

From: [s 9(2)(a)] >
Sent: Monday, October 24, 2022 8:52 PM
To: Overseas Investment Office <oio@linz.govt.nz>
Subject: Confidential information - potential Kiwiwealth purchase

Strictly confidentially please forward to the relevant OIO area. I wish to point out 2 major issues to you in relation to the upcoming purchase of Kiwiwealth (KW) by Fisher Funds (FF).

FF attempt to purchase KW is backed by TA associates, an American Private Equity firm. Their purpose (and FF) is to maximize profit. I believe they have taken this to the extreme and their activities are detrimental to customers and employment in NZ and therefore the deal is a poor outcome.

1. Customers

FF make uber profits and charge customers excessive and unjustified fees. For example, their growth fund had a recent charge of 2.51% last year compared to KWs 1.12% (and well above Growth fund average)

<https://mindfulmoney.nz/kiwisaver/checker/>

Additionally, their performance fees are based on a fictitious benchmark. See in the table below where the 2.51% that they have charged results in performance fees of c\$77m but actual based on a sub-par return for investors.

No doubt the FMA will be looking at this closely shortly.

Basically, New Zealanders are being ripped off by an overseas organization. These behaviors and outcomes will continue and grow with the purchase of KW by FF

Key point – through foreign ownership and main purpose being profits FF charge unjustified and exorbitant fees

2. (un) Employment

Being profit driven means FF will be driving job losses as soon as possible to justify and enhance excess profits through to TA associates. They have already used words like "duplication", synergies" and "rationalization" and estimates are that there will be at least 100 job losses (of the approx. 200 KW staff.

There are other outcomes on the table for KGH (and the Crown to consider) that have positive outcomes for customers and staff.

Key point – significant job losses for New Zealand (where there doesn't need to be)

I hope that this is useful for you to be able to make decisions

Released under the Official Information Act 1982