

# MONTHLY REPORT

For the period ended 30 November 2020

## Market performance summary – November in a snapshot

- November delivered strong returns across a number of sectors. This was driven by a potential success of a number of companies developing a Covid-19 vaccine and the preliminary results of the US election.
- It was a positive month for the investment funds in the New Zealand Defence Force Savings Schemes.
- Members who invest in the Cash fund please take a moment to consider the implications of this low interest rate environment and the impact it may have on your investment.
- If you are an NZDF member or a member of one of the NZDF Savings Schemes, you have access to financial advice through Milestone Direct (MDL). You can contact the team at Milestone Direct on **0508 MILESTONE (0508 645 378)**. The Milestone Direct team are standing by to hear from you throughout summer from 0830-1700 every day except public holidays and weekends.
- Mercer's Helpline during the holiday season will remain the same 9am – 7pm Monday to Friday except for public holiday days.



# Monthly Commentary Ended 30 November 2020

Global shares saw strong returns across the board in November as the outlook for a successful Covid-19 vaccine boosted expectations that the worst of the pandemic, and associated financial hardships, could be over. The strong market performance also followed a positive reaction to the preliminary results of the US presidential election, with President-elect Joe Biden the apparent victor. The Trump administration has launched legal challenges in a number of key states, although as it stands, Joe Biden will take office as the 46th US President on 20 January 2021.

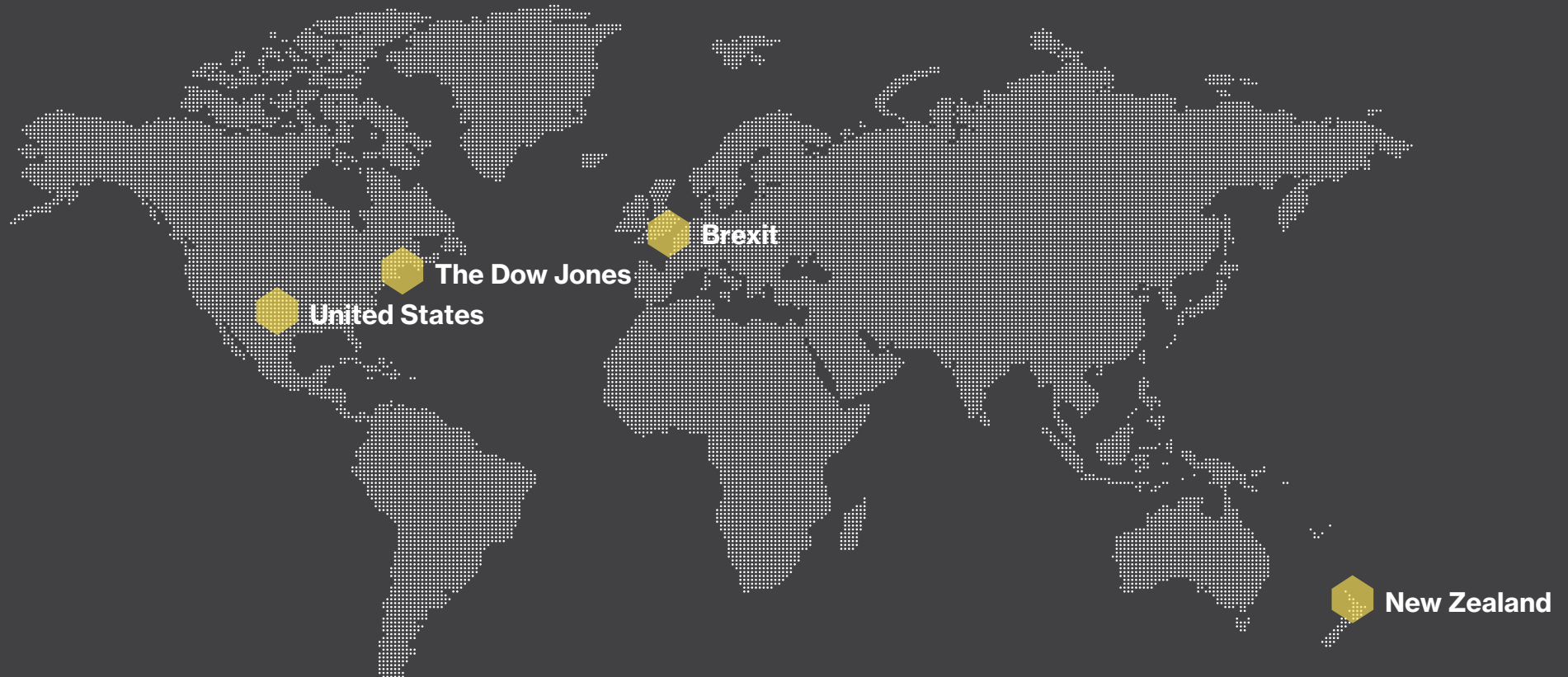
Global share markets performed strongly off positive Covid-19 vaccine updates and increased +6.1% in unhedged NZD over the month (+12.0% in local currency), while emerging markets (including countries like China, Taiwan and India) were up +2.7% in unhedged NZD (+7.8% in local currency).

