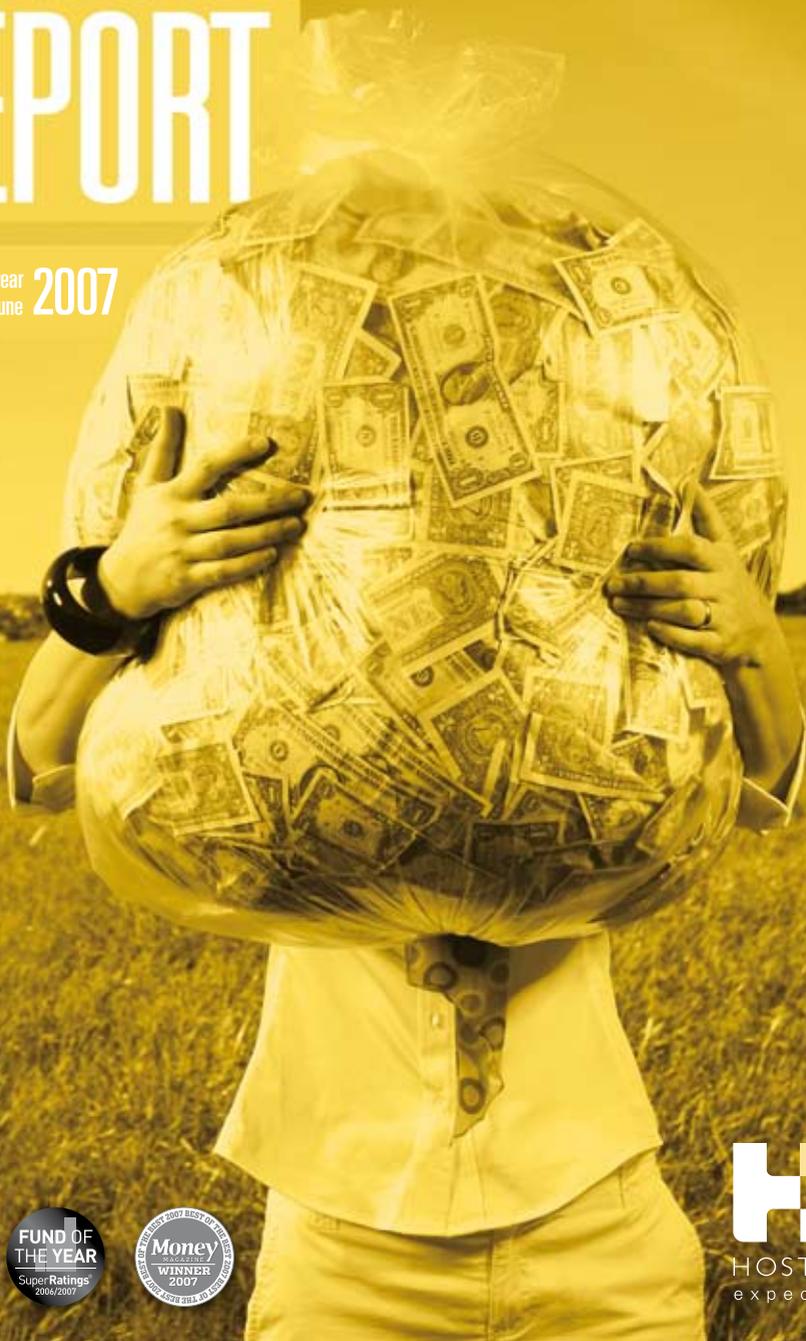


ANNUAL REPORT

for the financial year
ended 30 June 2007



Contents

Super updates	3
Investment returns	12
Investment expenses	25
Important information	26
Financials	35

Super performance

It was another year of big changes for the super industry in 2007, as the Government's Better Super legislation came into effect. The new laws changed the way our members looked at their super investments. And through it all, **HOSTPLUS** remained a solid performer in the superannuation market.

Over the last 12 months, our member base has grown from 726,000 to 823,000. And our funds under management now total \$6.5 billion – up from \$5 billion in 2006.

We were proud to receive two of our industry's highest accolades – SuperRatings Fund of the Year 2006/07 and *Money* magazine's Best of the Best award for Best Super Fund Manager 2007. We also hold premium ratings – a AAA Fund Quality rating from Rainmaker, a 5 star quality rating from The Heron Partnership and Chant West's highest quality rating, 5 Apples.

If you'd like a closer look at **HOSTPLUS'** 2007 performance, read on for this year's annual report.



The trustee of **HOSTPLUS** Superannuation is Host-Plus Pty Ltd ABN 79 008 634 704, AFSL No. 244392, RSEL No. L0000093, RSE No. R1000054.

