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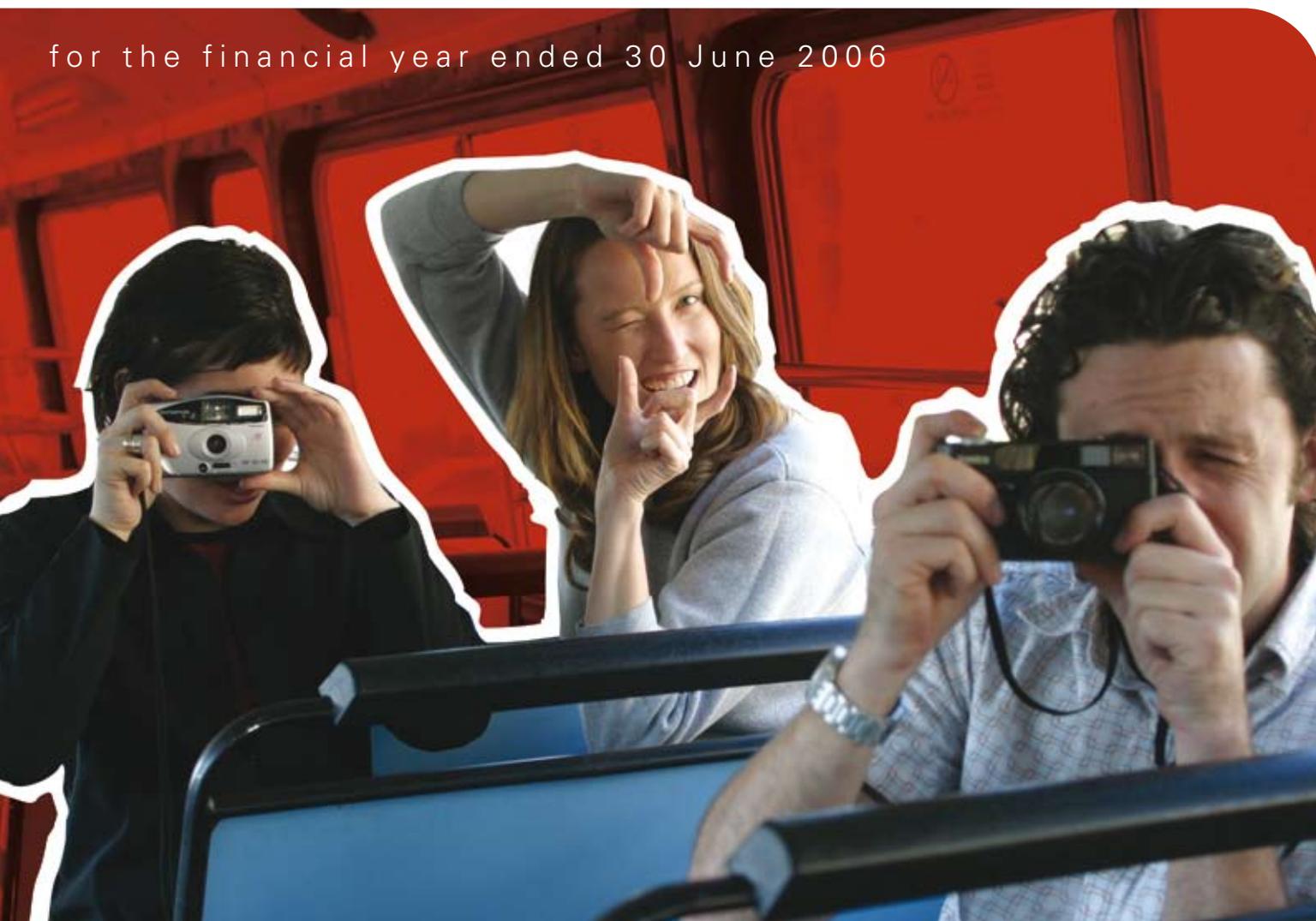
Locked Bag 999
Carlton South VIC 3053



member

annual report

for the financial year ended 30 June 2006



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Choose how your super's invested



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See what your investment returned



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WIN a holiday in the Whitsundays





A choice year for members

Executive overview

By any measure, the last 12 months represent one of the most successful periods in our 18-year history.

Our 'run to profit members only' philosophy and company-wide commitment to excellence have seen the fund grow to record levels of membership and funds under management. The former, jumping from 645,000 last year to 726,000. The latter, soaring from \$3.9 billion last year to approximately \$5 billion.

As a result of this sustained and substantial growth in membership, **HOSTPLUS** is now one of the largest super funds in Australia. And with Super Choice being extended to State award employees from 1 July 2006, we have every reason to believe this trend will continue.

Added to this, our commitment to excellence is prompting a significant increase in recognition from Australia's independent superannuation analysts.

For the second year running, the Fund's consistent investment performance and overall quality were recognised with a Platinum rating from SuperRatings, a AAA quality rating from Rainmaker Information and 5 Apples from Chant West Financial Services. All are the highest ratings possible.

So too, the inaugural 5 Quality Star rating we received from superannuation research specialists, The Heron Partnership. If that weren't enough, we were even named a 2005-06 Fund of the Year finalist by SuperRatings.

Even more pleasing, for nine successive quarters now, independent research has shown that **HOSTPLUS** returns significantly more earnings per \$1 of fees than both the retail master trust and industry fund average. See page 4 for details.

We have delivered increased value for money to members in other ways, too. Like offering larger insurance benefits with no increase to premiums. Not to mention introducing a new insurance option and binding death benefit nominations.

In short, it's been a choice year for the Fund and its members. Thank you for being a part of it by choosing **HOSTPLUS** for your super.

David Elia, Chief Executive Officer



Building success on success

Message from the Chairman

Faced with an openly competitive superannuation market for the first time with the introduction of Super Choice, the Fund eschewed traditional thinking, and focused not just on protecting and growing its membership, but also on the **HOSTPLUS** brand itself.

As a result, the Fund's first television commercial was created and aired throughout the year as part of an ongoing national advertising campaign. More recently, the **HOSTPLUS** brand has been further promoted to a national audience through a strategic partnership arrangement with leading NRL team, Melbourne Storm.

The success of our approach is perhaps best judged by the Fund's enormous growth over the last year in membership, participating employers and funds under management.

With State award employees now eligible for Super Choice, the brand takes its next evolutionary step with the launch of our new 'Expect more' advertising campaign. Due to appear in various media over the coming 12 months, it will further affirm the **HOSTPLUS** commitment to service and dedication to members.

The next 12 months also promise to be interesting on the regulatory front, following the sweeping superannuation reforms proposed in the Federal Government's May budget.

Every Australian, working or retired, is likely to be affected by these proposals, most of which are scheduled to take effect from 1 July 2007.

Whatever the outcomes, **HOSTPLUS** will be there for you: building success on success to help you build a secure long-term financial future.

Graham Duff AM, Chairman

Another super year

Over the last 12 months, **HOSTPLUS** has continued to go from strength to strength. Thriving in the first year of Super Choice, we have become one of Australia's largest super funds, with 726,000 members. Our funds under management have also grown to approximately \$5 billion. Our investment performance has been continually consistent. Our member insurance benefits increased with no rise in premiums. And the list goes on, as do the benefits of being a **HOSTPLUS** member. We hope you enjoy this year's annual report.



HOSTPLUS super news for 2006

Turn here for up-to-date information about super and how to make even more of your **HOSTPLUS** membership.

section 1



WIN a holiday in the Whitsundays with **HOSTPLUS** Travelclub courtesy of Club Med. Plus many other great prizes.

Details inside back cover.



HOSTPLUS performance to 2006

Read this section for important information about changes in superannuation, and the performance of our investment options and Fund.

section 2

Highlights

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Year in review 2006 highlights at a glance



HOSTPLUS recognised with more accolades

In addition to retaining our Platinum rating from SuperRatings, our AAA rating from Rainmaker Information and our 5 Apples rating from Chant West Financial Services, **HOSTPLUS** was also:

- named a 2005–06 Fund of the Year finalist by SuperRatings
- awarded a 5 Quality Star rating – the highest possible – from The Heron Partnership.



Binding death benefit nominations now available

Members can now be certain their death benefit will be paid to the person(s) they've nominated. Page 6 explains why.

Important information

Net fund earning rate (net earnings) is defined as the net earnings applied to your account, which could be positive or negative.

New insurance option added

In addition to Death and Total & Permanent Disability Insurance, and Salary Continuance Insurance, members can now opt for Death Only cover. Read more on page 6.

Investment choice now open to all

There is no longer a \$1,000 minimum account balance requirement to make an investment choice. Now all **HOSTPLUS** members have the opportunity to tailor their investment strategy to their individual needs at any time. More on page 3.

*Higher returns for **HOSTPLUS***

Latest research once again confirms that **HOSTPLUS** delivers far higher returns per \$1 of fees than both the retail master trust and industry fund average. Turn to page 4 and smile.

State award employees now eligible for choice

On 1 July 2006, the Government extended its Super Choice legislation to include an estimated 500,000 additional workers on State awards. Page 8 has the full story.

Increased insurance cover with no increase to premiums

With no increase to premiums, **HOSTPLUS** has lifted the benefit levels provided by our Salary Continuance Insurance, Death Only and Death and Total & Permanent Disability Insurance. Turn to page 6 for more information.

Super splitting available soon

With the sweeping super reforms proposed in the Federal budget, the introduction of super splitting for **HOSTPLUS** members has been postponed until 2007. Details, page 7.

The **HOSTPLUS** Balanced option returns 15.5% in 2005–06

HOSTPLUS is delighted to announce that our Balanced option has delivered double digit returns for the third successive year, achieving a net fund earning rate of 15.5% for the year ended 30 June 2006. This places the fund in the first quartile (top 25%) for performance of options surveyed.

For full details on the performance achieved by all 20 **HOSTPLUS** investment options over the last 12 months, turn to page 12.

2007 – a year in preview

You can expect more highlights from **HOSTPLUS** in the near future, including:

- half-yearly member statements
- a new, alternative Balanced investment option
- the opportunity to pay for financial planning services for superannuation directly from your **HOSTPLUS** account
- a totally new, fun and innovative approach to our member education program
- the **HOSTPLUS** Allocated Pension launch.

As always, our website at hostplus.com.au will keep you up to date with all this news and more.

HOSTPLUS Super news for 2006



Investment choice is now open to all members

On 1 July 2006, HOSTPLUS removed the \$1,000 minimum account balance requirement for members wishing to choose how to invest their super. That means, every member can now tailor their investment strategy to meet their individual needs.

You can choose from 20 investment options

Everyone's investment needs are different and they change throughout our working life. That's why HOSTPLUS offers a range of investment options – and the flexibility to switch from one to another at least once a month, free of charge.

Choose one option or more

You can choose from one or more of any of the following options. For example, you can have 50% invested in Shares Plus (pre-mixed option), 25% in Property (sector investment option) and 25% invested with an individual fund manager. The only requirement is that you must have a minimum of 1% in any selected option.

