



**NZSUPERFUND**

*Te Kaitiaki Tahua Penihana  
Kaumātua o Aotearoa*

Guardians of New Zealand Superannuation  
**Chief Investment Officer**

Assignment Specification  
August 2018

Kerridge & Partners 

### New Zealand Superannuation Fund

The New Zealand Superannuation Fund (NZSF) was established in 2001 to partially pre-fund the cost of national superannuation and reduce its burden on tax payers. The Fund is managed by the Guardians of New Zealand Superannuation, which employs circa 130 staff and is governed by an independent Board. The Chair of this Board is accountable to the Minister of Finance, currently Mr Grant Robertson. Established under its own Act of Parliament, the NZSF operates within a clear mandate that prescribes:

- Best practice portfolio management
- Maximising return without undue risk; and
- Avoiding prejudice to New Zealand’s reputation as a member of the world community

Through regular contributions until 2009 and following their resumption last year, the Fund has grown to \$38.9bn at an annualised return of 10.4%, contributing some \$7.4bn in value-add above the passive-only reference portfolio. A growth-oriented and long-term fund, the NZSF is unique among SWFs in its investment approach with an asset allocation framework based on pools of risk, rather than a pure asset class split. A distinction is also emphasised between a certain risk exposure and its access point. This lends both complexity and autonomy to the Fund in that managers are given discretion over investment decisions beyond the reference portfolio, and face no hard constraints on sizing provided risk is managed appropriately.

Though small by global standards, the NZSF is acknowledged as an innovative industry leader on issues relating to governance, transparency and responsible investment. A founding signatory of the UNPRI, the Guardians believes that environmental, social and governance factors are material to long-term returns.

As an institutional investor, the NZSF enjoys four competitive advantages (termed endowments) that improve fund performance and attract talent. These are:

1. Long Fund Horizon – allows investment in illiquid assets and ability to ride out fluctuations
2. Certain Liquidity Profile – provides certainty over cashflow
3. Operational Independence – freedom to make decisions on pure commercial interest
4. Sovereign Status – seen as a long-term capital provider of choice; prospect of lower taxes

### Leadership & Governance

#### Board

Catherine Savage – Chairperson  
 Lindsay Wright – Deputy Chairperson  
 Craig Ansley  
 Doug Pearce  
 John Williamson  
 Simon Botherway  
 Stephen Moir

#### Leadership Team

**Matt Whineray** Chief Executive Officer  
**Mark Fennell** [Acting] Chief Investment Officer  
 General Manager, Portfolio Completion  
**Stewart Brooks** General Manager, Finance & Risk  
**Mika Austin** General Manager, Human Resources  
**Sarah Owen** General Manager, Corporate Strategy & GC  
**David Sara** General Manager, Operations  
**Brad Dunstan** [Acting] General Manager, Portfolio Completion

### Data & Metrics – 31 May 2018 (NZD)

<b>Fund Size</b>	\$38.9bn	<b>Value-Add</b>	\$7.4bn
<b>Annual Return</b>	10.4% p.a	<b>Total Tax Paid</b>	\$6.25bn
<b>Contributions</b>	\$15.45bn	<b>Employees</b>	~130 FTEs
<b>Annual Report</b>	<a href="#">Link</a>	<b>SIPO</b>	<a href="#">Link</a>

### Role Description

The Chief Investment Officer (CIO) leads the Investments group through five senior managers (Investment Heads), whose activities collectively shape the risk and return profile of the Fund. Reporting to the Chief Executive and forming part of both the executive leadership team and investment committee, the CIO is a high profile leadership position within the NZSF that plays a pivotal role in fund performance, team development and engagement with other leading global investors. A key task for the incoming CIO is to preserve the design and effectiveness of the investment framework while driving better integration across the Investment Heads and their teams, and incorporating new ideas. This reflects the need to sustain discipline as an investor but extend rigour to analysing competing risk and opportunity sets, making calls on allocation decisions and better integrating data into process. The CIO works closely with the portfolio completion team to execute investment strategy and manage risk, as well as managing the responsible investments team to ensure that all activity is filtered by the standards of conduct and regulations by which the NZSF abides.

Much of the external presence of the Fund is fronted by the CIO, who will establish and maintain strong networks with peer funds and facilitate information sharing across them. This extends to representation among industry bodies, presentations at various conferences and participating in global dialogue about best-practice investment.

