Salt Enhanced Property Fund Fact Sheet – March 2022

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 30 April 2022

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$30 million
Inception Date	11 November 2014
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 30 April 2022

Application	1.7767
Redemption	1.7695

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 30 April 2022

Long Exposure	102.70%
Short Exposure	6.03%
Gross Equity Exposure	107.60%
Net Equity Exposure	97.80%

Fund Allocation at 30 April 2022

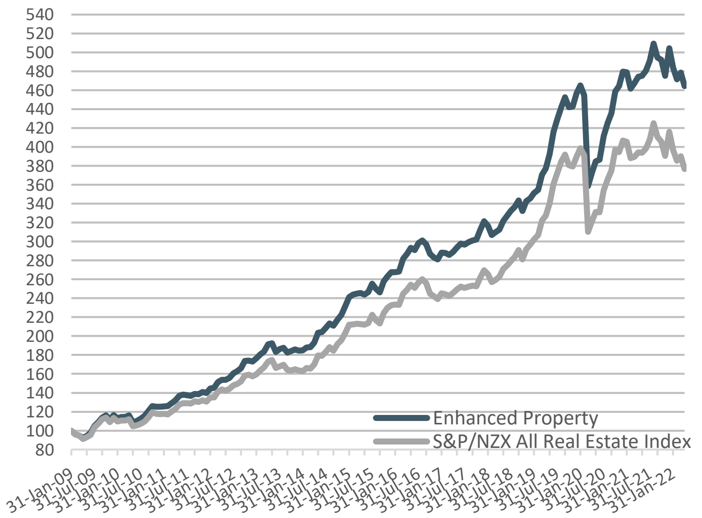
NZ Listed Property Shares	91.60%
AU Listed Property Shares	7.34%
Cash	1.06%

Fund Performance to 30 April 2022

Period	Fund Return	Benchmark Return
1 month	-2.97%	-3.51%
3 months	-3.96%	-5.05%
6 months	-5.64%	-7.24%
1-year p.a.	-2.04%	-3.90%
2 years p.a.	11.64%	8.54%
3 years p.a.	7.17%	4.95%
5 years p.a.	9.97%	9.05%
7 years p.a.	9.53%	8.60%
Inception p.a.	10.70%	9.56%

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

Cumulative Fund Performance to 30 April 2022*



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 January 2009 to 30 November 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	Goodman Property Trust
Abacus Property Group	Arena REIT No 1
REP Essential Property	Precinct Properties NZ
360 Capital REIT	Property For Industry

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Property Market Commentary

The S&P/NZX All Real Estate Gross Index declined by -3.51% in the month of April as 10-year bond yields continued to rise, moving from 3.27% to 3.64%. As expected, the RBNZ lifted its OCR target by 0.5% to 1.5% and a number of further moves have been priced in by the market. The S&P/ASX200 A-REIT Accumulation Index actually advanced by a modest +0.57% although higher beta names such as most of the property fund managers lagged. The global FTSE EPRA/NAREIT Index fell by a fractional -0.06%.

Property underperformed the wider NZ equity benchmark, which declined by -1.87%. Corporate bonds yields have risen sharply and this appears to be having an impact on some yield-seeking investors who were formerly attracted to the property sector.

Sector news was led by a $200m equity raise by Vital Healthcare Property to fund several acquisitions and organic capex. Asset Plus significantly de-risked by selling their vacant B-grade Graham St property for $65m. This leaves them with the Mt Roskill shopping centre and the major Munroe Lane development for the Auckland Council which appears to be largely tracking to plan. Kiwi Property is a beneficiary of retail price inflation and lifted their dividend guidance from 5.3cps to 5.6cps. Stride Property proceeded with the acquisition of the Carlton Gore Rd office property that they had optioned from Mansons. This was at a slightly reduced price of $213m and partly funded by an asset swap with Mansons of several lower quality assets that they are likely better placed to redevelop in the future.

Performance in the month was clearly led by Asset Plus (APL, +9.4%) following its divestment of Graham St. All other names in the index declined, with the weakest being Argosy Property (ARG, -5.4%) and Goodman Property (GMT, -4.2%).

Salt Enhanced Property Fund Commentary

The Fund outperformed solidly in the month of April, declining by -2.97% compared to the -3.51% turned in by the S&P/NZX All Real Estate Gross Index. The drivers were mainly bottom-up stock selection as well as some help from the relative outperformance of Australia, with this being a circa 35bp tailwind due to around 7-8% of the Fund being invested there on a net basis.

Our Australian exposures again did well. Overall, our mix of longs and shorts add 10bp to performance, while within that our shorts contributed +7bp despite that market rising. Arena REIT (ARF, -1.2%) and Homeco (HMC, -2.0%) were the main two contributors there.

Two notable positive performance contributors from underweight side of the ledger were Goodman Property (GMT, -4.2%) and Vital Healthcare Property (VHP, -4.0%) on a mix of overall market weakness and a discounted equity raising by the latter. Overweights which contributed were GDI Property (GDI, +4.1%) on no new news and Asset Plus (APL, +9.4%), on the very welcome sale of the vacant Graham St property which had threatened to be a millstone around its neck. There were no notable headwinds.

Matthew Goodson, CFA