



## Rest Annual Report

1 July 2019 – 30 June 2020

11 December 2020

Rest

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For Acumen members, there are two parts to the Annual Report. This document is the first part and the AQ Update is the second part. For all other members, this document is the complete Annual Report.

Rest Annual Report 2020: Any information contained in this document is general advice and has been prepared without taking account of your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, consider its appropriateness and the relevant Product Disclosure Statement (PDS) which is available at [rest.com.au](http://rest.com.au), or by contacting us for a copy. The cost of providing financial services is included in the fees as disclosed in the relevant PDS. Rest and the Fund do not charge additional fees or obtain commissions for the advice provided. Rest employees are paid a salary and do not receive commissions. They may receive a performance related bonus that takes into account the financial services provided. Super Investment Management Pty Limited, a wholly owned Company of Rest, manages some of the Fund's investments. Rest has no other relationships or associations with any related body corporate or product issuer that might reasonably be expected to influence Rest in providing financial services. For more information, contact us at [rest.com.au/contact-us](http://rest.com.au/contact-us). Issued by Retail Employees Superannuation Pty Ltd, ABN 39 001 987 739, AFSL 240003, as the Trustee of the Retail Employees Superannuation Trust ('Rest'), ABN 62 653 671 394.



# Message from the CEO



**Vicki Doyle**  
Chief Executive Officer

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The 2019/20 financial year will forever be defined by the global COVID-19 pandemic.

And while the financial year has drawn to a close, in many ways it feels strange to acknowledge that milestone. We're still living with the pandemic at the time of writing, and it seems likely to define the coming financial year as well. But even though we're facing uncertainty – especially on investment markets – the outlook for 2021 is looking optimistic, particularly for Australia.

It feels trite to say that this year was extraordinary or unprecedented. But with more than a million people tragically losing their lives, the global economy plunged into recession, and whole communities enduring lockdown for weeks or months on end – it's hard to find an adequate description.

Everyone at Rest will remember this period for the rest of our lives.

We have a strong commitment to support our members – it's part of the fabric of our organisation. But it's times like this our commitments must be matched with actions. When things are uncertain, we must offer whatever certainty we can.

This was certainly the case from February, as the virus outbreak accelerated across the world, and share markets began to slump.

With many members looking for reassurance about their investments in a bear market, contact with our customer service channels increased dramatically.

In January, we were averaging around 3,300 interactions with members per day. By March, this had risen to more than 7,000 per day.

Likewise, interactions with our Rest Advisers in March doubled compared to February. Three quarters of those cases involved members looking for advice on investment options.

Then, on 20 March, the Australian Government announced that Australians in financial distress would be able to access up to \$10,000 from their super account by 30 June, and another \$10,000 from 1 July.

Since Rest's membership is heavily represented with young workers in the hard-hit retail industry, we were always going to have a significant demand for early access. This increased the level of engagement with members even further.

To give you a sense of the scale of the demand, we would typically process about 100 applications under the regular financial hardship and compassionate early release provisions. On the first week of this new early access scheme, we received 65,000 applications.

All in all, there were around one million interactions with our customer service channels during the crisis from February to the end of June – an average of more than 6,500 interactions per day. Many of these conversations were with members facing profoundly difficult circumstances and in real need of help. It was humbling to hear their experiences and provide whatever support we could. If there's a silver lining in this cloud, it's that so many more Australians are now more attuned to the importance of their retirement savings.

## Early release of super

When the first phase of the early release scheme concluded on 30 June, we had paid around \$1.8 billion to about 250,000 members – around 15 per cent of our total membership.

Around 97 per cent of all applications were processed within five days upon receipt. Some members experienced delays when their applications were flagged for extra security checks, but we worked hard to review and finalise these as quickly as possible.

While we know the delays would have been frustrating, we take our responsibilities to protect members' money from fraud and money laundering very seriously – so it was critical that we applied the appropriate level of security.

Although we were pleased we could provide this support to members quickly, the scheme has brought into sharp focus the financially uncertain future many of our female members face.

While the majority of the applicants were younger, there were still more than 20,000 female members in their 40s and around 15,000 in their 50s who accessed their super early. They will now be left with a significant savings shortfall to make up by the time they retire.

And while they withdrew less on average than male members, the amount withdrawn was a greater proportion of their total balance. Simply put, the gender gap in account balances was widened as a result.

If you are one of those members who's had to access early release of your super, we will be here to support you down the track when you are in a better financial position and can start considering ways to get your account balance back on track.

## Long-term approach to investments

Of course, the extreme volatility on global markets had an impact on the performance of our investments. Core Strategy returned a negative result of -1.05 per cent for the year for Rest Super members.

However, this reinforces why it's so important to focus on longer-term performance. Core Strategy is diversified across multiple asset classes. It's designed to minimise the impact of market shocks and grow your savings over the long-term.

Thanks to this approach this was only the third year of negative returns out of 32 years since the option commenced in 1988. The other two years occurred during the Global Financial Crisis.

In fact, from 1 July 1988 to 30 June 2020, Core Strategy has delivered an average return of 8.33 per cent each year.

The appointment of Andrew Lill, Rest's first permanent whole-of-fund Chief Investment Officer, in June was another important milestone to close out the financial year.

## Leading products, service and advice

While COVID-19 was the dominant feature of the year, it was by no means the only thing worth remarking on. I'm particularly proud of some of this year's achievements to deliver valuable products and services.

We launched our new flexible and affordable insurance offering in April with new insurance provider TAL Life Ltd.

Thanks to our scale, we are able to offer insurance at the best-possible value. Premiums for default cover were reduced by an average of 36 per cent. The vast majority of insured members received a reduction in their premiums.

Following the launch of our online Super Health Check tool in September, we also experienced a surge in demand for our digital advice tools – particularly among younger members.

Interactions with Rest Advice more than doubled year-on-year in the 2019/20 financial year, overwhelmingly due to interactions with Rest Online advice, which more than tripled. The increased take-up by younger members was even greater.

These results highlighted the strong potential for online tools to engage with demographics who have traditionally been less likely to access advice. This is an exciting platform to build on.

Rest is at the forefront of providing digital advice and service to members, and we see this as a critical way to help more people get their retirement goals back on track after such a tumultuous year.

## What's next

The challenges of this year have demonstrated that the team at Rest is highly adaptable. No matter how the environment changes, we're still focused on being there for you when you need us most.

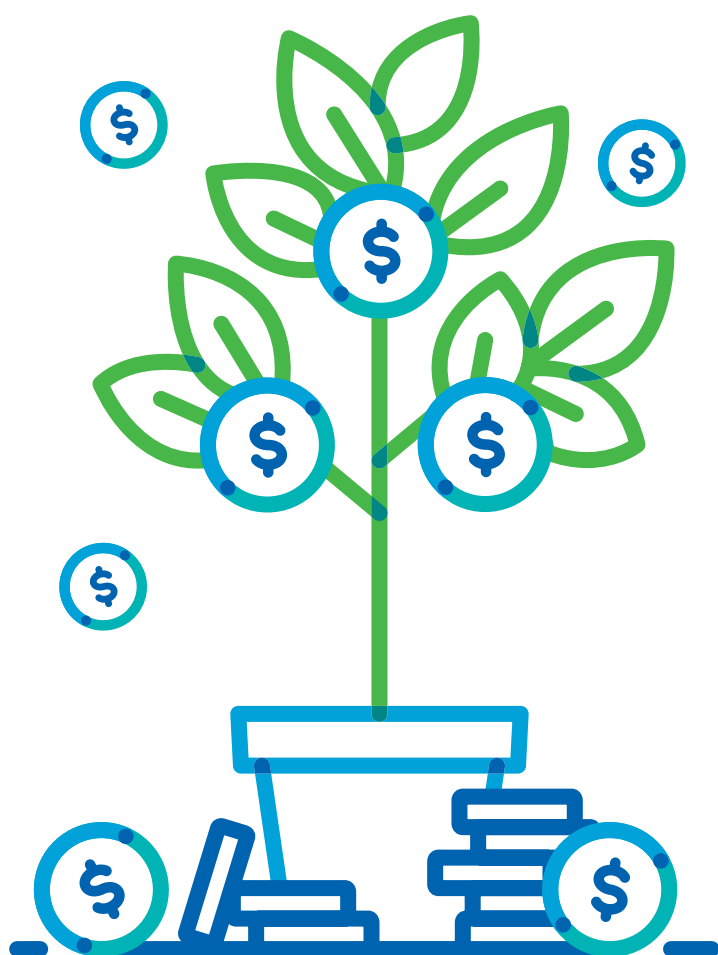
For the year ahead, we're looking to further enhance the products and services we offer. We're in the process of designing a socially responsible investment option – giving you even greater choice of investments. We're asking for views from members to gain insights that could be incorporated in the design of this product.

We're also looking to extend the reach of our digital advice tools, so many more members have the support they need to maximise their value of their super.

Of course, we're always looking for ways to continuously improve the customer service we offer you, whether through new App features, improved digital service, or financial literacy education.

The outlook for the coming financial year remains uncertain. We don't know when the pandemic will abate or what normality will fully look like. But, as with this past year, we remain steadfast in our commitment to provide as much certainty to you as we can. Whatever is on the horizon, know that we are here to support you.

# Our Members



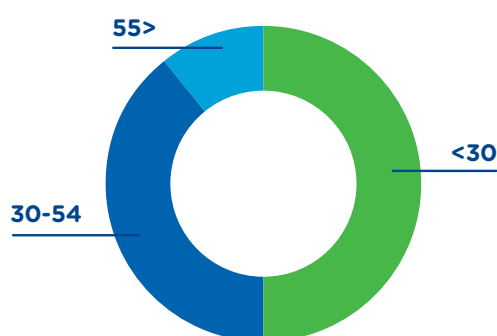
**\$55.3  
billion**

worth of funds  
under management\*



Total number of Rest  
members is more than

**1.76  
million\***



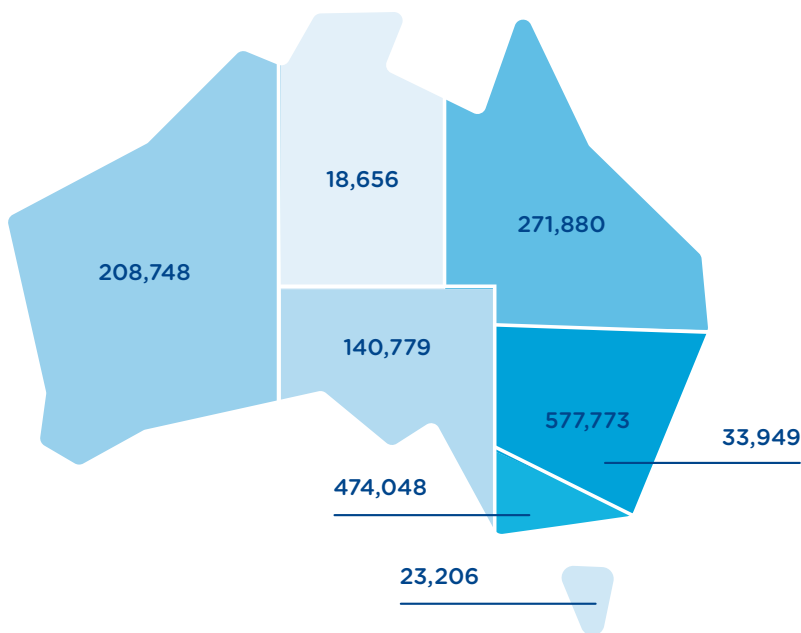
**50%**

of members are  
younger than 30\*

\* As at 30 June 2020

† During 1 July 2019 to 30 June 2020

## Members by state\*



This doesn't include members who are located overseas.



# 47%

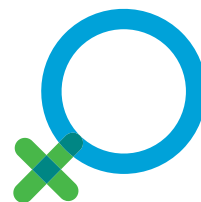
of members  
were insured\*



# 129,000

approx employers use Rest\*

## Member gender split\*



# 60%



# 40%

# Rest's Strategy

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## Our ambition

To be recognised  
as the most trusted  
super fund in  
Australia

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## Our mission

Help members  
achieve their  
personal best  
retirement income

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## Our proposition



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## Key priorities

### Investment expertise

Continued expertise in investments to grow our members' retirement savings over the long run



### For members

Provide products, services and advice that are shaped around the needs of our members, no matter their stage of life



### Affordable Insurance

Continue providing affordable and flexible insurance to as many members as possible



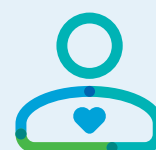
### Technology

Further invest in technology and data to continue building outstanding customer service for our members



### Super system

Advocate for a super system that works for our members and all Australians



# COVID-19 Response

## Early release of super

With the COVID-19 pandemic causing severe disruption to the economy and employment, the Australian Government announced that eligible members in financial difficulty would be able to apply for an early access payment from their super accounts.



# \$10,000

was available to eligible members for withdrawal from 20 April to 30 June 2020

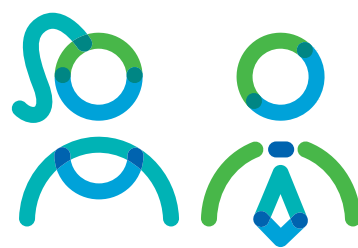
Members were also able to apply for an additional \$10,000 from 1 July to 31 December



# \$1.77billion

paid to members  
in total

Average payment of **\$7,170\***

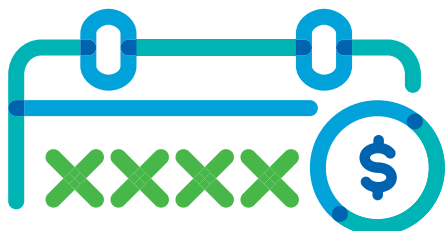


# 246,700

members received an  
early release payment

Around **15%** of total membership\*

\* As at 30 June 2020.



**97%**

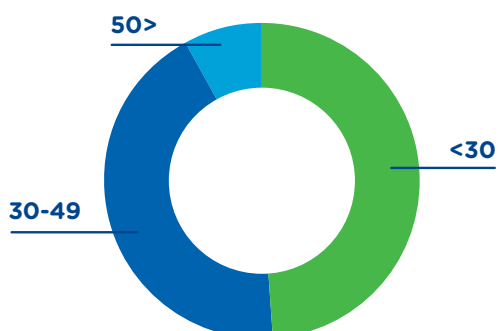
applications processed  
within five days\*

## Gender



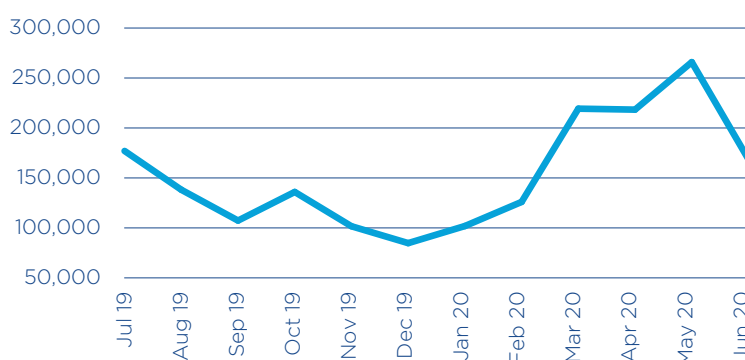
**57%** **43%**

## Age



## Engagement with members

### Customer service channel volumes



Customer service channel volumes increased **24%** month on month from January to February, and then **74%** from February to March.

During the peak in May, there were an average of **8,500** customer service interactions per day, **70%** higher than the daily average for the whole year.

Rest App registrations increased **82%** month on month from February to March, while sessions on the App increased **61%**.

From February to June, there was an average **23,000** sessions on the Rest App per day, **28%** higher than the daily average for the whole year.

