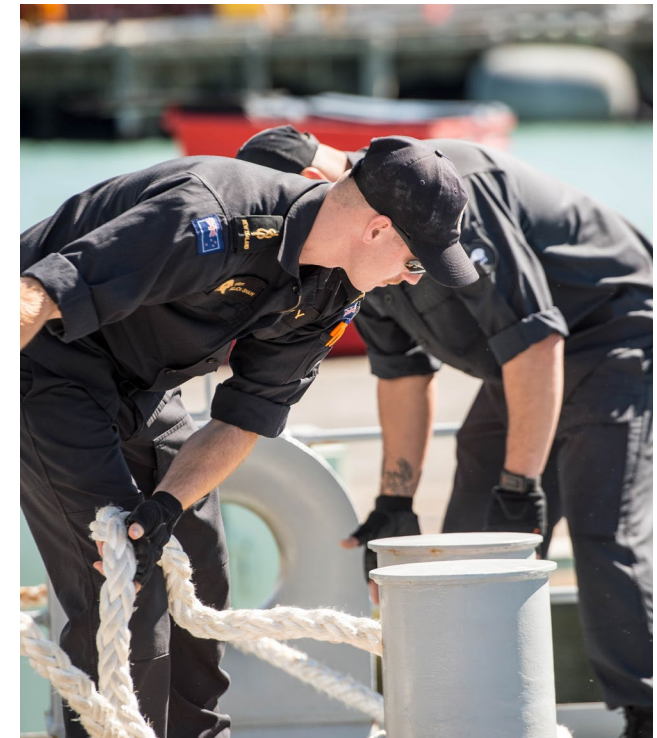


MONTHLY REPORT

For the period ended 30 June 2020

Market performance summary – June in a snapshot

- Markets showed stability in June after a few months of volatility; central banks around the world maintained supportive monetary policies to soften the economic impacts inflicted by COVID-19;
- New Zealand Defence Force Savings Schemes continued to have a good month, most investment options ended June with positive returns. Growth funds in the schemes delivered really good returns in the past quarter;
- Before making any changes to your investment option or making a decision to withdraw your money, you should discuss this with your financial adviser or the independent Milestone Direct (MDL) team of advisers by calling 0508 MILESTONE (0508 645 378) or emailing info@milestonedirect.co.nz.



Monthly Commentary Ended 30 June 2020

Global share markets extended their remarkable quarterly gains throughout June, as FAANG (Facebook, Amazon, Apple, Netflix, and Google) stocks continued their recent price surge. Oil also had a positive month, finishing up +16.5% for the period as economic activity started to pick up. Gold markets experienced continued inflows during June, reaching prices not seen since the February 2012. Central banks around the world maintained supportive monetary policies to soften the economic impacts inflicted by COVID-19.

Cases of COVID-19 topped 10 million around the world in June, with over 500,000 deaths at month-end. The rate of new cases continued to increase in many parts of the world, and although the number of new cases started to slow in the US in May, the trend sharply reversed in June across Southern and Western States, while Brazil, Russia, and India also saw cases rise rapidly.

Despite the ongoing effects of COVID-19 on economies around the globe, developed equity markets (that includes the US, UK, Canada, Australia and New Zealand) were up +2.4% in local currency terms. Economic data displayed gradual signs of improvement, as global governments and central banks continued to provide fiscal and monetary support that offset a lot of the real economic impact.

Trans-Tasman shares had another positive month, with New Zealand and Australian share markets up by +5.3% and +2.6% respectively. Locally, a successful transition to Alert Level 1, combined with continued low numbers of new virus cases has held up investor sentiment. A surge in new virus cases in Victoria has weighed on Australian markets.



Significant developments include:



! Global

Global cases of COVID-19 topped 10 million, with over 500,000 deaths at month-end. The rate of new cases continued to increase in many parts of the world, including the US.

! United States

The Federal Open Market Committee (FOMC) has indicated that current US policy rates used to determine US interest rates (0.00% - 0.25%) will remain in place for the near future. This is intended to stimulate growth in the US economy.

! New Zealand

New Zealand share markets responded well to the successful transition to Alert Level 1, and new cases being restricted to international arrivals.

Milestone Direct Monthly Commentary Ended 30 June 2020

As mentioned last month, the world has been more unpredictable than usual lately, and financial markets are no exception.

