



# New Zealand as a funds destination

Dennis Mothoneos, Michael Negline, Penny Sheerin

**W**hen offshore investment managers develop their business strategies across Southeast Asia and Oceania, New Zealand is often overlooked as a regional market. However, the country shares many of the same characteristics as Australia—including a mature investor base, dynamic fund ecosystems, and similar asset class preferences. That said, important regulatory and structural differences shape how fund managers should approach fund structuring, distribution, and market entry. In this article, we examine New Zealand as a fund destination, addressing key questions on market trends, regulatory settings, and practical considerations for investment managers entering the market.

## Q1. Broadly, what are the key trends for funds businesses in New Zealand?

New Zealand's investment market is becoming increasingly sophisticated, driven by:

- supportive regulatory reforms,
- rising retirement savings,
- expanding retail participation, and
- growing interest in passive and private market investments.

We should note that although regulatory reforms have been supportive, the regulatory burden has increased.

Generally, our experience is that investors in wholesale mandates,

KiwiSaver schemes, and retail managed funds are seeking more diversified, transparent, and cost-effective investment options.

For example, total funds under management (FuM) in New Zealand reached NZ\$369 billion as of December 2025, with KiwiSaver assets specifically accounting for NZ\$145 billion by the same period, according to Reserve Bank of New Zealand (RBNZ) and Morningstar data. Although still a relatively small share of portfolios, the Financial Markets Authority (FMA) has observed that alternative and private market exposures—such as private equity, private debt, and unlisted infrastructure—are being increasingly added to KiwiSaver schemes to drive diversification.

Institutional leaders like the NZ Super Fund have projected these allocations to grow significantly, with strategic targets for alternatives recently shifting from 20% to as high as 35% of total assets.

This trend is expected to continue over the next five years among New Zealand institutional and high-net-worth investors for many of the same reasons as in Australia, as they seek yield and uncorrelated returns in volatile public markets.

Access to private market investments typically occurs via local feeder funds or limited partnerships managed by domestic firms, global funds distributed through wholesale channels, and certain KiwiSaver and retail managed funds that include small allocations to private assets.

The use of exchange-traded funds (ETFs) among New Zealand investors has also grown steadily over the past five years where assets in leading domestic ETFs such as the Smartshares NZ Top 50 (NZX code: FNZ) exceed NZ\$600-700 million.

ETF use is expanding within KiwiSaver schemes, which increasingly use passive building blocks to reduce fees and improve transparency. While smaller in scale than Australia, the combination of locally domiciled ETF providers, platform accessibility, and cost advantages suggests continued secular growth in passive investing.

The commercial viability of entering the New Zealand market for fund managers is closely linked to how efficiently they can access priority channels such as institutional and wholesale mandates, KiwiSaver platforms, or retail managed fund investors—without over-investing in infrastructure that may not be immediately scalable. The challenges are similar to Australia but with some important nuances.

## Q2. What are the main regulatory policies and developments impacting fund managers engaging with New Zealand investors?

The FMA, Treasury, and the Ministry of Business, Innovation & Employment (MBIE) are coordinating to refine the country's savings and investment policy architecture to boost retirement savings and enhance transparency and fairness.

KiwiSaver, which is broadly analogous to Australia's superannuation system and familiar to many fund managers operating in the region, remains the core focus of reform. From 2026, KiwiSaver contribution rates will gradually rise while the government matching incentive has been reduced, with higher-income earners no longer eligible.

Beyond KiwiSaver, the regulators are reinforcing the Portfolio Investment Entity (PIE) framework, which in turn is tightening fee and disclosure oversight.

## Q3. What are PIE funds and what benefits do they provide over other fund structures in New Zealand?

The PIE regime sits at the core of New Zealand's managed funds industry. PIE funds offer capped tax rates of up to 28% and simplified administration for investors, potentially providing an advantage over direct holdings or offshore ETFs that are taxed under the more complex Foreign Investment Fund (FIF) regime.