Super updates

Deletion of individual fund manager option

As part of responsible investment practices, HOSTPLUS' investment managers, as well as their objectives and strategies, are regularly reviewed to help ensure all possible investment opportunities are achieving their agreed investment objectives, as set out by the fund and its investment advisors. As such, from time to time, changes may occur.

From 28 February 2007, the individual manager option Marathon Asset Management (Australia) – International Shares is no longer available as an investment choice option. For information about what happens when HOSTPLUS changes or removes investment managers see page 24 of the Member Guide Product Disclosure Statement (PDS) dated 25 October 2006.

HOSTPLUS recognises that members may want to take more control of their money and choose where their super is invested. That's why HOSTPLUS offers 19 different investment options. Members can mix and match as they wish, as often as once a month, free of charge.

Members have the ability to choose from:

- 3 pre-mixed options
- 5 sector specific options, and
- 11 individual manager options.

From 1 October 2007 another pre-mixed option – Conservative Balanced option (50/50) – will be introduced, bringing our number of investment options to 20.

For more information or help

Call: **1300 363 895**
8am – 8pm, Monday to Friday
Fax: **1300 364 227**
Visit: **hostplus.com.au**
Email: **info@mail.hostplus.com.au**
Mail: **Locked Bag 3**
Carlton South Vic 3053

The trustee of HOSTPLUS Superannuation is Host-Plus Pty Ltd
ABN 79 008 634 704, AFSL No. 244392, RSEL No. L0000093,
RSE No. R1000054.

Changes to superannuation from 1 July 2007

Changes to super splitting

From 5 April 2007, only concessional contributions (previously known as deductible contributions) are eligible for super splitting with a spouse.

Contributions

Non-concessional contributions

Personal super contributions from an individual's after-tax income (known as undeducted or non-concessional contributions) are limited to \$150,000[#] per year.

People under age 65 will be able to bring forward two years of contributions and make a larger contribution of \$450,000.

If you are aged 63 or 64 you can bring forward 2 years of non-concessional contributions (i.e. contribute up to \$450,000) without satisfying the work test* in the following two years. People aged between 65 and 74 will have a non-concessional cap of \$150,000* if they satisfy the work test each year.

* You must be in gainful employment for 40 hours within a 30 day period in the financial year in which you contribute.

[#] 2007–2008 figures.

HOSTPLUS is unable to accept contributions exceeding the non-concessional contributions cap. If your contributions exceed the cap and HOSTPLUS is aware you have exceeded the cap, HOSTPLUS will refund the excess portion of the contribution within 30 days.

If HOSTPLUS is unaware you have exceeded the cap because you contribute to more than one fund, excess contributions will be taxed at the top marginal rate, which is currently 46.5% (including Medicare Levy). The Australian Taxation Office (ATO) will have limited discretion to reduce the tax payable, in regard to an inadvertent breach of the cap.

If you have more than one fund, all non-concessional contributions are added together and count towards the cap.

Non-concessional contributions include:

- personal contributions for which you do not claim an income tax deduction
- contributions your spouse makes to your super fund account
- contributions in excess of your capital gains tax (CGT) cap amount
- amounts transferred from foreign super funds (except for amounts included in the fund's assessable income), and
- the part of your employer's contribution that exceeds your concessional contributions cap.

Non-concessional contributions exclude:

- the super co-contribution
- certain contributions arising from structured settlements or orders for personal injuries. The contribution must be made to the fund within 90 days after:
 - the day of receipt of the payment from which the contribution is made, or
 - the date the parties sign a written settlement agreement or the date the Court Order was made, and



Get a higher return on your savings!

The **ME Online Savings Account** gives you a great interest rate and access to your money via Internet or phone banking at any time.

- ✓ You earn **6.20% p.a.*** on every dollar in your account every day
- ✓ No fees to set up or maintain your account
- ✓ There is no minimum opening deposit or balance required
- ✓ There is no set term, so you can deposit and withdraw money without penalty at any time

CALL 1300 308 357

or apply online at membersequitybank.com.au/save



*Interest rates are current as at 01 August 2007 and are subject to change. Fees and charges may apply. Terms and conditions available on request. This is general information only and you should consider if the ME Online Savings Account is appropriate for you. Further information is available from Members Equity Bank Pty Ltd. ABN 56 070 887 AFS Licence: 229500. 66941/0807

- you must provide the fund with two certificates from medical practitioners certifying that because of the personal injury, it is unlikely that you can ever be gainfully employed in a capacity for which you are reasonably qualified because of education, training or experience, and
 - you must no later than the time the contribution is made to the fund, notify the fund the contribution is a structured settlement.
- certain contributions relating to some CGT small business concessions within your CGT cap amount (small business sale proceeds up to a lifetime limit of \$1 million).

