2016
Annual Report

ORACLE

Oracle Superannuation Plan

In this Report

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Your *Annual Report*

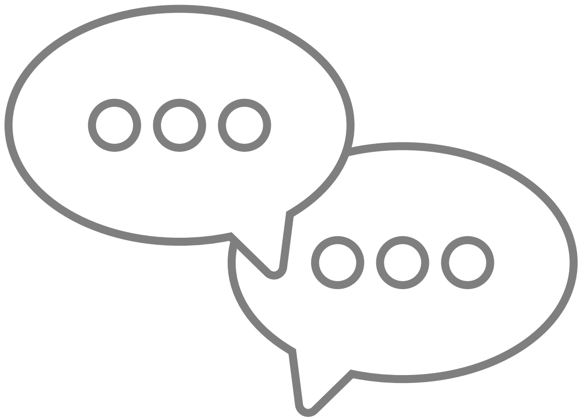
This *Annual Report* has been prepared for members of the Oracle Superannuation Plan (ABN 17 608 890 083). It reviews the Plan's performance and super developments for the past 12 months and covers how the Plan is managed.

The information in this document is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice about your particular circumstances before making any financial or investment decisions based on the information contained in this document. Information on tax and superannuation legislation is current as at the date of publication and may change.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Oracle Superannuation Plan. Preparation of this *Annual Report* was completed on 9 September 2016.

Note from your Trustee

We are pleased to present the 2016 *Annual Report* for the Oracle Superannuation Plan which includes an overview of the Plan's investment performance for the year to 31 May 2016 and reflects on key events over the past year.



Your 2016 super performance

It's been a difficult time for investment markets which were volatile over the Plan's year to 31 May 2016. Both the Australian and international share markets experienced dramatic swings throughout the year. This adversely impacted all of the Plan's investment options (except Cash) as they have a significant proportion of assets invested in shares. The Growth, Balanced and Stable options are also invested in other types of assets, such as global property, fixed interest and cash, which made modest, but positive investment returns.

It is important to remember that super is generally a long-term investment, so returns over a longer period, such as ten years, are a better indicator of performance than over a shorter period of one or two years. On a longer-term basis, all options have delivered positive returns for members (see page 4).

More details on your returns are on page 7. To see how the Plan invests its assets, see pages 10 to 19.

New website

The Plan's website has been updated to make it easier for you to access your account online and to quickly find relevant information such as publications and forms. Navigation has been streamlined and a number of helpful calculators and tools are available. The site has a new URL - **http://super.towerswatson.com/super/oracle**.

A recipe for super success

The Plan has lots of features to help you make the most of your super. For instance, did you know you can choose how your super is invested and the level of insurance cover that works best for you? It's also easy for you to adjust most of your super choices online via the Plan's website at **http://super.towerswatson.com/super/oracle**.

Follow the recipe on page 5 and make the most out of your Plan membership.

Super news: 2016 Federal Budget proposals

The 2016 Federal Budget contained a number of super-related proposals. Most of these will start from 1 July 2017 and only if the necessary legislation is passed. Read page 20 for a summary of what is proposed and what it could mean for you.

Many people develop an interest in super when they are nearing retirement. However, the long-term nature of super means it's important to understand super at every stage of your life and not just leave it until you are nearing retirement. We encourage you to take the time to read this year's *Annual Report* to see how the Plan is supporting your retirement journey.

As Trustee, our role is to manage the Plan for your benefit. As always, we welcome your questions and feedback. Contact details are on page 2.

The Trustee
Oracle Superannuation Plan

A reflection on 2016

Investment performance

Past performance is not necessarily a reliable indicator of future performance.

Investment option	One-year net return to 31 May 2016	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	-1.9%	9.6%	4.9%
Growth	-0.8%	8.3%	5.4%
Balanced	0.5%	7.4%	5.4%
Stable	1.3%	6.0%	5.2%
Cash*	1.9%	2.7%	n/a*

Note: The returns shown are after tax, investment fees and, from 1 July 2013, an allowance to build up the Operational Risk Financial Requirement (ORFR) reserve has been deducted. The rates apply to the accounts of Employee and Spouse members. Retained Benefit members should see page 7 for information on the returns applied to their accounts. To learn more about the Plan's ORFR reserve, see page 14.

* The Cash option commenced on 1 April 2009, so a 10-year compound average return is not available.

Plan's net assets at 31 May

2016
$280,758,691

2015
$272,900,958

Membership at 31 May

2016
2,557

2015
2,602

A recipe for super success

The Plan has a number of features to help you enhance your super and plan for your future. Follow this recipe to set yourself up for super success.

Ingredients

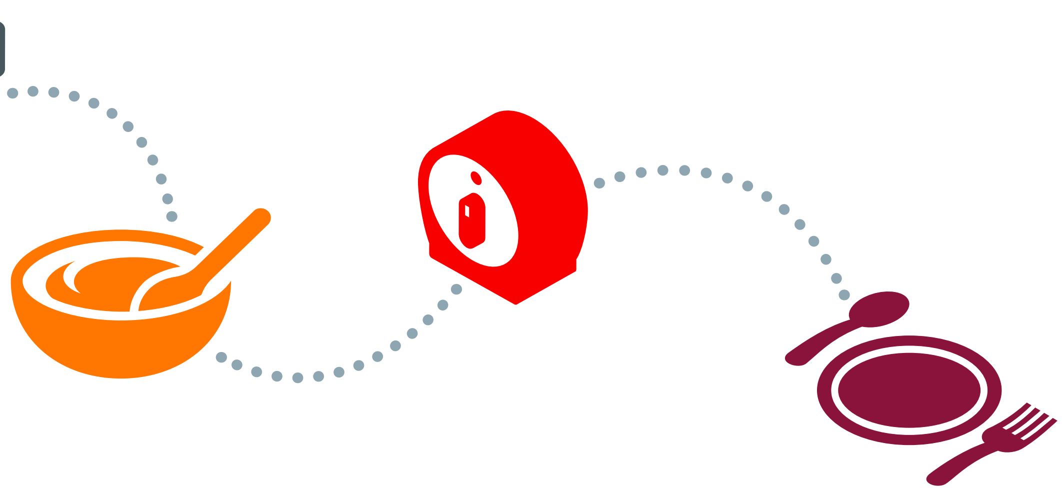
- Contributions
- Planning
- Foresight
- Internet or telephone

PREP: Now

COOK: Until retirement

LEVEL: Easy to medium

SERVES: You and your dependants



Method

1. Get ready…

Register yourself on the Member Centre. Go to **http://super.towerswatson.com/super/oracle** and click on "Register now" (You can skip this step if you have already registered).

TIP: Having a copy of your *Benefit Statement* on hand will help.

2. Take stock of where you're at

Log in to see your super balance, how your super is invested, what insurance cover you have and who you've nominated for your death benefit.

TIP: You can edit your personal details online.

3. Top up or roll over

Can you be putting extra money away into super? As long as you stay within the Government's contribution limits, your contributions should be eligible for tax concessions (see page 21 for more details on the limits).

