

MONTHLY REPORT

For the period ended 30 November 2018

November in a snapshot

- Global share markets returned a more positive result for November, with New Zealand markets performing well, managing to close off the month in the positive territory.
- Investors remain uncertain at the financial outlook, as ongoing political negotiations and wild price swings in technology giants cause market unease.
- Investment options with exposure to more growth assets, like shares, performed worse during the month than the options with more cash and bond type investments. It is important to note that switching between options during periods of market fluctuations should be done after carefully considering your personal circumstances.
- For assistance and advice related to your personal financial goals please contact the Milestone Direct team on **0508 MILESTONE (0508 645 378)**. Take a moment to review your investment option to ensure you are in the best fund(s) that aligns with your personal financial goals and risk tolerance.

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



Monthly Commentary Ended 30 November 2018

The MSCI World Index, representing developed markets including the US, Canada, Europe, Australia and New Zealand, rose (+1.2%) over the month in local currency terms, despite recent market volatility (markets going up and down) experienced in October.

Share markets in North America and the Pacific received especially positive gains and managed to recover some of the losses over the last few months as they responded positively to the possibility of slower rate rises in the US.

Not all markets enjoyed the positive rebound. Most European markets, the UK, and Australia struggled to make positive gains for the month. Australia in particular experienced a near two-year low, weighed down by the banking sector that remains under scrutiny from the Royal Commission investigation which is looking into their misconduct.

Low investor confidence continued following the dramatic losses experienced in October. Signs of a slowing economy and corporate earnings growth, tightening monetary policy and ongoing China-US trade tensions continue to cause uncertainty among investors.

Emerging markets rebounded from recent falls, returning positive results in November, responding to the possibility of slower rate hikes in the US. In local currency emerging markets returned +3.0% for the month.

Concerns are mounting that the meteoric rise in tech company valuations might be ending; each of the FAANG stocks (Facebook Apple, Amazon, Netflix and Google) experienced wild price swings during the month, with single day movements of between +6.9% and -6.6%.



Noteworthy developments include:



United States

The US mid-term elections were held on 6 November 2018. Unlike the last US Presidential election, the mid-terms went largely as expected, with the Republicans maintaining control of the Senate, but losing control of the House of Representatives. The Democrats now have the ability to stall the conservative legislative agenda, as well as increase scrutiny on the President and his administration.

United States and China

The G20 summit, held on 30 November and 1 December resulted in a 90-day truce between China and the US in order to formalise a trade agreement. If an agreement is not met, the US will follow through with threats of increased tariffs.

Britain and The European Union

Theresa May and the European Union agreed to a Brexit deal in late November. The deal will need to be approved in the UK parliament's House of Commons before it can become official.

Milestone Direct Monthly Commentary Ended 30 November 2018

Investment market volatility continued in November. In simple terms, volatility is investment returns going up and down or fluctuating between positive and negative results.

While investment markets remained volatile for the month, many investment markets still made a positive return. However, one month returns shouldn't be focused upon. Instead, when it comes to investments it's results over the long-run which matter most.

Looking ahead, it's impossible to tell how investments will perform. While many are picking poor returns and more volatility over coming months and years because of factors such as the US-China 'trade war' and Brexit, the truth is that no-one really knows. Though past returns are no indication of future performance, in recent years many factors which people thought would have a significant negative impact on investment markets didn't – such as the election of President Trump, the Brexit vote in the UK, and the Greek debt crisis.

As has been stressed numerous times in this forum, for those who have taken the time to ensure they're in a suitable investment choice to meet their needs, investing is simply a matter of staying the course in spite of any circumstances that arise, including more volatility. In fact, many studies have proven beyond doubt that staying the course over the long run will always beat trying to time the investment markets, or staying out of investment markets altogether!

It would be the pleasure of our financial advisers to assist you by discussing anything above or discussing something else if you prefer. 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

The views and opinions expressed in this commentary are intended to be of a general nature and do not constitute a 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.



