2020 ANNUAL MEMBER MEETING
Member Question and Answers

A recording of the meeting can be found at
www.rest.com.au/about-rest/annual-member-meeting

MEMBER QUESTIONS AND ANSWERS

Investments and investment performance

Q: My perception is that your performance has slipped versus other large funds. Am I correct?

A: Super is a long-term investment. Rest's performance over the last year has been marginally below the median return of industry funds.

Over the longer term, 10 and 20 year periods, Rest remains one of the best performing super funds. Also, in a very turbulent period through the pandemic, when the ASX share market fell by over 6% over the financial year, a performance of -1.05% really demonstrates the benefit of diversification.

Lastly, it was a great opportunity for our investment team to take that extreme volatility, and take some of the cash that we had built up prior to the pandemic, and invest that money into markets at more attractive times and prices, with a higher growth allocation by the end of the year, setting us up so well to deliver these long term returns into the future. The portfolio is now set up to continue our long term performance record for you, our members.

Q: What steps are you taking to ensure that future investment returns are competitive when compared to other industry funds?

A: We have documented some learnings from the performance we have delivered over the last 12 months. I really feel confident that the changes that we were able to male to the portfolio where we added around 5% of the portfolio back into growth assets during the time of market weakness will set us up really going into the future.

We're going to keep our focus on active investment management return. We do see also a place for index management to keep those fees as low as possible. I'm going to keep looking for those benefits and those opportunities from investing responsibly and in those interesting areas of property, infrastructure and other direct assets to really get every dollar invested in a way that can deliver returns for you into the long term.

So, I'm very excited about the benefits of a diversified portfolio in this time as well as any other environment and I think the portfolio is really well set up for the future.

Q: What is your plan to make sure Rest Balanced Index fund's returns are better than the competitors for the coming years?

A: It' s the same plan for all of our diversified options, not just the Balanced - Indexed. It's to blend all the areas of the investment process that have really been able to drive our longer-term performance record. To continue doing it, but doing it carefully within the different investment environment that we face.

As was mentioned, we are active investors, so we employ active investment managers. We employ an active asset allocation approach and we think hard about keeping our fees low. Now, when it comes to the particular Balanced - Indexed product, the most important thing is to keep our fees as low as possible, because many of the returns of our fund compared to other funds will be similar in the indexed option.

What will differentiate our options against other industry fund options will be the fees, and we're very happy that our fees are amongst, if not the lowest, in the industry for an indexed option.

Across our investment team we focus our thinking on areas of diversification, disciplined investing and focusing on the longer term. That's no different when it comes to the Balanced - Indexed product.

Q: Compared to peer industry funds Rest has a very high allocation to alternative assets. Can you advise the nature of these alternative assets and how they contribute to the 2020 performance?

A: There are many different definitions of what determines an alternative asset. In our Product Disclosure Statement, we talk about alternative assets as being our absolute return exposures, which we've actually brought down over the course of the last financial year to be quite a small exposure. We think that some of the fees that are implied by these absolute return products are perhaps a little high for what we're trying to achieve with our lower fee Balanced option.

A different definition of alternative assets are effectively some of the interesting assets that are able to diversify the portfolio away from traditional equities or the stock market and traditional bonds or debt. Anything that fits in the middle is often defined as 'alternative'.

Now, we certainly have a high allocation. We mentioned about property and infrastructure and agriculture being some of those alternative assets, including credit, and we have very strong plans to continue maintaining a high allocation to those areas. But as I mentioned, over the last financial year, we have increased our allocation to the stock market through that period of March and April (more attractive prices) and we have brought down our total alternative assets by a small amount.

So, we think it's a very important part of our portfolio. It'll stay being a very important part of our portfolio as a diversification for Rest. Over the last financial year, we have skewed the portfolio slightly more towards the stock market and slightly away from alternative assets.

Q: **Can someone explain to me why as soon as COVID hit early 2020 that my super balance dramatically dropped by tens of thousands of dollars?**

A: It was certainly a very difficult time and it was a time where the stock market was magnifying the impact that was being felt by all of us in the broader economy. So while the benefits of diversification are that we could limit the amount of the fall of a balanced or diversified investment, unfortunately, the fact that a high proportion of the portfolio was invested in stock markets, that through March were falling by often 10% a day, means that we were not able to buffer the portfolio sufficiently to ensure that the overall super fund returns didn't fall.

I am happy to say that as we stand here in November, most of that return has been made back up again. To deliver a return of -1.05% for the Core Strategy for the financial year through all that period of volatility does demonstrate once again the benefits of diversification and that long-term focus for the investment team.

Q: **How does the future look like in terms of return on investment?**

A: The opportunity for the returns to bounce back significantly this financial year from the negative return we declared for most options in the last financial year is very good. We've already seen a very strong start to the financial year and I'm very confident that we're going to be able to navigate potential headwinds to declare a good return and maintain that longer-term record.

I would say that, in general, when we think about super over the next 10 years:

- When starting with cash rates at around zero (putting your money in the bank and you're getting almost zero for it).
- Then moving into slightly the next investment in terms of low risk of government bonds (investing in debt that's issued by the Australian government or other governments around the world) that are also yielding less than 1%,

means that sort of the foundation of building a portfolio (when these sorts of investments deliver almost zero), it's going to be very hard to keep generating in future the returns that we've seen for the last 10 years.

However, we do see a rosy future from maintaining that diversified approach, including alternatives and other interesting asset classes. We believe that nations and economies are going to grow over 10 years and by investing in stock markets and direct assets that will benefit in that environment, we think that will help your super to grow over that long-term period.

It's going to get a little bit harder, but we're ready and the investment team have got our skills and our advice and our investment portfolio ready to navigate and we think it's going to be a rosy picture ahead.

Q: How does Rest view the risk of investment in Property, particularly office buildings and shopping centres, given COVID has accelerated the shift to working from home (and impact on required office building space) and shopping online (and impact on bricks and mortar retailers)?

A: The risk of investments is always there, whether it's the risk that you can see and right now we can see a lot of risks, particularly investing in traditional properties, whether it be offices or retail malls, as you suggest. But often the areas of greatest risk deliver the highest returns.

If you can stay invested and remain invested in the most quality assets through that time, then often the returns will produce the commensurate returns to compensate for that risk. I'm probably more concerned about some of the risks that we can't see today. I think that office life will change. I think that retail mall life already has changed and in many cases, valuation and prices are sort of adjusting or have already adjusted.

But what about other assets that are looking very expensive today? Think about some of the investments in US technology companies that are at very, very high prices. We don't know yet what the impact of a Biden presidential term might have on those particular companies. Of course, there are continuing risks with geopolitical concerns around the world and we have to stay alive to some of those areas that right now are not 100% ahead of us, but you have to keep making sure that you're looking around very carefully to find those risks that are not straight in front.

So, all in all, we are aware of the risks that you mentioned. We think by investing in quality assets, be it the best offices in Sydney or Melbourne or around, we'll get some good returns. But let's be sort of aware of those other risks and making sure that we're diversified, staying diversified, and not getting too concentrated into any one sector.

Q: In the past Rest performed better than now. Referring back to history that has been better emphasises this. What is Rest doing to improve on this?

A: It’s fair to say this past year posed a lot of challenges for investors – with extreme volatility on global markets impacting the performance of our investments.

Superannuation is a long-term investment and it’s important to focus on long-term performance over short-term volatility.

In the year to 30 June, Core Strategy had negative return of minus 1.05 per cent which slightly lagged the median benchmark for the year. However, this is only the third negative year in 32 years since the option first started. In fact, if you had been in this option since 1988, you would have received an average of 8.33 per cent per year and we are proud to say that Rest’s Core Strategy is one of the top performing investment options over the past twenty years.

