TE OPE KĀTUA O AOTEAROA
DEFENCE FORCE

New Zealand Defence Force
Savings Schemes

# Monthly report

For the period ended 31 July 2026

## Market performance summary
### – July in a snapshot

- The markets in July were shaped by renewed geopolitical tensions in the Middle East, higher oil prices and firmer inflation, although equity markets remained relatively resilient overall.
- New Zealand shares rose 0.6% over the month and outperformed overseas shares in local currency terms, while local fixed interest markets were weaker as the Reserve Bank of New Zealand resumed raising interest rates.
- The NZDF Savings Schemes delivered mixed returns in July, with the Cash Fund remaining positive while the diversified and growth-oriented options recorded negative monthly returns.
- The Annual Report and Annual Statements have now been distributed. We would like to remind those who haven't read their statement to log into their account at **www.nzdfsavings.mil.nz**.



# Monthly Commentary Ended 31 July 2026

## Investor sentiment was mixed in July as renewed US-Iran tensions, higher oil prices and firmer inflation complicated the market outlook.

The disruption in the Strait of Hormuz unsettled markets, while central banks remained cautious, with the Reserve Bank of New Zealand (RBNZ) resuming rate hikes and while other major central banks remained largely on hold. Despite this, equity markets remained relatively resilient, reflecting expectations that growth can continue despite a more challenging backdrop.

Locally, financial markets delivered a mixed performance. New Zealand shares rose 0.6% over the month, outperforming overseas shares in local currency terms, supported by strong gains in the energy and consumer discretionary sectors. This was despite the RBNZ lifting the Official Cash Rate by 25 basis points to 2.50%, its first increase since the previous tightening cycle ended in 2023. Inflation also surprised on the upside, with annual CPI for the June quarter rising to 4.1% above the previous reading and market expectations. New Zealand fixed interest markets were weaker, as bond yields moved higher in response to the more hawkish interest-rate outlook.

Overseas market returns were more subdued. Hedged overseas shares rose 0.2%, although performance varied significantly across sectors. Energy and financial stocks performed well, supported by higher oil prices and resilient earnings expectations, while information technology shares fell as some previously crowded positions came under pressure. Emerging market shares were notably weaker, declining 6.2% on an unhedged basis, reflecting the impact of rising geopolitical risks, higher oil prices and weaker equity performance in parts of Asia. Currency movements also mattered, with the New Zealand dollar strengthening by 3.3% against the US dollar due to the RBNZ rate increase and stronger inflation data.

The near-term outlook remains finely balanced. Improving domestic business surveys suggest New Zealand economy is regaining momentum, although inflation remains above RBNZ target and likely is to keep the central bank cautious. Globally the growth outlook remains broadly constructive, particularly in the US and parts of Asia, where AI related investments continue to support activity. However, higher energy prices and ongoing geopolitical risks may slow the disinflation process and weigh on consumer spending and confidence. Mercer remains positive on New Zealand sovereign bonds relative to cash and modestly positive on global equities.



# Monthly Commentary Ended 31 July 2026




## Global

US-Iran tensions escalated sharply in July, with renewed attacks in and around the Strait of Hormuz contributing to higher oil prices and greater market uncertainty. The US Federal Reserve, European Central Bank and Bank of England all left rates unchanged, while global equity returns were mixed, with strength in energy and financials offset by weakness in technology and emerging markets.

## New Zealand

The RBNZ raised the cash rate by 25 basis points to 2.50% in July, signalling the start of a new tightening phase. Annual CPI for Q2 2026 increased to 4.1%, above the RBNZ's 1-3% target band. New Zealand shares gained 0.6% over the month, while bond markets weakened as yields rose in response to the firmer policy outlook.

# Become Wealth Monthly Commentary Ended 31 July 2026

## What You Own

Most people picture their savings as a number on a screen, rising and falling for reasons someone might never know. Underneath sits something rather more interesting, because the number is really a list of businesses, and you own a piece of each of them.

