Investment Guide

Effective 30 September 2022

The information in this document forms part of the Product Disclosure Statement (PDS) for Rest Super and Rest Corporate effective 30 September 2022. You should read the PDS in conjunction with this Investment Guide.

Inside this guide

Disclaimer

The information in this Investment Guide forms part of the PDS for Rest Super, and Rest Corporate (effective 30 September 2022). The PDS, Target Market Determination (TMD), Additional Information on Fees and Costs, and the relevant Insurance Guide including Your Employer Plan Summary (if applicable) contain important information you should consider before making a decision to invest in Rest Super or Rest Corporate. All of these important documents are available at **rest.com.au/pds** or you can obtain a paper copy free of charge by contacting us. This document contains general information only and does not consider your situation, objectives or needs. You should read and consider this document and the PDS carefully and speak with a financial adviser before making a decision about Rest Super or Rest Corporate.

Issued by Retail Employees Superannuation Pty Limited ABN 39 001 987 739 AFSL 240003 (`Rest', 'the trustee', 'we', 'our' or 'us') as trustee of Retail Employees Superannuation Trust ABN 62 653 671 394 (the Fund).

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Information in this document is up to date at the time of preparation, but we may make changes from time to time. Any changes that are not materially adverse will be updated on our website at **rest.com.au/governance**

Our investment philosophy

Rest is one of Australia's largest industry super funds, with around 1.9 million members and more than $65 billion in funds under management*.

Our mission is to help members achieve their personal best retirement outcome.

We are committed to delivering strong investment returns over the long-term by:

- capturing market opportunities
- integrating environmental, social and governance factors
- employing an active investment management approach.

Our members are always at the centre of everything we do.

Michelle,
Rest Member

* As at 30 June 2022

01

Why your investment choice matters

Your super will grow to be one of the largest sums of money you'll ever have. How you choose to invest it now can make a big difference to the lifestyle you can support when you retire.

This is because the same amount of money, invested in different investment options, can produce a completely different result for your super savings.

We care about looking after our members, that's why we've designed this guide to give you the information you need to choose the right investment option for you. It covers the basics of investing in super including asset classes, understanding risk and the Rest investment options that are available to you.

Making a decision about which investment option is right for you doesn't have to be daunting. As well as reading this guide, you can also use our Investment Choice Solution at **go.rest.com.au/investmentchoicesolution** to help you work out which Rest investment option might suit you.

For information about the fees and costs of your Rest investment, please read the Additional Information on Fees and Costs for your product available at **rest.com.au/pds**

Benefits of investing with Rest

Competitive long-term performance

Rest is focused on delivering competitive returns over the long term to help build members' retirement savings. Our Core Strategy investment option has a track record of delivering competitive long-term investment returns*.

Flexible investment options

Rest understands that members have different needs and financial objectives. That's why we offer a range of easy to understand investment options with different levels of risk for you to choose from. You can change your investment options anytime.

Advice when you need it

A little advice now can make a big difference later. There is usually no charge^ for simple advice and super questions - it's part of being a member of Rest.

To find out more visit **rest.com.au/advice**

Easy and convenient online access

Manage your super with Rest anytime, anywhere with MemberAccess. You can easily review and make changes to your investment options (switching) or strategy whenever you like. Just visit **rest.com.au** and use your member number to get started.

You can also check your balance 24/7 and make an investment switch in the Rest App.

* Based on SuperRatings Fund Crediting Rate Survey – SR 50 Balanced (60-76) Index of 10 year returns, June 2022. Awards and ratings are only one factor to consider when deciding how to invest your super. Further information regarding these awards can be found at **rest.com.au Past performance is not an indicator of future performance.** SuperRatings Pty Limited does not issue, sell, guarantee or underwrite this product. Go to **superratings.com.au** for details of its ratings criteria.

^ Rest Advice may be accessed by members without incurring additional fees for simple advice. An advice fee may be payable for complex advice.

02 Understanding risk

All investments have some level of risk. This section helps you understand risk and what it means for you, so that you can be in the best position to choose the right investment option(s) for your super.

The words in *italics* have technical meanings and are explained in more detail on page 35.

What is risk?

Risk measures the chance that an investment's actual *return* will be negative or different from what you expected. An investment is considered to be higher risk if the return moves up and down or fluctuates from year to year – this is known as volatility.

Returns on an investment include any income the investment earns and any increase (or decrease) in the capital value of the investment.

Whilst risk can be minimised, it can't be completely eliminated. Even the most conservative investments carry some risk, but some investments are riskier than others. Generally, the higher the potential return, the higher the risk of a negative return – this is called the risk return trade-off.

The level of risk is different for each investment option and depends on the underlying mix of assets held in that investment option – for example, cash, debt, property and shares.

Assets with the highest potential return over the longer term (such as shares), generally have the highest risk of negative returns – particularly in the short-term. Whilst assets like cash and debt, fluctuate less from year to year, but tend to produce lower long-term returns.

Flexible investment options

Rest offers a range of flexible investment options, all with different levels of risk, so that you can choose the investment option(s) that you feel comfortable with.

Your investment timeframe

Your *time horizon*, or the period of time that you intend to invest your super, is one of the most critical parts of choosing your investment options. If you are investing for a retirement that is 25 or 30 years away, you may have more time to ride out the ups and downs of the market.

If you're close to retirement, you may not have the time to ride out a downturn. Your tolerance for volatility in returns may be lower and you may prefer investments that historically produce smoother returns from year to year.

However, even after you retire, you may still want to keep some of your money in investments with a potential for higher returns (and therefore higher risk). After all, you may be retired for 10, 20 years or more.

What is the Standard Risk Measure?

The *Standard Risk Measure*^ is a guide to the likely number of negative annual returns expected over any 20 year period*. It's a guide to compare investment options across different funds. You can see the Standard Risk Measure for each of our investment options on pages 20-27. The risk bands and risk levels used in the Standard Risk Measure are based on the seven categories listed below^:

Seven Standard Risk Measure Categories

Risk Band	Risk Label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to Medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to High	3 to less than 4
6	High	4 to less than 6
7	Very High	6 or greater

Things you should consider

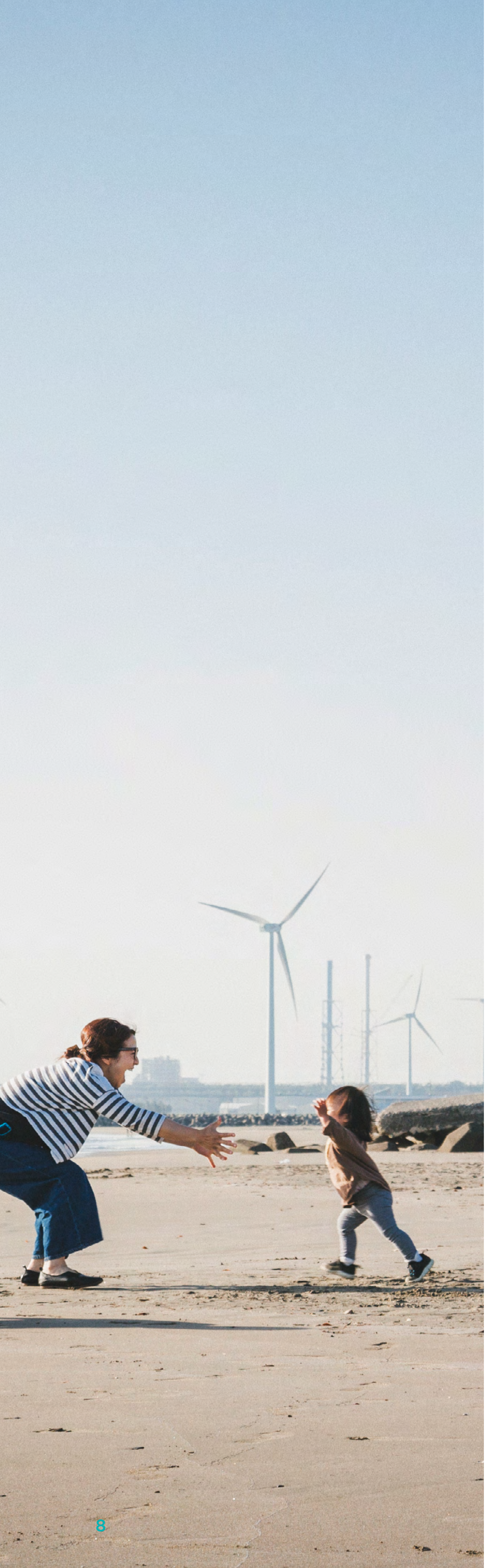
The estimates provided by Rest for our investment options are calculated using a number of assumptions, including the:

- forecasted performance of investment markets
- likely fluctuation in returns
- relationship between different asset classes.

