



Annual Report 2017

- More great returns for REI Super members
- Supporting the real estate industry



Your life your fund



Scott Nugent, Director / Auctioneer,
Barry Plant Eltham, Victoria.

“ I love real estate because I’m in control of my own destiny. The biggest buzz is when you come in from an auction and you’ve changed someone’s life. There’s no greater satisfaction than to play a role in that and to get remembered forever in that way. ”




On the cover: Sonia Tulk, Director of Operations and Finance, Callagher Estate Agents, Annandale, New South Wales.

The information in this annual report is for general information purposes only. It has been prepared and published by REI Superannuation Fund Pty Ltd ABN 68 056 044 770 RSE L0000314 AFSL 240569. REI Super ABN 76 641 658 449 and RSE R1000412. MySuper unique identifier 76641658449129 for the general information of members of REI Super. It does not take into account any member’s individual financial objectives, financial situation or needs. We recommend that you seek help from a licensed financial adviser before acting on any information contained in this annual report. Although REI Super makes every reasonable effort to maintain current and accurate information, you should be aware that there is still the possibility of inadvertent errors and technical inaccuracies. The REI Super Helpline and online account access for members are provided by Mercer Outsourcing (Australia) Pty Ltd ABN 83 068 908 912 and Mercer Financial Advice (Australia) Pty Ltd (MFA) ABN 76 153 168 293, Australian Financial Services Licence (AFSL) #411766 June 2016

Contents

- 4 Chair’s message
- 6 CEO’s message
- 9 Supporting the industry
- 10 Investment report
- 12 Investment returns & SuperRatings benchmarks
- 14 Investment managers and trusts
- 15 Financial advice options
- 16 Pension Balanced option
- 17 Your investment options
- 22 Managing your fund
- 24 Governance of the Board of Trustees
- 26 Fees and other costs
- 30 Financial statements
- BC Contact details

Features

- 4  **Strong returns for members**
- 8  **REI Super supporting the industry**
- 16  **Enhanced Pension Balanced option**

Stay connected

Join us on social media where we are sharing important updates and industry news so you can stay on top of your super.



Chair's Message

Strong returns for members



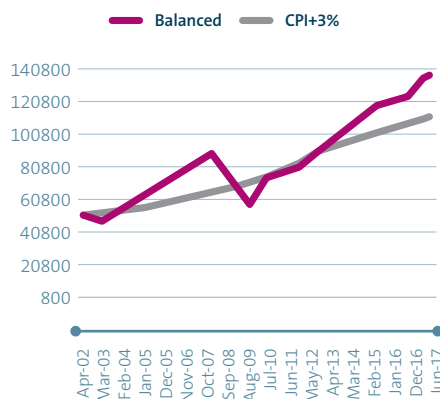
I am very pleased to report that REI Super's Balanced option has again delivered a net investment return well in excess of its long-term performance objective of inflation (CPI) plus 3%. The net return for the financial year to 30 June 2017 was 8.46%.

When measured over five years, the Balanced option has provided an average net investment return of 10.02% per annum. Our Growth option, with a higher exposure to growth assets, has returned 11.94% per annum over the same period.

These are great results for REI Super members and testament to the benefits of our disciplined strategy of investing in assets that are well-priced and that have strong potential to provide excellent long-term returns for members, with an acceptable level of risk.

Over longer time periods, the Balanced option continues to out-perform its objective of providing a return of at least 3% above inflation to our members, as illustrated in the graph opposite.

REI Super - Balanced (MySuper)
Value of \$50,000 over 15 years



Disclaimer: Net of investment fees and tax. No contributions paid in and no benefits paid out. Shown as at today's dollars.

You can see that even with the sharp correction in investment values caused by the global financial crisis eight to ten years ago, the longer-term member in our Balanced option has been rewarded with significant real earnings growth over time. For example, a single \$50,000 investment made 15 years ago would have grown to over \$133,000 by June 2017.

Some of our asset allocation decisions during the year

During the year our approach to minimising the impact of the market volatility on members' long-term returns was to maintain a portfolio of well-priced assets and to take a particularly cautious approach to our equities investments.

We also progressively reduced our AREIT investments from around 6% to under 1%, in order to minimise the impact on the portfolio of the significant correction in listed property valuations.

The portfolio also benefited strongly from our decision to increase our holdings in Australian and US bonds, after they corrected in price following the US election.

As a result of our cautious approach to share investments we were somewhat below our strategic asset allocation for Australian shares during the financial year. While this cushioned the portfolio from volatility, it nevertheless reduced the short-term upside in returns that Australian shares experienced at certain points during the year.

What we're here for

At REI Super our sole purpose is to maximise our members' retirement savings.

As an industry fund we do not pay dividends to shareholders and all profits from our investments are returned to our members' accounts.

To maximise our members' account balances, we operate with a sharp focus on minimising costs, combined with producing excellent investment returns through a prudent and expertly managed investment strategy.

Thank you

I would like to thank all our members and participating employers for their continued involvement in the Fund during the course of the year. Thank you also to my colleagues on the REI Super Board of Trustees, in the REI Super Trustee office and the Fund's service providers, for their dedication and commitment in another year of working in REI Super members' best interests.

Claire Higgins
Chairperson

Note: Future investment performance can vary from past performance, and you should not base your decision to invest in REI Super simply on past performance. Past earning rates are not an indicator of future earning rates. Investment returns of less than one year should not be relied upon as any guide to future performance. The investment returns of REI Super are not guaranteed, and the value of the investment may rise or fall.

CEO's Message

Adding value to members



2016/17 was another strong year for REI Super. We're proud to have continued to deliver excellent long-term returns to our members' accounts.

