



Super News

ORACLE SUPERANNUATION PLAN

August 2016

Welcome to the latest issue of *Super News*, the newsletter for members of the Oracle Superannuation Plan (“the Plan”).

This edition of *Super News* updates you on some changes the Trustee is making to the Plan’s investments.

Changes to investment strategy

Over the past few months, the Trustee, in conjunction with the Plan’s investment adviser, has been reviewing the Plan’s investments. As discussed in the November 2015 edition of *Super News*, the investment industry believes we are facing a period of lower investment returns. The Trustee is therefore making some changes to the investments so that the options are positioned to seek the best returns possible for each investment option in the current investment environment.

The aims of these changes are to:

- Reduce the volatility of the Plan’s investment returns and the chance of negative investment returns by increasing diversification through adding two additional asset classes – listed infrastructure and unlisted property.

- Increase the probability of meeting each option’s investment objectives and improve the long-term expected returns for each option.

To seek the best returns possible for members during periods of low expected returns, the Plan will appoint more active investment managers. In addition, the proportion of the Plan’s shares invested in Australian shares will be reduced (to 30%) with a higher weighting (70%) given to international shares. Previously it was weighted 40% in Australian shares and 60% in international shares.

As a consequence, there will be some new investment managers appointed and changes to the target asset allocations for the Diversified Shares, Growth, Balanced and Stable options. The volatility* level for the Diversified Shares and Balanced option will also reduce.

How do the changes affect the options?

The Plan currently invests in three main asset types:

- **Shares** – both Australian and international shares (including emerging markets).
- **Diversifying assets** – including hedge funds, real return funds, structured beta (collectively alternative assets) and property.
- **Fixed interest and cash** – including Australian and global fixed interest and Australian inflation-linked bonds.

There will be changes to the assets the options invest in:

Diversified Shares – approximately 30% (previously 40%) will be invested in Australian shares and 70% (previously 60%) in international shares with some exposure to foreign currency. The volatility level* will reduce to High from Very High.

Growth, Balanced and Stable – within these options there will be slight changes to the diversifying assets to allow for the investment in listed infrastructure and unlisted Australian property. There will also be changes as a result of the reweighting between Australian and international shares. The Plan no longer invests in global listed property. The volatility level* of the Balanced option will reduce to Medium to High (previously High) while there will be no change to the volatility level for the Growth and Stable options.

* The volatility level is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. It is based on the Standard Risk Measure developed by the industry and it is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment options. Refer to the Product Disclosure Statement for more details.

What do the changes mean?

The table below summarises the main impact of the changes being made to the target asset allocations. See below and page 3 for the new target asset allocation and ranges for each investment option.

	Diversified Shares		Growth		Balanced		Stable	
	Current	New	Current	New	Current	New	Current	New
Shares 	100%	100%	55%	45% ↓10%	35%	30% ↓5%	15%	15%
Diversifying assets 	–	–	30%	40% ↑10%	25%	32% ↑7%	25%	25%
Fixed interest and cash 	–	–	15%	15%	40%	38% ↓2%	60%	60%

Changes to investment managers

These include:

- Listed Property manager, Resolution Capital (Global Property Securities Fund) has been replaced by Dexus Property Group (Dexus Wholesale Property Fund) – a specialist unlisted property fund that invests in a range of diversified properties such as retail, prime office and industrial property in Australia.
- The appointment of Maple-Brown Abbott Global as the Plan's new listed global infrastructure manager.
- BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund) is being replaced by Schroders (Schroders QEP Emerging Market Equity Fund).

New target asset allocations

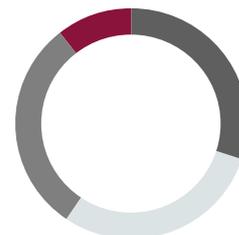
Over the next four to six months, the Plan's assets will be progressively transitioned to the target asset allocations shown to the right and on page 3. Over this period, the assets will be invested within the ranges shown but will not necessarily reflect the final target asset allocations shown.

