2017 Annual Report

Oracle Superannuation Plan

2016/17 in review

Welcome to the 2017 *Annual Report* for members of the Oracle Superannuation Plan (ABN 17 608 890 083).

It was a positive year for the Plan, with overall favourable market conditions contributing to solid investment performance for the year to 31 May 2017.

We remain focused on helping members prepare for the future. Should you have any questions about your super you can contact the Plan Administrator on **1800 127 953**.

A year of growth

Markets performed well, contributing to solid growth for your super.

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

Investment option	One-year net return to 31 May 2017	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	14.8%	14.0%	4.3%
Growth	10.2%	10.4%	4.7%
Balanced	8.0%	8.1%	4.9%
Stable	5.7%	5.8%	4.7%
Cash	1.8%	2.2%	2.8%*

Note: The returns shown are after tax, investment fees and, from 1 July 2013 to 30 June 2016, an allowance to build up the Operational Risk Financial Requirement (ORFR) reserve have been deducted. The rates apply to the accounts of Employee and Spouse members. Retained Benefit members should see page 6 for information on the returns applied to their accounts. To learn more about the Plan's ORFR reserve, see page 11.

* The Cash option commenced on 1 April 2009, so the return shown is for the eight year and two month period since inception.

The Plan has delivered solid growth for your super

More inside:

Financial strength

The Plan's net assets rose by 5.3% to $295,746,639

Focused on you

We help 2,527 members save for the future.

Working for the future

Use the Plan's features to build for tomorrow. See page 4.

Find what you need

Our new website is easy to navigate!

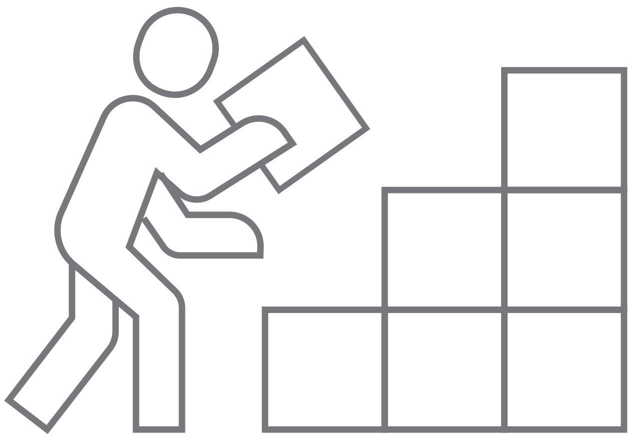
https://super.towerswatson.com/super/oracle

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 30 August 2017.

Building a secure future

It takes effort to build something of substance. The Oracle Superannuation Plan has a number of features that can help you build a secure future.



1. Get the lay of the land

Have a good look at your super landscape. Logging into your account online or looking at your last *Benefit Statement* can tell you some important things:

- How much you have saved;
- Whether you are contributing;
- What options you are invested in;
- How much insurance you have; and
- Who you have nominated as the beneficiary for your death benefit.

If you haven't previously logged into the Member Centre, go to **https://super.towerswatson.com/super/oracle**, click on "Member Centre", then "Register Now". There is also an option on the site if you have forgotten your password.

2. Survey your investment choice

Your super will grow over time with the net investment earnings of your chosen investment option(s). You can see how your super is invested – look at your *Benefit Statement* or on your account online.

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.

See pages 12 to 16 to learn more about your investment choices. If you want to change your investment choice, log into the Member Centre or complete the *Super Options form*.

3. Gather your materials

Do you have super in a number of different funds due to changing jobs in the past? If you have super in other funds, consider rolling it into one account. You could save yourself extra fees and paperwork. Before rolling over, it's important to check whether you will be charged exit fees or will lose any valuable benefits, such as insurance cover, if you withdraw your benefit from your other fund.

You can build up your super through the online Member Centre or by completing a *Rollover form*.

4. Keep building

Can you turbocharge your savings by contributing extra? The earlier you start to save – even small amounts, means that you get more benefit from compounding earnings. Over your working life these savings add up and set you up for the future.

As long as you stay within the Government's contributions caps, your contributions should be eligible for tax concessions (see page 18 for more details on the contribution caps).

To top up your contributions, log into the Member Centre or complete a *Super Options form*.

Need a form?

All forms can be downloaded from the Plan's website at **https://super.towerswatson.com/super/oracle** or by calling the Plan Administrator on **1800 127 953**.

Super provides your support structure

Super provides support for you throughout your working life, not just in retirement.

Insurance for the unexpected

Being adequately insured is an important part of your financial security. The Plan already provides eligible members with insurance cover if you die, suffer a terminal illness or are totally and permanently disabled (see your *Benefit Statement* for details of your cover). This insurance can provide some protection for you and your family against the unexpected.

Eligible members can also buy extra insurance cover for death (and terminal illness) and disablement through the Plan. To learn more, read the Product Disclosure Statement, available from the Plan's website.

Nominate your beneficiaries

Making a nomination of beneficiaries and keeping it up to date keeps the Trustee 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 investigate your personal circumstances at the time of your death and act in the best interests of your dependants when making a decision.

To make a binding nomination, complete the *My Beneficiaries form*, available on the Plan's website. Non-binding nominations can be completed via the form or the online Member Centre.

If you are a Retained Benefit or Spouse member you cannot nominate beneficiaries. If you die your benefit will be paid to your estate.

