



Assessment of Rest's Member outcomes

1 July 2019 – 30 June 2020

Rest

Introduction



Rest's mission is to help members achieve their personal best retirement outcome.

Established in 1988, Rest is among the largest funds by membership. We use our size and expertise to deliver long-term investment performance to around 1.8 million members. For more than 30 years, Rest has been looking after hardworking Australians and their super. Around 60 per cent of our members are women, half our members are younger than 30 years old, and many members work in part-time and casual jobs meaning they typically have a lower average account balance. That's why ensuring we protect members' savings is core to our investment philosophy, and we keep our fees low.

To achieve our mission, we are committed to delivering strong, long-term investment returns, low fees, flexible and affordable insurance, and leading digital customer service and advice to help members engage with their retirement savings.

To ensure we are continuing to promote our members' best financial interests, Rest undertakes an annual review of its performance. As part of this review, Rest's products must be assessed against our objectives and compared to our peers in the market.

Our assessment for the 2019-20 Financial Year has been completed using independent third-party research to compare fees, costs and investment returns with other super funds. Internal information and analysis was used to assess other parts of Rest's overall performance. The outcome of this assessment demonstrated that Rest has successfully delivered its objectives.

Our assessment determined that in the 12 months to 30 June 2020:

- Rest continued to deliver strong long-term investment performance. The majority of our members are invested in our MySuper Core Strategy option, which once again exceeded its investment objective and performed well over longer-term horizons.
- Rest's fees are among the lowest in the superannuation industry.
- Rest provides a range of flexible and competitively priced insurance coverage to our members. Our new default insurance offering launched on 1 April 2020 provided new flexible coverage options and also saw premiums reduced by an average of 36 per cent.
- Rest's digital customer service and financial advice helped more members connect with their super and make informed decisions about their retirement savings.

The following pages provide more detail about how we performed against our objectives and peers during the 2019/20 Financial Year.

Based on our assessment, Rest has promoted the best-possible outcomes for our members.

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Strong long-term investment returns

Rest has delivered strong long-term returns to members in our MySuper and Choice investment options, with most options performing well compared to our peers over longer time horizons.

MySuper performance

The majority of our members are invested in our MySuper Core Strategy option. Core Strategy is designed to grow members' retirement savings over the long term. Its objective is to achieve a return of CPI+3% per year over the long-term (rolling 10-year periods).

The 2019-20 Financial Year was an extremely volatile period for investment markets, thanks primarily to the impact of the global COVID-19 pandemic.

As a result of this turbulence, the Core Strategy's returns for the year were negative (-1.05 per cent), which was only its third negative year in the 32 years since the option commenced in 1988. The longer-term 10-year returns were solid and well above the objective at 7.66 per cent per annum.

Performance against objective[^]

Actual 10-year return at 30 June 2020:
7.66% per annum

Objective 10-year return at 30 June 2020:
4.79% per annum

Exceeded the objective return by 2.87 points.

Performance compared to peers and level of investment risk

The Core Strategy has delivered strong long-term returns. It has exceeded its investment objective, providing top-quartile performance over 15 and 20 years.

The Core Strategy's asset allocation exposure is focused on downside protection, and more recently was impacted in the short-term by investment style. Performance has consequently lagged the

benchmark for net investment returns over a six-year benchmark period.[†] The Core Strategy option is positioned more similarly to its peers in 2021 and recent performance has benefited from the markets that have favoured growth assets (for example, shares).

The level of investment risk for the Core Strategy option is 3.50 (Medium to High), meaning it is estimated that it will have three to four negative returns during a 20-year period. The median for MySuper funds is 4.0, meaning more than half of our peers have a higher level of risk.

We believe that superior investment performance requires a long-term focus. Reflecting this, Core Strategy is one of the top-performing investment options during the past 20 years.

Performance*

Period	Return	Ranking
One-year	-1.24%	45/85
Rolling three-year	4.28%	66/80
Rolling five-year	5.03%	54/74
Rolling 10-year	7.66%	20/45
Rolling 15-year	6.94%	7/31
Rolling 20-year	7.35%	2/23

Over the shorter term to 30 June 2020, Rest's Core Strategy has achieved its investment objectives (CPI+3% over 10 years) but has underperformed relative to peer funds.

*This information is as at 30 June 2020. Industry benchmark information is sourced from the Chant West Quarterly MySuper Statistics Dashboard and the SuperRatings SR50 Balanced (60-76) Index.

[^]Core Strategy returns for Rest Super and Rest Corporate members.

[†]The Simple Reference Portfolio as measured by the Australian Prudential Regulation Authority (APRA).

