

# Annual Report 2016

Improving the retirement outcomes  
of our members throughout their lives.



**Good. Better. REST**

rest.com.au 1300 300 778

30 October 2016



## Our philosophy

Founded in 1988, REST Industry Super was established to create a superannuation fund that could service the superannuation needs of the retail sector, but is now open to all, while keeping fees low and insurance affordable. Our mission is to improve the retirement outcomes of our members throughout their lives. We are committed to delivering strong investment returns over the long-term. Our members and employers remain at the heart of everything we do.

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For Acumen members, there are two parts to the Annual Report. This document is the first part and the AQ Update is the second part. For all other members, this document is the complete Annual Report.

REST Annual Report 2016: Any advice contained in this document is general advice and has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. For more information, contact us for a copy of our Product Disclosure Statement which applies to your circumstances. You should read the Product Disclosure Statement before making any decision about whether to acquire or continue to hold the product. The Trustee has no relationships or associations with any other product issuer that might reasonably be expected to influence us in the provision of the advice. Representatives of REST are paid a salary and do not receive any commissions or fees for the advisory services provided to you. They may however receive a performance related bonus that takes into account the financial services provided. No commissions or fees are paid for the financial product advice we provide, either to representatives or to third parties. Issued by Retail Employees Superannuation Pty Ltd, ABN 39 001 987 739, AFSL 240003, as the Trustee of the Retail Employees Superannuation Trust ('REST'), ABN 62 653 671 394. Registered office: Level 7, 50 Carrington Street, Sydney NSW 2000 but please write to us at PO Box 350, Parramatta NSW 2124.

# Overview of REST for 2016



**\$39 billion\***  
worth of funds under management.

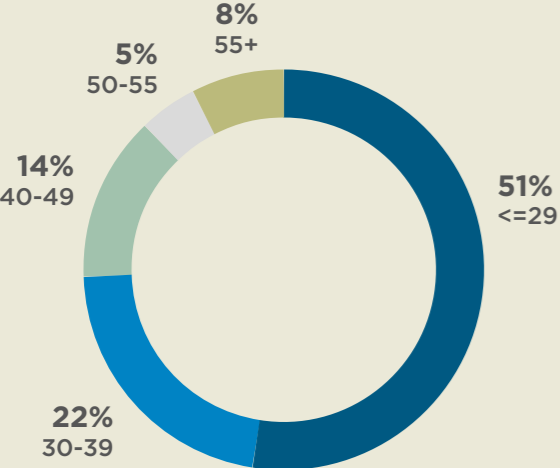
Around  
**164,000\***  
employers use REST.



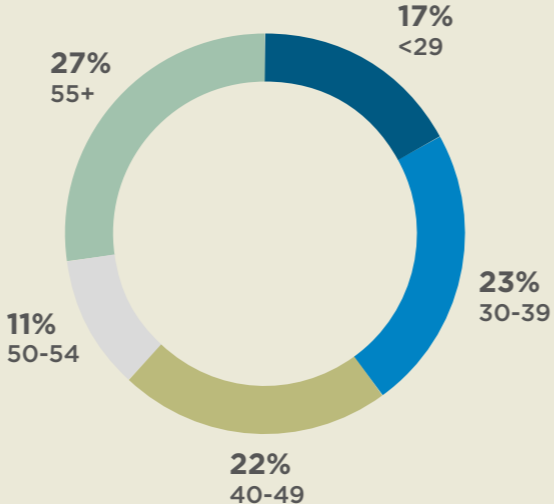
Total number of REST members just over  
**1.9 million\***  
Around **1 in every 6** Australian workers.^



Members by age:



Funds under management by age:



2% of members have taken up financial advice with REST.\*



**70%** of members are insured.\*

\*Current as at 30 June 2016  
^Number of working Australians sourced from Australian Bureau of Statistics, table 6202.0 August 2016

# Message from the CEO



**Damian Hill**  
Chief Executive Officer

I'm pleased to report REST recorded a solid performance during the 2015-16 financial year in what was a challenging period for financial markets around the world.

REST delivered positive returns for its Core Strategy investment option despite market fluctuations. Pleasingly, our investment approach has delivered competitive long-term returns for our members.

## Strength and resilience

REST was recognised by SuperRatings\* during the year as being among an elite group of Australian superannuation funds with a Balanced option^ that have provided members with compounded returns of more than 100 per cent~ since the end of the global financial crisis#. This means that amounts invested in the Core Strategy will generally have doubled over that period, even without taking contributions into account. Our key focus for the 2016-17 financial year is fixed firmly on continuing to deliver strong long-term investment performance and capitalising on opportunities to further enhance our service delivery and the member experience.

It's been a challenging investment environment for Australian super funds. A range of economic and political conditions over the past 12 months have tested global markets, and these uncertainties are expected to continue in the near term. As a result, we expect lower returns than in recent years and it is unlikely we'll see double-digit returns

in the immediate term. Despite these conditions, REST's performance has remained solid.

## Enhancing the member experience

We delivered a number of initiatives and enhancements during the year to improve the member experience by continuing to listen to our members through regular research. The Knowledge Hub, which we launched during the financial year, is REST's new interactive online education space to help our members better understand their super. It's a place where members can learn about their super through helpful information, videos and online calculators. I'm pleased to say that our members can now also interact with us on LinkedIn, Twitter and Facebook following our launch into social media this year.

Information about our initiatives to enhance the member experience are detailed in this report.

## Improving the system for members

Superannuation remains a topic of political and regulatory interest. With the release of the Financial System Inquiry (FSI) report in October 2015, there is continuing discussion over the objectives of super.

We welcome moves to enshrine the objectives of super in legislation provided it addresses adequacy. We see it as a positive move to ensure future changes are aligned with funding retirement income rather than being seen as a wealth-creation mechanism.

However, ongoing debate about superannuation is leading to a lack of faith in the stability of the system. This has negative implications for important efforts to ensure working Australians are engaging with their super and to help them have a comfortable retirement.

REST is a strong advocate for improving the retirement adequacy of women. During the year, we undertook research to better understand and support women in narrowing the gender gap. We remain committed to being a voice for policy change and improvement that will further benefit our female members.

## Forging ahead

We will work to continue to perform strongly in terms of our services, products and investment returns. We will continue to aim for improved retirement outcomes for our members, with a focus on supporting women to achieve greater financial security in retirement.

REST is capitalising on new opportunities that will drive greater efficiency and will continue to strengthen our position as a leading superannuation fund that is easy to deal with and works for our members.

^ 'Balanced option' refers to 'Balanced' options with exposure to growth style assets of between 60 per cent and 70 per cent. Approximately 70 per cent of Australians in the major funds surveyed by SuperRatings are invested in their fund's default investment option, which in most cases is the balanced investment option. Returns are net of investment fees, tax and implicit asset-based administration fees.

- Returns are based on net returns from 1 March 2009 to 31 May 2016. Past performance is not an indication of future performance.

\* SuperRatings Pty Limited does not issue, sell, guarantee or underwrite this product. Go to [www.superratings.com.au](http://www.superratings.com.au) for details of its ratings criteria.

# SuperRatings media release - 23 June 2016, '8 super funds rack up 100% returns since GFC'. For awards information please refer to [www.superratings.com.au/ratings](http://www.superratings.com.au/ratings)

# Industry spotlight



## Investment trends

- It has been a challenging year for investment markets, weighed down by uncertainty about a unique mix of economic, political and financial market conditions, including volatility in oil prices at the start of 2016, ongoing concerns of a slowdown in China's economy, risks to the US economic recovery and political concerns such as the UK's recent 'Brexit' referendum.
- Despite these challenges, it is business as usual for REST and we continue to regularly review and adjust our positions in light of current and expected market conditions.
- We believe investing is inherently about managing uncertainty and risk as markets never remain constant and fluctuations are a normal part of investing. REST has demonstrated that it can successfully manage members' investments through difficult periods such as the global financial crisis (GFC) in 2008 and we remain committed to increasing members' superannuation savings over the long term.

## The role of technology to connect with members

- We developed the REST Knowledge Hub to help make super easier to understand. It's an interactive and convenient online tool that features lots of helpful information, fun videos, online calculators and much more.
- We opened channels on three social media platforms – LinkedIn, Facebook and Twitter. Social media is a core strategic initiative for REST and has created new ways for us to engage with our members.
- We have migrated the public website and associated microsites to the cloud, away from a traditional data centre environment. Moving services to the cloud is an important part of putting the foundations in place to deliver on our technology strategy.

## The Financial System Inquiry (FSI)

- Superannuation is the largest asset that many Australians have after the family home, so making the super system competitive, efficient and transparent is crucial.
- REST welcomes the government's response to the FSI and its commitment to improving retirement income products and superannuation governance.
- We recognise the importance of superannuation to the financial future of working Australians. Our profit-to-member focus has made us extremely successful in providing consistent long-term investment performance, access to quality and affordable insurance, advice, and low fees.

## The value of insurance

- We understand that the ability to earn a living is one of the most important priorities for our members. We safeguard this with automatic income protection cover as well as death and total and permanent disablement cover as standard upon receipt of the first mandated employer contribution for REST Super members (limits and conditions apply).
- Every day, we see the benefits of providing insurance cover when the unexpected arises. REST receives about 400 new claims and pays out about \$28 million in insurance benefits to our members each month.
- REST's insurance needs calculator helps members better understand what level of cover is best suited to them at each life stage.

# Year in review

## JULY 2015

- REST is hailed by *Reader's Digest* as a Trusted Brand in the superannuation category for the second year in a row<sup>#</sup>.

## AUGUST 2015

- Super Review names REST Best Industry Super Fund for the second year in a row at the Super Fund of the Year 2015 awards<sup>^</sup>.
- REST is a finalist for Best Super Fund of the Year 2015 award, sponsored by Super Review<sup>^</sup>.
- REST's CEO, Damian Hill, is awarded Fund Executive of the Year at the Fund Executive Association Ltd (FEAL) annual award dinner<sup>^</sup>.

## SEPTEMBER 2015

- REST is a finalist for SuperRatings' 2016 MySuper of the Year award and the Pension of the Year award<sup>^</sup>.
- REST launches the Knowledge Hub, featuring a wealth of helpful information, videos and online calculators, on our website to help increase members' knowledge about their super.

## OCTOBER 2015

- REST's whitepaper *The Journey Begins*, investigates the attitudes of working Australians aged 50 or over to their financial situation, plans and expectations as they set out on the road to retirement.

## DECEMBER 2015

- REST refreshes its insurance contract with AIA Australia to offer affordable income protection, death and disability insurance for members.

## FEBRUARY 2016

- REST launches its national commercial 'Take REST With You'.

## MARCH 2016

- REST opens channels on social media outlets Facebook, LinkedIn and Twitter to better connect with our members.

## APRIL 2016

- REST undertakes research into how the rising cost of living is affecting Aussie millennials' ability to achieve the dream of owning a home as well as finding a dream job, while also saving for retirement.
- REST announces its fourth year of corporate sponsorship of **headspace** and supports its presence at Groovin' The Moo.

