MINUTES OF THE 2022 ANNUAL MEMBER MEETING

Held at the Wesley Conference Centre –
220 Pitt St, Sydney NSW 2000 and online
at 6:00pm (AEDT), 15 February 2023

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

PRESENT

Rest Responsible Officers:

James Merlino, Director and Independent Board Chair
Michael Bargholz, Director
Helen Cooney, Director
Sally Evans, Director
Julia Fox, Director
Joanne Lester, Director
Michael Tehan, Director
Vaughn Richtor, Director
Adam Walk, Director
Aliscia Di Mauro, Alternate Director, via video conference
Michael Donovan, Alternate Director, via video conference
Gerard Dwyer, Alternate Director
Vicki Doyle, Chief Executive Officer
Gemma Kyle, Group Executive, Risk and Governance
Andrew Lill, Chief Investment Officer
Brendan Daly, Group Executive, Product & Operations
Jeremy Hubbard, Group Executive, Information & Technology
Tyrone O'Neill, Group Executive, Member Engagement
Kulwant Singh-Pangly, Chief Financial Officer
Deborah Potts, Group Executive, Employer and Industry Engagement
Jim Monahas, Company Secretary
Jolanta Willetts, Deputy Company Secretary
Dean Borner, General Manager, Advice & Education
Richard Millington, General Manager, Workplace Superannuation

Rest Auditors and Actuaries

David Kells, KPMG (Internal Auditor)
Frances Borg, Deloitte (External Auditor)
Peter May, PFS Consulting (External Actuary)
David O'Keefe, ALEAA Actuarial (External Actuary), via video conference

Apologies:

David Madden, General Manager, Service Solutions

INTRODUCTION AND WELCOME

The meeting commenced with the presentation of an introductory video.

Ms Kyle, acting as master of ceremonies, welcomed Rest members to the 2022 Annual Member Meeting ("AMM").

Ms Kyle:

- Acknowledged the Traditional Custodians of Country throughout Australia, their connections to land, sea and community and paid respect to their elders past and present, and extended that respect to all Aboriginal and Torres Strait Islander peoples attending this meeting.

- Provided an overview of the AMM agenda, the presenters and how members could participate in the 'Question & Answer' ("Q&A") session, both in person and online.

- Introduced James Merlino, Independent Board Chair. Mr Merlino was appointed to the Rest Board on 1 January 2023 and comes to the position following a 20 year career in the Victorian government and brings strong skills and experience in fiscal and economic transformation, collaborative leadership, corporate governance, and stakeholder relations.

BOARD CHAIR MESSAGE

James Merlino (Board Chair)

Mr Merlino welcomed Rest members to the AMM and provided the following key highlights:

- Acknowledged the challenging economic circumstances being experienced by all Australians, including growing cost of living expenses. Superannuation is typically a long-term investment, with savings accumulating over decades and through many cycles where markets go up and where markets go down

- Rest focusses on delivering long-term results while seeking out opportunities to grow member savings today. Rest supports actions for a more sustainable future and consider climate change and environmental, social and governance factors in investment decisions. Rest aims to maximise returns after carefully considering risks and costs.

- Rest has long advocated for the removal of the $450 monthly income threshold for superannuation guarantee contributions. The change effective from the 1 July 2022 means more Australians, particularly those with lower incomes, will now be eligible to earn super.

Mr Merlino thanked Rest members for putting their trust in Rest to grow their super savings. Mr Merlino then invited Ms Vicki Doyle, Rest's Chief Executive Officer, to provide her reflections on Rest in 2022.

[A number of visual aids were displayed during Mr Merlino's presentation to support his comments on key highlights]

CHIEF EXECUTIVE OFFICER MESSAGE

Vick Doyle (Chief Executive Officer)

Ms Doyle provided the following key highlights:

<u>Rest's proposition</u>

- Rest's proposition is simple - profit to members, low fees, competitive long-term returns, practical advice and efficient service.

- Rest's 1.94 million members provides scale and means that Rest can keep fees low.

- In June 2022 Rest's asset-based administration fees reduced from 0.12% per annum to 0.10% per annum. Rest's Core Strategy fees are at least 20% lower than the super industry average.

Investment returns over the year

- In the year to 30 June 2022, the Rest Core Strategy delivered a return of minus 2.37% and the default pension balanced option returned minus 1.11%.

- The median return for balanced super funds over this period was minus 3.44%, with a number of funds losing more than 4%.

- While the return for the Core Strategy was negative for the 12 months to 30 June 2022, it remains on track to achieve its goals over the longer term, having delivered on average 8.6% each year over the past ten financial years.

- Rest received a number of awards in 2022, including being recognised by the Responsible Investment Association Australasia as a Responsible Investment Leader, after also naming Rest a leader in 2021.

Digital services and advice

- Rest's App is industry leading - it's an easy to use channel for members to check super balances, view latest contributions, and transactions. Members can also view and update beneficiaries, can contact Rest via messaging and also have access to member rewards.

- On average, 225,000 Rest members logged into the Rest App each month of the last financial year. The Rest App has a 4.6 star rating on the Apple Store.

- Rest's phone advice service received a 97% satisfaction score from those members who used it.

Insurance

- Rest has made insurance more accessible to members through online insurance tools which allow members to easily apply for cover, as well as lodge and track their claims online.

- During the last financial year, Rest helped 11,440 members and paid out more than $430,000,000 in insurance benefit claims.

- Rest is one of the few super funds to offer income protection insurance to casual workers. Rest's default income protection insurance will generally pay eligible members for up to a five-year period if they're sick or injured and are unable to work for an extended period of time.

- Through Rest's insurance partner, TAL, Rest has one of the fastest decision times compared to super industry averages in all categories, including income protection claims, death and terminal illness, total and permanent disability. For income protection claims alone, Rest provides support in 32 days, which is less than half the time of the industry average.

Ms Doyle thanked members for taking their time to join the AMM.

[A number of visual charts and tables were displayed during Ms Doyle's presentation to support her comments on key highlights]

[A video was then presented featuring Matt, Sue, Umang and Natasha (Rest members) talking about their thoughts on super and their experience with Rest]

Ms Kyle then introduced Andrew Lill, Rest's Chief Investment Officer.

INVESTMENT UPDATE

Andrew Lill (Chief Investment Officer)

Mr Lill provided the following key highlights:

Investment markets overview and performance

- Early in the 2022 financial year, global markets responded well to the economic backdrop of record low interest rates and supportive government spending, and as a result, investor confidence seemed buoyant.

- The pandemic reshaped consumer activity both in Australia and beyond and created a perfect environment for price rises and higher than usual inflation was evident as the new year 2022 began.

- Central banks were initially slow to respond, with interest rate rises aimed at curbing that inflation. As a result of rising interest rates and a weaker outlook for the global economy, significant share market downturns occurred in the last six months of the 2022 financial year.

- During this challenging environment, nearly all super funds ended the financial year in negative territory. Rest's Core Strategy returned minus 2.37% for the 2022 financial year, above the medium return for its peer group. The default Pension balanced option returned minus 1.11%, a top quartile result for the financial year. In the long term, both these Rest options are still delivering ahead of their investment objectives.

Interest rates and inflation

- General market expectations were for three interest rate increases by the end of last calendar year. However, we finished the year with eight rate hikes and a cash rate of 3.1% at year end versus 0.1% at the start.

- The size of the inflation challenge and the aggressive interest rate moves to address it resulted in both bond and share markets falling together for an extended period.

- The difference between those initial expectations and the reality by the end of the year made the start of this financial year very challenging for investors and made it very hard to generate positive returns. In calendar year 2022, nearly every balanced super fund like the Core Strategy delivered a negative return.

- The risk profile of Rest's Core Strategy is calibrated at a level that we would expect on average four to six years of negative returns over any 20-year period. Over the last 30 plus financial years, we have only had four years of negative returns for Core Strategy.

- Rest's Core Strategy over 20 years to June 2022 has delivered a return of 7.39% per year and that is well ahead of its objective.

- Staying the course for the long-term remains an important strategic advantage for many investors and we believe is key to achieving a personal best retirement outcome.

Future focus

- The benefits of diversification, investing in unique private market assets, active management, and responsible investing are investment tools and areas of focus to best manage members' retirement savings from here forwards.

- The concept of diversification can be applied in many ways across geography, across industry, or even throughout time. A traditional balanced allocation would have an allocation of 70% shares and 30% bonds, and would have lost more than 18% during the calendar year to end December 2022. Rest's Core Strategy is further diversified than this simple allocation to both shares and bonds, and as a result, whilst not being immune to the fall in some asset prices, the loss the Core Strategy was limited to less than minus 4%.

- Another advantage of investing with a large super fund like Rest is that our size and scale allow us to access investment opportunities in private markets. Private markets investments (e.g. agriculture) perform differently over different times and total returns can be smoothed.

- Rest's investment in real assets such as unlisted property and unlisted infrastructure help stabilise the Core Strategy portfolio and can have an ongoing contribution to protecting returns against inflation.

[A video was then presented highlighting Rest's key unlisted property and infrastructure investments, including Quay Quarter Tower (a Sydney CBD property) Collgar Wind Farm in Western Australia, Warakirri Cropping, the Queensland Motorway, Launceston and Melbourne Airports]

- Rest's belief in active management and being active where and when it matters also helped favourably shape our Core Strategy positioning and contributed to returns that are better than those experienced by investing in line with an underlying index.

- Evidence from 2022 has shown once again that active managers tend to perform well in challenging market conditions.

- Rest believes that strong long-term investment returns are supported by our responsible investment approach

- ESG factors are at the mainstream of our investment process, we believe we can better manage risk, identify opportunities and improve our long-term member returns.

- Rest is proud of its growing recognition as a Responsible Investment Leader. This means taking some tough choices between divestment and engagement with companies, and it's also why we take an active approach to voting on material items for our Australian shares in the portfolio.

Outlook for the year ahead

- Inflation worries continue to dominate, but it looks as if peak inflation may now be behind us.

- Share markets, particularly in Australia, have treated this news with cautious optimism. Driven by strong returns in Australian shares, the Core Strategy return for this 2023 financial year is positive, up over 3% to the end of December 2022 and ahead of average returns for the peer group.

- The economic environment is expected to remain volatile against a backdrop of significant global economic risks. Labour markets remain tight, but housing growth is slowing. Europe appears closer to recession than other major economies like perhaps the US.

- The combined headwinds of sticky inflation, rising rates and tight labour markets means recession risk is still elevated in most markets. Rest continues to position the portfolio carefully against this potential backdrop of share market volatility, higher inflation and continued central bank action.

