

it's all about **you...**



Saving you more!

It's our job to make it easier for you to save for your future. So we're embracing the online world to reduce costs (along with our carbon footprint) and keep your fees lower...



A boost to your savings!

We've been able to take advantage of the investment market recovery and have delivered great investment returns for 2009/10...



Chairman's message

'The Trustee Super Balanced Option, where most of our members invest, returned 11.09% for the year, and the Super Growth Option returned 13.48%, which are pleasing results.'

The recovery continued in 2009/10

When I wrote to members this time last year, growth in investment markets had rebounded strongly from the low point we saw in March 2009 as a result of the global financial crisis. At that time, there was cause for some optimism, but also caution about what the future may hold.

We are delighted that this positive trend in investment markets continued during the year ended 30 June 2010, with all investment options of the Fund producing strong positive returns.

Rigorously monitoring your investments

Over the past year, the Investment Review Committee of the Fund has worked extremely hard with our investment consultants to navigate the volatile investment markets.

During the year, your Trustee reviewed our investment arrangements and current investment service provider Ibbotson. This review was a detailed process undertaken over several months, to fully research which firm was best

placed to work with your Trustee to manage the investments of the Fund in the future. As a result of this review, we resolved to reappoint Ibbotson for a further three years.

During the past year, the Trustee also undertook a review of the strategic asset allocation of the Fund's various diversified options. This process was designed to ensure that the various Fund portfolios remain appropriate to meet our members' needs; that they take advantage of the latest investment thinking for portfolio design, and remain appropriately diversified to control market volatility and in the future.

As well as this review of the longer-term characteristics of the Fund, the Committee also met frequently with our advisors, Ibbotson, to consider current investment conditions and to carefully manage the portfolio on behalf of our members.

The Board, Fund staff and service providers continued to work hard on your behalf over the past year, and I wish to thank them for their efforts.

On behalf of the Board of Trustees, I am pleased to present to members this report for the financial year ended 30 June 2010.

Yours faithfully



PW Woolcock
Chairman



CEO Report

Over the past twelve months, a government inquiry chaired by Jeremy Cooper has been looking into all aspects of the superannuation industry in Australia.

Cooper Review

The government had noted that compulsory super had been in operation for over 16 years, and it was appropriate to ensure that the system continues to meet the retirement goals and objectives of Australians well into the future.

The detailed findings were published in July this year, and will form a blueprint for government superannuation and retirement savings policy in the future. The government has announced that it will adopt several key elements of the review. Two of the major recommendations are called MySuper and SuperStream.

If these findings are adopted, it will mean major benefits to the system in terms of efficiency and cost.

MySuper

Cooper has proposed that all super funds would need to offer a simple, low-cost, diversified option, free of commissions to financial planners, which has been called MySuper. This would be the automatic option for those members who don't choose another option.

Features of MySuper would include:

- » a single investment pool, invested across diversified asset classes
- » no entry fees and exit fees to cover costs only, with no financial planner commissions
- » automatically provided insurance for death and total and permanent disablement
- » optional income protection insurance
- » a retirement income stream feature
- » no cross-subsidy between the costs of operating MySuper and other parts of a super fund.

Of course, since REI Super already operates on a low-cost basis, with all profits to members, the above features will mean little change. Our Trustee Super Balanced Option already has most of the features consistent with the MySuper proposals.

SuperStream

SuperStream is the name given to proposed broad industry standards to improve the quality of data and requiring electronic funds transfer - for example, ensuring that all employers pay super contributions electronically, rather than by cheque. It also proposes that Tax File Numbers be used more extensively to identify members and match them with their super accounts.

REI Super already strongly encourages our employers to pay contributions electronically, to help efficiency and to keep our costs to members as low as possible. We have a range of products to help employers meet these obligations. The Fund will continue to work with all our employers into the future, as the above measures are legislated by the government.

Website and service enhancements

During the year, we launched our [YouTube page: REI Super Education Channel](#). This site is designed to provide a suite of short instructional videos for both members and employers, to help you navigate the most common Fund transactions. We also launched our [Facebook page](#), where members can see our work in the industry and the events we attend.



Mal Smith
CEO



It's all about you...

That's right, at REI Super we're all about you.
We help you save for the future with low fees and strong returns.
That's why we're run only to profit our members.



The industry super fund for property professionals

You've probably seen the ads on TV about industry super funds. REI Super is one of them. We're designed specifically to service the unique needs of property professionals. We understand the challenges you face and tailor our products accordingly, so that your super is easier for you to manage.

Run only to profit members

As an industry super fund, REI Super is run only to profit our members. That means that we don't pay commissions to advisers or dividends to shareholders. Once the cost of running the Fund is covered, all profits are returned to members.

Low fees and strong returns

Because we are run only to profit our members, our fees are generally much, much lower than most retail funds run by banks and insurance companies. And our strong, long-term returns speak for themselves. In the end, low fees and strong returns usually mean that you finish up with more super.

Compare the pair

Average Retail Master Trust Member	REI Super Member
\$282,633	\$323,073

Being in an industry super fund like REI Super will see you retire with a lot more super.

Financial security now and in the future

REI Super isn't just for your working life. Once you reach 55, or retire, you can move your super to REI Super's Elite Pension and start accessing it. The Elite Pension gives you a regular income while you continue to invest your super.

For those of you who are 55 or older and still working, the Elite Pension can be used to help you reduce the amount of income tax you pay and maximise your super savings at the same time.