### Key Responsibilities

The CIO is responsible for leading a large team conducting the activities of the Investments group. A key focus area is culture, which has evolved within the organisation substantially over time and requires a top-down effort to foster co-operation and remove silos that inhibit the ability of the structure to grow. This reflects a need to build scalability into the Fund and develop capability so that the calibre of talent within the organisation is sustained. To ensure that existing talent is retained, the CIO will be responsible for creating an environment of contestability, where ideas are contributed without marginalising the expertise of others and the principles of responsible investment are upheld. Additional responsibilities include:

- Approve investment decisions within delegated authorities, of up to 1% of the Fund's capital
- Work with the portfolio completion team to manage and approve Active Risk Budgets
- Operate on a 'no surprises' basis in dealings with the Board, CEO and leadership team
- Ensure compliance with all NZSF policies and procedures
- Support other management activities as required and champion the vision and values of the NZSF at all times

A full list of role responsibilities is available in the Job Description.

### The Position

**Title:** Chief Investment Officer

**Location:** Head Office in Auckland

**Reports to:** Chief Executive Officer

**Team:** Six Direct Reports (Five Investment Heads plus a PA), including:

- Anne-Maree O'Connor – Head of Responsible Investment
- David Iverson – Head of Asset Allocation
- Del Hart – Head of External Investments & Partnerships
- Nigel Gormly – Head of International Direct Investment
- Will Goodwin – Head of New Zealand Direct Investment

### Key Relationships

Board Members

Leadership Team

Investment Committee

Portfolio Completion Team

Global peers and peer fora, including the IFSWF and Pacific Pension Institute

### Skills & Attributes

The CIO must be intellectually curious with the dexterity to grasp numerous complex and time-sensitive issues concurrently. While a high level of literacy in the financial markets is important, leadership skills are core to the success of this role in managing the broader investments team and improving culture. As an executive of the organisation, the CIO should also be able to provide a broad contribution to the senior leadership team beyond the scope of the role. This extends to activities in the media, which the CIO will be expected to front along with the Chief Executive.

The personal attributes necessary for success in the role include:

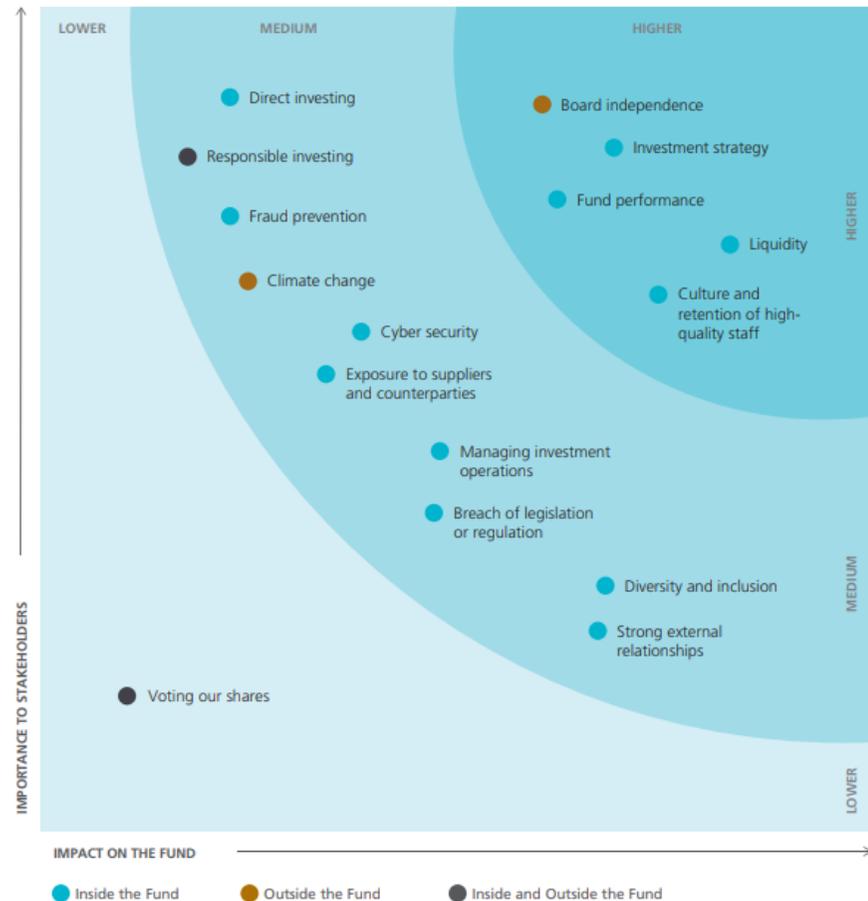
- A long-term mindset and appreciation for the overarching purpose of the NZSF
- Humility, particularly in being able to admit mistakes and own performance up or down
- Patience to arrest deal-fever in the recognition that to take no action can be a better choice
- Balance this with a continued focus on growth, pace and risk appetite
- Being decisive and accountable for investment outcomes
- Ability to deal with public scrutiny and the disclosure requirements of a government entity
- High level of trust in others with commensurate ability to delegate
- Strong communicator of decisions and the processes by which they are made
- A genuine leadership orientation that underpins care for the development of employees

