

Rio Tinto New Zealand **Retirement Fund**



ANNUAL REPORT

For the year ended 30 June 2014

Annual Report 2014



KEY HIGHLIGHTS - THE NUMBERS

- 2.28% earnings rate for the Cash investment option
- 7.09% earnings rate for the Conservative investment option
- 11.42% earnings rate for the Balanced investment option
- 15.94% earnings rate for the Growth investment option
- 732 members
- 39 new members joined the Fund
- \$122 million in funds under management

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Message from the Chair



“The 2013/2014 Fund year was a good one for members, with all of the investment options performing well or in line with expectations.”

On behalf of my fellow Trustees, I am pleased to present the Fund’s annual report for the year ended 30 June 2014. I hope that you find the new format to be informative and easy-to-read.

The 2013/2014 Fund year was a good one for members, with all of the investment options performing well or in line with expectations. The performance of the Fund was achieved on the back of improving global economic conditions and investor sentiment. The US Federal Reserve (the Fed) played a key role in markets during the year. Extraordinarily low interest rates together with the Fed’s asset purchasing programme provided a boost to markets, including shares.

In light of the recent strong run in share markets it may be tempting to switch to a more aggressive investment option. However, there are some major risks with chasing past market returns. History has shown us that just because share markets perform very strongly one year, that does not mean they will perform the same way the next year this is highlighted by the chart we have provided on page 4. It is recommended that you refer to the Investment Statement for information on the Fund’s investment options and seek the advice of an Authorised Financial Adviser when selecting an appropriate investment option for you.

Earlier this year the Trustees conducted an online survey. Thank you to everyone who took the time to complete the survey. We were pleased with the number of responses received and have taken your feedback into consideration.

I would like to take this opportunity to thank Glenn Smith, Mark Kerrison and Stewart Hamilton for their contributions to the Fund as Trustees and to welcome Gretta Stephens, Paula Mayson and Paula Checketts, who were appointed as Trustees during the year.

As always, if you have any questions about the Fund please contact the Helpline on 0508 266 787 or visit www.realsuper.superfacts.co.nz.

Brian Cooper
Chair of Trustees

Investment overview

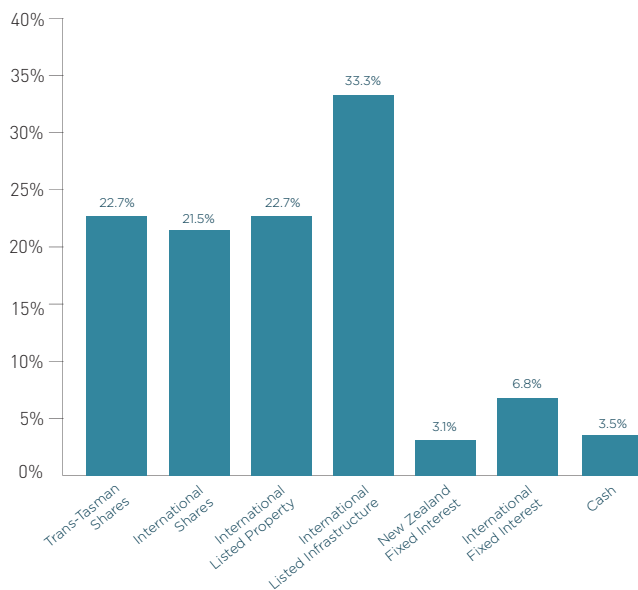


WHAT HAS HAPPENED OVER THE LAST 12 MONTHS?

The 2013/2014 year was a good one for members as the global economy continued to recover from the global financial crisis of late 2008 and 2009. The US Federal Reserve (the Fed) played a key role in markets during the year. Ultra low interest rates, together with its asset purchasing programme, provided a huge boost to markets earlier in 2013. Fortunately, fears the world's markets would fall into disarray when the Fed began scaling back its programme in December did not eventuate.

The Fund's gross returns (i.e. investment returns before deducting investment-related costs and tax) are shown below, by asset class, for the year ended 30 June 2014:

Gross asset class returns as at 30 June 2014



SECTOR COMMENTARY

- **Trans-Tasman shares** had a very good year, despite performance slowing down in the quarter ended June 2014. The New Zealand share market was driven by the strong performance of the New Zealand economy, which continued to gain momentum on the back of rising house prices, stronger inward migration and increased business and consumer confidence. In Australia, share market returns were also strong, despite concerns about several factors including the impact of slower growth in China and lower confidence. In direct contrast to New Zealand, interest rates were cut in Australia in August 2013 and have been kept on hold since then.
- **International shares** have continued to provide impressive returns for members and proved relatively resilient in light of the uncertainty caused by events such as the Ukraine crisis and extreme winter weather conditions in the US. For the second year running share markets in the developed world outperformed those in

