UNIVERSITY OF AUCKLAND INVESTMENT CLUB

# INVESTMENT BULLETIN

STUDENT WRITERS · STUDENT OPINIONS

# ROME DIDN’T FALL IN A DAY

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# Stock pitch 2025: Open Division Winner

BY MATT POWELL AND FREDDY JENSEN

Delegat Group Ltd (NZX:DGL) is a leading New Zealand wine company renowned for promoting New Zealand vintages on the global stage. The company's roots trace back 75 years, when the Delegat family purchased a vineyard in West Auckland, positioning themselves at the forefront of what would become nearly a century of growth in the NZ wine industry.

Today, Delegat owns its entire supply chain, selling ~$400m worth of wine through three sub brands: Barossa Valley Estate, Oyster Bay, and Delegat. The majority of its cases are sold to the US and Europe, where Oyster Bay wines are recognised with an array of global accolades.

A defining strength of Delegat is its unusually high level of vertical integration. Approximately 66% of its grapes are self-sourced, well above the industry average of around 20%. This gives the company greater control over harvest quality, improves cost predictability, and enhances strategic flexibility. Over the past five years, Delegat has made significant investments to further increase its vineyard ownership and self-sourced supply, helping the company remain resilient even during challenging seasons. In 2024, for instance, Delegat exceeded expectations despite industry-wide harvest shortfalls, while competitors reliant on contract growers who service multiple obligations faced more volatile outcomes.

Yet, the company's share price tells a very different story. Currently trading at NZ$3.94, Delegat's stock has fallen roughly 75% from its 2022 peak of NZ$15.70. We attribute this drop to three factors: (1) an inflated valuation during the pandemic-era "COVID wine boom"; (2) reduced discretionary spending during post-COVID recessions; and (3) weak harvests in 2023–2024, combined with declining global demand. Despite these industry headwinds,

Delegat has continued to grow both yield and revenue, its bottom line unimpaired. We believe the market has severely overreacted driven by an industry wide 'panic' rather than following the company fundamentals. Given its robust business model and undervalued share price, DGL represents a compelling buy. Still, potential investors should be aware that 66% of shares are held by the family, making the stock highly illiquid and raising questions around whether the share price will rise to its 'fair value'.


# Stock pitch 2025: First Timer's Division Winner

BY ANGELINA KATSELI AND TASHA KOO

SkyCity is New Zealand's leading entertainment company, operating casinos, hotels, and restaurants across four cities (Auckland, Hamilton, Queenstown and Adelaide). Despite facing recent headwinds and market overreaction, the company's long-term value remains compelling and underappreciated.

SkyCity holds exclusive casino licenses that give it monopoly control over land-based gambling in New Zealand and Adelaide, a strong position that ensures market dominance and stability. The company also owns premium real estate. In Auckland alone, they own 3.5 hectares of freehold land across three CBD blocks and 3200 parking spaces. This offers long-term strategic value beyond its core operations, providing freedom for redevelopment down the line.

Looking ahead, SkyCity is positioned for growth through major developments like the Horizon Hotel and the New Zealand International Convention Centre (NZICC), both expected to attract higher foot traffic and boost cross spendings across its venues. The Horizon Hotel has already opened, adding 303 new rooms to meet rising tourism demand, while the NZICC is expected to draw over 33,000 international visitors in its first year. These projects are forecasted to generate over $40 million annually in combined revenue. Additional infrastructure, such as 1,250 new car parks, will further enhance non-gaming income streams and improve asset productivity.

The company's digital expansion presents another major growth catalyst. Currently, SkyCity captures only 1% of New Zealand's online gambling market, as most revenue flows offshore. However, this is about to change. From 2026, the government will issue up to 15 online casino licenses, and SkyCity is in a prime position to secure three of them. This would allow the company to expand its online footprint and claim up to 20% of the regulated digital market. This is a meaningful shift that aligns with changing consumer behaviour and unlocks new earnings potential.

