



Nissan Superannuation Plan

Outcomes assessment – year ended 31 March 2020

All superannuation funds are required to make an annual determination as to whether the financial interests of members are being promoted by the trustee having regard to various prescribed factors. This document summarises the Trustee's determinations for the Nissan Superannuation Plan's (the Plan) Choice product for the year ended 31 March 2020.

To make these determinations the Trustee established a number of outcomes that it sought for members who hold the product. These outcomes covered a number of areas including the following:

- investment strategy, returns and investment risk
- fees and costs
- insurance strategy and insurance fees
- the options, benefits and facilities offered.

The Plan has been specifically designed for employees of Nissan Motor Co. (Australia) Pty Ltd and associated companies (Nissan). The Plan's Choice product covers all accumulation members.

The Plan also has a number of defined benefit members. An outcomes assessment is not required for these members, although the Trustee has established an outcome relating to appropriate funding of the defined benefit section and some of the information below may be relevant to defined benefit members who have accumulation accounts.

The Plan does not have a MySuper product.

Outcomes determination – Choice product

In relation to the Plan's Choice product, the Trustee has determined that:

- the financial interests of the members who hold the product are being promoted by the Trustee having regard to a comparison of the product with other Choice products based on various prescribed factors
- the options, benefits and facilities offered are appropriate for the members
- the investment strategy including the level of investment risk and return target is appropriate for the members
- the insurance strategy is appropriate for the members
- the insurance fees charged do not inappropriately erode the retirement incomes of the members
- the members who hold the product are not being disadvantaged because of the scale of and within the Trustee's business operations
- the operating costs of the Trustee's business operations are not inappropriately affecting the financial interests of the members
- the basis for the setting of fees is appropriate for the members.

Making the comparisons

The Trustee compared the Plan's Choice product with a range of other products (called "peer funds"). Those products were not limited to any particular size, sector type or profit status. For its investment return comparisons, the Trustee used SuperRatings* survey data for products with a similar level of investment risk.

* Source: SuperRatings Pty Ltd's Survey published on 21 April 2020 and 21 July 2020, www.superratings.com.au. This is not financial product advice; independent professional advice must be obtained before making any financial decisions.

Summary of assessments and comparisons

Important Note - The information in this publication is general information only and does not take into account the personal financial situation, objectives or needs of any individual. It is not financial product advice. You should obtain professional advice before making any decisions based on the information in this publication.

Investments

The Trustee considers the Plan's investment arrangements to be a key factor for achieving retirement outcomes for members. The Trustee focuses on measuring the Plan's investment performance against its agreed objectives for investment returns and levels of investment risk.

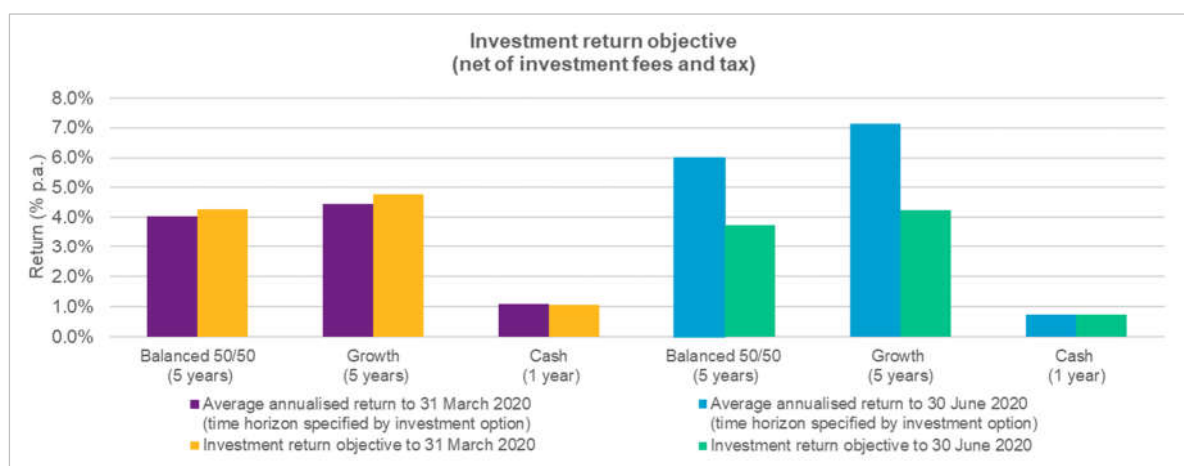
The Plan's investment strategy is reviewed at least annually. The most recent review, conducted in November 2020, recommended a change in the fixed interest asset allocations. The Trustee concluded that the strategic asset allocations for each option, including this change, are appropriate and the risk and return objectives are expected to be achievable over the longer term.

