

Quantitative Screening

Australian Ownership – July 2020

LIAM DONNELLY

 liam.donnelly@forsythbarr.co.nz
 +64 4 495 8194

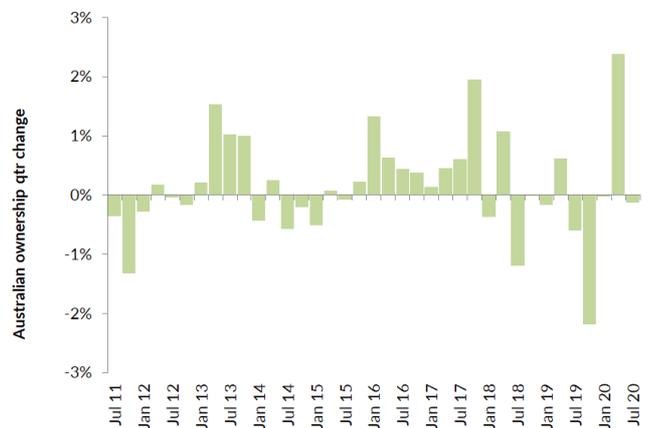
MATTHEW LEACH

 matthew.leach@forsythbarr.co.nz
 +64 4 495 1324

Despite an active start to the year, Australian buying activity in the New Zealand equity market, in aggregate, now appears to have plateaued, with ownership (by free float market cap) flat for the three months to July 2020 at 17.0%. New Zealand companies that have experienced the largest movements over the last three months include: Pushpay (PPH), Z Energy (ZEL) and Fletcher Building (FBU) increasing, while Kathmandu (KMD) has seen a substantial decrease and The a2 Milk Company (ATM) also experienced some profit-taking.

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


Source: Forsyth Barr analysis, ASX, NZX

Figure 2. Three month change in Australian ownership


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

Australian ownership essentially flat since March, ex-ATM ownership increases marginally

We estimate Australian ownership of the NZ equity market (by free float market cap) fell by -0.13% over the last three months, continuing the flattening in the trend we've seen since March 2020. Excluding the impact of ATM, Australian ownership of the S&P/NZX 50 has increased marginally over the last three months to 12.2% (from 11.7%), this distortion is a symptom of both ATM's continuing popularity amongst Australian investors (which remains at ~50% Australian ownership) and its significant market weighting in the benchmark index (currently at ~13% of free float market cap).

PPH, ZEL, FBU popular while KMD reverses course

Australian ownership of PPH, ZEL, and FBU have all seen substantial increases over the last three months, with increases of +1268bp, +427bp and +410bp respectively. Over this same period, the S&P/NZX 50 G Index returned +11.4%, while the S&P/ASX 200 Accum Index returned +9.2% (NZD terms). Of the companies that we have highlighted above, PPH was the only one to outperform both indices over this period, outperforming the S&P/NZX 50 G Index by +72.4% and the S&P/ASX 200 Accum Index by +74.6% (see Figure 4). KMD has seen a significant decrease in ownership over the period, down -506bp. This is despite the company delivering strong outperformance of the respective benchmark indices. ATM also saw a decrease in Australian ownership, down -158bp.

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. In Figure 4 we 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).

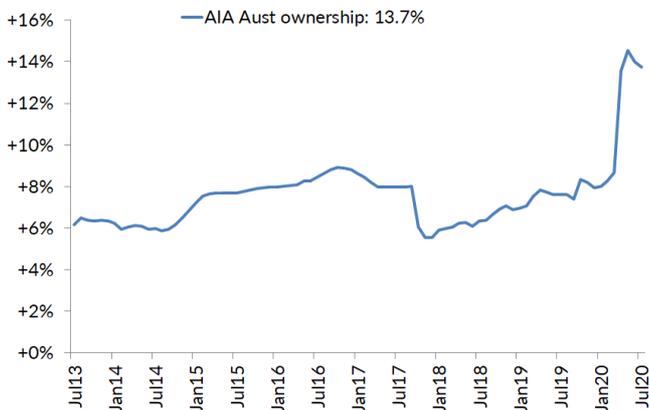
Figure 3. Changes in Aus ownership and relative performance – 3 months to July 2020

