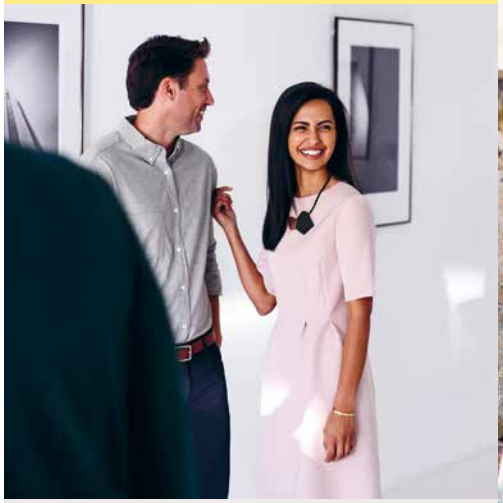
HOSTPLUS

Hostplus Self-Managed Invest.

Additional information

27 May 2019



Contents

Hostplus Self-Managed Invest (SMI) is issued by Host-Plus Pty Limited ABN 79 008 634 704 AFSL 244392 RSE L0000093 in its capacity as the Trustee of the Hostplus Pooled Superannuation Trust (PST) ABN 13 140 019 340 RSE R1076257.

The information in this document forms part of Hostplus SMI Product Disclosure Statement (PDS) dated 27 May 2019 and should be read in conjunction with the PDS. It contains further information about investments, fees and costs.

We may update this document as required according to changes to Hostplus SMI, the Trust Deed and the relevant law. Updates will be available at **hostplus.com.au/smi**

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An Industry SuperFund

Hostplus Self-Managed Invest

Unitised investment options.

When you invest, we allocate units to you based on the investment options you have selected. We will redeem units from your investment options to pay withdrawals and process switches.

The value of your investment in an investment option is equal to the number of units held by you multiplied by the last known unit price at that time. Separate unit prices are calculated for each investment option.

How we value assets in Hostplus Self-Managed Invest.

The Trustee values the assets of each investment option at the latest market prices. In valuing the assets, an allowance is made for the following to determine the net value of the assets in the relevant Hostplus SMI investment option:

- expense recoveries
- investment costs
- transaction costs
- income tax

This valuation is then divided by the total units held in each option. Unit prices rise and fall with movements in the value of underlying assets.

Calculating unit prices.

Unit prices are calculated daily by our custodian, Citi. Hostplus SMI unit prices will be made available via **hostplus.com.au/smi** midday T+ 2 on every national business day eg. Monday (T) will be disclosed midday Wednesday (+2). In the event of a public holiday they will be available the next national business day.

Occasionally, events beyond the control of Hostplus or Citi may delay the release of unit prices.

Buy/sell spread.

No buy/sell spreads apply to Hostplus SMI.

Managing your investments in Hostplus Self-Managed Invest.

Online access

All functions for your account, including transactions and administrative requests, are conducted online at **hostplus.com.au/smi** where you can:

- Join Hostplus SMI
- make additional investments
- make investment switches and withdrawals
- obtain a summary of your investment allocation including unit prices and current values
- review your transaction history
- generate reports and view past statements, and
- view and update your details

Upon accepting your application to invest in Hostplus SMI you will receive an investor welcome email, including a unique user ID. This will be followed by an email confirming your temporary password which you will be required to change when you first log in.

The investor welcome email and access will be issued to each nominated director/trustee on the investment as well as any nominated financial adviser(s).

Transaction authority.

When you invest in Hostplus SMI you will be able to nominate multiple Account Authorities to act on behalf of the investment, for example the primary trustee or your financial adviser. Your nominated Account Authorities will be granted 'full transaction' access. All other directors and trustees will be granted 'information only' access so they can keep up to date with the investment.

You can request to change your nominated Account Authorities at any time. Forms and more information are available from **hostplus.com.au/smi**

How to transact on your Hostplus Self-Managed Invest investment.

Your request	Important info	Things to note
Opening a Hostplus SMI account		
Eligible investors or financial advisers can apply for Hostplus SMI via hostplus.com.au/smi or seek assistance from SMI service team at **1300 350 819**. The minimum initial investment is $10,000. Applications received after 2pm AEST will be considered as having been received the following business day. Once your application is verified and funds have been received your investment will be valued according to the last known unit price for the relevant investment options. The following payment methods are available to make investments into Hostplus SMI: Electronic Funds Transfer (EFT) Account Name: Hostplus PST – Self-Managed Invest BSB: 242 000 Account Number: 217071003	$10,000	For authentication and Anti Money Laundering (AML)/Counter-Terrorism Financing (CTF) purposes, investors and nominated authorised financial adviser(s) are required to provide the following evidence at the time of application: ▪ identification for each named director/trustee; ▪ evidence of fund compliance; ▪ if applicable, evidence and identification of adviser nomination (refer to below section 'Appointment of Adviser'. This may include but not be limited to: ▪ Full name of the adviser(s) [if an organisation]; ▪ Full name of the adviser organisation (if applicable) ; ▪ Adviser's ABN (if applicable); ▪ Licence number applicable to the adviser; and ▪ Full business address (not a PO Box) of the adviser(s). An application will be considered 'verified', once all initial investment application evidence required by the Trustee is reviewed and confirmed. Initial funds are required within 3 business days of your verified investment application. Should funds not be received by this time your application will be rejected. We will contact you in such an event to provide assistance. Investors are required to nominate their preferred investment allocation and allocate assets according to their superannuation phase (accumulation or pension) for their application to proceed. No default investment option applies. No maximum investment applies. The Trustee however reserves the right to decline any application for investment, at its absolute discretion.
Appointment of Adviser		
You can appoint a financial adviser to manage your account. An appointment can be made to grant your adviser 'information-only' access or 'full transaction' access as a nominated Account Authority to act on your behalf in all instances.		You can make a nomination via your initial application or via the investor portal at **hostplus.com.au/smi** or by completing an Appointment of Adviser form available from the Hostplus SMI service team on **1300 350 819**. You can appoint, change or revoke your adviser at a later time. Please note in the event of revoking your nominated adviser, the authority may remain in place for up to 3 business days after the Trustee receives a notice of revocation via email or phone.
Making additional investments		
You can add to your investment at any time via the online investor portal. The minimum additional investment is $5,000 per investment option, noting the ongoing balance requirement of $5,000 per option. Transaction requests must be received before 2pm AEST. Applications received before this cut-off time will be processed at the next determined application price. This is provided application monies are received as cleared funds overnight. Applications received after 2pm AEST will be processed at the application price applicable to the following business day.	$5,000	Investors are required to nominate their preferred investment allocation and allocate assets according to their superannuation phase (accumulation or pension) for the additional investment to be accepted. No default investment option applies. Applications will be valued according to the effective date of your request provided funds have been received by us the following business day. Should funds not be received by this time, your request will be rejected. No maximum investment applies. The Trustee however reserves the right to decline any application for investment, in its absolute discretion. You should refer to the current PDS available from the Hostplus SMI Service team on **1300 350 819** for up to date terms and conditions when transacting.
Switching between options		
You can switch between Hostplus SMI investment options at any time via the online investor portal. The minimum investment switch is $5,000* per investment option, subject to the ongoing balance requirement of $5,000 per option. Requests must be received before 2pm AEST to receive that day's unit price.	$5,000*	Switch requests are processed as a withdrawal from one option and an investment into another, which occurs on the same business day. *Switches may be accepted below the minimum limit where the balance of an option has fallen below that minimum limit due to market movement. You should refer to the PDS in its entirety available from the Hostplus SMI service team on **1300 350 819** for up to date terms and conditions when transacting.
Making a withdrawal		
You can make partial or full withdrawal from your Hostplus SMI investment at any time via the online investor portal. The minimum withdrawal is $5,000* per investment option, subject to the ongoing balance requirement of $5,000 per option. Requests must be received prior to 2pm AEST to receive that day's unit price.	$5,000*	The effective date of withdrawals will be the date your valid instruction is received. *Withdrawals may be accepted below the minimum limit where the balance of an option has fallen below that minimum limit due to market movement. You should refer to the PDS in its entirety available from the Hostplus SMI Service team on **1300 350 819** for up to date terms and conditions when transacting.

