



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
Savings Schemes

# Monthly report

For the period ended 31 July 2024

## Market performance summary

### – July in a snapshot

- This July, the all-time highs we've seen throughout 2024 came to an end.
- All investment options in the NZDF Savings Schemes delivered positive returns.
- 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**.
- The Annual Report and Annual Statements have now been distributed, we would like to remind those who haven't read their statement to log into their account at **www.nzdfsavings.mil.nz**.
- NZDF and Mercer have agreed changes to the investment structure for the NZDF KiwiSaver Scheme and DFSS, applying from early July. The changes are aimed at delivering stronger long term returns while continuing to deliver value for money.



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 July 2024

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## July was a significant month for markets, as the all-time highs we've seen throughout 2024 came to an end.

Markets processed a weaker-than-expected US Consumer price index reading early in the month, combined with weaker US labour market data and political developments. As a result, bond investors were reassured that the US Federal Reserve will begin cutting interest rates in the near term. The US earnings season continued with four of the 'magnificent seven' reporting underwhelming results for the previous quarter, resulting in the tech sector coming under pressure for most of July, but it rebounded towards the end of the month.

New Zealand share markets had a strong month, rising 5.9% after struggling for much of the year. Positive returns were influenced by recent inflation figures, which came in at 3.3% year-on-year. This is closer to the Reserve Bank's target inflation range, giving the market optimism that interest rate cuts are just around the corner. Australian shares were also strong performers, with the ASX200 index up 4.2% in AUD terms.

The Reserve Bank of New Zealand signalled optimism that falling inflation would allow them to reduce interest rates, which sparked a rally in domestic bonds, leading to the Bloomberg NZ Bond Composite Index delivering a 2.3% return for the month.

As inflation pressures continue to show signs of easing, markets began to more aggressively price in a potential cut in interest rates, which led to the US dollar declining against other major currencies for the month. This month marked a turnaround for the Japanese Yen in currency markets, which had been on an aggressive decline throughout most of 2024.



# Monthly Commentary Ended 31 July 2024



## United States

Former President Donald Trump survived an assassination attempt during a campaign rally in Butler, Pennsylvania. A man fired multiple shots towards the stage, resulting in the death of one attendee and critical injuries to two others.

## United States

Joe Biden made the decision to end his presidential re-election campaign and endorsed Vice President Kamala Harris as his preferred candidate to replace him, highlighting her experience and leadership qualities. This announcement reshaped the political landscape and generated significant speculation about the future of the Democratic Party and the upcoming presidential election.

## Japan

The Bank of Japan raised its policy rate by 15 basis points to 0.25% in July, the highest level since 2008. The bank stated that it will reduce the pace of Japanese Government Bond purchases by 400 billion yen (approx \$4.5 billion) per quarter starting in August, which is a part of their quantitative tightening plan.

# Become Wealth Monthly Commentary Ended 31 July 2024

## Relentless

There exists a force so potent and self-sustaining that it rivals the most powerful natural phenomena. This force is compounding — often considered the financial equivalent of a perpetual motion machine. Once set in action, compounding requires no additional input, yet its effects are nothing short of transformative.

Everything around us requires constant input to be maintained.

*Consider the demands of daily life: our bodies require regular exercise and a balanced diet to stay healthy, all our relationships with friends and family need ongoing care to thrive. Our own skills need to be constantly developed otherwise they'll become obsolete. Or consider plants which need water and light to survive or grow. A fire needs new fuel to keep burning. Even the sun, the source of all life, will one day exhaust itself.*

But compounding? It quietly works in the background, growing stronger with each passing moment.

The beauty of compounding lies in its inherent self-sufficiency. When you invest capital, it generates returns, which then earn returns of their own. This cycle, repeated over time, leads to exponential growth. It's as if your money takes on a life of its own, working tirelessly to build wealth without demanding constant attention.

To illustrate this, think of a snowball rolling down a hill. It starts small, growing slowly at first. But as it gathers more snow, it picks up momentum, eventually becoming an unstoppable force. Compounding works similarly — given enough time, it can turn modest investments into significant sums, all without the need for continual effort.

What sets compounding apart from other forms of growth is its hands-off nature. Unlike a business that requires decisions and resources to expand, or a garden that needs regular care to thrive, compounding operates independently. Once the initial investment is made, it continues to work quietly and efficiently, often unnoticed until the results are too large to ignore.

