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GUARDIANS OF  
NEW ZEALAND  
SUPERANNUATION



—  
STATEMENT OF INTENT  
TAUĀKĪ WHĀINGA

—  
FOR THE PERIOD  
1 JULY 2024 - 30 JUNE 2029



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## Foreword from the Board Chair

### He Kupu Takamua nā te Toihau

E manawarū nei au ki te whakataki i te Tauākī Whāinga a ngā Kaitiaki o te Penihana Kaumātua o Aotearoa mō te tau 2024 ki te tau 2029. E rarangi nei i tēnei puka ā mātou whāinga rautaki mō te pae o waenga me ngā tohu hei whakaatu i te angitu rānei, i te aha rānei o tā mātou whakatutuki i aua whāinga. Ka whai wāhi mai ki tēnei tauākī whāinga ngā Kaitiaki o te Penihana Kaumātua o Aotearoa hei hinonga Karauna ("ngā Kaitiaki"), me ana tahua e rua, me te Tahua Penihana Kaumātua o Aotearoa me te Tahua Whāngai Hinonga Tūraru, e kīia nei ko te Tahua Mairanga.

#### Ngā Kaitiaki

He mea whakatū ngā Kaitiaki e te New Zealand Superannuation and Retirement Income Act 2001. I taua wā, heoi anō tā ngā Kaitiaki, he whakahaere i te Tahua Penihana Kaumātua o Aotearoa. I te tau 2019, i tuku te Kāwanatanga i tētahi tahua tuarua ki ngā Kaitiaki, i a Tahua Mairanga.

E whai wāhi ana ki ngā Kaitiaki ngā pūkenga e 200 hemihemi, e tautoko ana kia angitu te whakahaeretanga o ana mahi. E arahina ana mātou e tā mātou Korou: Kia toitū te haumitanga, e nui ai ngā hua e hoki mai ana ki a ngāi Aotearoa; me tā mātou Whāinga Matua: Kia tū hei ranga kauawhi e whakarite ana i tētahi anamata whai hua ake mā te kairangi o te haumitanga.

Nō nā tata nei mātou i whai ai i tētahi anga rautaki e hou ana, e tautoko ana i te whakahaeretanga o tā mātou Korou me te whakatutukihanga o tā mātou Whāinga Matua. E whakarārangi ana te anga i ngā kaupapa ka arotahingia me ngā mātāpono ka whakaarohia nō mātou ka whakāputa whakatau i aua kaupapa, hei tūāpapa mō ā mātou mahi hei whakahaere. Mā tēnei anga, e whai nei mātou ki te whakawhānui i ngā angitutanga kua puta i te rua tekau tau, neke atu rānei, kua hipa, me te noho pīngore anō hoki ki ngā panonitanga ka ara ake i te anamata. Ka whakamārama mātou i ngā taipitopito o te anga nei i tēnei pūrongo me ngā ara ka whāia hei whakahāngai i te anga ki ngā mahi.

#### Te Tahua Penihana Kaumātua o Aotearoa

Ko te Tahua Penihana Kaumātua o Aotearoa te kaupapa mātāmua me te arotahi a ngā Kaitiaki. He huinga haumitanga tēnei e whai ana i te tupuranga, ā, kei roto i te huinga ētahi rawa tūmatanui me ētahi rawa tūmataiti, huri i te ao.

I am pleased to introduce the Guardians of New Zealand Superannuation's 2024 – 2029 Statement of Intent ("SOI"). This document outlines our strategic objectives for the medium term and how we will know if we have been successful in achieving these. It covers the Guardians of New Zealand Superannuation as a Crown entity ("Guardians"), and its two mandates: the New Zealand Superannuation Fund ("NZ Super Fund") and the Venture Capital Fund, known as the Elevate Fund ("Elevate").

#### Guardians

The Guardians was established by the New Zealand Superannuation and Retirement Income Act 2001. At the time, the Guardians' sole function was to manage the NZ Super Fund. In 2019, the Government gave the Guardians a second mandate, Elevate.

The Guardians comprises over 200 professionals who support the successful delivery of its functions. We are guided by our Purpose: Sustainable investment delivering strong returns for all New Zealanders; and Vision: An inclusive team creating a better future through investment excellence.

We have recently adopted a refreshed Strategic Framework, which supports the delivery of our Purpose and achievement of our Vision. It outlines our focus areas and the principles we consider when making decisions in each of these areas, informing the actions we take as an organisation. Through this framework we look to build upon our achievements over the past 20 years, while remaining adaptive to changes the future will bring. In this report, we outline in more detail this framework and how we intend to apply it.

#### NZ Super Fund

The NZ Super Fund is the principal mandate and focus of the Guardians. This is a growth-oriented investment portfolio holding a mix of public and private assets around the world.

Ka haumi ngā Kaitiaki i ngā tukunga pūtea ka rere tonu mai i te Kāwanatanga ki te Tahua Penihana Kaumātua o Aotearoa, tae atu ki ngā hua ka hoki mai i ngā haumitanga (e more ana i ngā utu tāke). Mā te whakamahi i te Tahua Penihana Kaumātua o Aotearoa ki te penapena pūtea ināianei e taea ai te pikau ngā utunga rītāiatanga hei ngā tau kei te heke mai, e whai ana te Kāwanatanga ki te tuari haere i te utu o te penihana kaumātua i Aotearoa i waenga i ngā kaiutu tāke o nāianei me ō ngā reanga o muri.

I te tau 2023, ka eke te Tahua Penihana Kaumātua o Aotearoa ki tōna tau rua tekau e haumi pūtea ana. He pae hirahira tēnei ki a mātou, inā rā, i tā mātou tū hei kaihaumi i te pae tawhiti, e aro ana ki te tupuranga, koirā te paeraro o te roanga o te wā e tika ai te whakawātia o ā mātou mahi. E manawarū nei mātou ki te pūrongo atu i ngā hua o ā mātou mahi mā te whakamahi i ngā toharite rere o roto i te rua tekau tau.

