

Media Statement

30 May 2013

New Zealand Superannuation Fund appoints Leadenhall Capital Partners to a US\$275 million insurance linked mandate

The New Zealand Superannuation Fund has appointed London-based Leadenhall Capital Partners to a US\$275 million mandate focused on natural catastrophe reinsurance linked investments, including direct reinsurance linked assets and catastrophe bonds. This is the Fund's second investment in natural catastrophe reinsurance linked products after an initial investment in 2010.

General Manager Investments Matt Whineray said natural catastrophe reinsurance was attractive to the Fund. "It provides good diversification for our portfolio and the premiums provide an attractive income stream."

"As a long-term investor with certain cash flows and the ability to tolerate risk in the short-term, the Fund is well placed to take advantage of the attractive returns offered by assets linked to catastrophe reinsurance."

"This new mandate will further diversify our existing insurance investment portfolio across countries and risks."

The mandate is a flexible one that can vary in size up to a maximum of US\$275 million, depending on the Fund's view of the attractiveness of the opportunity over time.

Exposure to life insurance products and New Zealand catastrophes is excluded from the mandate.

Catastrophe bonds and reinsurance linked assets spread the risk and cost of major catastrophic events (such as major hurricanes, earthquakes and bushfires) that are unlikely to occur but are very expensive when they do. The insurance industry values this back-up insurance, and pays attractive premiums to investors to provide it. The risk to investors such as the Fund is managed through a long time horizon, diversity in the risks and locations covered, and capping maximum payment sizes.

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The New Zealand Superannuation Fund invests money, on behalf of the New Zealand Government, to help pay for the increased cost of universal superannuation entitlements in the future. By doing this the Fund adds to Crown wealth, improves the ability of future Governments to pay for National Superannuation, and ultimately reduces the tax burden on future New Zealanders of the cost of superannuation. A long-term, growth-oriented investor, the Fund has \$22 billion in assets.

Leadenhall Capital Partners is a specialist investor in insurance linked investment portfolios for institutional investors. With the addition of this mandate Leadenhall's assets under management will increase to US\$1.4 billion in the insurance-linked securities spectrum in both life and non-life linked assets.