“Bringing transparency to the **performance** of investment decisions”

July 2018

NEW ZEALAND SUPERANNUATION FUND

ORTEC FINANCE

Bringing transparency to the performance of investment decisions at New Zealand Superannuation Fund

In partnership with Ortec Finance, the New Zealand Superannuation Fund (NZSF) implemented PEARL, Ortec Finance's performance attribution system in 2013. PEARL calculates returns for portfolio investments and compares these to a wide range of benchmarks. It also provides information about the overall level of risk in the portfolio. The new system significantly improves the depth and granularity of the Fund's performance reporting, helping us to make better investment decisions.

The New Zealand Superannuation Fund (NZSF)

The New Zealand Superannuation Fund (NZSF) is a long-term growth-oriented fund established in 2003 to help pre-fund universal retirement benefits. NZSF is one of the largest institutional investors in New Zealand and a significant player in its capital markets. Its $3.5 billion investment portfolio includes over $1 billion in the local share market. It was named the world's most innovative sovereign wealth fund in the 2012 aiCIO Industry Innovation Awards.

AT A GLANCE

FUND SIZE	RATE OF RETURN P.A.	VALUE ADDED
$38.9b	**10.4%**	**$7.4b**
NZ DOLLARS	BEFORE NZ TAX, AFTER COSTS	VS PASSIVE BENCHMARK

FIGURES AS AT 31 MAY 2018 AND SINCE INCEPTION (30 SEPT 2003)

"NZSF has been a Sovereign Wealth Fund client of Ortec Finance since 2013."

Objectives

Ortec Finance was selected by NZSF after a global search for a solution provider to enhance and future-proof its investment performance reporting process. Michael Mitchell, NZSF Head of Portfolio Risk, said the Fund was committed to providing stakeholders with a high level of transparency of its performance and portfolio holdings. A shift by the Fund, away from a traditional asset allocation “bucket” approach to a more opportunistic investing style, also increased its performance reporting needs. As an innovative and global orientated company Ortec Finance met these needs.

Solution: Ortec Finance Performance Attribution

Ortec Finance provides its flagship performance attribution tool - PEARL - to NZSF since 2013. It hosts the application from its servers in the Netherlands, thereby significantly reducing the IT workload on the NZSF side. PEARL allows full automation of the daily process of data gathering, checking, processing and reporting while maintaining impressive system performance. The unique decision-based attribution methodology helps NZSF to go beyond traditional attribution analysis. Also, the extensive currency modelling including overlay strategies further improved transparency of the actual currency exposures and risk positions.

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