

# Henderson Horizon Asia-Pacific Property Equities Fund

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April 2016

**Fund manager name: Tim Gibson**

## Overview

April held a generally positive tone for equities, with investors focused on central bank policy meetings over the period. Asian property equities (+4.3%) moved higher. The Bank of Japan (BoJ) held off on expanding monetary stimulus in April, surprising markets which had expected some form of further easing. Japanese developers (+2.7%) and REITs (+5.5%) ended higher, buoyed by a 5.4% appreciation of the yen against the US dollar. Hong Kong (+4.3%) outperformed as primary residential launches were generally met with healthy demand, supported by a competitive mortgage market. The physical property market in China (+0.4%) continued to improve, although investors continue to fret over the bond market which has come under pressure due to tighter liquidity and rising defaults. Singapore (+3.0%) rose as the Monetary Authority of Singapore unexpectedly eased monetary policy by reducing the appreciation slope of the Singapore dollar to zero from a previous path of slight appreciation. Australia (+1.9%) had a mixed month as headline CPI came in below expectations, even as the unemployment rate fell to a multi-year low of 5.7%.

## Performance and activity

The fund (net of fees) underperformed the index over the period. Our overweight positions in Orix JREIT, Hulic and Japan Real Estate Investment Trust contributed positively but our underweight positions in Mitsubishi Estate, United Urban Investment and Nomura Real Estate Master Fund detracted.

We took some profit from Hulic after its relative outperformance and added to Mitsui Fudosan and Sumitomo Realty following the sell down at the end of the month.

## Outlook

Central Bank actions continue to remain at the front and centre of investor's minds, but as illustrated by the outcome of the recent BoJ meeting it has become increasingly difficult to predict the probability and timing of actions. We remain of the view that monetary policy across the region will maintain a loosening bias in the near to mid-term. Consequently, we are staying focused on investing in high quality, well-run companies over a long-term investment horizon.

Note: Reference to any specific company or stock is for information purposes only and should not be construed as a recommendation to buy or sell the same.

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