## MAY 2016

- REST ranks number one for investment performance over the past 10 years\* for our Core Strategy option against similar options of other peer comparison funds surveyed, according to research firms Morningstar and SuperRatings<sup>^</sup>.
- REST launches its national commercial 'No. 1 in the long run'.

## JUNE 2016

- REST releases its second edition research, *Super Mum II*, which reveals the lengths to which Aussie children go to support their parents, particularly mothers, in retirement.
- SuperRatings<sup>~</sup> recognises REST as being in an elite group of funds with a Balanced option<sup>†</sup> that have managed to accumulate returns that have compounded to more than 100 per cent since the depths of the GFC<sup>^</sup>.

<sup>†</sup> 'Balanced option' refers to 'Balanced' options with exposure to growth style assets of between 60 per cent and 70 per cent. Approximately 70 per cent of Australians in the major funds surveyed by SuperRatings are invested in their fund's default investment option, which in most cases is the balanced investment option. Returns are net of investment fees, tax and implicit asset-based administration fees. Returns are based on net returns from 1 March 2009 to 31 May 2016. Past performance is not an indication of future performance.

<sup>\*</sup> Returns for peer comparison funds over 10 year period sourced from SuperRatings Fund Crediting Rate Survey - SR 50 Balanced(60-76) Index, June 2016. Returns are net of investment fees, tax and implicit asset-based administration fees. Explicit fees such as fixed dollar administration fees, exit fees, contribution fees and switching fees are excluded. Past performance is not an indication of future performance. Ratings or investment returns are only one factor to consider when deciding how to invest your super. SuperRatings Pty Limited does not issue, sell, guarantee or underwrite this product. Go to [superatings.com.au](http://superatings.com.au) for details of its ratings criteria.

<sup>~</sup> SuperRatings media release - 23 June 2016, '8 super funds rack up 100% returns since GFC'. For awards information please refer to [superratings.com.au/ratings](http://superratings.com.au/ratings).

<sup>^</sup> Awards and ratings are only one factor to consider when deciding how to invest your super. For more information about our awards, visit [rest.com.au/ourawards](http://rest.com.au/ourawards).

<sup>#</sup> In 2016 REST was recognised as a trusted brand 2016 by Readers Digest as voted by Australians. Please refer to [homeoftrustedbrands.com.au](http://homeoftrustedbrands.com.au).



# Supporting women for the long run

It's no secret that women in Australia are likely to retire with significantly less super than men. In fact, the average Australian female retires with only half the savings of the average male<sup>1</sup>. REST is committed to ensuring that all of our female members have equal opportunity to enjoy a financially secure retirement.



## Our insights

### Improving the lives of women means improving the lives of their children

Our *Super Mum II* research\* conducted during the year shows retired mothers are three times as likely as retired fathers to need financial help with everyday expenses, including rent. More than one in three Australians currently supporting their mothers in retirement believe this is because their mums put their families' financial needs ahead of their own. This research builds on REST's 2015 *Super Mum* Index which surveyed more than 1000 Australian mums aged 25-55 with children under 18. It revealed that putting family first has meant two in five Australian mothers risk financially burdening their children later in life by inadequately saving for retirement.

The new research shows the intergenerational dependency is self-perpetuating, with most (63.2 per cent) of the respondents who support their parents in retirement believing they will need to rely on financial support from their own children in retirement.

### Empowering women to achieve a financially secure retirement

REST is a strong advocate for improving the retirement outcomes of women. REST's submission to the Senate Inquiry into the Economic Security for Women in Retirement in October 2015, is a cornerstone of our work in ensuring women have an equal opportunity to achieve a financially secure future. Our submission proposed a number of solutions to help bridge this gap.

REST welcomes the government's consideration of key recommendations of the inquiry, including improving the retirement income of carers, removing the \$450 monthly income threshold for exemptions on compulsory superannuation contributions, and creating a more robust safety net for low-paid workers.

We focus on empowering women to take small actions such as consolidating their super accounts<sup>^</sup>, boosting their super through salary sacrificing and spouse/partner contributions.



Retired mothers are **three times** as likely to need financial help with expenses than retired dads.



**One in three** people who are supporting their retired mums believe the support is required because she put the family's immediate financial needs ahead of her own.



**63 per cent** of Australians supporting their parents in retirement believe they'll need to rely on their own children in retirement.

“Twenty-five per cent of our current REST members have received a low-income superannuation contribution (LISC) over the last 12 months. Female members are 35 per cent more likely to receive LISC than their male counterparts. That translates in our circumstances to over 350,000 members receiving a LISC in one year, with almost \$100 million being put towards their retirement savings. When you think about the compounding effect of that, that makes a big difference.”

– Testimony from REST CEO Damian Hill to the Senate inquiry.

\*This research surveyed 1052 Australians aged over 18 who are currently providing financial support to their retired parents, and was conducted in April 2016 by third party research house Pure Profile.

<sup>1</sup> The Association of Super Funds of Australia (ASFA) 'Developments in the level and distribution of retirement savings' (2011).

<sup>^</sup> We recommend you consider the impact consolidating your super may have on any insurance or benefit entitlements you have in your other fund(s), whether any exit fees or other fees and costs may apply, and seek advice from a licensed financial adviser if you have any questions.

# Strong long-term performance

REST's long-term investment focus has driven its strong performance over the past decade, with the REST Super Core Strategy (REST's MySuper investment option) returning 6.54 per cent per annum to members over a 10-year period and 9.11 per cent per annum over a seven-year period\*. The REST Pension Balanced investment option (the REST Pension default investment option) delivered 6.56 per cent return per annum over 10 years and 8.89 per cent per annum over seven years†.

The REST Super Core Strategy (MySuper investment option) returned 3.02 per cent for the June quarter and 1.82 per cent for the financial year ending 30 June 2016\*. This was a moderation in returns following a long stretch of strong performance since the end of the GFC. There was significant volatility in financial markets over the financial year, most notably at the beginning of 2016 due to fluctuating oil prices and again in June as a result of 'Brexit'. These periods of volatility explain much of the moderation in investment returns during the year.

Property was the largest contributor to Core Strategy returns, followed by infrastructure, with both asset classes underpinning investment performance over the 12 months. Australian shares and bonds contributed modest returns, but overseas shares – the largest asset class exposure for Core Strategy – was the main detractor in the short-term performance.

As always, we remain committed to our mission of improving the retirement outcomes of our members throughout their lives.

Our goal is to grow our members' savings by delivering returns above the rate of inflation over the long-term. To help achieve that goal, we provide our members with a range of investment options that allows them to choose how their super will be invested based on their individual circumstances. REST focuses on applying the appropriate investment strategy to achieve the aim of each investment option.

Our investment strategy is guided by REST's eight core investment beliefs<sup>^</sup> that revolve around an active investment management approach. The key investment information for each investment option is provided in our website and also in this annual report.

\* These return figures are in respect of the REST Core Strategy option only. The returns of the REST Pension Core Strategy option are different from these return figures. Past performance is not an indication of future performance.

† These return figures are in respect of the REST Pension Balanced option only. The returns of the REST Balanced option are different from these return figures. Past performance is not an indication of future performance.

<sup>^</sup> Further information about REST's investment beliefs can be found at [www.rest.com.au/investmentbeliefs](http://www.rest.com.au/investmentbeliefs)



## Property overview

### A strong performer

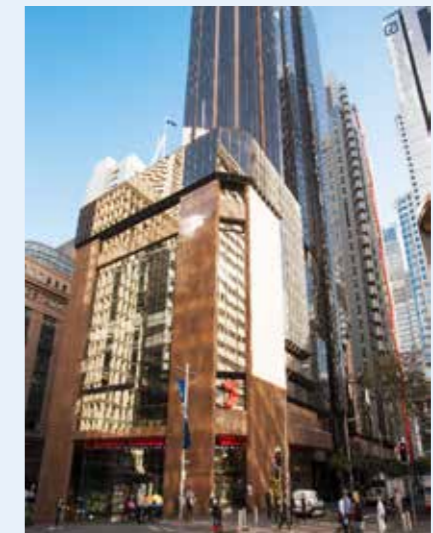
Property provided solid returns in what was a challenging year on global investment markets. REST's property portfolio performance was driven by strong valuations that were supported by the low interest rate environment and the broad range of investors seeking quality real estate assets.

### Different types of property

REST aims to hold a diversified range of Australian and international investments across the office, retail and residential sectors. Some of our key properties include 52 Martin Place in Sydney, NSW, and 140 William Street in Melbourne, Victoria.



140 William St, Melbourne, Victoria



52 Martin Place Sydney, NSW

### Benefits of diversification

At REST we believe diversification is a key part of prudent investing as it helps manage risk and offers different sources of returns. In our view, investing in REST's property portfolio can provide another source of returns for members seeking a diversified investment portfolio.





## Infrastructure overview

### Real assets for the long term

REST's infrastructure assets include roads, railways, airports, pipelines, electricity distribution, renewable energy generation and student housing. These types of assets can provide stable returns that are linked to the essential services that they provide.

### Markets are never constant

Fluctuations are a normal part of investing and a fact of life for global financial markets. A diversified investment portfolio with exposure to a range of asset classes, such as infrastructure, helps manage risk and allows for alternative sources of returns during difficult market conditions. Diversification forms a key part of how we invest at REST.

## Returns from REST's investment options over varied periods are as follows as at 30 June 2016:

### REST Super - core options

Investment options	10 years (%pa)	7 years (%pa)	5 years (%pa)	3 years (%pa)	1-year (%pa)
REST Super Core Strategy	6.54	9.11	8.56	8.09	1.82
REST Pension Core Strategy	N/A	10.00	9.31	8.50	1.56
REST Pension Balanced	6.56	8.89	8.30	7.50	1.81

### REST Super - investment options

Investment options	10 years (%pa)	7 years (%pa)	5 years (%pa)	3 years (%pa)	1 year (%pa)
Core Strategy	6.54	9.11	8.56	8.09	1.82
Cash Plus	3.63	3.49	3.03	2.48	1.78
Balanced	5.82	7.93	7.44	6.90	1.87
Capital Stable	5.45	6.79	6.22	5.49	1.81
Diversified	6.31	9.26	8.97	8.67	2.01
High Growth	6.52	10.03	9.86	9.77	1.81
Basic Cash	N/A	N/A	2.51	2.03	1.81
Cash	3.60	3.32	2.81	2.34	2.04
Bond	6.02	6.76	5.73	4.09	1.62
Shares	6.04	10.70	10.95	11.02	-0.57
Property	6.42	6.48	7.73	8.87	12.99
Australian Shares	6.92	10.29	8.93	9.55	3.32
Overseas Shares	4.42	10.27	11.99	11.54	-3.69

### REST Pension - investment options

Investment options	10 years (%pa)	7 years (%pa)	5 years (%pa)	3 years (%pa)	1 year (%pa)
Core Strategy	N/A	10.00	9.31	8.50	1.56
Cash Plus	4.30	4.12	3.55	2.89	2.09
Balanced	6.56	8.89	8.30	7.50	1.81
Capital Stable	6.28	7.74	7.03	6.05	1.86
Diversified	7.03	10.29	9.94	9.38	1.82
High Growth	7.15	11.01	10.77	10.41	1.54
Basic Cash	N/A	3.38	2.95	2.38	2.12
Cash	4.29	3.96	3.37	2.79	2.41
Bond	7.05	7.89	6.65	4.78	1.85
Shares	6.41	11.49	11.73	11.52	-1.84
Property	7.17	7.34	8.71	9.87	14.16
Australian Shares	7.54	11.16	9.70	9.93	1.79
Overseas Shares	4.79	11.38	13.28	12.76	-4.23

### REST's calculation of returns

Unless otherwise stated, returns in the above tables are net of investment fees and tax, except in the case of REST Pension options which are untaxed. Investment returns are at the investment option level and are reflected in the unit prices for those options. The earnings applied to members' accounts may differ. The net investment returns are allocated to your account based on the number of units of the investment option that you are invested in. Returns for the three, five, seven and 10-year periods are annualised returns. 'N/A' applies to options running less than the indicated periods.

