



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 March 2023

Market performance summary

– March in a snapshot

- After a tough month in February, investors in New Zealand saw modest gains in March.
- All investment options in the New Zealand Defence Force Savings 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**.



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 March 2023

Global share markets were positive despite the turmoil that engulfed the banking industry.

Leading the advance was the NASDAQ (6.8%) which was largely attributable to the Technology sector as investors turned their attention to growth stocks as bond yields fell. To little surprise, the biggest detractor in March was the Financial sector, which plummeted as a result of Silicon Valley Bank's (SVB) closure and the perceived threats to some other US and European banks.

As global inflation remained elevated, central banks elected to continue raising interest rates. The unexpected failure of SVB, and the confidence crisis and resulting government sanctioned takeover of Credit Suisse led to a reversal of last month's trend, with sharp declines in both local and global yields and increased market volatility.

The New Zealand market delivered a modest gain in March, with the S&P/NZX 50 index up 0.2%. In contrast, the Australian market fared slightly worse, finishing down -0.2% over the month. Despite corporate earnings reported across Australasia generally aligning with market expectations, investor confidence continues to be challenged as companies contend with rising input costs and eroding profit margins.

Global listed infrastructure ended the month up 2.4% as investors' views turned positive. Steady cash flow, combined with easing operating costs continued to support the sector's appeal in the current high interest rate environment. Listed property (-3.7%) underperformed infrastructure in March, as house prices continued to decline and political instability in Europe and Asia weighed on market sentiment.



Monthly Commentary Ended 31 March 2023



Washington, D.C.

The US Federal Reserve (Fed) has raised interest rates by another 0.25% (25 basis points), expressing caution about recent banking crises and suggesting that future hikes are uncertain. The Fed will closely monitor ongoing data to determine if additional policy adjustments are necessary to achieve their goal of returning annual inflation to a rate of 2%.

North Carolina

North Carolina-based First Citizens Bank acquired Silicon Valley Bank (SVB) following its collapse and bankruptcy filing in March. The government-backed deal saw First Citizens Bank take control of SVB's \$72 billion in loans at a \$16.5 billion discount, as well as its \$56 billion in deposits.

Switzerland

Swiss investment bank UBS has agreed to acquire Credit Suisse for almost \$3.25 billion in a deal that was urged by Swiss regulators to avoid further market turmoil. The acquisition comes after Credit Suisse's plan to borrow up to 50 billion francs (USD \$54 billion) failed to reassure investors and customers, leading to a drastic drop in the share prices of Credit Suisse and other global banks.

Become Wealth Monthly Commentary Ended 31 March 2023

Recessions are like wildfires. A painful, but necessary part of the financial ecosystem.

Wildfires are now widely accepted by ecologists as nature at work. In every wildfire there are the seeds of rebirth, renewal, and rejuvenation. Some species cannot even seed without the intense heat of flames!

Painful as recessions are for many (and acknowledging the very real impacts on some families due to combined cost of living pressure and recent natural disasters) recessions should nearly be celebrated for the opportunities they present. Recessions correct several economic imbalances and excesses and help to reallocate human effort and other resources to more needed and productive endeavours.

Businesses, individuals, and organisations must adjust their strategies to stay relevant. Innovation will occur. "Zombie companies" will be flushed from the system – many will fail. Speculation will reduce – and time and energy devoted to speculating can be reallocated to actual productivity, innovation, and anything that adds value to society-at-large.

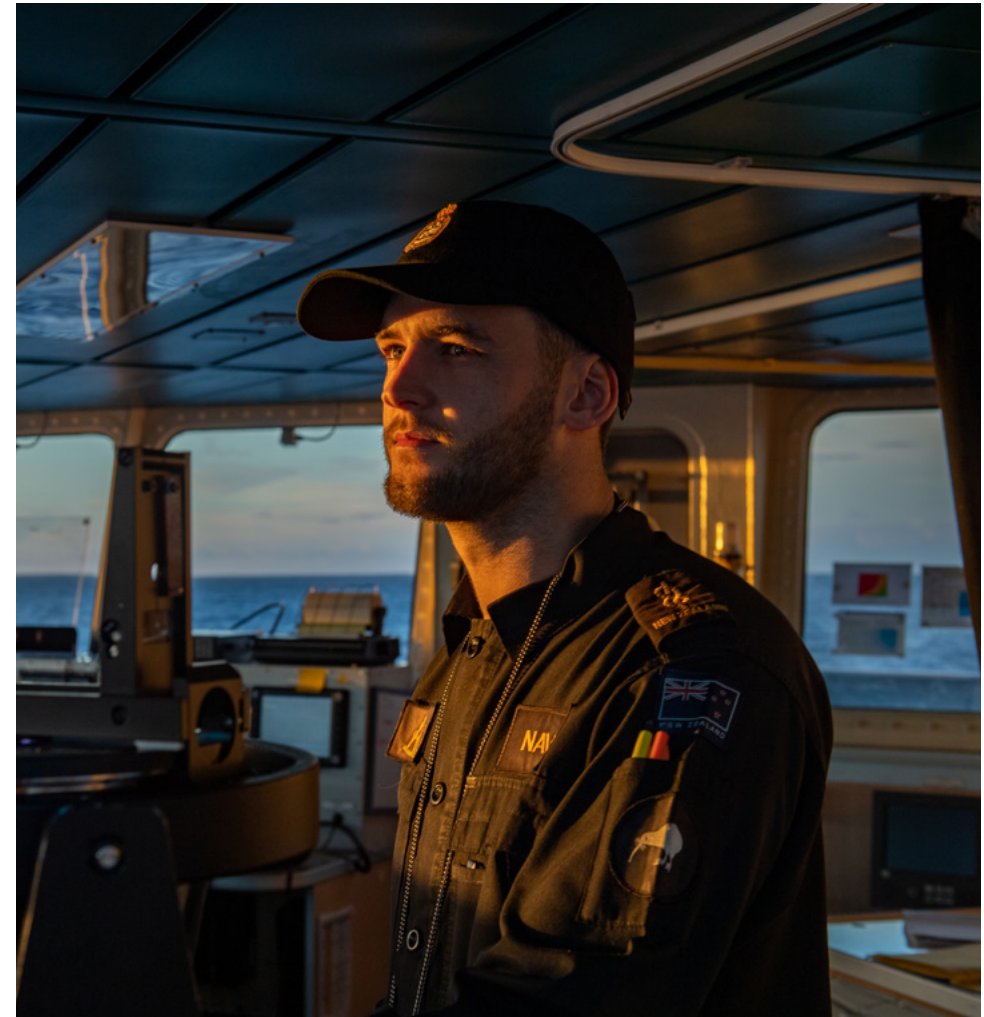
Recessions shouldn't be stopped.

