



TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

Monthly report

For the period ended 30 September 2024

Market performance summary

– September in a snapshot

- In September, the US Federal Reserve cut interest rates by 0.5% due to weak economic data, with other countries like Canada also easing policies and China announcing a stimulus package to boost their economies.
- For investors, the US economy is key, as rate changes affect global markets. Falling bond yields in New Zealand suggest lower returns ahead, making stocks more appealing. The stronger New Zealand Dollar can benefit exports, influenced by the Fed's actions and China's stimulus.
- All investment options in the NZDF Savings Schemes delivered positive returns.
- If you are leaving NZDF, considering making 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**.



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 September 2024

During the month, the US Federal Reserve (Fed) lowered interest rates by 0.5% due to weaker economic data, which included modest growth in non-farm jobs and a limited number of job openings.

This indicates that inflation is getting under control, which is good for the economy. Other countries, like Canada and China, are also easing their monetary policies. Canada cut rates for the third time in a row, while China is implementing a large stimulus package to boost its economy. The European Central Bank also resumed its easing cycle with a 0.25% cut after a pause.

For investors, the US is crucial because it is the largest economy in the world, and changes in its interest rates largely influence global markets. Canada is important as it is a major trading partner with the US, and its economic health can influence investments in North America. Stimulus measures in China led to increased market activity, as the world's second largest economy remains a key player in global economic trends.

Also during the month, NZ bond yields continued to fall. Falling bond yields mean that bond prices are rising. For investors, this can indicate that the market expects interest rates to drop further, which often happens when central banks, like the Reserve Bank of New Zealand (RBNZ), are likely to cut rates. In this case, the 10-year bond yield fell to 3.9%, suggesting that investors are anticipating bond prices to increase in the future.

Regarding the performance of the New Zealand Dollar (NZD), its strength against the US Dollar (up 1.7%) is significant. This means that the NZD is gaining value compared to the USD, which can benefit New Zealand's economy by making exports cheaper for foreign buyers. The NZD's gains were influenced by the weakness of the USD, largely due to the Federal Reserve's rate cut. Additionally, the strength of the Chinese yuan, driven by stimulus measures, can also impact New Zealand's trade and investment landscape.



Monthly Commentary Ended 30 September 2024



United States

The Fed started lowering interest rates with a 0.5% cut, citing a strong US economy and progress on inflation. However, they warned that ongoing inflation could slow down future cuts.

Middle East

The conflict in the Middle East intensified as Israel launched further strikes against Lebanese group Hezbollah. Israel targeted the group's senior leadership, with strikes in the Lebanese city of Beirut resulting in the death of leader Nasrallah Hassan.

China

The Chinese Government introduced a broad set of measures to boost its struggling economy. Among other things, these measures included decreasing the reserve requirement ratio of banks, cutting the country's 7-day repurchase rate by 0.2%, and implementing a 0.5% cut to the interest rate on existing mortgages.

Become Wealth Monthly Commentary Ended 30 September 2024

You vs Chimpanzee

You're 1.2% away from being a chimpanzee. That's right, human DNA only differs from monkeys by 1.2%.

As this simple comparison shows, percentages matter.

Little by little, small actions can become huge chasms.

1.2% may sound tiny, but that accumulated over years is one of the most powerful differences there is. When it comes to our DNA, it's the difference between living in the trees and putting rockets in outer space.

Imagine what it means for your investments?

Even a small difference in your investment rate of return can have a massive impact over time. For example, consider two investment portfolios: one with an annual return of 5% and another with 6.2%. At first glance, the 1.2% difference might seem negligible.

However, over a period of 30 years, the portfolio with the 6.2% return will grow significantly more. If you invest \$100,000 for 30 years:

- At 5% annual return, your investment will grow to approximately \$432,190.
- At 6.2% annual return, your investment will grow to approximately \$590,830.

That's a difference of nearly \$160,000, just from a 1.2% higher return rate.

This principle applies to many areas of life. Small, consistent improvements can lead to extraordinary results.

Whether it's your personal development, career growth, or financial planning, never underestimate the power of incremental gains.

So, next time you think a small percentage doesn't matter, remember how close you are to a chimpanzee.

Small changes can lead to monumental differences.

