

Annual Report 2014



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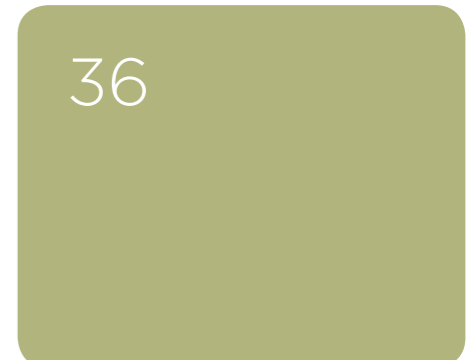
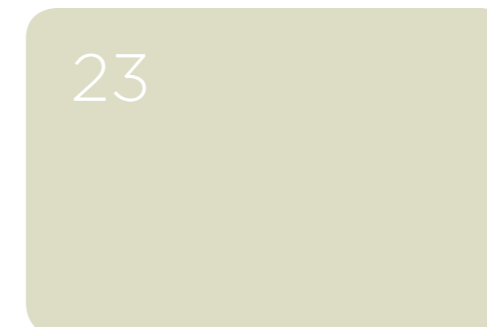
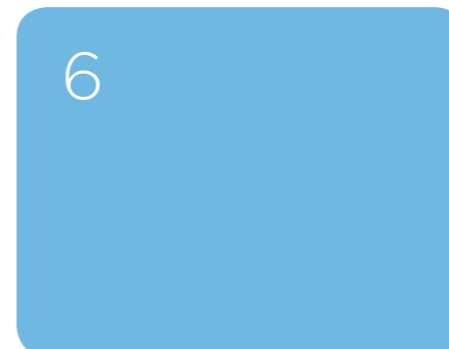
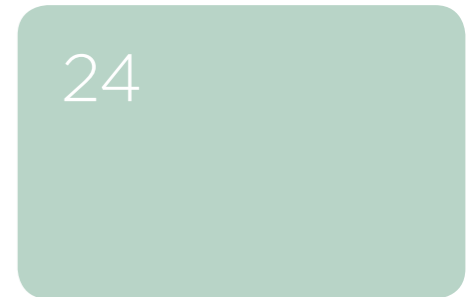


We impact the lives of **millions of Australians** by growing their savings prior to and in retirement.



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Overview of REST for 2014

\$32 billion*
worth of funds under management.



More than
160,000*
Employers use REST.

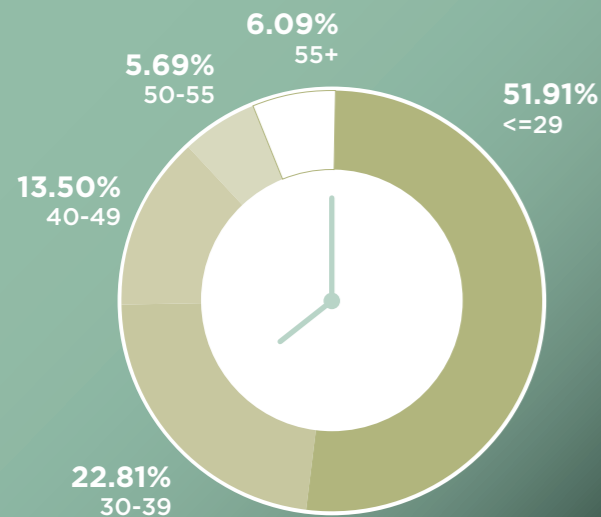


Total number of REST members

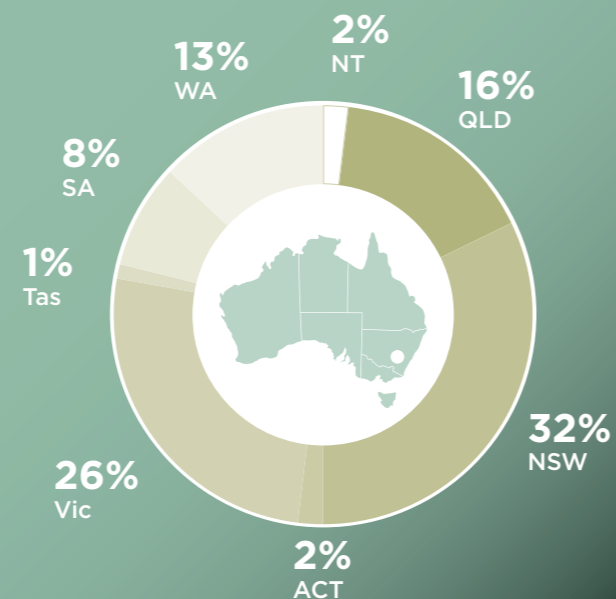
2 million* Around  **1 in every 6*** Australian workers.[^]



Members by age:



Members by geography:



of members have taken up financial advice with REST.

61%
of members are insured.



*Current as at 30 June 2014

[^]Number of working Australians sourced from Australian Bureau of Statistics, table 6202.0 June2014

Message from The CEO

Damian Hill

2013/14 was a very important and successful year for REST.

Our exceptional returns, over a ten year period, have provided yet another opportunity to demonstrate leadership in enhancing members' retirement outcomes. In fact our ten year returns for the Core Strategy investment option have been recognised as the best performing, achieving 8.08% per annum to 30 June 2014[^]. In the coming year, our key focus will be to ensure we remain positioned to meet the ongoing regulatory changes and continue to deliver strong long-term returns from our investment portfolio.

Consistently recognised

SuperRatings*, an independent research house, recognised our Core Strategy investment option as the best performing investment option over the decade*. Its returns over the 2013/14 financial year also achieved an impressive 13.29% for the Core Strategy (MySuper[†]) investment option and 11.01% for the REST Pension default investment option (Balanced).

We have received a number of awards including, the SuperRatings Fund of the Year and Pension Fund of the Year for 2014, *Money* magazine's Best Super Fund Manager and Best Pension Fund Manager and Chant West/Conexus Financial Super Funds[‡] Super Fund of the Year for 2014. These awards further cement our position as being one of the best funds in the industry.[~]

Meeting regulatory changes

During the year, we have continued to enhance our products and internal systems to meet the regulatory changes being introduced by the government. This ability to adapt to change quickly means we are now in a very strong position. And to add to this, we have strengthened our governance which includes a number of key appointments to our Board.

Remaining in touch with our members' needs

As we impact the lives of millions of Australians, we have a responsibility to ensure we are doing everything we can to deliver the information and services our members need to help maximise their retirement income. We have undertaken research into Australians' financial attitudes and behaviours, with findings published in white papers, and continue to review our customer satisfaction levels as well as monitor our brand health on an ongoing basis.

Focus going forward

Our focus going forward will be to ensure we continue to deliver our members' needs in terms of products, insurance, services, fees and long-term investment returns. We will also continue to respond to a number of government inquiries.

As always, we will look to retain and grow our membership while improving customer service. We have already moved to daily unit pricing and are encouraging our members and employers to utilise online channels as a means to increase efficiency and save costs. In the long run, this will benefit our members by keeping fees low.

REST is in a very strong competitive position and our ability to adapt to change will drive our future success.

[^] SuperRating Fund Crediting Rate Survey June 2014 – SR50 Balanced (60-76) Index

* SuperRatings Pty Limited does not issue, sell, guarantee or underwrite REST products. Go to www.superratings.com.au for details of its ratings criteria

[†] SuperRatings media release - 27 March 2014.

[‡] Refers to the MySuper option in REST and REST Corporate products only

[~] For further information about the methodology used by Chant West, see www.chantwest.com.au

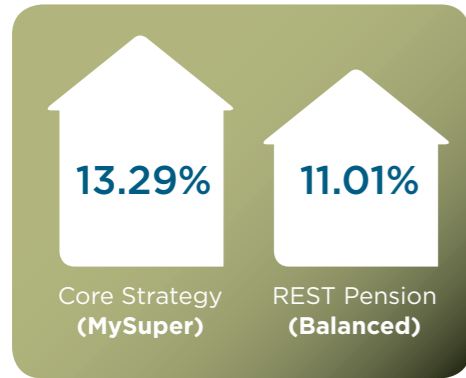
- Awards and ratings are only one factor you should consider when making decisions on your super. Further information regarding these awards can be found at www.rest.com.au



Our mission is to improve the retirement outcomes of our members throughout their lives.

