DEC 2023
REPORT

MINDFUL MONEY REPORT

Mainstreaming Impact Investing

a project to accelerate the mainstreaming of investment in assets and enterprises that have a positive impact on people and planet

Mindful Money

Foreword

The aim of the Mainstreaming Impact Investment project is to deepen understanding of the opportunities for impact investment within the portfolios of mainstream fund providers, seek opportunities for collaboration and catalyse a programme of action to accelerate positive impact investing.

There was strong support throughout the project for finding well-coordinated ways to take this agenda forward. The process of research and analysis was considered valuable, and the emphasis from those interviewed was to find ways to make tangible progress on increasing the level of investment in positive impact companies.

This paper provides recommendations for accelerating investment in positive impact companies by Managed Investment Schemes. It draws on a research overview of international experience and New Zealand initiatives. The main findings were derived from a survey and follow up interviews with 13 of New Zealand's leading fund managers (including 8 of the 10 largest).

The draft findings were then incorporated into a background paper and presented to a forum of those fund providers, together with key stakeholders including the Centre for Sustainable Finance (CSF), Responsible Investment Association of Australasia (RIAA) and the Impact Investing Network (IIN). The forum, held on 27th October 2023, provided an opportunity for discussion of the recommendations and other suggested actions, and processes for taking these forward.

Further interviews and discussions after the forum have been important in identifying coordinated approaches to taking this work forward, to achieve tangible changes in portfolio construction towards companies that are delivering positive impact to people, the environment and a safe climate.

About Mindful Money

Mindful Money is a consumer-facing charity that aims to make money a force for good. We achieve change by empowering consumers, engaging investment providers and advocating for change. These actions are playing a role in shifting investment from towards a more positive impact, as shown in our annual impact report.

A starting point is transparency. Consumers want to know where their money goes. Mindful Money's Fund Checker analyses portfolio holdings for all New Zealand KiwiSaver and retail investment funds, showing both direct and indirect holdings. These are related to the key public concerns revealed in the annual surveys of the public (such as investing in weapons or companies violating human rights).

When users are seeking to find a fund that aligns with their values, the Fund Finder tool highlights the Mindful Funds that most closely match their criteria. Mindful Money's website includes an Positive Impact Directory and further information on investing with positive impact will be added to the website in 2024.

Mindful Money's public awareness and education programme includes highlighting impact investing issues in an Ethical Investment Guide, online seminars and workplace seminars. We work closely with allied organisations and networks that share our aims for action on climate change, social equity and environmental regeneration.

Mindful Money is committed to working with all fund providers on the responsible investment journey, through initiatives such as the Net Zero investor coalition and annual progress reports on investor climate action; the Ethical and Impact Investment Conference and Awards; and research on impact investment and the carbon transition.

Mindful Money also works with wealth managers, financial advisers, supervisors and asset owners, providing a deeper level of information on ethical and impact issues, undertaking ethical reviews of portfolios for charities, iwi, trusts and foundations; and providing independent analysis of NZ and Australian managed funds.

Acknowledgements
The survey, interviews and initial research were carried out by Barry Coates, CEO of Mindful Money, and Justine Sefton, Deputy Chair of the Impact Investing Network Aotearoa NZ led on the research and analysis of interviews. Barry Coates was responsible for managing the overall project and finalising the report.

Thanks to the leading New Zealand fund managers (listed in Appendix 2) who generously gave their time and expertise in completing surveys, undertaking interviews and participating in the forum.

Funding for this project was generously provided by Whakatupu Aotearoa Foundation.

WHAKATUPU
AOTEAROA FOUNDATION

Executive Summary

Research and interviews with New Zealand managers of KiwiSaver and managed funds shows there is growing interest in accelerating investment in companies that provide positive social and environmental benefits. From the investment perspective, impact investing is part of corporate purpose for many investment providers, and has benefits of higher potential risk adjusted returns and portfolio diversification.The public benefits include urgently needed finance to meet New Zealand's challenges of climate change, nature regeneration and social well-being.

There has been an encouraging increase in investments in social housing, renewable energy and climate solutions over recent years. This process has provided insights on the opportunities and provided motivation for fund managers to go further. However, there are barriers to scaling up impact investment that inhibit further progress and make it difficult for other fund providers to get started, especially since investment providers are dealing with a heavy load of new regulation and change.

This paper provides insights into the ways to overcome barriers and suggestions for collaborative action. In each of the areas outlined below, there is support for targeted work to address the barriers and collaborative action that will enable investment providers to take advantage of the opportunities.

These actions build on the work of networks with related mandates. Some is an extension of ongoing work while other actions will require new work programmes to be formed.

As initiator of this project, Mindful Money will undertake a review in early 2025 to assess the work being undertaken in each of these areas and prepare an update for the information of participating fund managers, networks and allies.
.

Recommendations on key issues

1.Labelling Investments and Products

Build agreement around harmonised definitions and standards to guide labelling of investments and products. Potential solutions:

- Develop a harmonised industry view on definitions and frameworks for impact investing
- Undertake broad industry engagement and advocacy with MBIE and FMA to develop a regulatory framework of impact investment product classifications, labelling and reporting
- Accelerated work on NZ taxonomy development

Next Steps:
There is ongoing work on harmonising definitions from within the sector, including an initiative from PRI, Global Sustainable Investment Alliance and the CFA Institute.

Impact Investing Network has ongoing work to support clear labelling of impact and RIAA is in the process of reviewing its certification categories, with a view to aligning certified labels with sustainable outcomes and emerging international standards.

Progress is likely to be driven by global frameworks. Regulations for investment labelling, such as the EU's Sustainable Finance Disclosure Regulation (SFDR) Article 9 and the UK's Sustainability Disclosure Requirements (SDR) are likely to set international disclosure and labelling standards.

Work is underway by the government, with the support of CSF, to develop science-based, internationally harmonised definitions of what constitutes a green or sustainable economic activity or financial product. The aim is to create a taxonomy with alignment and interoperability with international approaches.

"We're at an early stage on investing with positive impact. We want to do more. It's ultimately what we want to achieve."
Quote from a fund manager interview

2. Reform Liquidity Management:

Current rules make it difficult for fund managers to build programmes for investment in impact, especially for New Zealand markets and in private assets. Potential solutions:

- Use the current FMA consultation to make the rules on liquidity management less restrictive.
- Engage with government on longer term reform.
- Develop market mechanisms to improve liquidity management.

Next Steps:
The FMA will update its 2020 Liquidity Risk Management guidance, following their consultation in September-November 2023.

A legal opinion from MinterEllisonRuddWatts and Chapman Tripp on whether there are legal or other barriers to investing in private assets, commissioned by CSF, will be published early in 2024.

CSF will continue with advocacy with the government for increased investment in private assets and will work with fund providers on a possible pledge to invest a target proportion of their portfolio.

3. Manage Complexity, Costs and Fees:

While impact investments offer opportunities for high net long term returns, as well as positive impacts, the greater complexity of impact investments requires higher costs for fund providers, higher fees and often lower short term returns. These need to be managed. Potential solutions:

- Increase capability and collaboration.
- Shift to a broader Value for Money (VfM) framework.
- Adjust regulatory guidance to recognise the added value of impact investing.

Next Steps:
The fund providers that are investing in positive impact companies and private equity are primarily responsible for educating investors and others about the value for costs that are required to support positive impact in their investment process.

