zest!

annual report

zest! forms part of our annual reporting to members for the year ending 30 June 2009. Our annual reporting consists of:

Part 1 - Member statement

Part 2 - Additional Information

Part 3 - What's New and REST Update and *zest!* annual report (this document)

How has the Global Financial Crisis affected *your super?*

We ask CEO, Damian Hill

REST Annual Report:

work.save.grow.REST

work.save
grow.REST

welcome!

From the top

With REST CEO Damian Hill

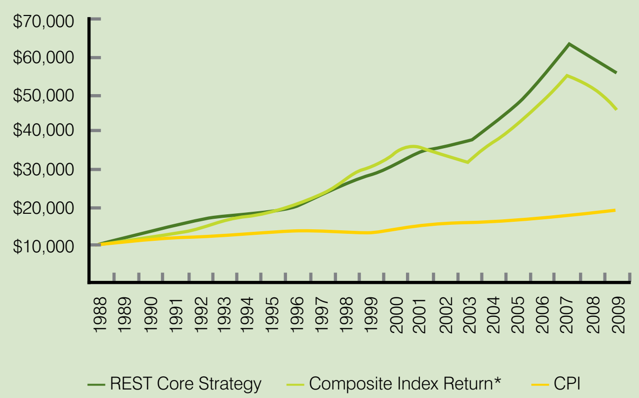
How has the global financial crisis affected REST members?

The first thing to note is that it's not just REST members, but almost everyone who has super has been affected by the global financial crisis

For many super fund members including REST members, it may be the first year where negative returns have outweighed the amount that's gone in during the year, so your balance may have fallen in the last year.

But it's not a time to make knee-jerk decisions, because your super is a long-term investment. REST has been one of the best performing funds over the last 12 months and over the long-term, as it has been in previous market downturns.

Growth of $10,000 since 1988



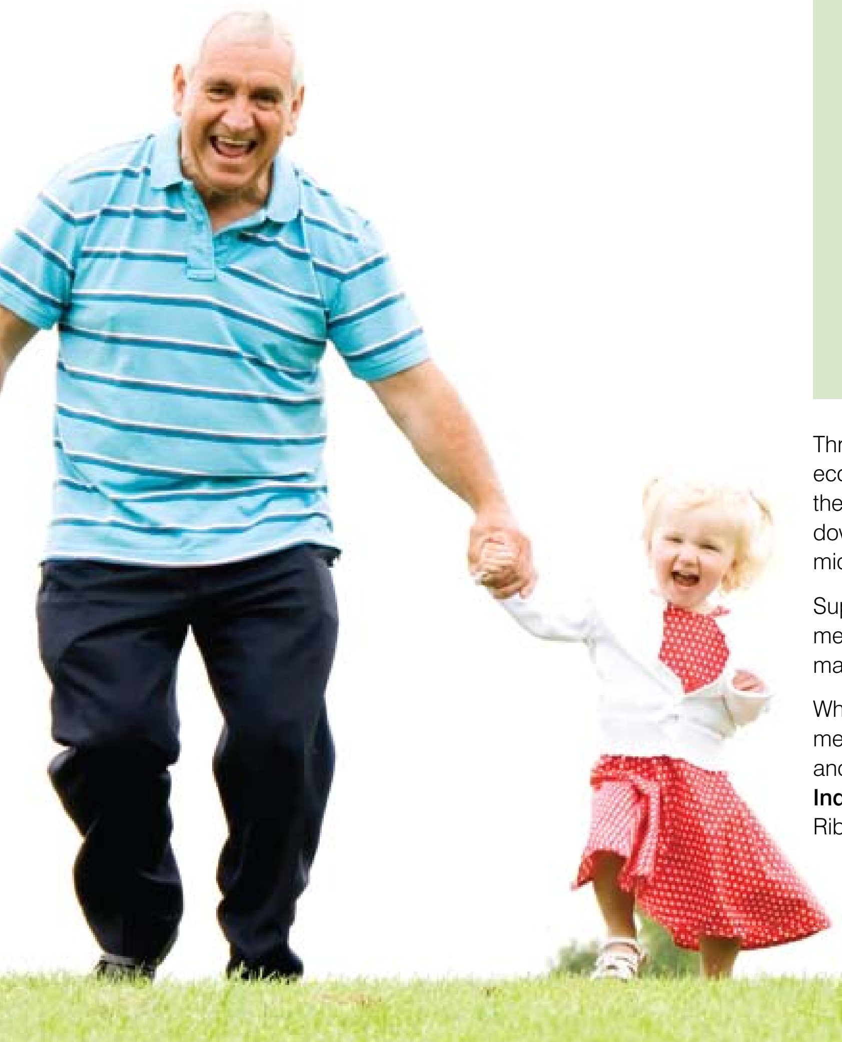
Returns are not guaranteed and are current to 30 June 2009. REST Core Strategy net of fees and tax. Past performance is not an indicator of future performance.

* Composite Index Return includes S&P/ASX300 Accumulation Index, MSCI World ex-Australia Index, Mercer Australian Unlisted Pre-tax Index, UBSA Composite All Maturities Index, Citigroup WGBI Hedged Index, UBSA Bank Bill Index
Source: JANA Investment Advisers 2009

Throughout the last few decades, there have been plenty of good economic times, like the five-year period up until late 2007 when the global financial crisis was just getting started. There has been down times too, like the dot-com crash that went from mid-2000 to mid-2002, and of course the current global financial crisis.

Superannuation funds, like REST, invest in different markets to increase members' wealth over time but there will invariably be periods when markets aren't performing well and there will be some loss of value.

What REST aims for, is strong performance over the long-term. That means performing well compared with other funds, both in good times and particularly in bad times. In fact, REST has just been awarded **Industry Fund of the Year** as part of the *AFR Smart Investor* Blue Ribbon Awards 2009.



For the 2008/2009 financial year, the Core Strategy, which is the option most REST members are a part of, had a return of -7.8%.

This places it 1st out of the 82 funds in its category^.

The median return in this category was -15.6% for the year^.

This means that REST members in the Core Strategy are more than 7% better off than comparable funds over the last 12 months.

As I mentioned before though, what's far more important than short-term returns, is consistent long-term performance. And over a longer term period of the last 5 years, the Core Strategy was one of the best performing funds^.

In fact many of REST's investment options were in the top quartile of their categories, over both the 1 and 5 year periods to 30 June 2009#.

Do you think most REST members will have enough money for their retirement?

