



Annual Report 2020

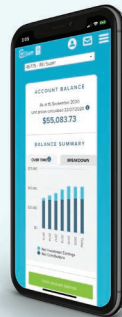


'Inspiring others and providing leadership to make property management a desirable job.'

On the cover: Babette Coutanche, Property Management Operations Manager at Harcourts.

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CHAIR'S MESSAGE

Unprecedented times

Unprecedented times, how often have we heard this in 2020. Not since the second world war has the world experienced curfews, lockdowns and restrictions to work and movement like what we have experienced since February 2020.



This has posed enormous challenges for government, financial markets, business and the community alike, to find a pathway through the tough times, to survive, and position ourselves to thrive on the other side.

Supporting members, employers and our people

Creation of the COVID-19 information hub on the REI Super website was a key initiative for the fund. Undertaken to provide information, guidance and support for members, employers and staff at this time, it importantly gives critical information on investment performance, pension draw down, details on early release of super and alerts to watch out for unscrupulous scammers. It also provides a comprehensive list of support agencies with links to helpful services.

Looking out for our staff has also been important. Working remotely presents unique challenges. Technology has meant that we have been just as effective and connected to get on with the business of managing your super. Working from home on the other hand can be difficult, lonely or stressful for some, particularly if you live alone, or have young or school age children at home. Regularly checking in on our people at a personal level has been a key priority.

The business continuity management committee has been up and running since March to have a focus on all COVID related aspects of the Fund.

Initiatives from the board in 2020

Welcoming Jarrod Coysh into the role of CEO has been a feature of the 2020 year and, under the guidance of the board, he has led the review of our strategic plan and a tightening of the Fund priorities. In addition, an outcomes assessment framework and business performance review developed over the year will assist us to continue to deliver outcomes in members' best interests.

Early in the year the board commissioned an independent review of our investment performance. A critical piece of work that has outlined a number of recommendations that we are currently pursuing.

We have been working hard to drive down our fees to members and will continue to do so.

During 2020, we have also commissioned a product review to ensure that our options to members reflects their needs. The outcomes of this review will form part of the roll out of our strategy.

Fostering relationships and strengthening ties

CEO Jarrod Coysh has focused the team to be more member facing, rolling our marketing and communications team in with business development to better coordinate the way we present to our members and employers.

Personally, he has been supporting and strengthening the relationships we have with the Real Estate Institutes and major franchises around Australia. This has positioned your Fund to support the industry better, and we will continue to work together on the challenges ahead.

A changing of the guard

Your Fund has experienced some change over the past year with long standing CEO Mal Smith, and directors Beth Stratfold and John Bailey retiring after great service to the Fund. We express our thanks for their commitment. They will be followed by the retirement of Ian Armstrong and Neville Pozzi in the next 12 months as they reach their maximum tenure. All are member elected directors. New to the board is Richard Simpson. Richard is from a generational real estate family in North Melbourne and has experience working with KPMG. We are fortunate that our membership comprises people with strong skills to contribute to the Fund.

Where to in 2021

Of one thing we can be sure, there is going to be a good deal of uncertainty until we know how COVID-19 plays out; uncertainty in the markets, and in superannuation.

Come what may, I can assure you, your board and the management team are informed, capable and primed ready to respond to whatever 2021 throws at us. We will continue to work hard for you, our members, in your best interests.

Finally, a big thank you to our members for their continued faith, to our staff who have been at the front line working for members this past year, to our dedicated and committed service providers and to my colleagues on the Trustee Board. Your hard work and support under difficult circumstances has been a credit to all.

Claire Higgins

Chairperson

CEO'S MESSAGE

Putting our members first

As I complete my first year as CEO, I reflect back on the past year and the enormous personal and economic impact that the bush fires and the coronavirus (COVID-19) pandemic have had on our members, their families, our industry and Australia.

Federal, state, and local governments announced previously unheralded stimulus packages for individuals and business, for specific industries and for specific causes such as mental health to lessen the financial and emotional impacts of our natural bushfire disaster and the global COVID-19 pandemic.

In response to COVID-19 we developed and continuously update our COVID-19 Information Hub to inform, educate and support our members and their families

during these uncertain times. Further, we electronically distributed four separate letters to all our members and our call centre team remained on standby to support member queries whether that be about financial markets or the early release scheme.

The COVID-19 pandemic impacted on financial markets, which in turn affected members' retirement balances. From a market high on 23 February, the equities market in Australia fell by 33%, reaching its low on 20 March. As at 30 June the Australian equity market had increased by 24% from the low in March. In this context of uncertainty, the Balanced option returned -2.4% for the year ended 30 June 2020. The degree of market dislocation this creates confirms the benefits of having well diversified portfolios with different asset classes.

