

# MONTHLY REPORT

For the period ended 31 March 2021

## Market performance summary – March in a snapshot

- Global sharemarkets remained optimistic through March as investors drew confidence that the vaccine will provide a path away from the Coronavirus.
- All of the funds in the New Zealand Defence Force Savings Schemes ended this month with positive returns. Returns for the financial year (ended 31<sup>st</sup> March) were particularly strong.
- Members in the Schemes will start to receive their annual member statements in the next few weeks, please make sure your communication details and preferences are up to date.
- Before making any changes to your investment option or making a decision to withdraw your money, you should discuss this with your financial adviser or Milestone Direct (MDL) team of advisers by calling **0508 MILESTONE (0508 645 378)** or emailing **info@milestonedirect.co.nz**.



# Monthly Commentary Ended 31 March 2021

Global shares remained strong through March as investors drew confidence that the vaccine will provide a path away from the Coronavirus and its economic impact. High tech stocks which performed very well during 2020 due to shifts in societal living patterns driven by the pandemic, performed weaker than stocks that did poorly during 2020 such as oil and energy stocks which benefitted from the expectation of a return to economic normality. Global Bonds, known for their low-risk nature continued to devalue in March on continued vaccination roll-outs and resulting economic optimism.

The MSCI World Index (an indication of global shares) returned 7.3% in unhedged NZD (4.2% in local currency). Australian and New Zealand shares had a good month, with New Zealand shares returning 2.9%. Australian shares performed even better, returning 4.6%. The US Dollar experienced some weakness going into March, however, regained strength towards the end of the month. Strength in the US dollar can be attributed to the devaluing of Bonds.



## Significant developments include:



### United States

United States President Joe Biden has unveiled at USD2.25tn US infrastructure plan, dubbed as the “American Jobs Plan”. The 8-year program will allocate USD620bn for transportation, USD580bn for American manufacturing, USD650bn for initiatives such as cleaner water and broadband and USD400bn towards care for the elderly and disabled. If the bill is passed (with no guarantees if it will), it may lead to an increase of investor confidence in equities and a boost in consumer optimism for a broader recovery.

### Egypt

A container ship called the “Ever Given” has been freed after being lodged in Egypt’s Suez Canal for 6 days, showing the world how dependent global trade is on such a fragile piece of infrastructure. The blockage is estimated to have held up \$400m an hour in trade (Source: Lloyd’s List). The alternative route between Europe and Asia requires trade to travel around Africa, adding an estimated \$300,000 extra in fuel costs and an additional 10 days to the journey.

### New Zealand

The New Zealand Government enacted policies to dampen speculation in the local housing market. The government has imposed a mandate on the Reserve Bank of New Zealand to include housing considerations when it discusses monetary policy changes. Jacinda Ardern also announced an increase in the “Brightline Test” period from five to ten years, forcing investors to pay tax on any capital gains made on any investment property purchased and sold within 10 years.

# Milestone Direct Monthly Commentary 31 March 2021

## Too much information

Nowadays, the smartphones most of us have in our hand are more than a thousand times more powerful than the guidance computers that first sent astronauts to the moon. They apparently also have about 250,000 times the memory.

One benefit of such technological innovation is that financial information comes at us far faster and in greater volumes than ever. Nobody waits for the six o'clock news broadcast to find out what happened today – if we want, we already know in nearly real-time.

The real question for most of us is not about access to information, it is really about whether we need to be so plugged in to have a successful investing experience. (Or life experience for that matter!)

- For investing, part of the answer to that query is deciding how much of an investment edge you get by having access to information that is so freely available. It's not particularly clear whether the average investor accessing some sort of market-minding application (app) on an iPhone is a sure-fire way to obtain investment success, especially considering how major commercial players in the investment world spend a fortune on advanced IT infrastructure and sophisticated algorithms and other computer programs to take advantage of split-second changes in prices in an area known as high-frequency trading.

- Another part of the answer lies in what the average investor hopes to achieve. Is it trying to “beat” the market by finding mistakes in prices and savvy timing of buying and selling? If so, this can be a lot of fun to try, but noting the information above, it might be wise to review the IT budget. For nearly all of us, the investment itself is not the end destination and is not supposed to be the “fun” part, it's merely a vehicle to get us where we want to go – perhaps saving for a house, putting kids through advanced education, supporting our community, or giving ourselves a solid chance at a comfortable retirement.