Cancelling a request	
You can request to cancel an investment instruction, provided your cancellation is received before 2pm AEST on the same business day.	Please contact us at **smi@hostplus.com.au** or phone **1300 350 819** to cancel your instruction.
Updating your account details	
You can manage updates to your personal account details online any time and over the phone Monday to Friday 8am to 8pm AEST.	Evidence may be required to verify certain requests. Further details including any forms required are available from the Hostplus SMI Service team on **1300 350 819.**
Appointment of Power of Attorney or Legal Guardian	
A Power of Attorney (POA) or Legal Guardian may be appointed to act on behalf of an individual Trustee or Director. Appointments allow the nominated party to manage the assets of the Trustee or Director and they can do anything on behalf of that Trustee or Director that they could lawfully do themselves. Hostplus will determine what, if any, powers will be granted to the nominated party based on evidence provided upon request.	Appointments may often be requested where the Trustee / Director is temporarily absent from Australia, physically or mentally incapacitated, or under the age of 18. Certified evidence will be required by Hostplus. Please contact us on **1300 350 819**, or via **smi@hostplus.com.au** for more information. An appointment will remain in force until 2 business days following notice of revocation by the individual Trustee or Director for whom they act. The appointment of a POA or Legal Guardian who resides outside of Australia will not be accepted.
Investor support & enquiries	
A range of assistance services are available to enhance your Hostplus SMI investor experience.	A selection of help guides and FAQs are available on our website and investor portal. Our friendly and experienced support team are also on hand for further assistance on **1300 350 819** Monday to Friday, 8am - 8pm AEST.
User ID and Password assistance	
If you require assistance accessing the investor portal, including password issues, please call **1300 350 819** or email **smi@hostplus.com.au**	

Investor correspondence and reporting.

Correspondence for your Hostplus SMI investment will be made available to all nominated parties including Trustees Directors and Authorised Advisers via email or the online investor portal. These communications may relate to transactions and account updates, statements, product updates, and promotional and educational information.

Hostplus SMI provides investors with quarterly statements and an annual report. These, and a range of on-demand reports can be accessed via your online account.

Suspension of applications, switches, redemptions and withdrawals

The Trustee may suspend or restrict applications, switches, redemptions and withdrawal requests, for all or a particular investment option at its absolute discretion. In such circumstances, transactions may not be processed or may be processed with significant delay.

The Trustee may also decide to process a transaction request for a particular type of benefit from a suspended, restricted or closed option on a case by case basis. Any decision about whether to process transactions from such an option will be made in the best interests of investors as a whole.

All impacted transaction requests will be processed using the effective unit price applicable on the date the suspension is lifted, or the date special approval is granted if earlier.

Investments and risks

Superannuation benefits are subject to investment risks and can change in value. Each investment option has different risk characteristics and volatility. Net investment returns can have a positive or negative effect on your account balance depending on investment performance.

Hostplus Self-Managed Invest investment options explained

Hostplus SMI invests through the Hostplus PST, in order to access the investment options. Investors in Hostplus SMI can choose to invest in the following investment options:

Accumulation or Pension phase
Balanced
Indexed Balanced
IFM - Australian Infrastructure
Infrastructure
Industry Super Property Trust - Property
Property

Further details of the investment options are outlined in the following tables.

Balanced	
Target return	CPI plus 3% p.a. on average over 10 years CPI plus 4% p.a. over 20 years
Investment risk[1]	High (Negative returns expected in between 4 to 6 out of every 20 years)
Investment style	Investments through diversified investment portfolio, including some growth assets and some lower risk investments.
Investment objective	This option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time. This option may suit investors who have a five year plus investment time horizon.
Minimum suggested investment time frame[2]	5 + years

Asset allocation guidelines		
	Range	**Strategic Asset Allocation Benchmark**
Growth assets		**75%**
Equity		
▪ Australian shares	15 – 45%	23%
▪ International shares		
Developed Markets	10 – 30%	22%
Emerging Markets	0 – 15%	8%
▪ Private equity	0 – 15%	7%
Infrastructure	**0 – 15%**	**6%**
Property	**0 – 15%**	**4%**
Other		
▪ Credit	0 – 10%	2%
▪ Alternatives	0 – 10%	3%
Defensive assets		**25%**
Infrastructure	**0 – 10%**	**6%**
Property	**0 – 20%**	**9%**
Fixed income	**0 – 20%**	**0%**
Cash	**0 – 10%**	**0%**
Other		
▪ Credit	0 – 10%	5%
▪ Alternatives	0 – 10%	5%

75% Growth assets
25% Defensive assets

1. The level of investment risk is based on an industry-wide Standard Risk Measure. It shows the number of expected negative annual returns over a 20-year period. 2. The Minimum Suggested Investment Time Frame is based on the risk and return profile of this option. The time frame considers volatility and the likelihood of negative annual returns in any one year.

Indexed balanced	
Target return	CPI plus 3.0% p.a. over 20 years
Investment risk[1]	High (Negative returns expected in between 4 to 6 out of every 20 years)
Investment style	Investments through diversified investment portfolio, including some growth assets and some lower risk investments.
Investment objective	This option is diversified across a range of growth and defensive assets and aims to produce consistent returns over time. This option may suit investors who have a seven year plus investment time horizon.
Minimum suggested investment time frame[2]	7 + years

Asset allocation guidelines	Range	Strategic Asset Allocation benchmark
Growth assets		75%
Equity		
▪ Australian shares	25 – 55%	32%
▪ International shares		
Developed markets	25 – 55%	43%
Emerging markets	0 – 10%	0%
Defensive assets		25%
Fixed income	10 – 30%	15%
Cash	0 - 20%	10%

75% Growth assets
25% Defensive assets

IFM - Australian Infrastructure	
Target return	CPI plus 3% p.a. over 20 years
Investment risk[1]	High (Negative returns expected in between 4 to 6 out of every 20 years)
Investment style	Long-term direct investment option that invests in tangible infrastructure assets, such as airports, toll roads, power plants and utilities, across Australia.
Investment objective	This option consists of tangible Australian infrastructure assets and aims to achieve income returns and capital growth over the longer term. This option may suit investors who have a five year plus investment time horizon.
Minimum suggested investment time frame[2]	5 + years

Asset allocation guidelines	Range	Strategic Asset Allocation benchmark
Growth assets		50%
Infrastructure		50%
Defensive assets		50%
Infrastructure		50%

50% Growth assets
50% Defensive assets

1. The level of investment risk is based on an industry-wide Standard Risk Measure. It shows the number of expected negative annual returns over a 20-year period. 2. The Minimum Suggested Investment Time Frame is based on the risk and return profile of this option. The time frame considers volatility and the likelihood of negative annual returns in any one year. The IFM - Australian Infrastructure option may be closed to new investors if a cap of 3% of total funds under management for the Trust is reached.

Infrastructure	
Target return	CPI plus 3% p.a. over 20 years
Investment risk[1]	High (Negative returns expected in between 4 to 6 out of every 20 years)
Investment style	Long-term direct investment option that invests in tangible infrastructure assets, such as airports, toll roads, power plants and utilities, both within Australia and globally.
Investment objective	This option consists of tangible infrastructure assets and aims to achieve income returns and capital growth over the longer term. This option may suit investors who have a five year plus investment time horizon.
Minimum suggested investment time frame[2]	5 + years

Asset allocation guidelines		
	Range	Strategic Asset Allocation benchmark
Growth assets		50%
Infrastructure		50%
Defensive assets		50%
Infrastructure		50%

50% Growth assets
50% Defensive assets

Industry Super Property Trust - Property	
Target return	CPI plus 2.5% p.a. over 20 years
Investment risk[1]	High (Negative returns expected in between 4 to 6 out of every 20 years)
Investment style	The option invests in Australian property across a variety of sectors and has an income bias aiming to offer investors lower relative earnings volatility and a higher income yield, albeit with some exposure to capital appreciation.
Investment objective	This option aims to achieve consistent income returns and capital growth over the longer term. This option may suit investors who have a seven year plus investment time horizon.
Minimum suggested investment time frame[2]	7 + years

Asset allocation guidelines		
	Range	Strategic Asset Allocation benchmark
Growth assets		30%
Property		30%
Defensive assets		70%
Property		70%

30% Growth assets
70% Defensive assets

1. The level of investment risk is based on an industry-wide Standard Risk Measure. It shows the number of expected negative annual returns over a 20-year period. 2. The Minimum Suggested Investment Time Frame is based on the risk and return profile of this option. The time frame considers volatility and the likelihood of negative annual returns in any one year. The Infrastructure option may be closed to new investors if a cap of 3% of total funds under management for the Trust is reached.

