



# Annual Report 2013

Improving the retirement of our  
members throughout their lives





## A lifetime partner for our members

“Our future lies in delivering competitive long-term returns for our members so they are better prepared for their retirement. We also want to ensure they have the right life and disability insurance cover to support them and their beneficiaries if illness or injury were to strike.”

**Damian Hill**

CEO, REST Industry Super

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# Message from the CEO

**Damian Hill**  
CEO, REST Industry Super

It's been a busy and very important year for both REST and the super industry. We have worked hard to implement the government's new laws and regulations under the Stronger Super reforms intended to make the super system stronger and more efficient.

This has demonstrated the strength of our business and the ability to adapt to change within a challenging environment, while at the same time considering its impact on our members and employers.

The quality of our products, combined with our other strengths, has been reflected in the results we've achieved this year, and has been reaffirmed through a number of awards\*.

## **REST - one of the consistently top performing funds**

Pleasingly we achieved excellent returns for members for our Core Strategy investment option as well as the Pension Core Strategy and Pension Balanced options.

REST Super Core Strategy has been recognised by SuperRatings as the best performing Balanced Option over the decade to June 2013. We were also ranked number one over five and seven years.

This financial year we have also increased our funds under management by just over \$5 billion to \$27 billion, which is a significant increase over a short period. Our scale of funds means we can more actively participate in major investment opportunities, aiming to deliver better net returns to members.

## **Launch of a new super product**

REST has always been at the forefront of the industry and with the introduction of REST Corporate we are continuing this leadership by being one of the first to offer a MySuper product offering for the corporate sector. REST Corporate offers our market leading, award-winning investment philosophy and low fees with the added benefit of corporate salary based insurance cover.

## **REST has already received MySuper authorisation**

REST has been a contributor to the development of MySuper in consultation with the government. As part of this, we received MySuper authorisation for our REST Super and REST Corporate products so employers can continue to make contributions to REST for employees who have not chosen a fund.

Members will be able to continue to take advantage of our proven investment philosophy, needs-based life and disability insurance, good service and value for money going forward.

In addition, we have developed our internal systems, in line with the government's requirements under SuperStream, to improve the efficiency of processing transactions. This led to the first transmission of rollovers between super funds under the new standard in August 2013. Essentially this will greatly improve the experience of our members when rolling over their super into REST.

## **Key focus going forward**

We will focus on retaining and growing our existing membership by ensuring our members understand that they can stay with REST when they change jobs, careers or industries. More importantly, we continue to focus on meeting the investment objectives of each REST investment option so we can help to improve our members' retirement outcomes throughout their lives. And to ease the transition into the new superannuation environment, we'll continue working with employers and members to inform them of these important changes as they occur.

\* Returns, awards and ratings are only some of the factors that you should consider when deciding how to invest your super.





## **We care about our members**

"As a profit to member industry super fund, we always put our members first. This is supported by our low fees, consistent long-term performance, life and disability insurance and access to a range of member benefits."

**Damian Hill**, CEO

# The year in review

REST's top achievements for 2012/2013

## Strong investment performance

REST's investment performance for the 2012/13 financial year has been extremely competitive with a return of 18.42% for our Core Strategy investment option for the year ending 30 June 2013. The REST Pension Core Strategy returned 20.76% for the year ending 30 June 2013 and the REST Pension Balanced option returned 16.82%.

These returns were among the best end of financial year figures of any super fund and are another mark of REST's ongoing sound investment strategy.

## REST received MySuper authorisation

In April 2013, REST became one of the largest super funds by membership to receive its MySuper authorisation from the Australian Prudential Regulation Authority (APRA).

This authorisation enables REST to provide members with a MySuper offering. It also means over 150,000 employers can meet their obligations when contributing to a MySuper offering next year.

The government has also been gradually introducing SuperStream since 2012. From 1 July 2014, using data and electronic payment standards will become mandatory for employers with 20 or more employees.

REST is well positioned to assist employers with the transition to SuperStream through EmployerAccess, an online payment solution. We are also working on a range of solutions, which will meet all of the requirements under SuperStream.

## REST's MySuper product offerings

From January 2014, if employees haven't chosen a super fund, employers will have to pay Superannuation Guarantee contributions into a fund with a MySuper offering.

Our two MySuper product offerings, REST Super and REST Corporate offer low-cost solutions that make it simple for employers to meet their obligations ahead of the upcoming deadline. They also offer efficient online contribution solutions so employers can pay to multiple funds.

## New corporate super product

A new super product delivering employee salary-based insurance and a MySuper offering, REST Corporate offers the same market leading, award-winning investment philosophy, investment option, benefits, facilities and low fees as REST Super, but with the added benefit of corporate insurance design.

REST Personal has also been renamed REST Select and now anyone can be a member of REST Select. This super product offers flexible insurance options and there is no minimum contribution limit as was previously applied with REST Personal.

## Improved and more flexible insurance offering<sup>#</sup>

During 2012/13, we reviewed our already unique insurance offering to ensure we continue to meet the needs of our members throughout their working lives.

The review resulted in improvements to our insurance design such as higher automatic cover for some members and improved definitions.

In particular we enhanced insurance benefits for REST Super and Select members from 1 July 2013 including:

- automatic higher Death and Income Protection cover for members aged 25 and over (REST Super members only)
- reduced waiting period for Total and Permanent Disablement benefit (from six months to three months) and
- increased maximum cover limits.

Members continue to have the flexibility to select the type of cover and level of cover to meet their needs.

## Infrastructure agreement with Cintra

In October 2012, REST entered into a collaboration agreement with Cintra Infraestructuras, a subsidiary of Ferrovial listed on the Madrid Stock Exchange. Ferrovial is one of the leading private developers of transport infrastructure in the world, in terms of number of projects and investment volume.

REST's collaboration with Cintra will initially identify and develop opportunities for major Australian toll road transport projects or assets.

"Infrastructure is a key asset class for our members as it has the potential to provide growth and security. This collaborative approach will facilitate REST and Cintra as long-term investors leading bids for toll road assets."

**Damian Hill, CEO**

## Committed to exceptional service delivery

As a fund that manages around 700,000 calls a year from members and employers, we realise we need to be constantly aware of the service our members are experiencing. In line with our commitment to exceptional service delivery, we introduced a number of initiatives to ensure we understand how customers experience us, so we can modify our service to deliver what they may want and need. This is an ongoing process.

