



# 2019 Annual Report

**ORACLE**<sup>®</sup>

**Oracle Superannuation Plan**

# A message from the Trustee

Welcome to your *2019 Annual Report*. It's been a busy year for the Oracle Superannuation Plan (ABN 17 608 890 083). During the year, the Trustee reviewed the Plan's insurance arrangements and appointed a new insurer (MetLife) from 1 June 2019. Along with some changes, this resulted in lower Additional Voluntary Insurance fees for Employee members. There were also changes to the Policy Committee (see page 20 for details). If you have any questions about your super, we are here to help – please contact the Plan Administrator on **1800 127 953**. There are a number of resources on the Plan's website to help you plan for the lifestyle you want after you stop working. Go to <https://super.towerswatson.com/super/oracle> to learn more.

## Our performance

Another volatile year for investments ended on an up.

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

| Investment option  | One-year net return to 31 May 2019 | Five-year compound average net return (per year) | 10-year compound average net return (per year) |
|--------------------|------------------------------------|--|--|
| Diversified Shares | 5.7%                               | 8.6%   | 10.4%  |
| Growth             | 5.9%                               | 6.6%   | 9.1%   |
| Balanced           | 6.3%                               | 5.8%   | 7.9%   |
| Stable             | 5.6%                               | 4.6%   | 6.4%   |
| Cash               | 1.8%                               | 1.8%   | 2.6%   |

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. 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.

## More inside

### FEATURE:

How do you feel about taking risks?

4

Review our performance

6

How we invest your super

9

### FEATURE:

What's news in super

17

About your Plan

20

Financial summary

23

**\$321m**  
in Plan net assets



**What's news in super this year?**

See page 17



**2,466**

members are building their wealth in the Plan

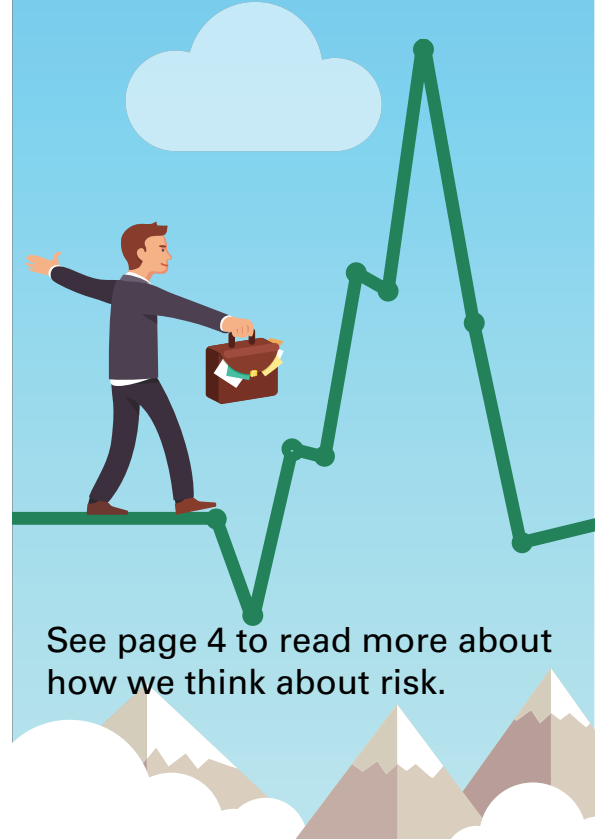


**1800 127 953**

Contact us



**Are you scared of snakes? Does abseiling sound like fun?**



See page 4 to read more about how we think about risk.



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

Find the tools you need to plan

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 1 July 2019 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 22 August 2019.

## FEATURE

# How do you feel about taking risks?

**Everyone has different views on what's important. What scares you? What makes you happy? What challenges you?**

Whether you abseil or rock climb for fun, or would prefer a stroll through the park, you are taking risks. Did you know that in Australia, you are more than twice as likely to die in an accident involving a cow than from a snake bite?

It's generally a trade-off between the potential benefits you may be getting and the potential risk you're taking. What's important is to understand this trade-off and feel comfortable with your choices.

This also applies to your super investments. Everyone wants high returns, but seeking them involves taking risk and you must be willing to accept more ups and downs in the value of your super over the short term. Higher-return investments also involve a higher risk of seeing a negative return (or loss) in some years.

We know that everyone's trade-off is unique and it depends on your personal circumstances. If you are close to retirement you may want to protect what you have built up and therefore want a lower risk strategy. If you have many years to retirement you may be willing to accept more risk, as while you might see some extreme highs and lows in your returns, you have the time to ride them out before you retire.

The Plan offers you a number of different investment options so that you can make sure your super is invested appropriately. You can check how your super is invested at any time by logging into the Member Centre or reviewing your latest Statement.

The main difference between each of the investment options is in their asset mix – that is the amount and type of assets they are invested in. The asset mix drives expected returns and the amount of risk involved.

## Understanding the mix

Shares, alternative assets and property are often referred to as **"growth assets"**. This is because they are likely to generate higher returns over the long term than other assets, but also experience greater variability in their returns, including periods of negative returns.

By comparison, **"income assets"** (also called defensive assets) such as cash and bonds are generally regarded as lower risk because they are expected to provide more stable returns over the long term than growth assets. However, they also generally produce lower returns, running the risk of not keeping up with inflation.