These barriers, stemming from an excessive focus on low fees rather than VfM, have also been identified by CSF in their work on private assets and follow up is planned, including with FMA. The issues have been flagged to RIAA as a potential issue for discussion amongst their New Zealand members.

The FMA’s orientation towards fair outcomes for consumers and markets is a helpful step towards the FMA recognising sustainable and socially beneficial outcomes for consumers and others. Positive outcomes from investment is an integral part of ‘fairness’ for many consumers, and positive outcomes for climate stability, sustainability and social well-being should be part of the outcomes promoted by FMA and government more broadly.

Further work will be required to build deeper understanding of the value and importance of investing for positive impact.

4. Improve Access to Investible Products:

Fund managers perceive there is a lack of investment opportunities that can deliver positive impact while meeting the investment requirements of MIS managers (scale, risk appetite, returns etc), especially in private markets and in New Zealand. Potential solutions:

- Strengthen product and pipeline development.
- Improve investibility and access.
- Create leverage from the role of government and philanthropy.

Next Steps:
There was interest from the forum in the potential for a platform for discovery or an aggregator platform for investing at scale. Scoping is required to assess the need and the rationale.

The Upstart Nation report has been welcomed by political parties. Implementation of its recommendations would accelerate the development of private capital and venture capital.

Opportunities for learning and sharing between the funds management sector, private equity and venture capital would be helpful.

5. Extend awareness and demand:

While public demand is perceived as a driver for impact investing, deeper understanding of impact investment is needed to avoid confusion and a lack of trust. Potential solutions:

- Clarity about definitions and a basic typology.
- Story telling about examples of impact investing.
- Initiatives to scale up financial literacy in NZ and integrate impact.
- A wider programme of education and engagement with the public and institutional investors.

Next Steps:
There are ongoing education and awareness programmes being undertaken by the Impact Investing Network and Mindful Money, but a larger scale public awareness campaign may be needed in future when more retail options are available.

The role of asset owners is also important. Further educational work with values-oriented organisations will be required in order to build their confidence to allocate investment to impact, building on initiatives undertaken by community trusts, Philanthropy NZ and others.

6. Develop Capability:

Impact investing requires capability development for MIS providers, especially for investing in unlisted assets. Potential solutions:

- Education and training on impact investing for the investment sector
- Collaboration in capacity building
- Create a market platform that could help support KiwiSaver managers in identifying private asset opportunities
- Capability building and support for private capital issuers.

Next Steps:
Further work is needed to establish the specific capability needs for the funds management sector. This would require a deeper analysis of specific needs and the degree to which these needs can be met by commercial and professional training providers.

The climate-related disclosures programme provided by INFINZ may be a potential model for practical training on impact investing tools if there is enough demand and a gap in commercial offerings available.

7. Build an Impact Economy:

Developing opportunities for fund providers to accelerate impact investing in New Zealand requires the development of a wider and deeper impact sector, involving a wider group of stakeholders beyond the funds management sector, supported by a government policy framework.

Next Steps:
The forum discussed the key issues in the draft report and raised other issues. It was recognised that many of the ways forward are within the mandates of existing networks and organisations, such as CSF, RIAA, IIN and Mindful Money. These networks, together with leading fund managers and allies in the finance sector, will continue the process of building a framework for mainstreaming impact investment. At this stage, a coordinating body or forum is not considered necessary.

Amongst other follow up actions, Mindful Money will convene a conference on 12 June 2024 in Auckland to bring together the key stakeholders across the impact ecosystem. The aim will be to widen the network reached through this project, facilitating learning and collaboration.

Background on the Project

The aim of the Mainstreaming Impact Investment project is to deepen understanding of the opportunities for impact investment within the portfolios of mainstream fund providers, seek opportunities for collaboration and catalyse a programme of action to accelerate positive impact investing.

The project concept emerged from Mindful Money's engagement with fund managers, encouraging a shift of portfolio investment into positive impact companies. Annual surveys show growing retail investor demand for impact investing. While a range of opportunities are available in international markets, there are as yet limited opportunities for investors in New Zealand.

An acceleration of impact investing by major KiwiSaver and retail investment fund providers would provide greater opportunities for consumers to invest in impact, both as dedicated funds and integrated across a range of core portfolios.

This mainstreaming project was undertaken through an overview of international and NZ developments, and structured surveys and interviews with eight of the largest ten regulated MIS providers (KiwiSaver and managed investment funds) and five smaller fund providers. This information was used to prepare a background paper for discussion.

A forum was held of 27th October 2023 to identify directions for collaborative action. In order to facilitate coordination, participants included representatives from the Impact Investing Network (IIN), Centre for Sustainable Finance (CSF) and Responsible Investment Association of Australasia (RIAA).

Scope and Definitions
The focus was on private funds under management (regulated MIS managers), not including Crown Financial institutions (CFIs) or other asset owners.

It is widely accepted that impact investments are defined as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. This project adopted a broad scope to cover 'positive impact investment', including both investment that generates impact from the investment itself (generally through investments in venture capital and other unlisted enterprises or projects), and investment that aligns with impact through the impacts of investee companies (including through listed company equity and bonds and sustainable-themed funds).

There was a specific focus in the research and the forum discussion on unlisted investment in Aotearoa New Zealand, given the scale of domestic challenges for the climate transition, nature regeneration and social needs.

The Financing Challenge
A re-orientation of capital markets towards impact is starting, but the scale of financing required to meet urgent social and environmental challenges is daunting. The climate transition alone will need a major re-orientation of finance towards climate solutions. Scaled up funding is also needed to make progress towards the Sustainable Development Goals, to protect biodiversity and regenerate nature in New Zealand and internationally, and to meet urgent social priorities, especially in the low income countries. So far, the pace of change has been too slow to meet these challenges.

Current Situation
There is currently little allocation to private markets in mainstream investment funds, let alone impact investments. As KiwiSaver funds have grown to around $100 billion, they now constitute a significant pool of domestic capital. The majority is allocated to listed securities (around 69% offshore) and an increasing proportion in passive index-linked funds.

Little is currently invested in private assets. Data from the RBNZ in June 2023 estimated that only 0.15% of KiwiSaver funds were invested in unlisted equities. This is low compared to other countries. Australian superannuation funds invest 5-6% in unlisted equities and UK defined contribution pension schemes invest around 1%. The UK Chancellor has recently announced Mansion House reforms to remove barriers to investing in private markets, citing substantial increases that can be expected in financial returns for pension savers.