Pre-mixed options

Our three pre-mixed options comprise different mixes of Australian Shares, International Shares, Property, Diversified Fixed Interest and Cash that we've put together for you and include:

- Capital Stable
- Balanced (default)
- Shares Plus.

Sector investment options

Our five sector investment options allow you to focus on sector-specific asset types and include:

- Cash
- Diversified Fixed Interest
- Property
- Australian Shares
- International Shares.

Individual manager options

Going one step further, you can also invest with an individual investment manager for maximum control. You can choose from any of the following:

- Macquarie Investment Management – Australian Fixed Interest
- BlackRock Financial Management – International Fixed Interest
- Bridgewater Associates – Diversified Fixed Interest
- Industry Super Property Trust – Property
- Lend Lease managed Australian Prime Property Funds (Retail & Commercial) – Property
- Balanced Equity Management – Australian Shares
- Macquarie Investment Management – Australian Shares
- Paradise Investment Management – Australian Shares
- Perpetual Investments – Australian Shares

- AllianceBernstein – International Shares
- Marathon – International Shares
- Marvin & Palmer Associates – International Shares.

You can change investment options

You can change your investment options once a month if you wish and we'll charge you nothing for the service.

For example, you could switch 100% of your current HOSTPLUS super and your ongoing contributions into the Capital Stable option. A month later, you could redirect your ongoing contributions into Property (50%) and an individual manager like Marathon – International Shares (50%).

If you transfer other super into HOSTPLUS, you can choose how this will be invested as well. This choice does not need to be the same as your existing investment choice.

If you don't choose an option, your super will be automatically invested in the Balanced option, which you can change later.

Want to make a choice?

Visit hostplus.com.au for more information or call HOSTPLUS on **1300 363 895**, 8am–8pm, Monday to Friday and ask for a HOSTPLUS Member Guide Product Disclosure Statement.

The percentages are in your favour



According to leading superannuation analyst, SuperRatings, over the five years to 31 March 2006, the average retail master trust returned \$4.50 and the average industry fund \$12.30 for every \$1 paid in fees.

By comparison, HOSTPLUS returned \$18.30.

That's over four times more earnings per dollar than the average retail master trust and 49% more than the average industry fund.

Past investment performance and fees should not be used to predict future investment performance and fees. Comparisons use average chargeable fees and average actual investment returns for default investment options for 19 Industry Super Funds and 19 Retail Master Trusts, and chargeable fees and actual investment returns for HOSTPLUS Balanced investment option for 1, 3 and 5 years to 31 March 2006. (Source: SuperRatings, commissioned by Industry Fund Services which HOSTPLUS is a shareholder of.) Current at 31 March 2006 and may be revised if further information becomes available. Assumptions: opening balance of \$50,000, starting salary of \$50,000, super contributions 9%, 3.5% salary increase per annum; contribution fee for retail master trusts assumed to be nil, with asset and investment fees based on standard rates for each fund; employer asset size \$150,000 (discounts assumed to be applied to fixed dollar member fee and asset based admin fee for employer asset sizes of \$500,000 and \$5,000,000). When considering your own objectives you will need to also consider, with the help of a licensed financial adviser, whether the advice is appropriate in light of your particular investment needs, objectives and financial circumstances. For more information about this research please visit hostplus.com.au

A little extra can go a long way

How do you envisage spending your retirement?

Before you answer, take a quick reality check: generally your superannuation savings have to last 20 years or more. So let's take an essential like food and assume you'll be eating three meals a day at \$10 a meal for 20 years. That alone is going to cost you almost \$220,000.

And when you retire, you're certainly going to want to do more than just eat. So now's the time to work out how much extra you should be paying into your super account and how you should be paying it.

As you'll see, there are two easy options available: personal contributions and salary sacrifice. If you're a low-income earner, paying extra into your account may also qualify you for a Government co-contribution of up to \$1,500 – tax free.

Personal contributions

Personal contributions come out of your after-tax income. There are a number of ways to make personal contributions to your super. You can organise a payroll deduction from your after-tax salary to be deposited into your super account. You can arrange twice monthly, monthly, quarterly or yearly direct debit deductions from your bank account. Or you can pay by BPAY®, POSTbillpay® or cheque.

Receive up to \$1,500 from the Government, tax free

If you earn less than \$58,000 p.a. and make a personal contribution, you'll be eligible to receive a tax-free Government co-contribution to your super.

As shown in the table opposite, the amount the Government will co-contribute depends on your income and the amount you contribute. The maximum co-contribution applies if you're earning under \$28,000 p.a. in which case the Government will add \$1.50 to your super for every dollar of your personal contribution you make, up to a maximum of \$1,500.

Just think. You could easily spend \$20 a month on a few magazines, an afternoon at the pub or a couple of DVD hires. But if you contributed that \$20 to your super each month, you could have as much as \$600 in your super account by the end of the year, thanks to the Government co-contribution. Try finding another investment that offers returns like this.

Want to make more than double your money?

If you'd like to top up your super with a personal contribution or take advantage of the Government co-contribution, simply use the superannuation contribution form at the back of this report.

Salary sacrifice

If you salary sacrifice, payments to your super account come from your before-tax income. Whether or not you'll gain a financial benefit from a salary sacrifice depends largely on how much you earn.

Salary sacrificing part of your salary into your super may reduce the tax you pay and increase your total combined take home pay and superannuation contributions.

Salary sacrifice is also one of the most efficient ways to build your nest egg for higher income earners. As your money grows in a tax-smart environment, you get closer to your savings goals sooner.

There may be no advantage to salary sacrifice if you're a low-income earner (ie. earning less than \$21,600 p.a.) as your income tax rates are the same as those paid on super contributions.

If this applies to you, you may be better off making after-tax contributions, as you may qualify for a Government co-contribution of up to \$1,500 a year, as detailed above.

Find out more about salary sacrifice

To find out if salary sacrifice is right for you, call HOSTPLUS on 1300 363 895 or visit hostplus.com.au for a Salary Sacrifice Guide.

Earning less than \$58,000 a year?



You can take advantage of the Government co-contribution scheme and receive up to \$1,500.

Just complete and return the superannuation contribution form attached at the back of this report. The ATO will then determine and deposit your co-contribution entitlement into your HOSTPLUS account after you lodge your personal tax return.

The table below shows how much you can look forward to receiving.

| And your income is: | If your personal contribution for the year is: | | | |
|-------------------------------|--|---------|-------|-------|
| | \$1,000 | \$800 | \$500 | \$200 |
| Your co-contribution will be: | | | | |
| \$28,000 or less | \$1,500 | \$1,200 | \$750 | \$300 |
| \$30,000 | \$1,400 | \$1,200 | \$750 | \$300 |
| \$32,000 | \$1,300 | \$1,200 | \$750 | \$300 |
| \$34,000 | \$1,200 | \$1,200 | \$750 | \$300 |
| \$36,000 | \$1,100 | \$1,100 | \$750 | \$300 |
| \$38,000 | \$1,000 | \$1,000 | \$750 | \$300 |
| \$40,000 | \$900 | \$900 | \$750 | \$300 |
| \$42,000 | \$800 | \$800 | \$750 | \$300 |
| \$44,000 | \$700 | \$700 | \$700 | \$300 |
| \$46,000 | \$600 | \$600 | \$600 | \$300 |
| \$48,000 | \$500 | \$500 | \$500 | \$300 |
| \$50,000 | \$400 | \$400 | \$400 | \$300 |
| \$52,000 | \$300 | \$300 | \$300 | \$300 |
| \$54,000 | \$200 | \$200 | \$200 | \$200 |
| \$56,000 | \$100 | \$100 | \$100 | \$100 |
| \$58,000 | \$0 | \$0 | \$0 | \$0 |

HOSTPLUS on new turf to advertise its differences

Following the success of our inaugural national advertising campaign last year, HOSTPLUS has created a new television commercial for 2006 and embarked on a range of new promotional initiatives, including a partnership with the highly successful NRL team, Melbourne Storm.

The commercial portrays HOSTPLUS members in their workplace to reinforce the Fund's consistent returns, no commissions and low fees approach.

Advertising will appear across a variety of media, all co-ordinated to reach as many HOSTPLUS members as possible around Australia, both at home and in the workplace.

Becoming the joint major partner of Melbourne Storm also allows us to reach a large member audience. Not just those who are sports fans, but because NRL matches are broadcast into bars, clubs and other venues throughout Australia, we can communicate the advantages of HOSTPLUS with countless more members at their place of employment.

For the second year running, HOSTPLUS will also feature heavily in the Industry Super Funds 'Compare the pair' advertising campaign, which will again draw distinct and convincing comparisons between industry and retail super funds. In 2006, however, the campaign has broadened, with last year's member-focused TV spots joined by two new advertisements of special significance to employers and executive personnel.

As always, our primary aim is to reach members and keep them informed about the unique qualities of industry super funds, and the many benefits they enjoy through HOSTPLUS membership specifically.

But if we attract new members in the process, even better. Because growth in membership adds up to increased financial benefits for all members.



Protect your most valuable assets

Most people wouldn't dream of driving an uninsured car or living in an uninsured house. But there are two even more valuable assets that you may have overlooked: your financial health and your ability to earn an income.

It is vital that your earning capacity is protected. After all, the good things in life, like a family and a home, also lead to expanded financial responsibilities. What would you do if you were no longer able to work?

We've got you covered

As a member of **HOSTPLUS**, you have access to low cost insurance through ING Life Ltd. You can choose from three specially created insurance covers:

- Death and Total & Permanent Disability (TPD) Insurance Cover
- Death Only Cover, and
- Salary Continuance Insurance Cover.

Death Only and Death and TPD Insurance Cover

On 1 July 2006, the Fund introduced a Death Only Insurance which, as the name suggests, covers members solely in the event of their loss of life.

Death and TPD Cover comes into play if you die or are permanently unable to work and meet the requirements of one of the definitions of 'total and permanent disability' contained in the **HOSTPLUS** Insurance Guide available at hostplus.com.au or by calling **1300 363 895**.

Salary Continuance Insurance Cover

Salary Continuance Cover provides you with a monthly benefit, for up to two years, if you are temporarily unable to work for an extended time due to illness or injury.



Yes, it's affordable

Protecting your income and the people you care about is not only important, with **HOSTPLUS** it's also affordable. In fact, you can arrange cover for as little as \$1 per week for Death and TPD, and 70¢ per week for Death Only Cover, depending on how much cover you want, which is automatically deducted from your **HOSTPLUS** account for extra convenience.

So there's no reason to under insure

With the great rates available to you through your **HOSTPLUS** membership, there's no excuse for under insuring. You can afford to protect those things most valuable to you: your loved ones and your income-earning potential. To increase your cover or discuss your insurance needs, just call **HOSTPLUS** on **1300 363 895** or visit hostplus.com.au to download an Insurance Guide, or view the latest increased insurance benefits.