In May we trialled an approach to analyse the REST customer experience through Net Promoter Score (NPS). The NPS tells us "How likely our customer is to recommend REST to others". As a profit to member fund, we value our members' opinion so this feedback will enable us to continually improve our service.

<sup>#</sup> For further information on our insurance offering, please visit our website at [www.rest.com.au](http://www.rest.com.au) and refer to our Insurance Guide.





## **Our size makes a real difference**

“Our scale enables us to provide our members with affordable access to benefits, global leadership in investment management, insurance and financial advice.”

**Damian Hill, CEO**





# Investment performance

## REST performance results to 30 June 2013

REST performance results to 30 June 2013					
Investment option	1 Year (% pa)	3 Year (% pa)	5 Year (% pa)	7 Year (% pa)	10 Year (% pa)
Core Strategy	18.42	9.37	6.09	5.88	8.11
Cash Plus	3.73	4.13	3.68	4.15	4.38
Capital Stable	10.94	7.21	5.69	5.52	6.27
Balanced	14.86	8.12	5.73	5.48	7.04
Diversified	19.93	9.10	5.64	5.50	8.05
High Growth	23.13	9.60	5.50	5.36	8.44
Basic Cash	2.74	3.56	N/A	N/A	N/A
Cash	3.18	3.91	3.65	4.16	4.41
Bonds	7.46	7.74	8.01	6.89	6.14
Shares	29.91	9.60	5.09	4.28	8.83
Property	7.89	6.15	1.36	5.39	6.08
Australian Shares	24.78	8.94	5.68	6.10	10.92
Overseas Shares	32.95	9.45	3.72	1.84	5.34

Returns are net of investment fees and tax. Investment returns are at the investment option level and are reflected in the unit prices for those options. Returns for the three, five, seven and ten year periods are annualised compound averages. N/A applies to options running less than the indicated time periods. Past performance is not an indication of future performance. For more investment information visit [www.rest.com.au/investment](http://www.rest.com.au/investment)

## REST Pension performance results to 30 June 2013

REST Pension performance results to 30 June 2013					
Investment option	1 yr (% pa)	3 yr (% pa)	5 yr (% pa)	7 yr (% pa)	10 yr (% pa)
Core Strategy	20.76	10.60	6.88	N/A	N/A
Cash Plus	4.38	4.89	4.42	4.93	5.12
Capital Stable	12.42	8.39	6.73	6.46	7.26
Balanced	16.82	9.27	6.66	6.30	8.03
Diversified	22.64	10.34	6.50	6.24	9.10
High Growth	26.22	10.80	6.26	6.01	N/A
Basic Cash	3.23	4.23	N/A	N/A	N/A
Cash	3.83	4.70	4.41	4.96	5.15
Bonds	8.52	9.00	9.37	8.07	7.19
Shares	33.44	10.51	5.63	4.64	9.79
Property	9.02	7.09	1.68	6.03	6.72
Australian Shares	28.02	10.17	6.47	6.85	12.24
Overseas Shares	37.62	10.43	4.16	1.91	N/A

Returns are net of investment fees. Investment returns are at the investment option level and are reflected in the unit prices for those options. Returns for the three, five, seven and ten year periods are annualised compound averages. N/A applies to options running less than the indicated time periods. Past performance is not an indication of future performance. For more investment information visit [www.rest.com.au/investment](http://www.rest.com.au/investment)

REST received a number of awards recognising our competitive long-term investment performance.





# Interview with Jo Townsend

General Manager Investments

As General Manager Investments, Jo is responsible for overseeing and contributing to the range of investment management activities which are required to support and implement the investment making decisions of the REST Investment Committee and Board.

**Q: What were the key contributors to this year's strong investment performance for REST's Core Strategy?**

A: Key to our performance this year was the share market, as confidence in global economies improved. Our bias to Australian and especially overseas shares allowed us to take advantage of this confidence. Our choice of investment managers further boosted our performance relative to the market.

While short-term returns are pleasing, it's important to remember that super is a long-term investment so we look for opportunities to deliver competitive investment returns over the long term. This will help to improve retirement outcomes of our members.

**Q: What is REST's investment approach?**

A: The central tenet of REST's investment philosophy is the active management of REST's investments in order to meet the published investment objectives of the investment options.

We believe there can be opportunities to add value and reduce risk over time. This means we actively manage the asset allocation (for the Core Strategy) and the combination of investment managers we appoint in the context of the current and expected market conditions.

At REST, we generally adopt an investment approach which places an emphasis on managing risk on the downside, but we are also prepared to be opportunistic to achieve real capital growth for our members over time.

We work to ensure that the justification for taking positions to enhance returns or reduce risk are based on sound and thorough research in consideration of the whole portfolio.

We believe REST's robust investment approach and process, which are prerequisites for delivering competitive long-term returns, has helped us achieve the long-term performance results for members.

**Q: What's the current outlook?**

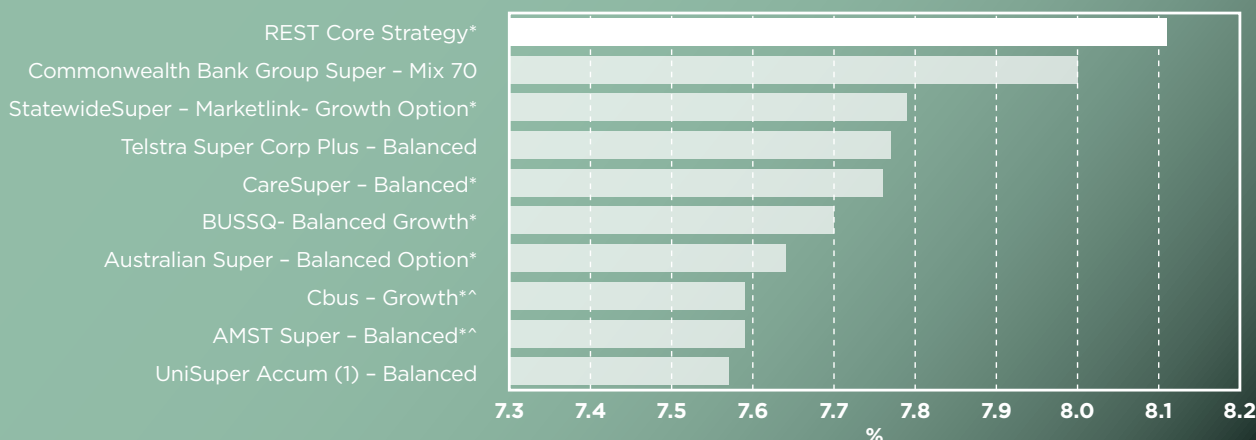
A: The future is always unpredictable and we expect markets to continue being volatile ahead. As always, diversification is important in building a portfolio that is able to generate returns from various types of investments.