### Career Trajectory

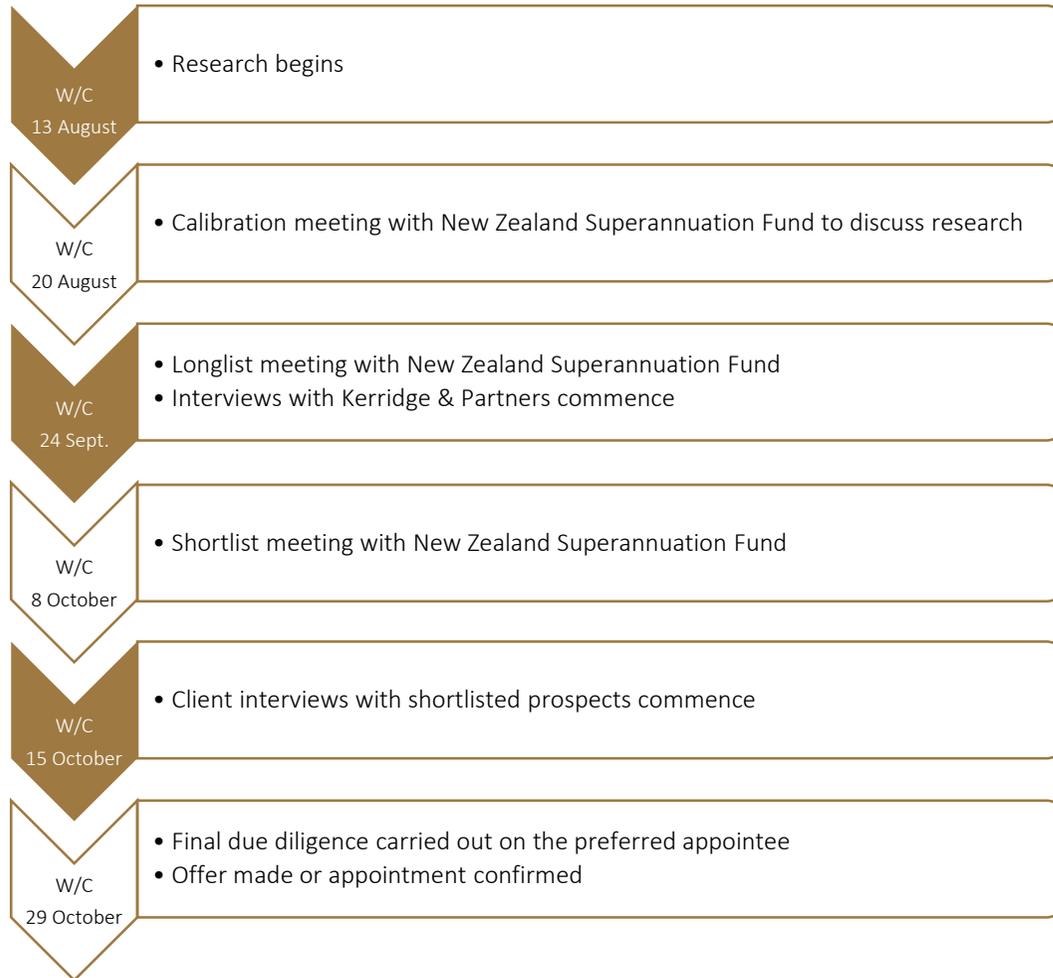
Though fundamentally a leadership role, the CIO requires a threshold level of understanding in investment management to be credible internally and in the marketplace. This could arise from past experience in asset and portfolio management or investment consulting. Currency of this knowledge is less important than the experience itself and the mental capacity to learn broadly and quickly. Separately, past leadership roles are important in continually working to grow the capability of the Investments team, build succession and promote contribution at a strategic level beyond the scope of individual roles. Past experience facing Boards is necessary.

### Risk Materiality Matrix

The diagram below depicts an assessment of risks facing the NZSF as well as the severity of their impact. It serves to inform understanding as to the important factors stakeholders consider in evaluating performance.



## Indicative Appointment Process & Timeline



## Kerridge & Partners Contacts



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