



The Aracon Superannuation Fund

**ABN 40 586 548 205
RSE Registration Number R1001020**

Annual Report

30 June 2019

Issued by Aracon Superannuation Pty Ltd
ABN 13 133 547 396
AFS Licence Number 507184
RSE Licence Number L0003384

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Contact Details

If you have any questions or would like more information about The Aracon Superannuation Fund (the “Fund”), please contact the Trustee as follows, or the promoter for the relevant sub-plan:

Aracon Superannuation Pty Ltd
ABN 13 133 547 396 RSE Licence Number L0003384
AFS Licence Number 507184

Address: Level 12, 500 Collins Street, Melbourne Vic 3000
Postal: PO Box 482 Collins Street West Vic 8007
Telephone: 1300 669 891
Facsimile: 03 9629 2550
Email: info@araconsuper.com.au

Welcome

We are pleased to present you the Annual Report for members of the Aracon Superannuation Fund for the year ended 30 June 2019.

This report gives you information about the Fund as at 30 June 2019, including its management and how the Fund’s investments have performed. As at 30 June 2018, the Fund’s investments consisted of investments made for members with Superannuation Accounts and/or Pension Accounts.

The information provided in this report is of a general nature and does not take into account your individual objectives, financial situation or needs. If you would like specific advice you should contact your Financial Adviser.

Important Information

This annual report has been prepared to provide members with information that the Trustee reasonably believes is needed for the purpose of understanding the management, financial condition and investment performance of the Fund. It has been prepared by the Trustee and should be read in conjunction with your annual member statement.

Information is available for the purposes of understanding any of your benefit entitlements; the main features of the Fund; or to assist you make an informed judgement about the investments, the investment performance, the management or the financial condition of the Fund and its various divisions or investment options. This may include copies of the Fund's Trust Deed, the Product Disclosure Statement ("PDS") for the relevant sub-plan, and previous editions of the Annual Report, or other more specific information about your membership account. These are available to you at no cost by contacting the Trustee and requesting a copy.

The information contained in this report is of a general nature only and has been prepared without taking into account your personal investment objectives, financial situation or needs. Before making any decision concerning your investment in the Fund, you should consider seeking professional advice from a licensed or authorised advisor. You should also consider the information contained in the PDS for the relevant sub-plan.

The Trustee or any of its service providers do not guarantee the investment performance or the repayment of capital in The Aracon Superannuation Fund. Investments in the Fund are subject to risk, including the loss of income and capital invested. The Trustee believes the information contained in this report is accurate and reliable at the date of issue of 5 December 2019. Whilst all due care has been taken in its preparation, the Trustee reserves the right to correct any errors or omissions.

About The Aracon Superannuation Fund

The Aracon Superannuation Fund (the "Fund"), which commenced on 24th December 2004, is a boutique public offer superannuation fund master trust that has been designed for employees, their employer sponsors, self-employed persons, retirees and other eligible individuals who wish to take advantage of the favourable taxation concessions available to superannuation funds as part of their retirement savings strategy.

The Fund is a member directed Fund, generally only available to members who have appointed a financial adviser, however the Fund allows direct to consumer members to join particular sub plans where those members exercise investment by directing the Trustee in relation to investment strategies and options. The Fund is comprised of a number of discrete sub-plans, each with distinct fund promoters, business strategies, investment strategies and investment managers. Further detail on each of the sub-plans is included within this report.

The Trustee of the Fund is Aracon Superannuation Pty Ltd ("**Aracon**"), a wholly owned subsidiary of Xplore Wealth Limited (Xplore), an ASX listed Financial Services Company (formerly Managed Accounts Holdings Limited ("**MGP**") purchased Aracon Superannuation Pty Ltd on 31st October 2018 from ARA Consultants Pty Ltd.

Disclosures about the Trustee, including remuneration information and other documents about the Fund can be located at www.araconsuper.com.au

Important Changes that occurred during the 2019 Financial Year

During the year, a number of significant changes occurred to the Fund.

On 31st October 2018, Aracon Superannuation Pty Ltd, the RSE of the ARA Retirement Fund was acquired by Xplore Wealth Limited.

On the 4th December 2018, the ARA Retirement Fund was renamed the Aracon Superannuation Fund after the Aracon Board approved the Consolidated Trust Deed. Sub Plans were created as a result of the changes.

On the 10 May 2019, members of the Fund were advised that from the 10 June 2019, DIY Master Pty Ltd (DIY), a subsidiary of Xplore, would be appointed as the Fund Administrator replacing SuperBPO. The transition to DIY has now been completed to the satisfaction of the Trustee.

