

In the know

News to keep you ahead of the game

REI Super market wrap

The 2009/10 financial year was not without its challenges, with investment markets often behaving erratically. But, following the negative returns of the previous two years, it did see a welcome return to positive growth for Australian super funds.

Your super performed well

All REI Super investment options delivered pleasing full-year returns. The Trustee Super Balanced option, where most of our members invest, returned a very healthy 11.09%, and our two other diversified options (Super Stable and Super Growth) had similarly strong results. For the results of all of our investment options see the tables on page 2.

The investments that delivered our strongest returns were shares, diversified hedge funds, Australian listed property and international property. Our above-average exposure to international property became a significant plus for REI Super during 2009/10, justifying our persistence with that sector after a previous run of difficult conditions.

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We're on the hunt for your lost super!

There is now over **\$12 billion of unclaimed super** registered with the Australian Taxation Office (ATO). We're checking to see if some of it is yours.

In October, REI Super will begin a search of the various ATO databases, including the Lost Member Register, in the hope of reuniting some of our members with their super. This is a **free service** that we provide on your behalf.

In order to conduct the search, we will need to provide the ATO with your full name, address, date of birth and tax file number. This information will be compared with the data held on three different ATO databases.

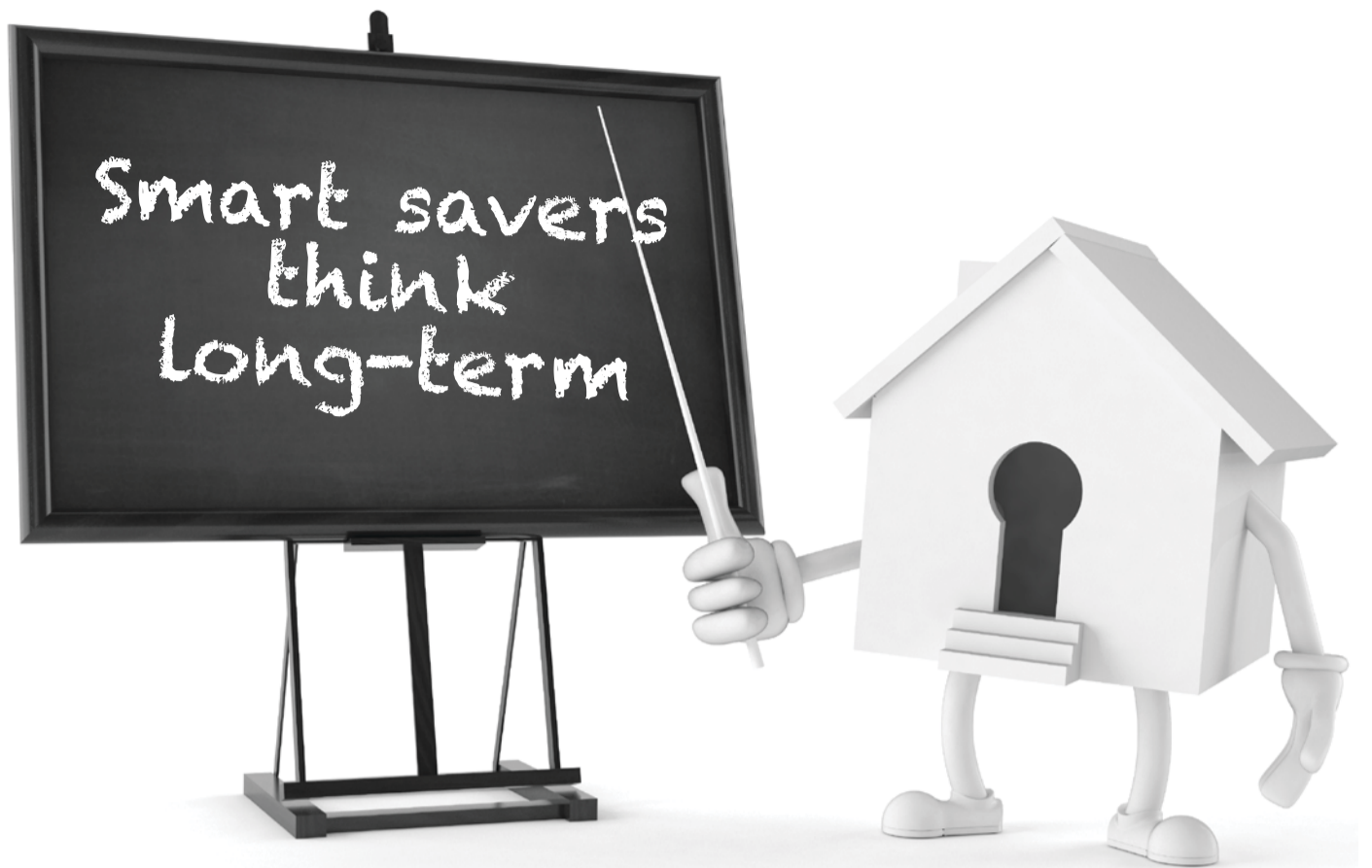
If we find your name on the Lost Member Register, we will let you know and you can decide what to do with the money.

