

NZ Funds KiwiSaver gets thumbs up from Lonsec

NZ Funds Management has become the first KiwiSaver manager to have its KiwiSaver scheme portfolios researched by a third-party research house, and has called on all KiwiSaver schemes to undergo a qualitative review.

Thursday, April 28th 2011, 9:59AM

by **Benn Bathgate**

Three portfolios in the NZ Funds KiwiSaver scheme earned recommendations from Australian research house Lonsec, with Income Strategy receiving a 'Highly Recommended' rating and 'Recommended' ratings for the Inflation Strategy and Growth Strategy.

"To have one of Australasia's leading research organisations review our scheme's portfolios is a significant achievement for us and is a credit to our KiwiSaver scheme investment management team," said NZ Funds chief investment officer Michael Lang.



He also said he believed every KiwiSaver fund should be qualitatively reviewed.

"It should be compulsory for all KiwiSaver scheme portfolios to be qualitatively reviewed. The alternative, a quantitative review process, is based solely on numbers and does not take investment process into account so it is insufficient to determine whether a KiwiSaver scheme portfolio is likely to meet clients' needs."

Lonsec conducted a series of meetings with NZ Funds over an extended period, and in its report Lonsec said it observed "a strong investor focused culture, supplemented by extensive research, and a strong corporate governance and compliance regime."

Its reports also noted NZ Funds management has "competitive advantages over its peers in people, process and product design."

Lang said the reports are also designed to be used by advisers to assist them in helping clients choose the most appropriate KiwiSaver scheme for their needs.

"We are optimistic that in future having comprehensive qualitative research will become the minimum standard for managers and advisers offering or promoting KiwiSaver to the New Zealand public," he said.

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