I do have a genuine concern for our members that some may not have enough money to retire with the standard of living that they desire.

One of the reasons for this is that life expectancy has gone up, so we're living longer than previous generations. Which is a great thing of course, but it also means you need to save for more years of retirement.

So it may well be that the Superannuation Guarantee payments that your employer makes, are not enough on their own to fund the retirement that you want, even in combination with the age pension.

There are three really important questions to ask yourself here.

Firstly, 'what sort of retirement do I want?'

Most people hope to be able to continue the same standard of living for their retirement years, and many also hope to leave some money behind for their dependants.

The second question is, 'where am I now?'

Having a look at your most recent REST statement is a good place to start.

And the third question is, 'what do I have to do between now and when I retire, to bridge the gap?'

It may be that you consider salary sacrificing into super, which can possibly boost your super and reduce the amount of tax you pay.

If you are eligible, you may also consider making an after-tax voluntary contribution to your super, so that you can receive the government co-contribution.

But probably the best advice I can give, is to get advice. A licensed financial planner can help you through this process of working out where you are now and what you have to do to reach your retirement goals.

REST wants to make that easy for our members, so what you can do is call our customer service centre, and ask to speak to a Money Solutions* financial coach. If you haven't used them before, REST will pay for your first, over-the-phone, super-related question for free, or you can get a more extensive plan which may be charged to your REST super account, so there's not even an out-of-pocket expense.

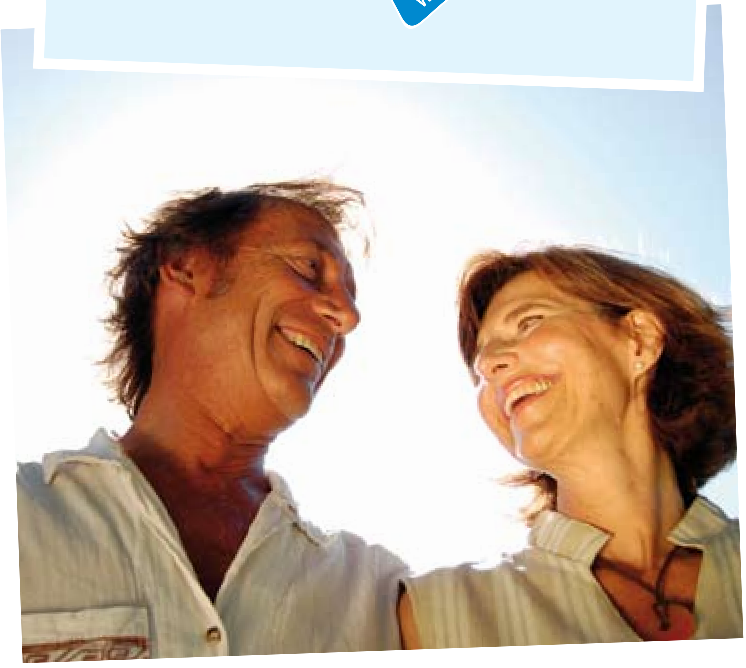
What options does REST offer people who are nearing retirement?

Many people who are approaching retirement think that their only option when they get there is to withdraw it all out of super, but that's not the case. With the REST Pension, you can leave your super in the tax-effective super environment, and draw a regular income from it.

You get the same investment options as you have had in REST and some of the lowest fees for a pension. There are even fee discounts for long-term members of REST and their spouses.

There are also some great options for people who are aged between 55 and 65 and still working, with the REST 'Transition to Retirement' Pension.

REST has been named 'Industry Fund of the Year' as part of the AFR Smart Investor Blue Ribbon Awards 2009.



Using a Transition to Retirement strategy, you can either work part-time, and use a transition to retirement pension to top up your income. Or, you can continue to work full-time, salary sacrifice a large portion of your income and get the tax benefits of that, and then top-up your income with the payments from the transition to retirement pension.

If you'd like more information on REST Pension including the Transition to Retirement option, you can call REST Pension Customer Service and ask for the Product Disclosure Statement which includes a useful section on planning for an enjoyable retirement. You can also download it from our website.

And as I mentioned earlier, you may also like to ask to speak to a Money Solutions financial coach, who can give you personal advice to help you plan for a great retirement.

^ SuperRatings Crediting Rate Survey as at 30 June 2009. Core Strategy ranked 1st/82 over 1 year and 2nd/68 over 5 years in the 'Growth' category.

SuperRatings Crediting Rate Survey as at 30 June 2009. 8 out of 12 REST options ranked in the top quartile of their category for both 1 year and 5 year periods.

* Money Solutions Pty Ltd AFSL 258145. Money Solutions personnel are not representatives of the REST 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.

Investment update

REST's performance results to 30 June 2009

Investment option	10 Yr % pa	5 Yr % pa	1 Yr %	3 month %
Core Strategy	6.90	5.67	-7.82	4.39
Structured Options				
Cash Plus	4.73	4.44	1.29	0.44
Capital Stable	5.91	4.84	-2.78	1.85
Balanced	6.32	4.94	-6.25	2.73
Diversified	6.99	5.32	-10.23	3.56
High Growth	7.13	5.23	-12.71	4.00
Member-tailored Options				
Basic Cash	Commenced 1 July 2009			
Cash	4.76	4.62	1.92	0.72
Bond	5.36	4.68	4.54	1.44
Shares	7.40	4.84	-15.50	5.96
Property	N/A	7.48	-10.62	-10.40
Australian Shares	N/A	8.06	-15.48	7.76
Overseas Shares	N/A	-0.13	-16.36	4.09

The Core Strategy returns shown are crediting rates – the rates allocated to members' accounts. Crediting rates have differed from actual earnings rates in some years, and for more information visit www.rest.com.au and click on Performance & Investments. N/A applies to options running less than the indicated time periods. All returns are post investment management fees and tax. Returns for the five and ten year period are annualised compound averages. Past performance is not necessarily an indicator of future performance.

Stressed out?

We are living through stressful times. For some, stress may lead to depression, alcohol related issues or more serious problems. It's not unusual and it's not something to be ashamed of. If you or anyone you know is experiencing high levels of stress, or feel like you're struggling to cope, visit the SuperFriend website at **www.superfriend.com.au**

Created by a group of concerned industry super funds, including REST, the site brings together the resources of a wide range of health organisations and provides information and advice covering:

- Simple and effective ways to improve physical and mental wellbeing
- Achieving a wholesome work/life balance
- Detecting the symptoms of common mental and emotional problems
- Reaching out for and obtaining help

Superfriend
someone to turn to

For most Australians, superannuation balances have been affected by tough financial conditions and a turbulent share market. Reassuringly though, REST has performed better than most other funds during this period.

