Salt Enhanced Property Fund Fact Sheet – January 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 31 January 2022

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$29.9 million
Inception Date	11 November 2014
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 31 January 2022

Application	1.8499
Redemption	1.8425

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 January 2022

Long Exposure	99.58%
Short Exposure	3.16%
Gross Equity Exposure	102.74%
Net Equity Exposure	96.42%

Fund Allocation at 31 January 2022

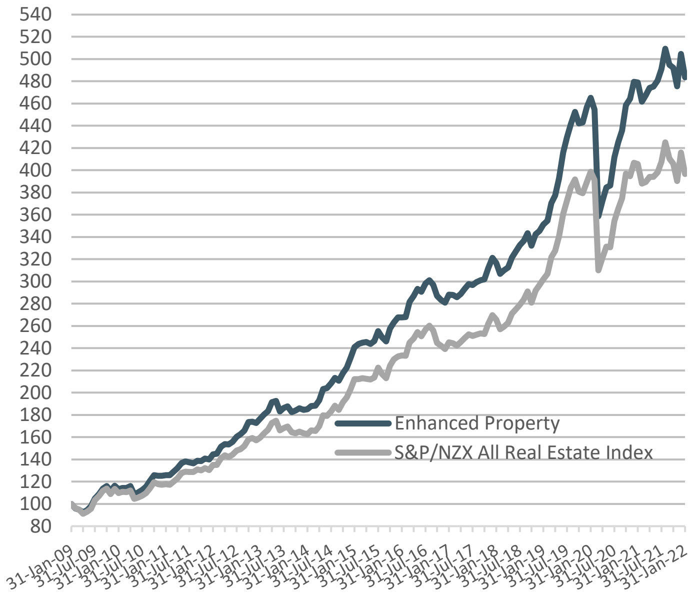
NZ Listed Property Shares	89.29%
AU Listed Property Shares	8.87%
Cash	1.84%

Fund Performance to 31 January 2022

Period	Fund Return	Benchmark Return
1 month	-4.12%	-4.67%
3 months	-1.74%	-2.31%
6 months	-1.52%	-2.17%
1-year p.a.	1.01%	-1.66%
2 years p.a.	1.97%	0.01%
3 years p.a.	11.25%	9.71%
5 years p.a.	10.90%	10.22%
7 years p.a.	10.46%	9.43%
Inception p.a.	11.70%	10.68%

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

Cumulative Fund Performance to 31 January 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	Goodman Property Trust
Elanor Commercial Property Fund	Property For Industry
Stride Property Group	Arena REIT No 1
REP Essential Property	Precinct Properties NZ
360 Capital REIT	Argosy Property

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Monthly Property Market Commentary

The S&P/NZX All Real Estate Gross Index declined by -4.67% in the month of January as equity, property and bond markets globally all came under pressure due to several central banks moving to a more hawkish monetary policy stance.

This negative performance accorded with a sharp rise in the NZ 10-year bond yield from 2.37% to 2.60% and came despite some evidence of continued passive buying interest due to changes to KiwiSaver default settings. NZ did however do far better than the -10.1% decline in the S&P/ASX200 A-REIT Accumulation Index, which was hard hit by a number of its high beta property fund management businesses which are highly levered to changing market conditions. The FTSE EPRA/NAREIT Index fell by -3.7%.

Performance in the month was led by the small cap NZ Land (NZL, +0.0%) and Vital Healthcare Property (VHP, -1.3%), which has experienced a persistent bid ahead of its expected inclusion in the FTSE-EPRA NAREIT Index. Laggards were Property For industry (PFI, -7.2%), Argosy (ARG, -6.9%) and Investore (IPL, -6.7%).

Salt Enhanced Property Fund Commentary

The Fund delivered moderate outperformance in the month, declining by -4.12% compared to the -4.67% turned in by the S&P/NZX All Real Estate Gross Index. This was particularly pleasing because it overcame a stiff headwind from Australia's sharp underperformance, where circa 8-9% of the Fund is invested on a net exposure basis.

Our modest group of shorts did the job one would expect in a month where Australia was very weak, adding +0.51% to returns. Overall, even though we were net long and Australia fell by more than 10%, that market contributed a positive +0.13% to returns.

The largest contributors in a negative month were naturally some of our larger NZ underweights, with highlights including Property For Industry (PFI, -7.2%) and Argosy Property (ARG, -6.9%).

Encouragingly, there were solid gains from several names in Australia despite the dire backdrop. Irongate Group (IAP, +6.7%) rose in anticipation of a Charter Hall-led takeover bid that had been catalysed by a stake that was built by another of our holdings 360 Capital Total Return (TOT, -3.9%). The land developer, Peet Limited (PPC, +6.1%) sold a material parcel of land at a sizeable premium to which it was carried in PPC's books – we believe many of their other historic land holdings may also be undervalued given the market boom.

The main headwind came from our high conviction overweight in GDI Property (GDI, -6.8%) which was caught by the wider market weakness. GDI is at a material discount to what we believe is a conservative NTA and they also manage a successful syndications business. They are largely exposed to Perth, which after a difficult few years, has by far the best cyclical outlook of the city office markets in our view.

Matthew Goodson, CFA