



INVESTMENT UPDATE

MARCH 2016 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 -1.4%
- Balanced 50/50 option was -0.3%
- Cash option was 0.5%

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

- Australian shares was -2.7%
- International shares (hedged) was -1.8%
- International shares (unhedged) was -5.8%
- Global property (hedged) was 4.6%
- Australian fixed interest was 2.0%
- Australian cash was 0.5%

Plan investment performance

Investment markets were highly volatile over the Plan's financial year which ended on 31 March 2016.

Both the Australian and international share markets experienced dramatic swings throughout the year. This adversely impacted the Plan's Growth and Balanced 50/50 options, which have a significant proportion of assets invested in shares. Australian shares were down sharply, dropping 9.3% over the year to 31 March 2016 (according to the S&P/ASX 300 Accumulation Index). International shares also finished in the red with returns of -3.9% on an unhedged basis, or -3.1% when expressed in Australian dollars (according to the MSCI World ex Australia Index [hedged]).

Performance of international shares for the March 2016 quarter dragged down the annual result, with the index falling 5.8% over the quarter. The Australian dollar's rebound exacerbated this fall. However, the loss on international shares was limited to -1.8% where currency exposure had been fully hedged.

The US economy continues to grow at a moderate pace. Interest rates were left on hold during the March quarter given the weak US inflation expectations and the unusually high downside risks in international financial markets. The Eurozone economy continued a steady but slow recovery during the quarter. Manufacturing activity in China has been in decline during the last 12 months, and the Chinese share market has experienced some of the steepest declines since the global financial crisis in 2008.

Notably, during the March quarter, the Bank of Japan's decision to lower interest rates to a negative rate for certain accounts held by financial institutions had reverberations across markets worldwide.

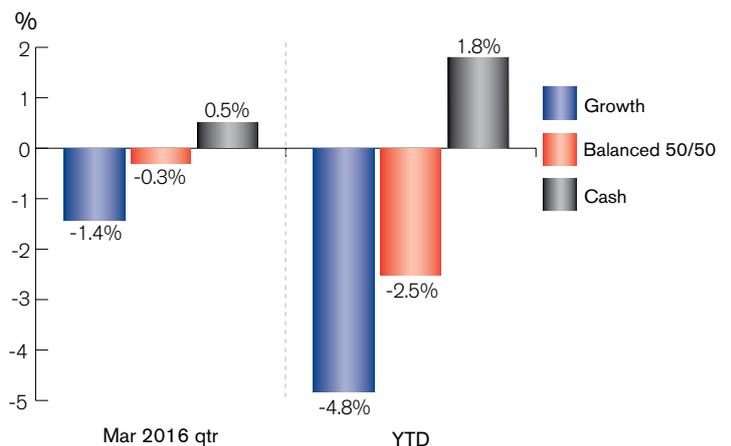
The unexpected decision raised concerns about the impact on bank profitability in a low-yield environment and resulted in a fall in the price of bank shares in the advanced economies.

In Australia, interest rates have remained on hold at 2.0% for most of the year. The RBA Board has observed that there are signs that activity is rebalancing towards non-mining sectors of the economy, with the end of the mining boom. Economic data for Australia showed mostly positive signs for the March quarter, with a slight decrease in unemployment and an expansion in manufacturing.

The Australian dollar rose over the quarter and was worth 76.57 US cents at 31 March 2016, up around 3.5 cents and is also up slightly on the previous 12 months.

In what has been a very tough year for the Plan's investments, the only sectors to provide positive contributions to returns have been global property, fixed interest and cash. These returns have, at best, been modest.

The graph below shows the Plan's net investment returns* for the three investment options for the quarter ended 31 March 2016 and the year ended 31 March 2016.



* Net of investment fees, tax and an allowance for the build-up of the Operational Risk Financial Requirement reserve.

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

The results detailed in the graph above are the interim crediting rates for the year. Once the audit of the Plan has been completed, final crediting rates will be determined by the Trustee. These will appear on your annual *Benefit Statement* which is expected to be issued to you in late June 2016. The final crediting rates may differ from the interim rates outlined above.

Who will your super go to if you die?

Death is a subject everyone wants to avoid, but unfortunately it can happen at any time. When you have loved ones who are dependent on you financially, you need to make sure that they are looked after in the event of your death. This is why it's a good idea to keep your nomination of beneficiaries up to date.

Your nomination of beneficiaries records your views on the payment of your super death benefit. Read on to see how to make your nomination count.

What types of nominations can I make?

You have two options: a non-binding nomination or a binding nomination.

What is a non-binding nomination?

By making a non-binding nomination, you give the Trustee a guide to how you would like your death benefit paid. However, before paying your benefit, the Trustee will investigate your personal circumstances at the time of your death, and decide how to pay the benefit taking into account the best interests of your dependants.

How about a binding nomination?

A valid binding nomination gives you more certainty, as the Trustee will be legally bound by your wishes. However, don't forget that a binding nomination expires after three years, so be sure to check that yours is still valid and reflects your current personal circumstances.

Who can I nominate?

You can nominate your dependants, and/or your legal personal representative (e.g. the executor of your estate). Your dependants include your spouse (including de facto spouse or same-sex partner), your children, and anyone who is dependent on you – generally this involves financial dependence. If you nominate your legal personal representative, your death benefit will generally be paid according to your Will, so you should keep your Will up to date.

How do I check or change my nomination?

You will shortly be receiving your *Benefit Statement* which will show your current nomination for your death benefit. However, you can make or change your nomination at any time by completing a *Nomination of Beneficiaries form*, attached to the leaflet *Who will get your super if you die?* For a copy, visit the Plan's website at nsp.nissan.com.au or contact the Plan administrator on **1800 127 953**.

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 2016 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).