



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 30 April 2025

Market performance summary

– April in a snapshot

- In April, the introduction of reciprocal tariffs by President Trump, raising the average tariff rate on US imports to over 20%, created significant uncertainty in global markets, impacting investor confidence and economic growth projections.
- Most of the NZDF Savings Scheme investment options delivered negative returns, except for the Cash and Conservative investment options.
- If you are considering changing your investment options, pausing contributions, or making a withdrawal, it is very important that you seek financial advice. A fund withdrawal in times of volatility may not be the best move for many wanting to withdraw funds. Please contact the Become Wealth team on **0508 BECOME (0508 232 663)** or email **hello@become.nz**.
- If you are eligible for a Government contribution, please check that you are on track to contributing \$1,042 into your KiwiSaver account before 30 June 2025, to ensure you receive the maximum amount (maximum of \$521 p.a.). More information can be found on the website at **www.nzdfsavings.mil.nz**.
- Check your latest member statement, due in late May. The statement contains powerful information to help with your long-term planning.



HEI MANA MŌ AOTEAROA
A FORCE FOR NEW ZEALAND

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Monthly Commentary Ended 30 April 2025

April witnessed significant developments in global trade and economic conditions.

President Trump announced a universal 10% tariff on all US imports, along with larger tariffs on approximately 60 nations with trade imbalances, raising the average tariff rate on US imports to over 20%. This move has raised concerns about its impact on economic growth, particularly in the US, where economic growth contracted by -0.3% quarter on quarter, down from 2.4% in Q4 2024. The Reserve Bank of New Zealand (RBNZ) responded by reducing the cash rate by 0.25% to 3.50%, citing the negative outlook for global economic activity due to the recent tariff increases.

In New Zealand, while the economy shows signs of recovery, with the BusinessNZ Performance of Manufacturing Index (PMI) indicating continued expansion, business confidence remains fragile amid global trade tensions. The New Zealand dollar experienced fluctuations, starting the month weaker but rallying towards the end. Oil prices also saw a significant drop of -15.5% as Organisation of the Petroleum Exporting Countries (OPEC) announced an increase in output, reflecting concerns over weakening international demand.





Monthly Commentary Ended 30 April 2025



United States

- President Trump announced reciprocal tariffs, which were later delayed for 90 days, introducing a universal 10% tariff on all US imports and larger tariffs on about 60 nations, raising the average tariff rate on US imports to over 20%.
- The US economy contracted by -0.3% quarter on quarter, primarily due to a surge in imports, likely as a pre-emptive response to tariffs. Despite this, consumption remains solid.
- The outlook for growth assets is negative, as tariffs are expected to impact US economic growth in the coming quarters, with share markets potentially underestimating the effect on corporate earnings.

China

China is considering tariff negotiations with the US, with declining port traffic suggesting potential supply shortages in the US.

New Zealand

The RBNZ cut the cash rate by 0.25% to 3.50%, noting that recent tariff increases weaken the outlook for global economic activity and create downside risks for New Zealand's economy.

New Zealand: signs of an improving economy, but more work to do

- Following aggressive rate cuts by the RBNZ, the New Zealand economy is showing signs of recovery, with positive growth in Q4 2024 and improvements in the BusinessNZ PMI.
- House prices increased in March, benefiting from lower interest rates, but consumer confidence has been affected by global trade concerns.
- Despite signs of improvement, growth is expected to remain weak as geopolitical worries overshadow high interest rates, leading to cautious business investment.
- We continue to favour New Zealand sovereign bonds over cash, as further interest rate cuts by the RBNZ are anticipated.



Become Wealth Monthly Commentary Ended 30 April 2025

Tariffs and Policy Changes

In case you missed it, some folks in the US decided to right some wrongs in the global economic system with some new tariff rules. The rest of the world is still scratching their heads or scrambling to respond. This little kerfuffle has made some investors jumpy, and the investment market 'nervous-o-meter' (officially known as the VIX, which measures **volatility**) went bonkers – hitting levels we haven't seen in about five years. But here's a little secret: when the economic crystal ball gets a bit cloudy and the news outlets are spreading their latest predictions of doom, a bit of market volatility means the market is just doing its job repricing assets to suit the new economic reality.

