



# INVESTMENT UPDATE

## MARCH 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 March 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 **March quarter investment returns\*** for the:

- Growth option was -1.56%
- Balanced 50/50 option was -0.86%
- Cash option was 0.38%

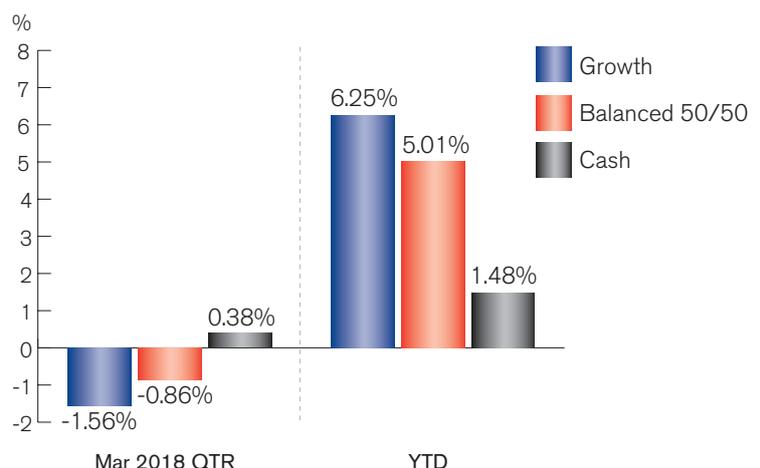
Investment returns for the key asset classes for the quarter for:

- Australian shares was -3.8%
- International shares (hedged) was -2.3%
- International shares (unhedged) was 0.8%
- Global property (hedged) was -5.9%
- Australian fixed interest was 0.9%
- International fixed interest was -0.1%
- Australian cash was 0.4%

The Reserve Bank of Australia (RBA) Board maintained the official cash rate at 1.5% at its March meeting. The Board noted slight growth in domestic consumption despite weaker retail sales, particularly among small retailers. The Australian dollar dropped against the US dollar, from 78.00 US cents at the end of December 2017 to 76.65 US cents at the end of March 2018. The Australian dollar also depreciated against the Chinese Yuan and currencies of its other major trading partners over the quarter.

The Plan's investment options performed below peer funds over the quarter. This was largely due to the current asset allocation where the Plan has a higher exposure to Australian shares and global listed property, both of which performed poorly over the quarter.

The graph below shows the Plan's net investment returns\* for the three investment options for the quarter ended 31 March 2018 and for the year ended 31 March 2018



\* Net of investment fees and taxes.

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

### Plan investment performance

International share markets were weaker in the March quarter due to the Federal Reserve slowly increasing interest rates and the US proposal to impose trade tariffs on aluminium and steel imports, which fuelled risks of a trade war with China. The MSCI World ex-Australia Accumulation Index (hedged to AUD) fell 2.3% over the quarter. When factoring in the Australian dollar's depreciation against other currencies, unhedged international shares recorded a slight gain of 0.8% for the quarter.

The Australian share market was affected by the US tariff proposal and the fallout from the banking royal commission which impacted the share prices of a number of large financial institutions. In the March quarter the Australian share market fell 3.8% (S&P/ASX 300 Accumulation Index). Australian manufacturing continued its longest run of expansion since 2005 to record levels.

## 2018 Federal Budget and super

Superannuation was again a feature of the 2018 Federal Budget. Some of the key proposals are highlighted below.

### “Protecting your super” package

This package is aimed at protecting small super account balances from what the government describes as inappropriate erosion by fees and insurance premiums. Due to start from 1 July 2019, the main proposals are outlined below.

- **A ban on exit fees on all super accounts** – charged if you withdraw or transfer money out of a fund.
- **A 3% annual cap on administration and investment fees** charged by super funds on accounts with balances below \$6,000.
- **Changing insurance cover in a super fund** – from an opt-out to an opt-in basis if you are aged under 25, have an account balance less than \$6,000 or if your account is classified as inactive.

### Some other proposed changes

- Under measures aimed at improving retirement policy:
  - Trustees will need to develop a strategy to help members achieve their retirement income objectives;
  - Funds will be required to consider members' retirement needs and to offer products which provide an income for life; and
  - Reporting of information on retirement income products will be simplified.
- New rules around how certain lifetime income products will be means tested for the Age Pension.

It is important to note that these are all proposed changes only and will need to be passed by Parliament before they become law.

## Are your loved ones protected?

Making a nomination of beneficiaries and keeping it up to date keeps the Trustee aware of how you would like your super paid out if you die.

There are two types of nominations. If you have a **binding nomination** that is valid at the time of your death, the Trustee will be legally required to pay your benefit according to your wishes (even if your personal circumstances have changed). A binding nomination lapses after three years, so it's important to update your nomination at least every three years.

In the case of a **non-binding nomination**, the Trustee will investigate your personal circumstances at the time of your death and act in the best interests of your dependants when making a decision.

To make a binding nomination, simply complete the *Nomination of Beneficiaries* form, have it witnessed by two people (who are not your beneficiaries) and return it as directed. Non-binding nominations can also be completed via the same form, which is available at **nsp.nissan.com.au** under “Forms and Publications” together with the *Who will get your super if you die?* leaflet. Non-binding nominations do not need to be witnessed.

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 May 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).