Property	
Target return	CPI plus 2.5% p.a. over 20 years
Investment risk[1]	High (Negative returns expected in between 4 to 6 out of every 20 years)
Investment style	This option invests in Australian and global property across a variety of sectors and has an income bias aiming to offer investors lower relative earnings volatility and a higher income yield, albeit with some exposure to capital appreciation.
Investment objective	This option aims to achieve consistent income returns and capital growth over the longer term. This option may suit investors who have a seven year plus investment time horizon.
Minimum suggested investment time frame[2]	7 + years

Asset allocation guidelines		
	Range	Strategic Asset Allocation benchmark
Growth assets		30%
Property		30%
Defensive assets		70%
Property		70%

30% Growth assets

70% Defensive assets

1. The level of investment risk is based on an industry-wide Standard Risk Measure. It shows the number of expected negative annual returns over a 20-year period. 2. The Minimum Suggested Investment Time Frame is based on the risk and return profile of this option. The time frame considers volatility and the likelihood of negative annual returns in any one year.

Investment risks.

All investments are subject to varying risks and can change in value. There are risks in choosing to invest in superannuation and each investment option has different risk characteristics and volatility.

The most significant risks are:

Inflation risk

Inflation may exceed the return on your investment - inflation is measured by the Consumer Price Index (CPI). Where the CPI increases, money has less purchasing power. When an investment provides a lower return than the increase in inflation, it actually loses value in terms of purchasing power. Therefore, it is important to invest in assets that are expected to generate returns in excess of inflation over the medium to long term.

Market risk

Economic, technological, political or legal conditions and even market sentiment can change and affect the value of investments.

Changes in interest rates

Interest rate changes can have a positive or negative impact on investment returns across asset classes.

Foreign exchange

If we invest in assets in other countries there is a risk their currencies could change in value relative to our dollar and so, increase or reduce the value of the investment.

Investment styles

Varying investment styles will perform differently depending on market conditions and other factors.

Risks associated with each individual investment

Individual investments can fall in value for many reasons. For example:

- Australian equities – inflation, interest rates and changes in market conditions will all have an effect on the value of equities, as does the performance of the company itself.
- International equities – the risks relating to international equities are the same as for Australian equities. There are also additional risks relating to exchange rates and currencies, and political risks associated with investing in assets in that country.
- Property and Infrastructure – returns on these asset classes can rely on general economic factors such as inflation, interest rates and employment, as well as unique factors such as its location, quality and competition.
- Australian fixed income – changes in interest rates in particular will have an impact on fixed income investments so that, if interest rates change during the term of a loan, there could be capital gains or capital losses. Depending on the nature of the issuer of the investment, there is a varying level of risk that the borrower may default on repayment of the loan.
- International fixed income – similar to Australian fixed income but with additional risks associated with exchange rates and currencies, and political developments.

Each asset class and investment option has its own level of risk and return. Typically, the greater an investment risk, the greater its potential return over the long term.

Other risks may also affect the accessibility or value of your investment. These include:

Liquidity risks

This refers to the ability to convert an investment into cash with little or no loss of capital and minimum delay. Some investments, such as direct property and infrastructure, are relatively illiquid.

Security specific risks

Where an individual company or asset fails, for example through bankruptcy, fraudulent activity or the business environment in which it operates, the value of the investment can fall sharply.

Varying investment styles will perform differently depending on the markets and other factors.

Derivatives risks

Derivatives are used by Hostplus SMI's investment managers for many purposes, including hedging to protect an asset against market fluctuations, reducing costs of achieving a particular market exposure, and specifically using derivative overlays to manage Hostplus SMI's exposure to foreign currency movements against the Australian dollar. The Trustee has appointed various external investment managers who can directly invest in derivatives in order to assist with the effective management and protection of Hostplus SMI assets. To satisfactorily manage this risk we set appropriate terms, levels of usage and constraints. The Trustee also obtains confirmation from these investment managers that they have the appropriate risk management processes in place in relation to the use of derivatives.

Market failure

There is a risk of broad market failure or significant financial collapse that affects investments broadly. Such events are outside the control of the Trustee. Consequently, even long-term investors like superannuation investors should be mindful of the risk that if such high impact events occur, their benefits may be less than the total amount of contributions invested.

Investment risk measure.

The Standard Risk Measure (SRM) has been adopted to assist investors in comparing investment options (both within and across superannuation) using a simplified risk measure. The SRM is not a complete assessment of all forms of investment risk; for instance, it does not detail what the size of a negative return could be or the possibility of returns not being adequate to meet an investor's investment objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

Risk measures and categories

SRM risk identifier	SRM risk label	Level of investment risk – estimated number of negative net investment returns over a 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Operational risks.

Operational risks include the possibility of a financial loss arising from:

- Inadequacy of Resources (Human, Financial and Technological),
- Business Continuity / Disaster Recovery,
- Fraud and Theft,
- Administrative Errors,
- Inappropriate Advice,
- Unit Pricing errors, or
- Failure of Outsourced Providers.

Most operational risks can be controlled by the Trustee through its internal control framework.

The Trustee has a compliance and risk management program in place to manage these risks. In addition to the operational risks that may arise, there is also the possibility for legal or legislative risks to occur. These risks include:

- superannuation legislation changes that may affect your benefit or ability to access a benefit,
- taxation changes that may affect the value of your investment,
- economic or political climate changes,
- Government policy and law changes, or
- Hostplus SMI's termination, the Trustee being replaced or investment managers changing.

Our investments and investment managers at 31 March 2019.

Australian Shares
Airlie Funds Management Pty Ltd (Active Australian Equity)
Airlie Funds Management Pty Ltd (Industrial Australian Equity)
Allan Gray Australia Pty Ltd
Balanced Equity Management Pty Limited
Greencape Capital Pty Ltd (Australian Equitiy)
Firetrail Ltd (High Conviction)
IFM Investors Pty Ltd (Buyback)
IFM Investors Pty Ltd (Enhanced Indexed)
IFM Investors Pty Ltd (Small Cap)
L1 Capital Pty Ltd
Paradice Investment Management Pty Ltd (Small Cap)
Paradice Investment Management Pty Ltd (Mid Cap)
Paradice Investment Management Pty Ltd (Large Cap)
Pendal Group
Vinva Australian Equity Alpha Extension Fund – Vinva Investment Management Limited
Yarra Capital Management Limited (Australian Equities)
Yarra Capital Management Limited (Emerging Leaders)

International shares
Apostle Dundas Global Equity Fund – Dundas Global Investors Limited
Baillie Gifford Overseas Limited
Citigroup Transition International Equities
Cooper Investors Pty Limited
Hosking Partners LLP
IFM Investors Pty Ltd (Indexed Global Equities)
Independent Franchise Partners, LLP
Investec Asset Management Australia Pty Limited
Martin Currie Investment Management Ltd
Maverick Long Enhanced Fund Ltd – Maverick Long Enhanced Ltd
Northcape Capital Pty Ltd
Neuberger Berman Australia Pty Limited
Orbis Global Equity Fund – Orbis Investment Management Limited
Paradice Investment Management Pty Ltd (Global Small Cap)
RWC Asset Management LLP
Vaughan Nelson Investment Management LP
Wellington International Management Company Pte Ltd (Asia ex-Japan Contrarian Equity)
Wellington International Management Company Pte Ltd (Global Contrarian Equity)