Government changes to the superannuation rules

The Federal Government announced two temporary changes to the superannuation rules. First, the early access to super scheme enabling members who meet certain criteria to withdraw up to \$10,000 up to 30 June 2020 and a further \$10,000 from 1 July up to 24 September 2020 (now extended to 31 December 2020). Second, a temporary relief measure for members who have



a pension or a transition to retirement account of reducing by 50% the minimum drawdown payment amounts for the 2019/20 and 2020/21 financial years.

In response to the early access to super scheme we had 3,682 claims made by members totalling \$31.6m as at 30 June 2020. As at the time this report was published we had processed a further 3,347 claims totalling \$28.8m

On 1 April, we implemented 'Putting Members' Interest First' which has the effect of making life insurance optional on an opt in basis for new members under 25 or with balances less than \$6,000. As this represents an unwinding of a long-established universal system (similar to how health insurance operates) it has caused a rise in the cost of insurance for existing members across the market. The industry had repeatedly argued that this was the most likely outcome when the legislation was being debated through the parliament.

Changes to the Member online experience

On 1 July we launched our new member online experience which included significant enhancements concerning the security of members' data. Available on web, mobile and tablet 24/7 the new member dashboard contains many new features and functionality to help you find and combine old super, nominate non-binding beneficiaries, apply for or adjust your insurance cover, switch investment options, vary pension payments and make lump sum withdrawals. We also added Multi Factor Authentication to help keep your information safe and secure.

Looking forward

REI Super has a long rich history as the super fund for the Real Estate Industry

for over 44 years. We are proud of our unconflicted governance model which combines independent and member-elected directors, all focused solely on outcomes for members. We acknowledge the significant contribution that our industry makes to the economic life of the nation and are passionate about representing your views at both a state and Federal level.

Over the next twelve months you will see:

- The rollout of a completely new mobile App that will make reviewing and accessing your super easier, no matter where you are
- Significant enhancement to the offering to members through a range of value-added services
- The strengthening of relationships with both the real estate Institutes and the large franchise groups to make super easy to administer
- Changes to our investment options following completion of the reviews of our investments, strategic asset allocation and our product review
- Further savings in total costs to members as we continue to find ways to reduce investment costs in particular.

Thank You

I would like to thank all our members and their employers for their continued support and contribution to the Fund. Thank you also to the Board of Trustees and the Trustee team for their continued focus on our members, particularly in response to the significant challenges our members faced over the past year.

Jarrod Coysh

Chief Executive Officer

Babette Coutanche, Property Management Operations Manager with Harcourts, working across 90 offices in Queensland, New South Wales and the ACT.



Coach, trainer, mentor, and performance manager

It's a hard role to explain, as it's not common in the industry, to be a coach, trainer, mentor, and performance manager.

It's a consulting role essentially. I add value for a franchisee and it's rewarding for me to see them thrive in their businesses and achieve their goals. We set the foundation through business planning, which we do as a team. Then we clearly set out their business goals and priorities, and map out what we need to do to get them the outcome they need. Whether it's growth, organic or acquisition, hiring a new BDM, restructuring a team for profitability, implementation of technology to create efficiencies or defining the business culture. It's really about motivation and strengthening their belief in themselves and their own capabilities. That

is the secret to personal and professional success.

There's no cookie cutter approach to any of these businesses. They're all individual, they all run differently, with various leadership styles. That's probably why it's so difficult to define what I do. Because it's different for every office, my approach is tailored to each business.

Sharing the knowledge

My passion is to share the skills I've learned over the past 20 years of being at the coalface of property management, leadership and operations of a large multi-

location real estate business and now to being on the franchisor side of the industry. I've observed and influenced a large number of businesses of all sizes and regions across the east coast of Australia. I'm able to see what works, what doesn't work, how culture shifts within a business. You can make changes and come up with better, more efficient, more profitable ways of doing things. We don't have to do things because that's the way it's always been done.

Inspiring others and providing leadership

My goal is to make property management a desirable job which inspires people to jump out of bed to come into work and thrive in their positions, utilising individual strengths.

It's always been a property manager's role to do 20 plus different tasks, calling on different skillsets. And I can tell you if they're stretched too thin, they will do poorly. If, however, we structure the business to specialise our staff's talents, the level of work output and detail improves. Culture improves efficiency, client interaction and relationships, profitability and growth increases as a result.

Property management has always been the poor cousin of sales, and honestly it shouldn't be. It accounts for 30% of the business in most cases and is the only true asset a business owner has. Business owners are often highly successful sales agents, brilliant at sales but needing help in the leadership space. That's where I come in, calling on my experience to coach and guide them across the entire property management business, removing the fear, bringing about confidence and empowering them around their numbers in order to protect their asset, along with helping them to employ the very best people to support and fit their culture.

