



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

# Monthly report

For the period ended 30 November 2024

## Market performance summary

### – November in a snapshot

- Global equity and fixed income markets saw positive returns in November, boosted by the strong performance of US stocks after Donald Trump's win in the presidential election.
- 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](http://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](mailto:hello@become.nz).



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

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# Monthly Commentary Ended 30 November 2024

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## **Global equities and fixed income markets posted positive returns in November, driven by the strong performance of US share markets following Donald Trump's decisive victory in the presidential election.**

This victory boosted market optimism about deregulation, tax cuts and favourable business conditions. In the fixed income space, bond yields initially rose at the prospect of increased use of tariffs under the Trump administration. However, this was followed by a sharp decline after Trump announced his pick for Treasury Secretary who sees tariffs as a negotiation tool rather than a means to an end. Commodities (such as raw materials or primary agricultural products) returned slightly positive results, although oil prices were down, and gold experienced its worst month of the year as uncertainty decreased post-election.

New Zealand bonds posted positive returns in November as the Reserve Bank of New Zealand (RBNZ) delivered another cut to the Official Cash Rate (OCR). However, the global bond market outperformed local bonds this month as yields fell more dramatically in other parts of the world. The Bloomberg NZ Bond Composite 0+ Year Index recorded a 0.6% return.

The New Zealand Dollar (NZD) held up well against the United States dollar (USD) in November, declining only slightly by 0.6% during the month. Meanwhile, the NZD performed well against the Euro, rising by 2.2%, with the escalation of tensions in Ukraine and a rising political risk premium being major factors. Against the Japanese Yen (JPY), the NZD fell by 2.0%. The JPY was the strongest of the major currencies in November amid heightened expectations of a rate hike in December by the Bank of Japan.



# Monthly Commentary Ended 30 November 2024



## United States

Following Donald Trump's landslide victory in the US election on November 5th, equity markets and the US dollar rallied, reflecting a generally positive market sentiment in response to the election results.

## Ukraine & Russia

The conflict between Ukraine and Russia escalated mid-month as Ukraine launched Western-supplied missiles into Russia. In response, Russia fired missiles into Ukraine that were capable of carrying nuclear warheads to send a warning message.

## New Zealand

On the 27th of November, the RBNZ delivered a third consecutive cut to the OCR, reducing it by another 50 basis points to 4.25%. The RBNZ's commentary indicated that CPI and core inflation are converging on the midpoint of the 1-3% target range, thereby increasing confidence to ease monetary policy.

# Become Wealth Monthly Commentary Ended 30 November 2024

## Black Swan Events

When it comes to investing, a big obstacle many people face is the fear of catastrophe. If you invest in something, there's always the possibility, however remote, that the value may drop to zero.

People have different ways of thinking about financial risk. Some refer to black swan events. The term, which was popularised by Nassim Nicholas Taleb's 2007 book, refers to unforeseen events that have a big impact on things like stocks (shares) or the market. In 2023, to take one recent example, the stock of Silicon Valley Bank went from \$284 to \$0.90 in less than a month. If someone held only that stock, they might have called what they experienced a black swan.

I have a different definition for black swans. In fact, I don't think I've seen a true black swan event during my lifetime. Back in the early 1970s, major markets were down more than 40%, but they have never gone near-zero. And when they have gone down, they have eventually recovered.

Of course, some people might think the stock market going down 20% would be catastrophic. Perhaps they are close to retirement and counting on every cent they've saved. That's why people often hold less in stocks relative to bonds as they approach and enter retirement. Remember, investors can control the amount of risk they take by adjusting the percentage of stocks in their portfolios. If half of your portfolio is in stocks and the other half is in less-volatile bonds, a 20% decline in the stock market might reduce the overall value of your portfolio by only 10%. In the NZDF Savings Schemes, your portfolio is simply your fund choice, and choosing a different fund enables you to dial up or down the amount of expected risk, and return. That's one way of protecting yourself against a potential black swan. Indeed, this strategy has helped cushion the blow of many market downturns, making it easier for investors to stay the course and avoid the temptation to sell at the worst possible time.

