

MONTHLY REPORT

For the period ended 30 November 2017

Month in a snapshot

- This month all markets continued to perform well, with some market's being influenced by the ongoing political events. On a positive note Trump's Tax Bill Passed through the U.S. Senate; this is likely to help increase growth in the world's largest economy and stimulate investments. On the other side of the Atlantic, the UK continues to struggle with the impact of Brexit (their decision to exit the European Union), resulting in lower economic confidence and potentially lower investment returns.
- All the New Zealand Defence Force Savings Scheme's investment options returned positive results for members. With the Shares fund delivering the strongest returns of +1.4% for the month and a whopping +22% for the year.
- It is important that we all think about how much we need for our retirement. By now we hope you have checked out the Retirement Income Simulator, a tool designed specifically for the Defence Force Super Scheme and the New Zealand Defence Force KiwiSaver Scheme to help you plan for your future. If you haven't, this holiday break is a great time to spend 10 minutes on this tool. It takes into account contributions, your investment choice, fees and more. Then helps you understand what savings you may have in the future and what income you may be able to have when you are able use this money (e.g when you retire).
- The more information you put in, the more comprehensive the projection will be. But remember it is a projection only and there are no guarantees. You are also able to obtain free advice about the schemes and investment options from Milestone Direct Ltd. Phone Milestone Direct team on 0508 645 378.

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



Monthly Commentary Ended 30 November 2017

After a bumper month in October, the majority of investment markets including Australia, New Zealand and the US also delivered positive returns in November.

The US market was boosted during the month in response to Trump Administration's tax bill successfully passing through the U.S. Senate Budget Committee. In contrast, Europe and the UK lagged other markets; tense Brexit negotiations and the struggle to form a coalition government in Germany negatively impacted on the region's markets. Towards month end North Korea launched yet another ballistic missile, putting further strain on international relations and unsettling markets.

The New Zealand market eased off in November, with the NZX50 Index returning a more modest +0.6% for the month, the lowest monthly return this calendar year. Previous drivers of growth

A2 Milk, Spark and Xero all had negative returns in November, contributing to the weaker return overall. In Australia, the ASX200 Index continued to recover, delivering a +1.6% return for the month.

The MSCI World index (in local currency) delivered +1.6% for the month. Positive business sentiment and earnings growth continues to support share markets, with most major markets now experiencing sustained economic growth. Over the past year emerging market shares (comprised of countries like Brazil, Russia, India and China) were up 37.2% in New Zealand Dollar terms, however these lagged developed markets (which were buoyed by a strong performance from US Shares, which comprise more than half the index) this month, delivering a flat return to investors.



Significant recent items include:



United Kingdom

The UK's official bank rate was lifted from 0.25% to 0.5%, the decision supported by record-low unemployment, rising inflation and stronger global economic growth. It is the first increase for more than 10 years, with two more rises anticipated over the next three years. While generally not regarded as good news for borrowers, increasing interest rates signifies an improving economy.

South Korea

South Korea's central bank raised interest rates for the first time in six years. The rise to 1.50%, up 0.25%, ended a prolonged easing cycle as a sustained export boom has lifted economic growth.

United States

After last-minute negotiations to get some Republican senators across the line, the US tax bill made it through the full Senate with a narrow majority. Those in favour of the bill are seeking to sign it into law by Christmas, which could see the reforms take effect from 1 January. The tax bill will be welcomed by the private sector as is largely viewed as positive for companies (though less positive for the levels of US government debt).

New Zealand

In New Zealand, the dollar continued to fall against the Euro (-2.1%), British pound (-1.7%) and Japanese yen (-1.3%), but stabilised against the US dollar (+0.2%) and strengthened against the Australian dollar (+1.2%).

Monthly Commentary Ended 30 November 2017

This month's figures from the NZDF Savings Schemes can only truly be described in one word: impressive.

This has been noted by one of my long-term friends, and former Army colleagues, who took up the opportunity of a financial advice plan with us several months ago. As he was ex-NZDF, and was looking to invest a sum as well as his regular savings, a logical choice for him to was the NZDF FlexiSaver Scheme.