These will not count toward your non-concessional contribution cap if you:

- satisfy the conditions for eligible small business CGT concessions under the tax law
 - notify us that the contribution is sourced from eligible small business sale proceeds, and
 - make the contribution no later than 30 days after the receipt of the proceeds, or the day your tax return is due to be lodged for the year in which the sale occurred (whichever is later)
- contributions made to a constitutionally protected fund that are not included in the contributions segment of your super interest in the fund
 - rollovers or transfers between complying super funds (not including amounts transferred from foreign super funds), and
 - contributions made before 10 May 2006.

Excess non-concessional contributions

If you exceed the non-concessional cap a rate of 46.5% (including Medicare Levy) will be applied to the excess non-concessional contribution.

The ATO will send you:

- an excess non-concessional contributions tax assessment based on the information provided to the ATO by **HOSTPLUS**, and
- a compulsory release authority that you must give **HOSTPLUS** within 21 days after the date on the release to release an amount equal to the excess contributions tax liability.

Changes to superannuation from 1 July 2007 (cont)

Self-employed

Contributions made by the self-employed (who have no more than 10% of their assessable income from wages or salary) can be treated in exactly the same way as contributions made by employers for the benefit of employees. This means an eligible person will be able to claim a full deduction for concessional contributions (subject to the maximum limits outlined below).

The Government co-contribution scheme is also available to the self-employed if they make after-tax contributions, and meet the other criteria.

Concessional contributions

Concessional contributions are pre-tax contributions paid by employers and eligible persons (including superannuation guarantee, salary sacrifice contributions and contributions made by the self-employed).

From 1 July 2007, age-based limits were replaced by the concessional contributions cap of \$50,000* per member, per annum. The amount is indexed to Average Weekly Ordinary Time Earnings, but will only increase when this indexation results in an increase of \$5,000 or more.

However, a transitional amount of \$100,000 in unindexed concessional contributions – per member per annum – is allowed for members aged 50 or over, for a period of five years up to 2012.

* 2007–2008 figures.

Concessional contributions will still be taxed at 15%. However, contributions over the caps will be taxed at the top marginal rate of 46.5% (including Medicare Levy). You can authorise **HOSTPLUS** to pay the excess tax on your behalf from your **HOSTPLUS** account.

Concessional contributions are payable up to age 75, where the employee meets the work test. See page 4 for the definition of work test.

Employer Termination Payments (ETP)

The only ETPs that can be paid into a superannuation fund are those that were specified in existing employment contracts as at 9 May 2006 and paid before 1 July 2012.

Compulsory cashing

Previously you were required to cash your superannuation benefit in certain circumstances including if you:

- (i) attained the age 65 and were not gainfully employed, or
- (ii) reached age 75.

From 10 May 2006 members can stay in the fund until their death (at which point their benefit will be paid to their dependant(s) or legal personal representative).

You're faced with hard decisions everyday
HOSTPLUS makes choosing the right health cover easy



HOSTPLUS is offering all members special rates on Manchester Unity's range of health covers*.

Your super fund, **HOSTPLUS**, has selected Manchester Unity as their preferred health insurance provider. Manchester Unity's qualified advisors do everything they can to make health insurance easier to understand, so that you can make the best choice of cover for you and your family.

For an obligation free discussion

Call **1800 789 133**

or email: hostplus@manchesterunity.com.au
manchesterunity.com.au/hostplus



ManchesterUnity

*Special rates are not available on Healthmate, Ambulance Only or Healthcover Plus Extras products.

MANCHESTER UNITY AUSTRALIA LTD (ABN 99 087 648 771) IS A REGISTERED HEALTH BENEFITS ORGANISATION UNDER THE NATIONAL HEALTH ACT 1953 AND IS REGISTERED UNDER THE LIFE INSURANCE ACT 1995. 07/07

Changes to superannuation from 1 July 2007 (cont)

Taxation

Tax File Numbers

It is in your interest to give **HOSTPLUS** your Tax File Number (TFN) when you join. You do not have to do so, but if you do not provide your TFN by 1 July 2007, you may pay tax at a higher rate on both contributions and any benefits received. Further, concessional contributions will be taxed at 46.5% (includes Medicare Levy). No other contributions can be received. Providing your TFN also makes it easier for you to keep in touch with **HOSTPLUS**.

If you do not have a Tax File Number, contact the ATO on 13 10 20.

Your employer is also obliged to provide your TFN to your fund, unless you object.

