



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

# Monthly report

For the period ended 30 April 2022

## Market performance summary

### – April in a snapshot

- Inflation rates across New Zealand and globally have reached historic highs. The Russia/Ukraine crisis continues to slow economic growth as well as Chinese markets being impacted by China's 'zero-COVID' policy with major cities in China in lockdown.
- April delivered negative investment returns across all investment options, except for the Cash investment option, in the NZDF Savings Schemes.
- Members in the schemes will start to receive the 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 an independently pointed Become Wealth (previously named Milestone Direct MDL) team of advisers by calling **0508 BECOME (0508 232 663)** or emailing **hello@become.nz**. Discussions on the best option for you are particularly important at times when the markets are subject to more volatility than usual.



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 30 April 2022

Global equity markets had their most difficult month since March 2020, as global central banks tightening monetary policy, economic growth slowing and a challenging corporate profits outlook triggered market participants to sell 'risky assets'. In recent years, central banks would reduce interest rates to ease the pain, however high inflation readings are leaving central banks little option but to maintain their course and continue hiking interest rates.

The MSCI All Country World Index returned -6.5% (in local currency) as the global monetary policy, slowing economic growth and the Russia/Ukraine conflict gave investors little reason for optimism. The MSCI Emerging Markets Index returned -3.5% (in local currencies), driven by Chinese markets as investors weighed the impact of China's 'zero-COVID' policy. The commodities (such oil, gas, grains and other raw materials) strong recent performance, moderated somewhat in April with the Bloomberg Commodity Index (hedged NZD) returning 4.5%, however the impact of Russia supplying less oil to the market is expected to be felt increasingly in May. The NZX50 returned -1.9%, coping better than its international counterparts.



# Monthly Commentary Ended 30 April 2022



## United States

Elon Musk - CEO of Tesla and SpaceX, and the world's wealthiest man, has agreed to acquire Twitter for USD44bn. Musk has secured approximately \$7bn in funding support for his Twitter acquisition bid, including from Silicon Valley moguls and the cryptocurrency exchange 'Binance'. As a result of this financing, Musk intends to halve the amount of the loan he would otherwise have to take out against his shares of Tesla, from USD12.5bn to USD6.25bn.

## China

China's 'zero-COVID' policy continues to place pressure on already strained global supply chains. Shipping analytics firm 'Windward' has calculated that 20% of the world's roughly 9,000 active container ships are currently idle in traffic jams with close to 30% of that backlog in China alone.

## New Zealand

As New Zealand mortgage interest rates have risen across the board alongside the OCR, house prices have experienced their biggest quarterly drop in a decade. Valuation company 'QV' reported that the average house price decreased by 0.6% over the March 2022 quarter. Market commentators expect that the housing market will continue to cool further, with Westpac economists expecting a further 15% decrease in prices before the end of 2023. Such a drop would take average house prices back to where they were at the start of 2021.

# Become Wealth Monthly Commentary Ended 30 April 2022

## Choices when investment values fall

Another month of 2022 has passed, and with it passed another month of investor uncertainty and lower values across nearly all major investment markets. This is on the back of a range of widespread global issues, including war in Europe, inflation, logistical problems, rising interest rates, high oil and gas prices, a haphazard recovery from the pandemic and associated government stimulus, and so on.

But rest easy, at times of depressed investment values, investors have three broad choices in strategy. These are:

- 1. Keep calm and carry on.** Riding through economic troubles, disasters, wars, and more are all an accepted part of investing. This strategy is widely accepted as a great option, as it makes the most of the long-term upward trend of investment markets. In practice, this choice could be as straightforward as maintaining your current KiwiSaver fund choice (e.g., growth, balanced, etc.) and keeping up regular contributions through payroll.
- 2. Dial down the risk, and/or cash-up accessible investments.** Generally speaking, this is a bad idea, though let's include it as a choice anyway, as in some selected instances the funds may be unexpectedly needed elsewhere, such as if a person's overall life or situation has dramatically changed. In most cases, however, this choice will just 'lock in' an investor's loss and miss out on the inevitable bounce back in market performance.