Private equity
Artesian Hostplus VC Fund 1, ILP – Artesian Venture Capital Fund of Funds Management, I.L.P
Artesian Hostplus China Venture Capital Fund 1 – Artesian Venture Capital Fund of Funds Management, I.L.P
Artesian Venture Capital Fund of Funds, ILP – Artesian AFOF Pty Ltd
Australia Private Equity Fund No.1 – Continuity Capital Partners Pty Limited
Australia Private Equity Fund No.2 – Continuity Capital Partners Pty Limited
Blackbird Ventures 2015 Follow-On Fund – Blackbird Ventures Pty Limited
Blackbird Ventures 2015, LP – Blackbird Ventures Pty Limited
Blackbird Hostplus Trust – Blackbird Ventures Pty Limited
Blackbird Ventures 2018 Follow-On Fund – Blackbird Ventures Pty Limited
Blackbird Ventures 2018, LP – Blackbird Ventures Pty Limited
Blackbird After The Car Trust – Blackbird Ventures Pty Limited
Carnegie Healthcare Fund, LP – M.H. Carnegie & Co. Pty Limited
Carnegie Innovation Fund, LP – Carnegie Venture Capital Pty Limited
Carnegie Innovation Fund II, LP – Carnegie Venture Capital Pty Limited
Carnegie Private Opportunities Fund No.1 – M.H. Carnegie & Co. Pty Limited
Carnegie Private Opportunities Fund No.2 – M.H. Carnegie & Co. Pty Limited
Carthona Capital Venture Fund 1 (Part A) – Carthona Capital FS Pty Ltd
Carthona Capital Venture Fund 1 (Part B) – Carthona Capital FS Pty Ltd
Carthona Capital Venture Fund 1 (Part C) – Carthona Capital FS Pty Ltd
Crown Co-Investment Opportunities PLC II – LGT Capital Partners (Ireland) Limited
Crown Europe Middle Market II Plc – LGT Capital Partners (Ireland) Limited
Crown European Buyout Opportunities II Plc – LGT Capital Partners (Ireland) Limited
CSIRO Innovation Fund 1, LP – Main Sequence Ventures Ltd
Hermes GPE PEC III LP – Hermes GPE LP
Hermes GPE PEC IV LP – Hermes GPE LP
Hostplus ROC Private Equity Trust – Roc Capital Pty Limited
Hostplus US EMP, LLC - Series 1 – Flexstone Partners, LLC
Hostplus US EMP, LLC - Series 2 – Flexstone Partners, LLC
HP Special Investment Fund S.C.Sp – LGT Capital Partners (Ireland) Limited
Industry Super Holdings Pty Ltd
IFM Australian Private Equity Fund 3 – IFM Investors Pty Ltd
IFM Australian Private Equity Fund 4 – IFM Investors Pty Ltd
IFM International Private Equity Fund 1 – IFM Investors Pty Ltd
IFM International Private Equity Fund 2 – IFM Investors Pty Ltd
IFM International Private Equity Fund 3 – IFM Investors Pty Ltd

Private equity (continued)
IPG Hostplus 2018 Trust Class A – IP2IPO Australia HP Pty Ltd
IPG Hostplus 2018 Trust Class H – IP2IPO Australia HP Pty Ltd
Kelso Investment Associates X, LP - Kelso & Company, L.P.
Lexington Capital Partners VIII, L.P – Lexington Partners L.P
Lexington Co-investment Partners III, L.P – Lexington Partners L.P
Lexington Co-investment Partners IV, L.P – Lexington Partners L.P
Members Equity Bank Pty Limited
MHC Hostplus Co-Investment Trust – M.H. Carnegie & Co. Pty Limited
MRCF 3 (HP) Trust – BCP3 Pty Ltd
MRCF 5 - BCP3 Pty Ltd
MRCF Hostplus BTF – BCP3 Pty Ltd
Partners Group Secondary 2008 (EUR), S.C.A., SICAR – Partners Group Management Ltd
Partners Group Secondary 2011 (EUR), S.C.A., SICAR – Partners Group Management Ltd
Partners Group Direct Investments 2012 (USD) ABC, L.P. – Partners Group Management Ltd
Partners Group Direct Equity 2016 – Partners Group Management Ltd
Partners Group Client Access 19 L.P. Inc. – Partners Group Management Ltd
Partners Group Client Access 19A L.P. Inc. – Partners Group Management Ltd
Partners Group Client Access 25 L.P. Inc. – Partners Group Management Ltd
PEUSO II FPG Holding LLC – Flexstone Partners LLC
Private Equity US Opportunities II, L.P – Flexstone Partners, LLC
Private Equity US Opportunities III, LP – Flexstone Partners, LLC
Roc Asia Pacific Co-Investment Fund III – Roc Capital Pty Limited
Siguler Guff HP China Opportunities Fund LP – Siguler Guff HP China GP, LLC
Siguler Guff HP Opportunities Fund II, LP – Siguler Guff HP II GP, LLC
Siguler Guff Small Buyout Opportunities Fund II, L.P – Siguler Guff SBOF II GP, LLC
Square Peg Australia 2015 LP – Square Peg Capital Pty Ltd
Square Peg Global 2015 Trust – Square Peg Capital Pty Ltd
Square Peg CI 2015 Trust – Square Peg Capital Pty Ltd
Square Peg 2018, LP – Square Peg Capital Pty Ltd
Square Peg Global 2018 Trust – Square Peg Capital Pty Ltd
Wilshire Australia Private Markets Pooled Superannuation Trust – Wilshire Australia Pty Limited
Wilshire Private Markets Asia No.1 Fund – Wilshire Australia Pty Limited
Wilshire Private Markets Asia No.2 Fund – Wilshire Australia Pty Limited

Property
Australian Prime Property Funds (Retail, Commercial & Industrial) – Lendlease Investment Management
Charter Hall Prime Industrial Fund – Charter Hall Funds Management Limited
Charter Hall Prime Office Fund – Charter Hall Funds Management Limited
ISPT Core Fund – ISPT Pty Ltd
ISPT Development and Opportunities Fund I – ISPT Pty Ltd
ISPT Development and Opportunities Fund II – ISPT Pty Ltd
ISPT Non-Discretionary Residential Mandate – ISPT Pty Ltd
ISPT Retail Australian Property Trust – ISPT Pty Ltd
Invesco Core Real Estate USA (ICRE) Fund – Invesco Core Real Estate U.S.A., L.P.
Kayne Anderson Core Real Estate, L.P. – Kayne Anderson Core Real Estate Advisors I, LLC
Lendlease Asian Retail Investment Fund – Lendlease Investment Management
Lendlease Communities Fund 1 – Lendlease Investment Management
Lendlease Sub-Regional Retail Fund – Lendlease Investment Management
Long Weighted Investment Partnership (LWIP) Trust – Charter Hall Wholesale Management Limited
Long Weighted Investment Partnership (LWIP) Trust II – Charter Hall Wholesale Management Limited
Macquarie Real Estate Equity Fund 6 – Macquarie Admin Services Pty Limited
Select Property Portfolio No. 2 – AMP Capital Investors Limited
Select Property Portfolio No. 3 – AMP Capital Investors Limited

Fixed income
iShares Global Bond Index Fund – BlackRock Asset Management Australia Limited
iShares Wholesale Aust Bond Index Fund – BlackRock Asset Management Australia Limited
Macquarie True Index Australian Fixed Interest Fund – Macquarie Investment Management Australia Limited
Specialised Credit Fund – Industry Funds Management Pty Ltd
Super Loans Trust – ME Portfolio Management Ltd

Cash
Citigroup Pty Ltd
IFM Investors Pty Ltd
Members Equity Bank Pty Ltd

Other (Alternatives)
Bridgewater Pure Alpha Fund II, Ltd – Bridgewater Associates, Inc
Responsible Investment Leaders Balanced Fund – AMP Capital Funds Management Limited
GMO Systematic Global Macro Fund – GMO Australia Limited
GSA Capital Partners Trend Fund – GSA Capital Partners LLP
IPM Systematic Macro Fund – Macquarie Investment Management Australia Limited
QIC Liquid Alternatives Fund (H) – QIC Limited
Vinva Asia Pacific Equity Long-Short Fund – Vinva Investment Management Limited

Credit
Apollo ST Fund Management LLC
Apollo Offshore Structured Credit Recovery Fund III Ltd – Apollo ST Fund Management LLC
Barings LLC
Cross Ocean Partners US SS Fund – Cross Ocean Partners Management LP
Kayne Anderson Real Estate Debt II LP – Kayne Anderson Capital Advisors, L.P.
Kayne Anderson Real Estate Debt III LP – Kayne Anderson Capital Advisors, L.P.
Kayne Senior Credit III Offsh Fund L.P. – Kayne Anderson Capital Advisors, L.P.
Loomis Sayles CLO II Ltd – Apollo ST Fund Management LLC
Loomis Sayles Credit Opportunities Fund – Loomis, Sayles & Company LP
HayFin Special Opportunities Credit Fund LP – HayFin Special Opportunities GP Limited
HayFin Special Opportunities Fund II LP – HayFin Special Opportunities Fund II GP LP
HayFin Special Opportunities Fund II USD Co-Invest LP – HayFin Special Opportunities Fund II GP LP
Redding Ridge Holdings LP

Currency
Currency Overlay – Mesirow Financial Investment Management Inc.

