



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 30 June 2024

Market performance summary

– June in a snapshot

- In June, global equities continued to rise. This was due to strong corporate earnings and progress in controlling inflation.
- June delivered positive investment returns for all investment options 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 NZDF's appointed financial advisers at Become Wealth team by calling **0508 BECOME (0508 232 663)** or emailing **hello@become.nz**.
- Members of NZDF Savings Schemes will receive Annual Reports for each of the Schemes in August. Please ensure your contact details are up to date and if you haven't already, please read your annual member statement issued in May. It is available when you sign into your online account.



HEI MANA MŌ AOTEAROA
A FORCE FOR NEW ZEALAND

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

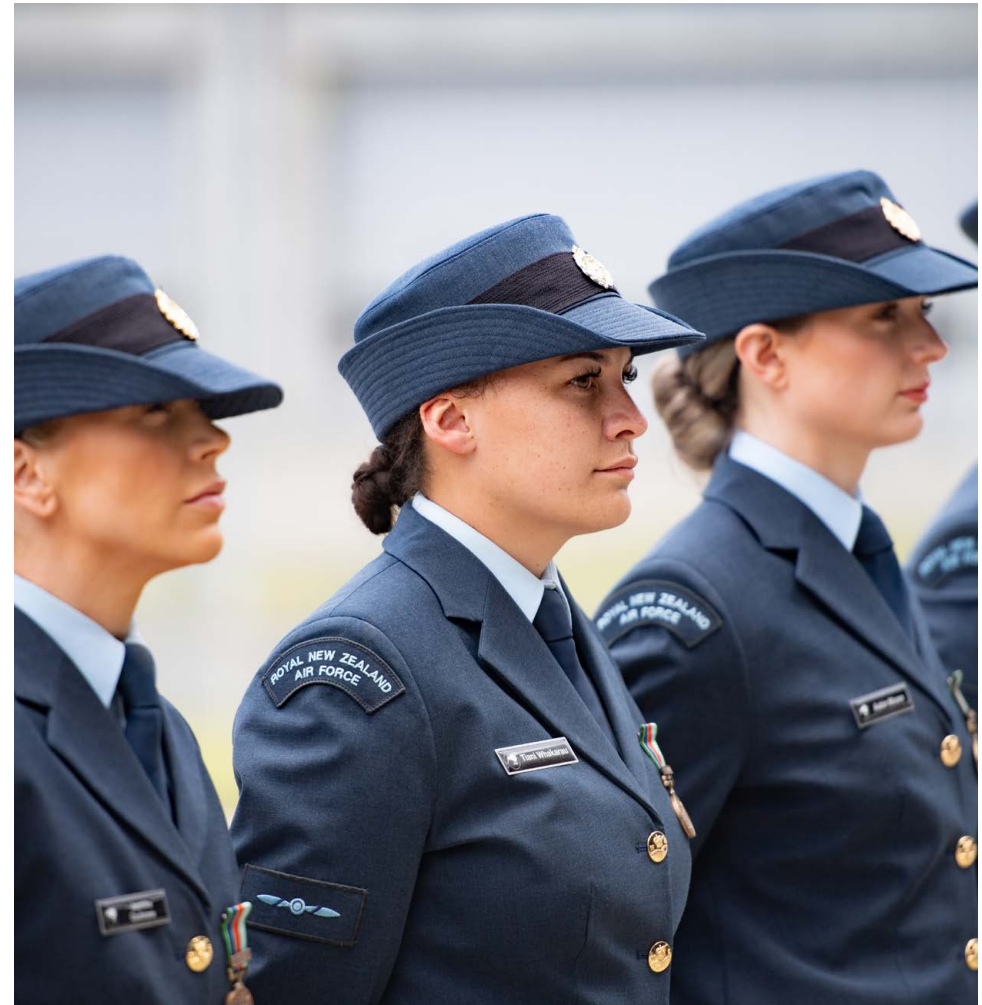
Monthly Commentary Ended 30 June 2024

In June, global equities continued to rise. This was due to strong corporate earnings and progress in controlling inflation.

Notably, headline inflation in the US fell to 3.3% year-on-year and the US unemployment rate rose to 4.0% for the first time since January 2022. This gave hope that the economy, while slowing down, would keep inflation in check without causing a recession. Central banks made several moves in June. The European Central Bank (ECB) and Bank of Canada both lowered interest rates for the first time since 2019 and 2020, respectively. Additionally, the Swiss National Bank cut rates for the second time in a row, while the US Federal Reserve and Bank of England both kept interest rates unchanged.

Emerging markets outperformed developed markets. Emerging markets returned 4.3%, while developed markets registered a 2.3% gain. Developed markets boast advanced economies, well-established infrastructure, mature capital markets, and higher standards of living. Emerging market economies refer to countries that are in the process of transitioning into developed market economies. These countries possess some, but not all, of the characteristics typically associated with developed markets. US equities continued to impress, returning 3.5%. Both the Standard and Poor's 500 Index (S&P 500) and Nasdaq, which are important stock market indicators in the US, reached their highest levels in a year. Outside of the US, Europe had a tough time as major countries like France saw significant declines in their stock market, mainly due to political uncertainty.

