



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 October 2024

Market performance summary

– October in a snapshot

- In October, investors were concerned about economic growth and held varying opinions on potential future developments, particularly following the recent US election.
- New Zealand bonds lost value in October but did better than bonds in other countries because of a weaker economy and hopes for lower interest rates.
- The month of October delivered positive investment returns for the majority of investment options in the NZDF Savings Schemes.
- If you are leaving NZDF, considering making 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 31 October 2024

In October, both stocks and bonds lost value. However, US stocks did better than international stocks and emerging market stocks (which are stocks from developing countries such as China, Brazil, India and South Africa), thanks to a stronger US dollar.

Investors continued to prioritise growth risks as their main concern, even with indications of resilience, especially in the US economy. In the third quarter of the year, the US economy grew by 2.8%, meaning businesses are making more money and consumers are eager to spend. Retail sales experienced a boost as shoppers returned to stores and 254,000 new jobs were added in September, which lowered the unemployment rate to 4.1%. Because of this, some investors think the economy might keep growing without any major problems, while others believe it will slow down a bit. Additionally, uncertainty was amplified by the approaching US election and the possible effects of a policy shift on inflation and interest rates.

New Zealand bonds posted negative returns in October. However, the local bond market outperformed its global counterparts, buoyed by a weaker economic outlook and expectations of lower interest rates. The Bloomberg NZ Bond Composite 0+ Year Index recorded a return of -0.5%.

The NZ dollar declined by 6.5% against the US dollar in October, reversing gains from August and September. This decline was driven by strong US economic data, the rising likelihood of a Trump presidency, and narrowing NZ-US interest rate spreads, which affected the NZ dollar against most major currencies. Additionally, the NZ dollar fell against the Australia dollar by 0.9% due to significant NZ-AUS rate spread compression and differing macroeconomic performances.

Developed markets, which include countries with advanced economies like the United States, Canada and many countries in Europe returned -0.9% (in local currency) and 4.8% (in unhedged NZ dollar). In China, investors were more hopeful that recent government actions would help boost the economy. Overall, emerging markets were down, mainly because the US dollar was strong. Japanese equities were the standout performer for the month, returning 2.3%, despite the Bank of Japan signalling that it may hike interest rates in the near future.



Monthly Commentary Ended 31 October 2024



United States

Uncertainty surrounding the now-decided US election result increased market volatility. Both parties presented differing economic agendas, leading market participants to become increasingly anxious about how these changes could impact monetary policy, consumer spending, and overall economic growth.

Middle East

Tensions in the Middle East increased during October, specifically in relation to Israel and Hamas. The Israeli military confirmed the death of Hamas leader Yahya Sinwar in combat. Sinwar was believed to be the main person responsible for a terror attack in October 2023 that led to a war in Gaza.

New Zealand

On the 9th of October, the Reserve Bank of New Zealand (RBNZ) reduced its policy rate by 50 basis points. This decision was made because the Consumer Price Index (CPI) fell within the target range of 1-3%. The RBNZ stated that this move is necessary to maintain stable inflation and minimize disruptions to things like output, employment, interest rates, and the value of the NZ dollar.

Become Wealth Monthly Commentary Ended 31 October 2024

Navigate Well

Even amidst the inevitable ups and downs of the investment market, savvy investors consistently find ways to come out on top.

The reality is that predicting how a single event will impact stock prices is akin to drawing a wild card; it's unpredictable and often surprising. Whether it's a sudden economic shift, a natural disaster, a war, or even a political occurrence like a U.S. presidential election, the market can react in ways that are difficult to foresee.

In times of uncertainty, or even crisis, many investors may feel tempted to bail on the market, believing that exiting is a smart move. However, this approach is just another attempt to time the market — a strategy that is notoriously challenging, if not impossible. The truth is, trying to time your exit during turbulent times can lead to missed opportunities and greater losses as the re-entry into markets also needs to be timed to perfection!

