumer protection, human rights and diversity, and seeks to limit exposure to companies which have a material exposure to the most carbon-intensive fossil fuels. ▪ This option may suit members who have a six-year plus investment time horizon. 		
Suggested minimum investment timeframe#	6 years +		
Asset mix	Range	SAA benchmark	
Growth assets		70%	
Equity			
Australian shares	20–40%	28%	
Internationals shares			
Developed markets	15–35%	27%	
Emerging markets	0–7%	2%	
Private equity	0–10%	0%	
Infrastructure	0–10%	3%	
Property	0–20%	9%	
Other			
Credit	0–10%	0%	
Alternatives	0–6%	1%	
Defensive assets		30%	
Infrastructure	0–10%	0%	
Property	0–10%	0%	
Fixed income	0–30%	17%	
Cash	10–15%	5%	
Other			
Credit	0–15%	8%	
Alternatives	0–10%	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.

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

The Socially Responsible Investment (SRI) – Balanced investment option was introduced on 28 March 2017.

Our pre-mixed options (continued)

Indexed Balanced		
Return target	▪ CPI plus 3.5% per annum over 20 years.	
Level of investment risk*	▪ High. (Negative returns expected in between 5 and 6 out of every 20 years)	
Investment style	▪ Investments through diversified investment portfolio, including some growth assets and some lower risk investments.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time. ▪ This option may suit members who have a six-year plus investment time horizon. 	
Suggested minimum investment timeframe#	6 years +	
Asset mix	Range	SAA benchmark
Growth assets		75%
Equity		
Australian shares	25–55%	35%
International shares		
Developed markets	25–55%	40%
Emerging markets	0–10%	0%
Defensive assets		25%
Fixed income	10–30%	15%
Cash	0–20%	10%

*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.

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The Indexed Balanced option was introduced on 1 December 2010.

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	▪ Pre-mixed option. ▪ Contains the highest investment in assets with potential for capital growth.		
Who is this investment suitable for?	▪ This option is less diversified than the Fund's default option and has a higher risk and return profile. ▪ This option may suit members who have a six-year plus investment time horizon.		
Suggested minimum investment timeframe#	6 years +		
Asset mix	Range	SAA benchmark	
Growth assets		88%	
Equity			
Australian shares	30–50%	34%	
International shares			
Developed markets	20–40%	27%	
Emerging markets	0–15%	11%	
Private equity	0–15%	6%	
Infrastructure	0–10%	3%	
Property	0–10%	2%	
Other			
Credit	0–5%	3%	
Alternatives	0–5%	2%	
Defensive assets		12%	
Infrastructure	0–5%	3%	
Property	0–10%	6%	
Fixed income	0–10%	0%	
Cash	0–10%	0%	
Other			
Credit	0–5%	3%	
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.

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 pre-mixed options (continued)

Hostplus Life**				
Return target	Age bracket	Investment option	Objective	
	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 2.5% per annum on average over 20 years.	
Level of investment risk*	Age bracket	Investment option	Level of risk	Negative returns expected out of every 20 years
	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 to high.	Negative returns expected in between 3 and 4 out of every 20 years.
	60 and over	Capital Stable	Low to medium.	Negative returns expected in between 1 and 2 out of every 20 years.
Investment style	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.			
Who is this investment suitable for?	This option is suitable for members who prefer to have the investment decisions made on their behalf. This option may suit members with a ten year plus investment time horizon.			
Suggested minimum investment timeframe#	Age bracket	Investment option	Level of risk	Negative returns expected out of every 20 years
	Under 40	Shares Plus	High.	6 years +
	40–49	Balanced	High.	6 years +
	50–59	Conservative Balanced	Medium to high.	5 years +
	60 and over	Capital Stable	Low to medium.	3 years +

Hostplus Life** (continued)					
Investment option					
Asset mix	Shares Plus		Balanced		
	Range	SAA benchmark	Range	SAA benchmark	
Growth assets		88%		76%	
Equity					
Australian shares	30–50%	34%	15–45%	25%	
International shares					
Developed markets	20–40%	27%	10–30%	20%	
Emerging markets	0–15%	11%	0–15%	8%	
Private equity	0–15%	6%	0–15%	6%	
Infrastructure	0–10%	3%	0–15%	7%	
Property	0–10%	2%	0–15%	4%	
Other					
Credit	0–5%	3%	0–10%	2%	
Alternatives	0–5%	2%	0–10%	4%	
Defensive assets		12%		24%	
Infrastructure	0–5%	3%	0–10%	5%	
Property	0–10%	6%	0–20%	9%	
Fixed income	0–10%	0%	0–20%	2%	
Cash	0–10%	0%	0–10%	0%	
Other					
Credit	0–5%	3%	0–10%	6%	
Alternatives	0–5%	0%	0–10%	2%	
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.					

Our pre-mixed options (continued)

Hostplus Life** (continued)					
Asset mix		Investment option (continued)			
		Conservative Balanced		Capital Stable	
		Range	SAA benchmark	Range	SAA benchmark
	Growth assets		54%		35%
	Equity				
	Australian shares	10–30%	18%	5–20%	10%
	International shares				
	Developed markets	10–25%	14%	5–15%	7.5%
	Emerging markets	0–10%	6%	0–5%	2.5%
	Private equity	0–10%	2%	0–5%	0%
	Infrastructure	0–10%	5%	0–10%	4%
	Property	0–10%	3%	0–10%	3%
	Other				
	Credit	0–5%	2%	0–5%	2%
	Alternatives	0–10%	4%	0–10%	6%
	Defensive assets		46%		65%
	Infrastructure	0–5%	3%	0–5%	3%
	Property	0–15%	7%	0–15%	7%
	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.

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 sector investment options

Cash			
Return target	▪ CPI plus 0.5% per annum over 20 years.		
Level of investment risk*	▪ Very low. (Negative returns expected in between 0 and 0.5 out of every 20 years)		
Investment style	▪ Cash investments could include deposits in a bank, investments in short-term money markets and other similar investments.		
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option may suit members who have a short-term investment horizon. ▪ It will provide security of capital but returns will typically be lower than that produced by the Fund's Default option over the medium to long term. 		
Suggested minimum investment timeframe [#]	Less than 1 year		
Asset mix		Range	SAA benchmark
	Growth assets		0%
	Defensive assets		100%
	Cash	0-100%	100%

*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.

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Diversified Fixed Interest		
Return target	▪ CPI plus 1% per annum over 20 years.	
Level of investment risk*	▪ Medium to high. (Negative returns expected in between 2 and 3 out of every 20 years)	
Investment style	▪ Usually a loan to a government or business with a fixed interest rate and the length of the loan agreed in advance.	
Who is this investment suitable for?	▪ This option may suit members who desire lower volatility over the medium term. ▪ Whilst returns can fluctuate, the risk and return profile is lower than the Fund's Shares options.	
Suggested minimum investment timeframe#	5 years +	
Asset mix	Range	SAA benchmark
Growth assets		0%
Other (Alternatives)	0% – 10%	0%
Defensive assets		100%
Fixed income	90 – 100%	100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

*The 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.

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 sector investment options (continued)

Property		
Return target	▪ CPI plus 3% 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	▪ An investment in property or buildings, either directly or via property trusts.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option aims to achieve income returns and capital growth over the longer term. ▪ This option may suit members who have a five-year plus investment time horizon. 	
Suggested minimum investment timeframe#	5 years +	
Asset mix	Range	SAA benchmark
	Growth assets	40%
	Property	0–100%
	Defensive assets	60%
	Property	0–100%
	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.

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.

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

*The 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.

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 sector investment options (continued)

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

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.

International Shares – Indexed		
Return target	▪ CPI plus 3.5% per annum over 20 years.	
Level of investment risk*	▪ Very high. (Negative returns expected in between 6 and 7 out of every 20 years)	
Investment style	▪ Passive management.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is less diversified than the Fund's default option and has a higher risk and return profile. ▪ This option may suit members who have a seven-year plus investment time horizon. 	
Suggested minimum investment timeframe#	7 years +	
Asset mix	Range	SAA benchmark
Growth assets		100%
Equity		
International shares		
Developed markets	0–100%	100%
Defensive assets		0%

The International Shares – Indexed option is unhedged and is fully exposed to currency fluctuations. This option was introduced on 27 September 2017.

*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.

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 sector investment options (continued)

International Shares (Hedged) – Indexed		
Return target	▪ CPI plus 3.5% per annum over 20 years.	
Level of investment risk*	▪ Very high. (Negative returns expected in between 6 and 7 out of every 20 years)	
Investment style	▪ Passive management.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is less diversified than the Fund's default option and has a higher risk and return profile. ▪ This option may suit members who have a seven-year plus investment time horizon. 	
Suggested minimum investment timeframe [#]	7 years +	
Asset mix	Range	SAA benchmark
Growth assets		100%
Equity		
International shares		
Developed markets	0–100%	100%
Defensive assets		0%

The International Shares (Hedged) – Indexed option is fully hedged and is not exposed to currency fluctuations. This option was introduced on 27 September 2017.

*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.

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Our individual manager options

Macquarie Investment Management – Australian Fixed Interest		
Return target	▪ CPI plus 1% per annum over 20 years.	
Level of investment risk*	▪ Medium to high. (Negative returns expected in between 3 and 4 out of every 20 years)	
Investment style	▪ Passive management.	
Who is this investment suitable for?	▪ This option may suit members who desire lower return volatility over the medium term.	
Suggested minimum investment timeframe [#]	3 years +	
Asset mix	Range	SAA benchmark
Growth assets		0%
Defensive assets		100%
Fixed income		100%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

*The 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.

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.

BlackRock Asset Management – International Fixed Interest		
Return target	▪ CPI plus 1% per annum over 20 years.	
Level of investment risk*	▪ Medium to high. (Negative returns expected in between 3 and 4 out of every 20 years)	
Investment style	▪ Passive management. ▪ The manager invests in securities that form the Barclays Global Aggregate Index, using an index tracking approach to manage securities.	
Who is this investment suitable for?	▪ This option may suit members who desire lower return volatility over the medium term.	
Suggested minimum investment timeframe#	3 years +	
Asset mix	Range	SAA benchmark
	Growth assets	0%
	Defensive assets	100%
	Fixed income	100%
	Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.	

*The 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).

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 individual manager options (continued)

Industry Super Property Trust Core Fund – Property		
Return target	▪ CPI plus 3% 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	▪ The Fund has an income bias aiming to offer investors lower relative earnings' volatility and a higher income yield.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option aims to achieve income returns and capital growth over the longer term. ▪ This option may suit members who have a five-year plus investment time horizon. 	
Suggested minimum investment timeframe#	5 years +	
Asset mix	Range	SAA benchmark
	Growth assets	30%
	Property	30%
	Defensive assets	70%
	Property	70%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

*The 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.

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Lend Lease managed Australian Prime Property Funds (Retail, Commercial and Industrial) – Property

Return target	▪ CPI plus 3% 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	▪ Long-term direct investment in a quality portfolio of major regional core retail assets, commercial assets and industrial assets across Australia.		
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option aims to achieve income returns and capital growth over the longer term. ▪ This option may suit members who have a five-year plus investment time horizon. 		
Suggested minimum investment timeframe#	5 years +		
Asset mix	Range	SAA benchmark	
	Growth assets		30%
	Property		30%
	Defensive assets		70%
	Property		70%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

*The 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.

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Our individual manager options (continued)

IFM – Australian Infrastructure ¹		
Return target	▪ CPI plus 3% per annum over 20 years.	
Level of investment risk*	▪ Medium to high. (Negative returns expected in between 3 and 4 out of every 20 years)	
Investment style	▪ Long-term direct investment option that invests in tangible infrastructure assets, such as airports, toll roads, power plants and utilities, across Australia.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option has a higher risk and return profile than the Fund's default option and aims to achieve income returns and capital growth over the longer term. ▪ This option may suit members who have a five-year plus investment time horizon. 	
Suggested minimum investment timeframe [#]	5 years +	
Asset mix	Range	SAA benchmark
	Growth assets	50%
	Infrastructure	50%
	Defensive assets	50%
	Infrastructure	50%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

1. The option may be closed to new investors if a cap of 3% of total funds under management for the Fund is reached.

2. This option was introduced on 25 May 2015, therefore this performance figure is for the period of five weeks to 30 June 2015.

*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.

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

*The 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.

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Our individual manager options (continued)

IFM – Australian Shares		
Return target	▪ CPI plus 4.5% per annum over 20 years.	
Level of investment risk*	▪ Very high. (Negative returns expected in between 6 and 7 out of every 20 years)	
Investment style	▪ Enhanced passive management.	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is less diversified than the Fund's default option and has a higher risk and return profile. ▪ This option may suit members who have a seven-year plus investment time horizon. 	
Suggested minimum investment timeframe [#]	7 years +	
Asset mix	Range	SAA benchmark
Growth assets		100%
Equity		
Australian shares		100%
Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

1. This option was introduced on 1 November 2012, therefore this performance figure is for the period of eight months to 30 June 2013.

*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.

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Paradice Investment Management (Small Cap) – Australian Shares			
Return target	▪ CPI plus 5% per annum over 20 years.		
Level of investment risk*	▪ Very high. (Negative returns expected in between 6 and 7 out of every 20 years)		
Investment style	▪ Specialises in investing in companies outside the ASX top 100 stocks as defined by market capitalisation, as well as having the capacity to invest in New Zealand stocks.		
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is less diversified than the Fund's default option and has a higher risk and return profile. ▪ This option may suit members who have a seven-year plus investment time horizon. 		
Suggested minimum investment timeframe#	7 years +		
Asset mix	Range	SAA benchmark	
Growth assets		100%	
Equity			
Australian shares		100%	
International shares	0–10%	0%	
Defensive assets		0%	
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.			

*The 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.

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 individual manager options (continued)

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

This option ceased on 26 December 2016.

This option is unhedged and is fully exposed to currency fluctuations.

*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.

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Neuberger Berman – International Shares		
Return target	▪ CPI plus 5% per annum over 20 years.	
Level of investment risk*	▪ Very high. (Negative returns expected in between 6 and 7 out of every 20 years)	
Investment style	<ul style="list-style-type: none"> ▪ Neuberger Berman seeks to maximise performance by constructing its portfolios with high-quality, growing companies trading at attractive valuations, which have the potential to outperform the MSCI Emerging Markets Index at lower risk. ▪ The style can best be characterised by Growth at a Reasonable Price (GARP). 	
Who is this investment suitable for?	<ul style="list-style-type: none"> ▪ This option is less diversified than the Fund's default option and has a higher risk and return profile. ▪ This option may suit members who have a seven-year plus investment time horizon. 	
Suggested minimum investment timeframe [#]	7 years +	
Asset mix	Range	SAA benchmark
Growth assets		100%
Equity		
International shares		
Emerging markets		100%
Defensive assets		0%
Investment managers may invest a proportion of this option's assets in cash for management purposes from time to time.		

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);
- Listed investment companies (LICs); 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 for details of the current investments available.

**This option is unhedged and is fully exposed to currency fluctuations. This option was introduced on 31 October 2011.

*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.