According to leading ratings agency, SuperRatings*, REST's default 'Core Strategy' investment option was the best performing investment option in the 'Growth' category, for the year ended 30 June 2009.

Will the share market recover?

Although the share market has been down since late 2007, a sense of perspective is important. Volatility and fluctuation are normal features of the investment cycle. Most people remember previous periods of volatility – such as the 1987 share market crash or the volatility of the early 2000s – and have seen that markets typically rebound.

Should I switch to another of your investment options?

You need to make a considered decision. By switching into a more defensive option, you may lock in your loss and miss out on any future upswing when markets recover.

Should I switch to another super fund?

Again, you need to make a considered decision and remember that REST has performed better than most other funds throughout these tough financial conditions.

Consider getting advice

Consider discussing your super with a financial adviser, who can provide information and guidance based on your personal circumstances.

If you don't have an adviser, we can connect you with a Money Solutions^ coach, and if you're a REST member we'll pay for your first over-the-phone question on a super-related topic. Simply call us on **1300 300 778**.

^ Money Solutions Pty Limited AFSL 258145

* SuperRatings Crediting Rate Survey as at 30 June 2009.

Work less and maintain the same income

Deciding whether to continue working full-time or retire can be a difficult decision to make, particularly in the current economic climate. Factors such as your lifestyle needs and existing expenses may impact on your ability to fully retire.

For those members who have reached preservation age^, there is some good news!

Engaging a Transition to Retirement (TTR) strategy, may allow you to scale back your working hours and receive the same income. By commencing a TTR pension, you have the opportunity to maintain your standard of living and have your salary supplemented with pension payments from your superannuation.

Here's how this option works:

Case Study: How Sue got more out of her Super

Sue has just turned 55 and is working full-time as a store manager, earning $90,000 pa. She was thinking about retiring, but given the uncertainty in the current economic environment, is now thinking about staying at work and cutting her hours back to three days a week.

Sue can commence a Transition to Retirement pension using her superannuation benefit and receive the same take-home income as when she worked full time – even after reducing her work hours. Her current super balance is $345,000.

Sue commenced a Transition to Retirement pension with $340,000 of her current super balance. Using a Transition to Retirement pension, Sue supplemented her reduced three day a week salary of $54,000 pa with a pension payment amount of $27,786 pa, which allowed her to maintain the same after-tax income of $66,650 pa – even after reducing her working hours.

The following table shows how using a Transition to Retirement pension allowed Sue to cut back her working hours and maintain a similar income as if she were working full time.

^ For definition of preservation age, see "The Basics of Super" factsheet at www.rest.com.au

	Current Full Time Work	Cut back to 3 days a week	Cut back to 3 days and commence TTR pension
Number of days worked	5 days	3 days	3 days
Gross Salary	$90,000	$54,000	$54,000
Pension	0	0	$27,786
Total gross income	$90,000	$54,000	$81,786
Less tax	($23,350)	($11,010)	($15,136)
After-Tax Income	$66,650	$42,990	$66,650

Notes and Assumptions. The results are in respect of the year to 30 June 2009. Sue's pension draw-down is assumed to have a tax-free proportion of 10%.

Please note that past investment performance is not an indicator of future performance and that tax and superannuation laws frequently change. Calculations by Rice Warner March 2009.

Interested in knowing more?

If you'd like to understand more about your transition to retirement options, we recommend you seek advice from your financial planner. If you do not have a financial planner, REST offers you Money Solutions#, a team of financial coaches and planners who can help you compare and evaluate your options – and REST will pay for your first single superannuation or pension related questions over the phone.

Call us on 1300 300 778 to arrange your Money Solutions appointment.

Money Solutions Pty Ltd AFSL: 258145.

Boost your super

Despite the halving of contribution caps in this years' Federal Budget, the popular 'transition to retirement' (TTR) strategy still remains an attractive option to members who are looking to enhance their super balance pre-retirement.

The concept of *'transitioning to retirement'* has gained momentum over the past few years as a smart and tax effective way to put more money into super before you retire. *This article explains how TTR works.*

Introduced by the Federal Government in 2005, TTR aimed to make superannuation more attractive by encouraging people to remain in the workforce longer, even if only on a part-time basis. It allowed those people who had reached their preservation age* to draw on their superannuation benefits, provided the benefit was taken as an income stream or pension and not as a lump sum.

TTR was originally developed for people aged 55 – 65 years who literally wanted to 'transition' into retirement by reducing their working hours from full-time to part-time. It has evolved into two distinct strategies that:

1. enable people to transition to retirement by supplementing their part time income with a pension-income stream which provides close to their full-time wage.
2. allowed people to boost their super balance by taking advantage of the favourable tax treatment afforded to retirement income streams.

As super balances continue to be affected by the current economic climate, the focus on boosting your super has become more prevalent in recent years. Boosting your super using a TTR approach involves salary sacrificing into superannuation^ and supplementing this 'sacrifice' with regular income payments from an account-based pension.

Boosting your super: Here's how it works:

Salary sacrifice is an arrangement between you and your employer where you 'sacrifice' some of your pre-tax salary to contribute to your super fund. This strategy uses a combination of salary sacrificing and an account-based pension to take advantage of tax breaks associated with both.

Salary sacrificing involves directing part of your take home pay straight to super, so it's not taxed at your marginal tax rate like the rest of your take home pay. A superannuation pension can pay an income to replace the money you are salary sacrificing.

If you are aged between 55 and 59, the pension income will be taxed at 15% instead of your marginal tax rate, which could be as high as 45% plus Medicare levy.

After you turn 60, TTR is even more attractive, as you don't pay any tax on the money you withdraw from your pension income stream.

There is no work test attached to the TTR for those under age 65 years, so it is possible to continue working full-time, and commence a pension. This opens up the opportunity for those over 55 years to make good use of the generous tax concessions which apply to both retirement income streams and superannuation contributions, to grow their retirement savings.

* Preservation age is defined in the REST Factsheet – "The basics of super"

^ Caps apply to salary sacrificing arrangements – see www.ato.gov.au

Case Study:

To best demonstrate how TTR could help you boost your super before you retire, take a look at the following case study:

REST Transition to Retirement Pension + Salary Sacrifice
Case study: How Michael got more out of his Super

Michael, a retail manager earning $70,000 pa, has just turned age 55. He enjoys his job and had no immediate plans to reduce his working hours but he thinks that age 65 would be a good time to retire. His super account balance is $215,000.