What truly sets successful investors apart is their ability to remain patient and steadfast in their resolve, even when the market is volatile. This patience is a crucial component of the investment game; it's what ultimately helps you earn returns over time. Reacting impulsively to every piece of news or market fluctuation can lead to a cycle of anxiety, second-guessing, and missed opportunities. Instead of finding clarity, people who take this approach usually find themselves sailing in circles, unsure of their next move.

The key to navigating these waters lies in adhering to a solid investment strategy. By focusing on long-term goals and maintaining a diversified portfolio, such as within the NZDF Savings Schemes, you can weather the storm more effectively. It's essential to remember that market fluctuations are a natural part of investing, and staying the course is research-backed as the best strategy.

So, let's commit to staying steady together. Embrace the journey, trust in your investment plan, and remember that patience is not just a virtue; it's a vital ingredient for success in the world of investing.

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:

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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 October 2024

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.30	0.95	2.27	3.89	1.73
	Conservative	-0.29	0.73	2.42	8.23	1.69
	Moderate	0.09	0.98	3.07	11.69	2.85
	Balanced	0.40	1.22	3.60	15.04	4.10
	Growth	0.83	1.49	4.26	18.74	5.46
	High Growth	1.16	1.53	4.56	21.39	6.40
	Shares	1.65	1.82	4.92	23.82	7.08
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.35	1.09	2.60	4.42	1.96
	Conservative	-0.39	0.93	2.85	9.12	1.89
	Moderate	-0.04	1.10	3.29	12.43	3.07
	Balanced	0.25	1.34	3.87	15.94	4.34
	Growth	0.67	1.63	4.52	19.55	5.87
	High Growth	1.00	1.70	4.89	22.05	6.82
	Shares	1.50	1.91	5.10	24.24	7.43
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.38	1.18	2.80	4.81	2.15
	Conservative	-0.44	0.94	3.04	9.54	1.95
	Moderate	-0.13	1.15	3.60	12.96	3.26
	Balanced	0.12	1.38	4.08	16.48	4.53
	Growth	0.54	1.71	4.83	20.29	6.08
	High Growth	0.82	1.61	4.88	22.36	7.05
	Shares	1.40	2.03	5.32	24.94	7.72

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 October 2024

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.31	1.00	2.36	3.99	1.74
	Conservative	-0.31	0.94	2.97	8.95	1.88
	Moderate	0.01	1.20	3.70	12.66	2.98
	Balanced	0.25	1.38	4.36	16.55	4.00
	Growth	0.76	1.66	5.24	20.40	5.36
	High Growth	1.27	1.86	5.71	23.23	6.39
	Shares	1.60	1.77	4.99	23.84	7.16
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.34	1.14	2.69	4.54	1.99
	Conservative	-0.45	1.01	3.23	9.63	2.02
	Moderate	-0.15	1.24	3.90	13.33	3.00
	Balanced	0.10	1.52	4.67	17.34	4.24
	Growth	0.56	1.76	5.49	21.14	5.62
	High Growth	1.09	2.03	5.92	23.75	6.67
	Shares	1.47	2.01	5.21	24.44	7.51
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.38	1.23	2.91	4.92	2.16
	Conservative	-0.52	1.15	3.52	10.27	2.41
	Moderate	-0.22	1.37	4.17	13.93	3.36
	Balanced	-0.05	1.52	4.78	17.82	4.31
	Growth	0.48	1.95	5.82	21.77	5.87
	High Growth	0.99	2.11	6.15	24.28	7.04
	Shares	1.35	2.07	5.39	25.00	7.77

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Investment Returns For Periods Ended 31 October 2024