With the global backdrop of uncertainty, financial “experts” making predictions are everywhere. Each prediction is for a different mantra or method for financial success. It’s undeniable that there are many people out there who have made bold investing moves and walked away with some serious gains, but for every story of someone making a large profit, there are usually dozens more of failed investing decisions based on predictions that were totally incorrect. Even some of the most respected analysts make mistakes – it’s simply human nature.

Did you know that Paul the Octopus (yes, an actual octopus) rose to fame by correctly predicting the results of 12 out of 14 Soccer World Cup 2010 games, including the Final winner? That’s nearly an 86% success rate! How did the octopus do that? - Paul’s owners would present him with two boxes containing food. Each box was identical except, on each box, there was the national flag of the competitors of an upcoming soccer match. Whichever box Paul ate from first would be considered his prediction for the winning team. Correct predictions brought him worldwide attention as an animal visionary.

Unless you believe in animal psychics, this highlights an important lesson for investors, that investing should never be wholly based on one source or opinion. Instead, it’s wise to compile the facts, both negative and positive, about a prospective investment before making a decision. Taking it a step further, a careful, calculated approach to creating a blended portfolio that suits your objectives is a far superior strategy than putting it all on the line for one call.

To help, the NZDF Schemes have seven choices to suit different people and situations, and rather than you relying on an octopus or some other prediction, it would be our pleasure to discuss which investment choice might suit you. We can also answer any financial queries you may have:

0508 MILESTONE (0508 645 378)
info@milestonedirect.co.nz

Joseph Darby
Chief Executive
Milestone Direct



The views and opinions expressed in this commentary are intended to be of a general nature and do not constitute personalised advice for an individual client. Before making any investment, insurance or other financial decisions, you should consult a professional financial adviser. A disclosure statement is available on request and free of charge.

A Disclosure Statement is available on request and free of charge

For more information call 0800 333 787 or visit www.nzdf.superfacts.co.nz

Investment Returns For Periods Ended 30 June 2020

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.02	0.02	0.56	0.96
	Conservative	0.55	3.77	3.77	2.49	3.32
	Moderate	0.91	4.99	4.99	2.07	3.69
	Balanced	1.37	7.31	7.31	1.71	4.50
	Growth	1.67	9.56	9.56	0.99	5.10
	High Growth	1.97	11.40	11.40	0.75	5.80
	Shares	2.10	14.03	14.03	1.55	6.92
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	-0.01	0.01	0.01	0.62	1.14
	Conservative	0.65	4.05	4.05	2.76	3.69
	Moderate	1.04	5.34	5.34	2.46	4.02
	Balanced	1.48	7.69	7.69	1.87	4.83
	Growth	1.86	10.14	10.14	1.40	5.44
	High Growth	2.15	11.85	11.85	1.21	6.15
	Shares	2.28	14.41	14.41	1.91	7.23
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.03	0.03	0.71	1.18
	Conservative	0.70	4.27	4.27	2.91	3.86
	Moderate	1.11	5.57	5.57	2.66	4.26
	Balanced	1.57	7.99	7.99	2.16	5.04
	Growth	1.93	10.25	10.25	1.53	5.58
	High Growth	2.27	12.19	12.19	1.22	6.30
	Shares	2.44	14.92	14.92	2.25	7.47

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 2019

Investment Returns For Periods Ended 30 June 2020

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.04	0.04	0.67	1.09
	Conservative	0.61	3.84	3.84	2.64	3.46
	Moderate	0.92	5.06	5.06	2.49	3.90
	Balanced	1.38	7.38	7.38	1.66	4.59
	Growth	1.66	9.61	9.61	1.03	5.10
	High Growth	2.01	11.50	11.50	0.84	5.85
	Shares	2.10	13.88	13.88	1.64	6.94
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.04	0.04	0.77	1.24
	Conservative	0.66	4.12	4.12	3.26	3.90
	Moderate	1.06	5.33	5.33	2.45	4.07
	Balanced	1.52	7.81	7.81	2.21	4.97
	Growth	1.82	10.11	10.11	1.20	5.41
	High Growth	2.21	11.98	11.98	1.25	6.17
	Shares	2.27	14.48	14.48	1.63	7.09
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.04	0.04	0.85	1.36
	Conservative	0.71	4.35	4.35	3.42	4.10
	Moderate	1.14	5.63	5.63	2.83	4.34
	Balanced	1.62	8.05	8.05	2.11	5.01
	Growth	1.98	10.39	10.39	1.47	5.53
	High Growth	2.26	12.26	12.26	1.24	6.22
	Shares	2.41	14.89	14.89	1.75	7.19

