



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

# Monthly report

For the period ended 31 January 2024

## Market performance summary

### – January in a snapshot

- In 2024, equities (shares) continued to rise while fixed income assets (e.g bonds) struggled, with US equities outperforming both developed and emerging market equities. Worries about worsening cost of living in the US, Eurozone, UK, and Australia, impacted investor sentiment.
- The month of January delivered positive investment returns for the majority of investment options in the NZDF Savings Schemes.
- Importance of financial advice should not be underestimated. 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**.
- The Retirement Commissioner has issued a significant report urging politicians to keep the age of eligibility for national superannuation at age 65.



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 January 2024

---

**In 2024, the share market had a strong start, with equities (shares) continuing to rise in value. However, fixed income assets (such as bonds) struggled to keep up.**

US shares performed better than both developed and emerging market shares. The share market in New Zealand (S&P/NZX 50) returned 0.9% for the month. In Australia, the S&P/ASX 200 index increased by 1.2% (in Australian dollars).

One of the key things impacting investor sentiment globally is inflation, which is the increase in prices over time, as well as hopes of interest rate cuts.

- In the US, Consumer Price Index (CPI) rose to 3.4% from 3.1%, mainly due to higher housing costs.
- In the Eurozone, annual inflation also rose to 2.9%, from 2.4%, as governments reduced subsidies on energy and food.
- Inflation in the UK ticked up to 4%, with services CPI increasing to 6.4%.
- In Australia, fourth-quarter inflation was lower than expected, with annual CPI coming in at 4.1%, below the Reserve Bank of Australia forecasts of 4.3%.
- In New Zealand, the CPI data for the fourth quarter was in line with market expectations and below the Reserve Bank of New Zealand's expectations by -0.3%. This data did not significantly impact the RBNZ's stance on inflation, and instead reinforced their commitment to maintaining their current course of action.



# Monthly Commentary Ended 31 January 2024



## 🟡 New York, NY

The S&P 500 advanced to record highs in January rising 1.7% while the NASDAQ climbed 1.0%, largely driven by large caps, which are companies that have a market value greater than \$10 billion (e.g. increases in the value of shares in the “magnificent seven”, including Apple and Microsoft). Small caps, which are companies that have a market value of less than \$2 billion, underperformed this month with the MSCI World Small Caps Index (local currency) declining -1.9%.

## 🟡 Middle East

On the geopolitical front, the conflicts in the Middle East continued to escalate but with limited market impact so far. WTI Crude Oil rose 6.1% from a low base, appearing to be driven by supply disruptions due to US winter weather, and investors anticipating more economic resilience than expected.

## 🟡 New Zealand

In New Zealand, Q4 CPI came in line with market expectations at 0.5% q/q bringing annual inflation down to 4.7% over the year. The softer inflation print along with Q3 GDP contraction was largely dismissed by Reserve Bank of New Zealand chief economist at a recent speech pushing back on markets expectations of near-term rate cuts.



# Become Wealth Monthly Commentary Ended 31 January 2024

## All Time Highs

After a strained couple of years, the benchmark which measures the performance of the 500 top companies of the world's largest investment market, called the S&P 500, is nudging all-time highs. This is as investors worldwide see more reason for optimism with cooling inflation, the prospect of lower interest rates, strong company results, and resilience in the largest consumer economies. Some of these same reasons also apply to renewed confidence in the New Zealand property market, too!

Although the New Zealand stock market remains below its all-time peak, the globally-diversified nature of most managed investments – including the NZDF Savings Schemes – means that many investors might notice their investment balances are near a new high, though this can vary for each individual investor. In managed investment schemes the personal result depends on factors specific to each individual, including the size and regularity of; contributions via payroll, other regular or one-off contributions, withdrawals, and the impact of taxes.

### So What?

Many people may hear the news of “all time high” and be drawn to invest as much as they can for fear of missing further gains. For others, hearing the same words of “all-time high” may sound like they are standing at the top of a mountain and thinking ‘the only way is down’, so it is an excuse to wait until prices fall before investing, or worse, sell or withdraw from all investments!

In any case, **the best thing is usually to ignore headlines and stick to your current strategy.** Why? Because highs are more common than you might think. All-time highs often quickly lead to further all-time highs. You don't have to do much analysis for this to make sense: the stock (share) markets have historically trended up, which is the whole reason why people invest. That means that, during the good times, all-time highs eventually lead to new all-time highs.

While past performance doesn't guarantee future returns, prior data supports this. Previously, there have been six instances in history when the S&P 500 took more than two years to make a new all-time high, according to Goldman Sachs. In the 12 months following each of those occurrences, the index has returned 13% on average, compared with an average annual return of 7.8% without those same conditions.