The US dollar (USD) appreciated against most major currencies in the month of June. The Japanese yen (JPY) was especially weak and reached a new low against the USD, even lower than the level that caused the Bank of Japan to intervene in the past. The New Zealand dollar (NZD) had a mixed performance, decreasing by 1.2% against the Australian dollar (AUD) and 0.8% against the USD, but was up 1.5% and 0.5% against the JPY and EUR, respectively.



Monthly Commentary Ended 30 June 2024



Europe

The ECB cut interest rates by 25 basis points to 3.75%, making it one of the first developed regions to start lowering interest rates in this cycle. The bank stated that the decision to cut rates was in response to a 2.5% decrease in Eurozone inflation since the last rate increase in September 2023.

France

President Macron announced a snap election in France in response to the outcome of the European parliamentary election. Market concerns regarding the potential outcome led to significant volatility and a decline in the French equity market in June, which had a negative impact on broader European returns.

New Zealand

The New Zealand economy exited a short-lived technical recession after delivering a positive 0.2% increase in Gross Domestic Product during the March 2024 quarter.

Become Wealth Monthly Commentary Ended 30 June 2024

Unhealthy Attachment

Have you ever made yourself suffer through a bad movie because, after paying for the ticket and popcorn, you felt you had to get your money's worth? Some people treat investing the same way.

Academics have a term for this sort of behaviour, they call it "sunk cost fallacy". It applies in a raft of areas.

Let's say a couple buy a property next to a motorway, believing that planting some trees and double-glazed windows will block out the noise. Tens of thousands of dollars later, the home is still unliveable, but the couple won't sell because 'that would be a waste of money'.

This is an example of a sunk cost, despite the strong likelihood that you'll never get your money back, you are reluctant to cut your losses and sell because that would be like an admission of defeat.

This applies with all manner of investments, too. The motivations are understandable, we are all human, after all. We want our investments to do well and we don't want to believe our efforts have been in vain. So, here are several tips to overcome this challenge:

1. Even though risk and return are related, not every risk is worth taking. Taking big solo bets on individual stocks (shares) or industries leaves you open to any number of issues, including technological disruption.
2. Diversification – such as occurs within all NZDF Savings Schemes – can help wash away these individual influences. Over time, we know there is likely to be a rate of return, but it is not spread equally over stocks, or evenly across time. So, spread the risk.
3. Understand how markets work. Sometimes, when everyone else is hesitant or downright fearful about markets, is just when it's the best time to invest!

4. Accept that every last individual investment will not necessarily be a winner. There is a risk around outcomes, which is why there is the prospect of a return.
5. Don't fall in love with your investments. People often go wrong by getting emotionally attached, perhaps to a property investment they purchased some time ago which has delivered a great capital gain to date, though may not deliver the same return over years to come.
6. Be future focussed. The financial or economic news may be interesting or headline-grabbing, but it is all about things which have already happened. Investing is all about the future, not the past.

These are all simple rules to help keep our egos and emotions out of the way. Admittedly, sometimes doing the simplest things isn't necessarily easy! While not always easy, keeping our emotional distance between ourselves and our investments can help avoid some unhealthy attachments.

What next?

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

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hello@become.nz

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 30 June 2024

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.28	0.96	0.96	3.92	1.53
	Conservative	0.56	0.29	0.29	4.23	1.60
	Moderate	0.65	0.21	0.21	5.64	2.65
	Balanced	0.76	0.03	0.03	6.99	3.87
	Growth	0.85	-0.03	-0.03	8.76	5.17
	High Growth	0.96	-0.05	-0.05	9.88	6.10
	Shares	1.22	-0.15	-0.15	11.15	6.75
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.33	1.10	1.10	4.40	1.73
	Conservative	0.63	0.45	0.45	4.75	1.75
	Moderate	0.71	0.26	0.26	6.08	2.85
	Balanced	0.83	0.17	0.17	7.71	4.08
	Growth	0.90	0.14	0.14	9.27	5.56
	High Growth	1.05	0.18	0.18	10.31	6.50
	Shares	1.24	0.01	0.01	11.62	7.11
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.34	1.17	1.17	4.82	1.89
	Conservative	0.66	0.56	0.56	4.98	1.80
	Moderate	0.76	0.39	0.39	6.40	3.00
	Balanced	0.89	0.31	0.31	7.93	4.26
	Growth	0.94	0.28	0.28	9.75	5.73
	High Growth	1.06	0.31	0.31	10.79	6.73
	Shares	1.30	0.21	0.21	12.13	7.39