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

Net investment returns for Hostplus and Hostplus Executive 1 year to 30 June	2017	2016	2015	2014	2013
Capital Stable	7.66%	3.23%	6.61%	7.94%	9.14%
Conservative Balanced	10.26%	3.88%	8.39%	10.42%	12.21%
SRI Balanced ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Indexed Balanced	10.27%	2.20%	10.83%	14.39%	18.71%
Balanced	13.20%	5.00%	11.00%	13.60%	16.30%
Shares Plus	15.47%	3.88%	10.84%	14.79%	17.91%
Cash	1.46%	1.82%	2.04%	2.30%	2.84%
Diversified Fixed Interest	4.61%	6.82%	5.92%	7.00%	7.30%
Property	8.77%	10.16%	11.92%	8.58%	5.28%
Australian Shares	13.87%	5.47%	7.88%	17.55%	19.33%
International Shares	21.05%	-2.16%	12.13%	17.21%	23.97%
Macquarie Investment Management – Australian Fixed Interest	0.22%	5.94%	4.77%	5.28%	2.36%
BlackRock Asset Management – International Fixed Interest	-0.11%	7.82%	5.22%	6.39%	3.96%
Industry Super Property Trust Core Fund	11.95%	12.02%	11.36%	8.40%	8.01%
Lend Lease – Australian Prime Property Funds – Property	8.96%	10.44%	8.01%	7.47%	5.13%
Balanced Equity Management – Australian Shares	19.46%	-6.25%	6.60%	18.38%	26.12%
IFM – Australian Shares ⁽²⁾	13.82%	2.02%	6.95%	17.04%	9.29%
Paradice Investment Management (Small Cap) – Australian Shares	1.99%	30.37%	9.40%	8.67%	7.33%
Neuberger Berman – International Shares	18.29%	-2.99%	13.44%	9.50%	19.99%
IFM – Australian Infrastructure ⁽³⁾	11.78%	21.05%	2.14%	N/A	N/A

¹ The SRI Balanced option was introduced on 28 March 2017.

² 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.

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 2017	6 mth	1 yr	3 yr p.a.	5 yr p.a.	7 yr p.a.	10 yr p.a.
Capital Stable	2.63%	7.66%	5.82%	6.90%	6.96%	5.54%
Conservative Balanced ^(A)	4.33%	10.26%	7.48%	9.00%	8.24%	N/A
SRI Balanced ^(B)	N/A	N/A	N/A	N/A	N/A	N/A
Indexed Balanced ^(C)	3.08%	10.27%	7.69%	11.14%	N/A	N/A
Balanced	6.38%	13.20%	9.68%	11.76%	9.92%	5.79%
Shares Plus	7.22%	15.47%	9.96%	12.47%	10.31%	5.80%
Cash	0.77%	1.46%	1.77%	2.09%	2.77%	3.47%
Diversified Fixed Interest	1.86%	4.61%	5.78%	6.33%	7.40%	7.12%
Property	5.54%	8.77%	10.30%	8.93%	7.58%	5.33%
Australian Shares	3.96%	13.87%	9.02%	12.69%	10.17%	5.98%
International Shares	13.83%	21.05%	9.92%	14.05%	11.71%	4.96%
Macquarie Investment Management – Australian Fixed Interest	1.97%	0.22%	3.61%	3.69%	4.78%	5.31%
BlackRock Asset Management – International Fixed Interest ^(D)	1.31%	-0.11%	4.26%	4.62%	N/A	N/A
Industry Super Property Trust Core Fund	7.06%	11.95%	11.78%	10.33%	9.47%	6.40%
Lend Lease – Australian Prime Property Funds – Property	4.24%	8.96%	9.13%	7.99%	8.05%	5.67%
Balanced Equity Management – Australian Shares	3.53%	19.46%	6.08%	12.25%	9.59%	5.29%
IFM – Australian Shares ^(E)	3.60%	13.82%	7.49%	N/A	N/A	N/A
Paradice Investment Management (Small Cap) – Australian Shares	0.28%	1.99%	13.31%	11.15%	10.72%	5.42%
Neuberger Berman – International Shares ^(F)	12.77%	18.29%	9.19%	11.33%	N/A	N/A
IFM – Australian Infrastructure ^(G)	8.07%	11.78%	N/A	N/A	N/A	N/A

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

B The SRI Balanced option was introduced on 28 March 2017.

D The BlackRock Asset Management – International Fixed Interest option was introduced on 1 June 2011.

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

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

G 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. Return on investments, net of investment-related fees, costs and taxes.

Our investment returns (continued)

Net investment returns for Hostplus Pension 1 year to 30 June	2017	2016	2015	2014	2013
Capital Stable	9.16%	3.58%	7.30%	8.86%	10.57%
Conservative Balanced	12.02%	4.20%	9.35%	11.53%	14.18%
SRI Balanced ⁽¹⁾	N/A	N/A	N/A	N/A	N/A
Indexed Balanced	12.09%	1.82%	12.21%	15.70%	21.55%
Balanced	15.13%	4.66%	12.28%	14.74%	18.41%
Shares Plus	17.68%	3.96%	12.21%	16.22%	20.83%
Cash	1.69%	2.15%	2.55%	2.62%	3.32%
Diversified Fixed Interest	5.81%	7.98%	7.06%	7.82%	8.38%
Property	10.20%	11.30%	12.59%	9.41%	5.80%
Australian Shares	16.23%	5.88%	8.76%	19.40%	22.14%
International Shares	24.20%	-3.29%	14.47%	19.14%	28.09%
Macquarie Investment Management – Australian Fixed Interest	0.48%	6.38%	5.93%	6.31%	2.36%
BlackRock Asset Management – International Fixed Interest	0.07%	9.24%	5.78%	7.11%	4.54%
Industry Super Property Trust Core Fund	13.86%	13.48%	10.79%	9.77%	8.35%
Lend Lease – Australian Prime Property Funds – Property	11.36%	11.28%	8.64%	7.91%	5.85%
Balanced Equity Management – Australian Shares	22.03%	-7.28%	7.55%	20.14%	29.73%
IFM – Australian Shares ⁽²⁾	15.40%	2.05%	7.86%	18.37%	10.30%
Paradise Investment Management (Small Cap) – Australian Shares	2.50%	33.71%	11.86%	9.39%	8.36%
Neuberger Berman – International Shares	20.67%	-3.37%	15.10%	10.54%	22.80%
IFM – Australian Infrastructure ⁽³⁾	9.63%	24.63%	-0.06%	N/A	N/A

1 The SRI Balanced option was introduced on 28 March 2017.

2 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.

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 2017	6 mth	1 yr	3 yr p.a.	5 yr p.a.	7 yr p.a.
Capital Stable	3.16%	9.16%	6.66%	7.87%	7.97%
Conservative Balanced	4.95%	12.02%	8.48%	10.20%	9.42%
SRI Balanced ^(A)	N/A	N/A	N/A	N/A	N/A
Indexed Balanced ^(B)	3.50%	12.09%	8.59%	12.49%	N/A
Balanced	6.37%	15.13%	10.60%	12.95%	10.93%
Shares Plus	8.05%	17.68%	11.14%	14.03%	11.77%
Cash	0.83%	1.69%	2.13%	2.46%	3.17%
Diversified Fixed Interest	2.76%	5.81%	6.95%	7.41%	8.55%
Property	5.58%	10.20%	11.38%	9.85%	8.39%
Australian Shares	4.67%	16.23%	10.21%	14.31%	11.33%
International Shares	15.45%	24.20%	11.20%	15.98%	13.48%
Macquarie Investment Management – Australian Fixed Interest	2.49%	0.48%	4.23%	4.26%	5.58%
BlackRock Asset Management – International Fixed Interest ^(C)	1.63%	0.07%	4.96%	5.30%	N/A
Industry Super Property Trust Core Fund	6.84%	13.86%	12.70%	11.23%	10.44%
Lend Lease – Australian Prime Property Funds – Property	4.83%	11.36%	10.42%	8.99%	9.04%
Balanced Equity Management – Australian Shares	3.87%	22.03%	6.76%	13.66%	10.68%
IFM – Australian Shares ^(D)	3.83%	15.40%	8.30%	N/A	N/A
Paradise Investment Management (Small Cap) – Australian Shares	0.04%	2.50%	15.31%	12.69%	12.05%
Neuberger Berman – International Shares ^(E)	13.85%	20.67%	10.30%	12.75%	N/A
IFM – Australian Infrastructure ^(F)	5.48%	9.63%	N/A	N/A	N/A

A The SRI Balanced option was introduced on 28 March 2017.

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

C The BlackRock Asset Management – International Fixed Interest option was 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.

Investment holdings

Australian equities

100 largest holdings as at 30 June 2017.

Rank	Name	Amount invested (AUD)	% of Asset class	% of Total fund
1	COMMONWEALTH BANK OF AUSTRALIA	\$413.0m	6.4%	1.7%
2	WESTPAC BANKING CORPORATION OR	\$383.0m	6.0%	1.5%
3	AUSTRALIA NEW ZEALAND BANKING	\$341.8m	5.3%	1.4%
4	BHP BILLITON ORD	\$238.1m	3.7%	1.0%
5	NATIONAL AUSTRALIA BANK ORD	\$219.9m	3.4%	0.9%
6	CSL ORD	\$155.0m	2.4%	0.6%
7	WESFARMERS ORD	\$142.9m	2.2%	0.6%
8	RIO TINTO ORD	\$134.7m	2.1%	0.5%
9	WOODSIDE PETROLEUM ORD	\$111.8m	1.7%	0.4%
10	MACQUARIE GROUP ORD	\$108.0m	1.7%	0.4%
11	ORIGIN ENERGY ORD	\$95.1m	1.5%	0.4%
12	TELSTRA CORPORATION ORD	\$91.7m	1.4%	0.4%
13	WOOLWORTHS ORD	\$91.4m	1.4%	0.4%
14	RESMED CDI	\$80.0m	1.2%	0.3%
15	QANTAS AIRWAYS ORD	\$74.9m	1.2%	0.3%
16	ALUMINA ORD	\$74.2m	1.2%	0.3%
17	QBE INSURANCE GROUP ORD	\$72.4m	1.1%	0.3%
18	SIMS METAL MANAGEMENT ORD	\$66.7m	1.0%	0.3%
19	BORAL ORD	\$63.7m	1.0%	0.3%
20	ILUKA RESOURCES ORD	\$60.7m	0.9%	0.2%
21	SEEK ORD	\$60.4m	0.9%	0.2%
22	AGL ENERGY ORD	\$59.2m	0.9%	0.2%
23	MACQUARIE ATLAS ROADS GROUP UN	\$56.8m	0.9%	0.2%
24	METCASH ORD	\$56.6m	0.9%	0.2%
25	LEND LEASE GROUP NPV (STAPLED)	\$56.0m	0.9%	0.2%
26	NEWCREST MINING ORD	\$54.7m	0.9%	0.2%
27	AMCOR ORD	\$53.7m	0.8%	0.2%
28	SUNCORP GROUP ORD	\$53.4m	0.8%	0.2%
29	CALTEX AUSTRALIA ORD	\$53.2m	0.8%	0.2%
30	BLUESCOPE STEEL ORD	\$52.4m	0.8%	0.2%
31	COMPUTERSHARE ORD	\$50.9m	0.8%	0.2%
32	CHORUS ORD	\$45.8m	0.7%	0.2%
33	DOWNER EDI ORD	\$44.5m	0.7%	0.2%
34	SANTOS ORD	\$42.6m	0.7%	0.2%
35	CROWN RESORTS ORD	\$41.8m	0.7%	0.2%

Australian equities

100 largest holdings as at 30 June 2017 (continued).

Rank	Name	Amount invested (AUD)	% of Asset class	% of Total fund
36	SOUTH32 ORD G	\$40.5m	0.6%	0.2%
37	SYDNEY AIRPORT UNT	\$40.0m	0.6%	0.2%
38	ARISTOCRAT LEISURE ORD	\$39.3m	0.6%	0.2%
39	TRANSURBAN GROUP ORD	\$38.8m	0.6%	0.2%
40	JANUS HENDERSON CDI	\$38.2m	0.6%	0.2%
41	AMP ORD	\$38.1m	0.6%	0.2%
42	ORORA ORD	\$37.7m	0.6%	0.2%
43	VOCUS GROUP ORD	\$37.3m	0.6%	0.1%
44	CIMIC GROUP LTD	\$36.5m	0.6%	0.1%
45	CHALLENGER ORD	\$36.4m	0.6%	0.1%
46	JAMES HARDIE INDUSTRIES CDI	\$35.4m	0.6%	0.1%
47	BRAMBLES ORD	\$34.2m	0.5%	0.1%
48	THE STAR ENTERTAINMENT GROUP O	\$33.3m	0.5%	0.1%
49	AURIZON ORD	\$32.6m	0.5%	0.1%
50	ANSELL ORD	\$32.1m	0.5%	0.1%
51	INCITEC PIVOT ORD	\$30.1m	0.5%	0.1%
52	CARSALES.COM LIM ORD	\$29.1m	0.5%	0.1%
53	WHITEHAVEN COAL ORD	\$28.8m	0.4%	0.1%
54	COCHLEAR ORD	\$28.4m	0.4%	0.1%
55	TPG TELECOM ORD	\$27.3m	0.4%	0.1%
56	VICINITY CENTRES RES	\$26.2m	0.4%	0.1%
57	LINK ADMINISTRATION HOLDINGS O	\$26.2m	0.4%	0.1%
58	WESTFIELD CORPORATION STAPLED	\$26.1m	0.4%	0.1%
59	AUSNET SERVICES	\$25.8m	0.4%	0.1%
60	CYBG PLC CDI	\$25.6m	0.4%	0.1%
61	JB HI-FI ORD	\$24.9m	0.4%	0.1%
62	GRAINCORP ORD	\$24.8m	0.4%	0.1%
63	NINE ENTERTAINMENT ORD	\$24.6m	0.4%	0.1%
64	A2 MILK COMPANY ORD	\$24.4m	0.4%	0.1%
65	MINERAL RESOURCES ORD	\$23.5m	0.4%	0.1%
66	OIL SEARCH ORD	\$23.0m	0.4%	0.1%
67	WORLEYPARSONS ORD	\$22.0m	0.3%	0.1%
68	SIGMA HEALTHCARE ORD	\$21.0m	0.3%	0.1%
69	NUFARM ORD	\$20.6m	0.3%	0.1%
70	BT INVESTMENT MANAGEMENT ORD	\$20.5m	0.3%	0.1%

Investment holdings (continued)

Australian equities

100 largest holdings as at 30 June 2017 (continued).

