



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

# Monthly report

For the period ended 30 September 2021

## Market performance summary

### – September in a snapshot

- The markets have slipped in September, with a number of factors impacting investor and business sentiment, including economic challenges in some countries, supply issues due to COVID restrictions and company performance.
- While for the 12-months investors in the NZDF Savings Schemes are continuing to enjoy strong returns, returns for the month of September all returned negative results.
- While the returns are negative this month, it is important to stay the course if you are in the right fund for your personal circumstances and risk appetite. You can discuss your investment choice with your financial adviser or Milestone Direct (MDL) team of advisers by calling **0508 MILESTONE (0508 645 378)** or emailing [info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz).



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

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# Monthly Commentary Ended 30 September 2021

September proved to be a difficult month for Global Equity markets as a slowing global economy, worsening supply chain and the potential Evergrande bankruptcy in China dented investor sentiment (Evergrande is not one of the stocks held by NZDF Savings Scheme's funds, but it is impacting markets overall). The US slightly underperformed Global Equity markets. While Emerging Market equities (such as those from China, India and Brazil) performed in-line with global equities.

Credit spreads (the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality) widened as traders and investors reduced their exposure to risk and focused on protecting their capital. The US dollar strengthened and energy prices soared, while performance for non-energy commodities were more mixed.

The MSCI All Country World Index returned -2.2% for the month (in unhedged NZD). The index declined due to a cooling global economy suffering from on-going supply constraints, and tightening monetary policy in Europe, as well as multiple economic challenges in China, and political uncertainty in Germany and Japan. Additionally, major central banks announced slowdowns in their asset purchases and, in some cases, rate increases.

The New Zealand market ended the month up 0.6%. Performance was buoyed by economic data showing resilience in the NZ economy, despite the impacts of the delta-lockdown. However, upside was limited by expectations of an OCR increase at the October Reserve Bank of New Zealand meeting (which since increased the rate to 0.5).



# Monthly Commentary Ended 30 September 2021



## United States

In the US, the Federal Reserve (Fed) signalled its intention to slow the pace of its asset purchases, which are set to come to an end by around the middle of next year. The Fed's projections show US interest rates increasing to 1.75% by the end of 2024. The pace of rate increases was faster than market expectations, resulting in a rise in Treasury yields and reversing declines seen earlier in the quarter.

## Global

Supply chain woes worsened with container ship queues at US west coast terminals lengthening. Shipping rates have reached new highs and a shortage of truck drivers needed to supply gas stations led to a 1970s-style run on fuel in the UK. These supply constraints have kept inflation high across the developed world.

## China

Investors contended with fears around the potential default of Evergrande, a large Chinese property developer. The company, which carries significant debt and financing obligations, announced its inability to meet upcoming interest and principal payments, sparking fears of a collapse in the Chinese property market (amounting to a large share of China's GDP) and potential flow on effects.

# Milestone Direct Monthly Commentary Ended 30 September 2021

## Long-term thinking in a short-term world

As our modern lives become more convenient, we occasionally get away without thinking ahead. In fact, it sometimes seems the whole world is unable to think too far ahead. For instance, at present daily life in much of the country is dictated week-to-week (or even day-to-day) on drip-fed announcements in the form of press conferences.

This goes for our personal lives too. Don't have any groceries? – prepared meals can be delivered to our door after a few touches on a smartphone. Don't have any money? – we can apply online for a payday loan. The issue with this level of thought is that while these solutions could solve a pressing issue, repeatedly getting fast-food deliveries and payday loans is unlikely to be good for our wellbeing, or finances!

Against this backdrop, the most successful people and organisations take the opposite approach.

### Consider the following:

- When most media formats are getting briefer to cater for our reducing attention spans, the world's most popular podcast runs an average of three hours per episode.
- While most share market-listed companies are guilty of thinking of little more than the current financial year, one of the best performing major NZ companies since Covid struck is built on a 100-year vision.
- Billionaires such as Elon Musk dream of living on Mars, even though space travel is barely possible.

Long-term thinking means you're comfortable envisioning and consciously working towards the future. This is about doing small things over time that add up to a big result. It includes being willing to keep at the little things, even when they seem pointless, boring, or hard. When it comes to investing, this might be as straightforward (though not necessarily easy!) as leaving your fund choice unadjusted during times of uncertainty and making meaningful regular fund contributions.

Why bother? Because investing for the long term is one of the surefire ways to become wealthy. Not only that, but setting and achieving any goal is great for our mindset, self-worth, and attitude too.

The Milestone Direct team are standing-by to discuss how anything mentioned above may relate to you, your investments, and your goals in life:

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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 September 2021

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.00	0.00	0.04	0.76
	Conservative	-0.75	0.19	1.68	3.01	3.24
	Moderate	-1.05	0.14	2.63	6.92	4.54
	Balanced	-1.46	0.23	3.81	11.32	6.38
	Growth	-1.81	0.20	4.72	15.76	8.20
	High Growth	-2.07	0.27	5.52	19.15	9.60
	Shares	-2.19	0.06	5.33	20.61	11.08
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	-0.01	0.00	0.03	0.92
	Conservative	-0.80	0.20	1.78	3.01	3.56
	Moderate	-1.07	0.22	2.83	7.14	4.85
	Balanced	-1.47	0.33	3.96	11.57	6.75
	Growth	-1.83	0.39	5.10	16.45	8.63
	High Growth	-2.11	0.40	5.78	19.75	10.00
	Shares	-2.22	0.10	5.47	21.28	11.49
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.01	0.04	0.94
	Conservative	-0.83	0.25	1.88	3.10	3.72
	Moderate	-1.11	0.20	2.89	7.31	5.04
	Balanced	-1.55	0.28	4.05	11.93	6.99
	Growth	-1.90	0.31	5.01	16.57	8.83
	High Growth	-2.11	0.44	5.93	20.30	10.31
	Shares	-2.23	0.17	5.57	21.60	11.77

