

Annual Report

Year ending 30 June 2011



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“Over the past 23 years, REST has evolved from our traditional status as the default super fund for the retail sector to a fund that is open to all Australians.”

Over the past 23 years, REST has evolved from our traditional status as the default super fund for the retail sector to a fund that is open to all Australians.

Along the way, we've produced strong, long-term performance and great value which has led us to become the largest super fund by membership, with over 1.9 million members. We've also collected some wonderful awards and accolades on behalf of our members. For instance, we have managed to claim top honours in five industry award* categories making us one of Australia's most awarded super funds.

Yet, throughout our amazing journey, our philosophy has remained simple and consistent – to return profits to members and to improve the retirement of everyday Australians. In line with this approach, over the past financial year, we have introduced a number of new initiatives, and have worked hard to deliver strong investment returns for you and your super.

Our long-term investment strategy has meant that all of REST's investment options posted positive returns for the 2010/11 financial year and achieved strong returns to members of 9.56% for the Core Strategy. Such results highlight the continuing strength of REST's performance in challenging times.

We also took the time to listen to our members and have subsequently changed our name from REST Superannuation to REST Industry Super which we believe better reflects

our industry super fund heritage, and all the great benefits that come along with that.

What this means for you, the member, is that while we have made a change to our name and logo, everything else that you appreciate about REST remains the same. So you'll continue to enjoy the ongoing benefits of low fees, strong investment performance, good service and leading insurance protection cover.

Added to this are the improved financial advice resources in association with financial services advisors, Money Solutions', enhanced Employer web tools and the increased services to members approaching retirement that have all been introduced over the past 12 months.

REST has also been very busy working with government and industry on behalf of our members. Over the past financial year REST has actively participated in discussions focused on the importance of increasing the level of SG contributions from 9% to 12%, as well as actively working in favour of improving the efficiencies of the overall superannuation system – ultimately leading to lower costs for superannuation funds and members.

It's been a busy year for all of us here at REST and we remain fully committed to our 1.9 million members, and to helping achieve successful retirement outcomes for them all.

Yours sincerely,

Damian Hill
CEO

This document forms part of our annual reporting to members for the year ending 30 June 2011. The other part of our annual reporting is your Member statement, Important Information and What's New and REST update.

* AFR Smart Investor Blue Ribbon Awards – Industry Fund of the Year 2009 & 2010; Money magazine – Best Growth Super Fund 2010 & 2011; SuperRatings – Fund of the Year 2010; SelectingSuper – Workplace Super Product of the Year 2010; SelectingSuper – Retirement Product of the Year 2010

^ Money Solutions Pty Ltd AFSL: 258143. 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.



Contact REST

Phone: 1300 305 778 **Hours of Operation:** 8am to 8pm AEST Monday to Friday
Postal Address: PO Box 350, Parramatta NSW 2124 **Web:** www.rest.com.au



Issued by Retail Employees Superannuation Pty Limited

ABN 39 001 987 739 AFSL 24003 as the Trustee of the Retail Employees Superannuation Trust ABN 62 653 671 394

REST financial statements 2011

 In this page are the 'Changes in net assets' and 'Statement of net assets' from 2010 to 2011. 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 financial statements please download a copy at www.rest.com.au under Forms and Publications | Annual Reports | Financials, call **1300 300 778** or write to us at REST Industry Super, PO Box 350, Parramatta NSW 2124.

Auditor's approval

We have audited the financial statements of Retail Employees Superannuation Trust for the year ending 30 June 2011 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 14 September 2011. 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	
	2011	2010
Net market value of assets available to pay benefits at beginning of the financial year	17,581.7	14,589.4
PLUS		
Contributions by employers	2,104.6	1,900.1
Contributions by members	247.8	260.2
Rollovers into REST	513.8	419.1
Net group life proceeds received	103.6	84.7
Interest earned	2.5	1.6
Group life rebate	0.0	30.9
Other revenue	0.2	0.4
Investment earnings (including changes in net market values)	1,808.0	1,917.0
Total gross income for the year	4,780.5	4,614.0
LESS		
Benefits paid	1,078.0	832.4
Administration costs	101.5	84.6
Investment management charges	78.1	62.4
Custodian fees	4.6	4.0
Group life insurance premiums	269.2	234.9
Taxes	386.7	403.4
Total outgoings	1,918.1	1,621.7
Net market value of assets available to pay benefits at end of the financial year	20,444.1	17,581.7

Reserves

REST has a number of reserves, including a contingency reserve, capital reserve, group life insurance reserve and administration reserve. As at 30 June 2011, the total reserves were valued at \$174 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.