Kei te kauwhata e whai ake nei ngā hua o ā mātou mahi i marohitia rā me ngā taumata i āta ekea, mai anō i tōna tīmatanga. E whakaatu ana te rārangi hāuratea i ngā hua i matapaetia rā ka puta i te Tahua Penihana Kaumātua i roto i ngā tau.

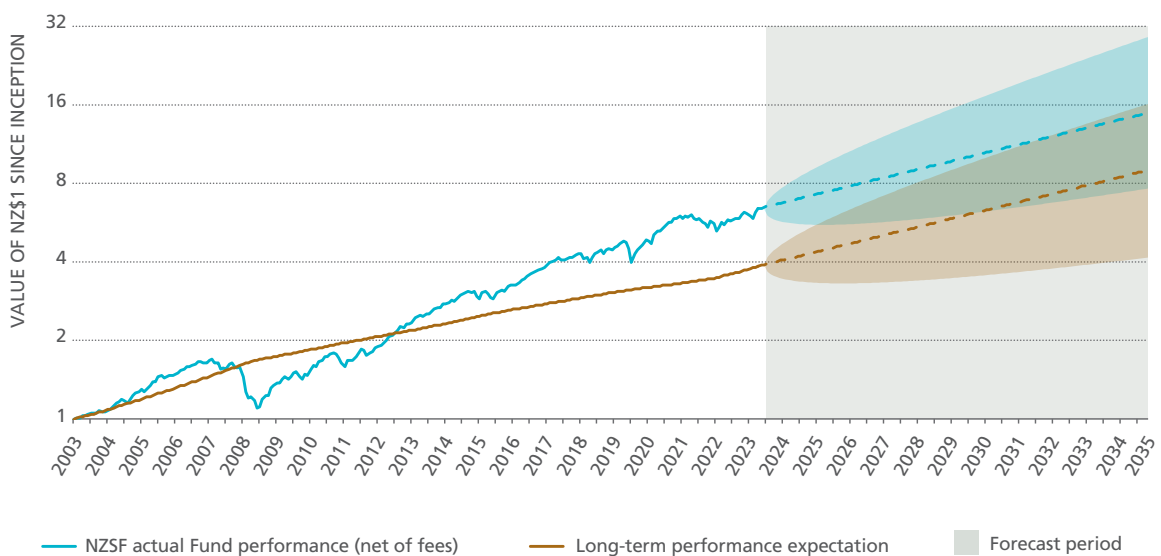
Nō mātou ka whakatau tata i ngā hua o te Tahua Penihana Kaumātua o Aotearoa, ko te matapae, ka 2.8% i te tau te paeraro o te nui ake o te whai hua o tā mātou Huinga Haumitanga ā-Pae Tawhiti, tēnā i te pāpātanga o ngā hua-haumi kāore nei e tūraru ana (e inea nei i runga i ngā Rawa Taurewa a Te Tai Ōhanga, e 90-rā te roa, he tohu uara mō te utu o te noho nama o te Kāwanatanga), waihoki, ka 1% te nui ake o te whai hua o te Tahua Penihana Kaumātua o Aotearoa i te Huinga Haumitanga ā-Pae Tawhiti, ko te rua tekau tau te wā e rere ana te toharite. E whakaatu ana te rārangi kikorangi i ngā āhuatanga motuhenga i puta ake. Nā, e kitea ana, kua pai ake ngā hua o tā te Tahua Penihana Kaumātua o Aotearoa haumi i tā mātou i matapae tuatahi ai mō te rua tekau tau kua hori. E whakaatu ana ngā rārangi iraira i ngā matapae mō ngā tau kei te heke mai.

The Guardians invests capital contributions made by the Government to the NZ Super Fund, as well as the net returns generated from the investments made (less tax paid). By using the NZ Super Fund to save now in order to pay for future retirement benefits, the Government aims to smooth the cost of New Zealand superannuation between today’s taxpayers and future generations.

In 2023 the NZ Super Fund marked 20 years of investing. This is a significant milestone for us because as a long-term, growth-focused investor, it is the minimum period over which our performance can be accurately judged. We are pleased to now be able to report our performance using 20-year rolling averages.

The following graph plots actual and forecast NZ Super Fund performance since inception. The beige line shows the performance we expected the NZ Super Fund would deliver over time.

In estimating the NZ Super Fund performance, we currently expect our Reference Portfolio to outperform the risk-free rate of return (as measured by 90-day NZ Treasury Bills, a proxy for the Government’s cost of debt) by 2.8% p.a., and the NZ Super Fund to outperform the Reference Portfolio by 1.0%, averaged over rolling 20-year periods. The blue line shows what has actually happened. As you can see, the NZ Super Fund has done better than the original forecast for the past 20 years. The dotted lines show our projections for the future.



Mai i tōna tīmatanga, kua hoki mai ngā hua-haumi e 10.0% i te tau (i muri i te tangohanga o ngā utu, i mua hoki i te tangohanga o te tāke i Aotearoa) ki te Tahua Penihana Kaumātua o Aotearoa. I te roanga o taua wā rā, kua whakamahia ngā tukunga pūtea, tōna \$16.5 piriona nei, a te Kāwanatanga hei waihanga i tētahi huinga haumi e \$74.1 piriona tōna uara i tēnei wā.

### Te Tahua Mairanga

I whakatūria te Tahua Mairanga hei whakapiki i te rahi o te pūtea mō ngā hinonga tūraru-nui e wātea ana ki ngā kamupene e hou ana, e auaha ana hoki, hei whakawhanake i te taiao pūtea o Aotearoa i ōna tau tīmatanga, hei whakapiki hoki i te whakaputanga o ngā hua. Nā konei, ka whāngaihia te toitū me te whai hua o te ōhanga o Aotearoa.