**The importance of a robust investment process**

"Our fundamental investment belief is that it is possible to add value through active investment management so we can capitalise on opportunities to deliver competitive long-term returns. This is a fundamental part of our strategy and it's clearly paying off for our members on a medium to longer term basis."

# Top performing over 10 years

REST's Core Strategy 10 year annualised returns to 30 June 2013 versus top performing peers



\* Public offer fund

^ Interim rate

Source: SuperRatings Fund Crediting Rate Survey June 2013 SR50 Balanced (60-76) Index. 10 year median return to 30 June 2013 for SR50 Balanced (60-76) investment options. The information used in compiling this report comes from sources considered reliable. It is not guaranteed to be accurate or complete. REST's Core Strategy 10 year returns and SuperRatings SR50 Balanced (60-76) index 10 year annualised returns are post investment management fees and tax. Past performance is not an indicator of future performance. Ratings, awards or investment returns are only some of the factors that you should consider when deciding how to invest your super. SuperRatings Pty Limited. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to [www.superratings.com.au](http://www.superratings.com.au) for details of its rating criteria.

## Investment options

The following pages outline REST's investment options in detail and below is an explanation of some of the terms mentioned.

### What are derivatives?

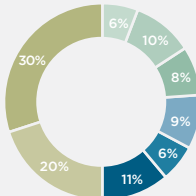
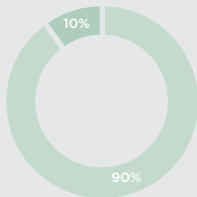
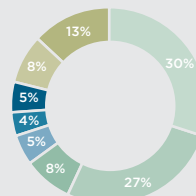
We allow our investment managers to use derivatives. Derivatives include futures, options and swap contracts. They are used to protect the value of portfolios against falling prices and to enable investment managers to change their investment exposure in different markets or sectors without buying or selling the actual securities. The attraction of derivatives is that they can give investors the same degree of market exposure as the underlying assets, but with much lower transaction costs. The significant risk for these types of investments is that losses may occur where there is an adverse movement in the underlying securities. In the long term, the use of derivatives is expected to increase the Fund's investment returns and reduce risk, although the effect will vary from year to year. The Fund imposes on its investment managers strict policies and procedures on their use of derivatives.

### What is the Standard Risk Measure?

The Standard Risk Measure is a guide as to the likely number of negative annual returns expected over any 20 year period. The purpose of the Standard Risk Measure is to provide members with a guide to comparing investment options both within and across various superannuation funds. The tables on pages 12 to 15 provide the Standard Risk Measure for each investment option offered by REST. Commonly, the higher the volatility, the riskier the option. That's why, over the long run, our members' timeframe is perhaps the most critical component in planning their investments.

Members need to ensure they are comfortable with the risks and potential losses associated with their chosen investment options. The estimates provided by REST for our various investment options are calculated using a number of assumptions about how investment markets are forecast to perform, how much fluctuation in returns there is likely to be and how different asset classes are related. These assumptions are not guaranteed. A detailed explanation of the approach used is available on our website, [www.rest.com.au/srm](http://www.rest.com.au/srm). The Standard Risk Measures are produced in accordance with the Standard Risk Measure guidance issued jointly by APRA and Financial Services Council in July 2011.



	Core Strategy	Structured options							
		Cash Plus			Capital Stable				
Objective <sup>1</sup>	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 1 year.				
Target return <sup>2</sup>	CPI + 3% pa over the long-term (rolling 10 year periods).	Outperform the UBS Bank Bill Index over the short-term (rolling 2 year periods).			CPI + 1% pa over the medium-term (rolling 4 year periods).				
Asset allocation <sup>3</sup>	<div>24% defensive, 76% growth</div> <div>A mix of shares and bonds (both Australian and overseas), property, infrastructure, alternative assets and cash.</div> <div></div> <div><div>Cash securities6% (0-25%)</div><div>Bonds10% (5-75%)</div><div>Defensive alternatives8% (0-25%)</div><div>Growth alternatives9% (0-25%)</div><div>Infrastructure6% (0-15%)</div><div>Property11% (0-25%)</div><div>Australian shares20% (15-45%)</div><div>Overseas shares30% (5-35%)</div></div>	<div>100% defensive</div> <div>Cash plus a small allocation to Defensive Alternatives. Cash consists of a portfolio of securities with a low level of interest rate risk (12 months or less), including bank deposits, bank bills, commercial paper and floating rate notes, for example, residential mortgage backed securities.</div> <div></div> <div><div>Cash securities90%</div><div>Defensive alternatives10%</div></div>			<div>65% defensive, 35% growth</div> <div>Mainly bonds (both Australian and overseas) and cash, with smaller proportions of shares (both Australian and overseas), property, infrastructure and alternative assets.</div> <div></div> <div><div>Cash securities30%</div><div>Bonds27%</div><div>Defensive alternatives8%</div><div>Growth alternatives5%</div><div>Infrastructure4%</div><div>Property5%</div><div>Australian shares8%</div><div>Overseas shares13%</div></div>				
Minimum suggested timeframe	10+ years	2+ years			4+ years				
Standard risk measure <sup>4</sup>	Estimated number of negative annual returns over any 20 year period, 3 to less than 4	Estimated number of negative annual returns over any 20 year period, less than 0.5 of a year			Estimated number of negative annual returns over any 20 year period, 1 to less than 2				
Risk band and level <sup>5</sup>	Risk band 5, Medium to High	Risk band 1, Very Low			Risk band 3, Low to Medium				
What this option has returned <sup>6</sup>	Credited <sup>†</sup>								
	2009	-7.82%	-8.62%*	2009	1.29%	1.84%*	2009	-2.78%	-2.56%*
	2010	11.40%	12.80%*	2010	4.76%	5.65%*	2010	10.07%	11.62%*
	2011	9.56%	10.71%*	2011	4.65%	5.51%*	2011	6.60%	7.71%*
	2012	0.85%	1.18%*	2012	4.01%	4.78%*	2012	4.21%	5.18%*
	2013	18.42%	20.76%*	2013	3.73%	4.38%*	2013	10.94%	12.42%*
	Compound average			Compound average			Compound average		
	Five year	6.09% pa	6.88% pa*	Five year	3.68% pa	4.42% pa*	Five year	5.69% pa	6.73% pa*
Ten year	8.11% pa	N/A*	Ten year	4.38% pa	5.12% pa*	Ten year	6.27% pa	7.26% pa*	

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

<sup>†</sup> Crediting rates have differed from actual earning rates in some years. For more information visit [www.rest.com.au](http://www.rest.com.au) and click on 'investments'. The Core Strategy was also unitised on 1 January 2013 and the reason for the difference between super and pension returns is they are not taxed in the same way.