* The comparison shows projected outcomes, applying current fees for REI Super's Balanced investment option and today's average fees of a sample of 18 Retail Master Trusts over 25 years. Differences in fees may change in the future and this would alter the outcome. The amounts are not predictions or estimates of actual outcomes. Outcomes will vary between individual funds. Research and modelling current at 31 March 2008 by SuperRatings, commissioned by Industry Funds Services Pty Ltd.

Above example is a comparison of two employees that assumes same starting account balance of \$50,000, same income of \$58,000, 2.5% inflation rate; 3.5% salary increase per annum; 9% superannuation guarantee contributions; no additional salary sacrifice or voluntary contributions; 15% contributions tax; employer asset sizes accumulated at 11.6% per annum; investment return of 7.225% (gross of taxes and fees at 8.5%, but with taxes of 15% deducted); explicit costs deducted from members' accounts (eg member fee) subject to a 15% tax allowance; contribution fees, entry fees, exit fees, additional adviser fees are excluded from calculations; employer asset size \$150,000. Consider your own objectives, financial situation and needs before making a decision about superannuation, because they are not taken into account in this information. You should consider the Product Disclosure Statement as a whole before making an investment decision.

Saving you more



It's our job to make it easier for you to save for your future. So we're embracing the online world to reduce costs (along with our carbon footprint) and keep your fees lower.

By keeping our costs low, your super grows faster

As an industry super fund, we're run only to profit our members. That means we're not out to cut our costs so that we can return huge profits to shareholders. Rather, we want to reduce our costs so that we can give you bigger returns, which ultimately means that your super will grow faster.

Manage your super online

The REI Super website is constantly being upgraded so that it is easier and faster for you to manage your super online. The site has a host of useful information and calculators to help you get your super on track. It even has a secure member

login area, where you can manage your super account online. In the secure login area, you can do things like:

- » change and update your contact details and beneficiaries
- » switch investment options
- » view your contributions, balance and insurance, and see what fees and taxes that have been deducted.

Online Annual Report and Statements save you money and protect the environment

No doubt you've noticed that we've recently embraced electronic means of communication. This Annual Report itself is an example, and we soon hope to introduce electronic Statements. Of course, if you prefer printed

material, we'll always make it available to you. But wherever possible, REI Super is trying to reduce our carbon footprint and do our bit for the environment.

Electronic employer payments

Over the last 12 months, we've been working with employers to assist them in making payments electronically. For you as a member, it means that your contributions make it to your account faster. For employers, it streamlines the process and makes record-keeping easier. And for the environment, it means we're reducing paper waste.

4 painless ways to grow your super



Growing your super doesn't have to mean going without. There are some quick and easy things you can do to give it a boost.

1 Have you got lost super?

More than 1 in 2 Australians have lost super that is worth more than \$12 billion. It's highly possible that some of this money could be yours.

The good news is, finding it is easy. You can do a free online search at ato.gov.au/super and unclaimedsuper.com.au

Or, if you prefer just give us a call on **1300 13 44 33** and we can search for you.

2 Put it all into REI Super and cut your fees

If you've had more than one job, chances are you'll have more than one super fund. What you may not realise is that each of those funds will be charging you fees for keeping that super invested. While the costs may look minimal on the surface, when you consider how much they will amount to over your working life, and then think about how much interest that money could've earned, you begin see how much of your hard-earned super might be being wasted.

You can stop paying unnecessary fees by rolling all of your super into your REI Super account. It's easy - all you need to do is fill in a form, and then we do all the legwork for you. Be sure to check any exit fees that may be payable.

3 Take REI Super with you when you change jobs

When you leave employment with your current employer, you can continue to enjoy the benefits of being a member of REI Super.

You should ask your new employer to direct future contributions to REI Super by providing your Fund membership details to your employer. Call our Helpline on **1300 13 44 33** if you need any assistance, or visit our website at www.reisuper.com.au.

By maintaining your membership of the Fund, you ensure continuity of your insurance cover, as well as the other benefits and services offered by REI Super.

4

Get your hands on the Government co-contribution

If your taxable income is less than \$61,920, chances are you're eligible for the Government co-contribution.

If you're eligible, the Government will put \$1 into your super for every \$1 that you put in after tax. The maximum amount that they will contribute depends on how much you earn. The table below will give you an idea of how much you might be eligible for.

IF YOUR TOTAL INCOME IS	AND YOU CONTRIBUTE	YOU'LL BE ELIGIBLE FOR THE MAXIMUM CO-CONTRIBUTION OF
\$31,920 or less	\$1,000	\$1,000
\$33,920	\$933	\$933
\$35,920	\$867	\$867
\$37,920	\$800	\$800
\$39,920	\$733	\$733
\$41,920	\$667	\$667
\$43,920	\$600	\$600
\$45,920	\$533	\$533
\$47,920	\$467	\$467
\$49,920	\$400	\$400
\$51,920	\$333	\$333
\$53,920	\$267	\$267
\$55,920	\$200	\$200
\$57,920	\$133	\$133
\$59,920	\$67	\$67
\$61,920+	\$0	\$0

Low-cost loans!



As an industry fund, REI Super can offer you a range of financial products via ME Bank (Members Equity).

Home loans

REI Super's investment in ME Bank's Super Members' Home Loans program allows Fund members access to competitive variable and fixed-rate housing and residential investment property finance.

There are no establishment fees, and ME Bank's lending criteria matches that of the major banks. If you qualify, ME Bank can refinance your existing loan.

REI Super is one of the super funds participating in the program that is administered by ME Bank. Several hundred of our members already have mortgages arranged through this facility.

Call ME Bank on **13 15 63** for more information or visit their website at membersequitybank.com.au

Business loans

The Trustee also invests in ME Bank's Super Business Loans. Super Business Loans provides very competitive finance for all business needs including vehicle leasing.