These assumptions are not guaranteed and may change from time to time. A detailed explanation of our approach is available on our website at **rest.com.au/srm**

^ The Standard Risk Measures are produced in accordance with the Standard Risk Measure guidance issued jointly by The Association of Superannuation Funds of Australia Limited and Financial Services Council in July 2011. The Standard Risk Measure is not a complete assessment of all forms of investment risk. It will not predict market downturns or the length and extent of them. Importantly, it does not tell you the details of potential negative returns or take into account the potential that positive returns might be less than what you need to meet your investment goals. In addition, your tolerance to risk will also depend on other important factors, including your age, how long you want to invest for, your financial needs and your assets.

* The expected likelihood of loss is calculated on a before tax basis, without taking into account imputation credits and is before administration fees, but after investment management fees.



Different ways to think about risk

Most people think of risk as the volatility in investment returns, but there are also some other ways to think about risk. For example, there's the risk that you don't save enough or make the right investment decisions while you're working, to achieve the income or lifestyle you want in retirement.

Risks that should be considered include:

Longevity risk
The risk that you will outlive your retirement savings.

Adequacy risk
The risk that your super savings may not be enough to generate the retirement income that meets your retirement needs.

Market and economic risk
Investment returns may be affected by economic conditions, government regulations, market sentiment, international events and other similar factors.

Company specific risk
An investment in a specific company may be affected by changes to the company such as loss of a major customer, changes in management and other internal and external factors.

Inflation risk
The risk that your super savings are unable to keep up with the rising cost of living over time (inflation).

Currency risk
Investments in international assets may be affected by currency fluctuations.

Interest rate risk
Changes in *interest* rates in Australia and overseas can have a direct or indirect impact on the value and return of all types of assets.

Liquidity risk
From time to time, some investments may not be easily converted to cash. This may be due to abnormal or difficult market conditions or due to the nature or circumstances of the investment.

What is inflation and how is it measured?

Inflation is basically the rate of increase in prices for goods and services. There are a few different ways to measure inflation, but the most common way of measuring it is the *Consumer Price Index (CPI).*

CPI looks at the prices of hundreds of things we often spend our money on and tracks how their price changes over time. Accepting lower market volatility – which generally also means accepting the potential for lower returns – can be a risky strategy if you are trying to keep up with or beat inflation.

Managing risk with diversification

Rather than putting all your eggs into one basket, you can spread your money across different types of investments to help lower the exposure to a particular asset – this is called *diversification*. It means that you don't have to rely on the performance of any one investment because if one falls in value, another may perform well to make up for the loss.

Diversifying across a range of asset sectors, industries and securities can reduce the risk involved with investing in one particular asset class and may improve your investment outcomes.

There are many ways to diversify your investments with Rest

Diversification types

	Example	Rest investment option
Across asset classes	A mix of asset classes, such as shares and debt	Core Strategy, all Structured options
Within asset classes	A mix of securities, such as a mix of companies in different industries when investing in shares	All Rest investment options
Across different countries	A mix of countries and geographical regions with various economic conditions	Core Strategy, all Structured options, Overseas Shares, Overseas Shares - Indexed, Bonds, Property, Shares

03 How we invest your super

In this section, we explain how your money is invested, the meaning of each asset class and how it relates back to risk.

We invest your money across different investment markets using a range of asset classes and investment strategies, as well as the skill and expertise of specialist *investment managers* to grow your retirement savings.

We set an investment strategy (a long-term plan) and objective for each of our investment options and regularly monitor the performance of our investment managers to make sure they continue to deliver the best outcome for you.

To enhance returns and/or to reduce the level of *risk*, we may also choose to invest in securities that fall within the particular asset class, but may not currently be included in the relevant *benchmark* or index. We may also use derivatives for this purpose (as described on page 30). For example, Rest's Overseas Shares asset class may include small capitalisation or emerging market shares that are not currently listed within the MSCI All Country World ex-Australia Index, but are still part of the underlying market measured by the index. We may also look to manage risk in a particular asset class by excluding certain types of investments from our investment portfolio, purchasing options or using other derivative instruments.

Rest's primary investment goal

Rest's primary investment goal is to grow members' savings by delivering net returns above the rate of inflation (known as real net returns) over the long term.

See where your money is invested

For a list of our investment managers, and investment holdings by investment option, please go to **rest.com.au/how-we-invest**

What is an index?

An index is a group of investments that measure and represent the performance of a specific market or asset class.

For example, the S&P/ASX 300 Accumulation Index (ASX 300) is used as a common measure of the Australian share market and is made up of the top 300 ASX listed shares by market capitalisation.

Understanding asset classes

Assets fall into two broad groups – defensive assets and growth assets – which offer different risk and return characteristics.

Defensive assets

- aim to protect the value of your investment
- lower risk, so chances of a negative return are less
- returns are usually lower, so may not keep pace with the cost of living
- Rest's defensive assets include Cash and Debt.

Growth assets

- aim to increase the value of your investment
- have historically produced higher investment returns
- increased risk of negative returns over the short term
- Rest's growth assets include Australian Shares and Overseas Shares (including Private Equity).

Property, Infrastructure and Alternatives are considered mid-risk, and are split between growth and defensive.

Assets are defensive or growth assets*

Asset type	Description	Growth	Defensive
Cash	Includes deposits and short-term securities issued by major Australian banks, Australian Government and semi-government authorities.		✓
Debt	Includes a mixture of Australian and overseas debt securities issued by governments, semi-government authorities and companies along with credit securities such as high-yield bonds, bank loans and asset-backed securities. Debt securities typically have a fixed coupon paid on a regular basis and are exposed to both interest rate risk (the impact that changing interest rates have on bond values) and default risk.		✓
Alternatives	Includes a mix of investments and strategies that look to produce returns with low correlation to other asset classes in most market conditions and cycles. These may include traditional securities like shares, debt instruments, private loans and other alternative unlisted investments such as businesses that may directly hold, operate and/or manage agricultural holdings.	✓	✓
Property	Includes investments in directly held real property assets and both listed or unlisted investments in or alongside developers, operators and managers of real property assets (including office, residential, commercial, retail and industrial properties).	✓	✓
Shares	Represent part-ownership in a company. Shares generally provide returns in the form of dividends and, in the longer term, in the form of capital gains, but capital losses (negative returns) are also possible. Different categories of shares include: • **Australian shares** – investments in companies listed on the Australian Securities Exchange. • **Overseas shares** – includes investments in companies listed on foreign exchanges and investments in predominantly overseas funds managed by, or entities associated with, private equity firms which may involve the provision of equity and/or debt funding to companies not listed on a stock exchange or the taking private of listed entities.	✓	
Infrastructure	Includes both listed and unlisted investments in or alongside developers, operators and/or managers of transport, utility and public facility assets and services, such as airports, shipping ports, toll roads, power generation and distribution assets, telecommunications and data infrastructure.	✓	✓

* The descriptions of the asset classes in the table may not cover all the types of investments that are included in Rest's asset classes.

