



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

# Monthly report

For the period ended 31 May 2024

## Market performance summary

### – May in a snapshot

- In May, positive economic data and strong corporate earnings had a positive impact on the fixed income and share markets. Inflation in the developed markets also seemed to be more under control, reducing concerns of higher inflation lasting longer.
- May delivered positive investment returns for all investment options in the NZDF Savings Schemes.
- Want to find out more about Financial Advice services with Become Wealth? Watch a short video available [here](#). If you would like to have a conversation about saving for retirement, saving for your first home or another goal or are simply not sure if you are in the right investment option and are considering switching call the team on **0508 BECOME (0508 232 663)** or email [hello@become.nz](mailto:hello@become.nz).
- If you are a member of the New Zealand Defence Force KiwiSaver Scheme or DFSS Cat B member, you have until the end of June 2024 to maximise the 2023-2024 Government Contributions. If you need to top up, please [click here](#).



HEI MANA MŌ AOTEAROA  
**A FORCE FOR NEW ZEALAND**

FOR MORE INFORMATION CALL **0800 333 787** OR VISIT [WWW.NZDFSAVINGS.MIL.NZ](http://WWW.NZDFSAVINGS.MIL.NZ)

# Monthly Commentary Ended 31 May 2024

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## **In May, strong corporate earnings and positive economic data contributed to the rise of both equities and fixed income investments.**

In developed markets, inflation showed signs of easing, alleviating concerns about a prolonged period of high inflation. This was particularly notable in the US, where inflation declined as expected after three consecutive readings that exceeded expectations in the first quarter. Additionally, forward-looking indicators such as purchasing manager indices (PMIs), which is an indicator used to measure the economic health of the manufacturing and services sector indicated expansionary conditions in developed markets. In the US, the composite PMI reached its highest level since April 2022. Europe and Japan also experienced increases in PMIs, although to a lesser extent compared to the US.

In local currency terms, global equities experienced substantial gains in May, primarily driven by the information technology, utilities, and communication services sectors. However, the energy sector underperformed due to lower oil prices. Notably, several of the “Magnificent 7” stocks (Apple, Microsoft, Google parent Alphabet, Amazon, Nvidia, Meta Platforms and Tesla) performed well, benefiting from strong earnings and increased demand for AI-related technologies.

The domestic bond market returned a modest 0.9% this month despite market expectations for the RBNZ’s first full rate cut being pushed out to February next year. The New Zealand 10-year yield ended the month at 4.82% (down from 4.93% last month). The Standard & Poor’s (S&P)/New Zealand Exchange (NZX) 90 Day Bank Bills Index returned 0.5%.

The NZD experienced a significant rebound this month, driven by general weakness in the USD and increased investor risk appetite. The NZD was up 1.4%, 3.8%, and 3.7% against the AUD, USD, and JPY, respectively. Over a 1-year period, the NZD is up 15.3% against the JPY, which has been steadily sliding for the last three years and has lost nearly a third of its value since the beginning of 2021.



# Monthly Commentary Ended 31 May 2024



## United States

On the 30th of May, Trump Media & Technology Group shares fell as much as 15% after former US President Donald Trump was found guilty on all 34 counts of falsifying business records. Despite officially becoming a convicted felon, Trump is still eligible to run for President in the upcoming US election – set to take place in November.

## United Kingdom

UK Prime Minister Rishi Sunak has called for a surprise snap general election to be held on the 4th of July. This decision presents a potentially challenging outcome for the current government based on recent opinion polls.

## New Zealand

The New Zealand Government released the 2024 Budget, which focused on fiscal responsibility, tax relief and targeted investments in public services and infrastructure. The impact on local markets was relatively muted, and the expected tax cuts are yet to be factored into the Reserve Bank of New Zealand's (RBNZ's) forecasts.



# Become Wealth Monthly Commentary Ended 31 May 2024

## It's Okay to Look Away

A professor recently replicated a famous old study. In a 14-day trial, the professor gave one group of his students continuous access to investment return information on their portfolio.

*A portfolio is just a collection of investments. Your personal investment portfolio might include a KiwiSaver Scheme, superannuation fund such as the Defence Force Superannuation Scheme ("DFSS"), your own portfolio on a share trading application ("app"), or something else.*

The professor then gave his second group of students information on price changes every four hours. Both groups were looking at and trading an investment with the exact same price movements: but one could see the price movements constantly, and the other group only had four-hourly intervals.

