

23 July 2014

**Kathy Cumming**  
**Green Party Advisor**  
By email: [katherine.cumming@parliament.govt.nz](mailto:katherine.cumming@parliament.govt.nz)

Dear Kathy,

## **REQUEST UNDER THE OFFICIAL INFORMATION ACT 1982**

Thank you for your request dated 24 June 2014 made pursuant to the Official Information Act 1982 ("OIA") and for your subsequent clarification of the request via email on 2 July 2014.

### **Your Request**

You have requested the following information:

- Details of the New Zealand Superannuation Fund's (**'the Fund'**) active investments in companies with material operations in renewable energy, energy efficiency, biofuels and clean technology, including a description of each investment, the date entered into and the value in NZD as at 30 June 2014.

As agreed by you on 2 July 2014, the following are not included in our response:

- investments that are held passively;
- companies that are simply focused on reducing their own carbon emissions/footprints;
- forestry investments.

### **Background Information**

#### *Passive*

Around two-thirds of the Fund is managed passively, in line with global share market indices. These companies move in and out of the Fund's portfolio in line with changes in their market capitalisation. We only invest outside our passive portfolio when we have a high level of confidence that doing so will increase the Fund's risk-adjusted returns, i.e. add value.

The energy sector has a high weighting in market indices and as a result in the Fund's passive equity exposures.

#### *Active*

As well as this passive exposure, our in-house investment team, and some of our external managers, are targeting the energy sector as a source of active, value-adding investments. This is because we see strong macro-economic trends and large capital requirements underpinning growth and attractive long-term returns in energy. There is increasing long-term demand for energy globally, and constraints on its supply. The energy sector is also changing rapidly. For these reasons we are moving to broaden and diversify the Fund's exposure to energy, including adding to its portfolio of alternative (including renewable) energy assets. The Fund's recent investments in Bloom Energy and Ogin Inc. are examples of investments which align with this strategy.

## Our Response

Details of the information we have pertaining to your request are set out in Appendix I. To the best of our knowledge, the information provided (much of it by our external investment managers) is accurate. Please note the following:

- Valuations are as at 30 June 2014 or the latest date available.
- Some of the investments, such as those through private equity funds, are small. These large global funds are highly diversified and we are just one of numerous investors in them.
- QS Investors, one of our global listed equity managers, has used Bloomberg's BNEF New Energy Exposure Rating to identify the companies in their mandate that have been captured by your request. This is a rating given to a company/issuer based on their exposure to renewable energy, energy smart technologies, carbon capture and storage, and carbon markets. In interpreting "material operations" (as per your request) we, based on QS's information, have chosen to provide you with details of companies with a 25%+ BNEF rating. If you would like information on companies in QS Investor's mandate with lower BNEF ratings than 25%, please resubmit your request accordingly.
- QS, while an active manager, is a quantitative investment manager rather than a stock picker. Exposure to these companies is a result of QS's portfolio construction process, not individual stock selection.
- HarbourVest has provided investment values in US dollars.

We would be happy to meet with you to explain our response and investment approach in more detail. Please contact Catherine Etheredge on [cetheredge@nzsuperfund.co.nz](mailto:cetheredge@nzsuperfund.co.nz) or 0274 777 501 if you would like to take up this offer.

### Z Energy – additional information

Based on our conversation, I understand you are interested in Z Energy's biofuel projects. Additional information has been provided by Z Energy detailing its approach to sustainability and alternative fuels. This information is available at Appendix II. Z Energy has also asked us to extend an invitation to you to meet with them to discuss its approach to sustainability and alternative fuels in more detail.

### Investments since 30 June 2014

On Friday 11 July, one of our New Zealand expansion capital managers, Pencarrow Private Equity, announced a NZ\$5 million investment in leading solar power company SolarCity New Zealand Limited. The Fund is a significant investor in Pencarrow's IV Investment Fund with an indirect exposure to SolarCity of approximately \$1.42 million. See <http://www.scoop.co.nz/stories/BU1407/S00449/solarcity-raises-nz5-million-capital.htm> for more information.

## General

We have not withheld any information that you have requested. If, however, you are dissatisfied with our response you have the right to seek a review by the Ombudsmen's Office. Contact details for the Ombudsmen's Office can be found at: <http://www.ombudsmen.parliament.nz/>.

Yours sincerely



**Sarah Owen**  
General Counsel and GM Corporate Affairs