# 01

Products, service  
and advice

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# Customer Service



**210,100** online  
Live Chats<sup>†</sup>

about **570** per day with **3%** year-on-year growth

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**835,100** answered questions  
by Roger<sup>†</sup>

about **2,300** per day with **41%** year-on-year growth

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**192,800** in-App messages  
from members<sup>†</sup>

about **525** per day with **114%** year-on-year growth

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**606,800** phone calls  
received<sup>†</sup>

about **1,650** per day with **22%** year-on-year growth

<sup>†</sup> During 1 July 2019 to 30 June 2020

# Advice and Education



2018/19

2019/20

## Take-up of Rest's financial advice more than doubled

Rest provided **11,744** Statements of Advice<sup>†</sup>  
**109%** year-on-year growth



2018/19

2019/20

## Number of digital statements tripled

There were **8,912** statements via digital sources<sup>†</sup>  
**229%** year-on-year growth

There were **2,832** statements provided  
following phone advice<sup>†</sup>



**1,858**

members completed  
the online Super  
Health Check  
(since September 2019)



**96%**

Customer  
satisfaction score<sup>†</sup>  
Advice over the phone

<sup>†</sup> During 1 July 2019 to 30 June 2020

Rest financial advice is provided by Rest Advisers as authorised representatives of Link Advice Pty Limited ABN 36 105 811 836 AFSL 258145

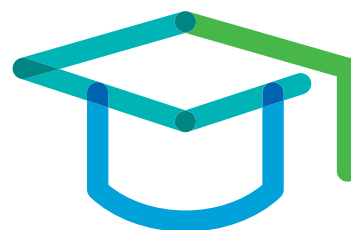


# 450

**education seminars held in Australia<sup>†</sup>**

with an additional **20** online educational sessions held from March onwards due to COVID-19 restrictions

- **NSW:** Port Macquarie, Batemans Bay, Orange, Hornsby, Liverpool, Bondi
- **Vic:** Sale, Box Hill, Warrnambool, Sunbury, Chadstone, Echuca
- **WA:** Innaloo, Brusselton, Fremantle, Kalamunda, Albany
- **ACT:** Canberra
- **NT:** Fannie Bay
- **SA:** Mt Barker, Victor Harbor, Gawler
- **Qld:** Cairns, Maroochydore, Redlands, Nerang, Ipswich
- **Tasmania:** Hobart, Launceston



# 7,500

people attended  
Rest seminars

(up to March 2020)



# 95%

Customer  
satisfaction score<sup>†</sup>  
Seminars

<sup>†</sup> During 1 July 2019 to 30 June 2020

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# Key highlights



## Indexed earns Best of the Best recognition

Rest's received one of *Money* magazine's prestigious Best of the Best awards for our 'Balanced - Indexed' investment option.

Balanced - Indexed was the gold winner in the 'Cheapest balanced product 2020 (\$20,000 balance)' category in *Money* magazine's 2020 Awards

Balanced - Indexed is one of Rest's three index investment options and has 0 per cent, per annum investment-management fees, performance-related fees and indirect costs.

It is designed to follow a combination of Australian shares, overseas shares, bonds and cash indices.

We pride ourselves on thinking member-first, and the Best of the Best award is great recognition of the value we provide. We are proud to offer our members greater choice in how their retirement savings are invested.

Our range of index investment options are designed for members looking to add a low-fee option to their portfolio. This allows you to select an option that best suits your needs.

We introduced three index low-fee investment options in December 2018. In addition, to Balanced - Indexed, Rest also offers 'Australian Shares - Indexed' and 'Overseas Shares - Indexed'.

These passively managed investment options are designed to complement Rest's range of actively managed options, including the default Core Strategy option, which includes investments in property and infrastructure.

For more information about all our investment options, visit [rest.com.au/investments](https://rest.com.au/investments). You can also use Rest Advice to review which investment option is right for you.



## Rest reappoints administration services provider

Rest reappointed Link Group to continue providing administration and customer engagement services (via Australian Administration Services Pty Limited) to the fund.

The agreement, announced in August 2019, is focused on delivering leading customer service to members and employers.

To ensure we're always providing the best possible value, the agreement provides flexibility to adapt as the needs and expectations of our members and employers - and the industry - evolve.

Rest and Link have been working together for more than 25 years, and this agreement reappointed Link for an initial term of three years and 8 months, with an option for Rest to extend the term for two consecutive 12-month periods.



## Rest's first annual members' meeting

Rest's first-ever Annual Members' Meeting was held on the evening of Thursday, 7 November 2019 at the Amora Hotel in Sydney's CBD.

Attendees heard from Rest's Chair Ken Marshman, CEO Vicki Doyle, CIO George Zielinski and Group Executive Brendan Daly about the fund's key initiatives and investment performance for the year.



# 02

## Affordable and flexible insurance

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# New insurance offering through TAL

Rest's new insurance design with new insurance provider TAL Life Ltd commenced on 1 April 2020, with the vast majority of insured Rest Super members receiving a reduction in their premiums for their new default cover.

Premiums for our default Death, Total and Permanent Disability (TPD), and Income Protection (IP) cover were reduced by an average of 36 per cent. This is an example of Rest using its scale to provide you with insurance coverage at the best-possible value.

The new offering retained Rest Super's lifestage design, where coverage levels and premiums are scaled according to your age. It was designed with greater flexibility to ensure you're still provided with valuable protection should you fall ill or suffer an injury, but also ensure more of your money is being saved for retirement.

Most insured members were automatically transferred to the new default insurance offering on 1 April 2020. However, some members, for example, members who had an existing claim with Rest, or members who had accessed additional underwritten cover or previously altered their default insurance levels, were provided with a non-default insurance offering.

TAL Life Ltd commenced as Rest's insurance provider on 1 December 2019.

For more information about Rest's insurance offering, please visit [rest.com.au/insurance](https://rest.com.au/insurance) or follow the links on the Rest App. Rest Advice can help you determine the appropriate level of insurance for your needs.

## Changes to Rest's insurance

- Default Income Protection (IP) is now offered with a five-year benefit period, depending on your age. The maximum benefit period for which benefits will be payable will be:
  - Five years (where your waiting period ends before age 58)
  - Two years, or to age 70 if that occurs first (if your waiting period ends on or after age 58 and before age 70 – previously 65).
- Previously, Rest's IP cover provided benefits up to age 60. Members did have the opportunity until 31 March 2020 to retain the previous benefit arrangement by opting in.
- You can increase or decrease the benefit period at any time where there is a longer or shorter benefit period available.
- The maximum monthly benefit payment for default IP cover was also reduced for all ages. For example, the maximum default IP cover for a 25-year-old was reduced by 16.7 per cent to \$2,125 per month – however, the default IP premium for a 25-year-old also dropped by 76 per cent.
- The level of coverage for default Death and TPD insurance was unchanged.
- The default IP cover now also has flexible waiting periods. The standard waiting period will be 60 days, but members can opt to have 30-day or 90-day waiting periods for an adjusted premium.
- You can increase or decrease your IP waiting period at any time where there is a longer or shorter waiting period available. However, if you are disabled within 30 days of the date your application to change the waiting period was accepted, your previous waiting period will apply.
- In addition to the default cover provided, you can apply for additional cover, which will be underwritten.
- The minimum age remained at 15 for Death, TPD and IP.
- The cover expiry age for IP was extended to 70.

# Insurance

## Changes to annual default premiums

Age	Default premiums up to 31 March	Default premiums after 1 April	Reduction	Reduction (%)
25	\$252.20	\$87.36	\$164.84	65%
35	\$1,067.04	\$516.88	\$550.16	52%
45	\$1,146.08	\$1,017.64	\$128.44	11%
55	\$1,201.20	\$991.64	\$209.56	17%

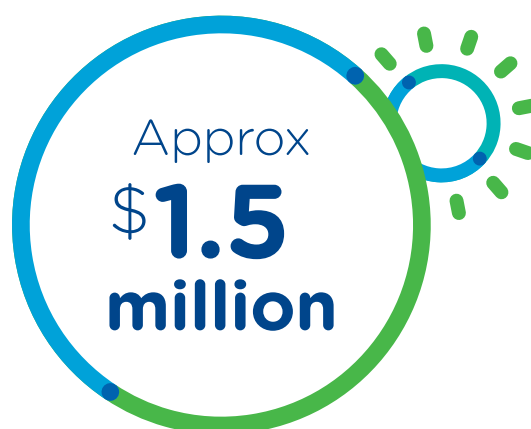
# 36%

Average default drop in insurance premiums from 1 April 2020

Post-1 April 2020 premiums based on the default combination of Death, TPD and IP with a 60-day waiting period and five-year benefit period. To review the premiums for other ages, please review the Rest Super Insurance Guide.



in benefits from **5,139**  
new insurance claims<sup>†</sup>



in new claims benefits  
paid **per day**

# 3,146



**Income Protection claims**

**\$180.7 million** in benefits

# 735



**Death and Terminal Illness claims<sup>†</sup>**

**\$273.3 million** in benefits

# 1,258



**Total and Permanent Disability claims<sup>†</sup>**

**\$86.7 million** in benefits

These figures include benefits from both new IP claims and ongoing IP claims admitted from previous years.

\* As at 30 June 2020

† During 1 July 2019 to 30 June 2020

## Legislative changes to insurance in super

### Treasury Laws Amendment (Putting Members' Interests First) Act 2019

Putting Members' Interests First removed automatic group insurance in superannuation for new members younger than 25 years old, and existing members with superannuation account balances of less than \$6,000 from 1 April 2020. The Government introduced this to protect members' retirement savings from erosion.

#### For members who joined Rest before 1 April 2020:

- Members who had an account balance of less than \$6,000 on or after 1 November 2019 (and whose account balance remained less than \$6,000 up to 31 March 2020), had their insurance cover switched off on 1 April 2020 unless they elected to retain it.

#### For members who joined Rest on or after 1 April 2020:

- Any member who joins Rest from 1 April 2020 will not be provided with automatic insurance until their balance reaches at least \$6,000 and they turn 25 years old.
- Until members meet both of those conditions, they will have to opt in to receive insurance cover.
- Once they meet both conditions, their cover will start once they receive employer contributions.

For more information about these changes, please visit [rest.com.au/insurance](https://rest.com.au/insurance) and view our Insurance Guide.

### Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019

Protecting Your Superannuation came into effect on 1 July 2019, and removes insurance in superannuation for members once their super account is 'inactive' for 16 continuous months. For example, your account would be considered inactive if Rest didn't receive an employer contribution for 16 months. This was introduced to protect members' retirement savings from erosion.

To further protect members' savings, Rest is switching off insurance once there hasn't been a contribution to your super account for 13 continuous months. However, we'll contact you to let you know when your account has been inactive and when it's been switched off, and you can reinstate your insurance if you let us know within 60 days of it being cancelled.



# 03

## Technology and Data

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# The Rest App



# 466,900

registered users of the Rest App\*

Nearly **213,000 new users** registered with the Rest app, representing **84%** year-on-year growth†



## 580

new users  
registered per  
day (approx)



## 18,000

registered users  
use the App daily



## 86%

of all registered  
users logged in  
during the year†

Average active monthly users grew from **112,000** to **150,000**, logging in an average **3.8** times per month†



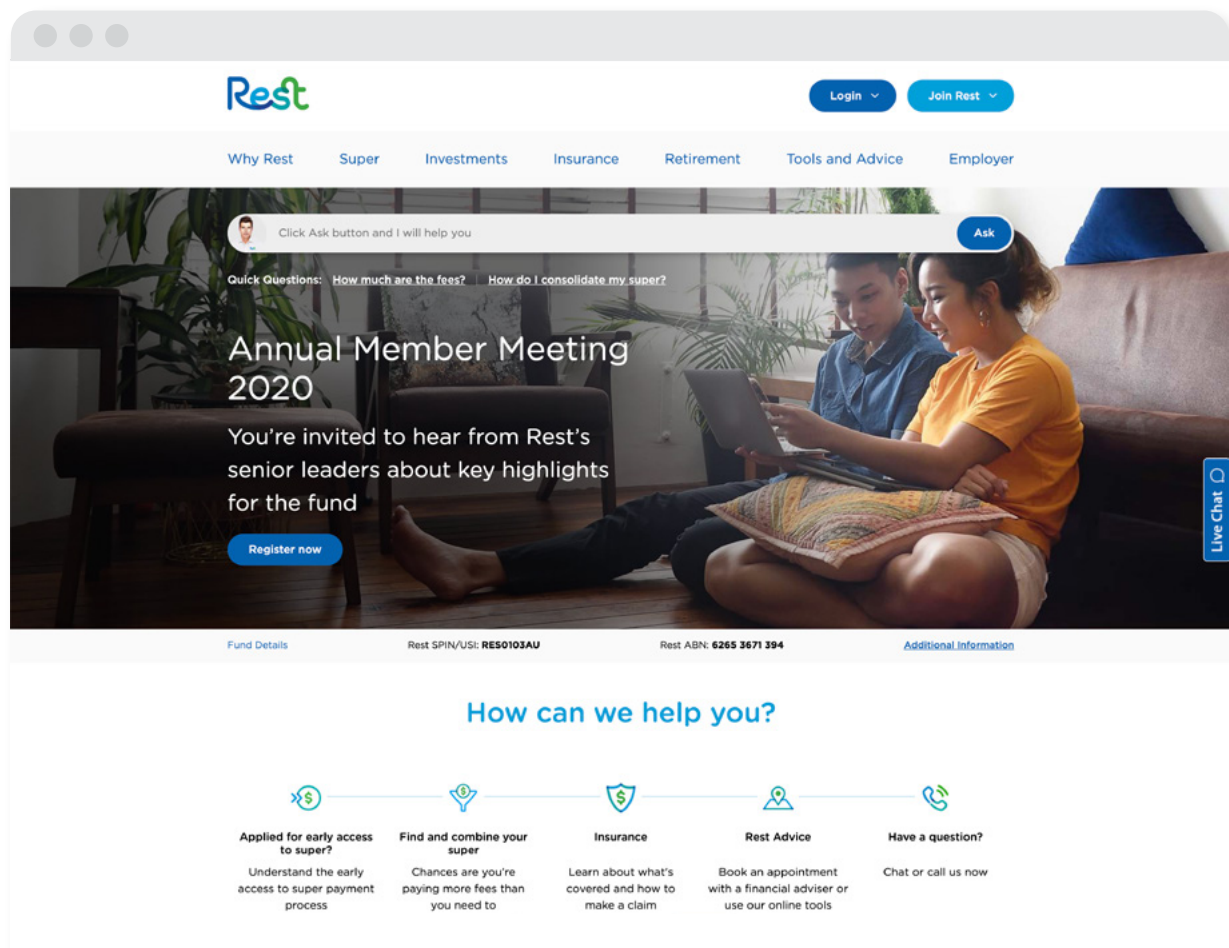
average user rating  
on the App Store  
and Google Play†

\* As at 30 June 2020

† During 1 July 2019 to 30 June 2020

App Store is a service mark of Apple Inc. Google Play and the Google Play logo are trademarks of Google LLC.

# Rest's website



# 28,045,300

unique page views of the Rest website

a year-on-year increase of **56%**<sup>†</sup>  
with **76,000** unique page views per day

\* As at 30 June 2020

† During 1 July 2019 to 30 June 2020

Rest is undertaking a project to refresh elements of our website, and in January we completed the first stage. This saw improvements to the home page, navigation functionality and a new dedicated page for our employers.

These changes are designed to enhance the overall customer experience of the website in line with our commitment to being super easy to deal with, and are based on feedback from members and employers.

The project is continuing and will work through further improvements to the content, the search functionality and the navigation on the website.



# 384,300

PDF documents and forms were downloaded

a year-on-year increase of **67%<sup>†</sup>** with **32,000** PDF downloads per month



# 04

Advocates  
for super

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# Adapting for the future

Rest is a committed advocate for Australia's superannuation system. We believe that the system has worked well in its first three decades and generally continues to do so.

The compulsory Superannuation Guarantee has provided a much-needed source of retirement funding. As a significant number of Australia's workforce now reaches retirement, many people have had access to close to 30 years of Superannuation Guarantee payments. This will make a significant difference to the lives of so many retired people.