TIP: To change your contributions, login to the Member Centre or complete a *Super Options form*, available from the website or call the Plan Administrator on **1800 127 953**.

If you have super in other funds, consider rolling it into one account in the Plan. You could save yourself extra fees and paperwork.

TIP: Before rolling over, it's important to check whether you will be charged exit fees or will lose any valuable benefits such as insurance if you withdraw your benefit from your other fund.

TIP: Rollovers can be arranged online through the Member Centre, by completing a *Rollover form* from the Plan's website, or calling the Plan Administrator on **1800 127 953**.

Need a helping hand?

Further information and forms are available at **http://super.towerswatson.com/super/oracle**. If you have any questions, call the Plan Administrator on **1800 127 953**.

Need financial advice?

If you could do with some guidance to help you make decisions about planning for your future, consider speaking with a licensed financial adviser. Towers Watson Australia Pty Ltd offers financial planning services through qualified financial planners: call (03) 9655 5222.

You can also locate a financial adviser in your area by downloading the Government's guide, *Financial advice and you*, from **www.moneysmart.gov.au**. Follow these steps:

- Hover over the "Tools & resources" tab, then go to "Publications".
- Scroll down to the "Investing" category.

Alternatively, you can contact the Financial Planning Association of Australia at **www.fpa.com.au** or by calling 1300 337 301.

4. Measure up

Are your investments a good fit for your life stage and attitude to risk? Remember that each of the Plan's five investment options has a different potential risk and return. It's a trade-off – generally, the higher the potential return in the long term, the higher the risk of short term loss.

TIP: See pages 15 to 19 for the different investment options that the Plan offers.

Do you have enough insurance to protect you against the unexpected? Think about who is financially dependent on you, the cost of day to day living and the size of any debts you may have.

TIP: The Plan already provides a lump sum benefit if you die, suffer a terminal illness or are totally and permanently disabled (see your most recent *Benefit Statement* for details of your cover). However, eligible members can also buy extra insurance cover for death and disablement through the Plan. To learn more, read the Product Disclosure Statement, available from the Plan's website.

TIP: Changes to your investments can be made through the Member Centre or by completing the *Super Options form.* To apply for extra insurance, complete the *My Extra Insurance form.* Both forms are available from the Plan's website.

5. To bind or not to bind?

Make a nomination of beneficiaries and keep it up to date so that the Trustee is aware of how you would like your super paid out if you die. There are two types of nominations.

If you have a **binding nomination** that is valid at the time of your death, the Trustee will be legally required to pay your benefit according to your wishes (even if your personal circumstances have changed). In the case of a **non-binding nomination**, the Trustee will need to investigate your personal circumstances at the time of your death and act in the best interests of your dependants when making a decision.

TIP: To make a binding nomination, simply complete the *My Beneficiaries form*, available at the Plan's website, have it witnessed by two people (who are not your beneficiaries) and return as directed. Non-binding nominations can be completed via the form or the online Member Centre at the Plan's website.

6. Leave to grow

Give your super plenty of time to grow.

7. Check regularly to see if further adjustments are required!

Your super is generally a long term investment. While you should monitor how your super is going, adjustments should only be required when your personal circumstances change.

2016 performance and returns

The table to the right shows the Plan's investment returns. Your super performance will fluctuate each year depending on how investment markets perform. Super returns can be either positive or negative. In most cases though, super is a long-term investment. For instance, returns earned over a period of 10 years, instead of one or two years, are likely to better indicate your super's performance.

Detailed returns are also provided on your *Benefit Statement* and the most recent returns are on the website at **http://super.towerswatson.com/super/oracle**.

A snapshot of the Plan's returns to 31 May

Past performance is not necessarily a reliable indicator of future performance.

Employee and Spouse members

Investment option	2016	2015	2014	2013	2012	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	-1.9%	15.9%	16.4%	26.5%	-5.7%	9.6%	4.9%
Growth	-0.8%	12.1%	12.1%	19.3%	0.2%	8.3%	5.4%
Balanced	0.5%	10.0%	8.8%	13.4%	4.7%	7.4%	5.4%
Stable	1.3%	7.3%	6.0%	8.8%	6.7%	6.0%	5.2%
Cash	1.9%	2.2%	2.3%	2.9%	4.2%	2.7%	n/a*

Note: The returns shown are after tax and investment fees. An allowance of 0.1% per year from 1 July 2013 reducing to 0.05% per year from 1 July 2015 has been deducted to build up the Plan's ORFR reserve. To learn more about the Plan's ORFR reserve, see page 14. The rates apply to the accounts of Employee and Spouse members.

*The Cash option commenced on 1 April 2009, so the 10-year compound average return is not available.

Retained Benefit members

Investment option	2016	2015	2014	2013	2012	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	-2.5%	15.2%	15.8%	25.9%	-6.3%	8.9%	4.3%
Growth	-1.5%	11.5%	11.4%	18.7%	-0.5%	7.6%	4.8%
Balanced	-0.1%	9.3%	8.2%	12.7%	4.0%	6.7%	4.8%
Stable	0.6%	6.6%	5.4%	8.1%	6.1%	5.3%	4.6%
Cash	1.2%	1.5%	1.6%	2.3%	3.5%	2.0%	n/a*

Note: The returns shown are after tax, investment fees and administration fees. An allowance of 0.1% per year from 1 July 2013 reducing to 0.05% per year from 1 July 2015 has been deducted to build up the Plan's ORFR reserve, see page 14. The rates apply to the accounts of Retained Benefit members. The administration fee is currently 0.65% per year.

*The Cash option commenced on 1 April 2009, so the 10-year compound average return is not available.

Super spotlight

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 (or alternative assets) and property.
- **Fixed interest and cash** – including Australian and global bonds and Australian inflation-linked bonds.

Investment market update for 2015/16

The 2015/16 financial year was one of increasing global economic uncertainty. This was primarily caused by economic and geopolitical risks in the Eurozone (the potential Grexit and eventual Brexit), uncertainty and volatility surrounding the Chinese economy, a fall in global commodity prices and concerns about Japanese deflation. These downgrades also occurred despite indications of a potential US economic recovery, the end of 10 years of US interest rate reductions and predominantly positive signals for the Australian economy.

Returns for global share markets suffered, with the MSCI World Ex Australia (unhedged) Index returning just 0.4%, compared to 25.2% and 20.4% for the last two financial years, respectively. The Australian dollar depreciated relative to the basket of currencies included in the MSCI World ex Australia (AUD hedged) Index, returning -1.4%.

Despite mixed signals from the US, signs of a continued recovery were apparent as the Federal Reserve (Fed) increased interest rates for the first time in almost a decade. The US unemployment rate fell to 4.7%, an even more significant low than the previous year, before finishing flat at 4.9%. Uncertainty surrounding the US election also weighed on the US economy. The US dollar strengthened throughout the year against major currencies.

