



TE OPE KĀTUA O AOTEAROA  
**DEFENCE FORCE**

New Zealand Defence Force  
**Savings Schemes**

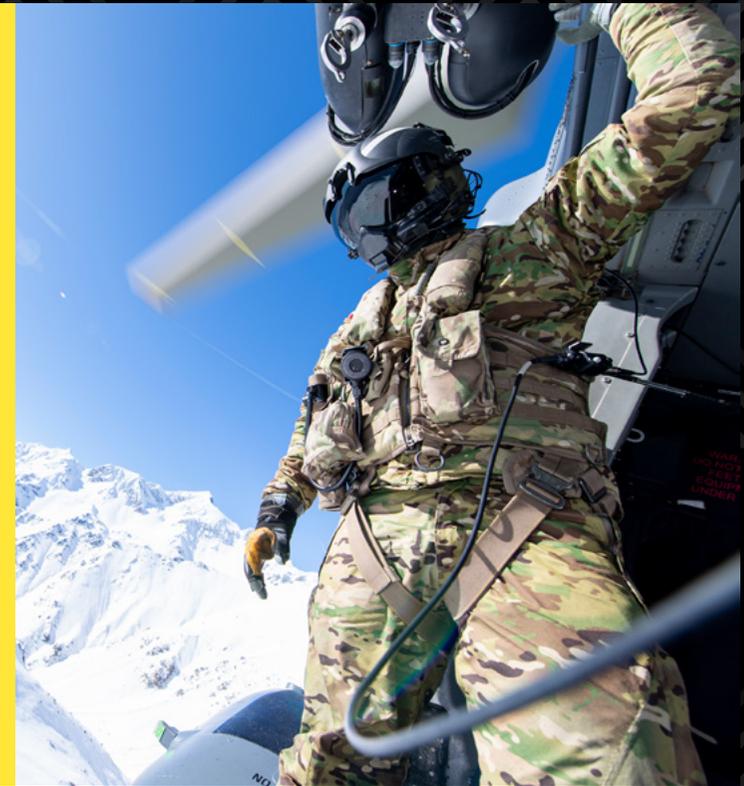
# Monthly report

For the period ended 31 January 2026

## Market performance summary

### – January in a snapshot

- In January, New Zealand share markets fell by 0.9%, underperforming compared to overseas markets despite encouraging economic data. This outcome may have been influenced by a range of factors, including geopolitical developments and other external conditions, despite the presence of encouraging economic data.
- The month of January delivered negative investment returns across all investment options, except for the Cash investment option, in the NZDF Savings Schemes.
- Whether you're saving for your first home, retirement or have another goal in mind, your savings goals will impact your investment timeframe. This is one of the important things to consider when choosing the right investment option for you. Mercer's Fund Selector can help you decide which option is best for your situation. To use the Fund Selector, click here or access it at [www.nzdfsavings.mil.nz](http://www.nzdfsavings.mil.nz)
- Events in the Middle East in the last week is likely to lead to more market volatility, driven in part by concerns over potential disruption to international oil supplies. This may impact on your returns. Before making any 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](mailto: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](http://WWW.NZDFSAVINGS.MIL.NZ)

# Monthly Commentary Ended 31 January 2026

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## **NZ equities lagged global markets, continuing the recent trend as NZ's smaller, more concentrated market struggled to keep up.**

Aided by a likely Reserve Bank of New Zealand (RBNZ) wait-and-see strategy as they made the decision to maintain rates at current levels as inflation ticked up in Q4 as well as unemployment. Although sentiment is seen to be improving, economic recovery remains delicate.

Globally, overseas shares rose by 1.7%, supported by positive investor sentiment as companies began reporting strong earnings for the fourth quarter of 2025. Emerging market equities started the year on a strong note, outperforming developed markets. Within the stock market, value stocks and smaller companies showed better performance than growth stocks. Australian shares also gained 1.7%, with the energy sector leading the way due to geopolitical tensions that pushed energy prices higher.

