

zest!

Chant West Super Fund of Year Finalist 2016

SuperRatings MySuper of the Year Finalist 2016

Investment performance

Your investment update and REST performance results



REST Industry Super Member Magazine

Spring 2016



Passion over profit



It's all about you



Dear Members

Welcome to your annual **zest!** magazine.

With a bumpy ride for investment markets, and a Federal election thrown into the mix, the past financial year has certainly been an interesting one for superannuation.

Despite an unsettled year in investment markets, I'm pleased to report that REST has continued to deliver competitive performance over the long term. Our investment update on pages 4 and 5 looks at your fund's performance over the past year, and explains how volatility is a normal part of the investment cycle.

Juggling the demands of study, work, family and friends can be tough at any age, and particularly when you're just starting out. On page 6, **headspace** provides some great information on where you can find valuable tools and resources if you, a friend or a family member are going through a tough time.

So settle back for a few minutes and enjoy this edition of **zest!** As always, if you have any questions about your REST account, please call our customer service team on **1300 300 778** or contact us online at **rest.com.au**

Damian Hill
Chief Executive Officer
REST Industry Super



Awards and ratings are only some of the factors you should consider when deciding how to invest your super. Further information regarding these awards can be found at rest.com.au

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

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

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Latest news

Contact REST

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- 👉 rest.com.au



It's all about you

With nearly 2 million members throughout Australia, REST is working hard to connect with its members in ways that will add value and help their retirement savings thrive.

“For many of our members, retirement is a distant event in the future,” says Beth Parkin, REST’s General Manager, Customer Service. “But in an environment where superannuation reform took centre stage in the recent Federal election, empowering and motivating members to understand their super has never been more important,” she said.

“Our goal is for our members to feel connected with REST so that we can help them get the most out of their super.”

“We want to be easy to deal with, and support our members to make the right decisions about their future in our often complex and highly regulated industry that is superannuation,” Beth said.

Over the past two years, REST has been gathering insights from its members about their interactions with REST.

“We’ve been able to use this direct feedback to make real improvements to the way we do things for our members,” Beth said.

“It can be things like the way we make benefit payments to members, or reducing the number of forms a member needs to complete to change certain personal details. Individually these actions may seem small and not terribly exciting, but together they add up to an overall easier experience for members.

“Our member service is constantly evolving and there are areas where we could be doing better. To support our continual improvement we’ll be expanding our feedback program even further over the coming year to capture more insights to enhance our overall service experience,” Beth said.

As well as these important behind the scenes improvements, REST is also working to make it easier for members to interact with REST to help them make better, more informed decisions about their super.

“It’s a digital world now, and we’re expanding our online channels so that members can talk to us when and how they like. This integration of digital tools and options will make it easier for members to do the more transactional aspects of managing their super account when it’s convenient for them. We’re really excited about these new digital service tools,” Beth said.

“One of the great things about being a super fund is that we are different to many financial institutions in that we actually want our members to talk to us more and engage with us directly, whether it be via our call centre or online tools.”

“Education and knowledge are the keys for members to get the most out of their super. We encourage our members to get to know their super, ask us questions, attend our seminars, use our online tools to play out different retirement saving scenarios.

“Our online [knowledge hub](#) is a great example of delivering complex information in a creative way. Members can personalise their super journey, and get tips and insights into how to make their super work harder at different stages of their life,” Beth said.

“Your super is your money. Whether you’re in your first job, or are getting closer to retirement, REST is here to help you get to know your super and make it work for you.”

We’re here to help

If you’d like further information on any aspect of your REST account, please call our customer service team on **1300 300 778** or contact us online at rest.com.au. You can also follow us on Twitter @RESTSuper or like us on Facebook (REST Industry Super).

Investment update

We take a look at how your investment with REST performed over the past year, and how REST's long-term performance continues to be ahead of the pack.

Your investment performance

The Core Strategy (REST's MySuper investment option) returned +1.82% for the financial year ending 30 June 2016, a moderation in returns following a long stretch of strong performance since the end of the global financial crisis.

Financial markets saw significant volatility over the past financial year, most notably at the beginning of 2016 and again in June. These key periods of market volatility explain much of the moderation in investment returns during the year.

The Core Strategy continues to meet its long-term investment return objective of delivering performance of 3% per annum over the Consumer Price Index (CPI) over a rolling 10 year period.

The property asset class was the largest contributor to returns for Core Strategy followed by infrastructure, with both asset classes underpinning Core Strategy performance over the twelve month period. Australian shares and bonds contributed modest returns, but overseas shares - the largest asset class exposure for Core Strategy - was the main detractor to performance.

Market review

Monetary policy eased further as economic conditions remain weak

Weak economic conditions have prompted central banks around the world, including the Reserve Bank of Australia (RBA), to lower interest rates in an attempt to boost economic activity and growth.

The RBA lowered the Australian cash rate from 2.00% to 1.75% in May following weak inflation data from the first quarter of 2016 and has stated that it is ready to reduce rates further if domestic conditions continue to wane. Other major central banks including the European Central Bank, Bank of Japan and the Reserve Bank of New Zealand have also made similar moves to ease monetary policy by lowering official interest rates over the last twelve months.