Tax on payments from a super fund

You may have to pay tax when you draw money from your fund, depending on the components, that are taxed at different rates.

Taxable component

Post-June 1983 (taxed) & Non Qualifying (NQ)

Where 15% contribution tax has been paid.

Age	Tax Treatment Lump Sum	Tax Treatment Income Stream
Under 55	20%	Marginal tax rate (no tax offset)
55-59	Up to \$140K – Nil. Over \$140K – 15%	Marginal tax rate (15% offset)
60+	Tax free	Tax free

Post-June 1983 (untaxed)

Where 15% contribution tax has not been paid.

Age	Tax Treatment Lump Sum*	Tax Treatment Income Stream
Under 55	30% up to \$1 million. Over \$1 million – 45%	Marginal tax rate (no tax offset)
55-59	Up to \$140K – 15%. \$140K – \$1 million – 30%	Marginal tax rate (no tax offset)
60+	Up to \$1 million – 15%. Over \$1 million – 45%	Marginal tax rate (10% tax offset)

* Medicare Levy may also apply in addition to these figures

Reasonable Benefit Limits (RBLs)

From 1 July 2007, RBLs were abolished. This means members can have more benefits held in superannuation, than in the past.

Death benefits

Death benefits will be tax free when paid to tax dependants. This means that members can apply for more life insurance if necessary without paying additional tax. For tax non-dependants, the tax rate remains at 16.5%.

Any untaxed element in a taxable component of a lump sum benefit – where the benefit included life insurance proceeds – will be taxed at 31.5%. The untaxed element is the proportion of your insured lump sum death benefit that relates to the period from the date of death to age 65 in comparison to your total service period.

Part payment of benefits

When a part payment of super is made under the age of 60, the member won't be able to indicate whether they want the benefit taken from their exempt component or their taxable component. Instead, the benefit will generally include both components in the same proportion as they exist in the total benefit.

See the table below for an example.

	Component		
	Taxable	Exempt	Total
Total benefit Proportion	\$60,000 60%	\$40,000 40%	\$100,000 100%
Part payment of \$20,000 Proportion	\$12,000 60%	\$8,000 40%	\$20,000 100%
Balance after payment Proportion	\$48,000 60%	\$32,000 40%	\$80,000 100%

HOSTPLUS performance to 2007

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. – a leading global financial services firm with assets of \$1.4 trillion and operations in more than 50 countries. JPMorgan is a leading global provider with more than \$15 trillion in assets under custody. The firm is also a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. 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 pages 33-34.

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

Pages 12-13 of this report details the earning rates for each investment option for the financial year ended 30 June 2007.

Another solid year and consistent returns

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

Year	Capital Stable		Balanced		Shares Plus	
2007	9.8%		16.8%		19.6%	
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%	
3 year p.a.	9.4%	9.4%	15.4%	15.4%	17.6%	17.7%
5 year p.a.	8.4%	8.5%	12.8%	12.9%	13.5%	13.8%
7 year p.a.	7.3%	7.3%	10.0%	10.1%	9.5%	9.9%
10 year p.a.	–	–	10.4%	10.5%	–	–

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.

Past performance is not a guide to future performance.

 Effective compound rate
 Simple average rate

Explanation of terms

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

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. A method of calculating earnings in each period where earnings are calculated on both the principal (the initial investment) and any amounts previously earned. The calculation assumes actual earnings are applied at a constant rate on both the principal and any amounts subsequently earned. The method assumes any subsequent earnings are reinvested on an ongoing basis for the life of the investment. For example, you invest \$1,000 in an account and it earned an effective compound rate of 10% per annum, the next year you will earn 10% on the original \$1,000 plus the \$100 in earnings received in the first year and so on.

Another solid year and consistent returns (cont)

Net fund earning rates to 30 June – sector investment options

Year	Cash		Diversified Fixed Interest		Property		Australian Shares		International Shares	
	Effective compound rate	Simple average rate	Effective compound rate	Simple average rate	Effective compound rate	Simple average rate	Effective compound rate	Simple average rate	Effective compound rate	Simple average rate
2007	5.9%		4.5%		14.6%		27.8%		16.0%	
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%	
3 year p.a.	5.5%	5.5%	5.4%	5.4%	12.6%	12.6%	24.8%	24.8%	14.5%	14.7%
5 year p.a.	4.9%	4.9%	6.2%	6.3%	11.4%	11.4%	19.1%	19.5%	10.3%	10.8%

Past performance is not a guide to future performance.