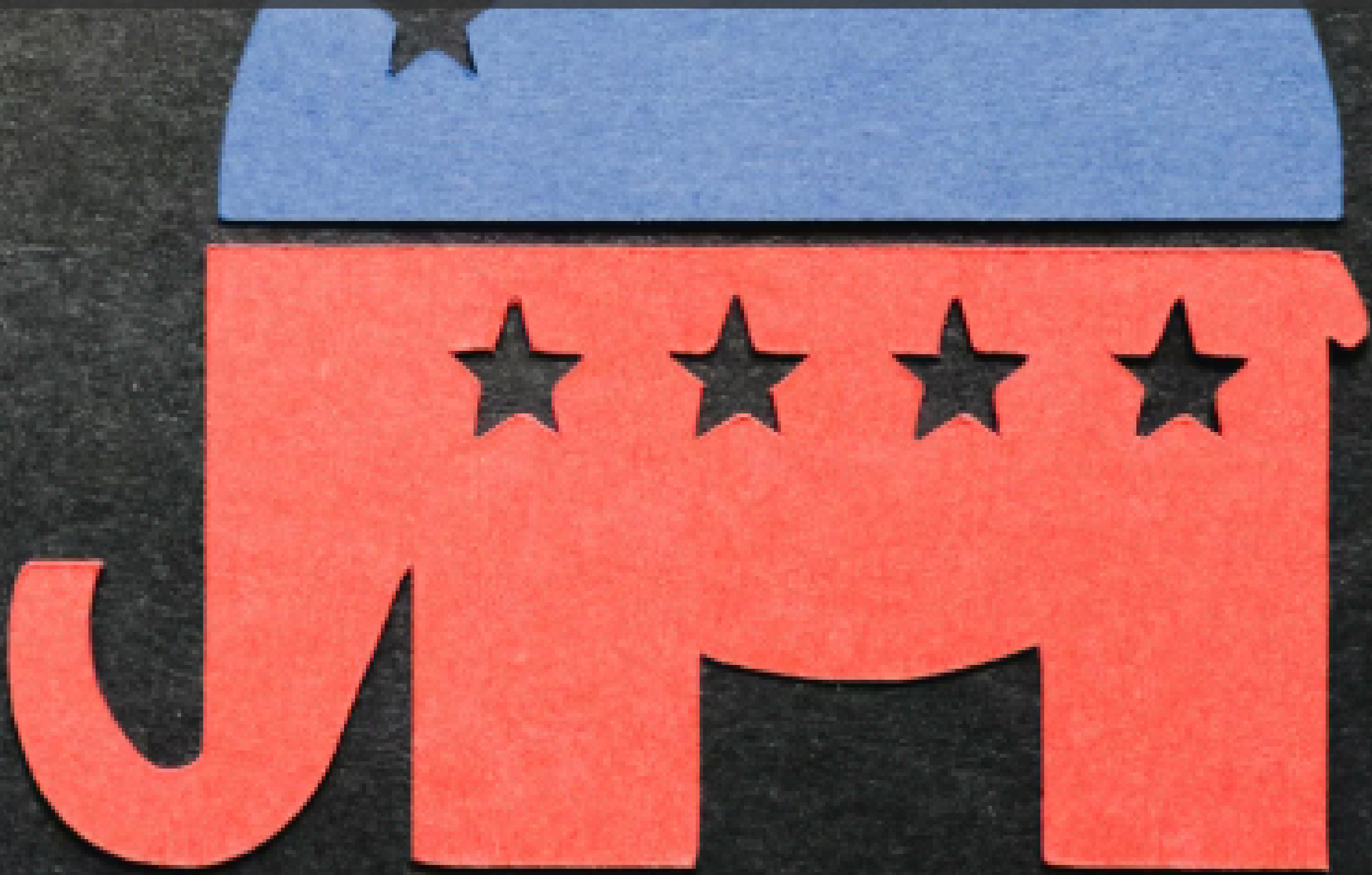
*GLOBAL*

# Rome Didn’t Fall in a Day

***BY ANDY TRAN***

In 2024, economists Daron Acemoglu, Simon Johnson, and James Robinson were awarded the Nobel Prize in Economic Sciences for research that now feels uncomfortably relevant. Their central argument? Long-term prosperity doesn’t hinge on natural resources or luck. It depends on institutions. Strong ones.