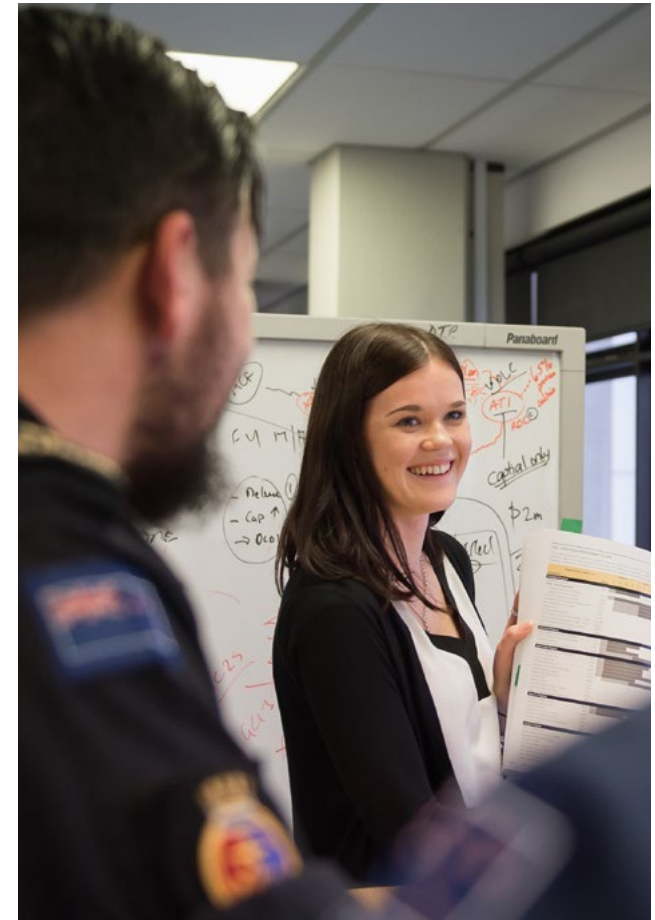
Especially as he is a long-term investor, and is willing to accept a lot of variation in his returns, he entered one of the higher risk / higher return investment options. Since then, the combination of his initial investment and regular contributions have grown impressively – as is evidenced by the latest monthly reporting data. On at least two occasions, he has called me excitedly proclaiming how much has investment has grown over such a

short period, and both times I've had to calm him down and remind him that he's investing for the long term.

This serves as a timely reminder that while we can all take satisfaction from the recent performance of the NZDF Savings Schemes, the long-term approach is something we all need to keep in mind. *Investing is not supposed to be exciting, even if we can be impressed by short-term performance.*

If you'd like to discuss anything mentioned above, or to discuss something else, give us a call on **0508 MILESTONE (0508 645 378)** or email info@milestonedirect.co.nz.

Joseph Darby
Chief Executive
Milestone Direct



Investment Returns For Periods Ended 30 November 2017

Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %	3 Years %	5 Years %
28% prescribed investor rate (PIR)	Cash	0.10	0.33	0.88	1.32	-	-
	Conservative	0.51	1.70	3.61	5.66	-	-
	Moderate	0.56	2.35	4.78	7.86	-	-
	Balanced	0.79	3.61	7.13	11.67	5.72	8.31
	Growth	0.98	4.83	8.93	15.58	-	-
	High Growth	1.14	5.82	10.84	18.74	-	-
	Shares	1.43	7.44	13.23	22.97	-	-
PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %	3 Years %	5 Years %
17.5% prescribed investor rate (PIR)	Cash	0.12	0.37	1.00	1.51	-	-
	Conservative	0.53	1.74	3.82	5.98	-	-
	Moderate	0.60	2.37	5.00	8.09	-	-
	Balanced	0.83	3.60	7.30	11.87	5.94	8.71
	Growth	1.03	4.74	9.11	15.69	-	-
	High Growth	1.20	5.76	10.98	18.90	-	-
	Shares	1.48	7.37	13.49	23.38	-	-
PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %	3 Years %	5 Years %
10.5% prescribed investor rate (PIR)	Cash	0.12	0.39	1.09	1.64	-	-
	Conservative	0.57	1.79	3.99	6.18	-	-
	Moderate	-	-	-	-	-	-
	Balanced	0.85	3.57	7.31	11.89	6.02	8.93
	Growth	-	-	-	-	-	-
	High Growth	1.20	5.79	11.04	18.92	-	-
	Shares	1.46	7.27	13.39	23.19	-	-

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.

* FYTD means Financial Year to Date, which is from 1 April 2017

Investment Returns For Periods Ended 30 November 2017

New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %
28% prescribed investor rate (PIR)	Cash	0.10	0.33	0.88	1.34
	Conservative	0.49	1.68	3.58	5.60
	Moderate	0.56	2.32	4.76	7.62
	Balanced	0.77	3.55	7.00	11.63
	Growth	0.97	4.83	9.07	15.52
	High Growth	1.11	5.78	10.69	18.47
	Shares	1.40	7.27	13.14	22.70
PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %
17.5% prescribed investor rate (PIR)	Cash	0.11	0.37	1.00	1.52
	Conservative	0.53	1.70	3.76	5.90
	Moderate	0.59	2.27	4.88	7.96
	Balanced	0.81	3.54	7.14	11.79
	Growth	1.06	4.86	9.22	15.64
	High Growth	1.16	5.75	10.84	18.60
	Shares	1.42	7.28	13.10	22.72
PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %
10.5% prescribed investor rate (PIR)	Cash	0.12	0.40	1.09	1.65
	Conservative	0.55	1.75	3.94	6.10
	Moderate	0.62	2.36	5.05	8.17
	Balanced	0.81	3.49	7.15	11.76
	Growth	1.02	4.75	9.23	15.74
	High Growth	1.18	5.62	10.80	18.51
	Shares	1.46	7.21	13.19	22.87

