

MONTHLY REPORT

For the period ended 30 April 2021

Market performance summary – April in a snapshot

- Global share markets continued to perform strongly this month, with major markets benefiting from investor confidence in the economic recovery.
- All New Zealand Defence Force Savings Scheme's funds had positive returns in April apart from the Cash fund which had zero return.
- A reminder to all New Zealand Defence Force KiwiSaver Scheme members and Defence Force Super Scheme members in Cat B, Government pays 50 cents for every \$1 a member contributes and up to \$521 for \$1,042 annually. Make sure you contribute before 30 June 2021 to maximise your Government contribution this year.
- Before making any changes to your investment option or making a decision to withdraw money, you should discuss this with your financial adviser or an independently pointed Milestone Direct (MDL) team of advisers by calling **0508 MILESTONE (0508 645 378)** or by emailing info@milestonedirect.co.nz.



Monthly Commentary Ended 30 April 2021

After a positive March, global share markets continued to perform strongly in April with all major markets (with the exception of Japan) showing positive returns. Investors are feeling positive about the strength of the post-pandemic economic recovery.

The MSCI World index (an indication of global shares) returned 2.2%.

Trans-Tasman shares were positive in April, albeit softer than March, as investors wait to see the impact the Trans-Tasman bubble will have on company earnings. New Zealand and Australian equities were up 1.4% and 2.4%, respectively (in unhedged NZD).

Global shares modestly rose in April by 1.9% as the fight against the Coronavirus reached a significant milestone with vaccinations surpassing 1 billion doses globally. Developing nations continue to struggle with the fight against the Coronavirus, with calls for developed nations to contribute more to help the poorer nations.

Global Property and Global Infrastructure delivered strong results, up 5.7% and 2.7%, respectively, as investors continue to take advantage of loose monetary policy amongst buoyant asset prices. Furthermore, an Infrastructure deal between the EU and India may boost Global Infrastructure, as the deal plans to compete against China's 'Belt and Road' initiative.



Significant developments include:



Commodities Super Cycle



Semiconductor Industry

Commodities Super Cycle

From Oil and Corn, to Lumber and Copper, the price of raw commodities skyrocketed in April as demand for raw materials rise on the reopening of the global economy. With financial support from governments kicking into gear all around the world, a “Commodities Super cycle” call by Goldman Sachs has started to ring true, with the likes of UBS predicting that commodities as a whole will rise 10% in the following year.

Semiconductor Industry

As large portions of the globe moved to a “work from home” arrangement during the past year, the strain has been felt in the semiconductor industry. As a key component in computers and monitors, the semiconductor industry is now struggling to meet demand needs around the world. The strain is being felt across many sectors, with Apple’s Chief Financial Officer, Luca Maestri, warning that semiconductor shortages will remove \$3-4 billion of revenue in the third quarter. Car rental companies are also being forced to purchase second hand cars as manufacturers feel the pinch.

India

A “Lack of foresight, a lack of leadership”, former governor of the India’s central bank Raghuram Rajan told Bloomberg, referring to the country’s surge in COVID-19 cases. With new daily cases reaching 400,000 in April, many countries have imposed travel bans from people who have visited India, with Australia going so far as banning their own citizens from coming back to their home country if they have visited India. Furthermore, a lack of oxygen supply has hospitals in India running at full capacity, with analysts modeling that daily cases and deaths are likely to be higher than the stated figures.

Trans Tasman Bubble

The highly anticipated Trans-Tasman travel bubble began during the month, seeing hundreds of travelers reunited with loved ones for the first time since the pandemic began over a year ago. It is hoped that with this bubble, the struggling tourism companies throughout New Zealand and Australia will see some much welcomed business in the coming months.

Milestone Direct Monthly Commentary Ended 30 April 2021

Sailing with the tides

Embarking on a financial plan is like sailing around the world. The voyage won't always go to plan, it won't happen quickly, and there will be rough seas. But the odds of reaching your destination increase greatly if you are prepared, flexible, in a good ship, patient, and well-advised.

A mistake an inexperienced sailor might make is not having a plan at all. They might embark without a clear sense of their destination. Then, once they do decide, they might find themselves lost at sea or headed the wrong way, possibly in an unsuitable ship with inadequate provisions.

Likewise, when planning an investment journey, you first need to decide on your goal. An initial step might be to consider whether the goal is realistic and achievable. For instance, while you may want to retire early in Queenstown, you may not be prepared to sacrifice your needs today to reach that aim.

Once you are set on a realistic destination, you need to ensure you have an investment portfolio to get you there.

- Have you planned for multiple contingencies?
- What degree of "bad weather" can your plan withstand along the way?
- Can you flexibly "change course to a new destination" if you re-evaluate your goal?