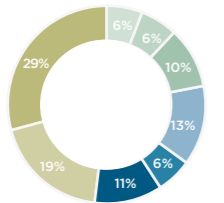
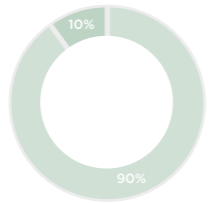
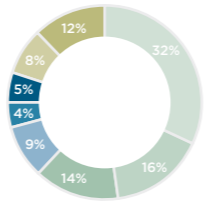
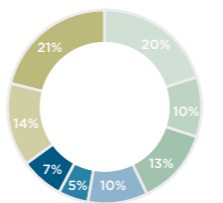
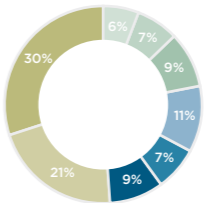
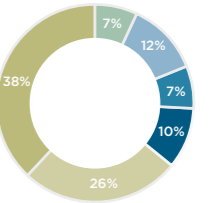
Past performance is not an indication of future performance. For more information visit [rest.com.au/investment](http://rest.com.au/investment)

### Investment options

The following tables outline how our assets are structured according to the varying investment options. REST had no more than five per cent of assets invested in any one investment on 30 June 2016. The investment option returns on the following pages are quoted as at 30 June each year and are current as at 30 June 2016. The returns are after investment fees and taxes, except for the REST Pension options which are untaxed.

REST allows some of its investment managers to use derivatives to:

- protect a portfolio's value
- change the interest rate sensitivity in cash and fixed-interest portfolios
- change market exposure rapidly
- modify exposure to foreign currency.

Core Strategy			Structured options															
			Cash Plus			Capital Stable			Balanced		Diversified		High Growth					
<b>Aim<sup>1</sup></b>	Achieve a balance of risk and return by investing in both growth assets and defensive assets.		Maintain the purchasing power of funds invested by earning above cash returns, whilst minimising the risk of any capital loss.			Provide a stable pattern of returns whilst maintaining a low probability of a negative return in any one year.			Achieve a balance of risk and return by investing in approximately equal proportions of growth assets and defensive assets.		Achieve strong returns over the longer term by investing in a diversified mix of assets weighted towards shares and other growth assets.		Maximise returns over the long-term by investing predominantly in growth assets.					
<b>Investment return objective<sup>2</sup></b>	CPI + 3% pa over the long-term (rolling 10 year periods).		Outperform the Bloomberg AusBond Bank Bill Index over the short-term (rolling 2 year periods).			CPI + 1% pa over the medium-term (rolling 4 year periods).			CPI + 2% pa over the medium-term (rolling 6 year periods).		CPI + 3% pa over the long-term (rolling 10 year periods).		CPI + 4% pa over the very long-term (rolling 12 year periods).					
<b>Asset allocation<sup>3</sup></b>	22% defensive, 78% growth, A mix of shares and bonds (both Australian and overseas), property, infrastructure, alternative assets and cash.  <ul style="list-style-type: none"> <li>Cash securities 6% (0-25%)</li> <li>Bonds 6% (5-75%)</li> <li>Defensive alternatives 10% (0-25%)</li> <li>Growth alternatives 13% (0-25%)</li> <li>Infrastructure 6% (0-15%)</li> <li>Property 11% (0-25%)</li> <li>Australian shares 19% (15-45%)</li> <li>Overseas shares 29% (5-35%)</li> </ul>		100% defensive Cash plus a small allocation to Defensive Alternatives. Cash consists of a portfolio of securities with a low level of interest rate risk (12 months or less), including bank deposits, bank bills, commercial paper and floating rate notes, for example, residential mortgage backed securities.  <ul style="list-style-type: none"> <li>Cash securities 90%</li> <li>Defensive alternatives 10%</li> </ul>			62% defensive, 38% growth Mainly bonds (both Australian and overseas) and cash, with smaller proportions of shares (both Australian and overseas), property, infrastructure and alternative assets.  <ul style="list-style-type: none"> <li>Cash securities 32%</li> <li>Bonds 16%</li> <li>Defensive alternatives 14%</li> <li>Growth alternatives 9%</li> <li>Infrastructure 4%</li> <li>Property 5%</li> <li>Australian shares 8%</li> <li>Overseas shares 12%</li> </ul>			43% defensive, 57% growth A mix of shares and bonds (both Australian and overseas), property, infrastructure, alternative assets and cash.  <ul style="list-style-type: none"> <li>Cash securities 20%</li> <li>Bonds 10%</li> <li>Defensive alternatives 13%</li> <li>Growth alternatives 10%</li> <li>Infrastructure 5%</li> <li>Property 7%</li> <li>Australian shares 14%</li> <li>Overseas shares 21%</li> </ul>		22% defensive, 78% growth Australian and overseas shares, property, infrastructure, alternative assets plus lesser amounts of bonds (both Australian and overseas) and cash.  <ul style="list-style-type: none"> <li>Cash securities 6%</li> <li>Bonds 7%</li> <li>Defensive alternatives 9%</li> <li>Growth alternatives 11%</li> <li>Infrastructure 7%</li> <li>Property 9%</li> <li>Australian shares 21%</li> <li>Overseas shares 30%</li> </ul>		7% defensive, 93% growth Australian and overseas shares, property, infrastructure and alternative assets.  <ul style="list-style-type: none"> <li>Defensive alternatives 7%</li> <li>Growth alternatives 12%</li> <li>Infrastructure 7%</li> <li>Property 10%</li> <li>Australian shares 26%</li> <li>Overseas shares 38%</li> </ul>					
<b>Minimum suggested timeframe</b>	10+ years		2+ years			4+ years			6+ years		10+ years		12+ years					
<b>Standard risk measure<sup>4</sup></b>	Estimated number of negative annual returns over any 20 year period, 3 to less than 4		Estimated number of negative annual returns over any 20 year period, less than 0.5 of a year			Estimated number of negative annual returns over any 20 year period, 1 to less than 2			Estimated number of negative annual returns over any 20 year period, 2 to less than 3		Estimated number of negative annual returns over any 20 year period, 3 to less than 4		Estimated number of negative annual returns over any 20 year period, 4 to less than 6					
<b>Risk band and level<sup>5</sup></b>	Risk band 5, Medium to High		Risk band 1, Very Low			Risk band 3, Low to Medium			Risk band 4, Medium		Risk band 5, Medium to High		Risk Band 6, High					
<b>What this option has returned<sup>6</sup></b> (Past performance is not an indication of future performance)	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension				
	2012	0.85%	1.18%	2012	3.99%	4.77%	2012	4.26%	5.25%	2012	2.77%	3.42%	2012	0.84%	1.20%	2012	-0.52%	-0.46%
	2013	18.42%	20.76%	2013	3.70%	4.40%	2013	10.48%	11.88%	2013	14.07%	15.92%	2013	18.73%	21.26%	2013	21.65%	24.50%
	2014	13.29%	14.41%	2014	2.96%	3.43%	2014	7.58%	8.40%	2014	10.01%	11.01%	2014	13.08%	14.35%	2014	15.17%	16.30%
	2015	9.47%	9.93%	2015	2.72%	3.16%	2015	7.17%	8.00%	2015	8.99%	9.93%	2015	11.26%	12.40%	2015	12.80%	13.97%
	2016	1.82%	1.56%	2016	1.78%	2.09%	2016	1.81%	1.86%	2016	1.87%	1.81%	2016	2.01%	1.82%	2016	1.81%	1.54%
	Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa					
	Five year	8.56%	9.31%	Five year	3.03%	3.55%	Five year	6.22%	7.03%	Five year	7.44%	8.30%	Five year	8.97%	9.94%	Five year	9.86%	10.77%
	Ten year	6.54%	n/a	Ten year	3.63%	4.30%	Ten year	5.45%	6.28%	Ten year	5.82%	6.56%	Ten year	6.31%	7.03%	Ten year	6.52%	7.15%

Investment options with an exposure to the Australian shares asset class may include companies listed in Australia whose legal domicile is overseas.

In addition, up to 10% of this asset class may be invested in stocks listed on the New Zealand Stock Exchange.

<sup>†</sup> The Core Strategy's returns are based on unit pricing from 1 January 2013 onwards. Prior to that a crediting rate was used.

**1. Aim** - This is the goal or objective of the investment option.

**2. Investment return objective** - This is what the Trustee uses to determine asset allocation. It is also used to measure if the investment objective is met. It is not a guaranteed rate of return. REST does not use the Return Target (shown in the Product Dashboard available at [rest.com.au/dashboard](http://rest.com.au/dashboard)) to set the investment return objective.

**3. Asset allocation** - For the Core Strategy option, the asset allocation will vary year to year within the ranges shown in brackets. This also means the allocation to defensive assets and growth assets will vary from time to time.

For all options other than the Core Strategy:

The allocation to an individual asset class may vary by +/- 5% from the benchmark allocation shown, but not below 0% or more than 100% for an individual asset class;

Where an option does not currently have a benchmark allocation to Cash, an allocation of up to 5% may be introduced; and

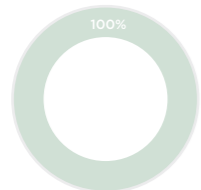
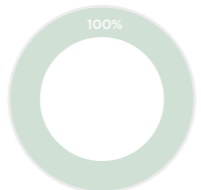
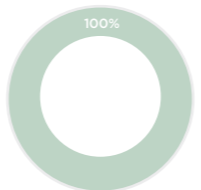
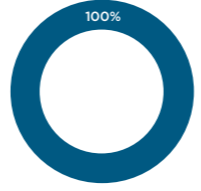
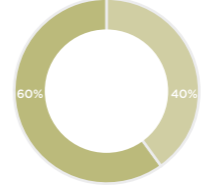
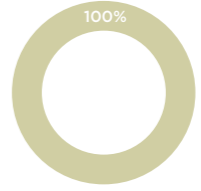
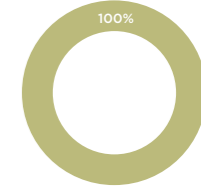
The overall allocation to growth assets and defensive assets may vary by +/- 10% from the allocation shown.

The Trustee reserves the right to vary the asset allocations, including the benchmarks and ranges, of all or any of the investment options, introduce new options, or close or terminate existing options without prior notice (where permitted by law).