\* Pension returns only.

**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.

Balanced	Diversified	High Growth																																																																								
A good balance of risk and return by investing in approximately equal proportions of growth assets and defensive assets.	Strong returns over the longer term by investing in a diversified mix of assets weighted towards shares and other growth assets.	Maximise returns over the long-term by investing predominantly in growth assets.																																																																								
CPI + 2% pa over the medium-term (rolling 6 year periods).	CPI + 3% pa over the long-term (rolling 10 year periods).	CPI + 4% pa over the very long-term (rolling 12 year periods).																																																																								
45% defensive, 55% growth A mix of shares and bonds (both Australian and overseas), property, infrastructure, alternative assets and cash.	20% defensive, 80% growth Australian and overseas shares, property, infrastructure, alternative assets plus lesser amounts of bonds (both Australian and overseas) and cash.	5% defensive, 95% growth Australian and overseas shares, property, infrastructure and alternative assets.																																																																								
 <table><tr><td>Cash securities</td><td>20%</td></tr><tr><td>Bonds</td><td>17%</td></tr><tr><td>Defensive alternatives</td><td>8%</td></tr><tr><td>Growth alternatives</td><td>7%</td></tr><tr><td>Infrastructure</td><td>5%</td></tr><tr><td>Property</td><td>7%</td></tr><tr><td>Australian shares</td><td>15%</td></tr><tr><td>Overseas shares</td><td>21%</td></tr></table>	Cash securities	20%	Bonds	17%	Defensive alternatives	8%	Growth alternatives	7%	Infrastructure	5%	Property	7%	Australian shares	15%	Overseas shares	21%	 <table><tr><td>Cash securities</td><td>6%</td></tr><tr><td>Bonds</td><td>7%</td></tr><tr><td>Defensive alternatives</td><td>7%</td></tr><tr><td>Growth alternatives</td><td>10%</td></tr><tr><td>Infrastructure</td><td>7%</td></tr><tr><td>Property</td><td>9%</td></tr><tr><td>Australian shares</td><td>23%</td></tr><tr><td>Overseas shares</td><td>31%</td></tr></table>	Cash securities	6%	Bonds	7%	Defensive alternatives	7%	Growth alternatives	10%	Infrastructure	7%	Property	9%	Australian shares	23%	Overseas shares	31%	 <table><tr><td>Defensive alternatives</td><td>5%</td></tr><tr><td>Growth alternatives</td><td>11%</td></tr><tr><td>Infrastructure</td><td>7%</td></tr><tr><td>Property</td><td>10%</td></tr><tr><td>Australian shares</td><td>28%</td></tr><tr><td>Overseas shares</td><td>39%</td></tr></table>	Defensive alternatives	5%	Growth alternatives	11%	Infrastructure	7%	Property	10%	Australian shares	28%	Overseas shares	39%																												
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2009	-6.25%	-6.44%*																																																																								
2010	11.52%	13.08%*																																																																								
2011	7.06%	7.96%*																																																																								
2012	2.78%	3.43%*																																																																								
2013	14.86%	16.82%*																																																																								
Compound average																																																																										
Five year	5.73% pa	6.66% pa*																																																																								
Ten year	7.04% pa	8.03% pa*																																																																								
2009	-10.23%	-10.84%*																																																																								
2010	12.86%	14.40%*																																																																								
2011	7.28%	8.15%*																																																																								
2012	0.94%	1.28%*																																																																								
2013	19.93%	22.64%*																																																																								
Compound average																																																																										
Five year	5.64% pa	6.50% pa*																																																																								
Ten year	8.05% pa	9.10% pa*																																																																								
2009	-12.71%	-13.55%*																																																																								
2010	13.72%	15.24%*																																																																								
2011	7.35%	8.11%*																																																																								
2012	-0.39%	-0.33%*																																																																								
2013	23.13%	26.22%*																																																																								
Compound average																																																																										
Five year	5.50% pa	6.26% pa*																																																																								
Ten year	8.44% pa	N/A*																																																																								

For all options other than the Core Strategy:

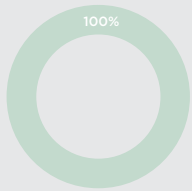
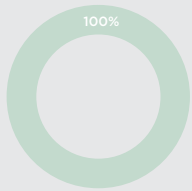
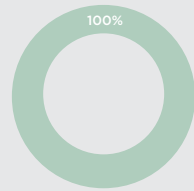
- The allocation to an individual asset class may vary by +/- 5% from the benchmark allocation shown, but not below 0% or more than 100% for an individual asset class;
- Where an option does not currently have a benchmark allocation to Cash, an allocation of up to 5% may be introduced; and
- The overall allocation to growth assets and defensive assets may vary by +/- 10% from the allocation shown.

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

**4 Standard Risk Measure** – This is a guide as to the likely number of negative annual returns expected over any 20 year period. See 'What is the Standard Risk Measure?' on page 11.

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

**6 What this option has returned** – Returns are quoted at 30 June each year after fees not directly charged to your account and taxes have been deducted. The returns stated are correct as at 30 June 2013. Please note that past performance is not an indication of future performance.