Embrace technology

Software has never kept up with our industry. But if we as an industry do not hand over the basic administrative tasks of property management, our best teams get bogged down in the little things. Processes should be automated as much as possible, freeing up talented staff to focus on relationships, which any agent will tell you is what property is about.

Women have what it takes for the top jobs in real estate

I feel that women in the top jobs in real estate, particularly in the corporate space, have often embraced masculine tactics, to fight in a man's world. But it shouldn't have to be like that.

High performance in real estate is all about people and relationships, and women excel at these skills. I believe we need to use our femininity, and roll with what we believe is true in our hearts and lead that way.

If you lead from the inside, that's when you get noticed. We don't have to fit into the existing box that men operate from, we should play to our strengths, question everything and believe in our abilities to do things as well or better, even if it's a different way.

Super really matters

I've made voluntary contributions, just \$20 extra per week, and received the governments co-contributions as a result. I'm about to turn 40 in a year, so I have definitely taken more of an interest in my super recently. I just wish I'd done more to educate myself about it at 19!

INVESTMENT REPORT

Strong growth continued through the first half of the year, followed by a significant correction in February and March, then a recovery again in May and June.



We flagged in last year's Bulletin that we would be taking a conservative approach to investment in the 2019/20 year, holding elevated cash balances to protect against losses in what we saw as an overheated market. The US had recorded the longest expansion in its history at that stage and we know from experience, growth does not continue indefinitely without a correction. While it's not possible to predict a worldwide pandemic or significant market shocks in any one year, this strategy has proved vindicated in hindsight.

Investment performance

The growth in the second half of 2019 and the strong recovery in the last quarter could not overcome the turbulence in key global markets through February and March 2020, which saw the Balanced fund record its first negative return in 11 years.

The return for the balanced fund at 30 June 2020 was -2.1% net. While this is disappointing, negative returns are expected in every economic cycle and it is important to focus on long-term returns and stay the course with proven investment strategies. The REI Super Balanced Option has a performance objective of returning at

least CPI plus 3% per annum over 10 years. The 10 year performance is considerably ahead of that target at 7.2% net pa.

In the June quarter

Risk assets staged a spectacular recovery with share markets delivering records not seen since 1983. The speed and magnitude of the market rebound was underpinned by the scale and speed of central bank and government stimulus, and the reopening of many economies from the COVID-19 shutdowns. This saw markets look through short-term weakness and price in expectation for economic recovery. With this optimistic view, global listed property and listed infrastructure recorded strong gains along with commodities, notably crude oil and iron ore. Defensive assets such as cash and bonds were slow movers but still managed small gains.

Looking forward

Another conservative approach to investment will be applied in 2020/21. We will continue to position ourselves away from the most expensive assets such as US shares, particularly US technology stocks that have surged to create large valuation

differences in the market. Current pricing has created an opportunity to invest back into traditional markets such as diversified energy companies and banks that have attractive long-term expected returns trading at prices well below what they are worth.

There's no question we live in challenging times and it remains unclear how the COVID-19 pandemic will play out in the short to medium term. The speed and magnitude of market returns in the June quarter serves to remind us how quickly sentiment and momentum can return. It's not possible to time the top or the bottom of markets with any kind of certainty, so we anchor our investment decisions on valuations, on what an asset is really worth.

We believe the portfolios are well positioned to benefit from share market gains as we have added quality equity investments when prices were low, and the balanced portfolio has healthy cash and domestic fixed income holdings to provide a buffer should equity markets decline. The portfolio remains biased to attractive priced opportunities, which we believe will grow the wealth of our members over the long term.

Support for markets from Government

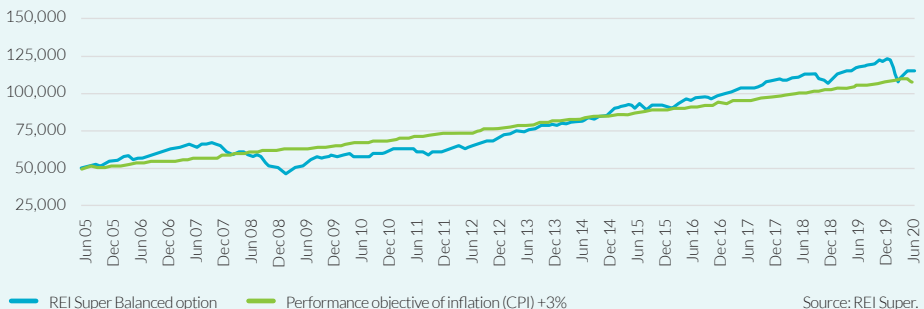
Governments from around the world have been forced to lockdown their economies and the movement of people to stem transmission of the disease.