How we invest your money

What are asset classes?

When investing your fund's superannuation, you may choose between different types of assets. Assets are divided into asset classes such as cash, fixed income, property, infrastructure, equity and other (alternatives) and are generally described as:

Growth assets: Growth assets generally provide relatively higher returns over the longer term with a corresponding higher level of risk (increased chance of a negative return and volatility). A high proportion of their returns are derived from capital growth. Examples include shares and some property and infrastructure investments.

Defensive assets: Defensive assets generally are lower risk (less chance of a negative return), with a corresponding expectation of lower returns over the longer term. A high proportion of their returns are derived from income (cash) flows. Examples include cash, term deposits and some fixed income investments. Some asset classes, such as infrastructure, property and alternatives may have both growth and defensive characteristics.

Where assets such as infrastructure, property and alternatives derive a high proportion of their returns from strong income (cash) flows rather than capital growth, these assets may be classified as defensive. Where they derive a high proportion of their returns from capital growth rather than income (cash) flows these assets may be classified as growth.

Investment markets are difficult, if not impossible, to predict. Often, different asset classes generally will not all perform well or poorly at the same time because they react differently to influences such as economic growth, inflation, interest rates and exchange rate movements. A change which is positive for one asset class can have a negative effect on another.

Basic asset classes make up your investment portfolio		
What is it?		
Equity Represents an ownership interest in a business, trust or partnership. Equity investments include shares and private equity.		**Infrastructure** Represents the basic physical systems of a country, state or region including transportation, communication, utilities, and public institutions. Infrastructure assets can also take the form of social infrastructure assets such as hospitals, schools and aged care facilities.
Shares	**Private equity**	
Represent part-ownership of a company through holding shares.	Private equity involves investments in entities or vehicles that are not listed on a stock exchange. They can be based in Australia and overseas.	
How does the investment work?		
Because shares represent a part of the company, returns vary according to how the company performs. Returns can come in two ways – dividends paid to shareholders (revenue) and the increase in value of the shares (capital gain). Shares can also decrease in value resulting in a capital loss.	Private equity investments are usually made to finance one or more stages of a company's growth cycle, ranging from those in early stages of development to more mature businesses seeking capital. Private equity vehicles are used for many purposes including buying out the owners or founders of an existing business or asset.	Investments in infrastructure can be through direct investments in single assets, listed or unlisted pooled funds and investment through a fund of funds vehicle.
What's the risk/return?		
Inflation, interest rates, exchange rates (for international shares) and changes in market conditions will all have an effect on the value of shares, as does the performance of the company itself. Shares are considered the highest risk investment because they may experience significant changes in value. Despite their short-term volatility, shares have traditionally provided higher returns to investors – over the longer term – than all other asset classes.	The private equity market is less efficient and less regulated than the listed market. This inefficiency creates opportunities for skilled managers to add value. Given the greater risk associated with private equity, a return premium of at least 4 – 5% above listed markets is generally considered necessary.	The investment objective for investing in infrastructure is typically to provide returns of inflation plus 6 – 8% per annum, but with the chance of a return that's lower than Australian and international shares, over a 5 – 10 year term.

Property	Fixed income	Cash	Other (Alternatives)
What is it?			
Represents an investment in real estate where the earnings and capital value are dependent on cash flows generated by the property through sale or rental income. The investment in property could be made either directly or via property trusts.	Represents a loan, placement or debt security. Loans are financial assets that are created when a creditor lends funds directly to a debtor, and are evidenced by documents that are non-negotiable. Placements are liabilities of entities not described as authorised deposit-taking institutions, eg. State treasuries. Debt securities are securities which represent borrowed funds which must be repaid by the issuer with defined terms including the notional amount (amount borrowed), an identifiable return and maturity/renewal date.	Represents cash on hand and demand deposits, as well as cash equivalents. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash investments may include deposits in a bank, investments in short-term money markets and other similar investments.	Almost any non-traditional investment strategy could be classified as an alternative investment for example, credit investments (see the glossary for further information).
How does the Investment work?			
There are two ways that property can provide returns – by earning rental income (revenue) or by increasing in value over time (a capital gain). Property can also decrease in value resulting in a capital loss.	The investment is used to finance the operations of governments, organisations or businesses, and is paid back on an agreed date with interest, which is also agreed or 'fixed' before the loan commences.	Cash investments, such as your own bank account, don't necessarily earn high returns, but they are usually very stable.	Alternative investments generally aim to achieve a return objective, rather than to outperform a specific sector goal.
What's the risk/return?			
Property is considered a moderate to high risk investment. Returns rely on general economic factors like inflation, interest rates and employment, as well as location and quality. While returns are generally higher than cash or fixed income, the value of property investments is also liable to change suddenly.	Fixed income is seen as a moderate risk investment. If interest rates change during the term of the loan, there will be capital gains or losses. Fixed income investments are generally less volatile over the short term than property or equity.	Cash is considered to be the lowest-risk investment and has limited potential to rise and fall in value over the short term. However, this perceived safety comes at a price – cash investments typically may not earn enough to meet long-term goals like retirement.	Alternatives aim to produce returns in excess of cash over the long term. However its volatility over the long term is generally higher than that of fixed income.

Change of investment managers, including individual investment manager options

The Trustee is responsible for selecting investment managers, monitoring their progress and determining the overall investment profile. Sometimes, a decision may be made to remove an investment manager as a result of poor investment performance, change in key personnel or a shift in a manager's style or the Hostplus SMI investment strategies.

When an investment manager is removed, a manager with a similar or different investment style can replace it. Alternatively, the assets in which that manager was investing may also be allocated to one or more of our existing managers.

As part of the Trustee's fiduciary duties, investment managers are constantly reviewed and monitored. There may be circumstances where the Trustee will decide to terminate an individual investment manager option at short notice or due to an unforeseen event. In these instances, the Trustee reserves the right to remove the individual investment manager option immediately and transfer the funds as Hostplus sees appropriate, until obtaining your instructions. The Trustee will notify affected investors of the change after the event, but generally within 30 days of the change.

Environmental, social and governance.

As a profit-for-member superannuation fund, Hostplus is run only to benefit members. Our primary duty is to deliver the best retirement outcomes to our members. We also widely support, and invest in, the hospitality, tourism, recreation and sport sectors our members work in, live and love. These responsibilities guide every decision we make, and great care is taken to ensure each action fulfils these duties.

To meet these obligations, and to protect and optimise the fund's investments over the long-term, Hostplus assesses and manages risk as effectively as possible. In doing so, we recognise the importance of considering environmental, social and governance (ESG) opportunities and risks in our investment decision making processes. Hostplus believes that entities who prudently manage ESG opportunities and risks will deliver better long-term financial performance to their members.

Central to Hostplus' ESG approach is our preference for engagement over divestment from an asset class, industry, sector or company. We believe engagement is an effective strategy that allows Hostplus to use its ownership to help change behaviour, whereas divestment means losing influence. These stewardship activities are critical to the governance of our investments over the long-term.

ESG Integration

Hostplus' investment manager research is conducted by Hostplus SMI's asset consultant, JANA Investment Advisers ('JANA'). Investment managers have their own ESG policies, which describe how ESG information is taken into account when they make investment decisions.

When selecting investment managers for Hostplus, JANA pays due consideration to each manager's ESG approach and ensures that ESG matters are included as part of the investment decision-making conducted by most of Hostplus' investment managers.