E whakahaerehia ana a Tahua Mairanga e New Zealand Growth Capital Partners Limited ("NZGCP") mā ngā Kaitiaki, i raro i te tauira o te tahua-whai-tahua. Ka tukua e NZGCP he pūtea ki ngā kaiwhakahaere tahua i te rāngai tūmataiti, ā, me mātua whai rātou i te pūtea, e ōrite ana ki taua pūtea taketake rā te nui, mai i te rāngai tūmataiti. Kātahi ngā kaiwhakahaere tahua rā ka tuku pūtea ki ngā kamupene o Aotearoa e iti ana, e āhua rahi ana rānei, e whai ana i ngā arawātea kia tupu.

Ko tā ngā Kaitiaki, he taumaruru i te whakahaeretanga o te Tahua Mairanga hei whakaū i te hāngai o tōna haumitanga ki ngā tikanga whai hua katoa o te haumi ā-whakahaere i ngā wāhi tauhokohoko pūtea whāngai hinonga tūraru-nui i Aotearoa.

### Te Noho Haepapa me te Puata ā-Whakahaere

E takoto ana i tēnei Tauākī Whāinga ngā inenga i te whai hua o te mahi mō ngā Kaitiaki, mō te Tahua Penihana Kaumātua o Aotearoa, me te Tahua Mairanga, mō ngā tau 2024 - 2029. Kitea ai ā mātou mahi ā-tau kua whakaritea, arā, ko ngā mahi e hāngai ana ki ngā kaupapa e arotahingia ana, ki te Tauākī Matapae i te Whai Hua (SPE) mō te tau pūtea e hāngai ana. Ka pūrongoia e mātou te āhua o ā mātou mahi e ai ki aua inenga rā me ā mātou mahi kua whakaritea i te Tauākī Matapae i te Whai Hua, i ā mātou Pūrongo ā-Tau. He tikanga whakahirahira ki ngā Kaitiaki me ana tahua te auau o te whakaputanga o te Tauākī Whāinga, o te Tauākī Matapae i te Whai Hua me te Pūrongo ā-Tau e ū ai te noho haepapa me te puata ā-whakahaere. Pērā i tā mātou i whakaata rā i ngā inenga i te whai hua o te mahi kua whakatakotoria, e whai ana mātou kia kounga ngā mahi, ā, ka whakawhirinaki, i ngā wā ka taea, ki ngā paeraro ā-ao me ngā paeraro nō whakahaere kē.

E whakahirahira ana ā mātou tahua haepapa ki te anamata o Aotearoa, ā, e tino koromaki ana mātou ki ō mātou haepapa ki te whakatutuki i tā mātou i whakahaua ai. Hei ngā tau e rima e haere ake nei, hei tua atu anō hoki, e tōngakingaki ana mātou kia mahi tonuhia ā mātou mahi i roto i te kairangi.

Since its inception the Super Fund has returned 10.0% per year (after costs and before NZ tax). Net Government contributions of approximately \$16.5 billion during that time have been used to create an investment portfolio currently worth \$74.1 billion.

### Elevate Fund

Elevate was established to increase the amount of venture capital available to young, innovative companies to develop New Zealand's early-stage capital ecosystem and lift productivity. In turn this will contribute to the sustainability and productivity of the New Zealand economy.

The Guardians has appointed New Zealand Growth Capital Partners Limited ("NZGCP") to manage Elevate under a fund-of-funds model. NZGCP allocates funds to private-sector fund managers who are required to match these contributions with capital from the private sector. In turn, these fund managers deploy capital to small- to medium-sized New Zealand companies seeking growth opportunities.

The Guardians' role is to oversee the management of the Elevate Fund to ensure that it is being invested in line with best practice for institutional investment in New Zealand venture capital markets.

### Accountability and transparency

This SOI sets out performance measures for the Guardians, the NZ Super Fund and the Elevate Fund, for the period 2024 – 2029. Our annual planned actions, which represent work aligned to our focus areas, can be found in our Statement of Performance Expectations (SPE) for the relevant financial year. We report against these measures and our planned actions in the Statement of Performance in our Annual Report. The SOI, SPE and Annual Report cycle is an important accountability and transparency mechanism for the Guardians and our mandates. As reflected in the performance measures we have set, we hold ourselves to high standards, and rely on global and third-party benchmarks where possible.

Our mandates are important to the future of New Zealand, and we take our responsibilities in achieving them very seriously. Over the next five years and beyond we are committed to continuing our work with excellence.