The result being a shock to investment markets and negative growth in the economy. The speed and magnitude of the policy response from Governments and the central banks worldwide to support economies in these difficult times has been unprecedented.

In Australia, policies have included significant spending packages to support individuals and businesses.

The reserve bank has delivered cuts to official interest rates and put other measures in place to bolster liquidity and credit in the financial system. Individuals experiencing financial hardship have also been allowed early access to their super.

How the Balanced (MySuper) option has performed against its objective (Value of \$50,000 over 15 years)



Source: REI Super.

Note: Benefits shown in the graph are net of investment fees and tax and expressed in today's dollars. No contributions paid in and no benefits paid out. 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.

Investment returns

REI Super's net investment returns* to 30 June 2020

Investment option	1 year (%)		3 years (average annual % p.a.)		5 years (average annual % p.a.)		7 years (average annual % p.a.)
	REI Super	Benchmark	REI Super	Benchmark	REI Super	Benchmark	REI Super
REI Super							
Growth¹	-2.80	-2.21	4.10	5.99	5.66	6.61	7.60
Balanced²	-2.08	-0.82	3.62	5.17	4.92	5.83	6.56
Stable³	-0.33	0.65	2.76	3.64	3.29	3.95	4.11
Premium Income	0.54	0.65	2.77	3.64	3.38	3.95	N/A**
Australian Shares	-6.57	-6.00	2.27	5.08	5.48	6.12	6.90
International Shares	3.43	3.30	6.29	8.08	7.10	7.75	9.96
Australian Property	-17.49	N/A**	2.39	N/A**	4.50	N/A**	7.24
Global Property	-19.81	N/A**	-2.52	N/A**	1.15	N/A**	3.57
Bonds	2.11	3.13	3.30	3.59	3.60	3.38	4.19
Cash⁴	0.54	0.97	1.10	1.46	1.26	1.61	1.49

REI Super Pension							
Growth¹	-4.01	-2.00	3.73	6.44	5.84	7.21	8.12
Balanced²	-2.46	-0.71	3.42	5.68	5.08	6.36	7.00
Stable³	-0.57	0.78	2.90	4.13	3.51	4.44	4.54
Premium Income	-0.04	0.78	3.02	4.13	3.71	4.44	N/A**
Australian Shares	-9.97	-6.38	2.00	5.65	5.78	7.10	7.56
International Shares	8.19	3.19	8.52	8.23	8.74	7.98	11.68
Australian Property	-25.44	N/A**	-0.14	N/A**	3.21	N/A**	6.80
Global Property	-20.83	N/A**	-2.19	N/A**	1.56	N/A**	4.30
Bonds	2.18	3.74	3.73	4.36	3.76	4.23	4.57
Cash⁴	0.70	1.14	1.34	1.72	1.50	1.87	1.80

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).

Years annual % p.a.)	10 years (average annual % p.a.)		Commencement date
	Benchmark	REI Super	
8.91	8.25	8.69	1/07/98
7.27	7.23	7.43	1/07/90
4.62	4.79	5.18	1/11/03
4.62	N/A**	5.18	1/10/13
7.59	7.07	7.90	1/07/98
10.70	10.37	10.21	31/07/06
N/A**	8.21	N/A**	31/07/06
N/A**	5.76	N/A**	31/07/06
3.81	4.95	4.64	31/07/06
1.86	2.15	2.48	1/07/98
9.50	8.96	9.68	31/10/06
8.01	7.88	8.38	31/10/06
5.29	5.34	5.86	31/10/06
5.29	N/A**	5.86	1/10/13
8.67	7.97	8.78	31/10/06
11.46	12.28	11.14	31/10/06
N/A**	8.36	N/A**	31/10/06
N/A**	7.58	N/A**	31/10/06
4.50	5.43	5.41	31/10/06
2.14	2.51	2.83	31/10/06

Benchmarks for superannuation returns

REI Super options	Median fund returns
Growth	SR25 High Growth (91-100) Index
Balanced	SR50 Balanced (60-76) Index
Stable	SR50 Capital Stable (20-40) Index
Premium Income	SR50 Capital Stable (20-40) Index
Australian Shares	SR50 Australian Shares Index
International Shares	SR50 International Shares Index
Australian Property	SR25 Property Index
Global Property	SR25 Property Index
Bonds	SR25 Diversified Fixed Interest Index
Cash	SR50 Cash Index

Investment Managers & Trusts

As at 30 June 2020

Asset	Investment Managers
Australian shares	Allan Gray Australia Omega Platypus Vinva
International shares	Lazard (Japanese Equities) Marathon Sands Capital Omega Vanguard
Property	Omega
Unlisted property	Industry Super Property Trust
Global infrastructure	Omega
Australian bonds	Metrics Omega
International bonds	Colchester Ashmore Standish
Global inflation linked securities	Omega
Cash	Omega

This information is correct as at 30 June 2020.

