

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

REI Super

REI91QW: Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:

- a. Performance of funds.
- b. Investment strategies for funds.
- c. Conflicts of interest for funds.

Answer: Strategic Asset Allocation (SAA) Review 2020
Strategic Asset Allocation (SAA) Review 2017
An independent review of investment performance was commissioned through Rice Warner Pty Limited in 2020.
Conflict of Interest Framework is reviewed annually and triennial by an independent third party as per APRA Standard

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REI92QW:

For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

- a. The name of the fund.
- b. The allocation of capital as a percentage of the total capital held by the fund.
- c. The allocation of capital of the total capital held by the fund.
- d. The entity managing the capital.
- e. Whether you are a shareholder in that entity.

Answer:

REI Super's investments are managed by Morningstar Investment Management Australia Ltd (ABN 54 071 808 501) which is approximately 95%.

REI Super is not a shareholder in Morningstar Investment Management Australia Ltd.

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REI93QW: If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.

Answer: Managed in accordance with our Conflict of Interest Policy. The Policy & Framework is reviewed annually and triennial by an independent third party as per APRA Standard.

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REI94QW: Please provide details of the following reduction to remuneration packages since 11 March 2020:

- a. Board members.
- b. The chief executive.
- c. Executive management.

Answer: a-c. Nil

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REI95QW: Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?
If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?

Answer: This is not applicable to REI Super.

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REI96QW:

Since 1 January 2020, for each fund, please outline:

- a. The date and value at the highest valuation of the fund?
- b. The date and value at the lowest valuation of the fund?
- c. The number of business days between the highest and lowest valuation for the fund?
- d. The nominal value between the highest and lowest valuation for the fund?
- e. The percentage value between the highest and lowest valuation for the fund?
- f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?
- g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?
- h. What volume of switching of investments occurred between funds between the highest and lowest valuations?
- i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?
- j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?
- k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?
- l. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?

Answer:

- a. refer to the Fund's website <https://reisuper.com.au/publications-and-forms/unit-prices>
 - b. refer to the Fund's website <https://reisuper.com.au/publications-and-forms/unit-prices>
 - c. refer to the Fund's website <https://reisuper.com.au/publications-and-forms/unit-prices>
 - d.e.f.g This can be calculated from the unit prices referred to above in a,b,c. We do not have sufficient analytical capability to perform these calculations as our staff are fully employed with member related issues. Furthermore, we are not comfortable providing ad hoc analysis unless it has been audited by an external party. This is a costly exercise that is not budgeted for and we do not have the capacity to fund this expenditure.
 - h. 108 accumulation switches
 - i. We are not aware of any switching by trustees but we are unable to interrogate individual accounts as we believe this would represent a potential privacy breach
 - j. We are not aware of any switching by executives, but we are unable to interrogate individual accounts as we believe this would represent a potential privacy breach. In particular our Conflicts Management Framework covers insider trading and there is no trading of financial products.
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k. We are not aware of any switching by employees but we are unable to interrogate individual accounts as we believe this would represent a potential privacy breach. In particular our Conflicts Management Framework covers insider trading and there is no trading of financial products.

l. This is more than adequately provided for in our existing compliance policies and compliance with APRA regulations. In particular our Conflicts Management Framework covers insider trading and there is no trading of financial products.

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REI97QW: On financial advisers providing non-intrafund advice (i.e. comprehensive advice - beyond the scope of intrafund advice) within the fund over the past five financial years:

- a. How many do you employ (or are you paying for through outsourced arrangements)?
- b. What is the revenue generated from these non-intrafund advisers?
- c. How many financial advisers within the fund also provide intrafund advice?
- d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?
- e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?
- f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?
- g. What is the total budgeted cost and actuals for financial advisers?
- h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?
 - i. What is the aggregated cost of their remuneration?
 - ii. What is the aggregated cost for their employment?
 - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
 - iv. What is the aggregated cost for marketing their services?
 - v. What is the aggregated cost for administrative support services?
 - vi. What is the aggregated cost for professional insurance and indemnity?
 - vii. What is the aggregated cost for compliance oversight?
 - viii. What is the aggregated cost for legal oversight?
 - ix. What is the aggregated cost for other regulatory oversight?
 - x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?

ANSWERS:

- a. Zero
- b. Zero
- c. Zero
- d. Zero
- e. This is not applicable to REI Super
- f. This is not applicable to REI Super
- g. This is not applicable to REI Super
- h. This is not applicable to REI Super
- i. This is not applicable to REI Super

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REI98QW: On financial advisers providing intrafund advice (i.e. strictly limited to advice on your super fund for the member only - not spouse) within your fund over the last five financial years:

- a. How many do you employ (or are you paying for through outsourced arrangements)?
- b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?
 - i. What is the aggregated cost of their remuneration?
 - ii. What is the aggregated cost for their employment?
 - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
 - iv. What is the aggregated cost for marketing their services?
 - v. What is the aggregated cost for administrative support services?
 - vi. What is the aggregated cost for professional insurance and indemnity?
 - vii. What is the aggregated cost for compliance oversight?
 - viii. What is the aggregated cost for legal oversight?
 - ix. What is the aggregated cost for other regulatory oversight?
 - x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?
- c. What is the revenue that intrafund advisers have generated?
- d. How many financial advisers providing intrafund advice also provide it within the fund?
- e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?
- f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?
- g. What is the total budgeted cost and actuals for the intrafund advice unit?
- h. What is the revenue generated from these financial advisers?
- i. Within your fund, is there any cross-subsidisation for intrafund advice services?

ANSWERS:

- a. Zero
- b. This is not applicable to REI Super
- c-i. These are not applicable to REI Super

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REI99QW: Do you allow members to use their funds to pay for:

- a. Financial advice?
- b. Internal financial advisers?
- c. External financial advisers?

ANSWERS:

- a. Yes, only relating to superannuation advice
- b. No
- c. No

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REI Super

REI100QW: Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?

ANSWER: No