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

Investment Returns For Periods Ended 30 November 2018

New Zealand Defence Force FlexiSaver Scheme

| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % |
|-----------------------------------------------|--------------|-----------|------------|--------|----------|-----------|
| 28% prescribed investor rate (PIR) | Cash | 0.09 | 0.29 | 0.81 | 1.18 | 1.25 |
| | Conservative | -0.13 | -1.15 | 1.06 | 0.90 | 2.92 |
| | Moderate | -0.12 | -1.77 | 1.02 | 0.77 | - |
| | Balanced | -0.24 | -2.92 | 1.25 | 0.52 | 4.62 |
| | Growth | -0.35 | -4.14 | 1.44 | 0.26 | 5.84 |
| | High Growth | -0.49 | -5.15 | 1.78 | 0.35 | 6.88 |
| | Shares | -0.83 | -7.05 | 1.28 | -0.70 | 7.39 |
| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % |
| 17.5% prescribed investor rate (PIR) | Cash | 0.11 | 0.34 | 0.91 | 1.44 | 1.52 |
| | Conservative | -0.08 | -1.05 | 1.18 | 1.17 | 3.40 |
| | Moderate | -0.01 | -1.67 | 1.08 | 1.05 | 3.90 |
| | Balanced | -0.05 | -2.73 | 1.44 | 1.05 | 5.75 |
| | Growth | -0.12 | -3.89 | 1.59 | 0.72 | 6.45 |
| | High Growth | -0.24 | -4.94 | 1.87 | 0.82 | 7.25 |
| | Shares | -0.58 | -6.73 | 1.52 | -0.12 | 7.91 |
| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % |
| 10.5% prescribed investor rate (PIR) | Cash | 0.11 | 0.35 | 0.99 | 1.47 | 1.44 |
| | Conservative | -0.07 | -1.05 | 1.21 | 1.20 | 3.56 |
| | Moderate | 0.06 | -1.57 | 1.19 | 1.20 | 4.16 |
| | Balanced | 0.06 | -2.59 | 1.54 | 1.25 | 5.65 |
| | Growth | 0.03 | -3.70 | 1.69 | 1.05 | 6.84 |
| | High Growth | -0.03 | -4.69 | 2.06 | 1.21 | 8.26 |
| | Shares | -0.39 | -6.57 | 1.59 | 0.13 | 9.12 |

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.
- '-' 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 2018

Investment Returns For Periods Ended 30 November 2018

New Zealand Defence Force KiwiSaver Scheme

| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % |
|-----------------------------------------------|--------------|-----------|------------|--------|----------|-----------|
| 28% prescribed investor rate (PIR) | Cash | 0.10 | 0.33 | 0.88 | 1.30 | 1.37 |
| | Conservative | -0.16 | -1.13 | 1.06 | 0.96 | 2.98 |
| | Moderate | -0.09 | -1.72 | 1.04 | 0.83 | 3.60 |
| | Balanced | -0.21 | -2.87 | 1.36 | 0.66 | 4.94 |
| | Growth | -0.34 | -4.08 | 1.47 | 0.22 | 5.84 |
| | High Growth | -0.50 | -5.14 | 1.69 | 0.25 | 6.90 |
| | Shares | -0.87 | -7.04 | 1.26 | -0.69 | 7.39 |
| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % |
| 17.5% prescribed investor rate (PIR) | Cash | 0.12 | 0.37 | 1.01 | 1.50 | - |
| | Conservative | -0.06 | -1.01 | 1.17 | 1.19 | 3.34 |
| | Moderate | -0.02 | -1.61 | 1.14 | 1.09 | 4.06 |
| | Balanced | -0.05 | -2.71 | 1.44 | 0.99 | 5.29 |
| | Growth | -0.11 | -3.91 | 1.57 | 0.70 | 6.38 |
| | High Growth | -0.23 | -4.90 | 1.79 | 0.68 | 7.28 |
| | Shares | -0.56 | -6.68 | 1.43 | -0.28 | 7.85 |
| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % |
| 10.5% prescribed investor rate (PIR) | Cash | 0.13 | 0.40 | 1.10 | 1.62 | - |
| | Conservative | -0.01 | -0.96 | 1.22 | 1.27 | - |
| | Moderate | 0.08 | -1.52 | 1.21 | 1.26 | - |
| | Balanced | 0.07 | -2.60 | 1.47 | 1.15 | 5.43 |
| | Growth | 0.04 | -3.70 | 1.66 | 0.95 | 6.70 |
| | High Growth | -0.05 | -4.67 | 1.97 | 1.06 | 7.67 |
| | Shares | -0.42 | -6.62 | 1.42 | 0.02 | 8.24 |

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Investment Returns For Periods Ended 30 November 2018

