INVESTMENT UPDATE

MARCH 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 March quarter.

If you have any questions about your super, please contact me on (03) 9797 4290.

Marcus Wappet
Chairman, NSP Superannuation Pty Ltd

Quarter results

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

- Growth option was 6.0%
- Balanced 50/50 option was 4.1%
- Cash option was 0.6%

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

- Australian shares was 8.0%
- International shares (hedged) was 10.4%
- International shares (unhedged) was 7.2%
- Global property (hedged) was 9.0%
- Australian fixed interest was 0.1%
- Australian cash was 0.7%

Plan investment performance

The European economic crisis worsened over the March 2013 quarter with the political landscape dominated by events in Cyprus. The first proposal for the Cypriot bailout imposed a levy of up to 10% on all bank depositors sparking fears that a dangerous precedent had been set, potentially undermining confidence across the European banking sector. The final terms of the bailout spared small deposit holders, relieving many onlookers.

Despite the economic concerns in Europe, global share markets continued to surge ahead.

Australian shares followed this global trend and also performed strongly over the March quarter. The S&P/ASX 300 Accumulation Index returned 8.0%. Performance remained robust on the back of positive news from China and improving economic fundamentals in the US.

The Australian dollar closed the quarter at 104.26 US cents (up from 103.84 in the previous quarter). The Trustee's strategy is to apply full currency hedging to the Fund's overseas investments in listed property, and bond holdings.

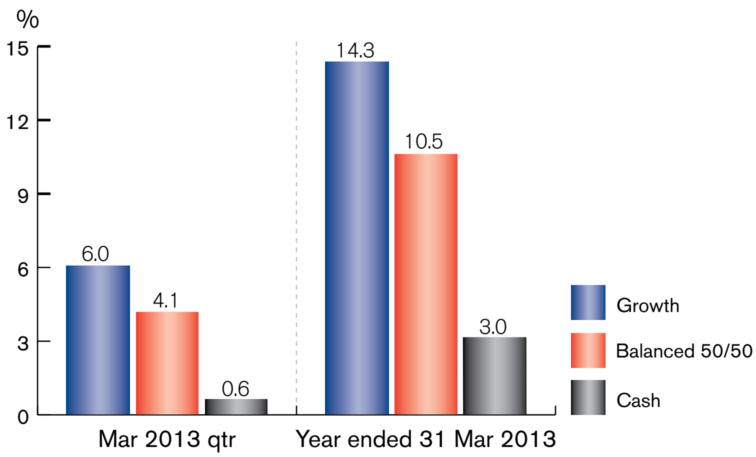
By currency hedging, the returns from these investments are not undermined by an appreciating Australian dollar.

Over the March quarter, the yields from 10-year Australian government bonds rose slightly. Rising yields have the effect of reducing the market price of the bonds. The net effect for the quarter was that the reduction in the price of bonds offset the higher yields leaving the total return from the Plan's investment in fixed interest flat.

The Reserve Bank of Australia (RBA) kept the official interest rate unchanged at 3.0% over the quarter. Interest-sensitive parts of the economy continued to show signs of responding to the low rates and the RBA judged that it was appropriate to hold rates steady and to assess further developments at its future meetings. At the May meeting, the rate was dropped to 2.75% to encourage further sustainable growth in the economy.

The continuing strong performance of shares has had a positive impact on the Plan's investment options, particularly the Growth option.

The graph below shows the Plan's investment returns (net of investment fees and tax) for the three investment options for the quarter ended 31 March 2013 and for the year ended 31 March 2013.



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

This concludes the Plan's 2012/13 financial year with some of the best investment results for some time. The investment results detailed in the graph above are interim figures and are subject to independent audit. Final declared rates will be confirmed in the Plan's 2013 *Annual Report* and on *Benefit Statements*.

please turn over

Proposed super changes

You may be aware of a number of recent Government announcements about intended changes to super arrangements, including how super is taxed. The Government has also confirmed its commitment to the low income earner contribution scheme as well as the proposal to increase the tax on contributions for high income earners – both of which were announced in last year's Budget.

Two recent changes that the Government has proposed are highlighted below. You should note that these proposals **are not yet law**. There continues to be uncertainty about the changes although more detail may be provided in the Federal Budget due on 14 May 2013. With a Federal election scheduled for mid-September, there is further uncertainty about whether the announced changes will be implemented.

Concessional contribution cap to be simplified

The Government has proposed simplifying the concessional contribution cap for older employees. This cap limits the amount of employer and your before-tax contributions that can be made at concessional tax rates. Higher taxes apply if the cap is exceeded.

Currently the limit is $25,000 regardless of age. Under the new proposal, the cap will increase on 1 July 2013 to $35,000 (not indexed) for employees over age 60, and on 1 July 2014 for employees over age 50.

Tax on high pension earnings in retirement

Currently all income earned from super that is invested in pension products is tax free. The Government's proposal is to apply a tax of 15% on those who have investment earnings of more than $100,000 per year generated in pension products to bring the tax on earnings in line with other super retirement savings.

For example, if your super pension account earns 10% for the year, you would need to have more than $1 million in your pension account before tax would be applied.

The Government proposes to index the $100,000 threshold annually in $10,000 steps.

Issued in May 2013 by NSP Superannuation Pty Ltd (ABN 53 063 972 202) as Trustee for the Nissan Superannuation Plan (ABN 24 774 305 410).