



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 July 2023

Market performance summary

– July in a snapshot

- July possibly saw an unexpected rise of a bull market (growth or positive momentum), with asset prices rising. This was driven by more positive economic factors and reducing inflation.
- All investment options in the New Zealand Defence Force Saving Schemes had positive 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 Annual 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.



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 July 2023

With the often discussed ‘soft-landing’ scenario, which is when economic growth slows just enough to stop an economy from overheating and experiencing high inflation and without going into recession, becoming more of a possibility, investors may have found themselves in an unlikely bull market where asset prices are rising.

Economic data out of the US supported the view that the end of interest rate hikes is near, with lessening inflation and indication from the US Federal Reserve (“Fed”).

US Technology mega-caps continued to dominate market movements, with hopes of a bumper earnings season and growing hope that Artificial Intelligence could provide a fresh generator of earnings growth for the sector. The S&P 500 finished the month up 3.1%, while the tech heavy NASDAQ jumped 4.1%. Comparatively, the NZX 50 had a quiet month returning 1.2%, as investors favoured overseas equities to the defensive nature of the domestic market.

Equity markets in New Zealand were positive, albeit slow in July, with Q2 inflation data providing support to a Reserve Bank of New Zealand pausing the interest rate increases. Though business and consumer confidence remain low, the S&P/NZX 50 managed to finish the month up 1.2%. Across the Tasman, the S&P/ASX 200 finished up 2.9%.

Listed Property markets, which include companies that develop and operate commercial, industrial and residential real estate, performed positively in July, even though the lending conditions were disadvantageous. Listed property, represented by the FTSE EPRA NAREIT Developed Index (NZD Hedged), was up 3.3% in July. Listed Infrastructure, which includes a diverse range of ‘hard’ assets critical to economic growth (such as toll roads, railways, airports, utilities and communications) also performed well in July, with the index up 1.1%.

The NZ dollar showed considerable strength through July, up 1.6% and 0.3% against the USD and AUD, respectively. It was down against Asian currencies, driven by the strength of the Japanese Yen (“JPY”) and Chinese Renminbi (“CNY”). Government policies supported the Renminbi in July, gaining 1.5% against the USD.



Monthly Commentary Ended 31 July 2023



United States

The US Federal Reserve (“Fed”) opted to raise the federal funds rate to 5.25%-5.50%, its highest level in more than 22 years. Fed Chair Jerome Powell’s accompanying comments left the door open to both a pause in the cycle, or another hike at their September meeting by saying future decisions would be “data dependent”.

Global

Tech Giant Meta Platforms launched Threads, designed as a competitor to Twitter. Within a day of its launch, the website had 30 million users, and grew to over 100 million after 5 days. According to initial data, the app was downloaded more than 40 million times on its first day, making it the second fastest growing app ever.

United Kingdom

A US Judge denied the Federal Trade Commission (“FTC”) an injunction to block Microsoft’s \$69 billion acquisition of Activision Blizzard. This has opened the door for Microsoft to close the deal in all territories outside of the UK. The UK Regulator, Competition and Markets Authority (“CMA”), had initially blocked the deal, though now look likely to allow the deal as well.

Become Wealth Monthly Commentary Ended 31 July 2023

Money Month and Your Next Move

Welcome to Money Month, where possibilities and potential align to create a landscape of financial growth. Every day of this month is an opportunity, a chance to redefine your relationship with your personal finances and set your course towards a more prosperous future.

Just as a chess player strategises every move, you too can approach your financial decisions with a well-thought-out plan. Your financial moves aren't just steps; they're the building blocks of your financial empire. Each move, no matter how small, contributes to the larger picture.

Consider the power of compounding – just like interest accumulates over time, so does the impact of your smart financial decisions. This Money Month, commit to saving a little extra, investing wisely, exploring new avenues of income, or making minor other improvements to your overall financial situation. This month many military personnel, will receive a pay adjustment backdated to 1 July, and that this is an opportunity to have a plan what to do with the extra money. Options may include saving some extra funds, paying off debt at a faster rate than planned, having an investment plan. Embrace the power of consistency, as the small, consistent steps you take today pave the way for substantial gains in the future.