Michael wants to put more away for his future but also wants to continue enjoying his standard of living. He heard about TTR pensions and considered whether it could benefit his situation. So Michael went to see his financial planner, who discussed the benefits of these TTR pensions with him – specifically, the tax benefits of salary sacrificing and commencing a TTR account-based pension.

Michael commenced a TTR pension with his super of $210,000. He then arranged with his employer to salary sacrifice $26,104 of his pre-tax income and supplemented his reduced income with pension payments of $21,000 pa from the TTR pension he commenced.

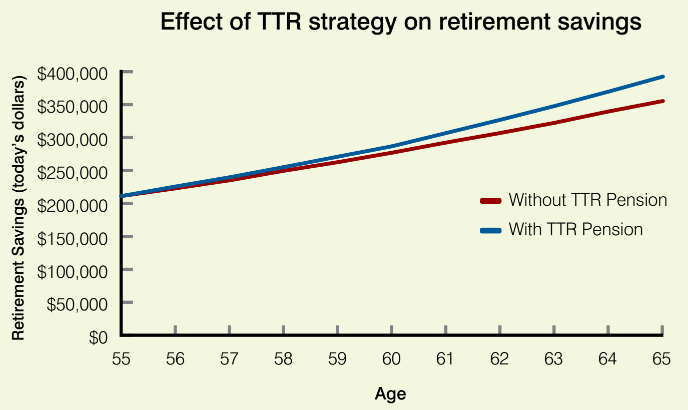
This means that Michael still receives the same after-tax income of $53,950 pa.

If Michael follows a similar strategy in subsequent years, by age 56, his retirement savings would be better off by $2,116; by age 60 his retirement savings would be better off by $9,720 and by age 65, his retirement savings would be boosted by $36,319, with no impact to his after-tax income or his standard of living.

	Without a TTR Pension	With a TTR Pension
Personal Income		
Salary (before tax)	$70,000	$70,000
Less Salary Sacrifice	0	($26,104)
Pension Draw Down	0	$21,000
Personal Income Tax	($16,050)	($10,946)
After Tax Income	$53,950	$53,950
Retirement Savings		
Salary Sacrifice Contributions		$26,104
Less contributions tax		($3,916)
Less Pension withdrawal		$21,000
Plus Tax Savings		$927
Retirement Savings Boost in first year		**$2,116**
Retirement Savings Boost after Michael turns 60		**$9,720**
Retirement Savings Boost after Michael turns 65		**$36,319**

Notes and Assumptions for both the table and the graph. The results are expressed in today's dollars. The results are in respect of the year to 30 June 2009. Michael's pension draw-down is assumed to have a tax-free proportion of 10%. The future rate of investment earnings (after fees before tax) is assumed to be 7.4% pa. The future rate of wage increase is assumed to be 3.5% pa. The effective rate of tax on investment earnings in the superannuation account is assumed to be 6%.

Please note that past investment performance is not an indicator of future performance and that tax and superannuation laws frequently change. Calculations by Rice Warner March 2009.



Halving the Concessional Contribution Cap

From 1 July, 2009, the annual cap on concessional superannuation contributions (which is the money invested into super that attracts the concessional 15% tax rate) was halved from $50,000 to $25,000. The transitional cap (which applies until 30 June 2012 for those aged 50 years and over) has changed from $100,000 to $50,000.

Reducing the contribution and transition caps does have an impact on TTR, as it halves the amount you can salary sacrifice into TTR, but the tax benefits of this approach remain significant and continue to be an important way to enhance super benefits pre-retirement.

Interested in knowing more?

If you'd like to understand more about your transition to retirement options, the potential tax savings and the benefits to your super, you should seek advice from your financial planner. If you do not have a financial planner, REST offers you Money Solutions#, a team of financial coaches and planners who can help you compare and evaluate your options – and REST will pay for your first call.

Call us on **1300 300 778** to arrange your Money Solutions appointment.

#Money Solutions Pty Ltd AFSL: 258145.

Your chance to win a $2,000 Ticketek voucher

All you need to do is go to www.rest.com.au/zestmagazine and answer these five questions:

1. **REST is an industry fund**
   a. True
   b. False
2. **Approximately how many working Australians are REST members?**
   a. 1 in 6
   b. 1 in 60
   c. 1 in 600
   d. 1 in 6,000
3. **Rolling all my super into one account may save:**
   a. Money – because I'd only pay one set of fees
   b. Time – because I could track my super in one place
   c. Paper – because I'd only get one statement
   d. All of the above
4. **A Superannuation co-contribution is:**
   a. A cash payment the government puts in your bank account
   b. A tax for high-income earners
   c. An extra amount the government adds to your super when you make a voluntary contribution
   d. Not worthwhile getting if you're young
5. **Which award did REST win in 2009?**
   a. Pie shop of the year
   b. Hair salon of the year
   c. Industry Fund of the Year as part of the *AFR Smart Investor* Blue Ribbon Awards 2009

Go to **www.rest.com.au/zest** now to enter!

'Year of Tickets'

Conditions apply see www.rest.com.au. Entry is only open to Australian residents who are members of REST Industry, REST Personal Super or Acumen. Employees (and their immediate families) of the Promoter and agencies associated with this promotion are ineligible to enter. Starts: 21/09/09 and closes on 18/12/09. Entry form must be submitted by 5pm AEDST on 18/12/09. Limit of one entry per person. Draw: Suite 1, Level 1, 34 Chandos Street St Leonards NSW 2065 on 21/12/09 at 3pm AEDST. Winner's name will be published in The Australian on 23/12/09. Prize: The first valid and correct entry drawn will win $2,000 worth of Ticketek vouchers. This will consist of 20 x $100 Ticketek vouchers. Promoter: Retail Employees Superannuation Pty Limited ("REST"), ABN 39 001 987 739, AFSL 240003, Trustee of the Retail Employees Superannuation Trust ABN 62 653 671 394 of Level 6, 50 Carrington Street, Sydney NSW 2000. Products of REST include REST Super, REST Personal and Acumen. NSW Permit No. LTPS/09/8849 ACT Permit No. TP09/2992

Keeping your details up to date

To receive updates on your super, remember to let us know if you change your address or employer.