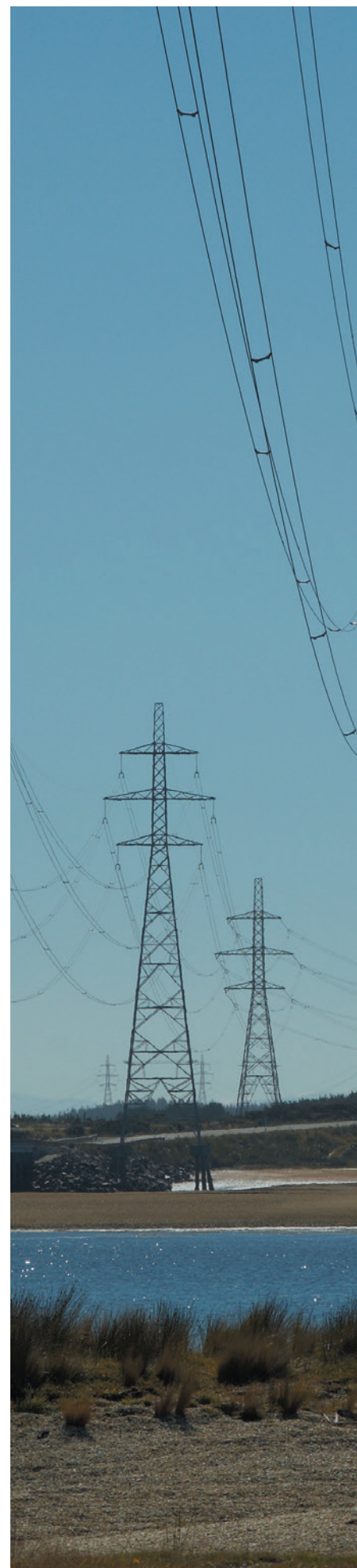
developing or emerging markets. Emerging markets had a mixed year as a result of slower growth in economies like China and India, and the Fed winding back its asset purchasing programme, raising concerns about how this may impact capital flows from the US.

- Returns from **international listed property** were strong. During the second half of the year the sector benefited from a fall in interest rates, causing investors to turn their attention to income-oriented assets.
- **International listed infrastructure** was the best performing asset class over the year. Infrastructure stocks benefited from weaker economic and market conditions early in the year, which saw investors return to more defensive companies, including regulated utilities.
- The **international fixed interest** sector had a good year as most central banks chose to either lower rates or hold them constant, leading to expectations of future interest rate rises being scaled back.
- **New Zealand fixed interest and cash** performed steadily during the year. The sector was impacted by the Reserve Bank of New Zealand increasing the Official Cash Rate by 0.25% in March, April and June 2014.

MARKET OUTLOOK

KEY POINTS:

- Growth is poised to become more synchronised across the major developed and developing economies in the second half of 2014 – an event that last occurred in early 2010. With the exception of the US, consensus forecasts for growth in 2014 and 2015 have been broadly stable or even slightly stronger over the past three months.
- In the UK growth appears to have also retained solid momentum entering the second half of 2014. In contrast, business surveys suggest the relatively weak recovery in the Euro area may have flagged a little in quarter two, although conditions continue to improve steadily on the periphery. The European Central Bank's latest round of quantitative easing initiatives could be expected to provide additional support for a recovery.
- There is also growing evidence the downturns across the major emerging economies have finally been arrested, underpinned at least partly by stronger demand in the developed economies. Growth appears to have strengthened in both China and India (reflecting targeted stimulus measures and a surge in capital inflows, respectively).
- Despite the recent positive gross domestic product surprises in Australia, economic activity remains weak. The pull-back has been largely driven by the drop in mining investment and uncertainty as to Australia's ability to rebalance its economy. These trends have fuelled a downbeat outlook for the Australian economy.



Your investment options

The Fund recognises that different members have different financial needs and that a single investment strategy doesn't suit everyone. That's why the Fund offers members a choice of up to four investment options - Growth, Balanced, Conservative and Cash.

RISK VERSUS RETURN

The rate of return from each investment option will vary according to the asset class, or combination of asset classes, in which it invests. Historically, growth assets (e.g. shares and property) have provided the best returns over the long term (more than 10 years). However, growth assets also tend to have the most variation in returns from year to year.

In contrast, defensive assets, such as fixed interest and cash, have historically provided lower returns over the long term, but less variation in returns from year to year. However, you must always remember that past performance cannot be relied on as an indicator of future performance.

Each investment option has a different mix of investment sectors or 'asset allocations', producing the different levels of expected return and risk. These are shown on the following page.

TIME IN' VERSUS MARKET 'TIMING'

Many successful investors stick to the principle of 'time in the market' rather than 'timing the market'. But why? It is very difficult to accurately forecast where the market is going over the short term with 100% certainty. If you look at history sometimes the best-performing market one year has been one of the worst the next and vice versa. Consider the following chart, which shows calendar year asset class returns (before deducting investment-related costs and tax):

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
International Shares	27.0%	9.5%	-5.4%	4.1%	4.4%	-21.9%	-0.1%	16.0%	16.1%	4.3%
International Infrastructure	19.6%	10.2%	5.8%	6.7%	11.1%	-27.0%	17.4%	31.6%	25.2%	29.5%
New Zealand Shares	17.9%	25.9%	0.4%	3.7%	20.5%	-31.6%	1.4%	22.7%	10.4%	25.1%
Australian Shares	3.8%	15.2%	-10.4%	7.8%	42.0%	-35.6%	18.5%	28.9%	21.9%	21.0%
International Listed Property	6.5%	26.2%	0.4%	22.5%	27.8%	-43.6%	-13.5%	41.9%	20.0%	38.1%
New Zealand Listed Property	4.5%	21.4%	11.8%	4.3%	12.9%	-20.2%	-3.6%	25.7%	20.0%	20.0%
International Fixed Interest	2.2%	8.4%	8.1%	7.6%	7.8%	11.2%	8.5%	6.0%	8.1%	9.4%
New Zealand Cash	2.7%	2.7%	2.9%	3.0%	3.4%	8.8%	8.4%	7.8%	7.2%	6.1%

Worst performer in the year Best performer in the year

Source: Mercer Periodic Table of Annual New Zealand Investment Returns 2014.

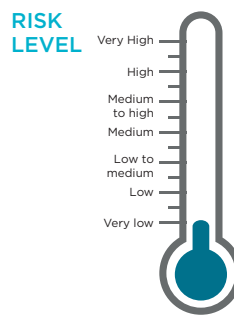
Note: Past performance is not an indication of future performance. Gross returns (i.e. before deducting investment-related costs and tax).

