K-Saver 17

all the over-the-top pop hits of 2024

KiwiSaver Annual Market Report 2024

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Introduction

When he was 17, Frank Sinatra, had a very good year.

Or so he crooned in 1965.

Exactly 50 years later K-pop sensation 'Seventeen' had a different take on youth in their hit 'When I grow up' that, according to something no doubt chewed-up and spat-out by ChatGPT, "portrays the confusion, vulnerability, and fear that can accompany the process of growing up".

"When I grow up," Seventeen whined, "things I think will change."

Nothing much changed on the surface for KiwiSaver during its fearful journey through 17.

For the first time since the 12 months ending March 31, 2018, the number of schemes covered in this report remained static year-on-year at 38: no new entries, no exits.

But behind the scenes there was quite a bit going on during the 2023/24 reporting period.

Notably, the BNZ scheme shifted sideways to a new ownership structure under the banner of FirstCape – a consortium comprising the National Australia Bank, Jarden and private equity firm, Pacific Equity Partners.

At the same time, the largest KiwiSaver provider, ANZ, pre-announced a, yet-to-be-actualised, investment transition from an in-house to outsourced model using Mercer and BlackRock.

Fellow chart-topping multi-scheme institution, Fisher Funds, continued to integrate its late 2022 acquisition, Kiwi Wealth, during the 2023/24 financial year including a renaming ceremony.

As of March 6 this year, Kiwi Wealth took on the adopted title of Fisher Funds KiwiSaver Plan, joining siblings Fisher Funds KiwiSaver Scheme and Fisher Funds Two KiwiSaver in the confusing Fisher family – now ranked number two by assets under management ahead of ASB.

Rebranding was trending during the year (and post balance date), too, as Select became JMI Wealth, Juno switched to home-brand label Pie Funds and Nikko was reborn as GoalsGetter.

Both Select and Nikko have been among the most vulnerable of other recentish start-ups but the latter, in particular, made more than a name-change with its May 2024 reincarnation as a multi-manager scheme providing access to the likes of Milford, Salt and Pathfinder.

And in a big contrast with the overall dismal investment experience of the previous 12 months, the 2023/24 period saw all but five schemes record aggregate double-digit returns: for most KiwiSaver members, as the Chairman of the Board warbled, it was a very good year.

A full round-up of the tally follows across the standard March 31 outcomes of:

- Transfers between providers;
- Funds under management (FUM);
- Membership;
- Fees and expenses; and,
- Annual gross performance; and,
- Net performance (after tax and net fees).

A complete set of the data in Excel spreadsheet form, covering member and funds under management trends; fees and expenses; investment returns; scheme transfers and other metrics, is available for the K-mart-like special inflation-beating fee of $460 plus GST ($529 including GST).
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Home run: local boutiques win transfer game

As per recent years, the KiwiSaver transfer market favoured local boutique schemes during the 12-month period under review.

The net transfer figures, a measure of competitive ins and outs, skewed even further this year towards a handful of providers.

Just 15 schemes recorded transfer gains over the 12 months to March 31 compared to 20 in the previous year with Milford the stand-out after pulling in more than $1 billion net from rivals.

Milford almost doubled its net transfer haul year-on-year, clocking about three-times as much member moolah from other schemes as second-placed, Generate.

Both Generate and Simplicity, another regular winner on the competitive circuit, increased their transfer winnings versus the 2022/23 period by roughly $100 million and $50 million, respectively.

Sharesies capped off its first full year of operation by making the top five transfer table while another youth-oriented provider, Aurora, also roared into contention. Outside the high-five, all net transfer gainers were small-to-middling NZ-owned operations including Kernel, Kōura, Booster, InvestNow and Pathfinder.

Top 5 KiwiSaver schemes by net transfer inflows		
Scheme	Net transfer inflow $m	% of total scheme FUM as at March 31, 2024
Milford	1,055	12.4
Generate	333	6.3
Simplicity	161	4
Sharesies	130	87.8
Aurora	96	37.2

In an almost exact replica (bar a few swapsies) of last year, Australian bank-owned providers, the scheme formerly known as Kiwi Wealth and AMP felt the sharp end of the big transfer stick.