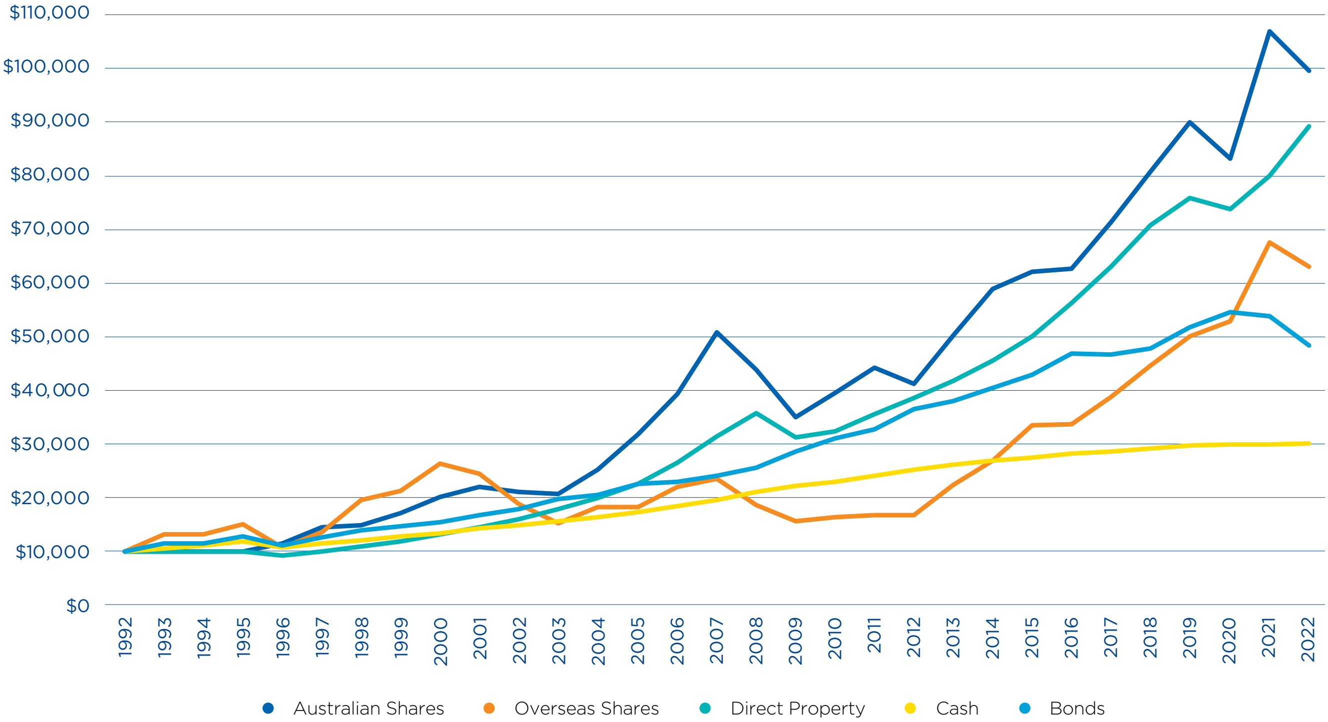
Asset classes and performance

To show an example of the relationship between risk and return, the graph below shows how different asset classes have performed over the long term. It also shows that share markets move up and down from year to year, indicating they are more volatile and carry a higher level of risk. However, over the long-term, these asset classes have also produced higher returns than debt (for example bonds) and cash. Alternatively, leaving your super invested in less volatile assets that carry a lower level of risk, like cash and bonds, may be the safest option in the short-term, but over the long-term, may not provide the investment return you need to meet your retirement income or lifestyle goals.

Long term asset class performance

How $10,000 invested in each asset class would have grown over 30 years.

30 year returns on $10k across asset classes



The index returns in the graph are derived from the following indices:

Australian shares	S&P/ASX 300 Accumulation Index
Overseas shares	MSCI Daily Total Return Net World Index ex Australia in A$
Property	Mercer Australian Unlisted Property Index (up to September 2009), replaced by MSCI/ Mercer Australia Core Wholesale Property Fund Index (from October 2009)
Bonds	50% Bloomberg AusBond Composite 0+ Yr Index (all maturities) and 50% FTSE World Government Bond Index (hedged)
Cash	Bloomberg AusBond Bank Bill Index

Please note that:

- the graph does not reflect Rest's performance
- returns are current to 30 June 2022
- returns quoted are before tax and fees (unless otherwise specified)
- **future returns are not guaranteed and negative returns are possible over any given period**
- **past performance is not an indication of future performance.**

04 Choosing your investment

This section will help you understand asset allocation and the difference between Rest's structured investment options and creating your own portfolio.

Rest understands that your needs, tolerance to risk and retirement goals may change over time. We make it easy for you to choose the right investments for your super, with a choice to invest in a single option, or a mix of the Core Strategy, structured and member-tailored options. You are not locked into your investment option. You can change it at any time. Please note that a *buy-sell spread* will apply.

You also can choose to invest your current savings one way and *future transactions* in another. By having these choices, you can make sure that your investment strategy continues to meet your needs and retirement goals, at the level of risk you feel comfortable with.

Your asset allocation options

Structured

- choose from a diverse range of structured options, each with a different balance of asset classes and weightings.

Choose from:

- Core Strategy
- Capital Stable
- Balanced
- Balanced - Indexed
- Diversified
- High Growth
- Sustainable Growth

- Core Strategy and Sustainable Growth are actively managed by Rest, with an asset allocation that is reviewed on an ongoing basis and adjusted to consider current and expected market conditions.
- our other structured options offer a pre-determined mix of asset classes based on the investment objective. We do not actively manage the asset allocation of these options.

Build your own

- create your own portfolio using our member-tailored options.

Choose from:

- Cash
- Bonds
- Property
- Shares
- Australian Shares
- Australian Shares - Indexed
- Overseas Shares
- Overseas Shares - Indexed

- choose the percentage you'd like from each option to make up your total investment.
- you can review and rebalance your percentages to suit future circumstances.
- you can also select from Rest's structured options to make up your total investment.

When you first join Rest Super or Rest Corporate, your super will automatically be invested in Rest's Core Strategy, unless you tell us otherwise.

What is asset allocation?

Asset allocation is a bit like making wine. Just as a winemaker blends different grape varieties to achieve a certain flavour, you can combine different asset classes to achieve a portfolio risk and return profile that best meets your needs. The process of asset allocation involves deciding how much money you want to invest in each asset class (usually as a percentage or weighting of your total investment portfolio).