Past performance is not an indicator of future performance.



Choice performance

The net investment returns for Rest's Choice investment options have generally been strong over the longer term, with most on track to meet or exceed their objectives.

Choice performance for Rest Super and Rest Corporate[†]

Investment option	One year (%)	Three years (%)	Five years (%)	Seven years (%)	10 years (%)	15 years (%)	Rank vs peers
Capital Stable	0.1%	2.9%	3.5%	4.6%	5.4%	5.2%	23/60
Balanced	-0.8%	3.5%	4.3%	5.8%	6.5%	5.9%	12/39
Diversified	-1.3%	4.5%	5.4%	7.3%	7.9%	6.9%	8/66
Core Strategy	-1.0%	4.5%	5.2%	6.9%	7.7%	6.9%	8/65
Balanced - Indexed	0.4%	n/a	n/a	n/a	n/a	n/a	n/a
High Growth	-1.9%	5.0%	6.0%	8.3%	8.8%	7.4%	7/41
Shares	-2.9%	6.4%	6.8%	9.7%	9.8%	7.7%	2/33
Cash	1.3%	1.7%	1.8%	2.0%	2.6%	3.2%	8/15
Basic Cash*	1.3%	1.7%	1.8%	2.0%	2.6%	3.2%	8/15
Bonds	1.3%	2.5%	2.6%	3.4%	4.6%	5.0%	4/6
Property	0.6%	6.9%	9.0%	8.4%	7.7%	7.1%	1/4
Australian Shares	-7.0%	5.1%	6.4%	8.2%	8.7%	8.0%	2/7
Australian Shares - Indexed	-6.7%	n/a	n/a	n/a	n/a	n/a	n/a
Overseas Shares	-2.0%	6.3%	6.2%	9.9%	9.9%	6.5%	5/7
Overseas Shares - Indexed	3.8%	n/a	n/a	n/a	n/a	n/a	n/a

'n/a' means the option was not available for the whole indicated period.

[†]This information is as at 30 June 2020. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Super*

*Performance Information shown for Basic Cash does not correspond to the actual performance return achieved due to limitations in the external information used to complete this comparison. (*Chant West Member Outcome Dashboard - Super*.)

Past performance is not an indicator of future performance.

Choice performance for Rest Pension[†]

Investment option	One year (%)	Three years (%)	Five years (%)	Seven years (%)	10 years (%)	15 years (%)	Rank vs peers
Capital Stable	0.3%	3.3%	3.9%	5.1%	6.1%	6.0%	11/31
Balanced	-0.2%	4.0%	4.8%	6.4%	7.3%	6.7%	8/24
Diversified	-0.8%	5.0%	6.0%	8.0%	8.8%	7.7%	4/36
Core Strategy	-0.3%	5.2%	5.9%	7.6%	8.5%	n/a	n/a
Balanced - Indexed	0.4%	n/a	n/a	n/a	n/a	n/a	n/a
High Growth	-1.4%	5.7%	6.7%	9.0%	9.7%	8.2%	5/22
Shares	-2.3%	7.2%	7.3%	10.5%	10.7%	8.4%	2/17
Cash	1.5%	2.0%	2.1%	2.4%	3.1%	3.8%	4/7
Basic Cash*	1.5%	2.0%	2.1%	2.4%	3.1%	3.8%	4/7
Bonds	1.5%	2.9%	3.0%	3.9%	5.4%	5.8%	1/1
Property	0.7%	7.5%	9.9%	9.3%	8.6%	7.8%	1/2
Australian Shares	-3.8%	7.1%	7.6%	9.4%	9.9%	9.0%	1/2
Australian Shares - Indexed	-7.4	n/a	n/a	n/a	n/a	n/a	n/a
Overseas Shares	-1.9%	6.8%	6.7%	11.0%	10.9%	7.1%	1/1
Overseas Shares - Indexed	4.1%	n/a	n/a	n/a	n/a	n/a	n/a

'n/a' means the option was not available for the whole indicated period.

[†]This information is as at 30 June 2020. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Super*

*Performance Information shown for Basic Cash does not correspond to the actual performance return achieved due to limitations in the external information used to complete this comparison. (*Chant West Member Outcome Dashboard - Super*.)

Past performance is not an indicator of future performance.

Low fees

Rest aims to provide members with low fees by using our scale to deliver better value.

When we review our fees, we typically consider the total costs of administration and investment fees, since these combined costs affect the return to members. Having the lowest possible total fees is important to deliver strong long-term member outcomes.