In 2025, under the Trump administration, those very institutions are under siege. Court rulings ignored. Inspectors general dismissed. Entire federal agencies dissolved by executive whim. The question is no longer academic: can America still lead as a superpower in a world that’s watching it come undone?



**Institutions as the Foundation of Prosperity**

Acemoglu and his colleagues' research laid it out clearly: countries that protect property rights, enforce the rule of law, and share political power tend to attract investment, foster innovation, and build durable prosperity. On the flip side, when institutions get hijacked by a small group of elites, when checks and balances become optional, you end up with what they call extractive institutions. These may deliver short-term wins for those in charge, but the long game? Not so great.

This theory was backed up with decades of empirical work, looking at why some nations thrive and others stall. The conclusion: inclusive political institutions create inclusive economic institutions, and that's what fuels growth. Take those guardrails away, and it's only a matter of time before the wheels come off.

Originally, this research was used to explain why post-colonial states or authoritarian regimes tend to struggle. But lately, you don't have to look as far afield for examples. The warning signs are starting to show up in the United States, a country once held up as a model for the strength of its public institutions.

**When Institutions Falter, Markets React**

Markets, like dogs, can smell fear. And lately, the scent coming off Washington has been pungent. On April 2, 2025, now dubbed "Liberation Day", President Trump announced a sweeping new tariff regime under emergency economic powers. A minimum of 10% on all imports. No exceptions.

Some of America's closest allies got hit the hardest. The European Union? 20%. Japan? 24%. Taiwan? 32%. Even the penguin-populated Heard and McDonald Islands weren't spared. The administration cited "chronic trade deficits" and "economic sabotage," which, translated from Trump-speak, seems to mean "buying stuff and existing." Congress was notified only after the fact. The Constitution, as usual, had to fend for itself.

Markets responded like a fire alarm. Blood was spilt on Wall Street as 8.56 trillion USD was wiped from global markets. Demand for US Bonds cratered, with yields surging past 5.1%, hitting levels not seen since 2023 (when interest rates were much higher). Foreign investors, once happy to soak up U.S. debt like it was gospel, began pulling back.

But Liberation Day wasn't just a one-off. It was a rupture in the surface of something deeper, made possible by years of drift, dysfunction, and erosion. For all the talk of tariffs and trade, what really shook the markets wasn't just the policy itself, but also how easily it happened. That a single man could upend global commerce overnight, with little warning and even less oversight. Trump's shotgun decision-making wasn't an aberration. It was a symptom of a falling system.

**Losing the Superpower Discount**

For decades, the United States

enjoyed a near-mythic status in global finance: the world's safest borrower. Triple-A credit. Deep, liquid markets. The full faith and credit of a system that worked. But now, even the ratings agencies are hedging their bets.

It started in 2011, when S&P stripped the U.S. of its AAA rating after a chaotic debt ceiling standoff. In their view, the plan Congress agreed to "fell short" of what was needed to stabilise debt. Then, in 2023, Fitch followed suit, citing a steady "deterioration in governance," highlighting the Jan. 6 Capitol riot.

In May 2025, Moody's, the last holdout, finally blinked. Rising government debt and persistent deficits were listed as reasons for the downgrade, but those numbers didn't appear overnight. They've been mounting for over a decade, right out in the open. sharpie and a tariff list. It's about whether the Institutions that once made the U.S. the world's most trusted anchor are still bolted in, or whether the cracks are already showing. What finally spooked the ratings agencies wasn't the maths. It was the politics.

In plain English: the United States is no longer seen as capable of addressing its own fiscal problems, not because it can't, but because its institutions won't. Congress, gridlocked and performative, has failed time and again to enact meaningful reform. These downgrades weren't just a warning about debt. It was a verdict on dysfunction.

The timing couldn't be worse. The U.S. is running a debt-to-GDP ratio of ~120% and a budget deficit of over 6%, one of the highest in the developed world. In previous decades, that kind of number might've raised eyebrows but not alarms. Back then, the market granted America what some economists called a "superpower discount." As a result, America could borrow cheaply because investors believed its institutions were rock-solid. That belief is fading fast.

