

Quantitative Screening

Australian Ownership – December 2020

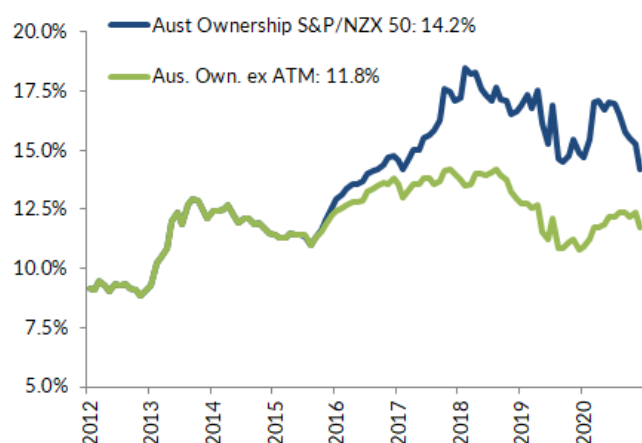
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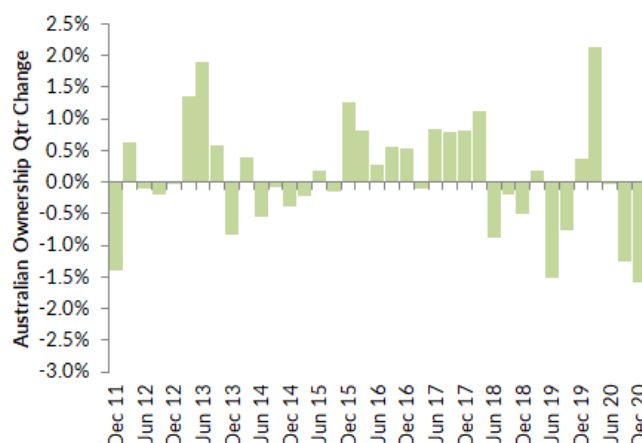
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Our proxy of Australian ownership of the New Zealand equity market (by free float market cap) has continued downwards to finish 2021 at 14.2%, its lowest level since February 2017, however this is largely a relative market value story with The a2 Milk Company (ATM) being the largest driver of the decrease (ATM's share price was down -18.2% in December and is widely held by Australian investors). Analysis of ASX data suggests that Australian investors continue to hold ATM with very little recent selling in the stock. The December quarter saw strong Australian buying in Synlait Milk (SML) and Serko (SKO) while Kathmandu (KMD) and SKYCITY (SKC) experienced selling, albeit relatively minor.

Figure 1. Australian ownership S&P/NZX 50 (% of free float)


Source: Forsyth Barr analysis, ASX, NZX

Figure 2. Quarterly change in Australian ownership


Source: Forsyth Barr analysis, ASX, NZX, Refinitiv, % of free float

More buying than selling; how is overall ownership down?

Our proxy of Australian ownership of the New Zealand market (by free-float market cap), has decreased significantly over the last six months, from 17.0% in June 2020, to 14.2% in December 2020. Even when we exclude ATM from our calculations the overall ownership figure has decreased from 12.4% (August 2020) to 11.8%. At the same time our analysis indicates that there has been more buying than selling in recent months. This tells us that New Zealand stocks that are widely held by Australian investors have recently seen strong decreases in share price (relative to the market as a whole). We have already highlighted this for ATM (48% held by Australians and returned -21.3% over the quarter), but it is also the case for other stocks such as Chorus (CNU, 49% held by Australian investors down -8.7% for the quarter) and Fisher and Paykel Healthcare (FPH, 22% held by Australian investors and returned -7.6% in December).

SML, SKO and VGL popular buys

Thematically, Structural Growth stocks appear to be in favour with Australian ownership of SML, SKO, and Vista Group (VGL) all seeing substantial buying over the quarter, with increases of +785bp, +455bp and +253bp respectively. SKO entered the S&P/NZX 50 Index in September 2020 at which point its level of Australian ownership was 14.9%, as of December 2020 this has risen to 19.4%. While there has been some selling take place over the quarter in KMD and SKC, this has been small relative to the buying activity.

