



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 May 2023

Market performance summary

– May in a snapshot

- In May, the global share markets experienced a weak performance and lowered investor sentiment.
- The month of May delivered negative investment returns across all investment options, apart from the Cash investment option, 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 received their member statements in late May. You are urged to open this. You would've received some very powerful information to assist your long-term planning.



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 May 2023

Global share markets experienced a negative performance this month as investor sentiment was dampened by concerns over US debt ceiling negotiations.

This month faced limited gains, most of which were derived from US big name tech stocks such as Nvidia. In the banking space, First Republic Bank became the latest US lender to declare bankruptcy and surpassed Silicon Valley Bank (SVB) as the second largest US bank failure in history. Regardless of another blow to the health of the US banking system, wider concerns around the sector gradually subsided as the month progressed. In other news, this month saw global central banks implementing another round of interest rate hikes. However, there was further progress made in terms of reducing inflation, as the market continues to seek out that middle ground of both softer inflation and looser financial conditions.

Share markets on both sides of the Tasman were relatively weak this month. The ASX 200 slumped -2.5% as the Reserve Bank of Australia unexpectedly hit play again on their tightening campaign. Mining and energy stocks exacerbated the decline after further weakness in commodity prices. Not faring much better, the NZX 50 ended the month down -1.7%.

The NZD/USD fell -3.0% as the Reserve Bank of New Zealand surprised the market by indicating that they expect their latest cash rate hike to be the peak of this tightening cycle. Expectations of tighter policy from the Fed offered a good deal of support to the US dollar, while rising rate differentials also propped up the GBP. Elsewhere, the Turkish lira plummeted after election results confirmed five more years of President Erdoğan's "unsustainable" economic policies.



Monthly Commentary Ended 31 May 2023



📍 Santa Clara, CA

Growth stocks (5.5%) heavily outperformed value (-1.7%) during the month as the technology sector rallied in light of positive developments surrounding artificial intelligence (AI). Nvidia, whose high-end chips are used to power AI applications such as ChatGPT, became the first chipmaker to reach a \$1tn valuation.

📍 Washington, D.C.

Tensions were high in May as market participants eagerly awaited a decision on whether Washington would vote to lift the US debt ceiling to avoid a default on its financial obligations. An in-principal agreement was established towards the end of the month after the proposed two-year deal passed through the House vote and brought the US economy closer to averting a fiscal catastrophe. By the time of writing, the bill stood with Biden to sign into law after securing safe passage through the Senate.

📍 New Zealand

As expected, the Reserve Bank of New Zealand (RBNZ) increased the Official Cash Rate (OCR) by 25bps to 5.5%. The comments that followed the announcement came as a surprise, with the RBNZ stating that they anticipate 5.5% to be the peak of this cycle despite many economists upping their terminal rate forecasts to 6%.

Become Wealth Monthly Commentary Ended 31 May 2023

Member Statements for the NZ Defence Force Schemes should be finding their way to your inboxes about now.

So what?

For most people, receiving just another email might not mean much – especially when many of us have more pressing financial matters to tend to.

Read it, consider it.

However, at least once a year it's a great idea to sit back and take stock financially, here's why taking a moment (or many moments!) to read through your Member Statement can be a great idea:

1. How are you tracking? Last year was a torrid one for nearly all kinds of investment, your statement should show you how things went for you personally.
2. Check your fund choice(s). Are you content with slow, but hopefully safe and consistent growth? Or, are you willing to take on more risk in the hope of greater returns? Deciding on a suitable fund will be influenced by factors such as your personal appetite and ability to take investment risk.
3. Are you paying the right tax? Your statement should have your PIR (Prescribed Investor Rate) on it. It's worth checking that you are being charged tax at the right rate. See the KiwiSaver government website or the Inland Revenue website to check which rate you should be on as your PIR.
4. Does everything stack up? Just like you check your bank account to see that your pay has gone in, check all of your contributions are listed as credits in your statement. This includes the contributions from your before tax pay (money deducted from your paycheck) and the employer contributions. Errors are rare but do happen from time to time -- we've even seen someone who was a member of two different KiwiSaver Schemes at the same time, which shouldn't even be technically possible!