However, as we near the 30th anniversary of the Superannuation Guarantee, it is clear the system must adapt to the emerging economic and demographic trends in Australia, or risk entrenching inequality.

We are committed to working with the industry and government to ensure the super system is always working well for our members and all Australians.

## Retirement Income Review

In September 2019, the Australian Government announced it would undertake a 'Retirement Income Review' to establish a fact base on the retirement incomes system and assist with future policymaking.

The review was commissioned to examine the three pillars of the retirement income system – superannuation, the Age Pension, and voluntary savings – and how these pillars will perform in the future as Australians live longer and the population ages.

The review panel identified four principles with which to assess the whole system: adequacy, equity, sustainability and cohesion.

Rest provided a submission to this review panel in February 2020. In our view, equity is the most important criterion of the four.

The entire system can only provide adequate, sustainable and cohesive retirement outcomes if it is working equitably according to each member's individual circumstances.

Retirement outcomes have been – and will continue to be – impacted by a number of factors.

These include the increase in part-time and casual work as the 'gig' economy grows, rising debt levels, and persistent barriers that prevent people, particularly women and those on lower incomes, from achieving economic security. These factors are exacerbating the inequality of experiences among people in the retirement income system.

We identified six areas where the superannuation and retirement experience of Rest members provides insights into the retirement income system, particularly where it can improve in the future. The issues raised are interrelated, and all share a common concern: the risk of embedding inequality in the system.

## Six key areas of insight

### 01

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Many women face retirement with insufficient income to even meet a modest retirement.

The majority of Rest members are women. Many work in part-time and lower-paid roles, and many have taken at least one break during their working lives. These factors mean that the gender retirement income gap for Rest members is profound. For Rest members aged 60 and older, who are drawing down a superannuation pension, the average balance for men was 40 per cent higher than for women as at 31 December.

### 02

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The superannuation system was not designed with flexible work in mind.

With contingent, casual and part-time work increasingly becoming more mainstream, there are a growing number of Australians on lower incomes, in less-secure work or even without access to the Superannuation Guarantee. This is creating a significant problem for future retirees in Australia.

### 03

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Housing and property are of increasing significance to the retirement income system.

The retirement income system has been designed under the assumption that people own their home and are largely debt free at retirement. However, future design changes must recognise that more Australians are carrying a mortgage and other debt later in life and others who have been priced out of the property market have no option but to rent, and often at a regularly increasing cost. These realities place them at a disadvantage in retirement.

### 04

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The Age Pension and Superannuation Guarantee have real value for Australians with lower superannuation balances.

When coupled with the Age Pension, compulsory superannuation can make a significant difference to the lives of many vulnerable Australians in retirement. With the Age Pension, even a low balance at retirement can be used to pay down debt, provide a lump sum for necessities, or an additional income stream.

### 05

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Affordable, accessible advice can make a real difference to maximise retirement incomes.

Access to affordable, targeted financial advice is important to help more Australians make an informed decision about how they'd like to invest their money and grow their retirement savings with confidence. However, the number of members who receive valuable financial advice is still relatively low. Better conditions on the provision of intra-fund and simple advice would improve availability, and therefore member outcomes.

### 06

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The increased costs of aged care must be considered.

The future designs of the retirement income system must factor in the impact and increased costs of aged care. This requires the Government to ensure that aged-care costs are accurately incorporated in modelling and policy for the superannuation system, as well as considered in the ongoing discussion of the purpose of superannuation.

## Recommendations

These observations led us to identify policy areas in which change would drive improvement. In Rest's view, these improvements are crucial to ensuring the system continues to deliver equity – and therefore adequacy, sustainability and cohesion – into the future.

- Retain the planned increase of Superannuation Guarantee to 12 per cent.
- Remove the \$450 monthly income threshold for exemption from Superannuation Guarantee contributions.
- Introduce measures to address the disadvantage created by periods of unpaid work, including extending the Superannuation Guarantee to those who take parental leave.
- Improve the access to affordable, targeted, simple advice and education by making it easier for superannuation funds to make it available.

We also recommended that the Retirement Income Review panel:

- reviews the impact of declining home ownership rates and rising costs of housing, including rent, on the retirement income system; and
- considers the rising costs of aged care and how this impacts the experience of retirement in Australia.

## Policy stability vital for long-term opportunities

The superannuation industry can play a major role in Australia's economic recovery from the disruption caused by the COVID-19 pandemic.

As major investors, super funds like Rest, have the capacity to provide long-term capital investment into important community infrastructure and listed Australian companies.

These long-term investments can generate returns to grow your retirement savings and can have the added benefit of supporting economic growth.

However, in order to invest for the long-term on behalf of our members, it's critical we have stable policy settings. Uncertainty could constrain our investment horizon.

Rest provided nearly \$1.8 billion to members in the 2019/20 financial year under the Government's Early Release of Super scheme. This was important support to many members who found themselves in financial distress as a result of the pandemic.

However, it's important that a short-term response to the COVID-19 crisis does not create a longer-term crisis for Australia's retirement savings.

If superannuation is regularly called upon to provide short-term fiscal support to the economy, it could change the way we invest on your behalf. We would need to consider shorter-term investment horizons and different asset allocations.

With policy certainty, there is a greater opportunity for your money to go toward long-term investments that also support Australia's economic development and recovery.

In addition to providing a stable, long-term source of capital to listed Australian companies, Rest has about \$7 billion invested in Australian infrastructure and property assets. This includes airports, pipelines and renewable power generation.

Rest is also invested in community infrastructure, such as motorways in Queensland and constructing schools in WA. We have an extensive property portfolio with investments in office buildings, shopping centres and student accommodation.

There are long-term investments that drive employment and sustainable development in regional economies. We are invested in 99,000 hectares of rain-fed cropping farms in Victoria, NSW, Queensland and WA.

Super funds like Rest have a much larger role to play as Australia emerges from this crisis than simply providing early release payments, and we can best do so with policy certainty.

For more information about Rest's infrastructure and property investments around Australia, turn to page 40.

# 05

## People and culture

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# Navigating through a crisis

As a response to the COVID-19 pandemic, we moved quickly, making health, safety and wellbeing a priority and enabling our teams to work remotely.

Rest delivered its New Ways of Working program in 2019 to allow greater flexible working across our teams. This program focused on providing and encouraging technological, cultural and physical changes to the office environment. It allowed us to adapt quickly when it became clear it was safer for our people to work from home during the pandemic.

We made the health and wellbeing of our people a priority throughout the transition to working from home. We implemented regular surveys to track their health and wellbeing and rolled out a series of people-focused campaigns with information about domestic violence, mental health and support for working parents, for example.

In the future, Rest will continue with this blended working environment, with teams mixing working from home with time in our offices, as well as continuing to connect with members, employers and other stakeholders.

## Building capability

Investing in talent provides our people the opportunity to grow their skills through learning and development programs, as well as expanding the capability of our workforce to work in an agile way. This allows us to deliver the best member outcomes.

The integration of Rest's wholly owned investment company Super Investment Management (SIM) into our internal investments team, is an example a structural, operational and cultural changes undertaken to enhance capability.

This change occurred following a review into Rest's investments structure and governance framework, and focused all our investment expertise into a single team.

The appointment of Andrew Lill, Rest's first permanent whole-of-fund Chief Investment Officer, announced in June 2020, followed an extensive international search. Andrew commenced on 17 August 2020 and is responsible for managing this combined team.

## Our workforce profile

	2017/18	2018/19	2019/20
Total employees	226	247	301
Total new employees	96	113	86
Total females	103	107	140
Total males	123	140	161

## Staff satisfaction



69%

Engagement  
in 19/20

An increase of **5%**  
year-on-year, the highest  
ever recorded at Rest



82%

recommend  
Rest as a great  
place to work

The 2020 Culture Amp engagement benchmark for Australia is **70%** and for the Australian Financial Services industry it's **71%**. Rest aims to exceed this benchmark.

## The Rest Effect

Our culture is made up of our shared values, attitudes, standards, processes and beliefs. It's our personality, and the way we do things.

Rest has been deliberate in building a more positive and constructive culture. Instrumental to this was the launch of 'The Rest Effect' at our People Conference in July 2019. The Rest Effect is comprised of five new behavioural values, which have since been embedded across all of our people processes, experiences and policies.

Rest aims to become Australia's most trusted super fund through an approach that matches our diverse member base.



## Diversity at Rest

Rest employs a diverse workforce from a range of industries and backgrounds.

In launching our Diversity and Inclusion strategy in early 2020, Rest aims to become Australia's most trusted super fund through an approach that matches our diverse member base including equal-opportunity practices and diverse representation. Initiatives so far include hosting an International Women's Day networking breakfast, mentoring programs and targeted recruitment activities.

Our parental leave is an example of this approach. Each employee who has completed 12 months of continuous service and who is, or will be, the primary care giver is entitled up to 52 weeks of parental leave. Paid parental leave (14 weeks) is available to all new parents who meet the eligibility criteria (both primary and secondary carers). We also pay 9.5 per cent superannuation contributions throughout the first 52 weeks of leave.

In the 2019/20 financial year, eight women and 11 men took parental leave, either as primary or secondary carers.



# 06

## Investments expertise

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# Discipline and focus in a turbulent year

Following 10 consecutive years of positive returns, Rest's default Core Strategy ended the 2019/20 financial year down -1.05 per cent. For Pension members, the default Balanced strategy returned -0.24%.

However, Core Strategy still managed to provide a 10-year return of 7.66 per cent per annum for Rest Super members, and 8.51 per cent per annum for Rest Pension members. These were well above its performance objectives.

## The year in review

The biggest contributing factor to our investment performance was, unsurprisingly, the extreme volatility caused by the global coronavirus pandemic in the second half of the financial year.

At times like these, it's never more important to remember that your super is a long-term investment.

While this year provided negative returns for Core Strategy, this is only the third negative year in the 32 years since the option started on 1 July 1988. And in those 32 years, Core Strategy has returned an average of 8.33 per cent per annum up to 30 June 2020.

This long-term return includes the market downturns in February and March this year, as well as other major falls like the 'dot-com crash' in 2000 and the global financial crisis in 2008.

Most of Rest's other Structured Options, with the exception of Balanced – Indexed, provided negative returns for the year, but also remain on track to meet or exceed their long-term performance objectives.

Many of our Tailored Options finished the year softer as well, with Cash, Basic Cash, Bonds, Property and Overseas Shares – Indexed the notable exceptions.

## Rest Super Core Strategy performance



# -1.05%

Annual return for 2019/20

## 7.66%

10-year  
return p.a.

Median return:  
7.43% p.a.<sup>1</sup>

## 7.35%

20-year  
return p.a.

Median return:  
6.63% p.a.<sup>1</sup>

# 8.33%

p.a. return since  
inception on 1 July 1988

<sup>1</sup> SuperRatings SR50 Balanced (60-76) Index as at 30 June 2020.  
As at 30 June 2020.

Past performance is not an indicator of future performance.

## Market peaks and troughs

The longest bull market on record for US stocks, stretching back to 2009, came to a sharp, abrupt end in March 2020. The acceleration of the coronavirus outbreak to global pandemic in February, coupled with instability in the oil price, caused markets to slump.

The US S&P 500 came off all-time highs and fell -34 per cent in the five weeks from 17 February to 23 March. The MSCI AC World index dropped -32 per cent and the Australian ASX300 fell -32 per cent in the same period. Bond, commodity, property, infrastructure and credit markets were also impacted.

The pandemic caused – and continues to cause – significant disruption to the global economy. Governments and central banks around the world have responded with extraordinary measures to keep their economies afloat while they also took steps to deal with the pandemic itself.

The governments of the G20 announced plans to inject many trillions of dollars into the global economies, while in many nations, the central bank cash rates were cut to virtually zero or even negative.

The Australian Government launched a range of significant fiscal stimulus measures, such as JobSeeker and JobKeeper, while the Reserve Bank of Australia made two cuts to the official cash rate in March, taking it to 0.25 per cent.

Following these interventions most markets rebounded strongly – especially in May and June. It's fair to say this year has been a rollercoaster ride for share market investors.

## Staying focused on the long-term view

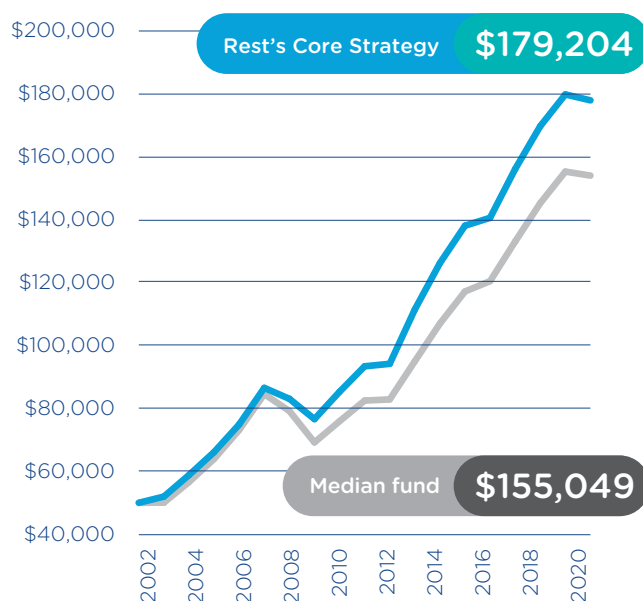
This extraordinary volatility is a reminder of the importance of diversification, discipline and a long-term view. These are central to Rest's investment philosophy and why we've been focusing on protecting your retirement savings from adverse risks and delivering long-term returns.

Core Strategy is a diversified option, and it's not just invested in shares. It also has investments in cash, bonds, property, infrastructure and agriculture. It's designed to help minimise the impact of market shocks.

In recent years, Rest believed there were heightened risks in global markets, and these markets were vulnerable to 'shock' events, such as a global pandemic and economic shutdown. That's why, in the months before February's sell-off, we continued to prefer more defensive assets, like cash, and were more defensively positioned with shares compared to some of our peers.

So, while Core Strategy returned -1.05 per cent for Rest Super members during the past financial year, during the same period Australian share markets shrunk – the ASX All Ordinaries index fell by -7.2 per cent, for example. The MSCI Europe share index fell by -5.7 per cent and the US S&P 500 index was up 5.4 per cent.

## Long-term Core Strategy performance



This graph shows the difference that superior returns can have on your super balance. Importantly, it does not take into account the impact of fees or insurance. Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

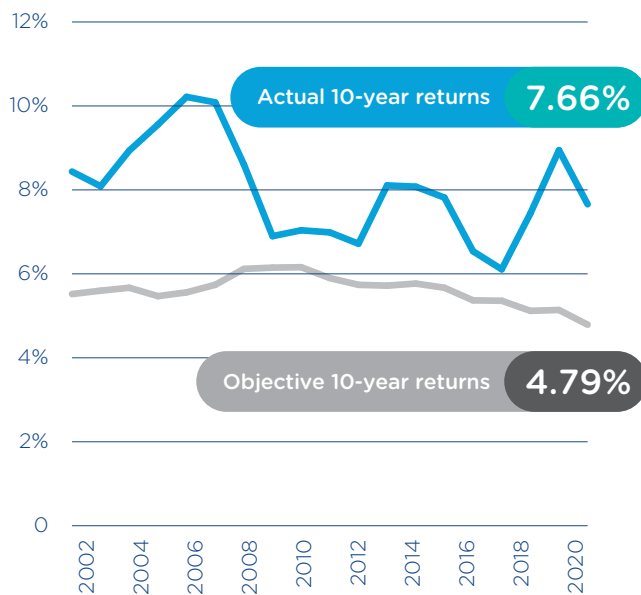
The graph shows the impact of investment returns on an account balance of \$50,000 invested on 30 June 2002 up to 30 June 2020, assuming no contributions, redemptions or investment switches over the period.

Rest's Core Strategy is being compared to the median balanced super fund results in the SuperRatings Fund Crediting Survey SR50 Balanced (60-76) Index.