Australian ownership activity

We present the changes in Australian ownership of companies in the benchmark S&P/NZX 50 Index with an ASX listing. Figure 3 contains the five largest increases, and five largest decreases in Australian ownership over the quarter. We also present the return of these companies over the quarter on an absolute, as well as a relative basis (relative to the S&P/NZX 50 G Index and S&P/ASX Accum Index in NZD terms).

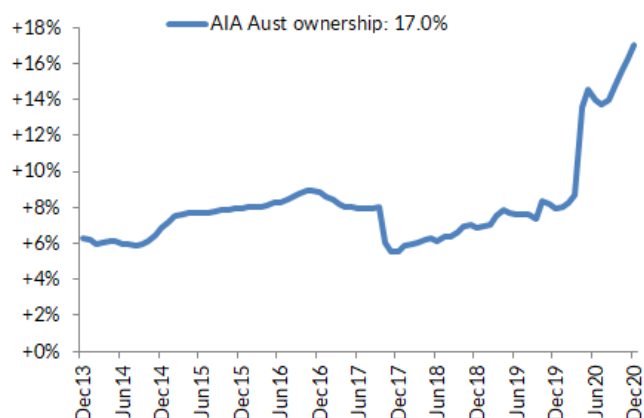
Figure 3. Changes in Australian ownership and relative performance 3 months to December 2020

Increases	% free float	Change	3mth TR	Relative		Decreases	% free float	Change	3mth TR	Relative	
				S&P/NZX 50	S&P/ASX 200 (NZD)					S&P/NZX 50	S&P/ASX 200 (NZD)
SML	33.2%	+785bp	-4.6%	-16.0%	-16.9%	KMD	39.7%	-156bp	+2.4%	-9.0%	-10.0%
SKO	19.4%	+455bp	+28.4%	+16.9%	+16.0%	SKC	44.8%	-114bp	+7.7%	-3.7%	-4.7%
VGL	21.3%	+253bp	+1.8%	-9.6%	-10.6%	EBO	9.9%	-91bp	+17.4%	+6.0%	+5.0%
AIA	17.0%	+226bp	+4.0%	-7.4%	-8.3%	GNE	8.4%	-86bp	+23.5%	+12.1%	+11.1%
ZEL	25.4%	+97bp	+16.8%	+5.3%	+4.4%	AIR	29.0%	-58bp	+31.4%	+19.9%	+19.0%

Source: Forsyth Barr analysis, ASX, Bloomberg, SPDJI, TR= total return of NZX listing.

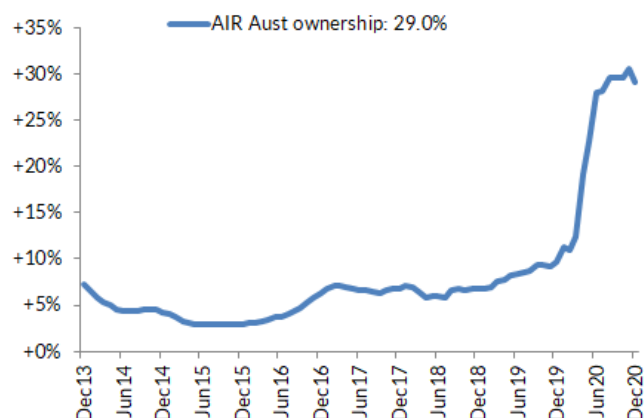
Below we present the breakdown by company of trends in Australian ownership. Prior to October 2017 this data was presented as a rolling 6 month average; from October 2017 onwards the data is as at end of month.