Call **1300 658 108** or [visit ME Bank](#) for more information.

Easy insurance

Did you know that as a member of REI Super you have **Death and Total & Permanent Disablement (TPD) insurance**? It's great cover at low cost, and it comes out of your super contributions.

Great cover at low cost for Death and TPD insurance

When you join REI Super you're automatically given two units of Death insurance (unless you opt out or apply for more). If you work full-time, you are also covered for TPD. The amount of cover that two units provides depends upon your age ([click here](#)). But you can choose to change your level of cover at any time. If you are increasing your cover, our Insurer (MetLife), will require you to provide information about your health.

Salary Continuance insurance

REI Super also offers you the option of taking out Salary Continuance Insurance (SCI). SCI will provide you with an income if you are unable to work for an extended period of time because you're sick or injured.

You can apply for cover of up to 75% of your income. If you take it out, you are basically purchasing units of cover. Each unit gives you \$100 per week of cover and costs just \$13 a year. So if you wanted to be covered for \$1,000 a week, you would take out 10 units of cover which would cost you \$130 a year.

Very low premiums

One of the best things about getting your insurance through REI Super is that the premiums you pay for your cover are generally much, much lower than you could get if you were purchasing it by yourself. This is because we purchase insurance on behalf of more than 30,000 members, so we get you a discount for bulk purchasing.



Premiums come from your pre-tax super contributions, not your pocket

The other great thing about purchasing your insurance through REI Super is that the premiums are deducted from your super account before tax is applied. So you don't have to find room in your weekly budget for insurance.

You choose

You're in the driver's seat at REI Super. You can choose how you want your super invested. Or you can stick with our default investment option and let us look after it for you.

A choice to suit you

With REI Super you can choose how you want your super invested. We give you a well-rounded choice of 4 investment options, each designed to suit different investors ([REI Super Elite](#) members have an additional 5 options). If you don't make an investment choice, your super is invested in our default option, Trustee Super Balanced, which suits the needs of most investors.

Deciding what is right for you

Many of our members find that their age plays a big part in deciding which investment option is right for them. Younger members, who have a long investment time frame, often choose our Super Growth option. This is because it is designed for a long-term investor who can take a more aggressive approach and ride out the ups and downs of the market, to come out with a higher long-term return.

Many of our members who are nearing retirement will choose to invest in the Super Stable or Super Cash options because these options are far less likely to have a negative return. With a shorter investment time frame, this approach often suits them better.

If you're thinking about changing your investment option, we recommend that you take the [Risk Profile Quiz](#) to get a good idea of what option might suit your needs best.

Long-term choices pay off - don't let market jitters get to you

Ups and downs in the market make everyone nervous. But when it comes to your super, trying to play the market rarely pays off. Because super is a long-term investment for most people, it is important to invest that way. Over the long term, a negative return here and there probably won't make much difference to your overall position. But switching to a low-risk investment when the market has dropped and missing the upturn later on may leave you worse-off.



REI Investment options

Super Growth

Overall objective:

To provide members with a top-performing growth-style diversified investment option.

Investment objective:

To earn a rate of return, after tax and fees, that exceeds CPI by at least 4% per annum over the average time expected to be spent by members in the workforce.

Risk Profile:



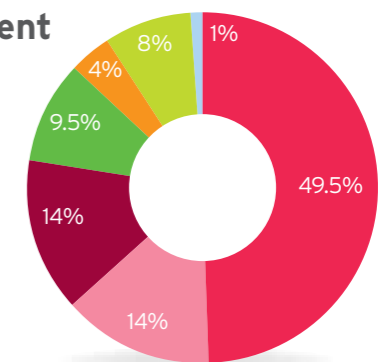
The Super Growth investment option is designed for members who want higher potential returns and who are more comfortable with greater fluctuations in returns. This option invests only in growth assets, and has the potential for the highest return over the long term.

However returns will vary, and are expected in some years to be low or negative.

To provide an illustration of the risk profile, based on the last 30 years of market data, this option would have delivered a positive return on average in around 4 out of every 5 years.

■ Australian shares ■ International shares (unhedged)
■ International shares (hedged) ■ Australian property
■ Global property ■ Alternatives ■ Cash
 Allocations shown above may vary +5%

Investment mix:



Trustee Super Balanced

Overall objective:

To provide members with a top-performing growth-oriented diversified investment option.

Investment objective:

To earn a rate of return, after tax and fees, that exceeds CPI by at least 3% per annum over the average time expected to be spent by members in the workforce.

Risk Profile:



The Trustee Super Balanced investment option is designed for members who prefer to accept a medium to high potential return for medium risks. This option invests mainly in growth assets, with some defensive assets.

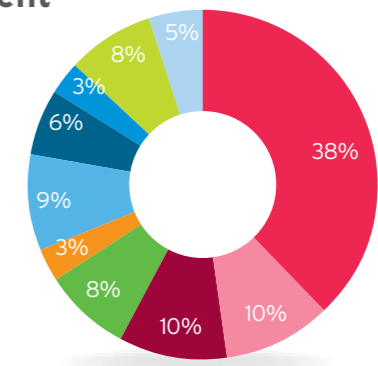
It has potential for high returns over time due to the significant proportion of growth assets. However, returns will vary, and are expected in

some years to be low or negative, although to a lesser degree than the Super Growth option.

To provide an illustration of the risk profile, based on the last 30 years of market data, this option would have delivered a positive return on average in around 5 out of every 6 years.