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)
PPH	27.7%	+1268bp ▲	+83.8%	▲ +72.4%	▲ +74.6%	KMD	40.8%	-506bp ▲	+44.3%	▲ +32.9%	▲ +35.1%
ZEL	26.2%	+427bp ▼	-9.0%	▼ -20.5%	▼ -18.2%	ATM	50.0%	-158bp ▲	+6.2%	▼ -5.3%	▼ -3.0%
FBU	42.4%	+410bp ▼	-8.6%	▼ -20.1%	▼ -17.8%	VGL	16.8%	-140bp ▲	+2.4%	▼ -9.0%	▼ -6.8%
SKT	14.9%	+165bp ▼	-13.0%	▼ -24.5%	▼ -22.2%	CEN	3.7%	-95bp ▼	-7.2%	▼ -18.6%	▼ -16.3%
IFT	1.7%	+28bp ▲	+7.8%	▼ -3.7%	▼ -1.4%	MCY	3.8%	-86bp ▲	+2.3%	▼ -9.1%	▼ -6.9%

Source: Forsyth Barr analysis, ASX, Bloomberg, SPDJI, TR= total return of NZX listing. SKC has been excluded from the above table due to its recent capital raise which has not yet been reflected in the S&P/NZX 50 index. As a consequence we are unable to determine an accurate change in Australian ownership for that company.

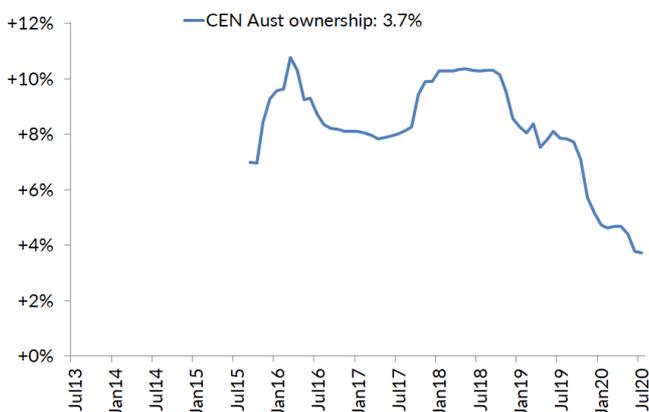
Below we present the breakdown by company of trends in Australian ownership. Prior to October 2017 this data was presented as a rolling 6 month average; from October 2017 onwards the data is as at end of month.

Figure 4. Australian free float ownership AIA



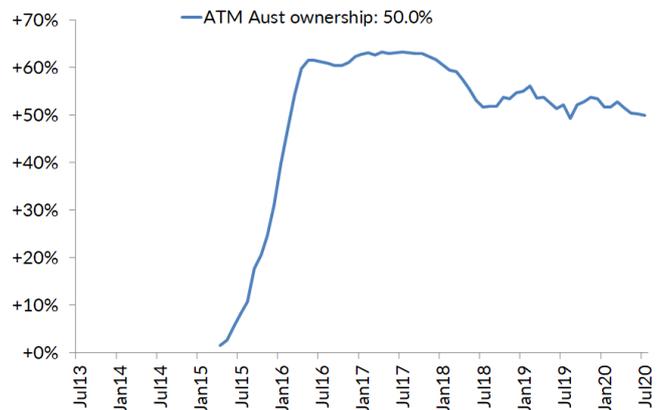
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 6. Australian free float ownership CEN



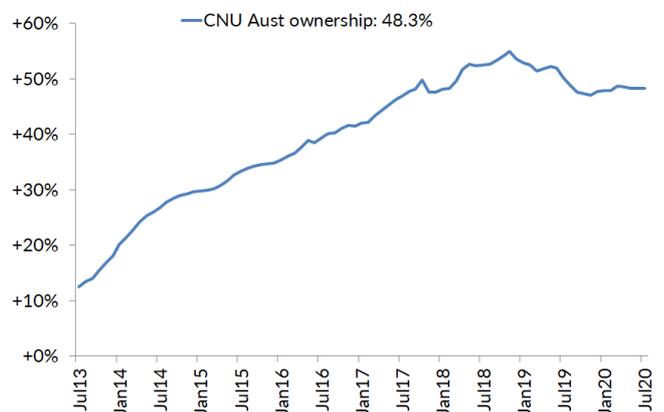
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 5. Australian free float ownership ATM



