

MONTHLY REPORT

For the period ended 30 November 2019

Market performance summary – November in a snapshot

- 2019 is wrapping up to be a positive year for investors, including members of the NZDF Savings Schemes. November was another good month with most markets performing well.
- All NZDF Savings Scheme's investment options had positive returns for the month.
- During the summer break, please take a moment to log in to your account at www.nzdf.superfacts.co.nz, review your investment portfolio, your tax rate and update your details if necessary.

Read more about the markets and investment performance in this monthly report.



Monthly Commentary Ended 30 November 2019

November was another positive month for developed share markets like Australia, the UK and the US. Partly encouraged by reported progress on trade negotiations between the US and China and Europe also enjoying a reprieve, with US President Donald Trump deciding against following through with tariffs on European cars by his mid-November deadline. The odds of a no-deal Brexit dropped sharply after Prime Minister Boris Johnson withdrew objections to a customs border in the Irish Sea. Johnson has promised to reintroduce his Brexit deal to Parliament before Christmas, subject to a positive outcome in the 12 December UK general election.

Developed share markets (+3.2%) took heart from the constructive trade rhetoric from Chinese and US diplomats, with US stocks benefitting most. Better than expected growth from leading European companies further helped to push global markets higher. Emerging markets (+0.6%) also gained – but were weighed down by weak returns from China A-shares and Brazilian stocks.

The New Zealand (+5.0%) and Australian (+3.3%) share markets both performed strongly, edged on by accommodative trade conditions. Domestically, a recovery in Auckland property prices helped leading retirement village operators to post strong returns. The New Zealand share market is now sitting at its highest annual return in nearly twenty years.

Global listed property (-0.9%) and infrastructure (-0.8%) are defensive sectors; when volatility in markets increase their value can go up as investors look for safer assets. As there was less volatility in markets over November, the value of the two sectors eased somewhat.



Significant developments include:



Germany

Germany's economy grew by +0.1% in the third quarter, narrowly avoiding a technical recession after a -0.2% fall in Q2. Upbeat consumer spending data, better than expected export figures in September and the back down on US trade tariffs all contributed to the positive result.

China

Other major central banks also left monetary policy unchanged. Within emerging markets, 7 countries lowered their policy rates in November. This included China, which cut its short term funding rate for the first time since 2015 in response to a slowing economy.

New Zealand

The Reserve Bank of New Zealand (RBNZ) left the Official Cash Rate (OCR) unchanged on 13 November, citing that recent reductions were still transmitting through the economy. Despite this, the RBNZ has not ruled out further cuts should economic developments warrant.

Milestone Direct Monthly Commentary Ended 30 November 2019

Much financial news claims to be about the future, but it's really just an account of what's already happened – the past. As a result, many investors (and also those closely watching mortgage interest rates) project what has already happened into the future.

In some ways it's quite understandable that investors, with the help of a short-term focussed media, will tend to put most of their attention on what has happened in financial markets over the past month, week, day, or even hour. For example, when investment prices – such as share market prices – have fallen in value this is routinely reported as something like “bad news for investors today”. But, unless the investor plans to cash-in their investments on that day, it is unlikely to be bad news at all. The media could equally report this as “shares went on sale today, as reduced prices offer investors higher expected returns”. In other words, for any long-term investor what matters most is how investments perform moving forwards, not how they performed yesterday.

Investing is about the future, not the past. Because the future is unknown and unknowable, we try to manage uncertainty by diversifying across a range of different areas, including different companies, industries (such as healthcare or hospitality), and across different continents.

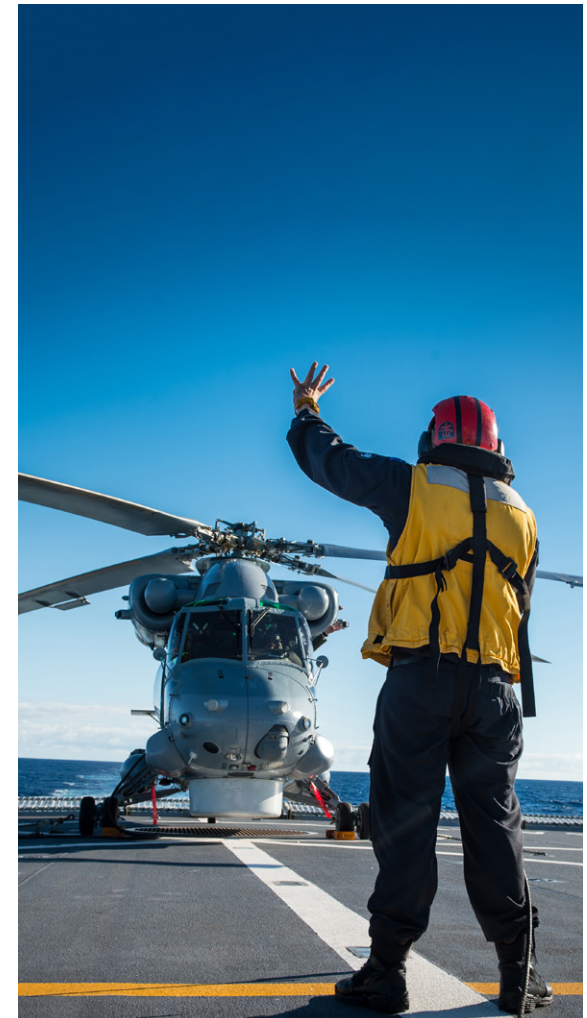
The second assumption the media can make about the future is giving the impression that the future is the same for us all. Naturally, we're all different people and have different goals depending on any given number of matters such as age, circumstances, job, income, marital status, etc. For instance, one person may be focussed on investing for their children's university education and caring for their ageing parents, while another may be building up a deposit for their own home or saving to cover the costs of a change in career or a major holiday.