Our position on climate change

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

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

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

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

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

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

Engagement over withdrawal

As a shareholder, Hostplus greatly favours engagement over withdrawal.

In this context, engagement means two-way constructive communication between us and investee companies on matters such as the organisation's performance, strategy, ESG issues, leadership, quality and level of reporting. This is a big task and we do not have the resources to do all the necessary work alone.

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

By taking a collective engagement approach, we are able to exert greater influence beyond our own shareholding in the company and to manage resources more effectively. As an ACSI member, Hostplus also actively influences ACSI's priority engagement themes and companies each year.

Proxy voting

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

Principles for Responsible Investment

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

What is the relationship between the Trustee and the companies it invests through?

The Trustee has an arm's length commercial relationship with the companies we invest through. The Trustee undertakes that it will not deal with any companies in which it has an interest more favourably than it would deal with any other independent service provider.

Investment objectives and strategies

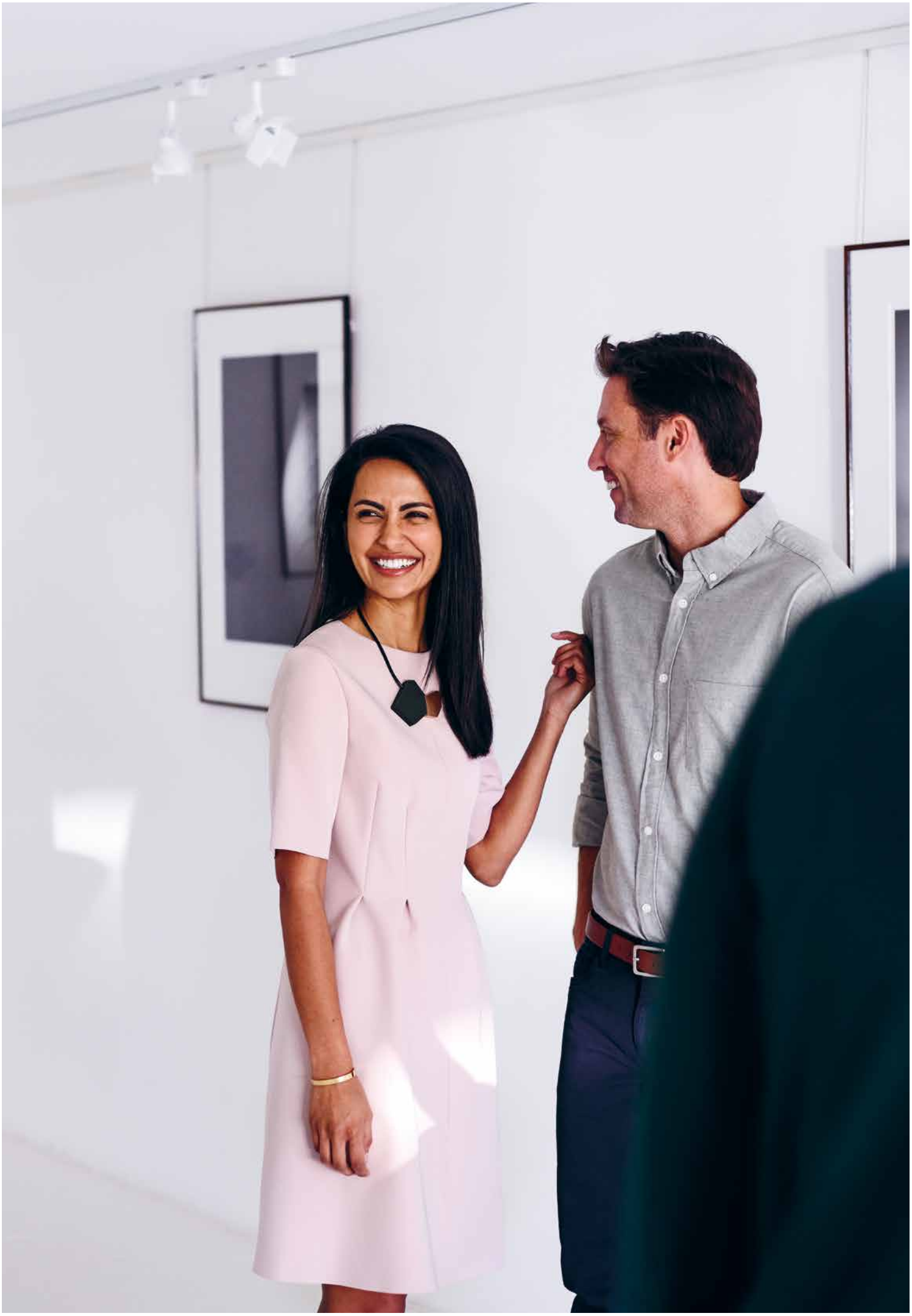
The Trustee bases its objectives on professional advice from our independent asset consultant. The asset consultant takes into account the possible impact of economic forecasts on the different asset classes in which the options invest.

Investment strategies are developed by the Trustee in conjunction with its asset consultant, to create a high probability of attaining the outlined objective of each investment option.

Strategies are amended from time-to-time to reflect changing circumstances in different markets.

The investment objectives simply reflect the intention of the Trustee, and these should not be used or relied upon as indicators or predictors of the future performance of the options. They are provided in order to give investors a guidance on the level of returns that the options could produce, based on the historical, long-term experience of the different asset classes in which the options invest.

Past performance however is not a reliable indicator of future performance and investors should be aware that changing market conditions can cause the value of investments to change.



Fees and costs

Consumer advisory warning.

Did you know?
Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

To find out more.
If you would like to find out more, or see the impact of the fees and costs based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged and can be used when comparing costs of Hostplus SMI with other similar products. These fees and other costs may be deducted from your account, from the returns on your investment, or from the assets of Hostplus SMI as a whole.

Fees and costs are quoted inclusive of GST. Further details regarding GST and other taxes are available in Section 7 of the PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment. Fees or costs may change from time to time, which may affect the value of your investment. Where required by law you will be provided with prior notice of any such increases.

Type of fee	Amount	How and when paid
Investment fee	Varies according to your chosen investment option(s): Balanced 0.71% p.a. Indexed Balanced 0.02% p.a. IFM – Australian Infrastructure 0.42% p.a. Infrastructure 0.42% p.a. Industry Super Property Trust – Property 0.24% p.a. Property 0.56% p.a. Refer to Additional Explanation of fees and costs on the following page for more detail.	The investment fee is not deducted from your account balance.It is deducted daily from gross investment earnings before net investment returns are applied to your account.
Administration fee	$165 p.a.	The dollar cost is calculated and deducted from your account monthly. If you are invested in more than one investment option, the administration fee is proportionately charged to each investment option based on the end of month valuation.
Buy/Sell spread	Nil	Not applicable
Switching fee	Nil	Not applicable
Joining fee	$240	The dollar cost is deducted from your initial application amount. If you have nominated more than one investment option, the joining fee is proportionately charged to each investment option based on your nomination.
Exit fee	Nil	Not applicable
Advice fee Relating to all members investing in the investment option.	Nil	Not applicable
Other fees and costs	For more information refer to **Additional Explanation of fees and costs** below.	
Indirect Cost Ratio (ICR)[1]	Varies according to your chosen investment option(s): Balanced 0.35% p.a. Indexed Balanced 0.05% p.a. IFM – Australian Infrastructure 0.15% p.a. Infrastructure 0.35% p.a. Industry Super Property Trust – Property 0.34% p.a. Property 0.39% p.a. Refer to Additional Explanation of fees and costs on the following page for more detail.	The ICR is not deducted from your account balance. It is deducted daily from gross investment earnings before net investment returns are applied to your account.

1. The Investment fee and ICR costs incorporate the actual 2018 financial year expenses incurred, which is the most up-to-date information available as at the date of the preparation of this PDS. The Investment fees and ICR costs also represent the Trustee's best estimate of the investment costs that are anticipated to be incurred in relation to your investment in Hostplus SMI. The actual investment costs incurred in the future are not known at the time of preparation of this PDS, and the overall Investment fee and ICR costs may be higher or lower than the amounts provided in the table.