Rank	Name	Amount invested (AUD)	% of Asset class	% of Total fund
71	REA GROUP ORD	\$20.5m	0.3%	0.1%
72	RELIANCE WORLDWIDE CORPORATION	\$20.2m	0.3%	0.1%
73	Z ENERGY ORD	\$20.1m	0.3%	0.1%
74	IRESS ORD	\$19.9m	0.3%	0.1%
75	CLEANAWAY WASTE MANAGEMENT ORD	\$19.7m	0.3%	0.1%
76	BAPCOR ORD	\$18.2m	0.3%	0.1%
77	FISHER AND PAYKEL HEALTHCARE O	\$17.7m	0.3%	0.1%
78	G8 EDUCATION ORD	\$17.4m	0.3%	0.1%
79	NEXTDC ORD	\$17.4m	0.3%	0.1%
80	FLIGHT CENTRE TRAVEL GROUP ORD	\$17.2m	0.3%	0.1%
81	FORTESCUE METALS GROUP ORD	\$17.2m	0.3%	0.1%
82	BANK OF QUEENSLAND ORD	\$17.1m	0.3%	0.1%
83	CSR ORD	\$16.7m	0.3%	0.1%
84	AUSTAL ORD	\$16.7m	0.3%	0.1%
85	MIRVAC GROUP UNT	\$16.7m	0.3%	0.1%
86	ALS ORD	\$16.7m	0.3%	0.1%
87	MAGELLAN FINANCIAL GROUP ORD	\$16.1m	0.3%	0.1%
88	NEWS CORPORATION CDI	\$15.9m	0.2%	0.1%
89	ORICA ORD	\$15.9m	0.2%	0.1%
90	SPARK INFRASTRUCTURE GROUP UNT	\$15.3m	0.2%	0.1%
91	TREASURY WINE ESTATES ORD	\$15.2m	0.2%	0.1%
92	PEET ORD	\$15.0m	0.2%	0.1%
93	EVOLUTION MINING ORD	\$15.0m	0.2%	0.1%
94	REECE ORD	\$14.5m	0.2%	0.1%
95	RAMSAY HEALTH CARE ORD	\$14.5m	0.2%	0.1%
96	STOCKLAND UNT	\$14.3m	0.2%	0.1%
97	STEADFAST GROUP ORD	\$14.1m	0.2%	0.1%
98	ADELAIDE BRIGHTON ORD	\$13.9m	0.2%	0.1%
99	SOUTHERN CROSS MEDIA GROUP ORD	\$13.9m	0.2%	0.1%
100	GPT GROUP UNT	\$13.9m	0.2%	0.1%
Total		\$5,351.2m	83.5%	21.4%

Australian equities

Sector allocation of the 100 largest holdings as at 30 June 2017.

Sector	Amount invested (AUD)	% of Asset class	% of Total fund
Consumer discretionary	\$267.1m	4.2%	1.1%
Consumer staples	\$355.4m	5.5%	1.4%
Energy	\$396.6m	6.2%	1.6%
Financials	\$1,812.5m	28.3%	7.3%
Healthcare	\$348.7m	5.4%	1.4%
Industrials	\$583.5m	9.1%	2.3%
Information technology	\$66.4m	1.0%	0.3%
Materials	\$1,065.4m	16.6%	4.3%
Telcom services	\$202.1m	3.2%	0.8%
Utilities	\$100.3m	1.6%	0.4%
Real estate	\$153.2m	2.4%	0.6%
Total	\$5,351.2m	83.5%	21.4%

Investment holdings (continued)

International equities

100 largest holdings as at 30 June 2017.

Rank	Name	Country	Amount invested (AUD)	% of Asset class	% of Total fund
1	TENCENT ORD	China	\$127.9m	2.0%	0.5%
2	AMAZON COM ORD	United States	\$118.6m	1.9%	0.5%
3	ALIBABA GROUP HOLDING ADR REP	China	\$97.2m	1.5%	0.4%
4	FACEBOOK CL A ORD	United States	\$88.2m	1.4%	0.4%
5	TAIWAN SEMICONDUCTOR MNFTG ADR	Taiwan	\$76.6m	1.2%	0.3%
6	SAMSUNG ELECTR ORD	Korea	\$76.4m	1.2%	0.3%
7	ALPHABET CL C ORD	United States	\$69.5m	1.1%	0.3%
8	TESLA ORD	United States	\$62.3m	1.0%	0.2%
9	BRITISH AMERICAN TOBACCO ORD	Great Britain	\$60.5m	1.0%	0.2%
10	MICROSOFT ORD	United States	\$56.9m	0.9%	0.2%
11	BAIDU ADR REP 1/10 CL A ORD	China	\$56.8m	0.9%	0.2%
12	CHARTER COMMUNICATIONS CL A OR	United States	\$49.0m	0.8%	0.2%
13	XPO LOGISTICS ORD	United States	\$48.5m	0.8%	0.2%
14	IMPERIAL BRANDS ORD	Great Britain	\$46.8m	0.7%	0.2%
15	ILLUMINA ORD	United States	\$46.7m	0.7%	0.2%
16	APPLE ORD	United States	\$44.5m	0.7%	0.2%
17	AIA ORD	Hong Kong	\$41.8m	0.7%	0.2%
18	HDFC BANK ADR REP 3 ORD	India	\$38.7m	0.6%	0.2%
19	NOVARTIS N ORD	Switzerland	\$36.4m	0.6%	0.1%
20	JOHNSON & JOHNSON ORD	United States	\$33.8m	0.5%	0.1%
21	ABBVIE ORD	United States	\$32.6m	0.5%	0.1%
22	INDITEX ORD	Spain	\$32.5m	0.5%	0.1%
23	JAPAN TOBACCO ORD	Japan	\$32.1m	0.5%	0.1%
24	ACCENTURE CL A ORD	United States	\$31.7m	0.5%	0.1%
25	GLAXOSMITHKLINE ORD	Great Britain	\$31.2m	0.5%	0.1%
26	ANTHEM ORD	United States	\$29.9m	0.5%	0.1%
27	MARUTI SUZUKI INDIA ORD	India	\$29.8m	0.5%	0.1%
28	ORACLE ORD	United States	\$28.9m	0.5%	0.1%
29	KERING ORD	France	\$28.6m	0.5%	0.1%
30	JDCOM ADR REP 2 CL A ORD	China	\$28.1m	0.4%	0.1%
31	NESTLE N ORD	Switzerland	\$27.6m	0.4%	0.1%
32	MERCADOLIBRE ORD	United States	\$27.3m	0.4%	0.1%
33	TECHTRONIC IND ORD N1	Hong Kong	\$26.7m	0.4%	0.1%
34	NVIDIA ORD	United States	\$26.6m	0.4%	0.1%
35	AIG COM	United States	\$25.4m	0.4%	0.1%

International equities

100 largest holdings as at 30 June 2017 (continued).

Rank	Name	Country	Amount invested (AUD)	% of Asset class	% of Total fund
36	ZOETIS CL A ORD	United States	\$24.8m	0.4%	0.1%
37	EBAY ORD	United States	\$24.8m	0.4%	0.1%
38	TWENTY FIRST CENTURY FOX	United States	\$24.7m	0.4%	0.1%
39	NIKE CL B ORD	United States	\$24.7m	0.4%	0.1%
40	THE PRICELINE GROUP ORD	United States	\$24.1m	0.4%	0.1%
41	SAMSUNG SDI ORD	Korea	\$24.0m	0.4%	0.1%
42	S&P GLOBAL ORD	United States	\$23.8m	0.4%	0.1%
43	SAP ORD	Germany	\$23.4m	0.4%	0.1%
44	INTUITIVE SURGICAL IN COM NEW	United States	\$23.0m	0.4%	0.1%
45	MALAYSIA AIRPORTS HOLDINGS ORD	Malaysia	\$22.6m	0.4%	0.1%
46	BRINK'S ORD	United States	\$22.6m	0.4%	0.1%
47	CITIGROUP INC COM	United States	\$22.1m	0.4%	0.1%
48	APACHE ORD	United States	\$21.9m	0.3%	0.1%
49	MERCK & CO ORD	United States	\$21.9m	0.3%	0.1%
50	TIME WARNER ORD	United States	\$21.8m	0.3%	0.1%
51	KB FGI ORD	Korea	\$21.6m	0.3%	0.1%
52	YANDEX CL A ORD	Netherlands	\$21.2m	0.3%	0.1%
53	WORKDAY CL A ORD	United States	\$21.1m	0.3%	0.1%
54	ABBOTT LABORATORIES ORD	United States	\$21.1m	0.3%	0.1%
55	ROLLS-ROYCE HOLDINGS ORD	Great Britain	\$21.1m	0.3%	0.1%
56	RECKITT BENCKSR STK	Great Britain	\$20.8m	0.3%	0.1%
57	TOP GLOVE ORD	Malaysia	\$20.5m	0.3%	0.1%
58	KIRIN HOLDINGS ORD	Japan	\$20.4m	0.3%	0.1%
59	WELLS FARGO ORD	United States	\$20.3m	0.3%	0.1%
60	MOTOROLA SOLUTIONS ORD	United States	\$20.3m	0.3%	0.1%
61	NETFLIX ORD	United States	\$20.3m	0.3%	0.1%
62	CTRIPCOM INTRNTL 8 ADR REP 1	China	\$20.1m	0.3%	0.1%
63	NETEASE ADR REP 25 ORD	China	\$19.7m	0.3%	0.1%
64	LG HOUSEHOLD ORD	Korea	\$19.6m	0.3%	0.1%
65	SANOFI ORD	France	\$19.2m	0.3%	0.1%
66	PHILIP MORRIS INTERNATIONAL OR	United States	\$19.0m	0.3%	0.1%
67	PAYPAL HOLDINGS ORD	United States	\$18.9m	0.3%	0.1%
68	AMERICA MOVIL ADR REP 20 SR L	Mexico	\$18.6m	0.3%	0.1%
69	NASPERS N ORD	South Africa	\$18.5m	0.3%	0.1%
70	ICBC ORD H	China	\$18.4m	0.3%	0.1%

Investment holdings (continued)

International equities

100 largest holdings as at 30 June 2017 (continued).

Rank	Name	Country	Amount invested (AUD)	% of Asset class	% of Total fund
71	MONDELEZ INTERNATIONAL CL A OR	United States	\$18.1m	0.3%	0.1%
72	ASML HOLDING ORD	Netherlands	\$17.6m	0.3%	0.1%
73	EXPERIAN ORD	Great Britain	\$17.6m	0.3%	0.1%
74	ISHARES MSCI INDIA ETF	India	\$17.5m	0.3%	0.1%
75	BANK OF AMERICA ORD	United States	\$17.4m	0.3%	0.1%
76	ADVANCED INFO SV NVDR	Thailand	\$17.3m	0.3%	0.1%
77	ARCONIC ORD	United States	\$17.3m	0.3%	0.1%
78	BERKSHIRE HATHWAY CL B ORD	United States	\$17.2m	0.3%	0.1%
79	ALLIANCE DATA SYSTEMS ORD	United States	\$17.0m	0.3%	0.1%
80	DELTA ELECTRONIC ORD	Taiwan	\$16.9m	0.3%	0.1%
81	COLGATE PALMOLIVE ORD	United States	\$16.7m	0.3%	0.1%
82	TELKOM INDONESIA ORD	Indonesia	\$16.5m	0.3%	0.1%
83	MONSANTO ORD	United States	\$16.5m	0.3%	0.1%
84	FOMENTO ECONOMICO MEXICANO UBD	Mexico	\$16.5m	0.3%	0.1%
85	SK HYNIX ORD	Korea	\$16.2m	0.3%	0.1%
86	DIAGEO ORD	Great Britain	\$16.2m	0.3%	0.1%
87	SBERBANK OF RUSSIA ADR	Russia	\$15.1m	0.2%	0.1%
88	L'OREAL ORD	France	\$14.4m	0.2%	0.1%
89	AETNA ORD	United States	\$14.3m	0.2%	0.1%
90	JPMORGAN CHASE ORD	United States	\$13.7m	0.2%	0.1%
91	SALESFORCE.COM ORD	United States	\$13.5m	0.2%	0.1%
92	MANDO ORD	Korea	\$13.3m	0.2%	0.1%
93	JARDINE MATHESON HOLDINGS ORD	Hong Kong	\$13.1m	0.2%	0.1%
94	HERMES INTERNATIONAL ORD	France	\$13.1m	0.2%	0.1%
95	CJ CHEILJEDANG ORD	Korea	\$13.0m	0.2%	0.1%
96	MOLSON COORS BREWING NONVTG CL	United States	\$13.0m	0.2%	0.1%
97	AIR PRODUCTS AND CHEMICALS ORD	United States	\$13.0m	0.2%	0.1%
98	EXXON MOBIL ORD	United States	\$12.9m	0.2%	0.1%
99	WILLIS TOWERS WATSON ORD	United States	\$12.9m	0.2%	0.1%
100	LG CHEM ORD	Korea	\$12.8m	0.2%	0.1%
Total			\$2,927.6m	46.5%	11.7%

International equities

Sector allocation of the 100 largest holdings as at 30 June 2017.

Sector	Amount invested (AUD)	% of Asset class	% of Total fund
Consumer discretionary	\$677.0m	10.8%	2.7%
Consumer staples	\$354.7m	5.6%	1.4%
Energy	\$34.8m	0.6%	0.1%
Financials	\$288.4m	4.6%	1.2%
Healthcare	\$355.3m	5.6%	1.4%
Industrials	\$198.7m	3.2%	0.8%
Information technology	\$906.3m	14.4%	3.6%
Materials	\$42.3m	0.7%	0.2%
Telcom services	\$52.5m	0.8%	0.2%
Utilities	\$0.0m	0.0%	0.0%
Exchange traded funds	\$17.5m	0.3%	0.1%
Total	\$2,927.6m	46.5%	11.7%

Private equity

Strategy allocation as at 30 June 2017.

Strategy	Amount invested (AUD)	% of Asset class	% of Total fund
Buy-outs	\$761.4m	49.3%	3.0%
Venture capital	\$115.0m	7.4%	0.5%
Special situations	\$0.9m	0.1%	0.0%
Expansion	\$94.0m	6.1%	0.4%
Distressed	\$0.0m	0.0%	0.0%
Co-investments	\$197.4m	12.8%	0.8%
Other (including Mixed Strategy, ISH, ME Bank)	\$377.1m	24.4%	1.5%
Total	\$1,545.8m	100.0%	6.2%

Investment holdings (continued)

Private equity

Geographical allocation as at 30 June 2017.

Location	Amount invested (AUD)	% of Asset class	% of Total fund
Australia	\$446.0m	28.9%	1.8%
Victoria	\$339.2m	21.9%	1.4%
New South Wales	\$84.1m	5.4%	0.3%
Queensland	\$19.7m	1.3%	0.1%
Western Australia	\$2.3m	0.1%	0.0%
South Australia	\$0.7m	0.0%	0.0%
Australian Capital Territory	\$0.0m	0.0%	0.0%
Northern Territory	\$0.0m	0.0%	0.0%
Overseas	\$1,099.8m	71.1%	4.4%
United States	\$741.0m	47.9%	3.0%
China	\$5.8m	0.4%	0.0%
United Kingdom	\$29.3m	1.9%	0.1%
Germany	\$13.7m	0.9%	0.1%
France	\$6.2m	0.4%	0.0%
Brazil	\$0.0m	0.0%	0.0%
Netherlands	\$5.6m	0.4%	0.0%
Hong Kong	\$0.0m	0.0%	0.0%
Norway	\$3.4m	0.2%	0.0%
Other	\$294.9m	19.1%	1.2%
Total	\$1,545.8m	100.0%	6.2%

Infrastructure*

Infrastructure assets as at 30 June 2017.