Investment returns against objectives

Both of the Plan's diversified investment options have an objective to achieve a return (net of investment fees and tax) that exceeds movements in the Consumer Price Index (CPI) by a specific amount over a designated measurement period; the Cash option's objective is set against an appropriate sector benchmark. These objectives are shown in the table below.

Investment option	Investment return objective	Measurement period
Growth	CPI + 3.0% p.a.	5 years
Balanced 50/50	CPI + 2.5% p.a.	5 years
Cash	Bloomberg AusBond Bank Bill Index (net of tax)	1 year

The Trustee assessed the investment performance of the Plan's investment options against these objectives. The results are shown in the chart below at 31 March 2020 and also at 30 June 2020.



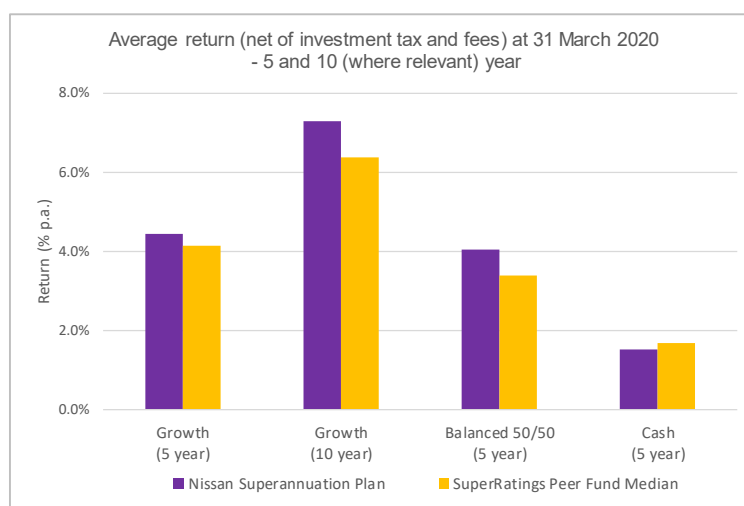
* includes investment fees and indirect costs

Note that past performance is not a reliable guide to future performance.

COVID-19 had a significant impact on investment markets in the March 2020 quarter and because of this the Trustee also conducted the same assessment for the period ended 30 June 2020. While, the Plan's objectives were not achieved for the Balanced 50/50 and Growth options by a small margin at 31 March 2020, they were comfortably achieved at 30 June 2020.

Investment returns against peers

The Trustee aims to achieve medium and long-term investment returns, net of investment fees and tax, that are at or above the median return for peer group funds with comparable levels of investment risk. The following graph shows the returns for the Plan's three options for periods ended 31 March 2020:



The 5-year and 10-year net returns for the Plan's Growth investment option were above the median returns for peer funds. The 5-year net return for the Plan's Balanced 50/50 investment option was above the median return for peer funds, however the Cash investment option was slightly below the median return for peer funds for the same period.

Please note that 10-year returns are not available for the Balanced 50/50 and Cash options since they commenced on 1 April 2012.