As well as astutely investing members' savings, we worked on some great projects during the year to deliver extra value to our members and to help them achieve a more comfortable retirement.

We introduced a fee rebate to limit the impact of percentage-based fees on larger members' accounts, enabling them to maximise their savings for retirement. Lower fees mean more money for our members' retirements.

We opened our Public Offer division to enable family members, and those not joining the Fund via an employer relationship, to join REI Super and have been delighted at the support of this initiative.

We also embarked on the design of a more customised investment strategy for our Pension division members who invest in our diversified options. This is designed to be even more tax effective for people who draw an income from their super.

Recent changes in super

It was a fairly eventful year for the superannuation industry and a range of government changes to super took effect on 1 July 2017. Among other changes, the tax free amount that can be held in a super pension account was capped at \$1.6 million, and the government reduced the limits on amounts that can be contributed to super both before tax and after tax. For more information see page 27.

However, while the government announced changes were important for some people, for a large number of our members these changes will have little practical impact, but if in doubt – seek us out for advice.

Personal financial advice for REI Super members

Remember that as a member of REI Super you can access personal financial advice – and that includes advice on how to increase your superannuation balance through extra contributions and save on tax. You can have an advice appointment in person, over the phone or via live video link. Contact us to make your appointment to take advantage of this great service.

On the horizon

We're looking forward to the year ahead and we're continuing our work on enhancements to our offerings to members and employers.

Some of the initiatives we're currently looking at include:

- More personalised experiences and services for our members through our website
- Online financial advice
- For our members in retirement, an income stream with a guaranteed level of regular income

REI Super's assets continued to grow during 2016/17 and the Fund is maintaining a trajectory of strong and sustainable growth.

I would like to take this opportunity to thank all our members and participating employers for their continued support and contribution to the Fund. I would also like to thank the Board of Trustees and REI Super's entire management team and staff for their ongoing commitment to serving the best interests of REI Super members during the year.

Yours sincerely,

Mal Smith
Chief Executive Officer

PS – Don't forget to follow us on Facebook!



Kellie Eagles
Property Management Director
Elders Real Estate
Queanbeyan/Jerrabomberra, New South Wales



Michael Xylas
Principal
MGM Properties
Rosebery, New South Wales



Paul McDonald
Principal
Paul McDonald Real Estate
Essendon, Victoria



Cheryl Mann
Director and CFO
Century 21
Pakenham, Victoria



Chris Brennan
Office Manager
Ray White
Carrum Downs, Victoria



Cindy Hartnett
Principal
LJ Hooker
Oakleigh, Victoria



Michelle Winckle
Director
Hayeswinckle
Geelong, Victoria



Sonia Tulk
Director of Operations and Finance
Callagher Estate Agents
Annandale, New South Wales.

REI Super employers enjoy all the help and support they need to make super admin a breeze

REI Super supporting the industry

REI Super was founded on 5 February 1975, which makes us one of the earliest industry super funds established in Australia. As the industry super fund for Australia's real estate employees we are the only real estate specific superannuation fund named as a default fund in the Real Estate Industry Award. Our products and services are tailored to real estate employees and businesses. Our history spans the transition from providing super for the few, to super for all working Australians.

We owe our longevity to several factors:
Real estate industry affiliation
As a product of the real estate industry, REI Super is strongly connected to it, through our active participation in and support of members and employers through the real estate associations. We collaborate with all the state and territory real estate institutes by providing information and education to their

members. And we support the institutes' development of the profession and their advocacy of professional standards in the real estate industry.

Run only to benefit members
Since the Fund's inception in 1975 we have been run only to benefit members, rather than shareholders. Our permanent commitment to this business model has enabled us to keep fees very low and to return more money to members' accounts.

Real representation of members and employers
As well as being one of the first industry funds in Australia, we are uniquely governed. Indeed, our members get more say over how their fund is governed than almost any other super fund.

We are the only industry fund to have a board comprising independent directors and fully elected member directors, where any active REI Super member can stand for election to the Trustee Board.



Investment Report

For the financial year ended 30 June 2017

Strong returns for members

REI Super's Balanced option delivered a net investment return of 8.46% for the financial year to 30 June 2017, well in excess of its performance objective of inflation (CPI) plus 3%.

When measured over five years, the Balanced option has provided an average net investment return of 10.02% per annum.

Our other Pre-Mixed investment options (the Growth, Stable and Premium Income options) also outperformed their objectives and benchmarks for the financial year and continue to provide excellent long-term returns for members.

Investment returns for all our Pre-Mixed and our Sector investment options are provided on page 12.

Markets during the year

With the election of Donald Trump as US President in November 2016, share markets produced some interesting and volatile results over the 2016/17 financial year, and it was certainly a period that required active investment management.

The year was very much one of two distinct halves.

During the first six months, Australian and US share markets were driven by strong commodity prices and the initial enthusiasm around the election of the Trump administration with his talk of infrastructure spending, economic stimulus, and boosting consumer confidence.

In the second six months, as the reality of the Trump administration became apparent, US and Australian markets were softer. By comparison, it was Japanese, European, and emerging markets that showed more promise.

Unlisted property and infrastructure assets continued to perform well over the year.

With Australian listed property (AREITs), on the other hand, historically high asset values did correct significantly, as investors focused on the effect of higher interest rates on property valuation. Listed property as an asset class lost over 6% for the financial year.

Our decision to progressively reduce our AREIT exposures from around 6% to under 1% during the year helped to cushion the portfolio from this correction in valuations.

Other investment decisions we made included increasing our holdings in Australian and US bonds, after they also corrected in price following the US election.

Finally, over the year we continued to hold elevated levels of cash in the portfolio, as we felt many growth assets remained expensive. Holding this cash will enable us to rapidly invest into sectors when markets do correct.

