



Basics of investing

Your super is one of the largest sums of money you'll ever have to manage. How you choose to invest it now can make a real difference to your retirement in the future, so it's important you understand the basics of investing.

How is super invested?

Super is invested in different assets that mainly fall under two groups – 'defensive' assets and 'growth' assets – so called because of their risk and return characteristics.

Defensive assets

Defensive assets aim to protect the value of your super. They are a low risk investment, which means the chances of a negative return are lower than other types of assets. Defensive assets include cash, bonds and defensive alternatives.

Growth assets

Growth assets aim to increase the value of your super. Historically, they provide higher returns over the long-term. However, higher returns come with an increased risk that your investments could provide a negative return over a shorter timeframe. Growth assets include property, shares, infrastructure and growth alternatives.

What are alternative assets?

Alternative assets include a range of non-traditional investments. They are used for diversification purposes within some investment options, but are not available to invest into directly. Alternative assets at REST include agricultural investments, hedge funds (which can invest in a range of assets and use sophisticated trading techniques) and other growth opportunities, including companies not listed on the stock exchange.

Investment options

Once you have \$1,000 or more in your REST account, you can invest the balance in your choice of assets by selecting from 13 investment options.

Choose a pre-mixed investment option

Pre-mixed investment options include a range of assets with various weightings, depending on the target return and timeframe for the option.

REST's default investment option, the Core Strategy, is made up of a mixture of cash, bonds, property, shares, infrastructure and alternatives, with shares comprising more than 50% of the overall mix. The default option is reviewed at regular meetings and the mix of assets is actively managed in response to changing market circumstances. This means that REST adjusts the investment mix around a benchmark weighting, within nominated ranges. REST also actively monitors the overall exposure to foreign currencies and may reduce the level of exposure using derivatives.

REST also has five 'Structured' options, each with a different mix of assets, to suit different needs. These options are reviewed at least annually, but are not actively managed in the same way as the Core Strategy.

REST's Structured options are:

- Cash Plus
- Capital Stable
- Balanced
- Diversified
- High Growth

For more information:

Phone 1300 300 778

Web www.rest.com.au

Basics to consider

- Which REST option is your super currently invested in?
- What are your investment objectives, timeframe and risk tolerance?
- Does your current investment option meet your needs?
- Do you need to seek financial advice?

Actively manage your investment

If you prefer to build your own investment portfolio that's appropriate to your own needs, REST offers seven 'Member-tailored' options that invest in single asset types. As you select the asset mix, we do not undertake any active management of asset allocation. In order to create asset class diversity, you would need to select a combination of multiple investment options. If you elect to build your own asset allocation, you may need to consistently review and occasionally rebalance your investments to ensure they continue to reflect your preferred asset allocation.

REST's Member-tailored options are:

- Basic Cash
- Cash
- Bonds
- Shares
- Property
- Australian Shares
- Overseas Shares

You can choose to invest in any combination of Member-tailored options, Structured options and the Core Strategy.

Which investment options are suitable for me?

It's important to consider your investment objectives (rate of return), your tolerance for investment risk and your timeframe.

If you prefer a lower level of risk in exchange for a modest return, an investment option with more defensive assets may be appropriate. Lower risk investments are generally suitable for a short-term timeframe.

If you're comfortable accepting more risk with the possibility of larger gains or losses, an investment option with more growth assets may be appropriate. Higher risk investments are generally suitable for a long-term timeframe.

If your appetite for investment risk and return is somewhere in the middle, a blended option that has a mix of assets may be appropriate, such as our Core Strategy option. A mix of investments may be generally suitable for a medium- to long-term timeframe.

You can also decide how involved you want to be with your investment options. Investing in a pre-mixed option, such as the Core Strategy or one of the Structured options, will not require the same level of monitoring compared to a portfolio which is built from the Member-tailored options.

If I don't choose an investment option, where will REST invest my money?

Your money will be placed in the Core Strategy, REST's default investment option.

Case study: Rachel and Ruth

While fictional, this case study illustrates the appropriateness of different types of investments for different people.

Rachel. Age 33. Plans to retire at 60.

Rachel is reconsidering the most appropriate investment option for her super. She has many years left in the workforce and wants to maximise her super balance.

Rachel decides to choose an option weighted to growth assets such as property and shares. She realises that is a higher risk investment option and that it will fluctuate more than a lower risk option, but she has a longer timeframe, so temporary falls in her account balance are less critical.

Ruth. Age 57. Plans to retire at 60.

Ruth's super has been up and down recently because of a volatile share market. Soon to retire, Ruth wants to avoid this fluctuation in favour of a steadier account balance.

Ruth decides to transfer her super to an investment option weighted to defensive assets such as cash and bonds, realising that she will forego the potential of a higher investment return.

Get more information

For more information about REST's investment options, including how to make an investment choice, refer to the relevant Product Disclosure Statement or Investment Guide, available at www.rest.com.au or by phoning us on 1300 300 778.

Also consider speaking with a financial adviser, who can provide information and guidance based on your circumstances.