Watching your investments suddenly take a tumble can feel about as pleasant as stubbing a toe, and all the policy and tariff talk spouted from news outlets doesn't exactly soothe the nerves. Despite this, the market's job is to process uncertainty in real time. When trade policies change swiftly, markets are incorporating a vast amount of information and expectations about how these shifts may shape the global economy. Markets do this on a forward-looking basis, continuously incorporating new information and setting prices so that expected returns are positive.

Those big economic decisions? They don't just mess with your investments; they have a knock-on effect on the real world – things like job security and the price of your morning coffee. But be mindful: the market reacts fast – immediately in fact – while the real economy takes its own sweet time to catch up. So, even if you're feeling a bit twitchy about the current economic shenanigans, don't automatically assume your investments are heading south. The markets already had a good old think about the known stuff and factored it into the price.

And wouldn't you know it, history has a funny way of repeating itself – and in this case, it shows that after a bit of a stumble, the market usually dusts itself off and reaches a whole new high. Even after the US stock market, the world's largest by far, has a bit of a whoopsie (say, a 10%, 20%, or even 30% dip), the returns you see over the next year, three years, or even five years have generally been solid. In fact, even after a hefty 20% drop, the average yearly returns over five years have been pretty close to 10%.

So, when your investment portfolio (which includes your KiwiSaver Scheme account balance, or balance in another NZDF Savings Scheme) decides to do a bit of an unexpected dip, the smartest move is usually to sit tight, make a brew, and remember that brighter days for your investments are usually on the horizon.

What Next?

Investing doesn't have to be a white-knuckle experience. A few simple reminders and the help of an investment professional can give you the confidence to ride out the rough patches.

Keep an eye out for your annual member statements due to be released in late May. These statements contain powerful information to help with your long-term planning.

To help you on your way to financial freedom, especially how you can make the most of investments with one-or-more NZDF Savings Schemes, book your complimentary initial consultation today:

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Investment Returns For Periods Ended 30 April 2025

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.24	0.68	0.24	3.40	1.97
	Conservative	0.13	-0.42	0.13	4.34	2.06
	Moderate	-0.19	-1.50	-0.19	5.03	3.42
	Balanced	-0.65	-2.93	-0.65	5.51	5.00
	Growth	-1.13	-4.41	-1.13	5.74	6.66
	High Growth	-2.21	-6.17	-2.21	5.40	7.68
	Shares	-2.13	-7.10	-2.13	5.58	8.36
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.28	0.77	0.28	3.91	2.24
	Conservative	0.31	-0.14	0.31	5.09	2.30
	Moderate	-0.14	-1.39	-0.14	5.45	3.65
	Balanced	-0.57	-2.79	-0.57	5.95	5.27
	Growth	-1.12	-4.38	-1.12	6.03	7.04
	High Growth	-2.12	-6.02	-2.12	5.91	8.08
	Shares	-2.12	-7.01	-2.12	5.76	8.68
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.29	0.82	0.29	4.18	2.43
	Conservative	0.36	-0.05	0.36	5.48	2.38
	Moderate	-0.09	-1.28	-0.09	5.89	3.84
	Balanced	-0.56	-2.74	-0.56	6.22	5.43
	Growth	-1.14	-4.35	-1.14	6.26	7.20
	High Growth	-2.11	-6.07	-2.11	5.73	8.29
	Shares	-2.14	-7.07	-2.14	5.88	8.91

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 2025

Investment Returns For Periods Ended 30 April 2025

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.23	0.67	0.23	3.51	1.97
	Conservative	0.14	-0.36	0.14	5.12	2.29
	Moderate	-0.30	-1.74	-0.30	5.43	3.42
	Balanced	-0.75	-3.20	-0.75	5.96	4.81
	Growth	-1.35	-4.89	-1.35	6.31	6.39
	High Growth	-1.87	-6.26	-1.87	6.65	7.61
	Shares	-2.18	-7.15	-2.18	5.69	8.43
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.29	0.79	0.29	4.03	2.26
	Conservative	0.21	-0.20	0.21	5.66	2.40
	Moderate	-0.25	-1.59	-0.25	5.86	3.53
	Balanced	-0.65	-3.00	-0.65	6.52	5.03
	Growth	-1.27	-4.76	-1.27	6.67	6.69
	High Growth	-1.79	-6.13	-1.79	6.97	7.89
	Shares	-2.06	-6.96	-2.06	5.96	8.85
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.30	0.84	0.30	4.34	2.43
	Conservative	0.26	-0.12	0.26	6.05	2.80
	Moderate	-0.22	-1.52	-0.22	6.29	3.87
	Balanced	-0.65	-2.93	-0.65	6.68	5.15
	Growth	-1.22	-4.62	-1.22	7.17	6.94
	High Growth	-1.74	-6.02	-1.74	7.32	8.30
	Shares	-2.14	-7.04	-2.14	6.10	9.09