While concerns around Greece's potential exit from the Eurozone faded early in the year (as an agreement between Greece and its creditors was reached in July) and confidence began to pick up, uncertainty around Brexit led to a mixed year for the European Union (EU). Britain's vote to leave the EU at the end of the financial year shocked financial markets (which had become increasingly confident that Britain would remain), increasing economic and financial risks. This uncertainty contributed to negative performance for the Eurozone share market, with the Euro Stoxx 50 Index returning -16.3% over the financial year (in local currency terms).

Over the year the Bank of Japan remained committed to quantitative easing and low interest rates, moving to a negative and record low interest rate of -0.1%, as it fought to promote economic growth and prevent deflation.

It was also a volatile year for China, which experienced a continued decline in growth. The Shanghai Stock Exchange Composite Index began the year at a high (following a 150% rise in under 12 months), crashed during the year and ended the year 43.3% below its June 2015 high.

Indicators of the Australian economy were largely positive but somewhat mixed, with global economic uncertainty having an impact on stability, coupled with the lead up to the federal election. The Australian economy still managed to outperform its forecast driven by a slight recovery in commodities (and therefore mining), as well as continued positive contributions from the services sector. The manufacturing sector continued to lessen overall performance.

The Reserve Bank of Australia decided to cut the official cash rate even further during the year, to a then record low of 1.75%, in a bid to improve the modest growth in the Australian economy to a more desirable level and support further growth in household consumption.

In line with the poor performance of global shares, the Australian share market experienced meagre returns. The S&P/ASX 300 Index returned 0.9%, compared to 5.6% and 17.5% for the previous two financial years, respectively. While overall share market returns were low, the performance of various sectors differed greatly. The energy and resources sectors delivered returns of -21.8% and -10.6%, respectively. Utilities was the most positive contributor returning 24.4%, followed closely by the health care and consumer discretionary sectors which each returned 21.1% and 19.7%.

The Australian dollar fell over the year, despite some late recoveries to end at 74.26 US cents (down from 76.80 US cents). The fall was largely attributed to slowing demand from China, a subsequent fall in commodity prices and an increase in optimism towards the US economy. Over the same period the Australian dollar also fell against the currencies of its major trading partners, with the Trade Weighted Index ending the year at 62.5 (down from 63.8 at the start of the year).

Australian bond yields fell over the course of the financial year but managed to remain above those of the US. Australian 10-Year Government bonds finished down at 1.98%, while US 10-Year Government bonds were down to 1.49% over the same period. Australian cash, as measured by the Bloomberg AusBond Bank Bill Index, returned 2.2% for the year, down from 2.6% last year. On the other hand, the Bloomberg AusBond Composite Index returned 7.0%, compared to 5.6% for the last financial year. Finally, global fixed interest outperformed Australian fixed interest, with the Barclays Global Aggregate Index (hedged to AUD) returning 9.3% for the financial year, up significantly from 5.6% for the previous year.

Note: This investment commentary does not constitute advice. All investment figures quoted relate to before-tax performance of the relevant industry benchmark.

Returns on your super

Your accounts receive the actual investment return for your chosen option(s) after allowing for tax and investment fees and, if you are a Retained Benefit member, an administration fee (currently 0.65% per year). A small amount has been deducted each month from 1 July 2013 to 30 June 2016 to build up the Plan's Operational Risk Financial Requirement (ORFR) reserve. See page 14 for more information about the ORFR reserve.

Investment returns can be positive or negative.

Note: Surcharge payments (if any) are deducted from your benefits.

If you leave during the year

Investment returns are calculated each year. If your super needs to be paid out before investment returns have been calculated, an interim earning rate will be used. This will cover the period from the previous annual review date until the date your benefit is paid or your transfer request is processed.

If you switch investment options, an interim earning rate will be applied to the part of your account that you're switching to calculate earnings at that time.

The interim earning rate is based on the Plan's estimated monthly net investment returns, pro-rated if calculated during the month. When net investment returns are not available, a calculation is made using a suitable market index for each asset class or the cash rate if index returns are not available.

Our investments

The Plan has five investment options for you to choose from, each with different investment objectives and a different investment strategy. We know that it is crucial for you to find the most appropriate investment choice for your circumstances. If you wish to change how your super is invested, go to the Member Centre on the Plan's website or download a *Super Options form*. You should consider obtaining financial advice before making any changes – see page 6 on how to find a financial adviser.

On pages 15 to 19 you can read about the investment objectives and strategy of each option. Details of the Plan's investment managers as at 31 May 2016 are on page 13 (also refer to page 13 for recent changes to the investment managers).

Our investment objectives

Investment objectives are specific goals that the Trustee sets for the performance of the Plan and each investment option. They are not intended as forecasts or guarantees of future investment returns. Generally, the Trustee aims to:

- Invest the Plan's assets prudently as permitted by the Trust Deed and by superannuation law;
- Invest across a diverse range of assets;
- Ensure that the Plan is able to make benefit payments to members when they are due; and
- Monitor the performance of the Plan's investment managers to ensure they exercise integrity, prudence and professional skill in fulfilling the investment tasks delegated to them.

Changes to investment objectives

During the year the Trustee, in conjunction with the Plan's investment adviser revised the Plan's investment objectives to ensure they remain appropriate given the expectation that returns from most asset classes are likely to be lower on average over the medium term. The changes were outlined in the November 2015 newsletter and are summarised below.

	Diversified Shares	Growth	Balanced	Stable	Cash
Return objective measured over rolling 10-year periods (previously 5-year periods*)	CPI + 4% p.a. (no change)	CPI + 3.5% p.a. (no change)	CPI + 2.5% p.a. (down 0.5% p.a.)	CPI + 1.5% p.a. (down 1.0% p.a.)	CPI + 0.5% p.a. (down 1.0% p.a.)
Limit the probability of a negative gross of tax return over rolling 12 month periods to:	Approximately 6 in 20 years (previously less than 6 in 20 years)	Approximately 5 in 20 years (previously about 4 in 20 years)	Approximately 4 in 20 years (previously about 3 in 20 years)	Approximately 3 in 20 years (previously less than 3 in 20 years)	Approximately 0 in 20 years (previously less than 0.5 in 20 years)

* The Cash option was previously measured over rolling 3-year periods.

Our investment strategy

An investment strategy is the plan the Trustee follows to achieve the objectives of an investment option. Each investment option has its own investment strategy. See pages 15 to 19 for details.

Over the past few months, the Trustee, in conjunction with the Plan's investment adviser, has been reviewing the Plan's investments given the outlook of a period of reduced investment returns and higher volatility. 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.

What do the changes mean?

The table below summarises the main impact of the changes being made.

	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%

How do the changes affect the options?

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 is 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. You should still ensure you are comfortable with the risks and potential losses associated with your chosen investment options.

New Target asset allocations

Over the six months ending 31 December 2016, the Plan's assets are being progressively transitioned to the target asset allocations shown below. 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		Range
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%

Balanced

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%

Growth

Target asset allocation		Range
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%

Stable

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%

Investment managers

The Trustee appoints professional investment managers to manage the Plan's investments. These managers and their products may be changed from time to time without prior notice to, or consent from, members.

