TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 31 May 2026

Market performance summary
– May in a snapshot

- May's markets were shaped by a mix of easing geopolitical concerns, resilient global equity performance, and rising expectations that interest rates may stay high for longer.
- The NZDF Savings Schemes delivered positive investment returns across all options during this period.
- 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 a member of the New Zealand Defence Force KiwiSaver Scheme or DFSS Cat B member, you have until the end of June 2026 to maximise the 2025-2026 Government Contributions. Log into your online account and see how you're tracking **here**.
- Members of the NZDF savings schemes received their annual member statements in late May. These contain powerful information to help with members' long-term planning. This is also a good time to check out the retirement simulator available through the schemes. If you have questions about your statement, please contact Mercer or the NZDF Benefits Team. Become Wealth is available to provide advice on your plans. Contact details for all parties are on the **Force Financial Hub**.



Monthly Commentary Ended 31 May 2026

Investor sentiment improved in May, as the markets were shaped by a mix of easing geopolitical concerns, resilient global equity performance and growing expectations that interest rates may need to remain higher for longer.

Overseas shares delivered a solid return during the month, rising about 4.7%, supported by renewed strength in technology stocks, especially in South Korea and Taiwan, and optimism following a ceasefire in the Middle East. Emerging markets performed particularly well, supported by strong demand linked to AI and semiconductor-related growth themes, particularly in technology-focused markets such as South Korea and Taiwan. These gains helped offset lingering concerns about inflation and the path of global interest rates.

New Zealand shares also moved higher, gaining 2.7% for the month, although they lagged offshore markets. Domestic market sentiment was tempered by the RBNZ's decision to keep the OCR unchanged at 2.25%, while signalling that further interest rate increases may be required to contain inflation pressures, alongside the Government's larger-than-expected deficit in Budget 2026. These developments reinforced concerns that the local recovery may remain uneven.

Markets are expected to remain influenced by the interplay between inflation, monetary policy, and geopolitical events. Should inflation remain stubborn, central banks may be forced to keep interest rates higher for longer, which could lead to continued volatility across share and bond markets. At the same time, a backdrop of ongoing global growth, sustained momentum in technology-related sectors, and signs of greater stability in some areas of geopolitical tension may help underpin investment returns in the period ahead.



Monthly Commentary Ended 31 May 2026



Global

The US-Iran ceasefire continued through May, helping improve investor sentiment. Overseas shares rose strongly, led again by technology stocks, while the US Federal Reserve kept interest rates unchanged as inflation remained elevated.

New Zealand

The New Zealand dollar rose 1.7% against the US dollar following the announcement to keep the OCR unchanged, while Budget 2026 projected a return to surplus by 2028-29.

Become Wealth Monthly Commentary Ended 31 May 2026

Your Biggest Advantage

Ask most people what matters most when choosing how to invest, and they'll point to picking the right fund, tax efficiency, getting in at the right moment, fees, or how much they can afford to put away. All of those matter. But the single most powerful factor is one most people barely think about: time.

How long your money stays invested shapes nearly everything else. It decides how much short-term bumpiness you can afford to ignore, how hard compounding can work, and ultimately how much risk is the right amount for you.

Why time changes everything

Over a short window, share markets are unpredictable. Over a long one, the picture has historically been very different. The longer your money is invested, the more the day-to-day noise fades into the background and the more the long-term upward trend has had a chance to do its work.

A young person joining the Defence Force today might not touch their savings for fifty years or more. That is an enormous runway. With that much time, a market wobble that feels alarming this month barely registers across the full span. Time turns volatility from a threat into background static.

The mistake even careful people make

Here's where it gets interesting. Many people assume their investment timeframe ends the day they stop working. So as retirement approaches, they move everything to the safest option available, breathing a sigh of relief.

But think about it. Someone retiring at 65 might live to 90 or beyond. A good portion of their savings doesn't need to be spent next year. It needs to keep working for another twenty-five or thirty years. That money still has a long timeframe, even though its owner has retired. Shifting all of it to ultra-cautious settings immediately upon retirement can quietly cost years of growth it didn't need to give up.

The lesson

Before worrying about which fund, or what the market's doing this week, ask a simpler question. When will I actually need this money? Not all of it, but each piece of it. The answer is usually longer than people think, and that long horizon is the most valuable asset many investors have without realising it. There is a further reason time matters. Inflation steadily eats away at what your money can buy, year after year. The catch is that the most cautious settings, while they feel safe, tend to grow the slowest, so they often leave the most ground for inflation to take.

