

TITLE:

Monthly Performance and Portfolio Report – September 2017

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EVENT | PRESENTATION:

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Contents

	Page
■ Overview	<u>3</u>
■ Performance	<u>4-6</u>
■ Fund size breakdown	<u>7</u>
■ Economic exposures	<u>8</u>
■ Where we invest	<u>9</u>
■ Top 10 holdings (listed and unlisted)	<u>10</u>
■ Substantial Security Holdings	<u>11</u>
■ News	<u>12</u>

Overview

- The Fund returned 1.66% in September 2017, bringing the 1 year return to 19.20%. Over this period the Fund returned \$1.2 billion in excess of the passive Reference Portfolio. As at 30 September 2017 the Fund was worth \$36.35 billion.

	As at 30 September 2017 (unaudited)
Fund size	\$36.35 billion
Value of NZ investments	\$5.2 billion or 14.8% of investments*
Return since inception (30 September 2003)	10.35% p.a.
Last 10 years	9.01% p.a.
Last 5 years	15.74% p.a.
Last 3 years	12.50% p.a.
Last 12 months	19.20%
September 2017	1.66%

Because of its weighting to growth assets, the Fund can experience large short-term movements. As a long-term investor we have a greater-than-average ability to withstand this volatility. Shifts in value from month to month must be seen in the context of the Fund's long-term purpose and performance.

Fund returns are unaudited and calculated before NZ tax and after costs. We consider tax paid as a return to the Crown.

* The value given for NZ investments excludes cash and foreign exchange hedging instruments.

Performance summary

- The Fund measures its performance in two ways:
 - relative to the NZ 90 day Treasury Bill return; and
 - relative to a passive [Reference Portfolio](#) benchmark.

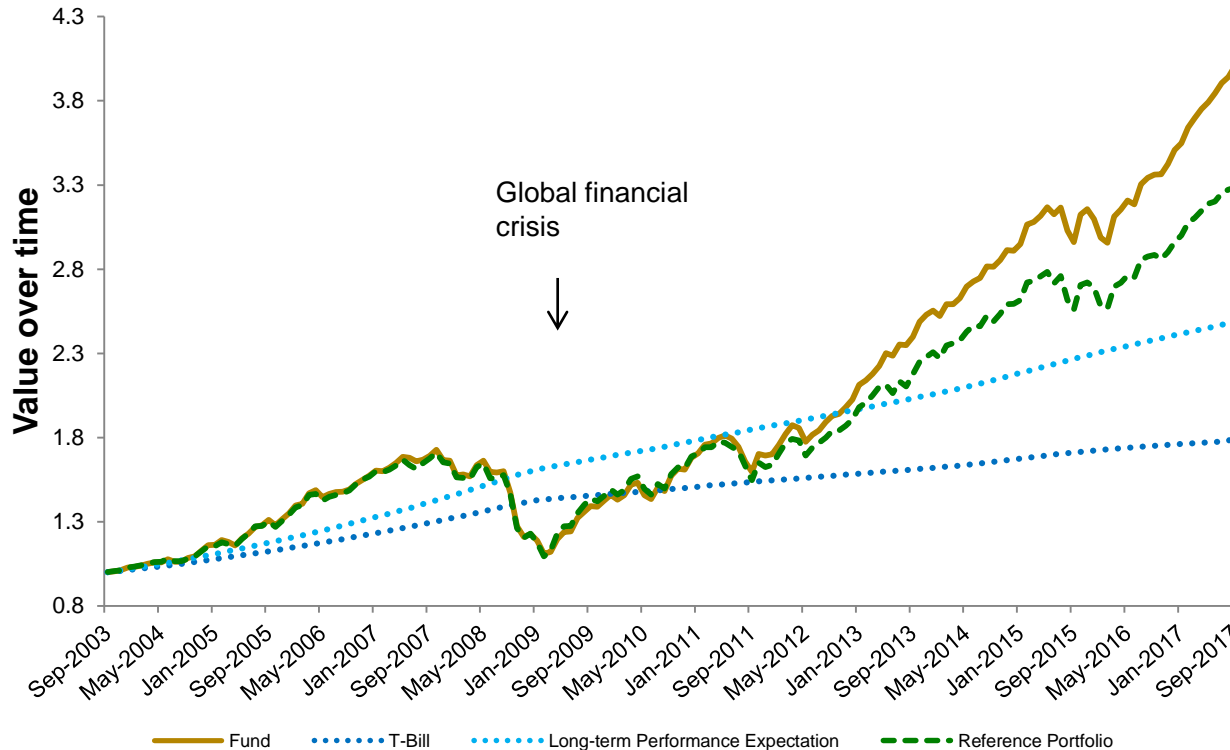
Performance as at 30 September 2017	September 2017	Last 12 months	Last 3 years p.a.	Last 5 years p.a.	Last 10 years p.a.	Since inception p.a.
Actual Returns	1.66%	19.20%	12.50%	15.74%	9.01%	10.35%
Reference Portfolio Return	1.69%	15.33%	10.14%	12.58%	7.09%	8.91%
Treasury Bill return	0.15%	1.76%	2.47%	2.53%	3.24%	4.18%
Long-term performance expectation*	0.36%	4.46%	5.12%	5.11%	5.78%	6.68%

*Given the investment risk of the Fund, over the long-term (rolling 20 year periods) we expect to exceed the New Zealand Treasury Bill return by at least 2.7% p.a. (prior to 1 July 2015, 2.5% p.a.)