**4. Standard Risk Measure** - This is a guide as to the likely number of negative annual returns expected over any 20 year period. For further information about the Standard Risk Measure, see [rest.com.au/srm](http://rest.com.au/srm).

**5. The risk band and risk level** is based on the Standard Risk Measure. The Standard Risk Measure includes seven risk bands, from one (very low risk) to seven (very high risk).

**6. What this option has returned** - Returns are net of investment fees and taxes as at 30 June. The returns are based on the valuation of the underlying assets as at 30 June. REST Pension returns are net of investment fees and are untaxed as at 30 June.

Member-tailored options																					
Basic Cash		Cash		Bond		Property		Shares		Australian Shares		Overseas Shares									
<b>Aim<sup>1</sup></b>	Provide you with the opportunity to construct portfolios that are appropriate to your own particular circumstances. Your portfolio may be constructed from one or more of the Basic Cash, Cash, Bond, Property, Shares, Australian Shares and Overseas Shares options, as well as from the Structured options and the Core Strategy. This permits the construction of portfolios with an extremely wide range of risk/return objectives.						Provide you with the opportunity to construct portfolios that are appropriate to your own particular circumstances. A portfolio may be constructed from one or more of the Basic Cash, Cash, Bond, Property, Shares, Australian Shares and Overseas Shares options, as well as from the Structured options and the Core Strategy. This permits the construction of portfolios with an extremely wide range of risk/return objectives.														
<b>Investment return objective<sup>2</sup></b>	Match the return of the Reserve Bank cash rate target before tax and before fees over rolling 1 year periods.		Perform in line with the Bloomberg AusBond Bank Bill Index (before tax and after fees) over rolling 1 year periods.		Outperform the benchmark return (before tax and after fees) over rolling 2 year periods. The benchmark is calculated using the Bloomberg AusBond Composite 0+ Yr Index, Bloomberg AusBond Inflation 0+ Yr Index Citigroup World Government Bond Index (hedged) and Barclays Global Inflation linked Index (hedged).		Outperform both the Mercer Unlisted Property Index (before tax and after fees) over rolling 3 year periods and the 10 year bond rate plus 3% pa over rolling 5 year periods.		Outperform the benchmark return (before tax and after fees) over rolling 3 year periods. The benchmark is calculated using the S&P/ASX 300 Accumulation Index and the MSCI All Country World ex-Australia Index in \$AUD.		Outperform the S&P/ASX 300 Accumulation Index (before tax and after fees) over rolling 3 year periods.		Outperform the MSCI All Country World ex-Australia Index in \$AUD (before tax and after fees) over rolling 3 year periods.								
<b>Asset allocation<sup>3</sup></b>	100% defensive The portfolio will invest in deposits with, or short-term discount securities (bank bills and negotiable certificates of deposit) issued by, banks rated at least AA- at the time of purchase. It may also invest in short-dated debt issued and guaranteed by the Australian Commonwealth or State Governments. All securities will have a maximum term to maturity of three months.		100% defensive A portfolio of securities with a low level of interest rate risk (12 months or less), including bank deposits, bank bills, commercial paper and floating rate notes, for example, residential mortgage backed securities.		100% defensive A mixture of Australian and overseas debt securities issued by Governments, semi-government authorities and companies.		100% growth		100% growth A mixture of Australian and overseas shares.		100% growth		100% growth								
																					
	■ Cash securities 100%		■ Cash securities 100%		■ Bonds 100%		■ Property 100%		■ Australian shares 40% ■ Overseas shares 60%		■ Australian shares 100%		■ Overseas shares 100%								
<b>Suggested minimum timeframe</b>	3 months or less		1 to 2 years		4+ years		10+ years		12+ years		12+ years		12+ years								
<b>Standard risk measure<sup>4</sup></b>	Estimated number of negative annual returns over any 20 year period, less than 0.5 of a year		Estimated number of negative annual returns over any 20 year period, less than 0.5 of a year		Estimated number of negative annual returns over any 20 year period, 3 to less than 4		Estimated number of negative annual returns over any 20 year period, 3 to less than 4		Estimated number of negative annual returns over any 20 year period, 4 to less than 6		Estimated number of negative annual returns over any 20 year period, 6 years or greater		Estimated number of negative annual returns over any 20 year period, 4 to less than 6								
<b>Risk band and level<sup>5</sup></b>	Risk band 1, Very Low		Risk band 1, Very Low		Risk band 5, Medium to High		Risk band 5, Medium to High		Risk band 6, High		Risk band 7, Very High		Risk band 6, High								
<b>What this option has returned<sup>6</sup></b> (Past performance is not an indication of future performance).	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension	Super/Acumen	Pension					
	2012	3.76%	4.45%	2012	3.87%	4.71%	2012	9.11%	10.63%	2012	5.21%	6.15%	2012	-3.83%	4.17%	2012	-4.96%	-4.88%	2012	-2.92%	-3.55%
	2013	2.69%	3.19%	2013	3.15%	3.79%	2013	7.38%	8.43%	2013	6.85%	7.86%	2013	27.79%	30.99%	2013	22.75%	25.70%	2013	30.77%	34.90%
	2014	2.24%	2.61%	2014	2.62%	3.09%	2014	4.89%	5.83%	2014	7.74%	8.80%	2014	19.24%	20.89%	2014	18.39%	20.30%	2014	19.61%	21.97%
	2015	2.04%	2.40%	2015	2.36%	2.89%	2015	5.80%	6.72%	2015	6.01%	6.78%	2015	15.41%	16.87%	2015	7.49%	8.48%	2015	20.46%	22.74%
	2016	1.81%	2.12%	2016	2.04%	2.41%	2016	1.62%	1.85%	2016	12.99%	14.16%	2016	-0.57%	-1.84%	2016	3.32%	1.79%	2016	-3.69%	-4.23%
	Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa		Annualised return pa								
	Five year	2.51%	2.95%	Five year	2.81%	3.37%	Five year	5.73%	6.65%	Five year	7.73%	8.71%	Five year	10.95%	11.73%	Five year	8.93%	9.70%	Five year	11.99%	13.28%
	Ten year	n/a	n/a	Ten year	3.60%	4.29%	Ten year	6.02%	7.05%	Ten year	6.42%	7.17%	Ten year	6.04%	6.41%	Ten year	6.92%	7.54%	Ten year	4.42%	4.79%

Investment options with an exposure to the Australian shares asset class may include companies listed in Australia whose legal domicile is overseas. In addition, up to 10% of this asset class may be invested in stocks listed on the New Zealand Stock Exchange.

**1 Aim** - This is the goal or objective of the investment option.

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The overall allocation to growth assets and defensive assets may vary by +/- 10% from the allocation shown.

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**4 Standard Risk Measure** - This is a guide as to the likely number of negative annual returns expected over any 20 year period. For further information about the Standard Risk Measure, see [rest.com.au/srm](http://rest.com.au/srm).

**5 The risk band and risk level** is based on the Standard Risk Measure. The Standard Risk Measure includes seven risk bands, from one (very low risk) to seven (very high risk).

**6 What this option has returned** - Returns are net of investment fees and taxes as at 30 June. The returns are based on the valuation of the underlying assets as at 30 June. REST Pension returns are net of investment fees and are untaxed as at 30 June.

# Understanding our members and employers

Understanding our members, their key challenges and the barriers they face when saving for retirement is fundamental to ensuring our members are supported and are in the best possible financial position when they decide to kick back and enjoy retirement.

We also share our insights with employers to help them understand the needs of their employees as well as helping to simplify superannuation to make doing business with us even easier.

## Millennials (18-34) - Bring it on!

**'Passion over profit, flexibility over stability is key for young Australians'**

Our research<sup>~</sup> into millennials' attitudes towards starting a business show that the entrepreneurial spirit is alive and well, with one in three of the young respondents seeing themselves owning their own business one day. Half of those aged 18-34 said they would be willing to take a pay cut to pursue a career they were passionate about.

**How we used this insight:**

Regardless of whether our members are planning to start their own business or take a more traditional career path, REST encourages members to check their super health. We have developed simple tips to help our members build the right foundations to achieve the retirement they deserve, no matter where their career takes them.

**'The Australian Dream is alive, but slipping out of reach'**

Our research also found that the Australian Dream of property ownership is becoming more difficult for millennials to achieve, with four in five young Australians concerned that the rising cost of living has put it out of reach. In fact, more than half of the young respondents worried that the high cost of living means they won't be able to afford a comfortable retirement.

**How we used this insight:**

While it's great to see that young Australians are interested in purchasing property and keeping an eye on their financial situation, it's important to plan for the next 50 years, not just the next five. REST provided straightforward information on simple ways to achieve retirement savings goals without compromising the dream of home ownership. We provided these insights to employers to help them better understand and support their young employees.



**48 per cent** of young people are willing to take a pay cut to do something they're passionate about.



**One in three** young people see themselves owning their own business.



**80 per cent** of millennials believe they are **not on track** to achieve home ownership.



**52 per cent** believe home ownership has been put out of reach by higher house prices.

## Baby Boomers (55+): The journey begins

**'Older Aussies' retirement plans are not yet matched by their super savings'**

The third edition of our *The Journey Begins* research\* shows 72 per cent of older working Australians with adult children plan to help them financially, primarily by using their superannuation on retirement. We also found older working Australians expect to be short of funds in retirement, with nearly one-third of those aged over 50 having a super balance of less than \$100,000. Half of the survey respondents believe they'll need to rely solely on the age pension in their retirement.

**How we used this insight:**

REST used the research to remind members that they risk becoming financially dependent on their children later in life by using their retirement savings for other purposes. We reinforced the value of receiving professional financial advice and REST's offer to pay for a member's first super-related question over the phone with Link Advice<sup>^</sup>, a team of financial coaches and planners.



**72 per cent** of older working Australians plan to draw down on super to help their children financially.



**Nearly one-third** of those aged over 50 have a super balance of less than \$100,000.



**Half of the older Aussies** surveyed believe they will need to rely on the age pension.

## Improving our members' experiences

By listening to our members and employers through surveys and feedback during the year, we delivered a number of initiatives and enhancements to improve their overall experience of dealing with us:

- We launched the Knowledge Hub on our website to make understanding and saving for super even easier, with an array of helpful videos, articles and online calculators. Members can also get relevant information based on their life stage.
- Our customer service team was restructured to focus on member and employer experiences.
- We moved over 94 per cent of our more than 164,000 employers to electronic contributions.

- We started a project to design an industry-leading claims experience.
- We extended our Net Promoter Score<sup>®</sup> customer feedback points of contact to improve the member experience and will continue to expand the points of contact.
- We launched on Facebook, Twitter and LinkedIn to better engage our members and employers, enabling more ways for members to connect with us.

<sup>~</sup> Research conducted by Pure Profile in February 2016, surveyed 1006 Australians (male and female) aged between 18-34.

<sup>\*</sup> This research conducted by Lonergan Research in August 2015 captured the attitudes of 1167 working Australians aged 50 or over.

<sup>^</sup> Link Advice Pty Limited ABN 36 105 811 836, AFSL No. 258145. Link Advice personnel are not representatives of the Trustee. Any financial product advice given by Link Advice is provided under the Link Advice AFSL. The Trustee does not accept liability for any loss or damage incurred by any person as a result of using products or services provided by Link Advice.