Perhaps the most relevant information we can all consider is instead within ourselves and related to our circumstances. The answers may be found from powerful questions like: What do we truly want from life? What are our future needs and dreams? How much can we regularly save or invest to achieve those dreams? Where are we at currently? Does anything need to change? What is our investment risk appetite? What are the risks we face in life and have we protected ourselves against them? What buffers do we need in each area?

Looking inwards can give a far better result than looking outwards to second-guess market forces or perhaps gamble with our future. When it comes to investing, nearly all of us just need a robustly-diversified solution with a long-term rate of return to match our needs, preferably performed in a tax-efficient and cost-effective manner.

As our time on earth is limited, the best thing we can do is spend that precious time looking at ourselves first and foremost. An important time to do this is before embarking on any investment plan.

The Milestone Direct team are standing-by to discuss anything mentioned above, including helping you answer some of the questions mentioned above, and to discuss how the NZDF Savings Schemes might help you achieve what you really want from life:

**0508-645-378**  
[info@milestonedirect.co.nz](mailto:info@milestonedirect.co.nz)

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A Disclosure Statement is available on request and free of charge

For more information call 0800 333 787 or visit [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz)

# Investment Returns For Periods Ended 31 March 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	0.01	0.04	0.04	0.87
	Conservative	0.82	-0.40	6.47	6.47	3.34
	Moderate	1.47	0.61	11.14	11.14	4.53
	Balanced	2.29	1.76	17.80	17.80	6.21
	Growth	3.13	3.10	24.81	24.81	7.95
	High Growth	3.75	3.97	30.22	30.22	9.26
	Shares	4.12	4.27	36.18	36.18	10.72
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.02	0.03	0.03	0.03	1.07
	Conservative	0.77	-0.55	6.86	6.86	3.66
	Moderate	1.41	0.46	11.70	11.70	4.85
	Balanced	2.22	1.69	18.47	18.47	6.70
	Growth	3.03	3.07	25.93	25.93	8.42
	High Growth	3.63	3.96	31.25	31.25	9.69
	Shares	4.08	4.34	37.34	37.34	11.18
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.01	0.02	0.05	0.05	1.08
	Conservative	0.78	-0.65	7.13	7.13	3.90
	Moderate	1.40	0.42	12.12	12.12	5.06
	Balanced	2.20	1.66	19.18	19.18	6.96
	Growth	3.00	3.03	26.43	26.43	8.68
	High Growth	3.61	4.01	32.33	32.33	10.04
	Shares	4.02	4.27	38.39	38.39	11.54

### 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 2020

# Investment Returns For Periods Ended 31 March 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	0.00	0.04	0.04	1.00
	Conservative	0.82	-0.39	6.61	6.61	3.50
	Moderate	1.49	0.68	11.34	11.34	4.68
	Balanced	2.29	1.80	17.87	17.87	6.36
	Growth	3.14	3.11	24.75	24.75	7.91
	High Growth	3.75	3.98	30.32	30.32	9.27
	Shares	4.17	4.34	36.00	36.00	10.73
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.04	0.04	1.15
	Conservative	0.77	-0.56	7.12	7.12	3.88
	Moderate	1.44	0.52	11.76	11.76	4.97
	Balanced	2.25	1.77	18.71	18.71	6.79
	Growth	3.05	3.11	26.14	26.14	8.42
	High Growth	3.69	3.99	31.59	31.59	9.74
	Shares	4.08	4.27	37.69	37.69	11.15
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.05	0.05	1.25
	Conservative	0.78	-0.60	7.42	7.42	4.11
	Moderate	1.41	0.42	12.44	12.44	5.27
	Balanced	2.21	1.71	19.24	19.24	6.90
	Growth	2.99	3.10	26.72	26.72	8.66
	High Growth	3.58	4.00	32.50	32.50	10.07
	Shares	4.00	4.34	38.49	38.49	11.42

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# Investment Returns For Periods Ended 31 March 2021