Example of annual fees and costs for the Balanced option

This table gives an example of how the fees and costs for the Balanced option can affect your investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

Example – Balanced option		Balance of $50,000
Investment fees	0.71%	For every $50,000 you have in the option, you will be charged **$355** each year
PLUS Administration fees	$165	**And**, you will be charged **$165** in administration fees regardless of your balance
PLUS Indirect Costs for the Balanced option	0.35%	**And**, indirect costs of **$175** each year will be deducted from your investment
EQUALS Cost of product		If your balance was $50,000, then for that year you will be charged fees of **$695** for the Balanced option.

Note: Additional fees may apply. **And**, if you leave the superannuation entity, you may be charged an **exit fee** of **$0** and a **buy/sell spread** which also applies whenever you make a contribution, exit, rollover or investment switch. The **buy/sell spread** for exiting is **0%** (this will equal to **$0** for every $50,000 you withdraw).

You should read the important information about Fees and costs before making a decision to invest. The material relating to our Fees and costs may change between the time when you read the PDS and this Additional information brochure and the day when you acquire the product.

Financial adviser fees

Financial advisor fees are not payable out of your Hostplus SMI account.

Additional explanation of fees and costs.

Defined Fees

1. Investment fees

An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:

- fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- costs that relate to the investment of assets of the entity, other than;
  - borrowing costs; and
  - indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
  - costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

Performance fees

In certain circumstances, Hostplus agrees, as part of the fees payable to an investment manager, to pay a performance fee. Performance fees are payable to investment managers if they outperform required performance targets. The performance fee payable varies between the underlying investment managers and may change from time to time; hence it is not possible to provide a precise figure for the performance fee for each investment option.

Performance fees are quoted within the total investment fee and are indirectly borne by investors through the declaration of daily unit prices.

The total investment fee of each investment option includes:

Investment Option	Management Fee	Performance Fee	Total Investment Fee
Balanced	0.54% p.a.	0.17% p.a.	**0.71% p.a.**
Indexed Balanced	0.02% p.a.	0.00% p.a.	**0.02% p.a.**
IFM – Australian Infrastructure	0.42% p.a.	0.00% p.a.	**0.42% p.a.**
Infrastructure	0.41% p.a.	0.01% p.a.	**0.42% p.a.**
Industry Super Property Trust – Property	0.24% p.a.	0.00% p.a.	**0.24% p.a.**
Property	0.50% p.a.	0.06% p.a.	**0.56% p.a.**

The disclosed performance fee represents actual fees paid and where applicable reasonable estimates of fees to be paid for the financial year ended 30 June 2018. The performance fee may change in subsequent years depending on (for example) the performance of the underlying investments.

2. Indirect Cost Ratio (ICR)

The Indirect Cost Ratio (ICR), for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for an investment option, to the total average net assets of the superannuation entity attributed to the investment option.

Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

Transactional and operational costs

Transactional and operational costs are included in the Indirect Cost Ratio (ICR). Transaction costs are incurred when assets are bought or sold. Different transaction costs arise depending on the assets involved. For example, the transaction costs incurred in buying or selling listed securities and derivatives are different to the transaction costs incurred in buying or selling property, private equity and infrastructure assets. Examples of transactional and operational costs include:

- Stamp Duty
- Settlement and Clearing costs
- Bid-Ask spreads (see Glossary)
- Brokerage

Operational Costs include all administrative / operational expenses that are additional costs – for example, custody, accounting/ tax, trustee-related expenses, organisational expenses, advisory committee expenses, director fees, regulatory and compliance costs, administration, legal fees, salaries, consulting and other overheads.

The ICR of each investment option includes:

Investment Option	Transaction cost	Operational cost	Total ICR
Balanced	0.19% p.a.	0.16% p.a.	**0.35% p.a.**
Indexed Balanced	0.04% p.a.	0.01% p.a.	**0.05% p.a.**
IFM – Australian Infrastructure	0.01% p.a.	0.14% p.a.	**0.15% p.a.**
Infrastructure	0.09% p.a.	0.26% p.a.	**0.35% p.a.**
Industry Super Property Trust – Property	0.20% p.a.	0.14% p.a.	**0.34% p.a.**
Property	0.24% p.a.	0.15% p.a.	**0.39% p.a.**

The ICR for each investment option has been calculated based on the investment costs incurred for the financial year ended 30 June 2018. The ICR for each investment option may change in subsequent years depending on (for example) a change in the mix of underlying investment managers.

Borrowing costs

Borrowing costs are an additional cost to the investor that is recovered daily from the assets of Hostplus SMI or the assets of an underlying investment vehicle when unit prices are declared. Borrowing costs may arise in a few circumstances, including (but not limited to) where money is borrowed to purchase an asset and where securities are borrowed as part of the investment strategy.

The following borrowing costs currently apply:

Investment option	Borrowing cost
Balanced	**0.18% p.a.**
Infrastructure	**0.01% p.a.**
Industry Super Property Trust - Property	**0.27% p.a.**
Property	**1.07% p.a.**

All other options have nil borrowing costs.

Property operating costs

Property operating costs are an additional cost to the investor that are recovered daily from the assets of Hostplus SMI or the assets of an underlying investment vehicle when unit prices are declared. Property operating costs arise when Hostplus SMI has direct exposure to real property but do not include any borrowing costs, amounts relating to the acquisition or disposal of real property or amounts otherwise disclosed in this document.

Property operating costs can include rates, utilities, staff costs and costs of an "interposed vehicle", but do not include property development or refurbishment costs.

The following property operating costs currently apply:

Investment option	Property operating cost
Balanced	0.16% p.a.
Industry Super Property Trust - Property	1.10% p.a.
Property	1.20% p.a.

All other options have nil property operating costs.

3. Administration fee

An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:

- borrowing costs; and
- indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
- costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

The administration fee collected enables the recovery of expenses incurred for the day-to-day operation of Hostplus SMI including, but not limited to, registry and administration costs, legal and professional services, audit and tax services, and regulatory expenses, such as the APRA Levy.

4. Activity fees

A fee is an activity fee if:

- the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee;
  - (i) that is engaged in at the request, or with the consent, of a member; or
  - (ii) that relates to a member and is required by law; and
- those costs are not otherwise charged as an administration fee, an investment fee, a buy sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

No activity fees apply to any of Hostplus SMI investment options.

5. Advice fees

A fee is an advice fee if:

- the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by;
  - (i) a trustee of the entity; or
  - (ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

No advice fees apply to any of Hostplus SMI investment options. Refer to your Statement of Advice from your financial adviser regarding any additional fees payable to them.

6. Buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity. No buy-sell spread applies to any of Hostplus SMI investment options.

7. Exit fees

An exit fee is a fee to recover the costs of disposing of all or part of members' interests in a superannuation entity. No exit fee applies to any of the Hostplus SMI investment options.

8. Switching fees

A switching fee for a superannuation product other than a MySuper product, means a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another. No switching fee applies to any of the Hostplus SMI investment options.

Other important information.

The Hostplus PST Trust Deed.

To view the Trust Deed, and for such information as the powers and indemnity of the Trustee, contact the Hostplus SMI Service team on **1300 350 819** Monday to Friday 8am-8pm AEST.

Notification of material changes.

In the event of a material change occurring to any information regarding Hostplus SMI, irrespective of whether it is adverse or not, the Trustee will notify existing investors in writing within the time frames required by law.

A change or event which does not relate to an increase to a fee or charge or constitutes a significant event will be sent as soon as possible but not later than three months after the change or event occurs. A change or event which does increase a fee or charge will be sent at least 30 days before it occurs.

Updated information is available from the Hostplus SMI Service team on **1300 350 819.**

Our governance and disclosures.

Our corporate governance is designed to protect and enhance the interests of investors, while also taking into account the interests of other stakeholders, including Hostplus employees, third party service providers and the community.

Information about the following is available at **hostplus.com.au/super/about-us/governance-and-disclosures:**

- rules on nomination, appointment and removal of Trustee directors
- Hostplus corporate governance and rules
- the Hostplus PST Trust Deed
- the Hostplus Constitution
- the Hostplus Board
- conflict management policy
- significant event notices
- audit arrangements, and
- service providers.

Our investment governance.

The Trustee considers investment governance as an area that is integral to the investment selection process.