Our investment strategy

Our investment strategy at REI Super is to invest in a range of diversified assets that are both well priced, and that have strong potential to provide excellent long-term returns for members, with an acceptable level of risk.

With this in mind, we're currently looking at the best way of adding to our investment holdings in what are known as "real" assets.

We already have good exposure to real property via our investment in ISPT, but we're continuing to explore the possibilities of other real assets in future, such as infrastructure or agricultural investments.

Our investment manager, Morningstar, has a global footprint and resources and is conducting research into these opportunities on our behalf.

In the current environment, where the outlook is that listed investment markets are expensive, both in Australia and globally, we believe that well-priced alternative investments have a role in our long-term investment holdings.

Note: Past returns are no guarantee of future performance, and investment returns of less than one year should not be relied upon as any guide to future performance.

Investment returns

REI Super's net investment returns* to 30 June 2017

Investment option	1 year (%)		3 years (average annual % p.a.)		5 years (average annual % p.a.)		7 years (average annual % p.a.)		10 years (average annual % p.a.)		Commencement date
	REI Super	Benchmark	REI Super	Benchmark	REI Super	Benchmark	REI Super	Benchmark	REI Super	Benchmark	
REI Super											
Growth ¹	11.93	14.11	9.33	8.62	11.94	12.47	10.09	9.53	4.28	4.29	1/07/98
Balanced ²	8.46	10.53	8.12	7.58	10.02	9.97	8.82	8.22	4.71	4.78	1/07/90
Stable ³	4.92	5.28	4.75	4.78	5.89	5.80	5.67	5.71	4.02	4.63	1/11/03
Premium Income	3.10	5.28	4.08	4.78	n/a	5.80	n/a	5.71	n/a	4.63	1/10/13
Cash ⁴	1.39	1.72	1.69	1.95	1.99	2.27	2.61	2.80	3.39	3.29	1/07/98
Australian Shares	14.26	13.37	9.21	6.68	11.91	11.41	9.19	8.61	5.78	4.18	31/07/06
International Shares	11.33	16.57	10.68	10.69	15.30	15.12	12.17	11.05	7.65	4.04	31/07/06
Australian Property	-4.87	n/a**	10.66	n/a**	13.25	n/a**	10.80	n/a**	5.13	n/a**	31/07/06
Global Property	-0.70	n/a**	7.20	n/a**	9.44	n/a**	9.52	n/a**	5.22	n/a**	31/07/06
Bonds	2.29	1.77	4.71	3.55	4.63	4.17	5.67	5.07	5.73	5.42	31/07/06
REI Super Pension											
Growth ¹	13.67	15.03	10.42	9.21	13.36	13.79	11.28	11.04	4.62	5.21	31/10/06
Balanced ²	9.44	11.23	8.95	7.86	11.14	10.91	9.85	9.30	5.15	5.13	31/10/06
Stable ³	5.18	5.88	5.23	5.30	6.66	6.59	6.40	6.52	4.52	5.12	31/10/06
Premium Income	3.20	5.88	4.57	5.30	n/a	6.59	n/a	6.52	n/a	5.12	1/10/13
Cash ⁴	1.56	1.96	1.97	2.31	2.39	2.67	3.02	3.30	3.96	3.88	31/10/06
Australian Shares	16.07	14.45	10.25	7.55	13.26	12.74	10.63	9.73	6.70	4.76	31/10/06
International Shares	12.30	17.69	11.69	11.33	17.18	16.32	13.93	12.37	8.71	4.48	31/10/06
Australian Property	-5.46	n/a**	11.78	n/a**	14.01	n/a**	12.22	n/a**	5.72	n/a**	31/10/06
Global Property	-1.36	n/a**	7.85	n/a**	10.44	n/a**	12.06	n/a**	6.61	n/a**	31/10/06
Bonds	1.36	2.30	4.73	4.06	5.02	4.78	6.17	5.79	6.38	5.95	31/10/06

¹ Known as Super Growth to 30 June 2016

² Known as Trustee Super Balanced to 30 June 2016

³ Known as Super Stable to 30 June 2016

⁴ Known as Super Cash to 30 June 2016

* Please note: All REI Super returns are quoted net of investment fees and tax. Past performance is not an indication of future performance.

** No SuperRatings benchmark available.

How investment earnings are applied to members' accounts

Members' accounts receive the earnings achieved on the underlying investments of their chosen investment option(s), net of investment-related costs. Investment earnings have been determined and allocated weekly via the change in the weekly unit price of the chosen investment option(s).

Benchmarks

REI Super options	Median fund returns
Superannuation returns	
Growth	SuperRatings High Growth (91-100) Index
Balanced	SuperRatings SR Balanced (60-76) Index
Stable	SuperRatings Capital Stable (20-40) Index
Premium Income	SuperRatings Capital Stable (20-40) Index
Cash	SuperRatings Cash Index
Australian Shares	SuperRatings Australian Shares Index
International Shares	SuperRatings International Shares Index
Australian Property	No SuperRatings benchmark available
Global Property	No SuperRatings benchmark available
Bonds	SuperRatings Diversified Fixed Interest Index

Investment Managers and Trusts as at 30 June 2017

Asset	Investment Managers
Australian shares	Allan Gray Australia JCP Investment Partners Omega Platypus Vinva
International shares	Altrinsic Morningstar International Shares Fund Lazard (Japanese Equities) Marathon Sands Capital Omega
Australian property	Vanguard
International property	Omega
Unlisted property	Industry Super Property Trust
Global infrastructure	Omega
Australian bonds	Metrics Omega
International bonds	Colchester Omega (Global Corporate Bonds) Standish Global Bond T.Rowe Price
Global inflation linked securities	Omega (Australia) Omega (Global)
Cash	Omega

This information is correct as at 30 June 2017.