Foreign central banks are starting to diversify. Japan has trimmed its Treasury holdings. China has accelerated its pivot to gold and non-dollar reserves. Even Europe, once happy to ride the dollar's coattails, is now whispering about "strategic autonomy." This isn't just diversification. It's hedging.

And when the U.S. starts getting priced like a riskier borrower, not because of its economy, but because of its governance, that's not just a downgrade. That's a shift in the global order.

This isn't about one man with a sharpie and a tariff list. It's about whether the Institutions that once made the U.S. the world's most trusted anchor are still bolted in, or whether the cracks are already showing.

## The Root Causes

**Polarised Paralysis**

Congress has become a gridlocked, procedural mess, and polarisation is the wrench jamming its gears. Democrats and Republicans are now farther apart ideologically than at any point in the last 50 years. The few remaining moderates are an endangered species, replaced by party-line warriors who treat compromise like betrayal. As a result, more than 75% of major national issues were gridlocked by the early 2010s, and it's only gotten worse.

The legislative output tells the story. The 116th Congress (2019–2020) was one of the least productive in modern history. In the Senate, the filibuster, once a rare tactic, is now routine, effectively turning most legislation into a supermajority 60-vote hurdle. In the 110th Congress (2007–09), just 2.8% of bills introduced became law, a 90% drop from the 1950s. Debt ceiling standoffs, shutdown threats, "nuclear option" rule changes: all are symptoms of a Congress more focused on theatrics than lawmaking.

The result is a government that can't govern, not even when the problems are staring it in the face. It's no accident that markets flinched when Trump could unilaterally impose massive tariffs with zero congressional input. They knew: there's no functional oversight left to stop him.

**Extractive Capture**

The U.S. is no longer just politically polarised. It's economically rigged. Wealth concentration has reached levels not seen since the Gilded Age, and the top 10% of Americans now take home a near-record share of income. And that money doesn't just buy yachts. It buys influence.

In 2024, more than $4 billion was spent on lobbying, often by the very industries meant to be regulated. That's more than double what was spent in the late 1990s. Add to that the record $14 billion spent on the 2020 federal election cycle, and it becomes clear: public policy is pay-to-win.

This is Acemoglu's theory made real, a textbook case of extractive institutions, where power and policy serve a narrow elite while the majority gets left behind. The costs aren't just moral. They're institutional. A system that consistently ignores its citizens becomes one they stop believing in.

## The Trust Collapse

In 1964, 77% of Americans trusted the federal government to do the right thing. As of May 2024, that trust had collapsed to just 22%. Congress? A record-low 8%. Even the Supreme Court, long considered above the fray, has fallen to 25–27% trust after years of polarising decisions and partisan appointments.

When trust evaporates, legitimacy crumbles. People don't just tune out, they lash out. Voluntary compliance drops. Respect for election results erodes. Policy implementation falters. Acemoglu's research backs this up: countries with higher trust in institutions grow faster and bounce back quicker from crises. In the U.S., that social contract is under heavy strain.
When a society no longer shares a basic reality, when half the country believes the other side is illegitimate, the ability to function as a coherent democratic economy disappears.

## A world power wobbling on its axis

This was never just about tariffs, credit ratings, or one man in the White House. It's about the long decay of the institutions that once made the United States the world's anchor, institutions that, brick by brick, are coming loose.

Even America's soft power, long its most potent export, is faltering. Universities like Harvard, once global beacons of excellence, openness, and aspiration, are now caught in political crosshairs. These institutions didn't just attract talent; they signalled that the U.S. was where the best minds belonged. But as visa crackdowns tighten and rhetoric turns inward, that message is blurring. A generation of global talent is still watching, and more of them are sending their applications elsewhere.

The institutions that made the U.S. a superpower didn't just serve Americans. They underwrote a global order. If these institutions continue to erode, the costs will be measured not just in basis points, but in battalions, alliances, and influence.

The question now isn't whether America still has power; it does. The question is whether anyone, including its own people, still believes it knows how to use it. History offers a reason not to count it out. This is the country that rebuilt the world after Pearl Harbour, that led through crises with conviction and unity. The tools are still there. But so is the clock. The real test is whether America can stop the decay, restore trust, and remind both the world and itself that it was, and still can be, a leader of the free world.