■ Australian shares ■ International shares (unhedged)
■ International shares (hedged) ■ Australian property
■ Global property ■ Australian bonds ■ International bonds (hedged)
■ Global Inflation Linked Securities ■ Alternatives ■ Cash
 Allocations shown above may vary +5%

Investment mix:



REI Investment options cont.

Super Stable

Overall objective:

To provide members with a top-performing, conservative diversified investment option.

Investment objective:

To earn a rate of return, after tax and fees, that exceeds CPI by at least 1% per annum over rolling 3-year periods.

Risk Profile:

Medium to Low



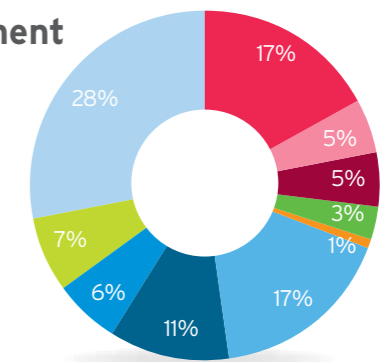
The Super Stable investment option is designed for members who require more stable returns. This option invests mainly in interest-bearing assets, with some growth assets. Returns have the potential to be higher than just investing in cash investments. Returns will vary, and there is a still a slight possibility of a negative return in

any one year, but are likely to be more stable than options with a higher proportion of growth assets.

To provide an illustration of the risk profile, based on the last 30 years of market data, this option would have delivered a positive return on average in around 19 out of every 21 years.

■ Australian shares ■ International shares (unhedged)
■ International shares (hedged) ■ Australian property ■ Global property
■ Australian bonds ■ International bonds (hedged) ■ Global Inflation Linked Securities
■ Alternatives ■ Cash Allocations shown above may vary +5%

Investment mix:



Super Cash

Overall objective:

To provide members with a secure investment that has a very high chance of capital being preserved over any 12-month period, after fees and tax.

Investment objective:

To match and, where possible, enhance performance relative to the CPI benchmark over rolling 3-year periods.

Risk Profile:

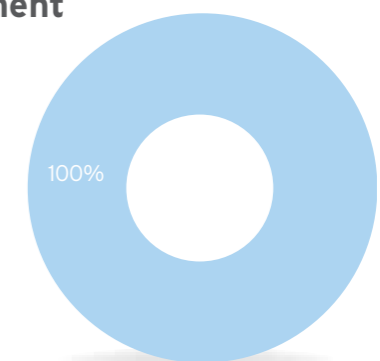
Low



The Super Cash investment option is designed for members who seek a lower potential return in exchange for low risk.

Returns will be comparatively stable, with only a negligible risk of delivering a negative return in any one year.

Investment mix:



■ Cash Allocations shown above may vary +5%

Elite Investment Options

Australian Shares

Overall objective:

To provide members with a top-quality, professionally managed diversified Australian shares investment.

Investment objective:

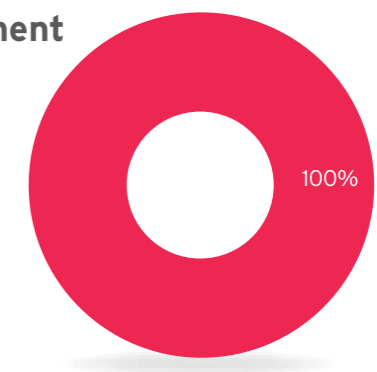
To earn a rate of return (gross of fees and tax) above the benchmark over rolling 5-year periods within a clearly defined risk profile. The benchmark is the S&P/ASX 300 Accumulation Index.

Risk Profile:



The Australian Shares Option is designed for members who want higher potential returns and are more comfortable with greater fluctuations in returns. This option invests only in growth assets (Australian shares), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be negative.

Investment mix:



■ Ibbotson Australian Shares Active Trust

International Shares

Overall objective:

To provide members with a top-quality, professionally managed diversified international shares investment.

Investment objective:

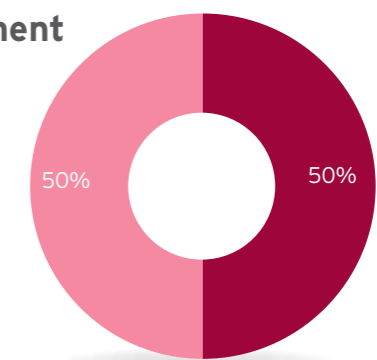
To earn a rate of return (gross of fees and tax) above the benchmark over rolling 5-year periods within a clearly defined risk profile. The benchmark is the MSCI All Country World ex-Australia Index with net dividends reinvested (50% hedged into \$A).

Risk Profile:



The International Shares Option is designed for members who want higher potential returns and are more comfortable with greater fluctuations in returns. This option invests only in growth assets (international shares), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be low or negative.

Investment mix:



■ Ibbotson International Shares Active Trust (hedged)
■ Ibbotson International Shares Active Trust (unhedged)

Elite Investment Options cont.

Australian Property

Overall objective:

To provide members with a top-quality, professionally managed diversified domestic property securities investment.

Investment objective:

To match and, where possible, enhance performance relative to the benchmark (gross of fees and tax) over rolling 5-year periods. The benchmark is the S&P/ASX 300 Property Accumulation Index.

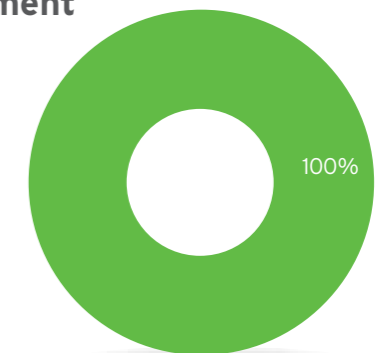
Risk Profile:

High to Moderate



The Australian Property option is designed for members who want higher potential returns and who are more comfortable with greater fluctuations in returns. This option invests only in growth assets (Australian listed property), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be low or negative.