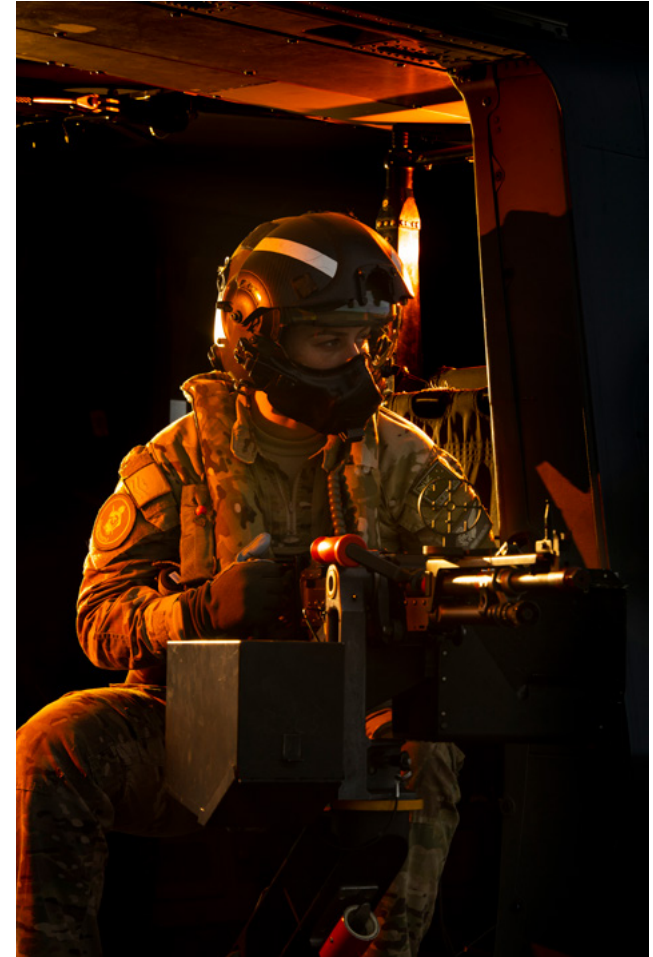
What next?

We would be delighted to assist you explore anything mentioned above, including how it relates to your investments within one-or-more NZDF Savings Schemes. 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

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 30 September 2024

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.33	1.00	1.97	3.94	1.68
	Conservative	0.45	2.42	2.72	7.99	1.74
	Moderate	0.66	2.76	2.97	10.52	2.85
	Balanced	0.79	3.15	3.18	13.03	4.07
	Growth	0.91	3.44	3.40	15.74	5.37
	High Growth	0.99	3.42	3.37	17.47	6.25
	Shares	1.05	3.38	3.22	18.89	6.84
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.12	2.24	4.46	1.90
	Conservative	0.60	2.79	3.25	8.96	1.96
	Moderate	0.77	3.07	3.34	11.33	3.10
	Balanced	0.86	3.44	3.61	13.97	4.34
	Growth	1.01	3.69	3.83	16.54	5.83
	High Growth	1.09	3.67	3.85	18.17	6.73
	Shares	1.18	3.53	3.54	19.35	7.24
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.39	1.22	2.41	4.86	2.08
	Conservative	0.61	2.91	3.49	9.41	2.01
	Moderate	0.79	3.34	3.74	11.93	3.29
	Balanced	0.93	3.63	3.95	14.55	4.56
	Growth	1.12	3.97	4.27	17.35	6.07
	High Growth	1.06	3.71	4.03	18.59	7.01
	Shares	1.18	3.65	3.87	20.02	7.57

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 30 September 2024

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.34	1.07	2.05	4.03	1.69
	Conservative	0.62	2.70	3.28	8.73	1.94
	Moderate	0.79	3.27	3.69	11.55	3.00
	Balanced	0.91	3.80	4.09	14.60	3.99
	Growth	1.00	4.08	4.45	17.35	5.28
	High Growth	1.07	3.97	4.39	19.14	6.22
	Shares	1.03	3.38	3.34	19.02	6.93
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.21	2.34	4.60	1.94
	Conservative	0.69	2.98	3.70	9.54	2.10
	Moderate	0.83	3.48	4.05	12.31	3.04
	Balanced	1.00	4.08	4.57	15.43	4.27
	Growth	1.05	4.30	4.90	18.15	5.60
	High Growth	1.19	4.17	4.78	19.66	6.55
	Shares	1.19	3.58	3.68	19.59	7.33
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.30	2.52	4.96	2.09
	Conservative	0.77	3.31	4.06	10.22	2.50
	Moderate	0.93	3.75	4.40	12.93	3.43
	Balanced	1.06	4.25	4.83	15.98	4.37
	Growth	1.18	4.54	5.31	18.75	5.87
	High Growth	1.20	4.30	5.12	20.17	6.97
	Shares	1.27	3.76	3.99	20.17	7.63