Asset name	Asset type	Location	Value (AUD) range
NSW Ports Consortium	Seaports	New South Wales	>\$200m
Melbourne Airport	Airports	Victoria	>\$200m
AusGrid	Electricity distribution	New South Wales	>\$200m
Indiana Toll Road	Toll roads	United States	\$100m–\$200m
Darling Harbour Live	Social infrastructure	New South Wales	\$100m–\$200m
Port of Brisbane	Seaports	Queensland	\$100m–\$200m
Anglian Water Group	Water and wastewater	United Kingdom	\$100m–\$200m
Manchester Airports Group	Airports	United Kingdom	\$50m–\$100m
Brisbane Airport	Airports	Queensland	\$50m–\$100m
Freeport Investment Notes	Liquefied natural gas	United States	\$50m–\$100m
Vienna Airport	Airports	Austria	\$50m–\$100m
Lochard Energy	Energy storage	Victoria	\$50m–\$100m
Perth Airport	Airports	Western Australia	\$50m–\$100m
Freeport Train 2	Liquefied natural gas	United States	\$50m–\$100m
Conmex	Toll roads	Mexico	\$50m–\$100m
Hobart Airport	Airports	Tasmania	\$10m–\$50m
NT Airports	Airports	Northern Territory	\$10m–\$50m
Colonial Pipeline Company	Pipelines	United States	\$10m–\$50m
TransGrid	Electricity transmission and distribution	New South Wales	\$10m–\$50m
M6Toll	Toll roads	United Kingdom	\$10m–\$50m
VTTI	Pipelines	Multiple	\$10m–\$50m
Interlink Roads	Toll roads	New South Wales	\$10m–\$50m
Southern Cross Station	Social infrastructure	Victoria	\$10m–\$50m
Eastern Distributor (M1)	Toll Roads	New South Wales	\$10m–\$50m
50Hertz	Electricity transmission and distribution	Germany	\$10m–\$50m
Arqiva Limited	Telecommunications	United Kingdom	\$10m–\$50m
Veolia Energia Polska	Steam and hot water supply	Poland	\$10m–\$50m
South East Water	Water and wastewater	United Kingdom	\$10m–\$50m
Oceania Healthcare (NZ)	Social infrastructure	New Zealand	\$10m–\$50m
Lonsdale	Seaports	Victoria	\$10m–\$50m
Adelaide Airport	Airports	South Australia	\$10m–\$50m
Porterbrook Rolling Stock	Rail	United Kingdom	\$10m–\$50m
Perth Airport Property Fund	Airports	Western Australia	\$10m–\$50m
Ecogen Energy	Electricity generation	Victoria	\$10m–\$50m

Investment holdings (continued)

Infrastructure

Infrastructure assets as at 30 June 2017 (continued).

Asset name	Asset type	Location	Value (AUD) range
Phoenix Natural Gas	Gas distribution	United Kingdom	\$10m–\$50m
Australian Registry Investments	Registry infrastructure	New South Wales	\$10m–\$50m
Sydney Desalination Plant	Water and wastewater	New South Wales	\$2m–\$10m
Wyuna Water	Social infrastructure	New South Wales	\$2m–\$10m
ElectraNet	Electricity transmission and distribution	South Australia	\$2m–\$10m
Southwest Generation	Electricity generation	United States	\$2m–\$10m
Perth CBD Courts	Social infrastructure	Western Australia	\$2m–\$10m
Port of Portland	Seaports	Victoria	\$2m–\$10m
Powering Australia Renewables Fund	Renewable energy	New South Wales	\$2m–\$10m
Defence HQ	Social infrastructure	New South Wales	\$2m–\$10m
Axiom Education	Social infrastructure	New South Wales	<\$2m
IFM Aged Care Financing Trust	Social infrastructure	Victoria	<\$2m
Other	–	–	<\$2m
Total			

Infrastructure*

Sector allocation as at 30 June 2017.

Sector	Amount invested (AUD)	% of Asset class	% of Total fund
Airports	\$686.6m	25.7%	2.7%
Electricity generation	\$16.2m	0.6%	0.1%
Electricity transmission and distribution	\$66.4m	2.5%	0.3%
Energy storage	\$63.1m	2.4%	0.3%
Gas distribution	\$11.6m	0.4%	0.0%
Liquefied natural gas	\$129.3m	4.8%	0.5%
Oil storage	\$0.0m	0.0%	0.0%
Pipelines	\$67.1m	2.5%	0.3%
Rail	\$12.9m	0.5%	0.1%
Renewable energy	\$3.7m	0.1%	0.0%
Seaports	\$405.9m	15.2%	1.6%
Social infrastructure	\$457.2m	17.1%	1.8%
Steam and hot water supply	\$21.6m	0.8%	0.1%
Telecommunications	\$23.2m	0.9%	0.1%
Toll roads	\$323.1m	12.1%	1.3%
Transport	\$0.0m	0.0%	0.0%
Water and wastewater	\$141.4m	5.3%	0.6%
Wireless communication towers	\$0.0m	0.0%	0.0%
Other	\$238.7m	8.9%	1.0%
Total	\$2,668.1m	100.0%	10.7%

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

Investment holdings (continued)

Infrastructure

Geographical allocation as at 30 June 2017.

Location	Amount invested (AUD)	% of Asset class	% of Total fund
Australia	\$1,557.3m	58.4%	6.2%
New South Wales	\$763.6m	28.6%	3.1%
Victoria	\$359.2m	13.5%	1.4%
Queensland	\$238.0m	8.9%	1.0%
Western Australia	\$78.0m	2.9%	0.3%
Northern Territory	\$48.3m	1.8%	0.2%
Tasmania	\$49.1m	1.8%	0.2%
South Australia	\$21.1m	0.8%	0.1%
Australian Capital Territory	\$0.0m	0.0%	0.0%
Overseas	\$1,110.8m	41.6%	4.4%
United States	\$418.8m	15.7%	1.7%
United Kingdom	\$386.5m	14.5%	1.5%
France	\$0.0m	0.0%	0.0%
Austria	\$65.0m	2.4%	0.3%
New Zealand	\$28.9m	1.1%	0.1%
Mexico	\$50.8m	1.9%	0.2%
Germany	\$23.4m	0.9%	0.1%
Poland	\$21.6m	0.8%	0.1%
Other	\$115.8m	4.3%	0.5%
Total	\$2,668.1m	100.0%	10.7%

Property

Sector allocation as at 30 June 2017.

Sector	Amount invested (AUD)	% of Asset class	% of Total fund
Retail	\$1,848.6m	54.6%	7.4%
Industrial	\$298.6m	8.8%	1.2%
Commercial	\$1,013.8m	29.9%	4.1%
Residential	\$190.3m	5.6%	0.8%
Other	\$34.1m	1.0%	0.1%
Total	\$3,385.5m	100.0%	13.5%

Property

Allocation by type as at 30 June 2017.

Sector	Amount invested (AUD)	% of Asset class	% of Total fund
Core	\$3,051.5m	90.1%	12.2%
Development/opportunistic/tactical	\$333.9m	9.9%	1.3%
Total	\$3,385.5m	100.0%	13.5%

Property

Geographical allocation as at 30 June 2017.

Location	Amount invested (AUD)	% of Asset class	% of Total fund
Australia	\$3,137.6m	92.7%	12.6%
New South Wales	\$1,134.5m	33.5%	4.5%
Queensland	\$697.2m	20.6%	2.8%
Victoria	\$715.8m	21.1%	2.9%
Western Australia	\$365.0m	10.8%	1.5%
Australian Capital Territory	\$102.2m	3.0%	0.4%
South Australia	\$109.7m	3.2%	0.4%
Northern Territory	\$1.7m	0.0%	0.0%
Tasmania	\$11.5m	0.3%	0.0%
Overseas	\$247.9m	7.3%	1.0%
Singapore	\$238.7m	7.0%	1.0%
Malaysia	\$9.1m	0.3%	0.0%
China	\$0.0m	0.0%	0.0%
Japan	\$0.0m	0.0%	0.0%
Thailand	\$0.1m	0.0%	0.0%
New Zealand	\$0.0m	0.0%	0.0%
Total	\$3,385.5m	100.0%	13.5%

Investment holdings (continued)

Property

Sustainability ratings as at 30 June 2017.

Green Star sustainability rating	Amount invested (AUD)	% of Asset class	% of Total fund
6 Star Green Star	\$263.2m	7.8%	1.1%
5 Star Green Star	\$129.7m	3.8%	0.5%
4 Star Green Star	\$162.2m	4.8%	0.6%
Not rated/not applicable/yet to be rated	\$2,830.4m	83.6%	11.3%
Total	\$3,385.5m	100.0%	13.5%

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.

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.

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 2017 (together with allocations) are shown in the following tables.

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

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

Investment managers (continued)

Reporting date 30 June 2017

Manager/Investment	% of Total assets	Amount invested (\$m AUD)
Australian shares	25.8%	6,450.649
Airlie Funds Management Pty Ltd (Active Australian Equity)	1.1%	274.267
Airlie Funds Management Pty Ltd (Industrial Australian Equity)	0.4%	107.299
Allan Gray Australia Pty Ltd	1.9%	488.269
Balanced Equity Management Pty Limited	2.4%	594.049
BT Wholesale Australian Long/Short Fund – BT Investment Management Limited	1.1%	274.804
Greencape Capital Pty Ltd	3.1%	766.001
IFM Investors Pty Ltd (Enhanced Indexed)	3.4%	849.238
IFM Investors Pty Ltd (Small Cap)	0.7%	182.845
L1 Capital Pty Ltd	1.2%	306.056
Macquarie Investment Management Global Limited	0.9%	226.653
Paradice Investment Management Pty Ltd (Small Cap)	1.1%	263.742
Paradice Investment Management Pty Ltd (Mid Cap)	1.6%	409.386
Paradice Investment Management Pty Ltd (Large Cap)	2.7%	680.561
Vinva Australian Equity Alpha Extension Fund – Vinva Investment Management Limited	1.5%	385.399
Yarra Capital Management Limited (Australian Equities)	1.6%	409.839
Yarra Capital Management Limited (Emerging Leaders)	0.9%	232.240
International shares	24.8%	6220.761
Apostle Dundas Global Equity Fund – Dundas Global Investors Limited	1.2%	302.410
Baillie Gifford Overseas Limited	2.9%	720.850
BlackRock Fission Indexed International Equity Fund – BlackRock Asset Management Australia Limited	0.8%	207.194
Cooper Investors Pty Limited	0.4%	99.286
Hosking Partners LLP	1.8%	451.822
IFM Investors Pty Ltd (Indexed Global Equities)	2.0%	501.973
Independent Franchise Partners, LLP	2.4%	591.189
Investec Asset Management Australia Pty Limited	0.6%	148.664
Martin Currie Investment Management Ltd	1.0%	260.981
Northcape Capital Pty Ltd	1.5%	382.626
Neuberger Berman Australia Pty Limited	1.6%	395.350
Orbis Global Equity Fund – Orbis Investment Management Limited	3.3%	823.393
Paradice Investment Management Pty Ltd (Global Small Cap)	1.4%	352.476
Proa Partners Pte Ltd	0.4%	88.884
RWC Asset Management LLP	0.5%	118.222
Vaughan Nelson Investment Management LP	0.5%	137.618
Wellington International Management Company Pte Ltd (Asia ex-Japan Contrarian Equity)	0.4%	102.105
Wellington International Management Company Pte Ltd (Global Contrarian Equity)	2.1%	535.718

Manager/Investment	% of Total assets	Amount invested (\$m AUD)
Private Equity	6.1%	1,524.469
Artesian Hostplus VC Fund 1, ILP – Artesian Venture Capital Fund of Funds Management, I.L.P	0.0%	2.786
Artesian Venture Capital Fund of Funds, ILP – Artesian AFOF Pty Ltd	0.0%	2.874
Australia Private Equity Fund No.1 – Continuity Capital Partners Pty Limited	0.0%	2.010
Australia Private Equity Fund No.2 – Continuity Capital Partners Pty Limited	0.0%	6.916
Blackbird Ventures 2015 Follow-On Fund – Blackbird Ventures Pty Limited	0.1%	21.013
Blackbird Ventures 2015, LP – Blackbird Ventures Pty Limited	0.0%	4.986
Carnegie Innovation Fund, LP – Carnegie Venture Capital Pty Limited	0.0%	2.742
Carnegie Innovation Fund II, LP – Carnegie Venture Capital Pty Limited	0.0%	11.929
Carnegie Private Opportunities Fund No.1 – M.H. Carnegie & Co. Pty Limited	0.1%	23.006
Carnegie Private Opportunities Fund No.2 – M.H. Carnegie & Co. Pty Limited	0.1%	21.429
Caspian Private Equity II, L.P – Caspian Private Equity, LLC	0.4%	100.524
Caspian Private Equity US Opportunities III, L.P – Caspian Private Equity, LLC	0.1%	23.580
Crown Europe Middle Market II Plc – LGT Capital Partners (Ireland) Limited	0.2%	41.359
Crown European Buyout Opportunities II Plc – LGT Capital Partners (Ireland) Limited	0.1%	23.263
Hostplus ROC Private Equity Trust – Roc Capital Pty Limited	0.0%	5.831
Industry Super Holdings Pty Ltd	0.3%	66.272
IFM Australian Private Equity Fund 2 – IFM Investors Pty Ltd	0.0%	0.359
IFM Australian Private Equity Fund 3 – IFM Investors Pty Ltd	0.0%	2.534
IFM Australian Private Equity Fund 4 – IFM Investors Pty Ltd	0.0%	7.794
IFM International Private Equity Fund 1 – IFM Investors Pty Ltd	0.0%	6.073
IFM International Private Equity Fund 2 – IFM Investors Pty Ltd	0.1%	16.339
IFM International Private Equity Fund 3 – IFM Investors Pty Ltd	0.1%	36.939
Lexington Capital Partners VIII, L.P – Lexington Partners L.P	0.1%	31.842
Lexington Co-investment Partners III, L.P – Lexington Partners L.P	0.6%	157.152
Members Equity Bank Pty Limited	0.6%	139.376
MHC Hostplus Co-Investment Trust – M.H. Carnegie & Co. Pty Limited	0.0%	5.000
MRCF 3 (HP) Trust – BCP3 Pty Ltd	0.0%	6.436
MRCF Hostplus BTF – BCP3 Pty Ltd	0.0%	0.011
Partners Group Secondary 2008 (EUR), S.C.A., SICAR – Partners Group Management Ltd	0.1%	22.178
Partners Group Secondary 2011 (EUR), S.C.A., SICAR – Partners Group Management Ltd	0.3%	78.790
Partners Group Direct Investments 2012 (USD) ABC, L.P. – Partners Group Management Ltd	0.7%	172.108
Partners Group Direct Equity 2016 – Partners Group Management Ltd	0.2%	53.371
Partners Group Client Access 19 – Partners Group Management Ltd	0.0%	4.867
Roc Asia Pacific Co-Investment Fund III – Roc Capital Pty Limited	0.0%	9.569
Siguler Guff HP China Opportunities Fund LP – Siguler Guff HP China GP, LLC	0.6%	143.846
Siguler Guff HP Opportunities Fund II, LP – Siguler Guff HP II GP, LLC	0.2%	51.257

Investment managers (continued)

