

# INVESTMENT UPDATE

## SEPTEMBER 2020 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 September 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 **September quarter investment returns<sup>#</sup>** for the:

- Growth option was 2.48%
- Balanced 50/50 option was 1.86%
- Cash option was 0.03%

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

- Australian shares was -0.1%
- International shares (hedged) was 6.4%
- International shares (unhedged) was 3.8%
- Global listed property (hedged) was 0.9%
- Australian fixed interest was 1.0%
- International fixed interest was 0.7%
- Cash was 0.0%

### Plan investment performance

Globally, COVID-19 cases showed no signs of slowing down over the September 2020 quarter, with many countries seeing a second wave after restrictions were eased earlier in the year. US-China relations deteriorated further and trade tensions between Australia and China also intensified. Data released for the June 2020 quarter confirmed that many countries, including the US and Australia, were in an economic recession. Governments and Central banks around the world continue to implement policies to try to stimulate their economies, with interest rates expected to stay low for an extended period.

Over the September 2020 quarter, global share markets were positive overall, with international shares rising 6.4%\* over the quarter (MSCI World Index-ex Australia). The US share market returned 8.9%\* (S&P 500 Composite Index) over the same period, recovering to pre-COVID levels. US manufacturing activity also recovered and the housing market is showing positive signs as record-low mortgage rates continue to boost demand for new homes.

Chinese shares were up 7.8%\* over the September 2020 quarter (Shanghai Composite Index), also back to pre-pandemic levels. Over the same period, Japanese shares rose 4.7%\* (MSCI Japan Index), while European shares fell 0.8%\* (Euro Stoxx 50 Index).

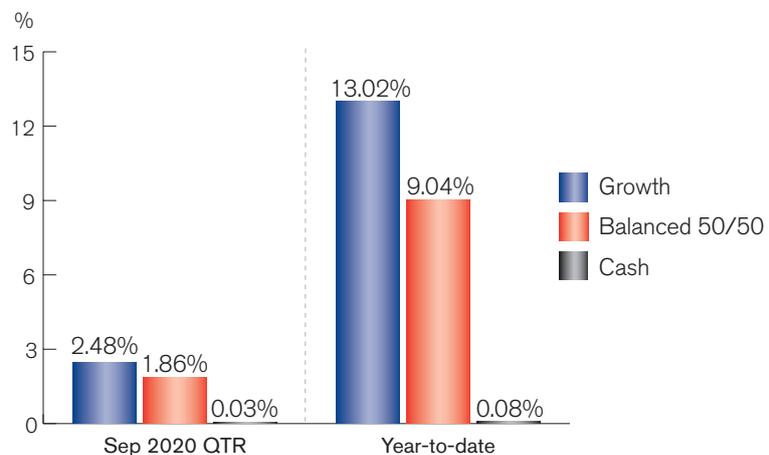
The Australian economy entered its first recession in 30 years in the June 2020 quarter. Whilst the Victorian coronavirus outbreak resulted in an extended lockdown, economic activity resumed throughout the rest of Australia. Australian shares were flat over the September quarter after an impressive recovery in the previous quarter.

Inflation was negative over the June quarter and year-on-year, driven largely by the declining prices of childcare, fuel and rent. The unemployment rate reached a 22-year high of 7.45% in July 2020 with the Reserve Bank of Australia expecting it to peak at nearly 10% in the December quarter. The tightening of the JobKeeper program is expected to slow down recovery in the labour market.

The Australian dollar appreciated against the US dollar, from 68.63 US cents at the start of July to 71.08 US cents at the end of September. The Australian dollar also appreciated against other major currencies. This has the effect of dampening returns from international share investments which are subject to currency movements, including those in which the Plan invests.

\* 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\* for the three investment options for the quarter ended 30 September 2020 and the six months to 30 September 2020.



# Net of investment fees and taxes.

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

# Investment fee changes

As advised in the March 2020 *Investment Update*, the Trustee has made changes to the Plan's investments. The overall aim was to improve diversification and to strengthen the portfolio's resilience in times of global financial stress. There has been an increase to transaction costs reflecting the fees that were incurred when realigning the Plan's investment portfolio. These costs are included in the revised investment fees (which are calculated for the 12 months to 30 June 2020) and are shown in the table below.

| Investment option     | Investment fee from 1 July 2020  | How and when paid   |
|-----------------------|----------------------------------|---|
| <b>Growth</b>         | 0.639% p.a. (\$6.39 per \$1,000) | Investment fees are deducted from investment returns on a monthly basis before they are applied to your accounts.                 |
| <b>Balanced 50/50</b> | 0.458% p.a. (\$4.58 per \$1,000) | These fees only apply to benefits that are linked to investment returns. They do not apply to benefits that are linked to salary. |
| <b>Cash</b>           | Nil                              |   |

The Trustee remains focused on delivering competitive outcomes to members over the long term.

## Budget update

In the October 2020 Budget, the Federal Government outlined a new package of superannuation measures called "Your future, your super". The proposals are intended to reduce the number of people with multiple superannuation accounts and introduce further measures on super products that are considered to be underperforming. None of these proposals are law yet, and as with any proposed legislation they may change by the time they become law. The proposed changes include:

### Steps to reduce multiple accounts

The ATO will develop an online "YourSuper comparison tool" to provide employees with a performance-based ranking of funds and prompt employees to consider consolidating their accounts.

For new employees from 1 July 2021, an employer will be required to pay super to the employee's existing superannuation account unless they choose another fund. This is to avoid creating unnecessary new super accounts every time someone changes jobs.

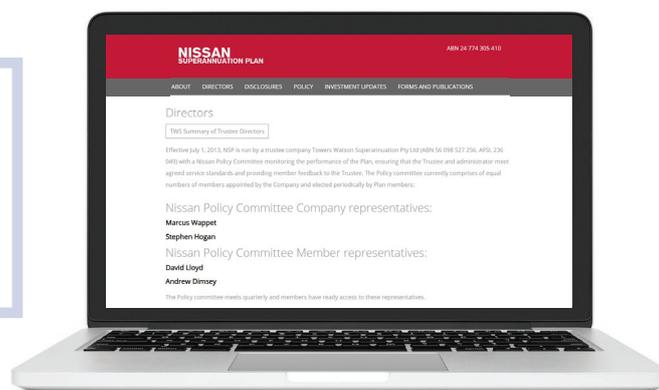
### Ways to improve performance

MySuper products will need to satisfy an annual performance test starting from 1 July 2021, with most other funds to follow from 2022. Funds that are considered underperforming, based on their fees and past returns, will need to inform members each year and any fund that fails the test two years running will not be permitted to accept new members. APRA will conduct the tests and publish the results.

### Increased accountability

Extra requirements will be imposed on superannuation trustees to act in the best financial interests of members. Trustees will also need to provide additional information to members in advance of annual member meetings (this change will not affect the Plan's first annual member meeting).

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](https://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.

Issued in November 2020 by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049) as Trustee of the Nissan Superannuation Plan (ABN 24 774 305 410).