MEMBER QUESTIONS AND ANSWERS
FROM THE 2021 ANNUAL MEMBER MEETING

HELD AT 6.00 PM (AEDT), 22 NOVEMBER 2021
VIA VIDEO CONFERENCE

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

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INVESTMENTS

Performance

Q: Enquiring about the relative low returns over previous years, to the point of unions taking legal action. I was told by a Rest representative that you went in early to a cash strategy expecting a downturn which did not come and was advised that we were locked in to waiting for the next downturn to capitalise on this missed cycle, ideally placed for making the most of the downturn in 2020. How was that reflected in the returns for 2021?

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Q: Up until the last 5 years or so, Rest seemed to always be in the top 3-5 performing funds. This does not seem to be the case now, with funds like Australian Super, Hostplus, CBus, and HESTA, outperforming Rest. What is being done to remedy this situation?

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Q: I've been a member of Rest for 20 years. During the first 10 years or so, Rest consistently ranked in the Top 3 super funds for 3-, 5- & 10-year returns. The last 8 years or so, has seen Rest slip down the returns rankings (sitting outside of the Top 20). Why has this happened, and why should I stay a Rest member?

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Q: In the last 5-6 years the fund's performance appears below its main industry fund competitors reflected by slippage in ratings and awards. Last financial year you finally responded by increasing shares' allocation back to 2016 and earlier levels from 40 to 48%, indicating that in recent years:

- **The fund's allocation across asset classes was badly weighted and / or**
- **Selected shares performed below market average**

Can you refute these assertions and how?

Rest has a strong history of investment performance built around a long-term philosophy focused on the specific needs of our unique membership profile. As recently as 2015 Rest portfolios were the best performers in the super league tables over all time periods.

Given this unique profile Rest's historic investment philosophy had a greater bias to conservative investment styles when financial markets tend to be moving quickly. This was particularly the case in 2017-2019 which in retrospect, while delivering strong returns, left Rest's performance behind peers.

Following the appointment of Andrew Lill as Rest's first whole-of-fund Chief Investment Officer and making senior appointments to manage investment strategy, listed assets, overseas shares, and capital markets we have evolved our approach and philosophy.

In early 2021, we also initiated a large-scale private equity investment program that is expected to uplift and add peer relative performance to the Core strategy over the coming years. Initial progress is good with performance strongly ahead of benchmarks in the last financial year and additional good progress this year. In the last financial year ending 30 June 2021, the Core Strategy delivered 17.4% returns for members.

We have also kept fees low – in fact at least 25% lower than comparable funds – through simplifying investments and reducing the number of fund managers. We're confident Rest Core Strategy is well positioned for the future with a strong platform of investment professionals, a market leading technology platform and range of investments that are uniquely diversifying, such as agriculture.

Q: If Rest doesn't provide a return greater that 95% of super funds year on year, why should I and others keep investing through Rest?

First and foremost, it's important to remember, past performance is not a good indicator of future returns. Over our 33-year history, we've remained committed to helping our members achieve their best possible retirement outcomes. As a member you can benefit from:

- Low fees: If you have Rest Super, invested in our Core Strategy option, you enjoy at least 25% lower fees than the super industry average.
- A range of investment options: including low-cost indexed, diversified, single sector and sustainable options that allows you to choose how you'd like your super invested.
- Member financial advice: Rest members have access to 24/7 Digital Advice at no extra cost or they can speak one on one with Rest's Financial advisers. Best of all it costs nothing for Rest members to start a conversation about your future.
- Rest App: Rest members can access their super account anytime, anywhere using the Rest App.
- Profits back to members: Rest gives profits back to benefit its members, not shareholders.
- Insurance in super: Rest's default insurance cover automatically provides Death, Total and Permanent Disability and Income Protection cover if you're aged 25 and over with an account balance of $6,000 or more (conditions apply).

Q: Traditionally the pension option returns a little higher than the same [Core Strategy] option in super. But Rest super seems to have done the opposite this year: Core strategy return is 17.34% and pension return is around 15%. Why is that?
Rest's default fund for super is the Core Strategy. For pension, the default fund is Rest's Balanced option. The Core Strategy holds more growth assets, in particular shares, than the Balanced option. During the past financial year, it was largely share markets, both globally and in Australia, that drove portfolio returns. With the Balanced option's smaller allocation to growth assets broadly, and shares in particular, vs the Core Strategy, Rest's default pension option lagged Rest's default super option in the 2021 financial year.

Q: Rest has seen good growth [in returns]. When do you anticipate that investment earnings will start to show?

We remain broadly positive on the outlook for global growth. Solid prospects for global growth bode well for corporate profitability and are supportive of growth assets like shares. But, given the market's already strong returns over the past 18 months, an increase in market volatility should be expected in the near term.

The biggest wildcard remains Inflation. Newly opened economies are experiencing supply bottlenecks - giving rise to pricing pressures and some of the highest inflation rates seen for many years. If sustained, the fear here is that it could lead Central Banks to pivot towards a less aggressive policy stimulus, and/or higher interest rates, sooner. Such challenges underscore why, at Rest, we believe it's important to stay disciplined, well diversified and focused on the long-term with realistic expectations for returns instead of trying to time the markets.

Q: My Rest balance has declined over the years by a substantial amount? Why has this happened seeing that Rest is involved in solid investments?

Without specific details of your account, we are unable to comment on your personal circumstances. We do note that Rest's Core Strategy has delivered a positive return for our members in 30 out of the 33 years since its inception in 1988. Over a 15-and-20-year period, Core Strategy has been among the market leaders, for strong performance. If you feel you'd like some extra guidance around your personal circumstances, please consider reaching out to the Rest Advice team.

Q: Rumour has it that Rest was extremely lucky to have passed the Your Future, Your Super (YFYS) test this year. Is Rest expected to be in a better position relative to YFYS next year? Are different options in different positions?

