

# NIKKO AM PROPERTY STRATEGY

Applies to: Nikko AM Wholesale Property Fund

## Market Overview

- Equity markets globally were strong as news that COVID-19 vaccines trials were showing high success rates.
- The United States S&P 500 index rose 10.8%, the Japanese Nikkei 225 index gained 15.0%, the UK FTSE 100 index increased 12.4%, the Australian ASX 200 index added 10.2% and the MSCI World index ended the month up 12.4% all in local currency.
- The S&P/NZX Real Estate index lost 0.5% and underperformed the broader market with the S&P/NZX 50 index up 5.7%. The Australian Property index ended the month up 12.9%.

## Fund Highlights

- The fund rose 0.5%, 1.0% ahead of the index return.
- News flow was high during the month with a number of the fund's holdings reporting earnings for the period ended September.
- Both Stride Property and Centuria Industrial REIT raised equity to fund acquisitions.
- Overweight positions in Argosy Property and APN Industria REIT and an underweight position in Goodman Property added value. Underweight positions in Vital Healthcare and Property for Industry detracted from value.

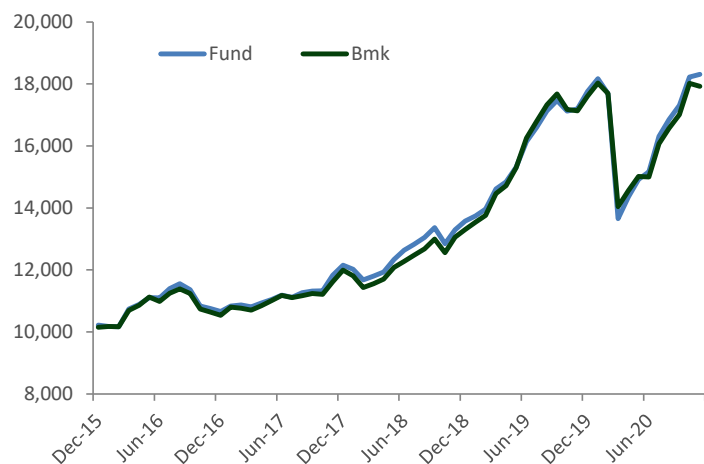
## Performance

	One month	Three months	One Year	Three years (p.a)	Five years (p.a)	Ten years (p.a)
Wholesale <sup>1</sup>	0.51%	8.69%	6.52%	15.68%	12.86%	14.04%
Benchmark <sup>2</sup>	-0.53%	8.17%	4.62%	15.54%	12.38%	13.72%

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<sup>1, 2</sup>



## 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.

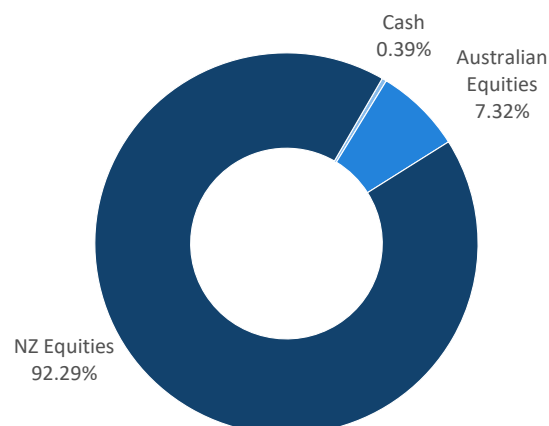
## Overview

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	16.7%	Investore Property	8.4%	
Argosy Property Ltd	OW	Vital Healthcare Property	UW	Stride Stapled Units	14.7%	Property for Industry	6.6%	
Goodman Property Trust	UW	Property For Industry Ltd	UW	Argosy Property Limited	14.3%	Vital Healthcare	4.1%	
APN Industria REIT	OW			Kiwi Property Group	12.6%	Summerset Group	2.1%	
OW: overweight; UW: underweight; NH: no holding.				Precinct Properties	11.5%	Waypoint REIT	2.0%	
							<b>Number of holdings</b>	<b>15</b>

## Market Commentary

The major driver of markets during November was from encouraging releases from three manufacturers of COVID-19 vaccines that their trials had shown high effectiveness rates. The United States election was held in early November with a drawn out and contested result. Ultimately the numbers have fallen in favour of Joe Biden which will see President Trump leave the White House in January. Earnings results for the period ending September were also released by a number of companies. Property securities results were as expected to slightly better than expected although the Stride Property capital raising suppressed returns as investors raised cash to participate.

## Fund Commentary

The fund ended the month up 0.5% and 1.0% ahead of the index which fell 0.5%. The largest positive contributors to relative return were overweight positions in **Argosy Property** (ARG) and **APN Industria REIT** (ADI) and an underweight position in **Goodman Property** (GMT). ARG reported a good half year result and also increased their distribution guidance which was received well by the market. ARG rose 7.2% over the month. ADI rose 13.3% (in AUD) and continues its track back towards where it was trading in March prior to the COVID-19 selloff. GMT delivered a result in line with expectations but fell 3.3% after a strong run over recent months.

The largest detractors from relative performance were underweight positions in **Vital Healthcare** (VHP) and **Property for Industry** (PFI). Following its capital raising in October, VHP announced the acquisition of a hospital property along with the divestment of three smaller properties. VHP rose 2.2% over the month. PFI ended the month up 0.8% on no material news.

Key portfolio changes during the month included adding to **Stride Property** (SPG) and **Centuria Industrial REIT** (CIP) through their respective capital raising. A range of small divestments were made to fund the participation in the SPG and CIP raisings.

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

## Key Fund Facts

### Distributions

Calendar quarter

### Estimated annual fund charges

Wholesale: negotiated outside of fund

### 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 94.2% hedged.

Buy / Sell spread:	Strategy Launch	Strategy size
0.20% / 0.20%	February 2010	\$51.8m

## Compliance

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

## Contact Us

www.nikkoam.co.nz | nzenquiries@nikkoam.com

This document is issued by Nikko Asset Management New Zealand Limited (Company No. 606057, FSP No. FSP22562), the investment manager of the Nikko AM NZ Investment Scheme, the Nikko AM NZ Wholesale Investment Scheme and the Nikko AM KiwiSaver Scheme. This information is for the use of researchers, financial advisers and wholesale clients. This material has been prepared without taking into account a potential investor's objectives, financial situation or needs and is not intended to constitute personal financial advice, and must not be relied on as such. Recipients of this document, who are not wholesale investors (in accordance with Schedule 1, Clause 3 Financial Markets Conduct Act 2013), or their duly appointed agent, should consult an Authorised Financial Adviser and the relevant Product Disclosure Statement. Past performance is not a guarantee of future performance. While we believe the information contained in this presentation is correct at the date of presentation, no warranty of accuracy or reliability is given and no responsibility is accepted for errors or omissions including where provided by a third party.