REI Super's policy on the use of derivatives

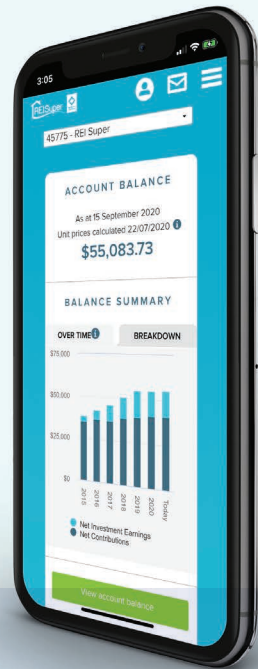
The REI Super Trustee does not currently invest directly in futures, options and other derivatives and has no intention of doing so.

REI Super's Implemented Investment Consultant, Morningstar, 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.

All new online experience

Now you can login to your super account on any device 24/7 and access the brand-new dashboard that has been optimised for desktop, laptop, mobile and tablet.

Check your account balance and watch your super savings grow, view account activity to see when contributions are made, check your insurance cover as well as investments and get an estimate of your likely retirement benefit based on current contributions. And that's just to start.



There's so much more you can do online:

- ✓ Find and combine any other super into your REI Super account
- ✓ Update or nominate non-binding beneficiaries so we know who you would like your benefit payments paid to
- ✓ Apply for or adjust your insurance cover
- ✓ Switch investment options – We recommend you speak with a financial adviser or contact our Helpline before making any switch
- ✓ Access the retirement income simulator – to estimate how long your savings will last in retirement
- ✓ Pension members can vary pension payments and make lump sum withdrawals

Login today and look around



With new security for your data in place through Multi Factor Authentication (MFA) you'll need to go through a set up process the first time you login. It's quick, simple and should take no longer than 2 minutes to set up.

MFA combines your username and password with a temporary numeric code sent to you to confirm your identity and to keep your information safe and secure. When you login, we walk you through the process.

Our Helpline is available if you need assistance call 1300 13 44 33.



Legislative update

Significant government changes have come into place during 2019/20. The most significant of these is a fundamental change to superannuation access rules in light of the world pandemic.

Early access to super

Early access to super formed part of the Government's stimulus package to protect Australians financially impacted by COVID-19.

It allowed people to access up to \$10,000 of their super in the first period to 30 June 2020, with a further \$10,000 possible up to 31 December 2020, if from 1 January 2020 they were:

- Unemployed.
- Made redundant.
- Receiving certain government payments.
- Had hours of work or income reduced by 20% or more.
- Had their business suspended or turnover reduced by 20% or more.

This change is a temporary measure only with final applications closing 31 December 2020.

Protecting Your Super

Changes announced last year in the Protecting Your Super legislation came into effect as of 1 July 2019 and included:

- Inactive accounts (accounts that have not had a contribution or member activity for 16 months) with less than \$6,000 automatically transfer to the ATO and their insurance cover ends.
- Fees capped at 3% for account balances of \$6,000 or less.
- A ban on charging exit fees for super accounts.

Putting Members' Interests First

Under the legislation, on 1 April 2020 insurance ceased on any account with a balance of less than \$6000.

As from 1 April 2020, insurance for new members will not commence until a member is age 25 and their account balance is \$6,000 or above, unless the member opts in to commence cover earlier.

Your investment 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 (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 (returns) 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.

Key considerations

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

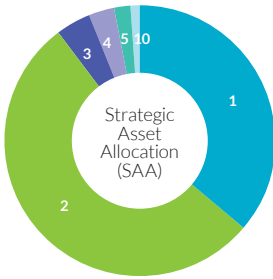
- 1 The amount of time your money will be invested
- 2 The level of investment earnings (returns) you are hoping to achieve
- 3 The level of risk (volatility) that you are comfortable with

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.



YOUR INVESTMENT OPTIONS

Growth¹



	Super SAA %	Pension SAA %	Actual at 30 June 2020		Actual at 30 June 2019	
			Super %	Pension %	Super %	Pension %
1. Australian shares	36.0	39.0	36.9	40.1	28.5	30.1
2. International shares	53.0	50.0	51.0	50.4	44.4	41.4
3. International listed property (hedged)	4.0	4.0	3.3	3.3	3.8	3.5
4. Unlisted property	3.0	3.0	3.5	2.7	3.4	2.7
5. Global Infrastructure	2.0	3.0	2.0	0.9	4.2	5.9
6. Australian bonds	0.0	0.0	0.0	0.0	1.0	2.4
7. International bonds	0.0	0.0	0.0	0.0	4.1	3.7
8. Global inflation linked bonds	0.0	0.0	0.0	0.0	1.0	0.9
9. Alternatives	0.0	0.0	0.0	0.0	5.7	5.7
10. Cash	1.0	1.0	2.8	2.0	3.9	3.6

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 4% pa over rolling 10 year periods.