Think about an ordinary day. You woke to an alarm on a phone designed by one company, running software written by another, powered by microchips made by a third, all of it moving through networks and data centres nobody ever thinks about. Then came the coffee, the fuel in the vehicle, the bank processing your pay, the aircraft passing overhead. You own a tiny slice of the businesses behind nearly all of it and spread right across the world.

Technology makes up a far larger share of what you own than most people would guess, and much of it sits out of sight: the firms designing the microchips, running the data centres, and writing the software other businesses now depend on entirely. You never chose one of them and probably could not name most of them, yet a portion of every pay you have received has quietly been buying you a share of their future.

All of which changes what a return on investment is. Your money does not grow because markets happen to be in a good mood. It grows because these businesses sell things, solve problems, innovate, invent better versions of what already exists, and compete relentlessly for your money and everyone else's. Some fail. Others grow far larger than anyone expected. What lands in your account is a share of the whole effort, made by millions of people who went to work this morning without knowing your name.

It also puts a falling balance into proportion. When the figure drops, nothing has vanished. The factories still run, the servers still hum, and the staff still turn up on Monday. What changed is the price other people will pay today for the same collection of businesses. A spectator watches the scoreboard, while an owner thinks about the companies.

You are not really putting money away at all. Out of every pay, a little at a time, you have been buying a permanent stake in the productive part of the world. It is a strange and rather good thing to own.



**What Next?**

We are here to help ensure your NZDF 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
**Become Wealth**

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# Investment Returns For Periods Ended 31 July 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 | 0.14 | 0.45 | 0.57 | 1.79 | 2.45 | 1.61 |
| | Conservative | -0.62 | 1.20 | 2.30 | 3.54 | 1.88 | 2.60 |
| | Moderate | -0.79 | 2.09 | 4.18 | 6.51 | 3.23 | 3.91 |
| | Balanced | -0.92 | 2.88 | 6.24 | 9.58 | 4.54 | 5.48 |
| | Growth | -1.02 | 3.77 | 8.24 | 12.61 | 5.98 | 7.10 |
| | High Growth | -1.12 | 4.52 | 10.10 | 15.45 | 7.18 | 8.38 |
| | Shares | -1.27 | 5.09 | 11.23 | 16.49 | 7.63 | 9.28 |

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 17.5% prescribed investor rate (PIR) | Cash | 0.16 | 0.50 | 0.64 | 2.05 | 2.79 | 1.87 |
| | Conservative | -0.70 | 1.34 | 2.50 | 3.97 | 2.13 | 2.88 |
| | Moderate | -0.83 | 2.18 | 4.31 | 6.82 | 3.41 | 4.16 |
| | Balanced | -0.96 | 2.97 | 6.35 | 9.91 | 4.79 | 5.80 |
| | Growth | -1.01 | 3.89 | 8.40 | 13.03 | 6.29 | 7.47 |
| | High Growth | -1.10 | 4.56 | 10.11 | 15.69 | 7.47 | 8.71 |
| | Shares | -1.24 | 5.23 | 11.35 | 16.96 | 7.86 | 9.61 |

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 10.5% prescribed investor rate (PIR) | Cash | 0.17 | 0.53 | 0.68 | 2.22 | 3.03 | 1.99 |
| | Conservative | -0.74 | 1.35 | 2.53 | 4.06 | 2.19 | 3.01 |
| | Moderate | -0.87 | 2.27 | 4.41 | 7.08 | 3.59 | 4.34 |
| | Balanced | -0.96 | 3.03 | 6.43 | 10.17 | 4.88 | 5.97 |
| | Growth | -1.04 | 3.98 | 8.49 | 13.27 | 6.42 | 7.65 |
| | High Growth | -1.08 | 4.61 | 10.19 | 15.84 | 7.56 | 8.93 |
| | Shares | -1.21 | 5.35 | 11.53 | 17.21 | 8.07 | 9.86 |

**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.
- Past performance should not be relied upon as an indicator of future performance.