Tools for the future

Log into the Member Centre and use the Plan's helpful Retirement Planner to see what retirement income you and your partner might have.

The tool is interactive, so you can try out different scenarios to see how you might be able to improve your retirement income, such as by:

- Increasing your contributions;
- Adjusting your target income in retirement; or
- Delaying your retirement.

Getting advice

If you need some guidance to help you plan 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. Alternatively, you can contact the Financial Planning Association of Australia by calling 1300 337 301 or visiting at **www.fpa.com.au**.

Super provides support for you throughout your working life, not just in retirement

2017 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 **https://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	2017	2016	2015	2014	2013	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	14.8%	-1.9%	15.9%	16.4%	26.5%	14.0%	4.3%
Growth	10.2%	-0.8%	12.1%	12.1%	19.3%	10.4%	4.7%
Balanced	8.0%	0.5%	10.0%	8.8%	13.4%	8.1%	4.9%
Stable	5.7%	1.3%	7.3%	6.0%	8.8%	5.8%	4.7%
Cash	1.8%	1.9%	2.2%	2.3%	2.9%	2.2%	2.8%*

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 to 30 June 2016 has been deducted to build up the Plan's ORFR reserve. To learn more about the Plan's ORFR reserve, see page 11. The returns apply to the accounts of Employee and Spouse members.

* The Cash option commenced on 1 April 2009, so the return shown is for the eight year and two month period since inception.

Retained Benefit members

Investment option	2017	2016	2015	2014	2013	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	14.1%	-2.5%	15.2%	15.8%	25.9%	13.3%	3.7%
Growth	9.5%	-1.5%	11.5%	11.4%	18.7%	9.7%	4.1%
Balanced	7.4%	-0.1%	9.3%	8.2%	12.7%	7.4%	4.3%
Stable	5.1%	0.6%	6.6%	5.4%	8.1%	5.1%	4.1%
Cash	1.1%	1.2%	1.5%	1.6%	2.3%	1.6%	2.2%*

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 to 30 June 2016 has been deducted to build up the Plan's ORFR reserve, see page 11. The returns 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 return shown is for the eight year and two month period since inception.

Investment market update for 2016/17

Despite significant political uncertainty, returns for shares over 2016/17 were strong and volatility remained subdued. Global trade and investment regained momentum, driven by strengthening investment in advanced economies, increased trade flows with China and improved demand from commodity-exporting economies. Strong share market returns were experienced in all but one of the MSCI developed market country indices delivering double digit returns. The UK was the exception and earned the weakest return for the year, returning 9.9%. As share markets went from strength to strength, bond market returns were relatively flat, with increasing global growth and inflation leading to rising bond yields in key markets.

In the US, investors responded favourably to the election victory of Republican candidate Donald Trump, ushering in a period of growth in share markets. Despite finishing the financial year with some mixed economic data, the US experience was largely positive for the year.

In Europe, the political environment was generally improved by the end of the financial year when compared to its rocky start immediately post Brexit. The French rallied behind centrist candidate Emmanuel Macron, denying the nationalist candidate, Marine Le Pen, who campaigned on a protectionist agenda which threatened to erode the relationship between France and the EU.

Populism also reared its head in elections in Austria, the Netherlands, and Germany. Despite this, the Eurozone performed strongly. Over the financial year the Euro Stoxx 50 Index returned 20.1% (in local currency terms), more than regaining losses experienced over the previous year.

In its September 2016 meeting the Bank of Japan launched a new form of monetary easing where it set a cap of 0% on the 10-year bond yield and vowed to overshoot its 2% inflation target. It also maintained its extensive Japanese Government Bond repurchasing program and held the interest rate at -0.1%. Despite remaining significantly below the 2% inflation target, the measures were effective at returning the nation to positive inflation territory.

In China, it was a solid and largely uneventful financial year from an economic perspective, with annualised growth coming in at 6.9% year on year (as at March 2017), a marginal increase over the 6.7% expansion for the year prior. One of the most notable developments for Chinese financial markets was the decision from the MSCI to include some China A-Shares in their share market indices, signalling a positive further step towards the opening up of the Chinese share market and its global integration.

Australian economic indicators were largely positive for the financial year. However, while political uncertainty reigned at home and abroad, markets were largely unmoved. The Australian share market had its least volatile year in 16 years. The Australian economy outperformed its forecast and delivered annualised GDP growth of 1.7% for the year (as at March 2017), marking 103 quarters without two consecutive negative periods, generally regarded as the longest stretch of positive growth of any developed nation.

The Reserve Bank of Australia (RBA) decided to cut the official cash rate in August 2016 to a record low of 1.5%, stating that the reduced rate was adequate to generate sustainable economic growth and to maintain inflation in its target range. The RBA maintained rates at 1.5% for the rest of the financial year, citing mixed domestic economic signals, particularly concerns around the labour and housing markets.

Australian shares, as measured by the S&P/ASX 300 Index, returned 13.8%, compared to 0.9% and 5.6% for the previous two financial years, respectively. The main detractor from performance was Telecommunication Services, which was the only sector to experience a negative annual return.

The Australian dollar experienced its lowest volatility in 27 years relative to the US dollar. The Australian dollar rose over the year, despite the US dollar's strength following the Presidential election, to end at 76.89 US cents (up from 74.26 US cents). Over the same period the Australian dollar also strengthened against the currencies of its major trading partners, with the Trade Weighted Index ending the year at 65.5 (up from 62.5 from last year).