- While volatility is always hard to experience, it often does provide opportunity. Rest has the right processes and people to continue our mission of delivering competitive long-term returns for your super.

[A number of visual charts and tables were displayed during Mr Lill's presentation to support his comments on key highlights]

LIVE QUESTION AND ANSWERS

Ms Kyle advised that Rest would respond to any member questions not answered during the Q&A session and would be available on Rest's website by the 17 March 2023. Ms Kyle then informed the meeting that Rest Directors, Rest Executive team members and Rest's internal and external auditors were present at the AMM and available to answer questions.

Below is an extract of the live Q&A session.

Question (audience)

Do you have plans in place for education modules for younger people such as under 30's around their superannuation?

Answer (Vicki Doyle)

Great question. As you may know, we've got nearly a million members who are under 30 in Rest. So it's really important that we help all of our members. We also have members from age 14 to 91 in fact. So we develop a range of education tools and we have five key tools on our digital advice online. So, if you haven't been on, there are three (modules) that I would say are particularly relevant if you're under 30.

The first one is around contributions. It's a very quick calculator in a few minutes.

Secondly, there's a calculator around insurance needs. So, should you have insurance, what sort of insurance do you need? And you can opt into that insurance or opt out of that insurance quite simply online.

Thirdly, there's a calculator and a digital advice tool around investment options. And so any one of those actions can be really important for how you develop your savings for your future. And another thing, which is fantastic, just this week on the app, we've launched a new tool called Learn. That tool actually has a whole lot of modules online and really simple and take a couple of minutes: What is super? What is ethical investing? What is the insurance in superannuation? What are the fees? How do I understand it? And you can easily do that through the app. And of course, there's also a range of education and online seminars we hold through the whole year. So I'd encourage people to download the app or online for some really simple tools that anyone can access.

Question (audience)

Has Rest divested from all Russia – or all Russia related investments?

Answer (Andrew Lill)

Thank you for the question. Thinking back to 2022, that was a very important focus for us. So, we have divested of all holdings that we own directly. There is less than 0.3% of the portfolio that does have some remnants of holdings in Russia, they're held through third party pooled funds rather than directly in Rest’s name. And we've certainly been giving every expectation and attention to those fund managers to make sure that they're divesting on Rest members’ behalf. So, yes, all direct holdings have been disinvested.

Question (audience)

What's the investment strategy at the moment? Are you changing positions or keeping more cash?

Answer (Andrew Lill)

Thank you very much. And that was a really good question, because the economic environment right now, of course, is volatile and worrying to many of us. So, as I mentioned in my presentation, the first strategy that works really well during these times is diversification. To make sure that you don't have all your eggs in one basket. And our portfolio has a really great mix right now of really good quality assets in lots of different areas. And that's a really important way to stay resilient and smooth any returns.

The second thing is that we have to be aware that sometimes the times of the hardest sort of economic environment are not always the times when the super fund returns are the hardest (hit). If you think back to the last three years, then the financial year 2021 may have been the hardest time in the pandemic, but actually that was the time which we had one of the most positive returns for the super fund in our history. So sometimes it's good to be aware of the worrying economic times, but also you get returns at different points. We may have had already the really tough year last financial year when a lot of what's been now seen in the economy was already, I guess, predicted and brought into asset prices.

(Vicki Doyle)

Could I add just one more comment to that. What is probably a good action is also to call the advice team at Rest, which you can access at no additional cost. And what you can look at is your tolerance around risk. Make sure you're not timing your decisions at the wrong time, and they'll (advice team) help you work through what the investment options might be depending on your time horizon and your risk. So, it's pretty easy phone call and they're there to help.

Question (audience)

Do think this is the best time to cut positions and keep more cash. Or is 'cash is king' back again?

Answer (Andrew Lill)

I think it's a really good question. Super is a long-term investment and it's very hard to predict what's going to happen in the short-term. And so, I really believe that by staying diversified and staying invested is the best way to get those returns that you want. I'd love to answer your question with exactly what's going to happen this year. I'm afraid I would prefer to focus on the longer-term and just the benefits of our portfolio and managing risk through different periods by staying diversified.

Question (audience)

I have a daughter who has recently joined. As a young member under 30, and they are very excited, but the government is keep releasing the news for her first home. Buyers may be eligible to use their super funds to purchase their first home. And as a mother, I start to worry about that approach. What's your advice, or are you preparing to talk to those young generations who will come up with these questions? I'm a bit confused and not comfortable with this outcome.

Answer (Vicki Doyle)

Yes, I think you're right to think about that. There is a first home savers scheme that the government did release, as you know, and some members can access a small amount towards a deposit. We do believe that superannuation, perhaps like you, is actually a long-term investment. And what can happen is if a younger member like your daughters takes that money out quite early on, it's very hard for them to make that back up and they obviously don't get the benefits of compound interest either. So it can be very challenging in terms of the tradeoff of those decisions. Again, I'm probably going to repeat what I said before, but I think you or your daughters could certainly call the advice team and it might give them an understanding of the tradeoff of taking out that hard saved money. And then if they're only working part time or casual or depending on the job, it might take them five or ten or 15 years to make that back up again. And perhaps an expert might be the best person to give them some advice.

Question (audience)

Hi. As a young person who has only really recently been kind of starting to understand how super works, how do you plan to engage with your younger demographic and encourage them to learn more about super and how it works to invest in their future?

Answer (Vicki Doyle)

So, a couple of things I said before. The app is really the easiest way for you to understand the simple parts of your superannuation. And as I said, there's a new module in that app that gives all these really quick, easy to access, small videos that explain super in a really simple way. So, I'd encourage you and any of your friends to think about it in that way. We also do some other things like TikTok videos and we're trying to communicate in a lot more channels, perhaps where you are and where you log on or in your workplace. And we work with employers to try and also bring some of that education through people's workplaces. So, I think the app is the quickest, easiest way to get some of that help or online, there's lots of education modules there and they're not too long and quite quick to work through. So I think that's your best place to start.

Question (online)

Why isn't Rest in the top ten funds?

Answer (Andrew Lill)

That's a very good question. I think it depends on what time horizon and it's certainly our intention to be very competitive with our returns. Over the 20 year period, we've talked about riding through different cycles, the benefits of diversification, we are in the top quartile. So that would mean that we were in the top ten, top twelve of funds. Over a ten-year period and over the more recent three and five year period, Rest has been performing at or above the average level. I'm focused on making sure that Rest's long-term track record, as a high performing fund, and in the time since I've joined Rest in 2020 with the benefit of a great team and building the investment process, continues that long-term trend. We certainly recognise how important it is to be competitive in terms of both returns and fees, and it remains our long-term objective.

Question (online)

When is Rest super going to be fully fossil free? And can Rest focus the coming year to fully divest from all its fossil fuel interests?

Answer (Andrew Lill)

Vicki mentioned the Rest Sustainable Growth option. And this is a product that was fabulous to interact with you, our members, and to really understand what your preferences were. And I'm happy to say that option is one of our fastest growing options. It was launched in 2021 and our approach to building that option is to exclude all fossil fuel assets. So if that is your preference and that is what you wish to invest, then there's a product option available for you.

With regard to all the assets we manage in all the different products, then I would remind you we have a net zero carbon 2050 commitment that was made in 2021 and we are constantly engaging with all the companies in which we invest. We believe that as an active owner, rather than just excluding and selling those shares to somebody else who may or may not have a view about the future, it's the best way to actually encourage, incentivise and introduce the ideas of being climate focused and towards a carbon zero future portfolio. So, any companies that are in that, in those products that are fossil fuel based on our list and we engage with them directly and continue to inform them about our beliefs that responsible investing and that means moving to a renewable energy future is in our members' best interests and actually produces value for the Fund.

Question (online)

Is Rest focused on maximising returns for members as the number one priority ahead of special interest activist investments?

Answer (Andrew Lill)

Yes, it continues to be absolutely the number one objective of my team as the investment team and everybody here at Rest is that our singular focus is maximizing returns after fees to you, our members. As we do that, we have to think about what are going to be the number one drivers and the topics that are going to maximise those returns over the long term for most of our members. And there are many things that come into that, but that continues to be the number one focus.

Question (audience)

Given the ongoing consolidation in the industry, what Rest planned with respect to the future? Are there any mergers being considered?

Answer (Vicki Doyle)

I guess what I said earlier is that Rest already has scale as the number three fund in the country, in Australia by number of members. So with nearly just over 1.94 million members, that is a very big fund and where we focus is then on costs and our processes and efficiency. So mergers for some funds are important, particularly those that don't have that scale. But I would say that Rest does have the scale and has had the scale for a long time. I guess if there was any merger approach and we thought it was in the absolute best interests of our members, then we would keep an open mind. But we're quite focused on our service and our proposition and servicing the nearly heading 2 million members that are already with Rest.

Question (online)

Is Rest considering further investments in renewable generation assets?

Answer (Andrew Lill)

Yes, we are. It's a fabulous and interesting topic for us. One of the assets that was mentioned in the video in the middle of my presentation was the Collgar Wind Farm. As was stated in that presentation, we are 100% owners of that wind farm in Western Australia. It's the biggest wind farm in Western Australia. We're one of the only super funds in Australia to have direct ownership of a wind farm. And the great thing is that we get to sit on the board of that asset. In fact that business is being transformed into a generally diversified sources of energy. On that same site we're adding solar and thinking about ways to continue to build other forms of renewable energy into that site to transform the business from purely just a wind farm focused business to all forms of renewable energy. So that's one of the ways that directly we can influence.

The other ways are in our infrastructure portfolio where we continue to think about ways to build our exposure to renewables and we've just more recently invested in two managed funds that have a renewable focus. So we're investing both here and overseas. We have a commitment to $2 billion of our portfolio assets being invested in renewable asset sources by 2025. At this point we're at $1.2 billion and doing pretty well. And as I mentioned, there's a number of ways in the pipeline to get towards that $2 billion level, which is going to be a material part of the investment portfolio and mainly invested here in Australia.

Question (audience)

When we start to have that investment, the big one in Australia (Collgar Wind Farm).

Answer (Andrew Lill)

So we first of all invested in as a joint partner in the wind farm in 2013 and then we became the fully single owner of that wind farm in 2018.

Question (online)

Do you see your fund management fees and charges changing significantly and are your operational costs increasing or decreasing?

Answer (Vicki Doyle)

Very good question. As I said in my earlier presentation, we're very focused on fees and our overall the Core Strategy is 20% less (fees) than the superfund average and we will continue to maintain a focus on that. And equally, in June we were able to reduce our administration fee, as I said, 0.12% to 0.10%. And in fact, we have a cap on our administration fee. So no matter what your balance is, from an administration perspective, we won’t charge any more than $378, which is quite unique in the market.