Level of investment risk

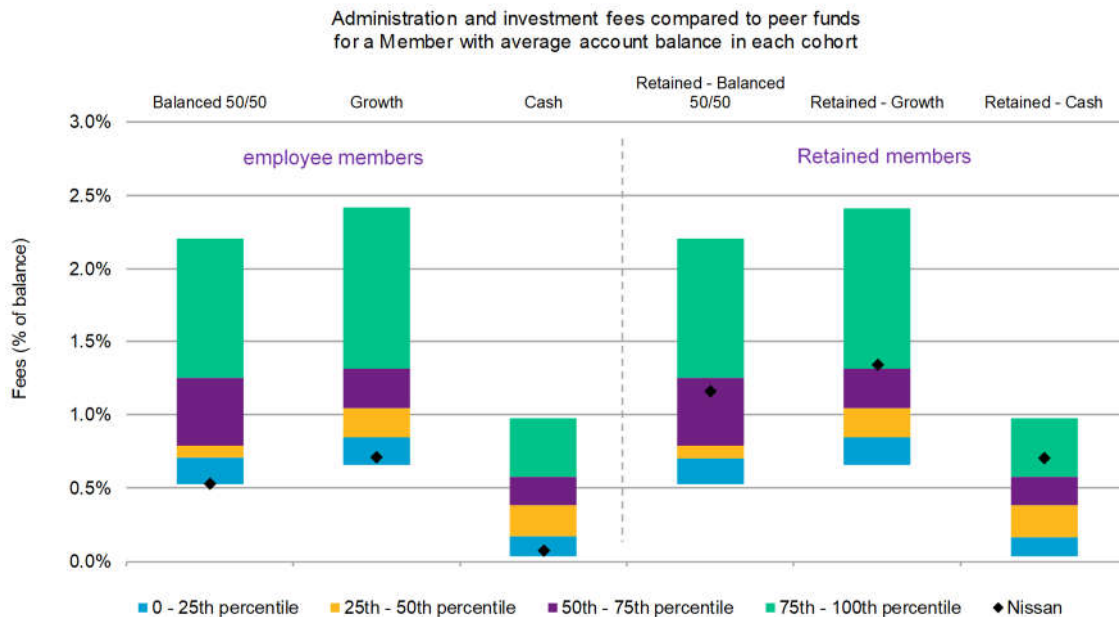
Investment risk is an important consideration when assessing investment performance. Each of the Plan's investment options has a different tolerance limit for negative annual returns. The Trustee has assessed the actual level of investment risk for each investment option by measuring the number of negative annual investment returns over specified time periods.

At 30 June 2020, the frequency of negative returns for all options is at or below the tolerance limit set by the Trustee. At 31 March 2020, the frequency for the Growth and Cash options were also below their tolerance limits, but for the Balanced 50/50 option the frequency of negative returns was above the tolerance limit due to the effect COVID-19 had on investment markets in the March 2020 quarter.

Fees and Costs

The Plan's administration fees and insurance fees for Choice product members who are current employees of the Company are subsidised by the Company through its defined benefit funding. Fees for non-employee members (i.e. Retained members) are charged on a cost-recovery basis. Investment fees and activity fees are deducted from all members' accounts.

The chart below compares the annual investment and administration fees for the Plan's investment options with those of the peer funds. The comparisons are for employee and Retained members and are based on respective average account balances for these members.



* includes investment fees and indirect costs

The chart shows that the Plan's fees for employee members compare favourably with those of the peer funds. However, fees in relation to Retained members were higher than the median and for the Growth and Cash options, the fees were in the upper quartile relative to peer funds.

The Trustee also monitors the Plan's operating costs and the fees charged to members over time. Over the past five years the administration fees charged to employee members have remained unchanged, and the administration fee charged to Retained members reduced in 2019/2020.

Insurance strategy and insurance fees

The Plan provides standard insurance cover for death and total and permanent disablement to employee members. The Plan does not provide insurance cover to Retained members, nor does it have the option for members to have additional voluntary insurance. The Trustee believes this strategy is appropriate because Retained members cannot have their new employer's contributions paid to this Plan. The Trustee expects that Retained members will generally have another superannuation fund through which they will have access to insurance benefits.

The Trustee compared the level of total death and Total and Permanent Disablement benefits in the Plan with those in the peer funds for employee members of various ages, using a consistent salary and notional account balances. The overall benefits payable to employee members of the Plan on death and Total and Permanent Disablement generally compared favourably across all the ages examined.

The Trustee also has an objective to ensure that the fees for insurance cover do not inappropriately erode those members' retirement benefits. All of the Plan's insurance fees are paid by the Company for members who are current employees of the Company. Therefore, insurance fees do not erode the retirement benefits of members.



Options, benefits and facilities

The Plan has been specifically designed for employees of Nissan. However, the Trustee wants to ensure that it is providing suitable options, benefits and facilities and that the Plan's scale is sufficient to provide the outcomes the Trustee set for members.

The Plan offers an appropriate range of investment options and members can stay with the Plan when they leave employment with Nissan. The Plan is relatively small compared with many other superannuation funds and it is closed to new members. The Trustee considers it important to minimise the cost to the Plan of providing members with ancillary benefits that they may not need. To achieve the outcomes it seeks for members, the Trustee focuses on the fundamentals of competitive investment returns, low fees, benefits on death and Total and Permanent Disablement that compares favourably with other superannuation funds, and personal service to members.

Scale

The Trustee has noted that the Plan has sufficient scale to provide the outcomes the Trustee has established for members due to the appointment of third-party providers and the ongoing support for the Plan provided by Nissan.