Manager/Investment	% of Total assets	Amount invested (\$m AUD)
Siguler Guff Small Buyout Opportunities Fund II, L.P – Siguler Guff SBOF II GP, LLC	0.4%	112.270
Square Peg Australia 2015 LP – Square Peg Capital Pty Ltd	0.0%	5.804
Square Peg Global 2015 Trust – Square Peg Capital Pty Ltd	0.1%	19.112
Square Peg CI 2015 Trust – Square Peg Capital Pty Ltd	0.0%	5.038
Wilshire Australia Private Markets Pooled Superannuation Trust – Wilshire Australia Pty Limited	0.2%	57.567
Wilshire Private Markets Asia No.1 Fund – Wilshire Australia Pty Limited	0.0%	7.035
Wilshire Private Markets Asia No.2 Fund – Wilshire Australia Pty Limited	0.0%	11.282
Infrastructure*	10.8%	2,699.166
CFS Infrastructure Fund (Anglian Water Group Sector) – Colonial First State Property Limited	0.3%	73.218
Darling Harbour – Capella Management Services Pty Ltd	0.7%	172.711
IFM Australian Infrastructure Fund – IFM Investors Pty Ltd	3.9%	976.671
IFM International Infrastructure Fund – IFM Investors Pty Ltd	3.0%	762.024
Macquarie Global Infrastructure Fund III – Macquarie Specialised Asset Management Limited	0.3%	68.293
NSW Ports Consortium – Industry Funds Management Pty Ltd	0.4%	94.856
QGIF Iona Aggregator Trust – QIC Investments No. 1 Pty Ltd	0.2%	50.549
QIC Global Infrastructure Fund – QIC Limited	0.1%	26.854
QIC REV Investment Trust No. 1 – QIC Infrastructure Management No. 2 Pty Ltd	0.0%	3.201
Utilities Trust of Australia – Hastings Funds Management Limited	0.9%	224.967
Property	13.3%	3,325.533
Australian Prime Property Funds (Retail, Commercial & Industrial) – Lend Lease Investment Management	3.8%	962.809
BlackRock Asia Property Fund III – BlackRock Investment Management (UK) Limited	0.0%	7.804
Charter Hall Prime Industrial Fund – Charter Hall Funds Management Limited	0.5%	128.543
ISPT Core Fund – ISPT Pty Ltd	4.4%	1,100.345
ISPT Development and Opportunities Fund I – ISPT Pty Ltd	0.0%	0.314
ISPT Development and Opportunities Fund II – ISPT Pty Ltd	0.0%	5.204
ISPT Non-Discretionary Residential Mandate – ISPT Pty Ltd	0.4%	97.564
ISPT Retail Australian Property Trust – ISPT Pty Ltd	1.0%	248.709
Lend Lease Asian Retail Investment Fund – Lend Lease Investment Management	1.1%	285.856
Lend Lease Communities Fund 1 – Lend Lease Investment Management	0.0%	2.388
Lend Lease Sub-Regional Retail Fund – Lend Lease Investment Management	0.6%	148.492
Long Weighted Investment Partnership (LWIP) Trust – Charter Hall Wholesale Management Limited	0.8%	201.535
Long Weighted Investment Partnership (LWIP) Trust II – Charter Hall Wholesale Management Limited	0.4%	98.421
Macquarie Real Estate Equity Fund 6 – Macquarie Admin Services Pty Limited	0.0%	10.935
Select Property Portfolio No. 2 – AMP Capital Investors Limited	0.0%	7.170
Select Property Portfolio No. 3 – AMP Capital Investors Limited	0.1%	15.944
Wholesale Property	0.0%	3.500

Manage /Investment	% of Total assets	Amount invested (\$m AUD)
Fixed Income	7.0%	1,745.129
BlackRock Global Bond Index Fund – BlackRock Asset Management Australia Limited	0.5%	135.876
IFM Investors Pty Ltd (Fixed Interest)	4.8%	1,200.106
Macquarie True Index Australian Fixed Interest Fund – Macquarie Investment Management Australia Limited	0.6%	155.073
Members Equity Bank Pty Limited	0.0%	3.023
Specialised Credit Fund – Industry Funds Management Pty Ltd	0.9%	219.765
Super Loans Trust – ME Portfolio Management Limited	0.1%	31.286
Cash	3.2%	808.014
Citigroup Pty Ltd	2.5%	634.965
Members Equity Bank Pty Limited	0.7%	173.048
Alternatives	2.3%	588.317
Bridgewater Pure Alpha Fund II, Ltd – Bridgewater Associates, Inc	1.2%	303.045
Responsible Investment Leaders Balanced Fund – AMP Capital Funds Management Limited	0.0%	10.216
Vinva Asia Pacific Equity Long-Short Fund – Vinva Investment Management Limited	1.1%	275.057
Credit	5.9%	1,473.236
Apollo ST Fund Management LLC	1.2%	301.492
Apollo Offshore Structured Credit Recovery Fund III Ltd – Apollo ST Fund Management LLC	0.6%	145.525
Barings LLC	2.3%	568.772
Loomis Sayles CLO II Ltd – Apollo ST Fund Management LLC	0.2%	40.015
Loomis Sayles Credit Opportunities Fund – Loomis, Sayles & Company LP	1.2%	295.913
HayFin Special Opportunities Credit Fund LP – HayFin Special Opportunities GP Limited	0.3%	68.713
HayFin Special Opportunities Fund II LP – HayFin Special Opportunities Fund II GP LP	0.1%	24.739
HayFin Special Opportunities Fund II USD Co-Invest LP – HayFin Special Opportunities Fund II GP LP	0.0%	4.746
Redding Ridge Holdings LP	0.1%	23.321
Currency	0.3%	76.562
Mesirow Financial Investment Management Inc.	0.3%	76.562
Choiceplus	0.5%	137.770
Choiceplus Cash	0.1%	34.272
Term Deposits	0.0%	9.520
Direct Equities (ASX 300 shares & ETFs)	0.4%	93.978
Total Investments	100.0%	25,049.604

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



Investment costs for 2016–2017

Investment option	Investment fee			Indirect cost ratio		
	Management fee (1)	Performance fee (1)	Total investment fee (1)	Transaction cost (3)	Operational cost (3)	Total indirect cost ratio (ICR) (2)
Capital Stable	0.48%	0.24%	0.72%	0.30%	0.13%	0.43%
Conservative Balanced	0.52%	0.26%	0.78%	0.29%	0.13%	0.42%
Socially Responsible Investment (SRI) – Balanced	0.20%	0.00%	0.20%	0.08%	0.24%	0.32%
Indexed Balanced	0.02%	0.00%	0.02%	0.03%	0.01%	0.04%
Balanced (default)	0.62%	0.39%	1.01%	0.26%	0.18%	0.44%
Shares Plus	0.60%	0.41%	1.01%	0.25%	0.16%	0.41%
Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Diversified Fixed Interest	0.20%	0.00%	0.20%	0.03%	0.07%	0.10%
Property	0.63%	0.14%	0.77%	0.30%	0.20%	0.50%
Australian Shares	0.39%	0.26%	0.65%	0.29%	0.07%	0.36%
International Shares	0.51%	0.30%	0.81%	0.17%	0.10%	0.27%
International Shares – Indexed	0.02%	0.00%	0.02%	0.12%	0.05%	0.17%
International Shares (Hedged) – Indexed	0.02%	0.00%	0.02%	0.02%	0.01%	0.03%
Macquarie – Australian Fixed Interest	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%
Blackrock – International Fixed interest	0.02%	0.00%	0.02%	0.22%	0.03%	0.25%
Industry Super Property Trust	0.23%	0.00%	0.23%	0.23%	0.14%	0.37%
Lend Lease Australian Prime Property Fund	0.65%	0.00%	0.65%	0.09%	0.11%	0.20%
IFM – Australian Infrastructure	0.43%	0.00%	0.43%	0.11%	0.23%	0.34%
Balanced Equity Management – Australian Shares	0.15%	0.00%	0.15%	0.15%	0.07%	0.22%
IFM – Australian Shares	0.04%	0.00%	0.04%	0.02%	0.01%	0.03%
Paradise (small cap) Australian Shares	0.76%	0.00%	0.76%	0.98%	0.11%	1.09%
Neuberger Berman – International Shares	0.61%	0.00%	0.61%	0.20%	0.11%	0.31%

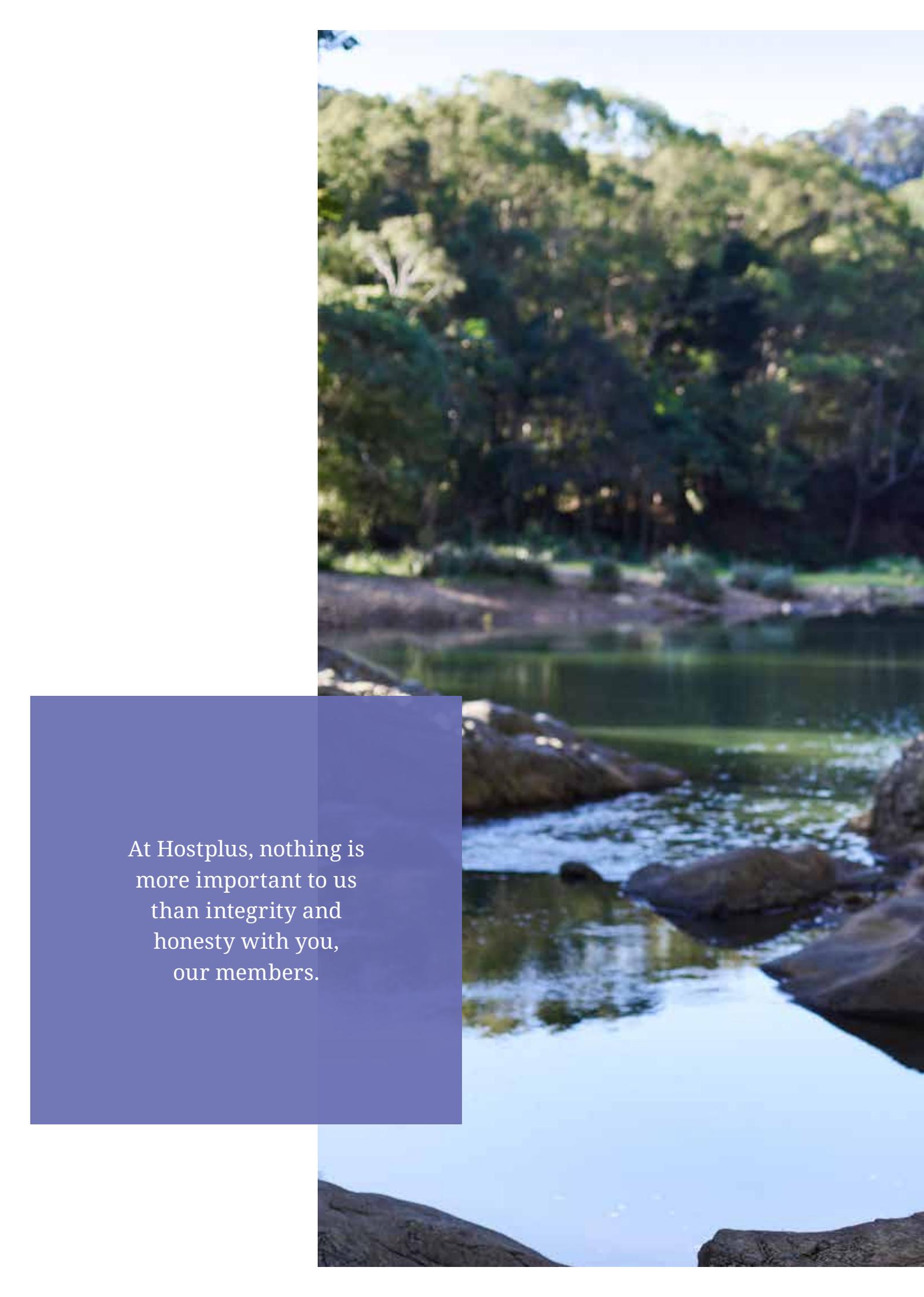
(1) (2) (3) The performance-based fee component comprises actual fees paid and estimates of fees to be paid for the financial year ended 30 June 2017.

The Socially Responsible Investment (SRI) – Balanced investment option was introduced on 28 March 2017.

The Indirect Cost Ratio and the Investment fee is based on the expenses incurred from 1 July 2016 to 30 June 2017.

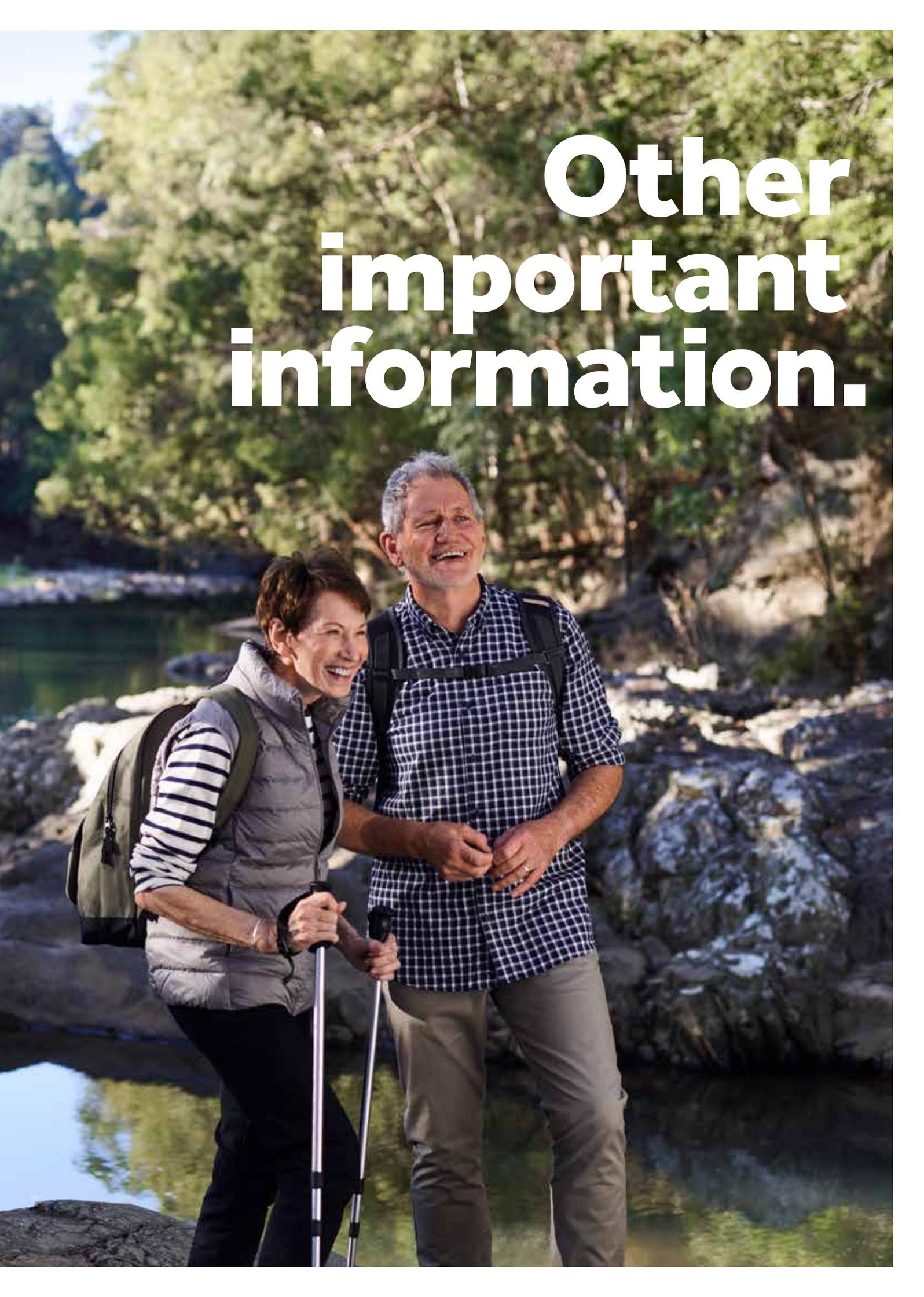
As a result these figures are indicative only and may change in subsequent years depending on (for example) the performance of each option. These costs are deducted before the net investment return for each investment option is declared and applied to members' accounts.