The year In review

REST's top achievements for 2013/14



Exceptional investment performance

For the 2013/14 financial year, REST delivered 13.29% for the Core Strategy (MySuper option for REST Super and Corporate) investment option while the REST Pension default investment option (Balanced) returned 11.01%.

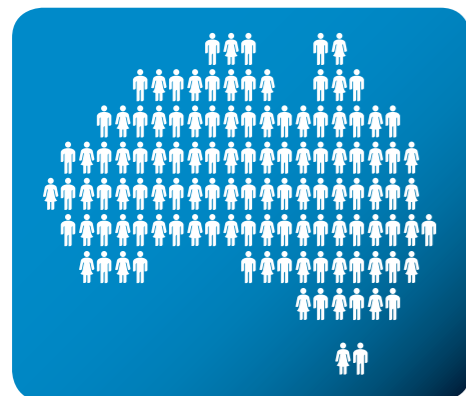
Our long held investment philosophy and approach to investing is the key driver behind the exceptional long-term performance of our Core Strategy investment option, which is ranked number one over 10 years rolling, according to independent superannuation rating house, SuperRatings*.



Launched REST's first national TV campaign

In February 2014, we launched our first national television, digital and outdoor advertising campaign. This was an important initiative for REST in helping to reinforce the benefits of the fund and build our brand in the broader market.

Retaining and growing our membership is critical to ensure our fees remain low and provide more opportunity to invest across attractive asset classes.



Tracking the financial health of Australians

We have undertaken research to gain a better understanding about peoples' attitudes to financial health now and into the future. This research is designed to help raise awareness about the importance of taking financial control when planning for retirement. We are also conducting research into peoples' attitudes towards financial advice.

The findings indicate most Australians need help to set them up for a more secure future, especially young Australians. This is something we are continuing to address through our educational seminars and briefings for members, employers and industry.



Consistently recognised as one of the top performing funds*

Last year we won a number of awards, further cementing our position as being one of the best performing funds in the industry.

According to SuperRatings

- Our Core Strategy investment option has been ranked the best performing over the decade to 28 February 2014[^]
- We received the Fund of the Year 2014 award for providing the best cumulative value for accumulation and pension services to our members
- We were awarded the Pension of the Year 2014 award for delivering the best value for money to our members during the retirement phase
- REST received the highest rating Platinum award for the 10th year in a row

- Our long-term performance has been recognised as the Best Growth Return and Best Balanced Return 2008-2013.

Money magazine awarded us

Two Best of the Best 2014 super awards - Best Super Fund Manager and Best Pension Fund Manager.

And Chant West/Conexus Financial Super Funds[~]

Awarded us Super Fund of the Year for 2014.



New appointments to the Board

We are committed to ensuring the composition of our Board, as a whole, offers an appropriate mix of skills, knowledge and experience to effectively deliver our strategic focus. In line with this commitment, we have made two key appointments, Ken Marshman as a new independent director and John Edstein as an employer nominated director.

Both will play a significant role in the Board and the investment committee's decision-making process.

* SuperRating Fund Crediting Rate Survey June 2014 - SR50 Balanced (60-76) Index

+ Ratings, awards or investment returns are only one factor you should consider when deciding how to invest your super

[^] SuperRatings media release- 27 March 2014. For awards information, please refer to www.superratings.com.au/ratings. SuperRatings Pty Ltd does not issue, sell, guarantee or underwrite REST products

[~] For further information about the methodology used by Chant West, see www.chantwest.com.au

Delivery of stronger super reforms

Phase 1 what we have delivered



Received MySuper authorisation

We cemented our place as being among the first group of superannuation funds and one of the largest to receive MySuper authorisation before 1 July 2013. With this authorisation, employers can continue to make contributions to REST for any employees who do not choose their own fund under the new regulatory environment.

Delivered two products with a MySuper offering

We now have two super products which have a MySuper offering, one existing (REST Super) and one new (REST Corporate).

REST Corporate is a new super product that offers the same market leading, award-winning investment philosophy, investment options and benefits as REST Super but with the added benefit of corporate insurance design.

Improved back-end processing

Under the SuperStream component of the Stronger Super reforms, intended to improve back-end processing, rolling super accounts in and out of REST is now far easier and more efficient for employees as it can be done electronically between super funds.

Transitioning members to MySuper products

A total of 22,157 Acumen and Select members, who were invested entirely in the Core Strategy investment option, were moved into one of our MySuper products in January 2014.

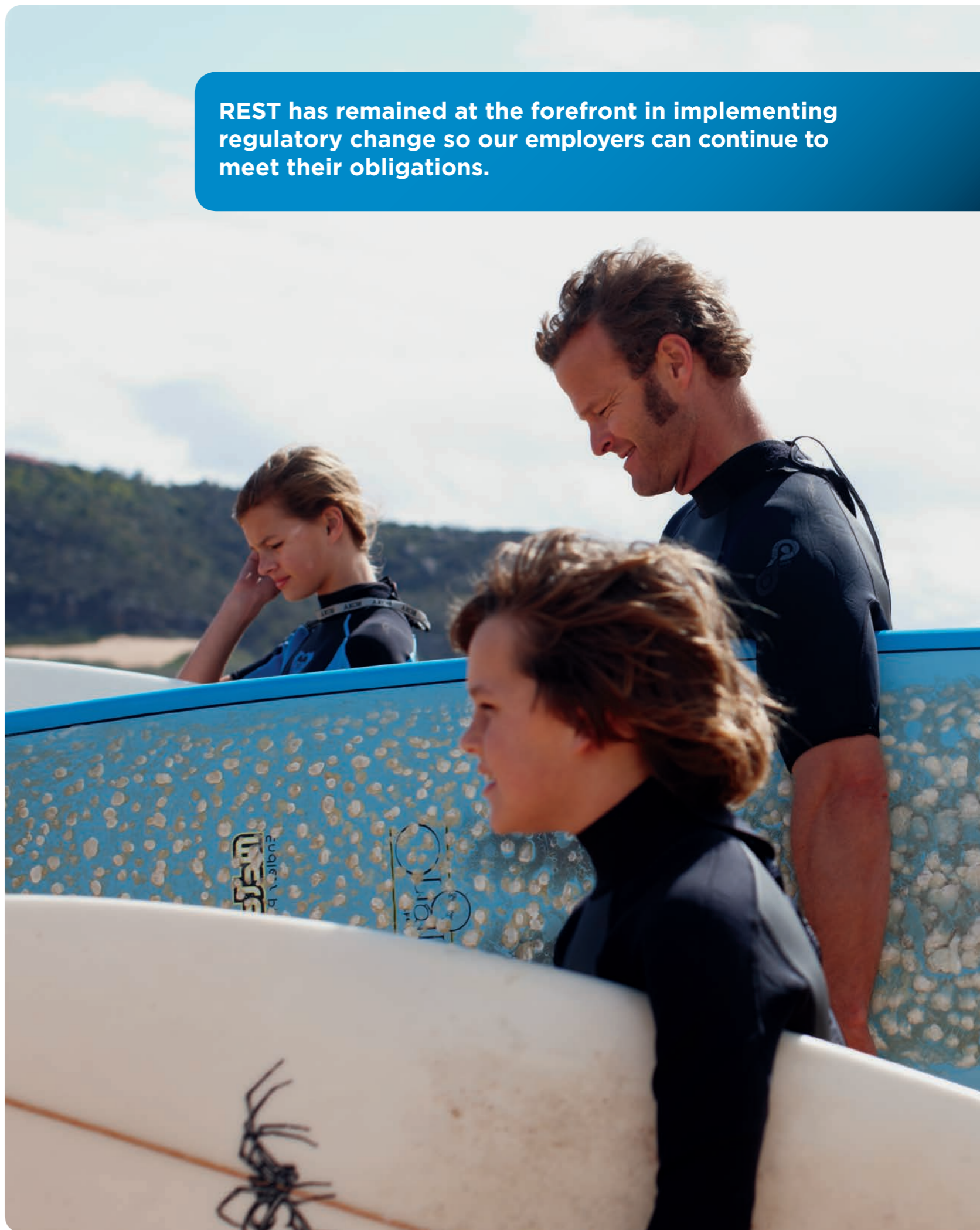
Phase 2 what we are implementing



Employer contribution solutions

REST has continued to work with our administrator to ensure we have online options available so employers can transition to the new Data and Payment Standards that have been introduced under SuperStream. Further improvements will continue to be made in line with legislative requirements.