Nāku noa

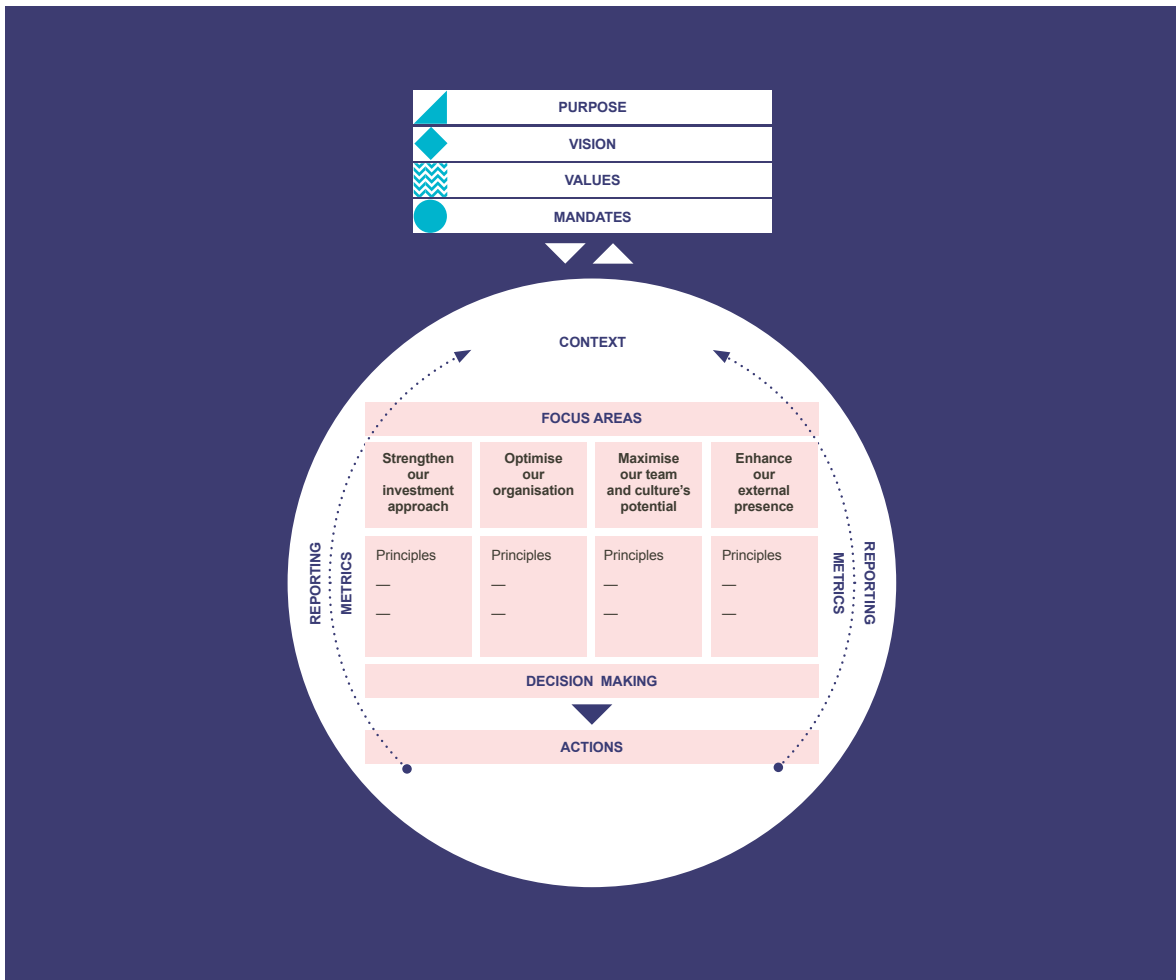
nā te Toihau, nā John Williamson



JOHN WILLIAMSON, CHAIR

# Our Strategic Framework

## Tā Mātou Anga Rautaki



Throughout the 2023/24 financial year, the Guardians’ Board and management undertook a programme of work to design the ‘Guardians of the future’. Our goal was to clearly articulate how we will pursue our Purpose and Vision in the years ahead and design the organisation to deliver this.

A key milestone was the adoption of our revised Strategic Framework, approved by the Board in April 2024. This Framework represents an evolution of our previous approach and supports the delivery of our Purpose, achievement of our Vision, reinforcement of our Values and fulfilment of our mandates.

### Our context

The framework is embedded in our context, which will shift and change over time as the environment around us changes and the organisation evolves. This means an ongoing, regular assessment of the context is required so that we can respond and adapt as things change. We position ourselves to respond and adapt to these changes via our focus areas.

### Focus areas

Focus areas are our response to our context and are designed to complement and interact with each other. They represent areas that we believe are strategically fundamental to the Guardians and where resource and effort should be allocated.

### Principles

Within each focus area we identify a set of principles which articulate our preferred way of operating. They provide some guardrails to ensure clarity and consistency in our decision-making.

The principles are not intended to be absolutes, and do not preclude us from making different choices. They do, however, raise the hurdle required to make a different choice.

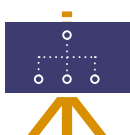
The principles underpin our business planning activity, ensuring that the decisions we make around resource allocation are directly and consistently understood, applied and aligned across the Guardians.

## FOCUS AREAS AND DIRECTION



### Strengthen our investment approach

Strengthening our investment approach involves continuing to review and enhance our investment framework, including how it is implemented, to ensure it is appropriate both for the present and for the future – in terms of managing a larger fund and considering potential future changes in our context.



### Optimise our organisation

As the Guardians grows and our operating context evolves, we will continually review and improve processes, systems and ways of working that support our organisation, enabling it to remain resilient, adaptable and scalable.



### Maximise our team and culture's potential

The Guardians' team and culture are strategic assets that enable our organisation to evolve and grow.

Maximising our team and culture's potential requires ongoing monitoring and investment to preserve and develop the elements that build value and are additive.



### Enhance our external presence

Our reputation, networks and continued stakeholder support have been core to our success.

Focusing on our networks and stakeholders provides access to investment opportunities, top talent, and market-leading peers and suppliers, and creates opportunities to respond to systemic risks.

# Achieving our outcomes

## Te whakatutuki i ā mātou putanga

### GUARDIANS

The Guardians' function is to manage two mandates: the NZ Super Fund and the Elevate Fund.

### OUR PURPOSE IS

SUSTAINABLE INVESTMENT DELIVERING STRONG RETURNS FOR ALL NEW ZEALANDERS

### OUR VISION IS

AN INCLUSIVE TEAM CREATING A BETTER FUTURE THROUGH INVESTMENT EXCELLENCE

Our Strategic Framework, summarised in the previous section, sets out how we will focus our organisational resources and energy to achieve these long-term outcomes. The *Measuring our performance* section (pages 8 – 16) sets out a series of performance measures for the Guardians as an organisation; and in respect of its management of the NZ Super Fund and the Elevate Fund mandates.

### FOCUS AREAS

STRENGTHEN  
OUR INVESTMENT  
APPROACH

OPTIMISE OUR  
ORGANISATION

MAXIMISE OUR TEAM  
AND CULTURE'S  
POTENTIAL

ENHANCE  
OUR EXTERNAL  
PRESENCE

### NZ SUPER FUND

#### Strategic objective (outcome):

To help pre-fund the increasing cost of superannuation in the future. In doing this the NZ Super Fund adds to Crown wealth, improves the ability of future governments to pay for superannuation, and ultimately increases inter-generational equity by reducing the tax burden on future New Zealanders.