Rest's fees in the 2019/20 Financial Year were among the lowest in the superannuation industry.

MySuper fees

The assessment of our total fees for our MySuper products confirmed that they were among the lowest in the industry.

When assessed individually, our administration fees and investment fees each compared favourably to our peers, with both being lower than the industry median.

The table below shows how our administration fees, investment fees and combined fees compare to the rest of the MySuper market.

Rest Super and Rest Corporate [^]		
Fee type	Fee (\$) pa	Industry median (\$) pa
Administration fees	\$117.60	\$178.00
Investment fees	\$335.00	\$365.00
Total fees	\$452.60	\$533.00

Choice fees

The administration fees are the same for both our Choice and MySuper products, and therefore compare favourably to our peers. Our range of Choice investment options each have their own investment fees.

The assessment of Rest's Choice product investment fees found these were also competitive within their respective peer groups. All investment fees were lower than their respective industry medians, and three investment options were the lowest in their peer group, with no investment fees.

In fact, Balanced - Indexed was recognised for its value with a prestigious *Money* magazine Best of the Best Award. Balanced - Indexed was the gold winner in the 'Cheapest balanced product 2020 (\$20,000 balance)' category in *Money* magazine's 2020 Awards.

Importantly, investment fees and costs for all Choice investment options are below the median fees and costs for comparable Choice products.

Administration fees*

	As at 30 June 2020	From 28 November 2020	
	Fee (\$ pa)	Fee (\$ pa)	Industry median (\$ pa)
Rest Super	\$117.60	\$138.00	\$186.00
Rest Corporate	\$117.60	\$138.00	\$186.00
Rest Pension	\$157.60	\$138.00	\$176.00

[^]This information is as at 30 June 2020. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Quarterly MySuper Statistics Dashboard*.

*Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Super and Chant West Member Outcome Dashboard - Pension*.

Investment fees for a \$50,000 balance

Rest Super and Rest Corporate [^]		
Investment option	Investment Fee (\$)	Industry median (\$ pa)
Capital Stable	\$215	\$295
Balanced	\$270	\$340
Diversified	\$310	\$368
Core Strategy	\$305	\$375
Balanced - Indexed	\$0	\$375
High Growth	\$340	\$390
Shares	\$305	\$390
Cash	\$10	\$55
Basic Cash*	\$10	\$55
Bonds	\$110	\$195
Property	\$375	\$430
Australian Shares	\$300	\$320
Australian Shares - Indexed	\$0	\$320
Overseas Shares	\$310	\$335
Overseas Shares - Indexed	\$0	\$335

Rest Pension [^]		
Investment option	Investment Fee (\$)	Industry median (\$ pa)
Capital Stable	\$220	\$280
Balanced	\$260	\$345
Diversified	\$305	\$370
Core Strategy	\$300	\$370
Balanced - Indexed	\$0	\$370
High Growth	\$335	\$380
Shares	\$295	\$375
Cash	\$10	\$42
Basic Cash*	\$10	\$55
Bonds	\$110	\$190
Property	\$375	\$445
Australian Shares	\$275	\$280
Australian Shares - Indexed	\$0	\$280
Overseas Shares	\$310	\$310
Overseas Shares - Indexed	\$0	\$312

[^]This information is as at 30 June 2020. Fees are calculated on an account balance of \$50,000. Industry benchmark information is sourced from *Chant West Member Outcome Dashboard - Super* and *Chant West Member Outcome Dashboard - Pension*.

*Fee information shown for Basic Cash does not correspond to the actual investment fee charged due to limitations in the external information used to complete this comparison. (*Chant West Member Outcome Dashboard - Super*.)

Affordable and flexible insurance

Rest believes that insurance is a very important part of superannuation, and we strive to use our scale to provide members with cover at the best-possible value.

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 was an example of how we use our scale to provide members 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 a member's age. This is designed to ensure that premiums are fair and equitable across our Rest Super membership, and that account balances are not being inappropriately eroded.

Rest Corporate has a different insurance offer, which allows employers to tailor unique cover according to the needs of their employees. The pricing for Rest Corporate is based on its own claims experience and is relative to the claims made by its members.

Premiums

Rest delivered competitive, affordable premiums to our members in 2019-20 compared to our peers. The industry benchmark is for insurance premiums to cost one per cent of members' estimated salaries. Overall, our insurance premiums were below this benchmark.