Figure 4. Australian free float ownership AIA



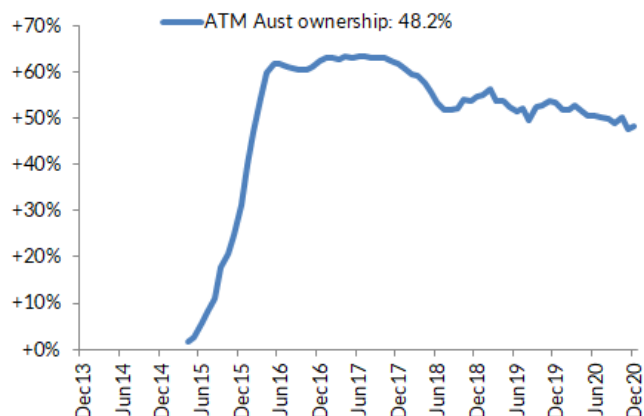
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 5. Australian free float ownership AIR



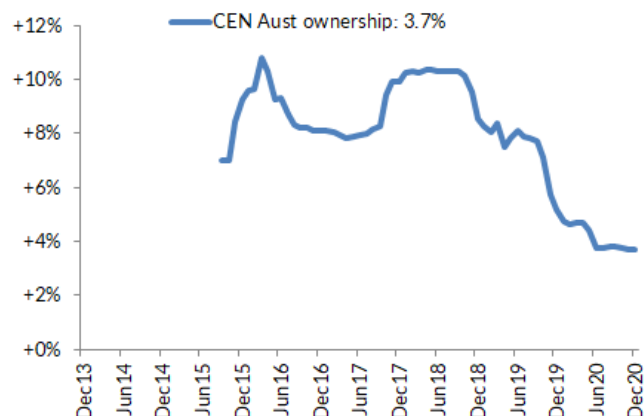
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 6. Australian free float ownership ATM

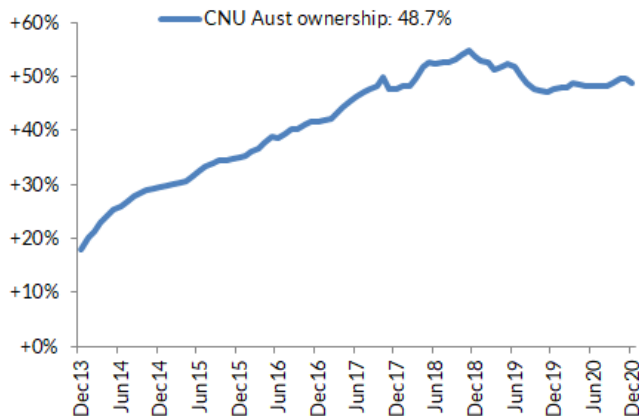


Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

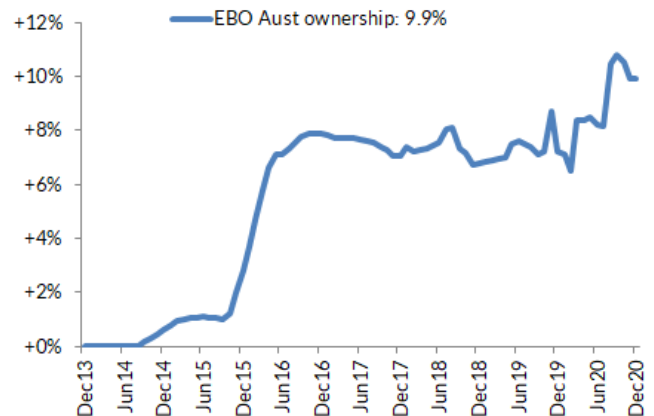
Figure 7. Australian free float ownership CEN



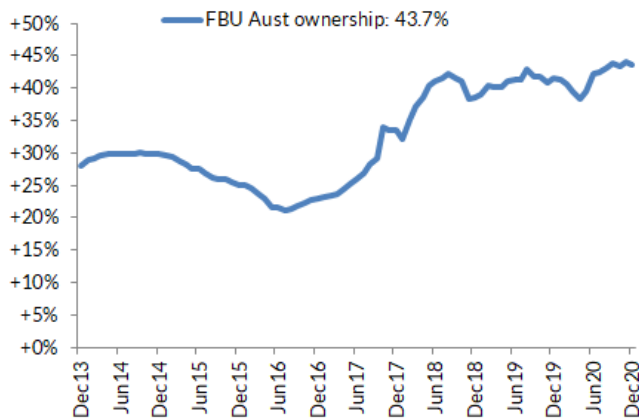
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 8. Australian free float ownership CNU


