



INVESTMENT UPDATE

JUNE 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 June quarter. In this edition, we also advise a deferral of the scheduled increase in the Plan's exit fee, and a change to the investment objective of the Cash option.

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 **June quarter** investment returns* for the:

- Growth option was 1.49%
- Balanced 50/50 option was 1.26%
- Cash option was 0.37%

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

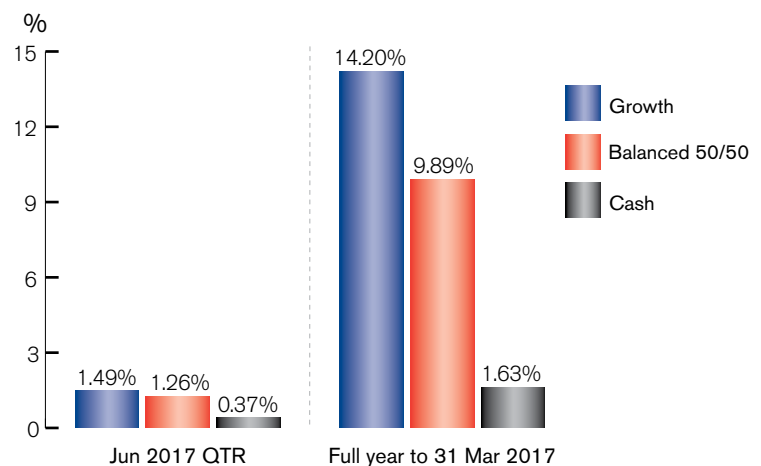
- Australian shares was -1.6%
- International shares (hedged) was 3.2%
- International shares (unhedged) was 3.6%
- Global property (hedged) was 1.7%
- Australian fixed interest was 1.0%
- International fixed interest was 1.2%
- Australian cash was 0.4%

The negative return was primarily the result of the poor performance from financials following the release of the Federal Budget which introduced a new \$6.2 billion bank levy, and the subsequent S&P rating downgrade of every major Australian financial institution excluding the big four banks and Macquarie.

The Australian dollar was steady against the US dollar over the quarter at 76.89 US cents at the end of June 2017. Against the currencies of its other major trading partners over the quarter, the Australian dollar weakened slightly.

The Plan's Growth and Balanced 50/50 options have made a modest start to the Plan year with both options achieving positive results during the June quarter.

The graph below shows the Plan's net investment returns* for the three investment options for the quarter ended 30 June 2017 and for the year ended 31 March 2017.



* Net of investment fees and taxes.

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

Plan investment performance

Internationally, the June quarter presented an extension of the positive market sentiment and growth that occurred over the first quarter of 2017. International shares achieved strong returns over the quarter with the MSCI World exAustralia Accumulation Index (hedged to AUD) returning 3.2%. Global listed property experienced positive returns, delivering 1.7% for the quarter as measured by FTSE EPRA/NAREIT Developed ex-Australia Rental Index (AUD hedged).

Data released during the June quarter gave mixed indications about the strength of the Australian economy. The forecast for the seasonally adjusted unemployment rate is 5.5%, an improvement on March's reading of 5.9%. The RBA Board maintained the official cash rate at 1.5% at its June meeting.

The Australian share market, as measured by the S&P/ASX 300 Accumulation Index, returned -1.6% over the June quarter, driven by a single negative month in May (-2.7%).

Policy Committee nominations result

The Policy Committee has input into how the Nissan Superannuation Plan is managed and ensures that the interests of members and the Company are represented.

We recently called for nominations for two member-elected representatives on the Plan's Policy Committee. As two nominations were received, no election was required. Congratulations to Andrew Dimsey and David Lloyd for being renominated for another three-year term.

Change to the Plan's Cash option objective

After a recent review, the Trustee changed the Real Return Objective for the Plan's **Cash option**. The new objective is:

- to achieve a return (net of tax and investment fees) equal to the Bloomberg AusBond Bank Bill Index (*previously the objective was to exceed CPI by at least 0.5% p.a. over rolling three-year periods*)

The revised objective reflects the expectation that in the low interest rate environment, returns are likely to be lower on average over the medium term and will be unlikely to match the rate of inflation (CPI), particularly after allowing for investment taxes.

Of course, objectives are not guarantees and actual outcomes may be different. The Trustee will continue to monitor the appropriateness of the Plan's investment objectives and strategy for all the Plan's investment options.

Deferral of exit fee change

In the 2017 *Annual Report*, it was advised the Plan's exit fee would increase from 1 August. This increase has been deferred until 1 September 2017. From 1 September, the fee will increase from \$155.60 to \$159.00.

Do you make personal contributions to the Plan?

The Plan does not allow your personal contributions to be treated as tax deductible. You do have the option to make before-tax (salary sacrifice) contributions to the Plan. Speak to Nissan Payroll should you wish to change the basis of your contributions.

Your 2017 Annual Report is available

You will have recently received your Annual Review pack, which includes the Plan's 2017 *Annual Report*, together with your annual *Benefit Statement* for the year ended 31 March 2017. This year's Report includes:

- A summary of the Plan's investment performance over the past 12 months, including how the Plan performed against other superannuation funds that have similar asset allocations.
- A super news update, including:
 - The latest tax thresholds; and
 - A summary of the new superannuation rules from 1 July 2017.
- Information about how the Plan is managed.

The 2017 *Annual Report* and other important information about the Plan is available at nsp.nissan.com.au.

We encourage you to read the Report carefully and contact a member of the Policy Committee or the Plan administrator on **1800 127 953** if you have any questions.



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