Ocean weather can be unpredictable. Storms or changing winds and tides can all make sailing difficult. The equivalent is true with investments,

which experience "storms" similar to the Covid-downturn in 2020, but once the storm passes, you can pick up speed again. Just as a sturdy vessel will help you withstand most conditions at sea, a well-diversified portfolio can sail through against the sometimes-stormy conditions in investment markets.

Circumnavigating the globe is not exciting every day. Patience is required during long periods crossing seas and oceans, and patience is also required with local customs and paperwork as you pull into different ports. Likewise, a lack of attention to costs and taxes is the enemy of many a long-term financial plan.

Distractions can also send investors, like sailors, off course. In the face of "hot" investment trends, it takes discipline not to veer from your chosen plan. It can be tempting to change course and act on news that is already priced-in to markets.

If you can't live with the volatility (sometimes rapid changes in investment value), you can change your plan. If the goal looks unachievable, you can lower your sights. If it doesn't look as if you'll arrive on time, you can extend your journey. If you change your mind, you can change your destination.

Of course, not everyone's journey is the same. Neither is everyone's destination. We take different routes to different places, and we are sure to meet a range of challenges and opportunities along the way.

But for all of us, it is critical that we are prepared for our journeys by being in the right vessel, keep

our destinations in mind, stick with a plan, and have a trusted navigator to keep us on target.

The Milestone Direct team are standing-by to discuss anything mentioned above, including how the NZDF Savings Schemes might be the vessel to get where you want to go in life:

0508-645-378

info@milestonedirect.co.nz

Joseph Darby
Chief Executive
Milestone Direct



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A Disclosure Statement is available on request and free of charge

For more information call 0800 333 787 or visit www.nzdfsavings.mil.nz

Investment Returns For Periods Ended 30 April 2021

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.01	0.01	0.01	0.01	0.85
	Conservative	0.72	0.55	0.72	5.06	3.43
	Moderate	1.21	1.94	1.21	9.57	4.70
	Balanced	1.65	3.46	1.65	15.30	6.46
	Growth	2.06	5.08	2.06	21.21	8.27
	High Growth	2.40	6.22	2.40	25.66	9.65
	Shares	2.29	6.26	2.29	29.22	11.07
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.02	0.00	0.00	1.05
	Conservative	0.76	0.47	0.76	5.39	3.75
	Moderate	1.28	1.88	1.28	10.05	5.04
	Balanced	1.72	3.46	1.72	15.88	6.94
	Growth	2.19	5.15	2.19	22.08	8.74
	High Growth	2.52	6.29	2.52	26.53	10.08
	Shares	2.35	6.35	2.35	30.16	11.56
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.02	0.00	0.00	1.05
	Conservative	0.81	0.43	0.81	5.58	3.99
	Moderate	1.37	1.90	1.37	10.44	5.24
	Balanced	1.79	3.48	1.79	16.46	7.22
	Growth	2.24	5.15	2.24	22.58	9.02
	High Growth	2.59	6.37	2.59	27.45	10.44
	Shares	2.38	6.32	2.38	30.87	11.91

Notes

- The investment returns shown on this page are based on the unit price movements of each investment portfolio and are after tax at the rate indicated and after fund charges that are charged within the unit prices.
- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The after tax and fees returns shown are therefore indicative of investment results but June differ from the actual after fees and tax returns achieved by individual investors.

* FYTD means Financial Year to Date, which is from 1 April 2020

Investment Returns For Periods Ended 30 April 2021

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.00	0.00	-0.01	0.98
	Conservative	0.72	0.56	0.72	5.21	3.58
	Moderate	1.22	2.01	1.22	9.74	4.86
	Balanced	1.66	3.50	1.66	15.36	6.61
	Growth	2.07	5.08	2.07	21.07	8.24
	High Growth	2.40	6.22	2.40	25.67	9.66
	Shares	2.29	6.35	2.29	29.14	11.10
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.00	-0.01	1.12
	Conservative	0.77	0.45	0.77	5.61	3.97
	Moderate	1.29	1.94	1.29	10.15	5.15
	Balanced	1.75	3.55	1.75	16.06	7.05
	Growth	2.18	5.14	2.18	22.27	8.75
	High Growth	2.55	6.35	2.55	26.82	10.15
	Shares	2.43	6.37	2.43	30.56	11.55
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	-0.01	0.00	-0.01	1.22
	Conservative	0.81	0.46	0.81	5.80	4.20
	Moderate	1.36	1.90	1.36	10.69	5.47
	Balanced	1.81	3.54	1.81	16.54	7.19
	Growth	2.26	5.20	2.26	22.81	9.01
	High Growth	2.60	6.35	2.60	27.56	10.47
	Shares	2.47	6.47	2.47	31.10	11.80