What Next?

We are here to help ensure your NZDF scheme investments are working as hard as you do. Get in touch to make the most of this service:

0508 BECOME (0508 232 663)
hello@become.nz

Joseph Darby
Chief Executive
Become Wealth



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Investment Returns For Periods Ended 31 May 2026

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
28% prescribed investor rate (PIR)	Cash	0.14	0.39	0.26	1.86	2.38	1.60
	Conservative	0.99	0.26	2.09	4.57	2.12	2.69
	Moderate	1.63	1.19	3.72	8.12	3.49	4.01
	Balanced	2.17	2.20	5.51	11.86	4.89	5.57
	Growth	2.72	3.00	7.15	15.42	6.36	7.15
	High Growth	3.25	4.14	8.77	18.82	7.59	8.41
	Shares	3.72	4.50	9.78	20.67	8.03	9.23

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
17.5% prescribed investor rate (PIR)	Cash	0.16	0.45	0.30	2.14	2.71	1.87
	Conservative	1.12	0.33	2.28	5.05	2.38	2.98
	Moderate	1.73	1.20	3.85	8.53	3.69	4.27
	Balanced	2.26	2.25	5.61	12.30	5.14	5.92
	Growth	2.78	3.10	7.24	15.96	6.67	7.55
	High Growth	3.25	4.11	8.74	19.09	7.87	8.77
	Shares	3.72	4.55	9.74	21.02	8.22	9.59

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
10.5% prescribed investor rate (PIR)	Cash	0.17	0.48	0.32	2.33	2.95	1.98
	Conservative	1.17	0.29	2.35	5.25	2.46	3.14
	Moderate	1.76	1.16	3.88	8.78	3.85	4.46
	Balanced	2.28	2.27	5.66	12.55	5.23	6.10
	Growth	2.89	3.25	7.35	16.19	6.78	7.75
	High Growth	3.24	4.17	8.75	19.25	7.95	9.00
	Shares	3.80	4.73	9.89	21.41	8.41	9.86

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 may differ from the actual after fees and tax returns achieved by individual investors.
- '–' 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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* FYTD means Financial Year to Date, which is from 1 April 2026

Investment Returns For Periods Ended 31 May 2026

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
28% prescribed investor rate (PIR)	Cash	0.14	0.39	0.26	1.90	2.39	1.67
	Conservative	1.22	0.54	2.59	5.60	2.55	2.98
	Moderate	1.65	1.08	4.00	8.65	3.58	4.12
	Balanced	2.32	2.26	6.06	12.70	4.88	5.62
	Growth	2.84	2.87	7.56	15.67	6.17	7.04
	High Growth	3.31	3.99	9.18	19.29	7.47	8.35
	Shares	3.74	4.53	9.81	20.79	8.13	9.30

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
17.5% prescribed investor rate (PIR)	Cash	0.17	0.46	0.31	2.16	2.75	1.91
	Conservative	1.29	0.51	2.70	5.85	2.62	3.22
	Moderate	1.70	1.06	4.10	8.93	3.65	4.31
	Balanced	2.36	2.32	6.17	13.05	5.01	5.91
	Growth	2.87	2.89	7.58	15.95	6.30	7.37
	High Growth	3.34	4.07	9.19	19.68	7.59	8.67
	Shares	3.73	4.58	9.78	21.40	8.39	9.66

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
10.5% prescribed investor rate (PIR)	Cash	0.18	0.48	0.32	2.33	2.96	2.07
	Conservative	1.33	0.46	2.75	6.15	3.04	3.53
	Moderate	1.74	1.07	4.16	9.20	3.94	4.60
	Balanced	2.39	2.30	6.18	13.12	5.06	6.00
	Growth	2.91	2.99	7.63	16.29	6.53	7.62
	High Growth	3.35	4.14	9.22	19.89	7.92	9.00
	Shares	3.77	4.67	9.83	21.33	8.53	9.88

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Investment Returns For Periods Ended 31 May 2026

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
28% prescribed investor rate (PIR)	Cash	0.13	0.38	0.26	1.88	2.42	1.69
	Conservative	1.21	0.51	2.58	5.50	2.51	2.98
	Moderate	1.67	1.07	4.00	8.50	3.56	4.13
	Balanced	2.30	2.26	6.06	12.69	4.91	5.68
	Growth	2.85	2.85	7.54	15.57	6.18	7.10
	High Growth	3.30	3.97	9.16	19.20	7.45	8.39
	Shares	3.72	4.48	9.77	20.69	8.04	9.27