As at the 30 June 2019, there were four (4) discrete approved Sub Plans of the Fund namely:

1. ARA Retirement Fund Sub Plan
2. FairVine Sub Plan
3. Xplore Super & Pension Sub Plan
4. Oracle Superannuation Plan Sub Plan

Management of the Fund

The Trustee

Aracon Superannuation Pty Ltd
ABN 13 133 547 396 RSE Licence Number L0003384
AFS Licence Number 507184
Level 12, 500 Collins Street
Melbourne Vic 3000

The Trustee holds appropriate indemnity insurance as protection against certain claims that are subject to the terms of that policy. The Trustee has not been issued any penalties under the Superannuation Industry (Supervision) Act 1993, the Corporations Act 2001 or any other applicable legislation.

The Directors of Aracon Superannuation Pty Ltd have consented to the issue of this Annual Report.

Contacting the Fund Administrator

Fund Administrator : DIY Master Pty Ltd
(ABN 41 123 035 245) (AFSL number 312431)
Contact : Client Service Officers
Postal Address : P O Box 7540 GCMC QLD 9726
Ph : (07) 5555 5656
Toll free : 1800 814 005
E-mail : info@diymaster.com.au
Location : Suite 4G, 109 Upton Street Bundall QLD 4217

You should contact the Fund Administrator if you wish to:

- advise a change of your name or address;
- change your preferred beneficiary in relation to your death benefit from the Fund;
- apply to increase or change your insurance cover;
- claim a benefit from the Fund;
- make a complaint;
- obtain information regarding your membership or the benefits the Fund provides; or
- receive a copy of Fund's audited accounts, the auditor's report, or the Trust Deed (the governing rules of the Fund); including a copy of this Annual Report free of charge.

Details of the Fund's other Service Providers are set out on Page 9 of this Annual Report.

Legislative Updates

Legislative changes known as the Protecting Your Superannuation Package came into effect from 1 July 2019. The aim of these changes is to ensure your super is not eroded by unnecessary insurance premiums and fees.

The changes include:

- The cancellation of your insurance in the Fund if your account has been inactive (has not made a contribution or rollover to the fund for a continuous period of 16 months), unless you elect in writing to retain your insurance cover.
- Consolidation of multiple accounts that you may hold by transferring inactive low balance accounts with no insurance and a balance of less than \$6,000 to the Australian Taxation Office. For this purpose, an inactive account is defined as an account that, for the past 16 consecutive months, has not received a request to change to insurance arrangements or, investment options, amend or make a binding nomination, or has not received a rollover or contribution into the account and the member has not given notice to the Commissioner of Taxation that the account is not inactive.

- Protection of low balance super accounts (ie accounts with a balance below \$6,000 on the last day of the financial year or at the time of closing your account) by implementing a cap of 3% per annum on administration and investment fees and certain costs and abolishing exit fees.

Voluntary Insurance Code of Conduct

The Insurance in Superannuation Voluntary Code of Practice (the Code) commenced on 1 July 2018 and Aracon has committed to complying with the Code.

In December 2018, and updated on 22 October 2019, we published our transition plan on the website www.araconsuper.com.au which outlines how we will adopt the key requirements of the Code by the implementation deadline 30 June 2021.

Eligible Rollover Fund

If your account balance remains less than \$1,000 and the Trustee is unable to contact you or you do not respond to requests to transfer your benefit, your benefit may be transferred to:

Super Safeguard Fund
ABN 13 917 747 013
RSE Registration Number R1001389

GPO Box 3426
Melbourne Vic 3001
Telephone: 1300 135 181
Facsimile: 1300 135 191
Email: enquiries@supersafeguard.com.au
Website: www.supersafeguard.com.au

The Super Safeguard Fund has different benefits, fees and investments to The Aracon Superannuation Fund. Where the Trustee is able to contact you, it will endeavour to confirm and provide you with the relevant details of any such transfer. Upon payment of your benefit to the eligible rollover fund, your membership of this Fund and any insurance cover will cease.

Member Accounts

Individual accounts are maintained for each member that records your personal details, transaction amounts, investment selections, insurance covers (if applicable) and other information required to manage and report on your superannuation. Your benefits are generally based on the sum of your account balance.

MySuper

The Trustee has not sought approval for a MySuper product within The Aracon Superannuation Fund.

Enquiries and Complaints

If you have any inquiries or complaint about the Fund or your membership account, please contact the Enquiries and Complaints Officer care of the Trustee per the contact details are shown on page 1 of this Annual Report.

Reasonable endeavours will be made to provide a response as soon as practicable but no longer than 90 days (regarding an extremely complex matter).

If you are not satisfied with the outcome of this process after the 90 day period, you may contact the Australian Financial Complaints Authority (AFCA). AFCA replaced the Superannuation Complaints Tribunal from 1st November 2018. They are an independent tribunal established to resolve complaints by way of conciliation between the parties.

Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001

Phone: 1800 931 678
Email: info@afca.org.au
Internet: www.afca.org.au

Labour Standards, Environmental, Social or Ethical Considerations

The Trustee does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments for the Fund. However, underlying fund managers may do so in their own right, although this is not on behalf of the Trustee.

Reserves - General

The Trustee's policy is to allow any investment returns (less applicable fees, costs and taxes) to flow through to the relevant unit prices, where they are calculated, of each investment strategy. As a result, the Trustee does not intend to hold any investment reserves. A reserve may exist from time to time due to rounding of the relevant unit prices, timing delays in the allocation of transactions to member accounts; or reporting or timing differences associated with the taxation of the Fund's investments. These amounts are generally classified as "not yet allocated" to member accounts in the Fund's financial statements. The amounts for the past four years represented 0% of the Fund's net assets as follows:

30 June 2019	\$121
30 June 2018	\$0
30 June 2017	\$0
30 June 2016	\$0

Amounts not yet allocated to member accounts are generally retained in the Fund's cash operating accounts until allocated to the relevant investment option in the subsequent period.

Operational Risk Financial Requirement ("ORFR")

From 1 July 2013, the Trustee has been required to hold, and have unfettered access to, financial resources in the form of operational risk reserves that can be used in the event of certain operational risk events. The amounts held as at 30 June 2019 were:

	Year Ended 30 June 2019	Year Ended 30 June 2018	Year Ended 30 June 2017
ORFR maintained in The Aracon Superannuation Fund for the members of the ARARF Sub Plan (\$791,694)	\$794,054	\$791,694	\$791,694
ORFR maintained by Aracon Superannuation Pty Ltd for the members of the ARARF Sub Plan	\$250,114	\$250,114	\$254,782
Total ORFR Reserve at Fund Level	\$1,044,168	\$1,041,808	\$1,046,476

The ORFR is invested in cash.

The ORFR held as at 30 June 2019 includes the ORFR held on behalf of FairVine. The Trustee also holds Trustee Capital in addition to that maintained for the members of the ARARF Sub Plan.

Derivatives

The Trustee does not directly invest in derivatives; however, underlying investment managers may invest in derivatives such as futures and options in order to gain exposure to investment markets and to manage the risks associated with market prices, interest rates and currency fluctuations. The Trustee will not use derivatives for gearing of investments or for speculative purposes.

The investment manager will from time to time employ investment strategies using options, primarily for the purpose of generating additional income and/or reducing the risk profile of the portfolio. Options will not be used to leverage or increase the risk profile of the portfolios.

Allocation of Earnings

The dollar amount of net earnings disclosed in your account summary is calculated by reference to the change in value of the underlying investments allocated to your account for each transaction processed. Where unit prices are calculated for each of the Sub Plan's investment options they are calculated on a regular basis, generally at the end of each week, and take into account any realised and unrealised investment gains as well as fees, costs and taxes of the Fund that are not already deducted from member accounts.

The actual rate of return of your account may be different to the Fund's published returns for each investment option due to the timing and value of the transactions processed in your account.

Trustee Board

Aracon has an independent Board and also specialist Board Committees focussing on Investment Governance, as well as Audit, Risk, Compliance and Complaints. The Aracon Board combines strength of commercial business knowledge with an impressive depth of Trustee and superannuation expertise.

Peter Brook

Executive Director of Aracon and the current Chair of the Remuneration Committee, having been appointed on 31st October 2018. Peter is also a member of the Audit, Risk, Compliance and Compliance Committee.

Peter was the former chief executive and managing director of major superannuation administrator Pillar Administration, a NSW government-owned entity. He successfully led the overhaul of its operating model, technology, and member services. Pillar managed 1.1 million-member accounts holding \$110 billion in funds at the time of its sale to Mercer in December 2016. Peter's 40-year career also includes executive and director roles at StatePlus, Alinta Energy, Challenger Financial Services Group, MLC and Grant Thornton.

Peter is also a Non-Executive Director of the Xplore Wealth Group, Chairman of the and the Audit Risk and Compliance Sub Committee (Audit and Finance), Chairman of the Remuneration and Nomination Committee and a member of the Audit Risk and Compliance Sub Committee (Risk and Compliance).

Peter holds Bachelor of Commerce. AICA, M Mngt, GAICD, GAIST

Alan Hayden

Non-Executive Director and Chair of the Audit, Risk, Compliance and Complaints Committee

Alan is a Non-Executive Director of Aracon and the current Chair of the Audit, Risk, Compliance and Claims Committee. Alan was appointed as a Director on 30th March 2015. Alan served as the Chair of Aracon from 2015 until 31 October 2018.

Alan holds a Bachelor of Commerce; Bachelor of Accountancy; Higher Diploma in Company Law; RG146 Compliant; Chartered Accountant, Australia and has external compliance committee and responsible manager appointments, with a depth of experience in the funds management industry.