Investment mix:



■ Ibbotson Australian Property Securities Trust

Global Property

Overall objective:

To provide members with a top-quality, professionally managed diversified global property securities investment.

Investment objective:

To earn a rate of return (gross of fees and tax) above the benchmark over rolling 5-year periods within a clearly defined risk profile. The benchmark is the UBS Global (ex-Australia) Property Investors Index (fully hedged into \$A).

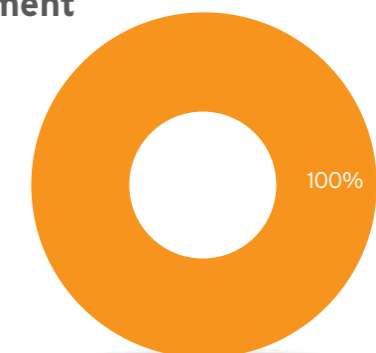
Risk Profile:

High to Moderate



The Global Property option is designed for members who want higher potential returns and who are more comfortable with greater fluctuations in returns. This option invests only in growth assets (global property), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be low or negative.

Investment mix:



■ Ibbotson International Property Securities (hedged) Trust

Elite Investment Options cont.

Fixed Income

Overall objective:

To provide members with a top-quality, professionally managed bond and fixed income investment.

Investment objective:

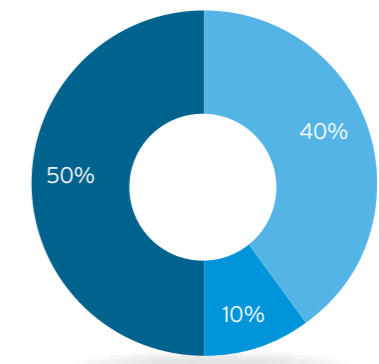
To earn a rate of return (gross of fees and tax) above the benchmark over rolling 3-year periods. The benchmark is 50% UBS Government Bond (All Maturities) Index, and 50% Lehmann Global Aggregate (hedged into \$A) Index.

Risk Profile:



The Fixed Income option is designed for members who require more stable returns. This option invests in interest-bearing assets (bonds), with possibly a small amount of cash. Returns have the potential to be higher than just investing in cash investments. Returns will vary, and there is the slight possibility of a negative return in any one year, but are likely to be more stable than options with a higher proportion of growth assets.

Investment mix:



- Ibbotson Australian Bond Trust (Passive)
- Ibbotson International Bond Trust (H) (Passive)
- Ibbotson International Bond Active Trust (H)

REI Super Elite

‘REI Super Elite’ – a high-quality, low-cost option exclusively designed for members with over \$100,000 in their super account

Your Super, Your Way

Tailor your super to your individual needs – without the headaches, compliance and costs of self-management.

REI Super Elite gives you:

- » Four diversified and five single-sector investment options, plus the flexibility to select any combination of options and switch at any time without a switching fee.
- » Salary Continuance insurance, with a choice of 30, 60 or 90-day waiting periods for benefits payments
- » Extensive Life and Total and Permanent Disablement insurance - with either a fixed or declining insured value
- » Personal financial advice to tailor REI Super Elite to your individual needs

If your account balance is over \$100,000 and you have not yet joined Elite, please call the Helpline on **1300 13 44 33**.

REI Super Elite Pension Options

An allocated pension is a way of using the super money you have accumulated to provide a regular income.

The REI Super Elite Pension is available if:

- » You have, or intend to, permanently retire from the workforce (that is, you do not intend to work more than 10 hours per week ever again), OR
- » You have reached your superannuation ‘preservation’ age (currently 55), intend to continue working, and wish to draw an income from your existing super money.

If you are a member of REI Super Elite, you may transfer part or all of your super account into an Account Based Pension or a Transition to Retirement Pension (TRP).

We recommend that you seek financial advice through the Fund before proceeding with your pension application. If you become an REI Super Elite member, we can also arrange financial planning advice.

Call the Helpline on **1300 13 44 33** to arrange an appointment.



Investment performance of the REI Super Elite options

REI Super Elite has an additional five sector-specialist investment options, which may be particularly relevant to high-net-worth real estate professionals.

If you become a member of REI Super Elite, you will have the opportunity to tailor asset allocation, using the Elite sector-specialist options as building blocks to construct your preferred portfolio. The sector specialist options, which are made up of Ibbotson sector trusts, serve to complement REI Super’s existing diversified options (Super Growth, Trustee Super Balanced and Super Stable) plus Super Cash.

These diversified options, designed to cover the broad risk spectrum, already use these sector trusts to create a portfolio mix that matches the risk profile of each option.

Investment results

2009/10 has been a good year for REI Super members. The Fund has been able to take full advantage of the market recovery to give you very pleasing returns this year.

International property investments paid off

REI Super's above-average exposure to international property proved to be a significant plus for our members in 2009/10, with the sector returning an outstanding 28.9% for the year. Australian listed property has also performed very well, returning 20% for the year.

Shares deliver double-digit returns

Despite the late slump in the market at the end of the year, most share markets have delivered double-digit returns. REI Super's Australian Shares option delivered a healthy return of 10.73%, which is in line with the benchmark. But our International Shares option was a stand-out, achieving a return of 13.33%, which is 3-4% above the industry benchmark.