Indices used are: International Shares - MSCI World (NZD) unhedged, New Zealand Shares - NZX 50 with imputation credits, Australian Shares - ASX 200 (NZD, unhedged), International Infrastructure - UBS Global 50/50 Infrastructure & Utilities Index (NZD hedged), International Listed Property - UBS Global Property Investor only (NZD hedged), New Zealand Listed Property - NZX Sectoral Property (with imputation credits), International Fixed Interest - Barclays Capital Aggregate (NZD, hedged), New Zealand Cash - ANZ 90 Day Bill.

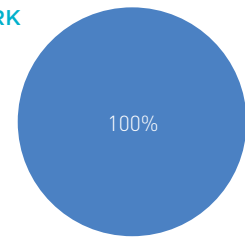
CASH FUND

RISK/RETURN PROFILE Expect lower levels of risk and return.

OBJECTIVE To perform near 90 day bank bill rates.



BENCHMARK (TARGET) ASSET MIX

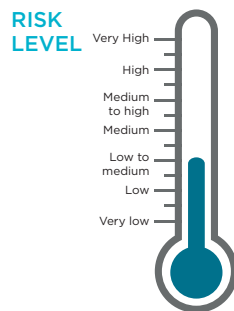


GROWTH 0% INCOME 100%

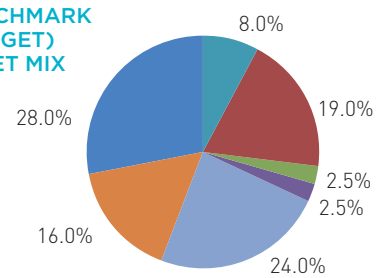
CONSERVATIVE FUND

RISK/RETURN PROFILE Expect lower returns over the long term, but less risk of losses.

OBJECTIVE 2% p.a. above Consumer Price Index (CPI) increases over rolling five year periods, on average.



BENCHMARK (TARGET) ASSET MIX

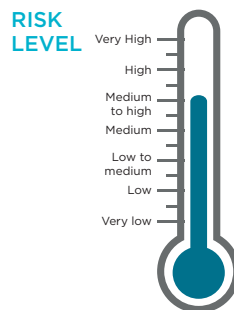


GROWTH 32% INCOME 68%

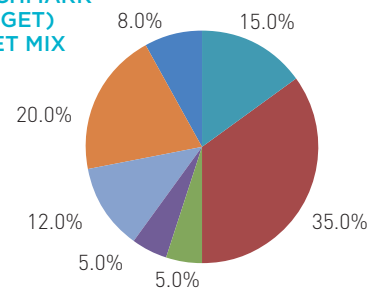
BALANCED FUND

RISK/RETURN PROFILE Expect returns that are reasonable (but lower than the growth fund) over the long term, and losses that are less than those for the growth fund in bad years.

OBJECTIVE 2.5% p.a. above CPI increases over rolling eight year periods, on average.



BENCHMARK (TARGET) ASSET MIX

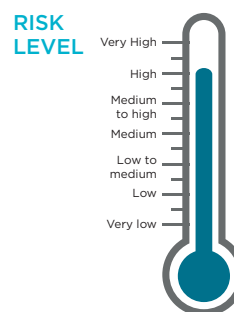


GROWTH 60% INCOME 40%

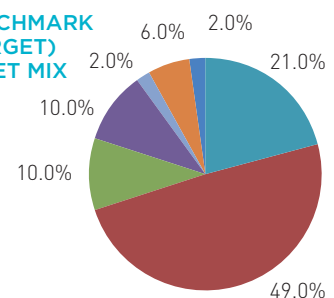
GROWTH FUND

RISK/RETURN PROFILE Expect higher returns than other funds over the long term but higher losses in bad years.

OBJECTIVE 3.0% p.a. above CPI increases over rolling 10 year periods, on average.



BENCHMARK (TARGET) ASSET MIX



GROWTH 90% INCOME 10%

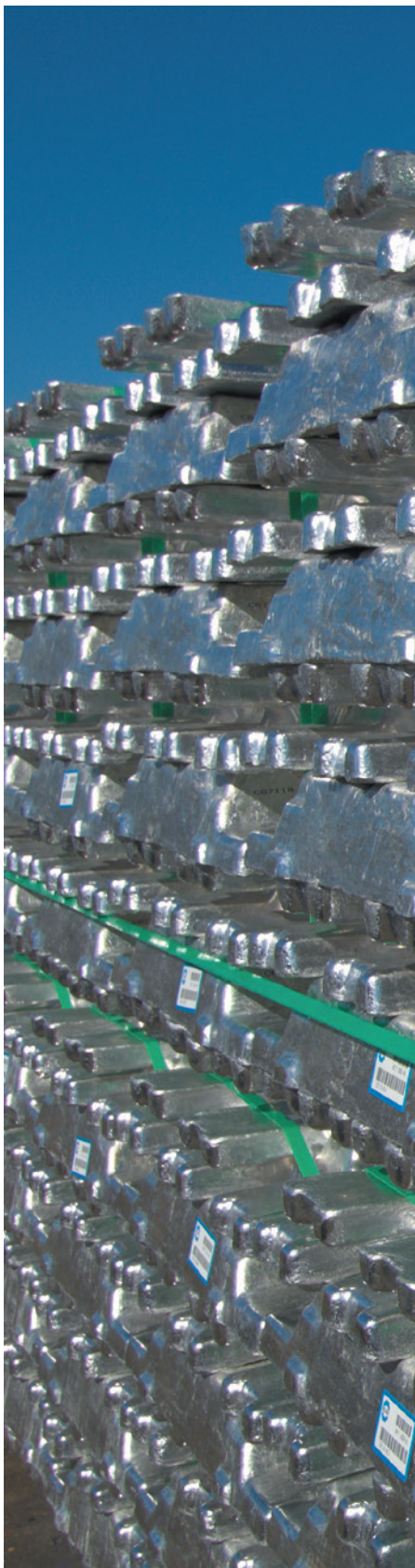
GROWTH ASSETS

■ Trans-Tasman Shares
 ■ International Shares
 ■ International listed property
 ■ International listed infrastructure

