



Summary

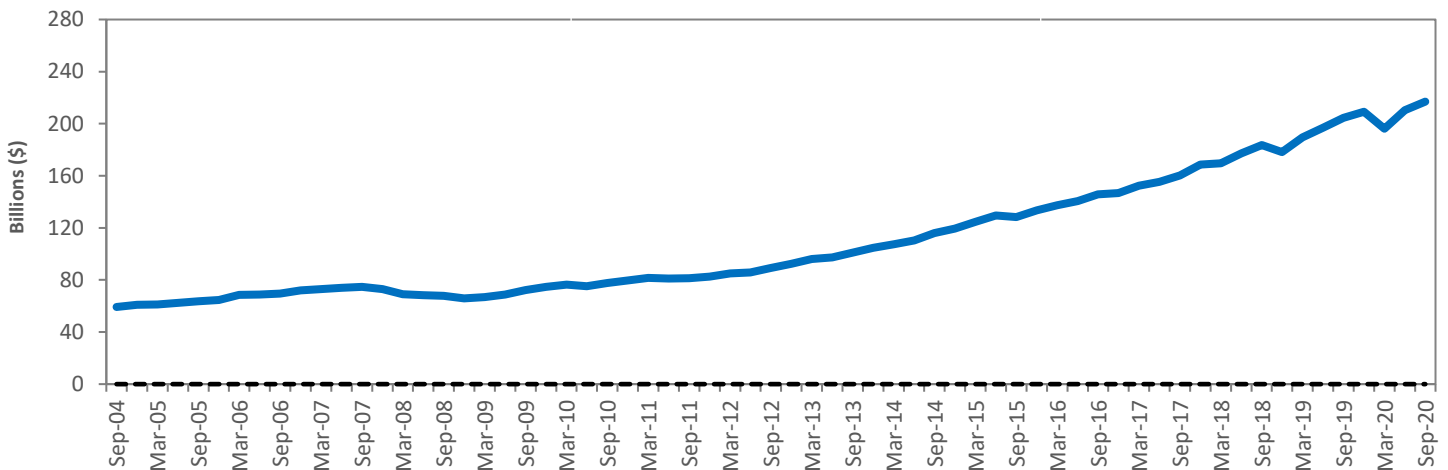
- The total value of funds under management increased to \$217b (+3.1%) during the quarter, up \$6.5b as of 30 September 2020, with year on year growth at 6.0%.
- The value of Kiwisaver and Other Superannuation schemes were both up for the second consecutive quarter (+6.0% and +3.7% respectively), with Kiwisaver reaching a new record high of \$73.2b.
- Fund holdings by asset class saw another increase in shares (+8.6%) this quarter and a decrease in short term debt (-8.9%) while long term debt (-0.8%) and cash (Unchanged) remained flat.
- Private Wealth saw larger increases in total funds than other product types for the second consecutive quarter, up 8.1%.

TOTAL FUNDS UNDER MANAGEMENT INCREASE FOR SECOND CONSECUTIVE QUARTER

For the quarter ended 30 September 2020, total funds under management increased 3.1% to \$217b, which is 6.0% higher compared with a year ago (Q3 2019). Looking at Figure 1 below, the value of funds under management appears to have recovered from the Q1 2020 dip caused by the Covid-19 pandemic, with the last 2 consecutive quarters recording growth.

Figure #1

Total Funds under Management



KIWISAVER NET ASSETS AT ALL TIME HIGH

KiwiSaver and Other Superannuation schemes have both recorded positive growth in the last two quarters.