INVESTMENT RESULTS FOR YEAR ENDED 30 JUNE 2010

INVESTMENT OPTION	1 Year (%)	5 years (% p.a.)	10 years (% p.a.)	Since commencement (% p.a.)	Commencement date
REI SUPER FUND					
Super Cash	3.27	4.84	4.33	4.28	1 July 1998
Super Stable	9.04	3.07	n/a	4.32	1 November 2003
Trustee Super Balanced	11.09	2.58	3.71	3.83	1 July 1990 [#]
Super Growth	13.48	1.28	1.91	2.14	1 July 1998
ELITE ACCUMULATION					
Australian Shares	9.40	n/a	n/a	4.07	31 July 2006
International Shares	12.33	n/a	n/a	1.51	31 July 2006
Australian Property	14.29	n/a	n/a	-1.05	31 July 2006
Global Property	25.29	n/a	n/a	-0.31	31 July 2006
Fixed Income	10.17	n/a	n/a	5.21	31 July 2006
ELITE ALLOCATED PENSION					
Super Cash	3.8	n/a	n/a	6.05	31 October 2006
Super Stable	10.22	n/a	n/a	1.30	31 October 2006
Trustee Super Balanced	12.33	n/a	n/a	-1.64	31 October 2006
Super Growth	15.24	n/a	n/a	-4.68	31 October 2006
Australian Shares	10.73	n/a	n/a	2.35	31 October 2006
International Shares	13.33	n/a	n/a	-0.15	31 October 2006
Australian Property	15.90	n/a	n/a	-3.45	31 October 2006
Global Property	28.90	n/a	n/a	-4.01	31 October 2006
Fixed Income	11.82	n/a	n/a	5.81	31 October 2006

[#] Using comparable investment structure.

Please note: All returns are quoted net of fees and tax. Past performance is not an indicator of future performance.

Market Report

The 2009/10 financial year was not without its challenges. But it did see a welcome return to positive growth for Australian super funds after the preceding two years of negative returns.

Your super performed well

REI Super delivered pleasing returns across all of our investment options, despite the often erratic behaviour of investment markets. The Trustee Super Balanced option, where most of our members invest, returned a very healthy 11.09% for the year. See our [Investment Results](#) for the results of all of our investment options.

The world economy - strong start, rocky end

The 2009/10 financial year began optimistically in response to signs that a global depression had been avoided, as well as better than expected company earnings. Share market confidence was bolstered as a result, with the Australian market finishing the September quarter almost 50% higher than the lows reached in March 2009. Massive stimulus packages implemented by governments around the world helped fuel the market rally.

In the latter stages of 2009, broader economic news became more mixed. Australia was the first developed nation to increase interest rates from their record low levels after the global financial crisis. Our Reserve Bank raised the official cash rate to 3.75% with successive 0.25% increases each month from October to December. Share market returns for the December quarter were subdued, but remained positive.

However, in early 2010 concerns about the level of some countries' government debt led to a slowing of markets throughout the world. This threat became more serious as the debt problems of southern European countries, most notably Greece, became intractable. Investment houses also feared the impact of proposals for increased bank regulation in Western countries and the possibility of a tightening Chinese economy.

Against the background of these fears, and despite clear signs of local economic recovery, the Australian share market dropped over 11% in the final quarter of 2009/10. There was a similar decline in international share prices.



No need for jitters - super is a long-term investment

Ups and downs in the market can understandably make you nervous. But they are to be expected, and really are the norm.

To help put this into perspective, it is often good to consider the principles that guide a property investor. They usually buy a property with the expectation that its value will increase. But they also know that the median property price will vary with market cycles. When the median property price drops, most investors won't panic if they bought a property based upon sound principles.

Very few investors check the value of their property weekly or even monthly, because they know that over the long term the value will increase. The same principle applies to super - as long as it is a long-term investment for you, it is often far better to sit tight and ride out the ups and downs of the market.

Who manages REI Super?

There are nine Directors of the Fund's Trustee company. Eight are appointed by the members of the Fund in accordance with the Rules for Member Representative Directors, and there is an Independent Director.

The Trustee also has a Independent Chairperson.

The Board operates a number of committees, which are sub-groups of Directors, to focus on particular issues of importance to the Fund (see below).



The Directors of REI Super at 30 June 2009. Each Director's name is followed by the number of each Board Committee on which they sit.

Back row: John Greig (3,4,5), Michael Kumm (1,4), David Cameron (1,2,5), Ian Armstrong (3,4), Neville Pozzi (1,4,5), Ken Searson (3,4), John Bailey (1,2,3). **Front row:** Helen Cunningham (1,2,5), Mal Smith (1,2,3,4,5) – CEO, Bill Woolcock – Independent Chairperson (4), Beth Stratfold (3,5).

BOARD COMMITTEES

1 Administration

The Administration Committee monitors the performance of the Fund's service providers, recommends the appointment of service providers, monitors member feedback, and responds to any administration complaints.

2 Death & Disablement Claims

The Death and Disablement Claims Committee assists the Board by handling death and total and permanent disablement claims between meetings. During the 2009/10 year, the Committee considered out-of-session claims for 45 members.

3 Compliance & Audit

The objectives of the Committee are to ensure that the internal control framework meets the needs of REI Super, by overseeing the Fund's compliance and audit functions, assuring the objectivity and reliability of financial reports, and assisting the Board in understanding its legal obligations.

4 Investment Review

The Investment Review Committee oversees the investment arrangements of the Fund. In particular, it works closely with the Investment Consultant to undertake strategic investment monitoring and decision-making.

5 Marketing

The Marketing Committee assists the Board of REI Super in promoting the benefits of the Fund to members and potential members.

