

## 1. Introduction

REI Super is required to undertake an annual outcomes assessment to determine whether the financial interests of members who hold a MySuper and/or Choice product are being promoted as required by legislation. The assessment is prepared and documented for each MySuper product and Choice product REI Super offers.

## 2. Methodology

In making its determination for each product, REI Super has considered the following key areas:

- Net Investment Returns
- Level of investment risk
- Fees and costs
- Performance test results

REI Super has also assessed the appropriateness of the following key factors:

- The options, benefits and facilities offered to members
- The investment strategy, level of investment risk and the return target offered to members
- The insurance strategy and insurance fees charged to members
- REI Super's scale and whether members are disadvantaged
- REI Super's operating costs and whether they are inappropriately affecting the financial interests of members and
- REI Super's fee structure and whether it is appropriate for its members

## 3. MySuper

In undertaking the outcomes assessment, REI Super has compared its performance across the key legislated metrics of investment return, level of investment risk and fees and costs with other MySuper products as prescribed by APRA. REI Super has also compared its investment returns with the investment objectives communicated to members.

The assessment period was based on the currency, completeness and data availability. Given the prescribed nature of the metrics required for MySuper products, the MySuper product outcomes assessment relates to the period ended 30 June 2023 and is supplemented by more recent APRA data where this is available.

In assessing investment outcomes, REI Super has placed greater emphasis on longer term investment performance when compared to benchmarks.

- ***Investment Returns***

The investment return analysis is based on the net return metric prescribed by APRA, which measures the performance of a \$50,000 account balance member after all fees, costs, and taxes.

Key observations:

- REI Super's net return outperformed the median over 1 & 3 years and was marginally below its peers over longer periods.
- Allowing for investment risk, REI Super's net return over the longer term was achieved at a lower level of investment risk.
- Over the last ten years, as communicated to members, REI Super has met its investment objective of CPI + 3%.
- REI Super has outperformed its strategic asset allocation(SAA) benchmark over the long term.
- 2023 Performance Test
  - REI Super has passed the 2023 Your Future Your Super Performance Test as assessed by APRA.

- ***Investment Risk***

The investment risk analysis measures the number of negative returns expected over 20 years for REI Super compared to the median number of negative returns of other funds. This risk metric is prescribed by APRA and is based on APRA data.

Key observations:

- The level of investment risk is lower than the APRA median.

- ***Fees & Costs***

The fees & costs analysis is based on the metric prescribed by APRA and published in the APRA Quarterly Superannuation Statistics Report in September 2023.

Key observations:

- REI Super's total fees across compared to other MySuper products..

## **Conclusion**

REI Super's analysis shows:

- Investment returns are competitive when compared with other MySuper products.

- REI Super's MySuper product passed the 2023 performance test as assessed by APRA
- REI Super has outperformed its SAA benchmark over the long term
- Investment risk level is below peers. Investment risk analysis indicates REI Super's net return was achieved with a lower level of investment risk relative to peers.
- Over the long term, REI Super has outperformed its investment objective.
- Fees/costs are competitive when compared to the APRA median.

Given the above, it is our opinion that the financial interests of MySuper members are being promoted by REI Super.

#### **4. Choice**

REI Super offers members choice from three multi-sector and six single-sector portfolios, with most members (over 90%) invested in REI Super's Growth and Balanced portfolios.

In relation to REI Super's Choice product (consisting of all other investment options held by accumulation and pension members), the three prescribed metrics with comparable choice products were compared using data published by APRA and SuperRatings. Where relevant, additional comparisons were made with REI Super's internal benchmarks.

REI Super has also compared its investment returns with the investment objectives communicated to members.

In assessing investment outcomes, REI Super has placed greater emphasis on longer term investment performance when compared to benchmarks.

##### ***(a) Investment Return***

The investment return analysis was based on the net investment return metric, which measures performance after investment fees and taxes (where relevant). Performance was assessed against relevant peers, SAA benchmarks and the investment objectives were communicated to members.

Key observations:

- Net investment returns for most members have been competitive when compared with peers
- REI Super's performance has generally met or exceeded that of its SAA benchmarks and investment objectives as communicated to members
- REI Super's choice products have passed the 2023 performance test as assessed by APRA.

##### ***(b) Investment Risk***

The investment risk analysis compares the return volatility (as measured by the standard deviation of returns) of REI Super's Choice investment options with the median as reported by SuperRatings.

Key observations:

- The level of investment risk over the last ten years for most members has been comparable REI Super's peers.

*(c) Fees & Costs*

The fees and costs analysis compares REI Super's total fees to the median, as reported by SuperRatings.

Key observations:

- As of 30 June 2023, REI Super's fees were competitive and below median for most members.

**Conclusion**

REI Super's analysis shows:

- REI Super performance to 30 June 2023 for most members has met or exceeded that of its peers compared to other Choice products.
- REI Super's products have passed the 2023 performance test as assessed by APRA
- Investment objectives have been met for most members over the last ten years.
- Investment risk levels are comparable with those of other Choice products for most members.
- Fees/costs remain competitive compared to peers as of 30 June 2023 across most investment options.

Given the above, we believe that REI Super is promoting the financial interests of Choice members overall.

