



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 30 November 2023

Market performance summary

– November in a snapshot

- Stocks and bonds had a strong recovery in November due to the US Federal Reserve's decision to keep interest rates unchanged and lower-than-expected inflation.
- The month of November brought positive investment returns for all investment options in the NZDF Savings Schemes.
- Over the holiday period, Mercer's administration and helpline teams will be available during the working days (closed on public holidays). If you are needing to update your contact details or investment strategy, you can do so by signing in online at www.nzdfsavings.mil.nz.
- 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 30 November 2023

In November, both stocks and bonds had a strong recovery after a period of uncertainty.

This was mainly due to the US Federal Reserve's decision to keep interest rates unchanged and lower-than-expected inflation data. The S&P 500 had a return of 9.1% and the NASDAQ had a return of 10.8%. Treasury yields also fell as investors shifted their focus to stocks.

The New Zealand and Australian stock markets also performed well in November, despite the increase in the Australian cash rate and the negative statement from the Reserve Bank of New Zealand around interest rate cut projections. Despite this news, the domestic bond market in New Zealand had a positive return.

In terms of currency exchange rates, the New Zealand dollar, Euro, and British pound all strengthened against the US dollar. This was influenced by the higher risk appetite in the market.

In terms of sectors, the technology, real estate, consumer discretionary, and financial sectors performed well, while the energy sector experienced a decline largely due to the sharp decline in the price of crude oil.

Overall, November was a positive month for stocks and bonds, with strong returns and positive market trends.



Monthly Commentary Ended 30 November 2023



United States

Credit rating agency, Moody's, has downgraded the United States economic outlook from "stable" to "negative", citing growing fiscal deficits. This decision prompted immediate criticism from President Joe Biden's administration.

Middle East

After being extended twice, the Israel-Hamas truce has ended after lasting only 7 days. The Israeli military announced the end of the truce, citing that "Hamas violated the operational pause" and "fired towards Israeli territory."

San Francisco, CA

The board of OpenAI (Chat GPT's parent company) fired and rehired their CEO Sam Altman within only a few days following an attempted boardroom coup. Such a move was met with significant backlash and more than 95% of employees threatened to quit. Since this debacle, OpenAI's largest investor Microsoft (who owns 49% of the company) has been included in the board as a "non-voting observer", allowing more visibility into the company's inner workings.

Become Wealth Monthly Commentary Ended 30 November 2023

Lend to the Government

A government bond is form of loan you give the government. When you invest in a government bond, you're lending money to the government for a certain time. In return, the government pays you interest regularly, then gives back the initial amount when the bond matures. Investing in these bonds is important because it helps several key areas, including repairing parts of the country after natural disasters, getting our economy back on track after the lockdowns and closed borders of the pandemic era, and funding the shift to a greener economy. Your investment directly supports these important projects.

Nearly all KiwiSaver funds and other managed schemes, including the NZ Defence Force Savings Schemes, include at least some government bonds. The extent varies depending on the specific fund choice. KiwiSaver, being a cornerstone of New Zealand's retirement savings landscape, offers individuals a range of fund options tailored to various risk appetites and financial goals. These funds nearly always contain a different blend of bonds and shares (stocks) to help your money grow steadily and stay stable for the future.

So, not only are you supporting national projects by investing in bonds, but you're likely doing so within the framework of your KiwiSaver Scheme or other investment, aligning your retirement savings with the broader economic objectives of the country.

The end of inflation?

Inflation is slowing worldwide, and most developed central banks nearing the end of their interest rate hiking cycles (including our central bank, the Reserve Bank of New Zealand). History shows this is often when bond investments provide the highest rewards. Though balancing this statement, markets are notoriously difficult to predict, and past performance doesn't guarantee future returns!

What next?

