

Monthly report

For the period ended 30 April 2024

Market performance summary

– April in a snapshot

- In April, the positive momentum in the stock market stopped because of increased prices, the US economy experienced a slowdown, and inflation was higher than expected.
- Investment returns were negative across all investment options, except for the Cash investment option, in the NZDF Savings Schemes.
- Before making any changes to your investment option(s) or making a decision to withdraw your money, you should discuss this with your financial adviser or an independently appointed Become Wealth team of advisers by calling **0508 BECOME (0508 232 663)** or emailing **hello@become.nz**.
- If you are eligible for a Government contribution, please check that you are on track to contributing \$1,042 into your KiwiSaver account before 30 June 2024, to ensure you receive the maximum amount (maximum of \$521 p.a.). More information can be found on the website at **www.nzdfsavings.mil.nz**.
- Check your latest member statement, due in late May. The statement contains powerful information to help with your long term planning.



Monthly Commentary Ended 30 April 2024

In April, the rally in equities came to an end. This was due to persistent inflation and a sharp slowdown in US GDP growth, which weighed heavily on market sentiment.

Both headline and core US inflation, which is a measure of inflation that excludes volatile items such as food and energy prices, came in above expectations for the third consecutive month.

As a result of the higher-than-expected inflation, markets lowered their expectations for rate cuts even further. At a regional level, emerging markets outperformed both US and international developed markets due to encouraging economic data and investor interest in low-valued Chinese equities. Emerging markets refer to countries that are in the process of transitioning into developed market economies and they possess some, but not all, of the characteristics typically associated with developed markets.

International developed markets, such as the US and Japan, are countries with well-established economies and financial markets. In the fixed income market, negative returns were observed as yields increased (bond prices fall as yields rise).



Monthly Commentary Ended 30 April 2024



Global

US headline inflation exceeded expectations for the third month on the trot, reaching 3.5% y/y. In the UK, Eurozone, and Japan on the other hand, inflation decreased. In New Zealand, inflation decreased to 4.0% y/y but still remains one of the highest in the developed world with non-tradeables running at 5.8% y/y.

Global

Alphabet Inc., the parent company of Google, achieved a valuation exceeding \$2 trillion USD in April after announcing their first-ever dividend and robust first-quarter earnings. With about 80% of total S&P 500 constituents having reported, the Q1 2024 earnings season has been rather positive thus far.

Middle East

Tensions in the Middle East heightened at the beginning of the month following a suspected Israeli airstrike, which hit the consular section of Iran's embassy in Damascus. Iran retaliated in mid-April, launching a barrage of drones as well as cruise and ballistic missiles against Israel, which were mostly shot down.

Become Wealth Monthly Commentary Ended 30 April 2024

The Unknowable Future

A few years ago now:

- The founder of Apple, Steve Jobs, said the new invention would change the way cities were designed, and reportedly thought it was “bigger than the personal computer”.
- Founder of Amazon, Jeff Bezos, also backed the project publicly and financially.
- Dean Kamen, inventor and businessman, predicted it “...will be to the car what the car was to the horse and buggy.”
- Any number of other technology experts, visionaries, and businesspeople thought the same thing.

They Were Wrong

The invention they were talking about was the Segway. If you haven't heard of it, a Segway is a two-wheeled transportation device.

The device was overhyped. It is no longer manufactured. Some of the world's best-placed people got it wrong.

The Return of Speculation

Now, a potentially similar level of enthusiasm may be gripping some parts of investment markets. Cryptocurrencies, meme stocks, gold, short-term trading in foreign exchange, and possibly even a theme around artificial intelligence (“AI”) are all being hyped with varying degrees of speculation.

By way of explanation, investment speculation is comparable to gambling, it comes with a high chance of failure based on chance or uncontrollable (external) events or forces. Alternatively, investing relies on analysis of financial fundamentals, though still does come with some risk, which varies by different investment types.

There's two ways to avoid falling for the hype. This should minimise the chance of getting it disastrously wrong, just like so many experts did with the Segway. The two ways are:

1. Analysis. Investments in the NZDF Schemes are carefully analysed before inclusion in the funds of the schemes, and the risk and return mix can be dialled up or down to suit the individual – with no speculation!
2. Diversify. Diversification spreads risk and should smooth an investors returns. Diversification is the only free lunch in the investment world. Rest assured the NZDF Schemes are among the most heavily diversified in the market.