REI Super's policy on the use of derivatives

The REI Super Trustee does not currently invest directly in futures, options and other derivatives and has no intention of doing so.

REI Super's Implemented Investment Consultant, Morningstar (previously known as Ibbotson), is permitted to

use such instruments to assist with the effective management of the assets of the Morningstar Investment Trusts to the extent described in its Derivative Risk Statement (DRS). Investment managers appointed by Morningstar are permitted to use such instruments to assist with the effective management of the assets, within constraints set both by Morningstar and as described in each asset manager's DRS.

Financial advice to suit all our members' needs

REI Super makes it easy to access financial advice that's right for you, with some services provided to REI Super members at no charge.

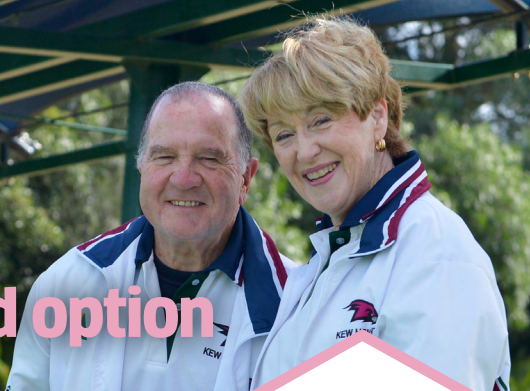
The advice that we can provide covers the full spectrum of your potential financial planning needs, including:

- Super savings advice
- Organising to receive a retirement income from superannuation
- Comprehensive advice on any financial topic

	Sample topics	Cost for phone advice	Cost for video advice	Cost for face-to-face advice
Superannuation advice	Risk appetite Selecting investments Contribution options Insurance needs Savings adequacy	No cost		\$295
Transitioning to retirement advice	Setting up or reviewing a Transition to Retirement (TTR) strategy	\$295	\$295	\$495
Transferring your superannuation account to a pension account		No cost		\$495
Comprehensive advice	Any other financial planning topic (e.g. estate planning, other investments etc)	First appointment free Subsequent appointments on a fee-for-service basis		

Financial planning is offered to REI Super members through our appointed administrator and consultant, Mercer. Mercer financial advisers are authorised representatives of Mercer Financial Advice (Australia) Pty Ltd (MFA) ABN 76 153 168 293, Australian Financial Services Licence 411766.

An even better Pension Balanced option



Improvements under the bonnet of the Pension Balanced investment option

On 1 July 2017 we introduced a customised investment strategy for our Pension Balanced investment option. We separated the Accumulation and the Pension Balanced options into two separate investment pools in order to give pension members the benefit of the different tax treatment of shares in pension and accumulation phase. In particular, in pension phase members pay fewer taxes than accumulation phase members on Australian shares. As a result, for the Pension Balanced option we increased our strategic asset allocation to Australian shares and slightly reduced our allocation to International shares.

The new strategic asset allocations for the Pension Balanced option and the Super Balanced option are shown in the table on the right.

	Super accumulation version	Pension version
Australian Shares	20%	22%
International shares	33%	31%
International listed property (hedged)	7%	7%
Unlisted Property	4%	4%
Global infrastructure	3%	3%
Australian bonds	8%	8%
International bonds (hedged)	5%	5%
Global inflation linked securities	3%	3%
Alternatives	12%	12%
Cash	5%	5%
Total	100%	100%

Your investment options

Your options

You can invest in one option or a mixture, depending on your investment needs. If you don't choose an investment option, your account balance will be invested in the Balanced* option. This is also known as the MySuper option. Over 90% of REI Super members are invested in the Balanced option. This portfolio is invested across shares, property, unlisted investments, infrastructure, fixed interest and alternative investments.

Understanding investment risk

Each investment option has a different level of investment risk (volatility), together with a different likely level of earnings (return) on the investment.

Investment risks include:

- Changing economic cycles
- Political events, wars and natural disasters
- Investment market sentiment
- Tax and legislation changes
- Interest rates and currency relativity changes
- Factors affecting particular industries, companies or securities.

The effects of this volatility on investments may mean that over a period they do not grow and may, in fact, fall in value.

Historically, growth assets such as Australian and overseas shares and property, carry a higher level of risk (volatility) over the short-term, with the likelihood of higher returns over the long-term. None of the investment options are capital guaranteed, and their value may rise and fall.

When choosing your investment option, you may wish to seek professional financial advice as well as considering:

- The amount of time your money will be invested
- The level of investment earnings (return) you are hoping to achieve
- The level of risk (volatility) that you are comfortable with.

When making investment decisions, the appointed investment managers take into account the expected return and performance of their investments, depending on their own investment style. The managers may, from time to time, consider social, ethical, environmental matters or labour standards of companies within the portfolio, where these may materially impact on the performance.

*Known as Trustee Super Balanced to 30 June 2016

Your investment options

Growth¹



- 1. Australian shares
- 2. International shares
- 3. International listed property (hedged)
- 4. Unlisted property
- 5. Global Infrastructure
- 6. Australian bonds
- 7. International bonds
- 8. Global inflation linked bonds
- 9. Alternatives
- 10. Cash

	Super SAA %	Pension SAA %	Actual at 30 June 2017 %	Actual at 30 June 2016 %
1. Australian shares	31	34	26.5	29
2. International shares	45	42	44.6	40
3. International listed property (hedged)	8	8	4.8	2
4. Unlisted property	3	3	3.5	3
5. Global Infrastructure	4	4	1.8	2
6. Australian bonds	0	0	-	0
7. International bonds	0	0	4.2	5
8. Global inflation linked bonds	0	0	2.0	0
9. Alternatives	8	8	7.0	8
10. Cash	1	1	5.6	5

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 4% pa over rolling ten year periods.