We are proud to have passed the recent YFYS test and are confident that we are in a good position with our new strategic asset allocation approach and skilled investment teams to be able to keep on delivering competitive investment returns for our members into the future.

Following the appointment of Andrew Lill as Rest's first whole-of-fund Chief Investment Officer and making senior appointments to manage investment strategy, listed assets, overseas shares, and capital markets we have evolved our approach and philosophy. Initial progress is good with performance strongly ahead of benchmarks in the last financial year and additional good progress this year.

At present, the APRA performance test only applies to MySuper products. It doesn't apply to any of our other investment options, like High Growth, Balanced or Sustainable Growth products.

Q: I recall seeing some reports in the media that Rest just barely met the APRA health checks. Can you elaborate what was the problem? Thanks

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Q: What was the problem that Rest had with APRA?

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Q: There was news about the performance of the fund in the media that Rest barely made it through the audit of the fund performance review. What is your comment on this?

A major Australian newspaper recently published an article about Rest's performance in the APRA performance test that was based on information that was inaccurate. There appeared to be some misunderstanding on the part of either the journalist or their sources about how the benchmark test worked. We did write to the journalist and the editor of the publication to ensure they were aware of these inaccuracies and asked for a correction to be published. We are proud to have passed the APRA performance test and to be able to keep on delivering competitive investment returns for our members.

Q: Can you share any investment performance lessons learned in the past?

Our team believe that the biggest lesson they have learnt over their time investing money is to take a long-term approach. As you know, superannuation is a long-term investment so taking a long-term view means we can invest in assets with longer investment horizons, like private equity. By thinking about investments in a long-term manner, we avoid the short-term trends and market ups and downs and aim to deliver more consistent returns to our members.

Q: Is a drop of 14% in a day for a super fund normal?

Rest's Core Strategy and our structured options are well diversified - with investments in shares as well as a range of asset classes such as debt, unlisted assets (like infrastructure and property), alternative assets, cash - rigorously reviewed and stringently monitored. Given this, it would be highly unusual for the fund to drop 14% in a day.

Q: Canstar rated REST about 47th out of 70. REST used to be in top three. This is very concerning.

We absolutely appreciate your views on Rest's position in the Canstar ratings. Ratings from comparator services like Canstar are only one factor to consider when deciding how to invest your super. The Canstar ratings page displays annual fees, one-year investment returns and five-year annualised investment returns.

Our fees are among the lowest in the industry. For an account balance of $50,000 in Core Strategy, the combined annual administration and investment fees will be $443 per annum. This up to 25% less than the industry average.

For investment returns, while past performance is not an indicator of future performance, you should also consider longer-term returns in addition to shorter-term one- and five-year performance. On longer-term 15- and 20-year measures, Core Strategy's investment performance has been well above the industry median and among the top-10 of all funds during the respective periods (according to the SuperRatings SR50 Balanced (60-76) Index as at 30 September 2021).

Rest has a strong history of investment performance built around a long-term philosophy focused on the specific needs of our unique membership profile. As recently as 2015 Rest portfolios were the best performers in the super league tables over all time periods. Given this unique profile Rest's historic investment philosophy had a greater bias to conservative investment styles when financial markets tend to be moving quickly. This was particularly the case in 2017-2019 which in retrospect, while delivering competitive returns, left Rest's performance behind peers.

Following the appointment of Andrew Lill as Rest's first whole-of-fund Chief Investment Officer and making senior appointments to manage investment strategy, listed assets, overseas shares, and capital markets we have evolved our approach and philosophy. In early 2021, we also initiated a large-scale private equity investment program that is expected to uplift and add peer-relative performance to the Core strategy over the coming years. Initial progress has been good, with performance strongly ahead of benchmarks in the past financial year, and additional good progress this financial year to date.

Portfolio construction and investment strategy

Q: Would you consider Rest's portfolio more conservative relative to peers and is this intentional? How do you balance the needs among younger and older members' different risk appetites, or does this conservatism benefit all members?

Rest's mission is to help our members achieve their personal best retirement outcome. For the Core Strategy, this means we aim to deliver CPI + 3% pa returns over the long term by investing in a broad range of growth and defensive assets.

When setting the Strategic Asset Allocation, we consider a wide range of factors including our expectations for future market returns and the changing regulatory and competitor landscape. We certainly have a lens on our peers as we look to be one of the top performing industry funds and would conclude that our portfolio has no structural conservative bias relative to peers.

At Rest, we offer 15 different investment options - to give our members the choice of where they want to invest their super savings to best suit their risk profile and life stage. Our investment options are designed to suit different levels of risk, potential return and can be managed easily online. In addition, we regularly review the investment menu, to ensure its suitability in meeting members' investment requirements.

Q: Where can I find the full list of companies that Rest invest in?
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Q: What other properties, in Australia or elsewhere is the Fund holding at this time, or planning to hold?
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Q: Is it possible to produce a list of infrastructure assets that Rest owns, or has an interest in, possibly to compete with the CBUS adverts?

The full list of companies (holdings) that Rest invests in can be found here and under the "What we invest in" heading of Rest's website. In this section you will find our property holdings as well as other holdings.

Q: How can we make sure that Rest is protecting their client's investments?

All of our investment options have a return target which we aim to achieve for our members. In creating our portfolios and mix of investments, we also look at the risks.

Our team carefully combine assets to help diversify our exposure across asset classes, countries and sectors. We carefully stress test the portfolios to make sure that your investments are well protected. Managing risk is a critical part of our investment process and is a key part of how we add value.

Q: What are the fund's plans on bond exposure at this time? Also, what type of bonds does Rest invest in?

Our website has information on what types of bonds we invest in which you can view at: https://Rest.com.au/investments/how-we-invest/bonds. You will see that Rest invests in a range of different bonds across different countries and sectors to create diversification. This helps protect the portfolio from risk and generate returns from different sources. You can also see a detailed view in our holdings report by looking at the "What we invest in" section on the website.