What next?

It would be our pleasure to assist you explore the best strategy for your investments within the NZDF Savings Schemes. Should you wish, Become Wealth is also able to advise on other investments, such as residential property investment. Book your initial complimentary consultation at:

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hello@become.nz

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Chief Executive
Become Wealth



A Disclosure Statement is available on request and free of charge

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Investment Returns For Periods Ended 30 April 2024

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.36	0.96	0.36	3.98	1.44
	Conservative	-0.89	0.68	-0.89	3.12	1.58
	Moderate	-1.17	1.64	-1.17	4.82	2.54
	Balanced	-1.53	2.51	-1.53	6.51	3.71
	Growth	-1.74	3.72	-1.74	8.90	4.94
	High Growth	-1.99	4.39	-1.99	10.29	5.80
	Shares	-2.14	5.24	-2.14	12.05	6.46
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.40	1.07	0.40	4.46	1.63
	Conservative	-0.93	0.65	-0.93	3.41	1.70
	Moderate	-1.20	1.67	-1.20	5.17	2.73
	Balanced	-1.58	2.52	-1.58	7.02	3.91
	Growth	-1.76	3.71	-1.76	9.22	5.32
	High Growth	-1.99	4.40	-1.99	10.55	6.17
	Shares	-2.16	5.19	-2.16	12.39	6.80
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.18	0.43	4.88	1.79
	Conservative	-0.97	0.64	-0.97	3.46	1.75
	Moderate	-1.23	1.63	-1.23	5.31	2.88
	Balanced	-1.61	2.50	-1.61	7.09	4.07
	Growth	-1.76	3.74	-1.76	9.61	5.45
	High Growth	-1.98	4.42	-1.98	10.95	6.40
	Shares	-2.15	5.18	-2.15	12.80	7.04

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 2024

Investment Returns For Periods Ended 30 April 2024

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.35	0.96	0.35	3.94	1.44
	Conservative	-0.88	0.69	-0.88	3.17	1.66
	Moderate	-1.25	1.50	-1.25	4.69	2.55
	Balanced	-1.70	2.35	-1.70	6.35	3.43
	Growth	-2.06	3.25	-2.06	8.40	4.57
	High Growth	-2.26	4.02	-2.26	9.95	5.51
	Shares	-2.12	5.26	-2.12	12.24	6.54
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.41	1.10	0.41	4.54	1.66
	Conservative	-0.93	0.66	-0.93	3.38	1.78
	Moderate	-1.28	1.50	-1.28	4.90	2.55
	Balanced	-1.74	2.31	-1.74	6.53	3.63
	Growth	-2.09	3.19	-2.09	8.74	4.81
	High Growth	-2.24	3.95	-2.24	10.04	5.78
	Shares	-2.07	5.28	-2.07	12.64	6.85
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.19	0.43	4.86	1.79
	Conservative	-0.97	0.66	-0.97	3.52	2.14
	Moderate	-1.32	1.49	-1.32	5.20	2.87
	Balanced	-1.77	2.27	-1.77	6.73	3.69
	Growth	-2.10	3.19	-2.10	8.59	4.99
	High Growth	-2.28	3.86	-2.28	10.27	6.09
	Shares	-2.11	5.23	-2.11	12.76	7.07

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Investment Returns For Periods Ended 30 April 2024

