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## Media Super to fund clean energy, tech R&D



Media Super chief Graeme Russell is backing his fund's new R&amp;D investments. Pat Scala

by [Alice Uribe](#)

One of Australia's largest profit-for-member funds has set aside \$30 million to lend to small to medium companies to fund their research and development efforts in what its chief executive calls a low-risk way to make member money "work harder".

Media Super's Graeme Russell said the \$5 billion fund had hit its peak in infrastructure, property and equities, like "a lot" of funds in Australia's \$2 trillion sector.

"You're left with how much money do I want to have in cash and I don't want to have too much in the bond market. So we need to look at other ways of making our money work harder, but without moving too far up the risk curve," he said.

The fund has set aside a revolving fund to make loans of up to \$3 million available to companies and research institutions with a turnover of less than \$20 million per annum undertaking R&D eligible for a tax credit under the federal research and development tax incentive program.

"This sits in the opportunistic part of the portfolio ... and the reason we're looking at these sort of things is because in a low interest, low inflation environment we think we need to look for other ways of generating decent returns," he said.

"We're already fully invested in infrastructure, which delivers good, consistent long-term returns. But we can't really invest more in infrastructure, we can't really invest more in the sharemarket, we're already fully invested there."

The fund is being managed by Paddington Street Finance, part of The Sherman Group, and companies eligible for a 43.5 per cent refundable tax offset can apply. Loans are expected to be repaid within one to two years.

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Founder and principal of Paddington Street Finance Theodore Dow, also a former chief investment officer at the Clean Energy Finance Corporation, said 30 per cent of the R&D projects it recommends "fit into the clean energy basket", with another 30 to 40 per cent coming from tech companies making developments in things like blockchain.

Paddington Street Finance advises Media Super on the investments and Mr Russell said that it was agnostic about the types of companies it loans money to.

"We're not specifying what types of projects ... but we'll look at your funding against a set of criteria such as the experience of the company, has it been funded before, has it a got a solid track record, has it got solid management. There will be a proper due diligence process," he said.

Media Super's R&D fund is modelled on its film and television finance facility, which has so far loaned out more than \$100 million to more than 70 Australian film and television productions including Channel 9's Here Come the Habibs and Lion starring Nicole Kidman and Dev Patel.

"Every loan for completed film and television productions has been repaid, and Media Super members have shared in strong returns over six years," Mr Russell said

"It's turned out to deliver very solid returns and so we were confident. In fact we think we'll get even better returns out of the R&D fund."

SuperRatings' SR50 Balanced fund survey for February 2017 ranks Media Super's MySuper Balanced option as the seventh best performing fund for the financial year to date.



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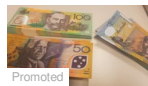
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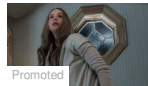
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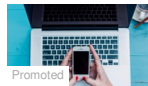
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