ASB exchanged places with ANZ in the 2024 table to notch the respective highest and second-highest net transfer losses, as did Westpac and ex Kiwi Wealth for third and fourth spots: AMP holds number five position, retaining a long-time residency in this table

The five schemes also saw material year-on-year increases in their net transfer outgoings as measured in both nominal and proportional (to funds under management) terms.

Collectively, the three ANZ schemes gave up a net $544 million to competitors during the 12-month period while the Fisher triplets were down $378 million by this metric.

For the second year in succession the once transfer-positive schemes, BNZ and Pie (Juno, historically), ended the 2024 period in the red. BNZ just avoided an unwanted promotion into the top five after losing $170 million via transfers; Pie, meanwhile, watched $60 million shift to rivals.

Top 5 KiwiSaver schemes by net transfer outflows		
Scheme	Net transfer outflow $m	% of total scheme FUM as at March 31, 2024
ASB	379	2.3
ANZ	354	2.2
Westpac	258	2.4
Fisher Plan (ex Kiwi Wealth)	238	3.1
AMP	183	2.8

Headliner: bigger-hitters, faster-movers

Ongoing attrition through the transfer wars claimed its first casualty during the 2024 reporting year as AMP made way for Milford in the group of five largest providers.

AMP, which dropped out of the top five by-FUM in the 2022 report, had only returned to the size-based elite last year following the sale of Kiwi Wealth to Fisher. Milford started on April 1 last year about $100 million behind AMP but smashed out $2.4 billion of growth during the succeeding 12 months to jump $1.4 billion ahead.

Despite Milford bringing its $8 billion plus to the party, the collective heft of the big-five providers shrunk again year-on-year to 65.6 per cent of the total KiwiSaver FUM (of $111.7 billion as at March 31): on the same date last year the-then top five accounted for 67.2 per cent of the market.

Bar the new entrant, all of the large providers bled market share, led by the three-schemed ANZ, which managed 18.8 per cent of KiwiSaver assets at the end-date compared to 20 per cent as the reporting period kicked off.

Fisher temporarily halted the shrinkage at the big end of town with its Kiwi Wealth roll-up last year but the trend away from incumbents picked up again in the latest season.

However, the middle-market providers have some catching up to do.

With $5.7 billion BNZ lies about a billion behind AMP but may be losing momentum while Generate ($5.3 billion), Booster ($5 billion) and Simplicity ($4 billion) are chasing hard.

Below Simplicity only three providers – Mercer, MAS and SuperLife – reported FUM of more than $1 billion as at March 31: NZ Funds, however, was thereabouts on $970 million and has subsequently broken through the billion threshold.

Top 5 KiwiSaver providers by FUM: March 31, 2024		
Provider	**FUM $bn**	**% of Total ($111.7bn)**
ANZ (ANZ, ANZ Default, OneAnswer)	21	18.8
Fisher (One, Two and Plan)	16.8	15
ASB	16.5	14.8
Westpac	10.9	9.8
Milford	8.1	7.2
Total	**73.3**	**65.6**

For the second year in a row, the adviser-supported Aurora KiwiSaver has claimed the fastest annual growth-rate in the 38-scheme universe.

Coming off a relatively small FUM-base, Aurora expanded more than 109 per cent in the 12-month period, or about $135 million in nominal dollars.

Launched in the 2022 year, Aurora has kept up the pace via access to a sales network of more than 70 young, Tesla-sporting, advisers. As an aside, the Aurora advisory group – as distinct from Aurora Capital, which manages the KiwiSaver scheme – rehomed this year under the mortgage-advice leaning, Haven label.

The fresher-faced Sharesies would have won the proportional prize with a first full-year asset intake of almost $150 million but has been excluded from the annual calculations to dampen statistical noise.

At any rate, the statistics in this category favour smaller schemes such as Pathfinder, which finished second in the 2024 period after growing about 51 per cent.