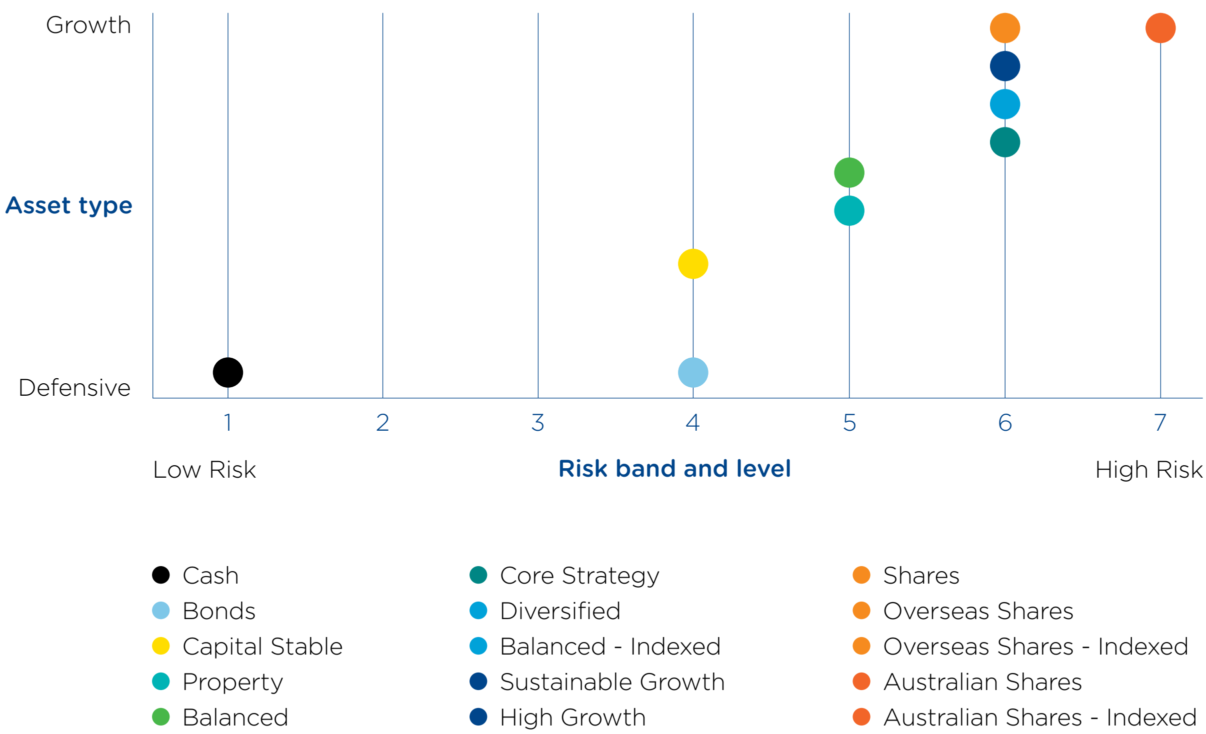
The amount of money you choose to allocate to each asset class depends on what you want to achieve. For example, if your goal is to maximise your investment returns over the long-term, you might consider investing most of your money in *growth* assets and the rest in *defensive assets.*

Rest's investment options let you decide how involved you want to be with your asset allocation. You have the option of either choosing a structured asset allocation, or you can actively manage your own asset allocation.

Asset type and risk

Most investments fall into two broad asset groups – growth and defensive. The diagram below shows where each of Rest's investment options fit on a scale of defensive to growth.

Your investment choices



Rest investment options

Core Strategy

Features

- Structured across asset classes
- Rest actively manages the asset allocation

Description

Rest's Core Strategy aims to achieve a balance of risk and return by investing in both growth and defensive assets.

The Core Strategy is reviewed by the Trustee regularly and the asset allocation is actively managed, taking into account current and expected market conditions. Your money is invested in various asset classes, including cash, debt, property, infrastructure, other investments and shares, and the investment mix is adjusted around the benchmark weighting within the ranges nominated by the Trustee.

We also actively monitor the overall exposure to foreign currencies and may change the level of exposure as a result of changes in foreign currency markets. More information about Core Strategy can be found on page 20 of this guide.

Structured options

Features

- Structured across asset classes
- Asset allocation reviewed at least annually†

Description

Rest's structured options are invested across a mix of different asset classes to match different member needs. We determine an appropriate asset allocation to enable each option to achieve its investment objective.

Members may choose either one or a mix of the structured options listed in the table on pages 20-23.

The asset allocation of the structured options are reviewed at least on an annual basis. We will not normally change the asset allocation of the options more frequently in response to changing market conditions.

Member-tailored options

Features

- Build your own customised portfolio*

Description

Rest's member-tailored options invest in single asset classes and are best suited to members who want to build their own customised portfolio. You can choose from one or more of the asset classes listed on pages 23-27.

With these options, you choose the asset allocation – we do not actively manage the asset allocation in your portfolio.

To achieve diversification in your portfolio, you may need to choose a combination of multiple investment options. Your portfolio may have a higher level of risk depending on the asset classes you choose – for example, if you choose to invest only in shares.

Help to choose the option that's right for you

Our Investment Choice Solution can help you work out which investment option might suit you. You'll be asked short and simple questions and we'll recommend how your money should be invested at Rest. Visit **go.rest.com.au/investmentchoicesolution**
If you feel you'd like some extra guidance, you can talk over the phone with a Rest Adviser. Just visit **rest.com.au/advice** to book your appointment.

Simple personal advice about your Rest account is generally available to you at no extra cost. Complex personal advice may incur an additional fee that is not payable from your Rest account. Speak with your Rest Adviser for more information about personal advice and any fees that may be payable.

† The Trustee sets and reviews asset weightings from time to time to take into account changing market conditions, but does not do this on an active basis.

* Except the Shares option, which is structured across Australian and overseas shares.

Changing your investments

You have the flexibility to change your investment option(s) – this is known as a *'switch'*.

When you make a switch, you need to decide if you want to switch:

- Your current account balance only
- The way future transactions are applied, or
- Both.

There is a separate buy and sell *unit price* for each option. When money is invested in an option, it will generally use the buy price. When money is withdrawn from an option it will generally use the sell price.

How we apply switches

If we receive your switch request:

- **Before 4pm** AEST/AEDT (Sydney time) on a business day, your switch will take effect two business days later.
- **At or after 4pm** AEST/AEDT (Sydney time) on a business day or receive your request on a weekend or national public holiday, your switch will take effect three business days later.

For further information and terms, on how to switch an investment option, visit **rest.com.au/investments-switch**

We may delay or suspend switches or withdrawals from your account if:

- There are delays by third parties in processing our requests for example, if an underlying fund delays or suspends issuing unit prices
- A switch or withdrawal would adversely affect the fund
- We cannot realise sufficient assets to satisfy your payment due to circumstances outside our control, for example, markets have been restricted or suspended.

The delays or suspensions of payment could be significant. We are not responsible for any losses caused by these delays.

How to make an investment switch

You can switch your investment options online in MemberAccess at **rest.com.au** or in the Rest App.

Visit **rest.com.au/app** to download the App. You'll need your Rest member number and password to login to MemberAccess or the Rest App.

Don't know your member number? Use our handy online 'find my member number' widget at **rest.com.au/findmymembernumber**

If you have any difficulties logging into MemberAccess, one of our Live Chat agents can help.

05

Investment options

The next few pages show Rest's investment options in detail, so you can compare different options and make an investment choice that's right for you. We've explained the important terms used in the tables in the Core Strategy example on the next page.

It's also important to know:

- The returns on the following pages are quoted at 30 June each year after investment fees and taxes have been deducted, unless otherwise specified.
- For all options other than the Core Strategy and Sustainable Growth:
  - 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; and
  - The overall allocation to growth assets and defensive assets may vary by +/- 10% from the allocation shown.
- 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.
- Any foreign currency exposure is managed to a targeted exposure (set at least annually) for each option. We actively monitor the overall exposure to foreign currencies and may change the actual level of exposure by the implementation of currency hedges to the targeted exposure and having regard to the appropriate benchmark.
- Rest may vary the asset allocations (including the benchmark and ranges) of all or any of these options and introduce new options without prior notice. The asset allocations for each investment option are available at **rest.com.au/investments** Before terminating an investment option, prior notice will be given to members who have any part of their account balance invested in that option.
- The *investment return objectives* quoted on pages 20-27 of this document are not guaranteed to be realised. This also applies to indexed options (see page 29 for more information regarding these options).
- **Your investment in Rest is not guaranteed.** The value of your investment can rise or fall. The returns shown for each investment option are based on the past performance of investment markets that may not be repeated in the future – they have been quoted to indicate the expected relative performances of the investment options over the long-term.
- **Past performance is not an indication of future performance.** You should consider getting financial advice before making an investment decision.

Understanding your investment options

Name of investment option.

Core Strategy

The goal for the investment option.

Aim

Achieve a balance of risk and return by investing in both growth assets and defensive assets.

The return we are aiming to achieve for this investment option. It is not a guaranteed rate of return.