Most domestic investment vehicles, including KiwiSaver schemes and managed funds, are structured as PIEs, helping to enhance tax efficiency and competitiveness. This has encouraged the growth of New Zealand-domiciled ETFs and other index fund offerings, such as Smartshares, which deliver low-cost passive asset class exposure while retaining their PIE status.

The tax benefits of the PIE structure help explain the slower uptake of other fund structures including Australian managed investment schemes (MIS). We should also point out that New Zealand investors cannot use the franking credits that are often included in the distri-

bution income of Australian MIS. This has important implications for fund managers seeking to grow their business in New Zealand as they must carefully consider the cost-benefit of establishing a PIE structure compared to other potentially lower cost options, but which are likely to reduce their total addressable market.

## Q4. What are the key regulatory and licensing requirements for investment managers seeking to initially market their funds in New Zealand?

For fund managers looking to access New Zealand investors, the starting point is understanding the regulatory framework overseen by the FMA. The requirements differ significantly depending on whether the manager is targeting retail or wholesale investors.

For example, a first time visit by a fund manager seeking to market to wholesale investors can proceed without a licence if the investor qualifies for one of the wholesale exemptions under the relevant legislation. These exemptions typically apply to institutional investors, high-net-worth individuals, and professional investors. While wholesale activities attract limited FMA oversight, fund managers must still ensure that all exemption conditions are strictly met. Therefore, relationship-building meetings, investor presentations, and preliminary discussions with wholesale investors are generally permissible if all exemptions are met.

Although no licensing is required for wholesale offers, 'fair dealing' provisions under the *Financial Markets Conduct Act 2013* (FMC Act), must be adhered to.

They relate to the prohibition of:

- misleading or deceptive conduct, and
- false/unsubstantiated representations.

In some cases, a prescribed warning statement and investor acknowledgements may also be required for offering documentation to wholesale investors.

In practice, many offshore fund managers begin their New Zealand engagement through a small number of introductory meetings with institutional or wholesale investors, often coordinated alongside Australian visits. These initial discussions are typically limited to high-level strategy and capability introductions, with care taken to ensure no formal offer is made unless a wholesale exemption clearly applies. This approach typically allows managers to test investor appetite, build relationships, and assess allocation potential without incurring the upfront costs associated with licensing, onshore governance, and retail disclosure. However, while wholesale distribution offers speed and flexibility, it also limits access to the largest pools of long term capital—particularly, KiwiSaver schemes, which increasingly dominate flows.

We should highlight that under the FMC Act a 'wholesale investor' is someone who meets one of sev-



**Dennis Mothoneos,**  
Clearway

Dennis is managing director and principal at Clearway Capital with 25+ years' experience across institutional and wholesale markets.



**Michael Negline,**  
Clearway

Michael is a director at Clearway Capital. Michael has over 25 years' experience in institutional sales, client service and executive leadership.



**Penny Sheerin,**  
Chapman Tripp

Penny is a partner at Chapman Tripp. As an expert in financial services laws, Penny advises extensively on the full range of legislation affecting financial service providers.



### The quote

*Australian retail funds can extend offers into New Zealand using their existing disclosure documents with only limited additional requirements.*