As the old saying goes, "necessity is the mother of invention," and recessions can be a powerful necessity that drives businesses and individuals to find new and better ways of doing things.

If you would like to discuss anything about your investments into the NZ Defence Force Savings Schemes and how they can help you achieve your goals in life, it would be our pleasure to assist:

0508 BECOME (0508 232 663) 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 31 March 2023

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.29	0.78	2.10	2.10	0.87
	Conservative	0.80	1.64	-1.47	-1.47	1.63
	Moderate	0.70	2.27	-1.84	-1.84	2.39
	Balanced	0.68	2.91	-2.35	-2.35	3.47
	Growth	0.57	3.54	-2.68	-2.68	4.44
	High Growth	0.49	4.08	-2.82	-2.82	5.27
	Shares	0.62	4.85	-2.46	-2.46	5.76
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.33	0.89	2.42	2.42	0.98
	Conservative	0.94	1.92	-1.56	-1.56	1.80
	Moderate	0.82	2.51	-1.92	-1.92	2.57
	Balanced	0.74	3.10	-2.49	-2.49	3.65
	Growth	0.64	3.74	-2.59	-2.59	4.82
	High Growth	0.60	4.28	-2.67	-2.67	5.65
	Shares	0.76	4.84	-2.47	-2.47	6.10
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.36	0.96	2.63	2.63	1.08
	Conservative	1.01	2.02	-1.62	-1.62	1.87
	Moderate	0.89	2.63	-1.98	-1.98	2.74
	Balanced	0.83	3.23	-2.50	-2.50	3.83
	Growth	0.71	3.78	-2.60	-2.60	4.91
	High Growth	0.61	4.25	-2.79	-2.79	5.83
	Shares	0.71	4.91	-2.68	-2.68	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 March 2023

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.29	0.77	2.10	2.10	0.90
	Conservative	0.81	1.76	-1.79	-1.79	1.73
	Moderate	0.70	2.35	-2.69	-2.69	2.41
	Balanced	0.62	2.98	-3.91	-3.91	3.22
	Growth	0.56	3.68	-4.26	-4.26	4.15
	High Growth	0.43	4.17	-4.39	-4.39	5.00
	Shares	0.63	4.79	-2.41	-2.41	5.79
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.33	0.89	2.42	2.42	1.03
	Conservative	0.90	1.90	-2.02	-2.02	1.89
	Moderate	0.80	2.50	-3.00	-3.00	2.44
	Balanced	0.73	3.10	-4.21	-4.21	3.44
	Growth	0.59	3.79	-4.75	-4.75	4.39
	High Growth	0.50	4.24	-4.69	-4.69	5.30
	Shares	0.65	4.75	-2.62	-2.62	6.09
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.35	0.96	2.62	2.62	1.13
	Conservative	1.01	2.10	-2.09	-2.09	2.26
	Moderate	0.90	2.61	-3.06	-3.06	2.74
	Balanced	0.79	3.18	-4.37	-4.37	3.49
	Growth	0.68	3.86	-4.75	-4.75	4.62
	High Growth	0.54	4.19	-4.74	-4.74	5.61
	Shares	0.70	4.81	-2.75	-2.75	6.28

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Investment Returns For Periods Ended 31 March 2023

