



# INVESTMENT UPDATE

## DECEMBER 2017 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 4.92%
- Balanced 50/50 option was 3.56%
- Cash option was 0.36%

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

- Australian shares was 7.7%
- International shares (hedged) was 5.5%
- International shares (unhedged) was 5.8%
- Global property (hedged) was 3.1%
- Australian fixed interest was 1.4%
- International fixed interest was 0.9%
- Australian cash was 0.4%

The Board considers that the cash rate remains consistent with its goal of delivering sustainable economic growth and achieving a long-term inflation target over time.

The Australian dollar dropped slightly against the US dollar over the quarter, from 78.39 US cents at September end to 78.00 US cents at the end of December. The Australian dollar was also lower against the Chinese Yuan and its other major trading partners.

The Plan's Growth option achieved a solid net return of 4.92% for the December quarter, well ahead of the median peer fund return of 4.19% for the same period<sup>#</sup>. This builds on the excellent investment results achieved by the Plan over the 2016/17 year, where the Growth option's return also outperformed the median peer fund return and ranked its performance second out of 50 funds<sup>#</sup>.

<sup>#</sup> Peer fund comparisons are based on SuperRatings Pty Ltd's Fund Crediting Rate Survey published on 21 April 2017, median return (SR50 Balanced (60-76) Index); [www.superratings.com.au](http://www.superratings.com.au). SuperRatings statistics are not financial product advice; independent professional advice must be obtained before making any financial decisions.

### Plan investment performance

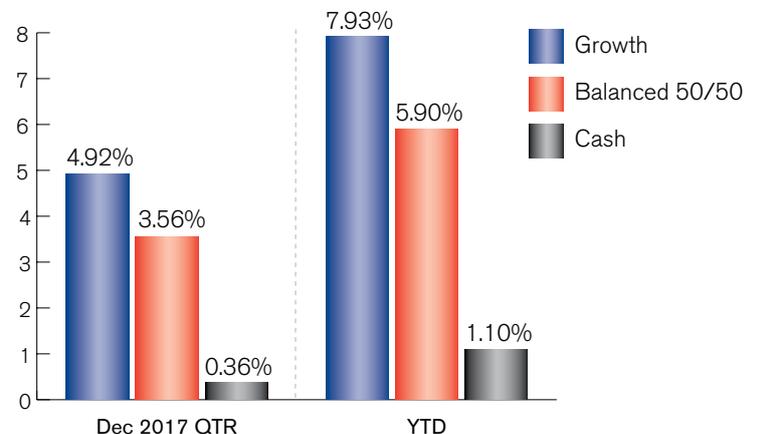
Global share markets finished the 2017 year with strong gains over the December quarter, driven by continued positive market sentiment amid low inflation. The MSCI World ex-Australia Accumulation Index (hedged to AUD) returned 5.5%, or 5.8% when taking into account the Australian dollar's depreciation against currencies in the global share index.

The Australian share market also performed well over the quarter, returning 7.7% (S&P/ASX 300 Accumulation Index). This was due to increasing optimism for global growth and strong commodity prices. The best performing sectors were Energy, IT and Materials.

Economic measures relating to Australian unemployment, manufacturing and consumer confidence were all positive over the three months to December 2017. However, there is some concern about the ability of consumers to lift spending, given the ongoing weak income growth, a low savings rate and high debt levels.

The Reserve Bank of Australia Board maintained the official cash rate at 1.5% over the December quarter, noting improved global economic conditions over 2017, although wage growth, headline inflation and core inflation remain low.

The graph below shows the Plan's net investment returns\* for the three investment options for the quarter ended 31 December 2017 and for the nine months to 31 December 2017.



\* Net of investment fees and taxes.

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

## Changes to fee reporting

Regulatory changes from 30 September 2017 have required all superannuation funds to obtain more information about underlying costs incurred for their investments and to revise the way that fees are disclosed to members. Such underlying costs have always been paid by the Plan and reflected in the investment returns members receive. This approach has not changed, but the way the costs are required to be shown to members has changed.

The table below shows how the Plan's estimated investment fees were previously disclosed and how they are shown on member exit statements from 1 December 2017. As you will see, the revised investment fees remain within the ranges previously disclosed.

An investigation by the Trustee confirms that the Plan's investment fees were lower than those charged for comparable investment options by the five largest Australian industry superannuation funds at the date of publication. Fees may change and other fees may also apply. The Trustee continues to strive to achieve value for members.

Investment option	Investment fees	
	Before 1 December 2017	From 1 December 2017
Growth	0.50% to 0.60% p.a.	0.579%
Balanced 50/50	0.38% to 0.46% p.a.	0.435%
Cash	Nil	Nil

Investment fees are deducted from investment returns before the returns are applied to your account in the Plan.

There is also no change to the Plan's indirect costs which continue to be nil for all investment options.

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 2018 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).