- 3. Increase your risk and return profile, and/or invest more.** This option is the most overlooked, though can be the most rewarding for those who suit it. In this case, you may be able to secure investments at bargain rates and when values rebound you will likely be on track to hit your major goals in life a lot sooner. If you are a long term investor now is probably a great time to invest more (if you have something to spare) or just to increase the risk/return profile of existing investments. For instance, this could be as straightforward as shifting from a KiwiSaver growth fund to a high growth or 100% share fund, or investing any lump sums you might have. While it may feel out of sorts, if inspiration is needed then let's consider the recent moves of:

- a. The most famous investor in the world, billionaire Warren Buffett, who is on a well-publicised stock (share) buying spree.
- b. The world's richest man, Elon Musk, who just struck a deal to buy one of the world's largest tech companies, Twitter.

This is just a quick summary of the choices we all face as investors and is not at all capable of being a full exploration of all the pros and cons of each option, and how they might apply to you individually. If you would like to discuss anything above in relation to one or more of the NZDF Savings Schemes, then it would be our pleasure to assist:

**0508 BECOME (232 663)**      [hello@become.nz](mailto:hello@become.nz)

Joseph Darby  
Chief Executive  
Become Wealth (formerly Milestone Direct)



A Disclosure Statement is available on request and free of charge

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# Investment Returns For Periods Ended 30 April 2022

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.05	0.12	0.05	0.22	0.66
	Conservative	-1.25	-2.52	-1.25	-2.38	2.18
	Moderate	-1.50	-2.83	-1.50	-2.32	3.15
	Balanced	-1.84	-3.36	-1.84	-1.99	4.51
	Growth	-2.10	-3.68	-2.10	-1.72	5.76
	High Growth	-2.28	-3.85	-2.28	-1.68	6.78
	Shares	-2.58	-4.89	-2.58	-3.78	7.37
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.06	0.15	0.06	0.25	0.79
	Conservative	-1.38	-2.71	-1.38	-2.59	2.43
	Moderate	-1.70	-2.98	-1.70	-2.52	3.41
	Balanced	-2.03	-3.43	-2.03	-2.15	4.82
	Growth	-2.29	-3.59	-2.29	-1.50	6.17
	High Growth	-2.49	-3.75	-2.49	-1.55	7.20
	Shares	-2.80	-4.73	-2.80	-3.69	7.79
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.06	0.15	0.06	0.29	0.82
	Conservative	-1.51	-2.97	-1.51	-2.86	2.52
	Moderate	-1.79	-3.04	-1.79	-2.59	3.60
	Balanced	-2.17	-3.51	-2.17	-2.31	5.00
	Growth	-2.43	-3.65	-2.43	-1.83	6.32
	High Growth	-2.63	-3.69	-2.63	-1.55	7.47
	Shares	-2.97	-4.69	-2.97	-3.57	8.07

### 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 2022

# Investment Returns For Periods Ended 30 April 2022

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.04	0.11	0.04	0.16	0.73
	Conservative	-1.27	-2.49	-1.27	-1.94	2.40
	Moderate	-1.59	-2.72	-1.59	-2.05	3.38
	Balanced	-2.02	-3.31	-2.02	-1.90	4.61
	Growth	-2.31	-3.69	-2.31	-1.65	5.76
	High Growth	-2.50	-3.86	-2.50	-1.62	6.83
	Shares	-2.53	-4.81	-2.53	-3.69	7.41
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.06	0.14	0.06	0.19	0.83
	Conservative	-1.46	-2.76	-1.46	-2.49	2.63
	Moderate	-1.79	-2.94	-1.79	-2.39	3.48
	Balanced	-2.25	-3.44	-2.25	-2.06	4.94
	Growth	-2.53	-3.72	-2.53	-1.57	6.19
	High Growth	-2.75	-3.83	-2.75	-1.58	7.25
	Shares	-2.78	-4.75	-2.78	-3.48	7.80
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.06	0.15	0.06	0.21	0.91
	Conservative	-1.52	-2.84	-1.52	-1.23	3.04
	Moderate	-1.98	-3.09	-1.98	-2.07	3.81
	Balanced	-2.40	-3.50	-2.40	-2.20	5.02
	Growth	-2.70	-3.71	-2.70	-1.32	6.42
	High Growth	-2.93	-3.71	-2.93	-0.90	7.58
	Shares	-2.96	-4.61	-2.96	-3.04	8.07