In a very turbulent period when the Australian Securities Exchange (ASX) fell over by over six per cent over the financial year, a performance of minus 1.05 per cent demonstrates the benefits of diversification.

During the period of market volatility our teams were able to rationally assess overall conditions and noted the market prices post March as an opportune time to deploy the cash that we had built up over the previous twelve months; meaning we could buy assets at cheaper prices.

This approach to look-through short term risks and buy with an eye to the future has served Rest members well in the past and we intend to maintain this approach going forward as we focus on delivering long-term investment performance.

Q: How have other super funds performed over the past 12 months? Has Rest performed well compared to others? Are there a lot of small balance members in the fund that are being subsidised because of regulations changing? When are administration fees changing?

A: Superannuation is a long-term investment and it's important to focus on long-term performance over short-term volatility.

Our website at www.rest.com.au has a comparison tool to enable you to compare Rest against other super funds.The website also offers our investment returns for members to compare.

We always aim to have equitable and fair fees for our membership. From 28 November 2020 the administration fee for Rest Super, Rest Corporate, Rest Pension and Rest Allocated Pension changed to $1.50 per week, plus 0.12 per cent per year of your account balance at the end of each month. The 0.12 per cent component is capped at $300 per year.

On the same day we also removed the contribution splitting fees and Family Law split fee.

Q: How often does rest re-value unlisted assets in the Core Strategy? When was the most recent re-valuation?

A: Rest applies best practice approaches to investing in unlisted assets like infrastructure assets, in accordance with accounting and industry standards, regulatory and statutory requirements. These activities are supported by internal investment specialist teams with demonstrated experience and capability to ensure Rest's unlisted investments are actively managed and risks minimised where possible.

Valuations are timely, independent and reliable to maintain equity between members. Unlisted assets are valued on a regular basis - in general, on a quarterly basis. However, it is acknowledged that the complexity of some investments (in particular infrastructure, agriculture and private equity investments) and consequent cost considerations can make full quarterly valuations impractical.

Q: Can you give an insight into Rests systematic asset selection process?

A: The Rest Core Strategy uses an active management approach that aims to grow members' savings by delivering true net benefits over the long term. It is reviewed by the Trustee regularly and the asset allocation is actively managed, taking into account the current and expected market conditions. The Core Strategy's actively managed asset allocation process was demonstrated during the recent COVID-19 market volatility. After equity market valuations fell, the Core Strategy's allocation to shares was increased during March 2020, taking advantage of cheaper buying opportunities to set the foundation for improved returns to members as markets recovered.

Funds are invested in various asset classes and the investment mix is adjusted around the benchmark weighting within the ranges nominated by the Trustee. We also actively monitor the overall exposure to foreign currencies and may change the level of exposure as a result of changes in foreign currency markets.

In response to your second question about Rest's risk adjusted return over the long run relative to other funds – compared to the median super fund within SuperRatings' SR50 Balanced (60-76) Index at 30 June 2020, Rest's 10 year sharpe ratio (a measure of risk-adjusted returns) of 1.04 per cent compared favourably to the median fund sharpe ratio of 0.95 per cent.

Q: **What assurances can you provide that Rest is valuing infrastructure assets to reflect actual market conditions**

Are there not risks (in particular liquidity) with investing in direct property?

If available cash has been used to take advantage and by assets that are currently low in value, will this not put the value of existing member accounts if Rest continues to have to pay out funds to people who continue to cash out super early under the covid provisions - especially if there become issues of liquidity to meet redemption requests?

A: Rest applies best practice approaches to investing in unlisted assets like infrastructure assets, in accordance with accounting and industry standards, regulatory and statutory requirements. These activities are supported by specialist internal investment teams with demonstrated experience and capability to ensuring Rest's unlisted investments are actively managed and risks minimised where possible.

Valuations are timely, independent and reliable to maintain equity between members. Net market values are reflected, without any smoothing, in Rest's financial statements and immediately in unit prices. Valuation processes and approaches are set out in Rest's Valuation Policy.

In response to your question about risks and direct property investments, all investments, even the most conservative, carry some degree of risk. Diversification can help to reduce the risk involved in one particular asset class. Rest's property holdings are diversified across a range of properties in the office, retail and residential sectors. The option is also geographically diversified - across a range of Australian and overseas real estate assets. Furthermore, we appoint professional investment managers who have the capabilities to manage property investments.

We set a performance objective for each of our investment managers and we monitor their performance regularly. More detail about how our property investments are diversified across sectors and regions, is available on our website here: https://rest.com.au/member/investments/investments-how-we-invest/rest-property-investments

In answer to your question about employing cash to take advantage of value in the market – we are comfortable with our financial liquidity position.

Our investment teams noted the market prices post March as an opportune time to deploy the cash that we had built up over the previous twelve months; meaning we could buy assets at cheaper prices.

This approach to look-through short term risks and buy with an eye to the future has served Rest members well in the past and we intend to maintain this approach going forward as we focus on delivering long-term investment performance.
We remain well placed to capitalise on investment opportunities where we see value in the current market.

Q: What further investments in technology are you currently making that you expect members to see over the next 12-24 months?

A: It is important that we continue to make it easy for members to manage their super, and for this reason we continue to invest in uplifting our technology. Over the next 12-24 months members will see new features and a refreshed experience in the Rest App, enhanced self-service functionality on the website, new messaging channels to get in touch with our contact centres, improved pathways to digital advice and better overall system performance as we work to modernise our platforms.

Q: Can you advise why your low risk strategy advised in the 2019 annual meeting failed to deliver equivalent or better results than your peers in 2020 given the crises of 2020?

Compared to peer industry funds REST has a very high allocation to alternative assets". Can you advise the nature of these alternative assets and how they contribute to the 2020 performance?

A: FY2020 was an extraordinary year, in many respects. COVID-19 caused extreme volatility in financial markets. Despite our lower risk vs peers strategy, the Rest Core Strategy was not immune to the massive short term swings across all financial markets. To be sure, we are disappointed to declare a negative return for the last financial year. But, these results are so much more positive than if the Core Strategy had only been invested in share markets or invested only in Australian assets.

Note too, our objective for the Core Strategy is to achieve a return of CPI+3% over the long term, and over the past 10 years, the Core Strategy has returned +7.66% per annum and is one of the top performing investment options over the past twenty years. These returns are also well above increases in the cost of living and resulted in real growth in members' retirement savings.

In response to your question about the nature of Rest's alternative assets, they are investments which don't fall into the mainstream shares / bonds / cash asset class categories, or at least are managed differently if they do include mainstream asset classes. Alternative assets tend to behave differently than typical stock and bond investments, so they contributed by providing broader diversification and helping to cushion the portfolio from extreme volatility (particularly during February and March 2020). Alternatives are an important part of our portfolio and will continue to be an important part of our portfolio for diversification purposes.

Rest's alternative investments include things like:

- Credit (securities like high-yield bonds, bank loans and asset-backed securities);
- Agricultural investments (such as farms and currently include a portfolio of grain farming and agricultural land);
- Private Equity (companies that are not listed on a stock exchange);
- Absolute return (combines investments in traditional securities like shares, bonds and derivatives, with strategies that look to produce returns with relatively low volatility in all market conditions and cycles), and;
- Equity strategies (share and equity-based investments, including long/short strategies).

Q: Have you invested in any pharmaceutical companies associated with the Covid vaccine?

A: There are currently more than 150 coronavirus vaccines in various stages of development, by numerous pharmaceutical companies, across the world. Rest's Overseas shares portfolio holds a 15 per cent weighting to the healthcare sector as at 30 June 2020. Our Australian shares portfolio has a 8 per cent (as at 30 June 2020) weighting to healthcare, with shares in CSL ,one of our top holdings.