INCOME ASSETS

■ New Zealand Fixed Interest
 ■ International Fixed Interest
 ■ New Zealand Cash

Investment performance



NET INVESTMENT RETURNS (AFTER TAX AND INVESTMENT-RELATED COSTS)

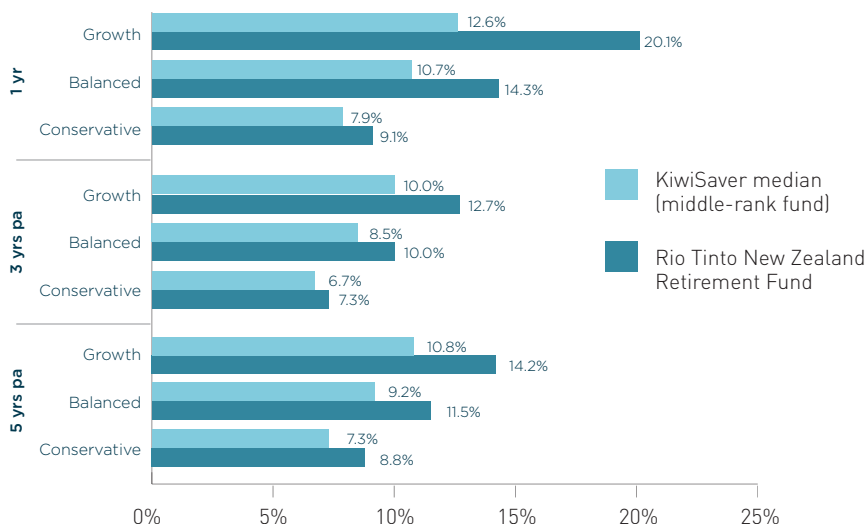
The net returns from the Fund's investment options for the 1, 3 and 5 year periods ended 30 June 2014 are shown below:

	1 Year	3 Years % pa	5 Years % pa
Growth	15.94%	10.41%	11.14%
Balanced	11.42%	8.15%	8.88%
Conservative	7.09%	5.85%	6.60%
Cash	2.28%	2.30%	2.46%

COMPARISON VERSUS KIWISAVER (BEFORE TAX AND AFTER FEES)

The following graph compares the performance of the Fund's Growth, Balanced and Conservative options against the equivalent median returns for corresponding KiwiSaver investment funds as measured by the Mercer KiwiSaver Survey. Performance is shown before tax but after fees.

Fund returns versus KiwiSaver Median - Periods ended 30 June 2014



Source: Mercer KiwiSaver Survey 30 June 2014. Past performance is not an indication of future performance.

HAVING TROUBLE MAKING AN INVESTMENT CHOICE?

Determining what investment option is suitable for you will be dependent on your time frame until retirement and how much risk you are willing and able to take. If you are unsure about what option to choose it is suggested you refer to the Fund's investment statement, go to www.sorted.org.nz or seek financial advice from an Authorised Financial Adviser.

Investment management

The Trustees enlist the expertise of the Fund's investment consultant, Mercer, on investment matters including the investment objectives and strategy for the Fund's four investment options. The Trustees have also appointed an independent investment adviser, Melville Jessup Weaver, to provide them with an independent second opinion on investment matters (and to review the performance of the investment consultant) from time to time as needed.

Day-to-day decisions about investments in shares, property, infrastructure, fixed interest and cash are made by professional investment managers on the Trustees' behalf. The investment managers have the authority to make those decisions through agreed mandates that set out how the relevant assets must be managed. Investment managers are assessed and chosen based on a number of factors, including their approach to investing and their systems, staff and capability of adding value to their investment portfolios. The underlying investment managers, and investment funds, that were used for the Fund's investment options as at 30 June 2014 are shown below:

Asset class	Investment manager	Fund name	Fund Investment assets at 30 June 2014	
			\$ Million	%
Trans-Tasman shares	Harbour Asset Management Limited ANZ New Zealand Investments Limited	Harbour Australasian Equity Fund	9.0	7.4
		ANZ Wholesale Australasian Share Fund	9.0	7.4
International shares	ANZ New Zealand Investments Limited	ANZ Wholesale International Share Fund	42.0	34.7
International listed property	CBRE Clarion Real Estate Securities (via ANZ)	ANZ Wholesale International Property Securities Fund	7.2	6.0
International listed infrastructure	Lazard Asset Management	Lazard Global Listed Infrastructure Fund ¹	6.1	5.0
NZ fixed interest	AMP Capital Investors (New Zealand) Limited	AMP Capital New Zealand Fixed Interest Fund	10.6	8.8
International fixed interest	AMP Capital Investors (New Zealand) Limited	AMP Capital Hedged Global Fixed Interest Fund	16.0	13.2
Cash	AMP Capital Investors (New Zealand) Limited	AMP Capital NZ Cash Fund	21.1	17.5
TOTAL			\$121.0*	100.0

* Excludes \$0.9 million in the Fund's bank account.

HOW IS INFRASTRUCTURE DIFFERENT FROM PROPERTY?

Property and infrastructure are very different asset classes. Unlike property, infrastructure assets provide essential services in an economy. Roads, hospitals, ports and schools are all examples of infrastructure assets. From an investment perspective, property assets are more linked to the economic cycle and their values tend to be more volatile. While values can of course still rise and fall, infrastructure assets are generally seen as a more stable investment. This is because of their strong market position and the essential nature of the services they provide. An international airport is a good example.