To help you put all this together, we're here to assist you make the best financial choices with advisory services about your savings within the NZDF schemes, and if you like, in other areas too. Get in touch at:

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A Disclosure Statement is available on request and free of charge

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Investment Returns For Periods Ended 30 November 2023

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.32	0.95	2.58	3.62	1.22
	Conservative	2.13	0.45	1.15	2.03	1.65
	Moderate	2.85	0.09	1.42	2.36	2.47
	Balanced	3.54	-0.29	1.87	2.80	3.60
	Growth	4.14	-0.62	2.59	3.50	4.67
	High Growth	4.61	-1.04	2.79	3.73	5.48
	Shares	4.76	-1.33	3.12	4.44	6.14
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.37	1.09	2.91	4.11	1.38
	Conservative	2.37	0.66	1.34	2.47	1.83
	Moderate	3.14	0.31	1.64	2.80	2.68
	Balanced	3.79	-0.05	2.12	3.23	3.79
	Growth	4.40	-0.46	2.70	3.79	5.05
	High Growth	4.81	-0.81	2.94	4.13	5.87
	Shares	4.96	-1.03	3.41	4.83	6.49
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.39	1.18	3.16	4.47	1.51
	Conservative	2.47	0.68	1.33	2.55	1.89
	Moderate	3.23	0.42	1.76	3.01	2.85
	Balanced	4.04	0.06	2.19	3.46	3.96
	Growth	4.63	-0.24	2.97	4.10	5.17
	High Growth	5.05	-0.57	3.29	4.48	6.08
	Shares	5.26	-0.79	3.70	5.20	6.74

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 30 November 2023

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.33	0.97	2.55	3.59	1.23
	Conservative	2.20	0.44	1.18	2.13	1.76
	Moderate	3.04	0.05	1.40	2.31	2.49
	Balanced	3.88	-0.34	1.78	2.61	3.31
	Growth	4.49	-0.74	2.46	3.30	4.35
	High Growth	4.96	-1.04	2.83	3.66	5.23
	Shares	4.73	-1.26	3.28	4.56	6.21
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.37	1.10	2.93	4.13	1.41
	Conservative	2.43	0.61	1.31	2.35	1.92
	Moderate	3.31	0.21	1.50	2.52	2.51
	Balanced	4.17	-0.20	1.85	2.77	3.53
	Growth	4.82	-0.49	2.70	3.61	4.62
	High Growth	5.26	-0.88	2.92	3.94	5.53
	Shares	5.01	-0.99	3.55	4.85	6.53
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.39	1.20	3.13	4.41	1.53
	Conservative	2.60	0.68	1.36	2.56	2.29
	Moderate	3.48	0.46	1.74	2.84	2.84
	Balanced	4.41	0.02	2.01	3.00	3.60
	Growth	5.02	-0.38	2.56	3.57	4.80
	High Growth	5.49	-0.63	3.18	4.07	5.85
	Shares	5.26	-0.85	3.63	4.99	6.74

Notes

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Investment Returns For Periods Ended 30 November 2023