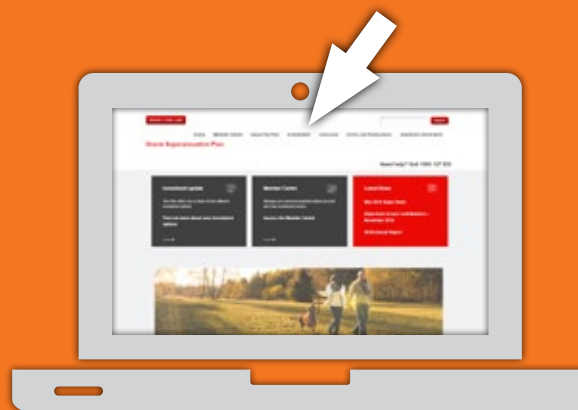


## Want to learn more?

Learn about our Plan's investment options and their level of risk and return on **pages 12 to 16**. You can also read more in the *How we invest your money* factsheet, available on the website.



Go to <https://super.towerswatson.com/super/oracle> and click on the **Investments** tab.



Use the Plan's **Retirement Planner** to see what retirement income you and your partner might have based on your current investment choice.

Log in to the Member Centre on the Plan's website to find this tool.



## Need more help?

If you would like to talk through which investment option may be right for you, you should speak to a licensed financial adviser. Towers Watson Australia Pty Ltd offers financial planning services through licensed financial planners: call (03) 8681 9800. You can also locate a financial adviser in your area by contacting the Financial Planning Association of Australia at [www.fpa.com.au](http://www.fpa.com.au) or 1300 337 301.

For information on what to look for in an adviser, how to work with them and tips for conversations, go to [www.moneysmart.gov.au](http://www.moneysmart.gov.au) and search for the Financial advice toolkit.

## How do I make a change?

To change your investment option you should log into your account using the Member Centre at <https://super.towerswatson.com/super/oracle>.

You can also make an investment switch by completing and returning a *Super Options form* (or *My Spouse form*). Forms are available from the Plan Administrator or the website under "**Forms and Publications**".

# Review our performance

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         | 2019 | 2018 | 2017  | 2016  | 2015  | Five-year compound average net return (per year) | 10-year compound average net return (per year) |
|---------------------------|------|------|-------|-------|-------|--|--|
| <b>Diversified Shares</b> | 5.7% | 9.3% | 14.8% | -1.9% | 15.9% | 8.6%   | 10.4%  |
| <b>Growth</b>             | 5.9% | 6.0% | 10.2% | -0.8% | 12.1% | 6.6%   | 9.1%   |
| <b>Balanced</b>           | 6.3% | 4.4% | 8.0%  | 0.5%  | 10.0% | 5.8%   | 7.9%   |
| <b>Stable</b>             | 5.6% | 3.1% | 5.7%  | 1.3%  | 7.3%  | 4.6%   | 6.4%   |
| <b>Cash</b>               | 1.8% | 1.6% | 1.8%  | 1.9%  | 2.2%  | 1.8%   | 2.6%   |

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.

### Retained Benefit members

| Investment option         | 2019 | 2018 | 2017  | 2016  | 2015  | Five-year compound average net return (per year) | 10-year compound average net return (per year) |
|---------------------------|------|------|-------|-------|-------|--|--|
| <b>Diversified Shares</b> | 5.1% | 8.7% | 14.1% | -2.5% | 15.2% | 7.9%   | 9.8%   |
| <b>Growth</b>             | 5.3% | 5.4% | 9.5%  | -1.5% | 11.5% | 5.9%   | 8.4%   |
| <b>Balanced</b>           | 5.6% | 3.8% | 7.4%  | -0.1% | 9.3%  | 5.1%   | 7.3%   |
| <b>Stable</b>             | 4.9% | 2.5% | 5.1%  | 0.6%  | 6.6%  | 3.9%   | 5.7%   |
| <b>Cash</b>               | 1.1% | 1.0% | 1.1%  | 1.2%  | 1.5%  | 1.2%   | 2.0%   |

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.

## Investment markets in review

The 2018/2019 financial year provided a mix of positive and negative headlines. These ranged from the persistent threat of a US and China trade war which resulted in tariffs imposed from both sides in September 2018 to failed Brexit negotiations resulting in Theresa May's resignation in June 2019, falling bond yields and surprisingly strong share markets.

The US Federal Reserve raised the target range for interest rates in September, coinciding with an unemployment rate of 3.7% which was then the lowest reading recorded since December 1969. The committee also reaffirmed an outlook for gradual interest rate increases in 2019. US inflation was relatively constant over 2018/19 financial year.

The US share market (as measured by the S&P 500) rallied to produce a return of 7.9% over the financial year in local currency terms. The US market started the financial year on a positive note on the back of solid economic growth and unemployment data. It then saw a near 20% sell off during the last quarter of 2018 but rebounded in the following quarter, despite the Federal Reserve lowering its projections for US growth and inflation as well as expectations for interest rate increases. The market continued its positive run into 30 June, despite a short sell off in May.

Economic data in the Eurozone was mixed over the 2018/2019 financial year. While unemployment data was positive over the period, manufacturing indicators fell over the same period, as did GDP growth. As a result, the European Central Bank kept interest rates at 0% throughout the entire period, with ECB President Mario Draghi stating that interest rates "could fall even further into negative territory if needed".

Unsurprisingly, Brexit uncertainty continued to take centre stage as far as economic and political news was concerned. Numerous Brexit issues led to the UK Prime Minister's resignation in June 2019. UK GDP grew on an annualised basis between July 2018 and the March 2019 quarter. Likewise, unemployment data improved over the financial year, whilst inflation decreased marginally from 1.9% to 1.7% over the period.

Brexit uncertainty coupled with a softer global growth outlook weighed on UK and Eurozone shares over the financial year. The FTSE All Share Index finished the first half of the financial year down 11.0% in local currency terms, before recouping losses to finish the 12 months +0.6% in local currency terms. The Eurostoxx 50 Index followed a similar trend, ending the year up 2.3% in local currency terms.