Death benefit nominated beneficiaries can now be binding

Although **HOSTPLUS** members can nominate who should receive their super benefit in the event of their death, these nominations are open to the trustee's discretion and can be challenged.

As of 1 July 2006, members are now able to make binding death benefit nominations. In essence, a valid binding death benefit nomination cannot be legally challenged, meaning members can be certain that, in the event of their death, their superannuation benefit will be paid in the proportion(s) indicated to the person(s) nominated.

For more information about binding death benefit nominations or to download a form, visit hostplus.com.au or call **1300 363 895**.

Higher insurance benefits at no extra cost to **HOSTPLUS** members

HOSTPLUS has negotiated higher levels of insurance cover for both our Death and Total & Permanent Disability Insurance, and Salary Continuance Insurance. The change came into effect on 1 July 2006 with no increase to premiums, which remain at a low \$1 per week for each unit of cover. To view the new scales, visit hostplus.com.au

Help your spouse, help yourself

A win-win situation

Contributing to a spouse's super can have big benefits. For instance, if a spouse is a low income earner or doesn't work, the contributing spouse can earn a tax rebate of up to \$540 a year for contributions made on the behalf of the spouse.

It doesn't matter how much the contributing spouse earns because the rebate is calculated on the other partner's income. Contributing to a spouse's super increases the amount of retirement income that a spouse and their partner can build, tax free. So when they retire, they'll have more savings to fund their lifestyle.

Any amount, any time

Spouse contributions can be paid at any time and there's no minimum contribution amount. Just submit a cheque with the superannuation contribution form at the back of this report.

Are you eligible?

To be eligible to receive a tax rebate for spouse contributions made to **HOSTPLUS**, the following criteria apply:

- you must be married or de facto and living together*
- your spouse's assessable income and reportable fringe benefits are under \$13,800 p.a.

- you make a non-deductible contribution on behalf of your spouse
- you must both be Australian residents
- you must not be your spouse's employer
- the receiving spouse must be under 70 years of age, and
- if the receiving spouse is between 65 and 70 years of age, he or she must work at least 40 hours in 30 consecutive days during the financial year the contribution is made.

* Government regulations do not allow spouse contributions from same sex partners or couples living apart. If you stop living with your spouse you will no longer be eligible to make spouse contributions (even if you remain legally married).

Super splitting set for 2007

Prior to the Federal Government's May budget, **HOSTPLUS** was planning to make super splitting available from 1 July 2006 to members who were married or in a de facto relationship

However, as a result of the major superannuation changes proposed in the May budget, the introduction of super splitting has been delayed until the new calendar year.

Look out for more details in 2007 at hostplus.com.au



Start contributing today

Turn to page 25 for a **HOSTPLUS** superannuation contribution form.

Putting it all together

One superannuation account is far more efficient than several, so consider the benefits of combining all your super into a single **HOSTPLUS account.**

Minimise fees

When you have multiple super accounts, you pay multiple fees. That means you're eating into your retirement savings when there's no need to. By combining your accounts with **HOSTPLUS**, you'll pay a low fee of \$1.50 a week. Like most super funds, investment expenses also apply.

Minimise paperwork

Let's face it, not many people enjoy paperwork. So wouldn't it be simpler to receive just one set of statements, have only one account to keep track of and one phone number to call if you need help?

It's free

It's free to roll your existing accounts into **HOSTPLUS**. But you should check to see whether your other funds charge any exit fees or penalties and if any insurance covers you have will be affected.

To consolidate your funds with **HOSTPLUS**, simply complete the rollover form at the back of this report and return it to **HOSTPLUS**.

We will then forward your request to your old fund, who may take up to 90 days to process your request and transfer your account to **HOSTPLUS**.

Missing: \$8.2 billion

Currently, Australians have lost track of more than \$8.2 billion worth of super. Changing jobs or addresses, getting married and changing your name or being made redundant are just some of the ways you can lose track of your super. If you think you may have unclaimed super and you'd like to be reunited with your lost dollars, simply visit SuperSeeker at www.ato.gov.au/super or call 13 10 20.

Consolidate your super into one

Turn to page 27 for a **HOSTPLUS** rollover form.

Choice of fund legislation extended to State award employees

On 27 March 2006, the Federal Government's new 'Work Choices' legislation came into effect and included a number of amendments to Super Choice legislation. As a result, generally all workers employed by a corporation under the terms of a State award became eligible for choice of fund on 1 July 2006.

If you are now eligible for Super Choice as a result of these changes, you must be provided with a standard choice form:

- upon requesting one from your current employer
- if your current employer appoints a new default fund, or
- within 28 days of you commencing work at a new employer.



Free choice information kits now available for HOSTPLUS members

As mentioned, on 1 July 2006 the Federal Government extended their choice of fund legislation to include an estimated 500,000 additional workers employed under State awards.

If you believe you may now be eligible and want to know more about Super Choice, visit hostplus.com.au/choice and order one of our free 'Choice made super easy' kits.

Clear, concise and full of helpful information, the kit will tell you everything you need to know, including how to ensure you compare apples with apples when evaluating different funds, and what to do if you wish to remain with HOSTPLUS.



HOSTPLUS can go where you go

Your HOSTPLUS account is portable, so you can take all the benefits of HOSTPLUS with you from one job to the next. Be it from a club to a pub, one restaurant to another, or even from one state to another. Even if you move on from the hospitality, tourism, recreation or sports industries, you can still stay with HOSTPLUS, maintain your insurance cover and continue to enjoy all the benefits your membership provides. To find out what to do, simply look for your scenario below. For more information or to get your new employer to contribute to HOSTPLUS, just call 1300 363 895.

Scenario 1:

You start work with a new employer who agrees to contribute to HOSTPLUS

If your new employer is already making staff contributions to HOSTPLUS, then all you need to do is give them your membership number. They will pay your super contributions into your existing account.

Scenario 2:

You start work with an employer who does not contribute to HOSTPLUS or you take a break from the workforce

If your new employer is not registered as a HOSTPLUS employer, they can set up an account with us. Just ask your employer or payroll manager to call 1300 363 895.

If you have signed a membership application form, your new employer can make contributions to your account without having to join HOSTPLUS. If you stop working, you can leave your money in HOSTPLUS and continue to make your own contributions if you wish. Your account including any insurance cover will remain unchanged.

Scenario 3:

You become self-employed

Firstly, congratulations on taking a big step. Secondly, you can stay with HOSTPLUS and continue making contributions (you can claim all or part of these contributions as a tax deduction if you're substantially self-employed). Your existing membership also means any insurance cover and cost will continue unchanged. For more details, please call 1300 363 895.

When is it time to get serious?

You could be living off your super for 20 or so years after you retire.

So whether you're just entering the workforce or just about to leave it, you should have an understanding of just how important super is, especially given the sweeping reforms proposed in the recent Federal budget.

Scheduled to take effect from 1 July 2007, they include:

- No tax on lump sum payments from a complying superannuation fund for individuals over the age of 60, which could obviously mean far more money in your pocket when you retire.
- The abolition of Reasonable Benefit Limits (RBLs), meaning there will no longer be a limit on the amount of concessional taxed superannuation benefits you can receive during your lifetime.
- The abolition of compulsory cashing rules, meaning you can keep your money in super past the age of 65 or until you need it.
- The ability to make deductible contributions up to the age of 75.

By setting up an appointment with a licensed financial planner, you'll be able to devise a super strategy that takes full advantage of any changes, but still allows you to meet your day-to-day and short-term financial needs.

Talk to the professionals

A licensed financial planner from Industry Fund Financial Planning (IFFP) AFSL 232514 can provide invaluable advice, in plain English on:

- superannuation and related matters
- debt management
- retirement planning
- investment strategies
- insurance protection
- estate planning, and
- redundancy payments.

After assessing your attitude towards risk, security and investing, your financial planner can help you develop a simple plan that outlines your financial goals and recommend steps to help you achieve them.

Who's advising you?

The financial experts at IFFP are not paid on a commission basis. Which means the advice you are given is based entirely on your needs and circumstances – not what's in it for them.

What's more, IFFP gives you a fixed price quote and will not start working on your plan without written authorisation from you. So you know exactly what it's going to cost you.



Arrange a free fact finding consultation today

The initial IFFP fact finding consultation is free for HOSTPLUS members. For more information or to book your free initial consultation, call HOSTPLUS on **1300 363 895**, 8am–8pm, Monday to Friday.



WIN a holiday in the Whitsundays

Imagine escaping the daily grind, to arrive at a secluded beach in the tropical Whitsundays. Club Med Lindeman Island to be exact.

Well, the fantasy may not be that far off. Because HOSTPLUS Travelclub is giving you the chance to WIN a 5 night luxury getaway for two at Club Med, Lindeman Island.*

The prize also includes airfares, three gourmet meals per day and a range of sports and entertainment options.

Sound good? Then all you need to do is enter. Just complete the short quiz inside the back cover, fill out the entry form and return them both to HOSTPLUS by 1 December 2006. It's that easy!

Second prize includes two tickets to a 2007 State of Origin match in Queensland, courtesy of Melbourne Storm. Other prizes include:

- one of two personally signed AFL Richmond Football Club jumpers
- one of two personally signed AFL Richmond Football Club footballs courtesy of the Richmond Football Club, and
- one of five personally signed Melbourne Storm Rugby Club jerseys.

So look inside the back cover now for your chance to WIN!

* Courtesy of Club Med and HOSTPLUS Travelclub.



HOSTPLUS
TRAVELCLUB

Club Med 


HOSTPLUS
expect more

A roof over your head A good investment under your belt

Members Equity Super Members Home Loan

If you're in the market for a house or thinking about refinancing your existing loan, a Members Equity Super Members Home Loan could be just what you need. As a **HOSTPLUS** member you can take advantage of a Super Members Home Loan which gives you 0.25% p.a. off the standard variable interest rate.

You'll also be interested in what it *doesn't* feature:

- no ongoing account keeping fees
- no application or valuation fees
- no fees to redraw, fix or split your loan.

So every cent you pay goes towards reducing your loan.

Find the loan that fits

Members Equity Bank has a range of home loans for you to choose from.

- **Standard Home Loan.**
A low cost no-fuss home loan with great flexibility.
- **Ultimate Offset Account.**
A versatile home loan and transaction facility with 100% offset plus fee free access to your money via ATM, EFTPOS, Bank@Post, cheque, internet and phone banking.
- **Interest Only Investment Loan.**
An investment loan that provides the freedom of interest only repayments for up to five years, allowing you to keep more money in your pocket.

*Get the home and loan
you deserve*

Simply call Members Equity Bank on 13 15 63 or you can visit www.membersequitybank.com.au



**MembersEquity
Bank**
The Super Funds Bank

Fees and charges apply. Applications for credit are subject to approval. Terms and conditions are available on request.