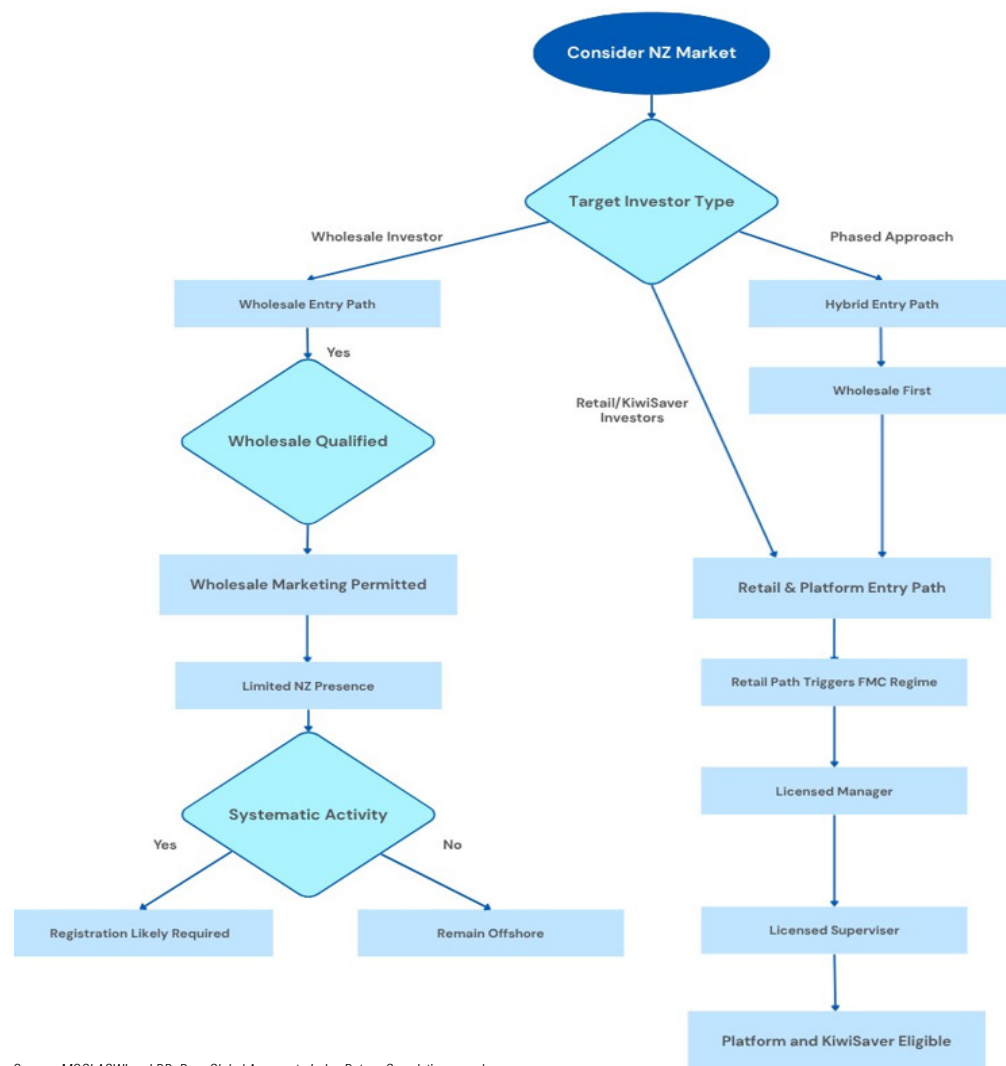
eral statutory tests indicating sufficient scale or sophistication. This includes investment businesses (such as fund managers and institutions), large investors with at least NZ\$5 million in assets or turnover, investors committing NZ\$750,000 or more to an offer, or individuals certified as 'eligible investors' based on their experience. For example, a New Zealand family office committing NZ\$1 million to a private fund would typically qualify as a wholesale investor under the minimum investment test, provided the statutory conditions are met.

By contrast, marketing to retail investors requires full licensing and registration under the FMC Act, with strict compliance obligations relating to disclosure, governance, and investor protection. Consequently, initial roadshows or marketing activities to retail investors are not permitted until appropriate regulatory approval is in place.

### Q5. If that same fund manager is planning to conduct repeat visits and is endeavouring to build a fund business in New Zealand, does that change their licensing requirements?

Conducting repeat visits and systematically endeavouring to build a fund business in New Zealand increases regulatory obligations significantly, especially if it involves retail investors or establishing a local presence. Any entity that offers, deals in, or advises on financial products to retail clients on a repeatable basis should consider New Zealand's licensing requirements and typically requires a licence issued by the FMA. Of course, we would recommend fund managers thoroughly investigate what would be considered 'repeat' and 'systematic' and what would be considered a permanent or semi-permanent 'local presence'.