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Investment Returns For Periods Ended 30 June 2020

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.01	0.04	0.04	0.68	1.09
	Conservative	0.62	3.83	3.83	2.58	3.42
	Moderate	0.98	5.07	5.07	2.26	3.83
	Balanced	1.38	7.39	7.39	1.76	4.68
	Growth	1.67	9.67	9.67	1.06	5.11
	High Growth	1.97	11.58	11.58	0.92	5.86
	Shares	2.14	14.26	14.26	1.65	6.95
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.05	0.05	0.80	1.25
	Conservative	0.67	4.19	4.19	2.97	3.81
	Moderate	1.07	5.44	5.44	2.77	4.24
	Balanced	1.53	7.80	7.80	2.11	4.99
	Growth	1.88	10.17	10.17	1.59	5.53
	High Growth	2.22	12.16	12.16	1.46	6.26
	Shares	2.26	14.54	14.54	2.00	7.25
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	-	-	-	-	-
	Conservative	-	-	-	-	-
	Moderate	1.11	5.61	5.61	2.78	-
	Balanced	1.61	8.07	8.07	2.26	5.12
	Growth	1.99	10.37	10.37	1.58	-
	High Growth	2.31	12.28	12.28	1.50	6.43
	Shares	2.42	14.90	14.90	2.41	7.51

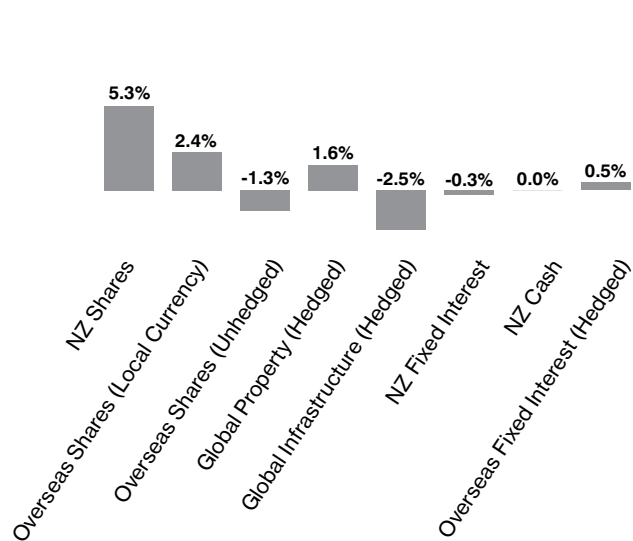
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

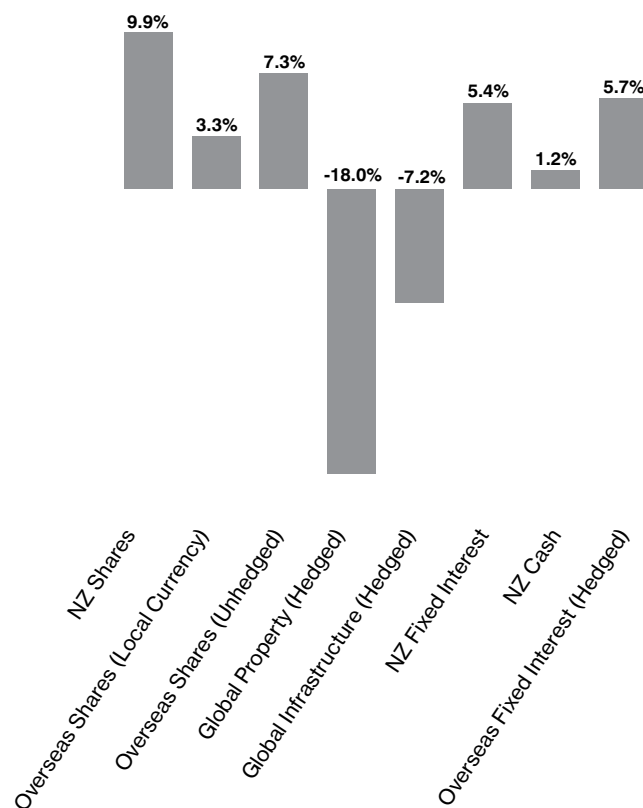
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Financial Markets For Periods Ended 30 June 2020

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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