Salt Enhanced Property Fund Fact Sheet – April 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 30 April 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 30 April 2023

Application	1.4956
Redemption	1.4896

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 2023

Long Exposure	102.89%
Short Exposure	4.83%
Gross Equity Exposure	107.71%
Net Equity Exposure	98.06%

Fund Allocation at 30 April 2023

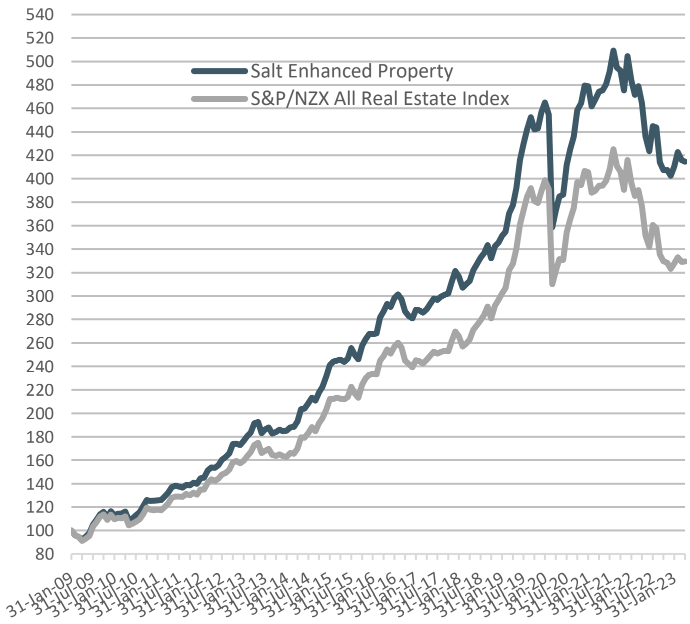
NZ Listed Property Shares	91.22%
AU Listed Property Shares	6.91%
Cash & cash equivalents	1.87%

Fund Performance to 30 April 2023

Period	Fund Return	Benchmark Return
1 month	-0.34%	0.10%
3 months	-0.43%	0.46%
6 months	0.34%	-0.13%
1-year p.a.	-12.02%	-12.53%
2 years p.a.	-7.16%	-8.32%
3 years p.a.	3.12%	1.01%
5 years p.a.	5.50%	4.74%
7 years p.a.	5.18%	4.17%
Inception p.a.	7.74%	6.69%

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

Cumulative Strategy Performance to 30 April 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 April 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	Precinct Properties NZ
Asset Plus	Vital Healthcare Property Trust
Elanor Commercial Property Fund	Property For Industry
Argosy	Goodman Property Trust
Healthco Healthcare & Wellness Reit	Stockland Corporation

SALT FUNDS MANAGEMENT
Level 3, The Imperial Buildings, 44 Queen Street | PO Box 106-587, Auckland 1143
P: +64 9 967 7276 | E: info@saltfunds.co.nz | www.saltfunds.co.nz

Property Market Commentary

The S&P/NZX All Real Estate Gross Index advanced by a modest +0.10% in the month of April, despite a strong tailwind from NZ 10-year bond yields falling from 4.34% to 4.09%. NZ lagged well behind the S&P/ASX200 A-REIT Accumulation Index return of +5.29% and the global FTSE EPRA/NAREIT Index (USD) return of +2.08%.

News-flow saw a couple of portfolio revaluations, where the positive impact of inflationary rental growth was more than offset by expanding cap rates. Stride (SPG) reported a -3.4% devaluation over the year, while the diversified Argosy Property (ARG) saw industrial -4.2%, office -8.9% and large format retail -8.2%. Other news saw Precinct (PCT) propose to move to a stapled structure to reflect its increasing active versus passive earnings. Asset Plus announced the sale of Stoddard Road and a devaluation of their last asset, the major Munroe Lane office development. Their NTA fell 3.6cps to 40cps versus the 24.5cps share price.

There was little performance dispersion in the month. The strongest performer was Goodman Property (GMT, +2.1%), while Precinct Property (PCT, -2.4%) lagged.

Salt Enhanced Property Fund Commentary

The Fund moderately underperformed in the month of April, returning -0.34% (after fees, before PIE tax) versus the +0.10% turned in by the S&P/NZX All Real Estate Gross Index.

Our holdings in Australia did surprisingly poorly in the month, detracting 0.21%, despite being modestly net long that outperforming market. The problem was that our shorts detracted -0.26% while our longs missed much of the Australian rally and only added 0.05%.

The largest headwind by some distance was a short in Stockland Property (SGP, +11.8%) which appears expensive in our relative valuation modelling but attracted keen buying as sentiment improved towards the Australian residential sector. A modest overweight combined with a poorly timed purchase of shares in NZ Land (NZL, -8.3%) saw that entity also detract from returns.

The largest positive was our good-sized underweight in Precinct Property (PCT, -2.4%). It moderately lagged the NZ index for no other discernible reason than the risk that it may fall out of the MSCI Small Cap Index at its May review. Other gainers in a quiet month were a small holding in Homeco (HMC, +9.2%) acquired in their equity raising and brief weakness afterwards. A very small holding in the land and property developer AV Jennings (AVJ, +11.0%) did well as they began a buyback and sentiment improved towards the Australian residential sector.

At month-end, we estimate that the Fund offers a year-ahead gross dividend yield of 6.5% to a NZ investor.

Matthew Goodson, CFA