The arbitrary cut-off point for statistically insignificant (of 5,000 members as at end date) in this study excludes InvestNow, Kernel and Kōura – all boasting memberships above 4,000 on March 31 - from the measure: Kernel clocked up the highest recorded growth-rate of 284 per cent, the slow-starting Kōura accelerated FUM by 142 per cent while InvestNow rose almost 70 per cent.

KiwiWRAP, the Consilium-owned multi-choice scheme, also doubled FUM year-on-year but on behalf of just under 500 members.

Milford beat out many smaller rivals to claim third with a growth-rate of more than 43 per cent followed by Generate (almost 41 per cent) and Simplicity (just under 34 per cent).

As discussed previously, Milford also had a phenomenal nominal year for FUM-growth, adding $2.4 billion in a bumper concoction of net flows, contributions and performance. The Auckland-based boutique reported the highest overall annual growth in KiwiSaver assets under management, beating even the combined might of three ANZ schemes that drew in about $2.3 billion from investment returns and contributions.

Total KiwiSaver FUM pushed through the $100 billion milestone for the first time during the 12-month period (likely about June last year), growing some 19.3 per cent to arrive at March 31 on $111.7 billion.

Top 5 KiwiSaver schemes by annual FUM growth-rate		
Scheme	FUM growth year to 31/3/24 $m	FUM growth-rate, year to 31/3/24 %
Aurora	135	109.2
Pathfinder	117	51
Milford	2,445	43.3
Generate	1,535	40.8
Simplicity	1,017	33.9

Getting closer: member gatherings

Unsurprisingly, KiwiSaver membership stats closely mirror FUM numbers. But not quite.

As the table below reveals, ASB hops just above the Fisher-three by number of members to rank second in the table. The Commonwealth Bank of Australia-owned entity closed in on a membership total of 500,000 by March 31 for a net year-on-year increase of more than 1,900 – still well below the almost 673,000 blue bank badge-holders.

However, ANZ lost over 5,600 fee-paying members during the 12 months, compounding similar exit numbers in the previous year. Westpac holds steady in fourth place by membership while BNZ leaps into the number five spot: Milford, fifth-by-FUM, is only the 11th largest in member terms – showcasing its high average account balance chops.

The member data also reinforces the FUM-based facts revealing the top five providers are losing market share. Last year the same five firms controlled 71.6 per cent of KiwiSaver members compared to 69.8 per cent in the 2024 accounts.

Top 5 KiwiSaver providers by members, March 2024		
Provider	**Members**	**% of Total (3.34m)**
ANZ (inc ANZ, ANZ Default, OneAnswer)	672,934	20.1
ASB	497,214	14.9
Fisher (One, Two and Plan)	493,826	14.8
Westpac	422,998	12.6
BNZ	243,910	7.3
Total	**2.3m**	**69.8**

KiwiSaver annual member-growth has flattened in recent years to settle around 3 per cent. The 2024 period was slightly under-par with a net gain of 80,092 members, or a growth-rate of 2.5 per cent.

If the overall natural growth in KiwiSaver membership was anaemic in the year – possibly reflecting a sluggish economy and a surge in emigration numbers – the market remained a fertile hunting ground for a few schemes.

Member growth-rates, in fact, were exactly correlated with FUM growth-rates as the table below illustrates. Again, the size constraint excludes some of the sub 5,000-member schemes that reported blow-out growth-rates.

Statistical extremes-management policies also keep Sharesies, which did reach 5,361 members at March 31 (2023: 16) out of the picture.

More than half of the KiwiSaver scheme population reported member growth-rates below the average, including all the large institution-owned incumbents.

Pie (previously Juno) suffered the largest relative membership decline year-on-year of 8.1 per cent, equating to 1,517 individuals: but the scheme still holds a respectable 17,110 members.

About a dozen schemes in total saw a net fall in members over the 12-month period ranging from Fisher Two (down 3,290) to a loss of eight in the tiny, restricted offer Maritime KiwiSaver.

