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■ MURRAY CAPITAL

Fund likely to focus on SI firms

Marta Steeman

Wealthy investors are being invited to invest in a new fund planning to pump equity into promising medium-sized companies needing capital for growth.

Canterbury investment bank Murray and Co's subsidiary Murray Capital will manage the new Rakaia Fund, which will invest in companies with a \$10 million to \$50m enterprise value.

Murray and Co managing director Justin Murray said the new Rakaia Fund had a preference for agribusiness, food, specialist manufacturing, tourism, healthcare and the energy sectors.

The size of the fund had yet to be determined.

Medium-sized businesses were missing out on crucial capital for growth or to strengthen their balance sheets, yet they were critical to the health of the New Zealand economy.

The Rakaia Fund, would be chaired by one of Canterbury's wealthy and astute businessmen, Humphry Rolleston, who also chairs Murray and Co. The NBR rich list estimates his worth at \$65m.

Murray said he, Rolleston and independent director Alan Isaac, former chairman of KPMG New Zealand, would be investing their own cash in the fund.

It would not invest in unproven technologies or startup businesses.

It would be structured as a limited partnership and would only be available to investors certified as

"eligible persons" under the Securities Act. They were individual investors or an investing entity with \$2m of net assets or gross income of \$200,000 a year.

He had been speaking with potential investors right around the country.

"It's probably fair to say that a significant amount of support we receive for this fund will be from the South Island."

They expect to have a director and in some cases two on the board of the companies invested in and would be "very hands on" and closely involved in the management of operations to help the companies achieve a more ambitious strategy.

The fund could end up with five to 10 investments and they expected to be in a position to make investments by the end of the year. A couple of large institutions might invest in the fund.

"We are long-term investors but we will always invest with an agreed strategy to achieve growth. It's a growth-focused investment fund," Murray said.

"We are actively in discussions with some companies and businesses who we believe potentially will be good candidates for this style of capital," Murray said yesterday.

"We like export businesses," he said.

While Rolleston and Isaac had good contacts in the North Island and there would be national opportunities, it was likely to focus more on South Island businesses.