For more details of the top 50 companies held by Rest, please refer to our website: https://rest.com.au/member/investments/investments-how-we-invest

Q: What is the difference in between Australian Shares to Australian Shares - Indexed?

Will Rest consider investing into Cryptocurrencies for Rest members?

A: Rest's Australian Shares option is actively managed, with a return investment objective to outperform the S&P/ASX300 Accumulation Index (before tax and after fees) over rolling three-year periods. The Australian Shares - Indexed option, is passively managed - meaning it is designed to track its respective benchmark. Consistent with this, the return investment objective for the Australian Shares - Indexed option is to perform in line with the benchmark S&P/ASX300 Accumulation Index (before tax) over all time periods.

In response to your question about Rest investments and cryptocurrencies – Rest's mission is to help our members achieve their personal best retirement outcome. For this reason, how we invest, is strongly guided by fundamental valuations. Managing risks and uncertainty through investment cycles is also central to our investment decisions. Cryptocurrency ‘investment’ is speculative by nature, so we don't plan to take any material exposures in cryptocurrency investments for the foreseeable future.

Q: How has the withdrawal of super funds this year by members impacted the investment growth of other members who chose not to withdraw funds?

A: When the early release withdrawals scheme was announced in March, we began to forecast the amount of withdrawals we expected to see as a result. As the scheme has progressed, we have regularly adjusted our modelling and stress tested our liquidity. Even with the deadline extended to 31 December 2020, the amount of withdrawals has been within our forecasts, and we remain comfortable with our financial positioning.

As a result, we've remained well placed to capitalise on investment opportunities where we see value in the current market. For example, despite the early withdrawals, we were still able to increase our allocation to equities when markets sold off creating cheaper buying opportunities - which yielded improved results for our members as markets recovered.

Q: How does Rest view the risk of investment in property, particularly office buildings and shopping centers, given COVID has accelerate the shift to working from home (and impact on required office building space) and shopping online (and impact on bricks and mortar retailers) ?

In the past Rest performed better than now. Referring back to history that has been better emphasises this. What is Rest doing to improve on this?

A: The risk of investments is always there, but often it's in the areas of greatest risks, where you will find opportunities for the highest returns. If you have the ability to stay invested through that time, and in high quality assets like, for example, the best office towers in Sydney or Melbourne, then often you can capture good returns commensurate to the risk of the investment. All said, our specialist property investment team and external managers are aware of the risks, likely property industry shifts and potential opportunities created by COVID-19. But these aren't the only risks out there we continue to monitor. That's why we're staying diversified and not getting too concentrated in any one sector or region.

In response to your question about Rest's investment performance, while Core Strategy's recent performance has been disappointing against some other industry funds, keep in mind, it has consistently exceeded its investment objective of CPI +3% p.a. over 10 years, across all time periods. It has done this while being mindful of downside risks - to deliver long term benefits to members by smoothing the impact of downside market shocks.

That being said, we acknowledge there is room for improvement; be assured that we have documented learnings from the last extraordinary year and will apply these to a stronger future. In fact, during the market sell off in the early part of the year, we took the opportunity amid all the volatility to switch cash into equities at more attractive prices. This has set us up to make higher returns in the future if markets continue to recover. In addition, Rest will continue actively managing, but will also look for more opportunities for passive investment too - to keep fees low and optimise net returns to members.

Q: Five-year performance has been quite poor against other large industry funds. Is your expectation that it will be back to competitive returns in the near future?

A: Superannuation is a long-term investment and it's important to focus on long-term performance over short-term volatility.

It's fair to say that while the Core Strategy's five-year performance has been disappointing against other large industry funds, keep in mind, it has consistently exceeded its investment objective of CPI +3 per cent per annum over 10 years, across all time periods. In fact, if you had been in this option since 1988, you would have received an average of 8.33 per cent per year and we are proud to say that Rest's Core Strategy is one of the top performing investment options over the past twenty years.

The investment performance has been achieved while being mindful of downside risks - to deliver long term benefits to members by smoothing the impact of downside market shocks.

During the period of market volatility our teams were able to rationally assess overall conditions and noted the market prices post March as an opportune time to deploy the cash that we had built up over the previous twelve months; meaning we could buy assets at cheaper prices.

This approach to look-through short term risks and buy with an eye to the future has served Rest members well in the past and we intend to maintain this approach going forward as we focus on delivering long-term investment performance.

Before you decide on your investment options, consider speaking to a financial adviser. The Rest Advice team can talk you through your options.

Q: How has the Rest Core Option done compared to the median super fund performance over one, three and five years?

How does the investment team work? How much is done internally direct and how much is done by \other managers. How often do you change investment managers?

A: We appreciate your question about the performance of Rest's Core Strategy over one, three and five years.

Compared to the median super fund within SuperRatings' SR50 Balanced (60-76) Index at 30 June 2020, Rest's Core Strategy ranked 30 out of 48 funds over one year, 35 out of 48 funds over three years, and 32 out of 47 funds over five years.

In response to your question about Rest's investment team, Rest's internal investment team supports the Rest Board and Board Investment Committee (BIC) by implementing aspects of the Fund's Investment Strategy and undertaking certain investment management and operations functions.

Rest's investment approach is to retain a mix of managers employing different investment management styles to build diversified portfolios of investments. So, while a significant portion of the portfolio is internally managed, a larger proportion of the fund is managed by external managers to achieve diversification of risk, enhanced contestability, improved transparency and increased exit optionality. On a quarterly basis, the BIC and the Board with the support of the Chief Investment Officer and investment team reviews the performance, compared with the objectives, of each investment manager, investment option and asset class portfolio, taking into account prevailing economic and financial conditions. These review outcomes are a key driver of any decision to change investment managers.

Rest made several changes to its list of external managers during 2020 - a list of current investment managers for each asset class is available on the "how we invest" section of our website, and via the Rest Annual Report.

Q: What are your long-term plans for investment strategies to combat poor financial returns?

A: While Core Strategy's recent performance has been disappointing due in particular to COVID-19 disruption to markets, keep in mind, it has consistently exceeded its investment objective of CPI +3% p.a. over 10 years, across all time periods. It has done this while being mindful of downside risks - to deliver long term benefits to members by smoothing the impact of downside market shocks.

That being said, we acknowledge there is room for improvement. Be assured that we have documented learnings from the last extraordinary year and will apply these to a stronger future. In fact, during the market sell off in the early part of the year, we took the opportunity amid all the volatility to switch cash into equities at more attractive prices. This has set us up to make higher returns in the future if markets continue rallying.

Rest will continue actively managing, but will also look for more passive investments to keep fees low and optimise after-fee returns for members. Looking further ahead, with interest rates near zero, foundations of building a portfolio to generate the returns similar to the last 10 years will be tough. Here, we think diversified investments including directly held and alternative assets will contribute to longer term return outcomes.

Q: What is your plan to make sure Rest balanced index fund's returns are better than the competitors for the coming years?

A: Rest applies the following investment principles for all our options: diversification, disciplined investing, and a focus on the longer term. It's no different when it comes to the Balanced Indexed option.

The Balanced Indexed option is a passive option - with an investment objective to perform in line with its respective benchmark return (before tax) over all time periods. It has one of the lowest investment fees for similar funds, which helps deliver after-fee net performance for members.

Q: How does Rest propose to manage selection of funds to provide a balance and not skewed towards new technology that has yet to be proven?

A: Rest actively manages its selection of equities investment managers. The top 50 company holdings of both our Australian Shares and Overseas Shares portfolio is available from the links on our "How we Invest" webpage here: https://rest.com.au/member/investments/investments-how-we-invest.

Rest's share portfolio has typically been skewed underweight to large technology companies (e.g. compared to their weighting in the S&P 500 index) with eye-watering share price valuations that tend to trade at very high valuations in comparison to their proven earnings performance.