Q: What comprises the non-investment grade investments in the bond/credit and how confident is Rest that there will be no write-offs in these investments?

The holdings in the Sub Investment Grade Bonds of our Debt asset class are rated, on average, B+, and consists of credit securities like high yield bonds, bank loans and asset backed securities. Rest applies best practice approaches to how we screen and monitor our investments. These activities are supported by internal investment specialist teams with demonstrated experience and capability to ensure Rest's investments are actively managed and risks minimised where possible.

While there is no certainty in investment markets, we believe that our approach in creating well diversified and resilient portfolios will mitigate the impact of any individual exposure underperforming.

Q: Why can't we pick own shares as a member?

At present, while we do not offer the option for members to select their own shares, we do regularly review the range of products we offer.

As part of our commitment to offer the services and products our members want, while keeping operating costs low, we will continue to consider the merits of all kinds of investments, and may, at some point in the future, introduce such an option if we believe that such an available choice would be beneficial to our overall member base.

Q: Will Rest allow members to use super to directly invest in ETFs? Other super funds allow investing into ETFs.

At this stage, there are no such plans. While we currently do not offer members the option to directly invest in ETFs, we do offer 3 indexed investment options that aim to deliver their respective benchmark returns.

Q: What are the underlying absolute return strategies/products? Would you describe them as more defensive or growth oriented? If they are benchmarked against the "other" YFYS benchmarks, do you think they are likely to keep up with a 50/50 benchmark?

Absolute return investments combine 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.

Our absolute return investments form part of our broader Alternatives asset class, which we categorise to be 'mid-risk' - i.e., we consider them to be split 50/50 between growth and defensive. As challenging as the 50/50 'Other' YFYS benchmark appears, Alternatives are an important part of our portfolio and will continue to be an important part of our portfolio for diversification purposes.

Importantly, given the people, systems and processes we have in place at Rest, we are confident we will be able to keep up with and beat these YFYS benchmarks going forward.

Q: What is Rest's view on investment insourcing versus outsourcing? What percentage of

investments are currently managed internally, and does Rest intend to grow that and/or expand the asset classes that include internal management?

Our primary focus is on quality. When we make any investment, be it through our internal investment team or outsourced to an external investment specialist team, we look to access best practice skills.

Our targets are to move our internally managed assets from around 10% last financial year, to 25% by 2026. A 5-year transition strategy that has approval and support from the Rest Board and Board Investment Committee. Our internal team currently invest across a broad range of asset classes, from shares to bonds and unlisted assets. As we build up our internal investment capabilities, our members benefit by way of lower fees, and targeted investments being made purely for the Rest member base, with their best interests in mind.

Q: How has our investment in Quay Quarter Tower been affected by the move away from office work in the CBD?

With construction of Sydney's Quay Quarter Towers only due to be completed in 2022, the impact so far has been minimal. The building has tenant pre-commitments that have continued to grow, and currently includes the likes of AMP, Deloitte and Corrs Chambers Westgarth as at 30 June 2021.

Q: What does Rest's property portfolio look like moving forward?

You can find more details about what Rest's property portfolio looks like now, from our webpage: https://Rest.com.au/investments/how-we-invest/property-investments.

In terms of what our portfolio might look like going forward - as this information is commercially sensitive, we can't reveal any specifics. Rest assured that we will continue to be doing what we currently do best to help our members achieve their personal best retirement outcome. This includes:

- Focusing on core investments in deep markets across a range of sectors
- Targeting investments with control – directly owned, or via specialist mandates and JV's
- Maintaining a research driven approach to identify strategies and sub-markets
- Using existing capabilities and expertise to partner with best of breed operating partners
- Focusing on strong asset management (of existing investments)

Cryptocurrency

Q: When will we see investment options in Cryptocurrencies?

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Q: Since the post-Covid situation, and money printing issue, are there any plans to invest in crypto digital assets, especially Himalaya Coin?

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Q: Do you have plans to invest in the crypto space?

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Q: Will Rest look to cryptocurrencies as an investment?

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Q: Do you see crypto currencies becoming part of Rest's investing approach taking into account the stance of Matt Comyn at CBA around investing in crypto currency? Matt stated, "We see risks in participating, but we see bigger risks in not participating."

Our products team are also always looking at ways as to how we can best serve members. We are certainly considering cryptocurrencies as a way to diversify our members' retirement savings and as such are currently conducting extensive research into the asset class. However, we have no plans to invest in the immediate future until we complete our research and consider the security and regulatory aspects of the asset class.

Macro-economics

Q: With pending interest rates expected to rise through Central banks worldwide, and domestic elections, what impact is this likely to have on pension income streams?

Interest rates are starting to rise, and prices are going up as supply is currently constrained. This may be temporary, or it may be sustained. Typically, higher interest rates mean that cash and bonds provide higher yield (more income) which is good news for people requiring income such as retirees.

Q: Years of quantitative easing (QE) has inflated asset values well in excess of their yields, particularly in the US share market. Do you think the winding back of QE will result in a correction in asset values, particularly equities in the US and housing in Australia?

We believe that central banks will need to carefully message their exit from some extraordinary policy settings. Generally, the economic back drop remains sound, so as long as policy makers can give clear guidance, that should minimise volatility. We would also agree the asset values are extended and the future returns may not be as robust as the previous decade.

Q: What is the short term and long-term inflation rate?

Over the 12- and 3- months to the September 2021 quarter, Australia's measure of inflation, CPI, rose 3% and 0.8%. Between 2017-2020, Australia's annual inflation rate has ranged between 0.85%-1.95%.

Q: Do you see risks to the Australian economy from the unsustainable price growth in the domestic housing market?