Debra Comben

Non-Executive Director

Debra has been an Executive Director of Aracon since being appointed on 3rd October 2008

Debra is the General Manager – Business Operations at ARA Consultants Limited (ARA), a financial planning practice and Promoter of the ARA Retirement Fund Sub Plan of the Aracon Superannuation Fund. Debra played an integral part in the operation of the Fund until the transfer of ownership of the Trustee to Xplore Wealth Limited. Debra was the ARA Retirement Fund Secretary from 23 December 2017 until 31 October 2018.

Debra is responsible for the managing the overall workplace infrastructure and all outsourced arrangements of ARA, which is the Responsible Entity of the ARA Investment Fund.

Prior to joining ARA, Debra was a financial planner with a leading specialist financial planning and funds management organisation.

Debra holds a Diploma in Financial Planning.

Board Committees

The Board has established three Sub Committees to assist in the management of the Fund.

<u>Investment Committee</u>	Established 30 January 2019	Did not meet during the period
<u>Audit, Risk, Compliance and Complaints Committee</u>	Established 30 January 2019	Members: Alan Hayden – Chair Peter Brook Debra Comben (acting committee member)
<u>Remuneration Committee</u>	Established 30 January 2019	Members: Peter Brook – Chair

Financial Information

The following is abridged financial information for the Fund, which has been extracted from the audited fund accounts. A copy of the audited fund accounts, including the auditor's report, is available at: <https://www.araconsuper.com.au>

	30 June 2019	30 June 2018
Net assets at start of year	\$329,589,429	\$321,170,902
Investment and other revenue		
Interest	20,626	34,265
Distributions from investments	22,498,974	8,961,155
Movements in net market values	(10,220,916)	6,391,384
Investment fund fee rebates	1,287,799	1,283,624
Trustee Fee Rebate	102,376	100,920
Other income	-	3,197
Contribution revenue		
Non-taxable contributions	5,478,294	5,164,392
Taxable contributions	2,590,794	1,711,676
Transfers from other funds	15,355,001	9,142,719
Total revenue	\$37,112,948	\$32,793,332
Expenses and outgoings		
General administration expenses	721,845	338,094
Insurance premiums	57,111	96,363
Other expense	4,507	296
Income tax expense / (benefit)	(928,669)	(319,464)
Benefits and pensions paid	32,235,790	24,259,516
Net assets at end of year	\$334,611,793	\$329,589,429
Represented by:		
Investments		
Cash and cash equivalents	6,919,546	4,939,846
Units in managed funds – ARA Investment Fund	317,571,114	324,408,211
Investments in Listed Equities, Trusts and other assets	10,642,053	-
Other assets		
Deferred tax asset	235,041	-
Current tax asset	-	487,655
Other assets	7,034	16,019
Trustee Fee rebate	102,376	100,920
Total assets	\$335,477,164	\$329,952,651
Liabilities		
Accounts payable and accrued expenses	650,269	80,153
Deferred tax liabilities & Current Tax Liabilities	215,102	283,069
Total liabilities	\$865,371	\$363,222
Net assets	\$334,611,793	\$329,589,429
Allocated to members' accounts	333,817,618	328,797,735
Not yet allocated	-	-
Operational Risk and Financial Requirement reserve	794,054	791,694
Expense Reserve	121	-
Liability for accrued benefits	\$334,611,793	\$329,589,429

Service Providers to the Aracon Superannuation Fund

ARA Retirement Fund Sub Plan		
National Australia Bank Limited	ABN 12 004 044 937	Custodian
ARA Consultants Pty Ltd	ABN 78 102 304 692	Sub Plan Promotion and Asset Consultant
FairVine Sub Plan		
Human Financial Pty Ltd	ABN 14 615 610 305	Sub Plan Promotion
Xplore Super Sub Plan		
Margaret Street Promoter Services Pty Ltd	ABN 23 153 446 210	Sub Plan Promotion
Investment Administration Services Pty Ltd	ABN 86 109 199 108	Investment Management
Oracle Superannuation Plan Sub Plan		
Oracle Investment Management Pty Ltd	ABN 15 149 971 808	Investment Management
All Sub Plans		
J.P. Morgan Chase Bank (except ARA Retirement Fund)	ABN 43 074 112 011	Custodian
DIY Master Pty Ltd	ABN 41 123 035 245	Fund Administration
Hannover Life Re of Australasia Ltd	ABN 37 062 395 484	Group Insurer
TAL Life Ltd	ABN 70 050 109 450	Retail Insurer

Internal Auditor

MVA Bennett
ABN 48 647 105 185

The Trustee appointed MVA Bennett as the Fund's internal auditor for the year ended 30 June 2019.

