

Sovereign Investment Work Shop - Closing Remarks

Introduction

Welcome, and good evening everyone

Tena kotou, tena kotou, tena kotou katoa

Benvenuti Buona Sera –

My name is Brad Dunstan and I am head of the Portfolio Completion team at the NZSF. It's a pleasure to be here this evening speaking on behalf of the IFSWF chair, and CEO of NZSF, Adrian Orr.

Firstly congratulations to all involved in this workshop, what a huge success. Thanks to Bernardo and Bocconi University, to all the speakers/contributors this evening, and to those fellow members that attended the Sovereign Investor Academy, for me it's been a week of collective knowledge download.

This evening I am going to talk about three things –

1. The shared purpose/endowments and challenges SWFs face.
2. The reason why events such as these are important in the SWF community in driving the discussions around these commonalities.
3. Some reflections on today's workshop and how we can incorporate these into our interactions and discussions.

Shared Purpose/Endowments

All of us in this room this evening share a common purpose – that is navigating through complex financial markets to generate long term sustainable wealth creation, and as we have heard today, it's not going to be easy.

As well as our common purpose we all share unique advantages/endowments; These are our Long Investment Horizon and Certainty of liquidity.

Our long Investment horizon is largely concerned with our ability to control the deployment of risk capital at all times, and to be able to properly respond to slow burning global trends such as population change and climate change. SWF with our stable risk appetite, scalable resources and long investment horizons can bring much needed discipline and stability to global financial markets.

C1 - Public

Our certain liquidity profile allows us to discount short term market turmoil and dislocation and have resources and wherewithal to view these as opportunities and profit from them. Our certainty of liquidity gives us the ability to be true contrarian investors.

We also face many common challenges and we have heard about some of those today involving more active governance of our investments, and technology disruption. They are issues all our organisations will face together.

Why Events Such as these are important

They are important because they provide the opportunity to discuss, share, and learn from each other about our common purpose/endowments and challenges.

This workshop is one of only a few undertaken under the banner of the International Forum of Sovereign Wealth Funds – IFSWF – and our academic partners Bocconi, the success of this event is very important to the ongoing value proposition of the Forum itself. What these events most achieve, is bringing together a global community of SWF. And it gives us the opportunity to work towards what Adrian describes as the three c's Compare, Collaborate, Co-Invest.

First – Compare.

Let's compare best practice, lets us compare notes on how to do certain things; it allows us to measure ourselves against each other, learn from each other's experiences. And this is important. It's important because it enables us to communicate with our stakeholders in an informed way about how we're operating and where we stand in the global scheme of things.

And we can witness examples of this already in the forums pursuit of The Santiago Principles of investing, this is a tangible way in which we can compare and measure ourselves.

Second – Collaborate.

Let's collaborate on issues of shared interest - Given many of us share the same endowments, inevitably, our interests are going to coincide across several fronts – meaning there is always scope for further, deeper collaboration.

It's early days yet, but there's been some good success. For example, a few of us are working with the OECD on long-term tax considerations, and with the UNPRI on responsible investment.

And third – Co-invest.

Given the state of the global economy, the volatility of public markets, co-investment makes sense. In doing so we look to co-invest with like-minded peers with aligned interest, pooling together resources to build up the necessary capabilities together.

Admittedly, co-investment is not easy. It requires a lot of trust. And too build trust means we have to be very open and transparent with each other. We have to build real confidence with each other so that co-investment doesn't slow things down but speeds things up.

C1 - Public

This is going to take personal relationship building, not just at the CEO level, but throughout the whole institution. We'll have to work hard – bilaterally, collectively, to help our institutions get to know each other well.

And building relationships starts right here, and events such as these.

This model of comparing, collaborating and co-investing is absolutely critical to the future of sovereign wealth funds, but and if we get it right we create a powerful force of economic good, shifting investment horizons beyond the short-term profit focus, to the long-term sustainable wealth creation.

What we can reflect on

Reflecting on today's workshop there are plenty of areas where we can incorporate the three C's into our discussions.

As we have heard today, improving governance and companies in which we invest can drive value creation and better social outcomes. Good Governance is something which we can absolutely compare notes to drive better outcomes for us all.

Collaborate – also today we have heard about investment in disruptive technology being the window to the world, not only as barometer to our other investments and how they react to disruptive technology but also in reference to how this technology can help us be more efficient in our own organisations. And there is a huge amount of collaboration we can do in this space, from the systems we use, to re-tooling our internal mandates and operating models to how we think about risk and benchmarking.

Co-invest – We have heard a story today of the “new normal”. How traditional investments may not provide us with the continued returns we are used to or expect. This means SWF are moving up the risk spectrum such to early stage investments. One of the facts that resonated with me most today was SWF investment in these early stage investments was greater in 2016 than the last ten years combined, and that is huge.

Early stage investing is tailor made for co-investment. Sharing the risk of early stage investment as well as allowing us to invest in smaller size or new jurisdictions . Building complimentary internal resource and expertise to become serious players in disruption technology and present a unified strategy in communicating to stakeholders.

Conclusion

So please reflect on

- Reflect on what you have learnt today, and for many of us this whole week. And think hard about how you can improve your own organisations using those learnings.
- Reflect on the friends you have made – and trust those people and how you can leverage those relationships again to improve your own organisations.
- And finally reflect on the value of us working together as a committed investing community.

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Please spread the word of this event and the Sovereign Investment Academy and please continue to be actively involved in IFSWF. We require the commitment of IFSWF members to participate, contribute and create a culture in learning and sharing. A culture only survives when it is alive and growing. Our IFSWF culture is young – but it is growing rapidly under sound principles and values.

Once again, thank you Bernardo, Bocconi, Milan – and all of my colleagues here in the room for this event.

I want thank you personally, and on behalf of the Chair of the IFSWF my colleague Adrian Orr.

I will leave you with one final thought, the input of these events is merely our own effort, the output however is leveraged, magnified which means we can raise the bar of excellence for all SWF to go forth and set new benchmarks for global investment.

Thank you.