Super News

ORACLE SUPERANNUATION PLAN — **November 2017**

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 changes to how fees are disclosed in the Plan. It also summarises some recent changes to the Plan's investments.

Reporting of investment fees

How investment fees are reported

As a result of regulatory changes, from 30 September 2017 all superannuation funds are required to obtain more information about underlying costs incurred for their investments. These underlying costs have always been paid by the Plan and reflected in the investment returns members receive. **This approach is not changing, but the way the costs are required to be shown to members has changed.**

The table below shows how the Plan's estimated investment fees were previously disclosed, and how they are disclosed from 30 September 2017. It also shows the amount of estimated transactional and operational costs e.g. brokerage, clearing costs and performance fees.

As you will see, the fee ranges for all of the investment options have changed. This is not due to new costs, but simply due to the Plan being required to include the transactional and operational costs as part of its investment fees. The new fee ranges also take into account some fee reductions as a result of changes to the Plan's investment managers (see "Changes to the Plan's investments" on page 2).

Investment fees are deducted from investment returns before the returns are applied to your account in the Plan.

Investment option	Before 30 September 2017	From 30 September 2017	
	Investment fee ranges	Investment fee ranges	*Which include transactional and operational costs* of:*
Diversified Shares	0.29% to 0.33% per year	0.47% to 0.50% per year	*0.18%*
Growth	0.33% to 0.44% per year	0.69% to 0.75% per year	*0.27%*
Balanced	0.26% to 0.36% per year	0.54% to 0.60% per year	*0.21%*
Stable	0.22% to 0.32% per year	0.41% to 0.45% per year	*0.15%*
Cash	0.10% per year	0.10% to 0.15% per year	*0.00%*

*These are the transactional and operational costs incurred by the Plan or its investment managers during the financial year ended 31 May 2017.

How other investment costs are reported

The regulatory changes also mean that amounts of borrowing costs incurred by the Plan's investment managers, as well as direct property operational costs, must be disclosed separately. These costs are excluded from the investment fees above and are shown separately in the Plan's PDSs, available on the Plan's website.

The borrowing costs are Nil for the Diversified Shares and Cash options, and less than 0.002% p.a. for the Growth, Balanced and Stable options. The direct property operational costs are Nil for the Diversified Shares and Cash options, and between 0.06% p.a. and 0.10% p.a. for the Growth, Balanced and Stable options.

These amounts are deducted from the investment returns of each investment option before those returns are applied to your account. **The Plan was already paying these costs and they are not new costs for members.**

What does it mean for you?

No additional fees or costs will be charged to you.

Changes to the Plan's investments

In June 2017, the Trustee reviewed the Plan's hedge fund allocation, which had been invested in the K2 Advisors Diversity Fund, Ltd (K2) for a number of years. The Trustee believed it was timely to assess the performance of this investment and its appropriateness for the Plan. Following the review, the Trustee has decided to directly replace the Plan's investment in K2 with an alternative risk premia strategy, in a fund called the Towers Watson Investment Management Diversifying Strategies Fund ("TWIM DSF").

Alternative risk premia assets are a special type of diversifying investment which invest in non-traditional assets and use a number of lower cost strategies to generate investment returns. These strategies can potentially deliver attractive returns that are more stable in challenging markets.

The TWIM DSF selects up to 10 alternative risk premia managers who invest in strategies similar to hedge funds without incurring the fees associated with hedge funds. The Plan's investment fees are expected to reduce as a result, and this reduction has been reflected in the new investment fee ranges on the previous page.

Around 90% of the Plan's assets with K2 are scheduled to transfer to the TWIM DSF in December 2017. The rest will transfer in 2018.

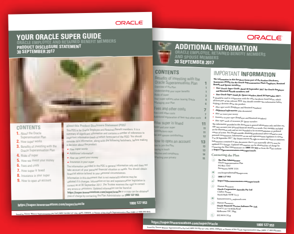
What does it mean for you?

This change will apply to the Growth, Balanced and Stable options. The target asset allocations and ranges which previously applied to "hedge funds" will now apply to "alternative risk premia" instead, as follows:

Investment option	Target asset allocation (and ranges) for alternative risk premia
Growth	8.0% (6.0% to 10.0%)
Balanced	6.4% (4.4% to 8.4%)
Stable	5.0% (3.0% to 7.0%)

There will be no changes to the allocations to the other asset classes (e.g. shares, diversifying assets, property, fixed interest and cash) within any of the Plan's options, or to the Plan's liquidity profile. There will also be no changes to any of the options' investment objectives.

The Plan's PDSs have been updated to reflect the changes described in this *Super News* and are available on the Plan's website at **https://super.towerswatson.com/super/oracle**.



Any questions?

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 at **https://super.towerswatson.com/super/oracle**.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee for the Oracle Superannuation Plan (ABN 17 608 890 083). November 2017.