External Auditor

William Buck
ABN 59 116 151 136

The Trustee appointed William Buck as the Fund's external auditor for the year ended 30 June 2019.

Fund Objectives and Strategy

The Fund offers multi-sector investment strategies across its Sub Plans.

Members can either implement their portfolio through a single strategy or a blend of strategies at their own discretion with the assistance of their Financial Adviser according to their needs and circumstances. Members of FairVine exercise investment choice by directing the Trustee in relation to investment strategies and options.

The objectives of the various Fund strategies are to achieve a return by a blend of growth and income assets that suit the risk profile of the individual members.

Growth Assets are those assets whose prices are determined by their value as assessed by market trading and may be based on factors such as ability to outperform inflation or capability of growth in earnings. Growth assets include Australian listed shares, International securities (hedged and unhedged), alternative assets (such as commodities, venture capital and infrastructure) and property securities.

Income Assets are those assets whose value is based on a steady stream of predictable income, with repayment of the capital invested after a specified period. The price of the asset is often determined by both income stream and the current level of interest rates. Income assets include term deposits, government bonds, corporate bonds, International fixed interest (hedged or unhedged) and other debt based instruments.

Asset Classes

Australian Shares	<p><u>Investment Objective:</u></p> <p>To provide investors with growth and/or income in the value of their investments over rolling five-year periods and longer, primarily through exposure to Australian listed shares in a variety of market sectors. Investment options in this strategy will suit investors who are seeking to invest in the Australian share market and who accept a significant chance of a negative return in any one year.</p>
International Shares	<p><u>Investment Objective:</u></p> <p>To provide investors with growth and/or income in the value of their investments over rolling five-year periods and longer, primarily through exposure to listed shares from around the world, in a variety of countries, geographical regions and industry sectors. Investment options in this strategy will suit investors who are seeking to invest in international share markets and who accept a significant chance of a negative return in any one year.</p>
Australian and International Listed Property Securities & Infrastructure Assets	<p><u>Investment Objective:</u></p> <p>To provide investors with income and some growth in the value of their investments over rolling three to five-year periods primarily from exposure to property & infrastructure related listed securities in Australia and from around the world. Investment options in this strategy will suit investors who wish to place greater emphasis on income returns than with shares but maintain some growth in the value of their investment over the long term and accept that returns over the short term may fluctuate or even be negative.</p>

Alternative Assets	<p><u>Investment Objective:</u></p> <p>To provide investors with the prospect of generating returns with a low correlation to the direction of the share and bond markets. Investment options in this strategy are generally not managed to track a specific index such as the All Ordinaries, Dow Jones or MSCI and may invest in both physical securities and derivatives and may use high levels of cash or leverage with a clear goal to deliver absolute returns. Investment options in this strategy will suit investors who are seeking positive returns over periods of at least three years and longer and are willing to accept different sources of risk than those associated with traditional investment strategies.</p>
Australian Fixed Interest	<p><u>Investment Objective:</u></p> <p>To provide investors with returns that are above inflation and cash over rolling three-year periods through exposure to Australian fixed interest securities. Investment options in this strategy will suit investors who want to maintain the value of their investment over the medium term and accept that returns over the short term may fluctuate or even be negative.</p>
International Fixed Interest	<p><u>Investment Objective:</u></p> <p>To provide investors with returns that are above inflation and cash over rolling three-year periods through exposure to fixed interest securities from around the world. Investment options in this strategy will suit investors who want to maintain the value of their investment over the medium term and accept that returns over the short term may fluctuate or even be negative.</p>
Cash Plus	<p><u>Investment Objective:</u></p> <p>To provide investors with returns that are higher than cash returns over rolling one-year periods through exposure to a range of cash, short-dated fixed interest securities and directly, or indirectly, in first ranking mortgages. Investment options in this strategy will suit investors seeking returns slightly higher than those available from cash investments and want to maintain the value of their investment over the short term and accept that returns over the short term may fluctuate with a low risk of capital loss.</p>
Cash	<p><u>Investment Objective:</u></p> <p>To provide investors with returns that are at least equivalent to 'at call' bank deposit rates through exposure to a range of short term government, bank backed and corporate securities. Investment options in this strategy will suit investors seeking high investment liquidity for short periods with no risk of capital loss.</p>

The ARA Retirement Fund Sub-plan

Promoter and Investment Manager

ARA Consultants Limited
 ABN 78 102 304 692 AFS Licence Number 224150
 Address: Lakeland Place, Level 1, 17 Cotham Road Kew VIC 3101
 Postal: PO Box 2273, Kew, VIC 3011
 Telephone: (03) 9853 1688
 Facsimile: (03) 9853 1622
 Email: info@araconsultants.com.au
 Internet: www.araconsultants.com.au

ARA Consultants Limited is the Promoter of The ARA Retirement Fund Sub-plan. It is also appointed as the asset consultant for the Sub-plan and the investment manager of The ARA Investment Fund, in which the Trustee currently invests the assets of the Sub-plan in.