Q: Why are stated returns not communicated net of fees and investment expenses using IRR methodology to provide more transparency of return to members?

A: Rest reports the returns of its 15 investment options net of investment fees and applicable tax. This net of investment fee and tax performance is also reflected in the daily unit pricing of each investment option. One of the challenges of reporting investment returns net also of "administration fees" is due to the fixed cost component of administration fees resulting in a different percentage net return impact, based on any member's balance.

Members with different balances will have a different percentage of their balance deducted in fixed dollar administration fees - making it very difficult to report a single common percentage investment return net of administration fee that would be accurate for all members.

Q: How will China's continuing aggressive trade attitude effect the Core Strategy?

A: Rest's Core Strategy is an actively managed diversified investment option. While Australian mining and agricultural sectors have a significant export exposure to China, the impact on the Core Strategy arising from the risk of lower exports to China, is lessened due in part to the Core being diversified across many different asset classes, sectors within asset classes and different countries.

The Core' Strategy's allocation to the Australian Shares asset class is 24 per cent - of which the materials (including mining) sector comprises roughly 26 per cent with exposures not only to China, but many other countries. The Core Strategy's agriculture asset class makes up around on per cent of the option's asset allocation.

Many of Rest's Australian Shares investment managers actively manage their exposures to equities and adjust their positions to reflect their view of current and future export market developments where applicable.

Q: Will China not taking our exports affect the income from farming?

A: Rest's Core Strategy is an actively managed diversified investment option. While Australian mining and agricultural sectors have a significant export exposure to China, the impact on the Core Strategy arising from the risk of lower exports to China, is lessened due in part to the Core Strategy being diversified across many different asset classes, sectors within asset classes and different countries.

The Core' Strategy's allocation to the Australian Shares asset class is 24 per cent - of which the materials (including mining) sector comprises roughly 26 per cent with exposures not only to China, but many other countries. The Core Strategy's agriculture asset class makes up around on per cent of the option's asset allocation.

Many of Rest's Australian Shares investment managers actively manage their exposures to equities and adjust their positions to reflect their view of current and future export market developments where applicable.

Q: Can you explain why the property units fell approximately 8 per cent when Valuer's (I am well connected to the property valuation industry) had not dropped more than 1 per cent for the months of March & April. Yet in May & June Rest property units went up in value when professional valuations were creeping downwards. This is for like for like properties that REST holds in its porfolios (excluding the 10 per cent held in GPT(?))

A: Rest lowered the value of our property asset class by 8.56 per cent in March to reflect the impact the coronavirus pandemic could have on particular properties. For example, retail and office properties may receive lower rent in times of economic stress, which can impact their overall value.

As the economic impact of the coronavirus evolved and continues to evolve, we have continued to review the value of our direct property assets and adjust their prices according to their appropriate value. For unlisted assets like our property investments, where a liquid market price isn't readily available, Rest's general approach is to use independent valuers. In times of unusual market volatility or where there are significant changes in property market values the valuations may be reviewed more frequently.

In response to your question about fees and investment performance, many of Rest's investment options do have a component of performance-based fees incorporated in their investment fees. An estimate of investment fees including the performance related component is provided for each option in the PDS material and via this webpage: https://rest.com.au/super/understanding-fees/investment-fees-accumulation.

The level of performance fees paid to our investment managers was lower overall during FY2020 compared to FY2019 due mainly to lower investment returns caused by COVID-19 market volatility. This meant many of our investment managers were paid less than they would have been if they had achieved better returns for members.

Investment options

Q: Could you tell us a bit more about the 'ethical' option you are setting up?

A: Many Rest members feel strongly about socially responsible investing (SRI) and are calling on their super funds to make a change. So, we are listening to our members and for the first time, will be working with them to build a best of breed ethical and sustainable investment option.

Soon, we will be emailing members and asking for their preferences on:

- **Inclusions –** what industries they would like us to invest in
- **Exclusions** – what industries they would like us to avoid investing in. We already exclude tobacco and controversial munitions, but want to hear directly from members about their preferences
- **The product name** –we will present a list of names that members can choose from.

At the end of the survey, members will be able to sign up to receive updates from Rest leading up to the product launch. Following the survey, we will review and analyse members feedback for the product development.

Q: Will Rest consider extending the range of index fund and low-cost ETF products that are available to members?

A: The three indexed options Rest previously launched have been very well received by members.

Rest regularly reviews the investment options offered on its menu with a focus on the member investment needs and demand. The next full investment menu review is planned in 2021. This review will include assessing other indexed options that could be added to the current indexed option range based on member needs and demand.

Q: How does the indexed option work?

A: An index fund is typically a low- cost investment portfolio that tracks a particular financial market with an investment objective to perform in line with its respective benchmark return (before tax) over all time periods.

Rest offers three indexed options as part of its range of investment options:

Balanced – Indexed

Australian Share – Indexed

Overseas Shares – Indexed

You can find out more information on our indexed investments on our website.

Q: **As the Board sets the tone and direction of a business, I wish to ask**

1. Will Rest undertake to provide an 'ethical' option for investors?

2. Will Rest survey their client/investors to determine the uptake of such a product - and commit to make the outcome of the survey available to their investors. I would be very surprised if I am your only client concerned about what stocks I am actually investing in.

3. Have these questions been considered by the Board and what is your opinion?

A: Next year we are planning to open an ethical option and it will be along the lines that you have spoken.

Defining what that ethical option will include or not include and what its focus will be is being determined by a survey of our members. Over the last couple of months, we have surveyed a range of our members, several thousand members, to understand what is important to them if they were to invest in an ethical option. We look forward to announcing it and hope it meets your needs.

Q: **Would Rest have access to investment opportunities that offers growth but without the volatility of the share market? As individuals we have access to the share market, and when we include Rest investment allocation, individual's portfolio can be easily overweight towards shares.**

A: Several of Rest's structured options invest in a diverse range of Australian and overseas real estate and infrastructure assets. Rest's property holdings are diversified across a range of properties in the office, retail and residential sectors - providing returns primarily from rental income and from capital growth when their value rises.

Our Balanced and Capital Stable options have a lower allocation to shares, at respective 34 per cent and 21 per cent allocations to the Australian and overseas shares asset classes, with some defensive assets, but also some pre-determined allocations to the property, infrastructure and private equity (Balanced option only), asset classes. Please refer to Rest's Investment Guide for the specific details of these allocations. http://www.rest.com.au/NEW-Document-library/Guides/PDS/RES0495_Investing_Made_Simple_Guide_FA_WEBSAFE.pdf?ext=.

Q: **Gold is often seen in the financial community as a safer investment during times of financial crisis, particularly in regard to share and property investments. Will Rest provide a gold or precious metals investment option in the future?**

A: At this stage, there are no such plans. While we do not offer a gold or precious metals standalone investment option, we do offer investment options with some indirect exposure to precious metal prices. All of our investment option that hold shares (particularly Australian shares) will typically have some indirect exposure to precious metals to the extent that the portfolio may include companies involved in mining precious metals.

Our actively managed structured options like Core Strategy, Capital Stable, Balanced and Diversified, all have allocations to an Absolute Return asset class that may include investment managers that have scope to buy and sell precious metals or derivatives on those commodities.

Q: Will you be considering offering a member direct investment?

A: Rest regularly reviews the investment options offered on our menu with a focus on member investment needs and demand.

A direct investment offering has been previously reviewed. Although it was identified that there was some member demand, this was at lower levels than other possible new investment options. For example, more demand is currently experienced for an Ethical Sustainable Governance (ESG) investment option which is to be added in 2021.

There are also additional costs associated with providing a direct investment offering. To ensure we're acting in the best interests of all members, Rest needs to ensure enough member demand to cover the required cost outlays.