The Fund has a specific set of rules applying to the appointment and removal of Directors and the filling of casual vacancies. For a copy of these rules, please call 1300 13 44 33.

Fund information

Fund Administration

The Fund is administered by Mercer (Australia) Pty Ltd (Mercer). Mercer is responsible for maintaining all Fund administration records, receiving contributions, paying benefits, and attending to most administrative requirements of the Fund. Mercer also provides the transactional section of the Fund website, which enables members to access their balances and undertake transactions online.

Mercer uses a range of sophisticated systems to assist with the smooth running of the Fund.

Trust Deed Amendments

The Trust Deed was not amended in the 2009/10 financial year.

Trustee Indemnity Insurance

The Trustee has arranged a policy for Trustee Indemnity Insurance cover, which is designed to provide added protection for the Fund's assets.

Advice about your super

Whilst the Trustee and the Fund Contact can give you information about your benefit in the Fund, neither they nor your employer can provide you with any advice. If you require any advice about superannuation, you should consult an appropriately licensed financial advisor.

Service providers

The Trustee has appointed a number of specialist service providers to assist with the smooth and professional operation of the Fund.

They are:

Investment Advisor and Implemented Investment Manager - Ibbotson Associates ABN 54 071 808 501

Fund Administrator and Advisor - Mercer (Australia) Pty Ltd ABN 32 005 315 917

Fund Accountant and Taxation Advisor - Sharyn Long Chartered Accountants ABN 51 713 229 511

Auditor - Ernst & Young ABN 75 288 172 749

Bank - ANZ Banking Group ABN 11 005 357 522

Custodian - BNP Paribas Securities Services ABN 71 002 655 674

Insurer - MetLife Insurance Limited ABN 75 004 274 882

Solicitor - G Banner Consulting Pty Limited ABN 78 079 976 373

Protecting your privacy

Your Fund holds personal information about you (such as your name, address, date of birth, salary and tax file number) in order to provide your super benefits. This personal information may be disclosed as necessary to the Fund's administrator and professional advisors, insurers, Government bodies, employers, and other parties.

The Fund has a privacy policy that sets out in more detail the way your personal information is handled. If you would like a copy of the Fund's privacy policy, please contact the Fund's Privacy Officer or see our [website](#).

REI Super - Helpline 1300 13 44 33

The REI Super Helpline is open from 8.30am to 5.30pm (EST) Monday to Friday (national business days) and receives a broad range of enquiries from Fund members.

The Helpline can also provide general advice to members on such issues as investment choice and insurance options. Our Fund Administrator, Mercer, operates the REI Super Helpline.

Fees and other costs

The costs of running the Fund are managed carefully

Administration fees are deducted from members' account balances each month. For members with insurance cover, the cost of cover is also deducted from members' accounts according to the number of insurance units held. In addition, employer and pre-tax member contributions (such as salary sacrifice) are subject to contributions tax, which is deducted from your account.

Investment management fees are also paid to the investment managers for managing the Fund's assets, and these vary according to the investment option selected.

You should read all the information about fees and costs, because it is important to understand their impact on your investment. Please refer to the Fund's Product Disclosure Statement (PDS) for more information. You do not pay GST on any of the fees and charges set out below.

Buy/Sell spread

Buy/sell spreads apply when contributions are made, when transfers are received, or when you switch from one investment option to another.

The buy/sell spread is a percentage of the amount involved (being contributed, transferred, switched or withdrawn) that is charged by the Fund to cover the costs associated with the transaction. These include fees charged by investment managers; brokerage, settlement and clearing costs; stamp duty; and other fees that would be incurred in buying or selling part or all of the underlying investments.

The buy/sell spread applicable to each investment option is shown in the table below. The percentage is applied at the time of making a contribution, transfer, switch or withdrawal from the Fund. This fee is additional to the fees and costs detailed in the [Fees table](#).

Buy/Sell spreads for the Fund's investment options are:

Super Growth	0.50% (50 basis points)
Trustee Super Balanced	0.40% (40 basis points)
Super Stable	0.22% (22 basis points)
Super Cash	Zero (0 basis points)
Australian Shares	0.40% (40 basis points)
International Shares	0.50% (50 basis points)
Australian Property	0.40% (40 basis points)
Global Property	0.60% (60 basis points)
Fixed Income	0.10% (10 basis points)

Government-imposed taxes and charges

The Federal Government imposes the most significant taxes and charges levied on the Fund. Employer contributions on behalf of employees and before-tax contributions by employees are taxed at 15 per cent. Earnings on investments are also taxed at 15 per cent. Capital gains tax can also apply, depending on the asset and the length of time it is owned. Income tax paid by the Fund in 2009/10 was over \$1.9 million.

As the Government's superannuation regulator, the Australian Prudential Regulation Authority (APRA) charges each superannuation fund a fee to fund its activities and provide supervision to the industry. During the year REI Super paid \$75,000 in fees to APRA.

Member Protection

Federal Government legislation limits the amount of fees and charges that can be applied to certain small superannuation account balances. If your account balance is less than \$1,000 at the end of a member reporting period (generally 30 June each year) or at your date of exit from the Fund, and your account includes any employer superannuation guarantee contributions, the Trustee currently applies this requirement to limit the total fees (excluding insurance premiums and taxes) charged to your account to the investment earnings credited to your account in that period.

Insurance fees

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

Indexation of fees

The Family Law service fee set out in the Fees table on the following page will be indexed annually each year in line with AWOTE.