Investment Strategy

The ARARF Sub Plan offers a choice of three investment strategies, as detailed below.

Strategy Name	Defensive		Growth		Equities	
Management Strategy	Invests in a variety of assets designed to provide an attractive income yield, greater in aggregate than bank bills or term deposits, but still highly liquid.		Invests in growth assets, some listed on stock exchanges, some unlisted. These assets may include shares, property, interest bearing and unlisted securities.		Invests predominantly in growth assets, some listed on the stock exchanges and may also include unlisted, interest bearing and international securities.	
Type of Investors for whom it is intended to be suitable for	Designed for investors with a low tolerance to fluctuation in the value of their portfolio and who are content to accept a lower long term return as a consequence.		Designed for investors with a high tolerance to short-term fluctuation in the value of their portfolio, in the pursuit of a more attractive medium term return.		Designed for investors with a high tolerance to short-term fluctuation in the value of their portfolio, in the pursuit of a more attractive long term return.	
Asset Classes	Allowable Range (%)	Current Strategic Benchmark (%)	Allowable Range (%)	Current Strategic Benchmark (%)	Allowable Range (%)	Current Strategic Benchmark (%)
Defensive Assets	55-100	85	10-70	40	0-75	11
Growth Assets	0-50	15	10-100	60	25-100	89
Investment Return Objectives	To exceed the Reserve Bank of Australia Cash Rate by at least 1% per annum, before tax and after fees and expenses, over rolling three year periods.		To exceed the Reserve Bank of Australia Cash Rate by at least 3% per annum, before tax and after fees and expenses, over rolling five year periods.		To exceed the Reserve Bank of Australia Cash Rate by at least 4% per annum, before tax and after fees and expenses, over rolling five year periods.	

Minimum suggested Time for Investment	Up to 3 years	4-7 years plus	7 years plus
Standard Risk Measure*: Risk Band and Label	Risk Band 3: Low to Medium	Risk Band 5: Medium to High	Risk Band 6: High
Estimated number of negative annual returns over any 20 year period	Less than 2	3 to less than 4	4 to less than 6

* The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. The measure includes seven bands where 1 represents the least risk of negative returns and 7 represents the highest risk of negative returns. Note that this is not a complete assessment of all forms of investment risk, e.g. It does not take into account the size of a negative return or that positive returns may not be sufficient to meet your objectives, the impact of fees and tax on the likelihood of a negative return. Members should ensure they are comfortable with the risks and potential losses associated with their chosen investment strategy.

The Trustee regularly reviews and modifies its strategic asset allocations using its model of long-term return expectations. Specific investments held within the various investment strategies may frequently change as the ARARF Sub Plan is actively and continuously managed on behalf of its members. The Trustee, in conjunction with the ARARF's Asset Consultant, may change how the investment strategies are designed and invested, including any underlying investment managers, allowable or strategic asset ranges, and the addition or removal of investment strategy options. Where these changes are considered material or significant to your investment, the Trustee undertakes to notify you or provide updated information which can be accessed at www.araconsultants.com.au.

The Trustee does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments for the ARARF Sub Plan. However, underlying investment managers may do so in their own right, although this is not on behalf of the Trustee.

The investment strategy of the Sub-plan is detailed in the PDS for the Sub-plan, which is available at: <https://www.araconsuper.com.au>

Investment Holdings

For the year ended 30 June 2019, all of the ARA Retirement Fund Sub Plan's investments were held in The ARA Investment Fund (ARAIF).

The underlying holdings of the ARAIF as at 30 June 2019 are detailed below. This table includes investments approved and committed at 30 June 2019.

	Asset Class	Defensive	Growth	Equities
National Australia Bank at Call Deposits	Cash & Tier 1 Fixed Interest	2.5%	6.0%	15.7%
National Australia Bank Term Deposits		22.5%	16.1%	5.4%
Challenger Life Guaranteed Annuities		31%	11.0%	0.0%
Smarter Money Cash Fund		8.6%	8.6%	2.6%
Betashares ETF		3.0%	0.0%	0.0%
Cash and Tier 1 Fixed Interest – total		67.6%	41.1%	23.7%