Statement of net assets	\$ Million	
	2011	2010
Securities		
Australian listed shares	5,289.4	4,495.4
Australian bonds	1,223.7	1,064.3
Discount securities	2,067.1	1,375.6
Overseas listed shares	4,257.8	3,677.6
Overseas bonds	1,099.1	1,327.5
Other		
Unlisted trust units (cash)	0.0	187.2
Unlisted trust units (property)	1,013.7	1,252.0
Unlisted trust units (growth alternatives)	1,709.0	1,538.0
Unlisted trust units (defensive alternatives)	990.0	842.0
Unlisted trust units (other)	1,309.2	1,204.5
Derivatives	755.1	348.3
Cash/other	846.3	619.5
Direct property	633.2	352.5
Total investments	21,193.6	18,284.4
Amount receivable	138.5	94.8
Other assets	148.5	210.4
Total assets	21,480.6	18,589.6
LESS		
Benefits payable	66.4	47.4
Liability for taxation	181.9	105.7
Derivatives	385.5	383.2
Other liabilities	402.7	471.6
Total liabilities	1,036.5	1,007.9
NET ASSETS	20,444.1	17,581.7

Movement in REST's reserves

Year	\$ Million
2009	26.3
2010	59.5
2011	3.3

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

Your investment options

REST Industry Super 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 investment option, 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 6 to 9, 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 2011, 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.

REST's Property Option

REST's Property Option has a benchmark allocation of 100% to direct property and unlisted property trusts. These investments are not listed and are not traded frequently in the marketplace, such as the share market. They are effectively an "illiquid" asset, which means that they cannot be bought and sold quickly, and valuations are updated less frequently than is the case for listed investments.

The unit price for the Property Option is based on the combined valuations of the underlying direct properties and unlisted property trusts. The valuations are undertaken regularly and by independent valuers, but are less frequent than for assets such as shares which are traded daily in the public markets and therefore subject to influences such as market sentiment. This means that changes in the unit price of the Property Option may differ significantly from changes in the value of listed property assets. REST's directly held properties are re-valued quarterly by qualified external property valuers and the valuations for the unlisted unit trusts are undertaken in accordance with each manager's valuation policies and the frequency of valuation updates ranges from monthly up to a maximum of one year.

Despite the illiquid nature of the assets for the Property Option, REST is currently able to provide liquidity to REST members due to internal processes which have been established, and hence facilitate members wishing to buy or sell Property Option units within the standard timeframes used for all other Options*.

REST aims to hold a diversified range of investments and there is currently over 150 properties underlying the Property asset class. However, due to the high value nature of some of the properties held, some assets may constitute a relatively large percentage of the asset class. For example, at 30 June 2011, the two largest directly held commercial office buildings located in the Melbourne CBD, constituted approximately 30% of the Property asset class.

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 generally calculated twice weekly. Returns are credited to your account at the end of each financial year or earlier if you leave REST Industry Super or switch out of the Core Strategy. Your credited returns may be positive or negative. Taxes, fees, charges and insurance costs 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 costs 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.

* REST regularly monitors member transaction activity with regards to all of its investment options, and reserves the right to make changes to the Member Investment Choice line-up in the best interests of all members. This may mean, for example, that at a future time, REST may close down investment options or introduce new investment 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 the Fund's investments.