Risk Profile: High

¹Known as Super Growth to 30 June 2016. Allocations shown may vary by up to +/- 15%

Stable³



- 1. Australian shares
- 2. International shares
- 3. International listed property (hedged)
- 4. Unlisted property
- 5. Global Infrastructure
- 6. Australian bonds
- 7. International bonds
- 8. Global inflation linked bonds
- 9. Alternatives
- 10. Cash

	Super SAA %	Pension SAA %	Actual at 30 June 2017 %	Actual at 30 June 2016 %
1. Australian shares	9	10	10.6	10
2. International shares	14	13	14.0	11
3. International listed property (hedged)	4	4	-	0
4. Unlisted property	0	0	-	0
5. Global Infrastructure	2	2	-	0
6. Australian bonds	18	18	18.4	18
7. International bonds	11	11	12.9	14
8. Global inflation linked bonds	6	6	9.7	6
9. Alternatives	10	10	6.4	8
10. Cash	26	26	27.6	31

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 1% pa over rolling three year periods.

Risk Profile: Low to medium

³Known as Super Stable to 30 June 2016. Allocations shown may vary by up to +/- 15%

Balanced²



- 1. Australian shares
- 2. International shares
- 3. International listed property (hedged)
- 4. Unlisted property
- 5. Global Infrastructure
- 6. Australian bonds
- 7. International bonds
- 8. Global inflation linked securities
- 9. Alternatives
- 10. Cash

	Super SAA %	Pension SAA %	Actual at 30 June 2017 %	Actual at 30 June 2016 %
1. Australian shares	20	22	18.1	18
2. International shares	33	31	32.4	27
3. International listed property (hedged)	7	7	-	3
4. Unlisted property	4	4	4.7	5
5. Global Infrastructure	3	3	1.9	2
6. Australian bonds	8	8	8.5	8
7. International bonds	5	5	6.3	7
8. Global inflation linked securities	3	3	5.1	4
9. Alternatives	12	12	7.4	11
10. Cash	5	5	10.5	10

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 3% per annum over rolling ten year periods.

Risk Profile: Medium to high

²Known as Trustee Super Balanced to 30 June 2016. Allocations shown may vary by up to +/- 15%

Premium Income⁴



- 1. Australian shares
- 2. International shares
- 3. International listed property (hedged)
- 4. Unlisted property
- 5. Global Infrastructure
- 6. Australian bonds
- 7. International bonds
- 8. Global inflation linked bonds
- 9. Alternatives
- 10. Cash

	Super SAA %	Pension SAA %	Actual at 30 June 2017 %	Actual at 30 June 2016 %
1. Australian shares	10	11	6.5	6
2. International shares	5	4	8.1	7
3. International listed property (hedged)	7	7	1.4	0
4. Unlisted property	0	0	-	0
5. Global Infrastructure	4	4	1.4	1
6. Australian bonds	24	24	24.4	22
7. International bonds	15	15	13.4	14
8. Global inflation linked bonds	5	5	7.7	8
9. Alternatives	0	0	-	0
10. Cash	30	30	35.4	36

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 1.0% p.a. over rolling 3 year periods.

Risk Profile: Low to medium

⁴Allocations shown may vary by up to +/- 15%

Charts show Super Strategic Asset Allocation.

For more details about investment options, go to www.reisuper.com.au/investment-guide and read the REI Super Investment Guide.

*May include exposure to cash of up to 10%.

Cash⁵



	SAA	Actual at 30 June 2017	Actual at 30 June 2016
Cash	100%	100%	100%

Performance objective: To match and, where possible, enhance performance relative to the benchmark (Bloomberg AusBond Bank Bill Index) over rolling three year periods by investing predominately in Australian short-term cash deposits and cash equivalent securities.

Risk Profile: Very low

⁵ Known as Super Cash to 30 June 2016

Australian Shares



	SAA*	Actual at 30 June 2017	Actual at 30 June 2016
Australian shares	100%	100%	100%

Performance objective: To grow the value of your super savings above the S&P/ASX 300 Accumulation Index over rolling five-year periods.

Risk Profile: Very high

International Shares



	SAA*	Actual at 30 June 2017	Actual at 30 June 2016
International Shares (Hedged)	50%	50.4%	50.1%
International Shares (Unhedged)	50%	49.6%	49.9%

Performance objective: To grow the value of your super savings above the benchmark over rolling 5-year periods. The weighted average benchmark comprises: 50% MSCI All Country World Ex-Australia with Net Dividends Reinvested (Unhedged) Index and 50% MSCI All Country World Ex-Australia with Net Dividends Reinvested (\$A hedged) Index.

Risk Profile: High

Australian Property



	SAA*	Actual at 30 June 2017	Actual at 30 June 2016
Australian listed property	100%	100%	100%

100% Australian Property Securities

Performance objective: To grow the value of your super savings above the S&P/ASX 300 Property Accumulation Index over rolling five-year periods.

Risk Profile: High

Global Property



	SAA*	Actual at 30 June 2017	Actual at 30 June 2016
International listed property hedged	100%	100%	100%

100% International Property Securities (Hedged)

Performance objective: To grow the value of your super savings above the UBS Global Real Estate Investors Index (\$A Hedged) over rolling five-year periods.

Risk Profile: Very high

Bonds



	SAA*	Actual at 30 June 2017	Actual at 30 June 2016
Australian Bonds	50%	50%	50.6%
International Bonds (Hedged)	50%	50%	49.4%

Performance objective: To earn a rate of return above the benchmark over rolling 3 year periods. The benchmark is 50% Bloomberg AusBond Composite Bond Index and 50% Barclays Global Aggregate (Hedged in \$A) Index.