Squeeze more value out of your health cover

As a HOSTPLUS member, you and your immediate family can take advantage of a range of health cover options from Manchester Unity at special rates.

What are you waiting for?

Join Manchester Unity and you could enjoy the following benefits:

- no waiting on benefits usually requiring two and six months' membership*
- a KeepFit benefit for approved weight loss programs and other health programs, including gym memberships that your doctor would recommend to improve your health
- general benefits for treatment provided by recognised natural therapists, and
- a valuable loyalty reward program.

Move to Manchester Unity

If you're already with another registered health fund, moving to Manchester Unity couldn't be simpler. We can easily arrange a seamless transfer at no cost or effort on your part.



Time for a healthy change?

For more information, call Manchester Unity on 1800 789 121, email hostplus@manchesterunity.com.au or follow the links at hostplus.com.au

ManchesterUnity

* Reduced waiting period does not apply to pre-existing ailments or illnesses, obstetric conditions or to benefits that have longer waiting periods. This offer applies only to a combined Hospital and Extras cover.

HOSTPLUS performance to 2006



Looking after your super investment

We've designed investment options with different investment objectives, strategies and risk profiles. We utilise high quality investment managers and, together with our asset consultant, JANA Investment Advisers Pty Ltd (JANA), we monitor and review the performance of our options and make whatever changes are necessary to deal with the changing economic outlook.

Founded in 1987, JANA is one of Australia's leading asset consulting firms with approximately A\$100 billion under advice. JANA assists HOSTPLUS in establishing the overall investment strategy and investment objectives of all the Fund's investment options.



The Fund's investments are held by a custodian, JPMorgan Chase Bank, N.A. (JPMorgan). JPMorgan currently holds assets of approximately US\$12 trillion under custody and administration and is an international leader in investment banking, financial services for consumers and business, financial transaction processing, asset and wealth management, and private equity. With its headquarters based in New York, JPMorgan has deep roots across the world dating back to 1799. The performance of the investment managers chosen by the Fund is monitored by the custodian. A list of the current investment managers and investments utilised for HOSTPLUS' investment options can be found in the table on page 21.

Before you consider making an investment choice, you may like to learn more about our investment process, outlined below.

1. Developing the investment strategy

The Directors of HOSTPLUS meet on a regular basis with JANA. JANA assists in establishing the overall investment strategy and the investment objectives of each investment option.

The Directors meet to determine the Fund's strategic asset allocation. This involves the setting of the allocation between growth and defensive assets for the pre-mixed investment options. They decide which asset classes the Fund will invest in and the mix of investment styles. They also set constraints on allocations to investments within each asset class.

2. Appointment and ongoing review of investment managers

Professional investment managers are selected based on a detailed assessment by the investment adviser and the Directors of HOSTPLUS. Once appointed, the investment managers are given detailed guidelines to follow and invest according to the strategy and risk profile stipulated.

The performance of the investment managers is constantly monitored. In fact, a monthly performance report is prepared for the Fund's Directors by the custodian and the quarterly report by the investment adviser. The performance of each investment option and investment manager is also regularly reviewed to ensure it is achieving the agreed investment objectives.

3. You benefit from the Fund's earning rates

Page 12 of this report details the earning rates for each investment option for the financial year ended 30 June 2006.

Another solid year and consistent returns

Net Fund earning rates to 30 June – pre-mixed options

| Year | Capital Stable | | Balanced | | Shares Plus | |
|-------------|----------------|------|----------|-------|-------------|-------|
| 2006 | 8.1% | | 15.5% | | 18.8% | |
| 2005 | 10.3% | | 14.0% | | 14.6% | |
| 2004 | 7.8% | | 14.0% | | 16.5% | |
| 2003 | 6.3% | | 4.1% | | -0.6% | |
| 2002 | 2.5% | | -0.5% | | -5.5% | |
| 3 year p.a. | 8.7% | 8.7% | 14.5% | 14.5% | 16.6% | 16.6% |
| 5 year p.a. | 7.0% | 7.0% | 9.2% | 9.4% | 8.3% | 8.8% |

A number of our competitors disclose average returns over a defined period on a simple average basis, as opposed to the equivalent compound rate noted above. To allow you to compare like with like, the simple average returns for the options are also shown.

Effective compound rate
Simple average rate

Explanation of terms

Simple average rate. The net earnings allocated on an initial investment only for the life of the investment. For example, if you invest \$1,000 in an account and it earns 10%, the next year you will earn 10% on the original \$1,000 but not on the \$100 earned in the first year.

Effective compound rate. The net earnings allocated on an initial investment plus the reinvestment of the initial investment and earnings on an ongoing basis for the life of the investment. For example, if you invest \$1,000 in an account and it earns 10%, the next year you will earn 10% on the original \$1,000 plus the \$100 earned in the first year, and so on.

Net Fund earning rates to 30 June – sector investment options

| Year | Cash | | Diversified Fixed Interest | | Property | | Australian Shares | | International Shares | |
|-------------|------|------|----------------------------|------|----------|-------|-------------------|-------|----------------------|-------|
| 2006 | 5.4% | | 2.7% | | 12.2% | | 22.4% | | 21.8% | |
| 2005 | 5.2% | | 9.0% | | 11.1% | | 24.3% | | 6.3% | |
| 2004 | 4.3% | | 4.3% | | 10.1% | | 21.0% | | 18.8% | |
| 2003 | 3.9% | | 10.8% | | 9.2% | | 1.8% | | -8.7% | |
| 2002 | 4.9% | | 4.8% | | 6.9% | | 1.6% | | -19.2% | |
| 3 year p.a. | 5.0% | 5.0% | 5.3% | 5.3% | 11.1% | 11.1% | 22.6% | 22.6% | 15.4% | 15.6% |
| 5 year p.a. | 4.7% | 4.7% | 6.3% | 6.3% | 9.9% | 9.9% | 13.7% | 14.2% | 2.6% | 3.8% |

Effective compound rate
Simple average rate

Net Fund earning rates to 30 June – individual manager options

| Option | 2005* | 2006 |
|---|-------|-------|
| Macquarie Investment Management – Australian Fixed Interest | 4.9% | 2.8% |
| BlackRock Financial Management – International Fixed Interest | 4.5% | 1.8% |
| Bridgewater Associates – Diversified Fixed Interest | 9.4% | 1.5% |
| Industry Super Property Trust – Property | 9.9% | 13.7% |
| Lend Lease managed Australian Prime Property Funds (Retail & Commercial) – Property | 10.7% | 11.0% |
| Balanced Equity Management – Australian Shares | 23.4% | 21.8% |
| Macquarie Investment Management – Australian Shares | 22.5% | 22.0% |
| Paradise Investment Management – Australian Shares | 17.9% | 25.2% |
| Perpetual Investments – Australian Shares | 19.3% | 25.7% |
| AllianceBernstein – International Shares | 7.7% | 22.7% |
| Marathon – International Shares | 7.8% | 20.9% |
| Marvin & Palmer Associates – International Shares | 5.3% | 33.2% |

Past performance is not a guide to future performance.

* Individual manager investment options were first offered on 1 September 2004, except for BlackRock Financial Management which was offered on 1 December 2004.

HOSTPLUS performance ranks well against other super funds*

| Period to 30 June 2006 | Fund earning rate | Industry median p.a. | Top quartile p.a. | HOSTPLUS' quartile ranking |
|-----------------------------|-------------------|----------------------|-------------------|----------------------------|
| Capital Stable | | | | |
| 1 year | 8.1% | 8.0% | 8.7% | 2nd |
| 3 year | 8.7% | 8.0% | 8.6% | 1st |
| 5 year | 7.0% | 5.9% | 6.4% | 1st |
| Balanced | | | | |
| 1 year | 15.5% | 14.2% | 15.3% | 1st |
| 3 year | 14.5% | 13.5% | 14.3% | 1st |
| 5 year | 9.2% | 7.1% | 8.1% | 1st |
| Shares Plus | | | | |
| 1 year | 18.8% | 17.0% | 18.0% | 1st |
| 3 year | 16.6% | 15.5% | 16.4% | 1st |
| 5 year | 8.3% | 7.5% | 8.3% | 1st |
| Cash | | | | |
| 1 year | 5.4% | 4.8% | 5.0% | 1st |
| 3 year | 5.0% | 4.6% | 4.8% | 1st |
| Fixed Interest | | | | |
| 1 year | 2.7% | 2.7% | 3.0% | 2nd |
| 3 year | 5.3% | 4.6% | 5.2% | 1st |
| Property | | | | |
| 1 year | 12.2% | 14.6% | 15.2% | 4th |
| 3 year | 11.1% | 12.7% | 14.8% | 4th |
| Australian Shares | | | | |
| 1 year | 22.4% | 21.1% | 22.6% | 2nd |
| 3 year | 22.6% | 22.0% | 23.1% | 2nd |
| International Shares | | | | |
| 1 year | 21.8% | 18.2% | 19.7% | 1st |
| 3 year | 15.4% | 11.9% | 13.6% | 1st |

* SuperRatings Pty Ltd Superannuation Fund Earning Rates, stable options (20% to 40% in growth style assets), balanced options (60% to 76% in growth style assets), growth options (77% to 90% in growth assets), cash options, property options, Australian shares options and international shares options, 30 June 2006. Survey dated 5/7/2006.

Past performance is not a guide to future performance.

Explanation of terms

Net Fund earning rate. This is the rate allocated to your account which could be positive or negative.

Quartile. Investment performance is often measured in groupings of 25%, called quartiles. A result in the 1st quartile means performance was in the top 25% of options surveyed, a 2nd quartile ranking means a result was in the second 25% and so on.