However, compounding demands one crucial element: time. The longer you allow your investments to compound, the more powerful the effect. This is why starting early is so important. Even modest contributions can grow into substantial wealth given enough time. It's no wonder compounding is often called the eighth wonder of the world.

But while compounding doesn't require constant maintenance, it does reward patience and consistency. It's not a quick fix but a slow and steady process that unveils its magic over decades. Withdrawing from your investment interrupts the compounding process, resetting your progress.

In a world where everything else requires continual input, compounding stands as a rare exception—a force that thrives on patience and time. Sometimes, the best action is inaction—letting things grow quietly, steadily, and beyond your wildest expectations.

### What next?

We would be delighted to assist you explore anything mentioned above, perhaps as it relates to your investments within one or more NZDF Savings Schemes. Should you wish, Become Wealth is also able to advise on other investments, such as residential property investment. Book your complimentary initial consultation today:

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

Joseph Darby  
Chief Executive  
Become Wealth



A Disclosure Statement is available on request and free of charge

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# Investment Returns For Periods Ended 31 July 2024

## 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	0.95	1.32	3.94	1.58
	Conservative	1.37	2.59	1.67	5.28	1.74
	Moderate	1.86	3.28	2.07	6.83	2.86
	Balanced	2.32	3.94	2.35	8.33	4.11
	Growth	2.76	4.55	2.73	10.26	5.45
	High Growth	3.04	5.08	2.99	11.44	6.38
	Shares	3.21	5.31	3.05	12.71	6.99
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.09	1.49	4.40	1.79
	Conservative	1.45	2.86	1.91	5.85	1.90
	Moderate	1.90	3.41	2.17	7.27	3.06
	Balanced	2.33	4.14	2.50	8.98	4.31
	Growth	2.71	4.69	2.85	10.63	5.83
	High Growth	2.95	5.23	3.13	11.69	6.77
	Shares	3.12	5.41	3.13	12.97	7.32
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.42	1.17	1.60	4.82	1.96
	Conservative	1.50	3.07	2.07	6.12	1.95
	Moderate	2.03	3.69	2.42	7.69	3.23
	Balanced	2.34	4.34	2.66	9.20	4.50
	Growth	2.78	4.92	3.07	11.12	6.01
	High Growth	2.89	5.30	3.21	12.03	6.99
	Shares	3.01	5.49	3.23	13.31	7.58

### 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 2024

# Investment Returns For Periods Ended 31 July 2024

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.37	1.00	1.35	3.95	1.58
	Conservative	1.44	2.92	2.01	5.62	1.89
	Moderate	2.05	3.76	2.47	7.14	2.96
	Balanced	2.65	4.72	2.94	8.92	3.98
	Growth	3.16	5.70	3.53	10.83	5.32
	High Growth	3.36	6.18	3.78	12.14	6.30
	Shares	3.21	5.40	3.17	12.92	7.08
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.42	1.13	1.54	4.52	1.82
	Conservative	1.48	3.16	2.20	6.09	2.03
	Moderate	2.05	3.96	2.62	7.56	2.96
	Balanced	2.62	4.94	3.11	9.24	4.19
	Growth	3.07	5.87	3.66	11.20	5.55
	High Growth	3.20	6.19	3.80	12.08	6.54
	Shares	3.03	5.32	3.13	13.05	7.37
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.45	1.22	1.65	4.88	1.96
	Conservative	1.61	3.35	2.35	6.48	2.40
	Moderate	2.12	4.14	2.76	8.01	3.30
	Balanced	2.63	5.06	3.21	9.53	4.25
	Growth	3.03	6.02	3.79	11.18	5.75
	High Growth	3.15	6.38	3.96	12.38	6.89
	Shares	3.02	5.48	3.26	13.22	7.60

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# Investment Returns For Periods Ended 31 July 2024

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.35	0.97	1.31	3.86	1.62
	Conservative	1.44	2.91	1.98	5.56	1.89
	Moderate	2.06	3.75	2.44	7.09	2.93
	Balanced	2.68	4.75	2.94	8.93	4.07
	Growth	3.13	5.64	3.45	10.70	5.37
	High Growth	3.33	6.12	3.73	12.08	6.32
	Shares	3.20	5.34	3.09	12.57	7.05
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.41	1.12	1.51	4.45	1.86
	Conservative	1.53	3.19	2.22	6.12	2.04
	Moderate	2.11	4.01	2.65	7.51	3.19
	Balanced	2.64	4.94	3.10	9.30	4.38
	Growth	3.10	5.89	3.67	11.09	5.69
	High Growth	3.22	6.29	3.87	12.45	6.75
	Shares	3.10	5.42	3.17	13.05	7.58
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.45	1.20	1.62	4.80	-
	Conservative	1.60	3.34	2.34	6.44	-
	Moderate	2.12	4.13	2.75	7.77	-
	Balanced	2.66	5.11	3.23	9.51	4.30
	Growth	3.05	6.01	3.76	11.29	5.82
	High Growth	3.16	6.38	3.95	12.29	6.84
	Shares	3.06	5.53	3.28	13.13	7.68

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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.