Smarter Money Income Fund	Other Fixed Interest	6.2%	1.7%	7.1%
Infradebt Other Fixed Interest		0.0%	1.3%	4.8%
Other Fixed Interest - total		6.2%	3.0%	11.9%
River Capital Growth Fund	Listed Securities	2.3%	10.9%	6.3%
Sterling Equity		5.0%	8.8%	11.7%
Anacacia Wattle Fund		3.0%	8.0%	6.0%
Pentalpha Income for Life		4.0%	0.0%	0.0%
Betashares Aust Sustainable ETF		0.0%	4.2%	12.4%
Future Generation Global		0.0%	0.0%	4.3%
Vanguard World Ex-US ETF		0.5%	2.6%	6.8%
Vitalharvest Trust		0.0%	0.0%	2.0%
Listed Securities – total		14.8%	34.5%	49.5%
Anacacia Capital	Private (Unlisted) Equity	2.1%	5.2%	5.2%
Cobram Estate		2.0%	2.2%	1.1%
Polaris Marine		1.9%	3.5%	2.3%
Hastings Utilities Trust		0.0%	4.5%	2.3%
Proserpine Capital Partners		5.4%	5.4%	4.0%
Unlisted Investments - total			11.4%	20.8%
Total		100.0%	100.0%	100.0%

Investment Performance of the ARA Retirement Fund Sub Plan

Period	Defensive		Growth		Equities	
	Accumulation	Pension	Accumulation	Pension	Accumulation	Pension
Year ended 30 June 2019	2.9%	3.5%	3.7%	4.4%	5.1%	5.8%
Compound average annual rate of net earnings for 5 years ended 30 June 2019	3.6%	4.1%	5.9%	6.6%	5.6%	6.5%
Compound average annual rate of net earnings for 10 years ended 30 June 2019	4.5%	4.9%	6.9%	7.5%	7.1%	Not Applicable
Compound average annual rate of net earnings since inception to 30 June 2019	4.0%	4.5%	5.4%	6.1%	5.9%	6.3%

All investment options shown in the above table commenced on 29 April 2005 except for the Equities – Pension investment option, which commenced on 1 October 2013. Past performance is not indicative of future performance.

The actual asset allocation may vary between the Accumulation and Pension divisions within the Fund due to the different taxation concessions and cash flow of each division's portfolio. This may result in different investment performance between the same investment options when comparing the two divisions.

You may alter your investment strategy selection at any time by notifying the Trustee via ARA Consultants Limited in writing of your intention. This includes switching your current investment balance and/or any future contributions or other transactions. An investment switch will generally take effect after the close of business on the next unit price calculation date following the receipt of your request.

The Oracle Superannuation Plan Sub Plan

The Oracle Superannuation Plan Sub Plan was established on the 29th May 2019.

The Oracle Superannuation Plan Sub Plan offers a choice of five investment strategies as detailed below.

	Oracle Australian Equities Portfolio	Oracle Global Equities Portfolio
Strategy	To use active bottom up stock selection, focusing on buying quality companies at reasonable prices. The businesses are assessed as meeting our investment criteria of strong earnings growth and as likely to provide attractive returns to investors.	To use active bottom up stock selection, focusing on buying quality companies at reasonable prices. The businesses are assessed as meeting our investment criteria of strong earnings growth and as likely to provide attractive returns to investors.
Benchmark	S&P/ASX 200 Accumulation Index	MSCI ACWI ex Australia in A\$ (unhedged)
Investment Objective	To provide investors with long-term capital growth, dividends and tax effective income. The portfolio aims to outperform its benchmark over a rolling 3-year period.	To provide investors with long-term capital growth and tax effective income. The portfolio aims to outperform its benchmark over a rolling 3-year period
Investment Universe	ASX listed securities that have a market capitalisation similar in size to those in the S&P/ASX 200. May also invest in ETFs, cash and short-term money market securities.	Primarily large cap international securities listed on major international exchanges. Portfolio may invest in listed ETFs.
Suitable Investors	Suits investors seeking capital growth together with tax effective dividend income. They prefer to invest in larger, more secure ASX 200 companies that have a proven track record of success.	Suits investors with a higher risk profile who are seeking to invest in large international companies which potentially have a higher growth potential and lower income.
Risk Band	5 – Medium to High	5 – Medium to High
0- period	3 to less than 4	3 to less than 4
Asset Allocation Ranges	70 - 100% Equities	70 - 100% Equities
	0 - 30% Cash	0 - 30% Cash