The professor also introduced incentives to motivate the students to do well.

Over the 14-day experiment the professor found on average, those with less frequent price information invested 33% more in shares and earned 53% higher profits. This quick experiment is consistent with other research, which suggests that frequently checking your investment portfolio is a good way to lose money.

That's because investment markets can behave like a wild animal – it can be a toss-up every day whether the markets will be up or down. Even in the same day the market can swing positively in the morning, and negatively in the afternoon, or vice versa! So, when you watch the markets too closely, you'll be more likely to see a loss. This can make you think your investments are riskier or of lower quality than they really are. If you listen to your emotions, you can end up making some bad decisions – changing your fund choice, making withdrawals, selling out of funds, and so on.

## It's Getting Harder Not to Look

122 times per day. That's how often the average American checks their smartphone each day, and there's no reason the number would be much different for New Zealanders. While we should all be collectively proud of how technology is changing our lives, the dangers in some areas are clear. In this case, over-monitoring of your financial situation.

## So What?

There are plenty of reasons for why you should stop constantly checking your portfolio. At the top of the list is your mental and financial health. While you may think checking your portfolio often is a good habit, it actually leads to increased stress, impulsive, emotionally-charged behaviour, and poor investment performance – as repeated studies have shown.

## What next?

We would be delighted to assist you explore the best strategy for your investments within the 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:

**0508 BECOME (0508 232 663)**  
[hello@become.nz](mailto: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 May 2024

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.31	0.98	0.67	3.95	1.48
	Conservative	0.63	0.87	-0.26	3.98	1.71
	Moderate	0.74	1.35	-0.44	5.88	2.79
	Balanced	0.82	1.70	-0.73	7.72	4.10
	Growth	0.88	2.18	-0.87	10.18	5.50
	High Growth	1.01	2.51	-1.00	11.75	6.49
	Shares	0.80	2.53	-1.36	13.22	7.26
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.37	1.10	0.77	4.43	1.68
	Conservative	0.76	0.98	-0.17	4.44	1.87
	Moderate	0.76	1.40	-0.45	6.29	2.99
	Balanced	0.93	1.82	-0.66	8.44	4.34
	Growth	1.02	2.33	-0.76	10.74	5.93
	High Growth	1.15	2.66	-0.87	12.19	6.90
	Shares	0.97	2.70	-1.22	13.84	7.66
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.40	1.21	0.83	4.87	1.85
	Conservative	0.88	1.10	-0.10	4.61	1.93
	Moderate	0.86	1.47	-0.37	6.59	3.16
	Balanced	1.06	1.92	-0.57	8.67	4.51
	Growth	1.13	2.43	-0.65	11.31	6.09
	High Growth	1.27	2.76	-0.74	12.84	7.16
	Shares	1.10	2.86	-1.07	14.41	7.95

### 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 May 2024

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	0.98	0.69	3.94	1.49
	Conservative	0.77	1.00	-0.12	4.28	1.83
	Moderate	0.99	1.52	-0.26	6.25	2.85
	Balanced	1.31	2.04	-0.42	8.47	3.92
	Growth	1.61	2.56	-0.48	10.89	5.29
	High Growth	1.74	2.95	-0.56	12.61	6.34
	Shares	0.87	2.66	-1.26	13.49	7.35
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.12	0.78	4.51	1.71
	Conservative	0.91	1.13	-0.03	4.69	1.97
	Moderate	1.11	1.64	-0.19	6.67	2.87
	Balanced	1.50	2.20	-0.27	8.93	4.16
	Growth	1.82	2.73	-0.30	11.55	5.58
	High Growth	1.90	3.06	-0.39	12.99	6.66
	Shares	0.98	2.71	-1.12	14.11	7.73
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.21	0.84	4.85	1.84
	Conservative	0.94	1.14	-0.05	4.88	2.34
	Moderate	1.19	1.68	-0.14	7.07	3.21
	Balanced	1.57	2.24	-0.23	9.27	4.24
	Growth	1.97	2.85	-0.18	11.64	5.81
	High Growth	2.10	3.23	-0.23	13.48	7.03
	Shares	1.11	2.86	-1.03	14.43	7.98

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# Investment Returns For Periods Ended 31 May 2024