Top 5 KiwiSaver schemes by member growth-rate		
Scheme	Member growth year to 31/3/24	Member growth-rate year to 31/3/24 (%)
Aurora	4,859	84.8
Milford	23,411	28.1
Pathfinder	1,679	24.2
Generate	15,343	12.2
Simplicity	13,766	11.9

Change up: a fees record

It couldn't last.

It didn't. Following an unprecedented fall in the total dollar-cost of KiwiSaver in the previous 12-month period, the fee-counter spiked circa $120 million year-on-year to max out at more than $785 million.

Last year the scheme fees and costs accounted for in this report landed at about $660 million (2022: $720 million) and a new proportionate low – as measured against average FUM – of just 0.72 per cent compared to 0.84 per cent 12 months prior.

If the blend of poor markets and fee-cutting moves by several large providers – prompted by the 'value-for-money' regulatory rhetoric and default scheme squeeze – pushed costs lower in the 2023 financial year, the pressure eased in the more recent reporting period.

Solid investment returns (about $13 billion gross) and steadily increasing contributions saw overall KiwiSaver FUM rise more than $18 billion year-on-year to almost $112 billion.

Under that scenario, nominal fees and expenses had to rise. But in a minor surprise, the per average-FUM cost of KiwiSaver also increased about 4 basis points above the 2023 score to 0.76 per cent.

Milford, again, is a likely influencer in the fee-bump trend. In addition to the uplift from a significant FUM-rise, the manager more than doubled its dollar-based costs year-on-year to reach $875 million (2023: $375 million) after performance fees kicked in.

The performance booster, rare in KiwiSaver, helped the Milford average percentage fees-and-expenses increase to 1.3 per cent from 0.7 per cent the year before.

As the table below reveals, Milford squeaks in as the most expensive per-FUM scheme for the 2024 period with local mid-tier providers, Booster and Generate, sharing the same headline cost figure.

Generate and Milford also make the top five most-expensive schemes by absolute dollars collected, sharing the stage with the ANZ main-brand KiwiSaver, ASB and Fisher Plan (former Kiwi Wealth).

ANZ pulled in almost $162 million in fees and expenses across its three schemes while the Fisher-threesome total reached above $137 million.

Meanwhile, some familiar names feature in the bargain bin section, led this year by Simplicity which lowered its diversified fund fees to 0.25 per cent early in 2024 from the previous 0.29 per cent.

But three bank-based schemes, all larger than Simplicity, remain cost-competitive including the passive-tilted BNZ and active multi-managed Westpac schemes – both on 0.4 per cent.

ASB pocketed the second-highest nominal fees and costs on a single-scheme comparison but stays fifth-cheapest on the per-assets measure. Despite its scale and BlackRock-managed outsourced index-investing style, ASB still costs double the mostly passive Simplicity on a relative-to-FUM basis.

The quiet achiever in the restricted scheme space, Supereasy, also kept its permanent spot in the supercheap division.

Several other schemes including Kernel, Summer, InvestNow and SuperLife, technically rank as cheaper based on data supplied in their annual reports.

However, most of these schemes don’t report member investment fees and expenses, which are extracted out-of-sight between the scheme or individuals and the underlying fund managers, while admin fees are either low or zero.

Another newcomer, Sharesies did publish fund manager commissions received, although on a net metric the accounts of the fund/direct share choice scheme show a zero fee.

Either way, direct cost comparisons between the platform-based and traditional KiwiSaver schemes remain problematic.

Top 5 KiwiSaver schemes by fees/expenses charged		
Scheme	Fees/expenses $m	% of average FUM 2023/2024
ANZ (main scheme)	128	0.8
ASB	88.9	0.6
Milford	87.5	1.3
Fisher Plan	61.7	0.9
Generate	56.8	1.3

Top 5 KiwiSaver schemes by fees/expenses per FUM		
Scheme	Fees/expenses $m	% of average FUM 2023/2024
Milford	87.5	1.3
Booster	56.3	1.3
Generate	56.8	1.3
Pathfinder	3.5	1.2
QuayStreet	3.5	1.2

Bottom 5 KiwiSaver schemes by fees/expenses per FUM		
Scheme	Fees/expenses $m	% of average FUM 2023/2024
Simplicity	9.7	0.3
BNZ	22.3	0.4
Westpac	45.8	0.4
Supereasy	2.2	0.5
ASB	88.9	0.6

Highlight: positive returns

All KiwiSaver schemes were back in black over the 12 months to March 31 in a much-needed performance relief rally to erase the red-ink memories of the previous reporting year.