Investment managers as at 30 June 2011	
	% Managed
Acadian Asset Management	0.6%
AMP Capital Investors Limited	2.1%
Apostle Asset Management Limited	1.6%
AQR Capital Management, LLC	0.7%
Babson Capital Management LLC	1.5%
Baillie Gifford	2.6%
Balanced Equity Management Pty Limited	7.8%
Bentham Asset Management Pty Ltd	1.4%
Brandes Investment Partners, LLC	3.0%
Brandywine Global Investment Management, LLC	3.5%
Charter Hall Group	0.9%
Colonial First State Global Asset Management	6.9%
Cooper Investors Pty Limited	5.5%
Fauchier Partners	2.7%
Franklin Templeton Investments Australia Limited	2.0%
Holowesko	2.4%
GMO Australia Limited	2.1%
Goldman Sachs Asset Management	0.5%
GPT Group	0.9%
Greencape Capital Proprietary Limited	2.4%
MFS Institutional Advisors, Inc.	4.2%
Orion Asset Management Limited	3.3%
Paradice Investment Management Pty Ltd	8.1%
Putnam Investments Australia Pty Limited	1.1%
Pzena Investment Management, LLC	2.8%
Queensland Investment Corporation	1.7%
Renaissance Asset Management Pty Ltd	0.3%
Stone Tower Capital, LLC	1.2%
Super Investment Management Pty Limited*	19.8%
T. Rowe Price Global Investment Services Ltd	2.2%
UBS Global Asset Management (Australia)	1.5%
Warakirri Asset Management	0.7%
Wellington International Management Company Pte Ltd	2.0%

Asset Allocation effective 1 October 2011

The Board has approved some changes to various investment options. From 1 October 2011, the following will apply.

Core Strategy		
	Benchmark	Range
Cash	10%	0%-25%
Bonds	10%	5%-75%
Defensive alternatives	5%	0%-25%
Growth alternatives	11%	0%-25%
Infrastructure	6%	0%-15%
Property	13%	0%-25%
Australian shares	20%	15%-45%
Overseas shares	25%	5%-35%
Growth/Defensive mix	75%/25%	

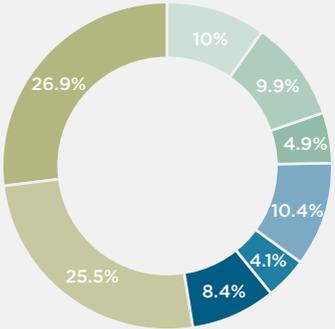
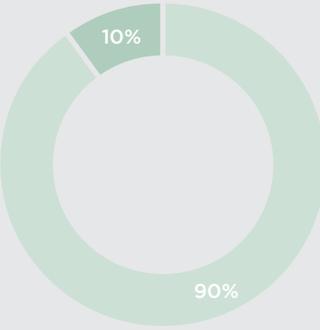
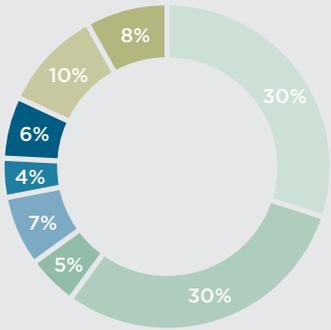
Capital Stable, Balanced, Diversified, High Growth and Shares					
	Capital Stable	Balanced	Diversified	High Growth	Shares
Cash	30%	20%	7%	0%	0%
Bonds	30%	20%	8%	0%	0%
Defensive alternatives	5%	5%	5%	5%	0%
Growth alternatives	7%	9%	12%	13%	0%
Infrastructure	4%	5%	7%	7%	0%
Property	6%	8%	10%	12%	0%
Australian shares	8%	15%	23%	28%	40%
Overseas shares	10%	18%	28%	35%	60%
Growth/Defensive mix	35%/65%	55%/45%	80%/20%	95%/5%	100%/0%

For these five investment options:

- the allocation to individual asset classes 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 have a benchmark allocation to Cash Securities, 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.

* 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 (cont).

