



INVESTMENT UPDATE

SEPTEMBER 2018 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*** for the:

- Growth option was 3.01%
- Balanced 50/50 option was 2.15%
- Cash option was 0.44%

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

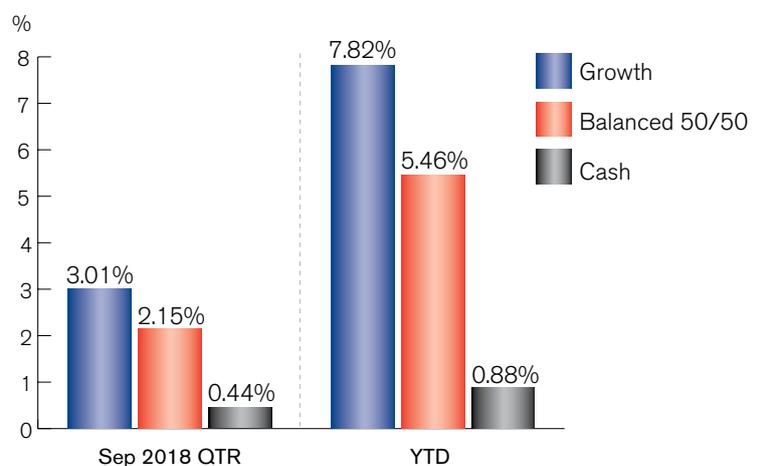
- Australian shares was 1.5%
- International shares (hedged) was 5.6%
- International shares (unhedged) was 7.4%
- Global property (hedged) was 0.6%
- Australian fixed interest was 0.5%
- International fixed interest was -0.1%
- Australian cash was 0.5%

Over the year to 30 June 2018, data on Australia's GDP growth shows that it has exceeded the estimate for annual increases. However, concerns remain as the majority of the growth from household consumption is being funded by household savings, with real wages stagnant.

The Reserve Bank of Australia's Board has maintained a similar outlook as previous quarters, electing to keep the official cash rate at 1.5% at its September meeting. The meeting minutes note that inflation is still at the lower end of the RBA's target range, as well as continued concerns around falling house prices and high levels of household debt. No rate rises are anticipated by the market until 2020.

The Australian dollar depreciated against the US dollar over the quarter, moving from 73.91 US cents at the end of June 2018 to 72.22 US cents at the end of September 2018. The Australian dollar also depreciated against the Euro and the British pound, but recorded small gains against the Chinese Yuan and the Japanese Yen.

The graph below shows the Plan's net investment returns* for the three investment options for the quarter ended 30 September 2018 and for the six months to 30 September 2018.



* Net of investment fees and taxes.

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

Plan investment performance

Geopolitical tensions continued to be the main theme of the September quarter, with the continued threat of an international trade war led by the US and China. The Eurozone was impacted by the Turkish currency and debt crisis which saw the Turkish lira fall to record lows. Despite trade war threats, the US economy performed strongly, with low levels of unemployment and continuing growth. The Japanese share market rallied following the re-election of Prime Minister Abe and the subsequent detail provided on fiscal policies.

When taking into account the Australian dollar's movement against other currencies, international share markets returned 7.4% in the September quarter, with the US share market being the top performer with a gain of 9.4% for the quarter. In contrast, Australian shares gained 1.5% over the same period.

Contributing money from home sale to super

Homeowners aged 65 and over are now allowed to contribute some of the proceeds of the sale of their principal home into super. This is designed to encourage older people to downsize their homes. If you have lived in the home for at least 10 years you can make a “downsizer” contribution of up to \$300,000 into your superannuation plan. Couples are able to transfer up to \$600,000 into super. The contract of sale must have been exchanged on or after 1 July 2018.

Eligible downsizer contributions will not count towards your annual non-concessional contribution cap and can be made even if you do not meet the “work test” (see to the right). However, they will count towards the \$1.6 million cap on the amount that can be held in pensions where earnings are exempt from tax.

If the ATO determines that you were ineligible to make downsizer contributions or you exceed the \$300,000 cap, your contributions will count as personal contributions, which may result in you exceeding your non-concessional contribution cap. The contributions also count towards your total superannuation balance, which may affect whether you can make non-concessional contributions in future years. Other conditions also apply.

How do I make downsizer contributions to the Plan?

The Plan will accept downsizer contributions from employee members. To make downsizer contributions you need to complete a *Downsizer contribution into superannuation form*. For more details and a copy of the form, refer to www.ato.gov.au/super under “Super housing measures”. Alternatively, you can contact the Plan administrator.

What is the “work test”?

If you are over age 65 there is usually a work test applied before you are able to make personal contributions to super. You need to be gainfully employed at least 40 hours in any period of 30 consecutive days in the financial year to which the contribution relates.

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 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 2018 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).