For most people, the crucial question is the first one. Looking at one investment's performance over a year or so might not be very useful – investing is a long-term game after-all – so the point of this is really to take overall stock. That means doing a deeper dive into where you are now, whatever it is you really want from life, and what you're willing to do to get what you want.

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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Become Wealth



A Disclosure Statement is available on request and free of charge

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Investment Returns For Periods Ended 31 May 2023

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	0.89	0.60	2.59	0.95
	Conservative	-0.20	1.20	0.39	0.53	1.59
	Moderate	-0.27	1.20	0.49	0.81	2.30
	Balanced	-0.32	1.37	0.69	1.05	3.31
	Growth	-0.29	1.51	0.94	1.36	4.21
	High Growth	-0.31	1.56	1.06	1.84	4.95
	Shares	-0.24	1.84	1.21	2.85	5.38
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.39	1.02	0.69	2.98	1.07
	Conservative	-0.23	1.32	0.38	0.64	1.75
	Moderate	-0.31	1.27	0.45	0.94	2.47
	Balanced	-0.38	1.35	0.61	1.01	3.47
	Growth	-0.37	1.48	0.83	1.55	4.57
	High Growth	-0.33	1.60	0.99	2.03	5.31
	Shares	-0.31	1.84	1.08	2.87	5.68
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.10	0.73	3.22	1.17
	Conservative	-0.23	1.40	0.39	0.67	1.82
	Moderate	-0.35	1.35	0.46	0.99	2.64
	Balanced	-0.42	1.41	0.58	1.08	3.64
	Growth	-0.41	1.50	0.79	1.59	4.66
	High Growth	-0.42	1.53	0.91	2.01	5.48
	Shares	-0.32	1.77	1.05	2.79	5.89

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 May 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	0.87	0.58	2.58	0.98
	Conservative	-0.30	1.14	0.32	0.24	1.67
	Moderate	-0.49	1.06	0.36	-0.04	2.30
	Balanced	-0.67	1.08	0.45	-0.41	3.01
	Growth	-0.67	1.24	0.68	-0.06	3.87
	High Growth	-0.66	1.28	0.85	0.37	4.64
	Shares	-0.23	1.84	1.21	2.85	5.41
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.40	1.01	0.68	2.98	1.12
	Conservative	-0.35	1.20	0.30	0.21	1.83
	Moderate	-0.56	1.09	0.29	-0.21	2.31
	Balanced	-0.74	1.08	0.35	-0.62	3.21
	Growth	-0.74	1.16	0.56	-0.50	4.09
	High Growth	-0.76	1.23	0.73	0.16	4.92
	Shares	-0.32	1.73	1.07	2.70	5.69
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.42	1.07	0.72	3.20	1.21
	Conservative	-0.38	1.30	0.28	0.19	2.20
	Moderate	-0.57	1.18	0.29	-0.08	2.61
	Balanced	-0.79	1.10	0.31	-0.66	3.25
	Growth	-0.81	1.17	0.49	-0.40	4.31
	High Growth	-0.80	1.22	0.67	0.15	5.22
	Shares	-0.37	1.71	1.00	2.67	5.87

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Investment Returns For Periods Ended 31 May 2023