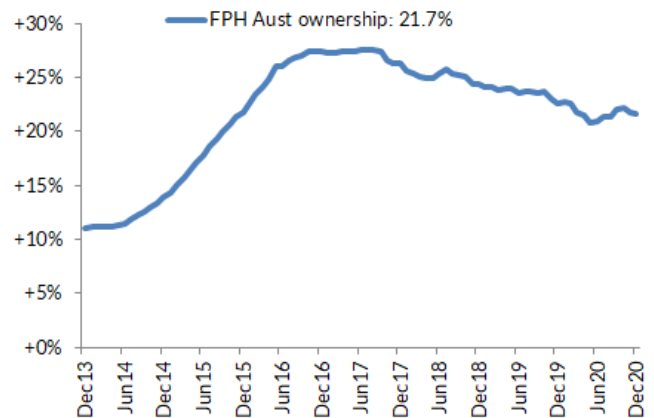
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 9. Australian free float ownership EBO


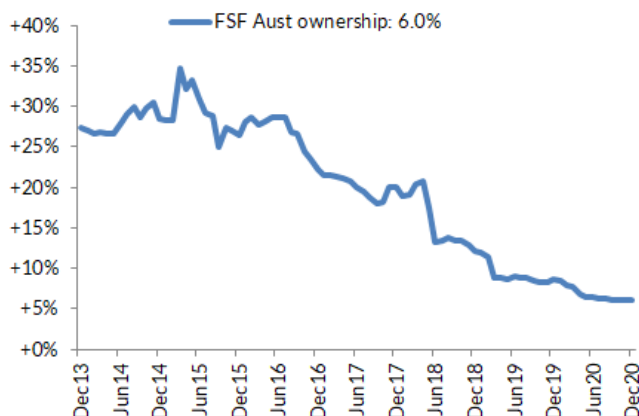
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 10. Australian free float ownership FBU


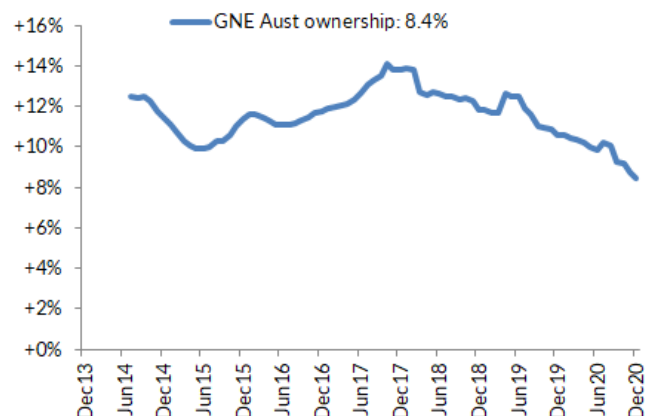
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 11. Australian free float ownership FPH


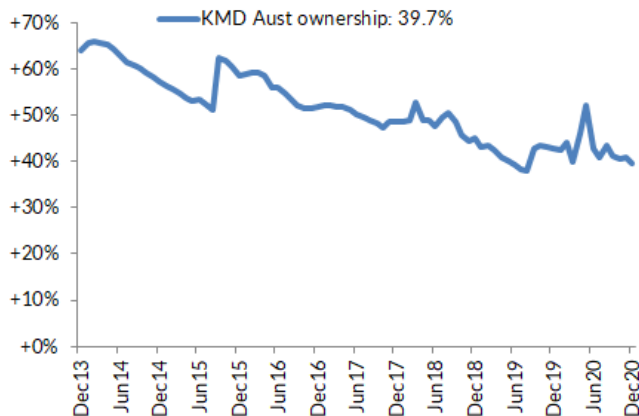
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 12. Australian free float ownership FSF