We will be conducting a review of our full investment menu in 2021 which will again include an assessment of a direct investment offering.

Q: Can we elect to not invest with our super fund balance?

A: Rest members are automatically invested in our default investment option the Rest Core Strategy.

Rest offers a range of investment options each with a different level of risk and potential return.

Please visit Rest at www.rest.com.au/investments for more information.

Q: What is difference between property listed under Core Growth assets versus property listed under Core defensive assets. Similarly, Infrastructure is listed as a Growth and a Defensive asset in your Core option, so what makes a Property or Infrastructure asset defensive?

A: In terms of underlying property holdings, there is no difference. At Rest, we categorise some asset classes as 'mid-risk asset classes' - Property being one such asset class - because we believe they have risk and return characteristics that aren't 100 per cent

Growth or 100 per cent Defensive in nature. We believe that categorising them as split 50 per cent to Growth and 50 per cent to Defensive more accurately reflects their overall risk profile.

Responsible investing

Q: How much of member's money did Rest spend on the ESG case recently settled out of court?

A: Well, I'd like to state first of all I'm very happy that we did manage to settle this issue before it went to court. First and foremost, on our minds is always the members best financial interest and making sure that we meet the members best financial interest over the long term.

As part of the McVeigh claim, there was no request for compensation. As part of the settlement, there was no exchange of money whatsoever and both parties incurred their own costs. We're very happy to have reached the settlement and we see this as a recognition that Rest was already performing well when it comes to the assessment of risks and the inclusion of environmental, social and governance risks as part of our broader risk framework.

Q: How is the renewables court case which was won by Rest member going to change Rest investment strategy?

A: I think what was started in 2013 for us in terms of our focus on long-term investing and considering an ESG - environmental, social and governance approach to investing was the start of this focus for us on by investing responsibly. We believe we can maximise returns and keep risks low. We don't believe there's any trade-off there. The next challenge for us is to think about climate change. We've made some very clear commitments looking towards the future about how we will think about the 2050 target for net zero carbon emissions in our portfolio.

We think that climate risk is investment risk and the more that we consider climate risk in our portfolios, the more we'll be aware of investment risks and be able to navigate towards better areas and delivering stronger returns. We continue to engage very carefully with companies and areas to ensure that they are aware of our focus on responsible investing. We're measuring our carbon intensity in our stock market and bond investments and we're very much joining up with other super funds around the world in terms of being aware of how we can make companies aware of potential climate and ESG risk in their strategies.

So, all in all, we see it as being a continuing increasing focus for us in this area and we're very confident that we have the skills to navigate through that. We've got properties that we invest in that are very highly rated. We've got a wind farm in Western Australia that is rated number one of power-generation assets in Oceania for ESG-related risk. We're going to continue to navigate to find those areas that are well rated in ESG concerns because we think that by looking for them, we'll actually find the best opportunities for return going forward.

Q: How is Rest investing green and what current investments should be reviewed to align with climate change priorities?

A: We have many examples of Rest's investments. We are the only Australian super fund which owns 100 per cent of an industrial scale wind farm in Australia. The Collgar wind farm in Western Australia was recently rated number one amongst renewables in Oceania for Environmental Social and Governance (ESG) risk. This year, ESG and climate-related investment risk processes were firmly embedded within Rest's Risk Management Strategy.

We also have mechanisms to work toward improving the ESG issues in the companies in which we are invested. To ensure ESG risks are addressed in your investments we collaborate as a member of the Australian Council of Superannuation Investors (ACSI). In the past 12 months, ACSI have engaged with more than 200 Australian companies to effect significant change as related to climate change, governance, gender diversity and workforce issues.

Looking ahead, we continue to work to identify highly rated ESG opportunities in order to deliver strong long-term investment performance for members.

Q: How do we find out Rest's shares being voted at AGMs?

A: You can also see a summary of our investment manager's voting decisions in our Rest Proxy Voting Behaviours report. https://cdn.rest.com.au/rest_web/media/documents/why-rest/about-rest/corporate-governance/proxy-record.pdf?_ga=2.41798882.1140780911.1605484137-1848871581.1509925503

Q: What is the carbon footprint of your portfolio? What are your carbon footprint targets?

A: Rest considers climate change risk as part of its assessment of all investment risks when making investment decisions in the best financial interests of all members. Our commitment to implementing the TCFD recommendations means that we working to measure, monitor and report outcomes on our climate related progress and actions.

Part of this involves measuring the carbon footprint of our portfolio to increase our knowledge and understanding of carbon risks or opportunities in our investments.

Currently Rest measures the carbon footprint of the listed equities component of our investment portfolio and is working to expand this to include other components of our investment portfolio such as property and infrastructure on a best-efforts basis. This information will be made publicly available in the near future.

Rest has a long-term target to achieve a net zero carbon footprint for the fund by 2050.

Q: What was the resolution to the out-of-court settlement involving Mark McVeigh?

A: Part of the outcome of the non-financial, out of court settlement, included Rest's commitment to implement the following initiatives:

1. Implement a long-term objective to achieve a net zero carbon footprint for the fund by 2050
2. measure monitor and report outcomes on its climate related progress and actions in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
3. encourage its investee companies to disclose in line with the TCFD recommendations
4. publicly disclose the fund's portfolio holdings
5. enhance its consideration of climate change risks when setting its investment strategy and asset allocation positions, including by undertaking scenario analysis in respect of at least two climate change scenarios (including one scenario consistent with a lower-carbon economy well below 2oC this century)
6. actively consider all climate change related shareholder resolutions of investee companies and otherwise continue to engage with investee companies and industry associations to promote business plans and government policies to be effective and reflect the climate goals of the Paris Agreement
7. conduct due diligence and monitoring of investment managers and their approach to climate risk
8. continue to develop its management processes and implementing changes to its climate change policy and internal risk framework, which apply to all of the fund's investments, to reflect the above; and
9. seek to require that its investment managers and advisers comply with the above.

You can read the statement with more information on our website at the following link https://rest.com.au/member/investments/approach-to-responsible-investing

Fees

Q: I'm highly disappointed with a big raise of fees and request that you reduce the administration fee.

A: We have updated our administration fee structure to ensure we can continue to improve our products and services for you.

The majority of members will experience an increase in your administration fee and investment fee from 28 November 2020, but, even then, they'll still be among the lowest in the industry.

To put this into context, if you have an account balance of around $31,000, your annual administration fees increase from $98 to $115 per annum. That's a $17 increase for the year.

And we're also introducing a cap on admin fees that will mean the highest admin fees any of you will pay will be $378 per annum.

The investment fees on most our options have also been reduced. So, when you combine these with admin fees, our total costs are in the top quartile for the industry.

For example, for an account balance of $50,000 in Core Strategy, the combined annual administration and investment fees will be $443 per annum.

According to SuperRatings, the median fees charged by the super industry on account balance of $50,000 were $660 per annum – more than $200 higher.

We've also simplified the fees for our Rest Pension members. Rest Pension members with a balance of $100,000 will see their annual administration fees decrease from $248 to $198. Again, these are very competitive compared to other funds.

Q: Why are indirect fees not performance based?

A: Indirect fees are disclosed in line with all the regulations and they are quite extensive in terms of how we do disclose fees. We follow the rules that are given to us about that. In terms of directly attributing them, it can be very difficult to do that in some of the property options.

As I said, we follow the rules that the regulator gives us to make sure that you can compare those indirect costs for Rest against other funds. And I think you will note that the indirect costs for Rest are quite low relative to other funds.

We do try to keep those to a minimum and if you go to our Investment Guide, you'll be able to see the breakdown of implicit and explicit costs and compare those to other funds. You'll find that our indirect costs and indirect cost ratios are quite low.

We'd like to be as transparent as we can about our fees and also just make them simple so that it's not difficult to understand the fees that you are paying.