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Investment Returns For Periods Ended 30 April 2021

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.00	0.00	0.01	0.98
	Conservative	0.73	0.58	0.73	5.33	3.62
	Moderate	1.21	1.95	1.21	9.71	4.90
	Balanced	1.69	3.56	1.69	15.52	6.68
	Growth	2.07	5.12	2.07	21.26	8.36
	High Growth	2.41	6.17	2.41	25.59	9.76
	Shares	2.33	6.31	2.33	29.34	11.15
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.00	0.02	1.13
	Conservative	0.77	0.51	0.77	5.65	3.98
	Moderate	1.31	1.94	1.31	10.60	5.39
	Balanced	1.80	3.59	1.80	16.52	7.14
	Growth	2.21	5.19	2.21	22.40	8.87
	High Growth	2.53	6.39	2.53	27.08	10.37
	Shares	2.44	6.51	2.44	30.96	11.88
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	-	-	-	-
	Conservative	0.65	0.29	0.65	-	-
	Moderate	1.34	1.91	1.34	-	-
	Balanced	1.82	3.52	1.82	16.45	7.26
	Growth	2.26	5.23	2.26	22.95	-
	High Growth	2.61	6.42	2.61	27.58	10.65
	Shares	2.47	6.50	2.47	31.25	12.10

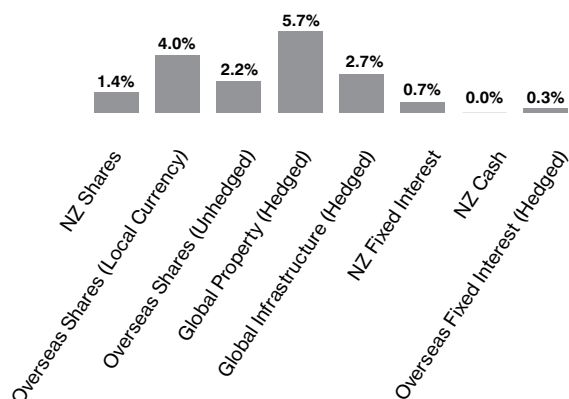
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

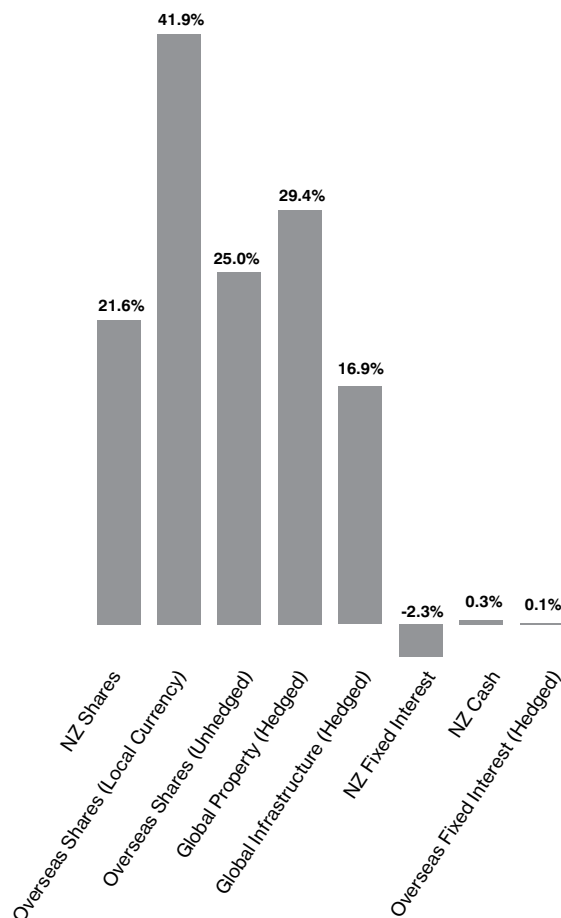
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Investment Returns For Periods Ended 30 April 2021

One Month



One Year



Key

- NZ SHARES
- S&P/NZX 50 (with ICs)
- OVERSEAS SHARES (LOCAL CURRENCY)
- MSCI World (Local Currency)
- OVERSEAS SHARES (UNHEDGED)
- MSCI World (Unhedged)
- GLOBAL PROPERTY (HEDGED)
- FTSE EPRA NAREIT Developed
- GLOBAL INFRASTRUCTURE (HEDGED)
- FTSE Global Core Infrastructure 50/50
- NZ FIXED INTEREST
- Bloomberg NZ Bond Composite
- NZ CASH
- ANZ 90 Day Bank Bills
- OVERSEAS FIXED INTEREST (HEDGED)
- Bloomberg Global Aggregate

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