Returns have been calculated net of all applicable fees and taxes. Past performance is not an indicator of future performance.

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## Core Strategy's performance vs its objective



This graph shows the actual rolling 10-year returns of Rest Super's Core Strategy option compared to its investment return objective. Core Strategy's investment objective is to return the Consumer Price Index (CPI) plus three per cent per year over rolling 10-year periods. Actual returns are net of tax and fees.

Rolling period returns are the annualised average as at 30 June of the nominated year. For example, a 10-year rolling return to 30 June 2020 will be an annualised average of the yearly return for the years ending 30 June 2011 to 30 June 2020.

## What's next?

Ultimately, the economic impact of the coronavirus remains uncertain. Rest will continue to monitor the situation closely and actively adjust the mix of investments in Core Strategy to balance risks and opportunities.

Thanks to our allocation to cash assets before February, Rest is well placed to pursue investment opportunities for our members. For example, we have increased the amount of 'growth' assets we hold in Core Strategy, such as shares, while share markets became cheaper due to the COVID-19 selloff.

The table below shows how we actively adjust the amount we hold in Australian Shares and Overseas shares – growth assets – and cash – a defensive asset – in Core Strategy as we monitor risks and opportunities in various markets. Remember, Core Strategy is also invested in a variety of other growth and defensive assets.

While there are still many risks on the horizon, we believe there is real value out there to help grow your retirement savings over the long term.

### Changes to Core Strategy's asset allocation

	Jun 2019	Feb 2020	Jun 2020
<b>Shares</b>	39%	39%	46%
<b>Cash</b>	14%	12%	6%

# Responsible investment

As long-term global investor, we believe that responsible investment can add value. It can help our members achieve their personal best retirement income, while also contributing to a more sustainable future.

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 your returns. This helps us take important steps towards protecting the long-term value of your super.

## Examples of ESG factors

### Environmental

- Climate change
- Greenhouse gas emissions/carbon emissions
- Energy efficiency
- Waste management
- Pollution to land, air and water
- Water availability

### Social

- Modern slavery
- Human rights
- Indigenous rights
- Workforce (eg fair pay, health and safety, wellbeing)
- Diversity and equal opportunities

### Governance

- Corporate governance (eg culture, conduct and accountability)
- Board diversity and composition
- Executive remuneration

## Integrating ESG into our investment decisions

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

When we research, select, appoint and monitor investment managers, we look at how well they've embedded ESG considerations into their processes.

We also consider how they manage existing and evolving ESG factors like climate change and workforce issues (eg carbon footprint, exposure to stranded assets, fair pay, and gender equality).

## Actively managing our investments

There are two ways we can influence the companies we invest in on ESG matters – through engagement and share voting.

### Engagement

The way we engage with the companies we invest in can be different depending on the type of asset.

For all listed equities, engagement is done via our investment managers. For Australian equities, we engage through a dedicated ESG service provider, the Australian Council of Superannuation Investors (ACSI). Rest is also a collaborator in meetings ACSI arranges with investee companies.

Each year, ACSI holds more than 250 meetings with ASX 300 companies to encourage robust ESG practices in areas like climate change, corporate governance, board diversity and workforce issues.

### Share voting

We require our equities investment managers to vote on all company resolutions, unless we instruct them otherwise. We also ask them to provide a copy of their proxy voting policies, their most recent ESG policies and reports on the current ESG issues they're considering.

A consolidated summary of voting decisions by Rest's investment managers for the 2019/20 financial year is available at [go.rest.com.au/proxyrecord](https://go.rest.com.au/proxyrecord)

## Advocating for positive change

Our industry collaborations help promote good ESG practices by increasing awareness and education on ESG issues. They also help us engage with companies and government to positively influence ESG performance and policy.



Australian Sustainable Finance Initiative (ASFI)



GRESB



Principles for Responsible Investment (PRI)



Investor Group of Climate Change (IGCC)



Tobacco Free Portfolios



Australian Council of Superannuation Investors (ACSI)



Responsible Investment Association Australasia (RIAA)

## Paris Agreement

Our mission is to help members achieve their personal best retirement outcome. We aim to achieve this through meeting the stated investment objectives. As a long-term investor on behalf of our members, Rest is an advocate of the goals of the Paris Agreement, which seeks to keep global temperature rise this century to well below two degrees Celsius. We also recognise that meeting this goal requires government commitment and action, with the support of investors, industries and a range of stakeholders across the globe.

## Task Force on Climate-related Financial Disclosures

We encourage market efforts to help investors understand their financial exposure to climate-related risks and opportunities in a clear, consistent and comparable manner, and support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## Exclusions

We use negative screening to exclude certain industry sectors or companies from your investment portfolio.

Rest will not invest in companies that are directly involved in the manufacture of tobacco or controversial munitions such as landmines, cluster bombs and chemical weapons. Managing sustainability and considering the impacts of our investment decisions is just another way Rest can help give our members confidence in their financial future.

For more information about Rest's approach to responsible investing, and to read our climate change position statement, please visit [go.rest.com.au/responsible-investment](https://go.rest.com.au/responsible-investment)

# Investing in Australia

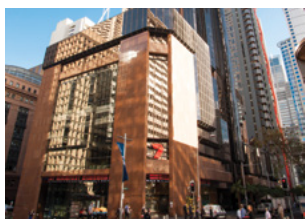


# \$7 billion

Approximate amount invested in Australian infrastructure and property assets.

As at 30 June 2020.

## Locations



1

### **52 Martin Place Sydney, NSW**

Rest is the sole owner of this iconic 36-level A-Grade office and retail building in Sydney's CBD. Rest purchased the asset in 2014, which was constructed in 1985.



2

### **Quay Quarter Tower Sydney, NSW**

Rest has committed to purchase a one-third investment in this 48-level Premium Grade office building currently under construction in Sydney's Quay Quarter. Construction commenced in 2018 and is due to be completed in 2022. The building already has tenant pre-commitments from AMP and Deloitte.



3

### **Reliance Rail Sydney, NSW**

Reliance Rail was established to deliver the Waratah train fleet that operate on Sydney's suburban rail network. These trains cover almost half of Sydney's passenger journeys. Rest has been an investor in this asset since 2006.



4

### **Endeavour Energy NSW**

Endeavour Energy is the electricity distribution network that services around 2.4 million people in households and businesses across Sydney's Greater West, and the Blue Mountains, Southern Highlands, the Illawarra and South Coast regions of NSW. Rest has held an interest since 2017.



5

### **Lane Cove Tunnel Sydney, NSW**

Rest provided a debt facility to this toll road linking Sydney's north west to the CBD.



6

### **Queensland Motorway Brisbane, QLD**

Rest provided a debt facility to this toll road network operating in the Greater Brisbane area.



7

### **SEA Gas and Mortlake gas pipelines, SA**

SEA Gas is a gas pipeline that runs from Port Campbell, Vic to Adelaide, SA. Rest has been an investor in this asset since 2008. The Mortlake pipeline supplies gas to the Mortlake Power Project, which Rest acquired alongside the APA Group in 2016.



8

### **Launceston Airport Launceston, TAS**

Since 1997, Rest has held an investment in the Australia Pacific Airports Corporation, which owns part of Launceston Airport.



**9**  
**Melbourne Airport**  
**Melbourne, VIC**

Since 1997, Rest has held an investment in the Australia Pacific Airports Corporation, which owns Melbourne Airport.



**10**  
**140 William St**  
**Melbourne, VIC**

Rest is the sole owner of this 45-level A-Grade office building of architectural and historical significance near Melbourne's legal precinct. Rest purchased this building in 2002, which was constructed in 1972.



**11**  
**717 Bourke St**  
**Melbourne, VIC**

Rest is the sole owner of this 18-level A-Grade office building in Melbourne's Docklands precinct. Rest purchased the asset in 2010, the year construction was completed.



**12**  
**Collgar Windfarm**  
**Merredin, WA**

Collgar Wind Farm generates more than 25 per cent of WA's wholesale renewable electricity generation, displacing roughly 450,000 tonnes of carbon dioxide emissions per year. The annual generation of Collgar Wind Farm is enough to power 130,000 Western Australian homes for a year. Rest has been involved in this project since 2010 and, in 2019, became the wind farm's sole owner.



**13**  
**Dampier to Bunbury pipeline**  
**WA**

Rest provided a debt facility to this natural gas transmission pipeline that stretches from the Pilbara down to WA's south-west region.



**14**  
**Eduwest**  
**WA**

Rest provided a debt facility to this private-public partnership to build eight primary and secondary schools in greater Perth.

## Other Locations

### Warakirri Asset Management

Rest is a major investor in Warakirri, which manages around 99,000 hectares of 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 the south-eastern and Wheatbelt regions of WA.

### GPT Office Wholesale Fund

Rest has been an investor in this fund since 2006. The fund includes 17 office buildings across NSW, Victoria and Queensland, including Liberty Place and Darling Park in Sydney, and 8 Exhibition St in Melbourne.

### Charter Hall Prime Office Fund

Rest has been an investor in this fund since 2006. The fund includes 27 office buildings in NSW, Victoria, Queensland, SA and WA, including Chifley Square in Sydney and 570 Bourke Street in Melbourne.

### QIC Shopping Centre Fund

Rest has been an investor in this fund since 2004. The fund includes 13 retail centres across NSW, Victoria, Queensland, WA and the ACT, including Canberra Centre, Castle Towers in Sydney and Robina Town Centre in the Gold Coast.

### Campus Living Villages

Rest has been an investor in Campus Living Villages (CLV) since 2007. CLV is a leading student accommodation developer and manager, providing more than 8,500 beds to students in several of Australia's major universities, and a further 36,000 beds in NZ, the US and the UK.

### Viva Energy REIT

Rest provided a debt facility to the Viva REIT, which owns around 450 Coles Express and Shell-branded service stations across the country.

## International

Rest has an investment in these overseas infrastructure and property assets to diversify our portfolio:

### Powerco

New Zealand's second largest gas and electricity distribution company;

### Gatwick Airport

The UK's second-busiest airport.

### Alpha Trains

Continental Europe's largest private provider of rolling stock for railways.

### Long Beach Container Terminal

Part of the San Pedro Bay Port Complex in California, which is the largest gateway port in the US.

### Capistrano Wind Partners

Owner of wind farms in Texas, Nebraska and Wyoming in the US.

### Cube District Energy

Operator of landfill gas-to-energy plants in the US.

### Greystar Urban Growth Venture

Joint venture with Greystar Real Estate Partners to build and invest in rental apartment buildings (multifamily) across the US, with 11 assets at various stages of construction across eight cities totalling more than 3,000 units on completion.

# Investment returns

## Rest Super investment options

Investment options	10-year (% pa)	7-year (% pa)	5-year (% pa)	3-year (% pa)	1-year (% pa)
<b>Core Strategy</b>	7.66%	6.94%	5.22%	4.48%	-1.05%
<b>Capital Stable</b>	5.37%	4.56%	3.45%	2.85%	-0.15%
<b>Balanced</b>	6.53%	5.77%	4.31%	3.52%	-0.82%
<b>Balanced — Indexed</b>	N/A	N/A	N/A	N/A	0.44%
<b>Diversified</b>	7.94%	7.29%	5.40%	4.47%	-1.27%
<b>High Growth</b>	8.79%	8.25%	6.05%	5.03%	-1.93%
<b>Basic Cash</b>	2.19%	1.62%	1.40%	1.26%	0.66%
<b>Cash</b>	2.56%	2.00%	1.80%	1.69%	1.26%
<b>Bonds</b>	4.61%	3.36%	2.57%	2.51%	1.27%
<b>Property</b>	7.74%	8.42%	9.04%	6.87%	0.64%
<b>Shares</b>	9.83%	9.67%	6.76%	6.38%	-2.88%
<b>Australian Shares</b>	8.68%	8.23%	6.45%	5.08%	-6.95%
<b>Australian Shares — Indexed</b>	N/A	N/A	N/A	N/A	-6.72%
<b>Overseas Shares</b>	9.92%	9.95%	6.15%	6.25%	-2.00%
<b>Overseas Shares — Indexed</b>	N/A	N/A	N/A	N/A	3.82%

## Rest's investment strategy

Rest's primary investment goal is to grow members' savings by delivering net after-tax returns above the rate of inflation (referred to as real net after-tax returns) over the long term. Rest believes that the active management of investments can add value by capturing opportunities and managing risks to meet the investment objectives of the investment options. This means the Trustee actively manages the asset allocation and selection of investment managers employed within each investment option (with the exception of Basic Cash). Environmental, social and governance factors are considered and integrated in our investment process, which we believe will improve investment outcomes.

Rest's investment approach is to retain a mix of investment managers employing different investment management styles to build diversified portfolios of investments. The asset allocation of the actively managed Structured Options is adjusted at least annually. The Core Strategy's asset allocation is reviewed at least 11 times each year in response to changing market conditions, under the review and guidance of the Investment Committee supported by Rest's internal investments team and asset consultant.

## Rest's calculation of returns

Unless otherwise stated, returns are net of investment fees and tax, except in the case of Rest Pension options (other than Transition to Retirement Pensions), which are untaxed. 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 three, five, seven and 10-year periods are annualised returns. 'N/A' applies to options running less than the indicated periods. The net investment returns are allocated to a member's account based on the number of units of the investment option they invested in. Past performance is not an indication of future performance. For more information, visit [rest.com.au/member/investments/performance](https://rest.com.au/member/investments/performance)

## Rest Pension investment options

Investment options	10-year (% pa)	7-year (% pa)	5-year (% pa)	3-year (% pa)	1-year (% pa)
<b>Core Strategy</b>	8.51%	7.62%	5.86%	5.22%	-0.26%
<b>Capital Stable</b>	6.12%	5.13%	3.92%	3.29%	0.32%
<b>Balanced</b>	7.33%	6.42%	4.84%	4.03%	-0.24%
<b>Balanced – Indexed</b>	N/A	N/A	N/A	N/A	0.44%
<b>Diversified</b>	8.83%	8.03%	5.97%	5.03%	-0.77%
<b>High Growth</b>	9.70%	9.04%	6.69%	5.68%	-1.37%
<b>Basic Cash</b>	2.58%	1.89%	1.65%	1.45%	0.79%
<b>Cash</b>	3.06%	2.38%	2.14%	2.00%	1.51%
<b>Bonds</b>	5.37%	3.91%	2.98%	2.92%	1.55%
<b>Property</b>	8.63%	9.28%	9.89%	7.52%	0.74%
<b>Shares</b>	10.68%	10.48%	7.29%	7.21%	-2.31%
<b>Australian Shares</b>	9.91%	9.44%	7.58%	7.06%	-3.78%
<b>Australian Shares – Indexed</b>	N/A	N/A	N/A	N/A	-7.40%
<b>Overseas Shares</b>	10.93%	10.96%	6.70%	6.81%	-1.87%
<b>Overseas Shares – Indexed</b>	N/A	N/A	N/A	N/A	4.14%

## Investment options

The tables on the following pages outline how our assets are structured according to the investment options. As at 30 June 2020, Rest has no more than five per cent of funds under management invested in any one investment asset. The investment option returns on the following pages are quoted as at 30 June each year, and are current as at 30 June 2020.

Rest allows some of its investment managers to use derivatives to:

- protect a portfolio's value;
- change the interest rate sensitivity of cash and fixed-interest portfolios;
- rapidly change market exposure; and
- modify exposure to foreign currency.