Investment return objective

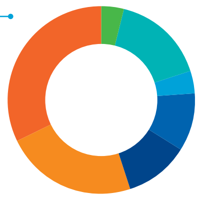
CPI + 3% pa over the long-term (rolling 10 year periods).

How this investment option is spread across the different categories of investments, asset classes.

Asset allocation

A balance of growth and defensive assets, with a focus on growth assets (can range between 60-75% growth assets) consisting of shares and debt (both Australian and overseas), property, infrastructure, cash and other asset classes.

The proportion of the various asset classes that make up this investment option.



The asset classes that make up this investment option showing benchmark and allocation ranges.

- Cash 4% (0-25%)
- Debt 15% (5-50%)
- Alternatives 3% (0-15%)
- Infrastructure 11% (0-25%)
- Property 11% (0-25%)
- Australian Shares 23% (10-45%)
- Overseas Shares 33% (10-45%)

The suggested period of time that you keep your investment in this option.

Minimum suggested timeframe

10+ years

A guide to the likely number of negative annual returns expected over any 20 year period.

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Between 1 (very low) and 7 (very high).

Risk band and level

6, High

Past performance is not an indicator of future performance.

Yearly return

(what this option has returned)

What this investment option has returned in a particular year.

Financial year ended	Super account
2018	8.76%
2019	5.96%
2020	-1.05%
2021	17.43%
2022	-2.37%

The average return of this investment option over a given time period.

Annualised return pa

(period ended 30 June 2022)

Five year	5.51%
Ten year	8.06%

Core Strategy

Aim

Achieve a balance of risk and return by investing in both growth assets and defensive assets.

Investment return objective

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

Asset allocation

A balance of growth and defensive assets, with a focus on growth assets (can range between 60-75% growth assets) consisting of shares and debt (both Australian and overseas), property, infrastructure, cash and other asset classes.

- Cash 4% (0-25%)
- Debt 15% (5-50%)
- Alternatives 3% (0-15%)
- Infrastructure 11% (0-25%)
- Property 11% (0-25%)
- Australian Shares 23% (10-45%)
- Overseas Shares 33% (10-45%)

Minimum suggested timeframe

10+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	8.76%
2019	5.96%
2020	-1.05%
2021	17.43%
2022	-2.37%

Annualised return pa

(period ended 30 June 2022)

Five year	5.51%
Ten year	8.06%

Structured options

Capital Stable

Aim

Provide a stable pattern of returns whilst maintaining a low probability of a negative return in any one year.

Investment return objective

CPI + 1% pa over the medium-term (rolling 4 year periods).

Asset allocation

Primarily defensive assets (can range between 60-75% defensive assets) consisting of mainly debt (both Australian and overseas) and cash, with a smaller proportion of shares (both Australian and overseas), property, infrastructure and other asset classes.

- Cash 22%
- Debt 27%
- Alternatives 6%
- Infrastructure 12%
- Property 12%
- Australian Shares 10%
- Overseas Shares 11%

Minimum suggested timeframe

4+ years

Estimated number of negative annual returns over any 20 year period

2 to less than 3

Risk band and level

4, Medium

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	4.53%
2019	4.24%
2020	-0.15%
2021	9.14%
2022	-0.32%

Annualised return pa

(period ended 30 June 2022)

Five year	3.43%
Ten year	5.08%

Structured options

Balanced

Aim

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

Investment return objective

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

Asset allocation

A balance of growth and defensive assets (can range between 45-60% growth assets) consisting of shares and debt (both Australian and overseas), property, infrastructure, cash and other asset classes.

- Cash 14%
- Debt 21%
- Alternatives 6%
- Infrastructure 11%
- Property 11%
- Australian Shares 16%
- Overseas Shares 21%

Minimum suggested timeframe

6+ years

Estimated number of negative annual returns over any 20 year period

3 to less than 4

Risk band and level

5, Medium to High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	6.45%
2019	5.07%
2020	-0.82%
2021	13.91%
2022	-0.91%

Annualised return pa

(period ended 30 June 2022)

Five year	4.60%
Ten year	6.66%

Structured options

Balanced - Indexed

Aim

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

Investment return objective

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.

Asset allocation

A mix of growth and defensive assets, with a focus on growth assets (can range between 70-85% growth assets) consisting of shares and debt (both Australian and overseas), and cash.

- Cash 5%
- Debt 20%
- Australian Shares 35%
- Overseas Shares 40%

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2019	11.21%
2020	0.44%
2021	19.98%
2022	-6.99%

The 2019 return is its return since inception (being 6 December 2018) to 30 June 2019, a period less than one year.

Structured options

Diversified

Aim

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

Investment return objective

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

Asset allocation

A mix of growth and defensive assets, with a focus on growth assets (can range between 65-80% growth assets) consisting of shares (both Australian and overseas), property, infrastructure, other asset classes plus smaller amounts of debt (both Australian and overseas) and cash.

Minimum suggested timeframe

10+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	8.71%
2019	6.25%
2020	-1.27%
2021	19.18%
2022	-1.58%

Annualised return pa

(period ended 30 June 2022)

Five year	5.99%
Ten year	8.59%

Structured options

High Growth

Aim

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

Investment return objective

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

Asset allocation

Strongly focused on growth assets, with a minor allocation to defensive assets (can range between 80-90% growth assets) consisting of shares (both Australian and overseas), property, infrastructure and other asset classes.

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	10.45%
2019	6.95%
2020	-1.93%
2021	23.17%
2022	-2.10%

Annualised return pa

(period ended 30 June 2022)

Five year	6.91%
Ten year	9.84%

Structured options

Sustainable Growth

Aim

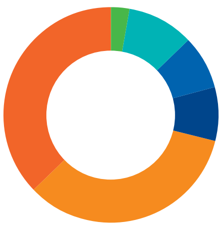
Maximise returns over the long term by investing in a diversified portfolio with enhanced environmental, social and governance investment characteristics that is weighted towards growth assets.

Investment return objective

CPI + 3.5% pa over the very long-term (rolling 12 year periods).

Asset allocation

A mix of growth and defensive assets, with a focus on growth assets (can range between 70% - 85% growth assets) consisting of cash and debt along with sustainability focused shares, property and infrastructure.



- Cash 3% (0-8%)
- Debt 10% (5-15%)
- Infrastructure 8% (3-13%)
- Property 8% (3-13%)
- Australian Shares 34% (29-39%)
- Overseas Shares 37% (32-42%)

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2022	-6.62%

The inception date of this option is 29 March 2021. The 2022 return is the first full year return available. Refer to **go.rest.com.au/performance** for more information.

Member-tailored options

Cash

Aim

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

Investment return objective

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

Asset allocation

Predominantly defensive assets (generally 100% defensive assets) consisting of deposits with major Australian banks. The portfolio currently invests exclusively into deposits with Australia and New Zealand Banking Group Limited (ANZ) (60%) and National Australia Bank Limited (NAB) (40%).

The portfolio may also (but does not currently) invest in other deposits with, or short term discount securities (bank bills, negotiable certificates of deposit) issued by major Australian banks and short-dated debt issued and guaranteed by the Australian Commonwealth or State Governments.

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%

Minimum suggested timeframe

3 months or less

Estimated number of negative annual returns over any 20 year period

Less than 0.5 of a year

Risk band and level

1, Very Low

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	1.83%
2019	1.97%
2020	1.26%
2021	0.81%
2022	0.50%

Annualised return pa

(period ended 30 June 2022)

Five year	1.27%
Ten year	1.84%

Member-tailored options

Bonds

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

Investment return objective
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 Barclays Global Aggregate Credit 1-5 Years Total Return Index (hedged into $A) and Bloomberg Barclays Global Aggregate Index ($A hedged).

Asset allocation
Predominantly defensive assets (generally 100% defensive assets) consisting of a mixture of Australian and overseas debt securities issued by Governments, semi-government authorities and companies.