* FYTD means Financial Year to Date, which is from 1 April 2026

# Investment Returns For Periods Ended 31 July 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 | 0.44 | 0.56 | 1.81 | 2.46 | 1.68 |
| | Conservative | -0.80 | 1.36 | 2.74 | 4.27 | 2.29 | 2.88 |
| | Moderate | -0.83 | 2.21 | 4.56 | 7.03 | 3.32 | 4.04 |
| | Balanced | -1.02 | 3.09 | 6.86 | 10.33 | 4.53 | 5.53 |
| | Growth | -1.07 | 4.04 | 8.81 | 12.89 | 5.82 | 7.01 |
| | High Growth | -1.14 | 4.71 | 10.67 | 15.81 | 7.07 | 8.34 |
| | Shares | -1.24 | 5.20 | 11.35 | 16.67 | 7.75 | 9.34 |

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 17.5% prescribed investor rate (PIR) | Cash | 0.16 | 0.51 | 0.65 | 2.06 | 2.82 | 1.92 |
| | Conservative | -0.86 | 1.43 | 2.83 | 4.47 | 2.35 | 3.10 |
| | Moderate | -0.87 | 2.26 | 4.68 | 7.24 | 3.39 | 4.20 |
| | Balanced | -1.04 | 3.16 | 7.00 | 10.65 | 4.68 | 5.80 |
| | Growth | -1.05 | 4.06 | 8.82 | 13.10 | 5.94 | 7.30 |
| | High Growth | -1.14 | 4.78 | 10.72 | 16.23 | 7.22 | 8.64 |
| | Shares | -1.20 | 5.24 | 11.38 | 17.18 | 8.04 | 9.69 |

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 10.5% prescribed investor rate (PIR) | Cash | 0.18 | 0.54 | 0.68 | 2.23 | 3.04 | 2.07 |
| | Conservative | -0.93 | 1.43 | 2.85 | 4.68 | 2.76 | 3.39 |
| | Moderate | -0.90 | 2.28 | 4.71 | 7.45 | 3.68 | 4.48 |
| | Balanced | -1.05 | 3.20 | 7.02 | 10.67 | 4.72 | 5.88 |
| | Growth | -1.04 | 4.19 | 8.96 | 13.49 | 6.20 | 7.54 |
| | High Growth | -1.09 | 4.86 | 10.81 | 16.42 | 7.56 | 8.93 |
| | Shares | -1.19 | 5.33 | 11.48 | 17.21 | 8.20 | 9.88 |

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# Investment Returns For Periods Ended 31 July 2026

## Defence Force Superannuation Scheme

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 28% prescribed investor rate (PIR) | Cash | 0.14 | 0.43 | 0.55 | 1.79 | 2.49 | 1.69 |
| | Conservative | -0.80 | 1.33 | 2.70 | 4.18 | 2.25 | 2.88 |
| | Moderate | -0.83 | 2.19 | 4.53 | 6.88 | 3.30 | 4.04 |
| | Balanced | -1.03 | 3.07 | 6.86 | 10.30 | 4.56 | 5.60 |
| | Growth | -1.06 | 4.05 | 8.80 | 12.83 | 5.83 | 7.06 |
| | High Growth | -1.14 | 4.68 | 10.62 | 15.72 | 7.05 | 8.36 |
| | Shares | -1.24 | 5.16 | 11.29 | 16.54 | 7.66 | 9.34 |