In China, policy makers unveiled measures including increased spending, tax cuts, stabilising employment and boosting consumption. These measures, together with continuing talks over trade issues between President Xi and President Trump, gave comfort to investors. GDP growth in China, as expected, steadily declined, as did core inflation, which fell over the year to June 2019. Unemployment improved over the financial year, ending at a record low of 3.7% at the end of the March quarter.

In Australia, housing markets in Melbourne and Sydney were weak over the financial year, and building approvals significantly lower. The Reserve Bank of Australia (RBA) Board cut the cash rate to a record low of 1.25% and then again in July 2019, to 1%. The RBA Board's June 2019 minutes noted that inflation had been lower than the 2 to 3% target range for three years, which partly reflected slow wages growth, pressure in retail consumption and weak growth in rents. Inflation fell below expectations and unemployment stood at 5.2% as at May 2019, down 0.1% from 12 months earlier.

The Australian share market followed the trend of international shares, with the ASX 300 accumulation index returning 11.4% over the financial year. Shares rallied strongly into June 2019 after the Coalition defeated Labor to hold government for another term. Telecommunications were the best performing sector, returning nearly 40.0%, whilst energy stocks dropped by around 6.1%.

The Australian 10-year bond yield ended the year down at 1.32% in June 2019, from 2.63% a year earlier. Australian fixed interest returned 9.6% for the year (Bloomberg AusBond Composite Bond Index (All Maturities)). Australian cash, as measured by the Bloomberg AusBond Bank Bill Index, returned 2.0% for the financial year.

The Australian dollar (AUD) fell 4.0% against Australia's major trading partners, as measured by the Trade Weighted Index. Over the financial year, the AUD depreciated by 5.11% against the US dollar.

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

© 2019 Willis Towers Watson. All rights reserved

## 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 was 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.

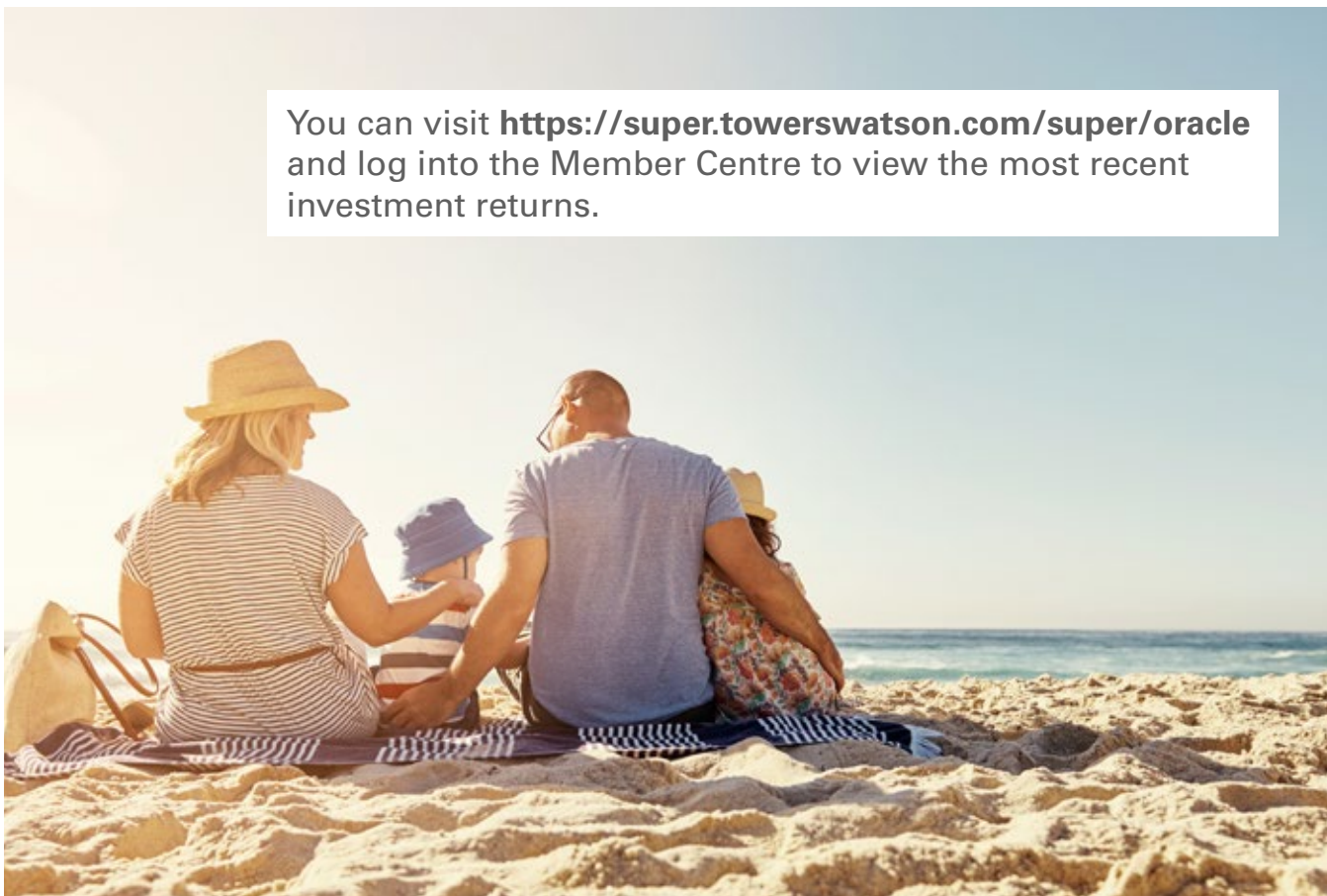
### If you leave during the year

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.