A closer look at our pre-mixed options as at 30 June 2006

| | <i>Capital Stable</i> | | | <i>Balanced (default)</i> | | | <i>Shares Plus</i> | | |
|---|--|--------|-----------|---|--------|-----------|--|--------|-----------|
| Investment objectives and strategies | <ul style="list-style-type: none"> • Achieve positive returns (after fees and tax) that exceed the return on cash over rolling three year periods. • Provide stable returns through an asset mix that maximises the prospect of positive rate of return each financial year. • Achieve returns that are above the average returns of other similar funds. | | | <ul style="list-style-type: none"> • Achieve positive returns (after fees and tax) that exceed the return of the Capital Stable option over rolling three year periods. • Maximise the prospect of positive returns each financial year. • Achieve returns that are above the average return of other similar funds. | | | <ul style="list-style-type: none"> • Achieve high, long-term returns (after fees and tax) that exceed the return of the Balanced option over rolling five year periods and acknowledging the chance of significant fluctuations in returns. • Invest in long-term growth assets, accepting the prospect of negative returns is increased. • Achieve returns that are above the average return of other similar funds. | | |
| Risk/return profile | <ul style="list-style-type: none"> • Low to medium. • Likelihood of a negative annual return in any one year: one in every 10 to 11 years. | | | <ul style="list-style-type: none"> • Medium to high. • Likelihood of a negative annual return in any one year: one in every four to five years. | | | <ul style="list-style-type: none"> • High. • Likelihood of a negative annual return in any one year: one in every three to four years. | | |
| Investment style | <ul style="list-style-type: none"> • Most conservative and low-risk of the HOSTPLUS pre-mixed investment options. • Contains a higher percentage of defensive assets (cash and diversified fixed interest) than the Balanced and Shares Plus options. | | | <ul style="list-style-type: none"> • Aims to produce consistent returns. • Investments through diversified investment portfolio, including some growth assets and some lower risk investments. | | | <ul style="list-style-type: none"> • Pre-mixed option. • Contains the highest investment in assets with potential for capital growth. | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark | | Range | Benchmark |
| | Growth assets 28% | | | Growth assets 75% | | | Growth assets 90% | | |
| | Australian shares | 5–20% | 11% | Australian shares | 25–45% | 34% | Australian shares | 30–50% | 40% |
| | International shares | 5–15% | 7% | International shares | 10–30% | 22% | International shares | 20–40% | 32% |
| | Unlisted assets | | | Unlisted assets | | | Unlisted assets | | |
| | – Infrastructure | 0–10% | 5% | – Infrastructure | 0–10% | 3% | – Infrastructure | 0–10% | 3% |
| | – Private equity | 0–5% | 0% | – Private equity | 0–10% | 4% | – Private equity | 0–15% | 6% |
| | – Alternatives | 0–10% | 2% | – Alternatives | 0–10% | 4% | – Alternatives | 0–10% | 3% |
| | Property | 0–10% | 3% | Property | 0–15% | 8% | Property | 0–15% | 6% |
| | Defensive assets 72% | | | Defensive assets 25% | | | Defensive assets 10% | | |
| | Unlisted assets | | | Unlisted assets | | | Unlisted assets | | |
| | – Infrastructure | 0–5% | 1% | – Infrastructure | 0–5% | 1% | – Infrastructure | 0–5% | 1% |
| | – Alternatives | 0–5% | 0% | – Alternatives | 0–5% | 2% | – Alternatives | 0–5% | 1% |
| | Property | 0–15% | 7% | Property | 0–10% | 4% | Property | 0–10% | 2% |
| | Australian fixed interest | 10–30% | 22% | Australian fixed interest | 0–20% | 8% | Australian fixed interest | 0–10% | 3% |
| | International fixed interest | 10–30% | 22% | International fixed interest | 0–20% | 8% | International fixed interest | 0–10% | 3% |
| | Cash | 10–40% | 20% | Cash | 0–10% | 2% | Cash | 0–10% | 0% |

Past performance is not a guide to future performance.



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The Super Funds Bank

A closer look at our sector investment options as at 30 June 2006

| | Cash | | | Diversified Fixed Interest | | | Property | | |
|---|---|--------------|---|---|--------------|------------------|---|--------------|------------------|
| Investment objectives and strategies | <ul style="list-style-type: none"> Maintain the invested capital. Match and, where possible, enhance performance (after fees and tax) relative to the UBSA Bank Bill Index. | | | <ul style="list-style-type: none"> Provide high level of capital protection and returns that over the medium term exceed those available from investing solely in cash type investments. | | | <ul style="list-style-type: none"> To provide exposure to the rental income and capital growth arising from property and land assets. | | |
| Risk/return profile | <ul style="list-style-type: none"> Lowest risk with corresponding expectation of lower returns. Likelihood of a positive return being achieved each year. | | | <ul style="list-style-type: none"> Moderate risk investment. Less volatile than property and shares over the short term, but also provides a lower level of return. Likelihood of a negative annual return in any one year: one in every six to seven years. | | | <ul style="list-style-type: none"> Moderate to high risk investment. Corresponding moderate to high return. Likelihood of a negative annual return in any one year: one in every six to seven years. | | |
| Investment style | <ul style="list-style-type: none"> Deposits in short-term loan securities and other similar investments. | | | <ul style="list-style-type: none"> Usually a loan to a government or business with a fixed interest rate and the length of the loan agreed in advance. | | | <ul style="list-style-type: none"> An investment in property or buildings, either directly or via property trusts. | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark | | Range | Benchmark |
| | Growth assets | | | Growth assets | | | Growth assets | | |
| | 0% | | | 0% | | | 100% | | |
| | Defensive assets | | | Defensive assets | | | Defensive assets | | |
| | Cash | 0–100% | 100% | Alternatives | 0–10% | 0% | Listed and unlisted property | 0–100% | 100% |
| | | | Australian and international fixed interest | 90–100% | 100% | | | | |
| | | | | | | | Defensive assets | 0% | |

| | Australian Shares | | | International Shares | | |
|---|--|--------------|------------------|--|--------------|------------------|
| Investment objectives and strategies | <ul style="list-style-type: none"> To provide exposure to predominantly Australian shares with the potential for a high level of growth over the long term. Outperform the S&P/ASX 300 Accumulation Index over rolling three year periods. | | | <ul style="list-style-type: none"> To provide exposure to international shares with the potential for a high level of growth over the long term. Outperform the MSCI World Accumulation Index (ex-Australia) over rolling three year periods. | | |
| Risk/return profile | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. | | | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. A significant component of this investment is exposed to currency fluctuations. | | |
| Investment style | <ul style="list-style-type: none"> Active management. | | | <ul style="list-style-type: none"> Active management. | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark |
| | Growth assets | | | Growth assets | | |
| | 100% | | | 100% | | |
| | Australian shares | 0–100% | 100% | International shares | 0–100% | 100% |
| | International shares | 0–10% | 0% | | | |
| | Defensive assets | | | Defensive assets | | |
| | 0% | | | 0% | | |

Past performance is not a guide to future performance.

Investments greater than 5% of total fund asset

The only investment with a value in excess of 5% of the total assets of the fund at 30 June 2006 was Macquarie Australia Enhanced Equities Funds – Macquarie Investment Management.

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INDUSTRY FUND
FINANCIAL PLANNING

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A closer look at our individual manager options as at 30 June 2006

| | Macquarie Investment Management – Australian Fixed Interest | | | BlackRock Financial Management – International Fixed Interest | | | Bridgewater Associates – Diversified Fixed Interest | | | | | |
|---|--|-------|-----------|--|------------------|-----------|--|---------|---------------|-------|----|----|
| Investment objectives and strategies | <ul style="list-style-type: none"> • Guarantee the return of the UBSA Composite Bond Index (All Maturities). • Underperformance of the index by the underlying portfolio is reimbursed by the manager. • Any out-performance of the index is retained by the manager. | | | <ul style="list-style-type: none"> • Outperform the Lehman Global Aggregate Index hedged in Australian Dollars over rolling three year periods. | | | <ul style="list-style-type: none"> • Outperform the Lehman Global Aggregate Index hedged in Australian Dollars over rolling three year periods. | | | | | |
| Risk/return profile | <ul style="list-style-type: none"> • Low to medium. • Likelihood of a negative annual return in any one year: one in every six to seven years. | | | <ul style="list-style-type: none"> • Low to moderate. • Likelihood of a negative annual return in any one year: one in every six to seven years. | | | <ul style="list-style-type: none"> • Medium. • Likelihood of a negative annual return in any one year: one in every six to seven years. | | | | | |
| Investment style | <ul style="list-style-type: none"> • Passive management. | | | <ul style="list-style-type: none"> • Active management with positions in international bond markets, and in currencies, that offer good value; strong risk controls are used to ensure that returns do not differ substantially from those of the market overall. | | | <ul style="list-style-type: none"> • Active management with positions in Australian and international indexed or nominal bond markets, and in currencies, that offer good value. • For diversification purposes the manager may also invest in alternatives. | | | | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark | | Range | Benchmark | | | |
| | Growth assets | | | 0% | Growth assets | | | 0% | Growth assets | | | 0% |
| | Defensive assets | | | 100% | Defensive assets | | | 100% | Alternatives | 0–10% | 0% | |
| | Australian fixed interest | – | 100% | International fixed interest | – | 100% | Defensive assets | | | 100% | | |
| | | | | | | | Diversified fixed interest | 90–100% | 100% | | | |

| | Industry Super Property Trust – Property | | | Lend Lease managed Australian Prime Property Funds (Retail & Commercial) – Property | | | Balanced Equity Management – Australian Shares | | | | | |
|---|--|-------|-----------|---|------------------|-----------|---|-------|------------------|--|--|------|
| Investment objectives and strategies | <ul style="list-style-type: none"> • Provide returns superior to the Mercer Unlisted Property Fund Index. | | | <ul style="list-style-type: none"> • Provide returns superior to the Mercer Unlisted Property Fund Index, PCA Australian Super, Major Regional Retail Index and PCA Australian Central Business District Office Index over rolling three year periods. | | | <ul style="list-style-type: none"> • To outperform the S&P/ASX100 (excluding Listed Property Trusts) Accumulation Index over rolling three year periods. | | | | | |
| Risk/return profile | <ul style="list-style-type: none"> • Moderate to high risk investment. • Corresponding moderate to high returns. • Likelihood of a negative annual return in any one year: one in every six to seven years. | | | <ul style="list-style-type: none"> • Moderate to high risk investment • Corresponding moderate to high returns • Likelihood of a negative annual return in any one year: one in every six to seven years. | | | <ul style="list-style-type: none"> • High to very high. • Corresponding high returns. • Likelihood of a negative annual return in any one year: one in every two to three years. | | | | | |
| Investment style | <ul style="list-style-type: none"> • Diversified direct property investments in commercial, retail and industrial assets. | | | <ul style="list-style-type: none"> • Long-term direct investment in quality 'core' prime central business district office buildings and major regional retail shopping centres. | | | <ul style="list-style-type: none"> • Active management style based on fundamental analysis of stocks within the S&P/ASX100 Index. | | | | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark | | Range | Benchmark | | | |
| | Growth assets | | | 100% | Growth assets | | | 100% | Growth assets | | | 100% |
| | Australian property | – | 100% | Australian property | – | 100% | Australian shares | – | 100% | | | |
| | Defensive assets | | | 0% | Defensive assets | | | 0% | Defensive assets | | | 0% |

Past performance is not a guide to future performance.