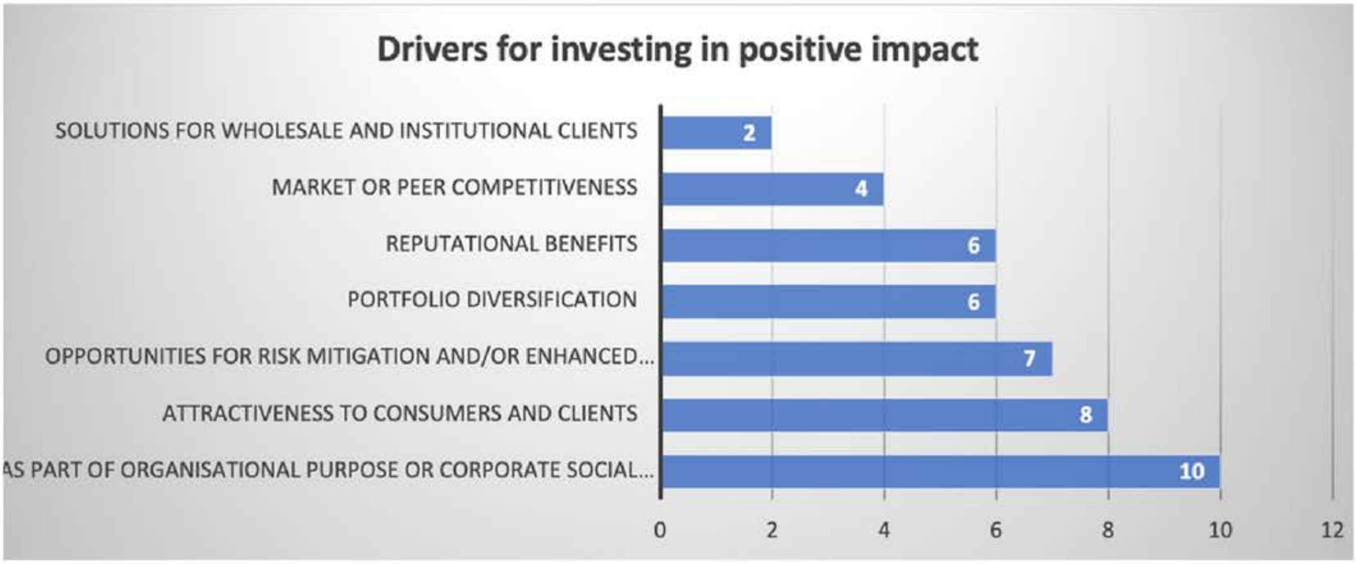
In recent years, New Zealand fund providers have made new investments in impact, including in unlisted securities funding social housing, renewable energy companies and clean technology companies within private equity or venture capital funds. The scale of these investments has been growing rapidly, but the current level is still low.

Investment in sustainable-themed listed companies has been growing in recent years, notably in renewable energy, but it remains a small proportion of total investment.

Drivers for Impact Investing

The following themes and feedback (in aggregate) emerged from survey responses and interviews with project participants – see Appendix 1 for the research questions. The responses are confidential and presented only as aggregated data.

Participants comprised a cross-section of KiwiSaver and other investment managers. Their views are not necessarily representative of the whole market, but they include most of New Zealand's largest private fund providers as well as the smaller boutique providers that are active in seeking impact investment opportunities. See Appendix 2 for a list of organisations.



Other drivers cited:

- Delivering good customer outcomes.
- Having a positive impact/contributing to better world.
- Regulatory requirements to report on impacts.
- Expect to be area of particular interest to iwi clients.

Commentary

The surveys and interviews point towards an alignment of the 'best interests of the company' with the 'best interests of customers' for fund managers. The findings suggest that, while other factors remain important, this is primarily a market shift led by organisational values and customer demand.

The motivation for corporate purpose does not appear to be driven by altruism - there was also little support for the motivation investing in impact to 'make the world better'. The pursuit of corporate purpose and social responsibility is a more relevant lens.

The other dominant driver is consumer demand. This is consistent with other data, including annual surveys of the New Zealand public by Mindful Money and RIAA and the 2023 RIAA NZ Benchmark report ranking of key drivers of RI growth generally. It is interesting to see the relatively low scores given to demand from wholesale or institutional clients.

Approaches to Positive Impact Investing

Project participants are at varying (but generally early) stages of the journey in integrating positive impact into products and portfolios. This is an issue of considerable interest to most fund providers and survey responses showed a strong willingness to deepen their involvement, including as a way to incorporate climate solutions into portfolios.

However, fund managers also have a full workload of other issues, such as regulatory issues (including FMA consultations of a range of issues), climate reporting and volatile market conditions. Initiatives to scale up impact investment have not always been the highest priority.

The surveys and interviews revealed that fund managers are taking a range of approaches to investing in impact. These reflect different strategies, client bases, relationships, scale of fund provider, staff capability and stage of maturity in ESG or RI issues. They also reflect the fund manager perceptions of regulatory and market conditions as well as consumer demand. Given the growing concerns over climate-related disasters, the issues of impact are often related to investment in climate solutions.

Typically, a starting point for most managers is the need to achieve risk adjusted financial returns that are comparable to other opportunities in the asset class. However, this allows for a wide range of approaches.

Some approaches can be characterised as:

- including an overlay of positive screening in portfolio construction, often broadly relating company outcomes to SDGs;
- tilting of portfolios towards higher ESG scores or sectors related to sustainability (mainly listed companies);
- investments in green and sustainable bonds (with a range of labels or none);
- investment in private equity or PE funds that include impact-oriented investments; and
- specific investments in companies that have strong impact credentials.

Other fund managers are focused on getting RI foundations in place first or waiting for clearer guidance on product labelling as well as common frameworks for evidencing positive impact. Portfolio construction continues to rely primarily on exclusions, ESG integration and stewardship, rather than proactively seeking opportunities amongst positive impact companies.

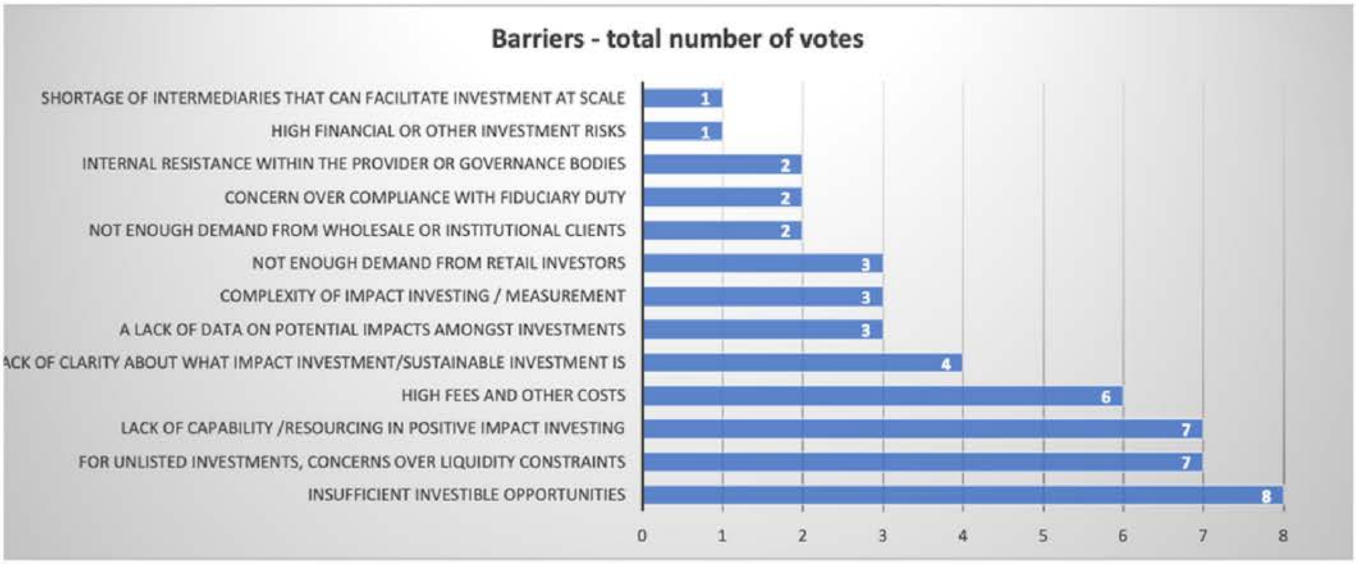
In terms of product offerings, some fund providers have chosen to establish funds that are branded as impact funds, often relying primarily on externally managed global funds. In some cases, the process of screening and selecting positive impact companies for these portfolios creates opportunities to seed those investments more widely across other funds.