Effective compound rate Simple average rate

Net fund earning rates to 30 June – individual manager options

Option	2007	2006	2005	Since inception (p.a.)*
Macquarie Investment Management – Australian Fixed Interest	3.4%	2.8%	4.9%	3.9%
BlackRock Financial Management – International Fixed Interest	4.2%	1.8%	4.5%	4.1%
Bridgewater Associates – Diversified Fixed Interest	3.2%	1.5%	9.4%	4.9%
Industry Super Property Trust – Property	16.2%	13.7%	9.9%	14.1%
Lend Lease managed Australian Prime Property Funds (Retail & Commercial) – Property	17.4%	11.0%	10.7%	13.8%
Balanced Equity Management – Australian Shares	26.1%	21.8%	23.4%	25.4%
Macquarie Investment Management – Australian Shares	27.4%	22.0%	22.5%	25.6%
Paradice Investment Management – Australian Shares	33.4%	25.2%	17.9%	27.1%
Perpetual Investment Management – Australian Shares	23.7%	25.7%	19.3%	24.4%
AllianceBernstein – International Shares	8.6%	22.7%	7.7%	13.6%
Marathon – International Shares	12.5% [†]	20.9%	7.8%	16.6%
Marvin & Palmer Associates – International Shares	13.4%	33.2%	5.3%	17.8%

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. Effective compound rate.

[†] The returns for this option only represent a period of eight months (1 July 2006 to 28 February 2007). Option closed 28 February 2007.

A closer look at our pre-mixed options as at 30 June 2007

	Capital Stable		
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. 		
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. 		
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 Conservative Balanced and Shares Plus options. 		
Asset mix		Range	Benchmark
	Growth assets		28%
	Australian shares	5 – 20%	11%
	International shares	5 – 15%	7%
	Unlisted assets		
	– Infrastructure	0 – 10%	5%
	– Private equity	0 – 5%	0%
	– Alternatives	0 – 10%	2%
	Property	0 – 10%	3%
	Defensive assets		72%
	Unlisted assets		
	– Infrastructure	0 – 5%	1%
	– Alternatives	0 – 5%	0%
	Property	0 – 15%	7%
	Australian fixed interest	10 – 30%	22%
	International fixed interest	10 – 30%	22%
	Cash	10 – 40%	20%

Another solid year and consistent returns (cont)

	<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 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"> 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"> 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
	Growth assets		72%	Growth assets		90%
	Australian shares	25 – 45%	34%	Australian shares	30 – 50%	40%
	International shares	10 – 30%	24%	International shares	20 – 40%	32%
	Unlisted assets			Unlisted assets		
	– Infrastructure	0 – 10%	3%	– Infrastructure	0 – 10%	3%
	– Private equity	0 – 10%	4%	– Private equity	0 – 15%	6%
	– Alternatives	0 – 10%	2%	– Alternatives	0 – 10%	3%
	Property	0 – 15%	5%	Property	0 – 15%	6%
	Defensive assets		28%	Defensive assets		10%
	Unlisted assets			Unlisted assets		
	– Infrastructure	0 – 5%	1%	– Infrastructure	0 – 5%	1%
	– Alternatives	0 – 5%	4%	– Alternatives	0 – 5%	1%
	Property	0 – 15%	7%	Property	0 – 10%	2%
	Australian fixed interest	0 – 20%	7%	Australian fixed interest	0 – 10%	3%
	International fixed interest	0 – 20%	7%	International fixed interest	0 – 10%	3%
	Cash	0 – 10%	2%	Cash	0 – 10%	0%

A closer look at our sector investment options as at 30 June 2007

	<i>Cash</i>			<i>Diversified Fixed Interest</i>		
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. 		
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. 		
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. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		0%	Growth assets		0%
	Defensive assets		100%	Alternatives	0 – 10%	0%
	Cash	0 – 100%	100%	Defensive assets		100%
				Australian and international fixed interest	90 – 100%	100%

Another solid year and consistent returns (cont)

	<i>Property</i>			<i>Australian Shares</i>		
Investment objectives and strategies	<ul style="list-style-type: none"> To provide exposure to the rental income and capital growth arising from property and land assets. 			<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. 		
Risk/return profile	<ul style="list-style-type: none"> Moderate to high risk investment. Corresponding moderate to high return. Likelihood of a negative annual return in any one year: one in every six to seven years. 			<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"> An investment in property or buildings, either directly or via property trusts. 			<ul style="list-style-type: none"> Active management. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		40%	Growth assets		100%
	Listed and unlisted property	0 – 100%	40%	Australian shares	0 – 100%	100%
	Defensive assets		60%	International shares	0 – 10%	0%
	Listed and unlisted property	0 – 100%	60%	Defensive assets 0%		

