

14 February 2025

Financial Markets Team
Ministry of Business, Innovation and Employment
WELLINGTON

Via email: financialmarkets@mbie.govt.nz

Submission on capital markets reform: enabling KiwiSaver investment in unlisted assets

Introduction

Lewis Tucker strongly supports the proposal to make it easier for KiwiSaver funds to invest in non-listed assets.

This policy change would remove an unnecessary roadblock in our capital markets and deliver important benefits for Kiwi businesses, KiwiSaver investors, and for New Zealand's economic growth.

The problem as defined in the consultation document is clear and Lewis Tucker agrees with the stated benefits. We would also note that many of the sectors seeking growth capital are in industries that directly support economic policy commitments – for example, doubling exports and doubling renewable energy generation.

Lewis Tucker

Lewis Tucker is a Wellington-based advisory firm and investment bank specialising in the rural and primary production sectors. Alongside funds we manage, a core function of Lewis Tucker is to raise investment capital to enable businesses to grow.

We have deep experience in New Zealand's capital markets and in working with private, unlisted businesses. In our work, we routinely observe lost opportunities for quality Kiwi businesses due to constraints limiting KiwiSaver funds' ability to invest in unlisted / private assets.

Essential for growth

From our own first-hand experience, allowing KiwiSaver funds to invest in unlisted assets would:

- Provide multiple new funding streams to worthy, high-quality, high-growth Kiwi businesses seeking growth capital
- Reward and support innovation and productivity
- Deliver economic growth
- Begin to tilt the balance back to investment in New Zealand as opposed to offshore
- Provide potentially higher returning investment opportunities to KiwiSavers.

Addressing this roadblock and enabling direct KiwiSaver investment in unlisted assets is vital for economic growth. Currently our capital markets are continuing to shrink as the investment trend continues to favour increasing offshore investment.

High-growth unlisted Kiwi companies with access to growth capital will become the listed companies of the future.

It will be critically important that unit pricing valuation methodologies and tools to support KiwiSaver liquidity are simple, consistent and easy to implement. It is vital that they do not generate unnecessary cost and inefficiency, and that they do not create one barrier in removing another.



We need to be clear that the costs of managing direct investment are higher than for an offshore ETF but a clear regulatory regime that facilitates direct investment in unlisted assets could be helpful in managing and reducing costs.

Conclusion

This is an important consultation that could free up significant capital flows into the New Zealand economy. Currently the ability to invest in high-growth unlisted assets is enjoyed almost exclusively by those with significant amounts of private capital to invest. Addressing the barriers to KiwiSaver investment in unlisted assets would provide a boost to the growth of Kiwi businesses as well as better sharing the benefits across a wider pool of investors.

Lewis Tucker supports the commitment to addressing this issue and is happy to speak to this submission or participate in any work required to ensure the scale of potential benefits are delivered.

Yours sincerely

Will Leckie
Managing Director
Lewis Tucker and Co