



Legacy Aurora Balanced Strategy

QUARTERLY UPDATE DECEMBER 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?

International equities had quite a mixed performance in Q4, with the US market powering ahead, while Europe and emerging markets lagged behind. After Trump's victory in early November, US equities maintained their positive momentum, with the S&P 500 gaining 2.4% over the quarter and finishing the year up an impressive 25.0%, in local currency terms.

Emerging market stocks, on the other hand, slipped 8.0% over the quarter as investors grappled with the potential impact of US tariffs, which pulled their year-to-date gains back to 7.50% (MSCI EM (USD)). European stocks also faced challenges, slipping 2.9% for the quarter and finishing the year with a gain of only 6.0% (STOXX Europe 600 – local currency). The region was weighed down by a combination of factors, including fears of new tariffs, political instability, and weakness in manufacturing—especially in the German auto sector. Despite these regional struggles, the strength of US stocks gave the global index (ACWI) a boost, with a 1.2% gain for the quarter and an impressive 20.5% rise for the year (MSCI ACWI NZD-hedged).

Global bond markets had a tough finish to the quarter, with rising yields reflecting the cautious stance central banks have taken on cutting rates. In the U.S., the Federal Reserve trimmed its benchmark rate by 25 basis points to 4.25%–4.50%. However, they also signalled that the pace of easing in 2025 would likely slow due to persistent inflation concerns. The U.S. Treasury 10-year yield closed the year at 4.58%, reinforcing expectations that interest rates will stay higher for longer. This contributed to global bonds declining 1.2% for the quarter (Global Aggregate NZD-hedged). Over the year, fixed income markets were shaped by central banks gradually transitioning from tightening to easing. This shift supported global bonds, which ended the year up 3.0% (Global Aggregate NZD-hedged).

New Zealand's economy had a tough run in 2024. GDP dropped 1% in Q3 after a -1.1% decline in Q2, making it the largest six-month downturn since the 1990s (outside of the COVID-19 period). Goods-producing industries took a hit, shrinking by 2.8%, but primary industries managed to grow 1%, thanks to strong dairy exports. To help stimulate the economy, the Reserve Bank of New Zealand lowered the Official Cash Rate to 4.25% during the year, as inflation eased. This, combined with increasing business and consumer confidence, helped the NZX50 deliver solid gains—up 5.5% in Q4 and 11.4% for the year.

Financial performance returns

LEGACY AURORA BALANCED STRATEGY AS AT 31 DECEMBER 2024

	RETURNS		
	3 month %	6 month %	1 year %
Strategy Return*	2.19	6.22	10.87
Strategy Objective**	1.47	2.71	5.55

**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 2024.*

Questions?

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

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