	Member-tailored options								
	Basic Cash			Cash			Bond		
Objective <sup>1</sup>	Provide you with the opportunity to construct portfolios that are appropriate to your own particular circumstances. Your portfolio may be constructed from one or more of the Basic Cash, Cash, Bond, Property, Shares, Australian Shares and Overseas Shares options, as well as from the Structured options and the Core Strategy. This permits the construction of portfolios with an extremely wide range of risk/return objectives.								
Target return <sup>2</sup>	Match the return of the Reserve Bank cash rate target before tax and before fees over rolling 1 year periods.			Perform in line with the UBS Bank Bill Index (before tax and after fees) over rolling 1 year periods.			Outperform the benchmark return (before tax and after fees) over rolling 2 year periods. The benchmark is calculated using the UBS Composite Bond Index, UBS Inflation Linked Bond Index, Citigroup World Government Bond Index (hedged) and Barclays Global Inflation linked Index (hedged).		
Asset allocation <sup>3</sup>	100% defensive The portfolio will invest in deposits with, or short-term discount securities (bank bills and negotiable certificates of deposit) issued by, banks rated at least AA- at the time of purchase. It may also invest in short-dated debt issued and guaranteed by the Australian Commonwealth or State Governments. All securities will have a maximum term to maturity of one month.  ■ Cash securities 100%			100% defensive A portfolio of securities with a low level of interest rate risk (12 months or less), including bank deposits, bank bills, commercial paper and floating rate notes, for example, residential mortgage backed securities.  ■ Cash securities 100%			100% defensive A mixture of Australian and overseas debt securities issued by Governments, semi-government authorities and companies.  ■ Bonds 100%		
Suggested minimum timeframe	Less than 3 months			1 to 2 years			4+ years		
Standard risk measure <sup>4</sup>	Estimated number of negative annual returns over any 20 year period, less than 0.5 of a year			Estimated number of negative annual returns over any 20 year period, less than 0.5 of a year			Estimated number of negative annual returns over any 20 year period, 3 to less than 4		
Risk band and level <sup>5</sup>	Risk band 1, Very Low			Risk band 1, Very Low			Risk band 5, Medium to High		
What this option has returned <sup>6</sup>	The Basic Cash option was introduced on 1 July 2009			2009 1.92% 2.53%*			2009 4.54% 5.38%*		
	2010	3.09%	3.90%*	2010	4.64%	5.45%*	2010	12.44%	14.68%*
	2011	4.17%	4.97%*	2011	4.63%	5.53%*	2011	6.90%	8.14%*
	2012	3.78%	4.50%*	2012	3.92%	4.76%*	2012	8.86%	10.34%*
	2013	2.74%	3.23%*	2013	3.18%	3.83%*	2013	7.46%	8.52%*
	Compound average			Compound average			Compound average		
	Three year	3.56% pa	4.23% pa*	Five year	3.65% pa	4.41% pa*	Five year	8.01% pa	9.37% pa*
				Ten year	4.41% pa	5.51% pa*	Ten year	6.14% pa	7.19% pa*

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.

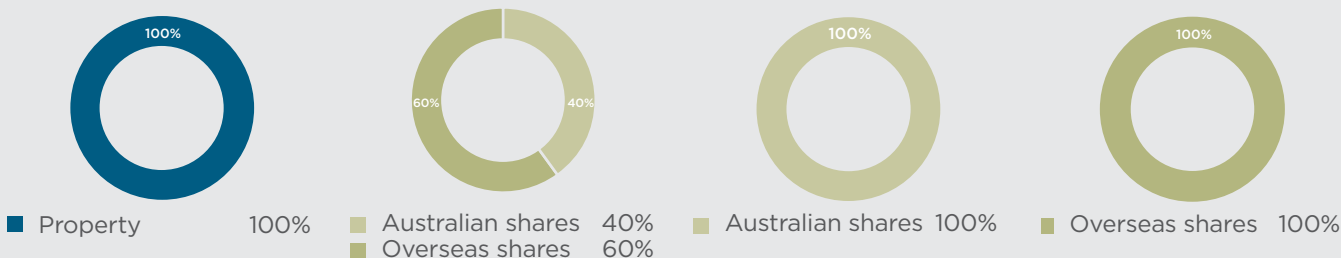
\* Pension returns only

**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.



Property	Shares	Australian Shares	Overseas Shares
Provide you with the opportunity to construct portfolios that are appropriate to your own particular circumstances. A portfolio may be constructed from one or more of the Basic Cash, Cash, Bond, Property, Shares, Australian Shares and Overseas Shares options, as well as from the Structured options and the Core Strategy. This permits the construction of portfolios with an extremely wide range of risk/return objectives.			
Outperform both the Mercer Unlisted Property Index (before tax and after fees) over rolling 3 year periods and the 10 year bond rate plus 3% pa over rolling 5 year periods.	Outperform the benchmark return (before tax and after fees) over rolling 3 year periods. The benchmark is calculated using the S&P/ASX 300 Accumulation Index and the MSCI All Country World ex-Australia Index in \$AUD.	Outperform the S&P/ASX 300 Accumulation Index (before tax and after fees) over rolling 3 year periods.	Outperform the MSCI All Country World ex-Australia Index in \$AUD (before tax and after fees) over rolling 3 year periods.
100% growth	100% growth A mixture of Australian and overseas shares.	100% growth	100% growth
 <div> <div>■ Property 100%</div> <div>■ Australian shares 40% ■ Overseas shares 60%</div> <div>■ Australian shares 100%</div> <div>■ Overseas shares 100%</div> </div>			
10+ years	12+ years	12+ years	12+ years
Estimated number of negative annual returns over any 20 year period, 3 to less than 4	Estimated number of negative annual returns over any 20 year period, 4 to less than 6	Estimated number of negative annual returns over any 20 year period, 6 years or greater	Estimated number of negative annual returns over any 20 year period, 4 to less than 6
Risk band 5, Medium to High	Risk band 6, High	Risk band 7, Very High	Risk band 6, High
2009 -10.62% -11.75%*	2009 -15.50% -16.51%*	2009 -15.48% -16.26%*	2009 -16.36% -17.77%*
2010 0.11% 0.29%*	2010 15.25% 16.70%*	2010 20.63% 22.22%*	2010 9.49% 10.73%*
2011 6.06% 6.91%*	2011 4.97% 5.18%*	2011 8.81% 9.61%*	2011 1.03% 0.95%*
2012 4.52% 5.38%*	2012 -3.46% -3.83%*	2012 -4.77% -4.71%*	2012 -2.40% -3.06%*
2013 7.89% 9.02%*	2013 29.91% 33.44%*	2013 24.78% 28.02%*	2013 32.95% 37.62%*
Compound average	Compound average	Compound average	Compound average
Five year 1.36% pa 1.68% pa*	Five year 5.09% pa 5.63% pa*	Five year 5.68% pa 6.47% pa*	Five year 3.72% pa 4.16% pa*
Ten year 6.08% pa 6.32% pa*	Ten year 8.83% pa 8.97% pa*	Ten year 10.92% pa 11.22% pa*	Ten year 5.34% pa 5.43% pa*

For all options other than the Core Strategy:

- The allocation to an individual asset class may vary by +/- 5% from the benchmark allocation shown, but not below 0% or more than 100% for an individual asset class;
- Where an option does not currently have a benchmark allocation to Cash, an allocation of up to 5% may be introduced; and
- The overall allocation to growth assets and defensive assets may vary by +/- 10% from the allocation shown.