Global listed property and infrastructure have been strongly impacted by the pandemic, however both sectors had a strong month with listed property increasing by +11.6%, whilst listed infrastructure gained +6.1%.

Domestic confidence remains high given our relatively open market (ie lack of pandemic restrictions), resulting in another positive month for the New Zealand share market, finishing up +5.7%. The domestic bond market saw outflows during November, falling -1.5% as investors moved their money to more risky investment options. Across the ditch, Australia saw substantial gains, with the Australian share market rising +10.2% in AUD (+8.7% in NZD).



## Significant developments include:



### ! The Dow Jones

The Dow Jones rose above 30,000 for the first time ever, buoyed by inflows into industries set to benefit from a Covid-19 vaccine and the prospect of a return to pre-pandemic levels of economic activity. The energy and financial sectors saw the greatest gains.

### ! United States

American Biotech company, Moderna announced this month that their Covid-19 vaccine was 94% effective, just days after announcements that the Pfizer/BioNTech vaccine had shown to be 90% effective in trials against the virus. A successful vaccine bodes well for the prospect of a return to more "normal" levels of economic activity in 2021.

### ! Brexit

Brexit negotiations were suspended for a week due to a top EU negotiator testing positive for Covid-19. This puts additional pressure on an already tight time frame with the agreed transition period due to end on 1 January 2021.

### ! New Zealand

New Zealand has signed the Regional Comprehensive Economic Partnership along with 14 other nations, including ASEAN member states, Australia, China and Japan. The agreement represents the world's largest trade agreement and will look to bring down trade barriers between the associated members.



# Milestone Direct Monthly Commentary Ended 30 November 2020

*“An idiot with a plan can beat a genius without a plan”* – Warren Buffet

2020 has offered us all several life lessons. Among these is the need for a financial plan, regardless of our phase of life.

Planning for the distant future can be a challenge. This is where even the youngest among us would be wise to spend a little time thinking about where we might like to find ourselves in 5-10 years, then consider practical financial steps to get ourselves there.

As NZDF personnel undoubtedly know, part of any planning process is considering what may change along the way, perhaps like some of the ‘curveballs’ 2020 has thrown at us. It is not just about external events or changes either; our own goals can change too. This is where a flexible plan can suit many people. Another part of this is managing risk – perhaps with insurance to protect against undesirable events.

Once we have a plan, measuring and tracking our progress will keep us on-track. Focusing on what we can control is a great approach (rather than focussing on what we cannot, such as how investment markets perform). We might measure things across a year, like how much we have contributed to investments - including KiwiSaver - or perhaps measure our total mortgage repayments.

If our personal financial planning includes giving some thought to our retirement income, there is a great online tool that Mercer – the investment manager of the NZDF Schemes – provides free for us all. It is accessible [here](#) anytime.

In addition to Mercer’s tool, the team at Milestone Direct are standing-by to discuss anything mentioned above:

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Joseph Darby  
Chief Executive  
**Milestone Direct**

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A Disclosure Statement is available on request and free of charge

For more information call 0800 333 787 or visit [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz)

# Investment Returns For Periods Ended 30 November 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	0.01	0.01	0.25	0.81
	Conservative	1.35	0.96	6.32	2.74	3.30
	Moderate	2.51	1.89	9.21	3.52	3.83
	Balanced	3.86	2.77	13.81	4.13	4.70
	Growth	5.23	3.63	18.36	4.39	5.31
	High Growth	6.15	4.23	21.91	4.66	6.02
	Shares	6.81	4.71	26.54	5.66	6.94
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.01	0.01	0.26	0.93
	Conservative	1.40	1.05	6.86	3.22	3.72
	Moderate	2.59	2.02	9.88	4.12	4.26
	Balanced	3.95	2.89	14.47	4.50	5.13
	Growth	5.33	3.81	19.31	5.05	5.80
	High Growth	6.34	4.40	22.78	5.42	6.54
	Shares	7.14	5.02	27.49	6.46	7.48
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	0.01	0.03	0.31	1.00
	Conservative	1.45	1.10	7.21	3.46	3.92
	Moderate	2.67	2.15	10.31	4.51	4.54
	Balanced	4.12	3.15	15.15	5.08	5.46
	Growth	5.53	4.00	19.78	5.49	6.09
	High Growth	6.50	4.65	23.66	5.91	6.86
	Shares	7.29	5.26	28.51	7.13	7.85