In terms of moving forward. We are very focused on our competitive position of low fees. And as I said, your retirement outcome is as much about investment returns and having that diversified portfolio over long term as it is about fees and costs. And that is something that has been part of Rest’s history right back from 1988.

A lot of what we're doing in the future is investing in technology, data, digital and processes to make them more efficient and easy for you, but also to reduce costs. So we want to remain right at the forefront of a lower fee fund for all our Rest members.

The average balance of a Rest member is actually around $35,000. And so that's why we want to really maintain that focus on fees. Every year we do a review of our products, if not more (often), and look at the competitor set and actually think about what else we can do to make sure you're still getting great service and even better service, but at the same time, we're going to continue to reduce our fees overall.

Question (online)

Do you anticipate investment returns to be better, worse or similar over the financial period, over the next financial period compared to 21-22?

Answer (Andrew Lill)

I'm pleased to say that seven months out of twelve, returns this financial year are positive and going in the right direction. I'd love to be sitting in front of you and talking about a financial year 2022 – 23 that's positive. We do have some headwinds on the horizon and it's going to be sort of a bumpy ride, quite volatile as some of the impact of interest rates really hits both assets and profits and revenues in companies. But I'm happy to say at this point over halfway through the financial year, that it is a positive year in terms of returns. And we'll be doing everything in our power through the benefit of all the different things I talked about in my investment presentation - managing risk and trying to think dynamically to help maintain those positive and competitive returns for you, our members.

Question (online)

What about investing in affordable housing?

Answer (Andrew Lill)

I think the really clear thing is that the dialogue around working between super funds and government is really positive. It's very empowering, very positive, optimistic dialogue. And it's an important responsibility that we have as a super fund to be part of that dialogue. And there are some great ideas, there are some great opportunities, there are some things that the government are willing to consider. But I would like to say that absolutely the number one and major objective of our investing program is to maximise returns for you. And so any of that dialogue, any of next steps around affordable housing, while we think it's an absolutely important topic for Australia and for Australians, will be done under the umbrella focus of maximising returns.

Question (online)

Does Rest invest in gold?

Answer (Andrew Lill)

It doesn't invest directly in gold. We haven't quite got the car park under our building ready to accept the gold bullion just yet. But what we have got is a number of our equity managers who invest in what we call listed gold securities. There's been a lot of media coverage recently of one of Australia's biggest listed gold companies that's subject to a takeover. We have a number of large exposures in gold and other commodity companies that are listed on exchanges and through those companies you get an almost one to one correlation between returns and the price of the commodity.

Question (online)

And Woodside is undertaking Australia's largest pollution project in Western Australia, damaging animals in the environment. Is Rest invested in Woodside?

Answer (Andrew Lill)

So, as I mentioned earlier, for those that wish to have an approach to investing that is excluding fossil fuels, the Sustainable Growth option is a really great option for you. Within our Core Strategy then yes, we have an approach to investing in Woodside, both from a maximising return and also active engagement. Woodside is one of the companies that we consider to be one of the biggest carbon intensity companies in our portfolio.

That means that we have a commitment to engaging with Woodside and other companies like that on a regular basis, putting forward our views, asking them questions on how they are thinking about their own corporate strategy towards tackling climate change and having a fact based transition to a non-fossil fuel type energy source. It so happens that just recently we've actually had a meeting with some of my senior team and with the Chair of Woodside and we continue to actively engage very appropriately, strongly and directly on their plans and on their approach to thinking about decarbonising their own business. And we will continue to do that on behalf of our members because we think it's in your long-term best financial interests.

Question (online)

Can we expect an improvement in cash returns in this new financial year?

Answer (Andrew Lill)

I'm pleased to say that that's an easy one and the answer is yes.

Question (online)

Will debt remain one of the asset classes going forward as it will smooth out growth based on current performance?

Answer (Andrew Lill)

Thank you. It's one of the ways that we provide that buffer to the more volatile equity portfolio. In times of high inflation, though, it's really important to think about the sorts of debt you're invested in. We've been adding exposures to what's called private debt. That is often the debt that is not traded on exchanges and is not so susceptible to inflation because it's what's called short duration. We continue to value that very carefully with regard to our Valuation Committee.

We've also thought about the role of credit i.e. non-government debt. Again, the main approach to all these things is to make sure that you're not just investing in one country or one sector or one form of debt. You have a diversified portfolio. We think it's very unlikely that the environment of last year, when share markets and debt markets went down together, continues to be the case in 2023 or years ahead. They are very, very unique, irregular periods, and the likelihood is that whatever happens to the share market from here, debt markets will do the opposite. And that's why we see it as a good, diversified approach.

Question (online)

Given that a large proportion of your members are of a younger demographic, how do you plan to encourage them to check in with their super and interact more with Rest as an investor for their future?

Answer (Vicki Doyle)

Well, I think we slightly touched on this before that, really. At the risk of repeating myself, I am going to say that I do feel that the app is really the important way for younger members to engage and to really understand their super, particularly when they're in their first jobs. And downloading that app is a real opportunity to see and track whether your employer, for example, is contributing their super, your super, when they're supposed to. So we will continue to invest in that and a whole range of communication mechanisms to help our younger members understand super. And I would just encourage everyone to continue to log onto the app and online, because that's really the easiest way to understand about your superannuation.

Question (online)

I do want the company in terms of corporate governance, in terms of the long-term strategy, in terms of day-to-day operations can actually be lifted to a new level. As the new Chairman you are a person with the big picture and also highly profiled, so hopefully you can do something to lift Rest up. And that's my expectation. It's not a question for you, but I think it's a big task for you.

Answer (James Merlino)

I'm so glad that you've got that expectation and that ambition for the Fund. And I can tell everyone in the audience and everyone watching online, that's my expectation. It's the expectation of my colleagues around the Board table. It's the expectation of our leaders of the organisation, Vicki as CEO and Andrew as the Chief Investment Officer. All of us are working for the best financial interests of individual members and to make this Fund as successful as possible. And we do it by working together. I'm really privileged to have this role as the Independent Chair of the Board. The recipe for success is having a diversity of skills around that Board table. Skills and experience around that Board table. I bring a level of experience in terms of public administration and governance strategy and risk, which are some of the things that APRA, our regulator, has highlighted that they want to see funds have that skills mix right across our Board. We've got expertise in investment, expertise in the law, expertise in retirement, expertise around supporting, protecting, and advocating for members. You bring that skills mix around the Board table, the expectation that we want to be the best superannuation fund profit-to-member fund in the country, that is what we are all working towards.

As we've heard tonight from Vicky and Andrew, in a really, really tough economic period, we outperformed global share markets and outperformed peers, and I completely agree with you we want to take it to the next level, to engage with young members, keep them in the fund, interested in the fund, interested in their super and their future, and engage with members that are closer to retirement. So, I take on the challenge that you've set tonight and that's the ambition of the Board and of everyone who works at Rest.

CLOSE

Ms Kyle thanked Rest members for taking the time to attend the AMM. Ms Kyle mentioned that responses to all questions asked by members will be posted on Rest’s website by 17 March 2023 and hoped members found this session valuable and informative.

Ms Kyle also mentioned that more information about Rest's investments performance, financial results, and business initiatives for the year can be found in Rest’s Annual Report, which is available on Rest’s website.

The AMM closed at 7.18pm.

Q&A FOLLOWING THE CLOSURE OF THE AMM

The following pages set out the questions that were submitted but not answered during the AMM due to time constraints. The questions, and corresponding answers provided, are outlined below. This list includes questions and answers set out above.

MEMBER QUESTIONS AND ANSWERS FROM THE 2022 ANNUAL MEMBER MEETING

Held at 6.00 PM (AEDT), 15 February 2023, Wesley Conference Centre, Sydney and via video conference

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

Contents

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Investments

Performance

Q: Is Rest focused on maximising returns for members as the number one priority ahead of special interest activist investments?

Yes, it continues to be absolutely the number one objective of my team as the investment team and everybody here at Rest is that our singular focus is maximising returns after fees to you, our members. And as we do that, we have to think about what are going to be the number one drivers and the topics that are going to maximise those returns over the long term of most of our members. And there are many things that come into that, but that continues to be the number one focus.

Q: How did then you make negative return while Rest has hugely diversified investments?

While we are disappointed that the Core Strategy produced a negative return over the year, we would highlight that last year was an exceptional year in financial markets. The strong sell off in both equity markets and fixed income markets is not typically seen. Last year the fixed income market experienced their worst return in decades and it was the diversification in the portfolio offset a lot of that negative performance. We would also highlight that we do expect that the Core Strategy will occasionally experience a negative return over a 12-month period given the fluctuations in global financial markets. The fund is expected to have a negative return 4 times over a 20-year period and this is consistent with what we have seen the portfolio exhibit.

The Core Strategy has maintained a diversified portfolio throughout this period, with allocations to assets beyond the more traditional share and debt investments. Rest's investments in other real assets, such as property, infrastructure, and agriculture, helped cushion the full impact of the market downturn led by falling share and debt markets. However, like most diversified super funds, the Core Strategy still held a significant allocation to both shares and bonds, and as both these asset classes delivered negative returns, the return for the Core Strategy (like most diversified super funds) was pulled lower.

Our Core Strategy, while producing a negative return, weathered the storm relatively well through our carefully diversified mix of investments. While past performance is not an indicator of future performance, the Core Strategy returned -2.37% to 30 June in a period where Australian shares returned -6.78% and US shares fell -10.62% over that same period^. The average return for super funds during the 2022 financial year was -3.44%* with many funds losing more than 4%.

One of Rest's key beliefs is that super is a long-term investment, and with that in mind, we always take a view of the bigger picture. We believe that constructing well diversified portfolios and having a longer-term horizon is a better approach to achieving longer term financial goals. Long-term, our Core Strategy exceeded its objective returning 7.48% for over 10 years to 31 January 2023.

^ Australian shares return is the S&P/ASX 300 index return, and US shares is the S&P500 index return for the 12-month period to 30 June 2022.
* As measured by the SuperRatings-SR50 Balanced (60-76) Index

Outlook

Q: Currently, the share market, the stock market is very bumpy or it is peaked. And another thing, the market you know is short of fund because each central bank is raising interest. What's our investment strategy at the moment? We want to get some predictions. Keep about cash or keep your pricing unchanged.