Bond market performance was mixed during February as strong economic data, US Federal Reserve independence and geopolitical concerns continue to weigh, and investors shift to high quality assets. Emerging market local currency debt outperformed global developed market government bonds, up 1.4% versus 1.2%. In Europe, French and Italian government bonds performed relatively well, returning about 1.0% and 0.7% as regional investor confidence improved.

On the economic front, New Zealand's consumer confidence reached its highest level since 2021, reflecting growing optimism among households. The manufacturing sector showed expansion, with the Purchasing Managers' Index, which is a key monthly economic indicator based on surveys of supply chain managers about new orders, production, jobs, and deliveries; indicated solid growth and strong new orders. Inflation in New Zealand edged slightly above the Reserve Bank's target, driven mainly by tradable goods affected by international market conditions.





# Monthly Commentary Ended 31 January 2026



 **Global**

 **New Zealand**

## Global

Globally, economic growth is forecast to remain resilient, with inflation pressures easing but core inflation expected to stay somewhat sticky. Emerging markets are viewed positively due to supportive monetary and fiscal policies and generally low inflation.

## New Zealand

The New Zealand economy is expected to continue strengthening throughout 2026, supported by rising consumer confidence and lower interest rates. However, the RBNZ may pause rate changes temporarily to assess inflation trends and economic data.

# Become Wealth Monthly Commentary Ended 31 January 2026

## Your Million Dollar Marshmallow

In the late 1960s, a Stanford professor put a series of preschoolers in a room with a single marshmallow. The deal was simple: the child could eat the marshmallow now, or, if they waited for the researcher to return, they would get a second one.

Some kids inhaled the treat before the door even closed. Others kicked the table, pulled their hair, or covered their eyes to resist temptation. The **Marshmallow Test** became legendary because follow-up studies suggested that the children who could wait tended to have better life outcomes, higher school scores, lower BMI, and better financial stability.

While that study became legendary, New Zealand has its own version that hits even closer to home.

### The Dunedin Study

The University of Otago's Multidisciplinary Health and Development Study tracked over a thousand babies born in Dunedin in the 1970s for over five decades. Like the marshmallow test, the study found that childhood self-control is one of the strongest predictors of adult success. It confirmed those who could master delayed gratification grew up to have better heart health, higher credit scores, and significantly more financial stability.

### The Modern Marshmallow

In 2026, the world is one giant, high-definition, sugar-coated marshmallow. With Buy Now, Pay Later schemes, one-click ordering, and social media feeds designed to trigger instant envy, the pressure to *eat the marshmallow* has never been higher.

But in the world of investing, the second marshmallow isn't just one extra treat, it's an entire factory. If you're 25 and you choose to invest \$1,000 rather than spending it on a smartphone or a weekend away, that \$1,000 (at an 7% average annual return) could turn into roughly \$15,000 by the time you retire. In effect, that is a very expensive marshmallow.

### The Psychology of "Present Bias"

Why is this so hard? Humans are evolutionarily wired for something called present bias. This is the tendency to overvalue immediate rewards at the expense of our future selves. Our brains view our future self almost like a stranger. This is why it's so easy to say to ourselves, *I'll start saving next month*, because future me can handle the burden, while current me wants a new smartphone.

### Practical Ways to Win the Test

Since we know our willpower is limited, the solution isn't trying harder, it's building a better system. That might include:

- This is why the NZDF Savings Schemes are so effective. By diverting money directly from payroll, you never 'see' the marshmallow, so you aren't tempted to eat it.
- For any non-essential purchase over \$200, wait three days. Usually, the present bias spike fades, and you realise you'd rather have the long-term financial freedom.
- When making a big financial decision, literally try to picture yourself 10 years from now. Will that person be grateful you waited for the second marshmallow?