¹ BNZ also provides currency services (the BNZ Infrastructure Hedged Overlay) for international listed infrastructure.

News and superannuation updates

THE FUND

INVESTMENT MANAGER CHANGES

There were some changes of investment managers during the year:

- **International shares:** the Trustees appointed ANZ New Zealand Investments Limited in place of Mercer (N.Z.) Limited.
- **Trans-Tasman listed property:** the Trustees exited their investment with Mint Asset Management Limited. 50% of the assets that were held with Mint Asset Management were placed with CBRE Clarion Real Estate Securities (in international listed property) and the other 50% were placed with Lazard Asset Management (in international listed infrastructure).
- **International fixed interest:** the Trustees also decided during the year to exit the Fund's investment in the AMP Capital Hedged Global Fixed Interest Fund and to transfer most of the assets held in that fund into:
 - the Mercer Overseas Fixed Interest Portfolio (managed by Mercer (N.Z.) Limited); and
 - the AMP Capital Global Short Duration Fund (managed by AMP Capital Investors (New Zealand) Limited).

This transition commenced in July 2014.

INSURANCE

In late 2013 the Trustees carried out a review of the Fund's premium rates for death, total disablement and ill-health cover and the insurance account. The Trustees elected to leave the insurance premiums unchanged and decided to make a distribution from the insurance account to members.

SUPERANNUATION

FINANCIAL MARKETS CONDUCT ACT

The Financial Markets Conduct Act 2013 (FMCA) began taking effect this year and will bring significant changes for the Fund and the Trustees. From 1 December 2014, superannuation scheme providers will have a two-year transition period during which they can continue to comply with existing laws. The Trustees will be required by no later than 1 December 2016 (and we are targeting a 2015 adoption date) to, among other things:

- amend the Fund's Trust Deed to ensure that it complies with some new content requirements;
- record certain Fund-related information on a new public register;
- replace the investment statement with a much shorter 'product disclosure statement'; and
- ensure that the Trustee board includes at least one duly licensed independent person.

NEW ZEALAND SUPERANNUATION RATES INCREASE

The Government increased the level of payments to be made to recipients of New Zealand Superannuation with effect from 1 April 2014. The current rates (before tax) are:

Single person (living alone)	\$21,932 p.a.
Single person (sharing)	\$20,154 p.a.
Married couple	\$33,200 p.a.

For more information on eligibility go to www.workandincome.govt.nz.

Managing the Fund

RESPONSIBILITY OF THE TRUSTEES

As well as having overall responsibility for managing the Fund, the Trustees must ensure the Fund is governed in accordance with the Fund's Trust Deed (the legal document that governs the operation of the Fund) and relevant legislation. The Trustees have a duty to act in members' best interests. They are also responsible for making sure that your rights as a member are protected, that your benefits are paid correctly and on time, and that the assets of the Fund are invested prudently. There are usually eight Trustees. Four are appointed by Rio Tinto Alcan (New Zealand) Limited and four are elected by members. Elections are held for member-elected Trustee positions every three years (unless a position becomes vacant more than 12 months prior to the next scheduled election).

During the Fund year there were several changes to the company-appointed Trustees: Gretta Stephens replaced Stewart Hamilton effective 2 September 2013, Paula Mayson replaced Glenn Smith effective 10 February 2014 and Paula Checketts replaced Mark Kerrison effective 19 May 2014. As at 30 June 2014, the Trustees of the Fund were:

COMPANY-APPOINTED



Brian Cooper (Chair)

Chief Operating Officer
Pacific Aluminium Services
Pty Ltd



Gretta Stephens

General Manager
New Zealand Aluminium
Smelters Limited



Paula Mayson

General Manager, Human
Resources, Communications
& External Relations
Pacific Aluminium Services
Pty Ltd



Paula Checketts

Manager, Commercial
Services
New Zealand Aluminium
Smelters Limited

MEMBER-ELECTED



Ken Bolger

Specialist Project Support
New Zealand Aluminium
Smelters Limited



Grant Cuff

Accountant
New Zealand Aluminium
Smelters Limited



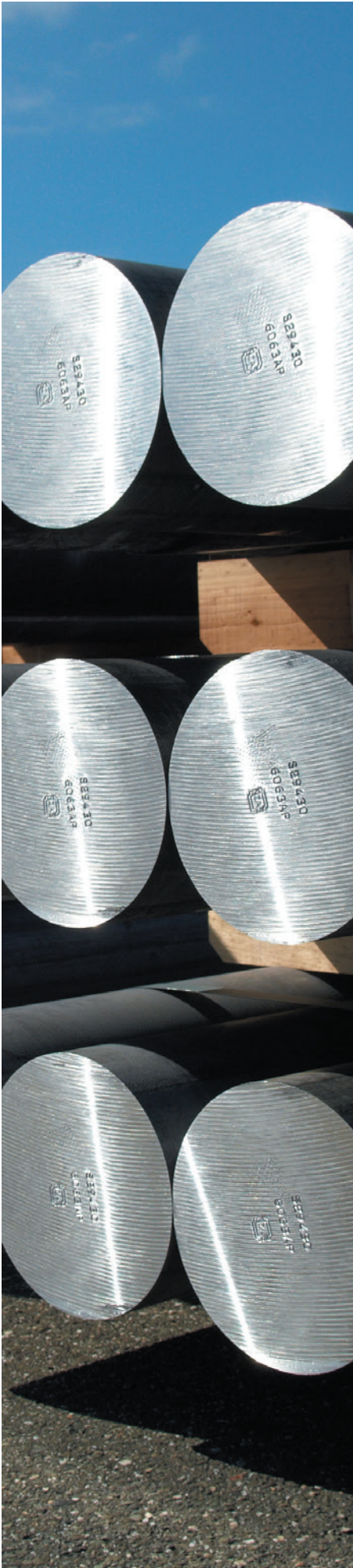
Allan Meikle

VDC Casting
Superintendent
New Zealand Aluminium
Smelters Limited



Karen Sturman

Superintendent Safety
& Loss Prevention
New Zealand Aluminium
Smelters Limited



MEMBERSHIP AND BENEFITS COMMITTEE

The Membership and Benefits Committee's terms of reference are to assist the Trustees with:

- assessing ill-health and total disablement benefit claims and making decisions on the distribution of death benefits;
- resolving complaints;
- preparing and reviewing member communications and the Fund's accounts, annual report and investment statement.

Current members:

- Gretta Stephens (Chair)
- Allan Meikle
- Grant Cuff
- Ken Bolger
- Karen Sturman
- Paula Checketts

A DEDICATED SERVICE TEAM

The Trustees are supported by a number of superannuation professionals who assist them with various specialist tasks:

Service	Adviser
Administration, accounting, actuarial, member education, communications and superannuation consulting	Mercer (N.Z.) Limited
Audit services	KPMG
Independent investment adviser	Melville Jessup Weaver
Investment consultant	Mercer (N.Z.) Limited
Legal advice	Chapman Tripp
Taxation services	Pacific Aluminium Services Pty Ltd

PRIVACY ACT

Your personal information may be held by and, when necessary, passed amongst your employer, the Trustees and the Fund's professional advisers for the purposes of managing your benefit in the Fund. If you wish to check or amend your personal information, please call the Fund Member Helpline 0508 266 787 (Australia 03 8681 1849; international +61 3 8681 1849).

FURTHER INFORMATION

If you would like further information about the Fund or your benefits, please call the Fund Member Helpline 0508 266 787 (Australia 03 8681 1849; international +61 3 8681 1849).

Any correspondence to the Trustees should be addressed to the Fund Secretary at the following address:

Philippa Kalasih
Fund Secretary
Rio Tinto New Zealand Retirement Fund
Mercer (N.Z.) Limited
PO Box 2897
Wellington 6140

COMPLAINTS PROCEDURE

Current legislation requires the Trustees to be members of an approved disputes resolution scheme. The Trustees have elected to register with an independent disputes resolution scheme operated by Financial Services Complaints Limited (FSCL) and approved by the Ministry of Consumer Affairs.

If you have a complaint, first call the Fund Member Helpline 0508 266 787 (Australia 03 8681 1849; international +61 3 8681 1849). If your complaint is complex, we may ask you to provide details in writing.

Once your complaint is received, the Trustees have 40 working days to respond to your complaint. If you are not satisfied by the Trustees' response or if your complaint has not been resolved after 40 working days, you may refer the matter to FSCL by emailing info@fscl.org.nz or calling FSCL on 0800 347 257.

Alternatively, you may write to FSCL at:

Financial Services Complaints Limited
101 Lambton Quay
PO Box 5967, Lambton Quay
Wellington 6145

Full details of how to access the FSCL scheme can be obtained on their website www.fscl.org.nz.

TRUST DEED AMENDMENTS

There have been two deeds amending the Trust Deed since the date of the last annual report.

The first amending deed (dated 15 October 2013) was to invoke full exemptions from new anti-money laundering legislation which took effect on 30 June 2013 by:

- requiring all member contributions to be made through payroll;
- imposing a maximum member (or after-tax salary sacrifice) contribution rate of 20% of salary or any higher rate applying as at 30 June 2013;
- requiring all contributions to be in salary percentages; and
- requiring any member contributions during an unpaid leave of absence to be no greater (in amount or frequency) than those that were being paid immediately before leave commenced.

The second amending deed (dated 20 December 2013) allows a member to nominate a beneficiary for death benefit purposes in such manner as the Trustees determine. The practical effect of this amendment is that to select or update a nominated beneficiary, a member now need not complete and return a paper form but instead can make the change on-line or by calling the Helpline.





NOMINATING BENEFICIARIES

A death benefit is payable if you die while you are a Fund member. At the Trustees' discretion this may be paid to your nominated beneficiaries, to your estate or to any person you are obliged to support (or to any two or more of those persons in such shares as the Trustees determine). Your spouse will automatically be a nominated beneficiary, unless you otherwise notify the Trustees in writing.

Before you joined the Fund you were given a nomination of beneficiary form to complete, to indicate to the Trustees who you would like your benefit paid to in the event of your death. While the Trustees are not bound by your nomination, they will take your wishes into account. You should remember to update your beneficiary details if your personal circumstances change. You should also ensure that you have an up-to-date will so that, if paid to your estate, your benefit is distributed as you would like.

It is important to make your wishes known and keep your nomination up to date, particularly if your family or relationship circumstances change. You can nominate more than one person and you can change this at any time. You can update your nomination by logging onto www.realsuper.superfacts.co.nz and going to the beneficiaries page, or by calling the Helpline on 0508 266 787 (Australia 03 8631 1849, international +61 3 8681 1849).

INSURANCE OPTIONS

If your personal circumstances change, you may want to consider altering the amount of insurance cover provided by the Fund for your death, total and permanent disablement or ill-health. For example, you may consider that you require less cover when your children leave home, or alternatively more cover if you have recently married or have dependants reliant on your income.

You can apply to change your level of insurance each month with effect from the first of the following month (or another date nominated by the Trustees) by completing and returning an 'Application to Change Insurance Cover' form at least five working days before you wish the change to take effect. Forms are available from the 'Documents & forms' page of the Fund website www.realsuper.superfacts.co.nz.

