



INVESTMENT UPDATE

DECEMBER 2014 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 December 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 **December quarter net investment returns*** for the:

- Growth option was 4.3%
- Balanced 50/50 option was 3.8%
- Cash option was 0.6%

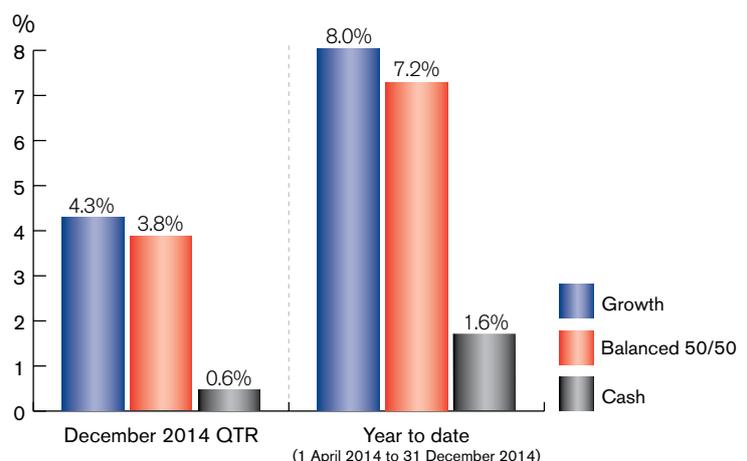
Investment returns for the key asset classes for the quarter for:

- Australian shares was 2.9%
- International shares (hedged) was 4.0%
- International shares (unhedged) was 8.2%
- Global property (hedged) was 12.7%
- Australian fixed interest was 3.9%
- Australian cash was 0.6%

The Australian listed property sector strongly outperformed the broader Australian share market over the quarter, with the S&P/ASX 300 Property Accumulation Index rallying 11.3% for the three months to December. Global listed property also performed strongly, returning 12.7% over the quarter according to the UBS Global Investors ex-Australia Index (hedged).

The Reserve Bank of Australia (RBA) Board kept the official cash rate on hold at 2.5%, where it has been for 16 consecutive months. Over the quarter, market analysts generally moved to predict a cut in interest rates in the first half of 2015, however the RBA has reiterated its view that some period of interest rate stability is needed if target growth and inflation outcomes are to be achieved.

The graph below shows the Plan's net investment returns* for the three investment options for the quarter ended 31 December 2014 and for the year to date (1 April 2014 to 31 December 2014).



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

* Net investment returns are net of fees, tax and an allowance for the build up of the Operational Risk Financial Requirement Reserve.

Plan investment performance

In Australia, growth continues to be sluggish, despite a slight improvement in the unemployment rate in the December quarter. Consumer confidence, as measured by the Westpac Consumer Confidence Index, tumbled from 94.0 in September to 91.1 in December. Australian shares performed broadly in line with global shares on a local currency basis, with the S&P/ASX 300 Accumulation Index returning 2.9% over the quarter.

The Australian dollar continued its slide against the US dollar over the quarter, starting at 87.52 US cents and falling to 82.02 US cents by year end. International share markets posted another strong quarter. With the weaker Australian dollar, international investments exposed to foreign currencies saw bigger returns. According to the MSCI World ex Australia Accumulation Index, unhedged international shares returned 8.2%, as compared to 4.0% for hedged international shares.

Despite already low oil prices, OPEC announced that it would maintain output, causing the oil price to drop to levels not seen since the Global Financial Crisis. While continuing low prices will place significant pressure on countries such as Venezuela and Russia who rely heavily on oil exports, they could lead to growth elsewhere, as oil is used in many products.

Can you contribute more to your super?

As a new year starts, it's a good time to think about the bigger financial picture and what you can do to maximise your super. Making personal contributions can help you boost your final payout from the Plan. You have the choice of making contributions from your before or after-tax salary. There may be tax advantages from making contributions before tax. However, remember that the Government has caps which limit the amount you and your employer can contribute that will receive the reduced (concessional) tax rates.

Caps for 2014/15

Age on 30 June 2014	Concessional contributions	Non-concessional contributions
Under 49	\$30,000	\$180,000*
49 or over	\$35,000	\$180,000*

* If you are under age 65, you can generally bring forward two years of caps to make total non-concessional contributions of up to \$540,000 over three years from 1 July 2014.

The Plan administrator reports the contributions it receives in the Plan's bank account for you during the financial year (i.e. 1 July to 30 June) to the Australian Taxation Office (ATO) at the end of the year. It is important to regularly monitor your concessional contributions to avoid going over the cap and paying more tax.

If you exceed the concessional contributions cap, the excess contributions will be taxed in total at your marginal tax rate, plus an interest charge. They will also count towards your non-concessional cap unless you elect to withdraw them from superannuation – the ATO will include information on how to do this with your excess contributions tax assessment.

Please contact the Plan administrator on 1800 127 953 or Julye Godwin on 03 9797 4262 if you wish to change your contribution rate.

What are concessional and non-concessional contributions?

Concessional contributions include contributions made by your employer, or notional contributions in respect of your defined benefit (see below). They also include any contributions you make from your before-tax salary (by salary sacrifice).

Contributions you make from your after-tax salary are an example of **non-concessional** contributions. Others include excess concessional contributions not withdrawn from super.

Arrangements for Defined Benefit members

The amount of concessional contributions that count toward the cap in respect of your defined benefit (your "notional contribution") is calculated by the Plan actuary using special rules. Should you need an update of your notional employer contribution from the Plan or require any further information, contact Marcus Wappet on 03 9797 4290.