#### Mandate (output):

The Guardians must invest the NZ Super Fund on a prudent, commercial basis, and in doing so, we must manage and administer the NZ Super Fund in a manner consistent with:

- best-practice portfolio management;
- maximising returns without undue risk to the Fund as a whole; and
- avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

#### How we assess performance:

- Governance
- Organisational capability
- Investment performance
- Best practice
- Sustainable finance



## ELEVATE

**Strategic objective (outcome):**

To contribute to the sustainability and productivity of the New Zealand economy by increasing the venture capital available to early-stage New Zealand companies. In doing this the Elevate Fund will help young, innovative companies to grow into successful and sustainable businesses, encourage the availability of more venture capital from other sources, and help grow the venture capital ecosystem in New Zealand.

**Mandate (output):**

The Guardians oversees the management of the Elevate Fund, to help ensure it is being invested in line with best practice for institutional investment in New Zealand venture capital markets.

**Activities:**

- Appointing New Zealand Growth Capital Partners Limited ("NZGCP") as the external fund manager for the Elevate Fund;
- Ensuring the management agreement reflects best practice in the context of institutional investment in New Zealand venture capital markets;
- Ensuring that information reporting requirements relating to the flow of capital are covered in the management agreement;
- Continuing to monitor the performance of NZGCP; and
- Ensuring compliance with the Statement of Investment Policies, Standards and Procedures.

**How we assess performance:**

- Conviction review

**Organisational health and capability**

Achieving our long-term purpose requires strong leadership; a shared understanding among staff of our Vision and Values; and talented, committed people with access to quality data, systems and tools.

To ensure the success of our organisational health and capability, we continue to focus on embedding the Guardians' Purpose, Vision, Values and culture as a meaningful part of the business. This means translating our strategies into clear role requirements, accountabilities and competencies, and driving business performance through compensation, performance management and leadership and coaching.

We promote a constructive and collaborative organisational culture. We measure our culture and our team's engagement to ensure we are headed in the right direction. Our culture is grounded in our Values and the desired behaviours we all exhibit.

Diversity, equity and inclusion (DEI) is important to the Guardians because we believe it is vital to encourage diversity of thought and reflect the communities we serve. We know this will help us better solve complex problems and deliver to our whāinga (purpose) and mandates. We have been developing our DEI approach since the early 2010s, and we recently launched our first Rautaki Kanorau: Diversity, Equity and Inclusion Strategy 2022 – 2027, endorsed by our Board and management.

This strategy supports us to continue to mature and develop our approach to DEI practices, including our understanding and integration of te ao Māori, a key area of focus reflected in our strategy.

# Measuring our performance

## Te ine i ā mātou mahi

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### Guardians

#### Governance

Sound governance is at the heart of how we manage our mandates and is critical to maintaining stakeholder and public confidence in the Guardians.

As an autonomous Crown entity, the Guardians is legally separate from the Crown. This means that, although we are still accountable to the Minister of Finance and Parliament, we have operational independence regarding investment decisions and are, instead, overseen by an independent Board. The Guardians is subject to ongoing monitoring from The Treasury, as well as annual reviews from auditors on behalf of the Auditor-General, and five-yearly independent reviews.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Independent reviews</b>	Five-yearly	Annual Report	The New Zealand Superannuation and Retirement Income Act requires that an independent review of how effectively and efficiently the Guardians is performing its function is carried out every five years. The Minister of Finance sets the terms of reference for the review, which is conducted by an independent body appointed by the Minister. The report is then presented to Parliament. The Guardians has had three reviews since inception; all are published on our <a href="https://nzsuperfund.nz">nzsuperfund.nz</a> website. The most recent review was conducted in 2019; the next will be undertaken in 2024.	Satisfactory review with no material concerns about the effective and efficient performance of the Guardians' functions identified. Review report and our responses published on our website. The report's recommendations and suggestions will be comprehensively reviewed by the Guardians.	This measure supports all four of our focus areas.

### Organisational capability

Workplace culture is a significant and important challenge for the financial services industry globally. At the Guardians, we strive for a positive workplace culture: behavioural norms that support our Values – team not hero; we support each other; future focused; we stand strong. A great culture assists in our efforts to gain a competitive advantage over other investors by building and retaining a great team. Equally, high-quality leadership, strong engagement and a 'whole of enterprise' culture are critical to ensuring we are making the best possible investment decisions across the organisation.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Developing and maintaining a constructive workplace culture</b>	Two-yearly	We report on our culture development activities and progress annually in our Annual Report. Quantitative evaluations of our culture are not undertaken every year, however. Where we do undertake such an evaluation, we will report the result in our Statement of Performance for the applicable year. Qualitative discussion is contained in the Our People section of each Annual Report.	Culture plays a significant role in keeping staff engaged, with implications for financial performance, recruitment, retention, risk awareness/management and ethical behaviour.	Achieve the constructive benchmark in the Human Synergistics OEI Survey. This translates to averaging above the 60th percentile for the Constructive Styles, and below the 50th percentile for both sets of Defensive Styles, or equivalent ratings in equivalent surveys, bearing in mind that over time our preferred survey methodology might change.	This survey will support us to measure our progress against our 'Maximise our team and culture's potential' focus area.

## Measuring our performance

### Te ine i ā mātou mahi

#### NZ Super Fund

##### MEASURING OUR PERFORMANCE

Here we set out a series of performance measures relating specifically to the Guardians' management of the NZ Super Fund, in the areas of:

- investment performance;
- best practice; and
- sustainable finance.