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Investment Returns For Periods Ended 30 April 2025

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.23	0.68	0.23	3.47	2.00
	Conservative	0.04	-0.46	0.04	5.02	2.28
	Moderate	-0.33	-1.78	-0.33	5.30	3.43
	Balanced	-0.77	-3.22	-0.77	5.91	4.88
	Growth	-1.32	-4.88	-1.32	6.15	6.44
	High Growth	-1.84	-6.19	-1.84	6.56	7.60
	Shares	-2.18	-7.16	-2.18	5.47	8.38
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.23	0.71	0.23	3.57	2.21
	Conservative	0.23	-0.16	0.23	5.71	2.48
	Moderate	-0.26	-1.57	-0.26	5.99	3.71
	Balanced	-0.73	-3.10	-0.73	6.27	5.20
	Growth	-1.19	-4.66	-1.19	6.76	6.77
	High Growth	-1.77	-6.12	-1.77	7.02	8.05
	Shares	-2.16	-7.04	-2.16	6.00	8.97
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.29	0.84	0.29	4.27	-
	Conservative	0.28	-0.11	0.28	5.98	-
	Moderate	-0.21	-1.53	-0.21	6.15	-
	Balanced	-0.63	-2.94	-0.63	6.73	5.17
	Growth	-1.25	-4.70	-1.25	6.94	6.95
	High Growth	-1.78	-6.05	-1.78	7.33	8.19
	Shares	-2.13	-7.04	-2.13	6.16	9.03

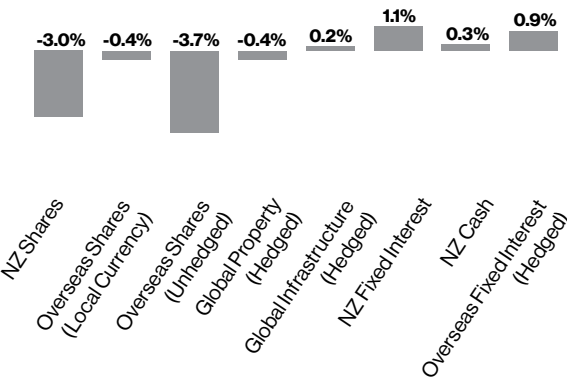
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

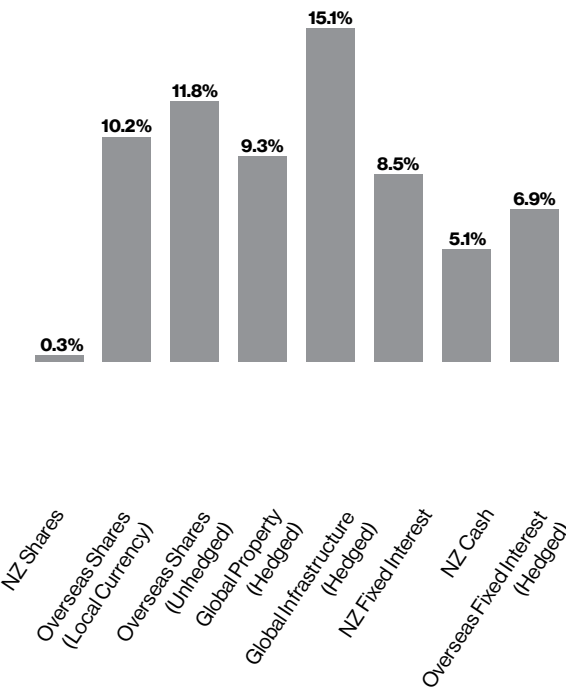
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Investment Returns For Periods Ended 30 April 2025

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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