You can visit <https://super.towerswatson.com/super/oracle> and log into the Member Centre to view the most recent investment returns.





# 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* (or *My Spouse 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 2019 are on page 10.

## 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.

## Change to foreign currency exposure for the Growth option

During the year, the Trustee decided to increase the developed market foreign currency exposure within the Growth option. The aim of this change is to provide further diversification from shares returns and improve the risk/return characteristics of the option. It was implemented over November 2018 to February 2019 by transferring some monies between two of the Plan's existing products: from the SSgA International Equities Index (Hedged) Trust into the iShares Wholesale International Equity Index Fund.



## 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 2019 and 2018 were:

| Investment manager  | 2019       | 2018 |
|---|------------|------|
|   | \$ Million |      |
| <b>Australian shares</b>  |            |      |
| Karara Capital (Karara Australian Equities Fund – Series 1)   | 10.7       | 11.5 |
| Vinva Investment Management Limited (Vinva Australian Equities Fund)  | 11.9       | 11.7 |
| Merlon Capital Partners (Merlon Australian Share Fund – Class I)  | 11.8       | 11.4 |
| Schroder Investment Management Australia Limited (Schroder) (Schroder Australian Equity Fund – Professional Class)    | 11.9       | 11.6 |
| <b>International shares<sup>#</sup></b>   |            |      |
| State Street Global Advisors (International Equities Index (Hedged) Trust)  | 32.7       | 43.7 |
| BlackRock Investment Management (Australia) Limited (BlackRock) (BlackRock Fission Indexed International Equity Fund) | 27.9       | 25.5 |
| BlackRock (iShares Wholesale International Equity Index Fund)   | 25.8       | 18.1 |
| Schroder (Schroder QEP Emerging Markets Fund – Wholesale Class)   | 16.3       | 16.2 |
| <b>Property</b>   |            |      |
| Dexus Wholesale Property Limited (Dexus Wholesale Property Fund)  | 29.4       | 26.5 |

| Investment manager  | 2019       | 2018 |
|---|------------|------|
|   | \$ Million |      |
| <b>Alternatives*</b>  |            |      |
| Towers Watson Investment Management Limited (Towers Watson Diversifying Strategies Fund AUD A Hedged)   | 16.9       | 15.4 |
| Schroder (Schroder Real Return CPI Plus 5 Percent Fund – Professional)                                  | 18.6       | 17.8 |
| Bridgewater Associates, LP (Bridgewater All Weather Fund (Aust) – S2)                                   | 18.2       | 18.4 |
| Maple-Brown Abbott Limited (Maple-Brown Abbott Global Listed Infrastructure Fund – Hedged)              | 14.2       | 13.5 |
| <b>Fixed interest<sup>^</sup></b>   |            |      |
| Macquarie Investment Management Australia Limited (Macquarie True Index Australian Fixed Interest Fund) | 32.9       | 30.6 |
| BlackRock (iShares Global Bond Index Fund)  | 14.8       | 13.7 |
| BlackRock (iShares Aust Govt Inflation-Linked Bond Index Fund – E Class)                                | 12.1       | 11.0 |
| <b>Cash</b>   |            |      |
| State Street Global Advisors (Australian Cash Trust)  | 14.5       | 14.3 |

<sup>#</sup> International shares includes hedged and unhedged shares, as well as emerging markets shares.

<sup>\*</sup> Alternative assets include alternative risk premia strategies, real return funds, global listed infrastructure and structured beta funds.

<sup>^</sup> Fixed interest includes Australian and international fixed interest (hedged) assets.

## Other investment information

### Derivatives

During the year, part of the Plan's assets (approximately 15% to 23% of each investment option except the Diversified Shares and Cash options) were invested in various alternative assets whose managers 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.

### Super decoder

**Investment objectives:** 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).



## Reserves

The Trustee does not maintain investment reserves. However, it does maintain an Operational Risk Financial Requirement 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. Since 1 July 2019, the general reserve has been used to meet the administration cost of processing member exits, as from that date legislation was introduced to prohibit super funds from charging exit fees to members. See page 17 for more information.

### Operational Risk Financial Requirement (ORFR) reserve

Since 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 and the Trustee periodically monitors the reserve to ensure 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<br>\$ | General reserve<br>% of net assets | ORFR reserve<br>\$ | ORFR reserve<br>% of net assets |
|--------------|-----------------------|------------------------------------|--------------------|---------------------------------|
| 2019         | 908,236               | 0.28%                              | 835,793            | 0.26%                           |
| 2018         | 832,723               | 0.27%                              | 791,295            | 0.25%                           |
| 2017         | 790,689               | 0.27%                              | 747,492            | 0.25%                           |

## Diversified Shares

### What are the investment objectives for this option?

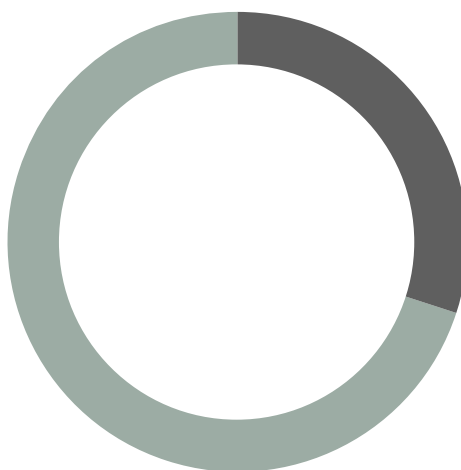
- To achieve a return (after tax and investment fees) that is at least **4.0% p.a.** more than movements in the Consumer Price Index (CPI) over rolling 10-year periods.
- To limit the probability of a negative gross of tax return over rolling 12-month periods to **approximately 6 in 20 years.**

### 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.

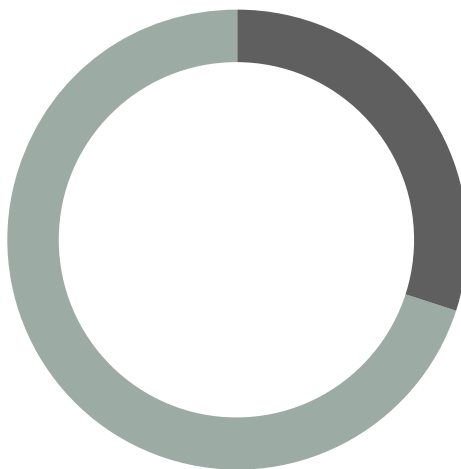
### How is the option invested?