Defence Force Superannuation Scheme

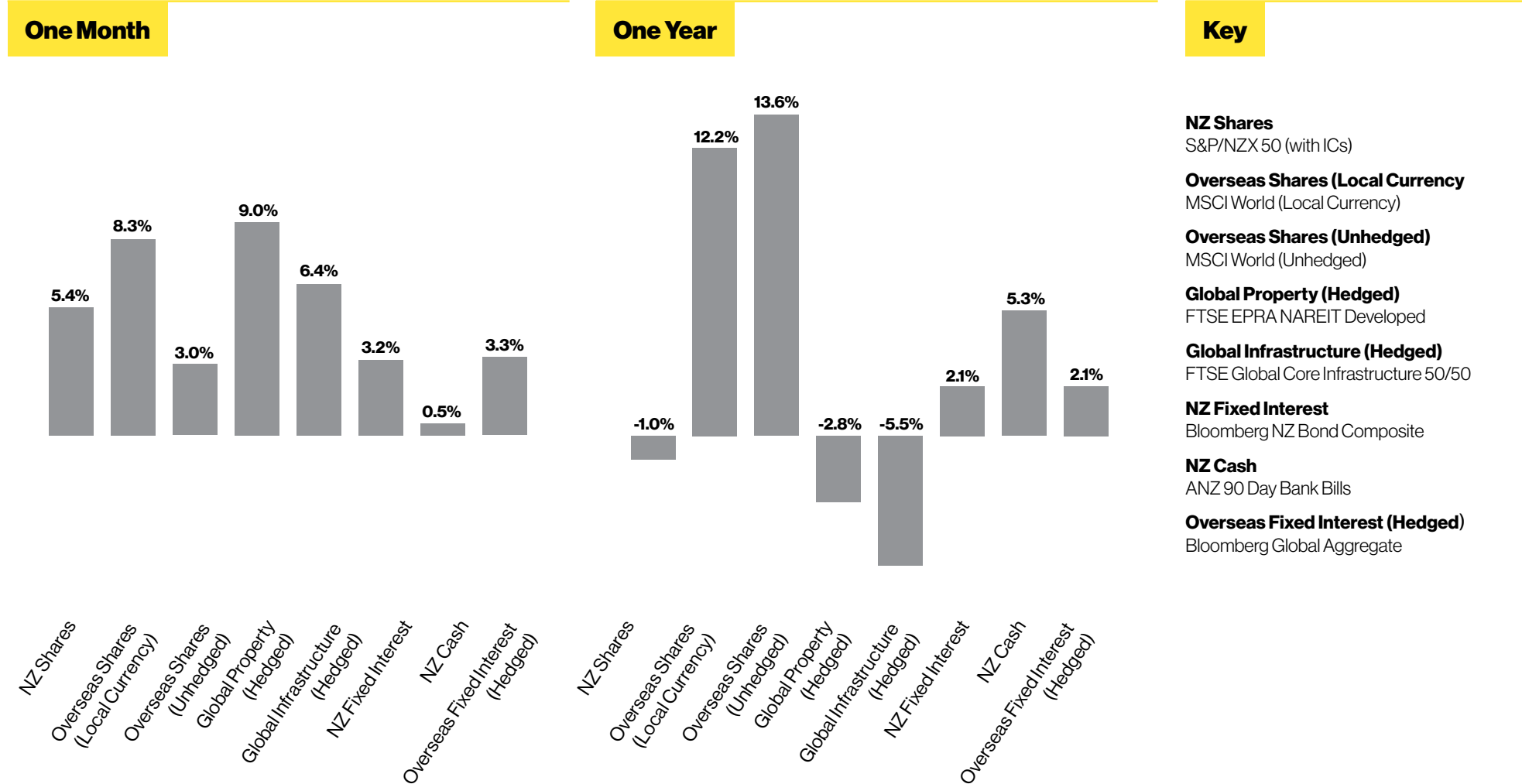
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.31	0.93	2.58	3.68	1.28
	Conservative	2.21	0.42	1.18	2.15	1.77
	Moderate	3.04	0.02	1.43	2.38	2.48
	Balanced	3.91	-0.36	1.80	2.68	3.41
	Growth	4.53	-0.78	2.45	3.34	4.46
	High Growth	5.00	-1.06	2.82	3.76	5.26
	Shares	4.71	-1.40	3.04	4.39	6.22
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.36	1.08	2.93	4.18	1.47
	Conservative	2.43	0.56	1.32	2.44	1.91
	Moderate	3.32	0.24	1.63	2.69	2.76
	Balanced	4.21	-0.12	1.97	2.92	3.73
	Growth	4.84	-0.51	2.73	3.62	4.77
	High Growth	5.32	-0.75	3.11	4.04	5.69
	Shares	4.99	-1.02	3.54	4.91	6.70
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.39	1.16	3.21	4.57	-
	Conservative	2.59	0.69	1.43	2.66	-
	Moderate	3.48	0.35	1.72	2.93	-
	Balanced	4.40	-0.01	1.99	3.04	3.65
	Growth	5.00	-0.34	2.80	3.77	4.88
	High Growth	5.49	-0.63	3.19	4.10	5.82
	Shares	5.09	-0.87	3.67	5.14	6.82

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.
- '-' 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 November 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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