*TECH*

# Strava’s Acquisition of Runna

***BY ANNABELLE LARSEN***

In early 2025, Strava announced the acquisition of Runna, a relatively new running app with a reputation for offering structured, personalised training plans. While the financial details of the deal remain undisclosed, the deal is representative of broader trends in the fitness tech space: platform consolidation, the growing demand for personalised digital coaching, and subscription-based models.

Strava, often called the "social media for athletes", has become a central hub for runners, cyclists, and other athletes to track workouts and connect with peers. However, Strava's core functionality (activity tracking and social sharing) faces competition from key players such as Apple, Garmin, and Nike, which offer tracking and coaching features.

# Welcome to Runna

**Why Runna?**

Founded in 2021, Runna delivers personalised, coach-curated training plans tailored to runners of all levels, with dynamic adjustments based on progress or injury. Its focused running-specific model complements Strava's broader tracking suite and community tools. For Strava, the acquisition addresses a key gap: structured training guidance, an area where users often have to turn to third-party apps despite subscribing to Strava Premium.

Integrating Runna enhances Strava's overall value proposition by delivering a more complete experience across planning, execution, and social engagement. The two apps will remain separate for now and users will still pay separate subscription fees. This preserves Runna's niche identity while leveraging Strava's scale. Runna's subscription model aligns with Strava's strategy to grow average revenue per user (ARPU), deepen engagement and increase user stickiness.

**Monetisation and Market Position**

Strava, valued at $2.2 billion USD in 2023, derives its core revenue from subscriptions, with some support from ads and partnerships. However, as user acquisition costs rise and app fatigue sets in, growth increasingly depends on boosting user lifetime value. Runna's subscription model fits well, enabling Strava to increase ARPU through premium training plans.

As a note, the acquisition is not an isolated deal within the same month Strava has also acquired TrainerRoad, a top cycling training app, reinforcing its strategy to offer specialised coaching and catering to its non runner user base.

The deal also helps Strava stay competitive as tech giants expand into fitness tech. Platforms like Zwift and Peloton show how proprietary content drives engagement and revenue. By owning Runna's training plans and coaching algorithms, Strava gains a strategic edge in a crowded and evolving market.

From a platform economics perspective, this is a move towards vertical integration. Owning the distribution and content layers. This integration increases control over the user journey and opens new monetisation levers, positioning Strava as a more complete fitness ecosystem.

CEO Michael Martin has suggested the Runna deal may follow the path of Strava's 2021 acquisition of Recover Athletics: remaining a stand-alone app with added value for Premium subscribers rather than full integration. This contrasts with Strava's acquisition of FATMAP, whose app was discontinued in 2024, with its technology directly integrated into Strava.

**Mergers and Acquisitions in Fitness Technology**

The deal reflects a broader trend of consolidation in fitness tech.Platforms are seeking to unlock scale, proprietary features and loyal communities. Acquisitions offer a shortcut to these advantages. Recent deals like Whoop’s with PUSH and FitOn with Peerfit demonstrate how integration and content ownership reshape the competitive landscape.

For investors, it raises questions about valuation and synergies. Fitness apps remain challenging to monetise at scale, especially freemium ones. Stava is betting that enhanced engagement and new revenue streams will offset integration costs.

It also points to bigger ambitions. Strava, which has long been rumoured to be IPO-bound, could be laying the groundwork. With the fitness tech market projected to hit $70 billion USD by 2028, strategic acquisitions could support future growth and investor interest.

### Smartwatch Optional

Strava's key advantage is its accessibility; you don't need a smartwatch to use it, as the app tracks activities through your smartphone GPS, making it ideal for beginners and casual athletes. This sets Strava apart from platforms tied to proprietary hardware and broadens its appeal, making Runna's coaching features more inclusive. For users with Apple Watches, Samsung devices, or other trackers, there's often no built-in equivalent to Garmin Coach's structured training plans, so many rely on third-party apps like Runna. This acquisition could be a game changer by offering accessible, high-quality coaching directly on Strava's platform, attracting athletes with hardware but without serious training software.