At 31 May 2019



- 30.0% Australian shares
- 70.0% International shares#

At 31 May 2018



- 30.0% Australian shares
- 70.0% International shares#

# International shares include hedged and unhedged shares, as well as emerging markets shares.

## Growth

### What are the investment objectives for this option?

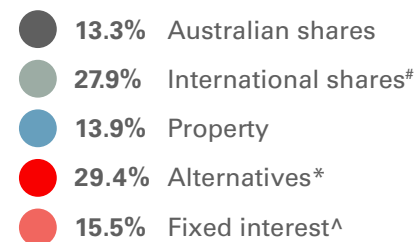
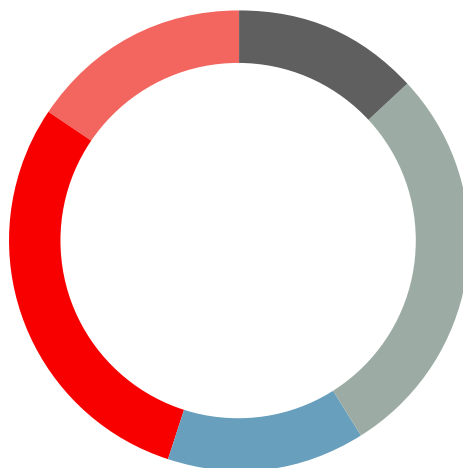
- To achieve a return (after tax and investment fees) that is at least **3.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative gross of tax return over rolling 12-month periods to **approximately 5 in 20 years.**

### What investment strategy does this option use?

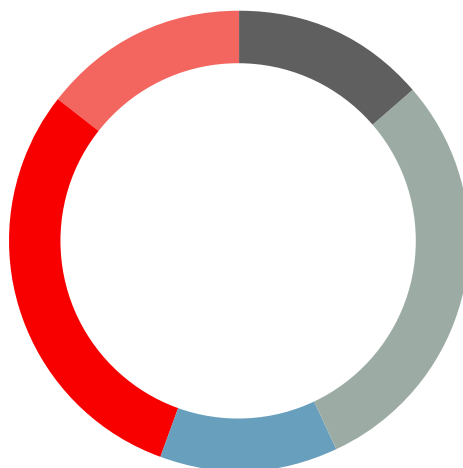
Invest about 85% in shares (including emerging markets), property and alternative assets, and about 15% in fixed interest and cash investments.

### How is the option invested?

At 31 May 2019



At 31 May 2018



<sup>#</sup> International shares include hedged and unhedged shares, as well as emerging markets shares.

\* Alternative assets include alternative risk premia strategies, real return funds, global listed infrastructure and structured beta funds.

<sup>^</sup> Fixed interest includes Australian and international fixed interest (hedged) assets.

## Balanced

### What are the investment objectives for this option?

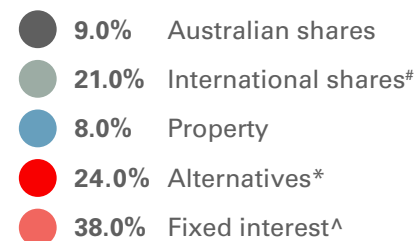
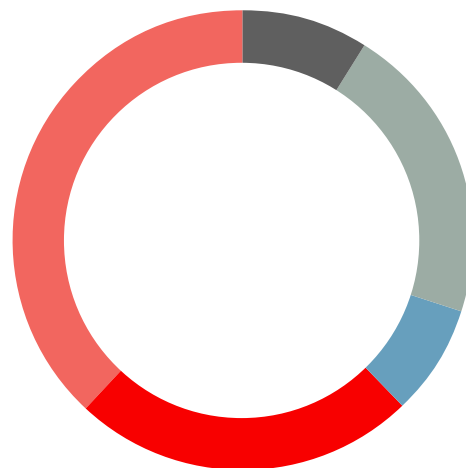
- To achieve a return (after tax and investment fees) that is at least **2.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative gross of tax return over rolling 12-month periods to **approximately 4 in 20 years.**

### What investment strategy does this option use?

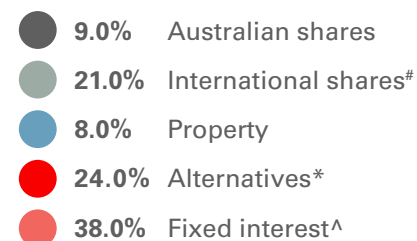
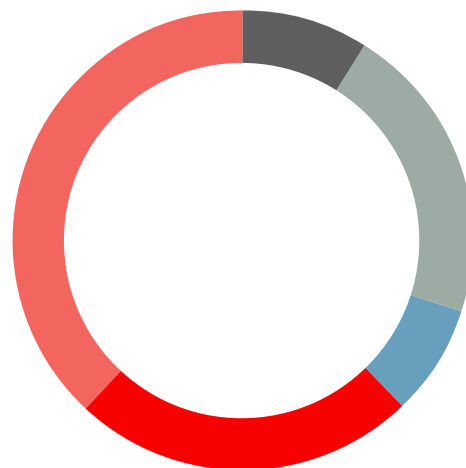
Invest about 62% in shares (including emerging markets), property and alternative assets, and about 38% in fixed interest and cash investments.