The Plan's investment managers at 31 May 2016 were:

International shares (Hedged)
State Street Global Advisors (International Equities Index Trust [Hedged])
International shares (Unhedged)
BlackRock Investment Management (Australia) Limited (BlackRock) (BlackRock Fission International Equity Index Fund [Unhedged])
BlackRock (BlackRock Wholesale Indexed International Equity Fund [Unhedged])
Australian shares
Karara Capital (Karara Australian Equities Fund)
Vinva Investment Management (Vinva Australian Equities Fund)
Merlon Capital Partners (Merlon Wholesale Australian Share Fund)
Schroder Investment Management Australia Ltd (Australian Equities Unit Trust and PST)
Emerging markets shares (Unhedged)
BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund)
Global listed property
Resolution Capital (Global Property Securities Fund)
Structured beta fund
Bridgewater Associates Inc (All Weather Fund)
Hedge funds
K2/D&S Management Co., LLC (K2 Advisors Diversity Fund Ltd)
Real return fund
Schroder Investment Management Australia Ltd (Schroder Real Return Fund)
Australian inflation-linked bonds
BlackRock (BlackRock Australian Government Inflation-Linked Bond Fund)
Australian fixed interest
Macquarie (True Index Australian Fixed Interest Fund)
International fixed interest (Hedged)
BlackRock (BlackRock Global Bond Index Fund)
Cash
State Street Global Advisors (Australian Cash Trust)

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).

Super spotlight

Investment objective: This is a fund's investment goals. A fund's investment objectives are usually set in terms of risk and return. For example, the Plan might aim to achieve returns that exceed the rate of inflation by a set amount.

Asset allocation: The distribution of investments across various asset classes (such as shares, property, fixed interest and cash).

Other investment information

Derivatives

Part of the Plan's assets (approximately 20% to 22.5% of each investment option except the Diversified Shares and Cash options) is invested in a fund of hedge funds, a structured beta fund and a real return fund. The underlying managers for these investments may make use of derivatives to assist in achieving their objectives. The managers do not hold uncovered derivatives.

The Plan's other investment managers only use derivatives for risk-control purposes or to more efficiently shift asset allocations.

Investment managers are required to have risk management processes in place in relation to the use of derivatives and the purposes for which they are used. Each year, the Trustee obtains confirmation from the managers that they have complied with their processes.

Reserves

The Trustee does not maintain investment reserves. However, it does maintain an Operational Risk Financial Requirement (ORFR) reserve and a general reserve, as described below.

General reserve

The general reserve is used to finance certain Plan expenses. The level of the general reserve over the past three years is shown below. The Trustee has decided that the general reserve will be invested in the same way as the Growth option.

Operational Risk Financial Requirement (ORFR) reserve

From 1 July 2013, super funds have been required to set aside financial resources to address their operational risks. The Trustee has established an ORFR reserve of 0.25% of the Plan's net assets for this purpose.

The Trustee has decided that the ORFR reserve will be invested in the same way as the Growth option. Now that the desired level of 0.25% was reached at 30 June 2016, the Trustee will periodically monitor the reserve to ensure that it remains close to this level. Should the reserve fall below a predetermined shortfall limit, the Trustee will enact a plan for its replenishment. The Trustee will update the members annually on the status of the reserve.

Level of reserves

As at 31 May	General reserve $	General reserve % of net assets	ORFR reserve $	ORFR reserve % of net assets
2016	746,800	0.27%	680,047	0.24%
2015	563,305	0.21%	520,290	0.19%
2014	504,872	0.22%	209,168	0.09%

Diversified Shares

What are the investment objectives for this option?

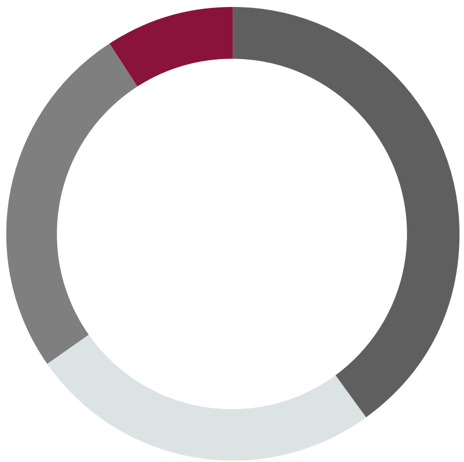
- To achieve a return (after tax and investment fees) that is at least **4.0% p.a.** more than movements in the Consumer Price Index (CPI) over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 6 in 20 years**.

What investment strategy does this option use?

Invest 100% in shares, with approximately 40% (reducing to 30%) in Australian shares and approximately 60% (increasing to 70%) in international shares with some exposure to currency.

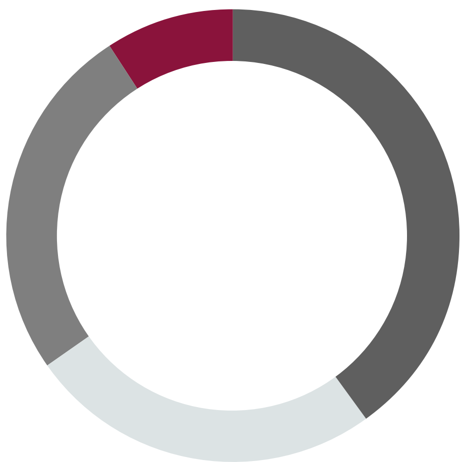
How is the option invested?

At 31 May 2016



- **40.0%** Australian shares
- **25.5%** International shares (Hedged)
- **25.5%** International shares (Unhedged)
- **9.0%** Emerging markets shares (Unhedged)

At 31 May 2015



- **40.0%** Australian shares
- **25.5%** International shares (Hedged)
- **25.5%** International shares (Unhedged)
- **9.0%** Emerging markets shares (Unhedged)

Growth

What are the investment objectives for this option?

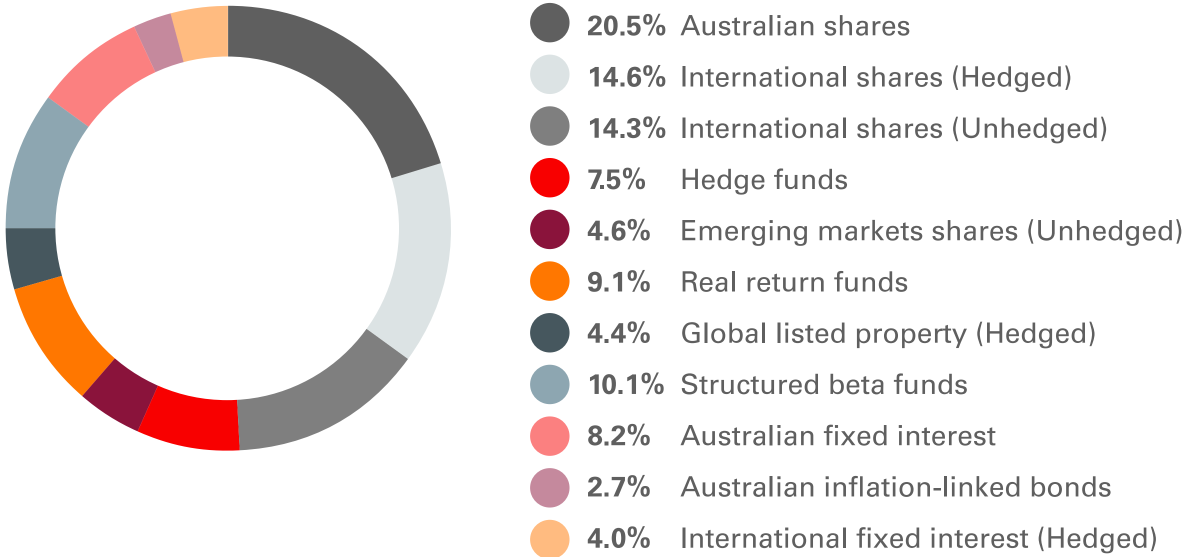
- To achieve a return (after tax and investment fees) that is at least **3.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 5 in 20 years**.