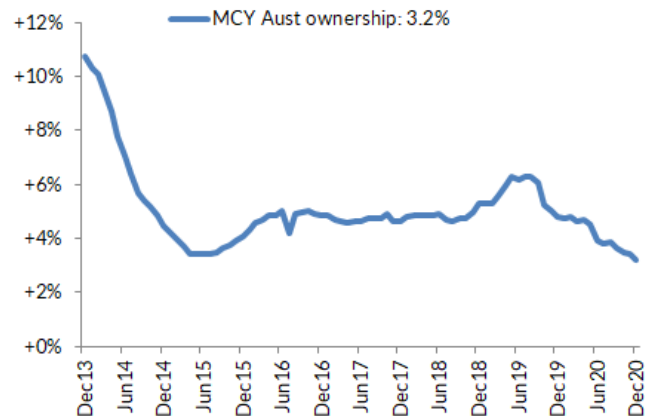
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 13. Australian free float ownership GNE


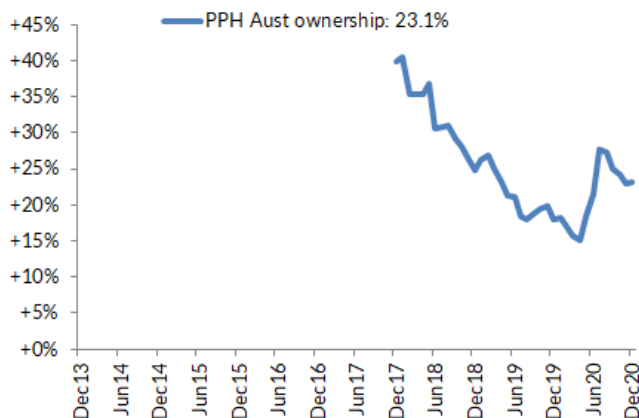
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 14. Australian free float ownership KMD


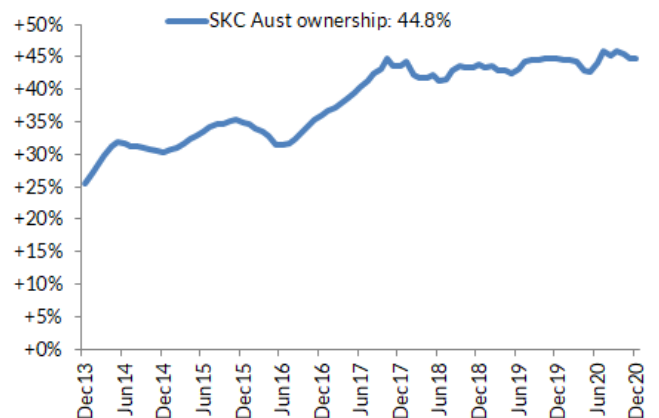
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 15. Australian free float ownership MCY


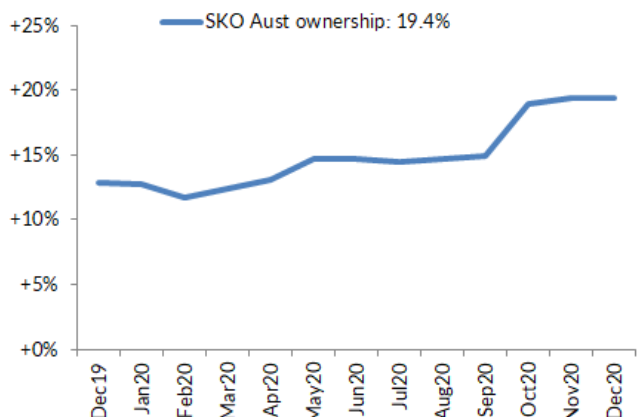
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 16. Australian free float ownership PPH


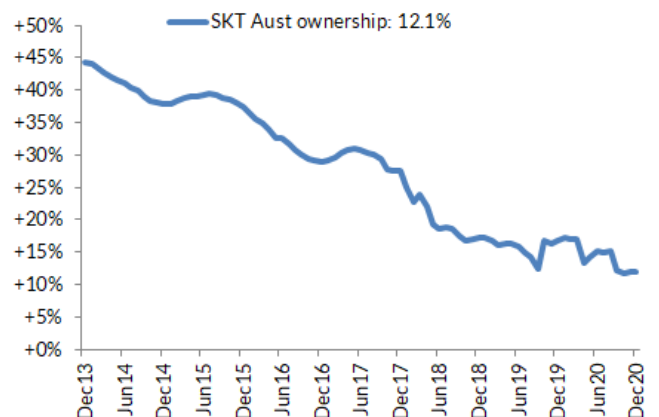
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 17. Australian free float ownership SKC