Several survey responses emphasised that it is important for financial institutions to be clear about their purpose. There has been a movement amongst leading fund managers internationally to move beyond a framework that uses ESG analysis for risk management towards taking responsibility for the outcomes of their investments. Interviews for this project showed that some managers are developing a dual purpose of financial returns and positive impact, either at the fund or provider level.

This approach applies corporate responsibility to the role of funds management, identifying the real world consequences that derive from investment decisions and seeking to make those positive.

Barriers revealed in the survey

The barriers to scaled up investment, identified from surveys and interviews, were as follows:



Other barriers cited:

- Mandate/SIPO constraints.
- Boardroom focus solely on risks.
- CRD distracting and diverting resources.
- Asset price availability for private assets.

Commentary

The principal barriers revealed in this survey are addressed in the following sections, analysing the findings of the interviews and the suggested solutions.

By way of comparison, the 2023 RIAA NZ Benchmark report listed key barriers to Responsible Investment growth generally (not impact investment specifically). It identified a lack of public awareness and concerns over greenwashing as the largest barriers, with a decline in the level of concern over lack of access to investible RI products.

The issue of consumer demand is cited in this survey as both a driver for investing in impact and as a barrier, highlighting its importance but also indicating the range of views on its effect.

A lack of support from senior management or supervisors is often cited as a barrier, but it was not widely considered as important. Nor were constraints from the fund mandate or SIPO. This indicates that fund managers have flexibility to pursue impact investment opportunities where they meet their investment criteria.

Barriers & Solutions

"Keep it real. Don't just re-label what is already happening. Impact investing needs to mean something."
Fund manager interview.

1. Labelling Impact Investments and Products

What we heard…

- There are different views about the definition of impact investment and the labels given to different forms of investment in companies that provide positive social and environmental benefits.
- These differences reflect a lack of agreement internationally about what qualifies as 'impact investing' and how it is different from other 'responsible' or 'sustainable' investment strategies – especially in listed markets. In particular:
    - Different views about what qualifies as 'positive impact' at the asset level (including where taxonomies and transition activities fit in).
    - What qualifies as 'investor contribution' to impact especially in listed markets.
- These issues have not been resolved within the investment sector, and the lack of clear standards is confusing the public. It is increasing the likelihood that the term 'impact investment' will not be trusted by consumers, leading to concerns about 'impact-washing' and 'impact-hushing'.
- The current approaches by fund managers varies from applying their interpretation of acceptable standards, to the use of specific international standards (such as the EU Sustainable Finance Disclosure Regulation and taxonomy), and/or avoidance of the term 'impact'.
- There is support for greater industry harmonisation on definitions and product labelling. Suggestions were made for:
    - Developing agreement across the investment sector, with consistent application by fund managers
    - Regulatory definitions and standards, beyond principles-based approaches
    - Development of a New Zealand taxonomy of sustainable activities

International context…

- The international market appears to be moving towards more prescriptive approaches to investment and product labelling – including the EU Sustainable Finance Disclosure Regulation, new US SEC rules on fund categorisation and labelling and a UK FCA consultation on introducing sustainability-related investment labelling and disclosure requirements.
- Iterative development is required, noting the negative market reaction regarding practicality or lack of clarity – e.g. prompting the EU to re-consult on the SFDR including proposal of new product categories for sustainable investment funds.

Relevant local initiatives include…

- FMA guidance on ‘Integrated Financial Products’ and July 2022 FMA review of disclosure practices
- RIAA work to align its product certification standards with international developments (EU, US, UK)
- Impact Investing Network, CSF and PWC published Guidelines and Principles for Impact Investment in 2022
- CSF is partnering with MfE on NZ taxonomy development and working closely with the Australian Sustainable Finance Initiative (ASFI) to ensure trans-Tasman alignment.
- Ongoing activities on education and capability building by IIN, RIAA, INFINZ and Mindful Money.

Potential solutions identified…

1.1 Develop a harmonised industry view on definitions and frameworks for impact investing:
   - Agree with a common terminology and clarity about how it related to other terms such as sustainable investing.
   - Develop broad buy-in across peak bodies and key actors across the funds management sector.

1.2 Undertake broad industry engagement and advocacy with MBIE and FMA to develop a regulatory framework of impact investment product classifications, labelling and reporting, with clear guidance for the investment sector and investors.

1.3 Accelerated work on NZ taxonomy development, building on the work underway by MfE with the support of CSF, ensuring alignment and interoperability with international approaches.

1.4 A programme of education of industry and consumers on impact investing and other forms of sustainable investing.

Forum discussion

There was a range of views on overcoming barriers posed by inconsistent definitions and labelling:
- There is a need to socialise the existing definitions of ‘impact investing’ and be clear about the expected ‘contribution’ of fund managers that are investing in listed securities.
- The debates over definitions are creating a barrier to fund managers being confident about their investments in positive impact companies and they are creating consumer confusion.
- Some managers would prefer not to label ‘impact’ but treat it as a style of investing.

There was a recognition that international standards and labels, such as through EU Article 9 regulation and the UK Sustainable Impact label, are being implemented to address these issues.

Next Steps
There is continuing work on harmonising definitions from within the sector, including the recent paper from PRI, Global Sustainable Investment Alliance and the CFA Institute. The Impact Investing Network has ongoing work to support clear labelling of impact and RIAA is in the process of reviewing its certification categories, with a view to aligning certified labels with sustainable outcomes and emerging international standards.

Progress is likely to be driven by global frameworks. Regulations for investment labelling, such as the EU's Sustainable Finance Disclosure Regulation (SFDR) Article 9 and the UK’s Sustainability Disclosure Requirements (SDR) are likely to set internationally accepted disclosure and labelling standards

Work is underway by the government, with the support of CSF, aiming to ensure alignment and interoperability with international approaches.

2. Increase investment in Private Assets and Manage Liquidity

What we heard…

- Allocation to private market impact strategies offers the potential for superior higher risk-adjusted returns compared to listed market alternatives (illiquidity premium).
- However, MIS managers need to ensure sufficient fund liquidity to meet redemption obligations - under different scenarios in both normal and stressed market conditions – and in manner that ensures equitable treatment of members. This, and the lack of daily pricing and standardised asset valuation methodologies for private assets, creates challenges for investment in private assets.
- There was a broadly-held view that the current regulatory settings for KiwiSaver funds in particular – or FMA/supervisor interpretations of these - are too restrictive and out-of-step with overseas markets. There are also reports of different expectations or mixed messages between FMA and supervisors on liquidity and what percentage thresholds for unlisted exposure would be acceptable.
- Options for managing liquidity in KS are more limited, but liquidity is often a more relevant issue for non-KiwiSaver investment products and for Conservative funds – that may be a more appropriate focus for the FMA.
- The current KiwiSaver scheme lacks regulatory recognition of private assets (cited by CSF/PWC) and impact investment (other than as an Integrated Financial Product).

International context…

·Comparatively larger allocation to illiquid assets by overseas pension funds, noting that some of the difference may potentially be attributable to factors such as larger fund/market scale, less account portability and different dealing frequencies.

·Some jurisdictions set asset allocation limits for allocation to private markets. Others have targets for allocation to private markets – e.g. UK Mansion House Compact – including nine of the UK's largest pension providers pledging to commit 5% of their assets in default funds to unlisted equities by 2030.

