



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 January 2025

Market performance summary

– January in a snapshot

- Unemployment in New Zealand has risen significantly, which may lead to reduced household spending and could prompt the Central Bank to continue cutting interest rates.
- The New Zealand Dollar has made a strong recovery against the US Dollar and other currencies, indicating improved market confidence despite ongoing economic challenges.
- The month of January delivered positive investment returns for all of investment options in the NZDF Savings Schemes.
- Whether you're saving for your first home, retirement or have another goal in mind, your savings goals will impact your investment timeframe. This is one of the important things to consider when choosing the right investment option for you. Mercer's Fund Selector can help you decide which option is best for your situation. To use the Fund Selector, click **here** or access it at www.nzdfsavings.mil.nz.
- 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.



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 2025

Stock markets had mixed results in January. International shares (hedged) increased by 3.5%, driven by lower-than-expected inflation in the US, which eased concerns about potential interest rate rises.

However, bond markets struggled. International sovereign bonds (debt assets issued by a national government) returned only 0.3% as bond yields (interest earned or dividend received from the debt asset) declined and New Zealand government bonds slipped by 0.1%.

US GDP slowed to 2.3% quarter on quarter annualised, down from 3.1% in the third quarter of 2024. This aligns with our view that US growth will slow but is unlikely to enter a recession. However, risks to growth remain, particularly concerning tariff implications as President Trump imposed tariffs on the US's three largest trading partners. 25% on Canada and Mexico and 10% on China. Tariffs are a tax on the cost of imports and have the potential to be inflationary. They are also seen as a threat to international trade, which NZ is heavily reliant on.

In New Zealand, unemployment rose to 5.1% in the fourth quarter of 2024, marking the largest increase since 2009. This rise in unemployment could lead to reduced household spending, which might prompt the Reserve Bank to continue cutting interest rates.

New Zealand's annual inflation rate remained steady at 2.2%, with the Consumer Price Index (CPI) rising 0.5% compared to the previous quarter. The New Zealand Dollar (NZD) made a strong recovery, gaining 0.9% against the US Dollar after experiencing a nearly 12% drop in the last part of 2024. It also strengthened against most other currencies, particularly the British Pound (GBP), which fell by -1.7% due to disappointing economic news from the UK.



Monthly Commentary Ended 31 January 2025



United States

The US imposed tariffs on its three largest trading partners; Canada, Mexico and China, which are expected to have a one-off effect on inflation.

Global

Central banks globally are cutting interest rates in response to varying economic conditions, with the European Central Bank (ECB) and the Bank of Canada lowering rates in January, while the Bank of Japan raised its rates due to growth and inflation.

China

A Chinese AI company, Deep Seek, announced it had developed AI technology using cheaper hardware and less energy than comparable US-based AIs, which surprised markets and contributed to a 10.6% drop in Nvidia's stock price.

Become Wealth Monthly Commentary Ended 31 January 2025

Lotto

You're more likely to be attacked by a shark than hit the lotto jackpot. But New Zealanders spend more on Lotto annually than we do across all major fast-food chains combined – \$1.5 billion in 2021 alone! (The last time there was reliable data).

That's staggering... we've collectively spent \$20.8 billion on Lotto over the past 30 years. But here's the hard truth: the odds of winning big are slim: 1 in 383,838 for a Lotto ticket, and 1 in 3,838,380 for a Power Dip.

The love affair with Lotto isn't just about fun – many turn to it in times of financial stress, hoping for a quick escape from day to day issues, including financial concerns.

Unfortunately, gambling has become a part of the Kiwi way of life, with New Zealand ranking #6 globally in per capita gambling losses. So, how can we change this trend and empower ourselves financially?

What To Do Instead?

Instead of spending \$25 a week on Lotto (\$1,300/year), consider these smarter ways to build your financial future:

- 1. Do a financial health check:** get a professional to assess your income, goals, and savings plan to set you on the right path.
- 2. Repay bad debts:** prioritise paying off high-interest debts like credit cards and payday loans to free up your finances.
- 3. Invest in yourself:** read financial books, take low-cost courses, get upskilled in your workplace, and improve your skills to increase your long-term earning potential. The NZDF Force Financial Hub provides a range of free courses annually.
- 4. Invest for the future:** that \$1,300 spent on Lotto could grow into \$99,000 by age 55 if invested in a diversified portfolio with compound interest.

Next time you're about to buy a Lotto ticket, ask yourself: "How can I use this money to better invest in my future?"

What next?

We would be delighted to assist you explore anything mentioned above, including how it might relate to your investments within one-or-more NZDF Savings Schemes. Become Wealth is also able to advise on different types of investments, such as residential real estate. Book your complimentary initial consultation today:

0508 BECOME (0508 232 663)

hello@become.nz

Joseph Darby
Chief Executive
Become Wealth



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Investment Returns For Periods Ended 31 January 2025

