



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 August 2024

Market performance summary

– August in a snapshot

- The Reserve Bank of New Zealand implemented its first interest rate cut since March 2020 and has indicated the possibility of further cuts in the upcoming months.
- The month of August delivered some positive and some negative returns.
- 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 NZDF's appointed financial advisers at Become Wealth team by calling **0508 BECOME (0508 232 663)** or emailing **hello@become.nz**.
- The Annual Report and member statements have now been distributed, we would like to remind those who haven't read their statement to log into their account at **www.nzdfsavings.mil.nz**. Once you log in, you can find your member statement under "Account Statements".



HEI MANA MŌ AOTEAROA
A FORCE FOR NEW ZEALAND

FOR MORE INFORMATION CALL **0800 333 787** OR VISIT **WWW.NZDFSAVINGS.MIL.NZ**

Monthly Commentary Ended 31 August 2024

In August, the market became more volatile as investors dealt with concerning economic data from the US.

A weak July jobs report out of the US revealed the smallest increase in payrolls in over three years, while the unemployment rate climbed to 4.3%. Furthermore, Japan, which is one of the world's largest economies, increased interest rates by 0.15% in an attempt to fight domestic inflation pressures and bolster the country's ailing currency.

Against this backdrop, global share markets initially experienced a brief sell-off, which is a sale of assets, before recovering towards the end of the month. This recovery was influenced by investors considering the possibility of the US Federal Reserve (Fed) implementing more aggressive measures to stimulate the economy.

New Zealand equities were relatively lower when assessed in local terms, with the S&P/NZX 50 delivering a modest return of 0.4%. A similar trend was observed in Australia, where the S&P/ASX 200 (AUD) generated a return of 0.5%.

The Reserve Bank of New Zealand (RBNZ) reduced its benchmark policy rate for the first time in over three years, domestic bonds only experienced modest gains. The New Zealand 10-year yield declined by approximately nine basis points, reaching 4.31% by the end of the month. The Bloomberg NZ Bond Composite 0+ Yr Index delivered a return of 0.9%.

The US dollar (USD) weakened against all major developed currencies, particularly the Japanese yen, Australian dollar, and Swiss Franc. The New Zealand dollar was the strongest among the major currencies, rising 5.3% against the USD in anticipation of the Fed's rate-cutting cycle, despite the RBNZ significantly advancing their own rate-cutting cycle.



Monthly Commentary Ended 31 August 2024



United States

Gold prices hit a new all-time high in August, driven by a weakening US dollar and suspected monetary easing from the Fed in September. LBM Gold Bullion returned 3.4% in August and has delivered a 29% return over the past year.

Japan

The Bank of Japan (BoJ) implemented a 0.15% rate hike towards the end of last month. Although only a small move, this marked a big shift for currency markets and resulted in a sharp sell-off in global equities as investors unwound positions in high-yielding assets that had been funded by cheap Japanese yen borrowing costs.

New Zealand

The RBNZ implemented its first interest rate cut since March 2020 and has indicated the possibility of further cuts in the upcoming months. The decision to lower interest rates by 0.25% to 5.25% occurred earlier than what the RBNZ had initially projected, catching some market participants off guard and sparking speculation about a potentially aggressive easing trajectory until the end of 2025.

Become Wealth Monthly Commentary Ended 31 August 2024

Tune Up

Imagine an investment portfolio as a car. To achieve peak performance, every component must work in harmony. The recent adjustments made by Mercer to the NZDF Saving Schemes are akin to a mechanic fine-tuning an engine, ensuring that each part contributes to the overall power and efficiency.

- 1. Greater Simplicity:** In the world of cars, sometimes less is more. Mercer (manager of the NZDF Savings Schemes) has streamlined the portfolios. By focusing on a simpler, more straightforward investment strategy, they aim to reduce the variance compared to peers. This approach is like refining a car's design to eliminate unnecessary complexity.
- 2. Fee Reductions:** Another noteworthy adjustment is the reduction in fees. By streamlining operations and focusing on a more straightforward investment strategy, the fund manager may be able to pass on cost savings to investors. This is akin to improving a car's fuel efficiency, where the benefits of a more efficient system translate into lower running costs for the owner. There are *still* no performance-based fees in the NZDF Savings Schemes.