Risk Profile: High

Balanced¹



	Super SAA %	Pension SAA %	Actual at 30 June 2020		Actual at 30 June 2019	
			Super %	Pension %	Super %	Pension %
1. Australian shares	20.0	22.0	20.9	22.8	17.1	18.0
2. International shares	33.0	31.0	36.0	33.0	34.0	30.9
3. International listed property (hedged)	7.0	7.0	6.0	6.3	3.5	3.2
4. Unlisted property	4.0	4.0	5.2	4.0	5.3	4.3
5. Global Infrastructure	3.0	3.0	2.6	2.9	3.3	3.2
6. Australian bonds	8.0	8.0	7.7	7.1	9.1	9.1
7. International bonds	5.0	5.0	8.9	10.1	8.9	10.1
8. Global inflation linked bonds	3.0	3.0	2.2	2.4	2.2	2.4
9. Alternatives	12.0	12.0	6.8	7.4	6.8	7.4
10. Cash	5.0	5.0	9.8	11.3	9.8	11.3

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 3% pa over rolling 10 year periods.

Risk Profile: Medium to high

Charts show Super Strategic Asset Allocation as of 30 June 2020.

For current Strategic Asset Allocations, see [reisuper.com.au/investment-guide](https://www.reisuper.com.au/investment-guide)

Stable¹



	Super SAA %	Pension SAA %	Actual at 30 June 2020		Actual at 30 June 2019	
			Super %	Pension %	Super %	Pension %
1. Australian shares	9.0	10.0	9.3	11.3	5.9	6.1
2. International shares	14.0	13.0	16.7	14.7	15.8	13.6
3. International listed property (hedged)	4.0	4.0	3.5	3.7	1.9	2.5
4. Unlisted property	0.0	0.0	0.0	0.0	0.0	0.0
5. Global Infrastructure	2.0	2.0	1.8	1.6	1.6	1.4
6. Australian bonds	18.0	18.0	17.8	18.0	18.1	19.6
7. International bonds	11.0	11.0	9.8	10.3	14.5	15.8
8. Global inflation linked bonds	6.0	6.0	4.7	5.0	3.6	3.8
9. Alternatives	4.0	4.0	0.0	0.0	6.6	6.4
10. Cash	26.0	26.0	35.7	34.7	32.1	30.6

Performance objective: To earn a rate of return that exceeds Consumer Price Index increases by at least 1% pa over rolling 3 year periods.

Risk Profile: Low to medium

Premium Income¹



	Super SAA %	Pension SAA %	Actual at 30 June 2020		Actual at 30 June 2019	
			Super %	Pension %	Super %	Pension %
1. Australian shares	10.0	11.0	10.4	11.8	5.6	7.3
2. International shares	5.0	4.0	5.6	8.1	6.8	4.4
3. International listed property (hedged)	7.0	7.0	6.4	5.9	3.1	3.3
4. Unlisted property	0.0	0.0	0.0	0.0	0.0	0.0
5. Global Infrastructure	4.0	4.0	3.6	3.7	3.8	4.2
6. Australian bonds	24.0	24.0	24.1	22.5	26.0	26.3
7. International bonds	15.0	15.0	13.2	12.7	18.9	18.3
8. Global inflation linked bonds	5.0	5.0	1.8	2.2	4.3	4.3
9. Alternatives	0.0	0.0	0.0	0.0	0.0	0.0
10. Cash	30.0	30.0	35.0	33.1	31.5	31.9

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

Risk Profile: Low to medium

FOR MORE DETAILS ABOUT INVESTMENT OPTIONS:

Go to reissuper.com.au/investment-guide and read the REI Super Investment Guide.