The closely-watched US Federal Reserve, after having raised US interest rates for the first time in almost a decade in December 2015 to 0.50%, has now indicated that they will pause on further interest rate rises in light of global economic concerns and the bouts of significant financial market volatility over recent months.

Share markets run out of puff

Global share markets were tested in the early months of the calendar year by oil prices¹ that fell to as low as \$US26 a barrel in February 2016 and concerns of a slowdown in global economic growth. Equities were rattled again at the end of the financial year in June 2016 following the vote for 'Brexit' - the UK's decision to leave the European Union.

International share markets, as measured by the MSCI World ex Australia Index², closed the quarter ending 30 June 2016 up +4.4% and finished the financial period with a return of +0.4%. Australian equity markets fared marginally better compared to overseas markets, with the S&P/ASX 300 Accumulation Index³ returning +4.0% for the final quarter of the fiscal period and rounding out the financial year higher by +0.9%.

Global bond yields fall to record lows as investors shift to defensive assets

Bond yields around the world hit record lows following a string of interest rate cuts from major central banks and as investors shifted towards defensive assets.

Over the last twelve months 10-year US government bond yields hit as low as 1.43%, Australian 10-year government bonds troughed at 1.95% and German 10-year bunds (government bonds) slid into negative yields plummeting to as low as -0.13%.

Global bond markets have benefited from falling yields given that bond prices move inversely to expected changes in interest rates, making respectable gains for the financial year. Australian bond markets, as measured by the Bloomberg Ausbond Composite Index, added +2.9% for the fourth quarter of the fiscal period and closed the financial year with a +7.0% return.

Want to learn more about how REST invests your super money?

[Find out more here](#)



Business as usual for REST

Uncertainties surrounding a range of economic and political conditions are expected to continue to drive financial markets in the short term.

Despite these challenges, it's business as usual for REST. That is, we continue to actively manage our portfolios by regularly reviewing and adjusting our positions in view of current and expected market conditions.

At REST we believe that investing is inherently about managing uncertainty and risk. The market is never constant and fluctuations in the value of underlying assets are a normal part of investing.

REST has demonstrated its ability to manage our members' investments through difficult periods such as the global financial crisis and we remain committed to growing members' superannuation savings over the long term.

¹ Bloomberg West Texas Intermediate (WTI) Cushing Crude Oil Spot Price

² MSCI World ex Australia Index (unhedged in AUD) covers 22 of 23 developed markets excluding Australia

³ S&P/ASX 300 Accumulation Index includes up to 300 of Australia's largest shares by float-adjusted market capitalisation

No. 1 in the long run

When it comes to long-term performance, REST's Core Strategy has been ranked No. 1 more times than all other super funds put together (when compared to similar options of other funds surveyed monthly over rolling 10 year periods).*



REST Industry Super's Core Strategy investment option was recently named as part of an elite group of Australian super funds delivering an accumulated return of more than 100% since the global financial crisis.

According to leading independent agency SuperRatings, REST's Core Strategy is one of just eight funds with a Balanced option^ that have delivered returns greater than 100% since the depths of the GFC in 2009.

For members, this means their super has more than doubled during that period, even without them making a contribution.

Underpinning this investment success is a commitment to an investment philosophy that provides a framework for a disciplined and focused strategy which guides our investment decisions through the ups and downs of investment markets. Visit rest.com.au/investmentbeliefs for more information about how REST manages your retirement savings.

View the latest updates on your Superannuation Investments

[Watch video](#)



REST performance results to 30 June 2016

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

Returns are net of investment management fees and tax. 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. 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 including the latest investment returns visit rest.com.au/investments

* Returns for peer comparison funds over 10 year period sourced from SuperRatings Fund Crediting Rate Survey - SR 50 Balanced (60-76) Index, April 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. 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 for details of its ratings criteria.

^ Balanced option refers to "Balanced" options with exposure to growth style assets of between 60% to 76%. Approximately 70% of Australians in our major funds are invested in their fund's default investment option, which in most cases is the balanced investment option. Returns are based on net returns from 1 March 2009 to 31 May 2016. Returns are net of investment fees, tax and implicit asset-based administration fees.

Finding help in tough times

eheadspace is a confidential, free and secure space where young people aged 12 - 25 or their family can chat, email or speak on the phone with a qualified youth mental health professional. **eheadspace** is part of **headspace**, the National Youth Mental Health Foundation. REST is a proud sponsor of **headspace**.

If you're going through a tough time, **eheadspace** can help you deal with a broad range of issues like bullying, drug and alcohol issues, depression and anxiety, relationships and more.

You can contact **eheadspace** if you:

- don't feel quite right
- are having a hard time with friends or have had a break up
- are worried about your mental health
- are feeling depressed or anxious
- are feeling isolated or alone
- are worried about your drug and/or alcohol use
- are worried about work or study issues.