REST has remained at the forefront in implementing regulatory change so our employers can continue to meet their obligations.





Investment performance

“We focus on the delivery of long-term real returns.”

The secrets behind REST’s success

Q+A with Jo Townsend, REST General Manager, Investments

Q: The difference for members invested in REST Industry Super compared to the worst performing fund, over a ten year period, is significant. Can you provide some clarity around this?

A: REST’s Core Strategy investment option has returned 8.08% per annum over ten years to June 2014, which is the best performing out of 39 funds, according to the SuperRatings SR50 Balanced (60-76) Index[^]. This is a significant difference to the median fund which returned just 6.8% per annum over ten years[^].

Q: What does REST focus on in its performance?

A: We focus on the delivery of long-term real returns. This means we want our returns to outperform inflation while at the same time balancing the risks and opportunities.

For our MySuper investment option, the Core Strategy, we aim to achieve a return of 3 percent above the inflation rate per annum over a 10 year period. Over the last decade, the inflation rate has averaged around 2.8% per annum and the Core Strategy has returned 8.08% per annum.

Q: What’s the secret behind REST’s success?

A: We remain a firm believer in the benefits of active investment management over the longer term. This applies to the investment managers that we use and the way in which the assets are allocated and managed for the Core Strategy. So we don’t adopt a set and forget approach, we are consistently involved in the process from beginning to end. And by continually reviewing and monitoring our investments, we are able to take advantage of any new opportunities that may enhance our long-term returns or better manage risk.

Q: Aside from the traditional asset classes, it seems REST is also prepared to look ‘outside the box’. Can you elaborate on this?

A: In 2008, we were able to capture the opportunity to establish a new asset class in credit securities which had been issued primarily in the US. This asset class has been one of the best performing for REST members returning almost 15% per annum after investment management fees, and before tax, since it was established in late 2008. So yes, we are prepared to look outside the box if it’s justified.

Q: Although you say REST is focused on long-term returns, your shorter-term performance has also been exceptionally good. How does REST rank?

A: Yes, the Core Strategy investment option currently ranks second out of 39 funds in the SuperRatings SR50 Balanced (60-76) Index over a three-year period to 30 June 2014, and 13th over a one-year period. While this is great, we don’t focus so much on how we have performed in the short-term as an indication of how well we are doing. This is because we are more focused on achieving the objectives of each investment option, which typically has a long-term focus*. And more importantly, returns over the long-term are far more important in contributing to the retirement benefit aspirations of REST members.

[^] SuperRating Fund Crediting Rate Survey June 2014 – SR50 Balanced (60-76) Index

* Some cash options do not have a long-term focus.

Past performance is not indicative of future performance.

How we performed

“Among numerous awards, REST was awarded the best fund in the investments category at the Chant West Super Fund Awards in 2013. This award highlights our consistency in delivering competitive long-term returns and more importantly, is recognition of our robust investment approach, which we believe is a prerequisite for delivering consistent and competitive returns going forward.”

Damian Hill, REST Chief Executive Officer

REST performance results to 30 June 2014

Investment option	1 Year (% pa)	3 Year (% pa)	5 Year (% pa)	7 Year (% pa)	10 Year (% pa)
Core Strategy	13.29%	10.60%	10.55%	5.58%	8.08%
Cash Plus	2.96%	3.57%	4.02%	3.75%	4.23%
Capital Stable	7.58%	7.54%	7.85%	5.18%	6.33%
Balanced	10.01%	9.10%	9.17%	5.04%	7.03%
Diversified	13.08%	11.03%	10.63%	4.91%	7.94%
High Growth	15.17%	12.20%	11.52%	4.74%	8.33%
Basic Cash	2.24%	2.92%	3.20%	N/A	N/A
Cash	2.62%	3.24%	3.79%	3.69%	4.20%
Bond	4.89%	7.06%	8.08%	6.97%	6.37%
Shares	19.24%	14.35%	12.59%	3.97%	8.64%
Property	7.74%	6.70%	5.22%	3.92%	6.34%
Australian shares	18.39%	12.05%	13.05%	4.44%	10.53%
Overseas shares	19.61%	15.78%	11.42%	2.79%	5.49%

REST Pension performance results to 30 June 2014

Investment option	1 Year (% pa)	3 Year (% pa)	5 Year (% pa)	7 Year (% pa)	10 Year (% pa)
Core Strategy	14.41%	11.81%	11.79%	6.22%	N/A
Cash Plus	3.43%	4.20%	4.75%	4.47%	4.97%
Capital Stable	8.40%	8.62%	9.03%	6.07%	7.30%
Balanced	11.01%	10.29%	10.37%	5.79%	7.98%
Diversified	14.35%	12.41%	11.93%	5.57%	8.92%
High Growth	16.30%	13.53%	12.76%	5.27%	9.25%
Basic Cash	2.61%	3.44%	3.84%	N/A	N/A
Cash	3.09%	3.89%	4.53%	4.43%	4.95%
Bond	5.83%	8.22%	9.46%	8.17%	7.46%
Shares	20.89%	15.76%	13.75%	4.26%	9.48%
Property	8.80%	7.72%	6.03%	4.47%	7.08%
Australian shares	20.30%	13.64%	14.48%	5.04%	11.75%
Overseas shares	21.97%	17.62%	12.71%	2.98%	6.01%

REST’s calculation of returns

Returns in the above tables and references to returns elsewhere in this report are net of investment management fees and tax, except in the case of REST Pension which are untaxed. Investment returns are at the investment option level and are reflected in the unit prices for those options. Returns for the three,

five, seven and ten year periods are annualised compound averages. N/A applies to options running less than the indicated time periods. Past performance is not an indication of future performance. For more investment information visit www.rest.com.au/investment

Fund of the Year 2014



Over the past 12 months, REST has received more than 10 awards, recognising leadership in investment performance and customer service.

“Our awards provide great recognition for the value we deliver to our members through competitive long-term performance, member services and continually updated and improved products. We are extremely proud to have the hard work of our team recognised by receiving these awards from such highly respected organisations.”

Damian Hill, REST Chief Executive Officer

SuperRatings

REST won the major award of Fund of the Year as well as Pension of the Year at the 2014 SuperRatings awards. This is the first time any super fund has won a combination of these two prestigious awards.

The fund also received long-term performance awards for the Best Growth Return 2008-2013 and Best Balanced Return 2008-2013 as well as retaining the highest rating Platinum award for the 10th year in a row – one of only four funds to achieve this.

Money magazine

Our performance was recognised by winning another two major awards – *Money* magazine’s 2014 Best of the Best awards for Best Super Fund Manager and Best Pension Fund Manager. Winning both awards has never been achieved by an industry fund before.

REST also received a second placing in two additional categories in *Money* magazine’s 2014 Best of the Best awards: Best Balanced Super Fund and Best Growth Super Fund, all in light of regulatory change and challenging market conditions.