Rest has limited exposure to the Australian housing market. The majority of our property investments are within high quality assets in the office sector. Interest rates are starting to rise which may have the effect of slowing growth in the Australian residential market.

We continue to think that the outlook for the Australian economy is positive with high levels of business confidence and high vaccination rates seeing a rebound in demand. Australian banks also continue to remain well capitalised, so we don't see any systemic risks from loan growth.

Q: Do you foresee a big market correction in the next few months? I am getting nervous about my portfolio and already moved half to cash. Am I am making the right move?

Investment markets naturally exhibit volatility from time to time and timing that volatility is extremely difficult, even for market professionals. We believe that constructing well diversified portfolios and having a longer-term horizon is a better approach to achieving longer term financial goals.

Super is a long-term investment to grow your retirement savings, and a long-term investment horizon can help to smooth the impact of the regular ups and downs of markets. If you feel you'd like some extra guidance around your personal circumstances, please consider reaching out to the Rest Advice team.

Responsible Investment

Q: While the work towards a Net Zero by 2050 climate goal is admirable and welcomed, recent scientific findings and work at Climate Conferences have showed focuses on 2030 and even sooner goals. What is Rest's 2030 Climate Goals, and will we be looking towards divesting in some unsustainable or risky climate investments?

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Q: What are the fund's climate goals for the end of 2030?
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Rest have adopted a roadmap to achieve our long-term objective of a net zero carbon footprint for the fund by 2050. This roadmap includes six key measures. The following two key measures apply to 2030:

- We will advocate for an economy-wide reduction of emissions of 45 per cent by 2030, based on 2005 levels, particularly in order to continue reducing the Weighted Average Carbon Intensity of the equities portfolio year on year.
- We are aiming to have our directly owned property assets achieve net zero carbon emissions in operation by 2030.

The other four key measures are:

- By 31 December 2021, we intend to divest from all listed companies that derive more than 10 per cent of their revenue from thermal coal mining – unless the company has a credible net zero by 2050 plan or science-based targets.
- We have an ambition to increase our investment in renewable energy and low-carbon assets to $2 billion by 2025.
- By 2026, we have an ambition to allocate one per cent of the portfolio to 'impact investments' that generate strong returns and also provide benefits to society and the environment.
- We will regularly conduct analysis and stress testing of our portfolio against a number of different climate change scenarios, including for a society where there are net zero carbon emissions by 2050.

If you'd like to learn more about Rest's position on climate change, and our roadmap to net zero emissions by 2050, you can visit https://rest.com.au/member/investments/climate-change-statement.

Q: What does the net zero carbon footprint for the Rest direct property portfolio to net zero by 2030 mean? For example, does that mean all their energy used will be renewable? And or does it involve other criteria?

Achieving net zero in operation by 2030 for the direct office portfolio will involve achieving a minimum 5 to 5.5 stars NABERS energy rating for all new and existing buildings, seeking to transition to fully electrified assets powered by renewable energy, and offsetting any residual emissions through quality carbon offsets.

If you'd like to learn more about Rest's target of net zero in operation by 2030 for the direct office portfolio, you can visit https://rest.com.au/investments/how-we-invest/property-investments.

Q: What is the benefit or negative projected return (%) impact that net zero will have on the performance of my fund over the next 5 years and 10 years? Is it going to be beneficial or negative and what are the projected figures?

To estimate the financial impact of climate change on our members' retirement savings, we have conducted scenario analysis on our asset allocation and projected how these would affect a retirement balance.

Scenario one is based on the world acting to keep temperature increases to up to 1.8 degrees Celsius by 2100 and is aligned to the Paris Agreement. In this scenario, it is estimated that the Core Strategy's average annualised returns could be 6.06 per cent, per annum to 2040.

Scenario two is based on the current global policy settings and targets where temperatures are expected to exceed the goals of the Paris Agreement up to 3.2 degrees Celsius by 2100. In this scenario, it is estimated that the Core Strategy's estimated average annualised returns could be

4.18 per cent, per annum to 2040.

For all scenarios, we anticipate that policy and technology developments will gradually shift relative risk/return prospects in favour of 'green assets' (lower emissions) relative to 'brown assets' (emissions intensive) over time. These calculations are not intended to be exact figures – rather they are trying to illustrate the financial risks and opportunities inherent with climate change. They show why we are taking these steps. There are always uncertainties with any modelling and it's not possible to know exactly what will happen in the future. So rather than an exact predication, these figures indicate that our members are expected to be better off in retirement if the global community acts to meet the goals of the Paris Agreement.

Q: Are there sustainable and ethical investment options in the Pension account area?

There are sustainable and ethical investment options available to members in Rest Pension. In March 2021, Rest launched Sustainable Growth, an ethical and sustainable investment option that provides our members with more choice in how they invest their retirement savings. Sustainable Growth is one of the lowest-fee ethical options available from superannuation funds, and has specific inclusions such as renewable energy and green buildings – and exclusions – such fossil fuels and unethical supply chain practices.

You can find more information about the Sustainable Growth option on our website as well as in our Investment Guide.

Q: What will Rest be doing about investing into energy produced through bio waste?

Through the infrastructure portfolio Rest may continue to invest (directly or indirectly) in waste-to-energy assets where compelling opportunities are identified and are in members' best financial interests. As at 30 September 2021, the Rest infrastructure portfolio was invested in 3 different waste-to-energy companies which convert waste 9that would otherwise go to landfill) into electricity.

Q: Is Rest contemplating investment in more renewable specific projects like the Collgar wind farm? Even perhaps the snowy hydro scheme and other national cooperatives for energy?

Rest has adopted a roadmap to achieve our long-term objective of a net zero carbon footprint for the fund by 2050. This roadmap includes six key measures, including to invest in renewable energy and low-carbon solutions assets.