Q: Why aren't fees based on performance?

A: Rest lowered the value of our property asset class by 8.56 per cent in March to reflect the impact the coronavirus pandemic could have on particular properties. For example, retail and office properties may receive lower rent in times of economic stress, which can impact their overall value.

As the economic impact of the coronavirus evolved and continues to evolve, we have continued to review the value of our direct property assets and adjust their prices according to their appropriate value. For unlisted assets like our property investments, where a liquid market price isn't readily available, Rest's general approach is to use independent valuers. In times of unusual market volatility or where there are significant changes in property market values the valuations may be reviewed more frequently.

In response to your question about fees and investment performance, many of Rest's investment options do have a component of performance-based fees incorporated in their investment fees. An estimate of investment fees including the performance related component is provided for each option in the PDS material and via this webpage: https://rest.com.au/super/understanding-fees/investment-fees-accumulation.

The level of performance fees paid to our investment managers was lower overall during FY2020 compared to FY2019 due mainly to lower investment returns caused by COVID-19 market volatility. This meant many of our investment managers were paid less than they would have been if they had achieved better returns for members.

Q: I don't think you mentioned the 15 per cent increase in life insurance premium for members per recent email: Rest receives a tax deduction on insurance premiums paid which reduces the amount of tax paid by the fund. We currently pass the benefit of this tax deduction on to you by crediting an adjustment to your account of up to 15per cent of the insurance premiums you have paid.

From 1 December 2020, Rest will no longer pass this tax benefit directly back to insured members. Rest will instead use these funds to further support the delivery of insurance products and services to members.

A: I can confirm that from 28 November 2020 Rest will no longer pass the benefit associated with a tax deduction on insurance premiums directly back to insured members. Instead, we will use these funds to further support the delivery of insurance products and services to members.

The tax benefit will be allocated to Rest's Insurance Reserve, which is used exclusively for the benefit of insured members to cover insurance administration costs and to keep premiums stable. The Reserve is used to keep insurance premiums as low as possible if the volumes of claims increases.

Q: I am planning to retire at 54, will my admin fee be lowered?

A: We are proud to say we work hard to keep fees low at Rest and Rest Pension is no exception. We don't charge entry fees, exit fees, switching fees or commissions to financial advisers which means more money for you. We have two administration fees – a flat dollar fee of $1.30 per week and an asset-based fee depending on how much you transfer into the pension. We also have indirect investment fees and if you switch investments you may be charged a buy/sell spread. You can see a summary of all these fees at www.rest.com.au

Q: I have had to give my employment up to look after my disabled son. As my super no longer has contributions put into it, what stops my super being milked away because of fees and charges?

A: I'm sorry to hear about that circumstance for you. Some of the things that are important for you given your circumstances is that you are with Rest and we do have one of the lowest set of fees in the industry. Firstly, in terms of your administration and investment fees you can feel confident that your superannuation is still within a fund that really focuses on fees.

Secondly, you should call our advice team at no additional cost and perhaps just talk about your insurance aspects and whether you've got the right insurance for you, and the insurance value is at the right levels for you. The advice team is there to talk to you at any point to make sure that that minimises any fees from anything that you may not desire in your super fund.

About Rest

Q: With the decline in retail employees and hence members for Rest. Do we have a strategy to increase our member base?

A: Retail is quite a resilient sector and what we found is that we actually haven't had any significant drop in members throughout the year. We were expecting that we might see a drop, and particularly with the Victorian lockdowns, but we haven't seen that through a member drop-off and we haven't seen it through superannuation guarantee flow either.

We know that sales are happening online and people are changing jobs, moving from what were more traditional jobs in retail to broader pieces and once those doors open up again people have very quickly been employed. Some of our larger employers have actually had employment growth. Some of the employers we work with have tens of thousands more employees coming into retail and then coming into Rest. At this stage we don't have any concerns about that growth and we look forward to continuing to service all our members whether they're in retail or more broadly.

Q: How much do we spend on TV advertising?

A: We do disclose what we spend on advertising and TV through the Senate and House of Representatives Committee and I'm happy to share that with you. So back in 2017, that figure was around $8 million per year and then over the proceeding or the following years, it's actually dropped down. In the last financial year, it was only around $3 million.

The way that we think about advertising is it's a really important communication tool to our members. It's something that enables us to tell you about new products, new services or anything that is happening more broadly in the legislation We do think it's really important both to communicate with you as members, but also make sure that the broader Australia understands the benefit and value of Rest so we can continue to grow as a fund.

We will always determine those advertising costs depending on the type of messages that we need to get out to our members and also to the market. We will again think about that quite carefully for the next financial year and what is important in terms of messaging.

So, it does change year to year, but we do think about it quite deeply in terms of what's right for our members.

Q: What proportion of Rest members are from the retail industry?

A: Research published in November 2019 by the marketing science consultancy *Forethought* confirmed that members of Rest have a diverse employment profile.

Retail is the largest employer industry for Rest covering 35 per cent of members. Hospitality, including fast food accounts for 6 per cent of members with the balance across most other industries.

We are open to all Australians and will continue to pursue strong growth for the fund.

Q: Did directors or senior executives receive bonuses for the past 12 months?

A: We understand some of our members have faced and continue to face financial uncertainty at this time.

No Rest executive received an increase in remuneration for the past financial year however considering the extraordinary circumstances Rest executives did receive a portion of their bonuses. Bonus paid ranged from 60 to 80 per cent of the maximum available which is 20 to 25 per cent of their total salary.

Board members are not paid bonuses in addition to their Directors fees.

Rest has always been strongly focused on managing costs to deliver real value for our members with operating costs that are 66 per cent below the industry median relative to the size of our membership and assets and among the lowest fees.

This value-driven approach also means Rest has delivered high quality outcomes to members, strong growth and long-term net benefits, whilst maintaining low operating costs during what have been extraordinary circumstances and extraordinary demands on superannuation funds.

We will continue to focus on providing valuable net benefits to our members and importantly, giving them support, information and advice.

Q: Is Rest still a industry super fund? Why is it not listed as one of the 15 industry funds on the industry super website?

A: Established in 1988, Rest certainly is an industry superannuation fund, continuing to put our members' needs first. When Rest started, it was only open to retail employees however it's now open to all Australians to join.

As an industry fund, all profits go back to our members, not shareholders and no commissions are paid to financial advisers.

The 15 industry funds listed on the industry super website you refer to are members of Industry Super Australia (ISA) which manages collective programs on behalf of their member funds. Rest has chosen not to be a member of ISA or invest in their related entities.

Q: Can Rest improve security on web log in? banks and credit cards now send a pin to identify upon log in? Are you planning to introduce 2 factor authentications for logging in to our accounts, to improve security?

A: Online security is very important to Rest. We have many controls in place and must meet regulatory requirements. We are planning to introduce 2 factor authentications for logging in to accounts across our applications. There is no firm date for that implementation at this stage.

Q: What are the changes for this financial year?

A: Thank you for taking the time to participate in Rest's Annual Member Meeting. The presentations from our Chairman Ken Marshman, CEO Vicki Doyle and Chief Investment Officer Andrew Lill provided key updates of changes for the previous financial year.

The recording of the session is now on our website and can be reached through this link https://rest.com.au/about-rest/annual-member-meeting

Rest also offers access to quality advice that members can trust. That's why all of our team of qualified financial planners are paid salaries and do not receive any commissions. The recommendations are tailored to the best interest of the member.

We believe in creating a financial advice experience that is simple, cost-effective, and convenient.

Q: Please provide details of all transactions involved within a switch transaction to your super as part of your online system.