● Debt 100%

Minimum suggested timeframe
4+ years

Estimated number of negative annual returns over any 20 year period
2 to less than 3

Risk band and level
4, Medium

Yearly return
(what this option has returned)

Financial year ended	Super account
2018	1.00%
2019	5.31%
2020	1.27%
2021	0.26%
2022	-8.09%

Annualised return pa
(period ended 30 June 2022)

Five year	-0.15%
Ten year	2.23%

Member-tailored options

Property

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

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

Asset allocation
Mid-risk assets (equivalent to a balance of growth and defensive assets, can range between 45-55% growth assets) consisting of property (for further information, including terms and conditions, please see page 29).

● Property 100%

Minimum suggested timeframe
10+ years

Estimated number of negative annual returns over any 20 year period
3 to less than 4

Risk band and level
5, Medium to High

Yearly return
(what this option has returned)

Financial year ended	Super account
2018	10.74%
2019	9.52%
2020	0.64%
2021	6.47%
2022	15.96%

Annualised return pa
(period ended 30 June 2022)

Five year	8.55%
Ten year	8.79%

Member-tailored options

Shares

Aim

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

Investment return objective

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.

Asset allocation

Predominantly growth assets (can range between 90-100% growth assets) consisting of a mixture of Australian and overseas shares.

- Australian Shares 45%
- Overseas Shares 55%

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	14.11%
2019	8.64%
2020	-2.88%
2021	27.62%
2022	-5.78%

Annualised return pa

(period ended 30 June 2022)

Five year	7.68%
Ten year	11.36%

Member-tailored options

Australian Shares

Aim

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

Investment return objective

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

Asset allocation

Predominantly growth assets (can range between 90-100% growth assets) consisting of Australian shares with a limited exposure of up to 10% in listed New Zealand shares.

- Australian Shares 100%

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

6 years or greater

Risk band and level

7, Very High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	16.74%
2019	6.83%
2020	-6.95%
2021	25.98%
2022	-3.54%

Annualised return pa

(period ended 30 June 2022)

Five year	7.12%
Ten year	10.00%

Member-tailored options

Australian Shares - Indexed

Aim

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

Investment return objective

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

Asset allocation

Predominantly growth assets (can range between 90-100% growth assets) consisting of Australian shares.

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

6 or greater

Risk band and level

7, Very High

Yearly return

(what this option has returned)

Financial year ended	Super account
2019	18.38%
2020	-6.72%
2021	26.05%
2022	-5.69%

The 2019 return is its return since inception (being 6 December 2018) to 30 June 2019, a period less than one year.

Member-tailored options

Overseas Shares

Aim

Achieve the investment objective through an investment in Overseas Shares.

Investment return objective

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

Asset allocation

Predominantly growth assets (can range between 90-100% growth assets) consisting of overseas shares.

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2018	11.95%
2019	9.33%
2020	-2.00%
2021	26.75%
2022	-8.59%

Annualised return pa

(period ended 30 June 2022)

Five year	6.80%
Ten year	11.40%

Member-tailored options

Overseas Shares - Indexed

Aim

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

Investment return objective

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

Asset allocation

Predominantly growth assets (can range between 90-100% growth assets) consisting of overseas shares.

● Overseas Shares 100%

Minimum suggested timeframe

12+ years

Estimated number of negative annual returns over any 20 year period

4 to less than 6

Risk band and level

6, High

Yearly return

(what this option has returned)

Financial year ended	Super account
2019	11.58%
2020	3.82%
2021	25.13%
2022	-6.02%

The 2019 return is its return since inception (being 6 December 2018) to 30 June 2019, a period less than one year.

06

Important information about Rest investments

Unit prices and working out the value of your account

When you invest with Rest, your account balance is made up of contributions, rollovers and transfers into the Fund, plus or minus investment returns, less any fees, charges, taxes, insurance costs that apply and any benefits you claim.

The value of your account is expressed in numbers of units and the unit value for each investment option.

Each investment option has its own *unit price,* which is the monetary value of one unit. Unit prices are normally calculated by dividing the value of the assets held in the investment option after allowing for certain fees and expenses such as management fees and expenses, and taxes by the total number of units on issue for that investment option.

Income entitlements are included in asset values to calculate the unit price.

Your money will purchase a number of units in the investment option(s) of your choice. The number of units purchased depends on the value of the units (called the unit price) at the date of purchase. When money is invested in an option, it will generally use the buy price. Details of the unit prices for each investment option are available on our website at **rest.com.au/unitprices**

The value of your account balance will fluctuate depending on variations to the unit price of your investment option(s) and the amount of any taxes, fees, charges and insurance costs applied to your account. Your member statement will show your account balance's dollar value and the number of units you hold.

Before you switch out of an investment option or leave the Fund

The benefit payable to you on withdrawal from the Fund is worked out by multiplying the number of units you hold by the applicable sell unit price at the date of withdrawal, less any taxes, fees, charges and insurance fees that may apply to your account.

The sell unit price reflects the value of each unit in an investment option.

When you switch out of an investment option, withdraw an amount, or leave the Fund, the sell unit price used is at the time that your transaction is processed.

Unit prices can vary and buy-sell spreads may apply. You should check the latest prices before making a decision.

Valuation Policy

Rest values its investments regularly so that it can process contributions, withdrawals and switches at values that are fair and reasonable which will usually be market value. Listed assets are valued by Rest's Custodian with security prices from publicly quoted and independent security pricing services.

Unlisted assets are valued on a regular basis according to an approved valuation methodology.

Once the revaluation of an investment is received it will be fully reflected in unit prices at the next available opportunity. Unit prices are generally declared on a daily basis. For more information on unit pricing, please visit **rest.com.au/unitprices**

Rest can delay or suspend the release of unit prices, or apply a special price due to volatile market conditions and other circumstances as the Trustee deems reasonable. Rest has unit pricing and market disruption policies, which when triggered, will apply instead of normal practices.

Considerations for Rest's Cash option

Rest's Cash option currently invests exclusively in deposits with ANZ (60%) and NAB (40%). Other than in certain limited circumstances, Rest is required to give at least 12 months' prior notice to ANZ and NAB to change this arrangement. 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.

Considerations for Rest's Property option

Rest's Property option has a *benchmark* allocation of 100% to unlisted property. These investments are not listed and are not traded frequently in the marketplace, such as the share market.

They are effectively 'illiquid' assets, which means that they cannot be bought and sold quickly and valuations are updated less frequently than is the case for listed investments. The unit price for the Property option is based on the combined valuations of the underlying investments. The valuations are undertaken regularly and by independent valuers, but are less frequent than for assets such as shares which are traded daily in the public markets and therefore subject to influences such as market sentiment.

This means that changes in the unit price of the Property option may differ significantly from changes in the value of listed property assets. Rest's directly held properties are re-valued quarterly by qualified external property valuers and the valuations for the unlisted unit trusts are undertaken in accordance with each manager's valuation policies and the frequency of valuation update ranges. Despite the illiquid nature of the assets for the Property option, Rest is generally able to provide liquidity to Rest members due to internal processes which have been established, and hence facilitate members wishing to buy or sell Property option units within the standard timeframes used for all other options.

Rest aims to hold a diversified range of investments and this approach is applied to the Property asset class. However, due to the high value nature of some of the properties, a few assets may constitute a relatively large percentage of the asset class.

Property option terms and conditions

Members choosing to invest in Property must agree to terms and conditions which will allow the Trustee, without prior notice, to place a freeze on transactions in the Property option for a period of up to two years.