For further explanation of notes (1), (2) and (3) see the Hostplus Product Disclosure Statement at pds.hostplus.com.au/6-fees-and-costs



At Hostplus, nothing is more important to us than integrity and honesty with you, our members.

**Other
important
information.**



Other important information

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, 2016 QBE Syndicate, Nexus Ltd and Dual Australia Pty Ltd underwriters provided Trustee insurance cover from 30 September 2016 until 30 September 2017.

Penalties

In the 12 months to 30 June 2017, 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.

All Significant Event Notices issued during the Reporting period is contained on our website at hostplus.com.au

Eligible rollover fund

In accordance with legislation and the Fund's policy, if your account balance is less than \$6,000 (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; and
- 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/

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 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.



Financial summary

Presented below is an abridged financial summary of the Hostplus Superannuation Fund's (the 'Fund') audited accounts for the last two years. More detailed financial information can be found in the Fund's annual financial statements on pages 130 – 165.

Changes in member benefits	2017 (\$'000)	2016 (\$'000)
Opening balance of member benefits	19,697,789	17,738,874
Add:		
Contributions	2,314,231	1,993,621
Transfers in	1,473,860	481,783
Net investment earnings	2,581,105	951,862
Insurance proceeds	130,443	109,714
Less:		
Benefits paid	1,124,322	1,012,666
Administration and other fees	78,349	72,503
Insurance premiums	220,817	219,137
Tax	292,434	273,759
Closing balance of member benefits	24,481,506	19,697,789

Income statement	2017 (\$'000)	2016 (\$'000)
Revenue		
Interest	1,515	1,459
Dividends and distributions	2,949	1,817
Changes in assets measured at fair value	2,615,324	993,251
Other income	180	211
Total revenue	2,619,968	936,738
Expenses		
Investment expenses	4,077	4,967
Administration expenses	103,510	97,260
Total expenses	107,587	102,227
Income tax (expense)/benefit	47,556	50,246
Profit/(loss) from operating activities after income tax	2,559,937	884,757
Less: Net benefits allocated to members' accounts	(2,502,756)	(879,360)
Profit/(loss) after income tax	57,181	5,397

Financial position	2017 (\$'000)	2016 (\$'000)
Investments	24,956,957	20,137,322
Cash at bank	17,537	9,908
Other assets	21,618	18,490
Less: Liabilities	284,848	298,054
Net assets available for members benefits	24,711,264	19,867,666
Less: Member benefits	24,481,506	19,697,789
Net assets	229,758	169,877
Equity		
Investment reserve	10,900	854
Administration reserve	162,792	121,955
ORFR reserve/RSE reserve	56,065	47,068
Total equity	229,758	169,877

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:

Reserves					
Year	Investment reserve (\$'000)	Administration reserve (\$'000)	ORFR reserve (\$'000)	RSE reserve (\$'000)	Total reserves (\$'000)
2017	10,900	162,792	56,065	0	229,758
2016	854	121,955	46,968	100	169,877
2015	2,911	134,767	45,032	100	182,810
2014	(13,641)	128,947	25,450	100	140,856
2013	(10,105)	118,790	10,699	100	119,484

Financial summary (continued)

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 his/her 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 level representing 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 was 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. During the year ended 30 June 2016, the Fund achieved a fully funded ORFR reserve which resulted in the Fund's RSE licence conditions being varied. The Fund is no longer required to maintain an RSE reserve and as a result the RSE reserve was closed and the balance of the reserve transferred to the ORFR reserve.





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Diced Onion
Dill Pickles
MICASA TOMATO RELISH

Financial statements.

Hostplus Superannuation Fund
financial statements for the year ended 30 June 2017.



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Statement of financial position

Hostplus superannuation fund statement of financial position as at 30 June 2017

	Notes	2017 (\$)	2016 (\$)
Assets			
Cash at bank	9	17,536,986	9,907,866
Receivables		3,991,180	1,140,490
Prepayments		1,136,420	1,073,982
Investments:			
Cash and cash equivalents		38,015,803	21,569,447
Fixed interest securities		9,519,512	8,088,191
Equities		69,459,691	44,380,325
Pooled superannuation trust and managed funds		24,839,961,763	20,063,284,558
Property, plant and equipment		10,967,025	12,032,255
Deferred tax assets	6 (d)	5,523,436	4,243,149
Total assets		24,996,111,816	20,165,720,263
Liabilities			
Benefits payable	2 (o)	–	47,618,922
Employee entitlements		3,984,571	4,010,061
Payables		33,738,255	23,741,663
Current tax liabilities	6 (e)	247,124,864	222,683,675
Total liabilities excluding member benefits		284,847,690	298,054,321
Net assets available for member benefits		24,711,264,126	19,867,665,942
Member benefits			
Allocated to members		(24,472,597,664)	(19,697,787,545)
Unallocated to members		(8,908,553)	(1,596)
Total member liabilities	3	(24,481,506,217)	(19,697,789,141)
Net assets		229,757,909	169,876,801
Equity			
Residual reserve		10,900,901	853,885
Administration reserve		162,791,979	121,954,959
Operational Risk Financial Requirement reserve		56,065,029	46,967,957
RSE reserve		–	100,000
Total equity		229,757,909	169,876,801

The above statement of financial position should be read in conjunction with the accompanying notes.

Income statement

Hostplus superannuation fund income statement for the year ended 30 June 2017

	Notes	2017 (\$)	2016 (\$)
Revenue from superannuation activities			
Interest		1,515,470	1,459,113
Dividends and distributions		2,949,039	1,817,349
Changes in assets measured at fair value	4	2,615,323,223	933,251,195
Other income		179,615	210,625
Total revenue		2,619,967,347	936,738,282
Expenses from superannuation activities			
Investment expenses		4,076,728	4,966,987
Administration expenses	7	103,509,956	97,260,040
Total expenses		107,586,684	102,227,027
Profit/(loss) from operating activities before income tax		2,512,380,663	834,511,255
Income tax (expense)/benefit	6 (a)	47,556,449	50,245,518
Profit/(loss) from operating activities after income tax		2,559,937,112	884,756,773
Less: Net benefits allocated to members' accounts		(2,502,756,004)	(879,359,280)
Profit/(loss) after income tax		57,181,108	5,397,493

The above income statement should be read in conjunction with the accompanying notes.

Statement of changes in member benefits

Hostplus superannuation fund statement of changes in member benefits for the year ended 30 June 2017

	Notes	2017 (\$)	2016 (\$)
Opening balance of member benefits		19,697,789,141	17,738,874,416
Contributions received from:			
Employers		1,977,238,412	1,790,808,101
Members		278,082,688	150,475,074
Government		58,909,757	52,338,142
Transfer from other superannuation plans		1,473,860,050	481,782,853
Income tax on contributions	6 (c)	(292,433,775)	(273,759,113)
Net after tax contributions		3,495,657,132	2,201,645,057
Other transactions applied to/(deducted from) members' accounts			
Net investment income		2,581,104,529	951,862,473
Insurance proceeds		130,442,878	109,713,536
Benefits paid		(1,124,321,903)	(1,012,666,188)
Administration and other fees		(78,348,525)	(72,503,193)
Insurance premiums		(220,818,931)	(219,137,305)
Superannuation contributions surcharge		1,896	345
Closing balance of member benefits	3	24,481,506,217	19,697,789,141

The above statement of changes in member benefits should be read in conjunction with the accompanying notes.

Statement of changes in equity

Hostplus superannuation fund statement of changes in equity for the year ended 30 June 2017

2017	Residual reserve (\$)	Administration reserve (\$)	Operational Risk Financial Requirement reserve (\$)	RSE reserve (\$)	Total equity (\$)
Opening balance	853,885	121,954,959	46,967,957	100,000	169,876,801
Net transfers to/from reserves	(18,614,233)	18,614,233	2,800,000	(100,000)	2,700,000
Members Benefits	(2,581,104,529)	78,348,525	–	–	(2,502,756,004)
Income statement	2,609,765,778	(56,125,738)	6,297,072	–	2,559,937,112
Closing balance	10,900,901	162,791,979	56,065,029	-	229,757,909

2016	Residual reserve (\$)	Administration reserve (\$)	Operational Risk Financial Requirement reserve (\$)	RSE reserve (\$)	Total equity (\$)
Opening balance	2,910,814	134,767,463	45,031,675	100,000	182,809,952
Net transfers to/from reserves	19,385,767	(37,716,411)	–	–	(18,330,644)
Member benefits	(951,862,473)	72,503,193	–	–	(879,359,280)
Income statement	930,419,777	(47,599,286)	1,936,282	–	884,756,773
Closing balance	853,885	121,954,959	46,967,957	100,000	169,876,801

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

Hostplus superannuation fund statement of cash flows for the year ended 30 June 2017

	Notes	2017 (\$)	2016 (\$)
Cash flows from operating activities			
Interest received		702,399	850,286
Insurance proceeds		130,442,878	109,713,536
Other income		2,879,615	209,388
Administration expenses		(100,308,449)	(95,921,029)
Insurance premiums		(214,075,685)	(218,309,444)
Investment expenses		147,732	(1,857,912)
Income tax refund/(paid)		70,717,351	60,805,730
Net cash inflows from operating activities	9	(109,494,159)	(144,509,445)
Cash flows from investing activities			
Purchase of investments		(2,426,518,921)	(1,276,052,990)
Proceeds from sale of investment		221,745,546	215,106,767
Sale/(purchase) of fixed assets		(1,821,549)	(3,801,511)
Net cash outflows from investing activities		(2,206,594,924)	(1,064,747,734)
Cash flows from financing activities			
Contributions received from:			
Employers		1,977,238,412	1,790,808,101
Members		278,082,688	150,475,074
Government		58,909,757	52,338,142
Transfers from other superannuation plans		1,473,860,050	481,782,853
Benefits paid to members		(1,171,940,825)	(994,877,050)
Superannuation contributions surcharge		1,896	345
Income tax paid on contributions		(292,433,775)	(273,759,113)
Net cash inflows from financing activities		2,323,718,203	1,206,768,352
Net increase/(decrease) in cash		7,629,120	(2,488,827)
Cash at the beginning of the financial period		9,907,866	12,396,693
Cash at the end of the financial period	9	17,536,986	9,907,866

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2017

Note 1. Operation of the Fund

Hostplus Superannuation Fund ('Fund') (ABN: 68 657 495 890) is an Australian Prudential Regulation Authority (APRA) regulated (Licence no. R1000054), 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 (ABN: 79 008 634 704) and it is the holder of a public offer class of Registrable Superannuation Entity Licence (Licence no. L0000093).

Note 2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the Superannuation Industry (Supervision) Act 1993 and regulations and the provisions of the Trust Deed.

The Fund is a not-for-profit entity for the purpose of preparing financial statements.

The financial statements were approved by the Board of Directors of the Trustee, Host-Plus Pty. Limited on 15 September 2017.

The financial statements are presented in Australian dollars which is the functional currency of the Fund.

(b) Adoption of AASB 1056 accounting standard Superannuation Entities

AASB 1056 Superannuation Entities ('AASB 1056') is applicable for annual reporting periods beginning on or after 1 July 2016.

The adoption of AASB 1056 has resulted in the following:

- Changes to the format of the financial statements;
- Changes to the measurement of assets and liabilities from 'net market value' to 'fair value' with the exception of member liabilities and tax assets and liabilities;
- Recognition of member liabilities in the Statement of Financial Position;
- The introduction of the Statement of Changes in Member Benefits to disclose member-related transactions that were previously reported in the Income Statement; and
- The introduction of the Statement of Changes in Equity to disclose the movements within Fund reserves.

The Fund has applied the new accounting standard retrospectively from the start of the comparative period.

Notes to the financial statements for the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

(b) Adoption of AASB 1056 accounting standard Superannuation Entities

The adoption of AASB 1056 had the following impact on the Statement of Financial Position at the transition date of 1 July 2016 for the year ended 30 June 2016:

Statement of financial position	Previous reported for the year ended 30 June 2016 (\$)	Transition adjustment (\$)	Restated for the year ended 30 June 2016 (\$)
Total investments	20,137,206,264	116,257	20,137,322,521
Other assets	28,397,742	–	28,397,742
Total assets	20,165,604,006	116,257	20,165,720,263
Liabilities	298,054,321	–	298,054,321
Net assets available for member benefits	19,867,549,685	116,257	19,867,665,942
Less: Reclassification of member benefits as equity	–	(19,697,789,141)	(19,697,789,141)
Total net assets	19,867,549,685	(19,697,672,884)	169,876,801
Equity			
Residual reserve	–	853,885	853,885
Administration reserve	–	121,954,959	121,954,959
ORFR reserve	–	46,967,957	46,967,957
RSE reserve	–	100,000	100,000
Total equity	–	169,876,801	169,876,801

Note 2. Summary of significant accounting policies (continued)

(b) Adoption of AASB 1056 accounting standard Superannuation Entities

The adoption of AASB 1056 had the following impact on the Income Statement at the transition date of 1 July 2016 for the year ended 30 June 2016:

Income statement	Previous reported for the year ended 30 June 2016 (\$)	Transition adjustment (\$)	Restated for the year ended 30 June 2016 (\$)
Profit before income tax	3,200,375,744	–	3,200,375,744
Net remeasurement for changes in assets measured at fair value	–	116,257	116,257
Members' transactions transferred to the Statement of Changes in Member Benefits:			
Contributions received from:			
Employers	–	(1,790,808,101)	(1,790,808,101)
Members	–	(150,475,074)	(150,475,074)
Government	–	(52,338,142)	(52,338,142)
Transfers from other superannuation funds	–	(481,782,853)	(481,782,853)
Insurance proceeds	–	(109,713,536)	(109,713,536)
Insurance premiums	–	219,137,305	219,137,305
Superannuation contributions surcharge	–	(345)	(345)
Profit from operating activities	3,200,375,744	(2,365,864,489)	834,511,255
Net investment income applied to members' accounts	–	(951,862,473)	(951,862,473)
Administration fees deducted from members' accounts	–	72,503,193	72,503,193
Profit/(loss) before income tax	3,200,375,744	(3,245,223,769)	(44,848,025)
Income tax (expense)/benefit	(223,513,595)	273,759,113	50,245,518
Profit/(loss) after income tax	2,976,862,149	(2,971,464,656)	5,397,493

Notes to the financial statements for the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations

Apart from AASB 1056 (refer to note 2b), there were no other standards or amendments which were effective for annual reporting periods beginning on or after 1 July 2016.

Certain other new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been early adopted by the Fund. The impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

AASB 9 Financial instruments (and applicable amendments), (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The standard is not expected to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are all held at fair value through profit or loss, the change in impairment rules will not impact the Fund. The Fund has not yet decided when to adopt AASB 9.

(d) Financial assets and liabilities

(i) Classification

The Fund classifies its financial assets and financial liabilities into the following categories:

Financial instruments designated at fair value through profit or loss upon initial recognition

These financial assets are designated on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with the financial risk management and investment strategies of the Fund. Refer to note 10 for further details.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

(ii) Recognition

The purchase or sale of a financial asset that requires delivery of the asset within a time frame that is generally established by regulation or convention in the marketplace is recognised on the trade date, being the date that the Fund commits to purchase or sell the asset.