A:

- Your switch will become effective two days after your request is submitted online excluding switches on Friday which become effective on Tuesday.
- Your switch will be confirmed in writing.
- There is a separate buy and sell unit price for each option which is displayed on our website at https://rest.com.au/member/investments/unitprices . When money is invested in an option it will generally use the buy price. When money is withdrawn from an option it will generally use the sell price. There is no other fee for switching other than the difference between the buy and sell unit price.
- When you switch out of an investment option, the unit price used is the price declared and shown on the website two days after your request except Friday switches which receive the Tuesday unit price. This unit price uses asset values at the close of business on the day you requested the switch.

Example switch timings:

- Member initiates an online investment switch request on Monday 16th Nov through Member Access
- Investment switch is processed using the unit prices that are declared and shown on the website on Wed 18th Nov. This Wed 18th Nov unit price is based on asset prices as at the close of trading on Monday 16th November.

Q: **Some years ago, Rest offered members at least one opportunity during the year to review their super portfolio. Will Rest again offer/reintroduce this at least annual portfolio 'health-check'? I think it's a valuable service, more valuable than apps or other online advice. I have used the online advice tools but have found results too general in nature. I would prefer a more personal service, at least once a year to review my portfolio. I think this annual, personal health check should be a benefit of Rest membership**

I'm really interested to hear about the introduction of an 'ethical investment' option-will this come along in 2021?

A: You can talk to an adviser over the phone about your financial situation.

Rest advice offer a Super Health Check service, for more information about how Rest advice can help you create a brighter future please call us on 1300 300 778 .

Responsible investment is the consideration of environmental, social and governance (ESG) factors in the investment process. It helps us manage risk, maximise investment opportunities and contribute to a more sustainable future for our members.

A time frame for the new ‘ethical investment option’ is still being considered.

Further information can be obtained on the website at www.rest.com.au

Q: **What are you doing to retain members who are considering setting up their own SMSF?**

A: Many members set up SMSF’s so they can have more control over the investments or if they wish to invest in direct property. Rest offers 15 investment options across most asset classes which can be mixed, with no limit to the number of investment options a member can select.

Rest does recognise that a direct investment offering could add more flexibility to the investment menu.

A direct investment offering has been previously reviewed. Although it was identified that there was some member demand this was at a lower level than other possible new investment options.

There are also additional costs associated with providing a direct investment offering. To ensure we’re acting in the best interests of all members, Rest needs to ensure enough member demand to cover the required cost outlays.

We will be conducting a review of our full investment menu in 2021 which will again include an assessment of a direct investment offering.

Q: A question for the CIO: How was an unknown employer, whom I had never been employed by, "Stalker Stilt Theatre" added to my account? I didn't get a satisfactory response from Customer Service, even after escalating this issue multiple times.

A question for the board only: Are all Board Members aware of the standard Rest practice to automatically accept member address changes provided by employers? If no, do they believe that this is an appropriate operational practice? If yes, how does Rest prevent member addresses being changed without member consent?

A: Thank you also for raising your concerns. We note the questions you have raised here have already been answered through both our internal dispute resolution process and by the external dispute resolution body.

As your questions do not contain any additional concerns to what was previously addressed, there is no further comment we can make.

Q: Is the Annual Member Meeting being taped for viewing?

A: Thank you for taking the time to participate in Rest's Annual Member Meeting. I hope the connection improved and you were able to hear the presentations from our Chairman Ken Marshman, CEO Vicki Doyle and Chief Investment Officer Andrew Lill.

The recording of the session is now on our website and can be reached through this link https://rest.com.au/about-rest/annual-member-meeting

Insurance

Q: Could you please send me a copy of the slide which shows how quickly you process insurance claims versus the industry?

A: In the three months from 1 July to 30 September 2020, the average duration of an insurance claim processed by TAL Life was significantly better than benchmark (i.e. the Life Insurance Code of Practice).

These average processing times were:

- Income Protection: 12 days at Rest compared to an industry benchmark of 60 days.
- Total & Permanent Disability: 36 days at Rest compared to 180 days.
- Death and Terminal Illness claims: 7 days at Rest compared to 180 days industry benchmark.

Thanks to our scale, we can offer insurance at the best-possible value. Under our new offering premiums for default cover were reduced by an average of 36 per cent with most insured members receiving a reduction in their premiums.

We paid more than 5,000 new claims to members in the past financial year – this worked out to be around $1.5 million per day in benefits.

Q: Is the insurance automatically working when we are members or do we have to apply separately for insurance?

A: All of our members can choose to take insurance as part of their super. Our insurance package covers, death, Total and Permanent disability and income protection cover.

You will automatically receive Rest's default insurance cover when you meet certain eligibility requirements – for example, if you joined Rest on or after 1 April 2020, you're aged 25 or over, and have a super balance of $6,000 or more, your cover will start when we receive a mandatory super contribution from your employer (conditions apply).

If you are a Rest pension account member you are considered permanently retired and there is no insurance offering.

Q: The income protection and partial disability only apply to workplace incidents or any incident even out of working hours?

A: Rest offers flexible insurance cover designed to provide financial protection. Income protection and Total and Permanent Disability (TPD) insurance covers you for injuries suffered both at work and outside the workplace, which is very important when you consider that accidents can occur anywhere. Income protection and TPD insurance also provides cover when you suffer from a wide range of illnesses (exclusions may apply)

Further information is available at Rest's website and in the Rest insurance guide.

Q: **Why does the beneficiary show as non-binding and I cannot change this to binding?**

Vicki mentions insurance but no one mentions that once we reach 65 you throw us out and do not even inform us that our insurance is over.

On my balance enquiry, you never show how much is the amount earned during the year. You show my total but I can never figure out how much is the contribution made and how much is the income earned.

A: If you would like to make or change a binding beneficiary nomination you will need to complete a paper form and return it to Rest by post. You can find the application on our website at www.rest.com.au

Rest has many different insurance designs tailored to our members needs. To check eligibility, refer to the insurance guide or contact Rest on 1300 300 778.

Detailed breakdowns are provided with members annual statements. Members can also check theirs balance at any time via the Rest app or members access on the Rest website.

Q: **When do the new Tower Life premiums come into effect? What has the capped investment fee changed from and to?**

A: From 1 December 2019, insurance as part of your super with Rest was provided by TAL Life. As an award-winning life insurer, TAL insures around 4.5 million Australians and in 2018 paid almost $1.62 billion in claims to more than 26,000 Australians and their families.

As part of our commitment to keep our fees low, simple and fair for all members, we've reviewed our administration fees for the first time in three years.

From 28 November 2020, the administration fee for Rest Super, Rest Corporate, Rest Pension and Rest Term Allocated Pension will change to $1.50 per week, plus 0.12 per cent per year of your account balance at the end of each month. The 0.12w per cent component is capped at $300 per year.

On the same day, we also removed the contribution splitting fees and Family Law split fee.

Q: **Does rest receive any commissions or fees from the insurance provider and if so how much?**

A: Rest does not receive any commissions from our insurer.

Generally, insurance provided through Rest is more affordable than insurance provided through advisors or direct through insurers.

Our scale allows us to negotiate and provide insurance cover to members at wholesale rates, ensuring they do not pay commissions to brokers, third-party sales channels or intermediary agents.

Q: **I have had issues since April trying to fix my insurance cover. No one has rung me after doing all that was asked of me and now it’s been cancelled in October.**

A: This enquiry was passed on to our complaints team for resolution.

Questions about access to financial advice

Q: What happens if we are close to retirement and therefore do not have long term recovery time?

A: I think one of the things that we often talk about is although you can access your savings at 65 and transition to retirement, often people will still retain some of that money within their savings account or their pension account, so actually you don't then crystalise any of those returns necessarily.

So, from my perspective, I think one of the important things to do if you're getting close to retirement, you should absolutely speak to an adviser. You should talk to us about how you should best manage that given your horizon, the risks you are or aren't prepared to take and which investment strategy is really right for you.