Chant West/Conexus Financial Super Funds

REST was awarded the Super Fund of the Year for 2014 at the Chant West/Conexus Financial Super Funds Awards in May 2014.

The award is an endorsement of our commitment to improving retirement outcomes for Australians and recognises the value that we are continuing to provide to members.

REST was also named as a top 10 finalist across three additional award categories: Pension Fund of the Year, Investments Best Fund and Member Services Best Fund.

Top performing over 10 years

REST’s Core Strategy 10 year annualised returns to 30 June 2014 versus top performing peers.

REST Core Strategy*	8.08%
Commonwealth Bank Group Super - Mix 70	7.98%
Telstra Super Corp Plus - Balanced	7.86%
CareSuper - Balanced	7.73%
AustralianSuper - Balanced	7.64%
UniSuper Accum (1) - Balanced	7.55%
Cbus - Growth*	7.52%
BUSSQ - Balanced Growth*	7.43%
HOSTPLUS - Balanced*	7.42%
equip Corp - Balanced Growth	7.34%

The graph above illustrates the performance of REST’s Core Strategy including how the investment option performed against SuperRatings SR50 Balanced (60-76) Index median performance, as at 30 June 2014.

*Public offer fund

Source: SuperRatings Fund Crediting Rate Survey June 2014 SR50 Balanced (60-76) Index. 10 year median return to 30 June 2014 for SR50 Balanced (60-76) investment options. The information used in compiling this report comes from sources considered reliable. It is not guaranteed to be accurate or complete. REST’s Core Strategy 10 year returns and SuperRatings SR50 Balanced (60-76) index 10 year annualised returns are post investment management fees and 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 indicator of future performance. Ratings, awards or investment returns are only some of the factors that you should consider when deciding how to invest your super. SuperRatings Pty Limited does not issue, sell, guarantee or underwrite this product. Go to www.superratings.com.au for details of its rating criteria.

For the past 26 years,
we have grown the Core
Strategy investment option
by 8.9 percent¹ every year.

¹ Average after investment management fees and taxes from 1 July 1988 to 30 June 2014.

Past performance is not an indication of future performance.

Investment options

The following tables outline how our assets are structured according to the varying investment options. On 30 June 2014, REST had no more than 5% of the Fund's assets invested in any one investment.

In relation to derivatives, REST allows some of its investment managers to use them to:

- Protect the value of the portfolio's value
- Change the interest rate sensitivity within cash and fixed interest portfolios
- Change market exposure rapidly
- Modify exposure to foreign currency

Core Strategy

Aim

To achieve a balance of risk and return by investing in both growth assets and defensive assets.

Investment return objective

CPI + 3% pa over the long-term (rolling 10 year periods).

Asset allocation²

24% defensive, 76% growth.

A mix of shares and bonds (both Australian and overseas), property, infrastructure, alternative assets and cash.

	Actual asset allocation	Asset allocation benchmarks	Asset allocation ranges
Cash securities	11%	6%	0-25%
Defensive alternatives	5%	8%	0-25%
Infrastructure	4%	6%	0-15%
Australian shares	21%	20%	15-45%
Bonds	10%	10%	5-75%
Growth alternatives	10%	9%	0-25%
Property	8%	11%	0-25%
Overseas shares	31%	30%	5-35%

Figures as at 30 June 2014.

Minimum suggested timeframe

10+ years

Standard risk measure⁴

Estimated number of negative annual returns over any 20 year period, 3 to less than 4.

Risk band and level⁵

Risk band 5, Medium to High.

What this option has returned⁶

2010	11.40%	12.80%*
2011	9.56%	10.71%*
2012	0.85%	1.18%*
2013	18.42%	20.76%*
2014	13.29%	14.41%*
Compound average		
Five year	10.55% pa	11.79% pa*
Ten year	8.08% pa	N/A*

See pages 16-17 for all important notes and information.

Structured options

	Cash Plus	Capital Stable																																				
Aim¹	Maintain the purchasing power of the funds invested by earning a slightly higher return on cash while minimising the risk of any capital loss.	A stable pattern of returns that at the same time maintains a low probability of a negative return in any 1 year.																																				
Investment return objective²	Outperform the UBS Bank Bill Index over the short-term (rolling 2 year periods).	CPI + 1% pa over the medium-term (rolling 4 year periods).																																				
Asset allocation³	<p>100% defensive.</p> <p>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.</p> <table border="1"> <thead> <tr> <th></th> <th>90%</th> </tr> </thead> <tbody> <tr> <td>Cash securities</td> <td>90%</td> </tr> <tr> <td>Defensive alternatives</td> <td>10%</td> </tr> <tr> <td>Infrastructure</td> <td>-</td> </tr> <tr> <td>Australian shares</td> <td>-</td> </tr> <tr> <td>Bonds</td> <td>-</td> </tr> <tr> <td>Growth alternatives</td> <td>-</td> </tr> <tr> <td>Property</td> <td>-</td> </tr> <tr> <td>Overseas shares</td> <td>-</td> </tr> </tbody> </table>		90%	Cash securities	90%	Defensive alternatives	10%	Infrastructure	-	Australian shares	-	Bonds	-	Growth alternatives	-	Property	-	Overseas shares	-	<p>65% defensive, 35% growth.</p> <p>Mainly bonds (both Australian and overseas) and cash, with smaller proportions of shares (both Australian and overseas), property, infrastructure and alternative assets.</p> <table border="1"> <thead> <tr> <th></th> <th>30%</th> </tr> </thead> <tbody> <tr> <td>Cash securities</td> <td>30%</td> </tr> <tr> <td>Defensive alternatives</td> <td>8%</td> </tr> <tr> <td>Infrastructure</td> <td>4%</td> </tr> <tr> <td>Australian shares</td> <td>8%</td> </tr> <tr> <td>Bonds</td> <td>27%</td> </tr> <tr> <td>Growth alternatives</td> <td>5%</td> </tr> <tr> <td>Property</td> <td>5%</td> </tr> <tr> <td>Overseas shares</td> <td>13%</td> </tr> </tbody> </table>		30%	Cash securities	30%	Defensive alternatives	8%	Infrastructure	4%	Australian shares	8%	Bonds	27%	Growth alternatives	5%	Property	5%	Overseas shares	13%
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Minimum suggested timeframe	2+ years	4+ years																																				
Standard risk measure⁴	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.																																				
Risk band and level⁵	Risk band 1, Very Low.	Risk band 3, Low to Medium.																																				
What this option has returned⁶	<table border="1"> <thead> <tr> <th>Year</th> <th>Return</th> </tr> </thead> <tbody> <tr><td>2010</td><td>4.76%</td></tr> <tr><td>2011</td><td>4.65%</td></tr> <tr><td>2012</td><td>4.01%</td></tr> <tr><td>2013</td><td>3.73%</td></tr> <tr><td>2014</td><td>2.96%</td></tr> <tr><td>Compound average</td><td></td></tr> <tr><td>Five year</td><td>4.02% pa</td></tr> <tr><td>Ten year</td><td>4.23% pa</td></tr> </tbody> </table>	Year	Return	2010	4.76%	2011	4.65%	2012	4.01%	2013	3.73%	2014	2.96%	Compound average		Five year	4.02% pa	Ten year	4.23% pa	<table border="1"> <thead> <tr> <th>Year</th> <th>Return</th> </tr> </thead> <tbody> <tr><td>2010</td><td>10.07%</td></tr> <tr><td>2011</td><td>6.60%</td></tr> <tr><td>2012</td><td>4.21%</td></tr> <tr><td>2013</td><td>10.94%</td></tr> <tr><td>2014</td><td>7.58%</td></tr> <tr><td>Compound average</td><td></td></tr> <tr><td>Five year</td><td>7.85% pa</td></tr> <tr><td>Ten year</td><td>6.33% pa</td></tr> </tbody> </table>	Year	Return	2010	10.07%	2011	6.60%	2012	4.21%	2013	10.94%	2014	7.58%	Compound average		Five year	7.85% pa	Ten year	6.33% pa
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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.