The points above mean that any assessment of the future – and the uncertainty surrounding it – should be approached from the needs of the individual. Everyone's hopes are different and the financial strategy we each adopt will vary. Some people may be willing to accept greater risk for greater return, while others may be a lot more risk-averse and happy to accept lower returns. Some people may try speculating (which is guessing what will happen in the markets next), while others will stay highly diversified and use any information about prices to stay focussed on the range of possible long-term returns.

Staying diversified doesn't require a magical crystal ball, it just requires understanding of what we can and cannot control. Things we can control include being widely diversified, paying reasonable fees, investing in a tax-efficient way, and ensuring our risk/return choices suit us.

It would be our pleasure to discuss how you can make the most of “time in the market” or discuss any other financial matters. You can get in touch by calling **0508 MILESTONE (0508 645 378)** or by emailing info@milestonedirect.co.nz

Joseph Darby
Chief Executive
Milestone Direct



A Disclosure Statement is available on request and free of charge

The views and opinions expressed in this commentary are intended to be of a general nature and do not constitute personalised advice for an individual client. Before making any investment, insurance or other financial decisions, you should consult a professional financial adviser. A disclosure statement is available on request and free of charge.

For more information call **0800 333 787** or visit www.nzdf.superfacts.co.nz

Investment Returns For Periods Ended 30 November 2019

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.02	0.13	0.59	0.99	1.10
	Conservative	0.51	0.76	3.92	6.33	4.14
	Moderate	0.66	1.22	4.38	7.32	5.20
	Balanced	1.12	2.21	6.02	9.66	7.07
	Growth	1.62	3.21	7.49	11.59	8.96
	High Growth	2.12	4.07	8.78	13.48	10.47
	Shares	3.05	5.45	11.03	16.56	12.40
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.02	0.15	0.67	1.10	1.34
	Conservative	0.51	0.75	4.07	6.84	4.57
	Moderate	0.70	1.27	4.54	7.72	5.53
	Balanced	1.18	2.24	6.12	10.05	7.50
	Growth	1.66	3.38	7.61	11.93	9.25
	High Growth	2.21	4.34	8.84	13.79	10.76
	Shares	3.05	5.67	11.11	16.76	12.71
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.02	0.16	0.74	1.21	1.37
	Conservative	0.54	0.69	4.23	7.17	4.75
	Moderate	0.71	1.20	4.69	8.03	5.67
	Balanced	1.22	2.31	6.25	10.25	7.67
	Growth	1.71	3.48	7.55	12.02	9.44
	High Growth	2.23	4.40	8.86	13.82	10.98
	Shares	3.16	5.86	11.14	16.95	12.93

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 may differ from the actual after fees and tax returns achieved by individual investors.

* FYTD means Financial Year to Date, which is from 1 April 2019

Investment Returns For Periods Ended 30 November 2019

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.03	0.16	0.66	1.11	1.25
	Conservative	0.52	0.80	3.93	6.49	4.32
	Moderate	0.67	1.24	4.48	7.43	5.24
	Balanced	1.14	2.21	6.10	9.75	7.24
	Growth	1.60	3.22	7.47	11.59	8.91
	High Growth	2.13	4.07	8.82	13.53	10.48
	Shares	3.05	5.48	11.03	16.54	12.40
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.03	0.17	0.75	1.26	1.42
	Conservative	0.55	0.78	4.21	7.05	4.68
	Moderate	0.71	1.27	4.69	7.88	5.59
	Balanced	1.20	2.32	6.25	10.17	7.54
	Growth	1.67	3.41	7.67	12.05	9.27
	High Growth	2.20	4.30	8.97	13.89	10.79
	Shares	3.10	5.67	11.02	16.70	12.61
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.05	0.20	0.83	1.39	1.55
	Conservative	0.55	0.76	4.41	7.42	4.90
	Moderate	0.73	1.30	4.79	8.13	5.80
	Balanced	1.21	2.36	6.37	10.38	7.66
	Growth	1.71	3.51	7.68	12.11	9.41
	High Growth	2.25	4.46	8.96	13.90	10.91
	Shares	3.13	5.76	11.09	16.77	12.80

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Investment Returns For Periods Ended 30 November 2019