While on this journey, setbacks might knock on your door. Remember, setbacks aren't roadblocks; they're opportunities for you to display your resilience and adaptability. Learn from them, adjust your strategies, and continue moving forward. It's not about avoiding failures; it's about mastering the art of bouncing back even stronger.

As you navigate Money Month, envision your goals clearly. Whether it's becoming debt-free, owning a home, or ensuring a comfortable retirement, every dream is valid. Keep your eye on the prize, and let it drive your financial decisions.

Just as a chess game requires strategic thinking, your financial moves demand informed choices. Educate yourself about investment options, seek advice from experts, and diversify your financial portfolio. Aside from time, knowledge is your greatest asset in this game.

So, step onto the board of the Money Month with determination. Make your next move your best move by embracing the momentum of this focused period. Your financial destiny lies in your hands – strategise, execute, and celebrate each step towards your brighter financial future.

It may be helpful to discuss this with one of our trained professionals and, if so, it would be our pleasure to assist:

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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 31 July 2023

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.33	0.99	1.25	3.00	1.03
	Conservative	0.36	0.48	1.08	0.84	1.51
	Moderate	0.73	1.34	2.11	2.21	2.37
	Balanced	1.05	2.20	3.23	3.36	3.46
	Growth	1.37	3.26	4.53	4.83	4.46
	High Growth	1.59	3.99	5.42	6.06	5.26
	Shares	1.78	4.69	6.21	7.73	5.69
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.14	1.44	3.46	1.17
	Conservative	0.39	0.49	1.11	1.03	1.67
	Moderate	0.78	1.39	2.16	2.35	2.57
	Balanced	1.13	2.27	3.29	3.51	3.64
	Growth	1.45	3.36	4.60	5.17	4.87
	High Growth	1.68	4.16	5.53	6.63	5.68
	Shares	1.89	4.87	6.33	8.16	6.05
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.22	1.55	3.74	1.28
	Conservative	0.41	0.49	1.11	0.96	1.74
	Moderate	0.80	1.40	2.22	2.50	2.74
	Balanced	1.16	2.32	3.35	3.68	3.84
	Growth	1.51	3.49	4.74	5.45	5.00
	High Growth	1.75	4.29	5.68	6.82	5.89
	Shares	1.94	5.02	6.47	8.31	6.30

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 2022

Investment Returns For Periods Ended 31 July 2023

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	0.99	1.23	2.99	1.06
	Conservative	0.42	0.53	1.16	0.76	1.63
	Moderate	0.83	1.38	2.25	1.64	2.43
	Balanced	1.20	2.25	3.41	2.54	3.23
	Growth	1.60	3.39	4.79	4.17	4.23
	High Growth	1.81	4.10	5.69	5.27	5.06
	Shares	1.82	4.77	6.27	7.78	5.73
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.39	1.15	1.42	3.45	1.21
	Conservative	0.46	0.53	1.19	0.71	1.79
	Moderate	0.88	1.39	2.25	1.54	2.45
	Balanced	1.28	2.34	3.46	2.48	3.48
	Growth	1.69	3.53	4.89	4.01	4.50
	High Growth	1.90	4.25	5.81	5.43	5.40
	Shares	1.91	4.94	6.40	7.97	6.08
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.21	1.51	3.72	1.31
	Conservative	0.45	0.48	1.15	0.66	2.15
	Moderate	0.94	1.42	2.30	1.70	2.77
	Balanced	1.32	2.38	3.52	2.60	3.54
	Growth	1.70	3.56	4.91	4.20	4.75
	High Growth	1.96	4.38	5.92	5.53	5.73
	Shares	1.96	5.05	6.49	8.28	6.30

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Investment Returns For Periods Ended 31 July 2023