What investment strategy does this option use?

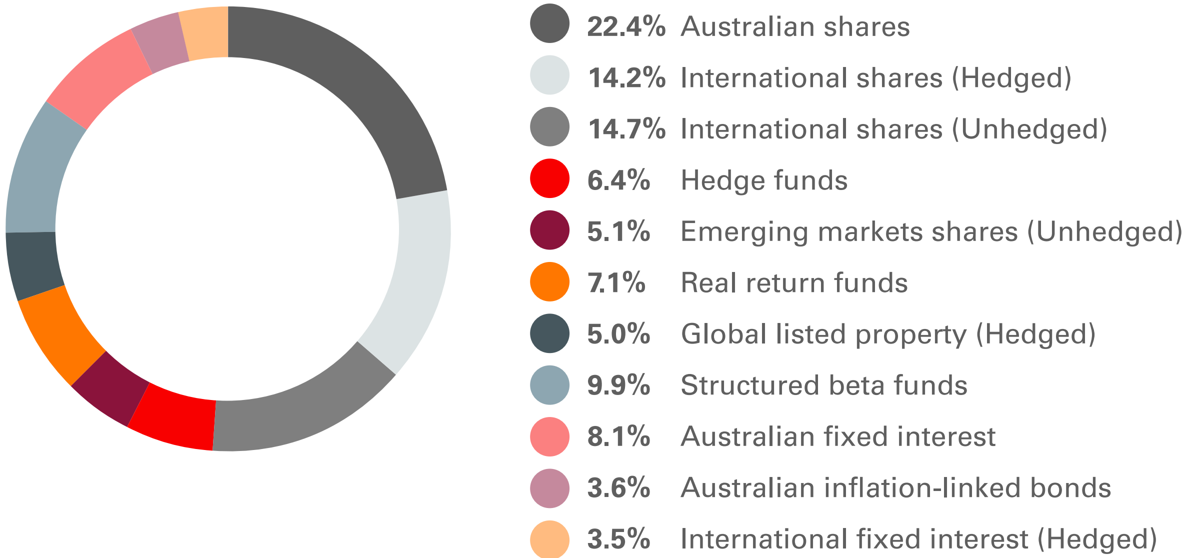
Invest about 85% in shares, hedge funds, property, real return funds and structured beta, and about 15% in fixed interest and cash investments.

How is the option invested?

At 31 May 2016



At 31 May 2015



Balanced

What are the investment objectives for this option?

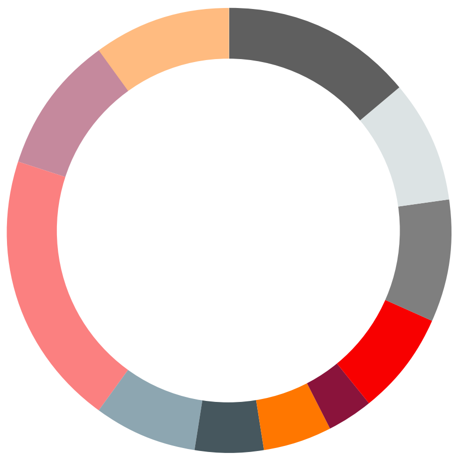
- To achieve a return (after tax and investment fees) that is at least **2.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 4 in 20 years**.

What investment strategy does this option use?

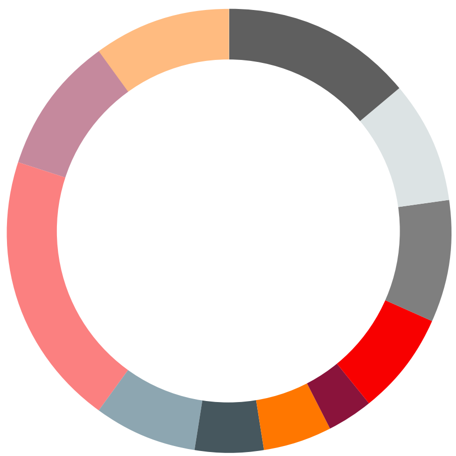
Invest about 60% (increasing to 62%) in shares, hedge funds, property, real return funds and structured beta, and about 40% (reducing to 38%) in fixed interest and cash investments.

How is the option invested?

At 31 May 2016



At 31 May 2015



Stable

What are the investment objectives for this option?

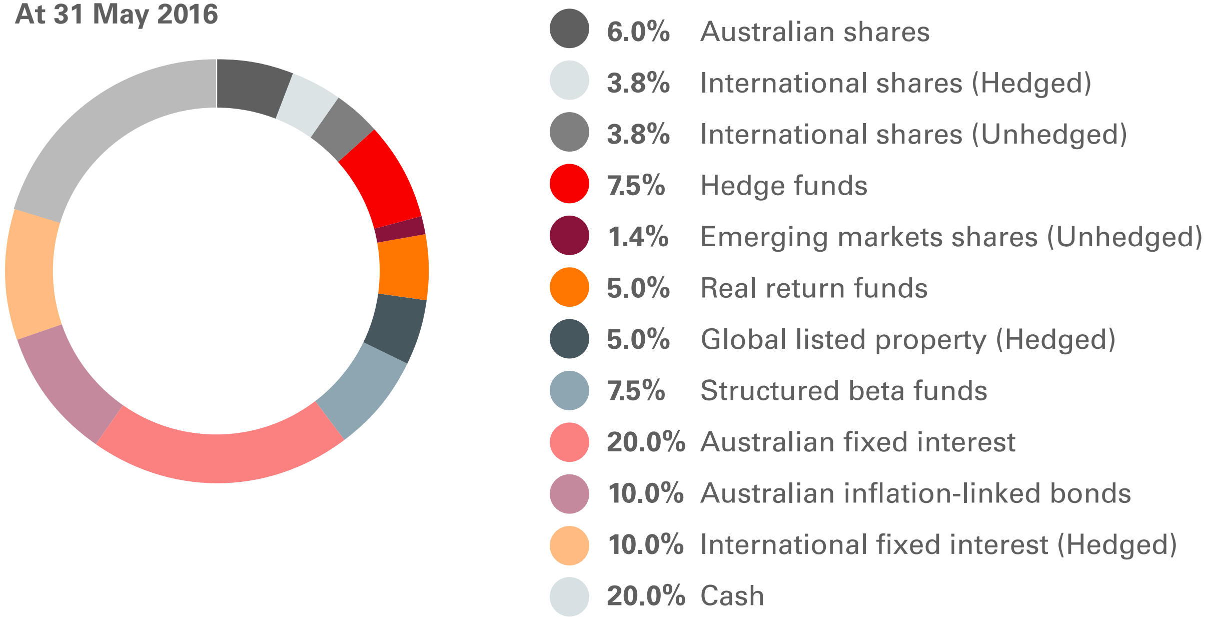
- To achieve a return (after tax and investment fees) that is at least **1.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 3 in 20 years**.