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

Another solid year and consistent returns (cont)

A closer look at our individual manager options as at 30 June 2007

	Macquarie Investment Management – Australian Fixed Interest			BlackRock Financial Management – International 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. 		
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. 		
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. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		0%	Growth assets		0%
	Defensive assets		100%	Defensive assets		100%
	Australian fixed interest	–	100%	International fixed interest	–	100%

	Bridgewater Associates – Diversified Fixed Interest			Industry Super Property Trust 1 & 2 (Core Fund) – Property		
Investment objectives and strategies	<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"> Provide returns superior to the Mercer Unlisted Property Fund Index. 		
Risk/return profile	<ul style="list-style-type: none"> Medium. 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. 		
Investment style	<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. 			<ul style="list-style-type: none"> Diversified direct property investments in commercial, retail and industrial assets. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		0%	Growth assets		100%
	Alternatives	0 – 10%	0%	Australian property	–	100%
	Defensive assets		100%	Defensive assets		0%
	Diversified fixed interest	90 – 100%	100%			

Another solid year and consistent returns (cont)

	<i>Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property</i>			<i>Balanced Equity Management – Australian Shares</i>		
Investment objectives and strategies	<ul style="list-style-type: none"> Long-term investment in quality-diversified portfolios of retail, commercial and industrial properties in Australia. Provide returns superior to the Mercer Unlisted Property Fund Index. 			<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"> 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"> Long-term direct investment in a quality portfolio of substantially major regional core retail assets, commercial assets and industrial assets across Australia. 			<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
	Growth assets		100%	Growth assets		100%
	Australian property	–	100%	Australian shares	–	100%
	Defensive assets		0%	Defensive assets		0%

A closer look at our individual manager options as at 30 June 2007

	<i>Macquarie Investment Management – Australian Shares</i>			<i>Paradice Investment Management (Small Cap) – Australian Shares</i>		
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. 		
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. 		
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. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		100%	Growth assets		100%
	Australian shares	–	100%	Australian/ NZ shares	–	100%
	Defensive assets		0%	Defensive assets		0%

Another solid year and consistent returns (cont)

	<i>Perpetual Investment Management – Australian Shares</i>			<i>AllianceBernstein – International Shares</i>		
Investment objectives and strategies	<ul style="list-style-type: none"> To outperform the S&P/ASX300 Accumulation Index 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. 		
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 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. 		
Investment style	<ul style="list-style-type: none"> Active value driven bottom up stock picking management based on internal research. Invests predominantly in Australian shares, but has the capacity to invest in securities listed in stock exchanges other than the Australian Stock Exchange. 			<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. 		
Asset mix		Range	Benchmark		Range	Benchmark
	Growth assets		100%	Growth assets		100%
	Australian/International shares	–	100%	International shares	–	100%
	Defensive assets		0%	Defensive assets		0%

	<i>Marvin & Palmer Associates – International Shares</i>		
Investment objectives and strategies	<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 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"> Very active growth manager investing in countries and shares that the manager believes offer the best opportunity for capital appreciation. 		
Asset mix		Range	Benchmark
	Growth assets		100%
	International shares	–	100%
	Defensive assets		0%

Another solid year and consistent returns (cont)

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 2007, based on the funds under management in each investment option.

Pre-mixed options	p.a.
Capital Stable	0.52%
Balanced	0.68%
Shares Plus	0.76%
Sector investment options	p.a.
Cash	0.52%
Diversified Fixed Interest	0.49%
Property	0.87%
Australian Shares	0.36%
International Shares	0.71%
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	0.48%
Industry Super Property Trust – Property	0.23%
Lend Lease managed Australian Prime Property Funds (Retail, Commercial & Industrial) – Property	0.66%
Balanced Equity Management – Australian Shares	0.18%
Macquarie Investment Management – Australian Shares	0.09%
Paradise Investment Management – Australian Shares	0.67%
Perpetual Investment Management – Australian Shares	0.65%
AllianceBernstein – International Shares	0.44%
Marathon – International Shares [†]	0.39%
Marvin & Palmer Associates – International Shares	0.46%

The expenses that will be payable for the 2007–08 financial year will be calculated as at 30 June 2008. 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.

[†] Option closed 28 February 2007.

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 twice-yearly 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:

- 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
- if you are permanently disabled, or
- in death (in this instance, your beneficiaries will receive your benefit).

Please call HOSTPLUS on 1300 363 895 for more information.

Important information about your super (cont)

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. The conditions under which monies are transferred may change in the future.