### Challenges Ahead

Despite the strategic logic of the transaction, it is not a risk-free deal. Product integration is notoriously tricky, especially when combining two separate user experiences. Strava users are accustomed to an open-ended platform, while Runna users engage with more structured and prescribed content. Getting the right balance right will be key to maintaining satisfaction across both audiences. Though Strava’s history of acquisitions show they know how to navigate these complexities.

One challenge is Runna's exclusive focus on running, compared to Strava, which caters to a wide range of sports like cycling, swimming, and hiking – integrating a niche running-specific app into a multi-sport platform requires balancing Runna's specialist training functionalities with Strava's general user base and feature set to offer cohesive user experiences across different disciplines.

Moreover, pricing strategy will be critical. Subscriptions have already been a sensitive area for Strava users. In recent years, the r/Strava subreddit has been a hotspot for user frustration, many accusing the platform of "enshittification" – a backlash against features being locked behind paywalls. Users generally resist subscription shifts or when smaller brands are absorbed by larger ones, fearing loss of value or increased costs. For instance, Strava's 2023 subscription hike sparked considerable user dissatisfaction. Strava's leadership, including co-founder Ben Maskell, recognises these concerns and emphasises open communication: "We've got quite an active Reddit community, and I know there's probably quite a large overlap between them and the strong voices in the comment section, [...]We try to be very transparent and open with them, and I genuinely believe this is an amazing thing for all users. I'm happy to tell everyone about it and sit on Reddit for the whole day to answer everyone's questions." Strava risks losing price-sensitive users - but failing to monetise Runna's value could mean missing out on future revenue opportunities.

Data privacy is another area to

watch. The more personal and performance data collected on platforms, the more regulators look at data management, user consent, and algorithmic transparency, especially in health and wellness contexts. Strava will need to balance leveraging data to enhance training while maintaining trust and adhering to privacy regulations; any misstep could lead to reputational damage as well as legal consequences.

### Using Garmin Coach and Strava Together

As a student and relatively new (but committed) to long-distance running, I started with Strava's free version to track runs and connect with friends. It worked – but lacked coaching. A month in, I invested over $1,000 in Garmin gear, drawn by Garmin Coach's free, adaptive plans that adjust to my performance like a coach right on my wrist.

Eight months later, the combination of Garmin's adaptive training and Strava's analytical and social features has worked well for me. I train through Garmin, which automatically syncs with Stava to share with my friends and receive well-deserved kudos. As my shoe rotation grows, I also use Strava to track the mileage on each pair, helping me manage wear and plan timely replacements.

This is why Strava's acquisition of Runna is particularly interesting. When Strava starts charging extra for coaching while Garmin continues offering it free, it must deliver clear, added value. I'll be watching to see whether Strava integrates Runna in a way that justifies its subscription, especially for those deeply embedded in the Garmin ecosystem. With consistent training and data-driven insights, I'm now aiming for a top-three category finish at the Auckland Marathon this November.

### Confessions of a Data Nerd: The Joy of Weird Metrics

As someone who thrives on data insights, one of my favourite things about using Garmin is diving into the weird and wonderful stats it tracks. Sure, pace and heart rate are helpful, but what excites me is the niche stuff: average ground contact time, vertical oscillations, stride length, and even my left/right foot balance. These micro-metrics might not make headlines, but they do tell a story. Was I fatigued on that long run? Was my cadence dipping towards the end of the workout? Did my carbon-plated shoes improve my stride efficiency? (They sure did!)

Garmin conducts a mini research project on me every time I train and adapts my training plan based on the results. It's one of the things that keeps me addicted. For data lovers like me, numbers are motivation and depth matters.

### A Hidden Weakness in the Runna Model

While Runna is praised for its structured, goal-focused plans, its most significant limitation is the lack of real-time adaptability, which is crucial for data-driven athletes using wearables like Garmin.

Garmin Coach responds to biometric data like sleep, heart rate variability, and recovery. I've experienced this firsthand: after a poor night's sleep or a particularly lengthy Sunday long run, Garmin adjusted my next run to a lighter effort and urged me to focus on recovery. That kind of innovative coaching matters when juggling training with student life. Runna, by contrast, won't auto-adjust your plan if you're sick or fatigued. Unless you pay for premium one-on-one coaching, you'll need to tweak it manually.