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.

REST's 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 existing options without prior notice.

* Pension returns only.

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.

Balanced	Diversified	High Growth																																																						
A good balance of risk and return by investing in approximately equal proportions of growth assets and defensive assets.	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.																																																						
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).																																																						
45% defensive, 55% growth.	20% defensive, 80% growth.	5% defensive, 95% growth.																																																						
A mix of shares and bonds (both Australian and overseas), property, infrastructure, alternative assets and cash.	Australian and overseas shares, property, infrastructure, alternative assets plus lesser amounts of bonds (both Australian and overseas) and cash.	Australian and overseas shares, property, infrastructure and alternative assets.																																																						
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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.

4 Standard Risk Measure - This is a guide as to the likely number of negative annual returns expected over any 20 year period. The purpose is to provide members with a guide to comparing investment options both within and across various superannuation funds. Read more at www.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 quoted at 30 June each year after fees not directly charged to your account and taxes have been deducted. The returns stated are correct as at 30 June 2014. Please note that past performance is not an indication of future performance.

Member-tailored options

	Basic Cash	Cash	Bond																																																																								
Aim¹	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.																																																																										
Investment return objective²	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 UBS 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 UBS Composite Bond Index, UBS Inflation Linked Bond Index, Citigroup World Government Bond Index (hedged) and Barclays Global Inflation linked Index (hedged).																																																																								
Asset allocation⁵	<p>100% defensive.</p> <p>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 one month.</p> <table border="1"> <tr><td>Cash securities</td><td>100%</td></tr> <tr><td>Defensive alternatives</td><td>-</td></tr> <tr><td>Infrastructure</td><td>-</td></tr> <tr><td>Australian shares</td><td>-</td></tr> <tr><td>Bonds</td><td>-</td></tr> <tr><td>Growth alternatives</td><td>-</td></tr> <tr><td>Property</td><td>-</td></tr> <tr><td>Overseas shares</td><td>-</td></tr> </table>	Cash securities	100%	Defensive alternatives	-	Infrastructure	-	Australian shares	-	Bonds	-	Growth alternatives	-	Property	-	Overseas shares	-	<p>100% defensive.</p> <p>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.</p> <table border="1"> <tr><td>Cash securities</td><td>100%</td></tr> <tr><td>Defensive alternatives</td><td>-</td></tr> <tr><td>Infrastructure</td><td>-</td></tr> <tr><td>Australian shares</td><td>-</td></tr> <tr><td>Bonds</td><td>-</td></tr> <tr><td>Growth alternatives</td><td>-</td></tr> <tr><td>Property</td><td>-</td></tr> <tr><td>Overseas shares</td><td>-</td></tr> </table>	Cash securities	100%	Defensive alternatives	-	Infrastructure	-	Australian shares	-	Bonds	-	Growth alternatives	-	Property	-	Overseas shares	-	<p>100% defensive.</p> <p>A mixture of Australian and overseas debt securities issued by Governments, semi-government authorities and companies.</p> <table border="1"> <tr><td>Cash securities</td><td>-</td></tr> <tr><td>Defensive alternatives</td><td>-</td></tr> <tr><td>Infrastructure</td><td>-</td></tr> <tr><td>Australian shares</td><td>-</td></tr> <tr><td>Bonds</td><td>100%</td></tr> <tr><td>Growth alternatives</td><td>-</td></tr> <tr><td>Property</td><td>-</td></tr> <tr><td>Overseas shares</td><td>-</td></tr> </table>	Cash securities	-	Defensive alternatives	-	Infrastructure	-	Australian shares	-	Bonds	100%	Growth alternatives	-	Property	-	Overseas shares	-																								
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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.																																																																																																
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We're committed to helping our members accumulate savings for their retirement.

Research and industry developments

Recent reforms are only the beginning of large-scale change for the superannuation system.

A key focus for REST this financial year, was to drive the implementation of the Stronger Super reforms, particularly in relation to MySuper, reporting and disclosure, and SuperStream. This was completed successfully and within the required timeframes.

During the year, we also made a number of submissions to government and industry bodies. This included the Fair Work Commission on the process of being nominated for default funds and the application to be a default fund. We also made submissions to the *Better regulation and governance, enhanced transparency and improved competition in superannuation* discussion paper, the financial services inquiry, the lost member submission and Section 29QC (of the Superannuation Industry (Supervision) Act) on website disclosure.

The focus next financial year will be about ensuring the remaining elements of Stronger Super, particularly the employer contribution solutions, are effectively implemented so the transition is as seamless as possible for those involved.

We will also be keeping our members and employers regularly informed as new legislation is introduced.

White papers and research findings

REST undertakes comprehensive and regular reviews of our customer satisfaction levels and brand health to help ensure we continue to deliver products and services that meet the needs of our members. So to better understand the financial health of our members through their working lives to retirement, we have also undertaken research across all age segments of Australians. This included Gen Y to Baby Boomers. The majority of the results from the research were not surprising but there was a general consistency in the need to take greater interest in saving for the long-term rather than focusing on the here and now.

Further research is being undertaken for wealth builders, aged between 35-49, so we can identify the issues that are affecting their retirement planning and how we can help them.

One in three
37.1%[^]
Had no idea what any of their super balances were.

Just
14.3%[^]
Salary sacrifice.

More than half
53.8%[^]
Allowed their employer to choose their super fund.

46%*
Could not explain or didn't know what super was.

74%*
Incorrectly identified the amount of Superannuation Guarantee, indicating many are unaware of the changes to super.

Key findings for Generation Y (18-30)

The challenge ahead

Young Australians in particular need help developing their financial literacy to set them up for a more secure future.

A large majority of REST's membership are young workers so we are committed to developing the tools and support they need to help with their financial education early on. Starting early will boost eventual retirement outcomes.

Key findings for Baby Boomers (47-65)⁺

The challenge ahead

Baby Boomers are not financially and psychologically ready for retirement. Lifting awareness levels of the cost of funding retirement is a key challenge for the financial services sector and government. There is a significant educational task ahead and we have developed programs and tools to be part of the solution. However, with retirement fast approaching, time is of the essence for Baby Boomers.

Nearly
74%
Have little idea how much they will need to live on in retirement.

Nearly two thirds
64%
Expect to rely on the Age Pension.

A QUARTER

Are just 'closing their eyes and hoping for the best' in retirement.

Less than **HALF**

Have a good grasp of how much they have saved in super or take an active interest in trying to grow this balance.

Nearly half
45%

Say they are concerned by 'the constant rule changes'.

Education

Ensuring our members are regularly informed about any changes that may impact their super, has always been a key priority for us.

Based on our experience and the findings from our research, we know that everyone can benefit from having a better financial understanding of how to plan for their future. This is especially true for young people.

Super funds, along with government and industry, have a key role to play in providing the right tools and support so people are more aware of their financial wellbeing and how it can be improved.

REST has developed a number of programs and tools including seminars, information sessions, briefings and access to financial planning services, factsheets and calculators for the benefit of members, employers and associations across Australia.

Financial advice is critical for Australians to ensure financial security now and in the future

REST believes every Australian can benefit from speaking to a financial advisor about their situation. To encourage our members to do this, we will pay for a member's first super-related question over the phone with a Money Solutions* Money Coach, subject to superannuation laws.

We are continuing to promote the importance of seeking financial advice through our member and employer seminars as well as education materials.

Information sessions in the workplace

Education sessions are held regularly across Australia by REST's Relationship Managers and can be tailored to suit the needs of the workplace.

“Young Australians in particular need help developing their financial literacy to set them up for a more secure future. As a large majority of our membership base are young workers, we offer tools to help with their financial education.”