Gross returns - as measured in this report against average per-scheme FUM over the year - spanned from 5.2 per cent for the restricted Exclusive Brethren vehicle (mostly a cash proxy) to the 20.3 per cent score by Generate.

NZ Funds made it back into the top performance table in 2024, finishing second after a second-last in the previous period: the ever-volatile manager was also second-last in 2022 report and first in the prior year.

Milford, Craigs and QuayStreet – the latter two no longer formally related but still sharing some investment capabilities – rounded out the top five performers.

The 5,000-member threshold kept Nikko (24.1 per cent) and Kōura (20.8 per cent) out of the official picture. Nikko was bottom by this performance gauge over the previous two years after its most popular member-selected product, the Ark 'disruptive innovation' fund, hit the rocks: Ark refloated somewhat in the 12 months to March 31.

As noted earlier, the Nikko scheme, which reported just $58 million under management as at the end of this March after a five-year slog, was rechristened post balance date as GoalsGetter with a third-party fund crew onboarded to diversify from in-house investment options.

The median KiwiSaver scheme returned about 14 per cent with only four (other than BCF) dipping below 10 per cent: ANZ accounted for three of the non-double-digit performers (ranging from 8.7 to 9.5 per cent) with Mercer (9.5 per cent) making up the numbers.

As the March 2024 quarter Melville Jessup Weaver (MJW) investment survey shows, KiwiSaver funds drifted higher on the back of strong global equities – up more than 26 per cent for the 12-month period on a hedged basis – and low, but positive, contributions from bonds and cash (5.7 per cent!). NZ equities spluttered to annual returns of just 2.7 per cent.

During the 12 months to the end of March 2023 all asset classes bar unhedged global equities and cash fell into negative territory with hedged international shares (-7.1 per cent) and global bonds (-4.8 or -6.3 per cent depending on the index) doing most of the damage to KiwiSaver portfolios, according to MJW.

As per usual, the investment performance figures used in this report come with a warning that they are for illustrative purposes only, based on annual averaged scheme total returns rather than fund-specific, risk-weighted, long-term performance.

Top 5 KiwiSaver schemes by gross annual performance		
Scheme	Total return $m	Performance %
Generate	921	20.3
NZ Funds	172	20.2
Milford	1,172	17
Craigs	94.1	16.7
QuayStreet	45.6	15.5

Bottom 5 KiwiSaver schemes by gross annual performance		
Scheme	Total return $m	Performance
ANZ Default	137	8.7
OneAnswer	268	9.4
Mercer	211	9.5
ANZ	1,475	9.5
Westpac	1,079	10.5

The gross performance figures shown above can discriminate against a few providers who report related party fund fees that are deducted off investment returns.

After a 'net fees' adjustment – which takes into account the discrepancies – and tweaking for tax the scheme performance rankings do change a little.

In particular, Milford slides down the ranks from third to fifth on an after-fees and tax performance measure while the ANZ adviser-distributed OneAnswer scheme improves slightly at the bottom end of the market at the expense of Mercer.

KiwiSaver contributed about $511 million in tax during the year – or about half of the $1 billion or so of the government paid to members in annual subsidies.

Top 5 KiwiSaver schemes by net annual performance		
Scheme	Total net return $m	Performance %
Generate	849	18.7
NZ Funds	141	16.5
Craigs	85	15.1
QuayStreet	44	14.8
Milford	1,000	14.8

Bottom 5 KiwiSaver schemes by net annual performance		
Scheme	Total net return $m	Performance
ANZ Default	127	8.1
Mercer	194	8.8
ANZ	1,390	9
OneAnswer	952	9.3
Westpac	1,078	10.5

Happy ending: where they are now

Year dot in KiwiSaver, which actually covered about nine months from July 2007 to March 31 the following year, began with a splurge of 42 schemes included in this database (a handful of other employer-specific 'bolt-on' schemes also briefly existed).

