



INVESTMENT UPDATE

DECEMBER 2018 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 -5.93%
- Balanced 50/50 option was -3.50%
- Cash option was 0.40%

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

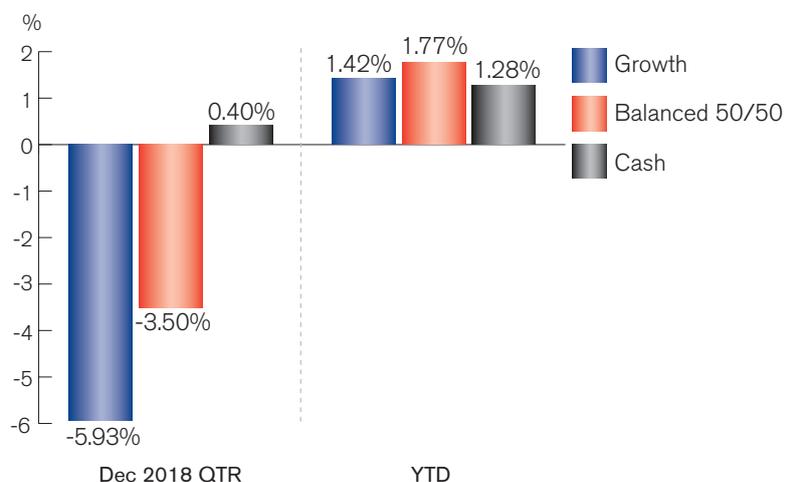
- Australian shares was -8.4%
- International shares (hedged) was -13.6%
- International shares (unhedged) was -11.1%
- Global property (hedged) was -6.2%
- Australian fixed interest was 2.2%
- International fixed interest was 1.7%
- Australian cash was 0.5%

Australian headline inflation, as measured by CPI, was in line with expectations at 1.9% and lower than the previous quarter, predominantly due to a slowdown in the cost of housing. In its December meeting, the Reserve Bank of Australia Board resolved to keep cash rates unchanged at 1.5%, citing the need to hold cash rates steady to instill stability and confidence across the economy.

The Australian dollar depreciated against the US dollar over the quarter, from 72.22 US cents at the end of September to 70.58 US cents at the end of December. The Australian dollar appreciated against the UK pound, as uncertainty regarding Brexit weighed on the British currency, but depreciated against the Euro, Japanese Yen and Chinese Yuan. The Australian dollar also fell significantly against the currencies of Australia's other major trading partners over the quarter.

Global listed property fell 6.2% for the December quarter, as measured by the FTSE EPRA/NAREIT Developed ex-Australia Rental Index (AUD hedged).

The graph below shows the Plan's net investment returns* for the three investment options for the quarter ended 31 December 2018 and for the nine months to 31 December 2018.



* Net of investment fees and taxes.

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

Plan investment performance

Many recurring themes affected markets globally over the December quarter. These included trade disputes between the US and China, slowing Chinese growth and uncertainty about Brexit. Tumbling oil prices also added to concerns.

The North American, Japanese, Eurozone and UK share markets all saw double-digit negative returns following a broad sell-off. When taking into account the Australian dollar's movement against other currencies, international share markets fell 11.1% in the December quarter. Similarly, all sectors of the Australian share market finished in the red with the S&P/ASX 300 Accumulation Index falling 8.4% for the December quarter.

Despite nervousness about the state of the US economy, the Federal Reserve raised interest rates on the back of continued stability in economic data. Indicators in the Eurozone showed signs of slowing economic activity. Australian GDP growth was below expectations. Australian manufacturing activity, business and consumer confidence all fell over the quarter, however, consumer spending and exports grew slightly.

The Plan's performance in a volatile market

The December quarter saw significant share market volatility with all major share markets posting large falls. There were also falls recorded for global listed property.

The Plan's Growth and Balanced 50/50 options invest in these assets. Around 75% of the Growth option is invested across Australian shares, international shares and global listed property – also known as “growth assets”. Half of the Balanced 50/50 option is invested in growth assets. For both options, the remainder is invested in “defensive assets” such as Australian fixed interest, international fixed interest and cash.

The large falls in the value of growth assets in the December quarter outweighed the small gains achieved from the defensive assets held by the Plan, resulting in overall negative returns for the quarter for both options.

How does this compare to similar funds?

The Plan's investment situation is not particularly different from other superannuation funds in that it fundamentally invests across the same investment markets. Unsurprisingly, all superannuation funds, including industry funds, corporate funds and retail funds recorded negative returns for their “growth “ and “balanced” options over the December 2018 quarter*.

In fact, when considering the Plan's performance since the start of the Plan year (i.e. from 1 April 2018), the Plan's Growth and Balanced 50/50 options have performed better than many comparable funds.

	Returns from 1 April 2018 to 31 December 2018	
	Nissan Superannuation Plan	Peer fund comparison* median
Growth option	1.42%	0.3%
Balanced 50/50 option	1.77%	0.8%

* Peer fund comparisons are based on SuperRatings Pty Ltd's Fund Crediting Rate Survey returns (SR50 Balanced (60-76) Index and SR25 Conservative Balanced (41-59) Index), published on 21 January 2019, compared with the Plan's Growth and Balanced 50/50 options respectively), www.superratings.com.au. SuperRatings statistics are not financial product advice; independent professional advice should be obtained before making any financial decisions.

Should you have any questions about the Plan or your benefits, please contact the Plan administrator on **1800 127 953**. Members of the Policy Committee can also assist with general queries relating to the Plan. See nsp.nissan.com.au for more details.

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