**It is important that once a year you check your portfolio setting to ensure that it is the right one for you and your long term goals. Often there is a misalignment between members' goals and portfolio setting as people are inclined to err on the side of caution. In particular, members who may not be planning to access their funds for at least ten years are best served by investing in growth portfolios like the NZDF Growth, High Growth or Shares portfolios.**

### What next?

It would be our pleasure to assist you explore the best strategy for your investments within the NZDF Savings Schemes. Get in touch at:

**0508 BECOME (0508 232 663)**  
[hello@become.nz](mailto:hello@become.nz)

Joseph Darby  
Chief Executive  
Become Wealth



A Disclosure Statement is available on request and free of charge

Become Wealth Limited believes the information in this publication is correct, and it has reasonable grounds for any opinion or recommendation found within this publication on the date of this publication. However, no liability is accepted for any loss or damage incurred by any person as a result of any error in any information, opinion or recommendation in this publication. Nothing in this publication is, or should be taken as, an offer, invitation or recommendation to buy, sell or retain any investment in or make any deposit with any person. The information contained in this publication is general in nature. It may not be relevant to individual circumstances. Before making any investment, insurance or other financial decisions, you should consult a professional financial adviser. This publication is for the use of persons in New Zealand only.

# Investment Returns For Periods Ended 31 January 2024

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	0.97	3.25	3.80	1.31
	Conservative	0.02	4.03	3.03	3.25	1.89
	Moderate	0.14	5.37	3.91	3.93	2.79
	Balanced	0.31	6.67	4.95	4.84	4.05
	Growth	0.59	7.89	6.29	6.10	5.28
	High Growth	0.89	9.00	7.10	6.87	6.24
	Shares	1.52	9.73	8.02	8.03	7.09
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.09	3.66	4.29	1.48
	Conservative	-0.02	4.42	3.37	3.74	2.05
	Moderate	0.08	5.78	4.23	4.36	3.00
	Balanced	0.25	7.16	5.43	5.36	4.25
	Growth	0.57	8.35	6.58	6.42	5.66
	High Growth	0.80	9.23	7.29	7.14	6.61
	Shares	1.42	9.96	8.34	8.33	7.42
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.20	3.99	4.67	1.62
	Conservative	-0.06	4.60	3.44	3.85	2.12
	Moderate	0.05	5.97	4.46	4.60	3.17
	Balanced	0.24	7.42	5.52	5.46	4.42
	Growth	0.56	8.65	6.93	6.71	5.79
	High Growth	0.74	9.51	7.67	7.40	6.83
	Shares	1.41	10.36	8.72	8.57	7.67

### 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 2023

# Investment Returns For Periods Ended 31 January 2024

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	0.97	3.20	3.76	1.32
	Conservative	0.02	4.15	3.11	3.37	1.99
	Moderate	0.13	5.70	4.02	3.96	2.83
	Balanced	0.25	7.26	5.09	4.82	3.80
	Growth	0.55	8.51	6.41	6.02	5.00
	High Growth	0.84	9.53	7.31	6.83	6.02
	Shares	1.52	9.69	8.17	8.17	7.15
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.10	3.69	4.32	1.51
	Conservative	-0.02	4.52	3.37	3.62	2.14
	Moderate	0.08	6.09	4.23	4.19	2.85
	Balanced	0.18	7.67	5.27	4.96	4.01
	Growth	0.46	8.96	6.75	6.25	5.26
	High Growth	0.74	9.88	7.44	6.88	6.30
	Shares	1.43	10.02	8.49	8.36	7.46
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.18	3.94	4.61	1.63
	Conservative	-0.03	4.79	3.52	3.81	2.52
	Moderate	0.04	6.34	4.55	4.46	3.19
	Balanced	0.12	8.00	5.51	5.17	4.09
	Growth	0.42	9.18	6.62	6.13	5.45
	High Growth	0.68	10.16	7.74	7.11	6.64
	Shares	1.41	10.34	8.63	8.47	7.69

