

New Zealand Absolute Return Association founded in Christchurch

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A group of New Zealand-based alternative asset managers is hoping to see the country develop as a destination of choice for hedge funds.

In a bid to raise industry profile at government and regulatory policy level, they have come together to form the New Zealand Absolute Return Association, which was established at a meeting in Christchurch on 30 July.

"There are number of alternative asset managers emerging in New Zealand and we have many similar issues in growing our businesses, some of which are particular to New Zealand," says Chairman-elect Andrew Freeman-Greene, managing director of FGI Asset Management Ltd. The major hurdles are regulatory - both from a structural and a tax perspective.

"The structural side of things is an area we can make some progress on quite quickly and it is better done as an association," he adds. "The issues here are compliance and registration requirements as a money manager based here. Clearly the tax issue - a major driver for hedge fund location - is long-term and more contentious. The fact is the default policy settings in place before anyone had heard of Alternative Asset Managers are both burdensome and inappropriate.

According to Freeman-Greene, the other main purpose of the association is to network and help the industry in general grow.

"There have not been very many international allocators who have travelled down to New Zealand to perform due diligence - because there haven't been any managers to see!" he says. "Well there are now more than five and the numbers is growing. We don't view each other as competitors but are attracted to creating some type of cluster. Already we find that we can cross reference work and efforts from marketing, to accounting, structuring, and compliance."

"We also want to get closer to, and stay abreast of, international developments as they are relevant to manager's on the ground here. Whether in time we form a closer alliance to other bodies is something we can explore. We have many of the same issues that have been faced elsewhere as Alternative Funds Management becomes more mainstream, so we do not need to reinvent the wheel and can leverage off other jurisdictions experiences."

He added: "The most unique aspect we face is our remoteness so in that sense an association helps to create some critical mass and perhaps more of a voice."

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