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	0.97	0.67	3.91	1.53
	Conservative	0.78	0.96	-0.14	4.22	1.84
	Moderate	0.98	1.49	-0.30	6.21	2.83
	Balanced	1.31	2.02	-0.44	8.48	4.02
	Growth	1.57	2.52	-0.54	10.79	5.36
	High Growth	1.73	2.93	-0.56	12.56	6.38
	Shares	0.86	2.57	-1.30	13.10	7.34
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.37	1.09	0.76	4.45	1.76
	Conservative	0.90	1.11	-0.05	4.69	1.98
	Moderate	1.12	1.60	-0.20	6.61	3.09
	Balanced	1.47	2.14	-0.31	8.97	4.35
	Growth	1.80	2.69	-0.33	11.44	5.70
	High Growth	1.96	3.12	-0.36	13.33	6.85
	Shares	1.01	2.75	-1.15	14.03	7.94
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.40	1.18	0.81	4.86	-
	Conservative	0.93	1.14	-0.05	4.90	-
	Moderate	1.19	1.66	-0.15	6.96	-
	Balanced	1.59	2.24	-0.23	9.20	4.28
	Growth	1.94	2.77	-0.22	11.77	5.87
	High Growth	2.09	3.11	-0.25	13.41	6.96
	Shares	1.10	2.82	-1.06	14.25	8.04

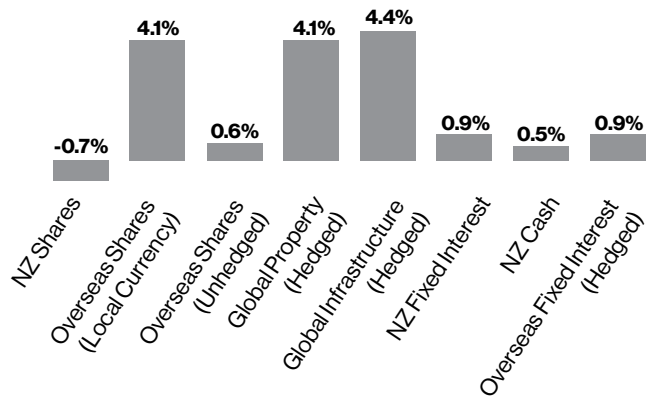
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

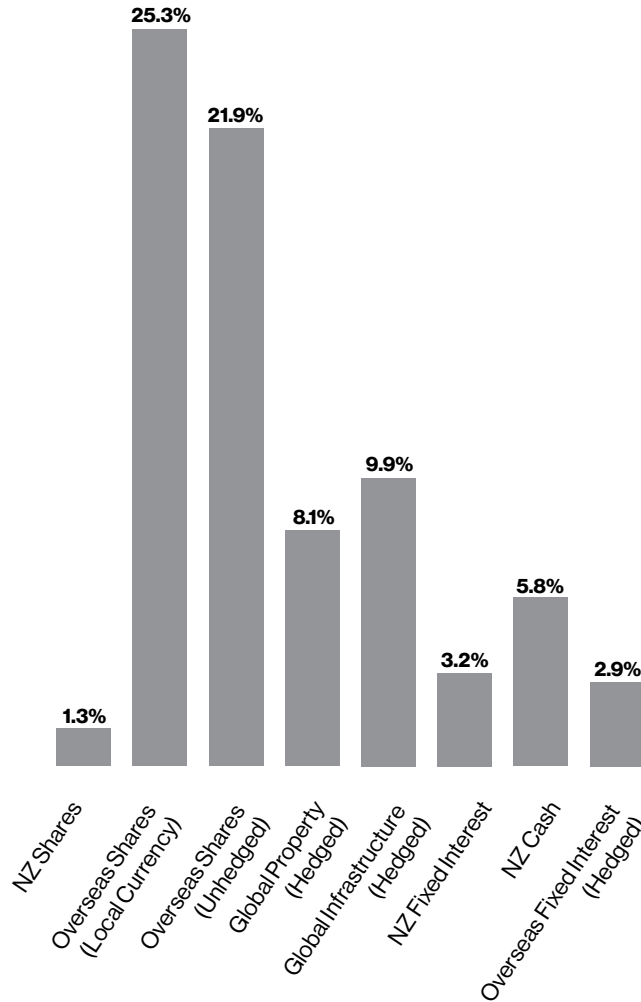
\* FYTD means Financial Year to Date, which is from 1 April 2024

# Investment Returns For Periods Ended 31 May 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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