If we find your name on the Superannuation Guarantee or Superannuation Holding Account databases, we will automatically transfer the super into REI Super.

Every year in March/April, REI Super also participates in a no-cost service provided by AUSfund. Any inactive superannuation held with AUSfund is returned to the active accounts of Fund members

If you do not want us to search on your behalf, or you do not want any super we find transferred to REI Super, please let us know by calling the Helpline on **1300 13 44 33** before 14 October.





Focusing on short-term returns doesn't give you a clear picture

As with most things in life, if you take a step back, you can usually get a better perspective. Your super is the same.

The last three years have shown that unsettled markets can provide a wide range of returns, and swing from positive to negative and back again in a matter of months. Looking at returns over five and ten years tells a truer story, because the ups and downs are smoothed out.

REI SUPER MEMBER INVESTMENT OPTIONS: LONG-TERM INVESTMENT PERFORMANCE - AS OF 30 JUNE 2010

Investment option	Commencement date	1 year % p.a	5 year % p.a.	10 year % p.a.	Since commencement % p.a.
Super Cash	1/7/98	3.27	4.84	4.33	4.28
Super Stable	1/11/03	9.04	3.07	na	4.32
Trustee Super Balanced	1/7/90	11.09	2.58	3.71	3.83
Super Growth	1/7/98	13.48	1.28	1.91	2.14

REI SUPER ELITE OPTIONS: LONG-TERM INVESTMENT PERFORMANCE - AS OF 30 JUNE 2010

Investment option	Commencement date	1 year % p.a	Since commencement % p.a.
ELITE ACCUMULATION			
Australian Shares	31/7/06	9.40	4.07
International Shares	31/7/06	12.33	1.51
Australian Property	31/7/06	14.29	-1.05
Global Property	31/7/06	25.29	-0.31
Fixed income	31/7/06	10.17	5.21
ELITE ALLOCATED PENSION			
Elite Super Cash	31/10/06	3.87	6.05
Elite Super Stable	31/10/06	10.22	1.30
Elite Trustee Super Balanced	31/10/06	12.33	-1.64
Elite Super Growth	31/10/06	15.24	-4.68
Australian Shares	31/10/06	10.73	2.35
International Shares	31/10/06	13.33	-0.15
Australian Property	31/10/06	15.90	-3.45
Global Property	31/10/06	28.90	-4.01
Fixed income	31/10/06	11.82	5.81

Returns are shown after fees and taxes. Past performance is not a reliable indicator of future performance. An 'na' entry indicates that the option has not been available for the relevant period.

The returns shown in the table are not the actual returns for your investment in the investment options you're invested in, as the returns achieved by each individual member depend on the timing of the contributions and other transactions and the unit price that applied at the date each transaction took place.

Your annual super stocktake

While you don't need to check your super every day, it doesn't hurt to give it the once-over every year or so. Your financial goals and needs will change as you get older.

Under 30s

Are you strapped for cash, trying to get onto the property ladder and not all that focused on retirement? Even small extra contributions will make a huge difference – thousands of dollars difference – to your final super balance, if you invest for growth over the long term.

Consider what your super nest egg will be if you rely only on your employer contributions to your super, and have a think about whether this will be enough for a comfortable lifestyle when you retire. You might also look at whether the government's 'Co-contribution' scheme can help your saving grow.

In your 30s or 40s

Are you struggling with education costs and mortgage repayments, and always putting off sorting out your super? Take some time to take stock of your retirement savings goals now, to make sure you're on track.

Also, check that you're not underinsured – if anything should happen, you and your family need proper protection. Check your total insurance level, and use our calculators, on the REI Super website.

In your 50s

You have plenty of options to boost your super in the lead-up to retirement. Make sure you're positioned to take full advantage of them (but don't get caught out by super contribution limits!). Once you've reached your preservation age (currently 55), an REI Super Elite Transition to Retirement Pension can help you to make the most of your super and take full advantage of tax savings at the same time. Talk to a licensed financial adviser to see how it can work for you.

