



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

# Monthly report

For the period ended 31 March 2025

## Market performance summary

### – March in a snapshot

- In March, the share markets experienced a downturn due to concerns over the potential tariffs imposed by the US on their global trade partners, which could further exacerbate trade tensions and impact businesses, consumers and investors.
- All NZDF Savings Scheme's investment options delivered negative returns, except for the Cash investment option.
- 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 Become Wealth team on **0508 BECOME (0508 232 663)** or email **hello@become.nz**.
- If you are eligible for the Government contribution of a maximum \$521 in 2025, please make sure you contribute before 30 June 2025. More information can be found on the website at **www.nzdfsavings.mil.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 March 2025

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## **March saw a downturn in share markets, with international shares declining by -5.0% due to concerns over US tariffs, which affected investor confidence.**

New Zealand shares fared slightly better, dropping by -2.4%, but still outperformed global markets. International Real Estate Investment Trusts (REITs) fell by -2.6%, while Australian REITs dropped by -4.8% due to the ongoing struggle of capital raising in the sector, hindering growth. While New Zealand's economy showed signs of recovery, consumer confidence has been shaken by global trade concerns. House prices increased in March, benefiting from lower interest rates, but the overall economic outlook remains cautious. The RBNZ's recent rate cuts suggest a continued easing of monetary policy throughout 2025, making New Zealand sovereign bonds more attractive than cash. Most investment options for the NZDF Savings Schemes include bonds.

On the international front, the introduction of new tariffs is expected to negatively impact business and consumer confidence. Central banks are likely to continue cutting rates as inflation moderates, although at a slower pace. Japan is expected to raise interest rates as it emerges from a prolonged deflation period, supported by income growth and capital investment. Internationally listed property remains appealing due to strong fundamentals and attractive pricing.



# Monthly Commentary Ended 31 March 2025



## Europe

After the Trump-Zelenskyy meeting in February, European leaders boosted fiscal spending, particularly in defence, which means more government funds for military purposes. The German parliament passed a bill to exempt defence spending from the debt limit and allocated an extra €500 billion for infrastructure, marking a major shift in Germany's fiscal policy.

## United States

- The US unemployment rate increased by 0.1% to 4.1% in February, with strong gains in the healthcare and finance sectors, while the leisure and hospitality sector witnessed a second consecutive decline.
- President Trump announced further tariffs on imports, including a 25% tariff on auto and auto parts, with reciprocal tariffs designed to match import duties imposed by other nations expected to be announced in early April.

## New Zealand

In March, data showed that New Zealand emerged from a recession in the fourth quarter of 2024. The country's GDP grew by 0.7%, recovering from a contraction of -1.0% in the previous quarter. However, the annual GDP still stands at -1.1% year-on-year. This growth was better than expected, largely due to an increase in tourism. The unemployment rate rose to 5.1% in Q4 2024, up from 4.8% in the previous quarter, reaching a new four-year high. Wage growth in New Zealand also continued to decline, now at 3.3% year-on-year, down from 3.8%. The Reserve Bank of New Zealand (RBNZ) released a report in February showing a slight increase in inflation expectations, and people expect the cash rate (the interest rate banks charge each other) to drop to 3.77% by the end of 2025. However, wage growth expectations have weakened as people anticipate ongoing economic challenges in 2025.

# Become Wealth Monthly Commentary Ended 31 March 2025

## Roller Coaster

Investing, like a roller coaster, has its ups and downs.

One minute you're climbing higher and the next a sudden decline makes your stomach drop. A few reminders can help investors to relax amid the turbulence.

### Stay in Your Seat

When the stock market drops precipitously, or headlines speculate it might, it can be tempting to jump out of the market to try to avoid losses. But just as roller-coaster riders are warned to keep their seat belts fastened and stay seated, investors may be well advised to do the same.

Attempting to time the market to avoid the worst days could cause an investor to miss out on some of the best days. Consider that \$1,000 invested in the S&P 500 Index back in 1990 would have grown to \$27,221 by the end of 2023 if left untouched.

- However, if an investor had pulled their money out and missed the single best day over the more than 30-year period, their ending wealth would be reduced by nearly \$3,000.
- Worse, if an investor had missed the five best single days, their ending wealth would be reduced by more than \$10,000. Over the course of decades, even a few days can make a big difference.

Taking a step back from the current moment may provide investors helpful perspective and put fears at ease. Markets have marched upward through the decades, even amid concerning world events, and rewarded disciplined investors over time. This reminds investors that, despite the extreme headlines and bumps experienced in the short term, you will surely have a better ride by staying in your seat.

### Know Your Thrill Tolerance

The same way theme-park goers can choose rides that align with their thrill tolerance, investors can choose an asset allocation that aligns with their risk tolerance. Financial advisers, including our team at Become Wealth, can play a key role in helping you do just that – by exploring your investment objectives and time horizons, and helping you build a diversified portfolio (such as within the NZDF Savings Schemes) with the appropriate level of resilience.

### What Next?

Investing doesn't have to be a harrowing, 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.