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.25	0.78	3.07	3.69	1.86
	Conservative	0.51	1.39	3.84	5.49	1.72
	Moderate	0.78	2.25	5.39	8.39	3.01
	Balanced	1.15	3.32	7.03	11.43	4.33
	Growth	1.43	4.25	8.69	14.73	5.76
	High Growth	1.79	5.28	10.08	17.25	6.78
	Shares	1.91	6.00	11.21	19.60	7.41
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.29	0.90	3.52	4.22	2.12
	Conservative	0.51	1.36	4.25	5.92	1.90
	Moderate	0.80	2.29	5.65	8.72	3.22
	Balanced	1.19	3.27	7.27	11.74	4.55
	Growth	1.48	4.23	8.94	15.00	6.14
	High Growth	1.91	5.29	10.44	17.64	7.15
	Shares	1.90	5.88	11.27	19.63	7.71
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.30	0.95	3.78	4.56	2.30
	Conservative	0.55	1.42	4.50	6.20	1.96
	Moderate	0.81	2.27	5.95	9.01	3.38
	Balanced	1.20	3.24	7.46	11.95	4.69
	Growth	1.50	4.11	9.14	15.25	6.29
	High Growth	1.89	5.19	10.33	17.54	7.34
	Shares	1.91	5.85	11.48	19.84	7.98

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 January 2025

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.26	0.80	3.18	3.81	1.87
	Conservative	0.58	1.55	4.56	6.23	1.95
	Moderate	0.80	2.19	5.97	8.92	3.13
	Balanced	1.12	3.10	7.60	12.03	4.18
	Growth	1.38	4.02	9.47	15.41	5.62
	High Growth	1.76	5.20	11.21	18.35	6.75
	Shares	1.96	6.12	11.42	19.81	7.51
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.31	0.92	3.64	4.35	2.14
	Conservative	0.64	1.59	4.88	6.57	2.08
	Moderate	0.85	2.21	6.19	9.18	3.12
	Balanced	1.18	3.08	7.90	12.35	4.39
	Growth	1.40	3.96	9.67	15.58	5.83
	High Growth	1.78	5.17	11.40	18.46	6.99
	Shares	1.96	6.01	11.53	19.90	7.82
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.32	0.98	3.92	4.71	2.31
	Conservative	0.64	1.57	5.14	6.88	2.45
	Moderate	0.86	2.25	6.51	9.55	3.48
	Balanced	1.21	3.04	7.97	12.41	4.43
	Growth	1.45	3.95	10.00	15.95	6.06
	High Growth	1.80	5.13	11.60	18.61	7.33
	Shares	1.98	6.01	11.73	20.10	8.05

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Investment Returns For Periods Ended 31 January 2025

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.26	0.82	3.11	3.73	1.90
	Conservative	0.62	1.60	4.55	6.18	1.94
	Moderate	0.80	2.21	5.85	8.81	3.09
	Balanced	1.13	3.11	7.54	11.98	4.26
	Growth	1.37	3.95	9.28	15.21	5.65
	High Growth	1.73	5.19	11.04	18.13	6.75
	Shares	1.95	6.09	11.18	19.50	7.47
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.30	0.64	3.23	3.94	2.12
	Conservative	0.62	1.57	4.88	6.63	2.08
	Moderate	0.84	2.20	6.27	9.25	3.35
	Balanced	1.14	3.04	7.74	12.14	4.53
	Growth	1.37	3.92	9.63	15.53	5.94
	High Growth	1.79	5.17	11.41	18.53	7.17
	Shares	1.99	6.09	11.59	19.99	8.02
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.31	0.98	3.82	4.59	-
	Conservative	0.64	1.60	5.07	6.79	-
	Moderate	0.87	2.20	6.37	9.34	-
	Balanced	1.22	3.04	7.98	12.42	4.48
	Growth	1.45	3.92	9.84	15.71	6.09
	High Growth	1.79	5.09	11.63	18.60	7.30
	Shares	2.04	6.07	11.77	20.13	8.09

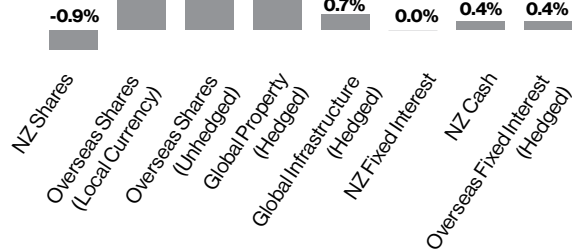
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

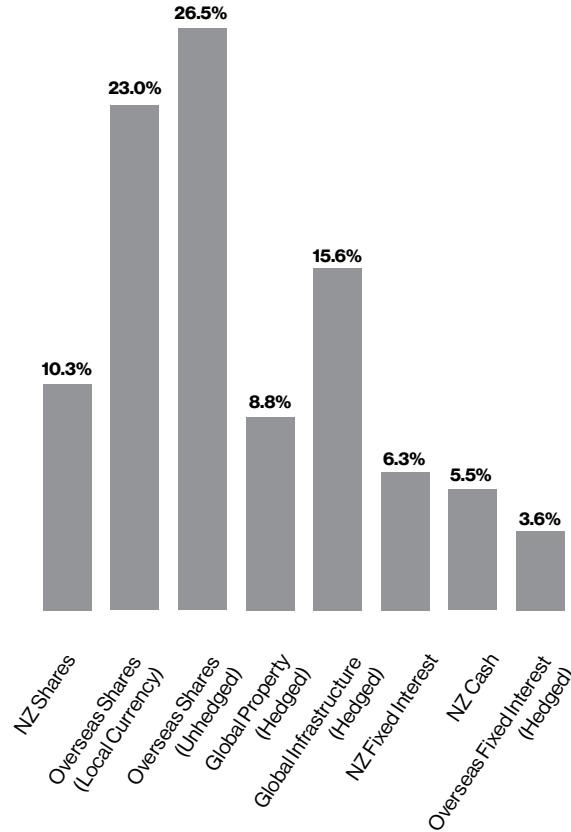
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Investment Returns For Periods Ended 31 January 2025

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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