We have lots of different options in Rest and you can choose ones that are anything from capital protection and more cash-like products to the index-type products, to Core Strategy and then to high-growth. Please give us a call and speak to one of our Rest advisers who can have a look at your length to retirement, the risks, and making sure you're in the right investment option for you.

Q: Can I make personal contribution into the fund if I have started to withdraw my pension? How much can I take as a lump sum in any single year? What are the Tax implications? How long can I leave my super without withdrawing a pension?

A: Tax and eligibility rules apply in order to make contributions or access your account, your age and work status may influence this.

There are no requirements to start a pension, you are able to remain the superannuation environment for as long as wish, however, please consider talking to Rest advice to discuss your personal circumstances.

Q: I'm 55 when can I access my super?

A: You can access your super when you reach your 'preservation age'.

Your preservation age depends on when you were born as follows:

Before 1 July 1960	55
1 July 1960 — 30 June 1961	56
1 July 1961 — 30 June 1962	57
1 July 1962 — 30 June 1963	58
1 July 1963 — 30 June 1964	59
After 1 July 1964	60

If you have reached your preservation age but haven't permanently retired, you can still access part of your super via a transition to retirement pension.

Q: **How do I continue to make contributions myself after recently becoming unemployed?**

A: Growing your super with voluntary contributions is much like growing a garden

After you plant the seed or make a contribution, they both take time, patience and care to blossom. Taking small actions today can help grow your super to its full potential and make a big difference for your future.

There are a few options to grow your super, It’s as simple as adding a little extra of your income to your super after you get paid (after tax), on top of what your employer pays. You can add a few dollars each payday or make one off payments – it’s really up to you!

Try our small change, big savings calculator and discover how switching out everyday items can really add up!

With our help and advice on your side, it’s easier to feel confident about your financial future. Have a chat with a Rest Adviser and see how you could get your contributions working harder.

Q: **Could I know more about voluntarily contribution. How does it affects our tax? How do I keep track each year after I have voluntarily contributed?**

A: There are two types of extra contributions you can make:

- before-tax (or concessional) contributions
- after-tax (or non-concessional) contributions

Both may prove advantageous from a taxation viewpoint, depending on your personal circumstances.

Speaking to Rest advice can assist in making the right decision for your circumstances.

To keep track of your contributions you can either view it via the Rest app or through member access online.

Q: **Is there still the ability to add $500 to your super and the government matches this? I am 37yrs old - part time / low income worker.**

A: Through the government's co-contribution initiative, if you contribute after-tax money to your super, you may be eligible to receive a contribution from the government if your income is below $53,564 (for the 2019-20 financial year).

For more detailed information please visit www.rest.com.au

Q: **For those of us who switched our investments to mainly cash at the start of the COVID crisis, when would you suggest switching back to Balance or Growth portfolios?**

How can members see the underlying investments within asset classes? For example, if we are concerned about fossil fuel investments, how do we check if Rest is investing in fossil fuel companies?

How can we see the performance of the various investment options online? If online, can you provide a link?

Where can we find out more about the indexed investment options?

A: We take important steps to make sure ESG factors are considered across all our investment decisions. This includes both the assets we invest in and the investment managers we work with.

When we research, select, appoint and monitor investment managers, we look at how well they've embedded ESG considerations into their processes. We also consider how they manage existing and evolving ESG factors like climate change and workforce issues (eg. carbon footprint, exposure to stranded assets, fair pay, and gender equality).

We update all of our investment and performance regularly and these can view under the investment tab on our website.

Q: **What is the maximum amount of super and savings can a couple combined have before you get the pension?**

Can we pick and choose which shares we put our money in. My super to date has not as yet reached the amount that it was at pre-Covid.

A: In order to qualify for the age pension, you will need to meet the eligibility criteria. For more information please visit www.dss.gov.au

Another option is to discuss your situation with Rest Advice which can consider your personal circumstances.

Rest offers access to quality advice that members can trust. All of our team of qualified financial planners are paid salaries and do not receive any commissions. Recommendations are tailored to the best interest of the member.

Rest also offers a range of investment options each with a different level of risk and potential return.

For information on each of these options check our website at www.rest.com.au which details all the key information for each option.

Q: Many Asset Managers thought Covid markets would react in the same way as the GFC. But Covid-markets seem to be reacting more like a natural disaster? With this in mind what's your recommendation on choosing portfolio composition for us?

A: Swift government and central bank policies have been key to global markets avoiding a GFC-type scenario due to COVID-19. While financial markets have sharply recovered since, we won't know the full impact of COVID-19 for years to come.

Around the world, interest rates are now near zero and/or at zero. This makes it tough to build a portfolio that will generate returns similar to the last ten years. That said, we've planned for risks like this in our investment strategy. Rest applies the following investment focus for all our options: 1) diversification, 2) disciplined investing, and 3) focusing on the longer term.

As always, we will employ our specialist internal and external investment resources and actively adjust the mix of investments in Core Strategy with a focus on delivering on our commitment of strong stable returns for our members.

Q: **I have changed my investment to cash in Apr 20 now if I change back core strategy would I be losing any money due to unit price difference now and back in April 20?**

A: At Rest, we believe in helping our members achieve their goals both now and into the future.

Rest offers access to quality advice that members can trust. That's why all of our team of qualified financial planners are paid salaries and do not receive any commissions. The recommendations are tailored to the best interest of the member.

We believe in creating a financial advice experience that is simple, cost-effective, and convenient.

Questions with the same answer as above:

Does your age have an effect on your retirement fund or just your contribution? Am 57yo and my super is at $24k. I started work around 2012 and started with Rest around the same time. What other means is there for me to do with my super to have my retirement fund much bigger than now before my retirement?

Do you provide free financial advice for members wanting to diversify their super investments? What is the impact of withdrawing your super now if you are in your 20's?

Would financial advice be valuable to me, even though I have at least 5-10 years of working life left in me?

You keep saying it is for long term investment, but I want retire and was unable to get advice for that and told they had no advice for this?

Should I have been charged a fee to talk money, as I am a pensioner?

Is it possible for NZers to access a portion of our super due to Covid?

How do we see a rest financial planner?

I was wondering why when I add my contribution last April it show only the total balance the total amount of my contributions, big question where is the earning that every one is saying my contributions will earn dividend?

I have found very difficult to get some financial advise regarding concessional super contribution. I am a self employed person.

There was a time when you could not top up your super with more than something like 580K. Has this changed?

What options for financial advice in relation to super does Rest provide?

You refer to online customer advice is it still possible to get face-to-face advice given that a lot of people are not as computer use savvy as others

I was pulling my super out march next year which is my preservation age, this year I've lost about $9.000 I was planning to move to the Phillipines as I have a fiance, I wont be able to travel at time wanted so my question do you think next year will be any gains or mostly losses ? it will decide if I leave in march or take it out

Who do we talk to, to check our insurance levels are not set too high or low?

Am I foolish having a sizeable amount of my super in cash?

How long is it estimated to take to bring my super balance back to pre COVID19 downturn. So far it is not back there yet, but I have been drawing monthly pension as I have done for the past 3 years. Does this count as part of the return of the balance I had pre COVID?

When can I take all my super ,I am 66 now, I am working? How to transfer all money from rest to retirement account and how to open retirement account?

Do you think this is the right time for me to reinvest to Core Strategy?

I am a casual employee, how can I contribute to my super from my saving account. Is this tax deductable?

I have been a rest member for 20 years and currently are on IP. and have been paid TPD due to injury and can no longer work ,I am only 53 and have a large super balance and need advice on how to invest this taking into consideration that I will likely need to access some of this to pay for surgery procedures and do I have to pay tax on this for medical?