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:

**0508 BECOME (0508 232 663)**  
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# Investment Returns For Periods Ended 31 March 2025

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.22	0.69	3.52	3.52	1.93
	Conservative	-0.81	-0.04	3.28	3.28	2.45
	Moderate	-1.37	-0.55	4.01	4.01	4.01
	Balanced	-2.13	-1.17	4.57	4.57	5.93
	Growth	-2.84	-1.94	5.09	5.09	7.97
	High Growth	-3.42	-2.32	5.63	5.63	9.46
	Shares	-4.21	-3.27	5.57	5.57	10.48
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.25	0.78	4.03	4.03	2.19
	Conservative	-0.80	0.05	3.78	3.78	2.68
	Moderate	-1.36	-0.47	4.33	4.33	4.25
	Balanced	-2.10	-1.07	4.87	4.87	6.22
	Growth	-2.79	-1.86	5.35	5.35	8.42
	High Growth	-3.33	-2.15	6.05	6.05	9.89
	Shares	-4.14	-3.19	5.71	5.71	10.84
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.27	0.83	4.33	4.33	2.38
	Conservative	-0.79	0.14	4.07	4.07	2.77
	Moderate	-1.31	-0.39	4.69	4.69	4.45
	Balanced	-2.09	-1.03	5.10	5.10	6.41
	Growth	-2.77	-1.79	5.59	5.59	8.60
	High Growth	-3.36	-2.23	5.87	5.87	10.13
	Shares	-4.13	-3.22	5.87	5.87	11.14

### 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 March 2025

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.22	0.69	3.63	3.63	1.93
	Conservative	-0.89	0.09	4.05	4.05	2.68
	Moderate	-1.55	-0.66	4.43	4.43	4.04
	Balanced	-2.37	-1.37	4.94	4.94	5.77
	Growth	-3.14	-2.26	5.54	5.54	7.76
	High Growth	-3.80	-2.80	6.23	6.23	9.33
	Shares	-4.21	-3.22	5.76	5.76	10.54
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.25	0.81	4.16	4.16	2.21
	Conservative	-0.87	0.23	4.45	4.45	2.80
	Moderate	-1.51	-0.51	4.76	4.76	4.15
	Balanced	-2.30	-1.21	5.35	5.35	6.01
	Growth	-3.09	-2.19	5.79	5.79	8.09
	High Growth	-3.72	-2.71	6.48	6.48	9.63
	Shares	-4.15	-3.14	5.95	5.95	11.00
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.27	0.86	4.47	4.47	2.38
	Conservative	-0.88	0.26	4.75	4.75	3.22
	Moderate	-1.49	-0.46	5.11	5.11	4.52
	Balanced	-2.27	-1.11	5.49	5.49	6.16
	Growth	-2.97	-2.04	6.22	6.22	8.36
	High Growth	-3.68	-2.64	6.73	6.73	10.07
	Shares	-4.12	-3.13	6.13	6.13	11.31

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# Investment Returns For Periods Ended 31 March 2025

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.21	0.71	3.57	3.57	1.96
	Conservative	-0.89	0.12	4.03	4.03	2.69
	Moderate	-1.56	-0.66	4.32	4.32	4.05
	Balanced	-2.37	-1.37	4.88	4.88	5.84
	Growth	-3.15	-2.28	5.34	5.34	7.81
	High Growth	-3.75	-2.77	6.12	6.12	9.33
	Shares	-4.20	-3.23	5.52	5.52	10.54
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.24	0.79	3.73	3.73	2.18
	Conservative	-0.85	0.23	4.48	4.48	2.89
	Moderate	-1.48	-0.48	4.87	4.87	4.35
	Balanced	-2.30	-1.28	5.16	5.16	6.19
	Growth	-3.06	-2.19	5.78	5.78	8.16
	High Growth	-3.75	-2.73	6.46	6.46	9.82
	Shares	-4.11	-3.09	6.03	6.03	11.17
PIR	Fund	1 Month %	3 Months %	FYTD <sup>*</sup> %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.27	0.86	4.39	4.39	-
	Conservative	-0.90	0.25	4.66	4.66	-
	Moderate	-1.51	-0.46	4.97	4.97	-
	Balanced	-2.29	-1.13	5.48	5.48	6.17
	Growth	-3.05	-2.09	6.01	6.01	8.36
	High Growth	-3.65	-2.63	6.78	6.78	9.97
	Shares	-4.12	-3.08	6.16	6.16	11.25

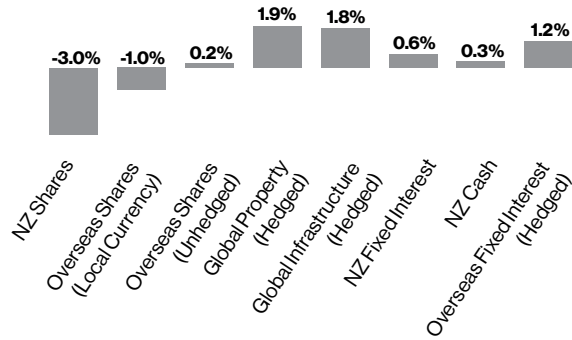
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

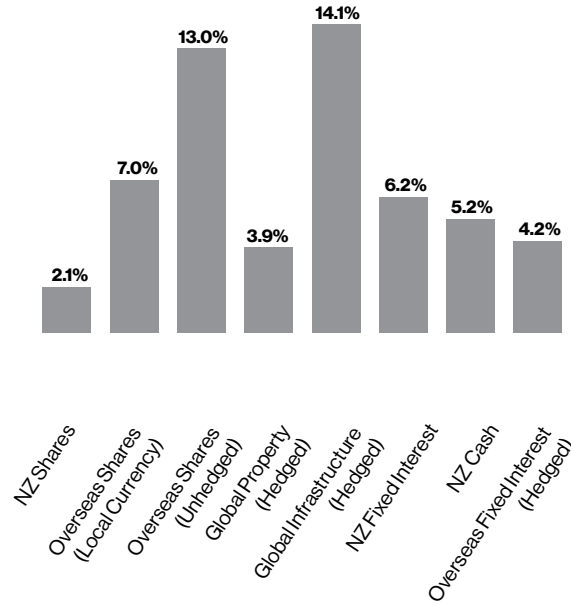
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# Investment Returns For Periods Ended 31 March 2025

## 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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