	Oracle Emerging Companies Portfolio	Oracle Fixed Income Portfolios
Strategy	To use active bottom up stock selection, focusing on buying quality companies at reasonable prices. The businesses are assessed as meeting our investment criteria of strong earnings growth and as likely to provide attractive returns to investors.	To invest in credit securities from companies with strong management, and balance sheets that display characteristics such as sufficient liquidity and low levels of gearing. Diversification is achieved mainly through investment in securities across a range of industries.
Benchmark	S&P/ASX Small Ordinaries Accumulation Index	Bloomberg AusBond Bank Bill Index
Investment Objective	To provide investors with long-term capital growth and tax effective income. The portfolio aims to outperform its benchmark over a rolling 3-year period.	To provide a return comprised of a secure and predictable income stream with moderate capital growth. The portfolio aims to outperform the Bloomberg AusBond Bank Bill Index on an annual basis.
Investments	Listed ASX securities, primarily outside the S&P/ASX 200. May also invest in ETFs, cash and short-term money market securities.	The portfolio will primarily comprise of Australian Fixed Income including corporate bonds, listed sub-debt, listed hybrids and cash.
Suitable Investors	Suits investors with a higher risk profile who are seeking to invest in smaller Australian companies which potentially have a higher growth potential and lower income.	Suits investors who are more conservative in nature or are looking to reduce the overall volatility of their superannuation portfolio valuation and performance. It suits people who are looking for consistent and relatively high levels of income, particularly those that are in pension phase.
Risk Band	5 – Medium to High	2 - Low
Estimates number of negative annual returns over any 20-year period	3 to less than 4	0.5 to less than 1
Asset Allocation Ranges	70 - 100% Equities 0 - 30% Cash	70 - 100% Fixed Interest 0 - 30% Cash

	Oracle Property Securities Portfolio
Strategy	To use active bottom up stock selection, focusing on buying quality companies at reasonable prices. The businesses are assessed as meeting our investment criteria of strong earnings growth and as likely to provide attractive returns to investors.
Benchmark	S&P/ASX 300 Property Trust Accumulation Index
Investment Objective	To provide investors with long-term capital growth and income. The portfolio aims to outperform its benchmark over a rolling 3- year period
Investments	Listed ASX Securities that invest in and or Manage Property Investments. Portfolio may invest in listed ETFs.
Suitable Investors	Suits investors that have a more balanced risk profile and who are seeking more modest capital growth and a higher level of income.
Risk Band	4 - Medium
Estimates number of negative annual returns over any 20-year period	2 to less than 3
Asset Allocation Ranges	70 - 100% Equities 0 - 30% Cash

As at the 30th June 2019, the Oracle Superannuation Plan Sub Plan had not invested the funds sufficiently to record any meaningful returns as the funds were invested on 28 June 2019.

The FairVine Sub Plan

The FairVine Sub Plan was established on the 14th February 2019.

Promoter of the FairVine Sub Plan

Human Financial Pty Ltd
 ABN 14 615 610 305 AFS Licence No 001271291
 Suite 1801A, 101 Grafton Street
 Bondi Junction NSW 2022

The FairVine Sub Plan offers a choice of two investment strategies, as detailed below.

	FairVine Balanced Option	FairVine Growth Option
Who is this investment for?	The Balanced option has a higher allocation to shares and property than fixed interest and cash. It's designed for members seeking medium to long-term growth who are willing to accept short term fluctuations in returns.	The Growth has a higher allocation to growth assets (shares and property) than the Balanced option. It is also designed for members seeking medium to long-term growth who are willing to accept a higher level of short term fluctuations in returns compared to the Balanced option.
Investment return objective	To achieve a return after tax and investment management fees equal to or better than CPI plus 2.5% per year when measured over any 10 year period	To achieve a return after tax and investment management fees equal to or better than CPI plus 3.0% per year when measured over any 10 year period
Minimum suggested time frame	10	10
Standard Risk Measure*: Risk Band and Label	Medium (Risk Band 4)	Medium (Risk Band 4)
Estimate number of negative annual returns over any 20-year period	2 to less than 3	2 to less than 3
Asset Allocation Growth	70%	80%
Australian shares	35% range (15% - 45%)	40% range (25% - 55%)
International shares	30% range (15% - 45%)	35% range (25% - 55%)
Australian listed property	5% range (0% - 15%)	5% range (0% - 15%)
Asset Allocation Defensive	30%	20%
Australian fixed interest	10% range (0% - 20%)	10% range (0% - 20%)
International fixed interest	10% range (0% - 20%)	5% range (0% - 20%)
Cash	10% range (0% - 15%)	5% range (0% - 15%)

The investment return for the FairVine Balanced Option from inception, 3 April 2019 to 30 June 2019 was - 0.2% and for the FairVine Growth Option was 0.82%.

Investment Managers utilised by FairVine

UBS IQ MSCI Australia Ethical ETF;
Vanguard Ethically Conscious International Shares Index ETF (unhedged);
Macquarie True Index Listed Property Fund;
Macquarie True Index Australian Fixed Interest Fund;
Macquarie True Index Tracking Global Bond Fund;
Macquarie True Index Cash Fund.

Aracon Superannuation Fund investments at 30 June 2019

ARA Investment Fund	317,571,114
Listed Australian Equities	3,742,202
Listed Australian Trusts	2,007,016
Listed International Equities	2,950,480
Unlisted Term Deposits	1,311,675
Unlisted Managed Funds	236,390
Foreign Cash	394,290
Total Investments	\$328,213,167