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.03	0.16	0.66	1.10	1.24
	Conservative	0.52	0.79	4.04	6.51	4.33
	Moderate	0.68	1.26	4.48	7.44	5.34
	Balanced	1.15	2.24	6.13	9.82	7.29
	Growth	1.58	3.20	7.51	11.75	8.98
	High Growth	2.10	4.05	8.81	13.49	10.52
	Shares	3.02	5.44	10.98	16.56	12.40
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.04	0.18	0.76	1.26	1.42
	Conservative	0.55	0.78	4.25	7.02	4.71
	Moderate	0.71	1.32	4.72	7.95	5.68
	Balanced	1.20	2.36	6.37	10.29	7.62
	Growth	1.67	3.44	7.74	12.13	9.33
	High Growth	2.22	4.37	8.98	13.90	10.92
	Shares	3.09	5.69	11.06	16.61	12.83
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	-	-	-	-	-
	Conservative	0.56	0.77	4.50	7.52	-
	Moderate	0.73	1.30	4.84	8.22	-
	Balanced	1.19	2.35	6.35	10.37	7.72
	Growth	1.70	3.47	7.65	12.06	-
	High Growth	2.24	4.40	8.81	13.83	11.05
	Shares	3.18	5.96	11.19	16.88	12.99

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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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Financial Markets For Periods Ended 30 November 2019

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

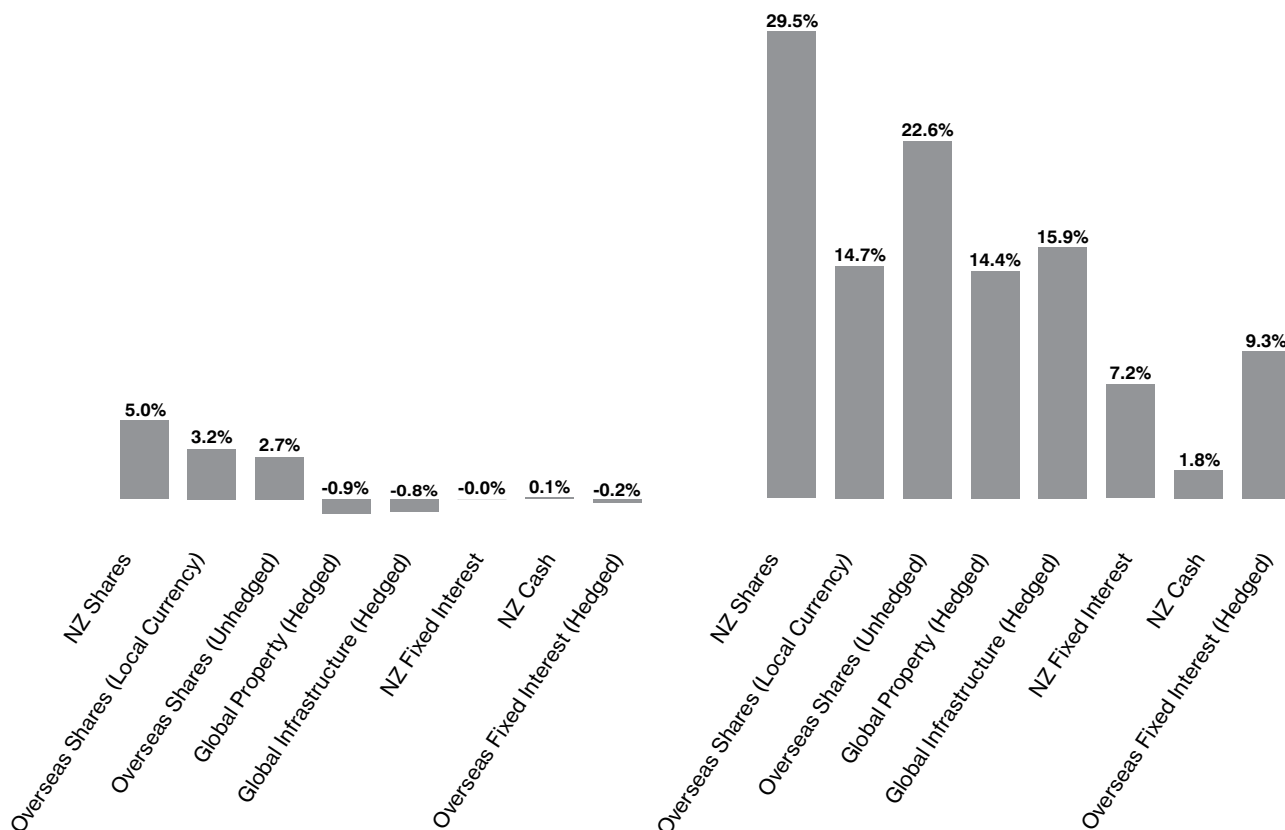
Bloomberg NZ Bond Composite

NZ CASH

ANZ 90 Day Bank Bills

OVERSEAS FIXED INTEREST (HEDGED)

Bloomberg Global Aggregate



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