Damian Hill, REST Chief Executive Officer



Supporting positive mental health initiatives

We have an ongoing commitment that underpins everything we do: REST is run to benefit members and to help improve their retirement outcomes.

Q+A with Damian Hill, REST Chief Executive Officer

Q: When it comes to sponsorship, why does REST have such a strong focus on mental health?

A: Mental health is a rising issue for many Australians across all ages and in the past few years we have seen a growing number of insurance claims associated with this. Our sponsorship may help in reducing the number of people being affected by mental health issues, it may also have a cost benefit for our members' insurance premiums. And so, we see this as an important initiative to support organisations that are addressing this issue on a broad scale and in turn, giving something back to the community.

Q: What benefit do these organisations provide?

A: **headspace** is the National Youth Mental Health Foundation that helps young people, aged 12 to 25, get the support they need if they are suffering from mental health issues. They provide services such as general health, counselling, education and employment as well as support to the families.

SuperFriend similarly aims to reduce the incidence of suicide and the impact of mental illness on individuals, workplaces, friends and families. The great thing about this organisation is it brings together superannuation funds, insurers and mental health organisations to offer resources that assist members with seeking help early.

Q: Why does REST believe delivering a positive community legacy is important?

A: We impact the lives of millions of Australians by growing their savings prior to and in retirement. We therefore have a responsibility to support organisations like **headspace** and SuperFriend that are working to support people and raise awareness of maintaining positive mental health in the workplace.

* Money Solutions Pty Limited, ABN 36 105 811 836 AFSL No. 258145. Money Solutions personnel are not representatives of the Trustee. Any financial product advice given by Money Solutions is provided under the Money Solutions 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 Money Solutions.

REST Board Governance

The REST Board is made up of individuals who have a wealth of retail industry and commercial experience in a corporate environment. Their long standing in-depth knowledge of the Fund, which can only be gained over a long tenure, together with their understanding of the industry adds huge value not only to the operation of the Fund but also 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.

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 currently comprise three major employers participating in REST and the Australian National Retailers Association. This means that employees and employers are equally represented. Additionally, an independent director has been appointed to the Board to supplement its skills and experience.

As at 30 June 2014 the representatives of the Board were:

Employee representation		Nominated by
Board member since:		
Joe de Bruyn	1988	SDA
Sue-Anne Burnley	1996	SDA
Ian Blandthorn	2008	SDA
Geoffrey Williams	2008	SDA
Rohan Jeffs	1990	Woolworths
Duncan Shaw	2010	Myer
John Edstein	2013	Australian National Retailers Association
Steven Priestley	2014	Coles
Independent Director		Appointed By
Ken Marshman	2013	The Board



Board of Directors



Roles and responsibilities



Rohan Jeffs
Chairman

Rohan has over 20 years of experience in the superannuation industry and is currently a Solicitor of the Supreme Court of NSW and High Court of Australia. He is also an Adjunct Professor of Law and Business at the University of Queensland.

From 1986 – 1989, Rohan was General Counsel and Company Secretary and from 1989 – 2006, General Manager, Corporate Services of the Woolworths Group.



Ken Marshman

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



Sue-Anne Burnley

Sue-Anne has over 18 years' experience in superannuation and is currently the National Industrial Union Officer for the SDA. Whilst serving on the REST Board, Sue-Anne was appointed in 1991, as a Trustee Director to CARE Super. Prior to this, Sue-Anne worked as an Industrial Services Co-ordinator for the Victorian Branch of the SDA in 2005. In 2002 she was engaged as an international consultant by ILO Technical Cooperative Project in East Timor.

**Joe de Bruyn**

Joe has over 20 years' experience in superannuation and has been the National Secretary of the SDA since 1978. From 1984 – 1996, Joe held the position of New South Wales Branch Secretary as well as National Secretary of the SDA. In 1985 he joined the Executive of the Australian Council of Trade Unions (ACTU) and was elected as Vice-President in 1997 and subsequently, Senior Vice-President in 2003.

**Steven Priestley**

Steven has 30 years of 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. Steven then served as an Alternate Director until being reappointed to the Board as a Director. Prior to his role as Financial Controller, Steven has worked within the Coles Group in various roles for the past seven years and prior to this was primarily with Shell Australia Limited, holding various General Manager roles including Corporate Treasurer and Financial Controller.

**John Edstein**

John has more than 30 years' experience in superannuation and financial services law. He was a co-founder of the law firm, Townsend & Edstein Solicitors, which established a reputation in superannuation and financial services law, including the taxation of financial services entities. In 1990, he joined Mallesons Stephen Jaques as a partner in the Taxation and Superannuation Group. John was the National Practice Team leader for the Taxation and Superannuation Group for several years, together with being a director on the boards of several of the firm's operating companies.

**Ian Blandthorn**

Ian has over 20 years' experience in superannuation and is currently the National Assistant Secretary for the SDA. He is also a Board member of Service Skills Australia, a Joint Chairperson 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 (ACTU) Executive.

**Duncan Shaw**

Duncan's entire 40 year career has been in the retail arena. His career commenced as a retail cadet with Grace Bros and later he attained the position of Group General Manager Retail Operations and was 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.

**Geoffrey Williams**

Geoffrey has over 35 years' experience in superannuation (including 25 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 and prior to this served as an Alternate Director of the REST Board for 21 years.

REST's independent directors

Under its governing rules REST may appoint directors who are not employees or representatives of any affiliated organisations. The composition of the Board, as a whole, with an appropriate mix of skills, knowledge and experiences is the critical focus.

The Trustee has adopted this approach in its director appointments and independent expert consultant review of individual and total Board performance procedures.

The Trustee's directors bring to the Boardroom experience and knowledge gleaned from senior roles working within the retail industry, or from working as experts in the legal or investment industries. Our directors are able to express a strong breadth of views and a robust decision making process while continuing to act in the best interests of members, not of their industry or employer representative bodies.

Board assessment

The Trustee's directors are required to meet minimum education requirements of at least 20 hours per annum and many exceed this amount.

Further the Board is subject to a rigorous governance review process including regular assessments by external consultants to ascertain their capabilities and knowledge.

Fitness and propriety

At REST, a fit and proper assessment must be completed before a person is appointed as a Responsible Person, unless they hold the position because 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 ensures that a complete full fit and proper assessment prior to appointing the person to the Responsible Person position on a permanent basis be completed, as well as on an ongoing basis once they are appointed.

Annual certifications

On an annual basis, each Responsible Person must confirm in writing 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, complete a Certificate of Propriety and complete a questionnaire covering matters as determined by the Trustee, and provide this confirmation and questionnaire to the General Counsel and Company Secretary. These certifications are then to be tabled before the Audit Risk and Compliance Committee (ARCC) and the Board.

Periodic training reviews

Each quarter there must be a review of progress of each Responsible Person's training requirements for the year and any other matters the Board considers relevant to each Responsible Person meeting his or her requirements as to fitness.

Annually, the Board must review each Responsible Person's compliance with the requirements of fitness, taking into account whether or not the Responsible Person has met the training requirements

as specified by the Board and whether the Responsible Person has met all other requirements specified by REST's Fit and Proper Policy or the Board as to fitness.

Board process

At the commencement of each Board meeting, each Director, Alternate Director and Responsible Person present must affirm that he or she continues to be qualified to act in the capacity of Director or Responsible Person of the Trustee under the terms of the Superannuation Industry (Supervision) Act and the Corporations Act and were aware of, and complied with the Trustee Charter and its obligations (if applicable) and this affirmation must be recorded in the minutes of that meeting. Those Directors, Alternate Directors or Responsible Persons not present at the Board meeting will be required to affirm the same obligations in writing or through electronic processes such as Lawlex on a regular basis.

REST's Conflicts Management Policy, Code of Conduct Policy and registers

Responsible Persons must comply with the REST Conflicts Management Policy. In particular, any conflict between the Responsible Person's interests and those of the Trustee or the beneficiaries of REST must be managed in accordance with the Conflicts Management Policy.