	Core Strategy	Structured options																																																					
		Cash Plus	Capital Stable																																																				
Objective¹	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 return²	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 allocation³	<p>25% defensive, 75% growth</p> <p>A mix of shares and bonds, property, infrastructure, alternative assets and cash.</p>  <table border="1"> <tr> <td>Cash securities</td> <td>10.0%</td> <td>(10%)</td> <td>(0-25%)</td> </tr> <tr> <td>Bonds</td> <td>9.9%</td> <td>(10%)</td> <td>(5-75%)</td> </tr> <tr> <td>Defensive alternatives</td> <td>4.9%</td> <td>(5%)</td> <td>(0-25%)</td> </tr> <tr> <td>Growth alternatives</td> <td>10.4%</td> <td>(11%)</td> <td>(0-25%)</td> </tr> <tr> <td>Infrastructure</td> <td>4.1%</td> <td>(6%)</td> <td>(0-15%)</td> </tr> <tr> <td>Property</td> <td>8.4%</td> <td>(13%)</td> <td>(0-25%)</td> </tr> <tr> <td>Australian shares</td> <td>25.5%</td> <td>(25%)</td> <td>(15-45%)</td> </tr> <tr> <td>Overseas shares</td> <td>26.9%</td> <td>(20%)</td> <td>(5-35%)</td> </tr> </table> <p>The first percentage value is the actual asset allocation as at 30 June 2011 (as shown in chart). The middle figures in brackets are the asset allocation benchmarks as at 30 June 2011. The bold figures in brackets are the asset allocation ranges as at 30 June 2011.</p>	Cash securities	10.0%	(10%)	(0-25%)	Bonds	9.9%	(10%)	(5-75%)	Defensive alternatives	4.9%	(5%)	(0-25%)	Growth alternatives	10.4%	(11%)	(0-25%)	Infrastructure	4.1%	(6%)	(0-15%)	Property	8.4%	(13%)	(0-25%)	Australian shares	25.5%	(25%)	(15-45%)	Overseas shares	26.9%	(20%)	(5-35%)	<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. 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.</p>  <table border="1"> <tr> <td>Cash securities</td> <td>90%</td> </tr> <tr> <td>Defensive alternatives</td> <td>10%</td> </tr> </table>	Cash securities	90%	Defensive alternatives	10%	<p>65% defensive, 35% growth</p> <p>Mainly bonds and cash, with smaller proportions of shares, property, infrastructure and alternative assets.</p>  <table border="1"> <tr> <td>Cash securities</td> <td>30%</td> </tr> <tr> <td>Bonds</td> <td>30%</td> </tr> <tr> <td>Defensive alternatives</td> <td>5%</td> </tr> <tr> <td>Growth alternatives</td> <td>7%</td> </tr> <tr> <td>Infrastructure</td> <td>4%</td> </tr> <tr> <td>Property</td> <td>6%</td> </tr> <tr> <td>Australian shares</td> <td>10%</td> </tr> <tr> <td>Overseas shares</td> <td>8%</td> </tr> </table>	Cash securities	30%	Bonds	30%	Defensive alternatives	5%	Growth alternatives	7%	Infrastructure	4%	Property	6%	Australian shares	10%	Overseas shares	8%
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Time horizon	Medium to long: 3 to 5+ years	Short: 1 to 2+ years	Short to medium: 3+ years																																																				
Risk of negative return⁴	Moderate: approximately 6 years in a 35 year working life.	It is not expected that the option would experience a negative return over any one year period.	Low: approximately 3 years in a 35 year working life.																																																				
What this option has returned⁵	<table border="1"> <thead> <tr> <th></th> <th>Earned</th> <th>Credited[†]</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>15.6%</td> <td>15.6%</td> </tr> <tr> <td>2008</td> <td>-4.03%</td> <td>-3.95%</td> </tr> <tr> <td>2009</td> <td>-7.62%</td> <td>-7.82%</td> </tr> <tr> <td>2010</td> <td>11.56%</td> <td>11.40%</td> </tr> <tr> <td>2011</td> <td>9.63%</td> <td>9.56%</td> </tr> <tr> <td>Five year compound average</td> <td>4.62% pa</td> <td>4.55% pa</td> </tr> </tbody> </table>		Earned	Credited [†]	2007	15.6%	15.6%	2008	-4.03%	-3.95%	2009	-7.62%	-7.82%	2010	11.56%	11.40%	2011	9.63%	9.56%	Five year compound average	4.62% pa	4.55% pa	<table border="1"> <tbody> <tr> <td>2007</td> <td>5.74%</td> </tr> <tr> <td>2008</td> <td>4.90%</td> </tr> <tr> <td>2009</td> <td>1.29%</td> </tr> <tr> <td>2010</td> <td>4.76%</td> </tr> <tr> <td>2011</td> <td>4.65%</td> </tr> <tr> <td>Five year compound average</td> <td>4.26% pa</td> </tr> </tbody> </table>	2007	5.74%	2008	4.90%	2009	1.29%	2010	4.76%	2011	4.65%	Five year compound average	4.26% pa	<table border="1"> <tbody> <tr> <td>2007</td> <td>10.01%</td> </tr> <tr> <td>2008</td> <td>0.38%</td> </tr> <tr> <td>2009</td> <td>-2.78%</td> </tr> <tr> <td>2010</td> <td>10.07%</td> </tr> <tr> <td>2011</td> <td>6.60%</td> </tr> <tr> <td>Five year compound average</td> <td>4.73% pa</td> </tr> </tbody> </table>	2007	10.01%	2008	0.38%	2009	-2.78%	2010	10.07%	2011	6.60%	Five year compound average	4.73% pa							
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Other management costs⁶	2010/2011 0.65%	2010/2011 0.13%	2010/2011 0.43%																																																				