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Investment Returns For Periods Ended 30 September 2024

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.31	1.00	1.97	3.89	1.72
	Conservative	0.63	2.69	3.23	8.63	1.93
	Moderate	0.77	3.20	3.58	11.42	2.97
	Balanced	0.90	3.77	4.03	14.57	4.08
	Growth	0.98	4.02	4.33	17.23	5.33
	High Growth	1.04	3.85	4.26	18.98	6.23
	Shares	1.04	3.29	3.19	18.68	6.90
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.38	1.15	2.25	4.47	1.97
	Conservative	0.72	2.99	3.70	9.56	2.11
	Moderate	0.93	3.58	4.13	12.28	3.28
	Balanced	0.98	4.01	4.47	15.33	4.44
	Growth	1.13	4.30	4.88	18.08	5.73
	High Growth	1.20	4.12	4.78	19.87	6.75
	Shares	1.19	3.59	3.65	19.55	7.52
PIR	Fund	1 Month %	3 Months %	FYTD [*] %	1 Year %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.41	1.25	2.43	4.84	-
	Conservative	0.78	3.25	4.00	10.13	-
	Moderate	0.90	3.68	4.32	12.75	-
	Balanced	1.07	4.24	4.82	15.91	4.42
	Growth	1.20	4.47	5.20	18.51	5.93
	High Growth	1.34	4.41	5.21	20.22	6.95
	Shares	1.22	3.72	3.94	19.81	7.67

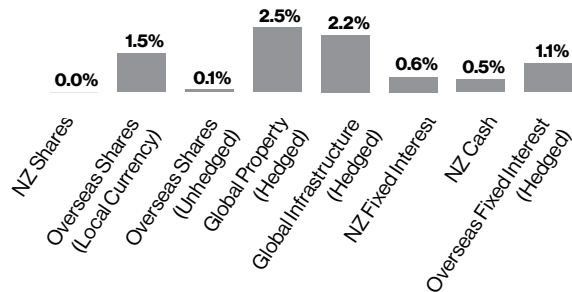
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

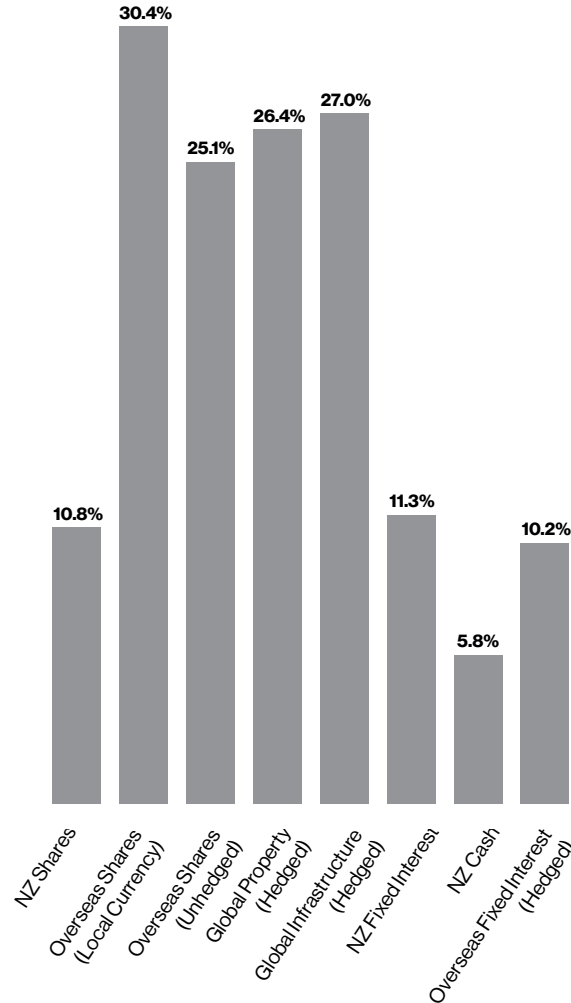
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Investment Returns For Periods Ended 30 September 2024

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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