### What Next?

We are here to help ensure your scheme investments are working as hard as you do. Get in touch to make the most of this service:

**0508 BECOME (0508 232 663)**

[hello@become.nz](mailto:hello@become.nz)

Joseph Darby  
Chief Executive  
Become Wealth



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# Investment Returns For Periods Ended 31 January 2026

## New Zealand Defence Force FlexiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
28% prescribed investor rate (PIR)	Cash	0.13	0.39	1.77	2.22	2.28	1.60
	Conservative	-0.14	-0.47	4.26	3.69	1.99	2.86
	Moderate	-0.17	-0.34	7.24	5.83	3.41	4.12
	Balanced	-0.22	-0.26	10.15	7.62	4.89	5.67
	Growth	-0.32	-0.22	12.99	9.25	6.46	7.27
	High Growth	-0.35	-0.19	15.58	10.91	7.66	8.53
	Shares	-0.59	-0.37	16.98	11.04	7.99	9.52
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
17.5% prescribed investor rate (PIR)	Cash	0.14	0.45	2.02	2.53	2.60	1.86
	Conservative	-0.13	-0.45	4.78	4.31	2.21	3.15
	Moderate	-0.14	-0.34	7.55	6.20	3.58	4.39
	Balanced	-0.19	-0.15	10.65	8.19	5.13	6.07
	Growth	-0.27	-0.16	13.43	9.69	6.78	7.72
	High Growth	-0.37	-0.17	15.90	11.29	7.97	8.94
	Shares	-0.60	-0.37	17.22	11.36	8.21	9.89
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
10.5% prescribed investor rate (PIR)	Cash	0.16	0.50	2.20	2.74	2.82	1.98
	Conservative	-0.13	-0.48	5.00	4.58	2.28	3.33
	Moderate	-0.14	-0.28	7.88	6.59	3.76	4.59
	Balanced	-0.22	-0.20	10.77	8.34	5.21	6.27
	Growth	-0.29	-0.15	13.40	9.72	6.86	7.91
	High Growth	-0.31	-0.13	16.07	11.38	8.06	9.17
	Shares	-0.56	-0.30	17.45	11.53	8.37	10.18

### Notes

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# Investment Returns For Periods Ended 31 January 2026

## New Zealand Defence Force KiwiSaver Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
28% prescribed investor rate (PIR)	Cash	0.13	0.40	1.80	2.24	2.29	1.68
	Conservative	-0.14	-0.41	5.11	4.59	2.36	3.11
	Moderate	-0.15	-0.32	7.59	6.02	3.48	4.21
	Balanced	-0.23	-0.27	10.70	7.97	4.83	5.71
	Growth	-0.34	-0.30	13.04	8.98	6.27	7.16
	High Growth	-0.42	-0.26	15.64	10.47	7.53	8.47
	Shares	-0.59	-0.40	17.04	11.10	8.11	9.56
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
17.5% prescribed investor rate (PIR)	Cash	0.15	0.47	2.05	2.56	2.62	-
	Conservative	-0.13	-0.44	5.39	4.96	2.40	3.37
	Moderate	-0.12	-0.31	7.87	6.41	3.54	4.42
	Balanced	-0.19	-0.27	11.03	8.41	4.96	6.02
	Growth	-0.30	-0.25	13.43	9.42	6.43	7.53
	High Growth	-0.39	-0.22	15.94	10.82	7.67	8.81
	Shares	-0.56	-0.32	17.60	11.71	8.37	9.96
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
10.5% prescribed investor rate (PIR)	Cash	0.16	0.50	2.22	2.76	2.82	-
	Conservative	-0.12	-0.44	5.72	5.33	2.83	-
	Moderate	-0.10	-0.30	8.08	6.66	3.81	4.73
	Balanced	-0.20	-0.28	11.01	8.47	5.00	6.12
	Growth	-0.32	-0.26	13.72	9.81	6.65	7.80
	High Growth	-0.38	-0.15	16.25	11.18	8.00	9.15
	Shares	-0.50	-0.24	17.51	11.63	8.54	10.20

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# Investment Returns For Periods Ended 31 January 2026