Relevant local initiatives include…

- 2023 NZ FMA consultation on Proposed Liquidity Risk Management Guidance.
- MBIE/Startup Council 'Upstart Nation' report (Aug 2023)
- CSF-facilitated PwC 'Investing in Private Assets' WG report (Oct 2023)

Potential solutions identified…

2.1 FMA is updating the rules on liquidity management.

- Regulators provide additional guidance or clarification on practical aspects of investing in private assets, such as liquidity risk management, risk indicator calculation and daily pricing. The current FMA consultation on draft Liquidity Risk Management guidance addresses the challenges posed by investing in illiquid assets.
- Recognise the need for differentiated liquidity management approaches for KiwiSaver vs. non-KiwiSaver funds.

2.2 Engage with government on longer term reform.

- Review the current regulatory settings and FMA/supervisor expectations relevant to allocation to illiquid assets by MIS managers, including account portability, minimum redemption windows and split KiwiSaver accounts, as well as application of innovative liquidity management approaches by MIS managers (e.g. swing pricing and side pocketing).
  - MBIE and FMA to investigate current switching structure for KS providers and funds and assess whether these are fit for purpose for encouraging long-term investing. Consider setting a minimum notice period, especially for funds with less liquid assets (cited by CSF).
  - Consider moving from daily liquidity to 90-day liquidity (cited by Upstart Nation).
- Use the Government balance sheet to guarantee the short-term liquidity of any investments in an eligible New Zealand venture fund (cited by Upstart Nation).
- Provide regulatory guidance to KiwiSaver providers on asset allocation e.g. Australian Prudential Regulatory Authority (APRA) in Australia.

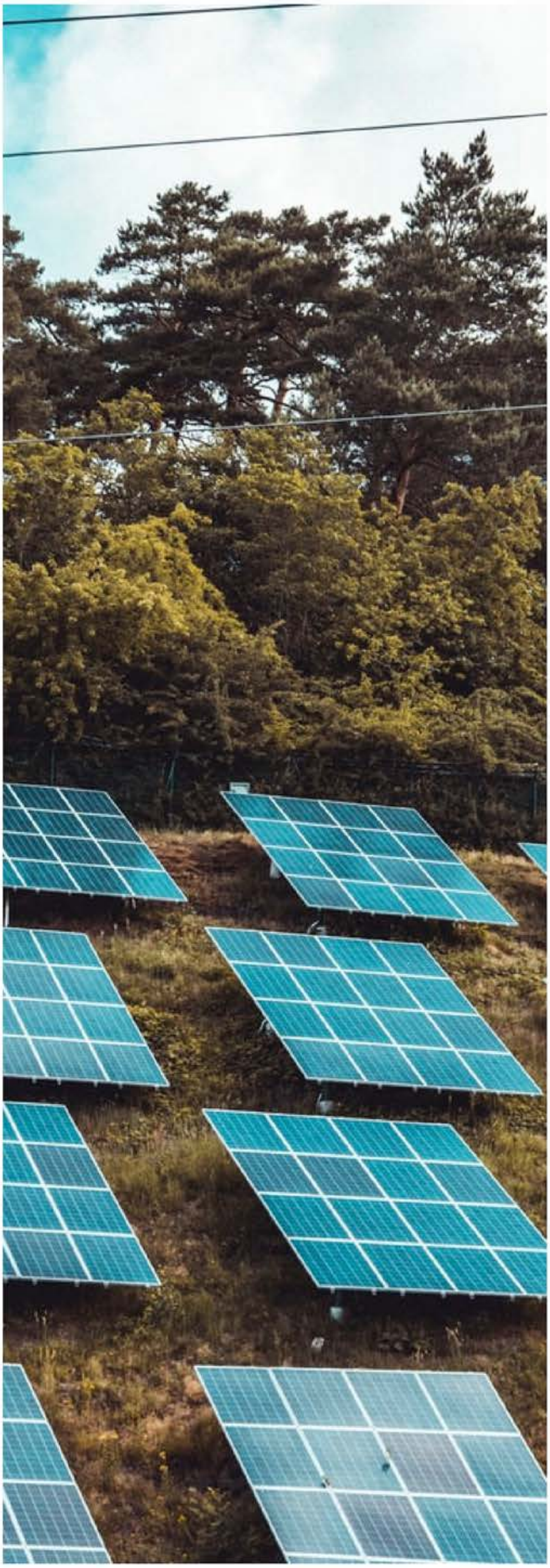
2.3 Develop market mechanisms to improve liquidity management.

- Creation of liquidity mechanisms or new trading mechanisms for private market positive impact investments.
- Encourage development of exit mechanisms to introduce liquidity over time, such as options to sell investments at a later stage.

Forum discussion

The discussion on liquidity was focused on the degree of flexibility for KiwiSaver fund managers to increase their investments in impact assets, NZ domestic companies and private assets:

- New Zealand is well behind other countries in the scale of investment in private assets – there is evidence that a greater allocation to private assets can offer an attractive risk adjusted return, as well as positive impact opportunities.
- A Working Group established by the Centre for Sustainable Finance (cited by CSF) has produced a report on increasing KiwiSaver investment in private assets and has met with the previous government.



The forum heard that the CSF report concludes there are no regulatory barriers that prevent KiwiSaver fund providers from investing in private assets. However, the report identifies a number of constraints that inhibit higher levels of investment.

A number of participants at the forum suggested ways that the barriers that could be addressed:

- Legislative change to alleviate the liquidity constraints stemming from the right for customers to shift funds and/or providers on short notice
- Legislative change to reduce the burden from the need for daily valuation, particularly since private assets are re-valued infrequently.
- FMA to provide greater certainty over regulatory requirements and the thresholds got fund providers

There were also comments suggesting that perceived liquidity constraints should not inhibit fund providers from allocating to impact-oriented private assets - many SIPOs do not permit an allocation to private assets. Fund providers could more effectively manage liquidity through introducing liquidity backstops and utilising their own balance sheets.

Mechanisms to allow more opportunities to exit private assets (such as the Catalist platform) would help with liquidity.

The FMA's consultation on liquidity may result in greater clarity and more flexibility for KiwiSaver providers to be able to invest in private assets. The CSF will follow up on these issues, with the support of the Working Group and PWC, including the potential for a voluntary pledge to a target allocation of private assets in portfolios.

Next Steps

The FMA will update its 2020 Liquidity Risk Management guidance, following their consultation in September-November 2023.

A legal opinion from MinterEllisonRuddWatts and Chapman Tripp on whether there are legal or other barriers to investing in private assets, commissioned by CSF, will be published early in 2024.

CSF will continue with advocacy with the government for increased investment in private assets and will work with fund providers on a possible pledge to invest a target proportion of their portfolio.

3. Manage Complexity, Costs and Fees

What we heard…

- The greater complexity of positive impact investing (broadly but especially in private markets) leads to increased costs for research, analysis, management and reporting, especially for unlisted assets. This may result in lower short term financial returns and/or higher fees for customers.
- Investing in impact, especially in private assets, requires specialised skills and knowledge that may not be widely available within the industry.
- Impact investing creates a drag on short term returns, since most investments/funds (especially early stage financing) will report negative returns in the first three to five years of operation, before going positive
- While the FMA's framework for Value for Money (VfM) recognises other forms of value than financial performance, the messaging and communications from the FMA are strongly focused on reducing fees. This is supported by promotion of lowest fees by Sorted and others commenting publicly. The criteria for default provider settings may also be a factor driving downward pressure across the market.
- Combined with current industry practice on fee models, this creates a structural bias towards listed markets and low cost passive funds. The pressure for low fees provides a disincentive to both dedicated impact products and integration of impact investments across core product suites.

