

SALT

Salt Enhanced Property Fund Fact Sheet – January 2024

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 2024

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	\$23 million
Inception Date	11 December 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

Unit Price at 31 January 2024

Application	1.4733
Redemption	1.4674

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 2024

Long Exposure	102.45%
Short Exposure	5.16%
Gross Equity Exposure	107.61%
Net Equity Exposure	97.28%

Fund Allocation at 31 January 2024

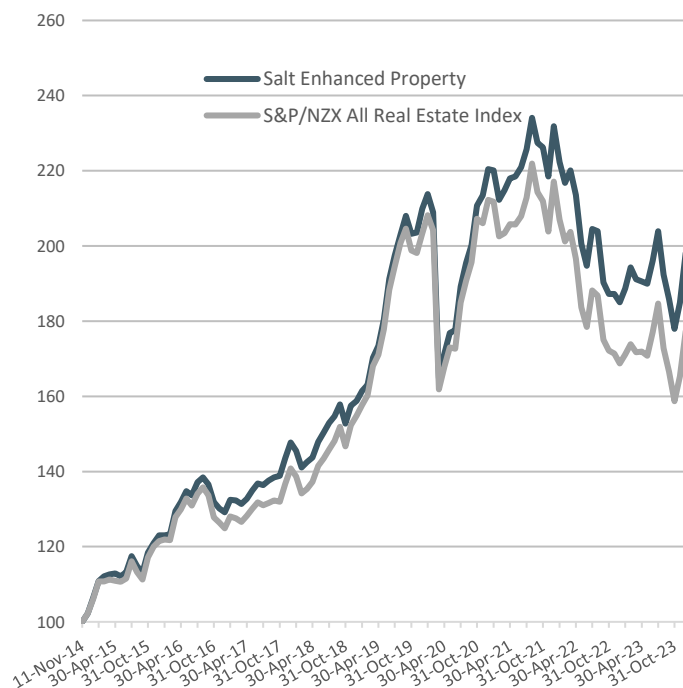
NZ Listed Property Shares	86.93%
AU Listed Property Shares	10.25%
Cash & Cash Equivalents	2.82%

Fund Performance to 31 January 2024

Period	Fund Return	Benchmark Return
1 month	-0.16%	-0.30%
3 months	11.17%	11.39%
6 months	-2.98%	-3.96%
1 year	3.39%	3.66%
2 years p.a.	-6.33%	-7.43%
3 years p.a.	-3.95%	-5.54%
5 years p.a.	3.85%	2.50%
7 years p.a.	5.68%	4.86%
Inception p.a.	7.51%	6.48%

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

Cumulative Strategy Performance to 31 January 2024



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	Property For Industry
Asset Plus	Precinct Properties NZ
Elanor Commercial Property Fund	Goodman Property Trust
Servcorp	Stockland
Elanor Investors Group	Investore Property

SALT FUNDS MANAGEMENT

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Property Market Commentary

The S&P/NZX All Real Estate Gross Index fell slightly to close down -0.36% in a quiet January. This meant the index underperformed both the broader NZX50 Gross Index up +0.9% and the S&P/ASX200 A-REIT Accumulation Index which gained +1.3% in the month. However, global real estate had a poor month with the FTSE EPRA/NAREIT Index giving up some of its strong performance at the end of 2023 to be down -4.1%. Over January, the yield on a NZ 10-year bond increased slightly to 4.66% from 4.38% at year-end.

Performance amongst the NZX50 REITs was relatively dispersed, with Argosy (ARG, +3.6%) turning in the best return in January, Property For Industry (PFI (+1.3%) and Vital Healthcare (VHP, +0.5%) both also generated positive returns. At the other end of the performance spectrum, four stocks all fell similar amounts – Stride (SPG, -1.4%), Precinct (PCT, -1.6%), Investore (IPL, -1.7%) and Goodman (GMT, -1.8%). Amongst the smaller index constituents, NZ Rural Land (NZL, +11.9%) stood out – more detail below – and Winton (WIN, -5.7%) had its first down month since September.

Industry activity was very muted over the summer break and the only news of note was NZL announcing an equity injection via a 25% sale of its portfolio and a restructuring of its assets into a limited partnership – of which the new investor Roc Partners will hold a 25% share. The \$44 million raised will be used to pay down debt and provide funding for the business. The overall business strategy and underlying assets remain unchanged. This was well received by the market.

Salt Enhanced Property Fund Commentary

The fund again outperformed, beating our benchmark by 14 basis points, although the return to investors was still slightly negative at -0.16% for the month of January.

Our top return contributor was again the Perth-focused office-owner GDI (GDI, +2.3%) although much more modest return than the double-digit gains of November and December. We have sold small amounts into this strength to manage our position size but continue to like the company and still see upside to the stock and the Perth office market in general.

The other positive contributor was a new position in Waypoint REIT (WPR, +1.6%) which we added during lows in the middle of the month.

Another main performance driver came from our index underweights in GMT and PCT which added 15 basis points, with this being broadly offset our Australian short positions which detracted around 10 basis points.

Our biggest underperformer this month was through our position in Asset Plus (APL, -4.0%) which closed a cent lower on low volumes over the month. APL is effectively now a closed fund with one asset on a delayed settlement and the other a development that has been completed, is two-thirds occupied, and will likely be sold. We believe there is material upside in time as the fund is wound up, however its share price will likely bounce around in the medium term.

At month-end, we estimate that the Fund offers a year-ahead gross dividend yield of 6.7% to a NZ investor.



Nicholas Falconer, MBA