Retirees

You're not off the hook! You'll still have to think about whether you're comfortable with your current level of investment risk or whether it's worth investing in a Pension account.

Again, getting advice from a licensed financial adviser can be money well spent. Checking your details online regularly can also help you stay on track.

Stay in the know

We all know time is money. By giving us your email address, we can use it in future to keep you 'in the know' with your super.

Also, some future editions of *In The Know* may only be produced online — it's more efficient, and helps us make environmental, print and postage savings.

Want some advice?

As an REI Super member, you can get a range of help and advice.

To find out more about investments and your super, visit www.reisuper.com.au where you can find more detailed information about the performance of investment markets and our options.

By calling our Helpline, you can get free limited financial advice over the phone and also be put in touch with a financial adviser. Call **1300 13 44 33** to speak to one of our consultants. For your convenience, we provide a call-back facility if you are unable to wait at the time of your call.



To update your details:

Complete and return the back of the cover sheet on your 2010 Member statement.

or

- 1 Visit www.reisuper.com.au
- 2 Sign into your account using your member number and your PIN. (Your member number is on your Member statement. If you don't have a PIN, call the Helpline and they'll give you one. Alternatively, you can reset your PIN online.)
- 3 Then, go to your 'Personal details' and into 'Update your personal details'. Enter your current details, and then be sure to hit 'submit' at the bottom of the page.

You're done!

REI Super market wrap – continued from page 1

The world economy - good 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 2009 quarter almost 50% higher than the lows reached in March 2009. Massive stimulus packages implemented by governments around the world helped to fuel the market rally.

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

However, the potential risks that inflated levels of government debt posed to investments was briefly foreshadowed by reports in late 2009 that Dubai World was having difficulties with debt restructuring. This threat became more serious as the debt problems of southern European countries, most notably Greece, became intractable in early 2010. 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.

Shares

Despite the late slump, most share markets delivered double-digit returns for the year.

REI Super's Australian Shares option performed broadly in line with its benchmark (S&P/ASX 300), but our International Shares option stood out, performing 3-4% ahead of its benchmark by focusing on stocks that had been heavily oversold during the GFC, such as Amazon, Cablevision and priceline.com.

Listed property

Listed property, also heavily oversold during the GFC, was one of the best-performing asset classes in 2009/10, as investors noted the sector's progress in resolving earlier issues. REI Super's Australian listed property portfolio returned over 20%, while hedged International property returned 35% for the year.

Fixed income

Investors' wavering confidence in the prospects of a sustained global recovery, exemplified by the Greek debt crisis in April, heavily influenced the fixed income sector.

REI Super's Australian bond portfolio, invested only in government bonds and passively managed, returned 7.7% for the year.

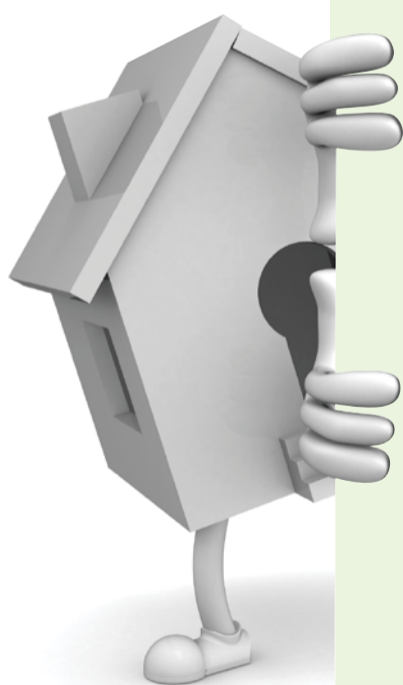
The passive portion of the Fund's international fixed income portfolio, invested solely in global government bonds with no exposure to credit, returned 9.5%. The active portion - invested across a broad spectrum of fixed income securities, which rebounded strongly in 2009/10 - returned 18.8%, 7% above its benchmark.

Cash

REI Super's Cash option returned 3.3%, in line with its benchmark. Our passive approach with this sector has served members well while interest rates have been rising recently. However, rates are now levelling-off, so a more active approach, to capture the higher yields of longer-dated securities, may be necessary.

Alternatives

'Alternative investment' refers to any asset class or investment strategy that behaves differently to traditional share and bond markets. REI Super's exposure to the GTSII hedge fund brings genuine diversification to this portfolio and reduces our dependence on share market returns. It returned 13.5%, comfortably outperforming its cash benchmark for the year.



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To find out more go to www.reisuper.com.au

Alternatively, call 1300 13 44 33 and speak to a customer service representative.

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