



INVESTMENT UPDATE

SEPTEMBER 2013 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.

From the Directors, Towers Watson Superannuation Pty Ltd

Quarter results

The Plan's **September 2013 quarter investment returns** (net of investment fees and tax) for the:

- Growth option was 5.3%
- Balanced 50/50 option was 3.8%
- Cash option was 0.6%

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

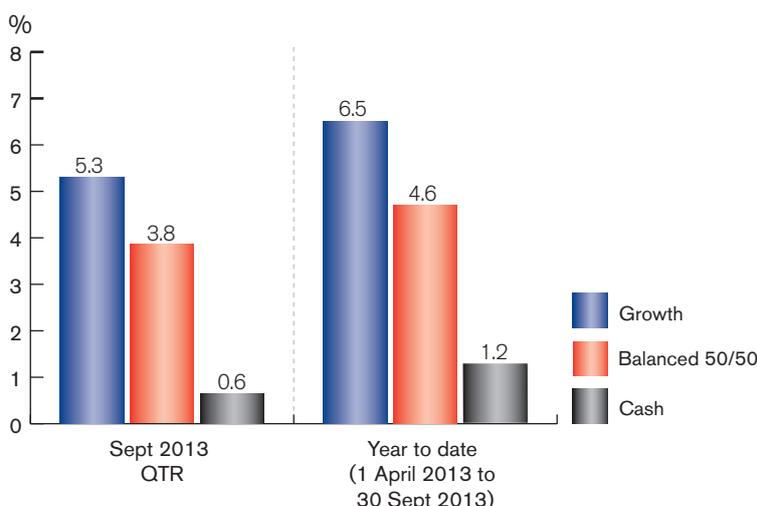
- Australian shares was 10.2%
- International shares (hedged) was 6.9%
- International shares (unhedged) was 5.8%
- Global property (hedged) was -0.2%
- Australian fixed interest was 0.8%
- Australian cash was 0.7%

The Australian dollar has fallen 11% against the US dollar since April and also depreciated against the currencies of Australia's major trading partners.

The Australian dollar was fairly flat at the beginning of the September quarter, however it rose in September following the Federal Reserve's decision to not taper its quantitative easing program and closed the quarter on 93.09 US cents.

As highlighted in previous newsletters, the Plan applies currency hedging on some of its investments, such as property, global fixed interest and around half of the Plan's international shares exposure. A depreciating Australian dollar does not benefit the returns on these hedged investments. However, the half of the Plan's investment in international shares that is unhedged does benefit from a depreciating Australian dollar.

The graph below shows the Plan's investment returns (net of investment fees and tax) for the three investment options for the quarter ended 30 September 2013 and for the year to date (1 April 2013 to 30 September 2013).



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

Plan investment performance

Investment performance at the start of the September quarter was largely positive, despite fears of a slowdown in China. America showed signs of growth, with unemployment dropping slightly and US real GDP rising to 2.5% on an annualised basis. However, at the end of September, problems in Syria, along with the prospect of the US Government shutting down due to extra funding not being approved by Congress, caused some concern.

News from Europe was mixed throughout the quarter. In August, for the first time in 18 months, Europe recorded positive economic growth and confidence improved. However, developments in Italy triggered fears of instability in Italy's government and news of Greece potentially requiring a further European bailout kept economists conservative about the European outlook.

At its August meeting, the Reserve Bank of Australia lowered interest rates to a historic 2.5%. This action was attributed to continued uncertainty in the domestic market due to a cooling in the mining industry and a slight increase in unemployment.

MySuper changes

As you may have read in this year's *Annual Report*, the Government is introducing a series of reforms called Stronger Super which will see some changes to the way super is run. Some of these changes become effective from 1 January 2014.

One of the reforms will create a new default superannuation offering called MySuper. MySuper is intended to receive compulsory Superannuation Guarantee (SG) contributions for employees who do not actively choose their superannuation fund or choose an investment option.

The Trustee has decided to continue the "choice" nature of the Nissan Superannuation Plan and will not be offering a MySuper product.

Employees of Nissan who are members of the Plan have recently been sent a letter about how these changes affect their super. If you are an Accumulation member, you have been asked to confirm your membership arrangements and investment choice by completing and returning a form by 9 January 2014.

We encourage you to respond promptly to ensure your super arrangements in the Plan remain the same. If you do not confirm your membership by returning the form, the Plan will not be able to accept any further contributions for you after 1 January 2014.

Defined Benefit members are not affected by the MySuper changes and no action is required for these members. There is also no immediate effect on members of the Plan's Retained Benefit Division.

What the new Government means for your super

The recent election of a Coalition government may see some changes to superannuation over the next few years based on the Liberal Party's superannuation policy released before the election. Overall, however, no substantive changes are expected.

Some of the points mentioned in their superannuation policy include:

- Pausing the scheduled increases in the SG for two years. This will require legislative change. If passed, this will mean that the current minimum SG contribution of 9.25% will remain until 1 July 2016.
- Paid parental leave policy requires the payment of superannuation contributions while on parental leave.
- A review of the minimum payment amounts from account-based pensions.
- Abolishment of the low income superannuation contribution as part of the repeal of the Mining Tax.

Superannuation changes announced by the previous Government that are not yet law include:

- The capping of the tax exemption on pension earnings to \$100,000 p.a.
- Extension of deeming rules to account-based pensions.
- High income earners tax on concessional contributions of individuals earning over \$300,000 p.a. This change commenced on 1 July 2012, and although the legislation has been made, details of how it will apply to Defined Benefit members are yet to be finalised.

The Trustee will keep members informed of changes as they occur.

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.

Issued in November 2013 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).