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

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

**6 What this option has returned** – Returns are quoted at 30 June each year after fees not directly charged to your account and taxes have been deducted. The returns stated are correct as at 30 June 2013. Please note that past performance is not an indication of future performance.



# Building our education platform

REST is committed to simplifying super for our members, employers and associations.

## For employers:

We work with more than 150,000 employers across Australia, ranging from sole traders right up to Australia's largest employers.

- We aim to make super easier to understand and administer, through a range of publications and guides, phone and face-to-face support, and online systems
- Relationship managers, positioned nationwide, work with employers to support them through workplace visits or over the phone
- Regular communication through our quarterly *Employer Update* helps keep employers up to date with changes and obligations
- Employer seminars, held twice annually, provide further education and support about legislative changes impacting their business' obligations
- Regular editorials in retail and HR publications share news on major superannuation developments.

## For members:

- We run workplace and retirement seminars to provide updates about legislative changes and resources for retirement planning

- Regular communication through our quarterly *Member Update*, bi-annual information magazines (*zest!//AQ*) keeps our members informed
- We introduced a life stage framework to our website to make the information more relevant
- We encourage members to speak to Money Solutions for professional financial advice about their retirement goals. Their first super-related question over the phone with a Money Coach is free, subject to superannuation laws.

## For associations:

- We run information seminars across the country about legislative changes impacting business obligations
- We contribute regular editorials in association magazines.

REST will be expanding its mobile website in late 2013 so members and employers can access the secure sections of the website anytime, anywhere from the convenience of their smartphone or tablet.

We work with a diverse range of over

**150,000**  
employers across Australia







## **Committed to maintaining strong corporate governance**

“We know that governance policies and practices are fundamental for the benefit of our members. To meet the Stronger Super compliance requirements and remain at the forefront of the industry, we reviewed our practices to ensure our obligations were being met.”

**Damian Hill**, CEO

# Corporate social responsibility

REST is proud to support organisations that add value to the lives of our members and their communities. That's why we support both **headspace** and SuperFriend.

## Happy to support headspace

In April 2013, REST embarked on a two-year sponsorship agreement with **headspace** – the National Youth Mental Health Foundation.

**headspace** provides mental health and wellbeing support, information and services to young people aged 12 to 25 and their families across Australia through its network of 55 **headspace** centres and online via **eheadspace**. **headspace** also raises awareness about mental health issues and how these can affect young people.

Mental health is one of the biggest health issues facing young Australians. With a significant percentage of our members under the age of 25, REST recognises the urgent need to support organisations that are addressing mental health in young people.

Since it was established in 2006, **headspace** has helped over 100,000 young people get their lives back on track by providing services to address mental health and drugs or alcohol issues, general health problems and educational support.

## How will the sponsorship help?

REST's sponsorship will help enable **headspace** to continue to raise awareness and support young people to deal confidently with the challenges they may face. For more information or to find your nearest **headspace** centre, visit [headspace.org.au](http://headspace.org.au)

## REST is also proud to support SuperFriend

SuperFriend is a national mental health promotion foundation. It helps all 'profit to member' superannuation funds promote and support improved mental health and wellbeing for their members, through the workplace.

SuperFriend's goal is to reduce the incidence of suicide and the impact of mental illness on individuals, workplaces, friends and families. Their programs are aimed at early prevention and response.

Developed through a partnership of industry superannuation funds concerned about member health, SuperFriend brings together partners from the superannuation funds, insurers and mental health organisations to offer resources that appeal to members and assist with seeking help early.

SuperFriend's work focuses on the development, promotion and dissemination of information, resources, programs and research about mental health and wellbeing that is of value for members, employers and workplaces.

"Our vision is to improve retirement outcomes for Australians, from their first job right throughout their lives, as their 'fund for life'.

So we recognise the value and importance of the work of **headspace** and SuperFriend in supporting and equipping young people to deal confidently with the challenges they may face."

**Damian Hill**

CEO REST Industry Super and Chair of the SuperFriend Board of Directors







# Board and Executive team

**REST's 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 members' behalf.

Of the eight Directors, four represent employees and are nominated by the Shop Distributive and Allied Employees Association (SDA). The other four are nominated by and represent employers participating in REST. This is so employees and employers are equally represented.

The directors receive no payment from the Fund for their duties and neither does the Trustee company.

## Departures and arrivals

Ms Margaret Osmond resigned as a Director on 17 August 2012. Mr Stephen Bradley was appointed to replace Ms Osmond as a Director from 20 November 2012.

As at 30 June 2013 the representatives of the Board were:

Employee representation	Appointed by
Ian Blandthorn (Board member since 2008)	SDA
Joe de Bruyn (Board member since 1988)	SDA
Sue-Anne Burnley (Board member since 1996)	SDA
Geoff Williams (Board member since 2008)	SDA
Employer representation	Appointed by
Ian Blandthorn (Board member since 2008)	Coles Group
Stephen Bradley (Board member since 2012)	Australian National Retailers Association
Rohan Jeffs (Board member since 1990)	Woolworths
Duncan Shaw (Board member since 2010)	Myer

# Board of Directors

## Roles and responsibilities



### **Rohan Jeffs** **Chairman of Board**

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

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



### **Clifford Allison**

Cliff has 35 years of experience in the banking and finance industry and is currently the Group Treasurer for Wesfarmers Limited. Prior to this he was the Foreign Exchange Officer, Money Market Officer and Assistant Treasurer for 15 years. Cliff has also worked for ANZ Banking Group Limited and the Royal Bank of Scotland.



### **Stephen Bradley**

Stephen has 27 years' experience in operations and is currently self-employed as a consultant. Appointed in July 2007, Stephen is also a Director and Chairman of Outback Stores, Darwin. Prior to this he was a Director of Statewide Independent Wholesalers, Tasmania for three years. Stephen has also worked for Woolworths Limited as Chief Logistics/Information Officer and General Manager Information Technology for eight years.