# Investment options

	Core Strategy	Structured options																																																						
<b>Aim<sup>1</sup></b>	Achieve a balance of risk and return by investing in both growth assets and defensive assets.	<b>Capital Stable</b> Provide a stable pattern of returns, while maintaining a low probability of a negative return in any one year.																																																						
<b>Investment return objective<sup>2</sup></b>	CPI + 3% pa over the long-term (rolling 10-year periods).	CPI + 1% pa over the medium-term (rolling 4-year periods).																																																						
<b>Asset allocation<sup>3</sup></b>	<b>35.5% defensive, 64.5% growth</b> A balanced mix of shares and bonds (both Australian and overseas), property, infrastructure, cash and other asset classes. <div> </div>	<b>67.5% defensive, 32.5% growth</b> Mainly bonds (both Australian and overseas) and cash, with smaller proportions of shares (both Australian and overseas), property, infrastructure and other asset classes. <div> </div>																																																						
<b>Minimum timeframe</b>	10+ years	4+ years																																																						
<b>Standard Risk Measure<sup>4</sup></b>	3 to less than 4	1 to less than 2																																																						
<b>Risk band &amp; level<sup>5</sup></b>	5, Medium to High	3, Low to Medium																																																						
<b>What this option has returned<sup>6</sup></b> (Past performance is not an indication of future performance)	<table> <tr> <th>Year</th><th>Super/Acumen</th><th>Pension</th></tr> <tr> <td>2016</td><td>1.82%</td><td>1.56%</td></tr> <tr> <td>2017</td><td>11.07%</td><td>12.40%</td></tr> <tr> <td>2018</td><td>8.76%</td><td>9.30%</td></tr> <tr> <td>2019</td><td>5.96%</td><td>6.85%</td></tr> <tr> <td>2020</td><td>-1.05%</td><td>-0.26%</td></tr> <tr> <td colspan="3"><b>Annualised return (pa)</b></td></tr> <tr> <td>5-year</td><td>5.22%</td><td>5.86%</td></tr> <tr> <td>10-year</td><td>7.66%</td><td>8.51%</td></tr> </table>	Year	Super/Acumen	Pension	2016	1.82%	1.56%	2017	11.07%	12.40%	2018	8.76%	9.30%	2019	5.96%	6.85%	2020	-1.05%	-0.26%	<b>Annualised return (pa)</b>			5-year	5.22%	5.86%	10-year	7.66%	8.51%	<table> <tr> <th>Year</th><th>Super/Acumen</th><th>Pension</th></tr> <tr> <td>2016</td><td>1.81%</td><td>1.86%</td></tr> <tr> <td>2017</td><td>6.97%</td><td>7.96%</td></tr> <tr> <td>2018</td><td>4.53%</td><td>4.83%</td></tr> <tr> <td>2019</td><td>4.24%</td><td>4.81%</td></tr> <tr> <td>2020</td><td>-0.15%</td><td>0.32%</td></tr> <tr> <td colspan="3"><b>Annualised return (pa)</b></td></tr> <tr> <td>5-year</td><td>3.45%</td><td>3.92%</td></tr> <tr> <td>10-year</td><td>5.37%</td><td>6.12%</td></tr> </table>	Year	Super/Acumen	Pension	2016	1.81%	1.86%	2017	6.97%	7.96%	2018	4.53%	4.83%	2019	4.24%	4.81%	2020	-0.15%	0.32%	<b>Annualised return (pa)</b>			5-year	3.45%	3.92%	10-year	5.37%	6.12%
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More information about these options and footnotes are included on pages 50 and 51.

### Balanced

Achieve a balance of risk and return by investing in approximately equal proportions of growth assets and defensive assets.

CPI + 2% pa over the medium-term (rolling 6-year periods).

#### 49% defensive, 51% growth

A mix of shares and bonds (both Australian and overseas), property, infrastructure, cash and other asset classes.



Cash	20%
Bonds	10%
Absolute Return	9%
Other asset classes (Equity strategies, Private equity and Credit)	14%
Infrastructure	8%
Property	8%
Australian shares	13%
Overseas shares	18%

6+ years

2 to less than 3

4, Medium

Year	Super/Acumen	Pension
2016	1.87%	1.81%
2017	9.26%	10.50%
2018	6.45%	6.76%
2019	5.07%	5.72%
2020	-0.82%	-0.24%

#### Annualised return (pa)

5-year	4.31%	4.84%
10-year	6.53%	7.33%

### Balanced—Indexed

Achieve the investment objective through an indexed based investment in a mixture of growth and defensive assets.

Perform in line with the benchmark return (before tax) over all time periods. The benchmark is calculated using the S&P/ASX300 Accumulation Index, the MSCI World ex-Australia ex-Tobacco Net Dividends Reinvested Index, the Bloomberg AusBond Composite 0+ Years Index, the JP Morgan Government Bond Index - Global Hedged in AUD and the Bloomberg AusBond Bank Bill Index.

#### 25% defensive, 75% growth



Cash	5%
Bonds	20%
Australian Shares	30%
Overseas Shares	45%

12+ years

4 to less than 6

6, High

#### What this option has returned

This option commenced in December 2018.

Year*	Super/Acumen	Pension
2020	0.44%	0.44%

#### Annualised return (pa)

5-year	N/A	N/A
10-year	N/A	N/A

### Diversified

Achieve strong returns over the longer term by investing in a diversified mix of assets weighted towards shares and other growth assets.

CPI + 3% pa over the long-term (rolling 10-year periods).

#### 32% defensive, 68% growth

Australian and overseas shares, property, infrastructure, other asset classes plus smaller amounts of bonds (both Australian and overseas) and cash.



Cash	5%
Bonds	7%
Absolute Return	5%
Other asset classes (Equity strategies, Private equity and Credit)	17%
Infrastructure	11%
Property	11%
Australian shares	19%
Overseas shares	25%

10+ years

3 to less than 4

5, Medium to High

Year	Super/Acumen	Pension
2016	2.01%	1.82%
2017	11.84%	13.28%
2018	8.71%	9.08%
2019	6.25%	7.02%
2020	-1.27%	-0.77%

#### Annualised return (pa)

5-year	5.40%	5.97%
10-year	7.94%	8.83%

\* The Balanced - Indexed option commenced in December 2018.  
More information about these options and footnotes are included on pages 50 and 51.

# Investment options

## Aim<sup>1</sup>

## Investment return objective<sup>2</sup>

## Asset allocation<sup>3</sup>

## Minimum timeframe

## Standard Risk Measure<sup>4</sup>

## Risk band & level<sup>5</sup>

## What this option has returned<sup>6</sup>

(Past performance is not an indication of future performance)

## Structured options

### High Growth

Maximise returns over the long-term by investing predominantly in growth assets.

CPI + 4% pa over the very long-term (rolling 12-year periods).

### 18.5% defensive, 81.5% growth

Australian and overseas shares, property, infrastructure and other asset classes.



● Absolute Return	4%
● Other asset classes (Equity strategies, Private equity, Agricultural and Credit)	20%
● Infrastructure	10%
● Property	10%
● Australian shares	24%
● Overseas shares	32%

12+ years

4 to less than 6

6, High

Year	Super/Acumen	Pension
2016	1.81%	1.54%
2017	13.71%	15.35%
2018	10.45%	10.93%
2019	6.95%	7.87%
2020	-1.93%	-1.37%
Annualised return (pa)		
5-year	6.05%	6.69%
10-year	8.79%	9.70%

## Member-tailored options

### Basic Cash

Achieve the investment objective by maintaining a defensive investment in short-term bank and Australian government cash, debt securities and deposits.

Match the return of the Reserve Bank cash rate target before tax and before fees over rolling 1-year periods.

### 100% defensive

The portfolio will invest in deposits with, or short-term discount securities (bank bills and negotiable certificates of deposit) issued by major Australian banks. It may also invest in short-dated debt issued and guaranteed by the Australian Commonwealth or State Governments. All securities will have a maximum term to maturity of three months.

This option is not a deposit by you in a bank account and your balance is not guaranteed under the Australian Government bank deposit guarantee scheme.



● Cash	100%
--------	------

3 months or less

Less than 0.5 of a year

1, Very Low

Year	Super/Acumen	Pension
2016	1.81%	2.12%
2017	1.45%	1.75%
2018	1.51%	1.69%
2019	1.60%	1.89%
2020	0.66%	0.79%
Annualised return (pa)		
5-year	1.40%	1.65%
10-year	2.19%	2.58%

More information about these options and footnotes are included on pages 50 and 51.

## Cash

Achieve the investment objective by maintaining a defensive investment in bank deposits.

Outperform the return of the Reserve Bank cash rate before tax and fees over rolling 1-year periods.

### 100% defensive

Deposits with major Australian banks. The portfolio currently invests exclusively into deposits with Australia and New Zealand Banking Group Ltd (ANZ).

This option is not a deposit by you in a bank account and your balance is not guaranteed under the Australian Government bank deposit guarantee scheme.



● Cash 100%

3 months or less

Less than 0.5 of a year

1, Very Low

Year	Super/Acumen	Pension
2016	2.04%	2.41%
2017	1.93%	2.30%
2018	1.83%	2.16%
2019	1.97%	2.33%
2020	1.26%	1.51%

#### Annualised return (pa)

5-year	1.80%	2.14%
10-year	2.56%	3.06%

## Bonds

Achieve the investment objective by holding a mixture of Australian and overseas government and corporate bonds.

Outperform the benchmark return (before tax and after fees) over rolling 2-year periods. The benchmark is calculated using the Bloomberg AusBond Composite Bond Index, Bloomberg AusBond Inflation Linked Bond Index and FTSE World Government Bond Index (hedged into AUD).

### 100% defensive

A mixture of Australian and overseas debt securities issued by Governments, semi-government authorities and companies.



● Bonds 100%

4+ years

2 to less than 3

4, Medium

Year	Super/Acumen	Pension
2016	1.62%	1.85%
2017	3.73%	4.33%
2018	1.00%	1.15%
2019	5.31%	6.13%
2020	1.27%	1.55%

#### Annualised return (pa)

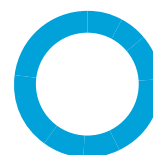
5-year	2.57%	2.98%
10-year	4.61%	5.37%

## Property

Achieve the investment objective by investing in a mixture of Australian and overseas property assets.

Outperform the 10-year Commonwealth Government bond rate by 3% pa (before tax and after fees) over rolling 7-year periods.

### 50% defensive, 50% growth



● Property 100%

10+ years

3 to less than 4

5, Medium to High

Year	Super/Acumen	Pension
2016	12.99%	14.16%
2017	11.77%	12.92%
2018	10.74%	11.84%
2019	9.52%	10.34%
2020	0.64%	0.74%

#### Annualised return (pa)

5-year	9.04%	9.89%
10-year	7.74%	8.63%

More information about these options and footnotes are included on pages 50 and 51.

# Investment options

## Member-tailored

### Aim<sup>1</sup>

### Investment return objective<sup>2</sup>

### Asset allocation<sup>3</sup>

#### Shares

Achieve the investment objective through an investment in the Australian and Overseas Shares asset class.

Outperform the benchmark return (before tax and after fees) over rolling 3-year periods. The benchmark is calculated using the S&P/ASX 300 Accumulation Index and the MSCI All Country World ex-Australia Index in AUD.

#### 100% growth

A mixture of Australian and overseas shares.



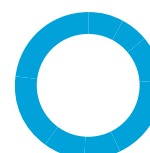
● Australian Shares	40%
● Overseas Shares	60%

#### Australian Shares

Achieve the investment objective through an actively managed investment in the Australian Shares asset class.

Outperform the S&P/ASX 300 Accumulation Index (before tax and after fees) over rolling 3-year periods.

#### 100% growth



● Australian shares	100%
---------------------	------

### Minimum timeframe

### Standard Risk Measure<sup>4</sup>

### Risk band & level<sup>5</sup>

### What this option has returned<sup>6</sup>

(Past performance is not an indication of future performance)

12+ years

4 to less than 6

6, High

Year	Super/Acumen	Pension
2016	-0.57%	-1.84%
2017	15.84%	17.54%
2018	14.11%	14.73%
2019	8.64%	9.93%
2020	-2.88%	-2.31%

#### Annualised return (pa)

5-year	6.76%	7.29%
10-year	9.83%	10.68%

12+ years

6 years or greater

7, Very High

Year	Super/Acumen	Pension
2016	3.32%	1.79%
2017	13.98%	15.36%
2018	16.74%	16.76%
2019	6.83%	9.22%
2020	-6.95%	-3.78%

#### Annualised return (pa)

5-year	6.45%	7.58%
10-year	8.68%	9.91%

Each of our investment options is designed for members with the investment objectives, risk tolerance and investment time horizon that is set out in the table above for that investment option.

Investment options with an exposure to the Australian shares asset class may include companies listed in Australia but are based overseas. In addition, up to 10% of this asset class may be invested in stocks listed on the New Zealand Stock Exchange.

\* The Australian Shares – Indexed and Overseas Shares – Indexed options commenced in December 2018.

<sup>1</sup> Aim – This is the goal or objective of the investment option.

<sup>2</sup> Investment return objective – This is what we use to determine asset allocation. It is also used to measure if the investment objective is met. It is not a guaranteed rate of return. Rest does not use the return Target (shown in the Product Dashboard available at [rest.com.au/dashboard](https://rest.com.au/dashboard)) to set the Investment return objective.

### Australian Shares – Indexed

Achieve the investment objective through an index-based investment in Australian Shares.

Perform in line with the benchmark S&P/ASX 300 Accumulation Index (before tax) over all time periods.

100% growth



● Australian shares 100%

12+ years

6 years or greater

7, Very High

Year*	Super/Acumen	Pension
2020	-6.72%	-7.40%

#### Annualised return (pa)

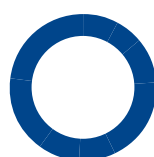
5-year	N/A	N/A
10-year	N/A	N/A

### Overseas Shares

Achieve the investment objective through an investment in Overseas Shares.

Outperform the MSCI All Country World ex-Australia Index in AUD (before tax and after fees) over rolling 3-year periods.

100% growth



● Overseas shares 100%

12+ years

4 to less than 6

6, High

Year	Super/Acumen	Pension
2016	-3.69%	-4.23%
2017	16.69%	18.51%
2018	11.95%	12.95%
2019	9.33%	9.94%
2020	-2.00%	-1.87%

#### Annualised return (pa)

5-year	6.15%	7.58%
10-year	9.92%	10.93%

### Overseas Shares – Indexed

Achieve the investment objective through an index-based investment in Overseas Shares.

Perform in line with the MSCI World ex-Australia ex-Tobacco Net Dividends Reinvested Index (unhedged in AUD) (before tax) over all time periods.

100% growth



● Overseas shares 100%

12+ years

4 to less than 6

6, High

Year*	Super/Acumen	Pension
2020	3.82%	4.14%

#### Annualised return (pa)

5-year	N/A	N/A
10-year	N/A	N/A

<sup>3</sup> Asset allocation – For the Core Strategy option, the asset allocation will vary year to year within the ranges shown in brackets. This also means the allocation to defensive assets and growth assets will vary from time to time.

For all options other than the Core Strategy:

- The allocation to an individual asset class may vary by +/-5% from the benchmark allocation shown, but not below 0% or more than 100% for an individual asset class
- Where an option does not currently have a benchmark allocation to Cash, an allocation of up to 5% may be introduced
- The overall allocation to growth assets and defensive assets may vary by +/-10% from the allocation shown.

We reserve the right to vary the asset allocations, including the benchmarks and ranges, of all or any of the investment options, introduce new options, or close or terminate existing options without prior notice (where permitted by law).

<sup>4</sup> Standard Risk Measure – This is a guide as to the likely number of negative annual returns expected over any 20-year period. See 'What is the Standard Risk Measure?' at [rest.com.au/srm](http://rest.com.au/srm)

<sup>5</sup> The Risk band and Risk level is based on the Standard Risk Measure. The Standard Risk Measure includes seven risk bands, from one (very low risk) to seven (very high risk).

<sup>6</sup> What this option has returned – returns are net of investment fees and taxes, except Rest Pension options which are untaxed, as at 30 June. The returns are based on the valuation of the underlying assets as at 30 June.