Thank you very much. And that was a really good question, because the economic environment right now, of course, is volatile and worrying to many of us. So, as I mentioned in my presentation, the first strategy that works really well during these times is diversification, is to make sure that you don't have all your eggs in one basket. And our portfolio has a really great mix right now of really good quality assets in lots of different areas. And that's a really important way to stay resilient and smooth any returns. The second thing I would say is that we have to be aware that sometimes the times of the hardest sort of economic environment are not always the times when the superfund returns are the hardest. If you think back to the last three years, then the financial year 2021 may have been the hardest time in the pandemic, but actually that was the time which we had one of the most positive returns for the super fund in our history. So sometimes it's sort of, good to be aware of the worrying economic times, but you also get returns at different points. We may have had already the really tough year last financial year when a lot of what's been now seen in the economy was already, I guess, predicted and brought into asset prices.

Just one more comment to your question. What is probably a good action is also to call the advice team at Rest, which you can access at no additional cost* and what you can look at is your tolerance around risk. Make sure you're not timing your decisions at exactly sort of the wrong time, and they'll help you work through what the investment options might be depending on your time horizon and your risk. So, it's a pretty easy phone call and they're there to help.

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Q: You mentioned in 2021 you got the best performance, right? December 2021, I saw the crisis coming. I you know closed all my investment in my portfolio Rest super. I keep 80% cash at the moment. I think at least 20% loss is avoided. You mentioned 2022. Some negative return like this one this year. The market is very volatile at the moment. The punch bowl is taken away, but the party is too long. Do think is the best time to cut predictions to keep more cash. Or is cash as the king back again?

Super is a long-term investment and it's very hard to predict what's going to happen in the short-term. And so, I really believe that by staying diversified and staying invested is the best way to get those returns that you want. I'd love to answer your question with exactly what's going to happen this year. I'm afraid I would prefer to focus on the longer-term and just the benefits of our portfolio and managing risk through different periods by staying diversified.

Q: Can we [members] expect an improvement in cash returns in this new financial year?

I'm pleased to say that that's an easy one and the answer is yes.

Q: Will debt remain one of the asset classes going forward as it will smooth out growth based on current performance?

It's one of the ways that we provide that buffer to the more volatile sort of equity portfolio. In times of high inflation, though, it's really important to think about the sorts of debts you're invested in. We've been adding exposures to what's called private debt. That is often the debt that is not traded on exchanges and is not so susceptible to inflation because it's what's called short duration. And we continue to value that very kind of carefully with regard to our valuation committee, we've also thought about the role of credit so that's non-government debt.

And again, the main approach to all these things is to make sure that you're not just investing in one country or one sector or one form of debt. You have a diversified portfolio. We think it's very unlikely that the environment of last year, when share markets and debt markets went down together, continues to be the case in 2023 or years ahead. They are very, very unique, irregular periods, and the likelihood is that whatever happens to the share market from here, debt markets will do the opposite. And that's why we see it as a good diversified approach.

Q: My question for the new Chairman is that during your tenure as a Chairman, can you work closely, the board and executive to ensure Rest can be promoted to in the top-ten in terms of low fee and maximum return to the members?

I'm so glad that you've got that expectation and that ambition for the fund. And I can tell to everyone in the audience and everyone watching online, that's my expectation. It's the expectation of my colleagues around the board table. It's the expectation of our leaders of the organisation. Vicki as CEO. And Andrew as the Chief Investment Officer. All of us are working for the best financial interests of individual members and to make this fund as successful as possible. And we do it by working together. I'm really privileged to have this role as the Independent Chair of the Board. The recipe for success is having a diversity of skills around that board table. Skills and experience around that board table. I bring a level of experience in terms of public administration and governance strategy and risk, which are some of the things that APRA, our regulator, has highlighted that they want to see funds have that skills mix right across our board. We've got expertise in investment, expertise in the law, expertise in retirement, expertise around supporting, protecting, and advocating for members. You bring that skills mix around the board table. The expectation that we want to be the best superannuation fund, profit-to-member fund in the country, that is what we are all working towards.

And as we've heard tonight from Vicki and Andrew, in a really, really tough economic period, we outperformed. [Our core Strategy] outperformed global share markets and outperformed [a number of] peers, and I completely agree with you. We want to take it to the next level. Engage with young members, keep them in the fund, interested in the fund, interested in their super and their future, and engage with members that are closer to retirement. So, I take on the challenge that you've set tonight and that's the ambition of the board and of everyone who works at Rest.

Q: Do you anticipate investment returns to be better, worse or similar over the financial period, over the next financial period compared to 21-22?

I'm pleased to say that seven months in out of twelve returns this financial year are positive and really kind of going in the right direction towards, you know, I'd love to be sitting in front of you sort of talking about a financial year 2022 – 23 that's positive. We do have some sort of, you know, headwinds on the horizon and, you know, it's going to be sort of a bumpy ride, quite volatile as some of the impact of interest rates really hits both assets and profits and revenues in companies. But I'm happy to say at this point over halfway through the financial year, that it is a positive year in terms of returns. And we'll be doing everything in our power through the benefit of all the different things I talked about in my investment presentation - managing risk and trying to think dynamically to help maintain those positive and competitive returns for you, our members.

Q: What is the expected return rate of the Core strategy in 2023?

Financial markets can be unpredictable at the best of times, and so it is difficult to forecast returns, just as it is challenging to predict or time the market. 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.

We believe that constructing well diversified portfolios and having a longer-term horizon is a better approach to achieving longer term financial goals. While past performance is not an indicator of future performance, long-term our Core Strategy has exceeded its objective returning 7.48% for over 10 years to 31 January 2023.

The Core Strategy has delivered positive returns for FY23 so far, returning 6.09% as at 31 January 2023. Although most markets have delivered positive returns this financial year to date, this masks some volatility across the period. Our equity investments have been a key driver of performance so far this year, and our unlisted assets within the property, agriculture and infrastructure space have also been notable contributors.

While returns have so far been positive this year, we remain cognisant that the combined headwinds of sticky inflation, rising rates and tight labour markets means recession risk is still elevated in most major markets. While we think the year ahead will remain challenging for markets and the global economy, we are firmly fixed on the aim of meeting the longer-term investment goals of our members. In the shorter term, volatility provides opportunity and we remain optimistic that we have the right processes and people to continue our mission of delivering competitive long-term returns for your super.

Q: How do you see the next five years?

Looking at the shorter term, inflation worries continue to dominate and the economic environment as we move through this year is expected to remain volatile against a backdrop of significant global economic risks. Labour markets remain tight, but housing growth is slowing, and the combined headwinds of sticky inflation, rising rates and tight labour markets means recession risk is still elevated in most major markets.

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. With many underlying factors to consider, it is challenging to predict the next five years.

We believe that constructing well diversified portfolios and having a longer-term horizon is a better approach to achieving longer term financial goals. 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: How has rest positioned itself in this current environment? Do we think we are still in a bear market or has the fund started to scale back into risk on assets ie stocks, property etc?

We continue to position the Fund cautiously against a backdrop of share market volatility, higher inflation, and central bank action. This means that we did start 2023 with a lower allocation to growth assets and a higher allocation to cash than was the case at times in 2022. We have maintained an underweight equity exposure overall, but by actively managing our exposure we have taken a defensive positioning within the allocation. For example, in Australian equities our overweights in utilities, healthcare and industrials have been beneficial, while underweights in financials where the risk from higher interest rates is higher have also been beneficial to returns.

We do, however, view the current period as one in which great opportunities can emerge across both public and private markets. Rest's investment team is therefore continuing to assess global investment markets, including share and property markets, looking for great companies, projects and assets that will aim to benefit our members longer term and meet our commitments to responsible investing and sustainability. 2022 was a great lesson in the value of diversification and we maintain a well-diversified portfolio with a strong focus on quality assets. With both shares and bonds delivering negative returns last calendar year, Rest's investments in other real assets, such as property and infrastructure, have helped to stabilise returns and provide an ongoing contribution to protecting the portfolio against inflation.

Investing is rarely a smooth ride, but by maintaining balanced judgement and discipline, we will continue to review, adjust and evolve our investments in line with our ongoing focus on helping our members to achieve their personal best retirement outcome.

Q: Do you think we will see commodities continue to move higher to protect the Australian economy? Do you think minimum wage rises in Australia could result in a wage spiral and then potential lost decade within the markets?

The economic environment as we move through 2023 is expected to continue to look very different to the backdrop of recent years. With rising rates those sectors of the market that are sensitive to higher costs of financing have shown signs of slowing, but labour markets are still very 'tight' – among developed economies such as the US and Australia and this poses a risk of increasing wage demand that in turn flows through to further strengthen inflation.

Australia's economic position looks somewhat better than many other developed economies, but the talk of GDP contraction is broader. The latest economic data shows Australia's annual GDP growth rate at 5.9%, so we are in a stronger position than many developed markets such as the UK and Europe, although it must also be acknowledged this GDP increase is off a low base due to covid lockdowns. We would expect this to slow down as our central bank, the Reserve Bank, continues to raise rates. Australia is relatively self-sufficient in terms of energy production, and our ability to export energy and commodities has benefited us. Data now suggests that commodity prices have likely peaked and so while we are more insulated from a global slowdown – we are not immune.

Australia is in an environment where inflation is high, wages are rising and unemployment has so far been contained. Driving inflation in the Australian economy, however, has been a range of factors – particularly supply chain issues and commodity price pressures from the Ukraine invasion. So, while wage price pressures do exist, it is not the sole or main driver of current market pressures. Recent data also indicates that while wages growth remains elevated, figures are currently below the Reserve Bank of Australia's forecasts and not pointing to a wages spiral.

It's important remember though that for most of our members, super is a long-term investment and so we make an effort to look through the shorter-term noise around the labour market. We believe that constructing well diversified portfolios and having a longer-term horizon is a better approach to achieving longer term financial goals. 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.

Investment options

Q: Are Rest members able to input their own thoughts and wishes regarding where their funds are invested, or the allocations to each category of the pie chart?

Rest offers 15 different investment options, including 'pre-mixed' options where the allocation ranges in the pie charts are set by our investment team. We also offer 'choose your own' options called Member Tailored where you can choose which asset classes you would like to invest your funds, and how much super to allocate to each.

You could also mix and match between the 15 options; for example, if you wanted a greater exposure to cash, you may wish to allocate additional funds to the cash option. It is important to note that within your chosen options, you cannot choose individual investments, assets, or companies.

You might consider seeking personal financial advice to assist you with your retirement goals. More information on our investment options is available on Rest's website at https://rest.com.au/member/investments/super-options and you can also learn about switching investment options at https://rest.com.au/investments-switch.

Q: Why does the pension fund have only the core strategy option?