### **Ian Blandthorn**

Ian has over 20 years' experience in superannuation and is currently the National Assistant Secretary for the SDA. He is also a Board member of Service Skills Australia, a Joint Chairperson of the National Wholesale Retail and Personal Services Industry Advisory Committee of Service Skills Australia and a Member of the Australian Council of Trade Unions (ACTU) Executive.



### **Joe de Bruyn**

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



### **Sue-Anne Burnley**

Sue-Anne has 17 years' experience in superannuation and is currently the National Industrial Union Officer for the SDA. Whilst serving on the REST Board, Sue-Anne was appointed in 1991, as a Trustee Director to Care Superannuation. Prior to this, Sue-Anne worked as an Industrial Services Co-ordinator for the Victorian Branch of the SDA in 2005. In 2002 she was engaged as an international consultant by ILO Technical Cooperative Project in East Timor.



### **Duncan Shaw**

Duncan's entire 40 year career has been in the retail arena. His career commenced as a retail cadet with Grace Bros, and he attained the position of Group General Manager Retail Operations and was a member of the Management Board. His portfolios included strategic planning, marketing, management training and development.

Duncan was also the Executive Director of the Australian Retailers Association, and most recently CEO of Go Vita Distributors supplying 132 stores throughout Australia.



### **Geoff Williams**

Geoff has 35 years' experience in Superannuation (including 25 years with REST) as well as 40 years' experience in administration, financial control, dispute resolution, arbitration and Industrial Relations. He was appointed to the REST Board in July 2008 and prior to this served as an Alternate Director of the REST Board for 21 years.



# Executive Management team

## Roles and responsibilities

The Executive Management team is responsible for managing the daily activities and execution of our strategic goals.



### **Damian Hill**

#### **Chief Executive Officer**

With over 20 years' experience in life insurance and superannuation, Damian Hill has been Chief Executive Officer of REST since 2006, after joining the company in 1999 as Administration Manager.

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



### **Paul Sayer**

#### **Chief Operating Officer**

Paul Sayer joined REST in 2006 as Chief Operating Officer, continuing a career in superannuation that has spanned over 25 years. His previous roles have included senior operations roles at ING, Burns Philip and AMP.

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



### **Chris Stevens**

#### **Chief Financial Officer**

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

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

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



### **Ashley Boland**

#### **General Manager Strategic Relations Group**

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

Ashley holds a Graduate Diploma in Management, is a Fellow of the Australian Institute of Company Directors, Certified Practicing Marketer, Fellow of the Australian Marketing Institute, Affiliate Fellow of the Australian Institute of Management and an Honorary Fellow of the Association of Superannuation Funds of Australia.



### **Jo Townsend**

#### **General Manager Investments**

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

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

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



### **Mary Atley**

#### **General Manager Brand, Marketing and Communications**

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

With 30 years' experience in marketing, Mary is a highly qualified and experienced strategic marketer and has worked across diverse industries including financial services, energy, retail and professional services.

Previously the head of marketing and communications at a member driven organisation, she brings a wealth of relevant experience to REST.

Mary has a Certificate in Direct Marketing from ADMA.



### **Paul Howard**

#### **General Counsel & Company Secretary**

Paul Howard joined REST in 2011 as General Counsel & Company Secretary, continuing his in-house career in financial services organisations with a focus on funds management and asset management. Prior to moving in-house Paul spent nine years in private practise in Australia, Hong Kong and New Zealand.

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

Paul has completed a Bachelor of Law and a Bachelor of Commerce. He is admitted to practice in both New South Wales and New Zealand.

## Committees

The Directors are supported by a number of Board Committees (some of which include Administration; Audit, Risk and Compliance; Human Resources and Remuneration, Investment; Marketing; Strategy Review, Tax Planning 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 Zurich Australia Insurance Limited.

## Advisers and service providers

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

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

### Administration and accounting

Australian Administration Services Pty Limited

### Credit manager

Industry Funds Credit Control Pty Ltd

### Custodian

State Street Australia Limited

### External auditor

PricewaterhouseCoopers

### Group life and income protection insurance

AIA Australia Limited

### Internal auditor

KPMG

### Investment consultant

JANA Investment Advisers Pty Ltd

### Investment managers

Allan Gray Australia Pty Ltd  
1.6% managed

AMP Capital Investors Limited  
2.0% managed

Apollo ST Fund Management LLC  
1.8% managed

Aurora Investment Management  
1.3% managed

Babson Capital Management LLC  
2.1% managed

Baillie Gifford Overseas Limited  
2.5% managed

Balanced Equity Management Pty Ltd  
6.8% managed

Bentham Asset Management Pty Limited  
1.7% managed

Brandes Investment Partners & Co.  
2.2% managed

Brandywine Global Investment Management, LLC  
3.6% managed

Charter Hall Funds Management Limited  
1.1% managed

Colonial First State Asset Management (Australia) Limited  
5.8% managed

Cooper Investors Pty Ltd  
6.3 % managed

Fauchier Partners Trust – Managed by BNP Paribas Investment Partners (Australia) Limited –  
2.3% managed

Franklin Templeton Investments Australia Limited  
1.7% managed

Global Thematic Partners  
3.3% managed

GMO Australia Limited  
1.9% managed

Goldman Sachs Asset Management Australia Pty Limited  
0.8% managed

GPT Funds Management Limited  
1.4% managed

Greencape Capital Pty Limited  
3.0% managed

Holowesko Global Fund limited  
2.1% managed

MFS International (UK) Limited  
5.6% managed

Paradice Investment Management Pty Limited  
8.0% managed

Putnam Advisory Company, LLC  
1.3% managed

Pzena Investment Management, LLC  
3.3% managed

Renaissance Smaller Companies Pty Limited  
0.4% managed

Super Investment Management Pty Ltd\*  
16.7% managed

Taube Hudson Stonex Partners LLP  
3.6% managed

UBS Global Asset Management (Australia) Limited  
1.3% managed

Warakirri Asset Management Pty Limited  
0.8% managed

Wellington International Management Company Pte Limited  
3.7% managed

### Legal advisers

DLA Piper Australia  
Turks Legal  
Minter Ellison  
Norton Rose Fulbright Australia

### Tax agent

PricewaterhouseCoopers

### Trustee liability insurance

Zurich Australia Insurance Limited

\* Super Investment Management Pty Limited ABN 86 079 706 657 (Australian Financial Services Licence 240004) is a wholly owned company of REST. Super Investment Management Pty Limited, like other investment managers of REST, receives a fee for its investment management services. REST deals with Super Investment Management Pty Limited on an arms-length basis.