# Investment managers

## Rest's investment managers as at 30 June 2020

Asset class	Investment manager	% of assets managed for Rest
Australian Shares	Allan Gray Australia Pty Ltd	1.4
	Balanced Equity Management Pty Ltd	4.1
	Cooper Investors Pty Ltd	3.6
	Ethical Partners Funds Management Pty Ltd	0.8
	Greencap Capital Pty Limited	3.0
	Paradise Investment Management Pty Ltd	3.7
	Renaissance Smaller Companies Pty Ltd	0.8
	Internally managed*	1.7
	Ubique Asset Management Pty Ltd 1.3	1.1
		<b>20.2</b>
Overseas Shares	Artisan Partners Ltd Partnership	1.7
	Cooper Investors Pty Ltd	1.5
	First State Investments (Hong Kong) Limited	0.8
	GQG Partners LLC	1.1
	Holowesko Partners Limited	3.4
	Hosking Partners LLP	3.4
	Longview Partners LLP	1.7
	MFS International Australia Pty Ltd	3.9
	Northcape Capital Pty Ltd	2.3
	Paradise Investment Management Pty Ltd	2.0
	Wellington Management Australia Pty Ltd	3.0
		<b>24.9</b>
Property	Charter Hall Funds Management Ltd	1.9
	GPT Funds Management Ltd	1.8
	Greystar Real Estate Partners	1.6
	QIC Retail Pty Ltd	1.3
	Internally managed*	4.1
	Vicinity Funds Management Pty Ltd	0.1
		<b>10.7</b>
Bonds	Brandywine Global Investment Management, LLC	1.5
	Franklin Templeton Investments Australia Ltd	0.7
	Internally managed*	1.5
	UBS Global Asset Management (Australia) Ltd	0.9
	Western Asset Management Company Pty Ltd	0.5
		<b>5.1</b>

## Rest's investment managers as at 30 June 2020

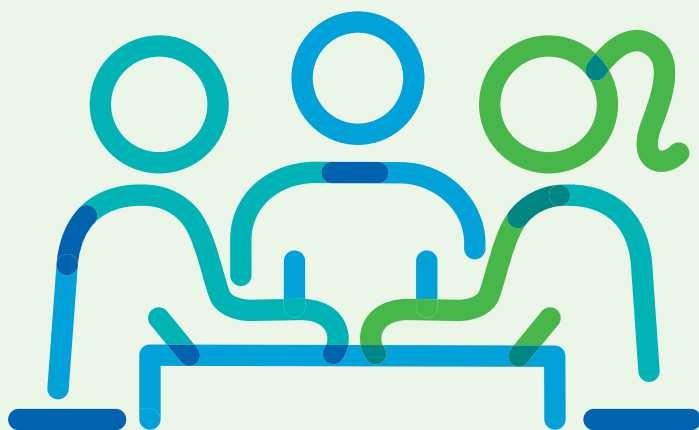
Asset class	Investment manager	% of assets managed for Rest
Cash	Australian and New Zealand Banking Group Limited	2.5
	Internally managed*	12.7
		<b>15.2</b>
Basic Cash	Internally managed*	<b>0.5</b>
Infrastructure	AMP Capital Investors Ltd	3.4
	I Squared Capital Advisors (US) LLC	0.6
	Macquarie Infrastructure Partners INC	1.4
	Internally managed*	1.4
	Global Infrastructure Management LLC	0.4
		<b>7.3</b>
Credit	Apollo ST Fund Management LLC	1.7
	Bain Capital Credit, LP	1.3
	Barings LLC	2.6
	Bentham Asset Management Pty Limited	1.3
	HayFin Capital Management LLP	0.7
	Internally managed*	0.9
		<b>8.7</b>
Equity Strategies	Alliance Bernstein Investment Management Australia Ltd	0.4
	Cooper Investors Pty Ltd	2.0
	Holwesko Partners Limited	0.5
	Wellington Management Australia Pty Ltd	0.6
		<b>3.5</b>
Absolute Return	BNP Paribas Investment Partners (Australia) Ltd	1.0
	Payden & Rygel Global Limited	0.9
		<b>1.9</b>
Private Equity	QIC Private Capital Pty Ltd	<b>0.6</b>
Agriculture	Warakirri Asset Management Pty Ltd	<b>0.8</b>
Australian Shares - Indexed	Macquarie Investment Management Australia Ltd	<b>0.2</b>
Overseas Shares - Indexed	Macquarie Investment Management Australia Ltd	<b>0.2</b>
Balanced - Indexed	Macquarie Investment Management Australia Ltd	<b>0.3</b>
<b>Total</b>		<b>100</b>

\* Internally managed investments are those managed by Rest and members of its group, including Super Investment Management Pty Ltd ABN 86 079 706 657 (Australian Financial Services Licence 240004), a wholly owned company of Rest.

# 07

## Governance and leadership

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# Rest Board governance

The Rest Board is made up of individuals with a broad range of retail industry and commercial experience.

Their longstanding, in-depth knowledge of Rest, together with their understanding of the industry, adds value to the fund's operations and to members and employers.

The Board is made up of employer and employee representatives from the retail industry, as well as an independent director who is also the Chair.

Four directors are nominated on behalf of employees by the Shop Distributive and Allied Employees Association (SDA). Four directors are nominated on behalf of employers and Employer Associations, comprising major employers participating in Rest, and the Retail Associations. Employees and employers are equally represented. One director is nominated and appointed by the directors as Independent Chair.

## Board members as at 30 June 2020

Employee representation	Board member since	Nominated by
Ian Blandthorn	25 September 2008	SDA
Michael Tehan	1 October 2017	SDA
Julia Fox	1 January 2018	SDA
Adam Walk	1 January 2020	SDA
Employer representation	Board member since	Nominated by
John Edstein	4 October 2013	Retail Council
Steven Priestley	4 March 2014	Coles Group
Sally Evans	2 May 2018	Super Retail Group Ltd
Vaughn Richtor	26 June 2019	Woolworths Group Ltd
Independent Chair	Board member since	Nominated by
Ken Marshman	17 December 2013*	The Board

\* Appointed as Chair on 31 July 2014

## Departures from the Board

Director	Term ended on	Replaced by
Joe de Bruyn	31 December 2019	Adam Walk

## Alternate Directors of the Board as at 30 June 2020

Employee representation	Alternate Director since	Nominated by
Michael Donovan	31 March 2011	SDA
Joanne Lester	28 July 2016	Wesfarmers
Aliscia di Mauro	1 October 2017	SDA
Helen Cooney	26 June 2019	SDA
Gerard Dwyer	4 March 2020*	SDA

\* Gerard Dwyer was previously an Alternate Director to Joe de Bruyn in Retail Employees Superannuation Pty Ltd from 22 April 2014 to 31 December 2019.

# Directors



**Kenneth Stuart Marshman**  
Chair of the Board and Independent Director

## Qualifications

**Bachelor of Arts – Mathematics and Economics (BA)**  
**Master of Economics (MEc)**

Ken has specialised in financial markets and corporate strategy for over 30 years and has been intensively involved in investments for superannuation funds since 1986. He held the positions of Director of Finance and CEO within the State Electricity Commission of Victoria, before joining JANA Investment Advisers. From 1995 to 2008, Ken was JANA's Managing Director and, from 2003 to May 2019, Chair of the JANA Board of Directors.

## Current Directorships/Appointments

- Chair and Director of Retail Employees Superannuation Pty Ltd
- Chair and Director of Super Investment Management Pty Ltd
- Director of Queens College Trust Corporation
- Trustee of Victorian Actors Benevolent Trust
- Trustee of Endymion Superannuation Fund

## Rest Committee Membership

- Chair of Board Investment Committee
- People, Culture and Remuneration Committee
- Member and Employer Services Committee



**Ian Blandthorn**

## Qualifications

**Bachelor of Arts (BA Hons)**

Ian has more than 20 years' experience in superannuation. Ian held the position of National Assistant Secretary for the SDA. He was also the Board Chair of Service Skills Australia, a Joint Chairperson of Advisory Committee of Service Skills Australia, and a Member of the Australian Council of Trade Unions (ACTU) Executive. Prior to this, he was a member of the State Training Board of Victoria, the President and Member of Flagstaff College of TAFE Council, and a member of Board of TAFE of Victoria University.

## Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd
- Director of Super Investment Management Pty Ltd
- Director and Deputy Chair of Victoria Service Skills Industries Ltd
- Director of Skills IQ

## Rest Committee Membership

- Audit, Risk and Compliance Committee
- Chair of the Member and Employer Services Committee
- Board Investment Committee
- People, Culture and Remuneration Committee



**John Edstein**

#### Qualifications

**Bachelor of Economics (BEc)**

**Bachelor of Laws (LLB)**

**Master of Laws with Honours (LLM)**

John commenced work as a solicitor in 1979. In 1982, John was a co-founder of the law firm, Townsend & Edstein Solicitors, which established a reputation in superannuation and financial services laws, including the taxation of financial services entities. In 1990, John joined Mallesons Stephen Jaques as a partner in the Taxation and Superannuation Group. John retired as a partner on 31 December 2012 (by which time the firm had combined to become King & Wood Mallesons). In addition to his role as a legal adviser, John was the National Practice Team leader for the Taxation and Superannuation Group for several years, together with being a director on the boards of several of the firm's operating companies, including as chair of the trustee of the Partners' Superannuation Fund until it was transferred to a master trust. John was also a relationship partner for several of the firm's significant clients.

#### Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd
- Director of Super Investment Management Pty Ltd
- Director of Perpetual Equity Investment Company Ltd
- Chair of Macquarie Investment Management Ltd
- Trustee of St Joseph's College Old Boys' Union
- Member of the Investment Committee, Catholic Archdiocese of Sydney
- Emeritus Member, Superannuation Committee of the Law Council of Australia
- Member, Tax Institute of Australia and Chartered Tax Adviser
- Member, Law Society of New South Wales

#### Rest Committee Membership

- Board Investment Committee



**Steven Priestley**

#### Qualifications

**Bachelor of Commerce (B Com)**

Steve has 35 years' experience in finance and was the former Financial Controller for Coles Retail, Coles Group Limited. He was initially appointed to the Board in 2008 serving as a Director to 2012. Steve then served as an Alternate Director, until being reappointed to the Board as a Director. Prior to his role as Financial Controller, Steve worked within the Coles Group in various roles over a seven-year period. Before this, he was primarily with Shell Australia Limited, holding various General Manager Roles, including Corporate Treasurer and Financial Controller. Steve is a former member of the Institute of Chartered Accountants.

#### Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd
- Director of Super Investment Management Pty Ltd
- Loyalty Pacific Pty Ltd

#### Rest Committee Membership

- Chair of the Audit, Risk and Compliance Committee
- Board Investment Committee

# Directors



**Michael Tehan**

## Qualifications

**Bachelor of Arts (BA)**

**Bachelor of Laws (LLB)**

**Fellow of the Australian Institute of Company Directors (FAICD)**

**Fellow of the Institute of Public Administration, Australia (Vic)**

Michael Tehan has more than 40 years' experience in industrial relations and administrative law. In 2014, Michael retired as a partner of the legal firm, Minter Ellison, after more than 25 years at the firm and carrying out several roles in the firm. He now practises as a Mediator in commercial disputes.

Michael has previously served as a Director of a large aged care and disability service provider, a kindergarten Chair, and a School Council Member.

## Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd
- Member, Advisory Board, Department of Management and Marketing, Faculty of Business and Economics, University of Melbourne
- Director of Super Investment Management Pty Ltd

## Rest Committee Membership

- Audit, Risk and Compliance Committee
- Member and Employer Services Committee
- Board Investment Committee



**Julia Fox**

## Qualifications

**Bachelor of Arts (BA)**

**Masters of Law, Juris Doctor (JD)**

Julia is the National Assistant Secretary of the SDA, the union for workers in retail, fast food and warehousing. Julia has represented workers for more than two decades, starting out as an Organiser for the Victorian Branch of the SDA in 1994, before joining the National Office as an Industrial Officer and the SDA's National OHS Officer in 2001. Having completed her Masters of Law, (Juris Doctor) in 2010, Julia has advocated for better pay, conditions and protections for thousands of workers in retail and fast food companies. Julia is Vice President of the World Women's Committee of UNI Global Union; the global union federation which represents more than 20 million workers from over 900 trade unions in the fastest growing sectors in the world – skills and services. Julia is the Chair of the ACTU Women's Committee.

## Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd

## Rest Committee Membership

- Chair of the People, Culture and Remuneration Committee



**Sally Evans**

### Qualifications

**Bachelor of Applied Science (BHSc)**

**Fellow of the Australian Institute of Company Directors (FAICD)**

**Graduate of the Australian Institute of Superannuation Trustees (GAIST)**

Sally is an experienced Board director with a commitment to delivering sustainable financial and social outcomes. Sally's early professional career as a public sector Clinical Dietitian, lead to her undertaking executive roles in health service within the public and private sector. She received the Telstra Australian Businesswoman of the Year award (private sector) in 2002 and was recognised as an AFR Westpac Woman of Influence in 2013. Her executive and non-executive director experience spans internationally across private, social enterprise and government advisory boards as well as board committees in the areas of risk, audit and remuneration. Currently, Sally is a member of the Advisory Group of Aged Care Quality and Safety Commission and a member of EveryAge Counts Advisory Group. Prior to this, Sally was a member of the Consumer and Industry Advisory Group on the development of a retirement income framework and covenant, and an inaugural member of the Australian Federal Government's Aged Care Financing Authority.

### Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd
- Non-Executive Director of Oceania Healthcare Group
- Non-Executive Director of Healius
- Non-Executive Director of Allianz Australian Life Insurance Ltd
- Non-Executive Director of Allianz Australia Life Insurance Holdings Ltd
- Chair of LifeCircle

### Rest Committee Membership

- People, Culture and Remuneration Committee
- Member and Employer Services Committee
- Audit, Risk and Compliance Committee

# Directors



**Vaughn Richtor**

## Qualifications

**Bachelor of Arts, Business Studies (BA Hons)**

**Member of the Australian Institute of Company Directors (MAICD)**

Vaughn is the former CEO of ING DIRECT Australia and CEO Challenger and Growth Countries – Asia, ING Group. Vaughn joined ING in London in 1991 and was Deputy General Manager, UK and Ireland, establishing the ING Dublin branch. He was then assigned to start banking operations in Australia in 1995, which ultimately became ING DIRECT. He held this role until January 2006, helping to establish the brand and building a profitable business. Vaughn was then appointed CEO and Managing Director of ING Vysya Bank in India where he spent more than three years on the successful turnaround of a loss-making bank. He then worked as CEO – Banking Asia, covering retail banking and commercial activities in the region for three years, before returning to Australia in 2012. Vaughn retired from his roles as CEO of ING Retail Banking Asia and CEO ING Direct Australia in June 2016. Vaughn was previously a Board member of ING Vysya Bank in India from 2009 until its merger with Kotak Mahindra Bank in 2015, and Board Member of Kookmin Group in Korea from 2010 to 2012. He also advises on financial services and banking. Vaughn was named Australian Financial Services Executive of the Year in 2015.

## Current Directorships/Appointments

- Director of Retail Employees Superannuation Pty Ltd
- Non-Executive Director of MyState Limited
- Member of GDCC Executive Committee
- Director of Velldan Pty
- Member of Advisory Council to Rhizome
- Non-Executive Chair and Board member for Ratesetter (Australia) Pty Ltd

## Rest Committee Membership

- People, Culture and Remuneration Committee
- Chair of Member and Employer Services Committee



**Dr Adam Walk**

### Qualifications

**Bachelor of Arts, Politics (BA)**

**Bachelor of Business, Banking and Finance (BBus)**

**Master of Applied Finance and Investment (MAppFin)**

**Doctor of Philosophy, Financial Economics (PhD)**

**Fellow of the Australian Institute of Company Directors (FAICD)**

**Fellow of the Governance Institute of Australia (FGIA)**

**Fellow of the Australian Institute of Superannuation Trustees (FAIST)**

**Accredited Investment Fiduciary Analyst (AIFA)**

Adam is a financial economist with around 20 years' experience in investment, governance, and risk management appointments at organisations such as Myer Family Company, QIC, QSuper, and Bank of Queensland. Adam is a Director of Drew, Walk & Co., a Partner at Stonechat Capital, and an Adjunct Professor at the University of Notre Dame Australia. His research has been published in journals such as the Journal of Portfolio Management and the Journal of Retirement, and he co-authored (with Dr Michael Drew) a monograph entitled 'Investment Governance for Fiduciaries', which was published by the CFA Institute Research Foundation in 2019.