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# Investment Returns For Periods Ended 30 April 2022

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.06	0.15	0.06	0.25	0.75
	Conservative	-1.26	-2.49	-1.26	-2.07	2.38
	Moderate	-1.61	-2.75	-1.61	-2.01	3.33
	Balanced	-2.03	-3.33	-2.03	-1.79	4.72
	Growth	-2.30	-3.66	-2.30	-1.59	5.80
	High Growth	-2.51	-3.94	-2.51	-1.69	6.83
	Shares	-2.54	-4.93	-2.54	-3.85	7.37
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.06	0.17	0.06	0.32	0.87
	Conservative	-1.43	-2.69	-1.43	-2.39	2.60
	Moderate	-1.79	-2.87	-1.79	-2.18	3.71
	Balanced	-2.25	-3.40	-2.25	-1.91	5.07
	Growth	-2.55	-3.60	-2.55	-1.55	6.27
	High Growth	-2.78	-3.79	-2.78	-1.57	7.37
	Shares	-2.87	-4.71	-2.87	-3.50	7.99
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.07	0.19	0.07	-	-
	Conservative	-1.53	-2.85	-1.53	-2.67	-
	Moderate	-1.90	-3.01	-1.90	-2.42	-
	Balanced	-2.38	-3.48	-2.38	-2.04	5.11
	Growth	-2.72	-3.65	-2.72	-1.54	5.91
	High Growth	-2.94	-3.59	-2.94	-1.29	7.63
	Shares	-2.95	-4.70	-2.95	-3.62	8.16

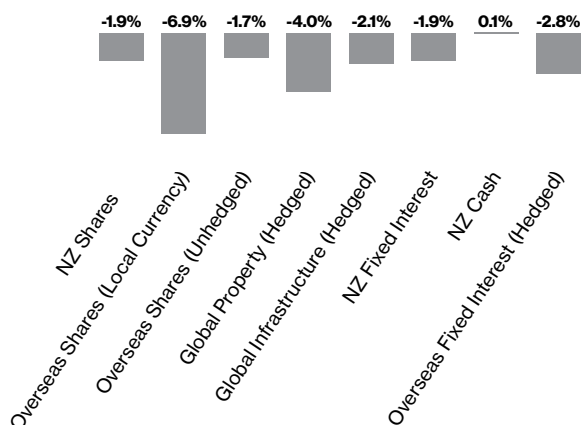
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

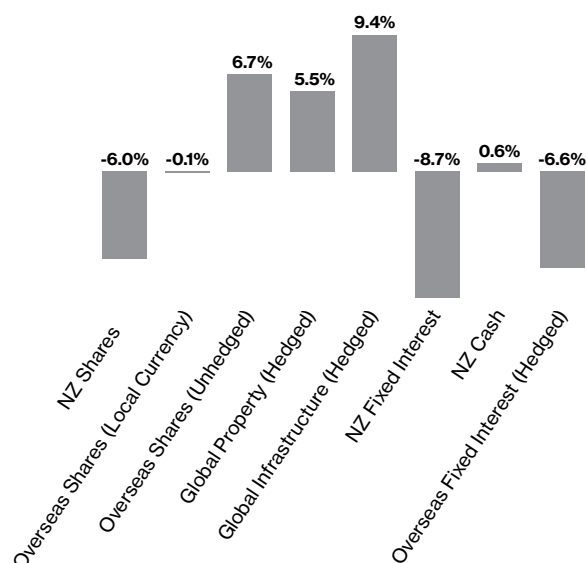
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# Investment Returns For Periods Ended 30 April 2022

## 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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