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.00	0.05	0.05	1.01
	Conservative	0.83	-0.37	6.74	6.74	3.53
	Moderate	1.47	0.61	11.28	11.28	4.72
	Balanced	2.32	1.83	18.02	18.02	6.43
	Growth	3.12	3.11	24.98	24.98	8.04
	High Growth	3.72	3.89	30.37	30.37	9.38
	Shares	4.11	4.23	36.50	36.50	10.78
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.07	0.07	1.16
	Conservative	0.82	-0.51	7.19	7.19	3.89
	Moderate	1.44	0.51	12.30	12.30	5.20
	Balanced	2.29	1.76	19.08	19.08	6.88
	Growth	3.04	3.12	26.25	26.25	8.53
	High Growth	3.70	4.06	32.05	32.05	9.98
	Shares	4.16	4.43	38.22	38.22	11.50
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.00	-	-	-
	Conservative	0.78	-0.62	-	-	-
	Moderate	1.41	0.46	-	-	-
	Balanced	2.21	1.69	19.16	19.16	7.00
	Growth	3.02	3.12	26.78	26.78	-
	High Growth	3.62	4.03	32.45	32.45	10.25
	Shares	4.05	4.39	38.66	38.66	11.69

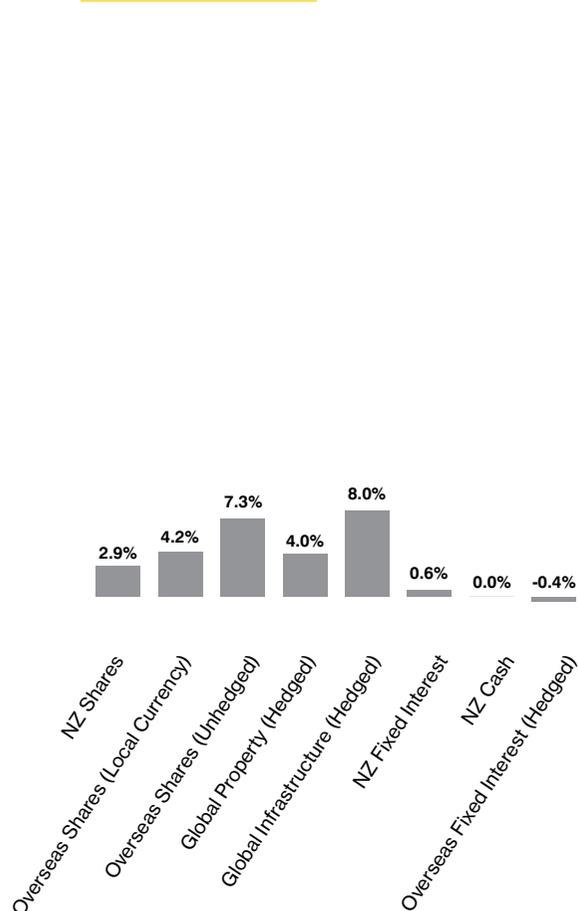
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

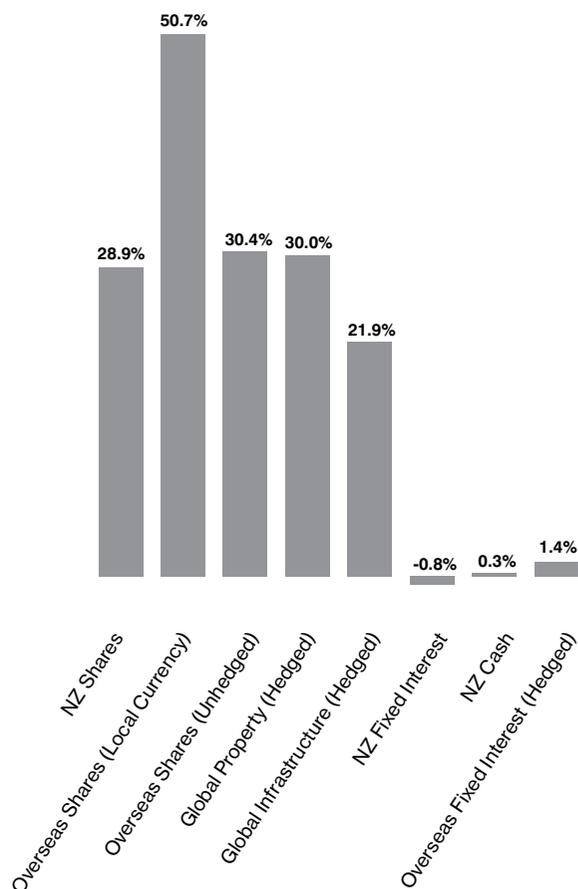
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# Investment Returns For Periods Ended 31 March 2021

## 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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