Both Australian and international bond yields climbed over the course of the financial year, with significant upward shifts occurring in October 2016 and June 2017. The Australian 10 Year Government bond yield finished 0.6% higher than in June last year at 2.6%, while the US 10 Year Government bond yield climbed 0.8% (to 2.3%) over the same period.

Australian cash, as measured by the Bloomberg AusBond Bank Bill Index, returned 1.8% for the year, down from 2.2% last year. Australian bond markets delivered almost flat performance for the year, with the Bloomberg AusBond Composite Index returning 0.2%, compared to 7.0% for the last financial year. Global fixed interest performance was marginally above Australian fixed interest, with the Barclays Global Aggregate Index (hedged to the Australian dollar) returning 0.5% for the financial year, down significantly from 9.3% 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 11 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.

How we invest your super

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 5 for how to find a financial adviser.

On pages 12 to 16 you can read about the investment objectives and strategy of each option. Details of the Plan's investment managers as at 31 May 2017 are on page 10 (also refer to the right for recent changes to investments).

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.

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 12 to 16 for details.

Changes to investment strategy

Last year the Trustee, in conjunction with the Plan's investment adviser, reviewed the Plan's investments given the outlook of a prolonged period (such as 10 years) of reduced investment returns and higher volatility.

Starting from August 2016, the Trustee made some changes to the investments so that the options would be positioned to seek the best returns possible for each investment option in the current investment environment. This included appointing more active investment managers and adding two additional asset classes – listed infrastructure and unlisted property – to increase diversification. Also, the proportion of the Plan's shares invested in Australian shares was reduced from 40% to 30%, and an increased weighting (from 60% to 70%) was given to international shares.

As a result of these changes, some new investment managers were appointed. There were also changes to the target asset allocations for the Diversified Shares, Growth, Balanced and Stable options. The transition to the new target asset allocations was completed in February 2017. Refer to the August 2016 *Super News* on the Plan's website for more information.

In June 2017, the Trustee reviewed the Plan's hedge fund allocation, which has been invested in the K2 Advisors Diversity Fund, Ltd (a fund of hedge funds) for a number of years. The Trustee believed it was timely to assess the performance of this investment and its appropriateness for the Plan.

After a comprehensive review, the Trustee made a decision to directly replace the Plan's investment in K2 with an alternative risk premia and specialist multi-manager fund called the Towers Watson Investment Management Diversifying Strategies Fund ("TWIM DSF").

The aim of this change is to continue to gain access to similar investment return drivers as K2 but in a more systematic way, by gaining exposure to different diversifying strategies at a lower cost. There will be no change in the split between growth/defensive assets within the Plan's options or the Plan's liquidity profile, but the Plan's investment fees are expected to reduce as a result.

This change will impact the Growth, Balanced and Stable options.

The target asset allocations that currently apply to hedge funds will instead apply to alternative risk premia.

The transfer of the majority (around 90%) of the Plan's assets from K2 to the TWIM DSF is expected to occur during September/October 2017, with the residual amount being transferred early in 2018.

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 2017 were:

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 (Schroder Australian Equities Unit Trust)
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])
Hedge funds
K2/D&S Management Co., LLC (K2 Advisors Diversity Fund, Ltd)
Emerging markets shares (Unhedged)
Schroder (Schroder QEP Emerging Market Equity Fund)
Real return fund
Schroder (Schroder Real Return Fund)
Australian property
Dexus Property Group (Dexus Wholesale Property Fund)
Structured beta fund
Bridgewater Associates Inc (All Weather Fund)
Global listed infrastructure
Maple-Brown Abbott Limited (Maple-Brown Abbott Global Listed Infrastructure (Hedged) Fund)
Australian fixed interest
Macquarie Investment Management Australia Limited (True Index Australian Fixed Interest Fund)
Australian inflation-linked bonds
BlackRock (BlackRock Australian Government Inflation-Linked Bond Fund)
International fixed interest (Hedged)
BlackRock (BlackRock Global Bond Index Fund)
Cash
State Street Global Advisors (Australian Cash Trust)

Super bytes

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 15% to 24% 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. The desired level of 0.25% was reached at 30 June 2016 so 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 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
2017	890,958	0.30%	747,492	0.25%
2016	746,800	0.27%	680,047	0.24%
2015	563,305	0.21%	520,290	0.19%

Diversified Shares

What are the investment objectives for this option?

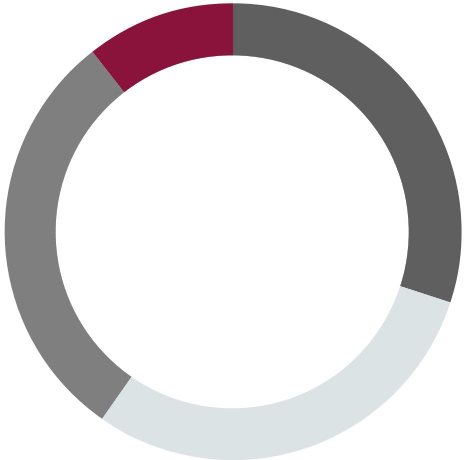
- To achieve a return (after tax and investment fees) that is at least **4.0% p.a.** more than movements in the Consumer Price Index (CPI) over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 6 in 20 years**.