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 June 2024

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.28	0.97	0.97	3.92	1.53
	Conservative	0.69	0.57	0.57	4.57	1.75
	Moderate	0.67	0.41	0.41	5.85	2.71
	Balanced	0.70	0.28	0.28	7.38	3.67
	Growth	0.84	0.36	0.36	9.15	4.95
	High Growth	0.97	0.41	0.41	10.46	5.95
	Shares	1.23	-0.04	-0.04	11.39	6.84
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.33	1.12	1.12	4.50	1.76
	Conservative	0.74	0.71	0.71	5.01	1.89
	Moderate	0.74	0.56	0.56	6.32	2.73
	Balanced	0.75	0.47	0.47	7.80	3.89
	Growth	0.88	0.58	0.58	9.72	5.21
	High Growth	0.98	0.59	0.59	10.67	6.23
	Shares	1.23	0.10	0.10	11.81	7.16
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.36	1.20	1.20	4.83	1.90
	Conservative	0.77	0.73	0.73	5.26	2.24
	Moderate	0.77	0.63	0.63	6.76	3.06
	Balanced	0.79	0.56	0.56	8.13	3.96
	Growth	0.92	0.74	0.74	9.75	5.43
	High Growth	1.01	0.78	0.78	11.08	6.59
	Shares	1.27	0.23	0.23	12.05	7.40

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Investment Returns For Periods Ended 30 June 2024

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.28	0.96	0.96	3.87	1.57
	Conservative	0.67	0.53	0.53	4.48	1.75
	Moderate	0.67	0.37	0.37	5.83	2.69
	Balanced	0.70	0.25	0.25	7.38	3.77
	Growth	0.85	0.30	0.30	9.05	5.02
	High Growth	0.95	0.39	0.39	10.44	5.98
	Shares	1.21	-0.10	-0.10	11.04	6.81
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.33	1.09	1.09	4.43	1.80
	Conservative	0.74	0.68	0.68	5.01	1.88
	Moderate	0.73	0.53	0.53	6.22	2.94
	Balanced	0.76	0.44	0.44	7.85	4.08
	Growth	0.89	0.55	0.55	9.55	5.35
	High Growth	1.00	0.63	0.63	11.04	6.43
	Shares	1.23	0.06	0.06	11.74	7.37
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.35	1.17	1.17	4.80	-
	Conservative	0.78	0.73	0.73	5.28	-
	Moderate	0.77	0.62	0.62	6.51	-
	Balanced	0.79	0.56	0.56	8.06	4.01
	Growth	0.92	0.70	0.70	9.86	5.49
	High Growth	1.01	0.76	0.76	11.00	6.53
	Shares	1.28	0.21	0.21	11.93	7.47

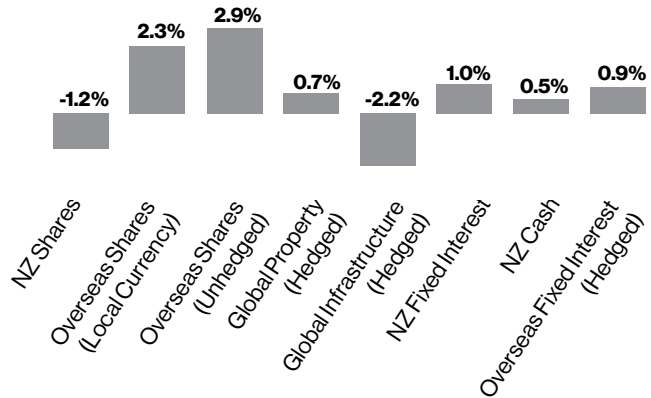
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

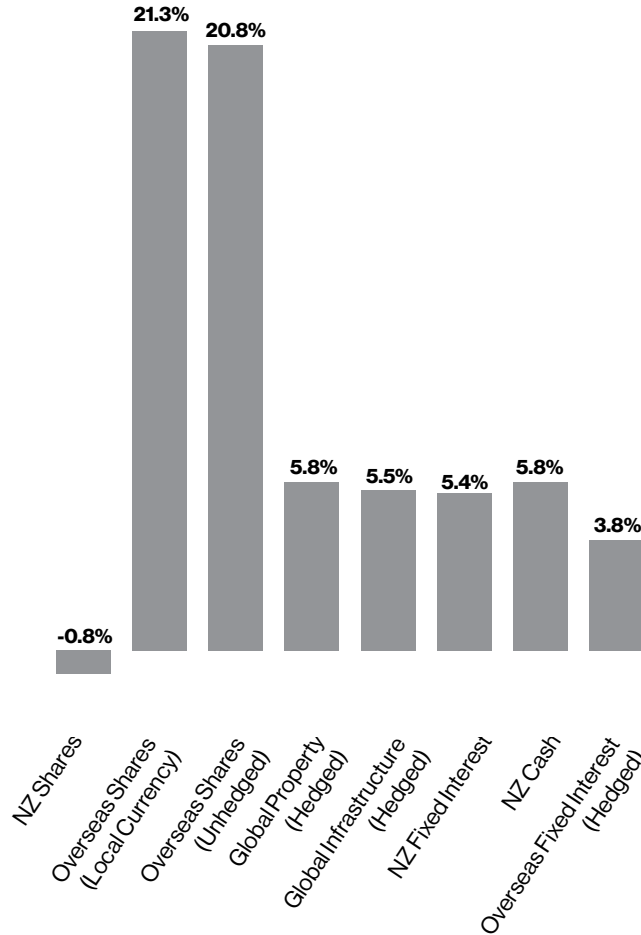
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Investment Returns For Periods Ended 30 June 2024

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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