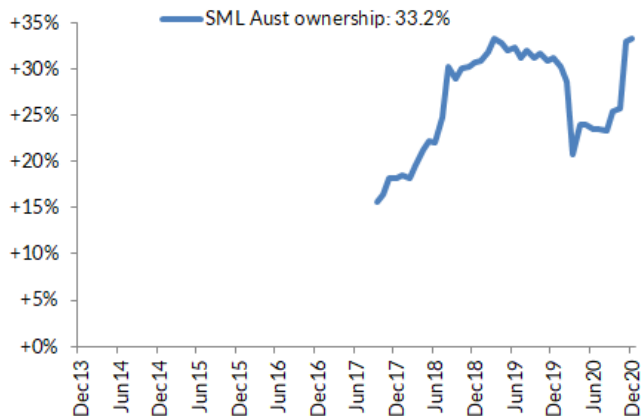
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 18. Australian free float ownership SKO


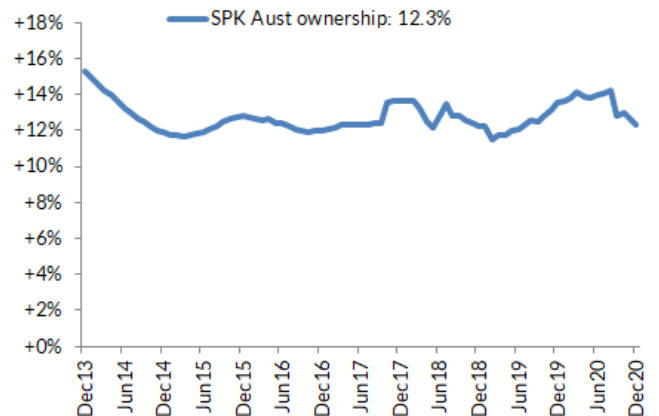
Source: Forsyth Barr analysis, ASX, NZX.

Figure 19. Australian free float ownership SKT


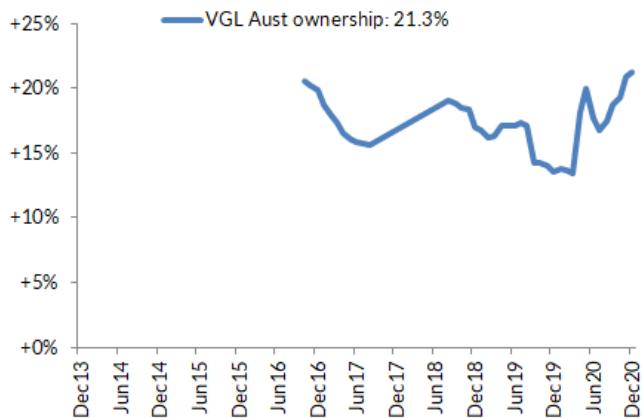
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 20. Australian free float ownership SML


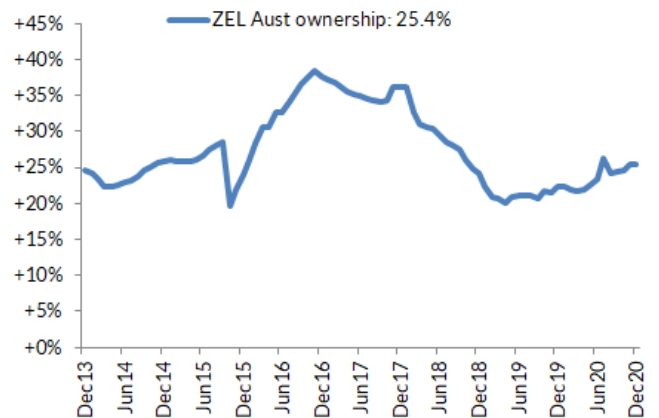
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 21. Australian free float ownership SPK


Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 22. Australian free float ownership VGL


Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 23. Australian free float ownership ZEL


Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

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