The Conflicts Management Policy sets out the Trustee's procedures for identifying and managing conflicts and for ensuring that the Trustee and each of its Directors and Responsible Persons comply with their respective legal obligations in relation to management of conflicts.

The Trustee is a not for profit organisation. The Trustee does not act as the Trustee of any other superannuation fund and is not part of a broader corporate group. The Board of Directors of the Trustee is vigilant about the Trustee's duties and every Board meeting, each Director is required

to declare whether they have any conflicts as well as the obligations which arise under the Conflicts Management Policy.

If a Responsible Person considers a conflict has/will arise, that conflict will be raised with the ARCC/Board for assessment and management.

Any conflicts which arise are disclosed in the Conflicts of Interest and Conflicts of Duties registers.

The Code of Conduct Policy imposes obligations on REST employees to disclose and appropriately manage conflicts. The Code of Conduct Policy sets out that staff must not accept any gift or benefit where there is a reason to believe that the person offering the gift is likely to expect the staff member to be influenced in the way that the staff member performs their duties as a result of the gift; or that the staff member believes that the gift or benefit will give rise to a conflict of interest that cannot be managed appropriately and must

be avoided. There are also monetary limits in place in relation to 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'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 **Board** has the ultimate responsibility for REST.

Board Committees are responsible for the monitoring and review of areas that fall within their delegated responsibility. For example, the Investment Committee deals with matters relating to investment strategy.

The **Audit, Risk and Compliance Committee (ARCC)** is a Board committee which is the working interface between the Board and management on audit, risk and compliance related issues.

The **Executive Management Team** has the operational accountability for overseeing and facilitating the implementation of risk prevention measures and internal controls within their business unit areas including monitoring and reporting. The Executive Management Team comprises the Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), General Counsel and Company Secretary (GCCS), General Manager Investments (GMI), General Manager Brand, Marketing and Communications (GMBMC), General Manager Information Systems (GMIS), and General Manager Strategic Relations (GMSR). The Executive Management Team meets on a regular basis and

determines matters appropriate to be reported to the Board, the ARCC and other relevant Board committees.

The Business Line Management and Staff report to the Executive Management Team in relation to operational matters.

The **internal auditor** reviews the internal control environment, systems and procedures of REST. The internal auditor also provides independent verification as to whether risk processes are operating effectively as part of their ongoing internal audit program.

REST maintains contracts with a number of **material business activity providers** to perform key functions of the Fund for example, investment managers, an administration manager, a custodian, group life insurer, actuaries and a financial planner. These service providers play a vital role in REST's governance structure.

The **external auditor** audits the Risk Management Strategy (RMS) with a focus on adherence to the RMS. The external auditor also plays a role in more specific ongoing monitoring.



Executive Management

Roles and responsibilities



Damian Hill Chief Executive Officer

With over 20 years' experience in life insurance and superannuation, Damian has been Chief Executive Officer 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.

Paul Sayer Chief Operating Officer

Paul joined REST in 2006 as Chief Operating Officer, continuing a career in superannuation that has spanned over 30 years. His previous roles have included senior operations roles at ING, Burns Philip and AMP.

Paul has completed a Bachelor of Business in Accounting, Master of Business Administration, and Diploma of Superannuation. He is a Certified Practising Accountant and Fellow of the Australian and New Zealand Institute of Insurance and Finance. He is also part of the Industry Funds Forum, Fund Executives Association Ltd and the Australian Institute of Superannuation Trustees.

Chris Stevens Chief Financial Officer

Chris has worked in the superannuation industry for over 20 years. He joined REST as Chief Financial Officer in 2008 and is responsible for the Finance and Risk functions.

Prior to joining REST, Chris worked in the Custody division of JPMorgan in Sydney for 14 years.

Chris holds a Bachelor of Science in Geography from Bristol University in the UK. He is qualified as a Chartered Accountant at Coopers & Lybrand in London working in the Banking and Finance audit group. He is a member of the Institute of Chartered Accountants in England & Wales and a member of the Association of Superannuation Funds in Australia.

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.

Jo Townsend General Manager Investments

Jo supports and implements the investment making decisions of the REST Investment Committee and Board. She oversees all investment related service providers to the Fund from the asset consultant and investment managers, to the custodian.

Jo has over twenty years' experience working in the financial services sector. Prior to joining REST in 2008, she worked at NGS Super and the Retirement Benefits Fund of Tasmania in similar roles.

She holds a Bachelor of Mathematics and Finance from the University of Technology of Sydney and is a Certified Investment Management Analyst.

Mary Atley General Manager Brand, Marketing and Communications

Mary joined the REST Marketing and Communications team in June 2011 following her relocation to Sydney from Melbourne.

With 30 years' experience in marketing, Mary is a highly qualified and experienced strategic marketer and has worked across diverse industries including financial services, energy, retail and professional services. Previously the head of marketing and communications at a member driven organisation, she brings a wealth of relevant experience to REST.

Mary has a Certificate in Direct Marketing from ADMA.

Paul Howard General Counsel and Company Secretary

Paul is responsible for the legal, compliance and secretariat functions having joined REST in 2011. As General Counsel & Company Secretary, he continued his in-house career in financial services organisations with a focus on funds management and asset management which he began in 2005. Prior to moving in-house Paul spent nine years in private practice in Australia, Hong Kong and New Zealand.

Paul's primary specialty is in mergers and acquisitions with an infrastructure focus in the in-house environment both domestically and internationally.

Paul holds a Bachelor of Law and a Bachelor of Commerce from the University of Auckland. He is currently a Solicitor of the Supreme Court of NSW and High Court of Australia and is also admitted to practice in New Zealand.

Sandra Coleman General Manager Information Systems

Sandra joined REST in January 2014 and is responsible for the information systems and project management functions. Prior to REST, she held the position of Chief Information Officer at two state government organisations.

Sandra has more than 15 years' experience in IT including working for multi-national manufacturing organisations in professional services and government organisations. She brings a strong capability in business transformation utilising strategic technology initiatives to gain efficiencies and a competitive advantage.

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.

Asset Class	Investment managers	% of assets managed for REST
Australian Shares	Balanced Equity Management Pty Ltd	6.9%
	Cooper Investors Pty Ltd	4.8%
	Greencape Capital Pty Ltd	3.0%
	Paradice Investment Management Pty Ltd	6.2%
	Renaissance Smaller Companies Pty Ltd	1.0%
	Goldman Sachs Asset Management Australia Pty Ltd	0.8%
	Allan Gray Australia Pty Ltd	1.7%
	Ubique Asset Management Pty Ltd	0.3%
	Super Investment Management Pty Ltd*	0.3%
		24.9%
Overseas Shares	MFS International (UK) Ltd	5.5%
	Pzena Investment Management LLC	3.4%
	Wellington International Management Company Pte Ltd	3.8%
	Colonial First State Asset Management (Australia) Ltd	2.3%
	Cooper Investors Pty Ltd	2.5%
	Paradice Investment Management Pty Ltd	1.3%
	Taube Hodson Stonex Partners LLP	3.7%
	Global Thematic Partners	3.4%
	Holowesko Partners Ltd	3.5%
	Northcape Capital Pty Ltd	0.5%
		30.1%
Property	Charter Hall Funds Management Ltd	1.4%
	GPT Funds Management Ltd	1.3%
	Super Investment Management Pty Ltd*	5.1%
	7.9%	
Bonds	Super Investment Management Pty Ltd*	3.0%
	UBS Global Asset Management (Australia) Ltd	1.1%
	Brandywine Global Investment Management Ltd	3.2%
	Franklin Templeton Global Bonds Ltd	1.6%
	8.9%	
Cash	Super Investment Management Pty Ltd*	6.8%
	Colonial First State	2.8%
	9.6%	
Infrastructure	AMP Capital Investors Ltd	3.0%
	Super Investment Management Pty Ltd*	1.3%
	4.3%	
Growth Alternatives (Equity Strategies)	Aurora Investment Management	0.1%
	Holowesko Partners Ltd	1.9%
Growth Alternatives (Growth Opportunity)	Apollo ST Fund Management LLC	1.6%
	Babson Capital Management LLC	1.8%
	Bentham Asset Management Pty Ltd	1.6%
	Putnam Advisory Company LLC	1.1%
Growth Alternatives (Agriculture)	Warakirri Asset Management Pty Ltd	0.7%
		8.8%
Defensive Alternatives	GMO Australia Ltd	2.7%
	Fauchier Partners Trust - Managed by BNP Paribas Investment Partners (Australia) Ltd	2.5%
		5.3%
Total		100%

*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. None are associated with the Trustee, its directors or its staff.