What investment strategy does this option use?

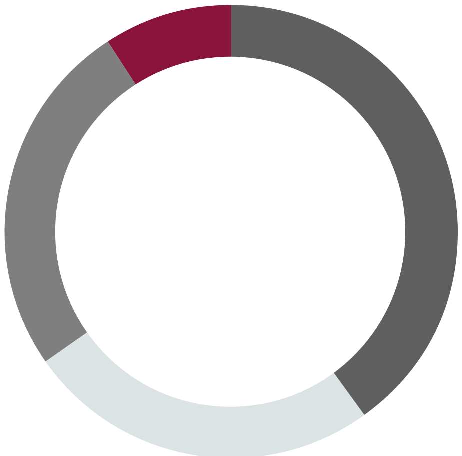
Invest 100% in shares, with approximately 30% in Australian shares and approximately 70% in international shares (including emerging markets), and some exposure to currency.

How is the option invested?

At 31 May 2017



At 31 May 2016



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 (including emerging markets), hedge funds, property, real return funds, infrastructure and structured beta, and about 15% in fixed interest and cash investments.

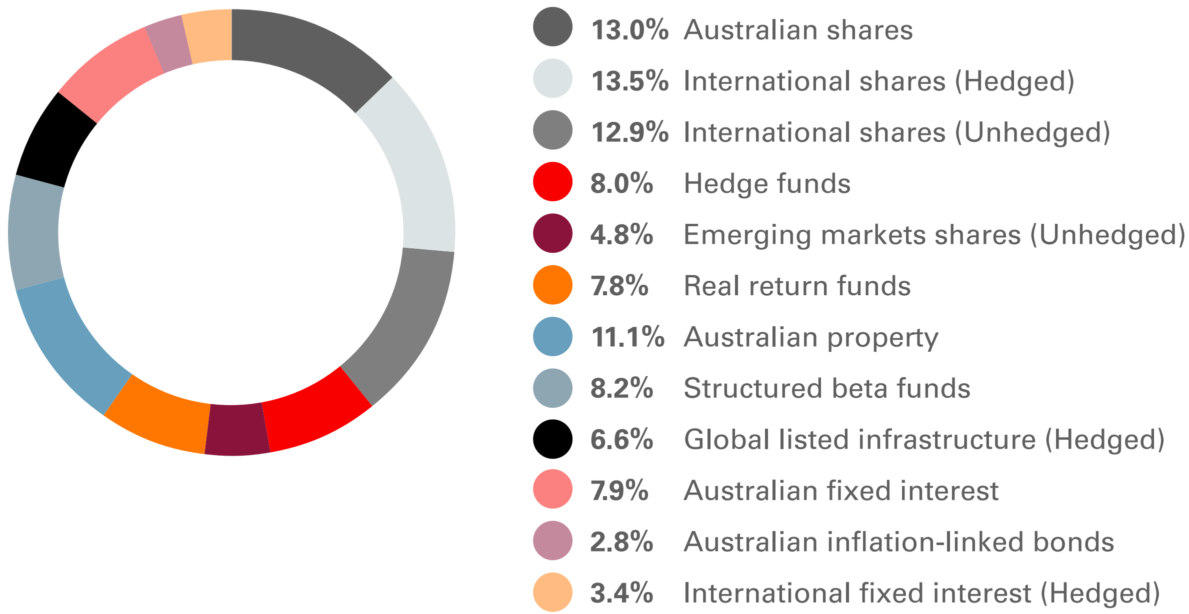
Super bytes

The Plan currently invests in three main asset types:

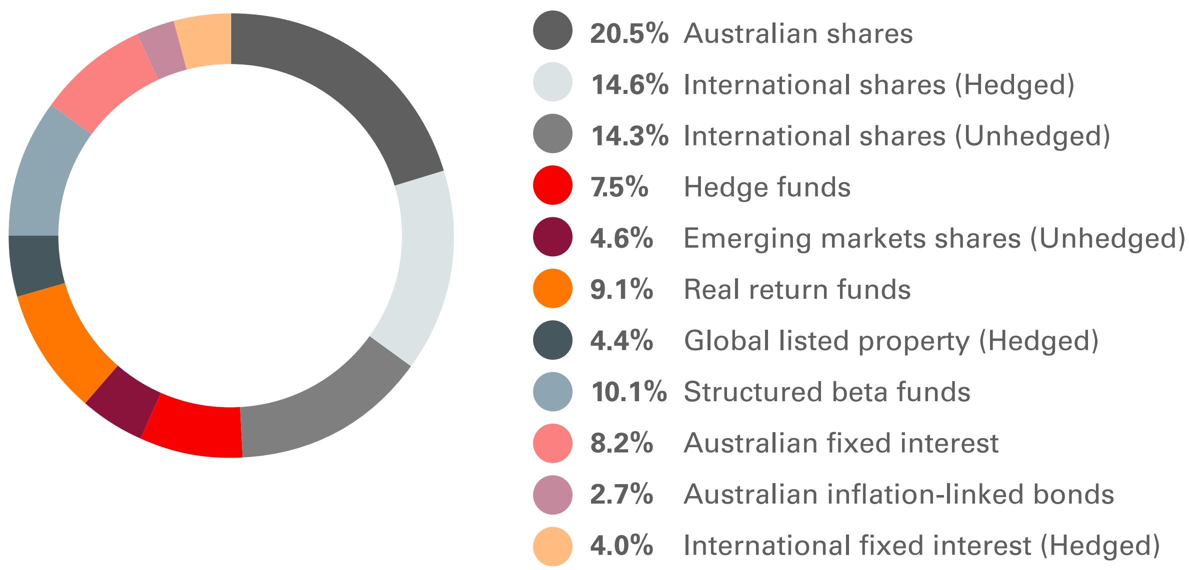
- **Shares** – both Australian and international shares (including emerging markets).
- **Diversifying assets** – including hedge funds, real return funds, structured beta, infrastructure and property.
- **Fixed interest and cash** – including Australian and global bonds and Australian inflation-linked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

