



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 October 2023

Market performance summary

– October in a snapshot

- Global and local markets continued to experience a mostly negative month, with investors adjusting their sentiment towards a higher for longer interest rate environment.
- The month of October delivered negative investment returns across all investment options, except for the Cash investment option, in the NZDF Savings Schemes.
- 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**.



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 2023

US interest rates are likely to remain higher for a longer period owing to stronger than predicted US GDP and employment growth.

US GDP grew by an annualised 4.9% in the third quarter, and there was an increase of 336,000 jobs. The US Core CPI remained steady in September at 3.7% compared to the previous month. Additionally, the Federal Reserve indicated that there may be one more interest rate hike before the end of the year. As a result, the S&P 500 in the US declined by 2.1%, but still it performed better than international markets.

In October, both the New Zealand and Australian central banks decided to keep interest rates unchanged. The Reserve Bank of New Zealand stated that rates will remain restrictive for the foreseeable future. The S&P/NZX 50 index in New Zealand decreased by 4.8%, and the S&P/ASX 200 index in Australia decreased by 3.8%.

Technology stocks performed better than other sectors, which supported growth stocks which outperformed value stocks. Fixed income investments struggled due to expectations of higher interest rates. With global tensions rising due to conflicts in the Middle East and Ukraine, investors turned to gold as a safe-haven asset. Gold prices increased by 7.5% during the month.



Monthly Commentary Ended 31 October 2023



🟡 Middle East

On October 7th, Hamas launched an attack on Israel, leading to a full-blown war with a high death toll on both sides.

🟡 New Zealand

The Labour-led government in New Zealand suffered a loss in the general election, but the right-leaning government failed to secure a majority on the night. This resulted in Winston Peters returning as kingmaker, and the Green Party and Te Pāti Māori had their best results.

🟡 United States

Microsoft completed its acquisition of Activision Blizzard for \$68.7 billion, despite facing opposition from global competition regulators. The deal closed, but the US Federal Trade Commission intends to sue.

Become Wealth Monthly Commentary Ended 31 October 2023

Retirement Gap

In New Zealand, we are fortunate to have a simple system of NZ Superannuation (commonly referred to as “the pension”) paid to most people over age 65. But, this taxpayer-funded income is only enough to cover the most basic living costs.

Most commentators agree that retirement without a nest egg – to provide regular payments of some kind to add to the income from NZ superannuation – is going to be miserable. In other words, NZ superannuation just isn't enough to fund things like; holidays, dining out, vehicles, new clothes, a boat, gifts to loved ones, health insurance, renovations, a bach, or generally many things that contribute to health and happiness.

How much extra will you need?

This will differ for everyone, but to help, Massey University publishes retirement spending data each year, with differing levels of income to suit different lifestyle ambitions. Simply Google “New Zealand Retirement Expenditure Guidelines” to find Massey’s most recent data; or check on the retirement preparedness page of the Force Financial Hub.

If you're planning on working past age 65, that will reduce the sum you need. Though upon reaching that age you might not also have the energy you do now, and your health might not agree with hard work either, especially if you've built your career in physical roles, such as in construction, parts of the Defence Force, farming, and so on. Another obstacle can be employers who might be reluctant to hire those over 65 due to the increased likelihood of health troubles or chance they'll retire, despite laws which prohibit any form of age discrimination. NZDF is not one of those employers and I understand it now has almost 400 members aged 65 or more.

How do you obtain a retirement nest egg?

You'll probably hear “save for retirement” your whole life, but especially during a cost-of-living crisis, it can be a message that's easy to ignore. It can seem there's always more pressing needs like supermarket trips, family expenses, bills, insurance, holidays, rates, rent... and lots more.

To help you answer this question, here are a few broad areas which can build your total retirement fund:

- Managed investments, including KiwiSaver. The NZDF savings schemes fall into this category.
- Directly investing in stocks and bonds yourself.
- Property investment.
- Your own business or side-hustle.
- Alternative investments. This might loosely include any number of things from fine art, complex financial products such as derivatives, precious metals, cryptocurrency, or just about anything imaginable. This approach is unorthodox.
- Savings in the bank. Of course, this is unlikely to keep pace with inflation, so it's only mentioned here for the sake of completeness.

Or a combination of the assets above.

Whatever investments you choose, the key is to do so with the end in mind, as your investment timeframe is one of the most important factors to consider when making any choices.

What next?

To help you put all this together, we're here to provide you with advisory services about your savings within the NZDF schemes, and if you like, in other areas too. Get in touch at:

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hello@become.nz

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Become Wealth



A Disclosure Statement is available on request and free of charge

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Investment Returns For Periods Ended 31 October 2023

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.35	0.99	2.25	3.49	1.17
	Conservative	-0.51	-2.01	-0.96	1.05	1.20
	Moderate	-0.96	-3.42	-1.39	1.19	1.87
	Balanced	-1.36	-4.69	-1.61	1.48	2.83
	Growth	-1.71	-5.76	-1.49	2.08	3.76
	High Growth	-2.11	-6.79	-1.74	2.16	4.43
	Shares	-2.40	-7.32	-1.56	2.98	4.98
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.40	1.08	2.53	3.96	1.32
	Conservative	-0.53	-2.09	-1.00	1.36	1.34
	Moderate	-1.02	-3.54	-1.46	1.51	2.05
	Balanced	-1.45	-4.75	-1.61	1.87	3.01
	Growth	-1.86	-5.96	-1.63	2.38	4.12
	High Growth	-2.21	-6.93	-1.78	2.70	4.83
	Shares	-2.50	-7.34	-1.47	3.41	5.35
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.19	2.76	4.31	1.45
	Conservative	-0.55	-2.20	-1.11	1.41	1.38
	Moderate	-1.04	-3.57	-1.43	1.77	2.21
	Balanced	-1.54	-4.96	-1.78	2.05	3.15
	Growth	-1.92	-6.04	-1.59	2.64	4.23
	High Growth	-2.29	-6.96	-1.68	2.95	5.04
	Shares	-2.59	-7.47	-1.48	3.74	5.57