Diversified Shares

Target asset allocation

	30.0% Australian shares	28.0% to 42.0%
	29.7% International shares (Hedged)	23.5% to 31.8%
	29.8% International shares (Unhedged)	23.5% to 31.8%
	10.5% Emerging markets shares (Unhedged)	7.0% to 12.5%

Range

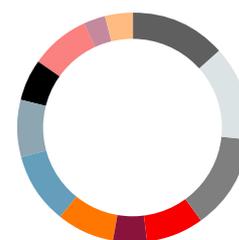


Growth

Target asset allocation

	13.5% Australian shares	11.5% to 24.0%
	13.3% International shares (Hedged)	11.4% to 16.0%
	13.4% International shares (Unhedged)	11.4% to 16.0%
	8.0% Hedge funds	5.5% to 10.0%
	4.7% Emerging markets shares (Unhedged)	2.7% to 7.0%
	8.0% Real return fund	5.5% to 10.0%
	10.0% Australian property	8.0% to 12.0%
	8.0% Structured beta fund	6.0% to 12.0%
	6.0% Global listed infrastructure	0% to 8.0%
	8.3% Australian fixed interest	5.5% to 10.3%
	3.0% Australian inflation-linked bonds	1.0% to 5.8%
	3.8% International fixed interest (Hedged)	1.8% to 5.8%
	0% Cash	0% to 2.0%

Range



Balanced

Target asset allocation

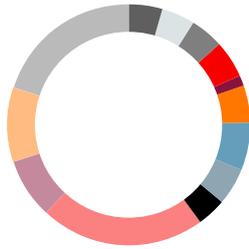
Target asset allocation	Range
9.0% Australian shares	7.0% to 13.0%
8.9% International shares (Hedged)	6.9% to 10.9%
8.9% International shares (Unhedged)	6.9% to 10.9%
6.4% Hedge funds	4.4% to 9.5%
3.2% Emerging markets shares (Unhedged)	1.2% to 5.2%
6.4% Real return fund	3.0% to 8.4%
8.0% Australian property	6.0% to 10.0%
6.4% Structured beta fund	4.4% to 9.5%
4.8% Global listed infrastructure	0% to 6.8%
21.0% Australian fixed interest	18.0% to 23.0%
7.5% Australian inflation-linked bonds	5.5% to 12.0%
9.5% International fixed interest (Hedged)	7.5% to 12.0%
0% Cash	0% to 2.0%



Stable

Target asset allocation

Target asset allocation	Range
4.5% Australian shares	2.5% to 8.0%
4.4% International shares (Hedged)	1.8% to 6.5%
4.5% International shares (Unhedged)	1.8% to 6.5%
5.0% Hedge funds	3.0% to 9.5%
1.5% Emerging markets shares (Unhedged)	0% to 3.5%
5.0% Real return fund	3.0% to 7.0%
6.3% Australian property	4.3% to 8.3%
5.0% Structured beta fund	3.0% to 9.5%
3.8% Global listed infrastructure	1.8% to 5.8%
22.0% Australian fixed interest	18.0% to 24.0%
8.0% Australian inflation-linked bonds	6.0% to 12.0%
10.0% International fixed interest (Hedged)	8.0% to 12.0%
20.0% Cash	18.0% to 22.0%



Any questions?

Full details are in the Plan's PDSs, which are available on the Plan's new website at <http://super.towerswatson.com/super/oracle>. The new website is more streamlined and easier to navigate so you can quickly find what you are looking for.

If you have any questions about the information in this newsletter or about the Plan in general, please contact the Plan Administrator on 1800 127 953 or visit the Plan's website.

This newsletter contains general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Please note that neither the Trustee, the Plan Administrator, nor any representative of Oracle Corporation Australia Pty Limited will provide you with taxation or superannuation advice. If you need help making a decision about your super, you should speak to a licensed financial adviser.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Oracle Superannuation Plan (ABN 17 608 890 083). August 2016.