| | Macquarie Investment Management – Australian Shares | | | Paradice Investment Management – Australian Shares | | | Perpetual Investments – Australian Shares | | |
|---|---|--------------|------------------|---|--------------|------------------|---|--------------|------------------|
| Investment objectives and strategies | <ul style="list-style-type: none"> Match the return of the S&P/ASX300 Accumulation Index. | | | <ul style="list-style-type: none"> To exceed the S&P/ASX ex-100 Leaders Accumulation Index over rolling three year periods. | | | <ul style="list-style-type: none"> To outperform the S&P/ASX300 Accumulation Index over rolling three year periods. | | |
| Risk/return profile | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. | | | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. | | | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. | | |
| Investment style | <ul style="list-style-type: none"> Enhanced passive management. | | | <ul style="list-style-type: none"> 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. | | | <ul style="list-style-type: none"> Active value driven bottom up stock picking management based on internal research. | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark | | Range | Benchmark |
| | Growth assets | | | Growth assets | | | Growth assets | | |
| | Australian shares | – | 100% | Australian/NZ shares | – | 100% | Australian shares | – | 100% |
| | Defensive assets | | | Defensive assets | | | Defensive assets | | |

| | AllianceBernstein – International Shares | | | Marathon – International Shares | | | Marvin & Palmer Associates – International Shares | | |
|---|--|--------------|------------------|---|--------------|------------------|---|--------------|------------------|
| Investment objectives and strategies | <ul style="list-style-type: none"> Outperform the MSCI World (ex-Australia) Index in Australian Dollars over rolling three year periods. | | | <ul style="list-style-type: none"> Outperform the MSCI World (ex-Australia) Index in Australian Dollars over rolling three year periods. | | | <ul style="list-style-type: none"> Outperform the benchmark, which is 50% MSCI World (ex-Australia) index in Australian Dollars and 50% MSCI Emerging Markets Index in Australian Dollars over rolling three year periods. | | |
| Risk/return profile | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every three to four years (although losses could be more frequent over shorter periods). Investment is fully exposed to currency fluctuations. Manager is permitted to invest a limited proportion of the portfolio in emerging countries. | | | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. Investment is fully exposed to currency fluctuations. Manager is permitted to invest a limited proportion of the portfolio in emerging countries. | | | <ul style="list-style-type: none"> High to very high. Corresponding high returns. Likelihood of a negative annual return in any one year: one in every two to three years. Investment is fully exposed to currency fluctuations. Manager is permitted to invest in emerging countries and developed markets. | | |
| Investment style | <ul style="list-style-type: none"> Active style blend of value and growth global equity manager that aims to deliver long-term growth of capital on a total return basis using a barbell structure of high conviction growth and value stocks. | | | <ul style="list-style-type: none"> Active contrarian manager, investing in shares in companies whose prices are low in relation to their income producing assets. | | | <ul style="list-style-type: none"> Very active growth manager investing in countries and shares that the manager believes offer the best opportunity for capital appreciation. | | |
| Asset mix | | Range | Benchmark | | Range | Benchmark | | Range | Benchmark |
| | Growth assets | | | Growth assets | | | Growth assets | | |
| | International shares | – | 100% | International shares | – | 100% | International shares | – | 100% |
| | Defensive assets | | | Defensive assets | | | Defensive assets | | |

Past performance is not a guide to future performance.

Investment expenses

Most superannuation funds pay fees to investment managers to invest and manage their assets. Investment expenses are deducted from investment returns before returns are applied to your account. All returns declared are net of these expenses.

The table below shows the investment expenses paid for the financial year ended 30 June 2006, based on the funds under management in each investment option.



| Pre-mixed options | p.a. |
|---|-------------|
| Capital Stable | 0.46% |
| Balanced | 0.78% |
| Shares Plus | 0.99% |
| Sector investment options | p.a. |
| Cash | 0.33% |
| Diversified Fixed Interest | 0.37% |
| Property | 0.95% |
| Australian Shares | 0.33% |
| International Shares | 0.76% |
| Individual manager options | p.a. |
| Macquarie Investment Management – Australian Fixed Interest | 0.00% |
| BlackRock Financial Management – International Fixed Interest | 0.26% |
| Bridgewater Associates – Diversified Fixed Interest | 0.27% |
| Industry Super Property Trust – Property | 0.25% |
| Lend Lease managed Australian Prime Property Funds (Retail & Commercial) – Property | 0.74% |
| Balanced Equity Management – Australian Shares | 0.20% |
| Macquarie Investment Management – Australian Shares | 0.11% |
| Paradise Investment Management – Australian Shares | 0.70% |
| Perpetual Investments – Australian Shares | 0.65% |
| AllianceBernstein – International Shares | 0.49% |
| Marathon – International Shares | 0.49% |
| Marvin & Palmer Associates – International Shares | 0.54% |

The expenses that will be payable for the 2006–07 financial year will be calculated as at 30 June 2007. Therefore, the expenses above are presented to give you an indication of the fees that have been charged by the investment managers in the past. However, they may change without notice.



Squeeze more value out of your health cover

Manchester Unity have a range of all round value for money health cover options for wherever you are in life. As a member of HOSTPLUS, you will also have access to a range of special member benefits.

For a fresh new health fund call
1800 789 121
or email: hostplus@manchesterunity.com.au
manchesterunity.com.au



MANCHESTER UNITY AUSTRALIA LTD (ABN 99 087 648 770) IS A REGISTERED HEALTH BENEFITS ORGANISATION UNDER THE NATIONAL HEALTH ACT 1953 AND IS REGISTERED UNDER THE LIFE INSURANCE ACT 1995. 06/06

Important information about your super

When can you access your superannuation savings?

Some, if not all of your super must be kept in a complying superannuation account until you reach a certain age and have permanently retired from the workforce.

Depending on your date of birth, your preservation age varies, as the table opposite shows.

| Date of birth | Preservation age |
|-----------------------|------------------|
| After June 1964 | 60 |
| July 1963 – June 1964 | 59 |
| July 1962 – June 1963 | 58 |
| July 1961 – June 1962 | 57 |
| July 1960 – June 1961 | 56 |
| Before July 1960 | 55 |

Are all contributions preserved?

Generally, contributions made by your employer, and earnings allocated on all amounts, must be preserved. Until 30 June 1999, personal contributions were not usually preserved. However personal contributions made from 1 July 1999 are preserved. Any amounts that were non-preserved at 1 July 1999 will remain non-preserved, but the earnings allocated will be preserved. The table below provides a summary. Your Annual **HOSTPLUS** Statement will show the preserved and non-preserved components of your account.

| | Up to 30 June 1999 | From 1 July 1999 |
|---|--------------------|------------------|
| Employer contributions | Preserved | Preserved |
| Personal contributions | Non-preserved | |
| Net earnings on personal contributions | Non-preserved | |
| Net earnings on all other contributions | Preserved | |

Can you access your superannuation in other situations?

You can apply to access your superannuation before you retire under certain conditions, including:

- once you reach the age of 65, even if you're still working
- in cases of severe financial hardship (as defined by government regulations)
- on compassionate grounds
- if you're a temporary resident permanently leaving Australia
- total and permanent disablement, or
- death (in this instance, your beneficiaries will receive your benefit).

Please call **HOSTPLUS** on 1300 363 895 for more information.

Eligible rollover fund

In accordance with legislation and the Fund's policy, if your account balance is less than \$400 and we have not received contributions for you for more than 18 months, we may transfer your account balance to our eligible rollover fund (ERF). However, we will write to you before taking any action.

Our nominated ERF is AUSfund. Their contact details are:

AUSfund Administration
PO Box 2468
KENT TOWN SA 5071

Phone: 1300 361 798
Fax: 1300 366 233
Email: admin@ausfund.net.au
Web: www.unclaimedsuper.com.au

If your superannuation benefits are transferred to AUSfund, your personal information will be used by AUSfund to establish your membership account and manage your superannuation balance, process your contributions, pay benefits, provide you with membership benefits and services, and correspond with you.

Being transferred to AUSfund may affect your benefits because:

- You'll cease to be a member of **HOSTPLUS**.
- You'll become a member of AUSfund and be subject to its governing rules. If **HOSTPLUS** can provide AUSfund with current contact details, AUSfund will send you their Product Disclosure Statement (PDS). You can also ask AUSfund for a copy.
- Accounts of \$50 or more attract a levy of \$10 per year or part-year, while lower balances are not subject to the levy but do not earn interest. AUSfund protects all accounts from erosion due to the administration levy, so that the levy cannot exceed the interest credited to each account.
- AUSfund has a different investment strategy to **HOSTPLUS**, which is explained in their PDS.
- AUSfund does not offer insured benefits in the event of death or disablement.

AUSfund conducts cross-fund matching initiatives, where it uses your information

to search for an active account in your name or another superannuation fund. If AUSfund finds an active super account in your name, it will transfer your AUSfund benefits to the other fund. AUSfund also attempts to locate missing contributions paid to the ATO on your behalf or superannuation benefits that may have been transferred to another ERF due to inactivity.

AUSfund engages specialist agents such as its administrator, Superpartners Pty Ltd (ABN 57 078 907 883) and Baycorp Advantage Limited (ABN 29 080 662 568) 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 at the address shown on this page.



Unclaimed money

HOSTPLUS wants to keep in touch with you and makes every effort to do so. However, if you reach qualifying age for the age pension and are eligible to claim your super, but we cannot find you, then your investment becomes unclaimed money and must be paid to the State Revenue Office on behalf of the Victorian Government Department of Treasury and Finance every six months.

You can enquire about unclaimed benefits by contacting:

Registrar of Unclaimed Moneys
State Revenue Office
550 Little Collins Street
MELBOURNE VIC 3000

Phone: 132 161
Web: www.sro.vic.gov.au

Lost members

The Australian Taxation Office (ATO) has established a lost member register. This register contains details of the super accounts for members that funds cannot locate and certain members for whom contributions have ceased. All superannuation funds report lost members to the ATO twice a year.

You are classified as lost if no contributions or rollovers have been received for you during the past two years and we have lost contact with you.

If you think a fund may have lost contact with you, you can check with the ATO to see if you're registered as a lost member.

If you have inactive accounts in any other super fund, eligible rollover fund or retirement savings account, you may consolidate them into your HOSTPLUS account.

You can make enquiries at the ATO if you have lost contact with a fund and think you may be entitled to a benefit. Just call 13 10 20 or visit www.ato.gov.au/super and use SuperSeeker, the ATO's online tool to search for lost super.

Trustee indemnity insurance

Dexta Corporation Ltd and Liberty International Underwriters provided trustee insurance cover from 30 September 2005 until 30 September 2006.

Audit

The annual audit has been completed and the auditor has issued an unqualified opinion on the HOSTPLUS financial statements. The audited financial statements and auditor's report are available upon request.

Fund documentation

If you would like to view a copy of the HOSTPLUS Trust Deed or other fund documentation, please call 1300 363 895.

Confirmation of transactions on your HOSTPLUS account

Some transactions, like rollovers and transfers, are confirmed in writing with you directly when they occur. Other transactions, such as contributions, can be verified by checking your record of contributions and annual statement. You can also confirm transactions by accessing your account at hostplus.com.au. To do this, call HOSTPLUS on 1300 363 895.

Net Fund earnings allocated to your account

HOSTPLUS calculates the Fund's earnings daily and allocates (or deducts) it annually to your account at 30 June. We may also calculate and allocate (or deduct) earnings in other situations, such as when you close your account by retiring, transferring to another fund or claiming a death benefit.