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 earning rates in some years, and for more information visit www.rest.com.au and click on Performance & Investments.

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

2 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.

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

For all options other than the Core Strategy:

- The allocation to an individual asset class may vary by +/- 5% from the benchmark allocation shown, but not below 0% or more than 100% for an individual asset class;
- Where an option does not currently have a benchmark allocation to Cash, an allocation of up to 5% may be introduced; and

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 4 year periods).	CPI + 3% pa over the long-term (rolling 5 year periods).	CPI + 4% pa over the very long-term (rolling 7 year periods).																																												
45% defensive, 55% growth A balanced mix of shares and bonds, property, infrastructure, alternative assets and cash.	20% defensive, 80% growth Mainly shares, property, infrastructure and alternative assets, with some bonds and cash.	5% defensive, 95% growth Shares, property, infrastructure and alternative assets.																																												
<table border="0"> <tr><td>Cash securities</td><td>20%</td></tr> <tr><td>Bonds</td><td>20%</td></tr> <tr><td>Defensive alternatives</td><td>5%</td></tr> <tr><td>Growth alternatives</td><td>9%</td></tr> <tr><td>Infrastructure</td><td>5%</td></tr> <tr><td>Property</td><td>8%</td></tr> <tr><td>Australian shares</td><td>18%</td></tr> <tr><td>Overseas shares</td><td>15%</td></tr> </table>	Cash securities	20%	Bonds	20%	Defensive alternatives	5%	Growth alternatives	9%	Infrastructure	5%	Property	8%	Australian shares	18%	Overseas shares	15%	<table border="0"> <tr><td>Cash securities</td><td>7%</td></tr> <tr><td>Bonds</td><td>8%</td></tr> <tr><td>Defensive alternatives</td><td>5%</td></tr> <tr><td>Growth alternatives</td><td>12%</td></tr> <tr><td>Infrastructure</td><td>7%</td></tr> <tr><td>Property</td><td>10%</td></tr> <tr><td>Australian shares</td><td>27%</td></tr> <tr><td>Overseas shares</td><td>24%</td></tr> </table>	Cash securities	7%	Bonds	8%	Defensive alternatives	5%	Growth alternatives	12%	Infrastructure	7%	Property	10%	Australian shares	27%	Overseas shares	24%	<table border="0"> <tr><td>Defensive alternatives</td><td>5%</td></tr> <tr><td>Growth alternatives</td><td>13%</td></tr> <tr><td>Infrastructure</td><td>7%</td></tr> <tr><td>Property</td><td>12%</td></tr> <tr><td>Australian shares</td><td>34%</td></tr> <tr><td>Overseas shares</td><td>29%</td></tr> </table>	Defensive alternatives	5%	Growth alternatives	13%	Infrastructure	7%	Property	12%	Australian shares	34%	Overseas shares	29%