It's easy to update your details. Simply login to MemberAccess at www.rest.com.au and change your details online. If you don't already have a PIN, you can register for one online. Alternatively, call or write to us to advise of your change of details.

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 your benefits to its ERF if:

1. REST has attempted to contact you and correspondence has been returned unclaimed (ie you are a 'lost member') and you have an account balance that is insufficient to pay REST's fees, or
2. REST has been advised that you:
   – have left your employer
   – have an account balance that is insufficient to pay REST's fees (note that this will change depending on your investment returns relative to your fees), and
   – have not advised REST where you would like to roll over your benefits.

REST's ERF is AUSfund and you may contact 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 your benefits are transferred into an ERF, they may be affected because:

- you will cease to be a REST member and will no longer have any insurance cover
- you will become a member of AUSfund and will be subject to its governing rules. If REST can provide AUSfund with your contact details, AUSfund will send you its Product Disclosure Statement (PDS)
- AUSfund is required to 'member protect' your benefits. Generally, this means you will not be charged administration fees if your investment returns are insufficient to cover the cost, however, government taxes are still deducted
- AUSfund will invest your benefits in a balanced strategy, which may provide lower returns than the investment option(s) in which your account is invested in REST.

Your investment options

REST offers members 13 investment options.

REST offers 13 investment options to members who have $1,000 or more to invest. If you have less than $1,000 in your account, REST will invest your money in our Core Strategy investment option.

At REST, you can:

- choose not to make an investment choice, in which case you'll be invested in the Core Strategy, REST's default option
- mix and match across all options to create your own portfolio
- choose to invest your current super savings differently to your future contributions
- switch to another option(s). Four switches in each financial year are free. A $20 fee applies per switch request thereafter.

In addition, it's important to note that:

- your switch will become effective 10 days after REST receives your request. Where this falls on a weekend or national holiday, your switch will be processed on the next business day
- before switching your investments or leaving the Fund, you should check the current value (in units) of your investment
- if you are in the Core Strategy, you should check the crediting rate that applies prior to leaving.

When looking at REST's investment options on pages 9 to 12, it's important to keep in mind the following investment basics:

- your investment in this Fund is not guaranteed. Past performance is not necessarily an indication of future performance
- the value of your investment can rise or fall
- returns are quoted to give an indication of the expected relative performances of the investment options over the long-term
- we will tell you if more than 5% of the Fund's assets are invested in any one investment. On 30 June 2009, REST had no more than 5% of the Fund's assets invested in any one investment.

What are derivatives?

We allow our investment managers to use derivatives. Derivatives include futures, options and swap contracts. They are used to protect the value of portfolios against falling prices and to enable managers to change their investment exposure in different markets or sectors without buying or selling the actual securities.

Members invested in the Core Strategy investment option

How are returns credited to my account?

If your super is invested in the Core Strategy, a crediting rate is calculated at least once each week. Returns are credited to your account at the end of each financial year or earlier if you leave REST or switch out of the Core Strategy. Your credited returns may be positive or negative. Taxes, fees, charges and insurance premiums will also affect your account balance.

Members not invested in the Core Strategy investment option

What are unit prices and why do my returns fluctuate?

If you invest in the Structured or Member-tailored Options, your money will purchase a number of units in the investment option(s) of your choice. The number of units purchased depends on the value of the units (called the unit price) at the date of purchase. The value of your account balance may go up and down, depending on variations to the unit price of your chosen investment option(s) and the amount of taxes, fees, charges and insurance premiums applied to your account. Your member statement will show your account balance as a dollar value and as a number of units for the Structured and Member-tailored Options.

Who's managing your money?

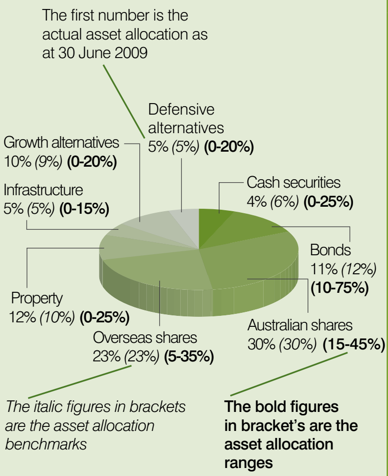
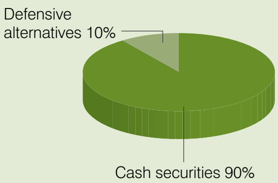
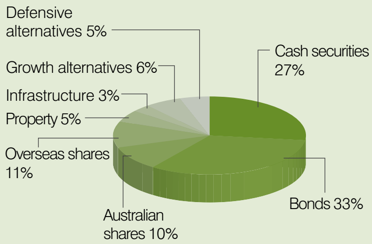
REST has carefully selected external investment managers. These investment managers, alongside the Fund's wholly-owned investment manager, Super Investment Management Pty Limited, undertake the day to day management of these investments.

Investment managers at 30 June 2009

Investment manager	% Managed
452 Capital	6.49
Aberdeen Asset Management	1.33
Acadian Asset Management	1.41
AMP Capital Investors	5.70
Apostle Asset Management	2.38
AQR Capital Management	0.95
Babson Capital	0.97
Baillie Gifford Overseas Ltd	2.60
Balanced Equity Management	8.60
Brandes Investment Partners	2.74
Brandywine	2.33
Bridgewater Associates	3.41
Campus Living Villages	0.97
Charter Hall	0.86
Colonial First State	2.24
Cooper Investors	3.89
Credit Suisse Asset Management	1.32
Fauchier Partners	1.66
GMO (Australia)	2.75
GPT Funds Management	1.22
Holowesko	2.08
MFS Asset Management	4.24
Orion Asset Management	2.78
Paradice Investment Management	6.44
Putnam Advisory Company	0.50
Pzena Investment Management	1.87
Queensland Investment Corporation	2.02
Renaissance Asset Management	0.31
Retirement Villages Group	1.03
Stone Tower	1.43
Super Investment Management ^	18.73
T Rowe Price	1.36
Warakirri Asset Management	0.60
Wellington International Management	2.79

^ Super Investment Management Pty Limited ABN 86 079 706 657 (Australian Financial Services Licence Number 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.