As at 30 June 2021, Rest had $927 million invested in physical renewable energy and low-carbon solution assets, as well as $1.08 billion invested in listed companies classified as 'low-carbon solutions' by MSCI*. We aim to increase our investment in these types of assets by 2025.

If you'd like to learn more about Rest's position on climate change, and our investments in renewable energy, you can visit https://rest.com.au/member/investments/climate-change-statement.

Q: As a member of the younger generation, I am very concerned about climate change and the future. I find that Rest lacks transparency to see what companies it invests my super in. I am considering changing to Australian Ethical Super who are 100% transparent and support no investments into fossil fuels. Can you kindly confirm by what year Rest is fully fossil fuel divested? And why is Rest not 100% fossil fuel free? And what can REST do better to stop supporting fossil fuel companies?

Rest has publicly disclosed the fund's portfolio holdings on our website. If you'd like to see what we've invested your money in, you can visit https://rest.com.au/investments/how-we-invest and click on the links at the bottom for a list of the investment holdings in each option.

In March 2021, Rest launched Sustainable Growth, an ethical and sustainable investment option that provides our members with more choice in how they invest their retirement savings. Sustainable Growth is one of the lowest-fee ethical options available from superannuation funds and has specific inclusions such as renewable energy and green buildings – and exclusions – no fossil fuel reserves, no power generation from thermal coal, oil and gas, and no unethical supply chain practices. You can find more information about the Sustainable Growth option on our website as well as in our Investment Guide.

Further, whilst the Sustainable Growth option divests from fossil fuels, we know climate change is an important concern of Rest's members. Rest understands that it presents a financial risk that could lead to serious economic and social consequences. We also see the opportunities for Rest to contribute to the transition to a more sustainable, low carbon global economy.

As a result, Rest members are able to choose a fossil fuel free super option in Sustainable Growth, whilst also being able to benefit from Rest's ongoing engaging with higher emitting companies which are or have the potential to support the low carbon transition. For example, some of these companies are engaged in diverse business activities, including in the development of clean technology solutions, and decarbonisation research and development.

Rest has a long-term objective to achieve a net zero carbon footprint for the fund by 2050 and have adopted a roadmap to achieve this objective. This roadmap includes six key measures, including winding down our exposure to thermal coal mining in our shares portfolio, an increase in investments in renewable energy and low-carbon solutions assets, and advocacy for economy-wide emissions reductions of 45 per cent by 2030, on 2005 levels.

As at 30 June 2021, we held shares in six companies that derived more than 10 per cent of their revenue from thermal coal mining. This represented 0.5 per cent of our total shares portfolio. By 31 December 2021, we will have divested from these companies, only retaining shares in those which have a credible net zero by 2050 plan or science-based targets. We will also advocate for a ‘just transition’ for those communities that will need support as we move to a lower-carbon economy.

If you’d like to learn more about Rest’s position on climate change, and our net zero carbon footprint objectives, you can visit https://rest.com.au/member/investments/climate-change-statement.

Q: Can Rest look and implement strict KPIs regarding climate impact?

Rest have adopted a roadmap to achieve our long-term objective of a net zero carbon footprint for the fund by 2050. This roadmap includes six key measures. If you’d like to learn more about Rest’s position on climate change, and our net zero carbon footprint objectives, you can visit https://rest.com.au/member/investments/climate-change-statement.

ADVICE ON RETIREMENT, CONTRIBUTIONS, SUPER BALANCES AND FEES

Retirement

Q: How do we know the age to retire to be eligible for the age pension? If I was born 1965, what age can I retire?

The Age Pension age for eligible Australians born in 1965 is currently 66 and 6 months and increasing to 67 for those born on or after 1st January,1957.

The age that Australians can get access to their Super is called their ‘preservation age’, which is currently 58 and increasing to age 60 for people born after 30th June, 1964. To get access to super as a lump sum after age 60 there needs to be a “condition of release” met, such as retirement.

Q: What is the age of retirement?

There is no fixed retirement age in Australia, however there are a few things to take into consideration before leaving the workforce. This includes considering when you can access your super balance and when you can access the Age Pension.

When deciding on what age to retire, it's important to understand some of the rules around when you can legally access your super. If you're over age 58 and under 65, you can access your super as long as you have met the retirement condition of release. Once you reach 65, you can access your super irrespective of whether you are working.

You could also be eligible to receive a fortnightly payment from the Australian Government called the Age Pension. When you can start receiving Age Pension payments depends on your age, residency status and means test.

Q: How much does an individual need in their Super Fund on retirement to live comfortably?

The Association of Superannuation Funds of Australia (ASFA) have calculated that at age 67, which is the current age for receiving the age pension, an individual requires $545,000 in super to achieve a comfortable lifestyle at retirement, whilst a couple require $640,000. (https://www.superannuation.asn.au/resources/retirement-standard)

This figure is calculated based on the current value of the Australian dollar and an assumed investment earning of 6%. These figures should be used as a guide only, as individual circumstances vary.

Contributions

Q: I'm nearing retirement and thinking of depositing the maximum monetary amount permitted. Is this a risky procedure? I also see that when you contribute the highest amount allowed you cannot deposit further funds. Can my current employer still put funds into my account?

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Q: How much of a lump sum can I deposit in my super without paying taxes

The maximum amount that can be contributed to your superannuation account depends on the type of contribution being made. These are in addition to the Super Guarantee funds contributed by your employer as part of your wage. There are 2 different types of contributions: before tax and after tax, and each type has its own contribution cap or limit.

Before-tax contributions allow you to contribute up to $27,500 p.a. irrespective of your age (note if your total super balance is less than $500,000 on 30 June of the previous financial year this limit may be higher) while after-tax contributions allow you to contribute up to $110,000 p.a. If you are under the age of 67, you may be able to utilise the 'bring-forward' rule, which allows you to contribute up to $330,000 in after-tax contributions in one year by bringing forward two years' worth of contributions. If you do this, it means you cannot contribute any more for next two years. It is important to know these limits as if you exceed them excess tax may apply (eligibility for bring-forward arrangement is also dependent on your total superannuation balance).