The Road Ahead

From my vantage point, these adjustments appear to be timely. Just as a mechanic takes pride in a well-tuned vehicle, Mercer aim to keep the portfolios in top condition.

This investment tune-up should provide investors with greater peace of mind.

What next?

We would be delighted to assist you explore anything mentioned above, including how it relates to your investments within one-or-more NZDF Savings Schemes. Become Wealth is also able to advise on other investments, such as residential property investment. Book your complimentary initial consultation today:

0508 BECOME (0508 232 663)

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Joseph Darby
Chief Executive
Become Wealth



A Disclosure Statement is available on request and free of charge

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Investment Returns For Periods Ended 31 August 2024

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.32	0.96	1.64	3.90	1.63
	Conservative	0.57	2.52	2.25	6.28	1.70
	Moderate	0.22	2.74	2.30	7.88	2.81
	Balanced	0.02	3.12	2.37	9.48	4.08
	Growth	-0.25	3.38	2.48	11.37	5.43
	High Growth	-0.61	3.39	2.36	12.41	6.35
	Shares	-0.88	3.55	2.15	13.54	7.00
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.36	1.07	1.85	4.40	1.84
	Conservative	0.72	2.82	2.64	7.07	1.89
	Moderate	0.38	3.02	2.55	8.56	3.04
	Balanced	0.22	3.41	2.72	10.42	4.33
	Growth	-0.06	3.57	2.79	12.09	5.88
	High Growth	-0.39	3.62	2.73	13.12	6.82
	Shares	-0.77	3.60	2.34	14.08	7.40
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.40	1.16	2.00	4.81	2.01
	Conservative	0.77	2.96	2.85	7.43	1.94
	Moderate	0.48	3.30	2.92	9.16	3.22
	Balanced	0.33	3.59	3.00	10.86	4.54
	Growth	0.05	3.80	3.12	12.82	6.10
	High Growth	-0.27	3.70	2.93	13.66	7.09
	Shares	-0.54	3.78	2.66	14.78	7.73

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 31 August 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	1.01	1.70	3.97	1.64
	Conservative	0.63	2.78	2.65	6.74	1.88
	Moderate	0.40	3.15	2.87	8.52	2.94
	Balanced	0.21	3.59	3.16	10.52	3.98
	Growth	-0.11	3.91	3.42	12.38	5.32
	High Growth	-0.48	3.86	3.28	13.52	6.29
	Shares	-0.86	3.59	2.29	13.75	7.10
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.41	1.16	1.95	4.55	1.88
	Conservative	0.77	3.02	2.99	7.43	2.02
	Moderate	0.56	3.38	3.19	9.18	2.97
	Balanced	0.41	3.82	3.53	11.20	4.24
	Growth	0.15	4.13	3.81	13.18	5.64
	High Growth	-0.25	3.95	3.54	13.93	6.62
	Shares	-0.66	3.62	2.46	14.27	7.47
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.44	1.25	2.10	4.93	2.02
	Conservative	0.90	3.31	3.27	7.94	2.41
	Moderate	0.66	3.58	3.43	9.82	3.34
	Balanced	0.51	3.97	3.74	11.74	4.33
	Growth	0.28	4.27	4.08	13.62	5.89
	High Growth	-0.08	4.11	3.87	14.54	7.04
	Shares	-0.55	3.76	2.69	14.73	7.75

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Investment Returns For Periods Ended 31 August 2024