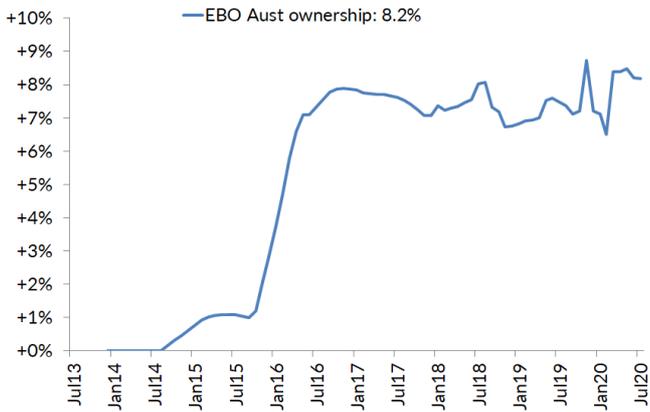
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 7. Australian free float ownership CNU



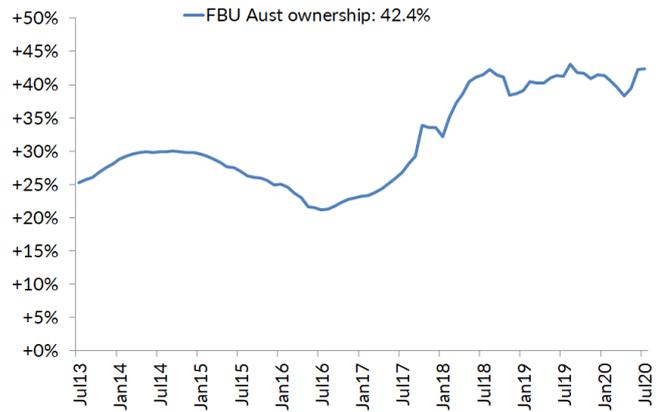
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 8. Australian free float ownership EBO



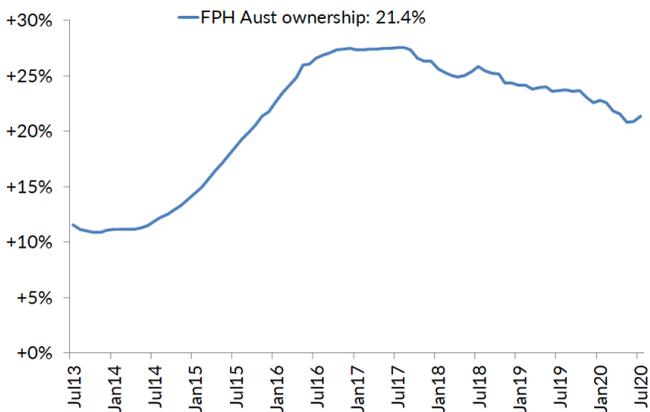
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 9. Australian free float ownership FBU



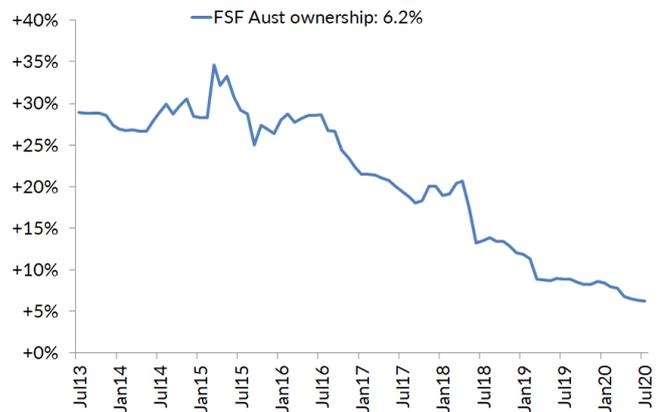
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 10. Australian free float ownership FPH