How is the option invested?

At 31 May 2017



At 31 May 2016



Balanced

What are the investment objectives for this option?

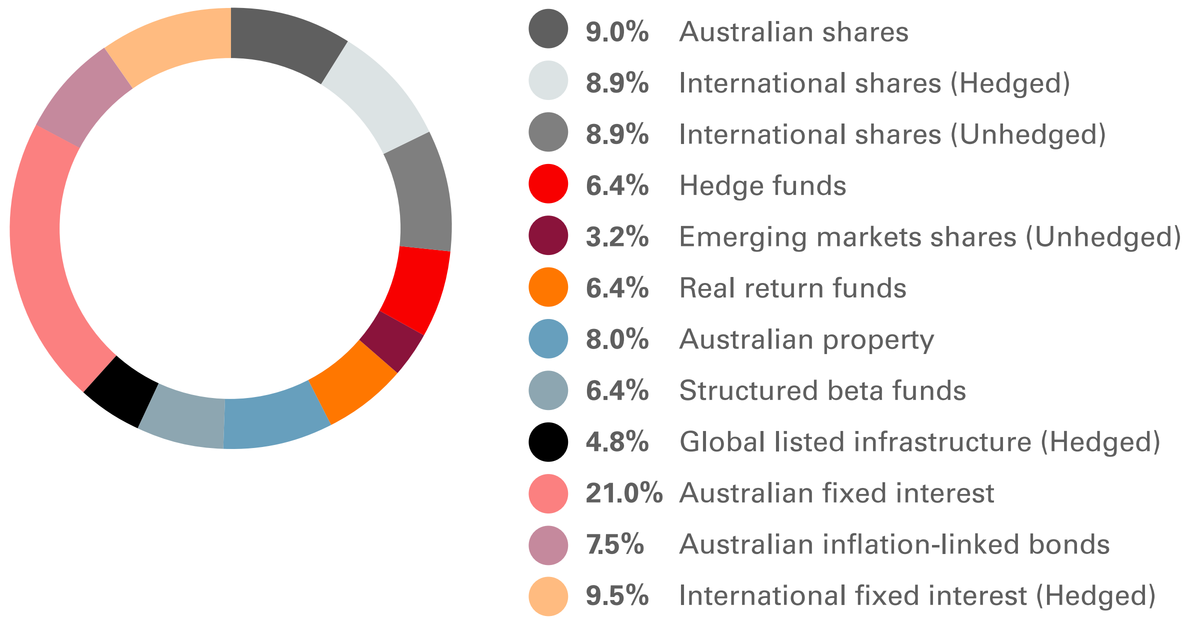
- To achieve a return (after tax and investment fees) that is at least **2.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 4 in 20 years**.

What investment strategy does this option use?

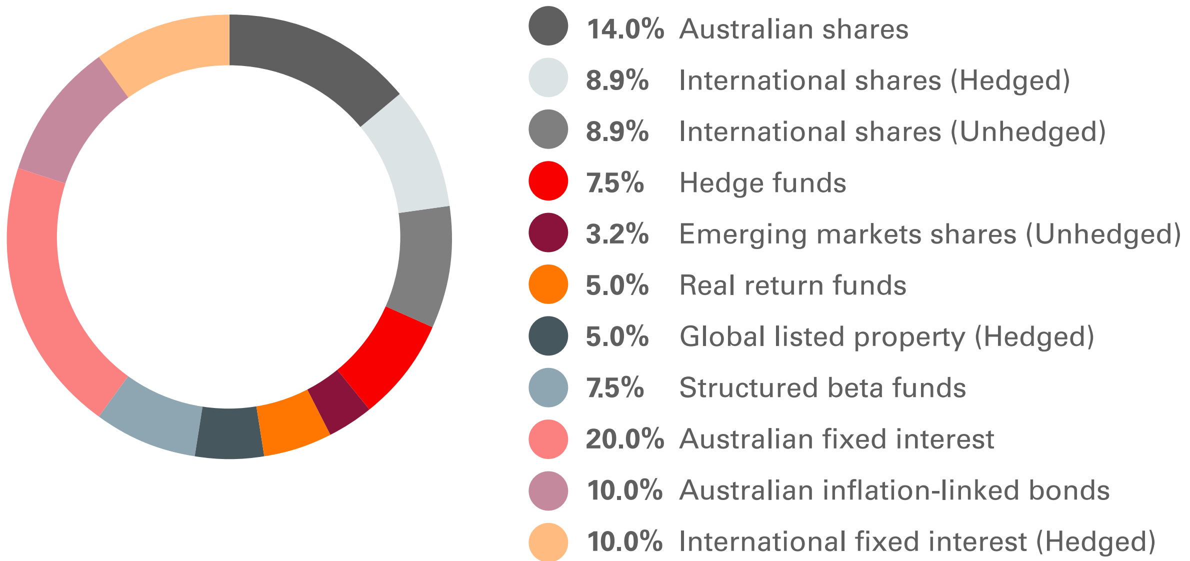
Invest about 62% in shares (including emerging markets), hedge funds, property, real return funds, infrastructure and structured beta, and about 38% in fixed interest and cash investments.