Our website has information on the range of investment options available to Pension members which you can view at: https://rest.com.au/member/investments/pension-options

You can see here that that Rest offers 15 different investment options for our Pension members to choose from, including 'pre-mixed' options where the allocation ranges in the pie charts are set by our investment team. We also offer 'choose your own' options called Member Tailored where you can choose which asset classes you would like to invest your funds, and how much Pension to allocate to each.

The default option for Pension is the Balanced Option, however, our Pension members have the flexibility to select from Rest's diverse range of options to make sure that their investment strategy meets their needs and retirement goals.

Cryptocurrency

Q: Can there be an option in investing our percentage of investments in blockchain technology?

-

Q: Can we please have a more comprehensive roadmap of how Rest will offer exposure into digital assets?

-

Q: Are there any plans to offer a Crypto Index as an investment option?

-

Q: Do you see the possibility of Rest creating investment opportunities for its clients in blockchain tech and cryptocurrencies that hold utility?

We recognise that many people are interested in cryptocurrencies for investment, however we are looking at this more broadly – beyond simply investing in a digital currency like Bitcoin. We're definitely interested in blockchain technology, its wider impacts and its role a disruptor.

We continue to assess how these types of assets are performing and what role they might play in our long-term investment strategy.

We do not have a current plan to invest in digital assets. We are unlikely to offer a standalone blockchain or digital currency product that can be added to your overall mix of assets because there would not be enough diversification within the option.

Instead, we believe that attractive blockchain opportunities would be better incorporated as investments within a highly diversified option, like Core, to help maximise your final retirement balance with a range of assets to help diversify sources of risk and return and best maximise your personal best retirement outcome.

Gold

Q: Does Rest invest in gold?

It doesn't invest directly in gold. We haven't quite got the car park under our building ready to accept the gold bullion just yet. But what we have got is we've got a number of our particularly equity managers who invest in what we call listed gold securities. There's been a lot of media coverage recently of one of Australia's biggest listed gold companies that's subject to a takeover. We have a number of large exposures in gold and other commodity companies that are listed on exchanges and through those companies you get an almost one to one correlation between returns and the price of the commodities.

Agriculture

Q: What happens if the crops you own are wiped out by a storm etc.?

Rest has been a major investor in Australian agriculture since 1996 through our investment in Warakirri Cropping.Warakirri own and operate rain fed cropping farms - in the Wimmera and Mallee regions of Victoria, the Riverina and north-west slopes regions of NSW, the Darling Downs in Queensland, and across the WA wheatbelt. This equates to over 130,000 hectares of farmland across 4 states.

Whilst agriculture as an investment does have the potential to be adversely impacted through natural events, the extremely large scale and geographical diversity of Warakirri's farms offers a degree of protection from natural disasters as it is highly unlikely that each region would be impacted to the same degree across the same time frames. Agriculture has been one of our best performing asset classes over the last financial year (FY22) as it offers inflation protection and is not subject to the ups and downs of the stock market.

Responsible investment

Q: Has Rest divested from all Russia – or all Russia related investments?

Thank you for the question, indeed. And thinking back to 2022, that was a very important focus for us. So, we have invested [Correction: divested] of all holdings that we own directly. There is less than 0.003% of the portfolio that does have some remnants of holdings in Russia, they're held through third party pooled funds rather than directly with Rest’s name. And we've certainly been giving every expectation and attention to those fund managers to make sure that they're divesting on Rest members’ behalf. So, yes, all direct holdings have been disinvested, thank you.

Q: When is Rest super going to be fully fossil free? And can Rest focus the coming year to fully divest from all its fossil fuel interests?

Vicki mentioned the Rest Sustainable Growth option. And this is a product that fabulous sort of to interact with you, our members, and to really understand what your preferences were. And I'm happy to say that that option is one of our fastest growing options. It was launched in 2021 and our approach to building that option is to exclude all fossil fuel assets [Correction: It was launched in 2021 and our approach to building that option includes, for example, excluding investments in shares of companies that own at source fossil fuel assets].So, if that is your preference and that is what you wish to invest, then there's a product option available for you.

With regard to all the assets we manage or in all the different products, then I would remind you we have a net zero carbon 2050 commitment that was made in 2021 and we are constantly engaging with all the companies in which we invest. We believe that actually as an active owner, rather than just excluding and selling those shares to somebody else who may or may not have a view about the future, it's the best way to actually encourage incentivise and introduce the ideas of being climate focused and towards a carbon zero future portfolio. So, any companies that are in that, in those products that are fossil fuel based on our list and we engage with them directly and continue to inform them about our beliefs that responsible investing and that means moving to a renewable energy future is in our members' best interest and actually produces value for the fund.

Q: Is Rest considering further investments in renewable generation assets?

Yes, we are. It's a fabulous sort of interesting topic for us. One of the assets that was mentioned in the video in the middle of my presentation was the Collgar Wind Farm. As was stated in that presentation, we are 100% owners of that wind farm in Western Australia. It's the biggest wind farm in Western Australia. We're one of the only superfunds in Australia to have direct ownership of a wind farm. And the great thing is that we get to sit on the board of that asset and in fact that business is being transformed into a generally diversified sources of energy. And so on that same site we're adding solar and thinking about ways to continue to build other forms of renewable energy into that site to transform the business from purely just a wind farm focused business to all forms of renewable energy.

So that's one of the ways that directly we can influence. The other way is that we're continuing through our infrastructure portfolio. I mentioned agriculture in the presentation. In our infrastructure portfolio we continue to think about ways to build our exposure to renewables and they've just more recently invested in two manager funds that have a renewable focus. So they're investing both here and overseas away from Australia. So we have a commitment to $2 billion of our portfolio assets being invested in renewable asset sources by 2025. At this point we're at 1.2 billion and doing pretty well. And as I mentioned, there's a number of sort of ways in the pipeline to get towards that $2 billion level, which is going to be a material part of the investment portfolio and mainly invested here in Australia.

Q: When was the date Rest invested in Collgar?

We first invested in as a joint partner in the wind farm in 2013 and then we became the fully single owner of that wind farm in 2018.

Q: What about investing in affordable housing?

Yeah, well, I think the really clear thing is that the dialogue around working between superfunds and government is really positive. It's very empowering, very positive, optimistic dialogue. And it's an important responsibility that we have as a superfund to be part of that dialogue. And there are some great ideas, there are some great opportunities, there are some things that the government are willing to consider. But I would like to say that absolutely the number one and major objective of our investing program is to maximise returns for you. And so any of that dialogue, any of the next steps around affordable housing, while we think it's an absolutely important topic for Australia and for Australians, will be done under the umbrella focus of maximising returns.

Q: Woodside is undertaking Australia's largest pollution project in Western Australia, damaging animals in the environment. Is Rest invested in Woodside?

For those that wish to have an approach to investing that is excluding fossil fuels, the Sustainable Growth option is a really great option for you. Within our Core Strategy then yes, we have an approach to investing in Woodside, both from a maximising return and also active engagement. Woodside is one of the companies that we consider to be one of the biggest carbon intensity companies in our portfolio. And that means that we have a commitment to engaging with Woodside and other companies like that on a regular basis, putting forward our views, asking them questions on how are they thinking about their own corporate strategy towards tackling climate change and having a fact based transition to a non-fossil fuel type energy source. It just so happens that just recently we've actually had a meeting with some of my senior team with the chairman of Woodside and we continue to actively engage very appropriately, strongly directly on their plans and on their kind of approach to thinking about decarbonising their own business. And we will continue to do that on behalf of our members because we think it's in your long-term best financial interests.

Q: With fossil fuels causing climate change affecting the whole world including the most vulnerable people on the planet. Rest has a sustainable option, but Rest still has money invested in fossil fuel companies. What is Rest fossil fuel divestment plan and when will Rest be fully fossil fuel free investments?

We always consider the impact of climate change in our investment strategy and review both the risks and opportunities that come up as part of the transition to a low carbon economy.

For members who choose to avoid investments in fossil fuel companies we offer our Sustainable Growth. More information on our fossil fuel screen for Sustainable Growth can be found in our PDS and investments guide which can be found at https://rest.com.au/tools-advice/resources/pds

Q: Great to see 100% wind farm – great work to Rest. How many more projects like this has Rest got? Any discounted energy for Rest members?

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: Can Rest become more ethical?

Rest remains committed to our Sustainability, Responsible Investment and Climate Change ambition. It continues to inform us to better shape our responsibilities, how to invest responsibly and how we advocate for change on issues that matter to our members. By integrating ESG principles, we aim to play our part, including managing the risks of climate change. This involves taking positions in the face of an uncertain future, strengthening governance practices, engaging with the companies we invest in, and evolving how we interpret long-run risks, both investment and otherwise. We continue to implement our net zero roadmap to 2050 for the fund in line with our duty to act in our members' best financial interests.

Q: Can Rest look at moving their fossil fuel investments from Woodside to a different company?

Rest takes its position as an industry leader on sustainability seriously. Our belief is that responsibility is a complex issue and not solely based on a binary choice between divestment and engagement or profit and loss, but rather a range of strategies deployed to gradually influence decision-making to deliver longer-term benefits for our members and the society they live in.

We are an active owner and believe that engaging with companies on ESG risks can be an effective way of protecting members' interests. Where necessary, we advocate for change and where we believe it will reduce investments risks. Our engagement approach as it pertains to climate change is focused on company strategy, governance, emissions reduction targets (including progress in meeting committed targets), scenario and physical risk analysis, industry association policy alignment, capital allocation and a just/equitable transition. We've had ongoing engagement with Woodside - as with many other companies and on many investment-related matters - including their climate plan.

Q: Is there a way for Rest members to vote on fossil fuel investments?

Active ownership is a key pillar of our responsible investment approach. This means Rest exercises our voting rights and position of ownership in companies in line with its duty to act in members' best financial interests, which can also have a positive impact on society and the environment. Members are unable to vote as the shares are not held in their name.

From April 2022, Rest internalised its approach to voting Australian shares to ensure a consistent whole-of fund voting position which aims to create sustainable, long-term value for members. Further details can be found in Rest's Sustainability, Responsibility and Climate Change Supplement and in our proxy voting report which can both be found on the website at https://rest.com.au

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Q: How much investment is in Aboriginal businesses and how is Rest supporting Aboriginal business and investments?

Active ownership is a key pillar of our responsible investment approach. This includes engaging with companies to help us assess how they manage ESG factors. Through engagement we seek to build knowledge in a company to better understand its approach and priorities in relation to ESG factors and where necessary we advocate for change. We have a three-pronged approach to engagement:
- Service provider engagement through the Australian Council of Superannuation Investors (ACSI)
- Collaborative engagement with industry partners and like-minded investors
- Direct engagement with Australian companies

During the financial year 21/22 ACSI conducted 301 engagement meetings with 193 companies in the ASX, of which more than 170 companies are held by Rest. During the period, Rest engaged, alongside ACSI with five companies on cultural heritage protection practices.