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 17.5% prescribed investor rate (PIR) | Cash | 0.16 | 0.50 | 0.63 | 2.06 | 2.74 | 1.89 |
| | Conservative | -0.85 | 1.43 | 2.92 | 4.58 | 2.45 | 3.15 |
| | Moderate | -0.88 | 2.24 | 4.68 | 7.27 | 3.50 | 4.36 |
| | Balanced | -1.05 | 3.15 | 6.94 | 10.43 | 4.72 | 5.88 |
| | Growth | -1.06 | 4.11 | 8.88 | 13.16 | 6.03 | 7.40 |
| | High Growth | -1.14 | 4.73 | 10.68 | 16.16 | 7.34 | 8.78 |
| | Shares | -1.21 | 5.25 | 11.39 | 16.98 | 8.06 | 9.85 |

| PIR | Fund | 1 Month % | 3 Months % | FYTD* % | 1 Year % | 5 Years % | 10 Years % |
|---|---|---|---|---|---|---|---|
| 10.5% prescribed investor rate (PIR) | Cash | 0.18 | 0.58 | 0.73 | 2.27 | - | - |
| | Conservative | -0.90 | 1.44 | 2.90 | 4.66 | 2.48 | - |
| | Moderate | -0.91 | 2.29 | 4.85 | 7.49 | 3.60 | - |
| | Balanced | -1.07 | 3.19 | 7.01 | 10.69 | 4.76 | 5.94 |
| | Growth | -1.03 | 4.20 | 8.96 | 13.41 | 6.15 | - |
| | High Growth | -1.09 | 4.85 | 10.74 | 16.38 | 7.43 | 8.95 |
| | Shares | -1.18 | 5.29 | 11.40 | 17.16 | 8.11 | 9.97 |

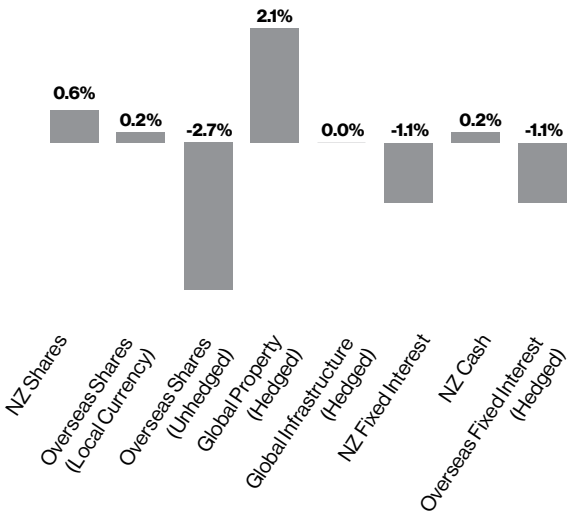
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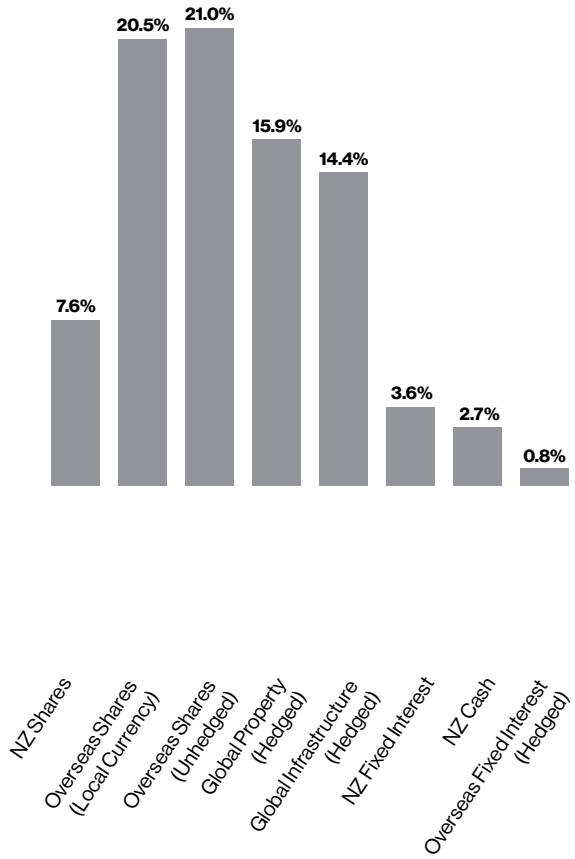
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# Investment Returns For Periods Ended 31 July 2026

## 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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