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.33	0.97	1.65	3.86	1.67
	Conservative	0.60	2.73	2.59	6.62	1.86
	Moderate	0.35	3.10	2.79	8.40	2.91
	Balanced	0.15	3.56	3.10	10.46	4.06
	Growth	-0.12	3.89	3.33	12.24	5.38
	High Growth	-0.54	3.75	3.18	13.38	6.31
	Shares	-0.94	3.47	2.13	13.36	7.06
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.35	1.10	1.87	4.41	1.91
	Conservative	0.72	3.02	2.96	7.38	2.02
	Moderate	0.50	3.38	3.17	9.07	3.19
	Balanced	0.35	3.78	3.46	11.19	4.41
	Growth	0.03	4.05	3.70	12.97	5.75
	High Growth	-0.33	3.91	3.53	14.20	6.82
	Shares	-0.71	3.63	2.44	14.24	7.67
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.39	1.19	2.02	4.77	-
	Conservative	0.83	3.25	3.19	7.86	-
	Moderate	0.62	3.54	3.39	9.58	-
	Balanced	0.47	3.95	3.71	11.66	4.37
	Growth	0.18	4.18	3.95	13.45	5.93
	High Growth	-0.13	4.07	3.82	14.43	6.98
	Shares	-0.57	3.79	2.69	14.59	7.83

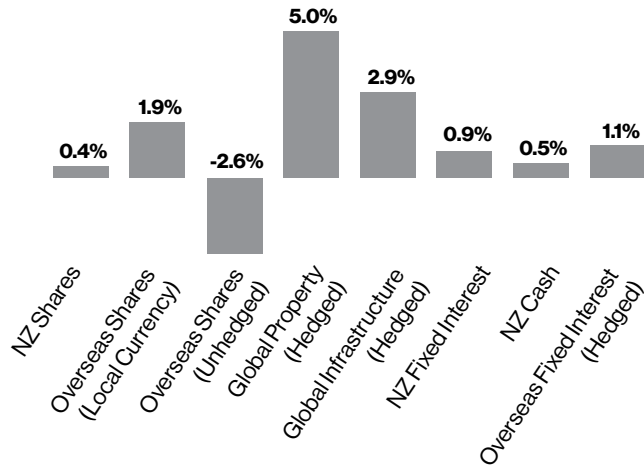
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

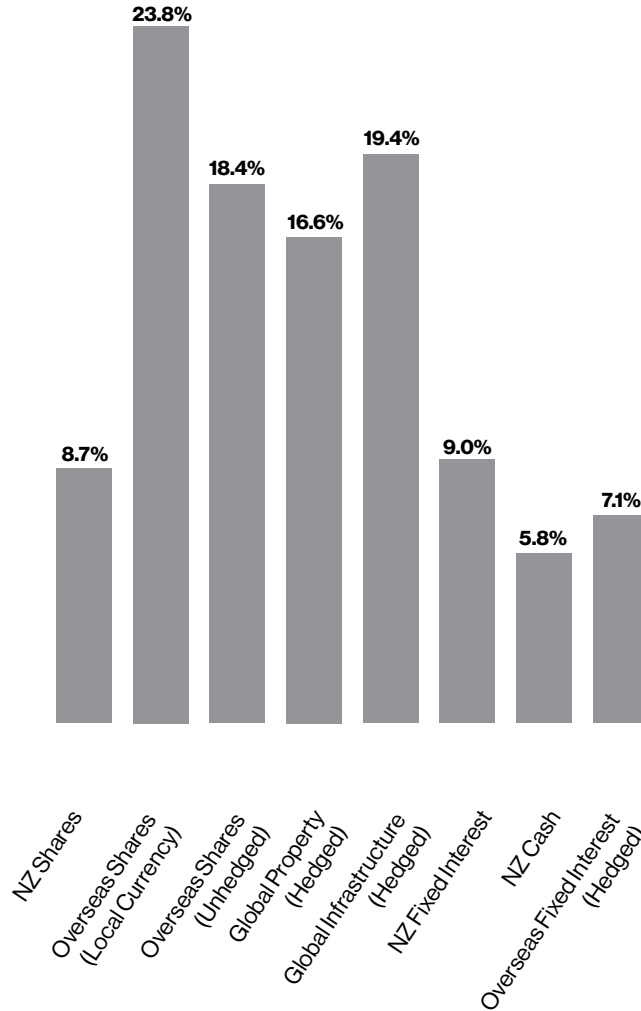
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Investment Returns For Periods Ended 31 August 2024

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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