Our engagement (through direct and collaborative engagement) with investee companies is focused on protecting First Nations cultural heritage and land rights, and on mitigating the risk of inappropriate company behaviour resulting in investment losses.

Q: Can Rest look at owning more sustainable companies?

Rest remains committed to our Sustainability, Responsible Investment and Climate Change ambition. It continues to inform us to better shape our responsibilities, how to invest responsibly and how we advocate for change on issues that matter to our members. By integrating Environmental, Social and Governance factors and being committed to Active Ownership, particularly through voting and engagement, we aim to play our part, including managing the risks of climate change. This involves taking positions in the face of an uncertain future, and evolving how we interpret long-run risks, both investment and otherwise. We continue to implement our net zero roadmap to 2050 for the fund in line with our duty to act in our members' best financial interests.

Q: Why invest in Green products when the profit for members is not good?

We invest in the best financial interests of our members, and we believe climate change poses a material financial risk to our members’ retirement savings, and that actions to manage against these risks open up investment opportunities as the world transitions to a lower-carbon economy.

As a long-term global investor we believe that responsible investment adds value.

Q: Diversified? How can you Mr. Lill talk about diversified when he is deciding not to invest in coal?
-
Q: How can Rest divest from investing in coal, when current demand is high and will remain high, and is also one of Australia's largest exports?

We invest in the best financial interests of our members and we believe climate change poses a material financial risk to our members’ retirement savings, and that actions to manage against these risks open up investment opportunities as the world transitions to a lower-carbon economy. Rest will not invest in listed companies that derive 10% or more of their annual revenues from thermal coal mining unless certain climate change criteria can be met, such as a credible 2050 transition plan.

This doesn't mean we don't invest in mining and commodities, and our shares in these sectors performed very well over the last financial year, especially following the surge in energy and commodity prices driven by the knock-on impacts of the Russian invasion of Ukraine. We may also continue to invest in securities of companies with:
- diversified revenue streams that may include exposure to non-thermal metallurgical coal (hard coking coal), which is used as a component in the production of steel. This is different to thermal coal which is used as a source of fuel for coal-fired power stations.
- diversified revenue streams that may include small percentage revenue streams from thermal coal
- exposure to gas within their revenue stream, noting that a number of our Australian shares are also benefitting from the theme of energy transition as well, as we navigate through the recent period of volatility.

We have modelled our portfolios against three future climate scenarios - doing nothing with carbon emissions, reaching net zero by 2070 and net zero by 2050. The modelling indicates that expected member returns are better in a scenario where the risks of climate change are mitigated. This provides one input into our investment decision making and conviction in the investment opportunities that we are seeing through the transition to a lower carbon economy.

Q: Who will be held responsible when this responsible investing approach will result in lower returns for members? How can you assure your members this investing approach won't result in higher fees and lower returns?

In line with our duty to act in our members' best financial interest, we are focused on delivering the best possible risk-adjusted investment returns for our members. We seek to achieve this through investing in quality assets and actively managing portfolio risk. As a long-term global investor we believe that responsible investment adds value. 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 improve returns. Part of this process involves identifying the ESG factors that are most likely to influence returns. This helps us take important steps towards protecting and enhancing the long-term value of our members' super.

Q: Has Rest calculated by how much (percentage) will impacts of climate change (in Australia) be reduced through Rest's investment to fight climate change? If you haven't, aren't you failing your fiduciary duties to members?

Rest endorses actions that support the Paris Agreement and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Rest conducted scenario analysis and stress testing of Rest's investment portfolio and estimated our members will be better off in the longer term if the global community acts to keep temperature rises to well below two degrees Celsius by 2100.

The scenario analysis of Rest's default Core Strategy investment option has estimated that annualised investment returns could be nearly two percentage points higher by 2040 if the world acts to achieve the Paris Agreement goals.

We have also modelled our portfolios against three future climate scenarios - doing nothing with carbon emissions, reaching net zero by 2070 and net zero by 2050. The modelling indicates that expected member returns are better in a scenario where the risks of climate change are mitigated. This provides one input into our investment decision making and conviction in the investment opportunities that we are seeing through the transition to a lower carbon economy.

Q: How can Rest seriously go down the path of adopting ESG and responsible investing based on a survey of just 0.1% of the member base and focus group feedback from just 25 members? You are jeopardising your good record and good name by drinking the climate change Kool-Aid.

As a long-term global investor we believe that responsible investment adds value. We consider and integrate ESG factors across our investments to reduce risks, improve returns and maximise investment opportunities in the best financial interests of our members.

Member feedback helped shape Rest's Sustainable Growth Option, which is designed to meet its return objective based on traditional risk and return investment analysis, along with additional ESG-related considerations

Sustainable Growth has a wider range of exclusions to offer greater investment choice to members. More details on the nature of these screens are available on Rest's website at: https://rest.com.au/tools-advice/resources/pds

Q: How can you pretend to care about inflation, when you are investing and pushing for renewables? You are causing the inflation by pushing renewables and pushing energy prices higher!

Initially, the pandemic reshaped consumer activity, both in Australia and beyond, exposing supply chain vulnerabilities stemming from companies relying on just-in-time production, a steady supply of workers, easy access to ports and airports, and global trade co-operation. As these processes struggled, they created a perfect environment for price rises and higher than usual inflation was evident as the 2022 year began. By the time Russia invaded Ukraine in February 2022, financial markets were already nervous. Energy prices rises in Australia, have been one of many factors underpinning higher inflation. Driven by multiple factors, including rising gas and coal prices, reduction of thermal power generation due to unplanned outages at multiple generators and increasing generation cost, as well as the challenging global environment and recent extreme weather events in NSW and Queensland have made energy demand more unpredictable, leading to higher wholesale electricity costs for retailers.

Investing is rarely a smooth ride, but by maintaining balanced judgement and discipline, we will continue to review, adjust and evolve our investments in line with our ongoing focus on helping our members to achieve their personal best retirement outcome.

Q: Can you please explain how a Wind Turbine is renewable Mr Lill? What is it made of and how long is the life span of a wind turbine? What happens to a wind turbine when it reaches end of life?

Overall, using wind to produce energy has fewer effects on the environment than many other energy sources. Wind turbines do not release emissions that can pollute the air or water, and they do not require water for cooling. Wind turbines also reduce the amount of electricity generation from fossil fuels, which results in lower total air pollution and a reduction in greenhouse gas emissions.

With regards to waste, Collgar's wind turbine manufacturer and service provider (Vestas) has a goal to build zero-waste wind turbines by 2040. This goal involves a commitment to reuse, repair, remanufacture or recycle all products by 2040, without recourse to incineration or landfilling. This process encompasses all operations as well as direct suppliers, covering design and procurement, production, construction, service and sales, and end-of-life solutions. Vestas wind turbines are on average 85% recyclable and should return between 21 to 31 times more energy back to the grid than the energy consumed over the whole life cycle (ie energy required to manufacture, operate, service and dispose). Please refer to the Vestas sustainability website for further information.

Q: Send Woodside out of business through your "engagement"? I never signed up to Rest using my money to pushing political agendas Mr Lill!

Rest takes its position as an industry leader on sustainability seriously. Our belief is that responsibility is a complex issue and not solely based on a binary choice between divestment and engagement or profit and loss, but rather a range of strategies deployed to gradually influence decision-making to deliver longer-term benefits for society.

We are an active owner and believe that engaging with companies on ESG risks and opportunities can be an effective way of protecting members' interests. Where necessary, we advocate for change and particularly when we believe it will reduce investment risks. Our engagement approach as it pertains to climate change is focused on company strategy, governance, emissions reduction targets (including progress in meeting committed targets), scenario and physical risk analysis, industry association policy alignment, capital allocation and a just/equitable transition. We've had ongoing engagement with Woodside - as with many other companies and on many investment-related matters - including their climate plan.

Fees, products and services

Why Rest?

Q: What is Rest going to do to increase profits for members?

We continue to manage Rest's investments with the aim of delivering the best retirement outcomes for our members. We believe our approach to active asset management, portfolio diversification and responsible investment, will continue to deliver strong financial outcomes for our members' retirement savings. Investment markets are uncertain, but Rest has continued its positive progress and we continue to invest for the long-term best financial interest of members.

Notably, Rest's Core Strategy has delivered positive returns for the 2023 financial year so far*, despite September being a difficult time for share markets across the globe. Our equity investments have remained a key driver of performance so far this year, and our unlisted assets within the property, agriculture and infrastructure space have also been notable contributors.

Importantly, Rest's Core Strategy remains on track to achieve its goals over the longer term, having delivered on average 7.48% each year over the past 10 years to 31 January 2023*.

We also remain focused on keeping our fees low because we know lower fees can make a huge difference to member super balances in the long term.

Our fees are among the lowest in the industry our Core Strategy fees and costs are at least 20% lower than the super industry average.^

*Return for Rest Super, Rest Corporate and Acumen as at 31 January 2023. Returns are net of investment fees and costs, and tax. The earnings applied to members' accounts may differ. Investment returns are at the investment option level and are reflected in the unit prices for those options. Returns for the 10-year period are annualised returns. Past performance is not an indicator of future performance.

^Rest analysis using SuperRatings SMART (31/12/2022). Rest Core Strategy compared against the average of 283 available super funds' balanced-style options tracked by SuperRatings.

Q: Why should I remain with Rest at this time, as opposed to moving to a competitor?

This is ultimately a decision based on your personal circumstances, and we would encourage you to seek out financial advice so you can make an informed decision about the right fund for you. You can speak to our Rest Advice team over the phone or access our online advice tools on the website if you'd like more information.

But here are a few reasons why we think Rest is delivering for members:

1. Profits to members: As an industry super fund, our members are our top priority, so profits go back to members, not to shareholders.

2. Low fees: Because paying less in fees over your working life will make a huge difference to your super balance. Our fees are among the lowest in the industry. Our Core Strategy

fees are at least 20% lower than the super industry average.^

3. Competitive long-term performance: Since Rest was founded in 1988, our Core Strategy investment option has returned 8.23% pa*. We also delivered above-median returns over a 10-year period, and top-quartile returns for the 15- and 20-year period to 30 June 2022.

