

# Nikko AM Property Strategy

Monthly Update 30 April 2025

Applies to the Nikko AM Wholesale Property Fund.

## Market Overview

- Global equity markets were volatile in April as investors assessed the impact of wide-ranging US tariffs announced early in the month.
- The United States S&P 500 index fell 0.8%, the Japanese Nikkei 225 rose 1.2%, the UK FTSE 100 index declined 1.0%, the Australian ASX 200 index added 3.6%, while the local S&P/NZX 50 index ended the month down 3.0%.
- The S&P/NZX Real Estate Index declined 2.1% over the month, while the S&P/ASX 300 A-REIT index performed strongly, up 6.3%.

## Fund Highlights

- The fund was down 1.8% over the month but 0.35% ahead of the index return.
- April was a quiet month for the property sector ahead of six NZ REITs reporting full year results in May. No independent portfolio revaluations have been announced ahead of the results, suggesting asset values have largely stabilised for the time being. Looking ahead to reporting season, investors will be interested in (1) occupancy levels, (2) any early interest cost savings from lower rates, and (3) distribution guidance for the year ahead.
- Overweight positions in Waypoint REIT, Region Group, and Charter Hall Social Infrastructure REIT added relative value over the month. Overweight positions in Ryman Healthcare, Kiwi Property, along with an underweight position in CDL investments negatively impacted relative performance.

## Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)	Ten years (p.a.)
<b>Wholesale<sup>1</sup></b>	-1.77%	-7.82%	-4.20%	-4.92%	1.59%	5.33%
<b>Benchmark<sup>2</sup></b>	-2.12%	-8.00%	-6.16%	-5.71%	-0.04%	4.69%

1. Returns are before tax and before the deduction of fees and including tax credits (if any).

2. Benchmark: from 1/6/2023 S&P/NZX All Real Estate Sector Group Gross with Imputation Credits Index. No tax or fees.

## Five Year Cumulative Performance, \$10,000 invested<sup>1,2</sup>



## Portfolio Manager

**Owen Batchelor,**  
**Portfolio Manager**

Owen joined Nikko in 2020 and covers the Utilities, Healthcare, Infrastructure, and Property sectors.



Owen has over 10 years' experience in the finance industry, most recently covering listed property at Jarden in New Zealand. Owen holds a Bachelor of Commerce and a Bachelor of Science from Victoria University.

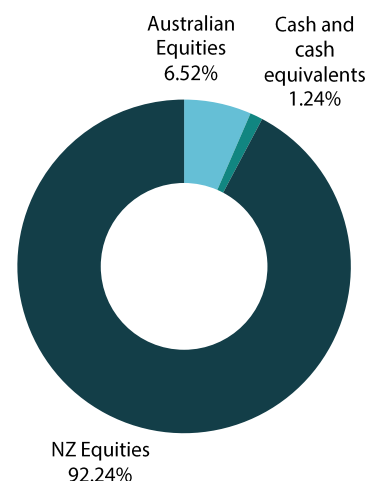
## Overview

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			
What Helped:		What Hurt:	
Waypoint REIT	OW	Ryman Healthcare	OW
Region REIT	OW	Kiwi Property	OW
Charter Hall	OW	CDL Investments	NH

OW: overweight; UW: underweight; NH: no holdings

Top 10 Holdings (% of fund)			
Goodman Property	18.24	Stride Stapled	8.20
Kiwi Property Group	16.98	Property For Industry Ltd	7.62
Precinct Properties	15.93	Investore Property Ltd	3.61
Argosy Property	10.53	Ingenia Communities	1.64
Vital Healthcare	8.57	Waypoint REIT	1.61
		<b>Number of holdings</b>	<b>19</b>

## Market Commentary

Global equity markets were volatile throughout April as investors assessed the impact of tariffs announced early in the month by the United States. This has proved difficult given the constantly changing tariff rates faced by countries and sectors, and how different countries were proposing or implementing counter tariffs. Many equity indices initially fell more than 10% in response to the tariff announcements before largely recovering ground later in the month. For example, the S&P500 fell 11.2% in early April before ending the month down only 0.8%. Investors became nervous about what the tariffs would mean for economic growth, as well as how inflation would be impacted, understandably leading to questions about timing and size of interest rate cuts for certain central banks.

## Fund Commentary

The largest positive contributors to the fund's relative return over the month were overweight positions in some of our Australian holdings, including **Waypoint REIT** (WPR), **Region Group** (RGN), and **Charter Hall Social Infrastructure REIT** (CQE). RGN rose 12% after announcing a share buyback programme in early April, followed by a positive leasing update mid-month. WPR also announced a share buyback and rose 8% over April, while CQE increased 8% on no particular news.

The largest detractor from relative performance over the month was our overweight position in **Ryman Healthcare** (RYM), which fell circa 20% over the month. RYM continues to struggle to attract buyers post its \$1b capital raising and faced additional pressure from a seller of a large parcel of shares in April. **Kiwi Property** (KPG) fell 5.2% on no particular news, while **CDL investments (CDI)** rose 6.4%, which detracted from relative performance given our nil holding.

Portfolio changes over the month included adding to our positions **Precinct Properties** (PCT), **Stride Property** (SPG), and **Goodman Group** (GMG). We exited our positions in Region (RGN) and Mirvac (MGR) and reduced our position in Waypoint.

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

## Key Fund Facts

<b>Estimated annual fund charges (incl. GST)</b>		<b>Hedging:</b>	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 95.4% hedged.	<b>Strategy Launch:</b>	February 2010
<b>Wholesale:</b>	Negotiated outside of the unit price.	<b>Exclusions:</b>	Controversial weapons (including but not limited to cluster munitions and chemical, biological and nuclear weapons).	<b>Strategy size:</b>	\$25.1m
<b>Distributions:</b>		<b>Restrictions:</b>	Tobacco stocks, fossil fuels. For more information, please refer to the Statement of Investment Policy and Objectives (SIPO) on our website <a href="https://www.nikkoam.co.nz/invest/institutional">https://www.nikkoam.co.nz/invest/institutional</a> .	<b>Buy / Sell spread:</b>	0.20%/0.20%
<b>Wholesale:</b>	Calendar quarter				

## Compliance

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

## Contact Us

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