How is the option invested?

At 31 May 2017



At 31 May 2016



Stable

What are the investment objectives for this option?

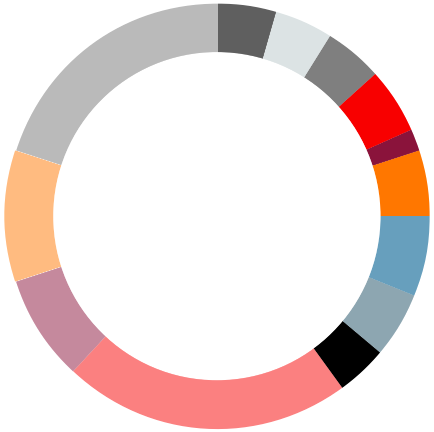
- To achieve a return (after tax and investment fees) that is at least **1.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative return over rolling 12-month periods to **approximately 3 in 20 years**.

What investment strategy does this option use?

Invest about 40% in shares (including emerging markets), hedge funds, property, real return funds, infrastructure and structured beta, and about 60% in fixed interest and cash investments.

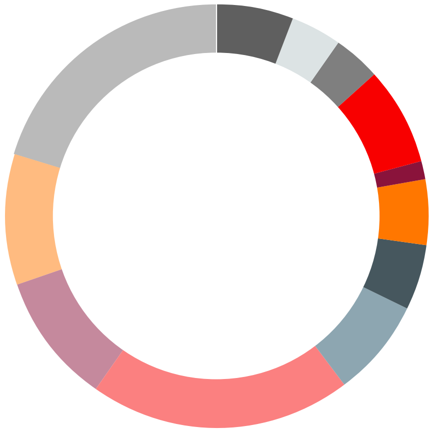
How is the option invested?

At 31 May 2017



4.5%	Australian shares
4.5%	International shares (Hedged)
4.5%	International shares (Unhedged)
5.0%	Hedge funds
1.5%	Emerging markets shares (Unhedged)
5.0%	Real return funds
6.3%	Australian property
5.0%	Structured beta funds
3.7%	Global listed infrastructure (Hedged)
22.0%	Australian fixed interest
8.0%	Australian inflation-linked bonds
10.0%	International fixed interest (Hedged)
20.0%	Cash

At 31 May 2016



6.0%	Australian shares
3.8%	International shares (Hedged)
3.8%	International shares (Unhedged)
7.5%	Hedge funds
1.4%	Emerging markets shares (Unhedged)
5.0%	Real return funds
5.0%	Global listed property (Hedged)
7.5%	Structured beta funds
20.0%	Australian fixed interest
10.0%	Australian inflation-linked bonds
10.0%	International fixed interest (Hedged)
20.0%	Cash

Cash

What are the investment objectives for this option?

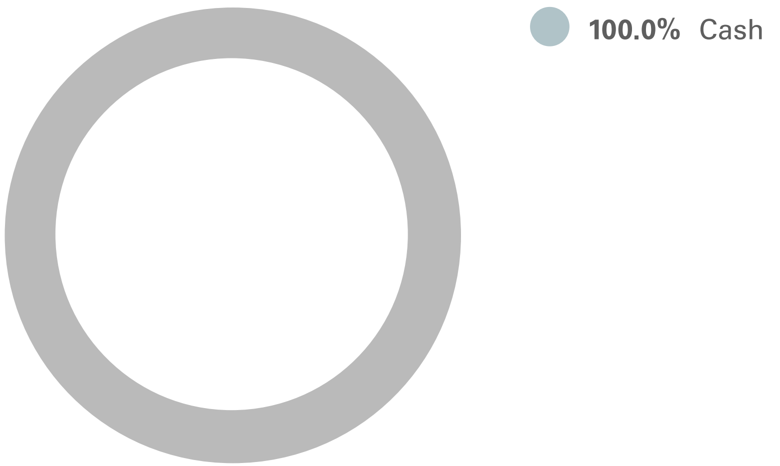
- To achieve a return (after tax and investment expenses) that is at least **0.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To minimise the probability of any negative returns over moving **one-year periods**.

What investment strategy does this option use?

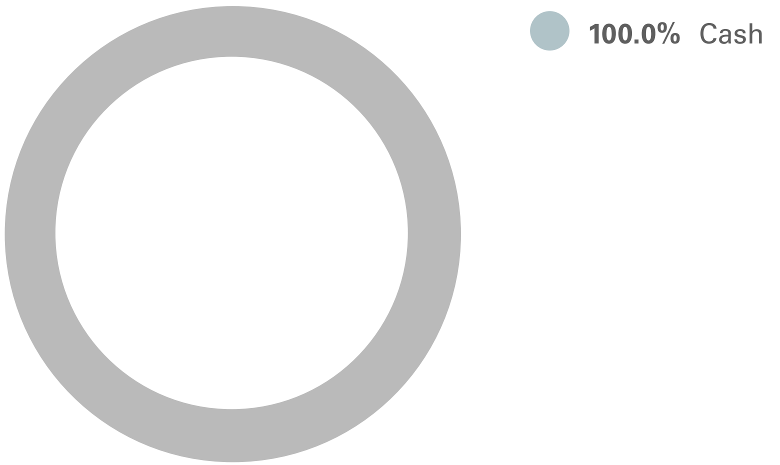
Invest 100% in short-term interest bearing assets (e.g. cash).