Relevant local initiatives include…

- FMA guidance on managed fund fees and value for money; related 2022 FMA and Supervisors industry report for MIS sector; commentary on application to Integrated Financial Products.
- MBIE/Startup Council 'Upstart Nation' report (Aug 2023) included:
  - KiwiSaver managers are benchmarked against fees and returns and there is an intense focus on lowering fees.
  - The advisory council observed that the level of understanding of how venture capital and private equity worked – the drawdown profile, risk/return profile, J-curve effect – was "surprisingly immature".
- CSF/PwC 'Investing in Private Assets' WG report (Oct 2023) commented:
  - Overall, the current KiwiSaver scheme lacks regulatory recognition of private assets. In addition, the "value for money" framework and the assessment requirement of default providers also led to intense focus on fees.
  - The general lack of data and disclosures makes it more challenging for private assets to be discovered or pass the investment assessment process. Investing in private assets may also lead to increased costs, which could cause concern for the Board and shareholders of some KiwiSaver providers.

Potential solutions identified…

3.1 Increase capability and collaboration:

- Education and capability-building resources and activities (including case studies and hypotheticals) for MIS managers and their advisers – see Capability section below.
- Collaboration and shared resources on sourcing and assessing private market impact investment opportunities, exploring co-investment (including blended finance) opportunities and secondary market options - see Investible Opportunities section below.
- Building scale and repetition (beyond pilots) to reduce costs.

3.2 Shift to a broader value-for-money framework:

- FMA and other government agencies should give greater recognition to the non-financial value of impact investing to investors.
- Better information and disclosure should be provided to customers, in simple terms, on non-financial benefits, fee models and VfM provided.
- The fee reporting regime should be refined to break out the underlying asset classes that KiwiSaver managers are investing in. The reporting could be done in a way that celebrates investments in New Zealand illiquid assets that help grow New Zealand (cited by Upstart Nation).

3.3 Adjust regulatory guidance to recognise the added value of impact investing:

- Further guidance and education on application of VfM in the context of Integrated Financial Products.
- Reframe the VfM issue to one of competitive fees relative to asset class and type of investment strategies, with latitude on fees from FMA and supervisors for fund providers that include a significant allocation to impact.
- Adjust fee models to accommodate allocation to impact, especially in private markets, taking account of long-term value and non-financial benefits.

Forum discussion

It was recognised that investment in positive impact companies requires an additional layer of analysis and administrative costs to assess, monitor and report on impact. Investing in private assets results in further costs.

- There is a need for an ongoing dialogue with FMA and supervisors on value for money
- Much of the pressure for low fees has come from the default KiwiSaver review. It will be important to influence the settings for the next review.
- Media and public commentary has been influential on calling for low fees without a VfM context. The public case needs to be made for the necessary costs associated with responsible and impact investing

Supervisors potentially play an important role. Many are concerned over approaches that add to costs and interpret value for money as meaning low fees.

There are ongoing concerns from charities, trusts and others over a focus on positive impact diluting fiduciary obligations. While there have been legal opinions in New Zealand on the coherence between ESG management and fiduciary obligations, further legal clarification on fiduciary duty related to positive impact investing may be required, along with regulatory guidance.

Next Steps

The fund providers that are investing in positive impact companies and private equity are primarily responsible for educating investors and others about the value for money they add in their investment process.

VfM issues have been identified by CSF in their work on private assets and follow up is planned, including with FMA. The issues have also been flagged to RIAA as a potential issue for discussion amongst their New Zealand members.

The FMA has a current consultation on 'Fair Outcomes for Consumers and Markets' which may provide an opportunity to point out that positive climate, environmental and social outcomes from investment are an integral part of 'fairness' for many consumers and an important outcome from the financial system.

4. Improve Access to Investible Products

What we heard…

There is a lack of investment opportunities that can also deliver on the investment requirements of MIS managers - especially in impact investment, private markets and in New Zealand. It was commented that this is a bigger issue for equities than bonds.

Unpacking this further, there are issues regarding:

- ***Lack of availability, or quality, of investment product and pipeline:*** for local private market investments, this is compounded by general gaps and weaknesses in NZ's capital markets, R&D and innovation system, and infrastructure funding. More listed impact product is becoming available, but there are issues such as a lack of confidence in impact integrity and the availability of suitable performance benchmarks.
- ***The investibility of available opportunities:*** there is often poor alignment with investment requirements (scale, risk-adjusted returns, liquidity, etc) and impact goals, and availability of suitable data, performance benchmarks and ratings. Private market opportunities in overseas markets can also be even more risky/costly to explore and execute.
- ***Accessing investible opportunities:*** there is a lack of investment vehicles, platforms and intermediaries to match capital supply with demand, support deal origination and curation, and provide impact fund distribution services. This could also help address cost and capability, resourcing and efficiency issues.
- ***Mismatch in frameworks:*** there is a lack of understanding and coherence between the frameworks used by the mainstream fund managers (with experience in listed securities), impact ventures and funds, private equity and venture capital. This makes it difficult to structure opportunities.
- ***Small scale***: Opportunities in private markets are typically at a scale that makes impact investing costly and difficult for larger MIS providers. For example, there are typically some companies that could be credibly described as positive impact investments in Private Equity portfolios, but none of the major Private Equity providers have yet developed a dedicated fund focused on impact investments.

International context…

- 2023 GSG WG paper on Pensions & Impact Investing provides case studies:
  - Asset Owners Forum South Africa and Pension Industry Collaboration - an initiative for developing co-investment opportunities.
  - Ghana NAB led consortium – development of Fund of Funds (blended finance vehicle) to unlock pension fund capital for local fund managers to invest in SMEs.
  - Zambia NAB - working with Bank of Zambia to develop a Credit Risk Guarantee Scheme (local currency blended finance instrument).
- 'Impact investment wholesalers' applying fund-of-funds models plus secondary market product development – e.g. UK's Big Society Capital (funded by dormant bank accounts) and the proposed 'Impact Capital Accelerator' in Australia (seeking partial government funding).
- International resources available include Impact Frontiers, Global Steering Group for Impact Investment and Global Impact Investing Network.

Relevant local initiatives include…

- Recommendations from the MBIE/Startup Council 'Upstart Nation' report (Aug 2023)
- Recommendations from the CSF-facilitated PwC 'Investing in Private Assets' WG report (Oct 2023)
- Akina Impact Investment Readiness Programme.
- Impact Investing Network Aotearoa NZ – website resources, pitch events, facilitation and forums.
- Impact investment initiatives undertaken by Community Trusts and other philanthropic organisations, NZ Super Fund, ACC and others.
- Community Finance, an impact investment platform that brings together investors with Community Housing Providers to build affordable homes, launched the Aotearoa Pledge, aiming raise $100 million to tackle NZ's housing shortage.
- Catalist - stock exchange for NZ growth businesses (private, wholesale and secondary markets for SMEs).
- MFAT's InvestPacific – NZ government blended finance impact fund for the Pacific Islands with integrated Technical Assistance facility.