### How is the option invested?

At 31 May 2019



At 31 May 2018



# International shares include hedged and unhedged shares, as well as emerging markets shares.

\* Alternative assets include alternative risk premia strategies, real return funds, global listed infrastructure and structured beta funds.

^ Fixed interest includes Australian and international fixed interest (hedged) assets.

## Stable

### What are the investment objectives for this option?

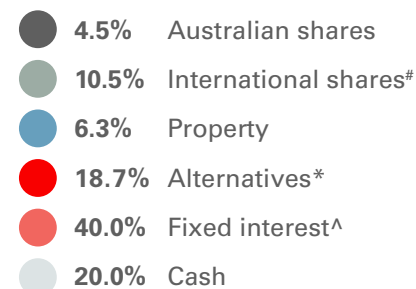
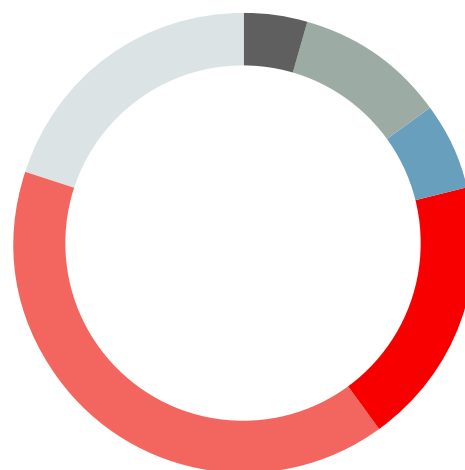
- To achieve a return (after tax and investment fees) that is at least **1.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To limit the probability of a negative gross of tax return over rolling 12-month periods to **approximately 3 in 20 years.**

### What investment strategy does this option use?

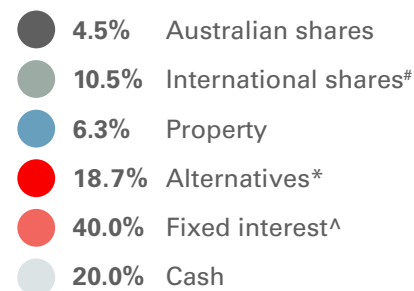
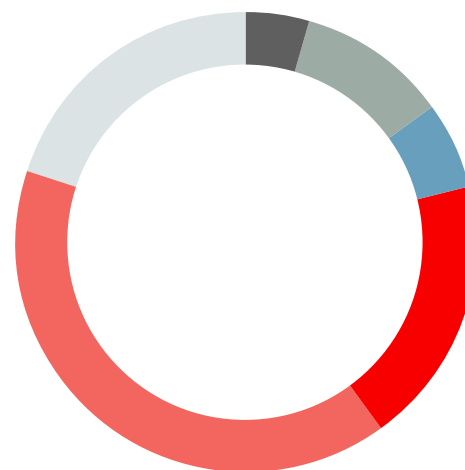
Invest about 40% in shares (including emerging markets), property and alternative assets, and about 60% in fixed interest and cash investments.

### How is the option invested?

At 31 May 2019



At 31 May 2018



<sup>#</sup> International shares include hedged and unhedged shares, as well as emerging markets shares.

<sup>\*</sup> Alternative assets include alternative risk premia strategies, real return funds, global listed infrastructure and structured beta funds.

<sup>^</sup> Fixed interest includes Australian and international fixed interest (hedged) assets.

## Cash

### What are the investment objectives for this option?

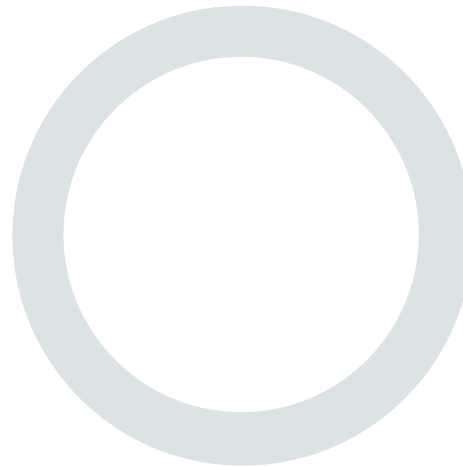
- To achieve a return (after tax and investment expenses) that is at least **0.5% p.a.** more than movements in the CPI over rolling 10-year periods.
- To minimise the probability of any negative gross of tax returns over moving **one-year periods**.

### What investment strategy does this option use?

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

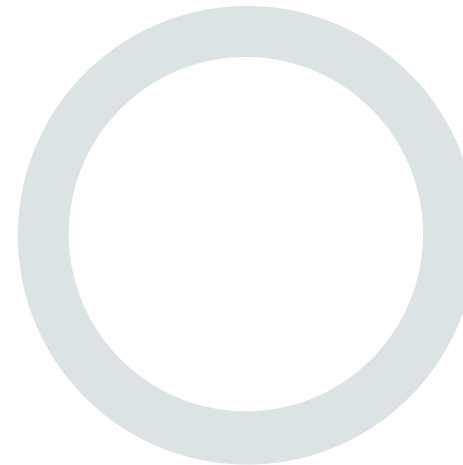
### How is the option invested?

At 31 May 2019



100.0% Cash

At 31 May 2018



100.0% Cash





## FEATURE

# What's news in super?

## 'Protecting your super' changes

The 2018 Federal Budget proposed some measures to help protect small or inactive superannuation accounts from erosion by fees, including insurance fees. Below is a summary of some of the key measures that became effective from 1 July 2019.