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.36	1.03	1.29	3.13	1.11
	Conservative	0.41	0.53	1.17	0.80	1.63
	Moderate	0.85	1.40	2.29	1.83	2.42
	Balanced	1.22	2.28	3.45	2.64	3.33
	Growth	1.60	3.41	4.83	4.27	4.32
	High Growth	1.82	4.09	5.70	5.44	5.07
	Shares	1.80	4.72	6.23	7.96	5.77
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.40	1.15	1.44	3.54	1.27
	Conservative	0.47	0.57	1.21	0.84	1.78
	Moderate	0.89	1.45	2.34	1.72	2.70
	Balanced	1.28	2.35	3.50	2.80	3.66
	Growth	1.67	3.57	4.98	4.28	4.67
	High Growth	1.92	4.30	5.85	5.64	5.53
	Shares	1.91	4.96	6.46	8.36	6.26
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.44	1.28	1.60	3.87	-
	Conservative	0.49	0.55	1.23	0.90	-
	Moderate	0.93	1.55	2.43	1.89	-
	Balanced	1.30	2.37	3.52	2.54	3.59
	Growth	1.73	3.62	4.97	4.44	4.79
	High Growth	1.97	4.41	5.96	5.63	5.71
	Shares	1.96	5.04	6.54	8.47	6.40

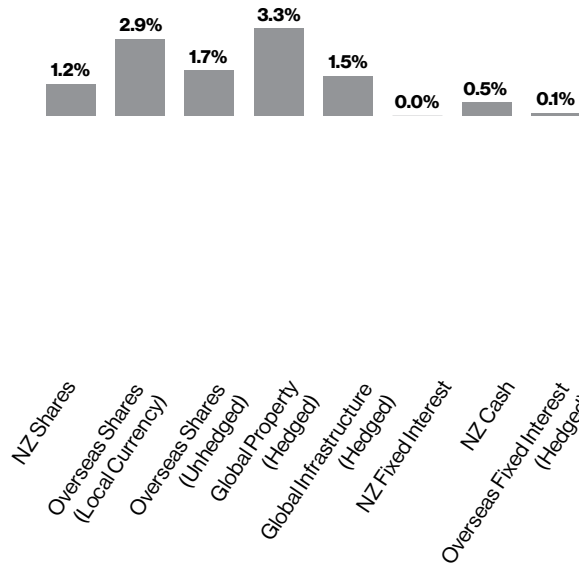
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

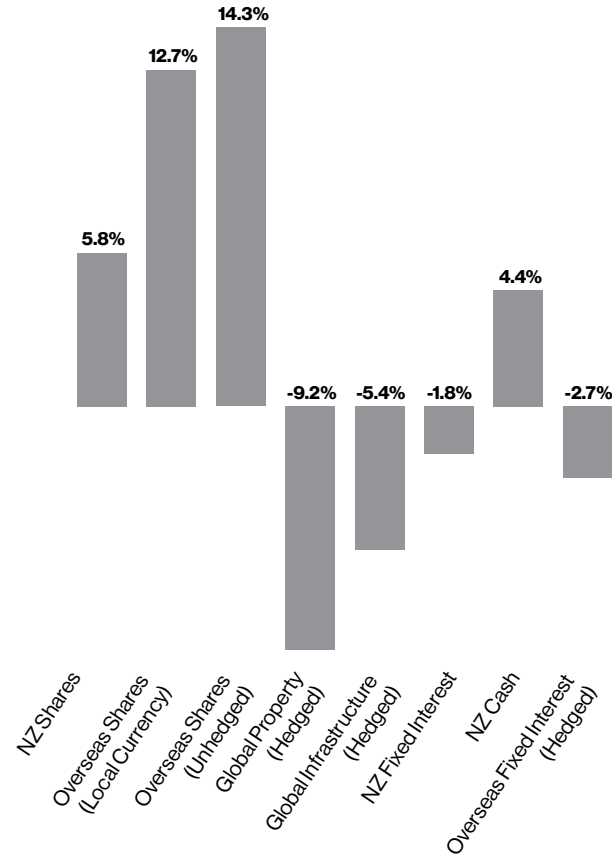
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Investment Returns For Periods Ended 31 July 2023

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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