What investment strategy does this option use?

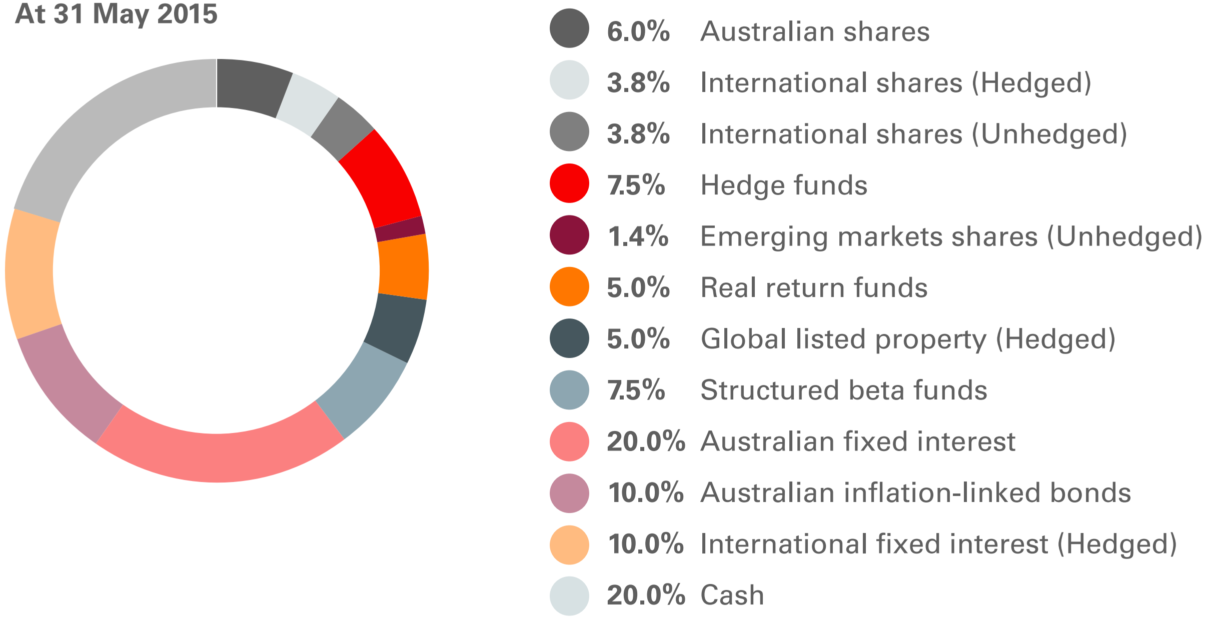
Invest about 40% in shares, hedge funds, property, real return funds and structured beta, and about 60% in fixed interest and cash investments.

How is the option invested?

At 31 May 2016



At 31 May 2015



Cash

What are the investment objectives for this option?

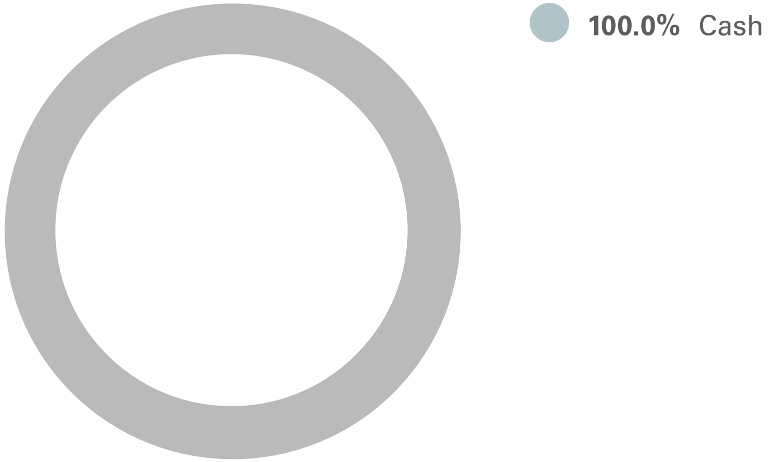
- To achieve a return (after tax and investment expenses) that is at least **0.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To minimise any negative returns over moving **one-year periods**.

What investment strategy does this option use?

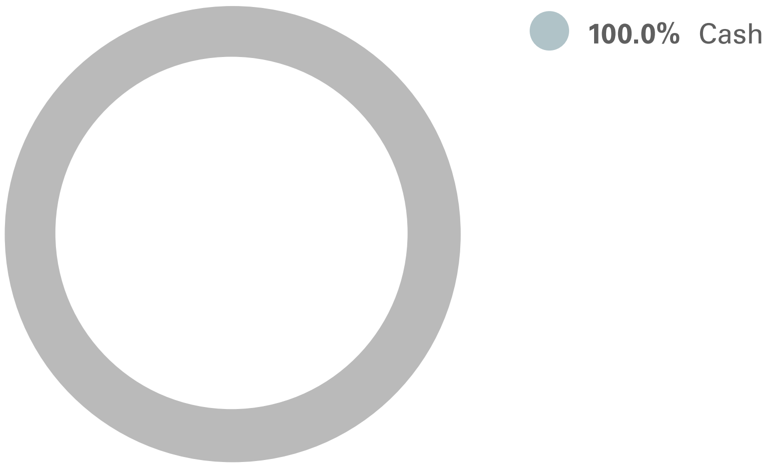
Invest 100% in short-term interest bearing assets (e.g. cash).

How is the option invested?

At 31 May 2016



At 31 May 2015



Super news: 2016 Federal Budget and your super

In outlining a number of super-related proposals in the 2016 Budget, the Government has confirmed that the purpose of superannuation is to provide income in retirement to substitute or supplement the Age Pension. **Changes will generally only start from 1 July 2017 and only if Parliament passes the necessary legislation**.

Most of the measures are aimed at reducing tax concessions available to higher income earners, and the Government expects less than 4% of all Australians in super funds may be affected by these measures. Some other measures assist low income earners and families and increase workplace flexibility.

Here is a brief summary of what is **proposed** and what they mean.