### Current Directorships/Appointments

- Director of Super Investment Management Pty Ltd
- Director of Retail Employees Superannuation Pty Ltd
- Director of Drew, Walk & Co. Pty Ltd
- Director of MGD Private Pty Ltd
- Director of Campion College Australia
- Director of Walk Group of Companies
- Director of De Colmar Pty Limited
- Director of The Investment Committee Pty Ltd
- Director of Power Group of Companies
- Member of the Investment Committee, RSL Queensland
- Member of the Advisory Board, Hamilton12 Pty Ltd
- Adjunct Professor in the School of Business (Sydney), University of Notre Dame Australia
- Advisor to the Group Capital and Investment Committee, The Royal Automobile Club of Queensland Limited
- Board Member, Archdiocesan Development Fund, Roman Catholic Archdiocese of Brisbane

### Rest Committee Membership

- Board Investment Committee

# Alternate Directors

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## Michael Donovan

### Qualifications

#### **Bachelor of Science – Chemistry and Mathematics (BSc(MathSc))**

Michael had experience as a Research Officer and subsequently as a Senior Research Officer for the SDA from 1977 to 1992 including research, advocacy, negotiation, member advice, delegate education and some government liaison. Michael was advocate for the SDA in the major case which established industry-wide superannuation for retail workers in 1987-1988. Michael became Assistant Secretary of the Victorian Branch of the SDA in 1992 and Secretary in 1996. Michael is responsible for the supervision of the employees of the Branch, for the financial management of the Branch and for the strategic director of the Branch, in association with other elected Officers. Michael became the National Vice-President of the SDA in 2014.

### Current Directorships/ Appointments

- Alternate Director to Ian Blandthorn in Retail Employees Superannuation Pty Ltd
- Chair of FEDSDA Pty Ltd
- Chair of Industrial Printing and Publishing Pty Ltd
- Chair of Publicity Works Pty Ltd
- Member of the Victorian Occupational Health and Safety Advisory Committee

### Rest Committee Membership

- Nil – however, in addition to acting as Alternate Director for Ian Blandthorn at Board meetings, Michael may take Ian's place at committee meetings if Ian is unable to attend.

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## Gerard Dwyer

### Qualifications

#### **Bachelor of Education – History and English (BEEd)**

#### **Master of Business – (Employment Relations) (MBus)**

#### **Graduate of the Australian Institute of Company Directors (GAICD)**

Gerard Dwyer is the National Secretary-Treasurer of the Shop, Distributive & Allied Employees' Association. Gerard has been the Secretary-Treasurer of the SDA-NSW Branch (2005-2014), National President of the Union (2008-2014) and SDA National Secretary since 2014. The SDA is one of Australia's largest trade union and represents employees working in retail, fast food and warehousing. Gerard grew up in regional NSW and moved to Sydney at the age of 18 to pursue tertiary studies. He has a Bachelor of Education (History and English (1989)), a Masters of Business in Employment Relations (UTS, 2002) and is also a Graduate of the Australian Institute of Company Directors. Gerard's working life has seen him employed as a shop assistant, classroom teacher, social worker and as a Trade Union Official for more than 20 years.

### Current Directorships/ Appointments

- Alternate Director to Dr Adam Walk in Retail Employees Superannuation Pty Ltd
- National Secretary-Treasurer of the SDA
- Member of the ALP National Executive

### Rest Committee Membership

- Nil – however, in addition to acting as Alternate Director for Dr Adam Walk at Board meetings, Gerard may take Adam's place at committee meetings if Adam is unable to attend.

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## Joanne Lester

### Qualifications

#### **Bachelor of Psychology (BPsychol)**

#### **Graduate Diploma of Business Professional Accounting (Grad Dip Bus Prof Acc)**

#### **Graduate of the Australian Institute of Company Directors (GAICD)**

Joanne has more than 25 years' experience in the superannuation industry and is currently Superannuation Manager at Wesfarmers Limited. Change management has been a key feature of Joanne's superannuation career as the superannuation landscape and Wesfarmers' organisational structure has changed considerably during her nearly 20 years with the company. Joanne is also the Chair of St Hilda's School for Girls Foundation.

### Current Directorships/ Appointments

- Alternate Director to Steven Priestley of Retail Employees Superannuation Pty Ltd
- Alternate Director to John Edstein of Retail Employees Superannuation Pty Ltd

### Rest Committee Membership

- Nil – however, in addition to acting as Alternate Director for Steven Priestley and John Edstein at Board meetings, Joanne may take Steven or John's places at committee meetings if either are unable to attend.

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## Aliscia di Mauro

### Qualifications

**Bachelor of Laws (LLB(Hons))**

**Bachelor of Commerce (BCom)**

Aliscia has been an industrial officer at the SDA NSW branch and a part-time official since 2010. Aliscia previously worked as a senior accountant at Ernst & Young, as an accountant at Hill Rogers and subsequently as a lawyer at Minter Ellison Lawyers.

### Current Directorships/ Appointments

- Alternate Director to Michael Tehan of Retail Employees Superannuation Pty Ltd
- Alternate Director to Julia Fox of Retail Employees Superannuation Pty Ltd

### Rest Committee Membership

- Nil – however, in addition to acting as Alternate Director for Michael Tehan and Julia Fox at Board meetings, Aliscia may take Michael or Julia's place at committee meetings if either are unable to attend.

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## Helen Cooney

### Qualifications

**Bachelor of Arts (BA Hons)**

**Master of Government and Commercial Law (MGCL)**

**Graduate of the Australian Institute of Company Directors (GAICD)**

Helen is the Principal Policy Officer (Superannuation and Industry Training) at the SDA, the union for workers in retail, fast food and warehousing. For the 10 years to 2019, Helen was in leadership as President, and then CEO, of Caroline Chisholm Society, a charity that supports pregnant and new mothers raise their young children through poverty and other social issues. During the past 20 years, Helen provided policy and political advice on early childhood, school education and workplace relations. Helen has advised State Governments and children's services on regulation and has been a strategy adviser in the Vice-Chancellor's office at the University of Melbourne.

### Current Directorships/ Appointments

- Alternate Director to Ian Blandthorn in Retail Employees Superannuation Pty Ltd
- Alternate Director to Julia Fox in Retail Employees Superannuation Pty Ltd
- Alternate Director of Service Skills Victoria

### Rest Committee Membership

- Nil – however, in addition to acting as Alternate Director for Ian Blandthorn and Julia Fox at Board meetings, Helen may take Ian or Julia's place at committee meetings if either are unable to attend.

# Rest Board governance

## Board composition

Under its governing rules, Rest may appoint directors who are not employees or representatives of any affiliated organisations. Ensuring an appropriate mix of skills, knowledge and experiences on the Board is the critical focus. The Trustee has adopted this approach in its director appointments and independent expert consultant review of individual and collective Board performance.

The Trustee's directors bring experience and knowledge gleaned from senior roles in the retail industry, or as experts in the legal, investment or other relevant sectors. Our directors are able to express a wide range of views in a robust decision making process while acting in the best interests of members, not of their industry or employer representative bodies.

The Board has adopted a Board Diversity Policy, which sets down the framework for the Board's approach to diversity. Rest members come from a broad range of backgrounds, and the Board recognises that people from different backgrounds bring different skills, knowledge and experiences that assist in decision making in the best interests of Rest members. Accordingly, the Board is committed to promoting a culture that actively values those differences and believes that diversity on the Board is an important part of promoting that culture.

The Board Diversity Policy, along with other Rest policies and governance documentation, can be accessed at [rest.com.au/about-rest/corporate-governance](https://rest.com.au/about-rest/corporate-governance)

## Board assessment

The Trustee's directors must meet minimum education requirements of at least 20 hours per year, and many exceed this. The Board is also subject to a rigorous performance review process, including regular assessments conducted by independent external consultants to ascertain directors' capabilities and knowledge.

## Fitness and propriety

An initial 'fit and proper' assessment must be completed before a person is appointed as a Responsible Person. An annual 'fit and proper' assessment is also completed for all appointed Responsible Persons. Responsible Persons at Rest include directors and senior management, appointed actuaries and appointed auditors.

## Annual certifications

The outcomes of all annual 'fit and proper' assessments are reported to the Board. This includes confirming the criteria for fitness and propriety established by Rest's fit and proper policy has been met.

## Periodic training reviews

The Board reviews each Director's training progress at each 'in cycle' Board meeting during the year.

## Ethical conduct

The Rest Code of Conduct sets out the expected standards of conduct and behaviour for directors and employees.

It includes requirements to:

- act with honesty, equity, integrity and social responsibility;
- keep the information they have accessed as part of their roles confidential;
- not conduct Rest's business when affected by drugs or alcohol; and
- use Rest's resources only for appropriate purposes.

Rest has a no-gifts policy. All offers of cash or cash equivalents (including credit cards, debit cards, vouchers or gift cards) of any value must be refused. Where it is impractical to return a gift, the gift must be donated to charity or shared amongst employees, and recorded in the Gifts and Benefits Register. Additionally, there are rules around the acceptance of offers to events and entertainment.

Any invitation to an event or entertainment with a value greater than \$50 must be recorded in the Gifts and Benefits Register.

Rest also has a Conflicts Management Policy that sets out the procedures for identifying and managing conflicts of interest and duties, and to help the Trustee, its directors and employees comply with their obligations in the management of conflicts.

## Rest's governance structure

The Board is responsible for the governance of Rest.

The Board has established a number of Board committees and delegated appropriate authority to those committees to help with its work. Board committees monitor and review the areas of their responsibility.

The Board committees are described below.

**The Board Investment Committee** reviews and recommends to the Board the investment strategy; monitors the performance of investment classes, key property and infrastructure investments; and implements Rest's investment policies.

**The Audit, Risk and Compliance Committee (ARCC)** assists the Board in fulfilling its risk management, risk culture, compliance and audit responsibilities. It receives regular reports from the internal auditor and external auditor. The internal auditor reviews the internal control environment, systems and procedures, and provides a view on the effectiveness of the risk processes. The external auditor audits the risk management strategy and the annual financial statements of the Trustee and the Fund. The ARCC reviews the Trustee's and Fund's financial statements each year before they are presented to the Board.

**The Member and Employer Services Committee (MESC)** promotes the voice of the member through the review of strategic initiatives relating to the products, benefits and services Rest provides to its members and employers, and makes recommendations to the Board. The Claims Sub-Committee (a Sub-Committee of the MESC) reviewed complex Death and Disablement claims and made determinations on these matters within its area of delegated authority. This Sub-Committee was wound up on 22 November 2019.

**The People, Culture and Remuneration Committee (PCRC)** assists the Board in carrying out its responsibilities in relation to people management and corporate cultural issues, reviews the remuneration of Rest's Responsible Persons, and makes recommendations to the Board on certain salary and staffing matters.

## Executive Leadership Team

The Executive Leadership Team (ELT) oversee and facilitate the implementation of the Rest business plan and execution of business operations, including monitoring and reporting to the Board.

The ELT comprises the Chief Executive Officer; the Chief Investment Officer, Group Executive, Product & Operations; Group Executive, Risk & Governance; Group Executive, Member Engagement; Group Executive, Employer & Industry Engagement; Group Executive, Innovation & Transformation; and Group Executive, People, Finance & Change.

The ELT meets regularly and determines which matters need to be reported to the Board and other relevant Board committees.

Business line management and staff members report to the ELT on operational matters.

Rest uses a number of service providers, such as investment managers, an administration manager, a custodian, life insurers, actuaries and a financial planning service provider. These service providers play a vital role in Rest's governance structure.

# Executive Leadership Team



**Vicki Doyle**  
Chief Executive Officer

Vicki joined Rest as CEO in May 2018, bringing more than 20 years' senior executive leadership experience in superannuation, life insurance, wealth management and banking. Vicki is passionate about simplifying and de-mystifying superannuation to help all Australians achieve their best retirement outcomes.

Vicki holds an Executive MBA from Australian Graduation School of Management, a Diploma from the Australian Institute of Company Directors, and has been an Executive Director on Trustee Boards. Vicki is also a Non-executive Director of the Australian Council of Superannuation Investors and SuperFriend.



**George Zielinski**  
Chief Investment Officer

George Zielinski was appointed as Rest's interim Chief Investment Officer (CIO) in August 2019, as part of the integration of Rest's wholly owned investment management arm Super Investment Management (SIM) into the fund's internal investments team.

Prior to his appointment as CIO of Rest, George was the CIO of SIM. He established SIM in 1997, when he joined Rest. SIM directly invests for Rest across cash, bonds, project finance debt, property, Australian equities, private equity and infrastructure asset classes. SIM also provides asset allocation and foreign exchange overlay services to the fund.

Before joining Rest, George was Head of Investment at Victorian Funds Management Corporation. He has also held various executive positions with the State Electricity Commission of Victoria and its successors, including Treasurer and Manager Strategic Planning, and he sat on the Trustee Board and Chaired the Investment Committee of VEI Super (now EquipSuper).

George retired from Rest in August 2020.



**Brendan Daly**  
Group Executive,  
Product & Operations

Brendan joined Rest in April 2019 and is responsible for the development of member-focused products and best-practice operations that deliver outstanding service to members and employers. His responsibilities encompass the design and delivery of product, technical, insurance and administration services to members and employers.

Brendan has extensive experience in the financial services and wealth management industry. He has previously served as Head of Product and Operations in NAB Wealth's Corporate and Institutional Wealth division, as well as a variety of superannuation operations roles at Colonial First State and other providers. He has also held consulting and advisory roles, including the technology consultancy firm Wipro. He was a trustee director of the Commonwealth Bank of Australia's Officers' Superannuation Fund from November 2007 to April 2008 and is currently a director on the Board of the Australian Institute of Superannuation Trustees.

He is also a fellow of ASFA, holds a Master of Business, Management and Operations from the University of Technology Sydney, a Master of Research Methodology and Quantitative Methods from the Macquarie Graduate School of Management, and a Bachelor of Economics and Finance from Western Sydney University.



**Trevor Evans**  
Group Executive,  
People, Finance & Change

Trevor joined Rest in August 2014 and was appointed as Group Executive People, Finance & Change in February 2020. He is responsible for Rest's culture and change management, learning and development, human resources, internal communications, financial strategy and management, and accounting, payroll and taxation functions.

He has more than 30 years' experience in human resources, having previously worked at Suncorp, ING, Tourism Australia, ASIC and in Federal and State government administration before joining Rest. Trevor holds a Bachelor of Arts (Honours) in Sociology from the University of NSW and a Master of Business Administration from the University of New England.



**Jeremy Hubbard**  
Group Executive,  
Innovation & Transformation

Jeremy is responsible for charting and executing Rest's business strategy, and planning the fund's strategic technology innovation. His remit encompasses strategy and planning, IT management, innovation, and data governance. Jeremy has more than two decades' experience in innovation and IT roles across corporate, SME and consulting organisations. He joined UBank in 2008 and was part of the digital bank's executive team from 2015 to 2019.

Prior to his arrival at Rest he was UBank's General Manager, Digital and Innovation. Prior to UBank, he was the Head of IT for fintech startup Once Australia, and worked in consultancy roles for Capgemini, Morse, and Oracle Corporation. Jeremy holds a Bachelor of Information Technology from the University of Queensland.



**Gemma Kyle**  
Group Executive,  
Risk & Governance

Gemma was appointed as Group Executive in November 2018 and is responsible for the risk, compliance, legal, audit, security and company secretariat functions.

Gemma has worked across the Federal Government, engineering and financial service industries. Prior to joining Rest she worked on the separation of MLC Life insurance from National Australia Bank and established their first-line risk, compliance and financial crime capabilities. Gemma holds a Masters of Arts (International Relations) from the Australian National University and a Bachelor of Political Economics, Honours (First Class) from the University of Sydney.

