Salt Enhanced Property Fund Fact Sheet – May 2025

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 31 May 2025

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$18.7 million
Inception Date	11 November 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

Unit Price at 31 May 2025

Application	1.3346
Redemption	1.3291

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 31 May 2025

Long Exposure	103.93%
Short Exposure	4.78%
Gross Equity Exposure	108.72%
Net Equity Exposure	99.15%

Fund Allocation at 31 May 2025

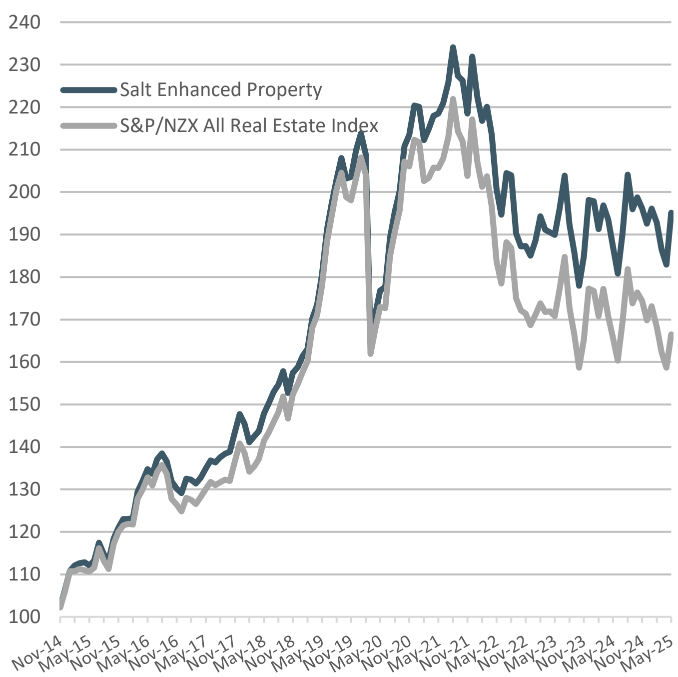
NZ Listed Property Shares	92.05%
AU Listed Property Shares	6.68%
Cash & Cash Equivalents	1.27%

Fund Performance to 31 May 2025

Period	Fund Return	Benchmark Return
1 month	6.69%	6.80%
3 months	1.22%	0.73%
6 months	-0.52%	-2.84%
1 year	4.29%	2.56%
2 years p.a.	1.36%	0.40%
3 years p.a.	-1.38%	-2.14%
5 years p.a.	1.70%	0.02%
7 years p.a.	3.83%	2.93%
10 years p.a.	5.55%	4.58%
Inception p.a.	6.40%	5.34%

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

Cumulative Strategy Performance to 31 May 2025



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.

Top Overweights	Top Underweights/Shorts
GDI Property Group	Kiwi Property Group
Servcorp	Precinct Properties
Asset Plus	Property For Industry
New Zealand Rural Land Company	Ingenia Communities Group
Elanor Commercial Property	Goodman Property Trust

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Property Market Commentary

The S&P/NZX All Real Estate Gross Index rose strongly in May off the low close at the end of April to post gains of +6.80%. This well exceeded the returns on the local and overseas markets who also posted strong gains over the month. The NZX50 Gross Index rose +4.3%, the Australian S&P/ASX200 A-REIT Accumulation Index was up +5.0% and the global FTSE EPRA/NAREIT Index which lifted +2.9% in May.

The Reserve Bank again lowered the OCR with another 25-point cut at the end of the month to now stand at 3.25% – 175 basis points below the level this time last year. Despite this the NZ 10-year government bond yield is stubbornly sitting above 4.5% and shorter duration debt also moved up.

From a NZ REIT perspective the best performing stocks were Investore (IPL, +14.8%) and Vital Healthcare (VHP, +12.9%) as well as Kiwi Property (KPG, +9.1%) and Precinct (PCT, +9.0%). All the other major REITs posted gains although Stride (SPG, +2.7%) was the smallest.

May is a busy reporting month for NZ REITs with results coming in from IPL, SPG, Argosy (ARG, +4.0%), Goodman (GMT, +4.1%), and Asset Plus (APL, +3.7%) as well as VHP providing a third quarter update. The promising out-take of this reporting season is that REITs are starting to see the first (small) signs of AFFO growth and in some cases, eg GMT, guiding to dividend growth. We believe this is the first step of the property up cycle and continued evidence of rental growth flowing through to distribution growth (as interest costs decline) will be positively received by investors.

At a stock level the only notable update was from GMT who announced the establishment of a fund alongside institutional capital from the now independent Goodman Group and an international investor. This fund will comprise all of the fully-developed Highbrook industrial estate. GMT retains a 72% stake in it but receives a significant level of capital return. Although they are now in the position of having excess cash in the bank but still supporting long-dated bonds. This does enable them to fund development however opportunities are fairly thin at present so it will be worth following how they manage the position.

We also note this month that Aaron Hockly has stepped down as fund manager of VHP. Aaron has always been an open and approachable executive who we've enjoyed working with and we wish him all the best.

Salt Enhanced Property Fund Commentary

In a month where the benchmark stocks to which we are 9% underweight delivered a 6.80% return we were exceptionally pleased that fund performance was only 11 basis points behind delivering a very strong return of 6.69% over the month to our investors.

These came about through having much smaller underweights in the two best performers with IPL and VHP both posting double-digit gains. Although our largest underweights being PCT and KPG did both rise 9% in the month. This performance drag was offset by the continued strength of Servcorp (SRV, +12.7%) in Australia and steady gains across the rest of our Australian holdings.

Despite the sound performance in Australia our 4-5% of total short positions only detracted by seven basis points.

Perhaps the biggest disappointment in an otherwise good month was that the settlement of our MCK shares came on the third or fourth trading day so we missed deploying that cash into the first few days of exuberance as the property market bounced off the end of last month's lows.

At time of writing, we estimate that the Fund offers a year-ahead gross dividend yield of 6.9% to a NZ investor.

Nicholas Falconer, Co-Portfolio Manager, MBA