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.30	0.95	2.28	3.85	1.77
	Conservative	-0.32	0.90	2.90	8.85	1.87
	Moderate	-0.01	1.10	3.57	12.51	2.95
	Balanced	0.26	1.31	4.29	16.54	4.08
	Growth	0.76	1.63	5.13	20.32	5.41
	High Growth	1.25	1.76	5.56	23.11	6.39
	Shares	1.55	1.65	4.79	23.52	7.11
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.32	1.06	2.58	4.40	2.03
	Conservative	-0.42	1.02	3.27	9.70	2.04
	Moderate	-0.14	1.30	3.98	13.31	3.23
	Balanced	0.09	1.42	4.57	17.25	4.40
	Growth	0.59	1.76	5.50	21.11	5.75
	High Growth	1.11	1.99	5.93	24.00	6.86
	Shares	1.48	1.95	5.18	24.43	7.70
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.38	1.18	2.82	4.79	-
	Conservative	-0.57	1.04	3.41	10.13	-
	Moderate	-0.23	1.29	4.08	13.75	-
	Balanced	-0.02	1.52	4.79	17.80	4.35
	Growth	0.47	1.86	5.70	21.53	5.92
	High Growth	0.97	2.19	6.23	24.30	7.03
	Shares	1.38	2.03	5.37	24.65	7.81

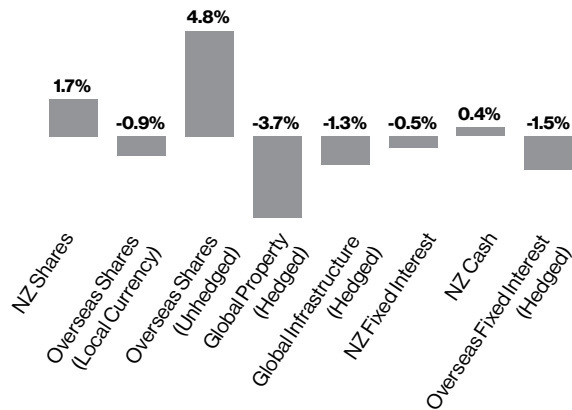
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

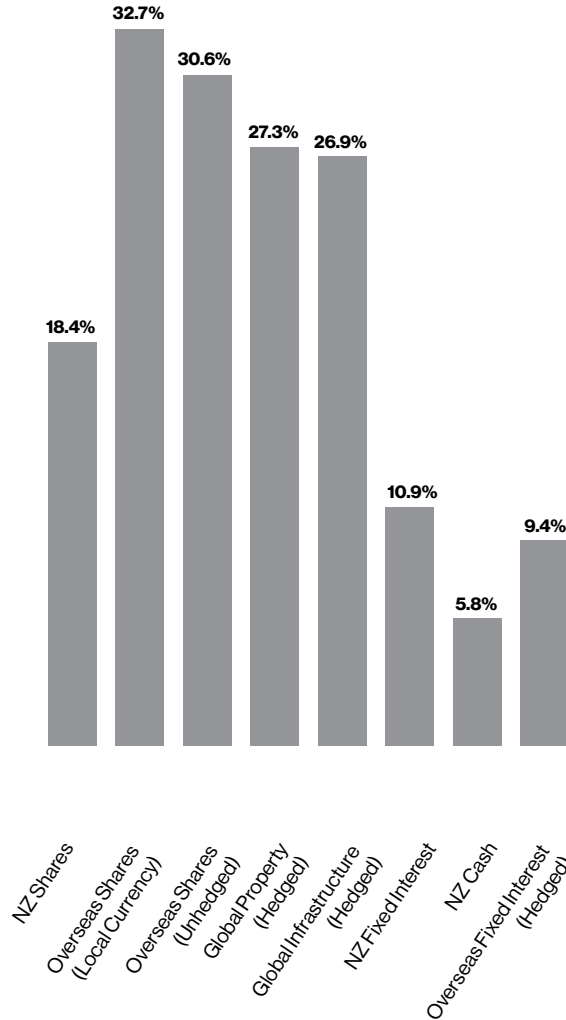
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Investment Returns For Periods Ended 31 October 2024

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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