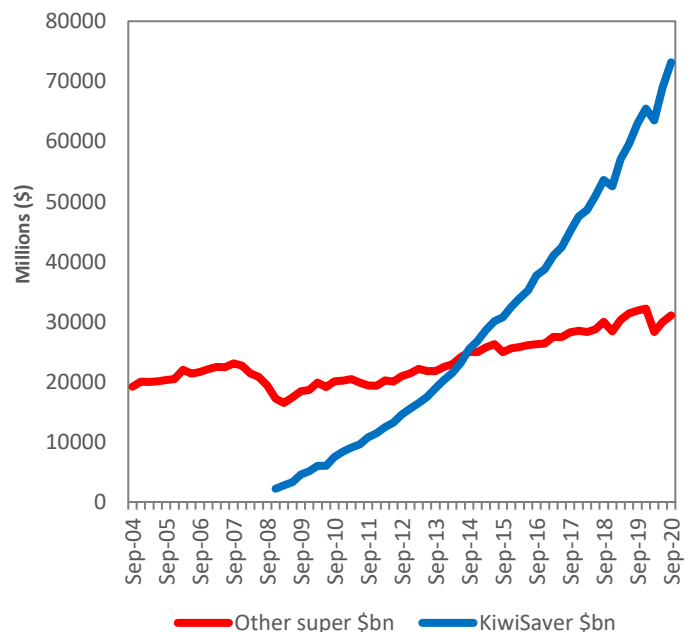
In Q1 2020, KiwiSaver net assets decreased \$2.0b to \$63.5b (-3.1%) at the beginning of the Covid-19 pandemic. However, last quarter net assets increased \$5.5b to \$69.0b (+8.7%) and this quarter net assets rose \$4.2b to \$73.2b (+6.0%). This latest value of net assets is a record high, indicating Kiwisaver has not only recovered from the low recorded in Q1 2020, but has also continued growing.

Similarly, Other Superannuation had an increase in net assets, rising \$1.1b to \$31.0b, a 3.7% increase for the quarter. However, Other Superannuation is still -\$2.7b (-3.7%) below its pre-pandemic high in Q4 2019 showing it has not yet fully recovered from the Covid-19 pandemic related falls in financial markets during Q1 2020. The latest quarterly value is also still slightly lower than Q1 2019 and Q2 2019 as well.

This difference in net assets can largely be attributed to differences in net contributions into the respective schemes, as opposed to net price changes or fund underperformance.

Figure #2

KiwiSaver & Other Superannuation



TOTAL VALUE OF SHARE HOLDINGS INCREASES

Total industry holdings of listed shares increased again this quarter, up 8.6% from \$84.8b to \$92.1b. This increase was not as large as in Q2 when share holdings rose 17.3%, however; total holdings of shares is now higher than the value recorded pre-pandemic in Q4 2019 (\$86.6b). Over the quarter most flows and rebalancing's have been into shares, with the other major asset classes holding largely flat.

Short term debt securities decreased this quarter, down 8.9% to \$16.2b. These holdings had been trending up over the last 2 quarters due to increased market volatility, but have decreased this quarter as the market has somewhat stabilised.

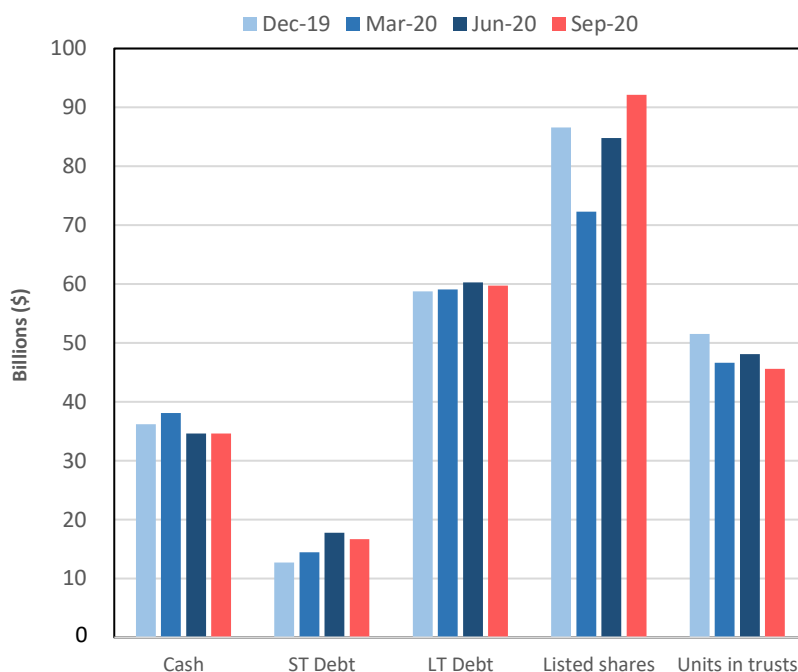
Long term debt security holdings decreased slightly, down 0.8% to \$59.8b.