These terms and conditions have been introduced for the purpose of complying with the illiquid investment rules in *Regulation 6.34A of the Superannuation Industry (Supervision) Regulations 1994.*

Members who select the Property option as part of their investment choice, must agree to the following terms and conditions:

(a) the Property option is an illiquid investment because either or both of the following apply to the underlying investments:

  (i) the underlying investment cannot be converted to cash within 30 days to meet a member's or pension member's withdrawal, rollover, transfer or switch request ('Transaction Request') out of the Property option;

  (ii) converting the underlying investment of the Property option into cash within 30 days would be likely to have a significant adverse impact on the realisable value of the investment;

(b) the Trustee is not required to process Transaction Requests within 30 days;

(c) the Trustee will process Transaction Requests within 30 days, unless the Trustee has frozen Transaction Requests out of the Property option;

(d) the Trustee may, without prior notice, freeze Transaction Requests out of the Property option for up to two years and the member (including a pension member, to the extent applicable – see below) waives their right to require the Trustee to process any Transaction Request they make until the freeze is over due to the illiquid nature of the underlying investments; and

(e) the Trustee may at any time close the Property option to new contributions. In the case of pension members qualifications to the freeze terms apply – see below.

Should the Property option be frozen at any point in time, the Trustee will communicate this to members invested in the Property option. The Trustee will also communicate to members invested in the Property option whether contributions will be accepted into the Property option during the freeze or not.

Indexed options

Rest does not guarantee that an investment in an indexed option will achieve the relevant index benchmark at all times. The reasons that the relevant indexed return may not be realised include:

- any fees or costs that are incurred (such as buy-sell spread or indirect costs) will reduce your returns below the indexed return
- in relation to the balanced index option – the various underlying investments may (between rebalance dates) not be held in the same proportions as the calculated benchmark. This may result in the calculated benchmark not being realised

- the composition (tax character) of the return is likely to be different to the underlying index. That is, the investment is likely to have a different split between income and capital returns which, post tax, are likely to result in a different return to that of the index. This may arise from underlying transactions and/or result from the mechanisms (such as derivatives) that are used to provide the indexed return
- index publishers occasionally restate or republish index values. The investment return may not be able to be adjusted to reflect any retrospective alteration
- the mechanisms Rest uses to provide the indexed return (ie, underlying investments and any associated derivatives) may cease to operate in certain circumstances. This could result in a delay or failure to realise the indexed return. Those circumstances may also result in additional indirect costs being attributable to the indexed options, which would further reduce the indexed return
- the value of an indexed option may lag the relevant underlying index.

Derivatives

Derivatives can refer to a wide range of financial instruments, the most common of which are futures and options. They are called derivatives because they typically 'derive' their value from the value of an underlying security.

Derivatives can give investors the same degree of market exposure as the underlying assets, but with much lower transaction costs. In addition, derivatives involve the risk that the counterparty will not settle a transaction in accordance with its terms, that the investment is not valued or does not perform in line with the underlying security.

Derivatives will typically rise and fall, just as the value will rise and fall for the underlying securities. Investors might have a number of reasons for preferring derivatives in specific situations. Rest, for example, allows its *investment managers* to use derivatives to:

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

Superannuation law and the Australian Prudential Regulation Authority (APRA) have laid down strict conditions on the use of derivatives by super funds. Rest monitors its investment managers' compliance with those conditions. In the long-term, the use of derivatives is expected to enhance Rest's investment returns and provide an effective way to manage risk, although the effect will vary from year to year.

Rest may use derivatives to rebalance asset classes to benchmark allocations.

Asset description and reporting

Rest's description and reporting of asset classes, asset allocations, investment options and returns may be impacted by the use of derivatives. That is, in addition to the underlying investments described for an asset class, derivatives may be used to change the returns of an asset class without transacting those underlying investments directly.

Within asset classes, there can be, from time to time, a holding of cash depending on how investment managers are structuring their portfolios.

Trustee investment strategy

Rest may change the underlying investment managers of the investment options at any time.
We may also close investment options and introduce new investment options at any time.

Within each *asset class,* the Trustee may implement particular investment strategies to enhance returns or reduce risk. This may be achieved by making or excluding particular investments and through the use of derivatives.

Reserves

Rest currently maintains a number of reserves, including an operational risk financial requirement reserve, group life insurance reserve and administration reserve. These reserves are maintained and used in accordance with Rest's reserving strategy and policy, such as to meet any losses from operational risk, insurance, administration or capital expenditure payments. Rest currently has adequate provisions in its reserves. Rest reserves the right to adjust unit prices in accordance with its reserving policy without prior notice. This includes transferring funds from investment option earnings to reserves which may impact the respective unit prices.

07 Responsible investment

Acting in the best interests of all our members is at the heart of everything we do.

As a long-term global investor, we believe that responsible investment adds value. *Responsible investment* involves a consideration of the environmental, social and governance (ESG) factors in investment decisions to better manage risk, improve returns and maximise investment opportunities. ESG factors taken into account when relevant in our investment process may include:

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 e.g. fair pay, health and safety, wellbeing
- Diversity and equal opportunities
- Animal welfare

Governance

- Corporate governance e.g. culture, conduct and accountability
- Board diversity and composition
- Executive remuneration

Integrating ESG into our investment decisions

We take steps to ensure that ESG factors are considered when we make our investment decisions, and when we engage investment managers to invest for us. When we research, select, appoint and monitor investment managers, we consider how well ESG factors are embedded into their investment practices. Our process helps us to understand how our investments and investment managers are managing ESG factors, such as how they manage climate-related financial risks and opportunities within their portfolios.

Actively managing our investments through engagement and voting

Engaging with companies on relevant ESG factors helps to protect your retirement savings. Rest engages with companies including through its membership of the Australian Council of Superannuation Investors (ACSI). Each year ACSI typically holds over 250 meetings with ASX300 companies aimed at enhancing long-term shareholder value by encouraging robust ESG practices and performances including climate change, corporate governance, board diversity and workforce issues.

Rest takes an active approach to voting its Australian Shares, sourcing advice from proxy voting advisors. Rest's Overseas Shares are generally voted by investment managers. For more information on Rest's approach to voting and for a consolidated summary of voting decisions in listed shares, visit **rest.com.au/governance**

Exclusions

We exclude certain industry sectors or companies from your investment portfolio (however, exclusions do not apply to indexed investment options*).

At the date of this document, we do not, nor do we permit our investment managers to, invest in companies directly involved in the manufacture of tobacco, nicotine alternatives (eg vaping devices and e-cigarettes), or controversial weapons (cluster bombs, landmines, uranium weapons and chemical and biological weapons or their key parts).

* Rest's indexed investment options are Australian Shares – Indexed, Overseas Shares – Indexed and Balanced – Indexed.

Rest does not invest in or hold shares in listed companies that derive 10% or more of total annual revenues from thermal coal mining, unless certain climate-related criteria can be met^.

Please refer to the 'ESG analysis and monitoring investments' section on page 34 for further information.

Advocating for positive change

Another way we aim to enhance and protect your long term investment returns is to gather ESG insights and to make submissions on policy, regulation and standard setting to government and regulators through collaboration, which we believe helps support positive investment outcomes. Rest is a signatory to the Principles of Responsible Investment (PRI) and is a member of the Investor Group on Climate Change (IGCC), the Responsible Investment Association Australasia (RIAA), Climate Action 100+, FAIRR and GRESB.

For the latest information about Rest and responsible investment including Rest's Responsible Investment Policy, visit **go.rest.com.au/responsible-investment**

Sustainable Growth Option

The Sustainable Growth option enables members to choose an investment option designed to meet its return objective based on traditional risk return investment analysis, along with additional and more specific environmental, social and governance (ESG) factors (as outlined below) to those set out on the previous page.

Sustainable Growth contains a mix of responsible investment approaches including ESG integration, exclusionary (negative), positive and discretionary *screening*, and active ownership.

Sustainable Growth - Australian Shares and Overseas Shares

Sustainable Growth's investment in Australian and Overseas Shares excludes companies that do not meet certain negative ESG screens and is positively weighted towards companies that are considered to have strong practices in or to be positive contributors towards:

- environmental sustainability and resource efficiency;
- equitable societies and respect for human rights;
- accountable governance and transparency.