Staying disciplined is one of the keys to capturing the market's long-term returns. Over the past century, the world's largest stock market has returned on average nearly 10% a year,

which makes sense when you consider the asymmetric nature of stock returns. Remember that while a single stock can only fall to zero, and therefore lose 100% of its value, successful companies have the potential for gains far more than 100%. Take Nvidia, for example, whose stock price has increased by many multiples in recent years. This lopsidedness – the fact that winners can gain more than losers can lose – is one of the many reasons many of us are so optimistic about investing in public markets.

Because the protection against catastrophe that a diverse portfolio – including the fund choices available in the NZDF Savings Schemes – provides is quite different from other forms of risk we experience in life. When you buy the market of stocks, you are buying a little bit of thousands of companies. So, imagine if instead of one job, you had a little bit of thousands of jobs in every sector of the economy. You'd never worry about losing your job.

Holding a market portfolio isn't just about reducing your risk from black swans, however you personally might define them. When you start to feel that you have an investment plan that protects you against catastrophe, you can start to feel better. That's why it's important to have a process you trust, which means a process you understand. Of course, there are no guarantees when it comes to investing. But you can put yourself in a better position to pursue your goals and “win” – in investing and in life.

### What next?

We would be delighted to assist you explore anything mentioned above, including how it relates to your investments within one-or-more NZDF Savings Schemes. Become Wealth is also able to advise on other investments, such as residential real estate. Book your complimentary initial consultation today:

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

Joseph Darby  
Chief Executive  
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# Investment Returns For Periods Ended 30 November 2024

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.25	0.87	2.53	3.82	1.78
	Conservative	1.07	1.23	3.51	7.10	1.80
	Moderate	1.62	2.39	4.74	10.37	3.04
	Balanced	2.28	3.50	5.96	13.64	4.34
	Growth	2.83	4.63	7.22	17.25	5.71
	High Growth	3.40	5.62	8.11	19.99	6.66
	Shares	3.50	6.31	8.59	22.33	7.17
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.29	1.03	2.90	4.34	2.02
	Conservative	1.12	1.33	4.01	7.79	2.01
	Moderate	1.66	2.40	5.01	10.82	3.27
	Balanced	2.29	3.43	6.25	14.26	4.57
	Growth	2.90	4.63	7.55	17.82	6.13
	High Growth	3.44	5.61	8.49	20.45	7.08
	Shares	3.50	6.29	8.78	22.53	7.52
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.32	1.10	3.12	4.73	2.20
	Conservative	1.14	1.32	4.21	8.12	2.07
	Moderate	1.68	2.35	5.34	11.26	3.46
	Balanced	2.32	3.40	6.50	14.56	4.76
	Growth	2.82	4.52	7.79	18.20	6.31
	High Growth	3.46	5.42	8.51	20.51	7.30
	Shares	3.54	6.22	9.05	22.89	7.80

### 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 30 November 2024

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.26	0.91	2.63	3.92	1.79
	Conservative	1.09	1.41	4.09	7.76	2.00
	Moderate	1.65	2.46	5.41	11.14	3.18
	Balanced	2.34	3.53	6.79	14.81	4.24
	Growth	2.93	4.75	8.33	18.60	5.63
	High Growth	3.37	5.80	9.27	21.36	6.65
	Shares	3.58	6.32	8.75	22.48	7.27
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.29	1.02	2.99	4.47	2.05
	Conservative	1.13	1.37	4.40	8.24	2.14
	Moderate	1.70	2.40	5.67	11.56	3.20
	Balanced	2.36	3.48	7.14	15.30	4.48
	Growth	2.96	4.62	8.61	18.99	5.88
	High Growth	3.45	5.82	9.57	21.62	6.93
	Shares	3.58	6.36	8.97	22.74	7.61
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.32	1.12	3.24	4.84	2.21
	Conservative	1.16	1.40	4.71	8.71	2.54
	Moderate	1.77	2.49	6.01	12.04	3.58
	Balanced	2.34	3.37	7.24	15.49	4.54
	Growth	2.97	4.69	8.96	19.40	6.13
	High Growth	3.42	5.69	9.78	21.83	7.29
	Shares	3.63	6.35	9.21	23.07	7.87