Information about the following is available at **hostplus.com.au/super/about-us/investment-governance:**

- environmental, social and corporate governance (ESG)
- proxy voting
- investment in sustainable assets
- investment manager allocation, and
- our investment holdings.

Investor rights and liabilities.

As an investor holding units in an investment option you have a proportional beneficial interest in that option, but do not have an interest or ownership of the underlying funds that it invests in, its assets, management or operation. An investor's entitlements as a unit holder are in Hostplus SMI as a whole and not any particular investment option.

An investor must indemnify the Trustee for any liability, overpayment or failure to provide for tax because of a reliance on information given to us by that investor. Further, an investor's liability is limited by the Trust Deed to the value of their units.

Annual report.

You can find out about the Trust's performance and activities for the last financial year in its annual report. The annual report is usually available online from October each year, commencing from Financial Year 2017/18. The annual report will include the audited financial statements which summarise the Trust's financial position and performance for the most recently completed financial year. Hostplus SMI annual reports can be located at **hostplus.com.au/smi**

Financial Services Guide (FSG).

The FSG provides adequate information about the financial services being offered by the Trustee. It contains information about the services we offer, how we are paid, any potential conflict of interest we may have, and our internal and external dispute resolution procedures and how you can access them. If you need more information or clarification of any matters raised in the FSG, please contact us. The FSG is available from the Hostplus SMI Service team on **1300 350 819.**

Related party transactions and conflicts of interest.

Under the law the Trustee is required to manage any conflicts of interest. The role and aim of the Trustee's Board of Directors is to develop and manage frameworks to avoid conflicts of interest. However, there might be circumstances where the avoidance of conflicts of interest will not always be possible or prudentially practical. The Board will identify, analyse and evaluate all such conflicts and then determine whether to avoid a particular conflict of interest or accept and act notwithstanding the conflict of interest, subject to any management controls. Any conflict of interest that cannot be avoided must be managed, as is reasonable in the circumstances, but always so that priority is given firstly to the interests of investors.

Online access.

At the time of establishing your investment online and accessing your online investor account, you must accept the terms and conditions of use of the websites associated with the Hostplus Hostplus SMI platform.

Please note that third party providers of online access to Hostplus SMI are not involved in any transaction between you and us, accessed or facilitated through their website (eg. facilitating the completion and transmission of your application to us). Those third-party service providers exercise no control over the financial products or statements contained on the website.

Service Providers.

The Trustee has engaged the key service providers listed below to assist in delivering Hostplus SMI. An outsourcing policy has been implemented to assist in the appointment, overseeing and management of these providers.

Services Outsourced	Provider	ABN
Administrator	Citigroup Pty Limited	88 004 325 080
Custodian	Citigroup Pty Limited	88 004 325 080
Online services platform provider		
Investor portal	Citigroup Pty Limited	88 004 325 080
External Auditor	PricewaterhouseCoopers	52 780 433 757
Internal Auditor	KPMG Australia	51 194 660 183
Investment Adviser	Jana Investment Advisers Pty Limited	97 006 717 568
Legal Advisers	Norton Rose Fulbright Australia	32 720 868 049
Tax Advisers	KPMG Australia	51 194 660 183
Investment Management	Airlie Funds Management Pty Ltd	75 159 022 974
	Allan Gray Australia Pty Ltd	48 112 316 168
	Apollo ST Fund Management LLC	N/A
	Barings LLC	41 132 880 007
	Baillie Gifford Overseas Limited	N/A
	Balanced Equity Management Pty Limited	78 006 987 613
	BCP3 Pty Ltd	32 604 871 481
	Colonial First State Property Limited	20 085 313 926
	Cooper Investors Pty Limited	26 100 409 890
	Firetrail Ltd	98 622 377 913
	Greencape Capital Pty Ltd	98 120 328 529
	Hosking Partners LLP	N/A
	IFM Investors Pty Ltd	67 107 247 727
	Independent Franchise Partners, LLP	N/A
	Investec Asset Management Australia Pty Limited	52 131 940 451
	ISPT Pty Ltd	28 064 041 283
	L1 Capital Pty Ltd	21 125 378 145
	Lend Lease Investment Management Pty Limited	64 068 103 659
	Macquarie Investment Management Global Limited	90 086 159 060
	Martin Currie Investment Management Limited	N/A
	Mesirow Financial Investment Management Inc.	N/A
	Neuberger Berman Australia Pty Limited	90 146 033 801
	Northcape Capital Pty Ltd	53 106 390 247
	Paradice Investment Management Pty Ltd	64 090 148 619
	RWC Asset Management LLP	N/A
	Vaughan Nelson Investment Management, LP	N/A
	Wellington International Management Company Pte Ltd	54 075 981 270
	Yarra Capital Management Limited	63 005 885 567

Glossary

Assets
In investment terms, assets are investments used to gain a return. Assets are generally described as growth or defensive. They are also divided into asset classes such as cash, fixed income, property, infrastructure, equity and other (alternatives).

Asset allocation
This means the spread of investments within an investment portfolio across various asset classes. As part of the strategy of the portfolio, the asset mix is periodically rebalanced in order to maintain a long term goal for asset allocation.

Asset classes are invested according to a style
Just as the different asset classes explain some of the different types of investments, there are many investment styles that describe how an investment is made, not just the form it takes.

Benchmark
A standard against which the performance of a security, asset class or investment manager can be measured. For example, a share market index (which represents a broad mix of shares listed on a stock exchange) can be used as a benchmark for listed equity investments.

Bid-Ask spreads

The Bid-Ask spread is essentially the difference between the highest price that a buyer is willing to pay for an asset and the lowest price that a seller is willing to accept.

Credit
Credit covers a broad range of debt that is typically issued by non-government entities. The corporate bond market is the largest sector within credit markets and consists of debt issued by corporations. Other credit sectors include mortgage-backed and asset-backed securities. Credit ratings are typically assigned to debt issues/securities and can either be investment grade or sub-investment grade rated.

Custodian
An independent organisation that safeguards the trust's assets. There are comprehensive rules governing who can issue instructions to the custodian, in particular how money can be released to investment managers.

Defensive assets

Defensive assets generally are lower risk (less chance of a negative return), with a corresponding expectation of lower returns over the longer term. A high proportion of their returns are derived from income (cash) flows. Examples include cash, term deposits and some fixed income investments.

Some asset classes, such as infrastructure, property and alternatives may have growth and defensive characteristics.

Developed markets/countries
A developed market is a country with a relatively high level of economic growth and security.

Diversification
Diversification means spreading your investments across a range of different types of investments so you have exposure to different asset classes. This could help offset poor performance that may occur in any individual asset class. For example, if one asset class is not performing well, another asset class may be experiencing better returns helping to offset the losses of the poorer performing asset class.

Emerging markets/countries
The financial markets of developing countries are known as 'emerging markets/countries'. Emerging markets can be very volatile but have strong growth potential.

Growth assets
Growth assets generally provide relatively higher returns over the longer term with a corresponding higher level of risk (increased chance of a negative return and volatility). A high proportion of their returns are derived from capital growth. Examples include shares and some property investments.

Inflation
Inflation is the increase in the general price level of goods and services in the economy. It is usually measured using the movements of the consumer price index (CPI).

Portfolio
A portfolio is a spread of investments across the various sectors, managed as a whole to achieve a particular investment strategy.

Risk versus return
Risk and return are related, typically, the lower the risk, the lower the expected return (or the lower the likelihood of a negative return). For a higher possible return, you increase the risk and the possibility of a negative return from year to year.

Returns
Returns may include both the income received from the investment and/or an increase or decrease in the capital value of the investment.

SAA (Strategic Asset Allocation) Benchmark
SAA is a target mix of asset classes (such as equities, property, and cash) which is used to implement an investment strategy for an investment portfolio. It takes into account the portfolio's investment return objective, risk tolerance and time horizon.

Value
Value managers seek to buy investments that are temporarily underpriced, and to take profits when they appear overpriced. The price-earnings ratio is a key valuation measure.

Volatility
The short-term fluctuations in share prices, exchange rates and interest rates that affect an investment. The higher the volatility, the less certain an investor is of the return within a set time frame and hence volatility is one measure of risk.

An Industry SuperFund

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