## 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.\* If a payment is not made, we draw the employer's attention to their obligation to make superannuation contributions.

During 2012/13, REST referred a number of employers to Industry Funds Credit Control Pty Ltd (IFCC) who collected \$14,599,490 from employers in arrears. As at 30 June 2013 a number of employers remained overdue with employee super payments by at least 90 days. Legal action may be initiated if contributions remain unpaid after contact by IFCC.

## Eligible Rollover Fund (ERF)

REST has a broad power to transfer a member's benefits to another fund, called an Eligible Rollover Fund or ERF. REST may roll over a member's benefits to its ERF if:

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

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

### AUSfund

PO Box 2468

Kent Town SA 5071

Phone 1300 361 798

Email [admin@ausfund.net.au](mailto:admin@ausfund.net.au)

Web [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au)

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

- the person will cease to be a REST member and will no longer have any insurance cover
- they will become a member of AUSfund and will be subject to its governing rules. If REST can provide AUSfund with contact details, AUSfund will send its Product Disclosure Statement (PDS)

\*This only applies to employers who have signed an agreement.

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

## Compliments and complaints

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

### To lodge a complaint online

Visit our website [www.rest.com.au](http://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 or 1300 305 779 (Acumen only) between 8am and 8pm weekdays.

### To lodge a complaint by letter

Please address concerns to:

The Trustee Services Officer

REST Industry Super

PO Box 350, Parramatta NSW 2124

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

REST is required to consider a complaint or dispute within 90 days of receipt. However, in some circumstances it may not be possible to resolve the issue within this period. If the Trustee fails to respond to the member within 90 days, or they are not satisfied with the outcome, they may be able to seek an independent ruling from the Superannuation Complaints Tribunal (SCT).

## Superannuation Complaints Tribunal (SCT)

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

# Financial Results

## REST financial statements 2013

This page outlines the 'changes in net assets' and 'statement of net assets' from 2012 to 2013.

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

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

Changes in net assets	2013 \$ million	2012 \$ million
<b>Net market value of assets available to pay benefits at beginning of the financial year</b>	21,991.5	20,444.1
<b>PLUS</b>		
Contributions by employers	2,480.3	2,322.8
Contributions by members	234.5	221.6
Rollovers into REST	683.7	560.7
Net group life proceeds received	114.3	138.5
Interest earned	1.7	2.3
Group life rebate	0.0	0.0
Other revenue	0.4	0.1
Investment earnings (including changes in net market values)	4,520.2	412.9
<b>Total gross income for the year</b>	<b>8,035.1</b>	<b>3,658.9</b>
<b>LESS</b>		
Benefits paid	1,557.0	1,309.7
Administration costs	134.1	115.1
Investment management charges	101.3	81.4
Property expenses	16.3	16.4
Custodian fees	3.9	2.6
Group life insurance premiums	364.5	313.6
Taxes	644.8	272.7
<b>Total outgoings</b>	<b>2,821.9</b>	<b>2,111.5</b>
<b>Net market value of assets available to pay benefits at end of the financial year</b>	<b>27,204.7</b>	<b>21,991.5</b>

## Auditor's approval

We have audited the financial statements of Retail Employees Superannuation Trust for the year ending 30 June 2013 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 12 September 2013. 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

Craig Cummins  
Partner

Statement of net assets	2013 \$ million	2012 \$ million
<b>Securities</b>		
Australian listed shares	6,456.9	5,114.5
Australian bonds	1,250.0	1,155.0
Discount securities	2,517.8	2,312.9
Overseas listed shares	7,778.6	4,998.3
Overseas bonds	1,515.8	1,226.8
<b>Other</b>		
Unlisted trust units (cash)	0.0	0.0
Unlisted trust units (property)	1,441.3	1,257.1
Unlisted trust units (growth alternatives)	2,177.2	1,826.6
Unlisted trust units (defensive alternatives)	1,162.9	1,037.4
Unlisted trust units (other)	1,863.5	1,513.1
Derivatives	490.2	326.8
Cash/other	1,323.2	926.6
Direct property	795.2	671.4
<b>Total investments</b>	<b>28,772.6</b>	<b>22,366.5</b>
Amount receivable	163.8	135.0
Other assets	146.3	260.1
<b>Total assets</b>	<b>29,082.7</b>	<b>22,761.6</b>
<b>LESS</b>		
Benefits payable	35.0	84.7
Liability for taxation	366.1	113.2
Derivatives	880.7	203.2
Other liabilities	596.2	369.0
<b>Total liabilities</b>	<b>1,878.0</b>	<b>770.1</b>
<b>NET ASSETS</b>	<b>27,204.7</b>	<b>21,991.5</b>

## Reserves

REST has a number of reserves, including an operational risk financial requirement reserve (previously the contingency reserve), capital reserve, group life insurance reserve and administration reserve. As at 30 June 2013, the total reserves were valued at \$136.2 million. These reserves are maintained and used in accordance with REST's reserving policy, such as to meet any contingencies and provide for future capital requirements, or insurance and administration payments. REST currently has adequate provisions in its reserves.

## Movement in REST's reserves

Year	\$ million
2011	3.3
2012	(17.3)
2013	(20.3)

## Unit price adjustments




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



**REST Annual Report 2013:** Any advice contained in this information is general advice and has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. For more information, contact us for a copy of our Product Disclosure Statement which applies to your circumstances. You should read the Product Disclosure Statement before making any decision about the product. The Trustee has no relationships or associations with any other product issuer that might reasonably be expected to influence us in the provision of the advice. Representatives of REST are paid a salary and do not receive any commissions or fees for the advisory services provided to you. They may however receive a performance related bonus that takes into account the financial services provided. No commissions or fees are paid for the financial product advice we provide, either to representative or to third parties. Issued by Retail Employees Superannuation Pty Ltd, ABN 39 001 987 739, AFSL 240003 as the Trustee of the Retail Employees Superannuation Trust ('REST'), ABN 62 653 671 394. Registered office: Level 7, 50 Carrington Street, Sydney NSW 2000 but please write to us at Locked Bag 5042, 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 305 778. 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.

## Contact REST

 1300 300 778 (8am to 8pm Monday to Friday)  
 PO Box 350, Parramatta NSW 2124  
 [www.rest.com.au](http://www.rest.com.au)

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Retail Employees Superannuation Trust ABN 62 653 671 394  
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