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Medium to long: 3 to 5+ years	Long: 5+ years	Long: 7+ years																																												
Moderate: approximately 5 years in a 35 year working life.	High: approximately 7 years in a 35 year working life.	High: approximately 8 years in a 35 year working life.																																												
<table border="1"> <tr><td>2007</td><td>13.28%</td></tr> <tr><td>2008</td><td>-2.93%</td></tr> <tr><td>2009</td><td>-6.25%</td></tr> <tr><td>2010</td><td>11.52%</td></tr> <tr><td>2011</td><td>7.06%</td></tr> <tr><td>Five year compound average</td><td>4.24% pa</td></tr> <tr><td>2010/2011</td><td>0.55%</td></tr> </table>	2007	13.28%	2008	-2.93%	2009	-6.25%	2010	11.52%	2011	7.06%	Five year compound average	4.24% pa	2010/2011	0.55%	<table border="1"> <tr><td>2007</td><td>17.62%</td></tr> <tr><td>2008</td><td>-6.02%</td></tr> <tr><td>2009</td><td>-10.23%</td></tr> <tr><td>2010</td><td>12.86%</td></tr> <tr><td>2011</td><td>7.28%</td></tr> <tr><td>Five year compound average</td><td>3.74% pa</td></tr> <tr><td>2010/2011</td><td>0.70%</td></tr> </table>	2007	17.62%	2008	-6.02%	2009	-10.23%	2010	12.86%	2011	7.28%	Five year compound average	3.74% pa	2010/2011	0.70%	<table border="1"> <tr><td>2007</td><td>20.08%</td></tr> <tr><td>2008</td><td>-8.15%</td></tr> <tr><td>2009</td><td>-12.71%</td></tr> <tr><td>2010</td><td>13.72%</td></tr> <tr><td>2011</td><td>7.35%</td></tr> <tr><td>Five year compound average</td><td>3.28% pa</td></tr> <tr><td>2010/2011</td><td>0.79%</td></tr> </table>	2007	20.08%	2008	-8.15%	2009	-12.71%	2010	13.72%	2011	7.35%	Five year compound average	3.28% pa	2010/2011	0.79%		
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• The overall allocation to growth assets and defensive assets may vary by +/- 10% from the allocation shown.

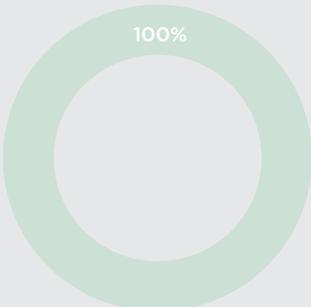
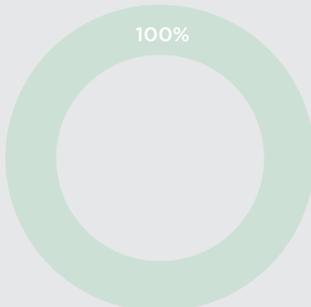
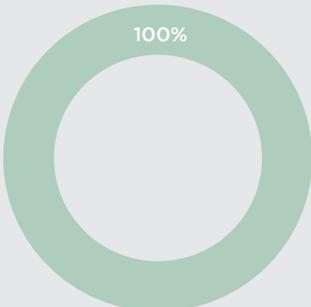
REST's Trustee reserves the right to vary the asset allocations, including the benchmarks and ranges, of all or any of the investment options, introduce new options or close existing options without prior notice.

4 Risk of negative return - This shows the approximate risk of the investment options.

5 What this option has returned - The returns stated are correct as at 30 June 2011. All returns are post investment management fees and are untaxed. Please note that past performance is not an indication of future performance.

6 Other Management Costs (OMC) are the annual percentage fees for managing your investments, including any performance fees. The OMC change each year and vary for each investment option. The methodology of calculating the OMC has been updated and approved by PriceWaterhouseCoopers. The OMC amount shown in the above table has been calculated using estimates.