Note that if you decide to change to a higher level of cover, you may have to complete a medical questionnaire and, if required, attend a medical examination. The Trustees may then impose restrictions on the amount, or the conditions for payment, of your increased cover (or refuse to allow the increase).

MEMBERSHIP SUMMARY

Active members

Active members as at 1 July 2013	698
Plus: New entrants	39
Less: Leaving service withdrawals	51
Transfers to retirement account	9
Total active members as at 30 June 2014	677

Retirement account members

Retirement account members as at 1 July 2013	50
Plus: New retirement account holders	9
Less: Full withdrawals	4
Total retirement account members as at 30 June 2014	55
Total membership as at 30 June 2014	732

DECLARED MONTHLY EARNING RATES

Every month between July and May, the Trustees determine a monthly earning rate for each investment option, based on the Fund's investment returns less an estimated allowance for investment expenses and taxes. At the end of each Fund year (30 June), final earning rates are calculated for June, based on the Fund's financial statements, information from investment managers, taxation and the rates already applied for the previous 11 months. The following table shows the monthly earning rates used during the year and the cumulative earning rates for the period commencing 1 July 2013.

Period	Cash		Conservative		Balanced		Growth	
	Monthly rate	Cumulative year-to-date	Monthly rate	Cumulative year-to-date	Monthly rate	Cumulative year-to-date	Monthly rate	Cumulative year-to-date
2013								
July	0.18%	0.18%	0.78%	0.78%	1.47%	1.47%	2.28%	2.28%
August	0.20%	0.38%	0.08%	0.86%	0.24%	1.71%	0.17%	2.45%
September	0.17%	0.55%	0.97%	1.84%	1.62%	3.36%	2.42%	4.93%
October	0.18%	0.73%	1.35%	3.21%	2.28%	5.72%	3.29%	8.39%
November	0.19%	0.92%	0.37%	3.60%	0.64%	6.39%	0.73%	9.18%
December	0.17%	1.09%	0.36%	3.97%	0.47%	6.89%	0.69%	9.93%
2014								
January	0.20%	1.30%	0.08%	4.05%	-0.19%	6.69%	-0.47%	9.41%
February	0.17%	1.47%	0.90%	4.99%	1.47%	8.26%	2.06%	11.67%
March	0.19%	1.66%	0.13%	5.12%	0.14%	8.41%	0.20%	11.89%
April	0.20%	1.87%	0.77%	5.93%	1.06%	9.56%	1.31%	13.36%
May	0.21%	2.08%	1.16%	7.16%	1.78%	11.51%	2.37%	16.04%
June	0.20%	2.28%	-0.07%	7.09%	-0.08%	11.42%	-0.09%	15.94%

NB: Past performance is not a guide to future performance.

If the Trustees declare a negative year-end or monthly earning rate in any year for any investment option in which your account balances are invested, a corresponding reduction will be made to your accounts.

INTERIM EARNING RATE

When you leave the Fund, for each applicable investment option an interim earning rate will be allocated to your accounts for the period from the start of the month for which a monthly earning rate has yet to be declared to the date you become entitled to your benefit (or, if you are a retirement account holder, to the date your benefit is otherwise payable).

The interim earning rate will be calculated using the returns earned by four unitised funds with asset allocations very similar to those of the Fund's investment options. Those unitised funds are used because the unit prices are readily available and are calculated on an after-tax basis. They are referred to as 'proxy funds':

Fund investment option	Proxy fund*
Cash	Mercer Super Trust Cash Fund
Conservative	Mercer Super Trust Conservative Fund
Balanced	Mercer Super Trust Balanced Fund
Growth	Mercer Super Trust High Growth Fund

*Minor adjustments are made to reflect the lower investment fees applicable to the Fund's investment options.

A reduction will be made to your accounts if the interim earning rate(s) for the final period before a benefit becomes payable is (or are) negative.



LATE PAYMENT EARNINGS POLICY

If you leave service and do not elect (if permitted) to leave your benefit in the Fund, earnings for the period from the day after you left service until the date when your benefit is actually paid (or, in the case of a locked-in account balance, transferred to a KiwiSaver scheme) will be applied to your balance based on the after-tax rate of interest earned by the Fund's bank account for the month last ending before the date of payment. This is to ensure that any delays in processing benefit payments or transfers, for whatever reason, do not result in your benefit being eroded by adverse movements in the Fund's investment options or proxy fund returns.

Regardless of the reason for terminating employment (including death or disablement) the following earnings will be applied to your accounts (for each applicable investment option) when processing your payment or transfer from the Fund:

- **Up until the date of termination**

- i) The declared monthly earning rate for the latest month for which this is known as at the date of payment; and
- ii) The interim earning rate for the period from the end of the month referred to in (i) up to the date of termination.

- **From the day following the date of termination to the date of payment**

- Earnings based on the Fund's bank account earning rate (net of tax) for the month last ending prior to the date of payment.

Note: the late payment earning policy does not apply if you elect to leave your benefit in the Fund and become a retirement account holder. In this case, earnings based on your chosen investment option(s) will continue to apply.

If you elect to switch investment options, the amount switched will be calculated based on the monthly earning rate(s) then applying to your current investment choice(s). The new investment option(s) you choose will take effect from the first of the month following the date your completed 'Application to Change Investment Option(s)' form is received by the Fund's Administration Manager or your online switch is submitted.

CHANGES TO EARNING RATES POLICY

The Trustees reserve the right to alter their earning rates policy in the event of significant market movements (for example, if any of the large global share markets or the New Zealand or Australian share markets falls by more than 10% in a single day or if any or all of those share markets are forced to close for an entire day or more because of any other unexpected event).