Defence Force Superannuation Scheme

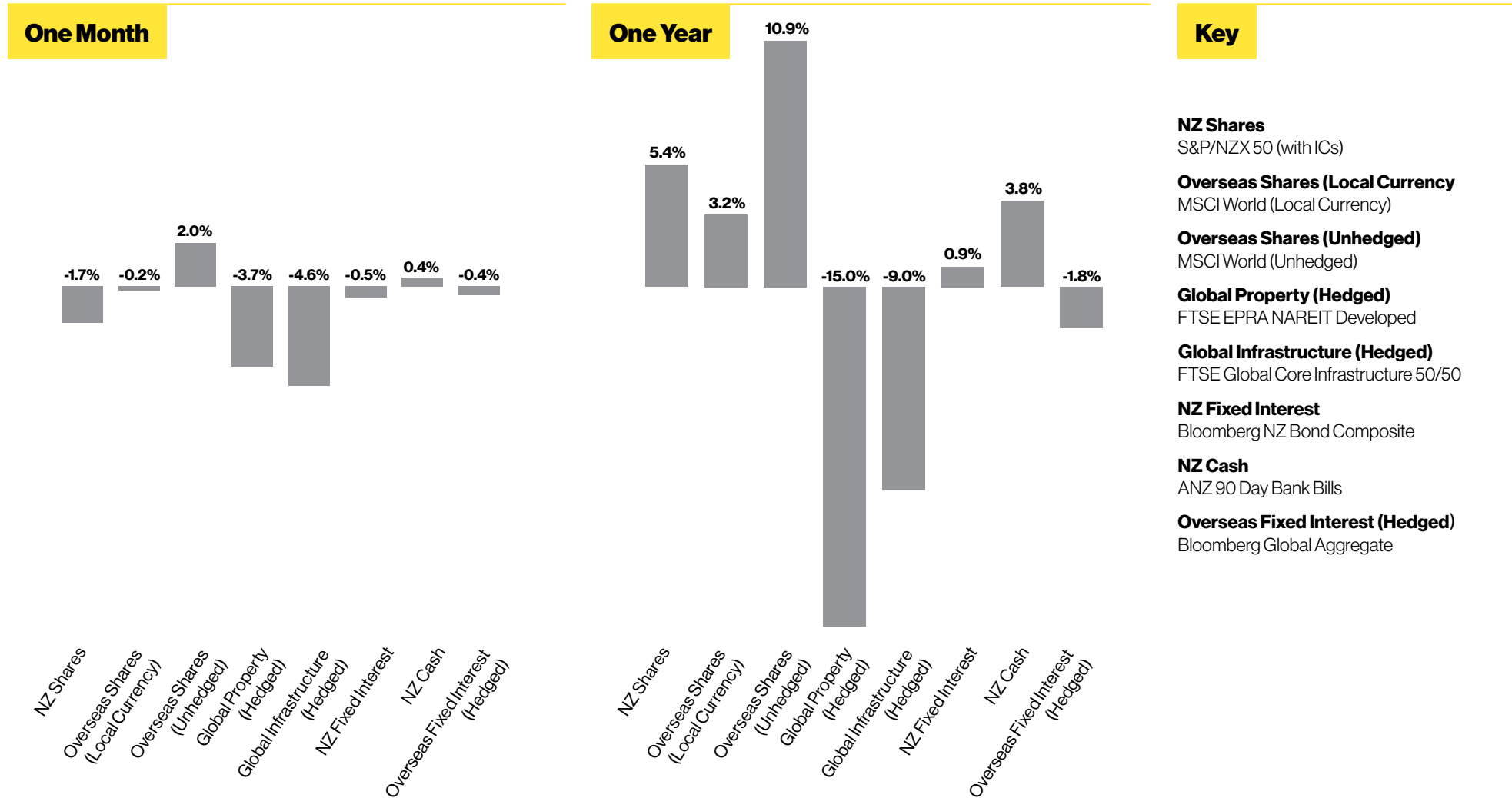
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.35	0.91	0.61	2.71	1.02
	Conservative	-0.29	1.17	0.34	0.37	1.68
	Moderate	-0.49	1.10	0.38	0.17	2.29
	Balanced	-0.67	1.12	0.46	-0.30	3.10
	Growth	-0.66	1.28	0.70	0.13	3.96
	High Growth	-0.64	1.38	0.89	0.54	4.66
	Shares	-0.21	1.86	1.23	3.15	5.45
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.40	1.02	0.68	3.07	1.17
	Conservative	-0.33	1.26	0.31	0.36	1.82
	Moderate	-0.53	1.14	0.34	-0.01	2.56
	Balanced	-0.73	1.12	0.38	-0.18	3.40
	Growth	-0.74	1.24	0.60	-0.22	4.25
	High Growth	-0.73	1.27	0.76	0.43	5.05
	Shares	-0.30	1.83	1.13	3.11	5.86
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.11	0.74	3.32	-
	Conservative	-0.35	1.37	0.32	0.42	-
	Moderate	-0.57	1.21	0.29	0.17	-
	Balanced	-0.78	1.14	0.33	-0.62	3.31
	Growth	-0.79	1.18	0.50	-0.22	4.35
	High Growth	-0.79	1.22	0.69	0.15	5.19
	Shares	-0.36	1.80	1.06	2.95	5.98

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- 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.

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Investment Returns For Periods Ended 31 May 2023



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