Figure 1. 3-year rolling correlation between equities and bonds



**Q6. Are there any limitations on the type of underlying asset classes of a product that can be marketed in New Zealand? For example, do the same laws apply to a public equity, private equity, or a hedge fund manager?**

There are generally no asset-class-specific restrictions for wholesale offerings, (public equity, private equity, hedge funds, private credit, infrastructure, etc.) in New Zealand, provided disclosure and exemption conditions are met. While asset class is rarely determinative in New Zealand, the wholesale/retail distinction has practical consequences for fund structure, licensing, and ongoing compliance obligations.

For wholesale investors almost any asset class can be marketed, and no product registration is required. However, for retail investors products must be offered through a registered MIS such as a PIE, a licensed manager and licensed supervisor are required, liquidity management, and valuation rules apply. These rules can pose practical challenges for offerings of illiquid alternative investment strategies to retail investors through a MIS structure—especially for KiwiSaver.

**Q7. If an investment manager plans to launch a managed investment scheme, unregistered or registered in New Zealand, does that change the licensing requirements? Are there limitations regarding fund structure (open / closed end)?**

Licensing requirements depend on whether the fund is offered to retail investors. When a fund is offered to retail investors, it must be registered under the FMC Act, the manager must hold an appropriate FMA-issued licence, and a licensed supervisor must oversee the scheme. These requirements apply regardless of whether the fund is open-ended or closed-ended, although the structure will influence disclosure, liquidity expectations, and operational processes.

When a fund is intended only for wholesale investors, offshore structures such as Cayman limited partnerships, Luxembourg funds, or Australian MIS and Corporate Collective Investment Vehicles [a CCIV is a specialised corporate structure used specifically for funds management which allows investors to pool their money into a registered company and have it managed by a professional fund manager], can be marketed in New Zealand without local registration. New Zealand recognises a wide variety of legal forms, including unit trusts, limited partnerships, and registered MIS vehicles. In these cases, neither an MIS licence nor a supervisor is required.

Australia-New Zealand cross-border frameworks also provide additional pathways for fund managers entering the market. Under the Trans-Tasman Mutual Recognition scheme, Australian retail funds can extend offers into New Zealand using their existing Australian disclosure documents with only limited additional requirements, avoiding the need to build a new Product Disclosure Statement and local framework from scratch.

Similarly, the Asia Region Funds Passport (ARFP) offers a regulated mechanism for certain qualifying funds to be marketed across participating jurisdictions, including New Zealand, subject to meeting home-country eligibility and host-country notification rules.

From a distribution standpoint, fund legal structure is less about

regulatory permissibility and more about investor accessibility and scalability. While offshore structures are widely accepted by wholesale investors, they can present barriers when engaging with platforms, consultants, and fiduciaries that favour local governance, tax efficiency, and operational familiarity. As a result, managers with long-term ambitions in New Zealand often view onshore structuring as a strategic investment.

**Q8. What are the differences for an investment manager establishing a direct onshore master fund or relying on a feeder fund into an offshore vehicle?**

An onshore New Zealand master fund may qualify as a PIE, delivering meaningful tax advantages for New Zealand investors and making the structure more attractive to retail and KiwiSaver allocators. Establishing an onshore fund also brings the product within New Zealand's retail managed investment scheme regime, requiring a licensed manager, a licensed supervisor, and locally based service providers, reflecting the higher governance and disclosure standards applied to domestic retail products.

A New Zealand-domiciled feeder fund into an offshore master can also achieve PIE status and therefore access the same tax benefits, but offshore master or feeder structures are most commonly used for wholesale distribution, as they can avoid the registration, supervision, and licensing requirements that apply to retail offers.

In practice, the choice between an onshore master structure and an offshore feeder typically depends on the target investor base, tax efficiency objectives, and the fund manager's desired level of operational and regulatory presence in New Zealand. Fund managers seeking access to KiwiSaver schemes or retail platforms generally favour a PIE-qualified onshore master or feeder structure, while those focused exclusively on institutional or HNW wholesale investors often rely on offshore feeder arrangements to minimise establishment costs and ongoing compliance obligations.

