

Factsheet 30 April 2021

NIKKO AM PROPERTY STRATEGY

Applies to: Nikko AM Wholesale Property Fund

Market Overview

- Most global equity markets continued their strong run for the year as lockdowns and restrictions were eased and economic data improved, albeit a watchful eye is on the COVID situation in India.
- The United States S&P 500 index rose 5.2%, the Japanese Nikkei 225 index fell 1.3%, the UK FTSE 100 index increased 3.8%, the Australian ASX 200 index added 3.5% and the MSCI World index ended the month up 3.7%; all in local currency.
- The S&P/NZX Real Estate index rose 1.2% but underperformed the broader market with the S&P/NZX 50 index up 1.4%. The Australian property index ended the month up 3.1%.

Fund Highlights

- The fund rose 1.3%, 0.1% ahead of the index return.
- News flow was relatively light ahead of a number of the fund's holdings reporting results for the period ending March next month.
- Kiwi Property announced it will be building a new six story office tower at Sylvia Park along with entering into a joint venture with Tainui over its Centre Place North property and adjoining property.
- Summerset reporting strong sales and resales figures for the March quarter.
- Overweight positions in Argosy Property and Centuria Industrial REIT and an underweight position in Goodman Property added value. Overweight positions in Waypoint REIT and Summerset and an underweight position in Kiwi Property detracted from value.

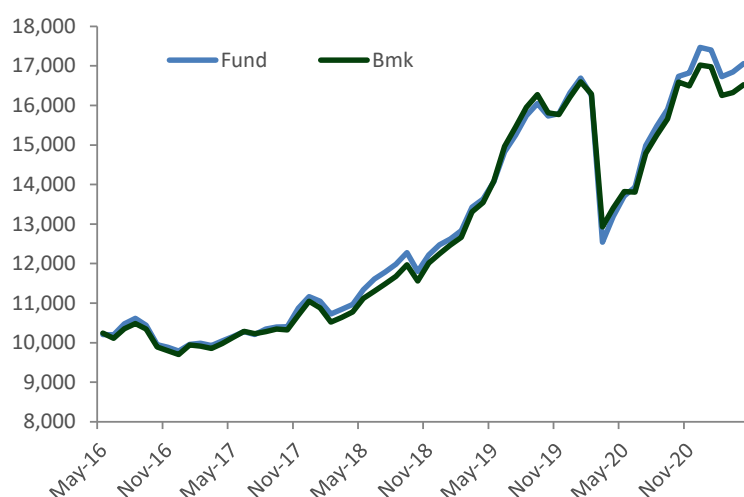
Performance

	One month	Three months	One Year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale ¹	1.28%	-1.96%	29.31%	15.87%	11.28%	13.72%
Benchmark ²	1.17%	-2.71%	23.26%	15.31%	10.56%	13.24%

1. Returns are before tax and before the deduction of fees.

2. Benchmark: S&P/NZX All Real Estate Industry Group Gross with Imputation Credits Index. No tax or fees.

Five Year Cumulative Performance, \$10,000 invested^{1, 2}



Portfolio Manager

Michael Sherrock,
Portfolio Manager

Responsible for the Property and NZ Equities Fund. Covers the Property, Energy, Materials and Retirement sectors. Nineteen years of experience within the finance industry including Schroders in the UK and ASB Group Investments in New Zealand. Michael holds a Bachelor of Commerce degree from the University of Auckland and is a CFA charter holder. Joined in 2006.



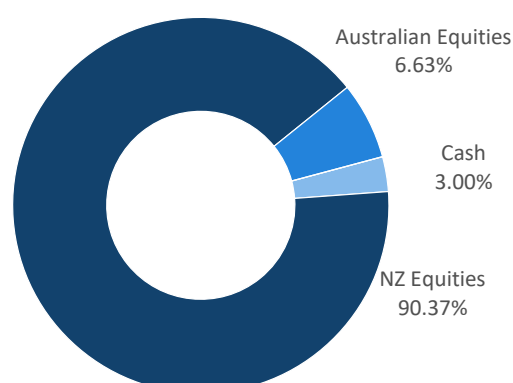
Overview

The Property Strategy provides investors with an exposure to New Zealand listed property securities and, on an opportunistic basis, Australian listed property securities from an actively managed investment portfolio.

Objective

The fund aims to outperform the benchmark return by 1.5% per annum before fees, expenses and taxes over a rolling three year period.

Asset Allocation



Attribution to Performance (month)				Top 10 holdings				
What Helped		What Hurt						
Goodman Property Trust	UW	Kiwi Property Group	UW	Goodman Property Trust	17.04%	Investore Property Ltd	7.44%	
Argosy Property Ltd	OW	Waypoint REIT	OW	Argosy Property Ltd	13.99%	Property for Industry	6.73%	
Centuria Industrial REIT	OW	Summerset Group	OW	Kiwi Property Group	13.52%	Vital Healthcare	4.22%	
OW: overweight; UW: underweight; NH: no holding.				Stride Stapled Group	12.79%	Summerset Group	2.25%	
				Precinct Properties NZ	10.52%	Waypoint Reit	1.79%	
							Number of holdings	17

Market Commentary

Most global equity markets continued their strong run for the year as lockdowns and restrictions were eased and economic data improved. The New Zealand market is somewhat of an outlier when looking at year to date returns with the S&P / NZX 50 index down 2.6% compared to the US S&P 500 index up 11.3% or the MSCI World index up 9.8%. A watchful eye is on the spread of COVID-19 in South East Asia, in particular the large number of cases being seen in India. News flow was relatively light during the month ahead of companies reporting their March period end results during May.

Fund Commentary

The fund ended the month up 1.3% and 0.1% ahead of the index which rose 1.2%. The largest positive contributors to relative return were overweight positions in **Argosy Property (ARG)** and **Centuria Industrial REIT (CIP)** and an underweight position in **Goodman Property (GMT)**. CIP rose 4.8% (in AUD) benefiting from continued interest in industrial property as evidenced by a large portfolio of industrial property transacting at a low capitalisation rate. ARG bounced back from a weak start to the year and rose 3.5% on no particular news. Also, on no particular news, GMT fell 1.3%.

(**Bold** denotes stocks held in the portfolio)

Key Fund Facts

Distributions

Calendar quarter

Hedging

Foreign currency exposures may be hedged to NZD at the Manager's discretion within an operational range of 0% to 105%.

Currently the fund's foreign currency exposure is 98.4% hedged.

Estimated annual fund charges

Wholesale: negotiated outside of fund

Buy / Sell spread:

0.20% / 0.20%

Strategy Launch

February 2010

Strategy size

\$41.3m

Compliance

The fund complied with its investment mandate and trust deed during the month.

Contact Us

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