How is the option invested?

At 31 May 2017



At 31 May 2016



Super developments

New super rules from 1 July 2017

After some revisions, the Federal Government's superannuation reform package was legislated late last year. Many of the reforms, which were first announced in the 2016 Budget, are aimed at higher income earners.

Here is a summary of some of the main changes from 1 July 2017.

Lower limits on contributions

The Government has reduced the amount of contributions each year that can receive special tax treatment. If you go over these limits, higher tax applies.

Concessional contributions

Concessional contributions to super such as pre-tax salary sacrifice contributions, employer contributions, and any administration and insurance costs your employer pays for you will be limited to $25,000 per year, regardless of age.

Non-concessional contributions

Non-concessional contributions (generally after-tax contributions) to super will be limited to $100,000 per year.

Members under age 65 may be able to bring forward up to two future years of limits. This accommodates members who want to make larger, non-concessional contributions. Contact your financial adviser if you are thinking of doing this, as conditions and complex transitional rules also apply.

Account-Based Pensions restricted

Before 1 July 2017, investment earnings in Account-Based Pension investments were not taxed. From 1 July 2017 there are two new restrictions:

- A new transfer balance cap of $1.6 million will be put on the amount you can have in total in pension accounts from 1 July 2017. From that date, if your total pension account balances are larger, the excess needs to be moved back into a super account or withdrawn in cash.
- From 1 July 2017, investment earnings on a transition to retirement pension account will be taxed. A transition to retirement pension allows you to phase into retirement after your preservation age by accessing some of your super as a pension while you are still working.

Rules on tax rebate for spouse contributions relaxed

Changes from 1 July 2017 mean that more people will be eligible to claim a tax rebate on after-tax contributions they make to their spouse's super fund. "Spouse" covers married, de facto and same sex partners.

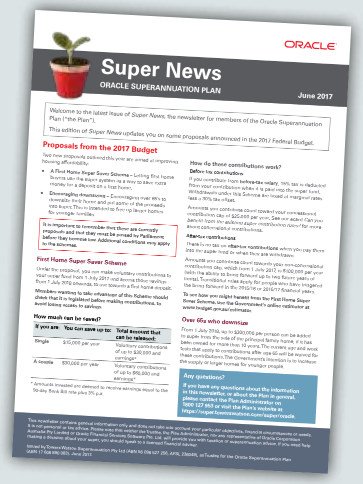
- Before 1 July 2017, the maximum tax offset of $540 per year was available if you contributed $3,000 for a spouse whose income was under $10,800. The rebate reduced gradually and was not payable once your spouse earned $13,800 or more.
- From 1 July 2017, while the tax offset amount is unchanged, the amount your spouse can earn and still be eligible for the tax offset is increasing. The full tax offset amount will be claimable if your spouse earns $37,000 or less and will cut out if they earn $40,000 or more.

Snapshot of 2017 Budget proposals

Superannuation featured in this year's Federal Budget, with two proposals aimed at improving housing affordability:

- **A First Home Super Saver Scheme** which lets first home buyers use the super system as a way to save extra money for a deposit on a first home; and
- **Encouraging over 65s to downsize their home** and put some of the proceeds into super. This is intended to free up larger homes for younger families.

Refer to the June 2017 *Super News* (on the Plan's website) for more details.



It is important to remember that these are currently proposals and that they must be passed by Parliament before they become law. Additional conditions may also apply.

What are the latest super thresholds?

Super thresholds are usually set by the Government from 1 July each year. Below are some for 2017/18.

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 $51,813 a year. The maximum co-contribution is $500 per year, which reduces by 3.33 cents for every dollar of income above $36,813, with no co-contribution payable once your income reaches $51,813. 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 are shown in the table below.

	Concessional contributions	Non-concessional contributions#
What is the annual limit?	$25,000 regardless of your age	$100,000, however, if your total superannuation balance on 30 June 2017 was more than $1.6 million any non-concessional contributions you make in the 2017/18 year will be excessive
What tax applies if my contributions are within the cap?	Generally 15% contributions tax*^	Nil

If you are under age 65 and want to make larger non-concessional contributions to your superannuation fund, you may be able to bring forward up to two years of caps, to make total contributions of up to $300,000 over three years. The maximum you can contribute over three years is $300,000 and further restrictions may apply if your total superannuation balance on 30 June 2017 was greater than $1.4 million. Transitional rules apply if you brought forward contributions in the 2015/16 or 2016/17 years.

* If your relevant income is **over $250,000 per year**, you may receive an additional tax assessment from the Australian Taxation Office (ATO).

^ If you earn **less than $37,000 per year** you may receive a refund of the 15% contributions tax deducted from your compulsory Company contributions through the low income superannuation tax offset. The refund ranges from $10 to $500 a year. Each year the ATO will determine whether you are eligible, and if so, will pay the refund to your superannuation fund.