##### Investment performance measures

We employ three different quantitative measures, each over 1-, 5-, 10-, 20-year and since-inception time frames (where applicable), against which to view the investment performance of the NZ Super Fund. Note: Predicting short-term financial market returns with useful accuracy is difficult. Making predictions with absolute confidence for a one-year period is impossible. We therefore employ our equilibrium expectations of the Reference Portfolio as the basis for the expected outcomes shown here. The 2.8% p.a. expected outcome represents the assumed long-run equilibrium risk premium expected to be earned on a portfolio with the same amount of market risk exposure as the NZ Super Fund's low-cost, passively managed benchmark – its Reference Portfolio. To learn more about how we define the long-run equilibrium risk premium (2.8% p.a.), refer to our Statement of Performance Expectations.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Reference Portfolio returns relative to 90-day Treasury Bills (per annum)</b>	1, 5, 10, 20 years and since Inception	Annual Report	<p>We expect that the NZ Super Fund will return at least the 90-day Treasury Bill return + 2.8% p.a. over any 20-year moving average period. Simply put, if we are successful in achieving this measure, we will have delivered more benefits to taxpayers than they could have achieved by simply paying down debt.</p> <p>90-day Treasury Bills, which are wholesale debt securities issued by the Crown, are an appropriate measure of the NZ Super Fund's performance. This is because they represent the cost to the Government of contributing capital to the NZ Super Fund, instead of using the money to repay debt, and are seen as the most risk free asset.</p> <p>Our expectation is based on assumptions of investment returns for each asset class within the NZ Super Fund over the long term.</p>	2.8% p.a.	This measure aligns with our 'Strengthen our investment approach' focus area.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Actual Fund returns above Reference Portfolio (p.a., net of costs)</b>	1, 5, 10, 20 years and since inception	Annual Report	<p>We expect that the NZ Super Fund will outperform its Reference Portfolio or passive benchmark by, on average over time, 1% p.a.</p> <p>The Reference Portfolio is a simple portfolio of passive, low-cost, listed investments suited to the NZ Super Fund's long-term investment horizon and risk profile. This Reference Portfolio has an 80:20 split between growth and fixed-income investments and its foreign currency exposures are 100% hedged to the New Zealand dollar.</p> <p>A proportion of the NZ Super Fund is invested in line with the Reference Portfolio, but we also make investments outside this – into active investments such as (to give just one example) private market assets. These investments are expected to bring a higher expected return and/or offer diversification benefits, albeit with more complexity and cost.</p> <p>This measure is a way of evaluating how successful we have been in undertaking these active investments and attempting to add value to the NZ Super Fund, over and above what the Reference Portfolio would deliver. Detailed information about the Reference Portfolio approach is contained in our Annual Reports and on our website.</p>	1% p.a.	This measure aligns with our 'Strengthen our investment approach' focus area.
<b>1% probability that Reference Portfolio return is equal to or worse than</b>	1, 5, 10 and 20 years	Annual Report	<p>Financial market returns are inherently volatile, continually being repriced and moving up and down over time. Over short time frames a wide range of returns are possible – very high and very low. Over longer horizons, however, underlying economic drivers tend to determine returns.</p> <p>In considering how much risk to take, we need to consider trade-offs around these time frames and the potential need to convert assets quickly into cash. We measure how much risk is being carried by the Reference Portfolio by estimating what the worst outcome could potentially be among 100 random samples, over different time periods.</p> <p>If losses of this magnitude were to happen more often than expected, then either a rarer-than-expected event has occurred, or the Reference Portfolio was carrying more risk than we understood.</p>	1 year: -30.5% 5 years: -11.5% 10 years: -5.9% 20 years: -1.7%	This measure aligns with our 'Strengthen our investment approach' focus area.

### Best practice

In this section we set out four measures relating to best practice operations for a sovereign wealth fund and/or institutional investor.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Guardians' response to the IFSWF Santiago Principles</b>	Three-yearly (2025, 2028)	Website and Annual Report	<p>New Zealand is a member country of the International Forum of Sovereign Wealth Funds ("IFSWF"), a voluntary group of sovereign wealth funds established under the auspices of the International Monetary Fund.</p> <p>The Santiago Principles are a set of 24 voluntary IFSWF guidelines that assign best practices for the operations of sovereign wealth funds. These principles recognise that it is important for sovereign wealth funds to demonstrate to their home countries, to the countries in which they are invested, and to the international financial markets in general that they are properly established and that their investments are made on a purely economic basis.</p> <p>The Santiago Principles monitor three important areas of operational practice for sovereign wealth funds: the legal framework, the institutional framework, and the governance framework, along with investment policies and risk management.</p>	<p>A self-assessment of the Guardians' and the NZ Super Fund's adherence to the Santiago Principles is completed, published on our website and assured by an independent third party.</p> <p>Top quartile or higher ratings in the Geoeconomica Santiago Compliance Index of sovereign wealth funds' compliance with the Santiago Principles; top quartile or higher ratings in other relevant ratings mechanisms.</p>	This measure aligns with our 'Enhance our external presence' focus area.
<b>Cost control</b>	Annually	Website and Annual Report	<p>Cost control is central to the achievement of our mission to maximise returns without undue risk. Striking the right balance between minimising cost and implementing investment strategies that will add the most risk-adjusted value to the Fund over the long term is critical to achieving our purpose.</p> <p>We participate in one of the most widely used and comprehensive financial benchmarking services available globally – the annual value-add and cost benchmarking survey by CEM Benchmarking Inc. ("CEM"). This survey assesses the cost and return performance of the NZ Super Fund against a group of approximately 270 funds from around the world, focusing in on a small number that are of a similar size.</p> <p>The results of each CEM survey are published on our website and in our Annual Report.</p>	<p>On a rolling five-year basis: median value-adding or better compared to our CEM peer group, with costs below the CEM-calculated cost benchmark. This rating provides an independent benchmark of whether we have struck a good balance between minimising costs and successfully implementing value-adding investment strategies.</p> <p>Succeeding in this area will result in better long-term investment returns for the NZ Super Fund. Summary report published on our nzsUPERFUND.NZ website.</p>	This measure aligns with our 'Strengthen our investment approach', 'Optimise our organisation' and 'Enhance our external presence' focus areas.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>PRI Assessment, Principles and Voting Reports</b>	Aligned to the PRI reporting cycle (annually)	Statement of Performance	<p>We participate in the annual Principles for Responsible Investment ("PRI") assessments. The PRI is the international standard for best practice in responsible investment and, over time, is evolving to incorporate sustainable finance elements. We consider that Principle 1 (Incorporation/Integration) and Principle 2 (Active Ownership/Stewardship) are the foundation of responsible investment best practice.</p> <p>We report annually on the Guardians' performance and activities against Principles 1 and 2.</p> <p>Voting rights are important for maintaining shareholder oversight of investee company directors, boards and company policies. They are therefore central to meeting our obligations under our governing legislation and our commitment to sustainable finance. We exercise our voting rights globally across the NZ Super Fund's segregated equity portfolio.</p>	<p>Achieve a four- or five-star rating (out of five)* for Policy, Governance and Strategy in the annual PRI assessment.</p> <p>Summary assessment report published on our <a href="https://nzsuperfund.nz">nzsuperfund.nz</a> website.</p> <p>Report annually on the Fund's activities and outcomes in regard to the PRI Principles, specifically Principle 1 (Incorporation/Integration) and Principle 2 (Active Ownership/Stewardship).</p> <p>Publish voting reports on an ongoing basis on our <a href="https://nzsuperfund.nz">nzsuperfund.nz</a> website.</p>	This measure aligns with our 'Strengthen our investment approach' and 'Enhance our external presence' focus areas.