<sup>®</sup> Net Promoter Score is a registered trademark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

# REST board governance



The REST Board is made up of individuals with a wealth of retail industry and commercial experience. Their longstanding, in-depth knowledge of REST, together with their understanding of the industry, adds value to the fund's operations and to members and employers.

The REST Board is made up of both employer and employee representatives from the retail industry, as well as an independent director who is also the Chair.

Four directors are nominated on behalf of employees by the Shop Distributive and Allied Employees Association (SDA). The remaining four directors are nominated by and represent employers and employer associations. They comprise three major employers participating in REST, and the Retail Council. Employees and employers are equally represented.

Board members as at 30 June 2016 are listed below.

Employee representation		Nominated by
	Board member since:	
Joe de Bruyn	13 December 1988	SDA
Sue-Anne Burnley	22 March 1996	SDA
Ian Blandthorn	25 September 2008	SDA
Geoffrey Williams	24 July 2008	SDA
Employer representation		Nominated by
Rohan Jeffs	6 July 1990	Woolworths
Duncan Shaw	25 November 2010	Myer
John Edstein	4 October 2013	Retail Council
Steven Priestley	4 March 2014	Coles
Independent Chair		Appointed By
Ken Marshman	17 December 2013*	The Board

\*Appointed as Chair on 31 July 2014



## Kenneth Stuart Marshman

Chairman of the Board and Independent Director

### Qualifications

Bachelor of Arts – Mathematics and Economics, University of Melbourne

Master of Economics, Monash University

Ken has specialised in financial markets and corporate strategy for more than 30 years and has been closely involved in investments for superannuation funds since 1986. He was Director of Finance and CEO at the State Electricity Commission of Victoria before joining JANA Investment Advisers. Ken was JANA's Managing Director from 1995 to 2008, and later was the Chair of the JANA Board and the Head of Investment Outcomes.

### Recent and past directorships/appointments

- Chairman and Director of Retail Employees Superannuation Pty Limited
- Chairman and Director of Super Investment Management Pty Limited
- Chair of the JANA Board of Directors

### REST Committee membership

- Chairman of Investment Committee
- Chairman of Tax Planning Committee
- People, Culture and Remuneration Committee
- Member and Employer Services Committee



## Joe de Bruyn

### Qualifications

Bachelor of Agricultural Science

Joe has more than 26 years' experience in superannuation and was the National Secretary of the SDA from 1978 to 2014. He is now the National President of the SDA. Joe was NSW Branch Secretary as well as National Secretary of the SDA from 1984 to 1996. He joined the executive of the Australian Council of Trade Unions in 1985, was elected Vice-President in 1997 and served as Senior Vice-President from 2003 to 2015. Joe has also served on bodies such as the Australian Labor Advisory Council, the World Executive Board of Union Network International, the National Workplace Relations Consultative Council, the Retail Council of Australia and the national executive of the Australian Labor Party.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited
- Director of Super Investment Management Pty Limited
- Chairman of Campion College
- **REST Committee membership**
- Chairman of the Member and Employer Services Committee
- Audit, Risk and Compliance Committee
- People, Culture and Remuneration Committee
- Investment Committee
- Tax Planning Committee



## Ian Blandthorn

AM

### Qualifications

Bachelor of Arts – Honours

Ian has more than 20 years' experience in superannuation and is currently the National Assistant Secretary of the SDA. He is also the Chair of Service Skills Australia, joint Chair of the National Wholesale Retail and Personal Services Industry Advisory Committee of Service Skills Australia and a Member of the Australian Council of Trade Unions executive. Previously he was a member of the State Training Board of Victoria, the President and a member of the Flagstaff College of TAFE Council and a member of the board of Victoria University TAFE.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited
- Board member of Skills IQ
- Joint Chair of National Wholesale, Retail and Personal Services Industry Training Council
- President of Commerce Sector for Asia-Pacific Region of Union Network International
- Chair of national Industry Reference Group

### REST Committee membership

- Tax Planning Committee
- Marketing Committee
- Member and Employer Services Committee



## Sue-Anne Burnley

### Qualifications

Bachelor of Education

Company Directors Course (GAICD)

Sue-Anne has 18 years' experience in superannuation and is the National Industrial Union Officer for the SDA. Whilst serving on the REST Board, Sue-Anne was appointed in 1998 as a Trustee Director to CareSuper, having retired from the position in December 2015. In 2002, she was engaged as an international consultant by ILO for a technical cooperative project in East Timor and she was the Industrial Services Co-ordinator for the Victorian Branch of the SDA in 2005.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited
- Director of CareSuper
- Member of SDA Women's Committee
- Member of Australian Institute of Company Directors

### REST Committee membership

- People, Culture and Remuneration Committee



## John Edstein

### Qualifications

Bachelor of Economics, University of Sydney

Bachelor of Laws, University of Sydney

Master of Laws with Honours, University of Sydney

John has been a solicitor since 1979. He co-founded Townsend & Edstein Solicitors in 1982, which established a reputation in superannuation and financial services law, including the taxation of financial services entities. In 1990, John joined Mallesons Stephen Jaques as a partner in the Taxation and Superannuation Group. John retired as a partner on 31 December 2012 (by which time the firm had combined to become King & Wood Mallesons). In addition to his role as a legal adviser, John was the National Practice Team leader for the taxation and superannuation group for several years. He was also a director on the boards of several of the firm's operating companies, including as Chair of the trustee of the Partners' Superannuation Fund until it was transferred to a master trust. John was a relationship partner for several of the firm's significant clients.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited

- Director of Perpetual Equity Investment Company Limited
- Director of Macquarie Investment Management Limited
- Director of The Trust Company (Superannuation) Limited
- Trustee of St Joseph's College Old Boys' Union
- Member of the Investment Committee, Catholic Archdiocese of Sydney
- Independent Member of the Australian Defence Forces Financial Services Consumer Centre
- Emeritus Member, Superannuation Committee of the Law Council of Australia
- Member, Tax Institute of Australia and Chartered Tax Adviser
- Member, Law Society of New South Wales

### REST Committee membership

- Audit, Risk and Compliance Committee
- Trust Deed Review Committee
- Tax Planning Committee
- Member and Employer Services Committee

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited
- Director of Sydney Harbour Federation Trust (SHFT)
- Chairman, SHFT Audit, Risk and Compliance Committee
- Director of Super Investment Management Pty Limited
- Fellow of Governance Institute of Australia

### REST Committee membership

- Chairman of People, Culture and Remuneration Committee
- Investment Committee
- Member and Employer Services Committee
- Tax Planning Committee



## Steven Priestley

### Qualifications

Bachelor of Commerce, University of Melbourne

Steven has 35 years' experience in finance and most recently was the Financial Controller for Coles Retail, Coles Group Limited. He was initially appointed to the REST Board in 2008, serving as a Director to 2012. Steve then served as an Alternate Director until being reappointed to the Board as a Director. Steven has worked in the Coles Group in various roles for the past seven years and previously was with Shell Australia Limited in various management roles, including Corporate Treasurer and Financial Controller. Steve is a former member of the Institute of Chartered Accountants.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited
- Loyalty Pacific Pty Ltd
- Director of Super Investment Management Pty Limited

### REST Committee membership

- Chairman of the Audit, Risk and Compliance Committee
- Tax Planning Committee
- Investment Committee



## Duncan Shaw

### Qualifications

Duncan has had a 40-year career in retail, starting as a retail cadet with Grace Bros. He rose to become Group General Manager Retail Operations and a member of the Management Board. His portfolios included strategic planning, marketing, management training and development. Duncan was also the Executive Director of the Australian Retailers Association, and most recently CEO of Go Vita Distributors, supplying 132 stores throughout Australia.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited

### REST Committee membership

- Chair of the Marketing Committee
- People, Culture and Remuneration Committee



## Rohan Jeffs

### Qualifications

Bachelor of Arts, University of Sydney

Bachelor of Laws, University of Sydney

Master of Laws, University of Sydney

Certificate of Advanced Human Resources Management, UCLA

Rohan is a lawyer with more than 35 years' experience in major listed Australian companies in the areas of corporate and commercial law. He has also held senior corporate roles responsible for governance, risk and compliance; human relations; procurement; industrial relations; superannuation; government, media and corporate relations. Rohan is also an Adjunct Professor of Law at the University of Queensland.

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited
- Director of Sydney Harbour Federation Trust (SHFT)
- Chairman, SHFT Audit, Risk and Compliance Committee
- Director of Super Investment Management Pty Limited
- Fellow of Governance Institute of Australia

### REST Committee membership

- Chairman of People, Culture and Remuneration Committee
- Investment Committee
- Member and Employer Services Committee
- Tax Planning Committee



## Geoffrey Williams

### Qualifications

Numerous training courses, including 12 on investments

Geoffrey has 37 years' experience in superannuation (including 27 years with REST) as well as 40 years' experience in administration, financial control, dispute resolution, arbitration and industrial relations. He was appointed to the REST Board in July 2008, having previously served as an Alternate Director for 20 years. He was Chief Executive of the Shop Assistants and Warehouse Employees Federation of Australia, Newcastle and Northern NSW, superannuation fund for 20 years.

- Director of Super Investment Management Pty Limited
- Director of 2HD Broadcasters Pty Limited
- Chief Executive of SAWEFA
- Retail Trade Industrial Tribunal Member
- NSW Child Safety Committee Member

### REST Committee membership

- Audit, Risk and Compliance Committee
- Investment Committee
- Trust Deed Review Committee
- People, Culture and Remuneration Committee

### Recent and past directorships/appointments

- Director of Retail Employees Superannuation Pty Limited

# Alternate Directors

The Alternate Directors of the Board as at 30 June 2016 are listed below.

Employee representation		Nominated by	Alternate Director to
	Alternate Director since		
Michael Donovan	2011	SDA	Ian Blandthorn
Gerard Dwyer	2014	SDA	Joe de Bruyn
Julia Fox	2014	SDA	Sue-Anne Burnley
Aliscia di Mauro	2016	SDA	Geoff Williams
Joanne Lester	2016	Coles	Steven Priestley

## Michael Donovan

### Qualifications

Bachelor of Science, majoring in Chemistry and Mathematics

Michael was a Research Officer and subsequently a Senior Research Officer for the SDA from 1977 to 1992, including research, advocacy, negotiation, member advice, delegate education and some government liaison. He was advocate for the SDA in the major case that established industry-wide superannuation for retail workers in 1987-88. Michael became Assistant Secretary of the Victorian Branch of the SDA in 1992 and Secretary in 1996. He is responsible for the supervision of the employees of the branch, for the financial management of the branch and for the strategic director of the branch, in association with other elected officers.

### Recent and past directorships/appointments

- Alternate Director of Retail Employees Superannuation Pty Limited
- Chair of FEDSDA Pty Ltd
- Chair of Industrial Printing and Publishing Pty Ltd
- Chair of Publicity Works Pty Ltd
- Member of the Victorian Occupational Health and Safety Advisory Committee

### REST Committee membership

- Nil. However, in addition to acting as Alternate Director for Ian Blandthorn at REST Board meetings, Michael may take Ian's place at committee meetings if Ian is unable to attend.