If Strava wants to win over runners already invested in data-rich devices, a key challenge will be integrating Runna with the real-time adaptive training that Garmin users expect and making it compatible with all watch types.

### Looking Ahead

The Strava-Runna acquisition marks a strategic shift from pure tracking to comprehensive coaching, aiming to provide users with more value through personalised training. It could be a breakthrough for non-Garmin athletes, but smart integration and pricing will be key.
This deal is a compelling platform strategy and digital monetisation case for students interested in finance, tech, or entrepreneurship. Strava is betting that users want more than data: they want coaching, community, and progress all in one place. Whether it pays off depends not just on the product but on the strategic vision and alignment of platforms.

CONVERSATIONS WITH UAIC ALUMNI

# RISHAB SETHI

INTERVIEW & ARTICLE BY DEVIKA MODAK

As part of the conversation series, I recently interviewed Rishab Sethi, a Director of External Investments and Partnerships and the Chair of the Investment Committee at the New Zealand Superannuation Fund (NZ Super Fund). Rishab graduated with a Bachelor of Commerce and Bachelor of Science degree from the University of Auckland in 2002 where he majored in Economics, Mathematics and Computer Science. I am excited to share Rishab's thoughts and insights with Bulletin readers and I'd like to thank Rishab on behalf of the University of Auckland Investment Club for participating in this alumni series.

**A background into Rishab and his education:**

Rishab attended the University of Auckland from 1999 to 2002. He believes his majors in Mathematics and Economics have benefitted him strongly in his career. In Rishab's words, "it taught me about causal relationships, forming arguments, logic chains, admitting uncertainties and basic lessons on how to think". Rishab went on to do his honours in Economics at The Australian National University. Following his time in Australia, Rishab worked at the Reserve Bank of New Zealand for four years before pivoting to NZ Super Fund and beginning his journey in superannuation. However, Rishab was not finished with travel and decided to live in London and New York for some time. He studied at the London School of Economics and the University of Columbia and pursued his Master of Public Administration at both Universities. Following the exciting experience of overseas travel, Rishab decided to return to home base, New Zealand, where he re-joined the NZ Super Fund and has been residing here for the past ten years.

**Rishab's initial period at the RBNZ and the NZ Super Fund:**

At the RBNZ, Rishab was part of the Economics team, which involved working with current accounts, exchange rates, external accounting, monetary policies and building models – all of which was a new learning experience at that time for him. Rishab draws similarities between this and building a valuation model in the workplace at the NZ Super Fund. Prior to leaving for the US and the UK, Rishab began his journey at the NZ Super Fund as a Strategist. An exciting project Rishab worked on was writing the code for one of the first models underpinning a dynamic asset allocation programme (called Strategic Tilting). This helped in getting the programme off the ground.

When asked to provide a bit of a background on this, Rishab explained that asset allocation is a key aspect of the classic institutional model of investment management. 'Strategic Tilting' is a model-based way of subtly tilting the portfolio between assets and asset classes such as debt markets, equity markets, and currency markets. It can effectively be called a 'relative value programme'. The crux of it is a belief that asset prices tend to revert to fair value over time, and that investors with a long-term horizon can generate returns by shorting over-priced assets and going long on under-priced ones. It is a challenging and complex programme as one potentially runs the risk of sustaining large losses for a long time. As explained further by him, it is something that one must have the right governance structure for, as well as the institutional buy-in, since while you will likely win and make money in the long run, you might sustain losses along the way. Rishab also added that it depends heavily on your risk appetite.

**Rishab's current role and working at the NZ Super Fund:**

After returning to the NZ Super Fund from overseas, Rishab began the role of Senior Advisor, after which he progressed towards becoming a Manager in the External Investments and Partnerships Team. Rishab is now a Director in the same team.

Rishab says that he currently "wears two hats" at the NZ Super Fund. Firstly, he is a Director of External Investments and Partnerships, where he leads the core team which manages the Fund's global investments in equities, credit, insurance, and liquid alternatives like hedge funds. Rishab's 'second hat' entails being the Chair of the Investment Committee, which manages the governance of the overall investment strategy of the fund.

