

The background of the slide is a photograph of two children, a girl on the left and a boy on the right, standing on a wooden beam that spans a gap over a grassy cliff. They are both wearing rain boots and holding red handles. The cliff edge is visible in the background, with the ocean and a distant shoreline under a clear sky. A green semi-transparent gradient overlay covers the bottom half of the image.

# Legacy Aurora Balanced Strategy

QUARTERLY UPDATE JUNE 2024

# We still need your consent

## YOU'RE MISSING OUT ON DETAILED QUARTERLY REPORTING

We've been trying to contact you 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?

Markets continued to charge ahead in the second quarter of the year. Following a difficult April, where US stocks fell 5.6% from their March highs, a robust jobs report mid-month shifted momentum; by the end of the quarter, the US Market Index had gained 3.5%. Artificial intelligence (AI) continued to be the key driver of market performance, with mega-cap\* stocks like Nvidia, Apple, Microsoft and Alphabet contributing to a majority of the gains. Nvidia alone surged 36.7% during this period, briefly becoming the largest company in the world. The US stock gains were quite a contrast to the New Zealand market, with the NZX 50 falling by 3.2% in the quarter.

Bond markets exhibited a moderate recovery as yields on the 10-year Treasury note fell more than 0.3 percentage points from their April peak, closing the quarter at 4.4%. This decline resulted in slight price appreciation for bonds, with the Global Bond Index rising 0.1%.

The outlook for Federal Reserve policies shifted notably during the quarter. Initially, markets had priced in multiple rate cuts for 2024, but stronger-than-expected economic data reduced these expectations to just one or two cuts. The Fed's cautious stance, combined with ongoing geopolitical tensions, particularly in Ukraine and the Middle East, continued to influence investor sentiment. Despite these challenges, market volatility remained relatively low during the quarter. This is unlikely to last though, as we move closer to the upcoming United States election.

New Zealand's economy grew in the first quarter, with March GDP data showing an increase of 0.2%. However, this was driven largely by population growth, as on a GDP per capita basis, the economy shrunk by 0.3%, the third consecutive quarter of decline. Despite the weak economic growth, inflation remained elevated, rising by 0.6% in the first quarter which amounted to an annual increase of 4%, still above the Reserve Bank's target. As a result, the Official Cash Rate (OCR) was held steady at 5.5%.

With interest rates remaining high, economic strain is evident in New Zealand. House prices dropped by 0.5% in June, the most significant monthly decline since June 2023, according to CoreLogic. The retail sector is also struggling, with an 8.7% decline in quarterly sales volumes, seasonally adjusted, since the peak in June 2021 (Stats NZ). Amid signs of economic weakness, OCR cuts may arrive sooner than previously anticipated.

*\* Mega-cap refers to companies with a large market capitalisation. These are the largest companies in the investment universe based on their total value. While this number can change, these companies are generally worth over \$200 billion.*

# Financial performance returns

## LEGACY AURORA BALANCED STRATEGY AS AT 30 JUNE 2024

	RETURNS		
	3 month %	6 month %	1 year %
Strategy Return*	0.55	4.37	7.65
Strategy Objective**	1.23	2.72	6.73

*\*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 June 2024.*

## Questions?

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

**Sean Henaghan**

Aurora Chief Investment Officer

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