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

Internal auditor

KPMG

Investment consultant

JANA Investment Advisers Pty Ltd

Legal advisers

Allens Arthur Robinson
Clayton Utz
Corrs Chambers Westgarth
DLA Piper Australia
Hall & Wilcox
Henry Davis York
Herbert Smith Freehills
Holding Redlich
King & Wood Mallesons
Lander & Rogers
Minter Ellison
Norton Rose Fulbright Australia
Thomson Geer
TurksLegal
Watson Mangioni

Tax agent

PricewaterhouseCoopers

Trustee liability insurance

Zurich Australia Insurance Limited

Employers in arrears

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

During 2013/14, REST referred a number of employers to Industry Funds Credit Control Pty Ltd (IFCC) who collected \$16,053,870.95 from employers in arrears. As at 30 June 2014, 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 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:

- REST has attempted to contact the member and correspondence has been returned unclaimed (ie. they are a 'lost member') and have an account balance that is insufficient to pay REST's fees, or
- REST has been advised that the member:
 - has left their employer,
 - has an account balance that is insufficient to pay REST's fees (note that this amount can vary depending on total investment returns relative to fees), and
 - has not advised REST where they would like to roll over their benefits.

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

AUSfund

PO Box 2468
Kent Town SA 5071
Phone 1300 361 798

Email admin@ausfund.net.au
Web 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 (PDS)
- AUSfund is required to 'member protect' benefits. Generally, this means members will not be charged administration fees if investment returns are insufficient to cover the cost, however, government taxes are still deducted
- AUSfund will invest benefits in a diversified investment strategy, which may provide lower returns than the investment option(s) in which the member account is invested in REST.

* This only applies to employers who have signed the agreement.

Temporary residents

A temporary resident who is not a citizen of Australia or New Zealand, is only able to withdraw their superannuation benefits under limited conditions of release. Once six months has elapsed since the temporary resident departed Australia, or the Visa has ceased to be of effect then the Australian Taxation Office can require the superannuation fund to transfer the account to it as unclaimed moneys. The moneys can be claimed from the Australian Taxation Office by the temporary resident. If REST is required to transfer your superannuation benefit to the Australian Taxation Office, relying on ASIC relief you will not receive an exit statement from REST. For more information visit www.rest.com.au

Unclaimed and lost member accounts

One of the main reasons that a REST members' account may be regarded as unclaimed is if the member is identified as lost and the balance of the account is less than \$2,000. Also, if the account is inactive for a period of 12 months and the fund is satisfied that it will never be possible to pay an amount to the member, the account will also be regarded as lost.

A member is lost if they are uncontactable or inactive. A member is uncontactable if the fund has not received any money for them within the last 12 months and either the fund has never held an address for the member or two written communications have been returned unclaimed. Inactive members are generally those who have not made a contribution or rollover within the past five years.

These unclaimed and lost member accounts will be transferred to the ATO every six months unless they are active and the member advises the fund not to transfer the account 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 members' accounts were transferred to the ATO. Refer to the ATO website at www.ato.com.au for more information.

Compliments and complaints

If a member has a compliment, we would love to hear from them. If they have a concern or complaint, please contact us straight away. 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 noting that they wish to lodge a complaint.

To lodge a complaint online

Visit our website 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 us on 1300 300 778
between 8am and 8pm weekdays

Acumen

Call us on 1300 305 779
between 8am to 6pm weekdays

REST Pension

Call us 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 inquiry 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 inquiry 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 inquiry or complaint once it is made.

In the case of decision on complaints as to payment of death benefits, the Trustee must give the member 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 (SCT)

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 only become involved after the Trustee's efforts at reaching agreement have failed (ie. 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 service and can be contacted on 1300 884 114.



Through our financial advice provider, Money Solutions, we have provided over 100,000 pieces of financial advice to members, helping them make more informed decisions about their retirement.

Financial results

REST financial statements 2014

This page outlines the 'changes in net assets' and 'statement of net assets' from 1 July 2013 to 30 June 2014.

The information on this page is an abbreviated version of the full REST annual financial report, which has been audited by PricewaterhouseCoopers Chartered Accountants.

For a copy of the full financial statements and/or the auditor's report, visit our website at www.rest.com.au, call **1300 300 778**, or write to us at REST Industry Super PO Box 350, Parramatta NSW 2124.

Changes in net assets	2014 \$ million	2013 \$ million
Net market value of assets available to pay benefits at beginning of the financial year	27,204.7	21,991.5
PLUS		
Contributions by employers	2,748.5	2,480.3
Contributions by members	448.0	234.5
Rollovers into REST	970.3	683.7
Net group life proceeds received	145.4	114.3
Interest earned	1.7	1.7
Group life rebate	19.9	0.0
Other revenue	0.2	0.4
Investment earnings (including changes in net market values)	4,090.7	4,520.2
Total gross income for the year	8,424.7	8,035.1
LESS		
Benefits paid	1,800.8	1,557.0
Administration costs	139.0	134.1
Investment management charges	159.6	101.3
Property expenses	20.3	16.3
Custodian fees	5.1	3.9
Group life insurance premiums	487.8	364.5
Taxes	634.8	644.8
Total outgoings	3,247.4	2,821.9
Net market value of assets available to pay benefits at end of the financial year	32,382.0	27,204.7

Auditor's approval

We have audited the financial statements of Retail Employees Superannuation Trust for the year ending 30 June 2014 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 17 September 2014. 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

C.J Cummins
Partner

Reserves

REST has a number of reserves, including an operational risk financial requirement reserve, capital reserve, group life insurance reserve and administration reserve. As at 30 June 2014, the total reserves were valued at \$201.4 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. REST currently has adequate provisions in its reserves.

Movement in REST's reserves

Year	\$ million
2012	(17.3)
2013	(20.3)
2014	65.2

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.

Statement of net assets	2014 \$ million	2013 \$ million
Securities		
Australian listed shares	7,750.4	6,456.9
Australian bonds	1,431.3	1,250.0
Discount securities	2,456.0	2,517.8
Overseas listed shares	9,576.3	7,778.6
Overseas bonds	1,811.5	1,515.8
Other		
Unlisted trust units (property)	1,767.8	1,441.3
Unlisted trust units (growth alternatives)	2,268.7	2,177.2
Unlisted trust units (defensive alternatives)	1,642.2	1,162.9
Unlisted trust units (other)	1,976.4	1,863.5
Derivatives	658.8	490.2
Cash/other	1,741.5	1,323.2
Direct property	812.0	795.2
Total investments	33,892.9	28,772.6
Amount receivable	200.9	163.8
Other assets	107.6	146.3
Total assets	34,201.4	29,082.7
LESS		
Benefits payable	24.3	35.0
Liability for taxation	594.7	366.1
Derivatives	377.4	880.7
Other liabilities	823.0	596.2
Total liabilities	1,819.4	1,878.0
NET ASSETS	32,382.0	27,204.7

Good. Better. REST

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

🖱 rest.com.au



REST Annual Report 2014: Any advice contained in this information 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 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 representative 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.