Helping low income earners and increasing flexibility

- Financial support will continue to be made to low income earners (for those on an annual $37,000 adjusted taxable income or less) who make contributions to super. Qualifying individuals can effectively receive a refund of the contributions tax of up to $500 on Superannuation Guarantee and other before-tax (e.g. salary sacrifice) contributions to super after 1 July 2017. This will replace a similar scheme which is due to wind up on 30 June 2017.
- In another measure to assist families to support each other to accumulate super, the level of income to qualify for the Spouse Tax Rebate will increase from $10,800 to $37,000. If you make after-tax contributions on behalf of your spouse whose income is less than $37,000, you can qualify for a tax rebate of up to $540 per year (that is, an 18% rebate on contributions up to $3,000).
- The Government proposes to make it easier for anyone up to age 75 to make superannuation contributions. Currently there are rules that apply after age 65 that may restrict some older workers from taking advantage of growing their super while working.

Reductions to tax concessions

- There will be a new $1.6 million "cap" on the total amount individuals can transfer into retirement pension accounts. This will apply to current retirees as well as those still to enter retirement. Existing retirees would have until 1 July 2017 to either withdraw the excess from super or transfer it back to an accumulation account where investment earnings would be taxed at a maximum of 15%.
- From 1 July 2017, there will be a lower limit of $25,000 per year on the amount of concessional contributions that can be made to super. Concessional contributions include employer contributions (including amounts paid for expenses and insurance) and any before-tax contributions. Currently the limit is $30,000 per year if you are under 50 and $35,000 per year if you are over 50.

  According to the Government, this measure will impact about 3% of Australians in super funds. If you have less than $500,000 in super, the Government proposes that you will be able to carry forward unused concessional contribution caps so that you can make greater contributions later on. Unused amounts will be able to be carried forward on a rolling basis for a period of five consecutive years. This may assist members to balance family responsibilities by topping up their super in later life.

- The total amount of non-concessional contributions you can make in your lifetime, taking into account contributions made from 1 July 2007, will be limited to $500,000. Currently the limit is $180,000 per year (or $540,000 over a three year period if you are under 65). This will limit the amount of lump sum contributions you can make to super from, for example, the sale of a property or the receipt of an inheritance, and is intended to prevent super being used for estate planning and tax avoidance. The Government plans to make this change from Budget night (3 May 2016).
- Currently, high income earners pay a higher rate of tax on their superannuation contributions of 30% (instead of 15%). From 1 July 2017 this tax will apply to anyone whose adjusted taxable income exceeds $250,000 per year (currently $300,000 per year). The Government says this will affect about 1% of Australians in super funds.
- Tax treatment of transition to retirement pensions will be tightened by removing the tax-free status of investment earnings on assets invested in these pensions where the member has not retired from the workforce. The investment earnings will be taxed at a maximum of 15% rather than being tax free. Transition to retirement pensions may feature in the retirement planning of anyone over their preservation age and are a complex product. If this proposal becomes law, members in this position may wish to discuss their options with their financial adviser.

What are the latest super thresholds?

Super thresholds are usually set by the Government from 1 July each year. Below are some for 2016/17.

Government co-contributions

Under the co-contribution scheme, the Government pays up to fifty cents for every dollar of after-tax contributions you make to your super if you earn less than $51,021 a year. The maximum co-contribution is $500 per year, which reduces by 3.33 cents for every dollar of income above $36,021, with no co-contribution payable once your income reaches $51,021. If you qualify for the co-contribution, the ATO automatically pays it to your account in the Plan after processing your annual tax return.

Contribution caps

Contribution caps are limits the Government sets on the amount of super contributions each year which can receive concessional tax rates. The caps have not changed since last year and are shown in the table below.

Age on 30 June 2016	Concessional contributions	Non-concessional contributions
Under age 49	$30,000	$180,000*
Age 49 or over	$35,000	$180,000*

* If you are under age 65, you can generally bring forward two years of caps to make total non-concessional contributions of up to $540,000 over three years from 1 July 2016 (but with reduced or nil contributions in the following two years).

What are concessional and non-concessional contributions?

Concessional contributions include the Company's contributions and any contributions you make from your before-tax salary (by salary sacrifice). If the Company pays administration or insurance fees for you, these are also counted as concessional contributions. For the 2016/17 financial year, it is expected that the administration fees paid by Oracle for employee members will be around $400 per member and annual insurance fees will be 0.8% of your salary.

Contributions you make from your after-tax salary are an example of **non-concessional contributions**, along with any contributions made for you by your spouse, amounts you transfer from overseas funds (except to the extent an election applies to them to be taxed in the fund), excess concessional contributions (except if they are refunded to you) and certain other less common amounts.

What happens if I exceed the caps?

If you exceed the caps, the ATO will forward you a tax assessment.

For excess concessional contributions, you can either pay the extra tax directly to the ATO or arrange for it to be debited from your benefit. Members who exceed the concessional contributions cap can elect to release up to 85% of the excess contributions from the superannuation system. If you choose to do so, the amount will be paid by the Plan to the ATO, where it will first be used to meet any outstanding tax liabilities you may have (including the tax on the excess contributions) with the remainder then paid back to you. Excess contributions withdrawn do not count towards your non-concessional cap.

If you exceed the non-concessional cap, you can elect to release the excess contributions from super, together with an amount of associated earnings. The ATO will send you a form to enable you to do this. The associated earnings will be included in your taxable income and taxed at your marginal tax rate. If you don't elect to withdraw all the excess contributions, they may be taxed at up to 49%.

Super spotlight

What are associated earnings?

An amount that the ATO calculates using a prescribed interest rate. It may not reflect the actual earnings on the contributions in the Plan.

More about your Plan

How your Plan is managed

A Trustee with input from the Policy Committee manages the Plan and uses several advisers who provide their services to the Plan.

Who is the Trustee?

A Trustee company, Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049) is responsible for managing the Plan. It has been licensed to act as a Trustee by the Australian Prudential Regulation Authority (APRA), the prudential regulator of super funds in Australia.

Towers Watson Superannuation Pty Ltd is a subsidiary of Towers Watson Australia Pty Ltd (ABN 45 002 415 349, AFSL 229921), who also acts as Administrator (via an outsourced arrangement), consultant and secretary to the Plan. See "Who advises the Plan?" to the right for more information.

Super spotlight

Policy Committee: The Policy Committee is appointed to advise the trustee of a fund. It is made up of equal representation from employers and members

Your Policy Committee

A Policy Committee ensures that the interests of members and the Company are represented in the management of the Plan. The Committee comprises six members, with half appointed by the Company and half elected periodically by members.

At 31 May 2016, members of the Policy Committee were:

Company-appointed	Member-elected
Gareth Hunt	Mark Ferguson
Brett Reeves	Pravesh Babhoota
Catherine Reynolds	Juneed Ali

In August 2015, Charles Harb resigned as a Member-elected representative on the Plan's Policy Committee. Edweena Stratton stood down as a Company-appointed representative to ensure the Policy Committee maintained equal representation. In March 2016, nominations were sought for new Member-elected representatives. Mark Ferguson, Pravesh Babhoota and Juneed Ali were elected unopposed. Catherine Reynolds also joined the Committee as a Company-appointed representative.

The Trustee wishes to thank past member-elected and Company-appointed representatives for their contribution to the operation of the Plan.

The next Policy Committee election will be held in March 2019.