What happens if I exceed the caps?

This table shows the extra tax applicable if you exceed the caps.

	Concessional contributions	Non-concessional contributions
How much tax applies to the excess if I exceed the limit?	Your marginal tax rate less 15% (reflecting tax already paid by the Plan), plus an interest charge	**If you withdraw the excess from superannuation:** Nil tax on contributions. Associated earnings (see box to the right) taxed at your marginal tax rate **If you leave the excess in superannuation:** 47% (including Medicare levy)

If you **exceed the concessional contributions cap**, you can elect to release up to 85% of the excess contributions from the superannuation system. The amount will be paid by your superannuation fund to the ATO and used to meet any of your outstanding tax liabilities (including the tax on the excess contributions) with the remainder then paid back to you. Amounts that you withdraw will not count towards your non-concessional contributions cap.

If you **exceed the non-concessional cap**, you can elect to release the excess contributions from superannuation, together with an amount of "associated earnings" determined by the ATO.

The ATO will send you a form to enable you to make your elections.

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 2017/18 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 (for eligible members) will be around 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.

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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.

Managing the 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.

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Policy Committee: The Policy Committee provides input to 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. Your Policy Committee comprises six members, with half appointed by Oracle and half elected periodically by members.

At 31 May 2017, members of the Policy Committee were:

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

There were no changes to the Policy Committee during the year.

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 the back page 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 the back page for contact details) or to the Trustee directly, using the address on the Enquiries and Complaints Form. A copy of the Enquiries and Complaints Policy and Form can be downloaded from the Plan's website at **https://super.towerswatson.com/super/oracle**. The Trustee will respond to you within 90 days. You can request the Trustee's reasons for its decision on your complaint.

If you are not happy with the Trustee's handling of your enquiry or complaint, you may then contact the Superannuation Complaint's 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 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
SuperTrace
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 that 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.

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.

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

Need to know more?

Other information about your benefits such as your choices for contributions, investments and insurance levels are available at **https://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 2017. The audit is expected to be finalised by the end of August 2017. 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 2017 have now been paid to the Plan.

Change in net assets during the year

		$
Net assets at the start of the year – 31 May 2016		**280,758,691**
Plus income	Contributions	29,200,915
	Rollovers	12,839,478
	Net investment income	28,708,905
	Other	345,258
Less outgoings	Benefit payments	(47,712,017)
	Insurance premiums	(1,200,000)
	Tax due	(6,605,892)
	Superannuation surcharge	(135)
	Expenses and charges	(588,564)
Net assets at the end of the year – 31 May 2017		**295,746,639**

Statement of net assets

		2016 ($)	2017 ($)
Investments	Karara Capital (Karara Australian Equities Fund)	14,882,495	10,481,737
	Vinva Investment Management (Vinva Australian Equities Fund)	14,740,596	10,479,855
	Merlon Capital Partners (Merlon Wholesale Australian Share Fund)	14,886,492	10,560,962
	Schroder Investment Management Australia Ltd (Schroder Australian Equities Unit Trust)	14,468,611	10,560,679
	State Street Global Advisors (International Equities Index Trust [Hedged])	39,307,464	42,585,920
	BlackRock Investment Management (Australia) Limited (BlackRock) (BlackRock Fission International Equity Index Fund) [Unhedged])	21,464,072	23,201,135
	BlackRock (BlackRock Wholesale Indexed International Equity Fund [Unhedged])	17,285,535	18,453,251
	K2/D&S Management Co., LLC (K2 Advisors Diversity Fund, Ltd)	16,550,312	17,379,680
	Schroder (Schroder QEP Emerging Market Equity Fund)	–	15,097,664
	Schroder (Schroder Real Return Fund)	17,486,929	16,948,068
	Dexus Property Group (Dexus Wholesale Property Fund)	–	23,483,864
	Bridgewater Associates Inc (All Weather Fund)	20,627,903	17,708,712
	Maple-Brown Abbott Limited (Maple-Brown Abbott Global Listed Infrastructure [Hedged] Fund)	–	13,994,705
	Macquarie Investment Management Australia (True Index Australian Fixed Interest Fund)	25,946,055	28,563,018
	BlackRock (BlackRock Australian Government Inflation-Linked Bond Fund)	10,761,071	10,155,205
	BlackRock (BlackRock Global Bond Index Fund)	12,728,166	12,656,073
	State Street Global Advisors (Australian Cash Trust)	12,435,493	13,776,411
	BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund)	13,024,449	–
	Resolution Capital (Global Property Securities Fund)	10,045,768	–
Current assets		6,324,101	4,358,556
Current liabilities	Benefits payable	(64,131)	–
	Taxation payable	(1,341,660)	(4,528,996)
	Other	(801,030)	(169,860)
Net assets at the end of the year		**280,758,691**	**295,746,639**

Contact us

For enquiries or any complaints:

The Plan Administrator
Oracle Superannuation Plan

PO Box 1442 Parramatta NSW 2124

1800 127 953

(02) 8571 6222

oraclesuperadmin@linksuper.com

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

You can also contact:

Human Resources
Oracle Corporation Australia Pty Ltd

4 Julius Avenue North Ryde NSW 2113

humanresources_au@oracle.com