Your investment options continued

	Core Strategy	Structured options	
		Cash Plus	Capital Stable
Objective This is the goal or objective of the investment option	To achieve a balance of risk and return by investing in both growth assets and defensive assets.	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 one year.
Target return 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.	CPI + 3% pa over the long-term (rolling 5 year periods).	Outperform the UBSA Bank Bill Index over the short-term (rolling 2 year periods).	CPI + 1% pa over the medium-term (rolling 4 year periods).
Asset allocation These charts show the benchmark asset allocation and ranges as at 30 June 2009. For the Core Strategy option, the asset allocation will vary year-to-year within the ranges shown in brackets. This also means the allocation to defensive assets and growth assets will vary from time to time. For all options other than Core Strategy, there will be short-term variation around the benchmark. 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.	23% defensive, 77% growth A mix of shares and bonds, property, infrastructure, alternative assets and cash.  	100% defensive Cash plus a small allocation to Defensive Alternatives. Cash consists of a portfolio of securities with a low level of interest rate risk. It includes securities which either have, on average, a short-term to maturity (less than 12 months), for example, bank deposits, bank bills and commercial paper, or securities which have a floating interest rate that resets over short-term periods (less than 12 months), for example, residential mortgage backed securities. The portfolio also includes an allocation to Government and corporate bonds where the interest rate risk has been hedged to a floating rate.  	65% defensive, 35% growth Mainly bonds and cash, with smaller proportions of shares, property, infrastructure and alternative assets. 
Time horizon	Medium to long: 3 to 5+ years	Short: 1 to 2+ years	Short to medium: 3+ years
Risk of negative return This shows the approximate risk of the investment options	Moderate: approximately 7 years in a 35 year working life.	Very low: approximately 2 years in a 35 year working life.	Low: approximately 4 years in a 35 year working life.
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.	Earned / Credited† 2005 12.5% 12.2% 2006 13.4% 14.7% 2007 15.6% 15.6% 2008 -4.03% -3.95% 2009 -7.62% -7.82% Five year compound average 5.52% pa 5.67% pa	2005 5.31% 2006 5.04% 2007 5.74% 2008 4.90% 2009 1.29% Five year compound average 4.44% pa	2005 9.23% 2006 7.99% 2007 10.01% 2008 0.38% 2009 -2.78% Five year compound average 4.84% pa
Other management costs	2008/2009 0.65%	2008/2009 0.16%	2008/2009 0.47%

Investment options with an exposure to the Bonds asset class may include a small exposure to non-fixed interest assets (such as equities, currencies and commodities). This exposure is not expected to exceed 5% of the asset class.

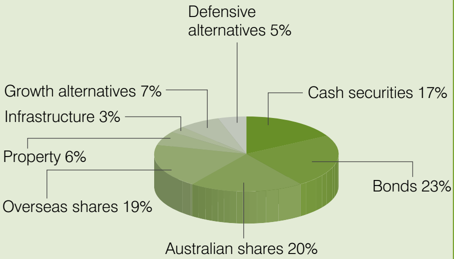
Investment options with an exposure to the Australian shares asset class may include companies listed in Australia whose legal domicile is overseas. In addition, up to 10% of this asset class may be invested in stocks listed on the New Zealand Stock Exchange.

† Crediting rates have differed from actual earnings rates in some years, and for more information visit www.rest.com.au and click on Performance & Investments.

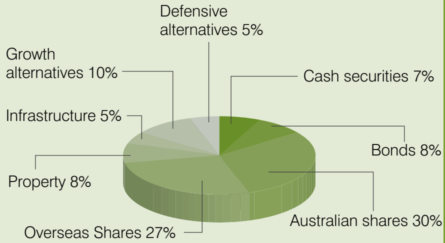
* The returns stated are correct as at 30 June 2009. All returns are post investment management fees and tax. Please note that past performance is not an indication of future performance.

<table>
<tr><td>Balanced</td><td>Diversified</td><td>High Growth</td></tr>
<tr><td>A good balance of risk and return by investing in approximately equal proportions of growth assets and defensive assets.</td><td>Strong returns over the longer term by investing in a diversified mix of assets weighted towards shares and other growth assets.</td><td>Maximise returns over the long-term by investing predominantly in growth assets.</td></tr>
<tr><td>CPI + 2% pa over the medium-term (rolling 4 year periods).</td><td>CPI + 3% pa over the long-term (rolling 5 year periods).</td><td>CPI + 4% pa over the very long-term (rolling 7 year periods).</td></tr>
<tr><td>45% defensive, 55% growth

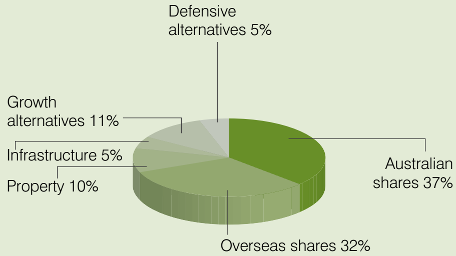
A balanced mix of shares and bonds, property, infrastructure, alternative assets and cash.


</td><td>20% defensive, 80% growth

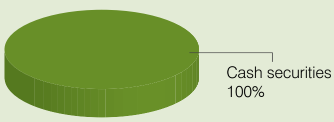
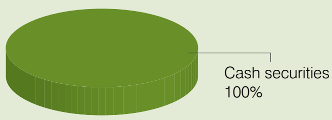
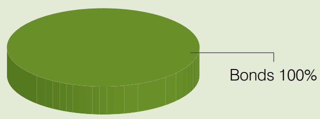
Mainly shares, property, infrastructure and alternative assets, with some bonds and cash.


</td><td>5% defensive, 95% growth

Shares, property, infrastructure and alternative assets.


</td></tr>
<tr><td>Medium to long: 3 to 5+ years</td><td>Long: 5+ years</td><td>Long: 7+ years</td></tr>
<tr><td>Moderate: approximately 7 years in a 35 year working life.</td><td>High: approximately 9 years in a 35 year working life.</td><td>High: approximately 9 years in a 35 year working life.</td></tr>
<tr><td>2005 11.31%
2006 10.90%
2007 13.28%
2008 -2.93%
2009 -6.25%
Five year compound average 4.94% pa</td><td>2005 14.13%
2006 14.40%
2007 17.62%
2008 -6.02%
2009 -10.23%
Five year compound average 5.32% pa</td><td>2005 14.97%
2006 16.56%
2007 20.08%
2008 -8.15%
2009 -12.71%
Five year compound average 5.23% pa</td></tr>
<tr><td>2008/2009 0.56%</td><td>2008/2009 0.70%</td><td>2008/2009 0.76%</td></tr>
</table>