\* Or equivalent rating, bearing in mind that over time the PRI rating system and/or methodology may change.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Transparency ratings</b>	Annually	Website and Annual Report	We strive to be as transparent as commercially possible about our management of the NZ Super Fund and how the NZ Super Fund is performing. Transparency is a central compliance requirement for the Guardians in our management of the Fund, and is also critical to maintaining organisational credibility and stakeholder confidence.	10 out of 10 (100%) in the quarterly rating of sovereign wealth fund transparency published by the Sovereign Wealth Fund Institute; top quartile or higher in other relevant rating mechanisms. Ratings are published on our <a href="https://nzsuperfund.nz">nzsuperfund.nz</a> website. To achieve a rating of 10/10 in the Sovereign Wealth Fund Institute's Transparency Index, a fund makes a range of information about its operations and performance publicly available.	This measure aligns with our 'Enhance our external presence' focus area.

### Sustainable investment

In this section, we set out our measures relating to climate change as part of our sustainable finance approach. The measures reflect our Climate Change Investment Strategy for the NZ Super Fund, developed in 2016, and our commitment to net zero by 2050, as outlined in the New Zealand Government's 2021 Crown Financial Institutions' Responsible Investment Framework.

Climate change is a serious and complex issue that presents material risks and opportunities for investors. It is, however, only one aspect of sustainable finance and, as we continue to mature our sustainable finance approach, we might introduce additional measures to report on.

Further information about our response to climate change is available on our website.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic framework
<b>Climate change</b>	Annually	Statement of Performance	The Guardians developed a Climate Change Investment Strategy for the NZ Super Fund in 2016. This includes carbon reduction targets set by the Board on a five-yearly basis. The Climate Change Investment Strategy is now being implemented as part of a wider sustainable finance approach.	<p>Publish an annual Climate Change Report aligned with the New Zealand Climate-Related Disclosure Standards. This will include a third-party assured carbon footprint showing progress made against the Fund's carbon reduction targets set by the Board.</p> <p>Detail progress towards net zero in line with the requirements of the New Zealand Government's 2021 Crown Financial Institutions' Responsible Investment Framework, with specific reference to setting interim targets and reporting carbon reduction metrics.</p> <p>Report progress towards net zero annually as required by our Paris Aligned Asset Owner Commitment.</p>	This measure aligns with our 'Strengthen our investment approach' focus area.
<b>Impact investment</b>	Annually	Statement of Performance	<p>The Guardians defines Impact Investments as: "Investments made with the intent to deliver measurable positive social and/or environmental impacts, and the Fund's required financial return."</p> <p>We have developed an Impact Investment Framework for the Fund, covering qualification, analysis, measurement and management.</p> <p>The objective is to scale impact investment through integration across our team and opportunity set.</p>	Report annually on the dollar amount of assets under management in impact investments.	This measure aligns with our 'Strengthen our investment approach' focus area.



## Measuring our performance

### Te ine i ā mātou mahi

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#### Elevate Fund

Here we provide some contextual information regarding the Venture Capital Fund, known as the Elevate Fund ("Elevate") in order to explain the roles and responsibilities of the Guardians in relation to it.

The Elevate Fund was established in 2019 by the Venture Capital Fund Act 2019 ("VCF Act"), with approximately \$300 million in initial capital contributions from the Government. It is a completely separate legal entity from the NZ Super Fund.

As discussed on page 3, the Elevate Fund's ultimate outcome is to contribute to the sustainability and productivity of the New Zealand economy. The Elevate Fund will do this by helping young, innovative companies to grow into successful and sustainable businesses, encouraging the availability of more venture capital from other sources, and therefore developing the venture capital ecosystem in New Zealand.

The VCF Act gives the Guardians a role in relation to the Elevate Fund, requiring us to invest it in New Zealand's venture capital markets using best-practice investment management appropriate for institutional investment in those markets. We must also manage the Elevate Fund in a manner consistent with:

- the Ministerial Policy Statement which sets out critical parameters as to how the Elevate Fund must be managed and invested; and
- avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

The Policy Statement is a critical document, because it is intended to result in achievement of the policy purpose and will directly influence the financial performance of the Elevate Fund. The parameters contained in the Policy Statement have been set with the intention that if the Guardians manages and administers the Elevate Fund in accordance with them, and where necessary the Government successfully implements a range of ancillary measures to support the further development of New Zealand's venture capital markets, the purpose described above is expected to be achieved.