## Gerard Dwyer

### Qualifications

Bachelor of Education (History and English)

Masters of Business in Employment Relations, University of Technology Sydney

Australian Institute of Company Directors graduate

Gerard Dwyer is the National Secretary-Treasurer of the SDA. Gerard has been the Secretary-Treasurer of the SDA-NSW Branch (2005-14), National President of the union (2008-14) and SDA National Secretary since 2014. The SDA is Australia's largest trade union and represents employees working in retail, fast food and warehousing. Gerard previously was a shop assistant, classroom teacher and social worker. He has been a trade union official for more than 20 years.

### Recent and past directorships/appointments

- Alternate Director of Retail Employees Superannuation Pty Limited for Joe de Bruyn
- Alternate Director of Super Investment Management Pty Limited for Joe de Bruyn
- National Secretary - Treasurer of the SDA
- Member of the NSW ALP Administrative Committee
- **REST Committee membership**
- Nil. However, in addition to acting as Alternate Director for Joe de Bruyn at REST Board meetings, Gerard may take Joe's place at committee meetings if Joe is unable to attend.

## Julia Fox

### Qualifications

Bachelor of Arts, Swinburne University

Masters of Law (Juris Doctor), Monash University

SDA Victorian Branch - Organiser 1994-2000

SDA National Office - Industrial Officer since 2000

### Recent and past directorships/appointments

- Alternate Director of Retail Employees Superannuation Pty Limited for Sue-Anne Burnley
- **REST Committee membership**
- Nil. However, in addition to acting as Alternate Director for Sue-Anne Burnley at REST Board meetings, Julia may take Sue-Anne's place at committee meetings if Sue-Anne is unable to attend.

## Joanne Lester

### Qualifications

Bachelor of Psychology

Graduate Diploma of Financial Accounting

Australian Institute of Company Directors graduate

Jo has more than 25 years' experience in the superannuation industry and is currently Superannuation Manager at Wesfarmers Limited. Change management has been a key feature of Jo's superannuation career as the superannuation landscape and Wesfarmers' organisational structure have changed considerably over her nearly 20 years with the company. Jo is also the Chair of St Hilda's School for Girls Foundation.

### Recent and past directorships/appointments

- Alternate Director of Retail Employees Superannuation Pty Limited for Steven Priestley.
- **REST Committee membership**
- Nil. However, in addition to acting as Alternate Director for Steven Priestley at REST Board meetings, Joanne may take Steven's place at committee meetings if Steven is unable to attend.

### Qualifications

Bachelor of Laws (Hons), University of Technology Sydney

Bachelor of Commerce (Accounting), Sydney University

Aliscia has been an industrial officer at the SDA NSW branch and a part-time official since 2010. Aliscia previously worked as a senior accountant at Ernst & Young, as an accountant at Hill Rogers and subsequently as a lawyer at Minter Ellison Lawyers.

### Recent and past directorships/appointments

- Alternate Director of Retail Employees Superannuation Pty Limited for Geoffrey Williams.
- **REST Committee membership**
- Nil. However, in addition to acting as Alternate Director for Geoffrey Williams at REST Board meetings, Aliscia may take Geoffrey's place at committee meetings if Geoffrey is unable to attend.



### REST Board composition

Under its governing rules, REST may appoint directors who are not employees or representatives of any affiliated organisations. Ensuring an appropriate mix of skills, knowledge and experiences on the Board is the critical focus. The Trustee has adopted this approach in its director appointments and independent expert consultant review of individual and collective Board performance. The Trustee's directors bring experience and knowledge gleaned from senior roles in the retail industry, or as experts in the legal, investment or other relevant sectors. Our directors are able to express a wide range of views in a robust decision-making process while acting in the best interests of members, not of their industry or employer representative bodies.

### Board assessment

The Trustee's directors must meet minimum education requirements of at least 20 hours per annum, and many exceed this. The Board is also subject to a rigorous governance review process, including regular assessments by external consultants to ascertain directors' capabilities and knowledge.

### Fitness and propriety

A 'fit and proper' assessment must be completed before a person is appointed as a Responsible Person, unless they hold the position because the Australian Prudential Regulation Authority (APRA) has determined that the person is a Responsible Person. Responsible Persons at REST include directors and senior management, RSE actuaries and RSE auditors. The Board oversees the conduct of a fit and proper assessment before appointing Responsible Persons permanently.

### Annual certifications

Each Responsible Person must confirm in writing each year that they have met the criteria for fitness and propriety established by REST's Fit and Proper Policy, including a statutory declaration that they are not a Disqualified Person. They must also complete a Certificate of Propriety and a questionnaire covering matters determined by the Trustee. These documents must then be provided to the General Counsel and Company Secretary. The certifications are tabled before the Audit, Risk and Compliance Committee (ARCC) and the Board.

### Periodic training reviews

Each Responsible Person's progress in meeting their training requirements for the year is reviewed each quarter. The Board must review each Responsible Person's compliance with the requirements of fitness each year, taking

into account whether they have met their training requirements.

### Ethical conduct

The REST Code of Conduct sets out the expected standards of conduct and behaviour for directors and employees. It includes requirements to:

- act with integrity
- keep the information they have accessed as part of their roles confidential
- not conduct REST's business when affected by drugs or alcohol
- use REST's resources only for appropriate purposes.

There are also monetary limits on the acceptance of meals and non-cash gifts. All offers of cash or cash equivalents (including credit cards, debit cards, vouchers or gift cards) of any value must be refused and the Company Secretary advised of the offer.

REST also has a Conflict Management Policy that sets out the procedures to identify and manage conflicts of interest and duty, and to help the Trustee, its directors and employees comply with their obligations in the management of conflicts.

### The Board has the ultimate responsibility for REST.

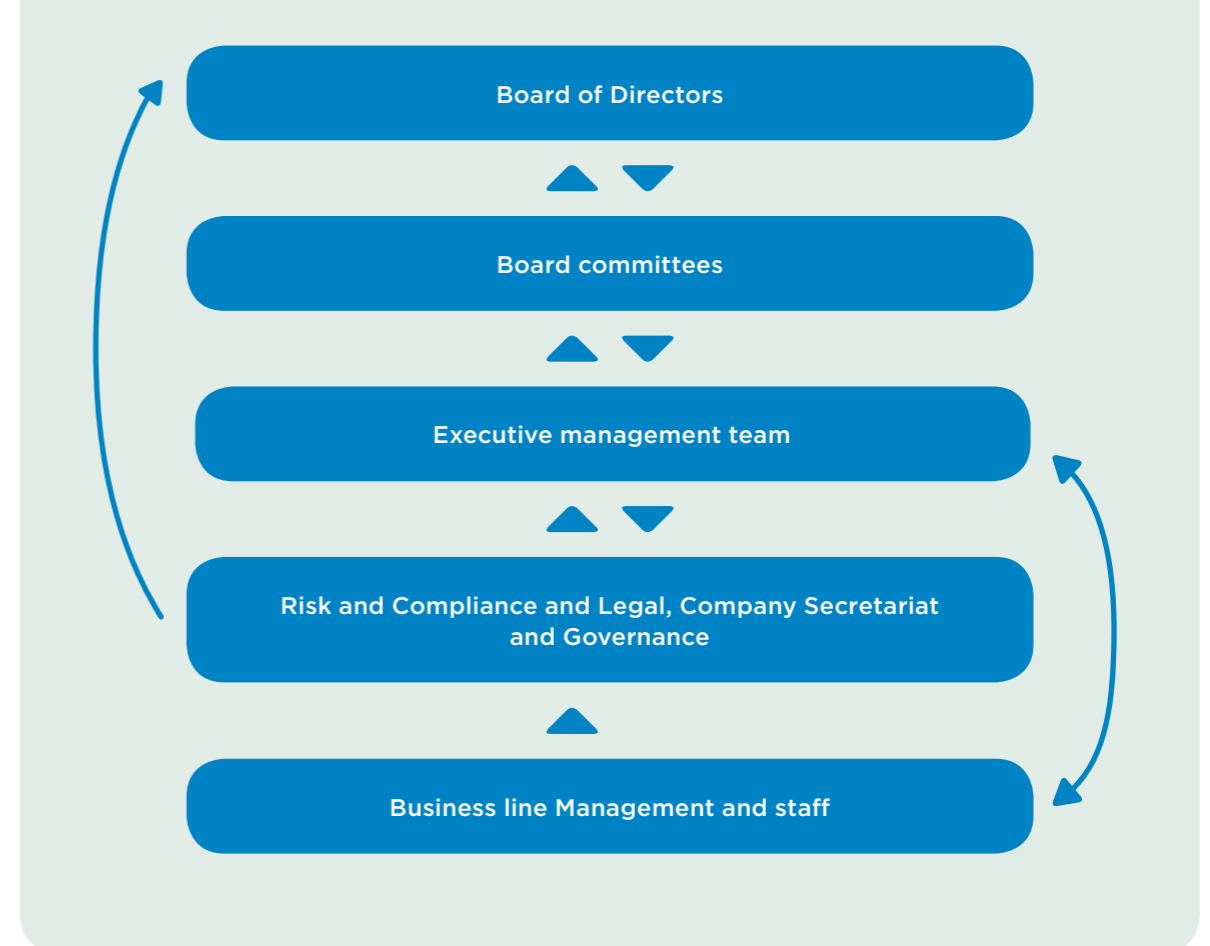
The REST Board has established a number of board committees to help with its work. Board committees monitor and review the areas of their responsibility.

The main Board committees are described below.

- The Investment Committee reviews all investment strategy matters, monitors the performance of investment classes, key property and infrastructure investments, and implements REST's investment policies.
- The Audit, Risk and Compliance Committee (ARCC) is the interface between the Board and management on audit, risk and compliance issues. It receives regular reports from the internal auditor and external auditor. The internal auditor reviews the internal control environment, systems and procedures and provides a view on the effectiveness of the risk processes. The external auditor audits the risk management strategy and the annual financial statements of the Trustee and the fund. The ARCC reviews the Trustee's and fund's financial statements each year before they are presented to the Board.

### REST's governance structure

REST's governance structure consists of the Board, a number of board committees and executives, which together oversee all aspects of REST's operations, as shown in the diagram below.



- The Member and Employer Services Committee proactively supports the Board to achieve its targets and plans relating to the development, delivery and review of the products and services provided and other aspects of relationship management to help benefit REST's members and employers.
- The People, Culture and Remuneration Committee (PCRC) assists the Board in people management and corporate cultural issues, reviews the remuneration of REST's Responsible Persons, and makes recommendations to the Board on certain salary and staffing matters.

### Executive Management Team

The Executive Management Team (EMT) oversees and facilitates the implementation of risk-prevention measures and internal controls, including monitoring and reporting. The EMT comprises the Chief Executive Officer, Chief

Operating Officer, Chief Financial Officer, General Counsel and Company Secretary, Chief Risk Officer, General Manager Investments, General Manager Brand, Marketing and Communications, General Manager People and Culture, General Manager Customer Service, General Manager Strategy, Transformation and Technology, and General Manager Strategic Relations. The EMT meets regularly and determines the matters to be reported to the Board, the ARCC, PCRC and other relevant Board committees.