## **5. Assessment of Other Factors**

*(a) Options, Benefits & Facilities Assessment*

In assessing whether the options, benefits and facilities are appropriate for members, we have considered the following:

- REI Super offers members significant investment choice from 10 investment options to cater to individual investment risk preferences. Our website provides an easy-to-use tool to allow members to assess their risk preferences and suggest the most appropriate investment choice based on their risk profile.
- REI Super offers members insurance choices, including insurance cover for Death Only, Death & TPD and Income Protection. Our income protection policy is flexible and allows for the inclusion of sales commissions, which are common in the Real Estate industry.
- Insurance claims are handled within the fund by a specialist claims manager offering sensitive and personalised service to members.
- REI Super offers members a range of member services, including:
  - **Member helpline service:** our member helpline consistently achieves high monthly Net Promoter Scores.

- **Online investment switching & access to accounts;** our website and mobile App enable Members to change their investment preferences and check their account balance on any device anytime.
- **Member engagement & education:** Our business Development Managers conduct Member education sessions and Employer workplace education sessions for staff physically and virtually regularly. We also engage with and educate our Members regularly and ad-hoc through newsletters, electronic direct mail, physical and digital brochures, social media and physical and virtual events.
- **Regular updates and communications:** We provide regular updates and send regular communications to our members.
- Access to general and intra-fund financial advice.
- Access to comprehensive financial advice via a referral process.
- Pension payment flexibility.
- REI Super offers members competitive fees across all member cohorts, including a fee rebate for high balances.
- REI Super is prudently managed with a strong focus on governance and risk management designed to safeguard members' retirement savings. Our governance model includes member-elected directors and three independent directors.

SuperRatings has assessed our governance capability as "Excellent".

- SuperRatings has recently assessed and provided REI Super an overall "Gold." Rating across its MySuper and Choice product offerings.

## Conclusion

Given the above, REI Super's options, benefits, and facilities are appropriate for its members.

### *(b) Investment Strategy Assessment*

REI Super offers super and pension members a choice from 10 investment strategies. MySuper members are invested in REI Super's Balanced Option. The appropriateness of each investment strategy, including the level of investment risk and the investment objectives, is reviewed regularly by REI Super.

The 2023 independent investment review undertaken by Willis Towers Watson concluded that each of REI Super's investment strategies is consistent with achieving stated investment objectives.

The review concluded that the strategy underpinning each REI Super investment option is well-positioned to withstand adverse liquidity and stress test scenarios. The investment strategy of each investment product is also stress-tested annually by

REI Super to ensure the investment strategies continue to be appropriate for its members.

## **Conclusion**

Given the above, it is our considered opinion that REI Super's investment strategy for each product, including the level of risk and return targets, is appropriate.

### ***(c) Insurance Strategy Assessment***

REI Super offers eligible members three types of insurance coverage: death only, death/TPD, and income protection insurance. Default insurance for death/TPD is offered on an opt-out basis to MySuper and Choice members over the age of 25 years with an account balance of at least \$6,000.

Most insured members (over 70%) are covered for Death/TPD. REI Super's insured members are primarily female, over 40 years of age and white collar.

In assessing REI Super's insurance strategy, key considerations include:

#### **Level of Cover**

The assessment is based on information sourced from SuperRatings, which compares REI Super's insurance offering with other comparable funds. Key observations from the SuperRatings report include:

- The level of coverage for \$1 per week is competitive for most insured members.

#### **Inappropriate Erosion of Retirement Benefits**

REI Super's assessment of its insurance fees highlights that the insurance fees charged to REI Super members do not inappropriately erode their retirement benefits.

## **Conclusion**

Given the above, we believe that REI Super's insurance strategy for its MySuper and Choice members is appropriate.

### ***(d) Insurance Fees Assessment***

- Insurance fees for default insurance members have been assessed for MySuper and Choice products separately.
- The affordability measure used in the assessment is insurance fees as a percentage of estimated salary with a threshold of 1% in line with the Insurance in Superannuation Voluntary Code of Practice.

## **Conclusion**

REI Super's analysis highlights insurance fees as a percentage of salaries are below the 1% threshold for all default insurance member cohorts across MySuper and Choice products. On this basis, we believe insurance fees charged to REI Super members do not inappropriately erode their retirement income.

(e) *Operating Costs*

REI Super's operating costs have been managed prudently and sustainably over recent years. This is reflected in REI Super's ability to maintain competitive fee levels.

**Conclusion**

Given the above, it is our considered opinion that the operating costs of REI Super business operations are not inappropriately affecting the financial interests of members.

(f) *Basis of Setting Fees*

REI Super's fee structure across all products consists of an asset-based administration fee of 0.25% p.a. and an investment fee, which varies depending on the investment option—a fee rebate of 0.28% of a member's balance for amounts over \$300,000.

REI Super's fees are reviewed annually to ensure they remain competitive, equitable and sustainable.

Key observations from the analysis:

- REI Super's fee structure is consistent and competitive when compared to its peers.

**Conclusion**

Given the above, REI Super considers the basis for setting fees fair, reasonable, and appropriate for its members.

(g) *Scale*

- REI Super fees are competitive compared to its peers as of 30 June 2023.
- Investment returns over the longer term are competitive and have met set investment objectives for most members.
- REI Super has passed the performance test.

**Conclusion**

Given the above, we believe that REI Super members are not disadvantaged because of the scale of REI Super's business operations.

## 6. Product Determinations

- REI Super is satisfied that the financial interests of its MySuper members are being promoted with regard to MySuper product comparisons and benchmarking undertaken, including the assessment of key factors.



- REI Super is satisfied that the financial interests of its Choice members are being promoted with regard to Choice product comparisons and benchmarking undertaken, including the assessment of key factors.

**Disclaimer**

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