As anticipated in the legislation, the Guardians has appointed New Zealand Growth Capital Partners Limited ("NZGCP") as

the external manager for the fund, using a fund-of-funds model. The Management Agreement appointing NZGCP reflects best practice in the context of institutional investment in New Zealand's venture capital markets.

NZGCP is responsible for selecting, and allocating capital to, fund managers to match private-sector investment and to make other investments (e.g. co-investments). These underlying fund managers will in turn deploy capital to investee entities during their investment periods.

The Elevate Fund will receive capital returns as underlying funds gradually exit investments. Some of this capital may be recycled to support existing investments and new fund vintages.

The Guardians' role in relation to the Elevate Fund is one of governance and oversight. We are delivering this Guardians' mandate by:

- appointing NZGCP as the external fund manager for the Elevate Fund;
- ensuring the management agreement with NZGCP reflects best practice in the context of institutional investment in New Zealand's venture capital markets and the capital allocation requirement contained in the Ministerial Policy Statement;
- ensuring that information reporting requirements relating to the flow of capital are covered in the management agreement;
- continuing to monitor the performance of NZGCP; and
- ensuring compliance with the Statement of Investment Policies, Standards and Procedures for the Elevate Fund.

It is the responsibility of NZGCP to invest in private-sector venture capital fund managers who will select the entities in which to invest.

It is our responsibility to monitor NZGCP's performance in line with the best-practice approach and conviction process we have developed to manage relationships with other local and international investment managers, as applicable to the New Zealand venture capital market.

The Guardians has significant experience in working with external managers, as we use external managers to manage

substantial investments for the NZ Super Fund globally. We monitor the performance of external managers through a structured approach to regular reviews. These 'conviction reviews' assess managers based on:

- viability, structure and focus;
- risk awareness and management;
- people capabilities;
- strength of processes, policies and compliance with the Statement of Investment Policies, Standards and Procedures;

- the consistency of investment activity with the purpose of the opportunity; and
- performance.

Where a manager does not meet our conviction standard, we work to ensure that improvements are made and that standards are met over time. Ultimately, if standards are not met, we may terminate the contract with the manager.

Below we set out our key performance measure in respect of the Elevate Fund.

Measure	Horizon	Where reported	Commentary	Expected outcome	Alignment to Strategic Framework
<b>Manager monitoring – conviction review</b>	Annual	Annually in Statement of Performance	<p>We monitor NZGCP's performance in line with the best-practice approach we have developed to manage relationships with other local and international investment managers, as applicable to the New Zealand venture capital market.</p> <p>We evaluate our managers by means of a conviction review. Our conviction means our confidence in a manager's competence to execute on an investment opportunity and the general quality and fit of the organisation. Key inputs include the manager's performance, governance and overall conduct.</p>	Successful completion of conviction review.	This measure aligns with our 'Strengthen our investment approach' focus area.

## Transparency and reporting to the Minister of Finance

### Te Pūataata me te tuku pūrongo ki te Minita o te Tahua

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The Guardians prides itself on being a transparent organisation. Our stakeholders, including the Minister of Finance, as well as any other interested parties, can access a wealth of current and historical information on our [nzsuperfund.nz](https://nzsuperfund.nz) website.

This information includes detailed historical performance figures for the NZ Super Fund since inception, copies of our media statements, along with speeches and presentations given by Guardians' staff.

A range of formal reporting mechanisms is also in place. A Parliamentary Select Committee, generally the Finance and Expenditure Committee, reviews the Guardians' and Funds' financial disclosures, and the Guardians' performance is reviewed five-yearly by an independent reviewer appointed by the Minister.

As a Crown entity, we are subject to the Official Information Act 1982 and to other transparency requirements such as Parliamentary Questions.

As sustainability reporting requirements and best practices develop, we will continue to evolve our reporting in this area. Currently we publish an annual climate change report, carbon footprint and stewardship report.

In addition, the Guardians provides a quarterly report on the progress of the Guardians and the Funds to the Minister of Finance. This sets out the performance of the NZ Super Fund and the Elevate Fund, as well as key investment and other operational developments during the preceding quarter.

In common with other Crown entities, we also receive from the Minister an annual Letter of Expectations. The Letter sets out the Minister's expectations for the Guardians for the coming year.

## Acquisitions

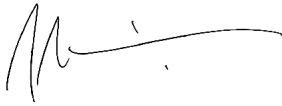
### Ngā Hokonga Mai

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In respect of the activities of the Guardians, we have no intention to acquire interests in companies, trusts or partnerships for the benefit of the Guardians. We do, however, undertake such acquisitions as manager and administrator of the NZ Super Fund, and those interests become the property of the NZ Super Fund.

Other than the Guardians' ability to control Fund Investment Vehicles ("FIVs") in line with Section 59A of the New Zealand Superannuation and Retirement Income Act 2001 ("NZSRIA") and Venture Capital Fund ("VCF") investment vehicles in line with Section 25 of the Venture Capital Fund Act 2019, the Guardians' Board must use its best endeavours to ensure that the NZ Super Fund does not have control of entities (e.g. a company). This requirement is set out more fully in Section 59 of the NZSRIA. Consequently, the investment guidelines we have in place with external managers and our other internal policies and procedures contain controls that ensure compliance with this requirement.

#### SIGNED ON BEHALF OF THE BOARD



**JOHN WILLIAMSON**

CHAIR  
30 April 2024



**DOUG PEARCE**

BOARD MEMBER  
30 April 2024

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[www.nzsuperfund.nz](http://www.nzsuperfund.nz)

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