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
17.5% prescribed investor rate (PIR)	Cash	0.16	0.44	0.30	2.13	2.68	1.88
	Conservative	1.29	0.48	2.77	6.00	2.72	3.26
	Moderate	1.71	1.08	4.13	8.98	3.76	4.48
	Balanced	2.36	2.27	6.12	12.86	5.07	5.99
	Growth	2.85	2.91	7.56	15.94	6.37	7.47
	High Growth	3.31	4.06	9.17	19.70	7.73	8.84
	Shares	3.73	4.58	9.78	21.13	8.42	9.84

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
10.5% prescribed investor rate (PIR)	Cash	0.22	0.52	0.37	2.39	-	-
	Conservative	1.30	0.49	2.77	6.15	2.76	-
	Moderate	1.74	1.18	4.29	9.24	3.87	-
	Balanced	2.40	2.30	6.18	13.18	5.10	6.07
	Growth	2.89	2.91	7.59	16.17	6.48	-
	High Growth	3.34	4.08	9.15	19.87	7.79	9.02
	Shares	3.72	4.54	9.74	21.27	8.44	9.97

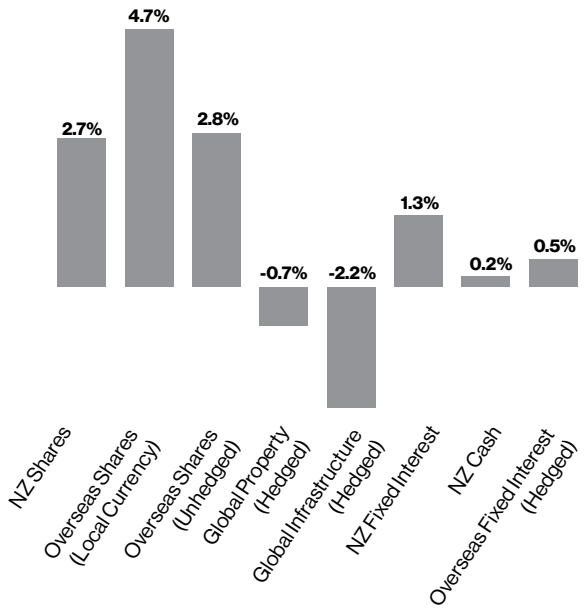
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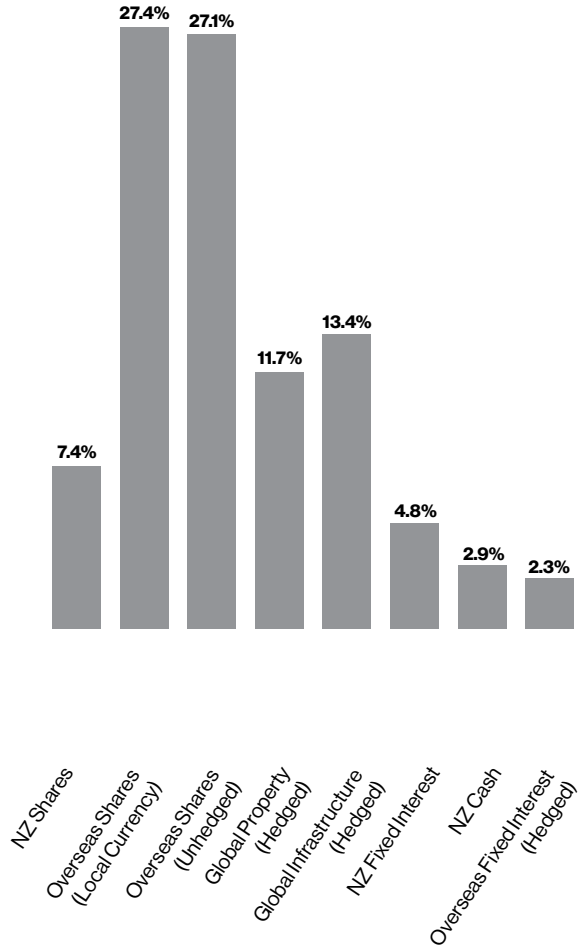
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Investment Returns For Periods Ended 31 May 2026

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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