Potential solutions identified…

4.1 Strengthen product and pipeline development. Strengthen and bring an impact lens to NZ's innovation and infrastructure ecosystems – including the mandates and performance objectives of all government institutions and funds involved in strategy, planning, delivery, funding and financing.

Develop a coordinating framework ‘Accelerate Aotearoa’ for the development of the start-up ecosystem (cited by Upstart Nation).

- Funding and provision of ‘investment readiness’ support for private asset issuers including translating good ideas into investible propositions and tailoring as necessary for consideration by MIS managers.
- Modelling an incentive scheme on Australia’s Early Stage Innovation Company (ESIC) scheme, such as a deduction from income up to 30% of capital invested directly in a start-up or venture fund (cited by Upstart Nation).
- Explore innovative index solutions as a starting point for listed impact investment product design and development.

4.2 Improve investibility and access.

- Platforms to facilitate secondary market transactions of private market holdings.
- Bundling private market investments into secondary market products such as ETFs.
- Fund of fund structures to provide scale and diversification.
- Mechanisms (including collaborative/open source) to connect MIS managers with quality investment opportunities.
- The establishment of a market mechanism that helps facilitate the discovery of private asset investment opportunities (cited by CSF).
- Educational support for domestic private asset issuers on accessing KiwiSaver funds, such as on specific requirements, obligations, as well as preparation of standardised investor-facing documentation (cited by CSF).

4.3 Create leverage from the role of Government and philanthropy.

- A catalytic role for the government, Crown Financial Institutions, NZ Green Investment Finance, NZ Growth Capital Partners, community trusts and others to build NZ private market impact investment, in collaboration with MIS providers.
- Increased opportunities for blended finance to kick start new opportunities (eg. InvestPacific).
- In the context of NZ’s climate transition in particular, greater use of the Crown’s balance sheet (such as with capital matching or risk offtake) to mobilise private sector finance.

Forum discussion

Positive impact investing in New Zealand is still in its formative stages, and many of the most exciting opportunities are still in their seed or growth phase. Even though there are international opportunities for investment in mature impact companies and funds, positive impact investments in New Zealand are still a priority for many clients and fund providers. Tax incentives may be required to build the pipeline.

Typically, the ‘growth ecosystem’, including NZGCP and Callaghan Innovation, do not currently prioritise companies that have the potential to create significant social, environmental and climate impacts.

It is difficult to find information on the range of impact investments that are already available. Some private asset investments are socially and environmentally beneficial but not identified as positive impact. It was suggested that a platform for discovery could enable more fund providers to learn about the opportunities.

Beyond discovery, some participants suggested creating a platform, such as a fund of funds, that would facilitate investment at scale in NZ impact companies (especially private companies), reduce costs for each participant and diversify exposure.

Suggestions included:

- An initiative by a coalition of the willing
- A subscription model, on a commercial basis
- An intermediary institution(s) to aggregate opportunities

It is important to consider fixed income products, as well as equities. Green, sustainable, climate and social bonds that incorporate credible restrictions on the use of proceeds can facilitate impact measurement and verification.

Next Steps

There was interest from the forum in the potential for a platform for discovery or an aggregator platform for investing at scale. Scoping is required to assess the need and the rationale.

The Upstart Nation report was welcomed by political parties. Implementation of its recommendations would accelerate the development of private capital and venture capital.

Opportunities for learning and sharing between the funds management sector, private equity and venture capital would be helpful, such as forums to extend understanding and develop relationships.

5.Extend Awareness and Consumer Demand

What we heard ...

As revealed in the survey undertaken as part of this project, consumer demand for impact investing is considered to be one the most important drivers of the growth of mainstreaming impact investment.

However, while there is rising consumer willingness to consider impact investing, there is not yet much public understanding of what this means. Responses from the survey highlighted that a lack of clarity over definitions and verification is confusing the public. There is already a high level of public concern over greenwashing with regard to ethical investing and this is likely to create problems in impact investing. Some fund managers are trying to avoid labels.

There is a particular challenge in educating the public about the inclusion of impact companies as a relatively small proportion of a mainstream fund. Inevitably much of the publicity for such funds will be about the impact investments, even though these are not representative of the fund overall. This is likely to be of concern to some investors.

·While some institutional investors are already starting to engage with impact investing, most are not. There is a huge potential to engage a wider range of institutional investors.

Relevant local initiatives include …

- IIN and Mindful Money have directories of impact funds available to wholesale and retail clients. Mindful Money is in the process of adding information on its website about standalone impact funds and impact companies in mainstream funds.
- The University of Auckland and RIAA undertook a survey of impact investing in New Zealand in 2019, and impact questions are included in annual surveys undertaken by Mindful Money and RIAA.
- RIAA has an impact certification and plans to align its impact product certification standard with international developments (EU, FCA, SEC).
- Mindful Money undertakes seminars and podcasts that include a focus on impact investing, including mainstreaming impact and specific initiatives such as social housing, renewable energy and climate solutions. These are supplemented by reports and information for public audiences. A new series is being launched in 2024.
- Asset owners are growing their impact investment work, through leading initiatives from community trusts, foundations, charities and iwi. Their involvement has supported the development of new initiatives in social housing, community-based enterprise and climate action.

Potential solutions identified ...

5.1 Clarity about definitions and a basic typology of ethical, responsible, sustainable and impact investing is needed amongst the investment sector, regulator and key stakeholders, as a pre-condition for being able to more widely engage and educate the public. It is important to maintain public confidence in the concept of impact investment, and ensure it is not used as a new label for ESG funds.

5.2 Story telling about examples of where impact companies or enterprises have been included in mainstream portfolios, including the examples of social housing and renewable energy.

5.3 Initiatives to scale up financial literacy in NZ need to integrate social and environmental impacts, including in Sorted and Retirement Commission guides. This is an important way to build engagement, especially with young people.

5.4 A wider programme of education and engagement with the public is needed on what impact investing means and its benefits for investors and beneficiaries. This needs to be timed to ensure the greater availability of stand-alone and mainstreamed impact products.

Forum discussion

- Greater public awareness and demand is crucial. There is support for the concept of investing for positive impact, but there is a long way to go before that is deepened so that it translates into market demand.
- There is scope to significantly increase demand from institutional investors for impact investment, particularly from organisations with a strong values orientation, including charities, philanthropy and iwi.
- The language of positive impact is off-putting. Politicians, institutions and investors respond to specific issues like investment that addresses infrastructure deficits or housing needs, or growth companies delivering climate solutions.
- There needs to be public and institutional awareness about the positive outcomes from impact investing as a way to encourage clients to move beyond low fees in their investment decisions.
- The scale and urgency of climate change is an important driver of public and institutional demand for impact investing

Next Steps
There are ongoing education and awareness programmes being undertaken by the Impact Investing Network and Mindful Money, but a larger scale public awareness campaign may be needed in future when more retail options are available.

Further educational work with values-oriented organisations will be required in order to build their confidence to allocate investment to impact, building on initiatives undertaken by Philanthropy NZ and others.

6. Develop Capability

What we heard ...

- There is currently a lack of inhouse and external manager capability in private market investing generally and positive impact investing in particular. Many advisers and asset owners lack confidence and capability in RI, and even more so in impact investing.
- Interviews showed the need for capacity development for the funds management sector covering a wide range of skills – impact measurement, definitions and labelling, valuation and daily pricing, liquidity management, taxonomy, and disclosure and reporting.
- In addition, the Start Up Nation report observed that the level of understanding within the funds management sector of how venture capital and private equity worked – the drawdown profile, risk/return profile, the J-curve effect – was surprisingly nascent.
- Investing in private assets necessitates specialised skills and knowledge that may not be widely available within the industry. Further, due diligence for private equity is challenging and time-consuming (CSF).
- There are currently few current opportunities for staff to gain those skills and some fund managers are hiring in specialists with experience in private markets or in impact investment to strengthen their in-house capability.