Surcharge payments

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



Reserve accounts

The Fund maintains reserves to cover the day-to-day operations of HOSTPLUS. The total value of all reserve amounts for the last three years has been:

| | |
|--------------|--|
| 2006: | \$49,971,422 (1.0% of members' funds) |
| 2005: | \$29,981,405 (0.8% of members' funds) |
| 2004: | \$16,987,314 (0.6% of members' funds) |

Notional investment reserve account

HOSTPLUS allocates investment earnings to members' accounts at 30 June each year, when an account is closed, or when an amount is switched to another investment option. During the year, investment earnings are accumulated in a notional investment reserve, pending this allocation process. After the end of the financial year, all investment earnings are allocated to members' accounts. The balance of this notional reserve at 30 June for the last three years was:

| | |
|--------------|-------------|
| 2006: | \$3,170,736 |
| 2005: | \$1,859,611 |
| 2004: | \$2,233,642 |

Administration reserve account

The fees deducted from your account are deposited into the administration reserve account and the accumulated funds are utilised to pay for the operations of HOSTPLUS. Over the last three years, the administration reserve balance at 30 June has been:

| | |
|--------------|--------------|
| 2006: | \$46,800,686 |
| 2005: | \$28,121,794 |
| 2004: | \$14,753,672 |

Note the old Insurance reserve account is now incorporated in the Administration reserve account.

Our professional partners

HOSTPLUS works closely with the following professional organisations to achieve our investment and administration objectives effectively and cost-efficiently:

- Administrator: Superpartners Pty Ltd
- Investment adviser: JANA Investment Advisers Pty Ltd
- Auditor: PricewaterhouseCoopers
- Insurer: ING Australia Limited
- Legal adviser: Deacons, IFS Legal
- Tax advisers: KPMG
- Master custodian: JPMorgan Chase Bank, N.A.

Derivatives

The Fund permits the use of derivatives to manage risk and enhance returns.

Derivatives are financial instruments linked to the future purchase or sale of securities, such as shares and other assets. They are common risk management tools.

Derivatives will only be utilised where such use is consistent with:

- the investment strategy adopted for that portion of the Fund managed by the relevant manager
- the investment powers of the Fund, and
- the strategy as agreed between the Fund and the respective investment managers.

Some of **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.

The Australian Prudential Regulation Authority (APRA), sets standards for the prudent management of super funds and requires super funds to develop a policy to ensure proper use of derivatives. **HOSTPLUS** has the Risk Management Statements Part A and Part B as required by APRA. These summarise the policies, amongst other details, that **HOSTPLUS** has in place covering the use of derivatives.

Corporate governance

HOSTPLUS follows a strict corporate governance policy for investments in Australian shares. Our policy provides proxy voting guidelines for mandated investment managers and our custodian concerning the major portion of investments **HOSTPLUS** makes in the Australian share market. It also includes extended reporting on pooled investment vehicles.

Earnings on accounts

The trustee is entitled to retain any earnings earned on any monies paid to the Fund that are later required to be returned, eg. refunds due to overpayments or those payments made in error to the trustee.

Currency hedging

International investments are vulnerable to currency fluctuations. Hedging removes the currency exposure of international investments.

HOSTPLUS partially hedges the currency exposure of international shares and 100% on all other international asset exposure.

Investments and investment managers at 30 June 2006

Cash & capital guaranteed

- AMP Capital Guaranteed Superannuation Fund – AMP Capital Investors
- ANZ Cash Plus Fund – ING Investment Management Ltd
- JPMorgan Chase Bank, NA

Diversified fixed interest

- Alternative Fixed Income Fund – Industry Funds Management Pty Ltd
- BlackRock Financial Management, Inc*
- Bridgewater Associates, Inc*
- IXIS Loomis Sayles Credit Opportunities Fund – Loomis, Sayles & Co, LP
- Macquarie True Index Fund – Macquarie Investment Management Ltd*
- Super Loans Trust – Members Equity Pty Ltd

Property

- Select Property Portfolio 1 & 2 – AMP Henderson Global Investors Ltd
- Colonial First State Property Opportunistic Partnership – Colonial First State Property Ltd
- Hotel Leisure Tourism Trust Australia Pty Ltd
- Industry Superannuation Property Trust 1 & 2 (Core Fund) – ISPT Pty Ltd*

- Australian Prime Property Funds (Retail & Commercial) – Lend Lease Corporation Limited*
- Lend Lease Communities Fund 1 – Lend Lease Real Estate Investments Limited
- Macquarie Real Estate Equity Fund (3 & 5) – Macquarie Administration Services Ltd
- Macquarie Goodman Wholesale Fund – Macquarie Goodman Group

Unlisted assets

Alternatives

- Aurora Offshore Fund Limited II – BISYS Hedge Funds (Ireland) Ltd
- GMO Multi Strategy Trust – GMO Australia Ltd
- Bridgewater All Weather Fund (Australia) – Bridgewater Associates, Inc

Infrastructure

- Utilities Trust of Australia – Hastings Fund Management Limited
- Industry Funds Management Australian International and Social Infrastructure – Industry Funds Management Pty Ltd

Private equity

- Industry Funds Administration Trust, IFBT, Industry Funds Management Australian and International Private Equity – Industry Funds Management Pty Ltd
- Wilshire Markets Group US, European, Asian and Australian Private Equity – Wilshire Australia Pty Ltd

Australian shares

- 452 Capital Pty Ltd
- Acadian Wholesale Australian Equity Long Short Fund – Acadian Asset Management (Australia Limited)
- Balanced Equity Management Pty Ltd*
- Industry Funds Management Pty Ltd
- Macquarie Australian Enhanced Equities Funds – Macquarie Investment Management Limited*
- Paradise Investment Management Pty Ltd*
- Perpetual Investment Management Limited*
- Perpetual's QI Long Short Fund – Perpetual Investment Management Limited
- UBS Asset Management (Australia) Ltd

International shares

- AllianceBernstein*
- BGI Fission Index Funds – Barclays Global Investors
- Marathon Asset Management (Australia) Ltd*
- Marvin & Palmer Associates, Inc*
- Orbis Institutional Global Equity Fund – Orbis Investment Management Ltd

Currency overlay

- Bridgewater Associates, Inc

* Managers available as individual manager investment options.

HOSTPLUS Directors

*Independent
Directors*



Graham Duff AM
Chairman



John Burge
Term expired
30 June 2006



**The Hon
Peter Collins
AM QC**
Appointed
1 July 2006



Bob Hinkley

*Employee
Representative
Directors*



Brian Daley
Deputy Chairman



Tim Ferrari



Robyn Buckler

*Employer
Representative
Directors*



John Nicholson
Deputy Chairman



Mark Robertson



Bevan Douglas

Your privacy is important to us

HOSTPLUS operates under stringent privacy guidelines and takes every step possible to protect your privacy. There are instances when we need to give information about you to third parties (such as the Australian Taxation Office), however, there are strict controls on how they can use this information. Our complete privacy guidelines can be viewed at hostplus.com.au or you can obtain a copy calling 1300 363 895.

Enquiries and complaints

If you have an enquiry or complaint, call HOSTPLUS on 1300 363 895, 8am–8pm, Monday to Friday. We'll do everything in our power to deal with your query promptly and courteously. If you're not happy with how your query is handled then we want to know. Please call us or write to:

Complaints Officer
HOSTPLUS
Locked Bag 999
Carlton South VIC 3053

Competition Conditions of Entry

1. This is an abridged version of the conditions of entry. Full conditions of entry are available at hostplus.com.au
2. Promotion commences on 1 September 2006 and entries close at 5pm on 1 December 2006 (Promotional Period).
3. Entry is open to HOSTPLUS members who reside in Australia. Employees (and their immediate families) of the Promoter, or agencies or companies associated with this Promotion, are ineligible to enter.
4. To enter, members must fully complete the whole quiz on the entry form and return the completed entry form (including quiz answers) to HOSTPLUS at Level 9, 114 William Street, Melbourne VIC 3000.
5. All entry forms received prior to the close of the Promotion will be placed in a draw to be held at HOSTPLUS Level 9, 114 William Street, Melbourne, VIC 3000 on 4 December 2006 at 11am Australian Eastern Daylight Time. The first eleven valid entries drawn with all answers correct (Eligible Entries) will win one of the following prizes (Prizes):
i. the first Eligible Entry drawn will win 2 economy return airfares from their nearest capital city to Lindeman Island, staying five nights for two adults at Club Med Lindeman Island, including 3 gourmet meals per day. All other transfers, taxes and insurance and other costs are the responsibility of the winner. The prize must be taken before 31 October 2007, outside peak travel times, and is subject to booking and flight availability. Valued at up to \$4,300 (incl GST).
ii. the second Eligible Entry drawn will win two tickets to a 2007 State of Origin match held in Queensland. If the winner is from outside Queensland, the prize will include two economy return airfares from their nearest capital city and one night accommodation. All other transfers, taxes, insurance and ancillary costs are the responsibility of the winner. Valued at up to \$2,000 (incl. GST).
iii. the third and fourth Eligible Entries drawn will win one of two AFL Richmond Football Club jumpers signed by all available senior players. Valued at up to \$500 (incl. GST) each.
iv. the fifth and sixth Eligible Entries drawn will win one of two AFL Richmond Football Club footballs signed by all available senior players. Valued at up to \$500 (incl. GST) each.
v. the seventh, eighth, ninth, tenth and eleventh Eligible Entries drawn will win one of five Melbourne Storm Rugby Club jumpers signed by all available senior players. Valued at up to \$145 (incl. GST) each.
6. The Total Prize Pool is \$9,025 (incl. GST).
7. Winners names will be published in The Australian on 11 December 2006.
8. The Promoter is Host-Plus Pty Limited ABN 79 008634 704 of Level 9, 114 William Street, Melbourne, Victoria 3004. Telephone no. 03 8636 7777.
9. Authorised under NSW Permit No TPL 06/08453, ACT Permit No 06/03029, SA Permit No T06/3070, VIC Permit No. 06/2703.



