



NZX consults on new infrastructure index

9 February 2011 - NZX has released today a short consultation paper on a new index of the top 10 NZX listed infrastructure stocks. The Investable Infrastructure Index will be the first in a series of Investable Indices, with a Construction and Property index next in line.

Comprising high-liquidity, widely held stocks, the Investable Indices will be an attractive base for index funds, index futures and Exchange Traded Funds, and will enable targeted and sector-specific investment in the New Zealand market.

NZX plans to name the indices after individuals who have made outstanding efforts to develop and advance the related sector. The Investable Infrastructure Index will be named after Lloyd Morrison CNZM, in recognition of his instrumental contribution to the New Zealand infrastructure sector at many levels, including an enormous impact on quality and efficiency, and in taking New Zealand infrastructure exports globally to Australia, the US and the UK.

Lloyd Morrison said, "The establishment of investable sector indices by NZX is a smart move. While the infrastructure sector is one of the best represented on the NZX markets already, the impending float of the SOE electricity companies will give even greater substance to the index."

NZX CEO Mark Weldon said, "Markets are not black boxes - they have their own characteristics, and develop according to the leadership decisions of those who participate in them.

"The NZX Markets are indebted to Lloyd Morrison for his contribution, and we are pleased to honour his contribution personally by naming a key sector index after him. We look forward to similar recognition for other great contributors in the future," said Weldon.

Key proposed features of the 'Morrison Index' are:

- An Index of 10 largest and most liquid New Zealand infrastructure stocks;
- Classification as an infrastructure stock is based on revenue from infrastructure operations;
- Equal Weight Index, where each stock's index weight is rebalanced to 10% at quarterly reviews and fluctuates with stock performance between rebalances; and
- Liquidity requirements of the NZX 50 Index.

“The Morrison will be the first of a series of Investable Indices that will provide easy access for investors to the top stocks in a sector, which will benefit all investors,” said NZX Head of Markets Fiona Mackenzie.

“Infrastructure is a sector that people understand easily, because it is based on crucial everyday industries like transport, utilities and energy. That lends itself to an index that will make tracking the growth and performance of the sector, and basing funds around it, easy and transparent,” said Mackenzie.

Significant benefit is expected to the New Zealand infrastructure sector from planned Government spending on highways, rail networks, the national grid and broadband networks, as well as social infrastructure such as schools and hospitals.

The NZX listed infrastructure sector would be bolstered by partial listing of any State Owned Enterprises - which would become eligible for inclusion in the Morrison Index, improving their coverage and investability.

NZX's consultation document, including details on how to make a submission, is available by request to info@nzx.com.

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