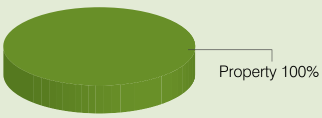
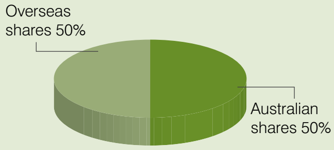
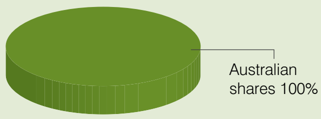
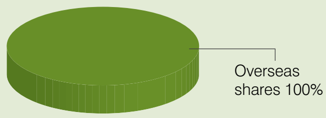
Your investment options continued

	Member-tailored options		
	Basic Cash	Cash	Bond
Objective This is the goal or objective of the investment option	Provide members with the opportunity to construct portfolios that are appropriate to their own particular circumstances. A member's 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 members' portfolios with an extremely wide range of risk/return objectives.		
Target return 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.	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 UBSA 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 UBSA Composite Bond Index, UBSA Inflation Linked Bond Index and Citigroup World Government Bond Index in $AUD (hedged).
Asset allocation These charts show the benchmark asset allocation as at 30 June 2009. There will be short-term variations around the benchmark. REST's Trustee reserves the right to vary the asset allocations of all or any of the investment options, introduce new options or close existing options without prior notice.	100% defensive The portfolio will invest in deposits with, or short-term discount securities (bank bills and negotiable certificates of deposit) issued by, banks rated at least AA- at the time of purchase, including the four largest Australian trading banks (ANZ Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation). 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. 	100% defensive A portfolio of securities with a low level of interest rate risk. Includes securities which either have, on average, a short-term to maturity (less than 12 months), for example, bank deposits, bank bills and commercial paper; or securities which have a floating interest rate that resets over short-term periods (less than 12 months), for example, residential mortgage backed securities. The portfolio also includes an allocation to Government and corporate bonds where the interest rate risk has been hedged to a floating rate. 	100% defensive A mixture of Australian and overseas debt securities issued by Governments, semi-government authorities and companies. Bonds typically have a fixed coupon paid on a regular basis and are exposed to both interest rate risk (the impact that changing interest rates have on bond values) and in the case of non-Government bonds, default risk. 
Time horizon	Very short: less than three months	Short: 1 to 2 years	Short to medium: 3+ years
Risk of negative return This shows the approximate risk of the investment options	It is not expected that the option would experience a negative return over any one-year period.	Very low: approximately 2 years in a 35 year working life.	Moderate: approximately 5 years in a 35 year working life.
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 Basic Cash option was introduced on 1 July 2009	2005 5.07% 2006 5.24% 2007 5.91% 2008 5.00% 2009 1.92% Five year compound average 4.62% pa	2005 7.48% 2006 3.16% 2007 4.33% 2008 3.95% 2009 4.54% Five year compound average 4.68% pa
Other management costs	2008/2009 N/A	2008/2009 0.07%	2008/2009 0.31%

Investment options with an exposure to the Bonds asset class may include a small exposure to non-fixed interest assets (such as equities, currencies and commodities). This exposure is not expected to exceed 5% of the asset class.

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.

* The returns stated are correct as at 30 June 2009. All returns are post investment management fees and tax. Please note that past performance is not an indication of future performance.

Property	Shares	Australian Shares	Overseas Shares
Provide members with the opportunity to construct portfolios that are appropriate to their own particular circumstances. A member's 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 members' portfolios with an extremely wide range of risk/return objectives.			
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% (after fees) 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 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 World ex-Australia Index in $AUD (before tax and after fees) over rolling 3 year periods.
100% growth  	100% growth A mixture of Australian and overseas shares.  	100% growth  	100% growth 
Medium to long: 3 to 5+ years	Long: 7+ years	Long: 7+ years	Long: 7+ years
Moderate: approximately 6 years in a 35 year working life.	Very high: approximately 11 years in a 35 year working life.	Very high: approximately 12 years in a 35 year working life.	Very high: approximately 11 years in a 35 year working life.
2005 8.73% 2006 9.33% 2007 18.90% 2008 13.52% 2009 -10.62% Five year compound average 7.48% pa	2005 19.30% 2006 20.14% 2007 21.72% 2008 -14.08% 2009 -15.50% Five year compound average 4.84% pa	2005 25.14% 2006 21.34% 2007 32.19% 2008 -13.14% 2009 -15.48% Five year compound average 8.06% pa	2005 6.43% 2006 17.94% 2007 12.11% 2008 -15.59% 2009 -16.36% Five year compound average -0.13% pa
2008/2009 0.56%	2008/2009 0.55%	2008/2009 0.51%	2008/2009 0.59%

Compliments and complaints

If you have a compliment, we would love to hear from you. If you have a concern or complaint, please contact us straight away. We will make every effort to resolve your problem quickly. You can make a formal complaint to REST online or by phone, email or letter noting that you wish to lodge a complaint.

To lodge a complaint online

Login to our website **www.rest.com.au** then click on Contact us and Concerns and Complaints and follow the instructions.

To lodge a complaint by phone

Call us on 1300 300 778 between 8am and 6pm weekdays.

To lodge a complaint by letter

Please address your concerns to:

The Trustee Services Officer
REST Superannuation
PO Box 350, Parramatta NSW 2124

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

REST is required to consider your complaint or dispute within 90 days of receiving it. However, in some circumstances it may not be possible to resolve the issue within this period. If the Trustee fails to respond to you within 90 days, or you are not satisfied with the outcome, you 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 (i.e. you 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 780 808**.

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.

During 2008/2009, REST referred the employers to Industry Funds Credit Control Pty Ltd (IFCC) who collected $10,670,050.85 from employers in arrears. As at 30 June 2009, 8,669 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.

Who's in charge?

An eight-member Board of Directors meet regularly to discuss a range of issues relating to the management of REST and the investment of members' money. They are the Directors of the Fund's Trustee company, Retail Employees Superannuation Pty Limited ABN 39 001 987 739.

The Trustee's job is to manage the Fund on your behalf. The Directors receive no payment for their duties and neither does the Trustee company.

Of the eight Directors, four represent employees and are nominated by the Shop Distributive and Allied Employees Association (SDA). The other four Directors are nominated by and represent employers, including two major employers participating in REST, the Australian Retailers Association (ARA), National Retailers Association (NRA) and the Australian National Retailers Association (ANRA). This means that employees and employers are equally represented.