### 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 2020

# Investment Returns For Periods Ended 30 November 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	-0.01	0.04	0.32	0.91
	Conservative	1.36	0.99	6.44	2.90	3.42
	Moderate	2.48	1.92	9.33	3.95	4.03
	Balanced	3.82	2.76	13.82	3.99	4.73
	Growth	5.09	3.55	18.25	4.29	5.26
	High Growth	6.11	4.21	21.98	4.74	6.03
	Shares	6.78	4.66	26.35	5.76	6.97
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.00	0.00	0.05	0.36	1.04
	Conservative	1.42	1.17	7.12	3.77	3.97
	Moderate	2.61	2.02	9.87	4.07	4.31
	Balanced	3.95	2.91	14.58	4.76	5.24
	Growth	5.39	3.95	19.48	4.96	5.80
	High Growth	6.36	4.51	23.07	5.58	6.58
	Shares	7.14	5.20	27.89	6.50	7.41
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	-0.01	0.00	0.05	0.40	1.13
	Conservative	1.44	1.17	7.44	3.94	4.18
	Moderate	2.75	2.29	10.61	4.81	4.70
	Balanced	4.08	3.04	15.12	4.88	5.40
	Growth	5.49	4.02	19.94	5.36	6.04
	High Growth	6.54	4.69	23.79	5.90	6.82
	Shares	7.30	5.31	28.50	6.73	7.62

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# Investment Returns For Periods Ended 30 November 2020

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.00	0.00	0.05	0.34	0.91
	Conservative	1.40	1.06	6.55	2.93	3.43
	Moderate	2.51	1.90	9.34	3.72	3.97
	Balanced	3.85	2.78	13.90	4.12	4.81
	Growth	5.20	3.66	18.47	4.41	5.35
	High Growth	6.15	4.26	22.13	4.93	6.06
	Shares	6.81	4.75	26.85	5.90	6.94
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.01	0.01	0.07	0.40	1.05
	Conservative	1.45	1.10	7.12	3.42	3.86
	Moderate	2.69	2.16	10.21	4.57	4.52
	Balanced	4.06	3.09	14.91	4.89	5.34
	Growth	5.45	3.95	19.57	5.33	5.97
	High Growth	6.45	4.57	23.42	5.86	6.71
	Shares	7.28	5.28	28.11	6.91	7.57
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.00	-	-	-	-
	Conservative	1.46	-	-	-	-
	Moderate	-	-	-	-	-
	Balanced	4.09	3.01	15.06	4.98	5.46
	Growth	5.53	4.07	19.98	5.58	6.13
	High Growth	6.53	4.67	23.73	6.22	6.95
	Shares	7.24	5.30	28.55	7.28	7.90

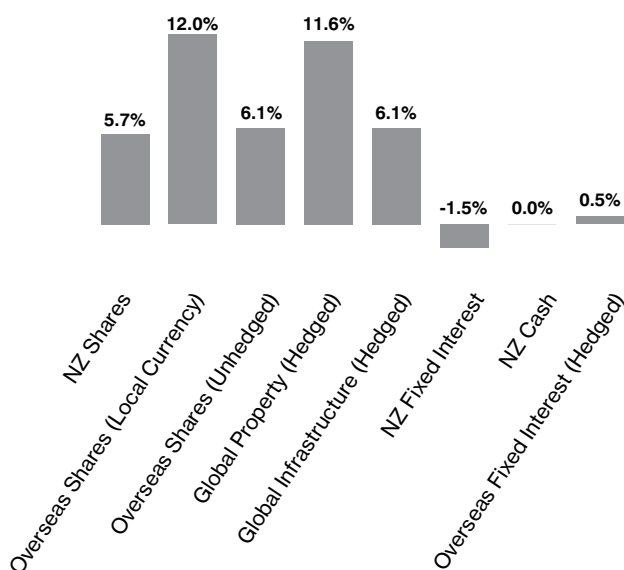
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

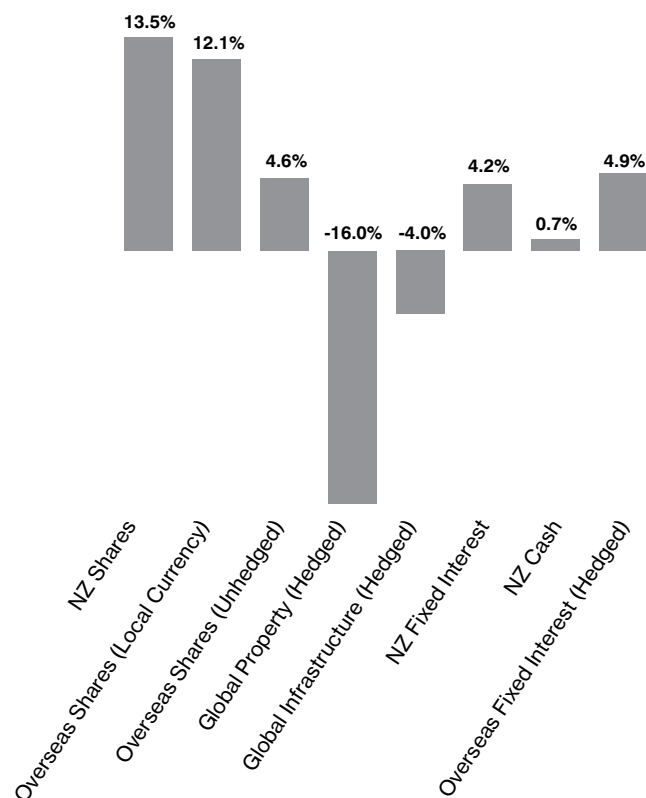
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# Investment Returns For Periods Ended 30 November 2020

## 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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