While elaborating on his role as a Director, Rishab explained that the NZ Super Fund contracts with external investment managers from around the world for reasons of size, scope, skill, and scale. Rishab's core function is to find the right people and firms to partner with and mitigate the agency problems which may arise between the two by structuring good relationships and ensuring that there is good alignment between the principal (the NZSF) and their agent (an external investment manager). Rishab also helps with commercial negotiations and structuring.

When asked what he loves most about his job, Rishab said that he feels proud that the NZ Super Fund is a world class institution which can compete and hold its head high against any global peer. "Being from New Zealand, it is always nice to compete credibly on a global scale", he says.

Rishab also loves how the NZ Super Fund has a global remit and how there are no restrictions on geographies and asset classes in the exploration of investment opportunities. Building on this, Rishab finds the process of assessing the investment implications of geopolitical issues such as trade wars, and political upheavals in order to determine where best to allocate the NZ Super Fund's capital extremely satisfying.

"There is a lot of intellectual freedom, which is enormously appealing, and working at the NZ Super Fund means that you are contributing towards reducing the tax burden of the cost of superannuation for future generations of New Zealanders, which is a fulfilling purpose".

**Rishab's insights on the NZ Super Fund:**

Rishab explains that at the NZ Super Fund, there is a 'Total Portfolio' approach, where investors view the big picture on a high level, in addition to having specialist teams which focus on individual assets. Potential investments compete for capital, based on the return they offer for the risk taken.

As a starting point, the NZ Super Fund's investment portfolio follows a Reference Portfolio, a notional, passively-managed portfolio of growth and income assets, which aligns with the Fund's risk appetite and investment horizon and serves as a benchmark for the NZ Super Fund's Actual Portfolio. Active investment management then builds on that to add further value, through making investments in liquid assets like public equities, illiquid assets such as private equity, timber, and infrastructure, and other investment strategies. Rishab says that there is flexibility in the fund to be able to pivot to allocate capital to the asset classes which show greatest potential.

Though the NZ Super Fund is owned by the Crown, it has operational independence and makes its investment decisions on a commercial basis. These endowments, or competitive advantages, along with its clearly defined governance structure and long-term investment horizon, define the NZ Super Fund.

Rishab believes that both the governance that exists around the fund and its strong legislative foundations have contributed the most towards the high returns of the fund over the past two decades.

The NZ Super Fund's long-term investment horizon has enabled it to maintain a relatively high risk appetite, which Rishab says allows it to make more bold investments and, hopefully, see greater gains.

When asked about what makes a successful investor, Rishab said, "a successful investor is someone who knows themselves very well, and is aware of their strengths, weaknesses and their risk appetite". He also believes that investment management corporations should be "institutionally self-aware", as "only you have the awareness of your own risk appetite".

**Advice for university students:**

Rishab believes that all the 'what you know' is very important but is dominated substantially by who you are and how you think. Self-awareness of your own thought processes and any biases you may have is essential. To help expedite this, Rishab feels that one should proactively and deeply understand what their strengths, weaknesses and values are.

Secondly, Rishab recommends developing an intellectual curiosity to deeply understand how things work and the ability to deal with uncertainty. Regarding the latter part, he recommends learning how to make decisions and forming conclusions when things are not perfectly clear, and also identifying the lessons learned. In Rishab's view, the skills above help you perform better in the workplace and generally, in life.

Rishab's insights and experiences not only showcase an exciting, quantitative career pathway in a purpose driven investment organisation, but also emphasise the importance of being curious, self-aware and enhancing one's thinking styles, as an investor and as a student. I am delighted to have had the opportunity to speak with Rishab and share his journey with you.

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# Forsyth Barr FOCUS

## ESG: Weathering the Storm

Forsyth Barr has completed its third annual assessment of Carbon, Environmental, Social, and Governance (C&ESG) ratings for New Zealand companies. The transition to a more sustainability-focussed economy is underway. But it has been a testing year for progress. Growing greenwashing concerns and scrutiny of companies' aspirations has challenged the authenticity of C&ESG efforts. Economic volatility and changing political agendas have been additional headwinds.

Read the full article here.

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