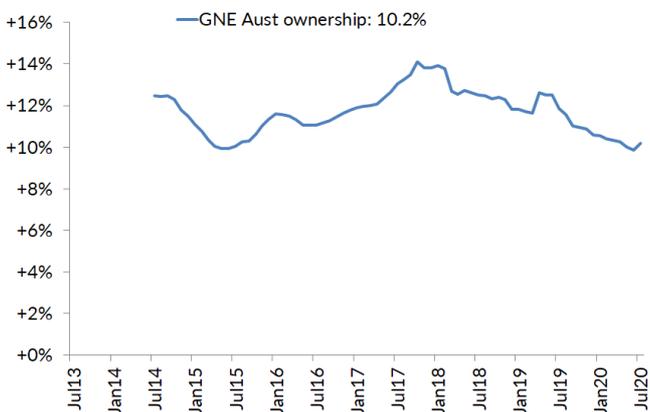
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 11. Australian free float ownership FSF



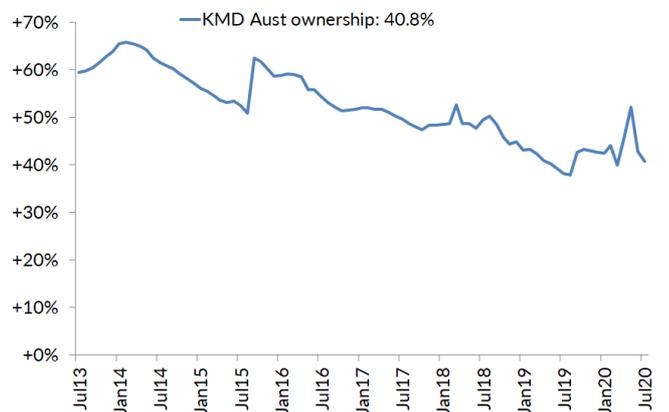
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 12. Australian free float ownership GNE



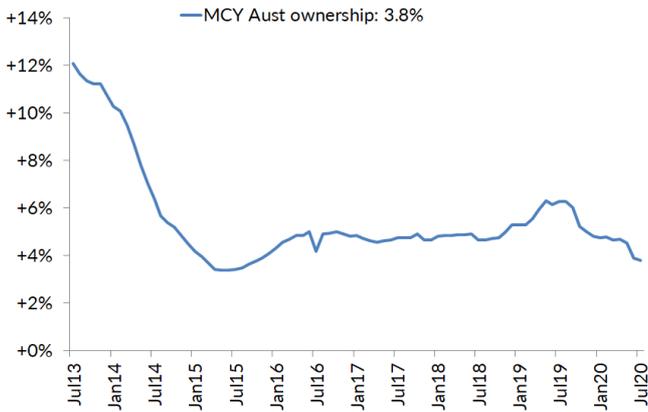
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 13. Australian free float ownership KMD



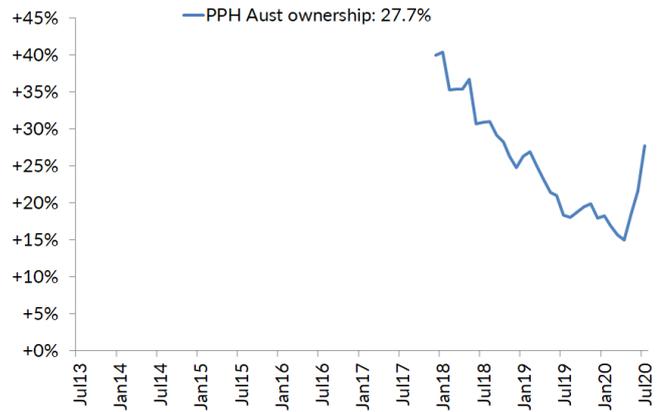
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 14. Australian free float ownership MCY



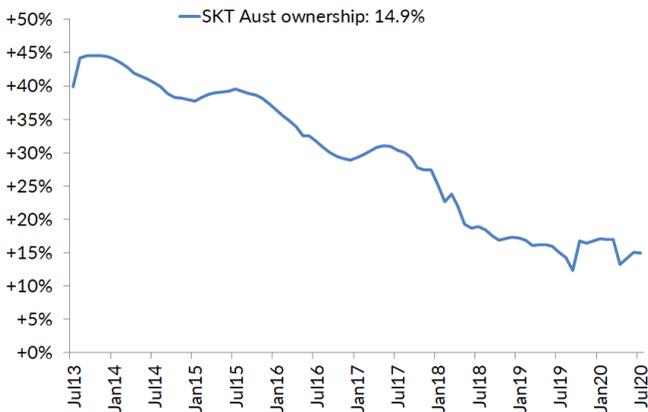
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 15. Australian free float ownership PPH