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	0.94	0.34	3.92	1.49
	Conservative	-0.91	0.64	-0.91	3.11	1.67
	Moderate	-1.26	1.50	-1.26	4.67	2.54
	Balanced	-1.73	2.33	-1.73	6.36	3.52
	Growth	-2.08	3.24	-2.08	8.35	4.65
	High Growth	-2.25	3.99	-2.25	9.93	5.55
	Shares	-2.14	5.19	-2.14	11.90	6.51
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.07	0.38	4.48	1.70
	Conservative	-0.94	0.71	-0.94	3.42	1.80
	Moderate	-1.31	1.45	-1.31	4.87	2.77
	Balanced	-1.76	2.26	-1.76	6.60	3.82
	Growth	-2.09	3.18	-2.09	8.66	4.94
	High Growth	-2.28	3.97	-2.28	10.34	5.96
	Shares	-2.13	5.24	-2.13	12.55	7.04
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.42	1.16	0.42	4.89	-
	Conservative	-0.97	0.65	-0.97	3.57	-
	Moderate	-1.32	1.43	-1.32	5.10	-
	Balanced	-1.79	2.25	-1.79	6.66	3.73
	Growth	-2.12	3.11	-2.12	8.78	5.06
	High Growth	-2.29	3.81	-2.29	10.21	6.03
	Shares	-2.13	5.19	-2.13	12.61	7.13

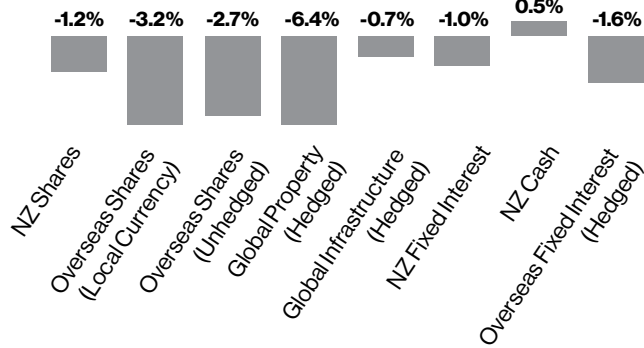
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- Each investor's returns within an investment portfolio will depend on timing of contribution payments and actual fees charged allowing for any fee rebates. The after tax and fees returns shown are therefore indicative of investment results but June differ from the actual after fees and tax returns achieved by individual investors.
- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

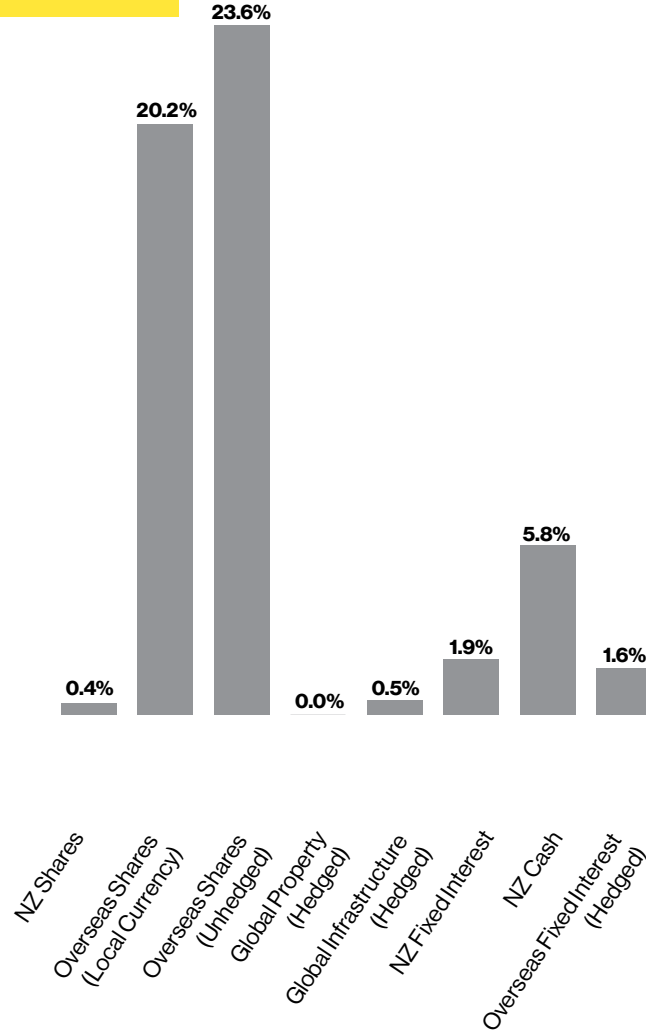
* FYTD means Financial Year to Date, which is from 1 April 2024

Investment Returns For Periods Ended 30 April 2024

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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