The level of risk exposure associated with additional contributions is dependent on the individual and their circumstances. An individual should consider what investment choice solution is best for them based on their risk appetite. Before making any decisions, obtaining professional advice should be sought to ensure it is the right decision for you.

Q: I am over 60 and no longer working. Can I still make concessional contributions up to $27,500 this financial year?

You may be eligible to make a personal deductible contribution, which is a contribution made from money earnt after-tax, that is still eligible for a tax deduction. It is important to note that the concessional cap of $27,500 pa still applies

Before making any decisions, obtaining professional advice should be sought to ensure it is the right decision for you.

Q: I'm a 16-year-old high school student who works a casual job. Do you suggest I make extra contributions into my Rest account?

Making extra contributions into Superannuation is an excellent way to boost your balance at preservation age (the age you can access your super) or retirement after preservation age. Your contributions into super can be made before tax (concessional contribution) or after tax (non-concessional contribution).

There is a government initiative called the Co-Contribution Scheme, that benefits many Rest members working part time or casually. To further explore making additional super contributions, it is recommended that you speak with the Rest Advice Team about "Contribution Optimisation".

Q: Can you tell me more about the governments low-income contribution scheme? And also, when I make a voluntary contribution payment, how does the government match this payment?

To be eligible for the 'low-income super tax offset" you need to earn $37,000 or less. The maximum payment you can receive is $500 and the minimum $10, and it is calculated as 15% of the concessional (before-tax) super contributions that you or your employer pay into your super fund.

If you earn less than $56,112 in 2021-22 and add after-tax money to your super, you may be eligible for a government co-contribution to your super. You need to earn below $41,112 and make a $1,000 after-tax contribution to attract the maximum co-contribution of $500. You'll also need to meet certain eligibility criteria which you can find here.

Both the low-income tax offset and government co-contribution will be added automatically to your Rest account after you complete your tax return. You'll need to ensure you've provided your Tax File Number (TFN) to Rest ahead of this.

Fees

Q: Are after fee returns more important than minimising costs?

-

Q: How do Rest's fees and charges compare of those of other funds in similar situations.

Both the returns made on your super balance, and the fees associated with your superannuation are importance considerations when determining the growth in your balance.

Returns are driven by your investment choice or choices. Rest has 15 investment options, and a member can choose to invest their super in one, or any combination of these. Each unique choice can be described as having 3 elements for consideration (these being investment return objective; minimum suggested timeframe; and standard risk measure) as well as a different investment fee structure. More information on our investment fee structure can be found here.

When looking to minimise costs, Rest's fees continue to be much lower than most super funds, thanks to the scale of our 1.81 million members, and because as a profit-to-member fund, our profits go back to members rather than shareholders. This allows us to keep our fees up to 25% lower than the super industry average.

Balances

Q: Can one use their superannuation balance to help fund the purchase of a residential or investment property before retirement age?

Members of Rest or other APRA regulated funds may have a portion of their superannuation invested in property as part of a diversified investment spread. However, should a member be interested in using their superannuation balance to invest in a residential or investment property, it is recommended that they seek financial advice. This is because purchasing a residential or investment property directly, by using their superannuation, can only be done through a self-managed superannuation fund, and there are strict rules regarding this.

Additionally, for a member looking to access their super, they need to have met a condition of release. The conditions of release are that the individual has reached age 65; the individual has reached age 60 and has left employment or changed employment; the individual has reached their preservation age and permanently retired from the workforce; or the individual has started a ‘Transition to Retirement’ strategy.

Rest advice services

What has happened to the personal contacts that Rest used to have?

Rest currently has two teams that service our membership: these being our Advice team and Education team. Our Education team are dedicated to helping our members get the most from their super by delivering educational seminars, webinars, interactive training sessions and many more. Our Advice team provide tailored advice to help our member achieve their best possible retirement.

THE REST BRAND

Q: Why, about 5 years ago, did Rest seem to try to distance itself from other ‘Industry Funds’ by removing references to itself being an ‘Industry Fund’. What has caused the seeming change back to begin linking itself once again to the ‘Industry Fund’ sector?

Before 2018, Rest usually referred to itself as an industry super fund when communicating with members. In 2018 the Rest logo was refreshed allowing ‘Industry Super’ to be used when appropriate for the audience or communication rather than in all instances. This allows flexibility in communications to reflect the diversity of our member base, spanning our large and important retail and services sector membership, as well as members in a wide range of other employment sectors. Today Rest is open to all Australians and remains a profit-to-member organisation.

RISK AND GOVERNANCE AT REST

Q: The Australian Securities and Investments Commission has initiated action against industry superannuation fund, Rest, for false and misleading representations. How has the fund acted in responding to this claim, and how will the fund continue to conduct in a way as to not run afoul of these claims, which risk our corporate social responsibility and the value of the Rest brand?

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Q: Please provide an update on the ASIC case? Is there mediation underway, and in a worst case scenario, what impact will there be on members’ finances? Does Rest have enough reserves to pay any potential fine or will the members have to pay for this?

The proceedings are still before the Federal Court. At this stage of the proceedings, it is too early to provide any update on the outcome and inappropriate to provide comment. The business process at the centre of the case was removed in May 2018, and Rest has undertaken a process to contact and remediate impacted members. This process has been completed.

As to the potential consequences, there are restrictions on Rest's ability to pay penalties from the fund's assets, including its reserves. From 1 January 2022, legislative changes applying to all superannuation funds will limit the types of penalties and liabilities that trustees and their directors can pay from the assets of a fund.

