Super Fund set to pull out of gun investments

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The New Zealand Superannuation Fund and KiwiSaver providers are reviewing their exposure to gun-related investments following the Government's ban on semi-automatic weapons.

A spokeswoman for the $41.2 billion Super Fund said it was reviewing its exclusion policy to ensure it was consistent with the Government's gun control legislation.

"We are working as quickly as possible to make this happen and expect that our internal processes will be complete by the time the Government's legislation is in place."

Prime Minister Jacinda Ardern has said the law change will be in place by April 11.

The spokeswoman said the fund had some small passive shareholdings in three American companies - by virtue of their inclusion in global market indices - worth $1.3 million in total.

Those companies are American Outdoor Brands, which owns Smith & Wesson; Sturm Ruger & Co; and Vista Outdoor.

She said other companies which manufacture weapons may also be captured by the legislation and it was reviewing the sector with the help of global index provider MSCI.

The spokeswoman said it would publish the names of any companies it decided to exclude, and the reasons why, on its website.

Meanwhile, KiwiSaver providers have also been scrambling to check their exposure to the sector.

In 2016, providers across the board pulled out of controversial companies involved in making cluster bombs and anti-personnel mines, as well as nuclear weapons.

But research by KiwiSaver provider Simplicity has found five out of 21 providers have specific bans on investing in firearms manufacturing companies.

Those providers are Nikko, Juno, Amaranth and KiwiWealth and Simplicity.

Outside of the five, Booster, Quay Street and SuperLife offer specific ethical or responsible investment funds which screen out all armaments investments.

That does not mean the remaining providers are definitely invested in gun-related companies, but many are likely to have indirect investments through index funds in the same manner as the Super Fund.

A spokeswoman for ANZ said it had holdings in companies who were involved in the manufacture of defence componentry but the investment totalled less than 1 per cent of its funds under management.

"One is a company that manufactures military gun components and accounts for 0.0001 per cent of ANZ's total funds under management. We are not invested in any civilian gun makers."

The spokeswoman said it would be reviewing its investments.

Booster chief executive David Beattie said none of its funds currently held any direct investment in companies involved in either the manufacture or selling of military-style semi-automatic guns and assault rifles.

"We will continue to ban any direct investments in these companies."

Beattie said it would also being updating its responsible investment policy to specifically add this controversial activity to the exclusion list.

"As a result, we will be commencing discussions with the suppliers of the index funds used in our core KiwiSaver funds (e.g. Vanguard) to identify the extent to which any of those companies might be included in those indices and to determine the best course of action for their practical exclusion."

Sam Stubbs, managing director of Simplicity, urged other providers to get rid of all weapons investments quickly.

"The law now bans ownership of semi-automatic guns in NZ, but allows KiwiSaver managers to fund the companies that make them.

"KiwiSaver managers should get rid of their investments in weapons quickly. It's the right thing to do, and easily done."

Stubbs said Simplicity's ban excluded gun manufacturers but not retailers which sell guns. Its funds invest in Wal-mart which sells firearms.

He said they had to draw the line somewhere and decided it was the gun-makers that needed to be excluded.

"It's not the people who sell them that are the problem but the people who make them," he said.

Stubbs said he expected the bans by other funds would have a similar focus on gun manufacturers.