Your investment options (cont).

Member-tailored options																																		
	Basic Cash		Cash		Bond																													
Objective¹	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 return²	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, Citigroup World Government Bond Index (hedged), and Barclays Global Inflation linked Index (hedged).																													
Asset allocation³	<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, 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.</p>		<p>100% defensive</p> <p>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.</p>		<p>100% defensive</p> <p>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 default risk.</p>																													
	 <p>100% Cash securities 100%</p>		 <p>100% Cash securities 100%</p>		 <p>100% Bonds 100%</p>																													
Time horizon	Very short: less than three months		Short: 1 to 2 years		Short to medium: 3+ years																													
Risk of negative return⁴	It is not expected that the option would experience a negative return over any one-year period.		It is not expected that the option would experience a negative return over any one-year period.		Moderate: approximately 6 years in a 35 year working life.																													
What this option has returned⁵	<p>The Basic Cash option was introduced on 1 July 2009</p> <table border="1"> <tr><td>2010</td><td>3.09%</td></tr> <tr><td>2011</td><td>4.17%</td></tr> </table>		2010	3.09%	2011	4.17%	<table border="1"> <tr><td>2007</td><td>5.91%</td></tr> <tr><td>2008</td><td>5.00%</td></tr> <tr><td>2009</td><td>1.92%</td></tr> <tr><td>2010</td><td>4.64%</td></tr> <tr><td>2011</td><td>4.63%</td></tr> <tr><td>Five year compound average</td><td>4.41% pa</td></tr> </table>		2007	5.91%	2008	5.00%	2009	1.92%	2010	4.64%	2011	4.63%	Five year compound average	4.41% pa	<table border="1"> <tr><td>2007</td><td>4.33%</td></tr> <tr><td>2008</td><td>3.95%</td></tr> <tr><td>2009</td><td>4.54%</td></tr> <tr><td>2010</td><td>12.44%</td></tr> <tr><td>2011</td><td>6.90%</td></tr> <tr><td>Five year compound average</td><td>6.39% pa</td></tr> </table>		2007	4.33%	2008	3.95%	2009	4.54%	2010	12.44%	2011	6.90%	Five year compound average	6.39% pa
2010	3.09%																																	
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Five year compound average	6.39% pa																																	
Other management costs⁶	2010/2011 0.06%		2010/2011 0.05%		2010/2011 0.20%																													

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

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

2 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.

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

For all options other than the Core Strategy:

- The allocation to an individual asset class may vary by +/- 5% from the benchmark allocation shown, but not below 0% or more than 100% for an individual asset class;
- Where an option does not currently have a benchmark allocation to Cash, an allocation of up to 5% may be introduced; and

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% pa (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
■ Property 100%	■ Australian shares 50% ■ Overseas shares 50%	■ Australian shares 100%	■ Overseas shares 100%
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 10 years in a 35 year working life.	Very high: approximately 10 years in a 35 year working life.	Very high: approximately 10 years in a 35 year working life.
2007 18.90%	2007 21.72%	2007 32.19%	2007 12.11%
2008 13.52%	2008 -14.08%	2008 -13.14%	2008 -15.59%
2009 -10.62%	2009 -15.50%	2009 -15.48%	2009 -16.36%
2010 0.11%	2010 15.25%	2010 20.63%	2010 9.49%
2011 6.06%	2011 4.97%	2011 8.81%	2011 1.03%
Five year compound average 5.08% pa	Five year compound average 1.35% pa	Five year compound average 4.96% pa	Five year compound average -2.62% pa
2010/2011 0.87%	2010/2011 0.53%	2010/2011 0.51%	2010/2011 0.56%

• 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.

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5 What this option has returned - The returns stated are correct as at 30 June 2011. All returns are post investment management fees and are untaxed. Please note that past performance is not an indication of future performance.

6 Other Management Costs (OMC) are the annual percentage fees for managing your investments, including any performance fees. The OMC change each year and vary for each investment option. The methodology of calculating the OMC has been updated and approved by PriceWaterhouseCoopers. The OMC amount shown in the above table has been calculated using estimates.

