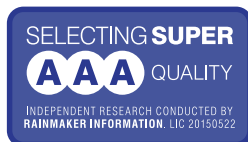


REI Super Bulletin 2020

From your Industry Super Fund





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 updated 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 -2.1% net for the year ended 30 June 2020.

Government changes to the superannuation rules

The Federal Government announced two temporary changes to the superannuation rules. First, the government announced 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, the government announced a temporary relief measure for members who have a pension or a transition to retirement account by 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.



Putting our members first cont.

On 1 April, we implemented 'Putting Members Interest First' changes, 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 will likely cause a rise in the cost of insurance for existing members.

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 an extra security feature known as Multi Factor Authentication which 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.

Looking forward

REI Super has a long, rich history as the super fund for the Real Estate Industry over 44 years. We are proud of our unconflicted governance model, which combines independent and member elected directors, all focussed 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 offerings 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.
- The development of a range of additional services for employers that make running your business easier and more efficient.

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.

I hope you and your families stay healthy and safe.

Yours sincerely,

Jarrold Coysh

Chief Executive Officer

Investment update

A year of two very different halves

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.

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.

Investment update cont.

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.

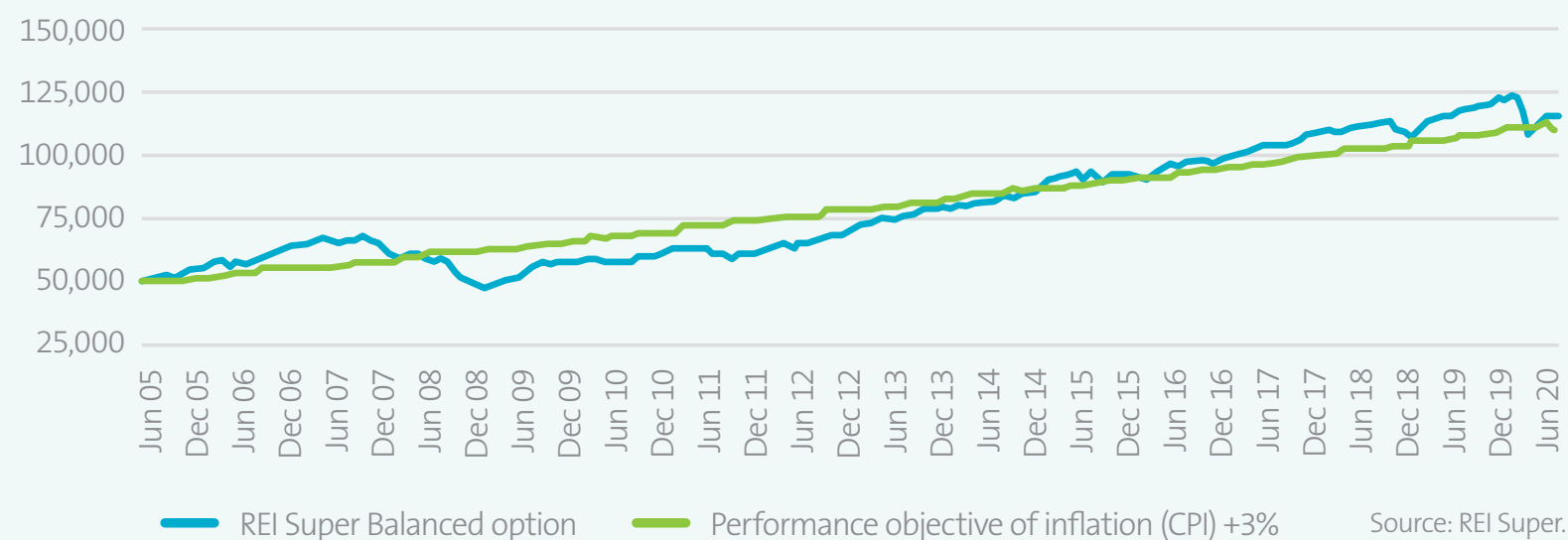
There's no question we live in challenging times and it remains unclear how the COVID-19 pandemic will play out in the short to medium term. The speed and magnitude of market returns in the June quarter serves to remind us how quickly sentiment and momentum can return. It's not possible to time the top 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.

Is your investment option right for you?

Take our **Risk profile quiz** to understand your appetite for risk versus reward then call us on **1300 13 44 33** for professional financial advice if considering a change.

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



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.

Adapting to change in challenging times

There's no doubt we are in a changed world and it's becoming clear that we will not be going back to the old ways any time soon, if ever at all.

Working remotely (from home) for instance. How does that look? Would our people be effective? In the past it had a bit of a stigma attached to it. Nobody ever became CEO working from home.