The Fund recognises all other financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

(iii) Derecognition

A financial asset (or part of) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Fund derecognises a financial liability when the obligation under contract is discharged, cancelled or expires.

(iv) Initial measurement

Financial assets and financial liabilities designated at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. Where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the Income Statement, unless specified otherwise. All transaction costs for such instruments are recognised directly in the Income Statement. Financial assets and financial liabilities not classified at fair value through profit or loss are measured initially at fair value, plus any directly attributable incremental costs of acquisition or issue.

(v) Subsequent measurement

After initial measurement, the Fund measures financial assets and liabilities at fair value through profit or loss. This means subsequent changes in fair value are recorded as 'changes in assets measured at fair value' through the Income Statement.

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

In the absence of quoted market prices, the fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. This can include using valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. Where possible, the Fund will seek to maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

All assets and liabilities that are measured and disclosed at fair value in the financial statements are categorised within the fair value hierarchy. Refer to note 10(e) for further details.

(f) Cash and cash equivalents

Cash at bank in the Statement of Financial Position includes cash held with banking institutions, which is subject to an insignificant risk of change in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank as defined above.

(g) Property, 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 Income Statement.

(ii) Depreciation

Depreciation is calculated as the cost of the item less its estimated residual value, multiplied by its annual depreciation rate.

The estimated useful lives of P&E are as follows:

Asset	Useful life	Depreciation rate	Depreciation method
Office equipment	10 years	20%	Diminishing value
Furniture and fittings	5 years	40%	Diminishing value
Computer hardware	3–4 years	67–50%	Diminishing value
Intangibles	4–5 years	50–40%	Diminishing value

Notes to the financial statements for the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Unless stated below, revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised:

Changes in fair value

Changes in the fair value of financial assets and liabilities is calculated as the difference between the fair value at sale, or at balance date, and the fair value at the previous valuation point. All changes are recognised in the Income Statement.

Interest

Interest revenue earned on cash and other financial assets carried at fair value is recorded according to the terms of the contract and is recognised in the Income Statement.

Dividends and distributions

Dividend and distribution revenue is recognised when the Fund's right to receive payment is established. Revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as a tax expense in the Income Statement.

Group life insurance proceeds

Insurance claim proceeds received on behalf of beneficiaries are brought to account when received from the Fund's insurer.

(i) Income tax

The Fund is a complying superannuation fund for the purposes of the provisions of the Income Tax Assessment Act 1997.

Accordingly, the concessional tax rate of 15% has been applied to the Fund's taxable income.

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 2017 to the Hostplus Pooled Superannuation Trust.

Income tax in the Income Statement for the year comprises current and deferred 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 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 the 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.

(j) 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 asset, revenue or expense to which it applies.

Receivables and payables disclosed in the Statement of Financial Position are stated as GST inclusive.

(k) Member liabilities

Member liabilities is the Fund's present obligation to pay benefits to members and beneficiaries and has been measured as the amount of member account balances as at the reporting date.

(l) Reserves

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

Residual reserve – is separately maintained to manage the receipt of investment income, the payment of investment related expenses and tax and the allocation of investment earnings 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 administration 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 – was 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. During the year, the Fund achieved a fully funded ORFR reserve, which resulted in the Fund's RSE Licence conditions being varied. The Fund is no longer required to maintain an RSE reserve and as a result the RSE reserve was closed and the balance of the reserve transferred to the ORFR reserve.

(m) Significant accounting judgements and estimates and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

(n) 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.

(o) Benefits payable

Benefits payable as at 30 June 2016 represented insurance proceeds received that had not yet been paid to members. The Fund changed its administration practices during the year ended 30 June 2017, whereby insurance proceeds are vested immediately to the member on receipt. As a result, the Fund no longer recognises benefits payable.

Notes to the financial statements for the year ended 30 June 2017

Note 3. Member benefits and funding arrangements

(a) Member entitlements

Obligations relating to member entitlements are recognised as member benefits and are measured as the amount of the member account balances as at the reporting date.

Members bear the investment risk relating to the underlying investments of the Fund. Net investment income is allocated to members' accounts through the release of weekly crediting rates.

The Fund has received contributions and other related member inflows that have not been allocated to members' accounts by the reporting date. These amounts are reported as unallocated member benefits.

(b) Funding arrangements

Member benefits	2017 (\$)	2016 (\$)
Allocated to members	24,472,597,664	19,697,787,545
Unallocated to members	8,908,553	1,596
Net assets available for member benefits	24,481,506,217	19,697,789,141

Employers contribute to the Fund on behalf of members in accordance with the Fund's Trust Deed, relevant industry Award agreements and the mandated minimum Superannuation Guarantee Charge rate of 9.50% (2016: 9.50%) of the gross salaries of the employees. In addition, members and employers can elect contribute further amounts to the Fund at their own discretion.

Note 4. Changes in fair value of investments

	2017 (\$)	2016 (\$)
Investments held at balance date		
Equities	1,709,557	8,102
Pooled superannuation trust and managed funds	2,591,327,485	931,890,327
Total unrealised gains/(losses)	2,593,037,042	931,898,429
Investments realised during the year		
Equities	1,208,369	174,155
Pooled superannuation trust and managed funds	21,077,812	1,178,611
Total realised gains/(losses)	22,286,181	1,352,766
Change in fair value of investments	2,615,323,223	933,251,195

Note 5. 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% (2016: 9.47%) 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 2017, Hostplus' investment in ISH was valued at \$66.3m (2016: \$55.3m). Total income earned by Hostplus from this investment for the year ended 30 June 2017 was \$11.0m (2016: \$10.0m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Industry Funds Management Limited ('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 \$4,730.4m as at 30 June 2017 (2016: \$2,598.0m). Total income earned on the portfolios managed by IFM was \$335.1m (2016: \$306.9m). Direct and indirect fees of \$12.6m (2016: \$13.4m) were charged for the investment management of these portfolios. IFM received fees of \$10.3m (2016: \$9.5m) with the remaining \$2.3m (2016: \$3.9m) indirectly charged by managers in underlying investment 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 2017 were \$4.5m (2016: \$6.6m). 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 \$1,435.9m (2016: \$1,133.6m). ISPT received \$3.8m (2016: \$3.5m) in fees for the management of these trusts. The income earned on this portfolio was \$154.1m (2016: \$115.8m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

ME Bank

Hostplus' investments include a 12.68% (2016: 12.63%) 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 2017, Hostplus' investment in ME Bank was valued at \$139.4m (2016: \$136.0m). Total income earned by Hostplus from this investment for the year ended 30 June 2017 was a loss of \$2.1m (2016: loss of \$6.8m). All transactions were made on normal commercial terms, under normal conditions and at market rates. As at 30 June 2017, Hostplus had \$9.6m outstanding commitments (2016: \$15.1m). Hostplus also invests in the Super Loans Trust ('SLT'), a fixed interest vehicle managed by ME Bank. As at 30 June 2017,

Hostplus' investment in the SLT was valued at \$31.3m (2016: \$79.2m). Total income earned by Hostplus from this investment for the year ended 30 June 2017 was \$3.7m (2016: \$5.4m).

ME Bank received \$0.04m (2016: \$0.15m) 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 2017 were \$9.4m (2016: \$8.1m). Term deposit income earned on behalf of Fund members for the year ended 30 June 2017 was \$0.23m (2016: \$0.22m). The ChoicePlus product also operates a cash account with ME Bank, which as at 30 June 2017 had a balance of \$34.3m (2016: \$21.1m). The cash account earned \$0.5m (2016: \$0.4m) of interest in the year ended 30 June 2017.

Hostplus also holds negotiable certificates of deposits (2016: term deposit) with ME Bank. As at 30 June 2017, the value of the negotiable certificates of deposits were \$173.0m (2016: term deposit \$169.9m). Total income earned by Hostplus from this investment for the year ended 30 June 2017 was \$3.1m (2016: \$1.8m). 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 2017, the value of the note was \$3.0m (2016: \$3.0m). Total income earned by Hostplus from this investment for the year ended 30 June 2017 was \$0.2m (2016: \$0.1m). All transactions were made on normal commercial terms, under normal conditions and at market rates.

Notes to the financial statements for the year ended 30 June 2017

Note 6. Income tax

(a) Recognised in the Income Statement

	2017 (\$)	2016 (\$)
Current tax expense		
Current year	(46,972,262)	(50,541,795)
Adjustments in respect of current income tax of previous years	696,101	(165,330)
	(46,276,161)	(50,707,125)
Deferred tax expense		
Movement in temporary differences	(1,280,288)	461,607
Total income tax expense/(benefit) reported in Income statement	(47,556,449)	(50,245,518)

(b) Reconciliation between income tax expenses and the accounting profit before income tax

	2017 (\$)	2016 (\$)
Profit/(loss) from operating activities	2,512,380,663	834,511,255
Tax at the complying superannuation fund tax rate of 15%	376,857,099	125,176,688
Non-assessable investment income	(389,446,237)	(139,360,610)
Net imputation and foreign tax credits	(664,420)	(440,515)
Deductible insurance premiums	(32,111,352)	(32,624,669)
Anti-detriment deductions	(2,887,640)	(2,831,082)
Under/(over) provision in previous year	696,101	(165,330)
Total income tax expense/(benefit)	(47,556,449)	(50,245,518)

(c) Recognised in the Statement of Changes in Member Benefits

	2017 (\$)	2016 (\$)
Contributions and transfers in	3,788,090,907	2,475,404,170
Tax at the complying superannuation fund tax rate of 15%	568,213,636	371,310,626
Non-assessable contributions	(48,132,470)	(28,332,418)
Non-assessable transfers in	(223,427,248)	(71,369,769)
No tax file number (TFN) tax	(2,560,299)	2,249,124
Under/(over) provision in previous year	(1,659,844)	(98,450)
	292,433,775	273,759,113

d) Deferred tax assets and liabilities

	2017 (\$)	2016 (\$)
Unrealised losses in investments subject to capital gains tax (CGT)	1,323,221	1,210,913
Insurance premiums	3,602,529	2,430,727
Employee entitlements and other accruals	597,686	601,509
	5,523,436	4,243,149

(e) Current tax asset and liability

The current tax liability for the Fund of \$247,124,864 (2016: \$222,683,675) represents the amount of income tax payable in respect of current and prior periods.

Notes to the financial statements for the year ended 30 June 2017

Note 7. Administration expenses

	2017 (\$)	2016 (\$)
Fund administration	58,731,131	53,308,945
Staff expenditure	24,922,897	24,848,732
Advertising and sponsorship	12,022,548	10,678,978
Office expenditure	4,298,618	4,523,581
Depreciation and amortisation	2,886,779	2,889,095
Directors' expenditure	647,983	1,010,709
	103,509,956	97,260,040

Note 8. Auditor's remuneration

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

	2017 (\$)	2016 (\$)
Audit of financial statements	90,742	75,533
Other assurance services	71,595	69,721
Other services	–	8,325
	162,337	153,579

Note 9. Cash flow statement reconciliation

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2017 (\$)	2016 (\$)
Cash at bank	17,536,986	9,907,866

Reconciliation of net cash from operating activities to net profit after income tax:

	2017 (\$)	2016 (\$)
Profit/(loss) after income tax	57,181,108	5,397,493
Adjustments for:		
Net investment income (non cash)	(2,612,160,873)	(932,569,533)
Depreciation and impairment	2,886,779	2,889,095
Net insurance activities	(90,376,053)	(109,423,769)
(Increase)/decrease in receivables and prepayments	(2,913,128)	413,163
(Increase)/decrease in deferred tax	(1,280,287)	461,607
Increase/(decrease) in payables and employee entitlements	9,971,102	(1,135,387)
Increase/(decrease) in income tax payable	24,441,189	10,098,606
Allocation to members' accounts	2,502,756,004	879,359,280
Net cash outflows from operating activities	(109,494,159)	(144,509,445)

Notes to the financial statements for the year ended 30 June 2017

Note 10. 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 by the Trust within each asset class are either held directly in the form of equity or debt-type 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;
- Set appropriate risk limits and controls; and
- 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 both by 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 is also monitored by the Trustee. Reports received by the Trustee include:

- Current asset allocations against target positions;
- Performance against benchmarks; and
- 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, 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 Advisers 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.

(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 2017.

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; and
- 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 Reserve Bank of Australia (RBA) cash rate. The average annual absolute movement in the yields of the RBA cash rate over the past 10 years is 100 basis points (bps). Therefore, the Fund has adopted a volatility factor for interest rate risk of 100 bps (2016: 100 bps). 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.

	2017	2016
Fixed interest	100 bps	100 bps
Cash and cash equivalents	100 bps	100 bps

An increase or decrease in interest rates would have impacted the Fund's profit and loss after income tax and net assets by the amounts shown below. This analysis assumes that all other variables remain constant.

Notes to the financial statements for the year ended 30 June 2017

Note 10. Financial risk management (continued)

2017	Carrying amount (\$)	Profit and loss (\$)		Net assets (\$)	
		Increase	Decrease	Increase	Decrease
Fixed interest	9,519,512	(80,916)	80,916	(80,916)	80,916
Cash and cash equivalents	38,015,803	323,134	(323,134)	323,134	(323,134)
	47,535,315	242,218	(242,218)	242,218	(242,218)

2016	Carrying amount (\$)	Profit and loss (\$)		Net assets (\$)	
		Increase	Decrease	Increase	Decrease
Fixed interest	8,088,191	(68,750)	68,750	(68,750)	68,750
Cash and cash equivalents	21,569,447	183,340	(183,340)	183,340	(183,340)
	29,657,638	114,590	(114,590)	114,590	(114,590)

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 the investment 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 2017 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.

	2017	2016
Equities	17%	17%
Pooled superannuation trust and managed funds	11%	11%

Notes to the financial statements for the year ended 30 June 2017

Note 10. Financial risk management (continued)

An increase or decrease in the market price of investments of the Fund at 30 June would have impacted the Fund's profit and loss after income tax and net assets by the amounts shown below. This analysis assumes that all other variables remain constant.

2017	Carrying amount (\$)	Profit and loss (\$)		Net assets (\$)	
		Increase	Decrease	Increase	Decrease
Equities	69,459,691	10,036,925	(10,036,925)	10,036,925	10,036,925
Pooled superannuation trust and managed funds	24,839,961,763	2,322,536,425	(2,322,536,425)	2,322,536,425	2,322,536,425
	24,909,421,454	2,332,573,350	(2,332,573,350)	2,332,573,350	2,332,573,350

2016	Carrying Amount (\$)	Profit and loss (\$)		Net assets (\$)	
		Increase	Decrease	Increase	Decrease
Equities	44,380,325	6,412,957	(6,412,957)	6,412,957	(6,412,957)
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
	20,107,664,883	1,882,330,063	(1,882,330,063)	1,882,330,063	1,869,504,149

(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 by industry sector.

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

	2017 (\$)	2016 (\$)
Directly held fixed Interest	9,519,512	8,088,191
	9,519,512	8,088,191

(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 below.

2017	Carrying amount (\$)	Less than 1 month (\$)	1 to 3 months (\$)	Greater than 3 months (\$)
Member liabilities	24,481,506,217	24,481,506,217	–	–
Employee entitlements	3,984,571	3,984,571	–	–
Accounts payable	33,738,255	33,738,255	–	–
Current tax liabilities	247,124,864	–	–	247,124,864
	24,766,353,907	24,519,229,043	–	247,124,864

2016	Carrying amount (\$)	Less than 1 month (\$)	1 to 3 months (\$)	Greater than 3 months (\$)
Benefits payable	47,618,922	47,618,922	–	–
Member liabilities	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
	19,995,843,462	19,773,159,787	–	222,683,675

Member benefits that are allocated 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 accounts at the same time.