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 earnings. AUSfund protects all accounts from erosion due to the administration levy, so that the levy cannot exceed the earnings allocated to each account.
- AUSfund has a different investment strategy to **HOSTPLUS**, 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 Veda Advantage Solutions Group Pty Ltd (ABN 88 071 215 328), 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 Australian Tax Office (ATO) every six months.

You can enquire about unclaimed benefits by contacting the ATO on 13 10 20 or visit ato.gov.au/super.

If you believe you may have unclaimed money which may have been paid before 1 July 2007 please contact:

Registrar of Unclaimed Moneys
State Revenue Office
550 Little Collins Street
MELBOURNE VIC 3000
Phone: 13 21 61
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 five years and we have lost contact with you.

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

If you have inactive accounts in any other super fund, eligible rollover fund or retirement savings account, you may consolidate them into your **HOSTPLUS** 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 2006 until 30 September 2007.

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**.

Important information about your super (cont)

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 half-yearly benefit statements. 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 it half-yearly to your account on 30 June and 31 December. We may also calculate and allocate 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:

2007:	\$61,220,329 (0.9% of members' funds)
2006:	\$49,971,422 (1.0% of members' funds)
2005:	\$29,981,405 (0.8% of members' funds)

Notional investment reserve account

HOSTPLUS allocates investment earnings to members' accounts at 30 June and 31 December each year, when an account is closed, or when an amount is switched to another investment option. During the year, investment earnings are accumulated in a notional investment reserve, pending this allocation process. After half a year, all investment earnings are allocated to members' accounts. The balance of this notional reserve at 30 June for the last three years was:

2007:	\$2,013,531
2006:	\$3,170,736
2005:	\$1,859,611

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:

2007:	\$59,206,798
2006:	\$46,800,686
2005:	\$28,121,794

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.

Changes to the Trust Deed

By Deed of Amendment signed on 18 June 2007 the HOSTPLUS Trust Deed was amended to incorporate the Better Super changes.

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.

Important information about your super (cont)

HOSTPLUS Directors

Independent Directors



David Elmslie
Appointed 9 Feb 2007
Chairman



Graham Duff
1 July 2006 – 8 Jan 2007
Chairman



The Hon Peter Collins
Appointed 1 July 2006



Bob Hinkley

Employer Representative Directors



John Nicholson
Deputy
Chairman



Bevan Douglas



Mark Robertson

Employee Representative Directors



Brian Daley
Deputy
Chairman



Tim Ferrari



Robyn Buckler

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.

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 3
Carlton South VIC 3053

A new pre-mixed investment option available from 1 October 2007

	<i>Conservative Balanced</i>		
Investment objectives and strategies	<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. Provides a good prospect of positive returns each financial year. Achieve returns that are above the average return of other similar funds. 		
Risk/return profile	<ul style="list-style-type: none"> Medium. Likelihood of a negative annual return in any one year: one in every three to six years. 		
Investment style	<ul style="list-style-type: none"> Contains roughly equal proportions of growth and defensive assets. 		
Asset mix		Range	Benchmark
	Growth assets		50%
	Australian shares	15 – 30%	23%
	International shares	10 – 25%	15%
	Unlisted assets		
	– Infrastructure	0 – 10%	4%
	– Private equity	0 – 10%	2%
	– Alternatives	0 – 10%	1%
	Property	0 – 10%	5%
	Defensive assets		50%
	Unlisted assets		
	– Infrastructure	0 – 5%	1%
	– Alternatives	0 – 5%	3%
	Property	0 – 15%	6%
	Australian fixed interest	5 – 25%	15%
	International fixed interest	5 – 25%	15%
	Cash	5 – 20%	10%

Important information about your super (cont)

Investments and investment managers at 30 June 2007

Cash & capital guaranteed

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

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 & Company L.P.
- Macquarie True Index Fund – Macquarie Investment Management Ltd^{**}
- Super Loans Trust – Members Equity Pty Ltd

Property

- CRI Development Fund No. 1 – CRI Asset Management Ltd
- 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^{**}
- Industry Superannuation Property Trust 3 – ISPT Pty Ltd[#]
- Australian Prime Property Funds (Retail, Commercial & Industrial) – Lend Lease Corporation Limited^{**}
- Lend Lease Asian Retail Investment Fund – Lend Lease Investment Management[#]
- Lend Lease Communities Fund 1 – Lend Lease Real Estate Investments Limited[#]
- Macquarie Goodman Wholesale Fund – Macquarie Goodman Group
- Macquarie Real Estate Equity Fund (3 & 5) – Macquarie Administration Services Ltd[#]
- Stockland Residential Estates Equity Fund No. 1 – Stockland Funds Management Ltd

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[#]
- Campus Living Villages Fund – Campus Living Funds Management Ltd