We are also focused on making your superannuation experience as easy to understand and as efficient as possible. We have a range of useful tools and calculators to help members combine, access and plan for retirement. This includes our industry-leading Rest App where you can keep track of your super, view and change investment options, contact us and more. Our digital solutions are available 24/7. You can also speak to a Rest Adviser to get free, expert advice on your super to help you achieve your personal best retirement.

These are just some of the ways we're working to stand out in the industry and deliver for our members. Find out more at: https://rest.com.au/why-rest or get in touch with our team to learn more.

*Core Strategy returns are the compound average effective rate of net earnings since inception to 31 December 2022. Past performance is not an indicator of future performance.

^Rest analysis using SuperRatings SMART (31/12/2022). Rest Core Strategy compared against the average of 283 available super funds' balanced-style options tracked by SuperRatings.

Fees

Q: How do you see Rest management fees and charges tracking this year? Do you see your fund management fees and charges changing significantly and are your operational costs increasing or decreasing?

We're very focused on fees and our Core Strategy is [charging fees that are at least] 20% less than the [balanced superfund [industry] average* and we will continue to maintain a focus on that. And equally, in June we were able to reduce our administration fee, as I said, 0.12% to 0.10%. And in fact, we have a cap on our administration fee of $300 [Correction: cap for the percentage-based portion of the admin fee] so no matter what your balance is, from an administration perspective will never change any more than $300 [Correction: we won't charge any more than $378], which is quite unique in the market.
In terms of moving forward. We are very focused on our competitive position of low fees. And as I said, your retirement outcome is as much about investment returns and having that diversified portfolio over long term as it is about fees and costs. And that is something that has been part of Rest's history right back from 1988. So we will continue. A lot of what we're doing in the future is investing in technology, data, digital and processes to make them more efficient and easy for you, but also to reduce costs. So we want to remain right at the forefront of a lower fee fund for all our Rest members.

The average balance of a Rest member is actually around $35,000. And so that's why we want to really maintain that focus on fees. So we will continuously, every year we do a review of our products annually, if not more, and look at the competitor set and actually think about what else we can do to make sure you're still getting great service and even better service, but at the same time, we're going to continue to reduce our fees overall.

* Rest analysis using SuperRatings SMART (31/12/2022). Rest Core Strategy compared against the average of 283 available super funds' balanced-style options tracked by SuperRatings.

Q: Will you keep the fees the lowest in the industry as compared to your competitors?

Keeping fees low is important. We were able to reduce our asset-based administration fee from 0.12% per annum, to 0.10% per annum in June 2022.

We regularly review our fees and compare against other super funds. At 31 December 2022, our administration and investment fees combined were at least 20% lower than the super industry average^. When compared with similar investment options available in super, the investment fees for six Rest investment options are ranked in the first quartile. Three indexed options have zero investment fees.*

We are focused on reducing operating costs and improving efficiency to enable Rest to maintain a low-cost position into the future.

^Rest analysis using SuperRatings SMART (31/12/2022). Rest Core Strategy compared against the average of 283 available super funds' balanced-style options tracked by SuperRatings.

*Chant West Member Outcomes Dashboard as at 30 June 2022.

Q: I often see news article with top-10 Super funds and top-10 low-fee super funds I never see Rest on this list. Please comment?

Super fund comparisons are often completed using varying factors and methodologies, so we're unable to comment on this without more specific information. However, Rest has been recognised by various research houses for our products and services for many years. You can find out more information about our ratings and awards on our website at https://rest.com.au/why-rest/awards

Rest is one of the largest industry super funds based on its members, which enables Rest to provide members with total fees at least 20% lower than the super industry average^.

When compared with similar investment options available in super, the investment fees for six Rest investment options are ranked in the first quartile. Three indexed options have zero investment fees.*

Rest is focused on reducing operating costs and improving efficiency to enable Rest to maintain a low-cost position into the future.

^Rest analysis using SuperRatings SMART (31/12/2022). Rest Core Strategy compared against the average of 283 available super funds' balanced-style options tracked by SuperRatings.

*Chant West Member Outcomes Dashboard as at 30 June 2022.

Q: Why isn't Rest in the top ten funds?

So I think it depends on what time horizon and it's certainly our intention to be very competitive with our returns, as I mentioned. So over the 20 year period, we've talked about the funds sort of through a 20 year period, being able to ride through different cycles, the benefits of diversification then we are in the top quartile. So that would mean that we were in the top ten, top twelve of funds now over a ten-year period. And over the more recent sort of three and five-year period, then Rest has been being performing at or above the average kind of level. And I'm just focused on making sure that, you know, Rest's long-term track record, of the really high-performing fund in the time since I've joined Rest in 2020. With the benefit of a great team and building investment process, continues that long-term trend. [Correction: And over the more recent sort of three and five-year period, then Rest has been improving its relative performance. And I'm focused on building a great team with a robust investment process to make sure that in the period after my joining in 2020 we continue to contribute to Rest being a high-performing fund over the long-term.] And we certainly recognise how important it is to be competitive in terms of both returns and fees and it remains our long-term objective.

Insurance

Q: I have not used the insurance side of super at all and if it is true that insurance ceases at age 70, where it could be needed (but isn't by me)? How is that fair?

At Rest, we offer insurance to our members within their superannuation account with the aim that it will not inappropriately erode members retirement savings.

We do cease insurance cover for most of our insurance benefits at age 70, as many of our members have retired, or are transitioning to retirement by this age. This means the number of members that remain in the fund beyond age 70 compared to the likelihood of a claim occurring, would impact the premium charged and could have a significant impact on a members account balance, as they are nearing retirement. We review our insurance offering frequently to ensure it remains appropriate for our membership base. The product allows for members to change cover levels based on their individual needs. Members should consider their individual circumstance and seek advice if they are unsure if the cover is right for them.

Q: With under 25s having to opt into insurance, does Rest see problems continuing affordable insurance for members to into the future?

Engaging with our members under 25 to consider their insurance needs aligns with Rest's overall strategic goals, however increasing the number of younger insured members is not the single factor which determines whether we are able to continue an affordable product into the future. We aim to have minimal age subsides in our premium rates, our pricing is reviewed annually and other factors could impact premium rates include rising insurer costs, the changing financial needs/occupations of our membership base, market competitiveness and claims experience are all factors in setting premium rates with our insurer. At Rest, we are committed to ongoing and continuous review of our insurance product, ensuring that it meets the needs of our current and future membership, where affordability and sustainability are key considerations.

Services

Q: Does Rest have plans in place for education modules for younger people such as our under 30s around their superannuation?

And as you may know, we've got nearly a million members who are under 30 in Rest. So it's really important that we help all of our members. We also have members from age 14 to 91 in fact. So we develop a range of education tools and we have five key tools on our digital advice* online. So, if you haven't been on there's three there that I would say are particularly relevant if you're under 30. The first one is around contribution. So how much should you contribute pre and post tax? It's a very quick calculator in a few minutes. You can think about that. Secondly, there's a calculator around insurance needs. So, should you have insurance, what sort of insurance do you need? And you can opt into that insurance or opt out of that insurance quite simply online. And thirdly, there's a calculator around and a digital advice tool around investment options 2. And so any one of those actions can be really important for how you develop your savings for your future. And then the other thing, which is fantastic, just this week on the app, we've launched a new tool called Learn.

And that tool actually has a whole lot of modules online and really simple in a couple of minutes. What is super? What is ethical investing? What is the insurance in superannuation? What are the fees? How do I understand it? And you can easily do that through the app, lots of different modules. And of course, there's also a range of education and online seminars we hold through the whole year so, and we keep developing more. So I'd encourage people to download the app or click online and there's some really simple tools that anyone can access*.

*Rest Advice is provided by Link Advice Pty Ltd ABN 36 105 811 836, AFSL 258145 (Link Advice). Rest Advisers are staff members of Rest and provide advice as authorised representatives of Link Advice. Rest Digital Advice is provided by Link Advice. Rest Advice may be accessed by members without incurring additional fees for simple phone-based advice. An advice fee may be payable for complex advice and you should read the Rest Advice Financial Services Guide, which you can obtain by calling us on 1300 300 778, before accessing these services.

Q: As a young person who's, like only really recently been kind of starting to understand how super works, how do you plan to kind of engage with your younger demographic and encourage them to learn more about super and how it works to invest in their future?

Well, I'll take that. So, a couple of things I said before. The app is really the key way for members and younger members to really and all members, actually, some of our biggest [most active] users of the app are actually in retirement and preretirement. But the app is really the easiest way for you to understand the simple parts of your superannuation*. And as I said, there's a new module in that app that gives all these really quick, easy to access, small videos that explain super in a really simple way. So, I'd encourage you and any of your friends to think about it in that way. We also do some other things like TikTok videos and we're trying to communicate in a lot more channels, perhaps where you are and where you log on or in your workplace. And we work with employers to try and also bring some of that education through people's workplaces. So, I think the app is the quickest, easiest way to get some of that help or online, there's lots of education modules there and they're not too long and quite quick to work through. So I think that's your best place to start.

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Q: Given that a large proportion of your members are of a younger demographic, how do you plan to encourage them to check in with their super and interact more with Rest as an investor for their future?

At the risk of repeating myself, I am going to say that I do feel that the app is really the important way for younger members to engage and to really understand their super, particularly when they're in their first jobs. And downloading that app is a real opportunity to see and track whether your employer, for example, is contributing to their super, your super, when they're supposed to. So we will continue to invest in that and a whole range of communication mechanisms to help our younger members understand super. And I would just encourage everyone to continue to log onto the app and online, because that's really the easiest way to understand about your superannuation.

Q: Two of my daughters recently joined as young members under 30, and they are very excited, but the government is keep releasing the news for first home buyers may be eligible to use their super fund to purchase their first home. And as a mother, I start to worry about if they approach. What's your advice, or are you preparing to talk to those young generations who will come up with these questions? I'm a bit confused and not comfortable with this outcome.

Yes, I think you're right to think about that. There is a first home savers scheme that the government did release, as you know, and some members can access a small amount towards a deposit. We do believe that Superannuation, perhaps like you, is actually a long-term investment. And what can happen is if a younger member like your daughters takes that money out quite early on, it's very hard for them to make that back up and they obviously don't get the benefits of compound interest either, so, but it can be very challenging in terms of the tradeoff of those decisions. Again, I'm probably going to repeat what I said before, but I think you or your daughters could certainly call the advice team and it might give them an understanding of the tradeoff of taking out that hard saved money. And then if they're only working part time or casual or depending on the job, it might take them five or ten or 15 years to make that back up again. And perhaps an expert might be the best person to give them some advice *.

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Q: What systems or programs are you putting in place to support people living and working in remote areas?

