

# MONTHLY REPORT

For the period ended 30 September 2019

## Market performance summary – September in a snapshot

- Global share markets have once again achieved positive returns in September and investor preferences shifted back into growth assets over the month.
- Another good month for investors, including members of the NZDF Savings Schemes. All investment options in NZDF Savings Schemes delivered positive returns in September.
- 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. You can contact the team at Milestone Direct on 0508 MILESTONE (0508 645 378).

**Read more about the markets and investment performance in this monthly report.**



# Monthly Commentary Ended 30 September 2019

Financial market performance in September was a step in the right direction following the recent period of returns going up and down. Global share markets have once again achieved positive returns for the month and investor preferences shifted back into growth assets over the month. It is a reminder to investors that the woes of one month will not necessarily carry forward into the one that follows.

Developed share markets which include the US, UK, Canada, Australia, and New Zealand presented positive returns, with the MSCI World Index returning +2.3% in local currency. The rebound of New Zealand (+1.8%) and Australian (+1.8%) share markets was below that of their global counterparts, while the Global Listed Property (+2.6%) and Infrastructure (+1.9%) sectors continued to offer strong returns. Bond market yields rose over the month, losing value as investor preference favoured shares.

Oil prices spiked during the month as much as 20% after attacks in Saudi Arabia significantly reduced and disrupted supply. This destroyed more than half of the kingdom's production and 5% of global supply. The attacks showcased yet another trial for a global economy already stricken by waning industrial activity and notable international trade pressures.

During September the United States Federal Reserve cut the target range for the Federal Funds rate to 1.75% - 2%, in line with market expectations. Despite a strong US labour market and moderate economic activity, global trade tension remained heightened. The Fed is one of twenty major central banks who have reduced rates this year.

The Reserve Bank of New Zealand left the Official Cash Rate (OCR) unchanged at 1.0% at its Monetary Policy Committee meeting on September 25 and suggested that further stimulus is needed to help grow New Zealand's economy.



## Significant developments include:



### ◆ The United States

The United States Federal Reserve cut the target range for the Federal Funds rate to 1.75%–2.00%, in line with market expectations.

### ◆ Saudi Arabia

Oil prices spiked as much as 20% after substantial supply disruption following attacks in Saudi Arabia, eradicating more than half of the kingdom's production and 5% of global supply.

### ◆ New Zealand

The Reserve Bank of New Zealand left the Official Cash Rate (OCR) unchanged at 1.0% at its Monetary Policy Committee meeting on September 25.

# Milestone Direct Monthly Commentary Ended 30 September 2019

All investments rise and fall over time – this is inevitable, and is called market volatility. The volatility associated with investment markets is one of the major reasons some investors have been reluctant to invest in the past. However, if you follow the practice of ‘dollar-cost averaging’, the volatility risk can be diminished.

Whether you realise it or not, regularly contributing members of the NZDF Savings Schemes are dollar-cost averaging.

Dollar-cost averaging is a wealth-building strategy that involves investing sums of money at regular intervals over a sustained period. It is a smart investment technique employed by investors worldwide. With dollar-cost averaging, the amount of money invested at each interval remains the same, but the actual value of the investments purchased varies based on the market value at the time.

This means that when investment markets fall, you acquire more due to their lower cost. When investment markets rise, the situation is reversed; your existing holdings are worth more, but you can now buy fewer units per dollar invested.

Dollar-cost averaging has many benefits, including: helping you avoid trying to time the market, smoothing the effects of market volatility on your investments over time, being well-suited to people with a regular surplus (i.e. money left over each fortnight after meeting all expenses), and is widely acknowledged and backed by numerous in-depth studies as a proven way to grow your long-term wealth.

Dollar-cost averaging does require patience and it does require consistency (basically this makes it the opposite of a “get rich quick” scheme!). Keeping that in mind, it would be our pleasure to discuss how you can make the most of your dollar-cost averaging approach – get in touch by calling 0508 MILESTONE (0508 645 378) or by emailing [info@milestonedirect.co.nz](mailto: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.



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For more information call 0800 333 787 or visit [www.nzdf.superfacts.co.nz](http://www.nzdf.superfacts.co.nz)

# Investment Returns For Periods Ended 30 September 2019

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.06	0.23	0.51	1.12	1.15
	Conservative	0.29	1.74	3.43	4.51	3.72
	Moderate	0.47	1.80	3.61	4.49	4.66
	Balanced	0.85	2.21	4.60	4.89	6.31
	Growth	1.20	2.48	5.39	4.70	8.05
	High Growth	1.44	2.68	6.03	4.71	9.33
	Shares	1.81	2.97	7.20	4.30	10.88
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.07	0.27	0.59	1.25	1.41
	Conservative	0.28	1.77	3.58	5.05	4.12
	Moderate	0.46	1.83	3.71	4.94	4.93
	Balanced	0.80	2.17	4.64	5.36	6.72
	Growth	1.22	2.38	5.36	5.10	8.32
	High Growth	1.49	2.52	5.87	4.93	9.54
	Shares	1.91	2.88	7.16	4.63	11.15
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.06	0.29	0.64	1.35	1.41
	Conservative	0.28	1.86	3.80	5.43	4.32
	Moderate	0.46	1.90	3.93	5.38	5.11
	Balanced	0.80	2.14	4.69	5.61	6.86
	Growth	1.23	2.30	5.22	5.29	8.50
	High Growth	1.49	2.40	5.82	5.17	9.77
	Shares	1.92	2.77	7.01	4.80	11.30