### 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 2021

# Investment Returns For Periods Ended 30 September 2021

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.00	-0.02	-0.03	-0.04	0.85
	Conservative	-0.74	0.23	1.76	3.12	3.40
	Moderate	-1.03	0.20	2.77	7.14	4.71
	Balanced	-1.45	0.27	3.86	11.41	6.48
	Growth	-1.82	0.26	4.81	15.74	8.18
	High Growth	-2.07	0.29	5.58	19.20	9.63
	Shares	-2.19	0.03	5.33	20.58	11.07
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	-0.01	-0.02	-0.04	-0.04	0.97
	Conservative	-0.79	0.25	1.85	3.19	3.75
	Moderate	-1.13	0.19	2.82	7.20	4.92
	Balanced	-1.51	0.31	4.03	11.78	6.86
	Growth	-1.85	0.36	5.05	16.58	8.63
	High Growth	-2.09	0.41	5.83	19.90	10.08
	Shares	-2.21	0.12	5.55	21.45	11.43
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	-0.02	-0.04	-0.05	1.06
	Conservative	-0.87	0.16	1.81	3.12	3.90
	Moderate	-1.15	0.20	2.84	7.35	5.19
	Balanced	-1.55	0.32	4.09	11.97	6.97
	Growth	-1.88	0.35	5.14	16.81	8.82
	High Growth	-2.15	0.35	5.86	20.24	10.27
	Shares	-2.23	0.17	5.64	21.83	11.66

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# Investment Returns For Periods Ended 30 September 2021

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.02	-0.01	-0.02	-0.02	0.85
	Conservative	-0.72	0.25	1.76	3.20	3.42
	Moderate	-1.01	0.25	2.79	7.11	4.72
	Balanced	-1.44	0.30	3.94	11.57	6.57
	Growth	-1.81	0.26	4.78	15.86	8.26
	High Growth	-2.04	0.30	5.58	19.16	9.68
	Shares	-2.15	0.05	5.34	20.59	11.10
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.03	0.01	0.02	0.03	0.99
	Conservative	-0.70	0.30	1.92	3.27	3.75
	Moderate	-1.05	0.23	2.90	7.61	5.14
	Balanced	-1.48	0.33	4.11	12.07	6.96
	Growth	-1.83	0.33	5.02	16.52	8.72
	High Growth	-2.09	0.37	5.79	20.02	10.21
	Shares	-2.19	0.20	5.66	21.90	11.73
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	-	-	-	-
	Conservative	-0.81	0.25	1.73	3.01	-
	Moderate	-1.09	0.27	2.97	-	-
	Balanced	-1.50	0.37	4.17	12.01	7.04
	Growth	-1.84	0.43	5.22	17.00	8.38
	High Growth	-2.11	0.46	5.98	20.45	10.46
	Shares	-2.22	0.18	5.65	21.93	11.91

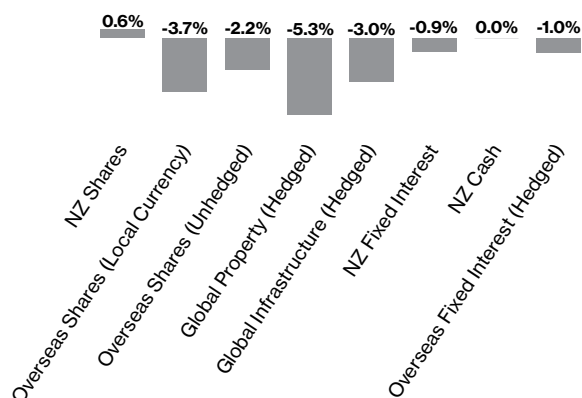
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

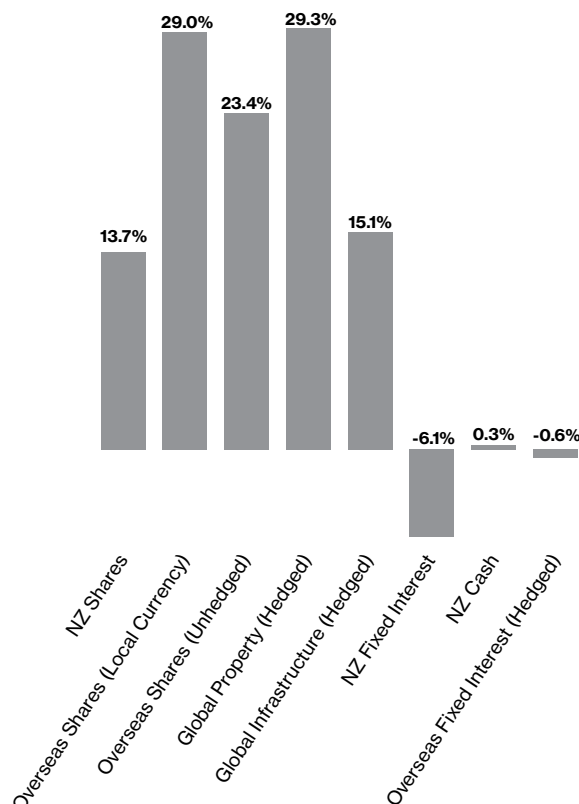
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# Investment Returns For Periods Ended 30 September 2021

## 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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