Summary financial statements

Summary Statement Of Changes In Net Assets

	2014	2013
	\$	\$
Investment Activities		
Investment Income	14,537,547	12,808,950
Other Income	207,629	272,965
Net Income	<u>14,745,176</u>	<u>13,081,915</u>
Less		
Other Expenses		
Catastrophe Insurance Premiums	56,839	55,930
Investment Consulting Fees	118,802	104,183
Total Other Expenses	<u>175,641</u>	<u>160,113</u>
Changes in Net Assets before Taxation and Membership Activities	14,569,535	12,921,802
Income Tax Expense	<u>2,407,241</u>	<u>1,053,628</u>
Changes in Net Assets after Taxation and before Membership Activities	<u>12,162,294</u>	<u>11,868,174</u>
Membership Activities		
Member Contributions	2,311,484	2,416,695
Member Tax Credits	125,737	128,443
Employer Contributions	4,322,306	4,735,434
Transfers in from Other Schemes	-	18,277
Less		
Benefits Paid	<u>8,218,101</u>	<u>12,445,002</u>
Net Membership Activities	<u>(1,458,574)</u>	<u>(5,149,153)</u>
Net Increases in New Assets during the year	<u>10,703,720</u>	<u>6,719,021</u>
Summary Statement of Net Assets		
Assets		
Cash at Bank	862,845	880,058
Investments	121,029,077	109,966,075
Employer Contributions Receivable	137,529	-
Income Receivable	4,752	-
Sundry Debtors	618	4,021
Prepayments	16,030	16,064
Income Tax Receivable	-	16,618
Total Assets	<u>122,050,851</u>	<u>110,882,836</u>
Less		
Current Liabilities		
Contributions Refundable	1,117	-
Benefits Payable	340,036	-
Sundry Creditors	44,460	30,408
Income Tax Payable	109,090	-
Total Liabilities	<u>494,703</u>	<u>30,408</u>
Net Assets available to pay Benefits	<u>121,556,148</u>	<u>110,852,428</u>
Vested Benefits*	<u>118,731,995</u>	<u>107,118,872</u>
Summary Statement of Cash Flows		
Net Cash Flows from Operating Activities	(958,465)	(4,884,640)
Net Cash Flows from Investing Activities	<u>941,252</u>	<u>3,703,075</u>
Net Increase/(Decrease) in Cash Held	(17,213)	(1,181,565)
Cash at Beginning of Year	<u>880,058</u>	<u>2,061,623</u>
Cash at End of Year	<u>862,845</u>	<u>880,058</u>

*Vested benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Fund at balance date.

Audit Report



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the members of Rio Tinto New Zealand Retirement Fund

The accompanying summary financial statements on pages 15 to 16, which comprise the summary statement of net assets as at 30 June 2014 and the summary statements of changes in net assets and cash flows for the year then ended, and related notes, are correctly extracted from the audited financial statements of Rio Tinto New Zealand Retirement Fund ("the fund") for the year ended 30 June 2014.

We expressed an unmodified audit opinion on those financial statements in our report dated 24 September 2014. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Rio Tinto New Zealand Retirement Fund.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Other than our capacity as auditor, we have no relationship with or interests in the fund.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of Rio Tinto New Zealand

Retirement Fund for the year ended 30 June 2014, and the information reported in the summary financial statements is consistent, in all material respects, with the audited financial statements, in accordance with FRS-43 *Summary Financial Statements*.

24 September 2014 - Wellington

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

A summary of the Fund's audited financial statements for the year ended 30 June 2014 which were authorised for issue by the Trustees on 24 September 2014 is shown on page 15 of this annual report. The summary financial statements has been extracted from the full audited financial statements dated 30 June 2014 which were authorised for issue on 24 September 2014. The summary financial statements have been prepared in accordance with FRS-43 *Summary Financial Statements*.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). The Fund has made an explicit and unreserved statement of compliance with NZ IFRS in note 2 of its full financial statements. The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Fund operates. The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of changes in net assets, net assets and cash flows of the Fund. A copy of the full financial statements can be obtained, free of charge, from the Fund's administration manager. The Fund is a profit orientated entity.

The auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unqualified opinion on both the summary financial statements and the full financial statements.

Trustees' statement

The Trustees of the Rio Tinto New Zealand Retirement Fund:

- i state that all contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- ii certify that all benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- iii certify that the market value of the assets of the Fund as at 30 June 2014 exceeded the total value of the benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2014;
- iv state that during the year ended 30 June 2014 more than 10% of the market value of the assets of the Fund (calculated in accordance with generally accepted accounting practice) was invested in underlying funds issued and managed by (or by associated persons of) each of ANZ New Zealand Investments Limited and AMP Capital Investors (New Zealand) Limited, who manage a certain proportion of the Fund's investments.
- v state that in their opinion, after due enquiry by them, neither the value of the Fund's assets relative to its liabilities (including contingent liabilities) nor the ability of the Fund to pay its debts as they become due in the normal course of business have materially and adversely changed since 30 June 2014;
- vi state that by reason of their meeting all 'administrative costs' (as defined in clause 7(3) of the Securities Act (Employer Superannuation Schemes) Exemption Notice 2004) for the Fund, the employers participating in the Fund were not required, under the terms of the offer of Fund membership required by clause 7 of that Notice, to incur costs for the year ended 30 June 2014;
- vii state that the market value of the Fund's assets subject to complying fund rules (i.e. held in locked-in accounts) as at 30 June 2014 was \$6,820,612 relating to 284 members; and
- viii state that the value of withdrawals made from locked-in accounts during the year ended 30 June 2014 was \$466,238.

Signed for and on behalf of the Trustees:



Trustee



Trustee