Defence Force Superannuation Scheme

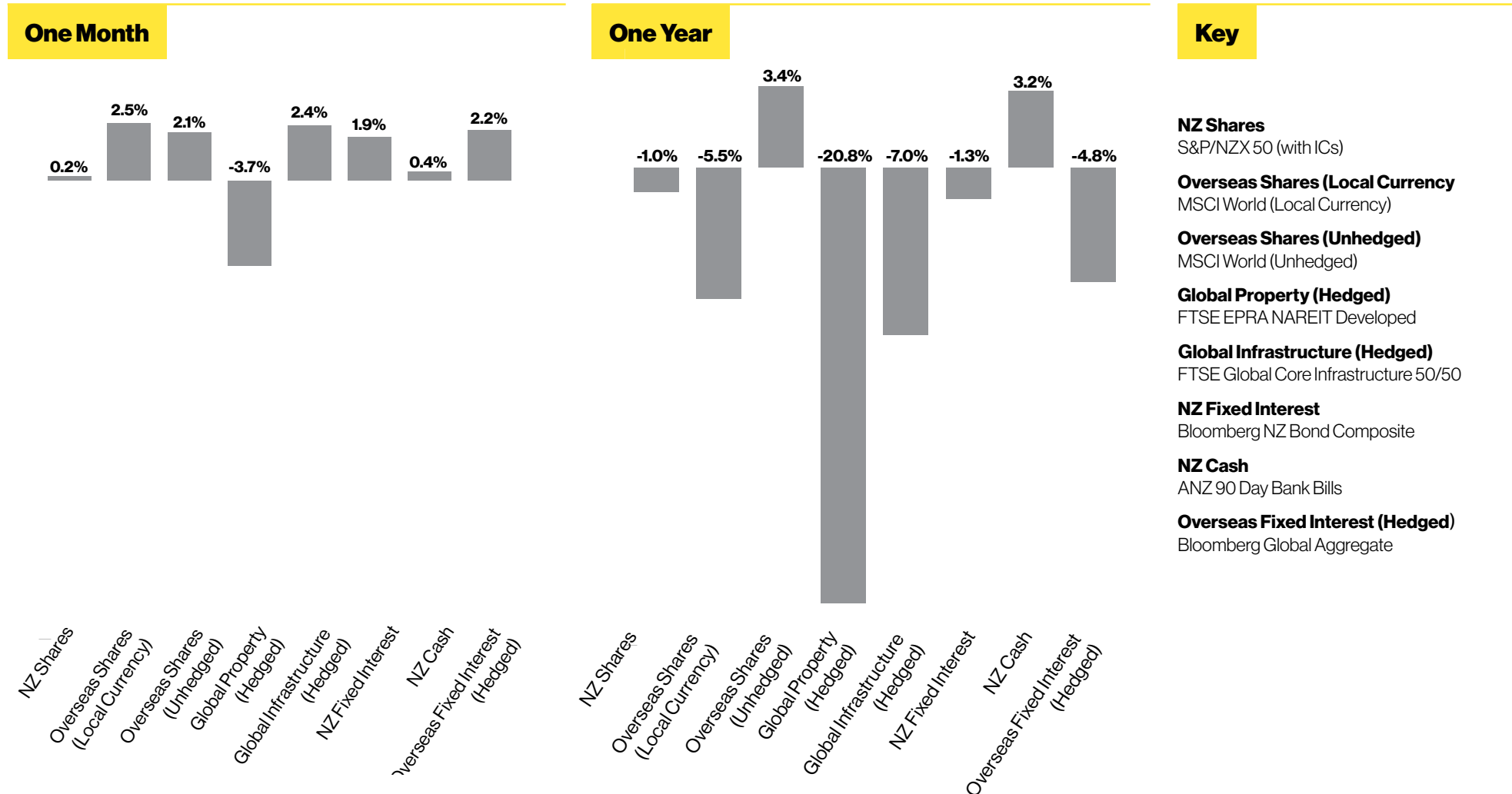
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.30	0.82	2.22	2.22	0.94
	Conservative	0.83	1.79	-1.68	-1.68	1.75
	Moderate	0.71	2.38	-2.55	-2.55	2.40
	Balanced	0.65	3.05	-3.84	-3.84	3.32
	Growth	0.58	3.74	-4.09	-4.09	4.24
	High Growth	0.48	4.25	-4.25	-4.25	5.02
	Shares	0.62	4.84	-2.12	-2.12	5.81
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.34	0.93	2.53	2.53	1.09
	Conservative	0.94	1.98	-1.83	-1.83	1.88
	Moderate	0.80	2.54	-2.84	-2.84	2.67
	Balanced	0.73	3.13	-3.81	-3.81	3.63
	Growth	0.63	3.74	-4.55	-4.55	4.55
	High Growth	0.51	4.22	-4.48	-4.48	5.43
	Shares	0.70	4.89	-2.41	-2.41	6.26
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.37	1.00	2.75	2.75	-
	Conservative	1.05	2.12	-1.90	-1.90	-
	Moderate	0.91	2.71	-2.75	-2.75	-
	Balanced	0.81	3.23	-4.34	-4.34	3.54
	Growth	0.68	3.79	-4.58	-4.58	4.66
	High Growth	0.53	4.14	-4.82	-4.82	5.58
	Shares	0.73	4.89	-2.53	-2.53	6.39

Notes

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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 March 2023



- 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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