### 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 2023

# Investment Returns For Periods Ended 31 January 2024

## Defence Force Superannuation Scheme

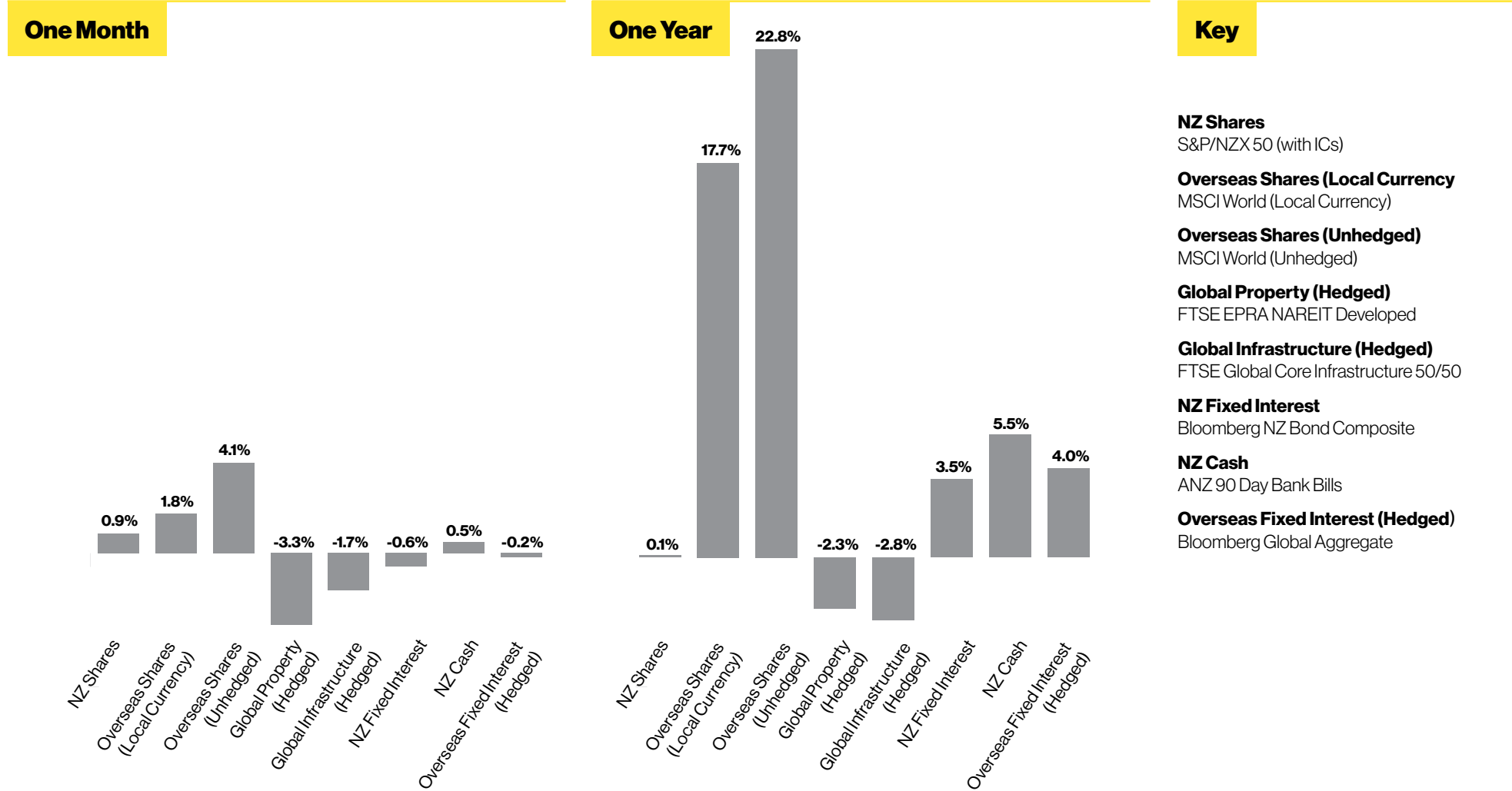
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.33	0.94	3.22	3.81	1.36
	Conservative	0.04	4.16	3.11	3.38	2.01
	Moderate	0.11	5.68	4.03	3.99	2.82
	Balanced	0.26	7.31	5.13	4.88	3.90
	Growth	0.55	8.56	6.40	6.05	5.10
	High Growth	0.84	9.63	7.35	6.92	6.07
	Shares	1.50	9.66	7.92	7.94	7.16
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.08	3.67	4.31	1.56
	Conservative	-0.05	4.49	3.35	3.64	2.15
	Moderate	-0.01	6.01	4.27	4.20	3.08
	Balanced	0.17	7.73	5.41	5.09	4.23
	Growth	0.46	8.94	6.74	6.27	5.41
	High Growth	0.79	10.01	7.70	7.15	6.47
	Shares	1.45	10.01	8.49	8.41	7.65
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.17	4.02	4.72	-
	Conservative	-0.05	4.78	3.59	3.91	-
	Moderate	0.02	6.33	4.51	4.51	-
	Balanced	0.10	7.97	5.48	5.14	4.14
	Growth	0.41	9.15	6.87	6.32	5.53
	High Growth	0.70	10.14	7.74	7.01	6.59
	Shares	1.39	10.06	8.57	8.45	7.75

### 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.
- '-' 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 2023

# Investment Returns For Periods Ended 31 January 2024



This document was prepared by New Zealand Defence Force (NZDF), Become Wealth and Mercer (N.Z.) Limited (Mercer). The document has been published as a general information service and does not take account of the investment objectives, financial situation and/or particular needs of any person. Before making any investment decision, you should take financial advice as to whether your intended action is appropriate in light of your particular investment needs, objectives and financial circumstances. Neither NZDF, Become Wealth, nor Mercer or any related parties accepts any responsibility for any inaccuracy.

Copyright 2024 Mercer (N.Z) Limited. All rights reserved.