Most Plan members will not be affected by the changes. This is because Oracle pays standard insurance and administration costs on behalf of eligible Employee members. In any case, the Trustee has negotiated investment and administration fees which are well below the new fee cap for small balances.

| What's changed?   | What does this mean for Plan members?   |   |  |
|---|---|---|--|
|   | Employee members  | Retained Benefit members  | Spouse members   |
| <p><b>Exit fees</b><br/>Super funds are no longer able to charge exit fees. An exit fee is generally a fee to recover the costs when you withdraw or transfer money out of a fund.</p>  | No exit fees when withdrawing or transferring money out of the Plan from 1 July 2019.   |   |  |
| <p><b>3% cap on certain fees for small accounts</b><br/>Account balances less than \$6,000 will be subject to a 3% per year cap on the amount of administration and investment fees that can be charged.</p>  | No change, as Oracle pays for administration fees on your behalf.<br><br>Also, the Trustee has already negotiated investment fees which fall under the cap. | No change expected, as the Trustee has negotiated administration and investment fees which fall under the cap.  | Same as for Employee members.  |
| <p><b>'Inactive' members and insurance cover</b><br/>If your account has been 'inactive' for a continuous period of 16 months, a fund can only provide you with insurance cover if you have elected to receive the insurance cover.<br/><br/>You are considered to be 'inactive' if you have not had any contributions or rollovers into your account over the relevant period. Super funds are required to write to you to warn you that your insurance cover will stop, unless you elect for the cover to continue.</p>   | No impact expected, as all members must have Superannuation Guarantee contributions paid to the Plan to be eligible for insurance cover.                    | No impact – there is no insurance cover provided under the Plan once you leave Oracle.  | May apply. The Plan Administrator wrote to affected Spouse members on 1 May 2019.  |
| <p><b>Small inactive accounts</b><br/>Inactive accounts that are less than \$6,000 will be required to be paid to the ATO. The ATO will consolidate your small inactive accounts within 28 days after they are satisfied they have correctly identified an active super account for you.<br/><br/>It is important to note that the definition of 'inactive' is different to the insurance test mentioned above. Generally, you will not be considered 'inactive' if you have made a contribution or rollover, an investment change, lodged a binding nomination or made a change to your insurance in the last 16 months.</p> | Little or no impact expected, as it would be rare for Employee members to satisfy this definition of 'inactive'.  | Unlikely to be any impact, as the Plan requires a minimum balance of \$10,000 to join the Retained Benefit section.<br><br>However, if you are affected, the Plan Administrator will write to you when the money has been moved to the ATO. Contact the Plan Administrator on <b>1800 127 953</b> if you need to update your address. | May apply.<br><br>If you are affected, the Plan Administrator will write to you when the money has been moved to the ATO. Contact the Plan Administrator on <b>1800 127 953</b> for more information and assistance. |

## Royal Commission update

In February, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released its final report. A number of recommendations were made for the superannuation industry, which have been endorsed by both the Government and the Opposition. However, it is still a long way before the recommendations can be turned into actions, as legislation will need to be passed.

The Trustee does not expect any significant changes to the Plan as a result of the recommendations. This is because the Oracle Superannuation Plan is a not-for-profit fund, sponsored by Oracle and run for the benefit of employees (as well as former employees and spouses of employees). We will keep you informed of developments.

## What are the latest super thresholds?

Super thresholds are usually set by the Government from 1 July each year. Below are some for 2019/20.

### Government co-contribution

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 \$53,564 a year. The maximum co-contribution is \$500 per year, which reduces by 3.33 cents for every dollar of income above \$38,564, with no co-contribution payable once your income reaches \$53,564. 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 <sup>#</sup>  |
|---|---|--|
| <b>What is the annual limit?</b>                                | \$25,000 <sup>##</sup>                        | \$100,000, however, if your total superannuation balance on 30 June 2019 was more than \$1.6 million any non-concessional contributions you make in the 2019/20 year will be excessive |
| <b>What tax applies if my contributions are within the cap?</b> | Generally 15% contributions tax* <sup>^</sup> | Nil  |

<sup>#</sup> 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 2019 was greater than \$1.4 million. Transitional rules apply up to 30 June 2019 if you brought forward contributions in 2016/17.

<sup>##</sup> From 1 July 2019, you may be able to make extra concessional contributions above the cap, if you did not use all of your concessional cap in the 2018/19 year. This option is only available if your total superannuation balance on 30 June 2019 was less than \$500,000. Unused cap amounts can be carried forward for a maximum of five years.

\* If your relevant income is **over \$250,000 per year**, you may receive an additional tax assessment on your concessional contributions from the ATO.

<sup>^</sup> 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  |
|--|--|---|
| <b>How much tax applies to the excess if I exceed the limit?</b> | Your marginal tax rate less 15% (reflecting tax already paid by the Plan), plus an interest charge | <p><b>If you withdraw the excess from superannuation:</b><br/>Nil tax on contributions. Associated earnings (see box to the right) taxed at your marginal tax rate</p> <p><b>If you leave the excess in superannuation:</b> 47%</p> |

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 2019/20 financial year, it is expected that the administration fees paid by Oracle for Employee members will be around \$510 per member and annual insurance fees (for eligible members) will be around 0.7% of your salary. If you made after-tax contributions and choose to claim a tax deduction for them, these will also count as concessional contributions.

**Non-concessional contributions** include after-tax contributions for which you haven’t claimed a tax deduction, 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.

## Super decoder



### 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.

# 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), and consultant to the Plan. See “Who advises the Plan?” to the right for more information.