^ To meet the climate-related criteria, the company must have a credible net zero by 2050 target or be committed to setting targets for green house gas emission reduction grounded in climate science as assessed by the Science Based Targets initiative.

We may engage investment managers or use information or methodologies sourced from service providers to help identify investments that are suitable for Sustainable Growth.

The table below outlines the exclusions applied to both Sustainable Growth's Australian and Overseas Shares' allocation.

Screens and exclusions

Screen	Details of exclusion
Environmental Damage	A company identified as materially contributing to serious environmental issues and environmental controversies.
Fossil Fuels	A company which: • Owns fossil fuel (thermal coal, metallurgical coal, oil and gas*) reserves • Derives any revenue (ie 0% revenue threshold) from – oil and gas* exploration, production and related activities (pipeline transportation, refineries, and equipment and services for oil and gas exploration and production) – power generation from thermal coal, oil and gas* (however, Sustainable Growth may still invest in companies that sell equipment and services for power generation) – the leasing, mining and processing of coal and coke; and uranium, radium, and vanadium mining are also excluded. * includes oil sands and arctic oil & gas.
Unethical supply chain practices	A company identified as materially contributing to human rights and labour rights issues and controversies in their supply chain.
Animal Cruelty	A company involved in commercial factory farming, live animal export (Australian shares only), raises animals for live export (Australian shares only) or conducts testing on animals for non-medical reasons, except when required by regulation.
Workplace Discrimination and Diversity	A company identified as materially contributing to diversity and inclusion issues or controversies in the workplace, and/or inadequate responses to and prevention of workplace discrimination.
Remuneration	A company identified as having poor practices in remuneration, such as excessive executive remuneration.
Gambling	A company that generates over 5% of annual revenue from gambling activities.
Controversial and Nuclear weapons	A company involved in developing, producing, and maintaining nuclear weapons, nuclear weapons components and nuclear weapons delivery platforms, including those designed for dual-uses. A company involved in the production of controversial weapons (cluster bombs, landmines, uranium weapons and chemical and biological weapons or their key parts) (this screen is also applied across Rest's other actively managed investment options).
Palm Oil	A company that produces palm oil or distributes palm oil products (but excluding the manufacture or sale of products that use palm oil as an ingredient).
Tobacco	A company that generates over 5% of annual revenue from the retail sale of tobacco and nicotine alternative (eg vaping devices and e-cigarettes) products. A company involved (i.e. 0% revenue threshold) in the production of tobacco and nicotine alternatives (this screen is also applied across Rest's other actively managed investment options).

Sustainable Growth may still invest in companies (typically with diverse revenue streams) that invest in, lend money to, buy from or sell products or services to excluded companies.

These might include:

- banks who lend money to an excluded company
- companies that sell technology systems to an excluded company, or
- companies that sell equipment and services to an excluded company, for example, companies that sell equipment and services for power generation from fossil fuels.

Further discretionary screens may be applied in certain circumstances, for example when the activities of the company are identified as being so intolerable that exclusion is justified.

Sustainable Growth's investment in Australian and Overseas Shares also aims to have a lower weighted average carbon intensity (WACI) (measured in tonnes of carbon emissions (scope 1 and 2) per million dollars in sales in US dollars) compared to their benchmarks, ASX300 and MSCI World ex Australia respectively.

Sustainable Growth - Debt

The debt allocation is positively weighted towards green, social and sustainability bonds (where the proceeds from the bonds contribute to positive environmental or social outcomes as outlined in International Capital Market Association (ICMA) principles).

Sustainable Growth - Property

Sustainable Growth invests in property investments which have demonstrated a score of average or above in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment, a global ESG benchmark and reporting framework for investments in real estate.

Where GRESB is not applicable, Sustainable Growth's property investments are required to achieve a high environmental rating from a recognised green building rating tool that is administered by a World Green Building Council (WGBC) member.

Sustainable Growth will favourably consider property investments that are signatories to the WGBC Net Zero Carbon Buildings Commitment.

The WGBC Commitment requires that all buildings within the direct control of a signatory's property portfolio be net zero carbon in operation by 2030 through energy efficiency, purchasing renewable power and carbon offsets.

Sustainable Growth - Infrastructure

Sustainable Growth invests in infrastructure assets which contribute to the transition to a low carbon economy, eg solar or wind power, or which have limited exposure to climate-related transition risks, being companies that can more easily adjust to a low carbon economy.

It will exclude infrastructure investments in accordance with the Fossil Fuels screen outlined above in respect to the Australian and Overseas Shares.

ESG analysis and monitoring investments

Third party research is used when determining and applying screens and exclusions, this includes information:

- on a company's revenue which is generally based on total or gross annual revenue, however, in the absence of such, net sales or operating revenue as reported by the company in its financial statements may be used
- used to determine whether a company has materially contributed to an issue or controversy which takes into account a range of factors such as:

  1) the company's culpability (direct or indirect role and remediation),

  2) the nature of the impact (minimal to very serious harm),

  3) scale of the impact (low to extremely widespread), and

  4) negative media activity.

Rest's ESG analysis, including determining and applying exclusions and restrictions, on investments may be impacted by limitations in research of third party data providers. Temporary data quality issues (eg delays or inaccuracy) may arise from time to time, and this may result in the portfolio holding investments that do not meet the above criteria, however this is typically short term.

Rest monitors its screens and exclusions including those that apply to Sustainable Growth on an ongoing basis.

08 Terms explained

Terms and definitions

Term	Definition
Aim	The goal for the investment option, to be assessed against the investment return objective.
Asset allocation	How an investment is spread across the different asset classes.
Asset class	A category of investment, such as shares, fixed interest or property.
Benchmark	a) The asset allocation expected to apply to an investment option most (but not all) of the time, as it is the allocation most likely to achieve an investment's long-term objectives. b) A measure, typically an index against which an investment manager's performance is measured, for example, an Australian share manager's performance may be measured against the S&P/ASX 300 Accumulation Index which measures the performance of the top 300 publicly listed companies in Australia.
Buy-sell spread	Is a fee to recover transaction costs incurred by the trustee of the fund in relation to the sale and purchase of assets of the fund.
Consumer Price Index (CPI)	A measure of inflation that compares the cost of living (i.e. goods and services) over time. CPI is calculated and reported by the Australian Bureau of Statistics.
Defensive assets	Assets that are less risky but generally produce lower returns over the long-term such as cash and debt.
Diversification	Spreading your money across different assets, investment options, investment managers or localities to help reduce risk. In other words, not putting all your eggs in the one basket.
Future transactions	Includes all contributions, rollovers or transfers in, as well as transfers out, benefit claims, fees, charges, taxes, insurance cost and other deductions (but does not include any insurance proceeds) that apply to your account after the effective date of the nomination.
Growth assets	Assets that are more risky but generally produce higher returns over the long-term such as shares.
Inflation	The rise in the prices of goods and services, often measured by the Consumer Price Index (CPI).
Interest	The amount paid in a certain period on money borrowed or invested. Interest is the amount, for example, a dollar, while interest rate is expressed as a percentage.
Investment manager(s)	A person or organisation who manages investments on behalf of the Trustee.
Investment return objective	The return that the Trustee is aiming to achieve. This is not a guaranteed rate of return.

Terms and definitions (continued)

Term	Definition
Responsible investment	The consideration of the environmental, social and governance (ESG) factors in investment decisions to better manage risk, improve returns and maximise investment opportunities.
Return	The amount that an investment has changed over time (positive or negative), usually expressed as an annual percentage.
Risk	The chance that an investment's actual return will be negative or different from what you expected.
Screen	A filter used to determine the eligibility of an investment for inclusion in an investment portfolio based on certain criteria.
Standard Risk Measure	A guide to the likely number of negative annual returns expected over any 20 year period.
Switching	Moving some or all of your current balance from one investment option to another.
Time horizon	The period of time that you intend to keep your investment.
Unit price	The monetary value of one unit in an investment option.

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