Business line management and staff members report to the EMT on operational matters.

REST uses a number of business activity providers, such as investment managers, an administration manager, a custodian, group life insurers, actuaries and a financial planner. These service providers play a vital role in REST's governance structure.



# Notice to REST members

## Update on court proceedings

The Trustee brought proceedings in the Supreme Court of South Australia late last year in relation to REST's Trust Deed. The members of the fund were represented by a member appointed by the Court. APRA also participated in the proceedings. The court recently made orders in the proceedings.

## What were the proceedings about?

The Trustee brought the proceedings because it believed the terms of the Trustee's amending power in the Trust Deed were unclear and needed to be amended. It also wanted the other terms of the Trust Deed to be confirmed by the court as there were doubts about whether some previous amendments had been made within the terms of the Trustee's amending power.

It is important for the Trustee and members that the Trustee can vary the Trust Deed from time to time to address the changing needs of members and changes to the law. It is important for the amendment power to be clear. The Trustee can exercise its power of amendment only if it considers that an amendment to the Trust Deed is in the best interests of members.

The representative member was independently represented before the court and substantially agreed with the orders sought by the Trustee. The representative member reviewed all documentation presented to the court and drew attention to a number of issues to be considered by the court before it made its decision. APRA raised a number of issues that the court also considered.

## The court's orders

The court made orders on 15 August 2016 varying the Trust Deed to make the Trustee's power to amend and the restrictions on the Trustee's power to amend more certain. The Trust Deed has also been amended to include additional provisions to notify members of significant changes affecting their superannuation accounts, such as amendments to the Trust Deed, or a decision to close an investment option or a division of the fund, or to transfer a member's superannuation account to another division or fund. The Trust Deed also now requires the Trustee to provide members with additional information about the operation and management of the fund and how it allocates costs and expenses that it incurs in operating the fund between divisions, investment options and members. This additional information will be available in the fund's annual report.

The Trustee did not ask the court to determine whether previous amendments to the Trust Deed were validly made but sought orders confirming the terms of the existing deed on the basis that it was desirable to ensure certainty about those terms. The court's orders do not have retrospective effect and do not affect the rights of members before the date of the orders.

The terms of the Trust Deed as ordered by the court are contained in the copy of the Trust Deed now on REST's website.



# Executive Management Roles and responsibilities



## Damian Hill

Chief Executive Officer

Damian has more than 20 years' experience in life insurance and superannuation and has been Chief Executive of REST since 2006 after joining the company in 1999 as Administration Manager. He has a Bachelor of Science, is a fellow of the Association of the Superannuation Funds of Australia

and is a Certified Investment Management Analyst. He is an active member on a number of industry and government working parties, is the Convenor of the Industry Funds Forum and a director of the Fund Executives Associations. Damian is also the Chair of SuperFriend.



## Andrew Howard

Chief Operating Officer

Andrew was appointed Chief Operating Officer in April 2015 and is responsible for delivering high-quality products and services to REST's members and employers. Andrew worked in National Australia Bank's wealth management division for more than 12 years before joining REST. He also worked as a management consultant with

Accenture for seven years. Andrew holds a Bachelor of Arts in Psychology (Honours) from the University of Sydney and a Master of Psychology in Organisational Psychology (Honours) from UNSW. He is a Registered Psychologist of NSW and a Member of the Australian Institute of Company Directors.



## Chris Stevens

Chief Financial Officer

Chris has worked in the superannuation industry for more than 20 years. He joined REST as Chief Financial Officer in 2008 and is responsible for the finance and risk functions. Chris worked in the custody division of JPMorgan in Sydney for 14 years before joining REST. He holds a Bachelor of Science in Geography from

Bristol University in the UK. He is a chartered accountant and worked in the banking and finance audit group at Coopers & Lybrand in London. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Association of Superannuation Funds in Australia.

\*Craig Hobart, General Manager, Strategic Relations (pictured back row centre), started with REST after 30 June 2016 (Monday 25 July 2016).



## Mary Atley

General Manager Brand, Marketing and Communications

Mary joined the REST Marketing and Communications team in June 2011. She is a highly qualified and experienced strategic marketer with more than 20 years' experience and has worked across diverse industries including financial services, energy, retail

and professional services. Previously she was the head of marketing and communications at a member-driven organisation. Mary has a Certificate in Direct Marketing from the Association for Data-Driven Marketing & Advertising.



## Trevor Evans

General Manager People and Culture

Trevor joined the REST People and Culture team in August 2014 and is responsible for the human resources and payroll functions. He has more than 20 years' experience in human resources and worked in human resources roles at Suncorp, Tourism Australia, ING and the Australian Securities and Investments

Commission, and in government administration before joining REST. Trevor holds a Bachelor of Arts (Honours) in Sociology and a Master of Business Administration, and is a Certified Professional Member of the Australian Human Resources Institute.



## Ashley Boland

General Manager Strategic Relations Group

Ashley brings 33 years of experience in the financial services industry having worked with groups such as Mercantile Mutual, ING and AWM/IOOF prior to joining REST. As REST's General Manager Strategic Relations, Ashley drives the strategic direction of employer super and service delivery. Ashley holds a Graduate Diploma in Management, is a

Fellow of the Australian Institute of Company Directors, Certified Practising Marketer, Fellow of the Australian Marketing Institute, Affiliate Fellow of the Australian Institute of Management and an Honorary Fellow of the Association of Superannuation Funds of Australia. Ashley left REST on 11 April 2016.



## Paul Howard

General Counsel and Company Secretary  
Acting General Manager Investments

Paul is responsible for the legal, company, secretariat and governance functions. He joined REST in 2011. Paul began his in-house career in financial services organisations in 2005 with a focus on funds management and asset management. Previously, Paul had spent nine years in private practice in Australia, Hong Kong and New Zealand. His primary specialty is in mergers and acquisitions with an infrastructure focus in the in-house environment domestically and internationally.

Paul holds a Bachelor of Laws and a Bachelor of Commerce from the University of Auckland. He is a Solicitor of the Supreme Court of NSW and High Court of Australia and is also admitted to practice in New Zealand. Paul was also appointed acting General Manager Investments in May 2016. Paul is responsible for a team of 12 professional staff in Sydney who oversee the investment governance functions in REST and manage relationships with REST's asset consultant, custodian and external investment managers.



## Phil Budge

Chief Risk Officer

Phil was appointed in June 2015 and is responsible for REST's risk management and compliance framework and for providing independent risk oversight to ensure governance and controls are in place. Prior to joining REST, Phil was Risk Manager at State Super Financial Services and previously

worked at APRA, The Trust Company Limited, MLC and St George Bank. He holds a Bachelor of Law from Macquarie University and a Bachelor of Business from UTS. He is a member of the Institute of Chartered Accountants and is a Certified Internal Auditor.



## Beth Parkin

General Manager Customer Service

Beth joined REST in November 2015 and is responsible for the operations services, insurance and technical teams. She has more than 20 years' experience in customer service, contact centre management and strategy, outsourcing, vendor management and digital self-service with a number of high-profile global brands. She works closely with REST's

service providers, Australian Administration Services Pty Limited and AIA Australia Limited, to implement initiatives that drive REST's customer experience. Beth has held a number of senior customer service roles in telecommunications, digital and hospitality industries and holds a Bachelor of Science from San Diego State University, CA, USA.



## Sandra Coleman

General Manager Strategy, Transformation & Technology

Sandra joined REST in January 2014 and is responsible for the information systems and project management functions. She was chief information officer at two state government organisations before joining REST. Sandra has more than 15 years' experience in IT, including working for multinational manufacturing

organisations in professional services and government organisations. Sandra holds a Masters of Business Administration from the University of Western Sydney, majoring in Technology Management, along with technical qualifications relating to technology frameworks and best practices.

## REST's investment managers as at 30 June 2016

Asset Class	Investment manager	% of assets managed for REST
Australian Shares	Allan Gray Australia Pty Ltd	1.6%
	Balanced Equity Management Pty Ltd	5.2%
	Cooper Investors Pty Ltd	4.6%
	Greencape Capital Pty Ltd	2.6%
	Paradice Investment Management Pty Ltd	6.1%
	Renaissance Smaller Companies Pty Ltd	1.0%
	Super Investment Management Pty Ltd*	1.0%
	Ubique Pty Ltd	0.3%
		<b>22.4%</b>
Overseas Shares	Colonial First State Asset Management (Australia) Ltd	2.2%
	Cooper Investors Pty Ltd	2.9%
	Global Thematic Partners	3.0%
	Holowesko Partners Ltd	4.1%
	Hoskings Pty Ltd	1.9%
	Longview Partners Ltd	1.2%
	MFS International (UK) Ltd	5.9%
	Northcape Capital Pty Ltd	0.9%
	Paradice Investment Management Pty Ltd	1.8%
	Taube Hodson Stonex LLP	2.8%
	Wellington Management Australia Pty Ltd	3.7%
		<b>30.4%</b>
Property	Charter Hall Funds Management Ltd	1.4%
	GPT Fund Managements Ltd	1.5%
	Super Investment Management Pty Ltd*	6.7%
		<b>9.6%</b>
Bonds	Brandywine Global Investment Management LLC	2.0%
	Franklin Templeton Investments Australia Ltd	1.2%
	Super Investment Management Pty Ltd*	2.2%
	UBS Global Asset Management (Australia) Ltd	1.0%
		<b>6.4%</b>
Cash	Colonial First State Asset Management (Australia) Ltd	3.6%
	Super Investment Management Pty Ltd*	4.3%
		<b>7.9%</b>
Basic Cash	Super Investment Management Pty Ltd*	0.3%
		<b>0.3%</b>
Infrastructure	AMP Capital Investors Ltd	3.2%
	Super Investment Management Pty Ltd*	1.6%
		<b>4.8%</b>
Growth Alternatives	Apollo ST Fund Management LLC	2.2%
	Babson Capital Management Pty Ltd	2.5%
	Bentham Asset Management Pty Ltd	1.9%
	Hayfin Capital Management LLC	0.4%
	Holowesko Global Fund Ltd	1.8%
	Putnam Advisory Company LLC	0.6%
	Super Investment Management Pty Ltd*	0.9%
	Warakirri Asset Management Pty	0.6%
		<b>10.9%</b>
Defensive Alternatives	BNP Paribas Investment Partners (Australia) Limited	0.3%
	EnTrustPermal Limited	2.0%
	GAM International Management Ltd	2.1%
	GMO Australia Ltd	2.9%
		<b>7.3%</b>
<b>Total</b>		<b>100%</b>

\*Super Investment Management Pty Limited ABN 86 079 706 657 (Australian Financial Services Licence 240004) is a wholly owned company of REST. Super Investment Management Pty Limited, like other investment managers of REST, receives a fee for its investment management services. REST deals with Super Investment Management Pty Limited on an arms-length basis. Past performance is not an indication of future performance.

### Indemnity insurance

The Fund, the directors and officers of the Trustee are covered by professional indemnity insurance primarily through Zurich Australia Insurance Limited.

### Advisers and service providers

The following advisers assist the Trustee to provide members with professional service and management. The advisers have been appointed on the basis of quality and cost effectiveness.