Private equity

- Industry Funds Administration Trust
- IFBT[#]
- Industry Funds Management Australian and International Private Equity – Industry Funds Management Pty Ltd[#]
- Wilshire Private 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^{*}
- Greencape Capital Limited
- IAG Asset Management Ltd
- Industry Funds Management Pty Ltd[#]
- Macquarie Investment Management Limited^{**}

- Orbis MIS – Orbis/SM Australia Equity Fund – Orbis Investment Management (Australia) Pty Ltd

- Paradise Investment Management Pty Ltd (Small Cap)^{*}
- Paradise Investment Management Pty Ltd (Mid Cap)

- Perpetual Investment Management Limited^{*}

International shares

- AllianceBernstein^{**}
- Baillie Gifford Overseas Limited
- BGI Fission Index Funds – Barclays Global Investors
- Bridgewater Pure Alpha fund II, Ltd – Bridgewater Associates, Inc[#]
- Goldman Sachs JBWere Hedged Global Long short Fund – Goldman Sachs JBWere Managed Funds Ltd
- Marvin & Palmer Associates, Inc^{*}
- Orbis Institutional Global Equity Fund – Orbis Investment Management Ltd
- QIC Active Currency Trust QIC
- Wellington International Management Company Pty Ltd

Currency overlay

- Bridgewater Associates, Inc[#]

* Managers available as individual manager investment options.

Indicates managers that hold investments, units or shares or a combination of investments in excess of 5% of the total value of assets of the fund.

Financials

Statement of financial position at 30 June		
	2007	2006
Investments	\$6,644,165,403	\$4,991,383,717
Other assets		
Cash at bank	\$17,389,562	-\$767,430
Other receivables	\$733,460	\$2,631,789
Operating assets	\$1,990,126	\$1,022,000
Deferred tax asset	\$972,687	\$500,032
Total other assets	\$21,085,835	\$3,386,391
Total assets	\$6,665,251,238	\$4,994,770,108
Liabilities		
Accounts payable	\$19,581,144	\$15,060,715
Current tax liabilities	\$64,191,904	\$19,752,332
Deferred tax liabilities	\$91,136,853	\$68,121,416
Total liabilities	\$174,909,901	\$102,934,463
Net assets available to pay benefits	\$6,490,341,337	\$4,891,835,645
Represented by: Liability for accrued benefits		
Balanced	\$6,179,560,778	\$4,710,375,897
Shares Plus	\$105,091,142	\$68,971,149
Capital Stable	\$25,800,253	\$15,678,659
Cash	\$10,044,678	\$3,236,247
Diversified Fixed Interest	\$5,383,182	\$2,999,895
Property	\$12,427,176	\$5,419,068
Australian Shares	\$41,113,354	\$19,001,399
International Shares	\$14,050,554	\$7,597,738
Individual managers	\$35,649,891	\$8,584,171
Reserves	\$61,220,329	\$49,971,422
Total liability for accrued benefits	\$6,490,341,337	\$4,891,835,645

Operating statement for the year ended 30 June		
	2007	2006
Revenue from ordinary activities		
Net investment revenue		
Interest	\$11,598,552	\$9,020,833
Dividends and distributions	\$257,655,491	\$201,152,568
Other income	\$6,122,167	\$1,382,675
Changes in net market value	\$681,570,295	\$443,028,073
Direct and other investment expenses	(\$16,575,640)	(\$13,083,273)
Total net revenue – investments	\$940,370,865	\$641,500,876
Contribution revenue		
Employer	\$727,225,101	\$583,034,665
Member	\$163,313,146	\$55,017,180
Transfers from other superannuation funds	\$266,324,166	\$224,084,621
Total revenue – contributions	\$1,156,862,413	\$862,136,466
Other revenue		
Interest on cash at bank	\$1,098,413	\$994,185
Sundry income	\$4,356	\$111,605
Proceeds from insurance	\$19,808,875	\$13,754,936
Total revenue – other	\$20,911,644	\$14,860,726
Total revenue from ordinary activities	\$2,118,144,922	\$1,518,498,068
<i>Less</i>		
Expenses from ordinary activities		
Superannuation contributions surcharge	\$994,655	\$1,079,424
Insurance	\$34,932,330	\$28,664,384
Administration	\$51,079,772	\$38,010,425
Total expenses from ordinary activities	\$87,006,757	\$67,754,233
Benefits accrued as a result of operations before income tax	\$2,031,138,165	\$1,450,743,835
<i>Less</i>		
Income Tax Expense	\$165,814,750	\$110,035,568
Benefits accrued as a result of operations	\$1,865,323,415	\$1,340,708,267