Notes to the financial statements for the year ended 30 June 2017

Note 10. Financial risk management (continued)

(d) Estimation of fair values

The Fund's financial assets and liabilities included in the Statement of Financial Position are carried at fair value. The major methods and assumptions used in determining fair value of financial instruments have been disclosed at note 2.

(e) Fair value hierarchy

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

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

The level in the fair value hierarchy within which a financial instrument is categorised is determined on the basis of the lowest level input that is significant to its fair value measurement. If fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the financial instrument will be categorised as a level 3. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the instrument.

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.

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

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

(ii) Fair value in an inactive 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 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 2017.

2017	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial assets			
Financial assets designated at fair value through profit or loss:			
Cash and cash equivalents	38,015,803	–	–
Fixed interest securities	9,519,512	–	–
Equities	69,459,691	–	–
Pooled superannuation trust and managed funds	–	24,836,461,763	3,500,000
	116,995,006	24,836,461,763	3,500,000

2016	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
Financial assets			
Financial assets designated at fair value through profit or loss:			
Cash and cash equivalents	21,569,447	–	–
Fixed interest securities	8,088,191	–	–
Equities	44,380,325	–	–
Pooled superannuation trust and managed funds	–	20,059,784,558	3,500,000
	74,037,963	20,059,784,558	3,500,000

There were no transfers between levels for the year ended 30 June 2017 or 30 June 2016.

Notes to the financial statements for the year ended 30 June 2017

Note 10. Financial risk management (continued)

Level 3 investments

The investments held by the Fund include one unlisted financial instrument that is not traded in an active market. Hence, the fair value is based on the price advised by the 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 2017:

	2017 (\$)	2016 (\$)
Opening balance	3,500,000	6,600,000
Purchases	–	–
Sales	–	(1,827,770)
Transfers into/(out) of level 3	–	–
Gains and losses recognised in profit or loss	–	(1,272,230)
Closing balance	3,500,000	3,500,000

Note 11. 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 (Deputy Chair)	M Robertson (Deputy Chair)
P Collins	B Myers ^(a)	D Gibson
A Grayson	J Hill ^(b)	M Vaile
	D McElrea ^(c)	N Randall ^(e)
	R Stark ^(d)	
	R Buckler ^(e)	

(a) Appointed as a Director on 10/02/2017

(b) Appointed as a Director on 10/02/2017

(c) Ceased as a Director on 13/01/2017

(d) Ceased as a Director on 1/02/2017

(e) Alternate Director

Notes to the financial statements for the year ended 30 June 2017

Note 11. Related parties (continued)

(b) Board of Directors and remuneration (continued)

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

Year ended 30 June 2017

Name	Director fee (salary) (\$)	Parking benefits (\$)	Superannuation (\$)	Termination benefits (\$)	Total (\$)
Independent					
D Elmslie	135,826	9,495	20,374	–	165,695
P Collins	109,950	–	16,493	–	126,443
A Grayson	94,950	–	14,243	–	109,193
Employer nominated					
M Robertson ^(a)	99,676	–	14,951	–	114,627
D Gibson	99,400	–	14,910	–	114,310
M Vaile	84,400	–	12,660	–	97,060
N Randall	33,000	–	–	–	33,000
Member nominated					
T Lyons	109,675	–	16,451	–	126,126
B Myers ^(a)	39,251	–	5,888	–	45,139
J Hill	35,167	–	5,275	–	40,442
D McElrea ^(a)	45,149	–	6,772	–	51,921
R Stark ^(a)	49,233	–	7,385	–	56,618
R Buckler ^(a)	40,000	–	5,250	–	45,250
Total	975,677	9,495	140,652	–	1,125,824

(a) Director fees for these individuals are paid to their nominating association, United Voice or AHA.

Year ended 30 June 2016

Name	Director fee (salary) (\$)	Parking benefits (\$)	Superannuation (\$)	Termination benefits (\$)	Total (\$)
Independent					
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
Employer nominated					
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
Member nominated					
T Lyons	105,463	–	15,819	–	121,282
B Daley ^(a)	8,306	–	1,246	–	9,552
R Buckler ^(a)	58,133	–	8,720	–	66,853
R Stark ^(a)	70,333	–	10,550	–	80,883
D McElrea ^(a)	68,300	–	10,245	–	78,545
Total	976,860	9,240	136,088	–	1,122,188

(a) Director fees for these individuals are paid to their nominating association, United Voice.

Notes to the financial statements for the year ended 30 June 2017

Note 11. Related parties (continued)

(c) Group executive management and remuneration

Key management personnel of Hostplus as at 30 June 2017 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
P Watson	Group Executive – Business Growth, Client Relationships & Advice
N Strickland	Group Executive – People, Performance & Culture
N Brouwer	Group Executive – Risk & Compliance
K Cantwell	Group Executive – Service Operations

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

Year ended 30 June 2017

Name	Date commenced	Date change in position	Salary (\$)	Short-term incentives (\$)	Parking benefits (\$)	Superannuation (\$)	Termination benefits (\$)	Total (\$)
D Elia	15/03/1999		637,838	197,076	9,495	30,000	–	874,409
S Sicilia	31/03/2008		538,949	151,741	9,495	30,000	–	730,185
U Mecchi	28/11/2011		311,305	48,573	9,495	30,000	–	399,373
T Kenny	07/11/2013	22/12/2016 ^(a)	265,697	41,231	4,518	21,990	133,869	467,305
P Watson	21/03/2011		283,137	24,399	9,495	30,000	–	347,031
A Wong	12/01/2004	30/09/2016 ^(b)	230,244	24,506	2,374	9,423	–	266,547
N Brouwer	23/11/2014	21/11/2016 ^(c)	174,297	–	5,803	26,144	–	206,244
K Cantwell	10/10/2016 ^(d)		180,730	–	6,892	21,346	–	208,968
N Strickland	17/02/2014		154,812	29,909	9,495	27,708	–	221,924
B Smethurst	25/07/2016 ^(e)	06/03/2017 ^(e)	127,644	–	5,871	17,779	–	151,294
Total			2,904,653	517,435	72,933	244,390	133,869	3,873,280

(a) Resigned as Group Executive – Finance & Investment Operations

(b) Resigned as Group Executive – Legal & Compliance

(c) Appointed as Group Executive – Risk & Compliance

(d) Appointed as Group Executive – Service Operations

(e) B Smethurst temporarily occupied the position of Group Executive – People, Performance & Culture

Year ended 30 June 2016

Name	Date commenced	Date change in position	Salary (\$)	Short-term incentives (\$)	Parking benefits (\$)	Superannuation (\$)	Termination benefits (\$)	Total (\$)
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 ^(a)	100,005	–	4,140	15,346	–	119,491
M Abramovich	15/12/2014	23/12/2015 ^(b)	170,765	–	4,430	15,000	20,593	210,788
Total			2,336,667	486,811	64,010	209,239	20,593	3,117,320

(a) Appointed Group Executive – Legal & Compliance

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

Notes to the financial statements for the year ended 30 June 2017

Note 11. Related parties (continued)

(d) Directors' attendance at Board and Committee meetings

Year ended 30 June 2017

Director/ Alternate Director	Full Board Meeting of Directors		Meeting of Committees					
			Audit, Risk & Compliance		Claims Review		People & Remuneration	
	A	B	A	B	A	B	A	B
Directors								
D Elmslie	7	7	–	–	–	–	3	3
P Collins	7	7	3	3	–	–	–	–
A Grayson	7	7	–	–	–	–	–	–
T Lyons	6	7	2	3	–	–	3	3
B Myers	2	3	–	–	–	–	–	–
J Hill	3	3	–	–	–	–	–	–
D McElrea	4	4	–	–	–	–	–	–
R Stark	1	3	–	–	–	–	–	–
M Robertson	7	7	2	3	–	–	–	–
D Gibson	7	7	–	–	–	–	3	3
M Vaile	5	7	–	–	–	–	–	–
Alternate Directors								
R Buckler	3	–	–	–	15	15	–	–
N Randall	2	–	1	–	–	–	–	–
Observers								
D Elmslie	–	–	3 ^(*)	–	–	–	–	–
R Buckler	1 ^(#)	–	–	–	–	–	–	–
N Randall	2 ^(#)	–	–	–	–	–	–	–

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

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

(#) Alternate Directors are invited to attend board meetings as an Observer

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

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

Year ended 30 June 2016

Director/ Alternate Director	Full Board Meeting of Directors		Meeting of Committees						Hostplus Investment Pty Ltd (^)	
			Audit, Risk & Compliance		Claims Review		People & Remuneration			
	A	B	A	B	A	B	A	B	A	B
Directors										
D Elmslie	7	7	–	–	–	–	3	3	1	1
P Collins	7	7	3	3	–	–	–	–	1	1
A Grayson	7	7	–	–	–	–	–	–	1	1
T Lyons	5	6	3	3	–	–	–	1	1	1
D McElrea	4	5	–	–	–	–	–	–	–	–
R Stark	6	7	–	–	–	–	2	2	1	1
M Robertson	7	7	3	3	–	–	–	–	1	1
D Gibson	7	7	–	–	–	–	3	3	1	1
M Vaile	7	7	–	–	–	–	–	–	1	1
R Buckler	2	2	–	–	5	5	–	–	1	1
Alternate Directors										
R Buckler	3	–	–	–	14	15	–	–	–	–
T Lyons	1	–	–	–	–	–	2	–	–	–
D McElrea	1	–	–	–	–	–	–	–	1	–
N Randall	1	–	2	–	–	–	–	–	1	–
Observers										
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

(#) 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 meeting, attendance has been noted

Notes to the financial statements for the year ended 30 June 2017

Note 11. Related parties (continued)

(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	
N Randall	D Elia	N Brouwer
M Robertson	S Sicilia	K Cantwell
M Vaile	U Mecchi	A Wong
J Hill	P Watson	T Kenny
	N Strickland	B Smethurst

Note 11. Related parties (continued)

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 has been received. Based on the procedures it has 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 AHA include the national body of 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 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 AHA \$708,182 (2016: \$680,000) and United Voice \$400,000 (2016: \$400,000), excluding GST.

Note 12. 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, Income Statement, Statement of Changes in Member Benefits or Statement of Cash Flows of the Fund for the year ended on that date.

Note 13. Segment information

The Fund operates solely in one reportable business segment, being the provision of accumulation and pension 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.

Trustee Declaration

In the opinion of the Trustee of the Hostplus Superannuation Fund:

- (a) the accompanying financial statements and notes set out on pages 130 to 165 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) presents fairly the Fund's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- (b) the Fund has been conducted in accordance with its constituent Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and its accompanying Regulations; the relevant requirements of the Corporations Act 2001 and Regulations; the requirements under section 13 of the Financial Sector (Collection of Data) Act 2001, during the year ended 30 June 2017; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Host-Plus Pty. Limited as Trustee for the Hostplus Superannuation Fund.

DIRECTOR  _____

DIRECTOR  _____

Sydney
15 September 2017





Independent Auditor's report on financial statements

Report by the RSE Auditor to the Trustee of Hostplus Superannuation Fund (ABN: 68 657 495 890)

Opinion

I have audited the financial statements of Hostplus Superannuation Fund for the year ended 30 June 2017 comprising the Statement of Financial Position, Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Equity, Statement of Cash Flows, summary of significant accounting policies and other explanatory notes.

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 2017 and the results of its operations, cash flows, changes in member benefits and changes in equity for the year ended 30 June 2017.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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 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.

In preparing the financial statements, the Trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

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if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgement and maintained professional scepticism throughout the audit. I also:

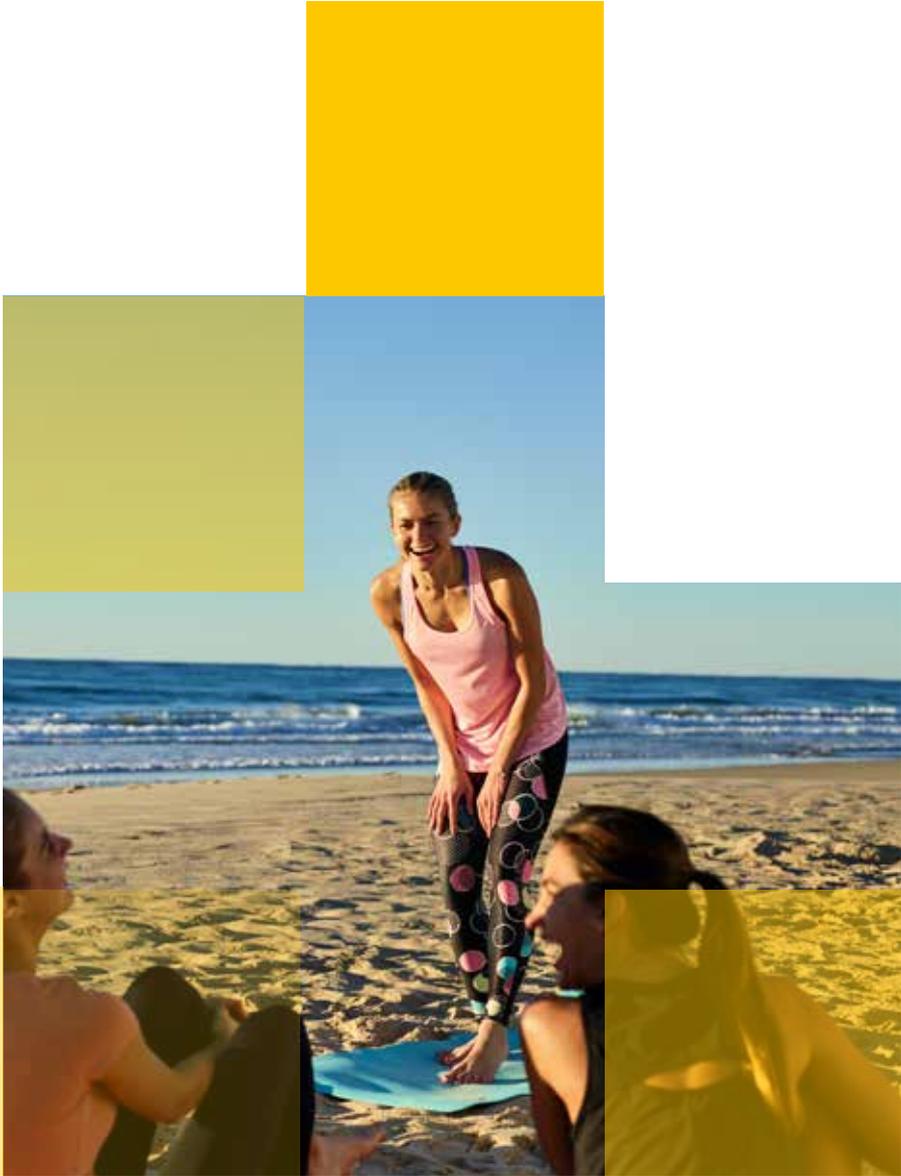
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit 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 RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Concluded on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my auditor opinion. My auditor conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

PricewaterhouseCoopers

George Sagonas
Partner

Melbourne
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