- For further information:
 - [Full list of monthly Fund returns](#)
 - [Previous monthly reports](#)

Performance since inception

- This graph shows what has happened to the first dollar invested in the Fund over time.



Since inception the Guardians have added \$20.5 billion to the Fund, compared to the [Treasury Bill return](#).

Over the same period, as illustrated by the gap between the brown and green lines, the Guardians' active investment strategies have added an estimated \$6.6 billion in value to the Fund, compared to the passive [Reference Portfolio](#) benchmark.

Performance since inception

- The Fund's long-term performance expectation is that it will beat the Treasury Bill return by at least 2.7% (over rolling 20 year periods). Since inception, the Fund has exceeded the Treasury Bill return by 6.17% p.a.

Performance as at 30 September 2017	Since inception (30 September 2003)
Actual Fund return	10.35% p.a.
NZ Treasury Bill return	4.18% p.a.
Net Return (actual Fund return minus NZ Treasury Bill return)	6.17% p.a.
Estimated \$ earned relative to NZ Treasury Bills	\$20.474 billion
Reference Portfolio return	8.91% p.a.
Value added by active investment (actual Fund return minus Reference Portfolio return)	1.45% p.a.
Estimated \$ earned relative to Reference Portfolio	\$ 6.593 billion

Fund size breakdown

	September 2017	Last 12 months	Last 3 years	Last 5 years	Last 10 years	Since inception
Contributions received	\$0.00 billion	\$0.00 billion	\$0.00 billion	\$0.00 billion	\$4.11 billion	\$14.88 billion
Returns (after fees and foreign tax, and before NZ tax)	\$0.63 billion	\$5.94 billion	\$11.37 billion	\$20.02 billion	\$23.44 billion	\$27.56 billion
NZ tax (paid) / received*	\$(0.00) billion	\$(1.17) billion	\$(1.69) billion	\$(3.74) billion	\$(4.89) billion	\$(6.06) billion
Other movements**	\$0.00 billion	\$(0.03) billion	\$(0.06) billion	\$(0.02) billion	\$0.02 billion	\$(0.03) billion
Closing Fund balance as at 30 September 2017	\$36.35 billion					

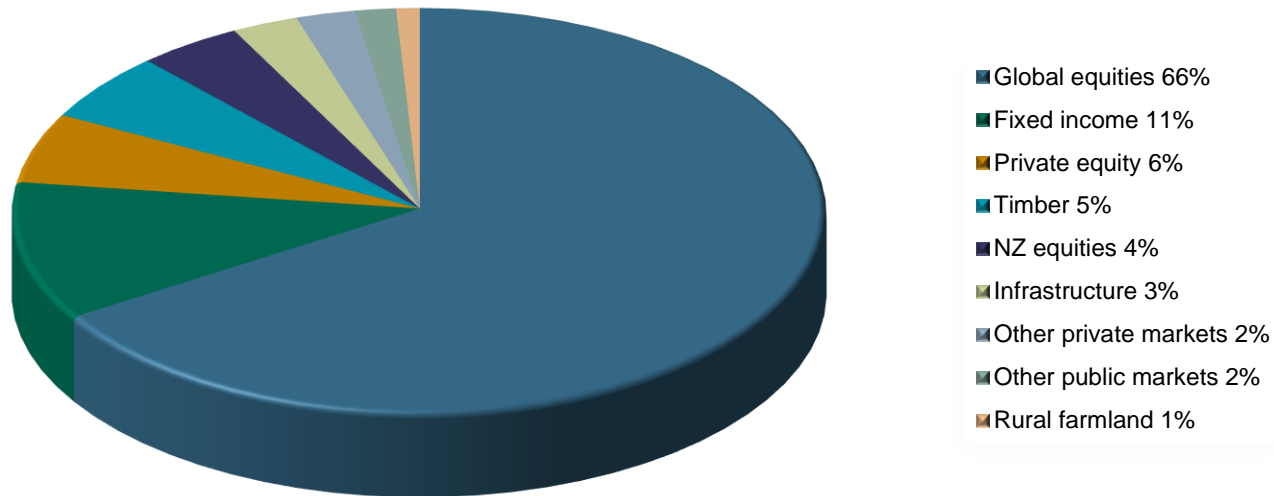
* Tax 'received' covers any instances of refunds for overpayment of tax

** Other movements relate to transactions other than tax paid or received e.g. tax expense, movements in reserves.

Asset class exposures

- This graph shows the Fund's economic exposures as a percentage of Fund value (prior to the impact of any strategic tilting positions). For further information on how the Fund's capital is allocated and our strategic tilting activities see www.nzsuperfund.co.nz/how-we-invest.