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

YOUR INVESTMENT OPTIONS

Cash⁵



	Super SAA	Pension SAA	Actual at 30 June 20120		Actual at 30 June 2019
			Super	Pension	
● Cash	100%	100%	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*



	Super SAA*	Pension SAA*	Actual at 30 June 2020		Actual at 30 June 2019
			Super*	Pension*	
● Australian Shares	100%	100%	99.4%	99.9%	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*



	Super SAA*	Pension SAA*	Actual at 30 June 2020		Actual at 30 June 2019
			Super*	Pension*	
● International Shares (Hedged)	50%	50%	47.4%	49.6%	50.4%
● International Shares (Unhedged)	50%	50%	50.6%	48.6%	49.6%

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

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

Australian Property*



	Super SAA*	Pension SAA*	Actual at 30 June 2020		Actual at 30 June 2019
			Super*	Pension*	
● Australian Property Securities	100%	100%	99.2%	99.5%	100%

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*



	Super SAA*	Pension SAA*	Actual at 30 June 2020		Actual at 30 June 2019
			Super*	Pension*	
● International Property Securities	100%	100%	99.3%	99.6%	100%

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*



	Super SAA*	Pension SAA*	Actual at 30 June 2020		Actual at 30 June 2019
			Super*	Pension*	
● Australian Bonds	50%	50%	49.1%	49.8%	50%
● International Bonds (Hedged)	50%	50%	50.2%	49.9%	50%

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 reisuper.com.au/investment-guide and read the REI Super Investment Guide.

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

REI Super Trustee Directors



Claire Higgins

Chair, Independent Director

REI Super Board Committee memberships:

- Investment Committee
- Governance, Remuneration & Nomination Committee
- Finance, Audit & Compliance Committee



Emery Feyzeny

Independent Director

REI Super Board Committee memberships:

- Investment Committee – Chair
- Governance, Remuneration & Nomination Committee



Michelle Beveridge

Independent Director

REI Super Board Committee memberships:

- Membership & Business Development Committee – Chair
- Finance, Audit & Compliance Committee
- Risk Committee



Greg Paterson

Member Elected Director

REI Super Board Committee memberships:

- Investment Committee
- Claims Committee



Ian Armstrong

Member Elected Director

REI Super Board Committee memberships:

- Governance, Remuneration & Nomination Committee – Chair
- Investment Committee



Richard Simpson

Member Elected Director

REI Super Board Committee memberships:

- Finance, Audit & Compliance Committee
- Membership & Business Development Committee
- Risk Committee



Jonathan Blocksidge

Member Elected Director

REI Super Board Committee memberships:

- Risk Committee – Chair
- Investment Committee
- Membership & Business Development Committee



Dianne Helmich

Member Elected Director

REI Super Board Committee memberships:

- Claims Committee – Chair
- Membership & Business Development Committee
- Risk Committee



Neville Pozzi

Member Elected Director

REI Super Board Committee memberships:

- Finance, Audit & Compliance Committee – Chair
- Governance, Remuneration & Nomination Committee
- Claims Committee

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.

Committed to best practice

At REI Super we are committed to Fund Governance, Compliance and Risk Management. In keeping with industry best practice we have adopted the Australian Institute of Superannuation Trustees (AIST) governance code to strengthen the policies, processes and procedures we have in place. 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 is maintained and 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/remuneration.

Directors' attendance at meetings

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

Name	2019 /20	2018 /19	2017 /18	2016 /17	2015 /16	2014 /15	2013 /14	2012 /13
Ian Armstrong	5	4	3	5	4	4	3	4
Michelle Beveridge	5	3	3	-	-	-	-	-
Jonathan Blocksidge	5	4	3	5	4	4	4	3
Emery Feyzeny	5	4	3	5	4	4	4	4
Dianne Helmich	4	4	4	5	4	3	-	-
Claire Higgins	5	4	4	5	4	3	-	-
Greg Paterson	4	3	3	5	4	4	2	-
Neville Pozzi	5	4	4	4	4	4	4	4
Richard Simpson*	4	-	-	-	-	-	-	-

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

* Appointed 1/10/2019

Fees and other costs

Effective from 1 October 2019

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.

The fees shown in this report are as of 30 June 2020, however some fees have reduced as of 1 November 2020. 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* and Pension members	How and when paid
Investment fee	From 0.15% p.a. to 0.52% 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% p.a.	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.	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.
Switching fee	Nil	Not applicable.
Advice fee	Nil	Advice fees only apply to comprehensive personal financial planning and setting up or reviewing a Transition to Retirement (TTR) strategy.
Insurance fees	Vary depending on the level and type of cover you have.	See details for our insurance fees including Death, Total and Permanent Disability and Income Protection.
Indirect Cost Ratio	From 0.00% p.a. to 0.28% p.a. depending on the investment option.	These costs are incurred indirectly by our investment managers and are attributed to the investment option before the gross investment returns have been determined.

* TTR - Transition to Retirement.

For more information refer to Additional explanation of fees and cost on page 28. The material relating to the fees and costs may change between the time when you read this Report 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%

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 reissuper.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.



Reduced investment costs

As your industry super fund we are committed to keeping downward pressure on fees and costs across the board. With every saving meaning more \$\$ in members' accounts.

We are pleased to report an overall saving in investment costs compared to last year has been achieved.

The net result being an extra \$70 per year approximately into members' accounts with a balance of \$50,000 invested in the Balanced (MySuper) option.