Fee increases (other than indexation)

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

REI SUPER FEES AND COSTS

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment in REI Super	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment - either by you or your employer	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	\$55	The withdrawal fee will be deducted from your benefit at the time of payment (including partial withdrawals and closing your account).
Termination fee The fee to close your investment	Nil - included in withdrawal fee	Not applicable
Management costs		
The fees and costs for managing your investment in REI Super	<p>REI Super and REI Super Elite An administration fee of \$1.50 per week, plus up to 0.21%* of your balance (estimate) plus fees which represent the Fund's Indirect Cost Ratio (ICR).</p> <p>REI Super Elite Pension An administration fee of \$3.50 per week, plus up to 0.21%* of your balance (estimate) plus fees which represent the Fund's Indirect Cost Ratio (ICR).</p> <p>There are fees for managing the Fund's investments. These fees are deducted before net earnings are credited to member accounts as follows: Super Growth - 0.56% - 0.66% of your balance; Trustee Super Balanced - 0.40% - 0.47% of your balance; Super Stable - 0.31% - 0.35% of your balance; Super Cash - 0.15% of your balance; Australian Shares - 0.46% of your balance; International Shares - 0.59% of your balance; Australian Property - 0.15% of your balance; Global Property - 0.71% of your balance; Fixed Income - 0.31% of your balance.</p>	<p>The fixed administration fee is deducted from your account balance monthly in arrears. The percentage fees are deducted as part of the calculation of unit prices. These amounts are estimates and may vary from year to year.</p> <p>The percentage fee ranges shown for the Super Growth, Trustee Super Balanced and Super Stable investment options are as a result of 'performance based' investment fees payable to some underlying investment managers. None of the other investment options currently have any exposure to managers that charge performance-based investment fees.</p>
Service fees		
Investment switching fee The fee for changing investment options	Nil	Not applicable
Family Law fees A one-off fee for Family Law information and splitting a superannuation payment upon receipt of a splitting agreement or court order	\$340	This fee will be invoiced directly to the relevant party.

* Note that where the actual expenses incurred by the Fund are less than the amount financed by this 0.21% deduction, the additional amount is credited to your account via an (upwards) adjustment to the weekly unit price. Note that 100bp (basis points) equals 1.00%.

Financial Statements

Net assets: **\$735M+**
Employee members: **31,575**
Employer members: **5,042**

	2010	2009
	\$ ('000)	\$ ('000)
ASSETS		
Investments	704,456	596,845
Cash at bank	16,945	9,980
Sundry debtors	133	100
Tax assets	21,079	26,372
Total Assets	742,613	633,297
LIABILITIES		
Benefits payable	53	153
Sundry creditors	978	1,023
Employee benefits	84	46
Provision for income tax	6,056	4,853
Total Liabilities	7,171	6,075
Net Assets Available to Pay Benefits	735,442	627,222
Represented by:		
Liability for Accrued Benefits		
Allocated to Members' Accounts	728,504	620,933
Unallocated Amounts	6,938	6,289
Liability for Accrued Benefits as at 30 June	735,442	627,222

	2010	2009
	\$ ('000)	\$ ('000)
REVENUE		
Net investment revenue	76,242	(85,200)
Contributions revenue	94,077	87,802
Transfers from other funds	17,984	12,622
Insurance proceeds	1,818	1,003
Group life rebate	-	1,410
Other income	2	-
Total Revenue	190,123	17,637
EXPENDITURE		
Contribution surcharge	4	9
Group life and salary continuance premiums	2,429	2,277
General administration expenses	4,128	3,970
Total Expenditure	6,561	6,256
Benefits Accrued as a result of Operations before Income Tax	183,562	11,381
Income Tax Expenses	19,455	2,404
Benefits Accrued as a Result of Operations	164,107	8,977

The Financial Statements of the Fund have been audited and an unqualified auditor's report has been received.

Membership statistics: 38% Victoria, 36% New South Wales, 10% Queensland, 10% Western Australia, 3% Tasmania, 3% Others (Others include SA, ACT, NT and Overseas)

Benefits paid: 46% Withdrawal, 18% Retirement, 24% Pension, 3% Death (including insurance), 9% Disablement (including insurance)

Contact us

1300 13 44 33

Between 8.30am and 5.30pm AEST
(Local call cost within Australia - calls from mobile phones may cost more)

WEB www.reisuper.com.au

FAX (03) 9245 5827

EMAIL reisuper@mercero.com

POSTAL ADDRESS REI Super, GPO Box 4303, Melbourne VIC 3001

If you have a problem...

Most queries can be sorted over the phone.

If you are not satisfied with our response, REI Super has formally established and approved procedures for handling complaints from members. The procedure provides members with a mechanism to lodge complaints and to have them answered.

In the first instance, complaints should be in writing and addressed to:

The Complaints Officer
REI Super
GPO Box 4303
Melbourne VIC 3001

The Complaints Officer will consider a member's complaint and respond in writing. If members are not completely satisfied with the response, or consider that they

have been disadvantaged by a decision, they should formally notify the Fund that they dispute the decision. In this case, their letter to the Complaints Officer should be headed 'Notice of Dispute'. The Fund will consider and respond to the notice of dispute within 90 days.

Members have a further avenue of redress if they do not receive a response within 90 days or are not satisfied with the response.

If the above procedures have been followed, members can then approach the Superannuation Complaints Tribunal for assistance with their dispute.

The Superannuation Complaints Tribunal can be contacted on **1300 884 114**.

REI SUPER SUPPORTS THE REAL ESTATE INSTITUTES AND OTHER ORGANISATIONS



REI Super is run by a trustee company,
REI Superannuation Fund Pty Ltd (Trustee)
ABN 68 056 044 770
AFSL Number 240569,
RSE Licence Number L0000314.