Risk Profile: High

For more details about investment options, go to www.reisuper.com.au/investment-guide and read the REI Super Investment Guide.

*May include exposure to cash of up to 10%.

Managing your fund REI Super Trustees



Claire Higgins *Chair, Independent Director*

REI Super Board Committee memberships:

- Audit, Risk & Compliance Committee
- Investment Review Committee
- Governance Committee
- Remuneration Committee



Beth Stratfold *Member Elected Director*

REI Super Board Committee memberships:

- Administration Committee (Chair)
- Marketing Committee
- Remuneration Committee
- Death & Disablement Claims Committee (Alt)



Dianne Helmich *Member Elected Director*

REI Super Board Committee memberships:

- Marketing Committee
- Governance Committee
- Death & Disablement Claims Committee



Greg Paterson *Member Elected Director*

REI Super Board Committee memberships:

- Investment Review Committee
- Administration Committee
- Governance Committee



Michael Kumm *Member Elected Director*

REI Super Board Committee memberships:

- Audit, Risk & Compliance Committee (Chair)
- Death & Disablement Benefit Claims Committee
- Marketing Committee
- Remuneration Committee



Ian Armstrong *Member Elected Director*

REI Super Board Committee memberships:

- Marketing Committee (Chair)
- Remuneration Committee
- Audit, Risk & Compliance Committee
- Investment Review Committee



Jonathan Blocksidge *Member Elected Director*

REI Super Board Committee memberships:

- Governance Committee (Chair)
- Marketing Committee
- Remuneration Committee
- Investment Review Committee



Emery Feyzeny *Independent Director*

REI Super Board Committee memberships:

- Investment Review Committee (Chair)
- Remuneration Committee (Chair)
- Audit, Risk & Compliance Committee
- Governance Committee



John Bailey *Member Elected Director*

REI Super Board Committee memberships:

- Death & Disablement Benefit Claims Committee (Chair)
- Administration Committee
- Remuneration Committee



Neville Pozzi *Member Elected Director*

REI Super Board Committee memberships:

- Administration Committee
- Audit, Risk & Compliance Committee

Governance

Governance of the Board of Trustees

The Trustee is responsible for the management of the Fund and ensuring that it is managed in accordance with the Trust Deed and the Superannuation Industry (Supervision) Act 1993 and Regulations. There are strict internal and government controls over the operation of REI Super. You can view the Trust Deed at reisuper.com.au/about-us/our-board.

At REI Super we are committed to Fund Governance, compliance and risk management. Our policies, processes and procedures reflect this commitment. You can view these at reisuper.com.au/about-us/governance.

The Board has established seven committees to assist in the oversight of the various functions and operations of the Fund. All seven committees report through to the Board. Directors are required to complete a minimum of 20 hours training per annum.

The Trustee has a conflicts management framework to ensure it identifies and takes all reasonably practicable actions to avoid, or manage, all potential and actual conflicts in its business operations. The policy is available at reisuper.com.au/about-us/governance.

A Register of Duty and Relevant Interest, as well as a Gift Register, are maintained and are available on the website. The Trustee holds indemnity insurance to protect the Fund from the costs involved in legal actions.

Directors' and Chairperson's remuneration

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual Directors and Executive Officers. More information is available at reisuper.com.au/about-us/governance/board-renewal-policy

Directors' attendance at meetings

Directors' and Chair's attendance

There were five Board meetings held during the year. Listed below are the number of Board and committee meetings attended by each Director and the Chair for the last seven years.

Name	Date of appointment	2016 /17	2015 /16	2014 /15	2013 /14	2012 /13	2011 /12	2010 /11
Ian Armstrong	12/11/1996	5	4	4	3	4	5	4
John Bailey	1/09/2007	5	3	3	4	4	5	4
Jonathan Blocksidge	1/10/2011	5	4	4	4	3	4	-
Emery Feyzeny	15/02/2012	5	4	4	4	4	2	-
Dianne Helmich	1/11/2014	5	4	3	-	-	-	-
Claire Higgins	1/10/2014	5	4	3	-	-	-	-
Michael Kumm	2/02/2001	5	4	4	4	4	5	4
Greg Paterson	1/12/2013	5	4	4	2	-	-	-
Neville Pozzi	9/12/1993	4	4	4	4	4	4	4
Beth Stratfold	1/05/1998	5	4	4	4	4	5	4

Cells marked with “ - ” indicate the Director was not serving on the REI Super Board during that financial year.

Fees and other costs

Effective from 1 October 2017

How fees are charged to your account

REI Super manages the Fund with a tight control on costs, because we know that lower fees and costs mean higher returns to our members' accounts. Investment costs are deducted from your investment earnings before the earnings are added to your account. Fees and costs related to administration of your account are deducted directly from your account, and the amounts are shown on your annual member statement.

You should read all the information about fees and costs because it is important to understand their impact on your investment. Please refer to reisuper.com.au/fees for more information.