The Directors are supported by a number of Board Committees (including Investment, Audit, Risk and Compliance, Administration and Insurance). The Directors are also supported by Trustee staff (who handle the day to day operations of the Fund) and external advisers.

Indemnity insurance

The Fund, the Directors and Officers of the Trustee are covered by professional indemnity insurance.

Departures and arrivals

Don Farrell resigned as a Director on 1 July 2008. Jim Maher resigned as a Director on 25 September 2008. Geoff Williams and Steve Priestley were appointed as Directors on 24 July 2008. Ian Blandthorn was appointed as a Director on 25 September 2008.

There were no appointments or resignations following the end of the 2008/2009 financial year.

As at 30 June 2009 the representatives on the Board were:

Employee representation	Appointed by
Joe de Bruyn (1988 to present)	SDA
Sue-Anne Burnley (1996 to present)	SDA
Geoff Williams (July 2008 to present)	SDA
Ian Blandthorn (September 2008 to present)	SDA
Employer representation	**Appointed by**
Rohan Jeffs (1990 to present)	Woolworths
Duncan Shaw (2005 to present)	ARA
Margy Osmond (2007 to present)	ANRA
Steve Priestley (July 2008 to present)	Coles Group

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.

Advisers and Service providers listing

Administration and accounting
Australian Administration Services Pty Limited

Investment consultant
JANA Investment Advisers Pty Ltd

Group life and income protection insurance
AIA Australia Limited trading as AIA Australia

External auditor
PricewaterhouseCoopers

Trustee liability insurance
The Chubb Insurance Co of Australia Ltd
AIG Australia
Liberty International Underwriters

Credit manager
Industry Funds Credit Control Pty Ltd

Legal advisers
DLA Phillips Fox
Turks Legal
Clayton Utz

Tax agent
PricewaterhouseCoopers

Custodian
JPMorgan

Internal auditor
KPMG

REST financial statements 2009

On this page are the 'Changes in net assets' and 'Statement of net assets' from 2008 to 2009. The information on this page is an abbreviated version of the full REST annual financial report, which has been audited by PricewaterhouseCoopers Chartered Accountants. If you would like a copy of the full financials please write to us at REST Superannuation, PO Box 350, Parramatta NSW 2124.

Auditor's approval

We have audited the financial statements of Retail Employees Superannuation Trust for the year ending 30 June 2009 in accordance with the 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 16 September 2009. 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 Chartered Accountants

David Coogan, Partner

Changes in net assets

	$ Million 2009	$ Million 2008
Net market value of assets available to pay benefits at beginning of the financial year	14,536.5	14,050.1
PLUS		
Contributions by employers	1,777.3	1,595.6
Contributions by members	236.7	335.5
Rollovers into REST	373.8	517.2
Net group life proceeds received	25.1	31.8
Interest earned	2.1	2.8
Group life rebate	20.1	20.6
Other revenue	-0.1	0.9
Investment earnings (including changes in net market values)	-1,211.7	-779.3
Total gross income for the year	1,223.3	1,725.1
LESS		
Benefits paid	790.1	966.1
Administration costs	91.7	70.3
Investment management charges	51.6	39.7
Custodian fees	3.4	3.8
Group life insurance premiums	147.3	68.6
Taxes	86.3	90.2
Total outgoings	1,170.4	1,238.7
Net market value of assets available to pay benefits at end of the financial year	**14,589.4**	**14,536.5**

Statement of net assets

	$ Million 2009	$ Million 2008
Securities		
Australian listed shares	3,787.8	3,633.9
Australian bonds	846.7	1,153.7
Discount securities	1,644.9	1,433.9
Overseas listed shares	2,825.3	2,930.0
Overseas bonds	646.0	421.0
Other		
Unlisted trust units (cash)	168.4	571.4
Unlisted trust units (property)	1,149.5	1,245.5
Unlisted trust units (growth alternatives)	1,307.3	1,264.0
Unlisted trust units (defensive alternatives)	653.5	937.5
Unlisted trust units (other)	669.3	615.7
Derivatives	267.0	279.8
Cash/other	830.0	408.6
Direct property	355.2	396.9
Total investments	**15,150.9**	**15,291.9**
Amount receivable	61.2	76.3
Other assets	306.0	101.7
Total assets	15,518.1	15,469.9
LESS		
Benefits payable	17.7	46.2
Liability for taxation	142.5	158.9
Derivatives	148.9	145.3
Other liabilities	619.6	583.0
Total liabilities	928.7	933.4
NET ASSETS	**14,589.4**	**14,536.5**

Reserves

REST has a number of reserves, including a contingency reserve, capital reserve, group life insurance reserve and administration reserve. As at 30 June 2009, the total reserves were valued at $111 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.

As reported last year, the Trustee resolved to maintain its reserves at an appropriate level by reducing the unit prices/crediting rates by 0.3% in the next two years. Accordingly, the Trustee reduced the unit prices/crediting rates by 0.2% during the year ended 30 June 2009. The remaining 0.1% will be adjusted by 30 June 2010.

Movement in REST's reserves

Year	$ (millions)
2007	$32.4
2008	-$39.5
2009	$26.3

REST reserves the right to adjust the crediting rate and/or unit prices in accordance with its reserving policy without prior notice.

Next year I would like to:

a Receive my statements and annual reports by mail again

OR

b Go paperless and receive as much as possible online instead

What sort of retirement would you like?

For many years, REST's financial advice partner, Money Solutions*#, have offered REST members low-cost, single-issue phone advice and full retirement planning. Whether you're thinking of retiring or you've already retired, Money Solutions has Retirement Specialists who can help you maximise and manage your pension income.

As a special offer to REST members, REST will pay for your first phone session with a personal Money Coach. To make the most of your retirement, call 1800 921 685 today and ask to speak to a Money Solutions Retirement Specialist.

#The Trustee is not responsible for and does not accept liability for the products and services or actions of Money Solutions. You should use your own judgement before taking up any products or services offered by Money Solutions.

*Money Solutions Pty Ltd AFSL 258145.

Why go paperless?

- Help REST minimise our environmental impact

  If all of our 1.8 million members opted to go paperless, we'd save over 397 tonnes of paper every year.

- Control over your REST Super account online

  Registering for MemberAccess and choosing to go paperless will allow you to easily check your balance, change your investment options, review your statement history and track fund performance all at the click of a mouse.

How to go paperless?

Visit **www.rest.com.au/gopaperless** today.

work.save.grow.REST **phone** 1300 300 778 **web** www.rest.com.au

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REST superannuation we're 21 years