## Departing



**Tyrone O'Neill**  
Group Executive,  
Member Engagement

Tyrone joined Rest in April 2019 and is responsible for Rest member experience and engagement. His role includes design and delivery of digital experiences such as the Rest App and web site, member communications, brand and marketing, and data and analytics.

Tyrone has nearly two decades' experience in strategic marketing, digital, data, and customer insights roles, including senior leadership positions at Optus, Vodafone, and Westpac. Tyrone holds a Master of Letters in Philosophy and a Bachelor of Arts (First Class Honours) in Philosophy & Computer Science from the University of Sydney.



**Deborah Potts**  
Group Executive, Employer  
& Industry Engagement

Deborah joined Rest in 2014, as the National Manager, Advice and subsequently served as the Head of Advice and Education from March 2017. In May 2018, she was appointed as interim General Manager Brand, Marketing and Communications and, in November 2018, she was appointed into her current role.

Deborah has extensive experience working with board, executive and professional teams on customer experience strategies in the financial services and superannuation industries. Prior to working at Rest, she worked at BT Financial Group and AMP.



**Brendan Casey**  
General Manager,  
Investments

Brendan joined Rest as General Manager, Investments in November 2016 and was responsible for Rest's investment operations team. Brendan left Rest in November 2019.

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## Financial Statements 2019/20

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# Financial statements

## Income statement 2019/20

	2020 (\$ million)	2019 (\$ million)
<b>Superannuation activities</b>		
Investment income	1,853	2,359
Changes in assets measured at fair value	(2,476)	993
Other investment income	13	23
<b>Total superannuation activities income</b>	<b>(610)</b>	<b>3,375</b>
<b>Less</b>		
Investment expenses	281	280
General administration expenses	234	205
<b>Total expenses</b>	<b>515</b>	<b>485</b>
<b>Results from superannuation activities before income tax expense</b>	<b>(1,125)</b>	<b>2,890</b>
Income tax (benefit) / expense	(235)	49
<b>Results from superannuation activities after income tax expense</b>	<b>(891)</b>	<b>2,841</b>
Less: Net benefits allocated to members' accounts	806	(2,926)
<b>Operating result after income tax</b>	<b>(85)</b>	<b>(85)</b>

## Statement of changes in member benefits 2019/20

	2020 (\$ million)	2019 (\$ million)
<b>Opening balance of member benefits</b>	<b>55,706</b>	<b>51,154</b>
<b>Contributions</b>		
Contributions by employers	4,719	4,362
Contributions by members	549	548
Rollovers	1,499	1,283
Income tax on contributions	(614)	(510)
<b>Net after-tax contributions</b>	<b>6,153</b>	<b>5,683</b>
Benefits to members and beneficiaries	(6,245)	(3,523)
Insurance premiums charged to members' accounts	(642)	(850)
Income Protection benefits to members	(137)	(119)
Income Protection benefits from insurer	137	119
Insurance benefits credited to members' accounts	321	318
Net benefits allocated to members' accounts	(806)	2,926
<b>Closing balance of member benefits</b>	<b>54,485</b>	<b>55,706</b>

The abridged financial statements included above are an abbreviated version of extracts from the Rest financial report for the year ended 30 June 2020. If you would like a copy of the audited financial statements and the auditor's report, please visit our website at [rest.com.au/annualreport](http://rest.com.au/annualreport) or write to us at Rest, PO Box 350, Parramatta NSW 2124.

## Statement of financial position 2019/20

	2020 (\$ million)	2019 (\$ million)
<b>Securities</b>		
Australian listed shares	10,714	12,175
Australian bonds	4,312	2,206
Discount securities	3,167	2,108
Overseas listed shares	14,381	15,004
Overseas bonds	2,578	4,206
<b>Other</b>		
Unlisted unit trusts	15,298	17,769
Derivatives	836	363
Cash/other	3,383	2,591
Direct property	858	821
<b>Total investments</b>	<b>55,527</b>	<b>57,243</b>
Tax receivable	54	145
Amount receivable	329	385
Other assets	80	25
<b>Total assets</b>	<b>55,990</b>	<b>57,798</b>
<b>Less</b>		
Liability for taxation	679	875
Derivatives	286	323
Other liabilities	292	562
<b>Total liabilities</b>	<b>1,257</b>	<b>1,760</b>
<b>Net assets available for member benefits</b>	<b>54,733</b>	<b>56,038</b>
<b>Less reserves</b>	<b>(248)</b>	<b>(332)</b>
<b>Closing balance of member benefits</b>	<b>54,485</b>	<b>55,706</b>

## Reserves

Rest has a number of reserves, including an operational risk financial requirement reserve, capital reserve, group life insurance reserve, administration reserve and partnership development fund reserve. As at 30 June 2020, the total reserves were valued at \$248 million.

These reserves are maintained and used in accordance with Rest's reserving policy, for example, to meet any contingencies, and provide for future capital requirements, or insurance and administration payments. Rest currently has adequate provisions in its reserves.

The financial statement of changes to Rest's Group Life Insurance Reserve are included on page 72.

## Unit price adjustments

Rest reserves the right to adjust unit prices in accordance with its reserving policy without prior notice and includes transferring funds from investment option earnings to reserves which may impact the respective unit prices. No adjustment was required during the year.

### Movement in Rest's reserves

Year	\$ million
2018	63
2019	(85)
2020	(84)

Every member who is part of a Defined Benefit fund receives an AQ Update from Rest, which details Defined Benefit financial annually.

# Notice to Rest members

## Fair and reasonable allocation of costs

### Operational fees and costs

Rest undertakes an annual review of the fees and costs met by members and the way the costs of running the fund are allocated between members.

These costs are allocated to one of the four following areas:



Costs incurred because of a transaction by an individual member are largely recovered from the transacting member through member fees. Costs incurred in relation to a single investment option are largely recovered from the investment option through unit prices. Costs incurred in relation to particular groups of members (eg members in Rest Super, Rest Corporate or Rest Pension) are recovered from the members in those groups usually from the member fees.

Only members who have insurance pay for the costs associated with our insurance offering. Insurance premiums are based on the premium rates charged by the insurer to cover the cost of paying out claims. Insurance premiums are deducted from members' accounts.

The Trustee considers that the fees it charges to members and the way fees and costs are allocated between members and different groups of members are fair and reasonable.

### Insurance offering

Every year, Rest reviews its insurance strategy and the insurance offered to members, to determine whether any changes should be made.

To do this, we consider the policy terms, the level of cover, and the cost to you. We also seek feedback from our members on the insurance offerings we make available.

The Trustee considers that the insurance strategy, and the existing cover and its terms and conditions, are appropriate and in the interests of members.

### Our premium adjustment arrangements

Rest operates a Premium Adjustment Model (PAM) with its primary life insurer TAL Life Ltd (TAL). This model covers the current insurance arrangements with TAL and helps Rest set insurance pricing with TAL. It enables us to stabilise the level of premiums our members pay for insurance, which are directly based on the insurance claims we pay out to our members.

The premiums our members pay for insurance, are based on our current and historical claims experience – the amount of claims we have paid out to our members in the past for sickness, injury or death. The premiums paid cover the cost of paying out these claims as well as the direct costs of managing our insurance administration.

Premiums are reviewed annually under the PAM arrangement, which means members are less likely to see big changes in premium rates. If premiums do need to increase, Rest will attempt to limit any increases to members.

Rest's Group Life Insurance Reserve is managed in accordance with the Fund's Reserving Policy. This insurance reserve is used to cover the cost of managing our insurance administration and for the benefit of insured members of Rest through reductions in future insurance premiums. Every year, Rest reviews its insurance strategy and the insurance reserve policy, to determine whether any changes should be made. This includes adequacy of reserve level, impact on future insurance premiums and whether any distribution of excess is possible.

### Statement of changes in Group Life Insurance Reserve 2019/20

	\$
<b>Opening balance as at 1 July 2019</b>	<b>45,223,817</b>
Reserve earnings	(134,681)
Net transfers to reserve	642,857,384
Net transfers from reserve	(659,122,301)
<b>Closing balance as at 30 June 2020</b>	<b>28,824,219</b>

The transfers from the reserve primarily relate to group life insurance premiums paid to external insurers and expenses relating to the provision of insurance administration.

## Trustee insurance

The Fund, the directors and officers of the Trustee are covered by Fraud Insurance, Professionally Liability Insurance and Directors and Officers Liability Insurance primarily through Lloyd's Underwriter Syndicate No. 1886 QBE.

## Advisers and service providers

The following advisers assist the Trustee to provide members with professional service and management. The advisers have been appointed on the basis of quality and cost effectiveness.

## Administration and accounting

Australian Administration Services Pty Limited

## Credit manager

Industry Funds Credit Control Pty Ltd

## Custodian

State Street Australia Limited

## External auditor

PricewaterhouseCoopers

## Group life and income protection insurance

TAL Life Ltd

AIA Australia Ltd

Hannover Life

## Internal auditor

KPMG

## Investment consultant

JANA Investment Advisers Pty Ltd

## Legal advisers

Allens

Clayton Utz

Gilbert and Tobin

Hall & Wilcox

Herbert Smith Freehills

Hogan Lovells

King & Wood Mallesons

MinterEllison

Turks Legal

## Tax agent

PricewaterhouseCoopers

## Employers in arrears

The Trustee has entered into agreements with certain employers under which employers are required to make superannuation contributions to Rest on behalf of their employees.

Sometimes employers\* are late in making their superannuation contributions as required under the agreement with the Trustee. While often it is an administrative oversight, we take breaches seriously and will seek to draw the employer's attention to their obligations.

During 2019/20, Rest referred a number of employers\* to Industry Fund Services Limited (IFS), which collected \$9,782,099 in arrears from employers. As at 30 June 2020, a number of employers continued to be overdue in paying employee super contributions by at least 90 days. Legal action may be initiated if contributions remain unpaid after IFS contacts the employer.

## Protecting Your Superannuation and Eligible Rollover Fund (ERF)

Under the Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019, superannuation funds are required to transfer inactive, low-balance accounts to the Australian Tax Office (ATO), so they can reunite them with members' active accounts.

Accounts that have a balance of less than \$6,000, have no insurance, and have not received a contribution in 16 months will be transferred to the ATO unless one of these actions occur in that 16-month period:

- The member elects to retain the account.
- The member changes investment options.
- The member elects to maintain insurance.
- The member changes their insurance coverage.
- The member makes or amends a binding beneficiary nomination.

Prior to this legislation, Rest had the power to transfer a member's benefits to an Eligible Rollover Fund (ERF). Rest may roll over a member's benefits to its ERF if a member's account balance is less than \$6,000, and Rest has attempted to contact the member by mail or electronic means and the correspondence has been returned unclaimed; or no contributions or rollovers have been paid into a member's account for 12 months.

With Protecting Your Superannuation now in effect, Rest no longer transfers accounts to an ERF. The final transfer of accounts to the ERF occurred on 30 November 2019 so they could attempt to reunite accounts earlier than otherwise would have occurred via the ATO.

Rest's ERF was AUSfund:

### AUSfund

Locked bag 5132,  
Parramatta NSW 2124.  
Phone: 1300 361 798  
Email: [admin@ausfund.net.au](mailto:admin@ausfund.net.au)  
Web: [ausfund.com.au](http://ausfund.com.au)

When member benefits were transferred into an ERF, they may have been affected because:

- The person ceased to be a Rest member and no longer had any insurance cover within Rest.
- The person became a member of AUSfund and was subject to its governing rules (if Rest could provide AUSfund with contact details, AUSfund would send the AUSfund PDS to the member).
- The fees and costs AUSfund charges are different to Rest's, and investment returns may have been insufficient to cover the fees and costs.
- AUSfund invested benefits in a diversified investment strategy, which may have provided lower returns than Rest's investment option(s).

## Temporary residents

A temporary resident who is not a citizen of Australia or New Zealand may withdraw their superannuation benefits only under limited conditions. Six months after the temporary resident departed Australia or their temporary visa has expired, the Australian Taxation Office (ATO) can require their superannuation fund to transfer their super to the ATO as unclaimed moneys. The temporary resident can claim the money from the ATO. If Rest is required to transfer the member's superannuation benefit to the ATO, relying on ASIC relief, Rest is not required to and will not, notify the member of the transfer or provide them with an exit statement.

For more information, visit [rest.com.au](http://rest.com.au)

\* This applies only to employers who have signed the employer application.

## Unclaimed and lost member accounts

In some circumstances, your account balance will be treated by Rest as unclaimed money or as a lost member account.

Rest transfers any unclaimed and lost member account balances to the ATO every six months. Once a member's account balance is transferred to the ATO, the member will no longer be a member of Rest, and any insurance cover within Rest and other Rest benefits will cease. There may be other reasons for the Trustee to transfer a member's account balance to the ATO. See [ato.gov.au](https://ato.gov.au) for more information.

## If you need us to do better

We're committed to acting with honesty and integrity every time. If we don't meet your expectations, we want to know. Our complaint management process means your concerns will be treated seriously and addressed fairly and promptly.

## Have concerns? We're here to help.

Talk to us first if you have a concern. We'll work with you to try solve your problem straight away.

If you're not happy with how we handle things, or we can't resolve your concern quickly, we'll recognise your matter as a formal complaint. Our complaints team will independently review your matter fairly and objectively.

## How do I make a complaint?

You can also make a formal complaint by contacting us. We'll acknowledge your complaint within two days.

- Email [contact@rest.com.au](mailto:contact@rest.com.au) with the subject line 'Complaint'
- Call us on 1300 300 778 between 8am-10pm AEST, Monday to Friday.
- Via our Facebook page or Rest App messaging
- Via Live Chat at [rest.com.au/contact-us](https://rest.com.au/contact-us)
- Lodge by mail:  
**The Trustee Services Officer**  
Rest  
PO Box 350  
Parramatta NSW 2124

## Our complaints process

We'll aim to resolve your complaint within 90 days. Sometimes it might not be possible to completely resolve your complaint in that time. If it looks like we can't resolve it in this time, we'll let you know, and tell you the reasons why it's taking a little longer.

No matter how long it takes us to make a decision about your complaint, we'll always let you know the reasons for that decision.

If you're not satisfied with how we're handling your complaint, or you don't agree with our decision you can lodge a complaint with the Australian Financial Complaints Authority (AFCA).

## Who is the Australian Financial Complaints Authority?

AFCA is a free, independent dispute resolution service. It will try to resolve any differences or make a binding ruling if necessary. There may be time limits depending on the type of complaint, so it's important to contact AFCA promptly.

- Email [info@afca.org.au](mailto:info@afca.org.au)
- Call 1800 931 678
- Visit [afca.org.au](https://afca.org.au)

You can find out more about our complaint management process and how to lodge a complaint at [rest.com.au/complaint](https://rest.com.au/complaint)

## How to contact Rest

To contact Rest, use the details on the back page, or write to us at:

**The Trustee Services Officer**  
Rest  
PO Box 350  
Parramatta NSW 2124

## Rest Super & Corporate

☎ **1300 300 778**  
Monday to Friday,  
8am-10pm AEST

✓ **Roger** (24-seven)

💬 **Live Chat**  
Monday to Friday, 8am-10pm  
Saturday, 9am-6pm  
Sunday, 10am-6pm AEST

## Acumen

☎ **1300 305 779**  
Monday to Friday,  
8am-6pm AEST

✓ **Roger** (24-seven)

💬 **Live Chat**  
Monday to Friday, 8am-10pm  
Saturday, 9am-6pm  
Sunday, 10am-6pm AEST

## Rest Pension

☎ **1300 305 778**  
Monday to Friday,  
8am-6pm AEST

✓ **Roger** (24-seven)

💬 **Live Chat**  
Monday to Friday, 8am-10pm  
Saturday, 9am-6pm  
Sunday, 10am-6pm AEST

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🔗 [rest.com.au](https://rest.com.au)

Rest