Asset class exposures as at 30/09/17



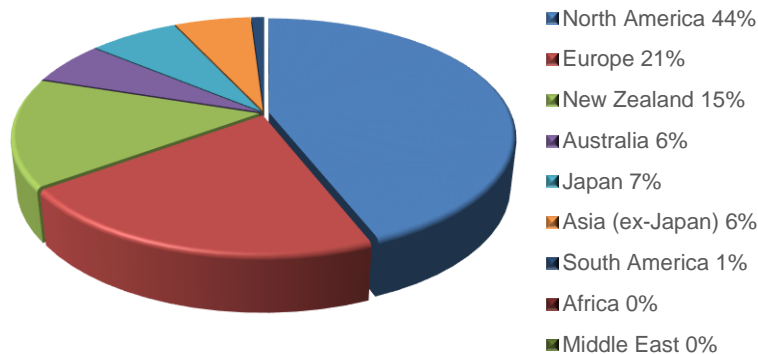
Where we invest

- These graphs illustrate the Fund’s investments by geographic region.

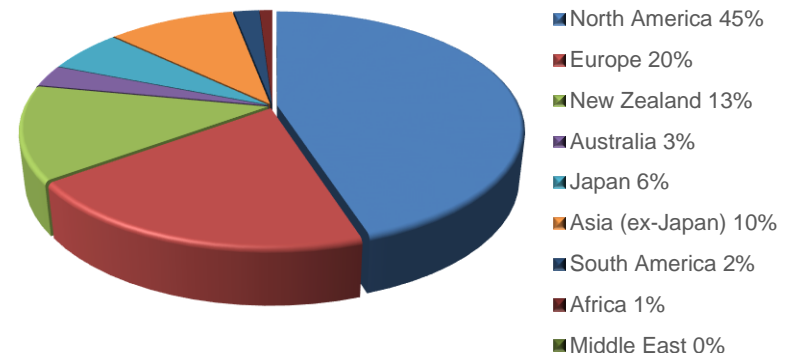
The left-hand analysis breaks down ‘investments’, as categorised in the statutory accounts, by their **value**, excluding foreign exchange hedging instruments such as FX contracts and cross currency swaps, plus investments in rural and forest land.

The right-hand analysis breaks down the Fund as a whole by economic **exposure**, again, excluding hedging instruments, as well as cash; collateral held to back derivative positions; and market neutral investments (e.g. arbitrage trades or hedge funds).

Investments by value as at 30/09/2017



Investments by economic exposure as at 30/09/2017



Largest equity holdings as at 30/09/2017

NZ listed equities	Value \$NZm	% of Fund	International listed equities	Value \$NZm	% of Fund
Metlifecare	244.9	0.7%	Apple	322.5	0.9%
Fisher & Paykel Healthcare	193.4	0.5%	Alphabet	244.5	0.7%
Auckland International Airport	127.9	0.4%	Microsoft	219.6	0.6%
Fletcher Building	104.6	0.3%	Facebook	171.1	0.5%
Spark New Zealand	104.4	0.3%	Johnson & Johnson	161.6	0.4%
Meridian Energy	95.7	0.3%	Amazon.com	158.1	0.4%
Contact Energy	85.7	0.2%	JPMorgan Chase & Co	144.5	0.4%
Ryman Healthcare	64.1	0.2%	Samsung Electronics Co	115.9	0.3%
Z Energy	61.1	0.2%	AT&T	112.6	0.3%
Trade Me Group	53.1	0.1%	Wells Fargo & Co	111.5	0.3%

* A full list of the Fund's equity holdings is published annually: see www.nzsuperfund.co.nz/publications/annual-equity-listings.

Substantial Security Holdings

- A Substantial Security Holder (SSH) is a person with a relevant interest in 5% or more of the total voting securities of a public issuer. This table sets out the companies in which the Fund or related entities were Substantial Security Holders as at 30 September 2017.

Date last SSH filing made	Security name	Percentage holding at date of filing	Exchange
24-Apr-17	Metro Performance Glass	6.2	New Zealand
23-Mar-17	New Zealand King Salmon	7.5	New Zealand
3-Nov-14	Metlifecare	19.9	New Zealand

News

- NZ Super Fund releases 2017 [Annual Report](#)
- Media statement – [NZ Super Fund CEO Adrian Orr speaks at World Bank & IMF Annual Meetings](#)
- Media statement – [NZ Super Fund invests in Australian Farms](#)
- Bretton Woods II – NZ Super named one of the world’s [25 most responsible asset allocators](#)
- Financial Times – [“NZ Super is the All Blacks of the Sovereign Wealth Fund world”](#)
- Sovereign Wealth Fund Institute – [Adrian Orr at #3 in global list of public investor executives of 2017](#)
- NBR – [Interview with Portfolio Manager Neil Woods on the Fund’s Australian Farm Investment](#)
- Top 1000 Funds – [“NZ Super Cleans out its Carbon”](#)