Well that is well and truly a thing of the past now. While it may not be the first choice for everyone, it is working – sales figures are up and business is thriving. At least one of our team members is going so well and enjoying the situation so much, she is unlikely to come back to the old structure of coming into the office every day ever again. It's clear, working remotely will form a big part of future working life in real estate, that's for sure.

The biggest challenge...

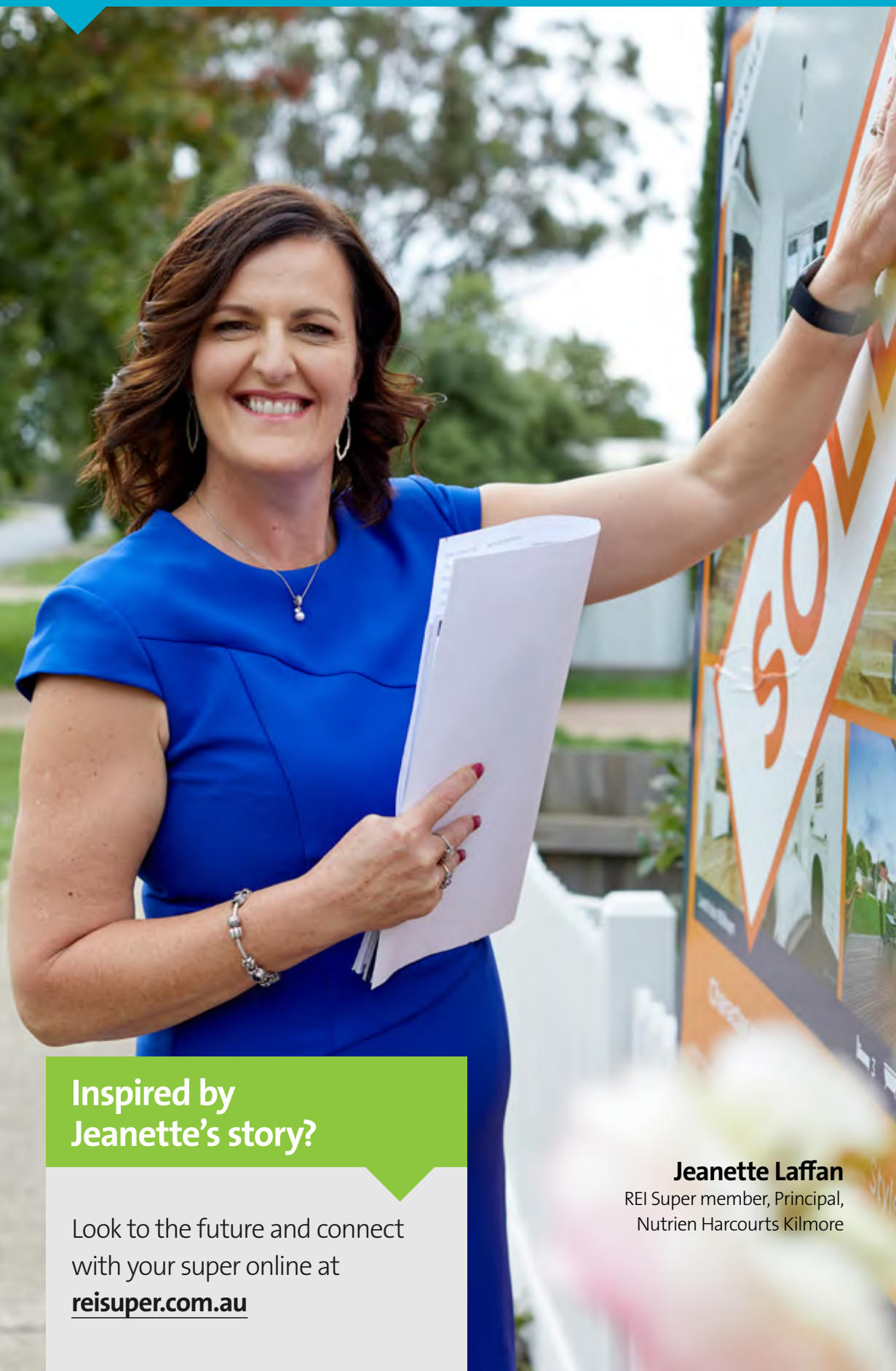
The big challenge has been keeping our people informed and together. Our Monday morning Zoom sales meetings and Friday afternoon round ups have been critical for sharing information and updating the team. Without the interaction of office life, the lunch conversations, the overheard phone calls and the coffee breaks, the meeting structure has become just so important. It's challenging but we are getting better and better with it.

Inspired by Jeanette's story?

Look to the future and connect with your super online at reisuper.com.au

Jeanette Laffan

REI Super member, Principal,
Nutrien Harcourts Kilmore



Inspired by Jeanette's story?

Look to the future and connect
with your super online at
reisuper.com.au

Jeanette Laffan
REI Super member, Principal,
Nutrien Harcourts Kilmore

Adapting to change in challenging times cont.

