

SALT

Salt Enhanced Property Fund Fact Sheet – April 2021

Manager Profile

Salt Funds Management is a boutique investment management firm wholly owned by its employees which specialises in managing NZ/Australian equity and listed property mandates for wholesale and retail clients.

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 2021

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	\$13.2 million
Inception Date	11 November 2014
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 30 April 2021

Application	1.8643
Redemption	1.8567

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 2021

Long Exposure	102.88%
Short Exposure	5.53%
Gross Equity Exposure	108.41%
Net Equity Exposure	97.35%

Fund Allocation at 30 April 2021

NZ Listed Property Shares	90.97%
AU Listed Property Shares	8.07%
Cash	0.96%

Fund Performance to 30 April 2021

Period	Fund Return	Benchmark Return
1 month	1.45%	1.17%
3 months	-0.98%	-2.82%
6 months	3.41%	-0.70%
1-year p.a.	27.23%	22.59%
2 years p.a.	12.10%	9.68%
3 years p.a.	14.88%	14.46%
5 years p.a.	10.57%	9.64%
Inception p.a.	12.80%	11.80%

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

Cumulative Fund Performance to 30 April 2021*



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 October 2014, performance is from a fund with the same strategy and the same portfolio manager.

Top Overweights	Top Underweights/Shorts
Elanor Commercial Property Fund	Property for Industry
Waypoint REIT	Goodman Property Trust
Garda Property Group	Precinct Properties NZ
Millennium & Copthorne Hotels	Stride Property Group
Vital Healthcare Freehold Trust	APN Industria REIT

SALT FUNDS MANAGEMENT

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Monthly Property Market Commentary

After an unusual bout of weakness in the March quarter, the S&P/NZX All Real Estate Gross Index rebounded somewhat to rise by +1.17% in the month of April.

The general backdrop was supportive, with NZ 10-year bond yields declining from 1.78% to 1.62%. NZ lagged the +2.9% advance turned in by the S&P/ASX200 A-REIT Accumulation Index and +5.8% by the global FTSE EPRA/NAREIT Index.

News-flow was relatively quiet during the month and was highlighted by Kiwi Property (KPG) committing to build a \$63m, 7,450sqm office tower at Sylvia Park on an uncommitted basis. KPG also announced a joint venture with Tainui to redevelop the difficult but small Centre Place North asset in Hamilton. Investore (IPL) announced a revaluation gain of \$57.5m, driven almost entirely by cap rates contracting by 30bp to 5.23%. Finally, Stride Property slightly upgraded earnings forecasts, chiefly due to their fund management platform, which benefitted from the IPL upgrade.

Performance in the month was led by Argosy Property (ARG, +3.5%) and Kiwi Property (KPG, +2.4%). The largest laggards were Asset Plus (APL, -4.4%) and Goodman Property (GMT, -1.3%).

Salt Enhanced Property Fund Commentary

The Fund delivered a solid month of relative performance, returning +1.45% compared to the +1.17% advance turned in by the S&P/NZX All Real Estate Gross Index.

Our net exposure to Australia of approximately 8% was again helpful, with that market's outperformance of NZ by about 1.7%. Our small group of expensive Australian shorts held back performance during the month, detracting -0.12%. However, these allow slightly larger long positions, and our overall group of Australian holdings added +0.31%.

Our largest positives were somewhat eclectic and were again led by our holding in the Australian rural property company, Vitalharvest (VTH, +15.2%), where the takeover battle between two private equity suitors continued apace. In NZ, our moderate holding in Millennium & Copthorne ordinaries (MCK, +6.5%) did well on the re-opening thematic. The land developer, CDL Investments (CDI, +6.5%) and the Australian industrial property owner, Centuria Industrial (CIP, +4.8%) also did well.

Headwinds were relatively limited. The largest drag was a short in APN Industria REIT, (ADI, +4.8%). We have high regard for management but are concerned at likely upcoming vacancy in their office park assets and it is expensive in relative terms. Another headwind came from the moderate overweight in Asset Plus (APL, -4.4%), where there has been an absence of hoped-for news of progress on their major Auckland office developments at Munroe Lane and Graham St.



Matthew Goodson, CFA