But very few of the starting 42 survived in original format through to the current day. The table below compares the first-year FUM against the March 2024 figures of the 12 schemes that can claim a direct, unchanged link to the 2007 launch: SuperLife, and arguably Fisher, now have different owners but inch through on appeal.

The comparison suffers the classic low-base statistical quirks (note the ANZ and Maritime schemes) but history is always quirky.

Survivor bias: a veteran KiwiSaver retrospective

Scheme	First-year FUM: 31/3/2008 $m	FUM as at 31/3/24 $m	Growth-multiple
AMP	88.8	6,635	75
ANZ (main scheme)	14.9	16,464	1,105
ASB	101.5	16,520	163
Craigs	3.8	623	164
Fisher Funds	21.8	5,016	230
MAS	10.3	1,305	127
Mercer	48.9	2,323	47.5
Maritime	.005	19	3,800
SBS (Lifestages)	2.6	606	233
Supereasy	4	481	120
SuperLife	5.2	2,289	440
Westpac	61.7	10,912	177

Conclusion

When it was 17, KiwiSaver had a pretty good year.

As this report documents, the 12 months to March 31, 2024, featured upbeat investment performance and an unusual level of regime stability. For the first time since 2018, the scheme register-count ended the year exactly as it had started on 38.

Over 2017 and 2018, scheme numbers held at the historical nadir of 29. In the intervening years a series of mergers and start-ups have both increased the population and changed its dynamics.

Post 2018 a posse of local operators including Aurora, InvestNow, Kernel, KiwiWRAP, Kōura, Nikko, Pathfinder, Pie (formerly Juno), Select (now JMI Wealth) and Sharesies rode into town.

During the same period Aon and Kiwi Wealth headed for the hills, known as Fisher Funds around these parts.

Between them the 10 start-up challengers barely manage $2 billion, or 1.7 per cent of the market, but most have seen promising growth over the previous 12 months. And the 10-year drift of members and money away from the big guns of KiwiSaver offers some evidence of a generational mood-shift in favour of niche operators.

The now-established success of other local heroes such as Booster, Generate, Simplicity and, particularly, Milford (celebrating a bonanza year) suggests the bank market is crackable via the combination of a strong investment narrative and distribution nous.

But the large bank-owned schemes and the now mergered-up Fisher still control almost 60 per cent KiwiSaver market share with inertia on their side.

Net member growth flatlined at just 80,000 over the latest reporting year, likely reflecting NZ economic woes and, perhaps, its aging demographic – the 2024 data hints at an increase in retiree exits.

Competition for existing members, especially those sporting large account balances, can only accelerate while in-scheme business pressures intensify bar any changes to the status quo.

The status quo, for now, is not going anywhere. National has yet to come good on woolly election pledges to complicate KiwiSaver with multi-scheme membership and bizarre early withdrawal options.

While other issues occupy the government, some regime-changers – at least, conceptual ones - are expected by year-end including measures to encourage schemes to invest in local venture capital and private equity.

Industry momentum is gathering, too, for a full-scale review of KiwiSaver settings that could see – per the Retirement Commissioner recommendations – higher contribution rates across the board: a move that would change the commercial calculation for all providers.

In their sensational chart-blasting 2023 number, 'Super' – understood to be a plaintive cry for a reform of the superannuation system – K-poppers Seventeen, probably bleated it best:

Listen up, we're on our way now
Switching up the generation till now
We're not stopping, we're racing now
… *Da-rum-da-rim-da* [translates as Do-be-do-be-doo]

The findings in this report are based on figures collected from the annual reports of 38 KiwiSaver schemes. A complete set of the data in Excel spreadsheet form, covering member and funds under management trends; fees and expenses; investment returns; scheme transfers and other metrics, is available for the OK fee of $460 plus GST ($529 including GST).
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