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 three major employers participating in REST, and the Australian National Retailers Association (ANRA).

This means that employees and employers are equally represented.

Departures and arrivals

Duncan Shaw resigned as Alternate Director for Margy Osmond effective 25 November 2010 and was appointed as a Director in place of Mark Ashby on 25 November 2010. Mark Ashby resigned as a Director on 31 August 2010.

As at 30 June 2011 the representatives of the Board were:

Employee representation	Appointed by
Joe de Bruyn (Board member since 1988)	SDA
Sue-Anne Burnley (Board member since 1996)	SDA
Geoff Williams (Board member since 2008)	SDA
Ian Blandthorn (Board member since 2008)	SDA
Employer representation	Appointed by
Rohan Jeffs (Board member since 1990)	Woolworths
Margy Osmond (Board member since 2007)	ANRA
Steve Priestley (Board member since 2008)	Coles Group
Duncan Shaw (Board member since 2010)	Myer

The Directors are supported by a number of Board Committees (including Investment, Audit, Risk and Compliance, Administration, Strategy Review 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 primarily through the Chubb Insurance Company of Australia Ltd.

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

JPMorgan (until 31 May 2011)
State Street Corporation (from 1 June 2011)

External auditor

PricewaterhouseCoopers

Group life and income protection insurance

AIA Australia Limited trading as AIA Australia

Internal auditor

KPMG

Investment consultant

JANA Investment Advisers Pty Ltd

Legal advisers

DLA Piper Australia
TurksLegal
Clayton Utz

Tax agent

PricewaterhouseCoopers

Trustee liability insurance

The Chubb Insurance Co of Australia Ltd
American Home Assurance Company trading as Chartis Liberty International Underwriters

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 2010/2011, REST referred these employers to Industry Funds Credit Control Pty Ltd (IFCC) who collected \$13,638,045.17 from employers in arrears.

As at 30 June 2011, 5,788 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.

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 your change of details.

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 6 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, you will not receive an exit statement from REST. For more information go to our website.



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 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,
 - you have not contributed into your REST account for the last 3 years; and
 - have 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
 - have not advised REST where you would like to roll over your benefits and you do not wish to make an additional contribution to REST to increase your account balance over the minimum amount.

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.

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

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

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

To lodge a complaint by letter

Please address your 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 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 884 114.

Contact REST

 rest.com.au  1300 300 778



REST Annual Report: 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 6, 50 Carrington Street, Sydney NSW 2000 but please write to us at PO Box 350, Parramatta NSW 2124.

Your privacy is important to us: The Trustee knows that keeping your personal information private is very important and we appreciate you trust that we do so carefully and sensibly. Your personal information is very important for the proper management of the Fund. We receive and store information you provide on our secure databases, which are protected in secure facilities. Your information is only accessible by authorised Trustee personnel or authorised service providers who use the information to accurately maintain your account and insurance arrangements. From time to time the Trustee may use general member information for future planning to improve our services to members. Information may be used for the purpose of testing a potential member product or service – including by way of, but not limited to, direct marketing. Unless authorised or required by law or for a purpose set out in the Privacy Policy, the Trustee does not give out information about our members to persons or entities outside our organisation. The Trustee may arrange for a service provider to cross match your personal details with other superannuation funds to help locate any other superannuation accounts in your name. The Trustee may send members communication material, also known as direct marketing material (including marketing material by third parties), about special offers and promotions that are available to members of REST. The Trustee may provide your information to preferred financial services and advice companies that are contracted to provide or assist you with your general and personal advice needs. If you do not want the Trustee to use your personal information to send you direct marketing material or if you do not want REST's preferred financial services and advice companies to contact you in relation to their services, then please phone 1300 300 778. If you do not provide REST with your personal information, you may not be able to receive certain benefits as a member of the Fund. Access to your details is protected. If you would like to review or make any corrections to your personal information login to MemberAccess on the REST website. If you have any questions about our Privacy Policy please phone 1300 300 778.

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