**Q9. We hear the concept of a 'trustee' and a 'responsible entity' in Australia. Are those concepts relevant in the New Zealand context?**

In New Zealand, the structure and oversight of MIS differ from the Australian model, although the objectives—investor protection, governance, and accountability—are broadly similar.

In Australia, a responsible entity combines the functions of both trustee and fund manager. It is a single licensed entity legally responsible for operating the scheme, holding the assets on trust, and ensuring compliance with the *Corporations Act 2001* and the scheme's constitution.

By contrast, New Zealand operates a two-entity model under the FMC Act. A licensed manager is responsible for the day-to-day operation and investment management of the scheme, while a licensed supervisor—effectively the trustee—provides independent oversight on behalf of investors. The supervisor holds the scheme property on trust, monitors the manager's performance and compliance, and reports any material breaches to the FMA.

This separation of roles strengthens governance and reduces potential conflicts of interest. The supervisor must remain independent of the manager and is usually a professional trustee company licensed by the FMA, such as Public Trust, Trustees Executors (recently sold



### The quote

*While wholesale distribution offers speed and flexibility, it also limits access to the largest pools of long term capital, KiwiSaver schemes.*

to Perpetual Guardian), Covenant Trustee Services or the Guardian Trust. The supervisor also has a direct reporting obligation to the FMA in the event of breaches or concerns.

Overall, New Zealand's model arguably provides an additional layer of investor protection by embedding an independent fiduciary to oversee fund operations. Australia's responsible entity structure centralises these responsibilities within a single licensed entity.

### Q10. What are the trends in sustainable and responsible investment reporting and other regulatory requirements?

Sustainability and ESG integration are now mainstream across KiwiSaver and retail managed funds, and large fund managers have formalised ESG frameworks or exclusions. The FMA is enforcing clearer disclosure and anti-greenwashing standards, helping investors to gradually differentiate between genuine sustainability integration and simple 'ESG branding.' However, disappointingly for many advocates in the sector, mandatory climate related disclosures for large financial institutions have now been scaled back and licensed fund managers have been excluded from the regime entirely (although some reporting is expected to be conducted on a voluntary basis, for the time being at least).

Generally, ESG integration is becoming a baseline expectation rather than a differentiator. The next phase will likely involve credible impact reporting, private-market sustainability metrics, and transition-aligned portfolio strategies.

### Q11. What are some other important considerations for marketing funds in New Zealand?

Generally, before entering the New Zealand market, investment managers should ensure a comprehensive understanding of the country's legal and regulatory environment. As outlined previously, the level of oversight applied by the FMA depends on the nature of the activities undertaken, the types of clients targeted, and to a lesser extent, the financial products offered. Fund managers should remain alert to evolving policy and legislative changes, potentially engaging proactively with regulators to seek clarification or exemptions where necessary.

In recent years, fund-hosting providers have begun operating in New Zealand. Fund-hosting providers are generally licensed managers which, through investment management arrangements, effectively allow offshore fund managers to create and offer PIE funds to New Zealand investors without being licensed themselves.

These arrangements can also involve the outsourcing of back-office and administrative functions to the fund-hosting provider. This may appeal to offshore fund managers who do not wish to establish full-service operation-

al capability in New Zealand at the outset. In order for a fund to qualify as a PIE it must be a New Zealand tax resident and not treated as a non-resident under a double tax agreement with New Zealand, which generally requires key management decisions for the fund to be made in New Zealand.

Successful market entry requires a well-developed strategy that integrates regulatory compliance and supports both initial approval and long-term growth. It also requires assessing the cost-benefit of different pathways to New Zealand investors and their evolving asset class and legal structure preferences.

In practice, offshore fund managers typically pursue one of three strategic pathways when entering the New Zealand market:

- wholesale-only distribution,
- platform-led access via KiwiSaver schemes or retail managed fund platforms, and
- hybrid approaches combining wholesale engagement with selective onshore structuring and engagement with platforms over time.

Each pathway carries different implications for cost, regulatory complexity, speed to market, and addressable capital, and should be assessed in the context of the manager's broader regional strategy rather than New Zealand in isolation. **FS**