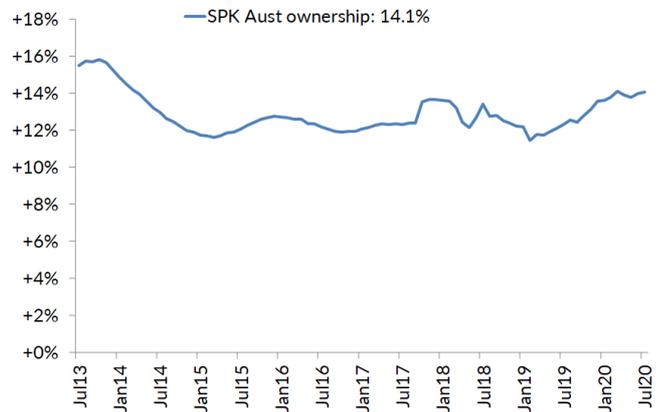
Source: Forsyth Barr analysis, ASX, NZX. Prior to Oct 2017 the data reported is a monthly 6-month rolling average. Subsequent data is as at the end of the respective month.

Figure 16. 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 17. 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 18. 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 19. 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.

Not personalised financial advice: The recommendations and opinions in this publication do not take into account your personal financial situation or investment goals. The financial products referred to in this publication may not be suitable for you. If you wish to receive personalised financial advice, please contact your Forsyth Barr Investment Advisor. The value of financial products may go up and down and investors may not get back the full (or any) amount invested. Past performance is not necessarily indicative of future performance. Disclosure statements for Forsyth Barr Investment Advisors are available on request and free of charge.

Disclosure: Forsyth Barr Limited and its related companies (and their respective directors, officers, agents and employees) ("**Forsyth Barr**") may have long or short positions or otherwise have interests in the financial products referred to in this publication, and may be directors or officers of, and/or provide (or be intending to provide) investment banking or other services to, the issuer of those financial products (and may receive fees for so acting). Forsyth Barr is not a registered bank within the meaning of the Reserve Bank of New Zealand Act 1989. Forsyth Barr may buy or sell financial products as principal or agent, and in doing so may undertake transactions that are not consistent with any recommendations contained in this publication. Forsyth Barr confirms no inducement has been accepted from the researched entity, whether pecuniary or otherwise, in connection with making any recommendation contained in this publication.

Analyst Disclosure Statement: In preparing this publication the analyst(s) may or may not have a threshold interest in the financial products referred to in this publication. For these purposes a threshold interest is defined as being a holder of more than \$50,000 in value or 1% of the financial products on issue, whichever is the lesser. In preparing this publication, non-financial assistance (for example, access to staff or information) may have been provided by the entity being researched.

Disclaimer: This publication has been prepared in good faith based on information obtained from sources believed to be reliable and accurate. However, that information has not been independently verified or investigated by Forsyth Barr. Forsyth Barr does not make any representation or warranty (express or implied) that the information in this publication is accurate or complete, and, to the maximum extent permitted by law, excludes and disclaims any liability (including in negligence) for any loss which may be incurred by any person acting or relying upon any information, analysis, opinion or recommendation in this publication. Forsyth Barr does not undertake to keep current this publication; any opinions or recommendations may change without notice. Any analyses or valuations will typically be based on numerous assumptions; different assumptions may yield materially different results. Nothing in this publication should be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from doing so, or to engage in any other transaction. Other Forsyth Barr business units may hold views different from those in this publication; any such views will generally not be brought to your attention. This publication is not intended to be distributed or made available to any person in any jurisdiction where doing so would constitute a breach of any applicable laws or regulations or would subject Forsyth Barr to any registration or licensing requirement within such jurisdiction.

Terms of use: Copyright Forsyth Barr Limited. You may not redistribute, copy, revise, amend, create a derivative work from, extract data from, or otherwise commercially exploit this publication in any way. By accessing this publication via an electronic platform, you agree that the platform provider may provide Forsyth Barr with information on your readership of the publications available through that platform.