Rest has made a number of channels available for members living and working in remote areas to communicate with us if they require assistance or advice, these are our Member app, online through chat and member access, phone calls and email. As part of our expanded capability the Rest app now lists recent transactions for members so that members can see not only their balance but also when their employer has made contributions to their account. In addition to this, we are also reviewing our identification requirements to assist those who may not be able to provide common types of identification.

Q: Can we have a deposit function on the app?

Great news! Rest has this functionality available within the Rest App which allows you to select from a one-off deposit or set up a regular payment into your Rest account, or alternatively the app also includes your individual BPAY details to make a deposit.

To access this, please click on the menu option on the bottom right-hand screen of the Rest App and select make a contribution under the tools menu.

Q: I like to see in the app where my money is invested. Is this something that can be incorporated in the app?

Great news! Rest has this functionality available within the app which allows you to view the option and percentage where your Rest account is invested.

To access this, please click on the menu option on the bottom right-hand screen of the app and select Investments under my account.

Q: For many years I've been wanting to see how your investment options – eg 'Australian Shares' are performing on a more frequent basis. – eg daily, weekly or at least monthly.
Understanding this performance on an increased frequency basis will allow me to better manage which asset class I invest in. Whilst I'm not 'trading' with my super, I may want to change the investment option from time to time and understand your performance. I can receive a pay-out figure at any time, and my other investments have a daily value attached to them – why is this not the case with Rest?

Thank you for this great question, we're pleased to let you know the daily unit prices, as well as the daily financial year-to-date returns are available on our website. If you navigate to the Investments section of our website by clicking on this link www.rest.com.au/member/investments/unitprices you are able to select multiple options and view their performance history.

Q: Why is the annual statement so late now?

We endeavour to issue the annual statement as quickly as possible. Generally, members would start to receive their annual statements by mid-October, our statutory deadline is 31 December. Due to the number of members and accounts Rest has, we have to send out the annual statements in batches, and to ensure data integrity, these have to be checked before issue.

If you are yet to receive your statement, can you please provide us with your membership details (including your membership number, date of birth and address) so that we can investigate this further for you.

Q: Do you plan to make Member Access again work properly on a browser on mobile devices? If so, when can we expect this?

We're sorry to hear that you are having problems logging in, we're currently not aware of any issues impacting members from accessing Member Access from their mobile devices.

So that we can resolve your issue, can you please provide us with the following information in relation to your account:
- Membership number
- type of device and current operating software
- which browser you are using to log in (eg Firefox, safari, chrome)
- the date you last attempted to log in
- the details of any error messages you are receiving and any screenshots you may have of these.

If you can provide us with the above we will get our technicians to investigate this for you.

Q: Can Rest make switching investments quicker?

Rest realises your investment needs may change over time, so you have the flexibility to switch your investment options at any time.

You may invest in a single option, or in a mix of our range of Structured and Member-tailored options. You can mix Core Strategy with our other investment options.

If you've decided to change your investment option, you will also need to decide if you want to switch:

- your current account balance only
- the way future transactions are applied, or
- both.

You can switch your investment options online in MemberAccess at rest.com.au or in the Rest App. Visit rest.com.au/app to download the App.

If we receive your switch request:

- before 4pm AEST/AEDT (Sydney time) on a business day, your switch will take effect two

business days later.
• at or after 4pm AEST/AEDT (Sydney time) on a business day or receive your request on a weekend or public holiday, your switch will take effect three business days later.

There is a separate buy and sell unit price for each option. 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.

Unit prices are based on the closing market prices from two previous working days. The two day period allows for the collection of relevant market data from Australian and international markets and the subsequent updating of asset valuations which are then incorporated into Rest's daily unit prices.

This means the dollar amount of your switch may differ from the day you submit your request, due to the change in unit price of the investment option between the date of your request and the date your switch takes effect.

Please let us know if you'd further information about our process, or please visit rest.com.au/investments-switch

We'd welcome any feedback on how we can improve our processes for our members.

Advocacy for fairer and more equitable superannuation

Q: How is Rest liaising with the federal government to shape future policy that protects members investments they have made during their lifetime against winding back the current caps and tax benefits?

Australia's superannuation system. We continue to work with the industry and government to help ensure the super system evolves with the changing demographic and economic environment and is working to support positive retirement outcomes for members and all Australians.

Rest represents many Australians who work in casual, part-time lower-income jobs, who typically retire with smaller balances. We also represent more than one million women, who often retire with less retirement savings compared to our male members. The gender super gap between our male and female members aged 60-64 was 26% as at 31 December 2022.

We advocate for improvements that make the superannuation system fairer and more equitable for our members.

We were very pleased to see the removal of $450 monthly income threshold for Superannuation Guarantee contributions from 1 July 2022. Rest had long advocated for the removal of the threshold, which had disadvantaged hundreds of thousands of Australians working in lower-income jobs, especially those working multiple jobs. The change will mean more Australians will earn superannuation on every dollar they earn and improve the retirement outcomes for many of our members, particularly women, and those in lower-income, part-time and casual jobs.

We will continue to advocate for measures to address the disadvantage created by periods of unpaid work, and we strongly encourage the Government to implement extending the Superannuation Guarantee to those who take the Commonwealth paid parental leave schemes at the earliest opportunity.

We also strongly believe that all Australians can benefit from financial advice. The right advice, at the right time, provided in a way that is accessible and simple to understand, will provide Rest members opportunity to improve their financial position. Rest has long advocated for affordable, accessible, clear and easy to understand advice, and engaged with the Government's Quality of Advice Review that took place in 2022.

Q: How do we stop Jim Chalmers from stealing our super as per his communist manifesto?

Our CEO Vicki Doyle represented Rest members at the recent Australian Government Investor Roundtable, and provided the Rest perspective to Treasurer Jim Chalmers, as well as other industry peers and stakeholders.

We have welcomed the opportunity to participate in the Treasurer's Investor Roundtables and look forward to bringing the unique perspective of our 1.9 million members.

Our duty is to act in our members' best financial interest, and we will review investment opportunities that arise in national priority areas, including housing, energy transition and infrastructure.

Risk and governance at Rest

Q: Given the ongoing consolidation in the industry, what has Rest planned with respect to the future? Are there any mergers being considered?

Rest already has scale as the number three fund in the country, in Australia by number of members. So with nearly just over 1.94 million members, that is a very big fund and where we focus is then on costs and our processes and efficiency. So mergers for some funds are important, particularly those that don't have that scale. But I would say that Rest does have the scale and has had the scale for a long time. I guess if there was any merger approach and we thought it was in the absolute best interest of our members, then we would keep an open mind. But we're quite focused on our service and our proposition and servicing the sort of nearly heading towards 2 million members that are already with Rest.

Q: What does APRA say about Rest?

Our engagement and correspondence with APRA is confidential, so we aren't able to provide this information.

We can however confirm Rest takes our regulatory obligations to our members very seriously. We have systems, controls, and processes in place to help us meet these obligations and we seek to comply with all aspects of APRAs standards. We also work closely with APRA to respond to and support requests in line with the best interests of our members.

Q: What are the remunerations of the board and executive team? What are their KPIs?

As a profit-to-member fund we have the best interests of members at our core and undertake regular reviews of our remuneration policy and frameworks.

Our remuneration targets the median of the superannuation market and we undertake regular reviews of our remuneration policy and frameworks. It considers both performance and behaviour.

Ensuring an appropriate mix of skills, knowledge and experiences on the Board is a critical focus for us. Our Directors receive fees for their membership of Board, and additional fees for either chairing or being a member of a Board Committee. In FY22, our Directors earned total fees ranging from around $25,000 to around $217,000 for the full year. Directors are not entitled to any short-term incentive.

More detailed information on board salaries is available at:
https://rest.com.au/rest_web/media/documents/why-rest/about-rest/corporate-governance/remuneration-report-and-disclosures.pdf

Executive Officers are paid fixed remuneration in the form of cash salary, mandatory superannuation contributions and other nominated benefits where appropriate, and participate in a Short-Term Incentive (STI) scheme.

Rest positions fixed remuneration for Executive Officers against the relevant financial services market taking into consideration role responsibilities, qualifications, experience and performance. We adopt a balanced scorecard approach to short-term incentive remuneration and primarily calculate on quantitative performance against benchmark. Bonuses in these instances assist in attracting and retaining talent in a competitive industry and always with a view to delivering long-term investment performance for members.

More detailed information on executive salaries is available at:

https://rest.com.au/rest_web/media/documents/why-rest/about-rest/corporate-governance/remuneration-report-and-disclosures.pdf

Q: To any of the board directors: what level of permanent disability and death insurance cover do you have in your super?

Due to privacy restrictions we are unable to provide this information to you.

Q: What precautions have been taken to prevent ransomware attacks, as they are endemic as the present?

We have robust systems in place to protect the integrity of our cyber security.

We have strict controls and processes in place to protect members' money and information from ransomware and other cyber security attacks and risks.

Rest also regularly monitors, sources and implements new technologies and capabilities to reduce cyber security risk in response to the continual increase in sophistication and volume of cyber threats. Our dedicated risk team meets regularly to assess and track remediation for all technology risks. The cyber program at Rest ensures new and emerging threats in are analysed and aligned with cyber controls.

Since September 2022, a number of additional measures have been implemented to further strengthen cyber readiness including:

- Implementation of new scanning and monitoring of our environment and endpoints.
- Development of new playbooks, policies and standards.
- Introduction of new, skilled cyber defence, security engineering, security architect and cyber governance roles.
- Cyber-Incident-Response plans have been tested with different scenarios.
- The frequency of training and awareness campaigns, including phishing, has increased.

We also quickly identify and act on any suspicious attempts to access member information and possible identity fraud, and report suspicious transactions to AUSTRAC.

We perform a range of security checks whenever members contact us, and all withdrawals require certified identification. Whenever we identify a suspicious attempt, we contact the member to verify their details.

Regularly checking that your fund has your correct, up-to-date details is also essential, and you can also contact us to add additional security questions to your account.

About the Annual Members’ Meeting

Q: Why does it take 7.5 months after the year end to organise this meeting?

The annual member meetings for super funds and their timings are governed by regulatory requirements set by the Australian Government.

Before holding an annual members' meeting, super funds must give notice of the meeting to all members and produce a number of pieces of information that must be prepared beforehand, such as the annual report and annual financial statements.

The time need to fulfil these requirements, as well as members’ needs and operational factors are considered when planning the timing of our Annual Member Meeting. The date selected for the most recent Rest Annual Member Meeting was chosen as a result of all these considerations, and also complied with the timeframes set out in the regulations.

ENDS