This means that superannuation fund trustees, particularly profit-to-member industry superannuation funds like Rest, have had to consider new measures to hold their own capital to meet potential liabilities, such as penalties. Until now, Rest has not needed to hold capital to meet potential liabilities.

Rest has been considering the most appropriate course of action according to the best financial interests of our members.

Rest has decided to charge modest new Trustee fees in order to build a reserve of its own capital that will be separate from the assets of the Fund. The Trustee fees will be paid from the existing Administration Reserve. Rest's capital reserve should ensure it has adequate resources to meet potential liabilities that could arise in the future.

It is important to note, these measures will not increase the fees charged to members and will therefore not have an impact on members' account balances.

Rest will initially charge a one-off Trustee fee of $10 million from the Administration Reserve, and then charge an ongoing Trustee fee of $3 million each year, in addition to existing Trustee costs.

Rest currently considers that these Administration Fees are appropriate to cover Rest's operating expenses and ensure there are adequate provisions in the Administration Reserve, even with the addition of the new Trustee fees.

The one-off $10 million Trustee fee paid from the Administration Reserve represents around 0.016% of Rest's funds under management ($65.8 billion as at 30 June 2021), while the ongoing annual $3 million Trustee fee (plus GST) represents around 0.005%.

If you would like to read more information about this change, please visit this page https://rest.com.au/why-rest/about-rest/news/trustee-capital-reserve

Q: What do you see as the biggest emerging risks for the Fund?

Like any organisation, Rest faces a number of risks with varying degrees of potential impact and immediacy. Some of these risks affect the superannuation industry as a whole, such as changes to the competitive landscape and the entrance of market disruptors, while others also affect the broader economy, such as cyber resilience, the ageing population and climate change.

At present, the most significant risk to Rest is the dynamic legislative and regulatory environment, which has seen several major changes introduced into the superannuation system.

In particular, the 'Your Future, Your Super' reforms, which came into effect earlier this year, represent significant risks and opportunities for Rest. The reforms included an annual performance test, the online YourSuper comparison tool, measures to prevent unintended multiple accounts, and increased disclosure and accountability obligations.

We are very confident that our strategy and current position will allow us to not only manage these risks, but also emerge even stronger as the impact of these changes and opportunities become more understood.

Q: Does Rest have robust processes and systems in place that are regularly tested to

comply with the APRA Prudential Standard CPS 234 (Information Security) to protect member related and other corporate information?

Rest takes our security obligations to our members very seriously. We have systems, controls, and processes in place to ensure the integrity and protection of member, medical and corporate information.

We comply with all aspects of Prudential Standard CPS234 – Information Security, including all third-party vendors to Rest that store personal and confidential information. There is an annual assurance process that reviews all internal and third-party Information Security controls and processes. Rest also has an annual Independent Review of its Information and Cyber security posture against CPS234 and the Global Industry Standard - NIST. These obligations form part of our risk management framework, and are subject to regular review, testing and verification.

REST INSURANCE

Q: Can I still make a claim on my income protection insurance 10 years on from having an injury and ceasing work?

Yes, you are able to make a claim on income protection even 10 years after ceasing work, provided you were covered and eligible at your date of claim.

Q: Is AIA still the Rest registered insurance giant for our Superannuation fund? Lastly do we have the capacity to select our own insurance agency upon our own funds?

On 1 December 2019, Rest transferred its contract to manage members' insurance over to insurance provider, TAL. This is the first time since 2004 Rest has changed insurers. Rest underwent a comprehensive tender process to select TAL, and made this choice based on the belief that their insurance offering is of great value to members and strongly aligns with Rest's strategic goal to improve our relationship with our members through innovation.

Rest only provides an insurance offering through TAL and doesn't offer members the ability to select their own insurer. This is because Rest does not have agreements with multiple insurers to supply cover to our members. The benefits of having one insurer includes the reduced complexity for the management of insurance terms and conditions, which ensures that we have effective processes to administer the insurance and allows us to gain a competitive price for our members.

Q: Is an incentive received by Rest for the insurance offered by a third-party provider? How does Rest ensure that the members get the best rates and services?

There are no incentives, financial or otherwise, received by Rest from any of our third-party providers, including our insurance provider.

At Rest, we regularly review our insurance arrangements to ensure we are always providing the best-possible value to members. Recently we evaluated our current insurance offering and began a comprehensive tender process with all possible insurance providers in the market to ensure we are getting the best possible insurance arrangement and service for our members.

In 2019 we chose TAL following this tender process, because we believe their insurance offering represents great value to our members and strongly aligns with Rest's strategic goal to improve our relationship with our members through innovation. One of the main benefits of being with TAL is that they are able to offer us an industry leading claims service, with Rest now having some of the best service metrics in the industry.

When it comes to the amounts we charge for insurance, we based our premiums on the number of claims that Rest pays to our members each year. We undertake a review of this each year to ensure that the premium we charge covers the number of claims that we are paying out. As part of this review, we also work with our members on what types and levels of default cover they would like us to offer, to ensure the default insurance product is still able to meet their needs.

Q: Will the grandfathered insurance arrangements for income protection (lasting through to age 65) remain in place for the foreseeable future?

Rest went through a significant change to our insurance offering in 2020, reducing our default benefit period for Income Protection from its previous 60-year-old age cap (‘to age 60’) to a 5-year benefit period. Rest’s decision to reduce our default benefit period was driven by the need to offer our default insurance members cover that provides a balance between protection when it is needed and affordable insurance premiums that do not inappropriately erode retirement savings.

Some members made the choice to maintain the ‘to age 60’ benefit period, and for others we deemed them to automatically maintain the ‘to age 60’ benefit period due to specific circumstances on their account that showed engagement with their insurance cover, such as making a claim or taking out additional cover. For members that currently maintain the ‘to age 60’ benefit period, we have no foreseeable plan to remove this benefit from them.