Online group chat sessions

eheadspace also offers groups chat sessions where you can ask a professional some questions in a totally anonymous environment. Sometimes it's hard to know what to say. If you're not sure you're ready to get help in person, on the phone, or online, an **eheadspace** group chat session might be a good place to start. [Check here](#) for details of the next group chat session.

Family and friends

eheadspace also offers specialist help for parents, families and other supportive adults who are looking for assistance due to concerns about a young person's mental health.

If you are a parent, family member or other supportive adult, you can access support through phone, webchat or email.

The Big Stigma revealed

4 in 16 young aussies experience a mental health issue. But 3 of those 4 won't seek help.

There are many reasons, but stigma plays a major role. Stigma is all the misconceptions, beliefs and fears around getting help for mental health issues. Not seeking help for mental health issues can have negative effects like making it harder to finish study, get a job or maintain friendships.

headspace has launched a national awareness campaign aimed at letting Australians know that the more openly we speak about mental health issues, the easier it becomes for young people to seek help for them.

So help tear down the stigma, and find valuable tools and resources for friends and family seeking to support youth with mental health issues at thebigstigma.com.au

How headspace can help

To access **eheadspace**, visit eheadspace.org.au or call **1800 650 890**

headspace has a national network of more than 95 centres across metropolitan, regional and rural areas of Australia with a range of workers available including GPs and mental health workers. To find your nearest **headspace** centre, visit headspace.org.au



Passion over profit

Australia's entrepreneurial spirit is alive and well according to recent REST research, with **34% of young people** surveyed saying they can see themselves owning their own business.

REST's study of over 1,000 young Australians aged 18-34 found that flexibility (59%) and freedom (59%) were the top reasons for young people wanting to go it alone, demonstrating the importance this age group places on factors such as mental health and wellbeing, over material wealth. More than half (57%) of respondents said they would take a pay cut to work in a more flexible job with better work-life balance.



1 in 3 respondents see themselves owning their own business

According to REST CEO Damian Hill, this focus on work-life balance is an interesting shift for this generation of Australians, who are typically stereotyped as career-driven and ambitious as they seek to establish themselves.

"It's incredibly positive to see younger Australians placing such a focus on creating genuine work-life balance," Damian said.



Flexibility (59%) and Freedom (59%) = most popular reasons to start a business

In addition, the research found 47% of younger Australians surveyed said they'd be willing to take a pay cut to work in a field they are more passionate about, demonstrating the considerable shift towards more of a 'passion over profit' mentality.

"This generation is exciting - they're ambitious, they think differently, and they're passionate about purpose," said Damian.

Whether you choose to start your own business or continue on a more traditional career path, it's still important to think about your financial future and keep your super health in check through regular contributions.

"Looking after your financial health is even more important for young Australians thinking about starting their own business. If you're concerned about achieving a comfortable standard of living in retirement we encourage you to have a chat with a financial adviser," Damian said.

Research also reveals concern about retirement savings

REST's research also revealed concerns about the long-term impact of rising living costs with over half (53%) of respondents believing that the increased cost of living meant they wouldn't be able to save enough for a comfortable retirement.

Further, 39% admitted they had absolutely no idea how they'd fund their retirement, while less than half (46%) were actually saving for their retirement, whether through compulsory superannuation or personal investments.

If you're one of the three in five young Australians who are concerned about how they'll fund their retirement, the good news is that there are two simple steps you can take to get the most out of your super.

1. Take REST with you when you change jobs.
[Take REST with you](#)
2. Check out how combining your super into a single fund* can help.
[Consolidate super](#)

*We recommend you consider the impact consolidating your super may have on any insurance or benefit entitlements you have in your other fund(s) and have a chat with a licensed financial adviser if you have any questions.

Sisters Jessica and Ebony discuss taking the plunge toward pursuing passion over profit, leaving the corporate world to set up an online pet accessories business.





A super busy year ahead

Superannuation reform took centre stage in the recent Federal election, with both major parties proposing key changes to the super system. However, the makeup of the new Senate may prove difficult to get legislation passed. So, 2016-17 promises to be a 'super' busy year as these proposals face further debate.

REST will be keeping a close eye on when these changes are introduced and how they will affect our members. Keep a lookout on our website, newsletters and social media for the latest news on how the super debate unfolds.

We're making things easier

We recently contacted REST members to let you know that from 1 July 2016, we'll be starting to send out important information, like links to your annual statement and other notifications, through digital channels such as email, text message and social media.

This means we can let you know more quickly about important information regarding your REST account.

So it's even more important that we've got the right contact details for you.

You can update your details online in MemberAccess at rest.com.au or call us on 1300 300 778.

Have you visited the hub?

REST's knowledge hub is packed with information to help you get your super working for you. You can find the latest super and investment news, special member offers and lifestyle tips. So visit the hub today at rest.com.au/hub

Like us on Facebook

Keep up to date with REST on social media by liking us on Facebook (REST Industry Super) or following us @RESTSuper on Twitter. It's a great way to keep in touch with REST and join the conversation.



rest.com.au  1300 300 778

Please call between 8am-8pm, Monday to Friday