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 2023

Investment Returns For Periods Ended 31 October 2023

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.35	0.97	2.21	3.45	1.19
	Conservative	-0.50	-2.14	-1.00	1.13	1.28
	Moderate	-0.97	-3.76	-1.59	1.13	1.85
	Balanced	-1.42	-5.26	-2.03	1.17	2.48
	Growth	-1.80	-6.42	-1.94	1.80	3.37
	High Growth	-2.09	-7.31	-2.03	2.04	4.11
	Shares	-2.36	-7.21	-1.38	3.14	5.05
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.40	1.11	2.56	3.98	1.36
	Conservative	-0.54	-2.25	-1.09	1.26	1.42
	Moderate	-1.05	-3.91	-1.75	1.22	1.84
	Balanced	-1.53	-5.50	-2.23	1.32	2.68
	Growth	-1.92	-6.59	-2.02	2.01	3.62
	High Growth	-2.25	-7.59	-2.22	2.29	4.41
	Shares	-2.48	-7.33	-1.39	3.39	5.38
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.19	2.73	4.27	1.48
	Conservative	-0.57	-2.34	-1.22	1.42	1.76
	Moderate	-1.10	-3.90	-1.68	1.55	2.16
	Balanced	-1.62	-5.62	-2.30	1.43	2.72
	Growth	-2.02	-6.92	-2.34	2.02	3.79
	High Growth	-2.35	-7.66	-2.20	2.38	4.72
	Shares	-2.58	-7.55	-1.55	3.50	5.57

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Investment Returns For Periods Ended 31 October 2023

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.33	0.96	2.27	3.57	1.24
	Conservative	-0.52	-2.15	-1.01	1.18	1.29
	Moderate	-0.98	-3.77	-1.56	1.18	1.84
	Balanced	-1.44	-5.30	-2.03	1.24	2.57
	Growth	-1.82	-6.50	-1.99	1.82	3.46
	High Growth	-2.14	-7.36	-2.08	2.08	4.13
	Shares	-2.43	-7.37	-1.59	2.95	5.06
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.39	1.10	2.56	4.04	1.42
	Conservative	-0.54	-2.27	-1.09	1.40	1.41
	Moderate	-1.05	-3.89	-1.64	1.45	2.09
	Balanced	-1.55	-5.45	-2.15	1.43	2.87
	Growth	-1.93	-6.66	-2.02	2.13	3.76
	High Growth	-2.26	-7.51	-2.10	2.33	4.56
	Shares	-2.50	-7.37	-1.38	3.61	5.54
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.43	1.19	2.81	4.43	-
	Conservative	-0.57	-2.34	-1.14	1.55	-
	Moderate	-1.10	-4.03	-1.70	1.67	-
	Balanced	-1.63	-5.62	-2.30	1.55	2.77
	Growth	-2.03	-6.73	-2.09	2.28	3.87
	High Growth	-2.35	-7.68	-2.18	2.48	4.68
	Shares	-2.56	-7.41	-1.35	3.86	5.68

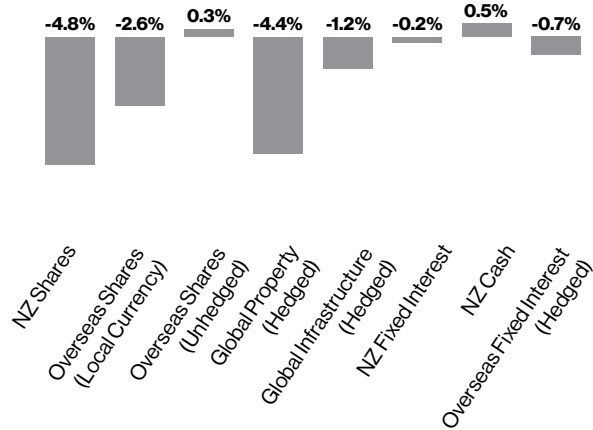
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

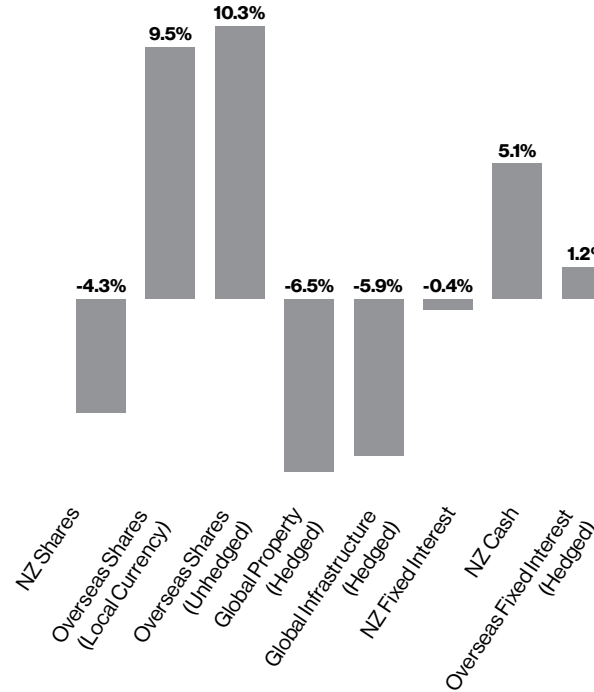
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Investment Returns For Periods Ended 31 October 2023

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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