REST ACCOUNTS AND SERVICES

Withdrawals

Q: Regarding the withdrawal of funds from a super account, I understand that it takes up to 8 days to process and settle a withdrawal request. This is a very protracted timeline, especially for larger amounts, during which time the unit sell price can fluctuate significantly. Can Rest streamline this process?

We aim to process all withdrawals as soon as we can, usually within 5 business days. Your bank can then take another 2-3 days to pay the money into your account. We're always working to improve our processes.

Q: If I decide to retire, can I draw a weekly amount of money to live on, and leave the remaining balance to continue receiving interest. When can I draw on my super if I wanted to do so?

Your preservation age is the age which you can access your super if you choose to leave employment. Your personal preservation age depends on when you are born.

You can choose the frequency of when you receive your pension payments - this can either be fortnightly, monthly, quarterly, half yearly or yearly. More information on our Pension product can be found on our website here.

If you haven't reached your preservation age, you may be able to access your super before retirement in limited circumstances. You can find more information on accessing your super early on our website here.

Beneficiaries

Q: In regard to the binding nomination of beneficiaries, can Rest assume the responsibility to remind members when the Binding Nomination advice is approaching (i.e., when the 3-year period is coming to an end)?

Our team is currently working on developing a process that notifies members when their binding nomination is due to expire, and we hope to have this in place soon. In the meantime, members can check their nomination expiry date at any time in the Rest App, or online using their MemberAccess login.

Taking your Rest account overseas

Q: If I were to move to another country, would I be able to continue using Rest or would I have to transfer to another company operating in said country?

You can take your Rest account with you if you change jobs or move overseas. Rest makes it easy for you to make contributions offering convenient payment options including BPAY and Direct Debit.

Before you go overseas don't forget to:
- check the relevant Insurance Guide at Rest.com.au/pds to find out how your insurance with Rest might be impacted, particularly if your account is inactive for 13 months
- make sure we have your contact details so we can keep in touch with you
- download the Rest App so you can view your account balance, transaction history, investment performance and insurance details, and update your personal details.

Client Services

Q: Is there any possibility of improving your client contact arrangements? You have always pleased me with pension payments and investment reports but are the very worst of all the super companies in member contact. It takes 15 minutes and has done for 15-20 years. It's a lack of proper IT standards.

We're always looking at how we can improve our service to members, and we now offer a range of ways that you can contact us. You can:

- message us in the Rest App
- chat with a customer service consultant on LiveChat seven days a week
- email us at contactus@contact.Rest.com.au
- message us in What's App
- call us between 8am-8pm Monday to Friday.

We'll always respond to your enquiry as soon as we can and will let you know if we're experiencing any delays.

Investment products

Q: Will Rest be increasing their indexed fund options?

Rest currently offers three Index Choice options to our members:
- The Balanced – Indexed option which consists of shares and debt (both Australian and overseas), and cash,
- The Australian Shares – Indexed option which invests in Australian shares and,
- The Overseas Shares – Indexed option which invests in overseas shares.

At this stage, no additional index fund options are being added to our investment menu, however we continue to review our investment options on an ongoing basis.

Q: What new investment options are you looking to introduce in the future, particularly investment options hedged into Australian dollars?

At Rest, we value feedback from our members and regularly review our investment options to ensure that they continue to meet our members' needs.

We introduced our Sustainable Growth option in March this year, which is an ethical investment option with a diversified portfolio that has enhanced environmental, social and governance (ESG) investment characteristics.

At this stage, no investment options that only invest into hedged Australian dollars are being added to our list of options. You can see the full list of all our investment options on our website here.

Q: Why can't I easily find Rest high growth on super comparison websites, such as the Your Super website?

The YourSuper comparison tool provided by the Australian Government via the ATO website compares MySuper products. It compares the Rest MySuper product, which is the Core Strategy against all other available MySuper products. Because of this, Rest's 'Choice' investment options, including the Rest High Growth option are not included within the YourSuper comparison tool.

Q: Can I get someone to clarify how the 15% return for the pension phase fund is worked out? For example, if I have just turned 65 and if I were to go to pension phase I would need to take out a 5% per annum. Is the 15% return an effective 10% return?

Rest pension investment earnings are exempt from tax, and that includes an exemption from capital gains. However, the investment earnings in super are taxed at a maximum rate of 15%. Taxes are deducted from investment earnings with any applicable fees. They're deducted before determining the final net investment earnings credited to your account.

Rest pension allows you to receive regular payments from your super, while your super remains invested. Investment earnings are added to the account balance and pension payments made from the account reduce the account balance.

Pension payments made to you within a financial year must be at least equal to the legislated minimum amount, which is 5% for yourself, however there is no maximum. You can choose how much you want to receive.

Q: Can you please explain the relatively sudden removal of the CASH PLUS investment option, approximately 5 years ago. CASH PLUS had been returning good returns, before dropping suddenly in the year before it was shut down. After querying this sudden drop in returns at the time, I did not receive a very satisfactory response and then the option was quite suddenly closed.

Rest conducts strategic reviews of its investment options menu regularly, as part of our commitment to offer the services and products our members want, while keeping operating costs low. Rest's Cash Plus investment option was closed on 1 April 2019, as we streamlined cash asset class options to simplify the range of investment choices.

ABOUT THE ANNUAL MEMBERS' MEETING

Q: Do you send a copy of this webinar to members who logged in?

In the days after the Annual Members' Meeting, Rest emailed members who registered for the event with a link to a recording of the event. This email included a link to our website, where a recording of the AMM is hosted for members to watch at a time that suits them. This is available to access at https://Rest.com.au/why-Rest/about-Rest/annual-member-meeting.

Q: Will all questions and answers be available to access after the meeting?

All questions submitted by members will be answered directly and will also be published on our website. These will be uploaded within thirty days of the event at https://Rest.com.au/why-Rest/about-Rest/annual-member-meeting.