Relevant international initiatives ...

The Impact Taskforce and the UK Impact Investing Institute resource hub provide case studies, events and conferences, workshops and training and access to case studies and knowledge resources.

2023 GSG WG paper on Pensions & Impact Investing includes case study examples:

- In 2021, the Japan Impact-driven Financing Initiative was launched to provide financial institutions an opportunity to deepen their commitment to impact investing. The initiative includes 27 financial institutions, including the key players. To participate, the financial institutions must commit to make allocations to impact investments, agree to develop an impact-driven corporate strategy that includes impact, and commit to start measuring their impact. Pledges must be signed at the highest level of the organisation.
- Convening roundtables in Japan, Ghana and Zambia, promoting learning, partnerships and collaboration.
- Practical education and training in Nigeria, Netherlands and Israel.

Relevant local initiatives include ...

- RIAA provides support and training for its members on a range of RI approaches and has developed certification for impact investment products.
- Impact Investing Network website includes case studies and resources, IIN holds events, and proposing open sourcing of templates and tools to support allocation to impact.
- Other organisations, including CSF and Mindful Money, provide information on impact investing including climate solutions.
- Mindful Money's annual awards include impact investment and climate action categories.

Potential solutions identified ...

6.1 Education and Training on impact investing for the investment sector:

- Educational support to MIS scheme managers. This could also be done jointly with other relevant industry bodies such as the Institute of Finance Professionals New Zealand Inc (INFINZ) and academic institutions.
- Learning circles on issues such as fund manager strategies, measurement, valuation of illiquid assets, renewable energy, social housing, climate solutions etc.
- Training programmes using case studies and hypotheticals, with an emphasis on learning by doing.

6.2 Collaboration in capacity building – the smaller boutiques need the larger fund managers to participate in developing and sharing resources.

6.3 Create a market platform that could help support KiwiSaver managers in identifying private asset opportunities, or to create market education resources that help equip KiwiSaver managers with skills and guidance in assessing private assets (CSF).

6.4 Educational support for domestic private asset issuers about how to access KiwiSaver funds, such as on specific requirements, obligations, as well as preparation of standardised investor-facing documentation. This could help further grow the domestic private markets and foster the emergence of more assets that meet the investment criteria of KiwiSaver funds (CSF).

Forum Discussion

Despite the pressure for lower fees, the investment providers that are increasing their positive impact investments need to build their capability to identify, assess, manage, add value and report on their impact investments.

There is a need for capability building in areas such as:

- Being able to measure and report on impact with confidence and credibility
- Valuation methodologies and practices applied to private assets
- Understanding more about the opportunities and risks of private assets, especially those at the seed and growth stages, including:
  - The lack of metrics for performance that are more common for listed companies (such as a track record of returns)
  - The dynamics of early stage investments, where initial losses and low returns may be followed by rapid growth, and strategies for private asset investments.

There are opportunities for collaboration across the funds management sector in learning and sharing.

Next Steps

Further work is needed to establish the specific capability needs for the funds management sector. The climate-related disclosures programme provided by INFINZ may be a potential model for practical training on impact investing tools if there is enough demand and a gap in the commercial offerings.

7. Build an Impact Economy

The initial background paper for this project focused primarily on removing barriers to growing mainstream impact investing. However, the forum discussion highlighted the need for a broader agenda to accelerate positive impact investing.

7.1 Building stronger links across the 'impact ecosystem' - there are currently few opportunities for the funds management sector to develop strong links with others that could make important contributions to positive impact investing in a collaborative initiative:

- Government agencies and institutions, including NZ Green Investment Finance, Growth Capital Partners, Callahan Innovation, government Ministries (MBIE, MfE and MFAT) through supporting initiatives and potential co-financing
- Philanthropic foundations and charities can play a crucial role in initiating and financing small scale impact enterprises and funds, and supporting intermediaries such as Community Finance
- Data research providers, asset consultants, wealth managers and financial advisers
- Support institutions, including IIN, RIAA, INFINZ, Mindful Money, Giving Architects, Ākina Foundation, The Lever Room, EnviroStrat and Impact Lab can provide expertise and services
- Intermediaries and dedicated impact investment funds have a crucial role, such as NZGIF, NZGCP, Callaghan Innovation, Community Finance, Start Up NZ, the venture capital sector, Private Capital Association, private equity sector, dedicated impact funds and others.

7.2 Advocating for progressive policy and legislation – there may be opportunities to build support from the government for progressive policies, particularly in order to keep pace with other capital markets and the main sources of portfolio investment into New Zealand. CSF and its Australian counterpart have been instrumental in supporting New Zealand and Australian Finance Ministerial meetings on climate and sustainable finance.

Forum discussion
Suggestions from participants included engagement with a wide range of potential allies in building the 'impact economy', including the types of allies listed above. Their active involvement would build the scale of investment, give visibility to impact investing, build a support network, provide services and build demand.

The value of impact investing is not yet reflected in government policy. Proactive policy could include the requirement for an allocation to impact in default KiwiSaver funds (although this would need to wait until the next Default KiwiSaver review).

Next Steps
The forum discussion considered the issues and specific initiatives outined in this paper. There is ongoing work on most issues and a number of networks already providing coordination and support. Mindful Money, CSF, RIAA, IIN and leading fund managers will continue the process of building a framework for mainstreaming impact investment. The work of CSF in engaging with government will be crucial in developing a supportive legislative and regulatory framework.

Mindful Money will convene a conference on 12 June 2024 in Auckland to bring together the key stakeholders across the impact ecosystem. The aim will be to widen the network reached through this project, facilitating learning and collaboration.

Appendix 1: Survey and Interview Questions

1.How do you interpret and apply the concepts of 'sustainable investment' and 'impact investment'? What frameworks do you use?

2.Have you set explicit impact-related objectives for your business/products/portfolios? If so, do they apply across all your products/portfolios, or to specific ones only? How have you integrated this into investment strategy and decision-making? How do you measure impact performance?

3.What positive impact investments do you currently make or are planned? (Please describe briefly and provide a link to further information) Can you indicate an approximate proportion of your total FUM or portfolio that is allocated to positive impact investments?

4.What is the primary motivation for your interest in positive impact investment? (please rank the following, starting with 1 as the most important)

5.What do you consider are the major barriers to increasing your investment in positive impact? (please rank the following, starting with 1 as the most important)

6.For your highest priority reasons listed above, we would welcome specific suggestions on how to overcome the barriers (these will be discussed in the interview, but feel free to document beforehand).

Appendix 2: List of Surveys and Interviewees

ANZ - Helen Skinner
Kernel - Dean Anderson
ASB - Merrin Laurenson, Nigel Grant, Emma Lavelua, Roy Davidson
Mercer - Padraig O'Brien and Guillaume Dehans
BNZ - Sue Walker
Milford - Frances Sweetman
BT/Westpac - Isabel Huther
Mint - Rachel Tinkler and David Boyle
Devon - Slade Robertson
Pathfinder - John Berry
Generate - Sam Goldwater
Simplicity - Andrew Lance
Harbour - Simon Pannett and Jorge Waayman