### Super decoder

**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. The number of positions on the Policy Committee was recently increased from six to eight. Half are elected by members and the other half are appointed by the Company.

During the year, the Trustee called for nominations for the Policy Committee. As four nominations were received, no election was required. Congratulations to both returning and new representatives to the Committee. Thank you to outgoing member-elected representatives Pravesh Babhoota and Juneed Ali for their contributions to the Committee.

At 31 May 2019, members of the Policy Committee were:

| Member-elected    | Company-appointed  |
|-------------------|--------------------|
| Mark Ferguson     | Tushar Bind*       |
| James Kellagher*  | Gareth Hunt        |
| Paul Kortenhorst* | Brett Reeves       |
| Cathy Meng*       | Catherine Reynolds |

\* New Policy Committee members.

The next Policy Committee election will be held in March 2022.

## 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.

|                               |   |
|-------------------------------|---|
| <b>Consultant and actuary</b> | Towers Watson Australia Pty Ltd   |
| <b>Administrator</b>          | Towers Watson Australia Pty Ltd (outsourced to Australian Administration Services Pty. Limited ABN 62 003 429 114 (AAS) a Corporate Authorised Representative (No. 307946) of Pacific Custodians Pty Limited ABN 66 009 682 866, AFSL 295142) |
| <b>Investment consultant</b>  | Towers Watson Australia Pty Ltd   |
| <b>External auditor</b>       | Deloitte Touche Tohmatsu  |
| <b>Insurer</b>                | AMP Limited (up to 31 May 2019)<br>MetLife Insurance Limited (from 1 June 2019)   |

## 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 satisfied with the Trustee's response to your complaint, you may contact the Australian Financial Complaints Authority (AFCA), except in relation to privacy-related matters. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

There are some complaints that AFCA cannot consider such as complaints relating to the management of the Plan as a whole. In addition, time limits may apply.

Please contact the Plan Administrator on **1800 127 953** or refer to AFCA's website at <http://www.afca.org.au> as soon as possible for further information.

You can contact AFCA at:

Australian Financial Complaints Authority  
GPO Box 3  
MELBOURNE VIC 3001

Email: [info@afca.org.au](mailto:info@afca.org.au)  
Tel: 1800 931 678

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](mailto: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. It will 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, your benefit 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; or
- You are a Retained Benefit section member, Australia Post returns any documents mailed to your home address and you don't notify the Trustee of your new address within the next three months.

The ERF is:



The Administrator  
SuperTrace  
Locked Bag 5429  
Parramatta NSW 2124



1300 788 750



[www.supertrace.com.au](http://www.supertrace.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 paper 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.

### Super decoder

#### 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.



# Financial summary

Here is a summary of the Plan's unaudited financial accounts for the year to 31 May 2019. The audit is expected to be finalised by the end of August 2019. The audited financial accounts and auditor's report will be available on request from the Plan Administrator on **1800 127 953** after that date.

Cash assets include amounts in the Plan's bank account. All contributions due at 31 May 2019 have now been paid to the Plan.


| <b>STATEMENT OF FINANCIAL POSITION</b>                         | <b>2019</b>        | <b>2018</b>        |
|--|--------------------|--------------------|
|  | <b>\$</b>          | <b>\$</b>          |
| <b>Assets</b>  |                    |                    |
| Cash and cash equivalents                                      | 5,307,032          | 4,076,659          |
| Receivables  | 339,023            | 2,078,907          |
| Investments  | 320,560,231        | 311,027,625        |
| Deferred tax assets  | 40,729             | 38,220             |
| <b>Total assets</b>  | <b>326,247,015</b> | <b>317,221,411</b> |
| <b>Liabilities</b>   |                    |                    |
| Payables   | 287,177            | 516,388            |
| Income tax payable   | 1,322,191          | 1,216,519          |
| Deferred tax liabilities                                       | 4,051,728          | 3,903,341          |
| <b>Total liabilities excluding member benefits</b>             | <b>5,661,096</b>   | <b>5,636,248</b>   |
| <b>Net assets available for member benefits</b>                | <b>320,585,919</b> | <b>311,585,163</b> |
| <b>Member benefits</b>   |                    |                    |
| Allocated to members   | 318,829,987        | 309,960,645        |
| Unallocated to members   | 11,903             | 500                |
| <b>Total member liabilities</b>                                | <b>318,841,890</b> | <b>309,961,145</b> |
| <b>Financial position (net assets less member liabilities)</b> | <b>1,744,029</b>   | <b>1,624,018</b>   |
| <b>CHANGE IN FINANCIAL POSITION DURING THE YEAR</b>            |                    |                    |
| Interest revenue   | 41,244             | 46,469             |
| Investment income  | 18,806,772         | 18,789,017         |
| Other income   | 2,965,491          | 3,292,377          |
| Total expenses   | (3,577,248)        | (3,864,180)        |
| Net change in member liabilities                               | (16,780,867)       | (16,860,427)       |
| Income tax (expense) / benefit                                 | (1,335,381)        | (1,317,419)        |
| <b>Total change in financial position</b>                      | <b>120,011</b>     | <b>85,837</b>      |

# Contact us


For enquiries or any complaints:

## The Plan Administrator

Oracle Superannuation Plan

 PO Box 1442, Parramatta NSW 2124

 1800 127 953

 oraclesuperadmin@linksuper.com


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


You can also contact:

## Human Resources


Oracle Corporation Australia Pty Ltd and


Oracle Global Services Australia Pty Ltd

 4 Julius Avenue, North Ryde NSW 2113

 humanresources\_au@oracle.com

Oracle Financial Services Software Pte. Ltd.

 Level 4, 417 St Kilda Road, Melbourne VIC 3004

 (03) 8616 3218