



# INVESTMENT UPDATE

## MARCH 2021 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<sup>#</sup>** for the:

- Growth option was 3.68%
- Balanced 50/50 option was 1.68%
- Cash option was 0.02%

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

- Australian shares was 4.2%
- International shares (hedged) was 6.1%
- International shares (unhedged) was 6.3%
- Global listed property (hedged) was 7.3%
- Australian fixed interest was -3.2%
- International fixed interest was -2.5%
- Cash was 0.0%

### Investment performance

International shares continued to rally in the March 2021 quarter due to successful COVID-19 vaccine rollouts. By the end of the quarter, 37% of US and 58% of British adults had received at least one dose of a COVID-19 vaccine. Additionally, political victories in the Georgia run-off elections paved the way for further US economic spending programs and resulted in upgrades to the US growth forecast. Despite US President Biden being sworn in, US and China relations have remained tense over increased scrutiny on China's approaches to Xinjiang, Hong Kong and Taiwan.

Recently released economic data showed that the Australian economy grew by 3.1% over the December 2020 quarter. During the March quarter, Australian shares moved higher off the back of stronger domestic confidence, with the S&P/ASX 300 Accumulation Index returning 4.2%. The Federal Government's JobKeeper wage subsidy scheme concluded at the end of March, but this is not expected to cause a steep rise in the unemployment rate as it fell to pre-pandemic levels during February. The Reserve Bank of Australia kept the cash rate at 0.1% during its April meeting noting that inflation still remained under the target range and announced further economic stimulus to help boost the economy. The Australian dollar depreciated slightly against the US dollar, falling from 77.02 US cents at the beginning of

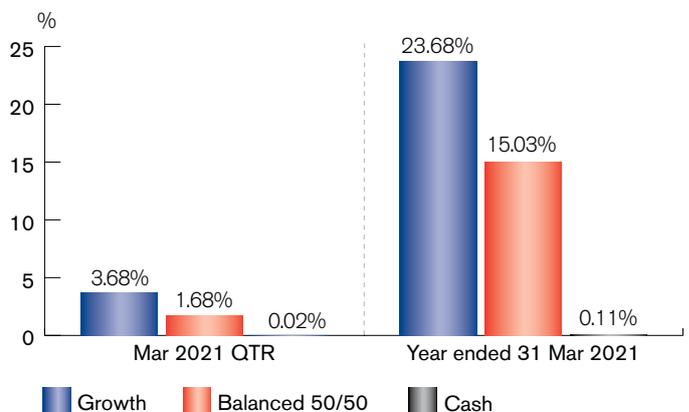
the quarter to 75.96 cents. The Australian dollar appreciated marginally against other major currencies.

International shares returned 6.1%\* (MSCI World ex Australia Index) and US shares also gained 6.1%\* (S&P 500 Composite Index) over the March quarter. Japanese shares rallied alongside other markets, returning 2.9%\* (MSCI Japan Index) due to improved corporate profits and further weakness in the Japanese Yen against the US dollar. Chinese shares struggled during the quarter, partly due to regulatory uncertainty and ongoing geopolitical concerns.

Globally, bond yields soared over the March quarter, as investors became increasingly confident of a continued sustainable reopening of their economies. Rising bond yields have the effect of reducing the returns of fixed interest investments. Over the quarter, Australian fixed interest returned -3.2% (Bloomberg AusBond Composite Index) and International fixed interest returned -2.5% (Barclays Global Aggregate Hedged in AUD Index). Global listed property continued to recover over the quarter.

\* Returns from international shares are expressed in local currency terms (i.e. hedged to Australian dollars).

The graph below shows the Plan's net investment returns<sup>#</sup> for the three investment options for the quarter ended 31 March 2021 and for the year ended 31 March 2021.



<sup>#</sup> Net of investment fees and taxes.

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

The results detailed in the graph above represent the interim crediting rates for the year. The final rates will be determined by the Trustee and will appear on your annual *Benefit Statement*. These are expected to be issued to members by the end of June 2021. The final crediting rates may differ from the interim rates outlined above.

## Investing in the Cash option

If you are an Accumulation member, you can choose how your entire super is invested in the Plan. If you are a Defined Benefit member, you only have investment choice for your additional voluntary contributions and rollover accounts. The Plan offers three investment options: Growth, Balanced 50/50 and Cash.

The Plan's Cash option is generally considered a low risk investment option as it is designed to provide stable returns over the short term. It is invested in the Macquarie Treasury Fund. However, members should be aware that:

- Your capital is not guaranteed in any of the Plan's investment options, including the Cash option;
- Negative returns from the Cash option are possible given the current trend of low interest rates and after allowing for the impact of fees, costs and tax (where applicable); and
- There is presently a high risk that an investment in the Cash option could result in your super not being able to keep up with rising costs (i.e. inflation).

## What if I wish to change my investment?

Each of the Plan's investment options has a different risk profile and mix of investment assets. To learn more about the options, investment risks, as well as fees and costs (including any that may apply to changing your investment), refer to the *Member Investment Choice* guide at [nsp.nissan.com.au](http://nsp.nissan.com.au) (under 'Forms and Publications'). If you have any questions about the suitability of your investment choice, you should seek advice from a licensed financial adviser.

## Contributing to super before 30 June 2021

Putting money into super can be an efficient way of building savings for your retirement. However, there are annual limits on how much money you can put into super which will be taxed at concessional rates. It's important to stay within the yearly limits to avoid paying extra tax.

As 30 June 2021 is not far away, now is a good time to consider whether you could top up your super whilst staying within the annual limits. The Plan allows employee members to make contributions either from before-tax salary (i.e. via salary sacrifice) or after-tax salary.

## What are the limits for the financial year to 30 June 2021?

The **concessional contributions** limit is \$25,000, which includes:

- Any voluntary contributions you make from your before-tax salary i.e. by salary sacrifice;
- Any personal contributions for which you claim a tax deduction; and
- Your employer's contributions or notional contributions in respect of your defined benefit (see box below).

A higher limit may apply if, in the previous tax year (to 30 June 2020) you did not use all your concessional limit and your total superannuation balance at 30 June 2020 was under \$500,000<sup>^</sup>.

### Arrangements for Defined Benefit members

The amount of concessional contributions that count toward the cap in respect of your defined benefit (your "notional contributions") is calculated by the Plan actuary in accordance with special rules, rather than your employer's actual contributions. For more information about your notional employer contributions from the Plan, contact Marcus Wappet on 03 9797 4290.

A separate limit of \$100,000 generally applies to **non-concessional contributions** (generally these are after-tax contributions for which you have not claimed a tax deduction; some other amounts also count as non-concessional contributions). In some cases, you may be able to make non-concessional contributions of up to \$300,000 over three years in one lump sum or a combination of amounts<sup>^</sup>.

<sup>^</sup> Conditions apply. Further information is in the *Super and Tax* factsheet, which is available under 'Forms and Publications' at [nsp.nissan.com.au](http://nsp.nissan.com.au). Note that the limits for concessional and non-concessional contributions will increase from 1 July 2021, to \$27,500 and \$110,000, respectively.

**To change your contributions in the Plan, contact Nissan payroll. If you have any questions about whether you should make additional contributions to super, you should seek advice from a licensed financial adviser.**

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](http://nsp.nissan.com.au) for more details.

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.

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