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# Investment Returns For Periods Ended 30 November 2024

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.28	0.90	2.56	3.82	1.82
	Conservative	1.11	1.42	4.04	7.68	1.99
	Moderate	1.67	2.44	5.30	11.01	3.15
	Balanced	2.34	3.53	6.73	14.77	4.32
	Growth	2.87	4.66	8.15	18.41	5.67
	High Growth	3.39	5.78	9.14	21.22	6.66
	Shares	3.55	6.25	8.51	22.16	7.22
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.03	0.74	2.61	4.06	2.02
	Conservative	1.13	1.43	4.43	8.30	2.16
	Moderate	1.70	2.50	5.75	11.53	3.43
	Balanced	2.35	3.45	7.03	15.16	4.63
	Growth	2.95	4.73	8.61	18.93	6.01
	High Growth	3.42	5.82	9.56	21.76	7.11
	Shares	3.61	6.39	8.98	22.79	7.81
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.33	1.12	3.16	4.73	-
	Conservative	1.17	1.38	4.62	8.60	-
	Moderate	1.72	2.39	5.86	11.81	-
	Balanced	2.34	3.41	7.25	15.47	4.59
	Growth	2.95	4.68	8.81	19.16	6.18
	High Growth	3.41	5.81	9.85	21.86	7.27
	Shares	3.62	6.32	9.18	22.91	7.90

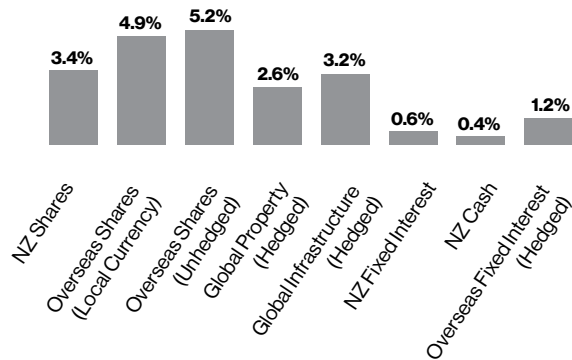
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

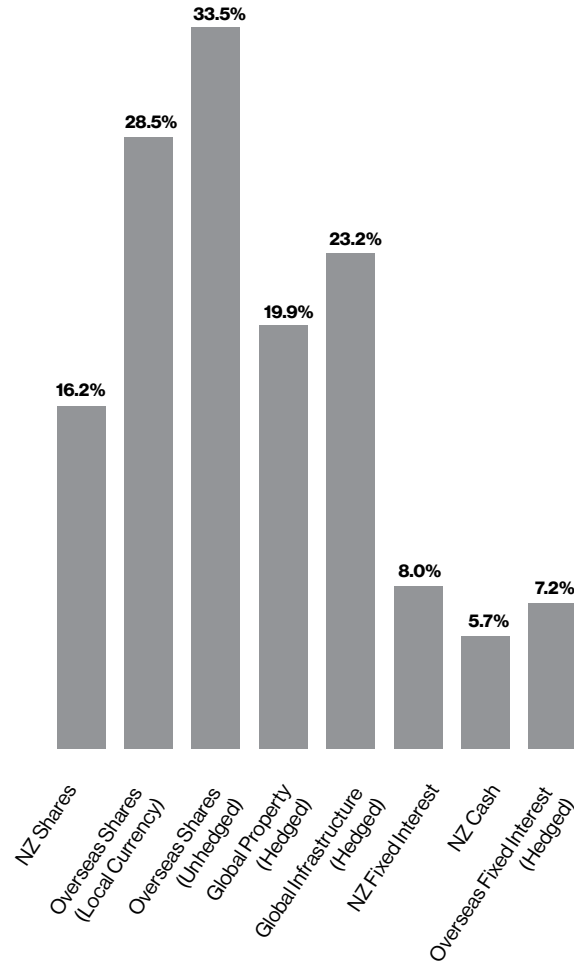
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# Investment Returns For Periods Ended 30 November 2024

## 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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