



Billion-dollar investors look to leave some here

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MONEY & INVESTING

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Twenty of America's most powerful fund managers, representing \$US200 billion (\$344 billion) in assets, might boost their investments in New Zealand after an inspection tour this week.

Organiser Russell Till of New Zealand Funds Management said the managers were members of the Institute for Fiduciary Education, an organisation which encouraged US fund managers to learn more about international markets and invest there.

The institute regularly organised trips overseas but this was the first time it had come to New Zealand.

Secrecy was tight and no names were available but Mr Till said the visitors were investment officers and trustees of major state and private pension plans and mutual funds.

During a two-day seminar on the New Zealand economy they met with political and industry leaders including former finance minister Roger Douglas who discussed past deregulation and what was still required, Reserve Bank governor Don Brash who gave details of the Reserve Bank Act, Carter Holt Harvey chief executive David Oskin and Lion Nathan's Douglas Myers.

The group also visited Australia for the first time since 1987.

Representatives from 12 international fund management companies also came to New Zealand to promote themselves to the group.

Mr Till said many speakers at the seminar encouraged the group to treat New Zealand as a "gateway" to the emerging markets of Asia. Many of this country's largest companies were active in the region and had people on site who were sensitive to moves in the markets.

Major US pension plans had traditionally restricted themselves to investments at home but in recent years had been looking further afield for enhanced returns, Mr Till said.

New Zealand's low inflation environment and open economy was appealing to such investors and he hoped the visit would lead to increased investment in New Zealand.

New Zealand Funds Management this week also launched what it described as the country's first local unit trust to specialise in small companies around the world.

The Global Small Companies Trust would invest in "small" companies up to \$2 billion in size in major western markets and some emerging countries.

Principal Gerald Siddall said in a statement that long-term international returns showed small company shares outperformed large company ones. Between 1970 and 1992 small stocks beat

large ones by 18% to 16%, in Japan by 15% to 11% and in the US by 13% to 11%.

Core manager of the trust is Capital International of Los Angeles, one of the world's largest investment managers with over \$100 billion in assets.

Its SmallCap World Fund had a good record, having returned 15.5% a year since 1990 against average world sharemarket gains of 10%.

The Global Small Companies Trust was aimed at investors with diversified portfolios who were willing to invest their funds for five to seven years, he said.

New Zealand Funds Management was formerly Nathan Funds Management but was bought from Lion Nathan in 1988 by senior management and research company IPAC Securities.

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