Defence Force Superannuation Scheme

| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % | 5 Years % |
|--------------------------------------|--------------|-----------|------------|--------|----------|-----------|-----------|
| 28% prescribed investor rate (PIR) | Cash | 0.10 | 0.32 | 0.88 | 1.30 | 1.40 | - |
| | Conservative | -0.17 | -1.17 | 1.09 | 0.91 | 3.02 | - |
| | Moderate | -0.09 | -1.73 | 1.06 | 0.87 | 3.82 | - |
| | Balanced | -0.22 | -2.91 | 1.37 | 0.70 | 5.06 | 5.75 |
| | Growth | -0.36 | -4.18 | 1.39 | 0.23 | 6.04 | - |
| | High Growth | -0.54 | -5.23 | 1.62 | 0.18 | 6.99 | - |
| | Shares | -0.90 | -7.10 | 1.08 | -0.93 | 7.52 | - |
| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % | 5 Years % |
| 17.5% prescribed investor rate (PIR) | Cash | 0.11 | 0.37 | 1.00 | 1.48 | 1.61 | - |
| | Conservative | -0.07 | -1.06 | 1.17 | 1.21 | 3.31 | - |
| | Moderate | 0.00 | -1.62 | 1.19 | 1.17 | 4.26 | - |
| | Balanced | -0.05 | -2.74 | 1.49 | 1.04 | 5.47 | 6.14 |
| | Growth | -0.12 | -3.88 | 1.65 | 0.75 | 6.41 | - |
| | High Growth | -0.19 | -4.88 | 1.83 | 0.77 | 7.53 | - |
| | Shares | -0.59 | -6.76 | 1.41 | -0.15 | 8.30 | - |
| PIR | Fund | 1 Month % | 3 Months % | FYTD % | 1 Year % | 3 Years % | 5 Years % |
| 10.5% prescribed investor rate (PIR) | Cash | - | - | - | - | - | - |
| | Conservative | - | - | - | - | - | - |
| | Moderate | - | - | - | - | - | - |
| | Balanced | 0.06 | -2.61 | 1.49 | 1.23 | 5.68 | 6.36 |
| | Growth | - | - | - | - | - | - |
| | High Growth | -0.06 | -4.69 | 2.04 | 1.16 | - | - |
| | Shares | -0.42 | -6.57 | 1.59 | 0.19 | 8.65 | - |

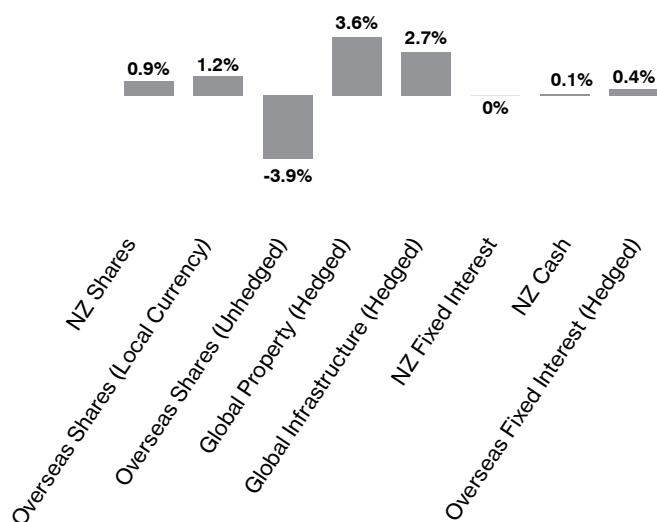
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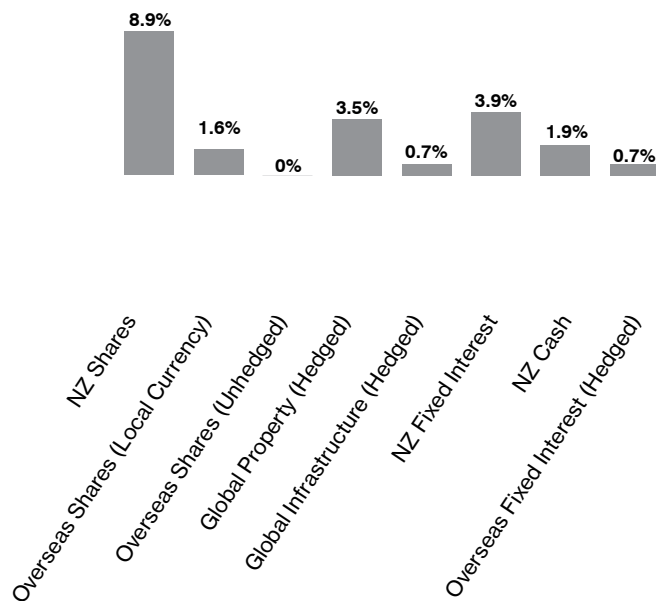
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Financial Markets For Periods Ended 30 November 2018

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

S&P/NZX NZ Government Bond

NZ CASH

ANZ 90 Day Bank Bills

OVERSEAS FIXED INTEREST (HEDGED)

Bloomberg Global Aggregate

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