



## Superannuation acquisition from ASB adds further scale to NZX's funds business

### TRANSACTION HIGHLIGHTS:

- \$1.8 billion in retirement savings, for total cash consideration of \$25 million
- Acquisition expected to contribute between \$4.0m and \$4.3m annually to operating earnings (excluding integration costs, amortisation, and interest expenses)
- Drives scale in passive funds management business, Smartshares
- Aligned with NZX Group strategy to capture complementary opportunities across Funds Management, Wealth Technologies, and Markets businesses.

**11 November 2021** – NZX has today confirmed an agreement to acquire (through its wholly owned subsidiary, Smartshares Limited) the management rights of the ASB Superannuation Master Trust, which includes more than \$1.8 billion in retirement savings from more than 17,500 members across more than 100 employer groups, for total cash consideration of \$25 million.

NZX Chief Executive, Mark Peterson, said the acquisition would deliver a step-change in scale for NZX's passive funds management business, Smartshares, and is aligned with NZX Group's strategy to capture complementary opportunities across its Funds Management, Wealth Technologies and Markets businesses.

ASB Executive General Manager Private Banking, Wealth and Insurance, Adam Boyd, said the divestment makes good strategic sense, enabling the bank to focus on further developing the ASB KiwiSaver Scheme, Investment Funds and Portfolio Series core wealth offerings.

"Earlier this year we announced a significant investment in our wealth management business, partnering with the world's largest investment manager BlackRock to deliver even better outcomes for our customers. By focusing on these core offerings, we can continue to invest in enhanced customer experiences and performance," Mr Boyd said.

The transition of management rights is expected to occur in either late 2021 or early 2022 with a transition of services over the following two-year period.

### BUILDING ON ORGANIC GROWTH

Mr Peterson said the acquisition of management rights to the ASB Superannuation Master Trust builds on strong recent organic growth in NZX's Funds Management business.

"This will help us achieve the scale necessary to maintain our market leading position in low-cost passive investment solutions in New Zealand," he said.

Smartshares CEO, Hugh Stevens, said: "Managing New Zealanders' savings is at the heart of what we do at Smartshares and the acquisition consolidates our strong position in corporate superannuation through our SuperLife KiwiSaver Scheme and SuperLife workplace savings schemes.

"We're proud to be the brand of preference for many of New Zealand's largest employers for their superannuation plans – and we're really looking forward to being able to help more New Zealand organisations and their staff through this expansion of our superannuation business," Mr Stevens said.

Smartshares has continued its growth path over the past year, with Funds Under Management (FUM) up approximately 30% to \$5.92 billion. This acquisition from ASB Group Investments will add more than \$1.8 billion of passively managed FUM to Smartshares' current \$1.43 billion of workplace savings FUM.

### FUNDING AND INTEGRATION

The acquisition is expected to contribute between \$4.0 million and \$4.3 million annually to NZX's operating earnings (excluding integration costs, amortisation, and interest expenses). The transaction is expected to complete in late 2021 or early 2022 and the financial impact will be included in NZX's FY2022 operating earnings guidance to be released alongside the FY2021 financial results in February.

The acquisition is intended to be funded from cash on hand and new debt facilities.

Acquisition costs relating to the transaction are approximately \$1.3 million and will be reported in the 2021 financial year, and the NZX Board has confirmed the company is maintaining its full year 2021 operating earnings guidance to be in the range of \$32.0 million to \$35.5 million.

#### STRATEGIC FIT

NZX signalled in August that it was investigating possible acquisition opportunities, and Mr Peterson said the acquisition will drive scale in NZX's passive funds management business and is aligned with NZX Group's broader strategy.

"Our Funds Management and Wealth Technologies businesses offer the potential for powerful complementary opportunities in conjunction with our Markets business.

"This acquisition, and expansion of our workplace savings management under Smartshares, showcases the potential of the opportunities we have been exploring and the excellent fit of our funds business with our wider business," he said.

Alongside the commercial and strategic fit, Mr Peterson said NZX and the team at Smartshares is proud to be working closely with ASB Group Investments to ensure a seamless transition of the management of the Scheme to support members with the growth of their savings and long-term financial wellbeing.

"We see this as another huge endorsement for what we offer and backs-up the selection of SuperLife as one of New Zealand's six default KiwiSaver providers from 1 December 2021," he said.

ENDS.

#### **For further information, please contact:**

Media – David Glendining 027 301 9248

Investors – Graham Law 029 494 2223

#### **About NZX**

For more than 150 years we have been creating opportunities for Kiwis to grow their personal wealth and helping businesses prosper. As New Zealand's Exchange, we are proud of our record in supporting the growth and global ambitions of local companies.

NZX operates New Zealand's equity, debt, funds, derivatives and energy markets. To support the growth of our markets, we provide trading, clearing, settlement, depository and data services for our customers. We also own Smartshares, New Zealand's only issuer of listed Exchange Traded Funds (ETFs), and KiwiSaver provider SuperLife. NZX Wealth Technologies is a 100%-owned subsidiary delivering rich online platform functionality to enable New Zealand investment advisors and providers to efficiently manage, trade and administer their client's assets. Learn more about us at: [www.nzx.com](http://www.nzx.com)

#### **About Smartshares**

One of the most trusted names in financial wellbeing solutions in the New Zealand market, Smartshares is 100% owned by NZX.

For more than 25 years Smartshares has been caring for and nurturing the financial wellbeing of New Zealanders – with more than 83,000 members and \$5.92 billion across our KiwiSaver, investment, superannuation, and insurance solutions.

## **FAQS for Smartshares and SuperLife members**

### **Smartshares will be taking over as manager of the ASB Superannuation Master Trust. How will this affect Smartshares and SuperLife members?**

The acquisition of ASB Superannuation Master Trust will not affect existing Smartshares or SuperLife members. We will continue as usual to service all members of the different schemes we manage. What will be changing is that we now have an additional retirement savings scheme and members that we will be welcoming into our fold.

### **Why are you taking over management of another superannuation business?**

We are always looking for opportunities to grow our business. The ASB Superannuation Master Trust was an ideal match for our investment values and management approach. This acquisition will strengthen our position as a leading provider of financial well-being solutions in the market.

### **What will change for employers of existing superannuation schemes managed by Smartshares with the acquisition of the ASB Superannuation Master Trust?**

Employers with group schemes managed by Smartshares under the SuperLife brand will not be affected in anyway. We have a dedicated team looking after all our employers in our workplace savings scheme, and will continue our excellent relationship with them.

FAQs for ASB Superannuation Master Trust members and employer groups can be found [here](#)