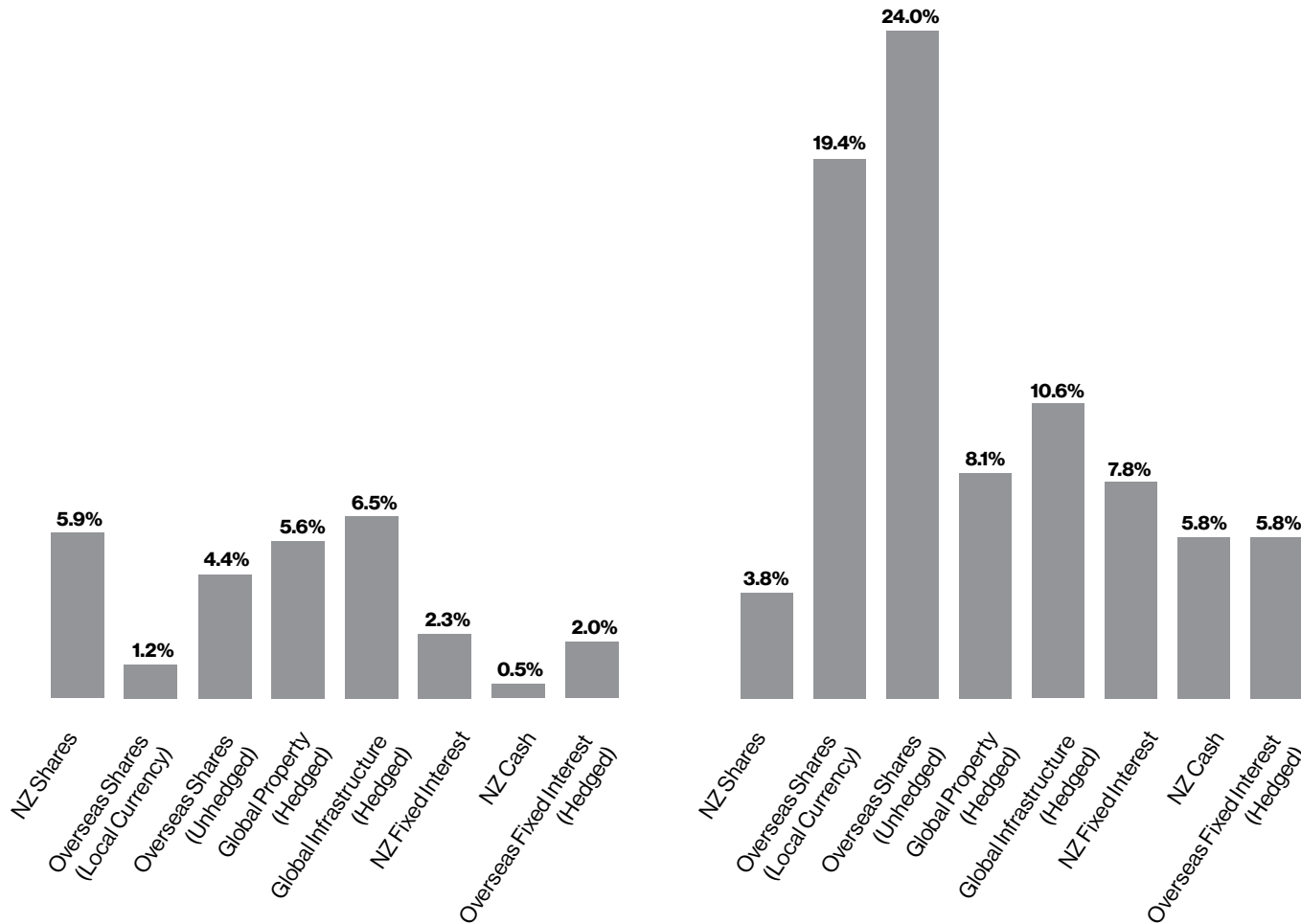
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# Investment Returns For Periods Ended 31 July 2024

## 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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