Salt Enhanced Property Fund Fact Sheet – February 2023

Manager Profile

Salt Funds Management is a boutique investment management firm wholly owned by its employees which specialises in actively seeking to maximise returns while managing the risks of the investment. Salt examines investments for their environmental and social impact as well as the quality of their governance.

Investment Strategy

The Salt Enhanced Property Fund targets a portfolio of shares of New Zealand and Australian property trusts, companies and other property related securities with exposure to commercial, residential, retail, tourism, industrial, medical, educational, rural, retirement, and other property sectors. The Fund may also, at our discretion, short sell securities, hold cash, lever its assets and utilise active currency management to generate returns.

Fund Facts at 28 February 2023

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$24 million
Inception Date	11 December 2014
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 28 February 2023

Application	1.523
Redemption	1.5168

Investment Limits

The limits for the Enhanced Property Fund are shown below:

Gross Equity Exposure[1]	70% – 200%
Net Equity Exposure[1]	70% – 100%
Unlisted securities[1]	0% – 5%
Cash or cash equivalents	0% – 30%

1. To NZ and Australian property and property related securities.

Fund Exposures at 28 February 2023

Long Exposure	103.54%
Short Exposure	7.65%
Gross Equity Exposure	107.35%
Net Equity Exposure	94.13%

Fund Allocation at 28 February 2023

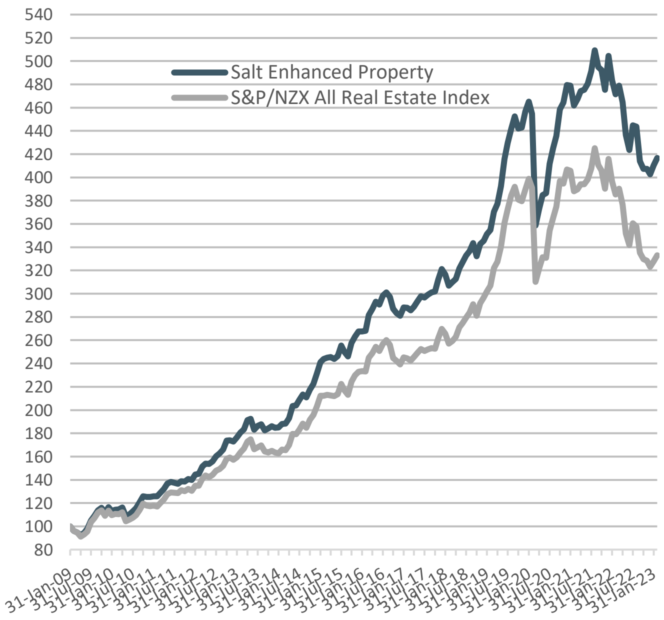
NZ Listed Property Shares	93.43%
AU Listed Property Shares	4.06%
Cash	2.50%

Fund Performance to 28 February 2023

Period	Fund Return	Benchmark Return
1 month	1.55%	1.58%
3 months	2.31%	1.41%
6 months	-6.05%	-6.94%
1-year p.a.	-11.62%	-13.60%
2 years p.a.	-4.99%	-7.09%
3 years p.a.	-2.85%	-5.04%
5 years p.a.	6.31%	5.44%
7 years p.a.	6.50%	5.31%
Inception p.a.	8.15%	6.96%

Performance is after all fees and does not include imputation credits or PIE tax.

Cumulative Strategy Performance to 28 February 2023*



Fund performance has been rebased to 100 from inception.
Past performance is not a reliable indicator of future performance and no representation or warranty, express or implied, is made regarding future performance.
*From 1 February 2009 to 31 December 2014, performance is from a fund with the same strategy and the same portfolio manager.

Top Overweights	Top Underweights/Shorts
GDI Property Group	Vital Healthcare Property Trust
Elanor Commercial Property Fund	Precinct Properties NZ
360 Capital REIT	Property For Industry
Asset Plus	Charter Hall Long WALE REIT
Millennium & Copthorne Hotels	BWP Trust

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Property Market Commentary

The S&P/NZX All Real Estate Gross Index advanced by +1.58% in the month of February, reversing its recent trend of sharply lagging its global property peers. The S&P/ASX200 A-REIT Accumulation Index declined by a marginal -0.26% and the global FTSE EPRA/NAREIT Index (USD) delivered a much weaker return of -3.75%. The performances of NZ and Australia were both very respectable given that NZ 10-year bond yields rose from 4.18% to 4.64% and Australian 10-years went from 3.55% to 3.85%.

News-flow was dominated by result season for a number of the listed companies. There were no major shocks, with most interest lying in the extent of revaluation losses as cap rates began to expand, This is no surprise, with most of the listed market already trading at reasonable discounts to NTA levels. NZ Rural Land (NZL, -0.9%) announced a $38.5m equity raising to lower leverage following its earlier purchase of a forestry estate.

Performance in the month was led by Precinct Property (PCT, +6.0%) which rose following its largely in-line result. The two industrial property pure-plays, Property For Industry (PFI, +4.5%) and Goodman Property (GMT, +4.4%) did well. While their cap rates clearly have further to expand, this is being partially offset by strong rent growth. At the smaller end, Asset Plus (APL, +10.2%) rose sharply as they placed their Mt Roskill mall on the market. Laggards were Kiwi Property (KPG, -3.1%) and Argosy Property (ARG, -3.0%), the latter of which came under further pressure as it fell out of the MSCI Global Small Cap Index.

Salt Enhanced Property Fund Commentary

The Fund fractionally outperformed in the month of February, with a return of +1.63% versus the +1.58% turned in by the S&P/NZX All Real Estate Gross Index. We had actually been well ahead for most of the month but were undone by a last-minute surge which sent the index +1.84% on the last day.

Our overall Australian holdings contributed a useful +0.10% to the Fund, with our shorts doing well in a fractionally negative overall month for LPT's in that market – they added +0.18%, more than offsetting a headwind form our longs.

The largest single stock positive was our long-suffering holding in Asset Plus (APL, +10.2%) which rose sharply as it became clear that they are taking actions to realise the considerable asset value that lies in the vehicle by placing their Mt Roskill mall on the market. Their NTA sits at $0.44 per share and while we would expect some leakage in a wind-up scenario, the end outcome will still likely be far above the closing share price of $0.27. Other positives came from a small short in Homeco (HMC, -4.8%) and a small long in Abacus Property (ABP, +1.8%), where we halved our holding into a temporary surge on plans to split its office and storage assets.

There were two headwinds of note. The first was our underweight in Precinct Property (PCT, +6.0%) which rose following their result, even though it contained no major new information. The second was our large overweight in GDI Property (GDI, -3.1%) which gave back some of its gains in the previous month.

At month-end, we estimate that the Fund offers a year-ahead gross dividend yield of 6.3% to a NZ investor.

Matthew Goodson, CFA