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 below) 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

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) [*]		
			Super	Pension	TTR
Growth	0.52%	0.48%	0.26%	0.19%	0.52%
Balanced	0.50%	0.47%	0.28%	0.24%	0.50%
Stable	0.43%	0.41%	0.21%	0.21%	0.43%
Premium Income	0.38%	0.38%	0.07%	0.10%	0.38%
Australian Property	0.26%	0.27%	0.00%	0.00%	0.26%
Australian Shares	0.23%	0.28%	0.00%	0.06%	0.23%
Bonds	0.33%	0.33%	0.07%	0.14%	0.33%
Global Property	0.31%	0.31%	0.11%	0.13%	0.31%
International Shares	0.24%	0.24%	0.08%	0.12%	0.24%
Cash	0.15%	0.15%	0.05%	0.05%	0.15%

[^] The Investment fees above represent the Trustee's reasonable estimates for the 2019/20 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 2019/20 financial year. Past fees and costs may not be a reliable indicator of future fees and costs.

of each investment option and reflected in the unit prices. The ICRs (shown in Table 1 below) 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.

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.

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 are 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%
Cash	0.00% / 0.00%
Australian Shares	0.09% / 0.09%
International Shares	0.08% / 0.08%
Australian Property	0.08% / 0.08%
Global Property	0.09% / 0.09%
Bonds	0.10% / 0.10%

Financial Statements

Financial Year ended 30 June 2020

Statement of financial position as at 30 June 2020, abridged

	2020 \$'000	2019 \$'000
Assets		
Cash and Cash Equivalents	13,052	8,405
Receivables	1,961	890
Investments	1,636,483	1,709,112
Prepayments	37	90
Deferred Tax Assets	136	131
Right of use asset	1,391	-
Total assets	1,653,060	1,718,628
Liabilities		
Creditors and Accruals	2,320	1,814
Employee Entitlements	164	198
Lease Liability	1,490	-
Current Tax Liability	7,945	5,796
Deferred Tax Liabilities	4,861	18,474
Total Liabilities Excluding Member Benefits	16,780	26,282
Net assets available for member benefits	1,636,280	1,692,346
Members benefits	1,611,432	1,671,998
Net assets	24,848	20,348
Equity		
Operational risk reserve	3,994	4,116
Administration reserve	2,188	4,951
Unallocated surplus/(deficit) *	18,666	11,281
Total equity	24,848	20,348

* 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 2020

	2020 \$'000	2019 \$'000
Revenue from superannuation activities		
Interest	272	126
Trust Distributions	96,146	75,149
Net Changes In Fair Value Of Investments	-137,742	20,865
Fee rebates	3,675	3,801
Other Investment Income	2,352	-
Other Income	1	1
Total superannuation activities revenue	-35,296	99,942
Expenses		
Direct Investment Expense	684	486
Administration Expenses	3,266	3,195
Other Operating Expenses	5,873	4,071
Other expenses	99	-
Total expenses	9,922	7,752

Income statement for the year ended 30 June 2020 cont.

	2020 \$'000	2019 \$'000
Net profit superannuation activities	-45,218	92,190
Benefits allocated to members accounts	41,636	-84,022
Profit/(loss) before income tax	-3,582	8,168
Income tax expense	-6,598	4,547
Profit/(loss) after income tax	3,016	3,621

Statement of changes in member benefits

	2020 \$'000	2019 \$'000
Member benefits at start	1,671,998	1,587,395
Employer contributions	102,466	100,108
Member contributions	10,484	13,342
Government co-contributions	86	92
Transfers in	33,774	26,415
Income tax on contributions	15,214	14,868
Net after tax contributions	131,596	125,089
Benefits paid	-140,460	-107,166
Pensions paid	-11,603	-17,895
Tax benefit from anti detriment	-	83
Net benefits paid	-152,063	-124,978
Net insurance cost/benefit	1,537	470
Net benefits allocated to members' accounts	-41,636	84,022
Member benefits at end	1,611,432	1,671,998

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.

	2020 \$'000	2019 \$'000
Administration Reserve		
Balance at beginning of period	4,951	4,773
Movement	-2,773	178
Balance at end of period	2,178	4,951
Operational Risk Reserve		
Balance at beginning of period	4,116	3,954
Movement	-122	162
Balance at end of period	3,994	4,116

Contacting us couldn't be easier

Here to help

1300 13 44 33

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

reisuper.com.au

admin@reisuper.com.au

Online enquiry form:

reisuper.com.au/contact

**GPO Box 4303,
Melbourne VIC 3001**

Join

To join REI Super go to **reisuper.com.au/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 at
reisuper.com.au or call **1300 13 44 33**

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

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