This quarter cash held at the exact same level as last quarter, at \$34.6b. This level held after last quarter's moves into return generating assets resulted in a 10% decrease in cash compared with a 17.3% increase in shares.

Units in trusts decreased 5.2% to \$45.6b, and have also been relatively flat over the last 2 quarters.

Figure #3

Funds by Asset Class



PRIVATE WEALTH SEES LARGEST GAINS IN NET ASSETS BY PRODUCT TYPE

Looking at funds by product type, funds with greater share holdings saw higher gains in value holdings for the second consecutive quarter.

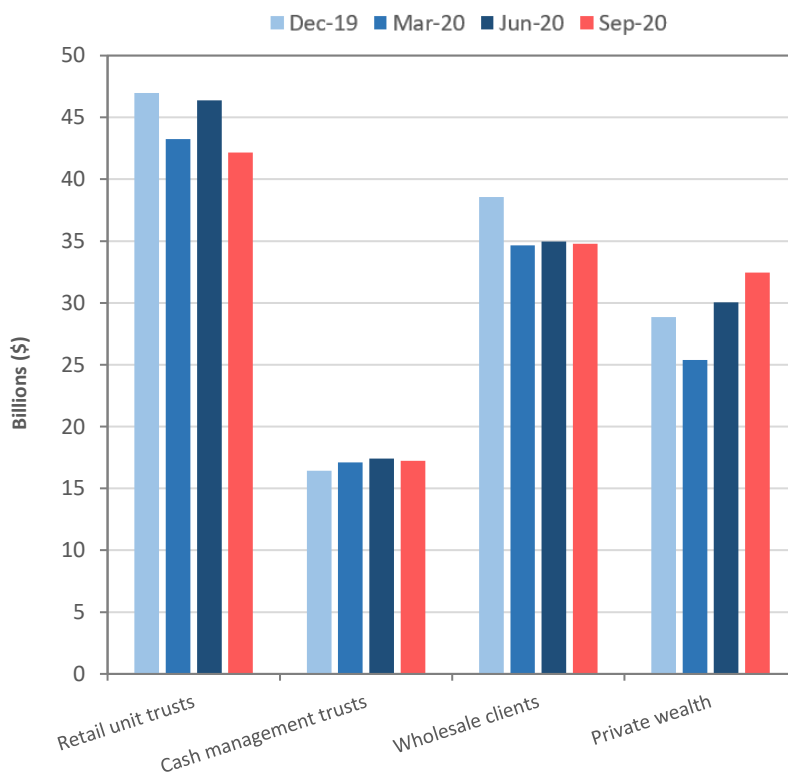
Private Wealth increased for the second consecutive quarter. This quarter Private Wealth is up 8.1% to \$32.5b and is significantly higher than the pre-pandemic level of \$28.0b in Q4 2019. Private wealth funds tend to favour higher risk, higher reward investments and therefore usually have higher proportions of shares compared with other fund types. This is evident in Figure 4 which shows Private Wealth funds followed a similar upward trend over the last 2 quarters as seen in the holdings of shares in Figure 3.

The value of Retail Unit Trust funds decreased 9.1% to \$42.1b, these funds increased alongside the market rebound last quarter, but decreased again this quarter and have not recovered to pre-pandemic levels (\$47.0b in Q4 2019)

Cash Management Trusts fell slightly down (-1.0%) to \$17.2b, as expected these did not perform as well as the funds with higher quantities of shares, due to the fact that they largely hold cash. That being said, this fund type was comparatively much better off in the first quarter, being the only product type to not see a decrease in funds under management in Q1 2020.

Figure #4

Funds by Product Type



About the Quarterly Managed Funds Survey (QMFS)

All figures in this report are drawn from the Quarterly Managed Funds Survey, which covers Managed Funds with:

- Total funds under management over \$1+ billion.
- Funds under \$1 billion are collected annually in March and imputed for the quarterly survey.

The QMFS covers 32 funds who make up approximately 93% of the total funds managed in New Zealand. The annual survey attempts to cover the remaining 7%.

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