



INVESTMENT UPDATE

DECEMBER 2015 QUARTER

Dear Member,

Welcome to the latest *Investment Update* for the Nissan Superannuation Plan, keeping you up to date with what's been happening in the financial markets and how the Plan's investments and your super have performed during the December quarter.

If you have any questions about your super, please contact a member of the Policy Committee.

Towers Watson Superannuation Pty Ltd

Quarter results

The Plan's **December quarter investment returns*** for the:

- Growth option was 2.9%
- Balanced 50/50 option was 1.9%
- Cash option was 0.5%

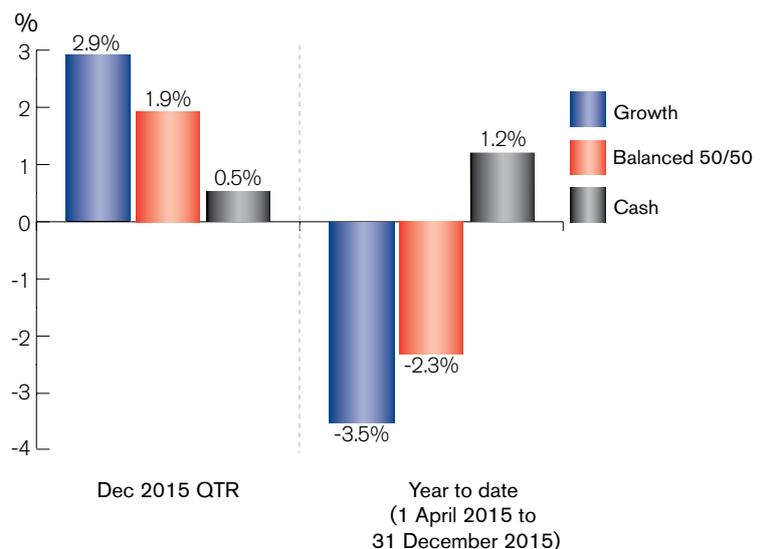
Investment returns for the key asset classes for the quarter for:

- Australian shares was 6.5%
- International shares (hedged) was 6.6%
- International shares (unhedged) was 1.7%
- Global property (hedged) was 5.9%
- Australian fixed interest was -0.3%
- Australian cash was 0.5%

The Reserve Bank of Australia (RBA) kept the cash rate on hold at 2.0%. The Australian dollar made steady gains against the US dollar, from 70.10 US cents at the end of September to 73.06 US cents at the end of the quarter. Unemployment decreased by 0.2% from September 2015 to 6.0% at the end of November.

Both the five year and 10 year Australian Government bond yields increased by at least 0.26% over the quarter. This had a negative effect on the value of bond holdings, and consequently the Plan saw negative returns from its Australian fixed interest investments. Changes in bond yields across the major markets were varied, resulting in overall low returns from the Plan's international fixed interest investments.

The graph below shows the Plan's net investment returns* for the three investment options for the quarter ended 31 December 2015 and the year to date (1 April 2015 to 31 December 2015).



* Net of investment fees, tax and an allowance for the build up of the Operational Risk Financial Requirement reserve.

Please note that past investment performance is not necessarily an indication of future performance.

Plan investment performance

Economic data from the December quarter gave mixed signals around the strength of the Australian economy. Australian manufacturing slowed down and business confidence remained subdued due to the effects of global economic uncertainty. However, the Australian share market made robust gains, returning 6.5% over the quarter (as measured by the S&P/ASX 300 Accumulation Index) and eliminating most of the losses of the previous quarter.

Overall, the US economy showed encouraging signs. The Eurozone economy continues its recovery, with growth in manufacturing and improvements to the unemployment rate. The international share market gained 1.7% on an unhedged basis (or 6.6% when expressed in Australian dollars) over the quarter.

In China, a slowdown in manufacturing and a falling currency caused concern for international markets. Despite the Shanghai Stock Exchange Composite Index returning almost 16% over the quarter, it still remains more than 45% below its June 2015 high.

Australian consumer confidence lifted over the quarter. The Westpac Melbourne Institute Consumer Sentiment Index showed optimists outnumbering pessimists in both November and December. Westpac mainly attributed the positive result to a change in political leadership, which helped contain the impact of the banks' decisions to raise mortgage rates.

More flexible investment choices

Member Investment Choice is a feature of the Plan that lets you choose how you want to invest your super. It is available for all contributions for Accumulation members, including Retained Benefits Division members. For Defined Benefit members, it is only available for any additional voluntary accounts and rollover accounts.

Currently, you can choose to invest all your super in one of the Plan's three investment options: Growth, Balanced 50/50 or Cash. From 1 March 2016 you will also have the choice of splitting your total account balance across any of the Plan's three investment options if you wish. For example:

- 40% Growth and 60% Balanced 50/50, or
- 30% Growth, 50% Balanced 50/50 and 20% Cash.

There are no changes to the fees charged for making investment option changes.

It's generally good practice to review your investment choice every few years or when your circumstances change.

To learn more about investing and the objectives for each investment option, refer to the flyer, *Member Investment Choice in the Nissan Superannuation Plan*. If you wish to change your choices, complete the *Changing Your Investment Choice Form* and return as directed. A copy of both the flyer and form are enclosed with this newsletter and copies are also available at nsp.nissan.com.au or by calling the Plan administrator on **1800 127 953**.

Change to the Cash option's investment objective

The Trustee, in conjunction with the Plan's investment adviser, has reviewed the appropriateness of the objectives of the Plan's investment options in light of the current low interest rate investment environment. As a result, there has been a change to the real return objective of the Plan's Cash option, reducing the expected return over inflation (as highlighted in the table below). The Trustee expects this option to generate slightly lower real rates of return in the future. If you are invested in the Cash option, the rate of growth of your super balance may be lower than previously expected.

	Growth	Balanced 50/50	Cash
Expected rate of return (net of investment fees and tax) of the investment objective (CPI refers to the rate of inflation)	CPI + 3% p.a. (unchanged)	CPI + 2.5% p.a. (unchanged)	CPI + 0.5% p.a. (previously CPI + 1% p.a.)
Rolling period over which the investment objective is to be measured	5 years (unchanged)	5 years (unchanged)	3 years (unchanged)

Investment objectives are the specific goals set by the Trustee for each option. They are not intended to be forecasts or guarantees of future investment returns. Note that there are no changes to how any of the options' assets are managed, the asset allocations or their investment strategy. The Trustee will continue to strive to achieve the best possible return for each option subject to the investment guidelines and risk levels established for the option.

If you have any questions about the change, please contact the Plan's consultant and actuary, Willis Towers Watson on 03 9655 5161 or email nissansuperadmin@linksuper.com.

The information in this publication 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 personal circumstances before making any financial or investment decision based on the information contained in this document. Investment returns can be positive or negative and are not guaranteed by the Trustee.

Issued in February 2016 by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049) as Trustee for the Nissan Superannuation Plan (ABN 24 774 305 410).