### Administration and accounting

Australian Administration Services Pty Limited

### Credit manager

Industry Funds Credit Control Pty Ltd

### Custodian

State Street Australia Limited

### External auditor

PricewaterhouseCoopers

### Group life and income protection insurance

AIA Australia Limited  
Hannover Life

### Internal auditor

KPMG

### Investment consultant

JANA Investment Advisers Pty Ltd

### Legal advisers

Allens  
Clayton Utz  
Corrs Chambers Westgarth  
Hall & Wilcox  
King & Wood Mallesons  
Landers & Rogers  
Madgwicks Lawyers  
MinterEllison  
Norton Rose Fulbright Australia  
Turks Legal  
Gilbert and Tobin  
Venables Lawyers  
JV Edstein

### Tax agent

PricewaterhouseCoopers

### Trustee liability insurance

Zurich Australia Insurance Limited

### Employers in arrears

Sometimes employers can be late with their superannuation contributions. While often it is an administrative oversight, we take it seriously and believe contributions should be made to members' accounts in a timely way.\* For employers that have signed up to this process and have not made a payment, we will draw their attention to their obligations to make superannuation contributions.

During 2015-16, REST referred a number of employers to Industry Funds Credit Control Pty Ltd (IFCC) which collected \$23,907,166 from employers in arrears. As at 30 June 2016, a number of employers remained overdue with employee super payments by at least 90 days. Legal action may be initiated if contributions remain unpaid after contact by IFCC.

### Eligible Rollover Fund (ERF)

REST has a broad power, provided by legislation, to transfer a member's benefits to another fund, called an Eligible Rollover Fund, or ERF. REST may roll over a member's benefits to its ERF if a member's account balance is less than \$4,000, and either REST has attempted to contact the member via mail or electronic means and their correspondence has been returned unclaimed, or no contributions or rollovers have been paid into a member's account for 12 months.

\*This applies only to employers who have signed the agreement in the employer application.

REST's ERF is AUSfund and can be contacted at AUSfund as follows:

### AUSfund

Locked bag 5132,  
Parramatta NSW 2124.  
Phone 1300 361 798

Email [admin@austfund.net.au](mailto:admin@austfund.net.au)  
Web [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

When member benefits are transferred into an ERF, they may be affected because:

- the person will cease to be a REST member and will no longer have any insurance cover
- they will become a member of AUSfund and will be subject to its governing rules. If REST can provide AUSfund with contact details, AUSfund will send its product disclosure statement to the member
- the fees and costs charged by AUSfund are different to REST's and investment returns may be insufficient to cover the fees and costs charged by AUSfund
- AUSfund will invest benefits in a diversified investment strategy, which may provide lower returns than REST's investment option(s) that the member is invested in.



#### Temporary residents

A temporary resident who is not a citizen of Australia or New Zealand is able to withdraw their superannuation benefits only under limited conditions. Once six months has elapsed since the temporary resident departed Australia or their temporary visa has expired, the Australian Taxation Office (ATO) can require their superannuation fund to transfer their super to it as unclaimed moneys. The temporary resident can claim the money from the ATO but, relying on ASIC relief, REST is not required to, and will not, notify a member if it is required to transfer your superannuation benefit, or provide an exit statement. For more information visit [www.rest.com.au](http://www.rest.com.au)

#### Unclaimed and lost member accounts

One of the main reasons for a REST member's account to be regarded as a 'lost member account' is if the balance of their account is less than the legislative prescribed threshold. A member is also deemed a 'lost member' if they are uncontactable or inactive. Please refer to the ATO website for further details on what constitutes lost, inactive, uncontactable and unclaimed.

Any unclaimed and lost member accounts are transferred to the ATO every six months unless the members advise the fund not to transfer the accounts to the ATO. Once transferred to the ATO, the member will no longer be a member of REST and any insurance cover, or any other benefits from REST, will cease. There may be additional reasons as to why accounts are transferred to the ATO.

Refer to the ATO website at [www.ato.com.au](http://www.ato.com.au) for more information.

#### Compliments and complaints

If a member has a compliment, we would love to hear it. If there are concerns or complaints, please contact us straight away and we will make every effort to resolve the problem quickly. Members can make a formal complaint to REST online or by phone, email or letter.

#### To lodge a complaint online

Visit our website [www.rest.com.au](http://www.rest.com.au) and click on 'Contact us' and 'Concerns and Complaints' and follow the instructions.

#### To lodge a complaint by phone

##### **REST Super, Corporate and Select**

Call the Complaints Officer on 1300 300 778 between 8am and 8pm weekdays

##### **Acumen**

Call the Complaints Officer on 1300 305 779 between 8am to 6pm weekdays

##### **REST Pension**

Call the Complaints Officer on 1300 305 778 between 8am to 6pm weekdays

#### To lodge a complaint by letter

Please address concerns to:

##### **The Trustee Services Officer**

REST Industry Super  
PO Box 350  
Parramatta NSW 2124

Please write 'Complaint' on the envelope and the letter.

REST is required to consider a complaint or dispute within 90 days of receipt. However, in some circumstances it may not be possible to resolve the issue within this period.

If the Trustee has not made a decision within 90 days of receipt of a member's enquiry or complaint, they may write and request our written reasons for the Trustee's failure to make a decision within that period. Written reasons for not making a decision within 90 days of the member's enquiry or complaint must be given within 28 days of receipt of their request.

The member will be notified of the Trustee's decision on the enquiry or complaint once it is made. In the case of decision on complaints as to payment of death benefits, the Trustee must give the complainant written reasons for our decisions. In the case of decisions on other complaints, the member may request written reasons for our decision. The Trustee must give the member the reasons within 28 days of receipt of the member's request.

If the Trustee fails to respond to the member within 90 days, or they are not satisfied with the outcome, they may be able to seek an independent ruling from the Superannuation Complaints Tribunal (SCT).

#### Superannuation Complaints Tribunal

The SCT is an independent body set up by the federal government to settle certain disputes between members and their super funds. The SCT can become involved only after the Trustee's efforts to reach an agreement have failed (that is, members must first use REST's dispute procedures). While sincere attempts will be made to help resolve differences between members and funds, in some instances the SCT may need to make a binding ruling. The SCT does not charge members for its services and can be contacted on 1300 884 114. Strict time limits apply for a dispute to be brought to the SCT.



# Financial Statements 2016

The pages below set out the 'Changes in net assets' and 'Statement of net assets' from 1 July 2015 to 30 June 2016. The information on this page is an abbreviated version of the full REST annual financial report, which has been audited by PricewaterhouseCoopers Chartered Accountants. If you would like a copy of the full financials (including the audited fund accounts and the auditor's report) please visit our website at [www.rest.com.au](http://www.rest.com.au) or write to us at:

**REST Industry Super**  
PO Box 350  
Parramatta NSW 2124

## Auditor's approval

We have audited the financial statements of Retail Employees Superannuation Trust for the year ending 30 June 2016, in accordance with Australian Auditing Standards. In our opinion the information reported in the abridged financial statements is consistent with the annual financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the members, dated 22 September 2016. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual financial report.

**PricewaterhouseCoopers**  
CJ Cummins  
Partner

## Reserves

REST has a number of reserves, including an operational risk financial requirement reserve, capital reserve, group life insurance reserve, administration reserve and partnership development fund reserve. As at 30 June 2016, the total reserves were valued at \$226.5 million.

These reserves are maintained and used in accordance with REST's reserving policy, such as to meet any contingencies and provide for future capital requirements, or insurance and administration payments. The purpose of maintaining these reserves is to spread potential costs among different 'generations' of members. The Trustee manages Fund reserves closely to ensure that reserves are not too high as well as not too low. The Trustee does not use reserves to smooth investment returns to members. The Trustee will ensure there is proper identification of the reserves

in the accounts of the Fund so as to enable reporting to the Trustee and to APRA as required. REST currently has adequate provisions in its reserves.

## Movement in REST's reserves

Year	\$ million
2014	65.2
2015	14.4
2016	10.7

## Unit price adjustments

REST reserves the right to adjust unit prices in accordance with its reserving policy without prior notice. This includes transferring funds from investment option earnings to reserves which may impact the respective unit prices.

Changes in net assets	2016 (\$ million)	2015 (\$ million)
Net market value of assets available to pay benefits at beginning of the financial year	37,424.5	32,382.0
<b>Plus</b>		
Contributions by employers	3,414.1	3,111.5
Contributions by members	495.8	597.2
Rollovers into REST	1,004.8	1,164.3
Net group life proceeds received	290.1	212.7
Interest earned	1.3	1.8
Group life rebate	0.0	0.1
Other revenue	0.1	0.3
Investment earnings (including changes in net market values)	882.9	3,501.5
<b>Total gross income for the year</b>	<b>6,089.1</b>	<b>8,589.4</b>
<b>Less</b>		
Benefits paid	2,362.6	2,116.5
Administration costs	162.1	145.4
Investment management charges	172.9	166.3
Property Expenses	18.2	19.0
Custodian fees	5.4	5.2
Group life insurance expenses	685.3	550.0
Taxes	347.4	544.5
<b>Total outgoings</b>	<b>3,753.9</b>	<b>3,546.9</b>
<b>Net market value of assets available to pay benefits at end of the financial year</b>	<b>39,759.7</b>	<b>37,424.5</b>

Statement of net assets	2016 (\$ million)	2015 (\$ million)
<b>Securities</b>		
Australian listed shares	8,609.7	8,339.9
Australian bonds	1,432.3	1,526.6
Discount securities	2,914.7	2,396.8
Overseas listed shares	11,761.1	11,602.9
Overseas bonds	1,798.9	2,237.7
<b>Other</b>		
Unlisted trust units (property)	2,950.0	2,462.1
Unlisted trust units (growth alternatives)	2,859.6	2,702.7
Unlisted trust units (defensive alternatives)	2,946.0	2,353.5
Unlisted trust units (other)	3,027.1	2,367.3
Derivatives	548.0	392.6
Cash/other	1,416.8	1,740.9
Direct property	856.9	855.6
<b>Total investments</b>	<b>41,121.1</b>	<b>38,978.6</b>
Amount receivable	335.1	250.3
Other assets	64.7	130.1
<b>Total assets</b>	<b>41,520.9</b>	<b>39,359.0</b>
<b>Less</b>		
Benefits payable	29.2	34.8
Liability for taxation	540.0	740.3
Derivatives	353.4	418.1
Other liabilities	838.6	741.3
<b>Total liabilities</b>	<b>1,761.2</b>	<b>1,934.5</b>
<b>Net assets</b>	<b>39,759.7</b>	<b>37,424.5</b>

Every member who is part of a Defined Benefit fund receives an AQ Update from REST which details the Defined Benefit financials annually. This is sent around November.

**Good. Better. REST**

[rest.com.au](http://rest.com.au)



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**REST Super, Corporate and Select**

☎ 1300 300 778  
(Monday to Friday,  
8am-8pm)

**Acumen**

☎ 1300 305 779  
(Monday to Friday,  
8am-6pm)

**REST Pension**

☎ 1300 305 778  
(Monday to Friday,  
8am-6pm)

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