

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
SUPERANNUATION SECTOR**

**REST**

- REST106QW:** Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:
- a. Performance of funds.
  - b. Investment strategies for funds.
  - c. Conflicts of interest for funds.

**Answer:**

Rest regularly assesses the performance of its managers and investee funds, including through utilising the expertise of its investment adviser.

Investment strategies and conflicts of interest procedures are reviewed prior to investment and regularly reconsidered through asset class and operational due diligence reviews.

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**REST107QW:** For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

- a. The name of the fund.
- b. The allocation of capital as a percentage of the total capital held by the fund.
- c. The allocation of capital of the total capital held by the fund.
- d. The entity managing the capital.
- e. Whether you are a shareholder in that entity.

**Answer:**

Fund (investment option) a.	Allocation of fund (investment option) capital		Allocation as % of Trustee FUM	Managing entity d.	Shareholder e.
	b. %	c. \$M	b.		
Cash	100%	\$1,455	2.7%	Australian and New Zealand Banking Group Limited	Yes
Australian Shares Indexed	100%	\$84	0.2%	Macquarie Investment Management Australia Limited	Yes
Overseas Shares Indexed	100%	\$99	0.2%	Macquarie Investment Management Australia Limited	Yes
Balanced Indexed	100%	\$155	0.3%	Macquarie Investment Management Australia Limited	Yes

**Notes to response:**

- This response has assumed that “fund” refers to individual investment options within the whole of the Retail Employees Superannuation Trust. Also provided is the allocation as a percentage of the fund as a whole.
- The data is accurate as of 31 March 2020. No external manager is allocated more than 30% of overall trustee FUM.
- Rest’s investment managers hold shares in Australian and New Zealand Banking Group Limited and Macquarie Group Limited.

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**REST108QW:** If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.

**Answer:**

Rest is not a shareholder in any unlisted third-party investment manager or other entity that manages Rest's capital.

Rest has a wholly owned investment manager which has managed a portion of Rest's assets for more than 20 years. That entity is wholly aligned to Rest's members and internal investment personnel are subject to Rest's code of conduct which regulates conflicts of interest. All internally managed assets are independently valued.

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#### REST

**REST109QW:** Please provide details of the following reduction to remuneration packages since 11 March 2020:

- a. Board members.
- b. The chief executive.
- c. Executive management.

#### **Answer:**

Director and executive remuneration is reported annually on the Rest website.

At this point in time no changes have been made regarding remuneration since 11 March 2020.

Rest has always been strongly focused on managing costs to deliver real value for our members with operating costs that are 66% below the industry median relative to the size of our membership and assets and among the lowest fees.

This value-driven approach also means Rest has delivered high quality outcomes to members, strong growth and long-term net benefits, whilst maintaining low operating costs.

We will continue to focus on providing valuable net benefits to our members and importantly, giving them support, information and advice over these difficult coming months.

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#### REST

**REST110QW:** Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?

If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?

#### **Answer:**

Rest has a fiduciary responsibility to act in member's best interests and does so in a manner which seeks to improve the long-term investment performance of the fund. Rest believes that the consideration of environmental, social and governance factors, including those related to climate change, is an important part of managing financial risk and generating competitive, long-term investment returns for our members. Rest recognises that climate-related investment opportunities may arise in the transition to a lower carbon economy.

When Rest invests through investment managers, we expect them to adequately address ESG matters, including those of climate change in their processes and investment decisions. Rest undertakes ongoing monitoring of investment managers, which includes ESG and climate-related risks and opportunities.