A noticeable shift in the market

Lifestyle properties have definitely become the flavour of the day. Coming out of lockdown the first time I had beautiful properties on the books, lifestyle properties, open spaces, views and country life. They had gone on the market in spring but had been very quiet. All of a sudden there came a rush of interest and they were all snapped up. It was obvious, when you are working from home a lot more, you can come out to somewhere like Mitchell shire where you get great lifestyle and great value for money after selling up in the city.

Our problem now is convincing vendors to go on the market. We have way more buyers on our books than sellers at the moment so it's very much a sellers market in the country.

Super even in these times is a great investment

With employer contributions and the tax advantages of savings in super, it very much stacks up. I've always had a balanced portfolio. While it may not be the time to be taking great risks or shifting to cash when markets are down, you still have to look to the future. I'm glad I'm with a super fund I can trust to have a conservative approach to investment and still maintain a strong position to take advantage when markets improve. My attitude to super is the same as it is for property – you have to be in it for the long haul to be most successful.

My shout out to government

While I understand there needs to be strong controls around super, there is one really important change I'd like to see. That is the ability to contribute more in the latter stages of working life. Particularly for women who, by and large, have longer career breaks and often work part time with a young family. It's the one time in life when the big ticket items of mortgage and raising a family is under control and you can seriously prepare for life after work.

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 Coronavirus. 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.
- Insurance for members under 25 became 'opt in' rather than 'opt out' as of September 2019, except for people working in dangerous occupations. Funds had to apply for the exemption.

Got questions?

If you need more information on any of these changes, simply call us on **1300 13 44 33**.



\$16 B+

ISPT's unlisted
property investment
in the core fund

MELBOURNE'S GPO



100 ST GEORGE TERRACE

Invested in our members and our industry

REI Super is one of the oldest industry super funds in Australia, delivering highly rated superannuation services to members for over 40 years. We understand that investing in our members and our industry delivers great value for all of us.

Professional development, product development and service

REI Super works closely with all the major real estate institutes, franchises and employer bodies to actively support professional development and advocate for professional standards in the industry. We do this in a number of ways, through sponsorship of programmes and with our business development team providing support, advice and delivery of information sessions to new members.

For employers, we make it easy to comply with government super legislation, provide regular updates via newsletters, display alerts on our online portal, make visits with field staff and problem solve via our Helpline.

We keep members up to date with things that may affect you, provide advice on growing your nest egg and develop industry-specific products, like income protection insurance that takes commission income into account, and develop investment options that cater for all levels of risk and stages of life.

Invested in high quality property assets

Listed and unlisted property together form a core investment strategy for the fund and is a sector in which many of our members work. Unlisted property, in particular, holds assets not listed on the stock exchange and are generally not available for individuals to invest. They provide a great source of strong, stable,



WESTFIELD DONCASTER



SYDNEY'S LIBERTY PLACE



CANBERRA'S 2 NATIONAL CIRCUIT

Invested in our members and our industry cont.

long-term returns to our portfolio, and form approximately 50% of our property investment portfolio.

Our investment in this sector is through our long standing investment manager, Industry Super Property Trust (ISPT). Since its inception in 1994 through to 30 June 2020, the ISPT core fund has returned an average 9.00% per annum (net of fees), an outstanding result.

At 30 June 2020, the ISPT core fund was valued at a huge \$16.2 Billion and includes properties around Australia such as Melbourne's GPO, Westfield Doncaster and Casseldon Place, Sydney's Liberty Place, Canberra's 2 National Circuit and Perth's 100 St George Terrace.

Our industry partners:



Manage your super online

We've recently refreshed the usability of your online account and added many new features. So now it's even easier to take control of your super.

Simply login at reisuper.com.au and check it out.



New online dashboard



Check your account balance



View investments & make changes



Check your personal and employer contributions



Update your personal details



Update your beneficiaries



Update your insurance



Download all super forms and publications

View your super on the go...

DOWNLOAD THE REI SUPER APP

Before making any changes to your investments in your REI Super account, we strongly recommend you contact our financial advice team to be certain you are making changes in your best interest.



Super's a lot like property - the more attention you give it, the more likely it will grow.

Inspect your super today and help boost your future at reisuper.com.au/open

reisuper.com.au

Helpline 1300 13 44 33

Mon – Fri 8:30am to 7pm AEST

✉ admin@reisuper.com.au



Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund. The information contained in this PDF does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, REI Super advises that REI Super has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Members should obtain and read the Product Disclosure Statement for REI Super before making any decisions. REI Superannuation Fund Pty Ltd ABN 68 056 044 770 AFSL 240569. RSE L 0000314 REI Super ABN 76 641 658 449 RSE R1000412 MySuper unique identifier 76641658449129 31 August 2020. REIS 56704