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Investment Returns For Periods Ended 30 November 2017

New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %
28% prescribed investor rate (PIR)	Cash	0.09	0.28	0.72	1.13
	Conservative	0.51	1.69	3.30	5.28
	Moderate	0.52	2.28	4.63	7.64
	Balanced	0.74	3.45	6.71	11.34
	Growth	0.99	4.81	9.03	15.63
	High Growth	1.09	5.74	10.57	18.40
	Shares	1.44	7.36	13.02	22.69
PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %
17.5% prescribed investor rate (PIR)	Cash	0.12	0.35	0.94	1.48
	Conservative	0.53	1.68	3.68	5.78
	Moderate	0.60	2.27	4.87	7.95
	Balanced	0.82	3.48	7.04	11.72
	Growth	1.02	4.83	9.10	15.68
	High Growth	1.17	5.77	10.68	18.43
	Shares	1.46	7.25	13.19	22.77
PIR	Fund	1 Month %	3 Months %	FYTD %	1 Year %
10.5% prescribed investor rate (PIR)	Cash	0.09	0.30	0.93	1.41
	Conservative	0.54	1.72	3.84	5.98
	Moderate	0.63	2.35	5.02	7.92
	Balanced	0.84	3.48	7.06	11.81
	Growth	1.06	4.76	9.26	15.81
	High Growth	1.20	5.70	10.91	18.65
	Shares	1.46	7.24	13.27	22.99

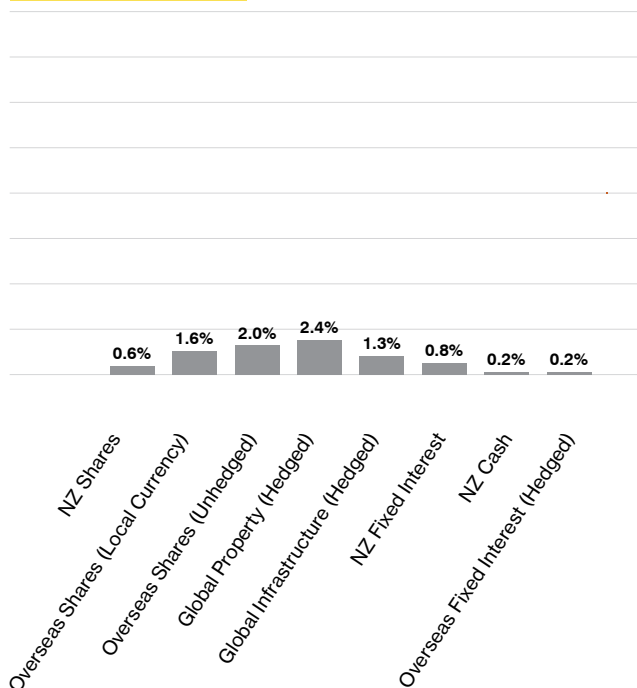
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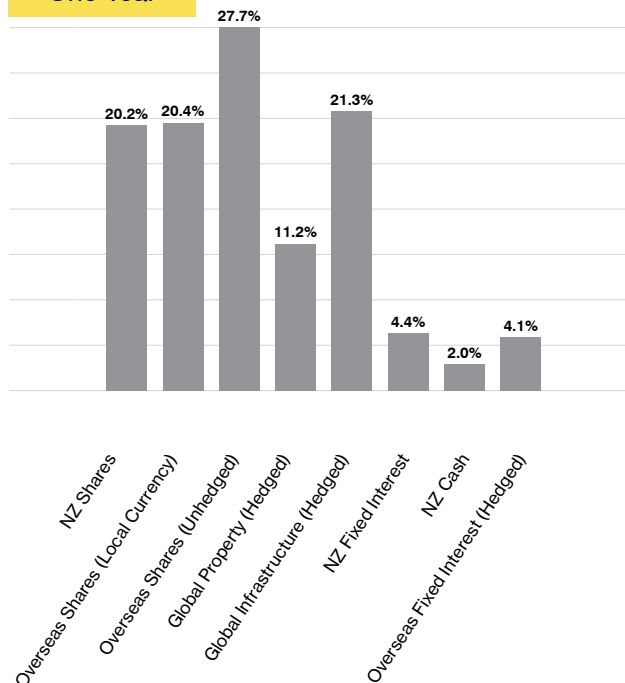
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Financial Markets For Periods Ended 30 November 2017

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

S&P/NZX NZ Government Bond

NZ CASH

ANZ 90 Day Bank Bills

OVERSEAS FIXED INTEREST (HEDGED)

Barclays Capital Global Aggregate

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