Insurance Premiums*

Insurance	Product	Rest premium (% of salary)	Benchmark premium (% of salary)
Death	Rest Super	0.8	1.0
	Rest Corporate	0.8	1.0
TPD	Rest Super	0.8	1.0
	Rest Corporate	0.5	1.0
Income Protection	Rest Super	0.9	1.0
	Rest Corporate	0.4	1.0

Claims payment rates

Rest paid more than \$540 million in claims benefits to members during the 2019-20 financial year, around \$1.5 million per day.

The payment rates were:

TPD:
93% of claims were paid

Death:
100% of claims were paid

Income Protection:
98% of claims were paid

*Figures are as at 30 June 2020 and incorporating information from *Chant West Member Outcome Dashboard – Super*.

Options, benefits and facilities

Customer service

Rest believes that outstanding digital customer service is key to helping members engage with their super earlier and more often, giving them greater opportunity to achieve their personal best retirement.

In the 2019/20 Financial Year, we had more than 1.8 million conversations with our members either over the phone, or via our virtual agent Roger, Rest App messages or online Live Chat. This is the equivalent of around 5,000 engagements with members per day.

Providing responsive, empathetic, and supportive customer service was critical during the peak of COVID-19 turbulence.

From March to June, as extreme volatility gripped markets and the Australian Government enacted the Early Release of Super scheme, contact with members increased to about 6,500 interactions per day – peaking at about 8,500 per day in May. There were also around 23,000 sessions on the Rest App per day from February to June.

In the first phase of the Early Release of Super up to 30 June, we provided around \$1.77 billion to nearly 247,000 members. Ninety-seven per cent of the applications were processed in five days.

The Rest App

The Rest App reached nearly half a million registered users by 30 June 2020. The App is helping members engage with their super. On average, 18,000 registered members use the App per day. The App was also well received by members, with an average rating of four stars across the App Store and Google Play.

Financial advice

We also believe that financial advice is a critical part of superannuation. With so many Australians now facing an uncertain future following the upheaval of COVID-19, it's never been more important that they can access quality, affordable financial advice.

We believe everyone can benefit from simple financial advice. Providing members with simple, accessible, and affordable advice is a valuable part of a super fund's service.

We've been developing our digital advice to offer this service to even more of our members at scale, encouraging them to seek out advice on their own terms in a manner that best suits them.





In the 2019-20 Financial Year, the number of Statements of Advice we provided to members doubled, thanks largely due to the huge take up of our digital advice tools. The number of digital statements of advice more than tripled during the financial year.

Furthermore, the members who used the tools were those who historically have not sought out financial advice: younger members, particularly young female members. The number of female members aged 20 to 29 who used the digital advice tools quadrupled during the year.

Overall size and scale

With around 1.8 million members and more than \$55 billion in funds under management as at 30 June 2020, Rest has sufficient scale to provide members with valuable, competitive products and services designed around their needs.

Rest's scale allows the fund to deliver to members:

-  low fees and competitive insurance premiums,
-  flexible products, insurance cover and investment options,
-  leading digital customer service and financial advice, and
-  access to diverse assets and investment opportunities

Rest has maintained Platinum ratings from Super Ratings for Rest Super, Rest Corporate and Rest Pension. Rest Super has earned a 15-year Platinum Performance rating from 2006 to 2021 and Rest Pension has earned a 10-year Platinum Performance rating. Rest Corporate has also earned a seven-year Platinum Performance rating. Chant West has also awarded both Rest Super and Rest Pension with 'Five Apples' in 2021 for the fourth-year running.

Determination for the year ending 30 June 2020



MySuper product determination

The financial interests of members are being promoted by the Trustee because:

- of the scale of the Trustee's business operations,
- member fees and costs are among the lowest in the industry,
- operating costs are not inappropriately affecting the financial interests of members,
- the basis for the setting of fees is appropriate for members,
- the options, benefits and facilities offered are appropriate for members and are delivering positive member outcomes,
- the investment strategy, including the level of investment risk and return target, is appropriate for Rest's MySuper members,
- the insurance strategy is appropriate for members, and
- the insurance fees charged do not inappropriately erode the retirement incomes of members.



Choice product determination

The financial interests of members are being promoted by the Trustee because of:

- the scale of the Trustee's business operations,
- members fees and costs are below the industry median,
- operating costs are not inappropriately affecting the financial interests of members,
- the basis for the setting of fees is appropriate for members,
- the options, benefits and facilities offered are appropriate for the members,
- the investment strategy, including the level of investment risk and return target, is appropriate for Rest's Choice members,
- the insurance strategy is appropriate for members, and
- the insurance fees charged do not inappropriately erode the retirement incomes of members.



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**
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✔ **Roger** (24-seven)

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Rest Pension

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✔ **Roger** (24-seven)

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