Indemnity insurance

The Trustee is currently covered by a Trustee Professional Indemnity insurance policy that protects the Plan's assets from a legal liability to the extent allowed by law and the policy conditions.

Who advises the Plan?

The following organisations provide specialist services to the Trustee.

Consultant and actuary	Towers Watson Australia Pty Ltd
Administrator	Towers Watson Australia Pty Ltd (outsourced to Link Super Pty Limited (ABN 68 146 993 660) a Corporate Authorised Representative (No. 401938) of Pacific Custodians Pty Limited (ABN 66 009 682 866, AFSL 295142))
Investment consultant	Towers Watson Australia Pty Ltd
External auditor	Deloitte Touche Tohmatsu
Insurer	AMP Limited

How can you resolve any problems or concerns?

Although our aim is to ensure that the Plan's level of service meets your expectations, sometimes problems may arise. If you have an enquiry or complaint, including privacy-related enquiries, you should contact the Plan Administrator (see page 2 for contact details).

The Trustee has a formal process for reviewing enquiries and complaints if you are not satisfied with the response you receive. To make a formal enquiry or complaint, please write to the Plan Administrator (see page 2 for contact details). The Trustee will respond to you within 90 days. You can request the Trustee's reasons for its decision on your complaint. A copy of the Trustee's Enquiries and Complaints Policy can be downloaded from the Plan's website at **http://super.towerswatson.com/super/oracle**.

If you are not happy with the Trustee's handling of your enquiry or complaint, you may then contact the Superannuation Complaints Tribunal. The Tribunal is an independent body set up by the Federal Government to deal with certain enquiries or complaints that the Trustee has not dealt with to your satisfaction. You can contact the Tribunal on **1300 884 114** or by email to **info@sct.gov.au**.

There are some complaints that the Tribunal cannot consider, such as those relating to the management of the Plan as a whole. Time limits also apply to certain complaints relating to total and permanent disability claims and to complaints about objections to the payment of death benefits. If your complaint is in relation to one of these areas, please contact the Plan Administrator or refer to the Tribunal's website at **www.sct.gov.au** as soon as possible for further information.

Complaints about your privacy that have not been resolved to your satisfaction can be directed to the Office of the Australian Information Commissioner (OAIC). You can contact the OAIC on **1300 363 992** or by email to **enquiries@oaic.gov.au**.

What happens if you leave

If you leave Oracle or choose another super fund for your contributions, your super will be transferred to the Retained Benefit section of the Plan and remain invested in the same investment option(s) for up to 180 days. Fees apply in the Retained Benefit section (see the Plan's Product Disclosure Statement for details) and all insurance cover ceases when you transfer to the Retained Benefit Section. During this period, you will be contacted by the Plan Administrator and asked how you want to receive your benefit.

If your benefit is greater than $10,000 and you do not provide payment instructions, it will remain invested in your chosen investment option(s) in the Retained Benefit section of the Plan.

The Trustee may roll your benefit over to an Eligible Rollover Fund (ERF) if:

- Your benefit is less than $10,000 and you fail to give the Plan's Administrator instructions within 180 days of receiving details of your benefit; or
- The fund you nominate won't accept your benefit.

The ERF is:

The Administrator
Locked Bag 5429
Parramatta NSW 2124

1300 788 750

SuperTrace.Member@cba.com.au

Once your benefit is transferred to the ERF, you stop being a member of the Plan and no longer have any rights under the Plan. You will then need to contact the ERF directly about your benefit. You can also obtain the ERF's Product Disclosure Statement using the contact details above.

The investment and crediting rate policy of the ERF will be different to those applied in the Plan. Also, the ERF will not offer any insurance cover. You should seek advice from a licensed financial adviser about whether the ERF is a suitable investment for you.

Super spotlight

Product Disclosure Statement (PDS):
The PDS is the main disclosure document for superannuation funds.

Establishing proof of identity

Before you withdraw a benefit from the Plan, you may need to establish your identity by providing certified copies of certain documents. The Trustee may also need to obtain additional identification information and to verify your identity from time to time.

In some cases, the Trustee may have to disclose information about you to the Australian Transaction Reports and Analysis Centre (AUSTRAC), the regulator of this legislation. Due to the sensitive nature of the information, the Trustee is not permitted to inform you if this happens.

Need to know more?

Other information about your benefits such as your choices for contributions, investments and insurance levels are available at **http://super.towerswatson.com/super/oracle**. Refer to your Product Disclosure Statement, *Your Oracle Super Guide*. A number of Plan documents are also available on the website including the Trust Deed and various Trustee policies.

Financials

Here is a summary of the Plan's unaudited financial accounts for the year to 31 May 2016. The audited financial accounts and auditor's report will be available on request from the Plan Administrator on **1800 127 953** after that date.

Current assets include amounts in the Plan's bank account. All contributions due at 31 May 2016 have now been paid to the Plan.

Change in net assets during the year

		$
Net assets at the start of the year – 31 May 2015		**272,900,958**
Plus income	Contributions	31,688,714
	Rollovers	13,159,501
	Net investment income	(2,803,161)
	Other	1,184,240
Less outgoings	Benefit payments	30,412,526
	Insurance premiums	1,820,922
	Tax due	2,645,541
	Superannuation surcharge	(9)
	Expenses and charges	492,581
Net assets at the end of the year – 31 May 2016		**280,758,691**

Statement of net assets

		2015 ($)	2016 ($)
Investments	Karara Capital (Karara Australian Equities Fund)	15,380,861	14,882,495
	Vinva Investment Management (Vinva Australian Equities Fund)	15,265,796	14,740,596
	Merlon Capital Partners (Merlon Wholesale Australian Share Fund)	15,004,671	14,886,492
	Schroder Investment Management Australia Ltd (Australian Equities Unit Trust)	15,257,012	14,468,611
	SSgA (Australian Cash Trust)	9,681,402	12,435,493
	SSgA (International Equities Index Trust [Hedged])	38,681,493	39,307,463
	K2/D&S Management Co., LLC (K2 Advisors Diversity Fund Ltd)	16,279,779	16,550,312
	BlackRock (Fission International Equity Index Fund)	21,908,340	21,464,072
	BlackRock (Wholesale Indexed International Equity Fund)	17,707,713	17,285,535
	Bridgewater Associates Inc (All Weather Fund)	20,579,766	20,627,903
	BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund)	13,959,494	13,024,449
	Macquarie (True Index Australian Fixed Interest Fund)	23,691,966	25,946,055
	BlackRock (BlackRock Australian Government Inflation-Linked Bond Fund)	11,226,673	10,761,071
	Schroder Investment Management Australia Ltd (Real Return Fund)	14,603,805	17,486,929
	BlackRock (BlackRock Global Bond Index Fund)	11,372,678	12,728,166
	Resolution Capital (Global Property Securities Fund)	11,045,995	10,045,768
Current assets		5,902,501	6,324,101
Current liabilities	Benefits payable	(709,655)	(64,131)
	Taxation payable	(3,373,905)	(1,341,660)
	Other	(565,427)	(801,029)
Net assets at the end of the year		**272,900,958**	**280,758,691**