



Legacy Aurora Balanced Strategy

QUARTERLY UPDATE DECEMBER 2023

We still need your consent

YOU'RE MISSING OUT ON DETAILED QUARTERLY REPORTING

We emailed you in September 2023 to let you know that we've improved the way that the Aurora Strategies are setup. However, we need your consent to transfer your KiwiSaver investment in the legacy Aurora Balanced Strategy (Legacy Strategy) to a new, equivalent 'multi-fund investment option.' Giving consent should give you a better and easier experience with your KiwiSaver investment. We encourage you to read the PDS, which is available [here](#) and on the Aurora Capital website.

There is no benefit to staying in the Legacy Strategy. When you provide your consent to move to the new, equivalent multi-fund investment option, you'll receive more detailed quarterly reporting and an overall improved experience compared with staying in the Legacy Strategy.

Providing consent is super easy. It should only take a minute of your time. You can click [here](#) to get started.

If you have any questions about this, please contact your Adviser or call Aurora Client Care on [0800 242 023](tel:0800242023). We're here to help!

Investment markets

WHAT HAS DRIVEN INVESTMENT MARKETS?

It wasn't so long ago, at the start of 2023, that the main concerns in investment markets were about stubborn inflation and rising interest rates that had the potential to trigger a recession in the world's largest economy, the United States (U.S). This led to forecasts that equity markets would deliver lukewarm or weak returns for the year.

Fast forward to the end of 2023 and the picture had changed. Inflation had started to ease in the U.S, and helped by strong employment, it appeared the economy could dodge a recession altogether. The slowing inflation resulted in a change in stance for the US Federal Reserve, who at the final policy meeting for the year signalled that rate cuts were expected in 2024, with more to follow in 2025.

The changing geopolitical landscape added uncertainty during the quarter, with conflicts erupting in the Middle East and the war in Ukraine pushing on, but this was overshadowed by the shift in the interest rate outlook. As a result, key global investment markets strengthened in the December quarter and recorded positive gains for the year. Despite the ups and downs of market movements throughout the year, both equities and bonds ended 2023 with positive returns. Most notably, global equities recorded a massive annual return of 21%.

New Zealand's economy faced a challenging quarter, with GDP data released during the period showing a contraction of the economy in the third quarter. This decline in GDP came despite rising immigration levels to NZ, suggesting that underlying economic activity has been quite weak. Inflation also continued to ease in NZ, but less so than other developed markets. With inflation still well above target, the Reserve Bank of New Zealand continued to suggest that rates would be held higher for longer. With rate cuts not on the cards in the near term, in addition to weak economic data, the NZ equity market lagged global equities.

How your money is helping the planet

Financial performance returns

LEGACY AURORA BALANCED STRATEGY AS AT 31 DECEMBER 2023

	RETURNS		
	3 month %	6 month %	1 year %
Strategy Return*	5.96	3.14	9.01
Strategy Objective**	2.63	4.56	9.05

*Strategy returns are after fees, before taxes and are derived from the returns of the funds into which the strategy invests. Strategy returns are calculated based on the target allocation to underlying funds.

** Strategy objective is CPI+3.40%. CPI is the headline Consumer Price Index. Latest CPI is used, as at 30 September 2023.

Questions?

If you have questions about this report, please contact your adviser who will be happy to help.

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Aurora Chief Investment Officer





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