Different types of fees and costs

Type of fee or cost	Super & TTR* members	Pension members	How and when paid
Investment fee	From 0.16% p.a. to 0.51% p.a. depending on the investment option.	From 0.16% p.a. to 0.44% p.a. depending on the investment option.	These fees are not deducted directly from your account. They are deducted proportionately from the investment option and reflected in the calculation of the unit prices.
Administration fee	\$85.80 p.a. (\$1.65 per week) + 0.25%.	\$182.00 p.a. (\$3.50 per week) + 0.25%.	The dollar fee is deducted from your account balance monthly in arrears or on the date your account is closed. The percentage fee is not deducted directly from your account. This fee is deducted proportionately from the investment option and reflected in the calculation of the unit prices.
Buy/Sell spread	Buy spread from 0.00% to 0.15% depending on the investment option. Sell spread from 0.00% to 0.15% depending on the investment option.	Buy spread from 0.00% to 0.15% depending on the investment option. Sell spread from 0.00% to 0.15% depending on the investment option.	These amounts are not deducted directly from your account. They are charged each time units are bought or sold on your behalf and reflected in the calculation of the unit prices.
Indirect Cost Ratio	From 0.00% p.a. to 0.51% p.a. depending on the investment option.	From 0.00% p.a. to 0.51% p.a. depending on the investment option.	Not applicable
Withdrawal/exit fee	\$90	\$90	Deducted from your account for each withdrawal or if your account is closed.

For more information refer to Additional explanation of fees and costs on page 28.

* TTR - Transition to Retirement.

For more details about fees and costs go to reisuper.com.au and read **Fees and costs**. The material relating to the fees and costs may change between the time when you read this Statement and the day when you acquire the product.

Fee rebate

If your total account balance is over \$300,000, you will receive a Fee rebate on the portion of your account over \$300,000 as follows:

Account balance	Rebate (%)
First \$300,000	Nil
Amount over \$300,000	0.28%

2016-17 Budget Amendments

The Government has amended the superannuation changes announced in the 2016-17 Budget.

The \$500,000 lifetime non-concessional cap will be replaced by a new measure to reduce the existing annual non-concessional contributions cap from \$180,000 per year to \$100,000 per year.

Individuals aged under 65 will continue to be able to 'bring forward' three years' worth of non-concessional contributions.

Individuals with a superannuation balance of more than \$1.6 million will no longer be eligible to make non-concessional (after tax) contributions from 1 July 2017.

The commencement date of the proposed catch-up concessional superannuation contributions will be deferred by 12 months to 1 July 2018.

Insurance premiums

The cost of insurance premiums are also passed on to members by deduction from their accounts. Please refer to the Fund's PDS for more details.

Fee changes

The Trustee has the right to increase fees at any time. You will receive at least 30 days' notice of any increase in fees.

For more details about fees and costs, go to reisuper.com.au/fees. Please note that details relating to the fees and costs may change between the time you read this Report and the day you acquire the product.

Download the REI Super app!

View your super on the go.



Additional explanation of fees and costs

Administration fee

These fees cover the general administration and management of the Fund, including the operations of the Trustee office, the costs associated with regulatory compliance, communications and marketing and access to Helpline advice services provided by Mercer Financial Advice (Australia) Pty Ltd (MFA) ABN 76 153 168 293, Australian Financial Services Licence 411766.

Investment fee

The investment fees (shown in Table 1 on the opposite page) include internal and external investment-related fees such as investment management fees, asset consulting fees, custody fees etc. These fees are not deducted directly from Members' account balances, instead they are deducted from the underlying assets of each investment option and reflected in the unit prices.

As these are forward looking estimates, actual fees may vary from these depending on the actual assets each investment option invests in.

Indirect costs

Indirect costs are those that, directly or indirectly, reduce the return on investments of each investment option including investment management costs, performance related fees and certain transactional and operational costs.

These costs are not deducted directly from Members' account balances, instead they are deducted from the underlying assets of each investment option and reflected in the unit prices. The ICRs (shown in Table 1 at right) represent the ratio of the total indirect costs for each investment option to the total average net assets attributed to that investment option. The actual indirect costs for each investment option and hence the actual ICRs are likely to vary from year to year.

TABLE 1: Investment fees & Indirect Cost Ratio (ICR)

Investment option	Super Investment fee [^] p.a.	Pension Investment fee [^] p.a.	Indirect Cost Ratio p.a. (ICR) [*]
Growth	0.51%	0.44%	0.51%
Balanced	0.47%	0.43%	0.46%
Stable	0.38%	0.36%	0.32%
Premium Income	0.33%	0.32%	0.10%
Australian Property	0.26%	0.26%	0.00%
Australian Shares	0.30%	0.30%	0.02%
Bonds	0.33%	0.33%	0.05%
Global Property	0.41%	0.41%	0.14%
International Shares	0.16%	0.16%	0.02%
Cash	0.16%	0.16%	0.05%

[^] The Investment fees above represent the Trustee's reasonable estimates for the 2017/18 financial year and will vary from year to year depending on the underlying asset mix of each investment option. ^{*} The ICRs above reflect the Trustee's reasonable estimates of the actual indirect costs incurred by the underlying investment vehicles used by the Fund over the 2016/17 financial year. Past fees and costs may not be a reliable indicator of future fees and costs.

Buy/Sell spread

When a contribution is received or a benefit is paid, it is used to purchase or sell units in your investment option. For some investment options, the entry price for the issue of units may be different from the exit price for the redemption of those units.

The difference between the entry and exit price represents an allowance for transaction costs, and is commonly referred to as a 'Buy/Sell spread'.

Buy/Sell spreads (if incurred) are additional costs and do not form part of the management costs shown in the 'Example of annual fees and costs' table above. The Buy/Sell spreads of each investment option is set out in the table below:

Investment option	Buy/Sell spreads
Growth	0.15% / 0.15%
Balanced	0.14% / 0.14%
Stable	0.10% / 0.10%
Premium Income	0.09% / 0.09%
Australian Property	0.08% / 0.08%
Australian Shares	0.09% / 0.09%
Bonds	0.10% / 0.10%
Global Property	0.09% / 0.09%
International Shares	0.08% / 0.08%
Cash	0.00% / 0.00%

Fee changes – our disclosure obligations

All fees are current at the time of publication. They may be revised or adjusted by us from time to time. We may also introduce new fees from time to time.

