NZSUPERFUND
Te Kaitiaki Tahua Penihana Kaumātua o Aotearoa

Fund strategy

Jim Rose is wrong to say the NZ Super Fund should only invest in passive index-tracking funds. If we had followed his advice there would be $5.4 billion less in the fund today. That's a lot of dough destroyed. Secondly, the fund would have virtually nil invested in New Zealand — compared to the $5b we have profitably invested in New Zealand companies.

In a global award-winning manner our activities and results are benchmarked for all to see. We continue to succeed in reducing the burden of future superannuation costs, way beyond a passive-index fund. Jim is right on one thing: the fund is not a political football, it is set up to invest on an independent, purely commercial, basis.

Adrian Orr, CEO, NZ Super Fund.

Fund's performance

Jim Rose (Letters, March 17) is wrong to say the NZ Super Fund has performed no better than the New Zealand sharemarket. Since inception in 2003, the fund (after costs) has done better, by around 1.2 per cent per annum, or an estimated $7 billion.

In any case, the comparison between the fund and the local sharemarket is inappropriate. The fund is, prudently, diversified across world markets and types of investments (listed equities, bonds and private companies).

The appropriate benchmark is its passive Reference Portfolio, which it has outperformed by $5.5 billion (1.4 per cent per annum, again, after costs).

Rose is thus wrong to suggest that New Zealanders would be better off if the fund was invested passively. If we had followed his advice, the fund would be $5.5b smaller than it is today.

Finally, Rose is wrong. I do not want to be Warren Buffett. We are simply meeting our legislated mandate with global award-winning results.

ADRIAN ORR
Chief executive
NZ Super Fund

NZSUPERFUND
Te Kaitiaki Tahua Penihana Kaumātua o Aotearoa

Super returns

Heather Marion Smith's letter about the NZ Super Fund (*Chronicle*, March 4) makes reference to a reported $30 billion every four years the Government pays in debt servicing, inferring debt repayment would have been a superior financial strategy to contributing to the fund. It is a fact that the fund, since it began, has returned 5.6 per cent per annum above the cost of Government debt servicing, as measured by the average return on 90-day Treasury bills.

This means the nation is $16.5 billion wealthier (net of all costs) than the alternative of purely paying down debt. Not bad, I reckon.

The fund's benchmarks and performance are explained at www.nzsuperfund.co.nz, including our responsible investment activities -- recognised as world-leading by global organisations.

ADRIAN ORR
CEO, New Zealand Superannuation Fund