Financials

Statement of financial position at 30 June

| | 2006 | 2005 |
|---|------------------------|------------------------|
| Investments | \$4,991,383,717 | \$3,772,274,302 |
| Other assets | | |
| Cash at bank | -\$767,430 | \$4,196,532 |
| Contributions receivable | \$0 | \$47,903,371 |
| Tax refund receivable | \$0 | \$4,649,252 |
| Other receivables | \$2,631,789 | \$1,061,688 |
| Operating assets | \$1,022,000 | \$603,539 |
| Deferred tax asset | \$500,032 | \$356,148 |
| Total other assets | \$3,386,391 | \$58,770,530 |
| Total assets | \$4,994,770,108 | \$3,831,044,832 |
| Liabilities | | |
| Benefits payable | \$0 | \$2,951,263 |
| Accounts payable | \$15,060,715 | \$14,869,398 |
| Current tax liabilities | \$19,752,332 | \$0 |
| Deferred tax liabilities | \$68,121,416 | \$47,036,299 |
| Total liabilities | \$102,934,463 | \$64,856,960 |
| Net assets available to pay benefits | \$4,891,835,645 | \$3,766,187,872 |
| Represented by: | | |
| Liability for accrued benefits | | |
| Balanced | \$4,710,375,897 | \$3,651,796,263 |
| Shares Plus | \$68,971,149 | \$49,661,092 |
| Capital Stable | \$15,678,659 | \$11,782,493 |
| <i>Sector investment</i> | | |
| Cash | \$3,236,247 | \$2,282,331 |
| Diversified Fixed Interest | \$2,999,895 | \$1,977,974 |
| Property | \$5,419,068 | \$3,194,201 |
| Australian Shares | \$19,001,399 | \$10,098,799 |
| International Shares | \$7,597,738 | \$4,003,679 |
| Individual managers | \$8,584,171 | \$1,409,635 |
| Reserves | \$49,971,422 | \$29,981,405 |
| Total liability for accrued benefits | \$4,891,835,645 | \$3,766,187,872 |

Operating statement for the year ended 30 June

| | 2006 | 2005 |
|---|------------------------|------------------------|
| Revenue from ordinary activities | | |
| Net investment revenue | | |
| Interest | \$9,020,833 | \$7,785,417 |
| Dividends and distributions | \$201,152,568 | \$201,897,654 |
| Other income | \$1,382,675 | \$568,145 |
| Changes in net market value | \$443,028,073 | \$245,500,486 |
| Direct and other investment expenses | (\$13,083,273) | (\$9,338,568) |
| Total net revenue – investments | \$641,500,876 | \$446,413,134 |
| Contribution revenue | | |
| Employer | \$583,034,665 | \$534,681,877 |
| Member | \$55,017,180 | \$33,232,183 |
| Transfers from other superannuation funds | \$224,084,621 | \$128,847,577 |
| Total revenue – contributions | \$862,136,466 | \$696,761,637 |
| Other revenue | | |
| Interest on cash at bank | \$994,185 | \$644,442 |
| Sundry income | \$111,605 | \$26,090 |
| Proceeds from insurance | \$13,754,936 | \$12,004,864 |
| Total revenue – other | \$14,860,726 | \$12,675,396 |
| Total revenue from ordinary activities | \$1,518,498,068 | \$1,155,850,167 |
| <i>Less</i> | | |
| Expenses from ordinary activities | | |
| Superannuation contributions surcharge | \$1,079,424 | \$914,429 |
| Insurance | \$28,664,384 | \$23,285,167 |
| Administration | \$38,010,425 | \$29,421,696 |
| Total expenses from ordinary activities | \$67,754,233 | \$53,621,292 |
| Benefits accrued as a result of operations before income tax | \$1,450,743,835 | \$1,102,228,875 |
| <i>Less</i> | | |
| Income Tax Expense | \$110,035,568 | \$86,988,082 |
| Benefits accrued as a result of operations | \$1,340,708,267 | \$1,015,240,793 |

Helpful forms

- Superannuation contribution form
- Rollover form
- Competition entry form





Direct Debit Request Service Agreement

DEFINITIONS

account means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

agreement means this Direct Debit Request Service Agreement between you and us.

business day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

debit day means the day that payment by you to us is due.

debit payment means a particular transaction where a debit is made.

direct debit request means the direct debit request between us and you (and includes any Form PD-C approved for use in the transitional period).

us or we means HOSTPLUS Administration (Superpartners Pty Ltd ABN 57 078 907 883) you have authorised by signing a direct debit request.

you means the customer who signed the direct debit request.

your financial institution is the financial institution where you hold the account that you have authorised us to arrange to debit.

1 Debiting your account

- 1.1 By signing a direct debit request, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.
- 1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.
- 1.3 If the debit day falls on a day that is not a business day, we may direct your financial institution to debit your account on the following business day.
If you are unsure about which day your account has or will be debited you should ask your financial institution.

2 Changes by us

- 2.1 We may vary any details of this agreement or a direct debit request at any time by giving you at least 14 days' written notice.

3 Changes by you

- 3.1 Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on 1300 363 895.
- 3.2 If you wish to stop or defer a debit payment you must notify us in writing at least 14 days' before the next debit day. This notice should be given to us in the first instance.
- 3.3 You may also cancel your authority for us to debit your account at any time by giving us 14 days' notice in writing before the next debit day. This notice should be given to us in the first instance.

4 Your obligations

- 4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.
- 4.2 If there are insufficient clear funds in your account to meet a debit payment:
 - (a) you may be charged a fee and/or interest by your financial institution
 - (b) you may also incur fees or charges imposed or incurred by us, and
 - (c) you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.
- 4.3 You should check your account statement to verify that the amounts debited from your account are correct.
- 4.4 If National Australia Bank Limited ABN 12 004 044 937 ("National") is liable to pay goods and services tax ("GST") on a supply made by the National in connection with this agreement, then you agree to pay the National on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5 Dispute

- 5.1 If you believe that there has been an error in debiting your account, you should notify us directly on 1300 363 895 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly.
- 5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.
- 5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding.
- 5.4 Any queries you may have about an error made in debiting your account should be directed to us in the first instance so that we can attempt to resolve the matter between us and you. If we cannot resolve the matter you can still refer it to your financial institution which will obtain details from you of the disputed transaction and may lodge a claim on your behalf.

6 Accounts

- 6.1 You should check:
 - (a) with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions
 - (b) your account details which you have provided to us are correct by checking them against a recent account statement, and
 - (c) with your financial institution before completing the direct debit request if you have any queries about how to complete this direct debit authority.

7 Confidentiality

- 7.1 We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2 We will only disclose information that we have about you:
 - (a) to the extent specifically required by law, or
 - (b) for the purposes of this agreement (including disclosing information in connection with any query or claim).

8 Notice

- 8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to:
HOSTPLUS
Locked Bag 999
Carlton South VIC 3053
- 8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the direct debit request.
- 8.3 Any notice will be deemed to have been received two business days after it is posted.



With HOSTPLUS super, you can get more for less

Unlike some other super funds, **HOSTPLUS** is run only to profit members. We don't pay commissions to financial advisers or dividends to shareholders.

This means we can keep our member fee to a simple and low \$1.50 per week, regardless of how much your super grows.

Much fairer, we believe, than charging a percentage-based member fee, where the amount you pay increases as your retirement savings grow.

For instance, a 2% member fee on a \$10,000 nest egg will cost you \$200. On \$100,000? A substantial \$2,000 a year.

As with all super funds, investment management fees also apply, however the fee for each **HOSTPLUS** investment option is among the most competitive in Australia for the particular investment type.

So if you're with **HOSTPLUS** already, relax. But if you'd like to join us and over 726,000 members, just call **1300 363 895**, 8am–8pm, Monday to Friday or visit hostplus.com.au



Past performance and fees are not an indicator of future performance and fees. The information contained in this document is general information only. This document does not and is not intended to contain any recommendations, statements of opinion or advice. In any event, the information in this document is general in nature and does not consider any one or more of your objectives, financial situation or needs. Before acting on this information, you should consider obtaining advice from a licensed, financial product adviser and consider the appropriateness of this information, having regard to your particular investment needs, objectives and financial situation. You should obtain a copy of the **HOSTPLUS** Product Disclosure Statement and consider the information contained in the Statement before making any decision about whether to acquire an interest in **HOSTPLUS**. Issued by Host-Plus Pty Limited ABN 79 008 634 704, AFSL No. 244392, RSEL No. L0000093, RSE No. R1000054. tmdm HOST3103



Use your wits to WIN a holiday in the Whitsundays



Complete the simple quiz below for your chance to WIN a holiday in the Whitsundays courtesy of Club Med plus many other great prizes. All the answers are in your 2006 Member Annual Report. Just look for the  symbol in the appropriate sections to help find the answers.

Once you've completed the quiz, send it to **HOSTPLUS**, along with your entry form, in the reply paid envelope supplied.

Entries close 5pm, 1 December 2006. For conditions of entry and prize details, please refer to page 22 of this Annual Report.

1. Earn more than \$28,000? Do the sums

If you earn \$32,000 a year and make personal super contributions of \$1,000 during that year, you will be entitled to a Government co-contribution of:

- \$1,300 \$640
 \$1,000 \$500

2. Save on fees

Why does it pay to consolidate all your super accounts into **HOSTPLUS**? Because:

- You can avoid paying multiple sets of fees
 You can cut down on paperwork
 It's free – **HOSTPLUS** does not charge any entry fees or contribution fees
 All of the above

3. HOSTPLUS can go where you go...

If you change jobs or leave the hospitality, tourism, recreation or sports industries, you can stay with **HOSTPLUS**, maintain your insurance cover – and continue to enjoy all the other benefits your membership provides.

- True False

4. We've got you covered

HOSTPLUS offers you three high quality, low cost insurance options. What are they called?

1.
2.
3.

5. Help your spouse help yourself

Per year, you can earn a tax rebate on spouse contributions of up to:

- \$1,000 \$540
 \$200 \$350

WIN a holiday in the Whitsundays entry form

For your chance to win a holiday in the Whitsundays, fill in your details in the spaces provided and return this entry form, together with the completed quiz, to **HOSTPLUS**. You can also tick one of the options below if you'd like any further information.

- Yes, I would like six months FREE **HOSTPLUS** Travelclub membership. You must include your email address in the space opposite.
- Yes, I want all the facts on Super Choice.
- Yes, I want to arrange a FREE fact finding consultation with IFFP.
- Best time to call?
 Morning Afternoon

Contact details

Membership number Title (Mr/Mrs/Miss/Ms/Other)

Given name(s)

Surname

Address

State Postcode

Mobile Daytime phone

Email (compulsory for free Travelclub trial)

Signature Date / /

WIN a holiday in the Whitsundays



Imagine escaping the daily grind, to arrive at a secluded beach in the tropical Whitsundays. Club Med Lindeman Island to be exact.

Well, the fantasy may not be that far off. Because **HOSTPLUS** Travelclub is giving you the chance to WIN a 5 night luxury getaway for two at Club Med, Lindeman Island.*

The prize also includes airfares, three gourmet meals per day and a range of sports and entertainment options.

Sound good? Then all you need to do is enter. Just complete the short quiz inside the back cover, fill out the entry form and return them both to **HOSTPLUS** by 1 December 2006. It's that easy!

Second prize includes two tickets to a 2007 State of Origin match in Queensland, courtesy of Melbourne Storm. Other prizes include:

- one of two personally signed AFL Richmond Football Club jumpers
- one of two personally signed AFL Richmond Football Club footballs courtesy of the Richmond Football Club, and
- one of five personally signed Melbourne Storm Rugby Club jerseys.

So look inside the back cover now for your chance to WIN!

* Courtesy of Club Med and **HOSTPLUS** Travelclub.



HOSTPLUS
TRAVELCLUB

Club Med 


HOSTPLUS
expect more