## Defence Force Superannuation Scheme

PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
28% prescribed investor rate (PIR)	Cash	0.13	0.40	1.80	2.25	2.32	1.69
	Conservative	-0.13	-0.42	5.04	4.52	2.33	3.12
	Moderate	-0.13	-0.39	7.43	5.88	3.47	4.24
	Balanced	-0.24	-0.30	10.67	7.94	4.87	5.79
	Growth	-0.33	-0.31	13.03	8.95	6.29	7.25
	High Growth	-0.42	-0.28	15.57	10.45	7.50	8.53
	Shares	-0.59	-0.39	16.97	11.03	8.01	9.57
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
17.5% prescribed investor rate (PIR)	Cash	0.15	0.46	1.92	2.41	2.55	1.89
	Conservative	-0.13	-0.43	5.55	5.15	2.52	-
	Moderate	-0.12	-0.32	7.89	6.47	3.65	4.60
	Balanced	-0.23	-0.29	10.83	8.18	5.04	6.13
	Growth	-0.37	-0.28	13.47	9.49	6.49	7.63
	High Growth	-0.32	-0.07	16.14	10.98	7.83	9.01
	Shares	-0.58	-0.35	17.34	11.49	8.43	10.16
PIR	Fund	1 Month %	3 Months %	FYTD* %	1 Year %	5 Years %	10 Years %
10.5% prescribed investor rate (PIR)	Cash	0.16	0.49	2.23	2.80	-	-
	Conservative	-0.13	-0.44	5.59	5.19	2.50	-
	Moderate	-0.13	-0.33	8.00	6.58	3.73	-
	Balanced	-0.21	-0.25	11.19	8.61	5.06	6.22
	Growth	-0.33	-0.26	13.57	9.60	6.61	-
	High Growth	-0.42	-0.19	16.13	11.08	7.90	-
	Shares	-0.54	-0.27	17.56	11.66	8.47	10.31

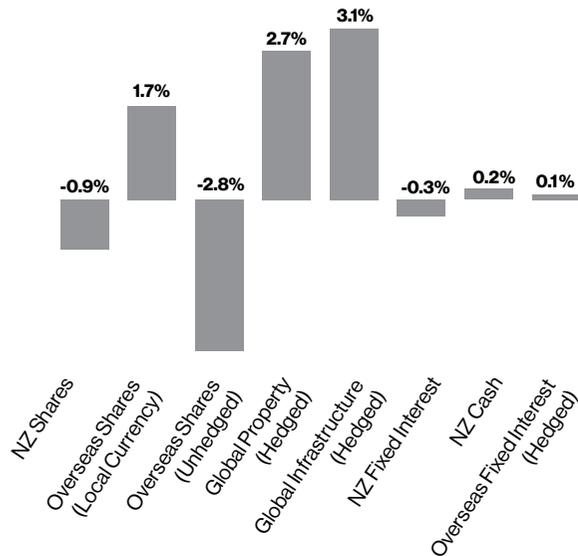
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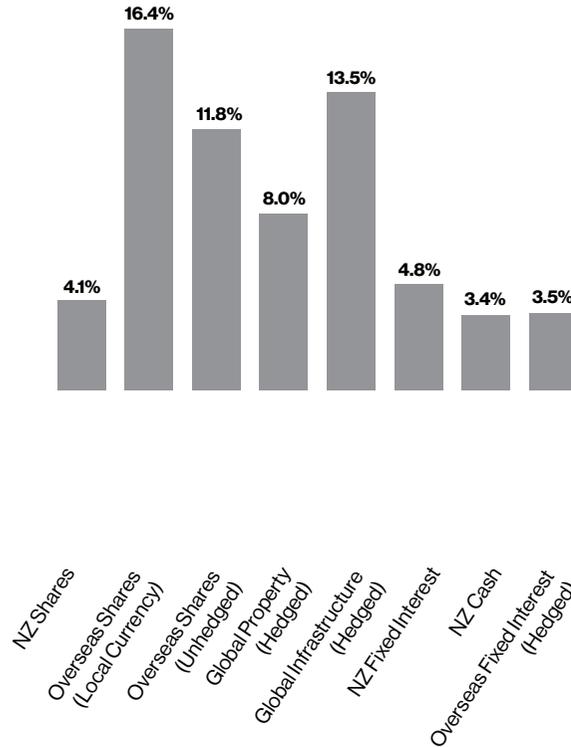
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# Investment Returns For Periods Ended 31 January 2026

## 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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