Client Update | Asset & Wealth Management *August 2026*

Strengthening Singapore's Competitiveness as a Leading Asset Management Hub – New MAS Measures Coming Our Way

An early goal in a soccer game does not win the game; rather, it sets up an exciting contest and forces both sides to play differently. When our side equalises and faith and momentum gather, that ignites a new phase in the game which brings fresh energy and a winning mentality to our side. This is what is happening and we await with confident expectation of good to come.

MAS Introduces Measures

The Monetary Authority of Singapore (MAS) announced on 19 August 2026 a set of measures to strengthen Singapore's competitiveness as a leading asset management hub. The main objective is to help anchor high value asset management activities, deepen industry capabilities and attract top asset management talent, as competing fund jurisdictions compete for talent and assets under management (AUM).

Tax Exemption for Profit-Related Returns

MAS will introduce a tax exemption for profit-related returns from the provision of fund management services to qualifying funds. This tax exemption applies to a share of investment profits earned by fund managers and investment professionals when there is fund outperformance. These include traditional models of carried interests and profit/returns-sharing. It will not apply to the run-of-the-mill employee salaries, bonuses or other forms of remuneration in the ordinary course of business.

This exemption applies only to qualifying funds, i.e. funds that qualify for tax exemption under Sections 13D, 13O, 13OA, 13U, and 13V of the Income Tax Act 1947. Such qualifying funds are managed by Singapore-based fund managers and must comply with the exemption conditions, which could include minimum local expenditure and investment professional headcounts based in Singapore.

The proposed tax exemption is expected to take effect from the Year of Assessment 2027. Further details will be announced at Budget 2027.

This is particularly welcome, especially when Hong Kong recently announced changes to its regime to provide an effective tax exemption for carried interest and performance fees.

Fund managers based in Singapore need to take a closer look at their fund structures, profit and fee models, employee compensation models, investment management agreements, fund offering documents and employee service agreements. A rethink may be required to ensure that form is consistent with substance, and to remunerate fund managers and investment professionals adequately and appropriately, in a more efficient, simplified and transparent manner once the tax exemption becomes available.

Hedge Fund Investment Programme

MAS will introduce a new hedge fund investment programme to anchor leading hedge fund managers in Singapore.

Through this programme, the MAS can invest with hedge fund managers that are committed to establishing or deepening their presence in Singapore. Apart from attracting and anchoring global and regional hedge fund managers and investment talent, the programme will hopefully support the growth of Singapore's hedge fund investment ecosystem. Consequentially, ancillary service providers and prime brokerages will also benefit.

As the competition for talent and AUM continues, this programme is welcome as it demonstrates support at the national level for the continued growth and success of Singapore's asset management hub. Fund managers putting skin in the game is a convincing pitch and MAS putting skin in the game in this manner certainly makes hedge fund managers sit up and listen.

Hedge fund managers should pay attention to this space, study the details and consider whether their fund strategies align with MAS' broader vision and strategy to tap into this programme. They will need to study the programme's qualifying criteria and assess whether their fund strategies and structures are suitable or if modifications are required. Working closely with the MAS may entail other benefits, but there must be a first step, and that may well be the most important one.

Investment Management Track under ONE Pass

MAS and the Ministry of Manpower (MOM) intend to introduce a new Investment Management Track under the ONE Pass framework. This is meant for global leaders and senior investment professionals who have the potential to contribute, or are already contributing significantly to Singapore's asset management industry.

Details have yet to be announced, but the new track could involve various changes and provide greater flexibility. It may include refining the assessment of salaries to better reflect established compensation structures in the asset management industry. There might be recognition of returns linked to investment performance and fund outcomes. Typically, investment professionals receive fixed monthly salaries, together with some form of significant compensation linked to fund returns and performance.

Foreign professionals and Singapore fund managers will welcome this as it could create a smoother process in attaining approvals to work in Singapore. The recognition of flexible and varied compensation models for investment professionals in the asset management industry would also be more practical.

Conclusion

In a highly competitive landscape, Singapore has done well and it will continue to do well with swift, bold and incisive moves like these to take control of the game and perhaps even change it. The momentum is there and the industry and the government can work together to build on it to grow our asset management hub.

How We Can Assist You

Our firm's Asset & Wealth Management practice has advised on hundreds of Singapore, Cayman Islands and Luxembourg funds, covering a variety of fund types including hedge funds, private equity funds, venture capital funds, real estate funds, private credit funds and specialist funds. We lead, structure and draft all legal documentation including the private placement memorandum, investment management agreement, investor side letters and fund constitutional documents. With our deep regulatory expertise, we guide fund/asset managers, independent asset managers, external asset managers, multi-family offices and single-family offices in licensing and other applications, such as Capital Markets Services Licence applications and tax incentives under Section 13O and Section 13U of the Income Tax Act 1947. Additionally, we are pioneers in the Variable Capital Company funds space, successfully launching over 200 VCC funds.

This Client Update was authored by our Head of Asset & Wealth Management Practice, Tan Woon Hum.

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