If there were to be a material increase in fees, we'll notify you at least 30 days in advance of the change.

Where there is a materially adverse change to the Indirect Costs Ratios, we will update the PDS and this document. Where the change is not materially adverse, we will provide an update on our website at reisuper.com.au.

Financial Statements

Financial Year ended 30 June 2017

Statement of financial position as at 30 June 2017

	2017 \$'000	2016 \$'000
Assets		
Cash and cash equivalents	6,458	8,790
Receivables	934	1,012
Investments	1,501,529	1,359,403
Prepayments	46	41
Deferred tax assets	151	137
Total assets	1,509,118	1,369,383
Liabilities		
Creditors and accruals	1,342	1,439
Employee entitlements	178	169
Current tax liability	5,300	5,315
Deferred tax liabilities	14,989	14,687
Total liabilities excluding member benefits	21,809	21,610
Net assets available for member benefits	1,487,309	1,347,773
Members benefits	1,483,028	1,327,394
Net assets	4,281	20,379
Equity		
Operational risk reserve	3,730	3,298
Administration reserve	4,529	4,334
Unallocated surplus/(deficit) *	(3,978)	12,747
Total equity	4,281	20,379

* Unallocated earnings or losses between the date of the unit prices determined by the Trustee and the reporting date are shown in the statement of financial position as "Unallocated surplus/(deficit)" within equity.

Income statement for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
Revenue from superannuation activities		
Interest	105	129
Trust distributions	117,797	53,947
Net changes in fair value of investments	4,554	14,745
Other investment income	3,291	3,009
Other income	51	3
Total superannuation activities revenue	125,798	71,833
Expenses		
Direct investment expense	301	304
General administration expenses	7,280	7,494
Total expenses	7,581	7,798
Net profit superannuation activities	118,217	64,035
Benefits allocated to members accounts	(125,551)	(49,885)
Profit/(loss) before income tax	(7,334)	14,150
Income tax expense	9,008	3,649
Profit/(loss) after income tax	(16,342)	10,501

Statement of changes in member benefits

	2016/17 \$'000	2015/16 \$'000
Member benefits at start	1,327,394	1,256,162
Employer contributions	104,688	104,018
Transfers in	29,354	22,447
Member contributions	17,098	15,382
Insurance proceeds	3,063	4,235
Net investment income	132,738	56,351
Total credited to member accounts	286,941	202,433
Net benefits paid	-102,850	-103,614
Income tax on contributions	-14,971	-14,723
Administration fees	-7,187	-6,466
Insurance premiums	-6,299	-6,398
Total deducted from member accounts	-131,307	-131,201
Member benefits at end	1,483,028	1,327,394

Reserves

Administration Reserve

The Fund maintains an Administration Reserve which is managed in accordance with the Fund's Administration Reserve Policy. It's used to pay for unexpected future administration and operational expenses of the Fund, to provide any additional funding which may be required in the Operational Risk Reserve and for any other purpose which is considered by the Trustee to be in the best interests of Fund beneficiaries.

Operational Risk Reserve

The Fund has an Operational Risk Reserve, in accordance with APRA's prudential standards. This reserve is managed in accordance with the Fund's Operational Risk Financial Requirement (ORFR) Strategy. The Trustee may use the reserve to make a payment to address an operational risk event.

	2017 \$'000	2016 \$'000	2015 \$'000
Administration Reserve			
Balance at beginning of period	4,334	4,520	4,052
Movement	195	-186	468
Balance at end of period	4,529	4,334	4,520
Operational Risk Reserve			
Balance at beginning of period	3,298	3,082	2,806
Movement	432	216	276
Balance at end of period	3,730	3,298	3,082

Contacting us couldn't be easier

Contact us



1300 13 44 33

Between 8:30am and 7:00pm (AEST)
Mon-Fri (local call cost within Australia)



admin@reisuper.com.au



reisuper.com.au

GPO Box 4303, Melbourne VIC 3001

Fax (03) 9245 5827

Online enquiry form:

reisuper.com.au/contact

Join

To join REI Super go to **reisuper.com.au** and click **Join** or call us on **1300 13 44 33** to request a copy of the PDS to be sent by post.

Register as an employer

To register and gain access to our free clearing house, go to **reisuper.com.au** and click **Join** or call **1300 13 44 33** to request a copy of the Employer Application Form.

Change of details

You can update your details online.
Access your account at **reisuper.com.au** or call **1300 13 44 33**.

Protecting your privacy

The Fund holds personal information about you (such as your name, address, date of birth and tax file number) in order to provide your super benefits. This personal information may be disclosed to the Fund's administrators and professional advisers, insurers, Government bodies, employers and other parties. The Fund has a privacy policy which can be viewed at **reisuper.com.au/privacy-policy**

Problem?

Most queries can be answered over the phone. If you are not satisfied with our response, REI Super has a formal complaints handling procedure. This procedure provides a mechanism to lodge complaints and to have them answered. Details of how to lodge a complaint and where to send this to are available in our *How to make a complaint* factsheet, which can be found in the Publications and Forms section of our website at **reisuper.com.au**



Issued by REI Superannuation Fund Pty Ltd ABN 68 056 044 770 RSE L0000314 AFSL 240569. REI Super ABN 76 641 658 449 and RSE R1000412 MySuper unique identifier 76641658449129 for the general information of members of REI Super. It does not take into account any member's individual financial objectives, financial situation or needs. We recommend that you seek assistance from a licensed financial adviser before acting on any information contained in this publication. Although REI Super makes every reasonable effort to maintain current and accurate information, you should be aware that there is still the possibility of inadvertent errors and technical inaccuracies.