### 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.

\* FYTD means Financial Year to Date, which is from 1 April 2019

# Investment Returns For Periods Ended 30 September 2019

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.07	0.26	0.57	1.25	1.30
	Conservative	0.30	1.74	3.42	4.61	3.89
	Moderate	0.47	1.83	3.69	4.64	4.71
	Balanced	0.83	2.21	4.66	5.01	6.48
	Growth	1.20	2.46	5.37	4.76	8.00
	High Growth	1.42	2.65	6.05	4.73	9.31
	Shares	1.80	2.92	7.17	4.24	10.81
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.07	0.31	0.65	1.42	1.48
	Conservative	0.29	1.87	3.71	5.27	4.21
	Moderate	0.48	1.90	3.88	5.14	5.05
	Balanced	0.84	2.19	4.72	5.44	6.74
	Growth	1.23	2.40	5.40	5.18	8.34
	High Growth	1.51	2.58	6.05	5.18	9.61
	Shares	1.88	2.78	7.04	4.57	11.03
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.08	0.33	0.71	1.55	1.61
	Conservative	0.29	1.97	3.92	5.69	4.43
	Moderate	0.49	1.91	3.95	5.45	5.25
	Balanced	0.85	2.21	4.81	5.72	6.86
	Growth	1.26	2.37	5.34	5.36	8.45
	High Growth	1.51	2.45	5.88	5.23	9.72
	Shares	1.83	2.67	6.96	4.60	11.21

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# Investment Returns For Periods Ended 30 September 2019

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
28% prescribed investor rate (PIR)	Cash	0.07	0.27	0.57	1.23	1.29
	Conservative	0.30	1.77	3.53	4.62	3.91
	Moderate	0.48	1.81	3.68	4.62	4.81
	Balanced	0.83	2.23	4.67	5.00	6.53
	Growth	1.20	2.53	5.42	4.81	8.10
	High Growth	1.44	2.63	6.09	4.69	9.38
	Shares	1.80	2.88	7.15	4.24	10.84
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
17.5% prescribed investor rate (PIR)	Cash	0.07	0.30	0.65	1.40	1.47
	Conservative	0.30	1.86	3.75	5.22	4.29
	Moderate	0.50	1.89	3.87	5.16	5.14
	Balanced	0.86	2.26	4.81	5.51	6.83
	Growth	1.24	2.45	5.45	5.26	8.38
	High Growth	1.51	2.57	6.00	5.11	9.70
	Shares	1.88	2.87	7.05	4.44	11.26
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	3 Years %
10.5% prescribed investor rate (PIR)	Cash	0.08	-	-	-	-
	Conservative	0.29	1.97	4.00	5.77	-
	Moderate	0.49	1.93	4.00	5.50	-
	Balanced	0.85	2.20	4.80	5.72	6.93
	Growth	1.22	2.32	5.31	5.30	-
	High Growth	1.48	2.36	5.76	5.16	9.87
	Shares	1.94	2.76	6.98	4.65	11.37

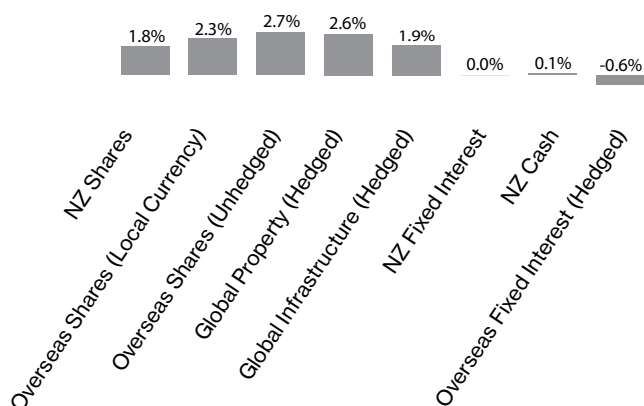
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- '-' indicates that investment option was not operating for the full period or did not have funds invested for the full period.

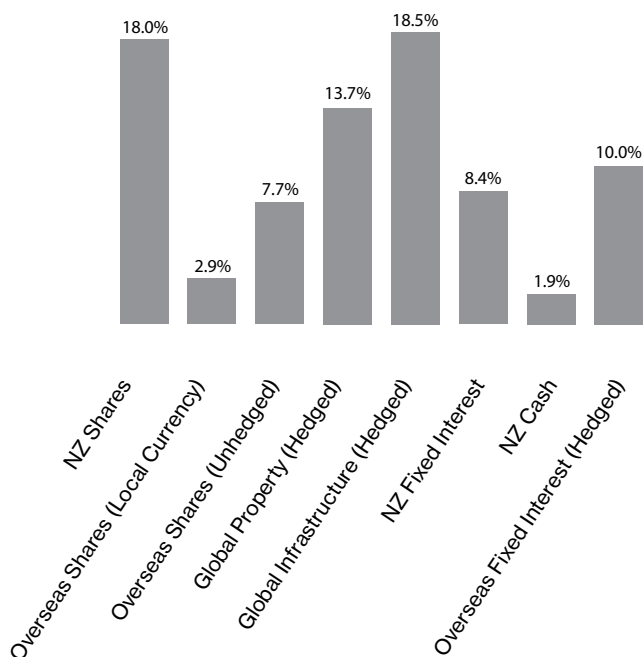
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# Financial Markets For Periods Ended 30 September 2019

## 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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