Salt Sustainable Global Listed Infrastructure Fund Fact Sheet – April 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 Fund's investment objective is to outperform (after fees and expenses but before NZ tax) the total return of its benchmark, the FTSE Global Core Infrastructure 50/50 Net Tax Index on a rolling three-year basis. The Fund targets a portfolio of global infrastructure companies with sustainable total return potential and superior Environmental, Social and Governance (ESG) credentials and factor scores with respect to the benchmark index.

Fund Facts at 30 April 2024

Benchmark	FTSE Global Core Infrastructure 50/50 Net Tax Index
Fund Assets	$48.34 million
Inception Date	18 August 2021
Underlying Manager	Cohen & Steers

Unit Price at 30 April 2024

Application	0.9718
Redemption	0.9678

Investment Guidelines

The guidelines for the Sustainable Global Listed Infrastructure Fund are:

Global equities	95% – 100%
Cash	0% – 5%

Target investment Mix

The target investment mix for the Global Sustainable Listed Infrastructure Fund is:

Global equities	100%

Fund Allocation at 30 April 2024

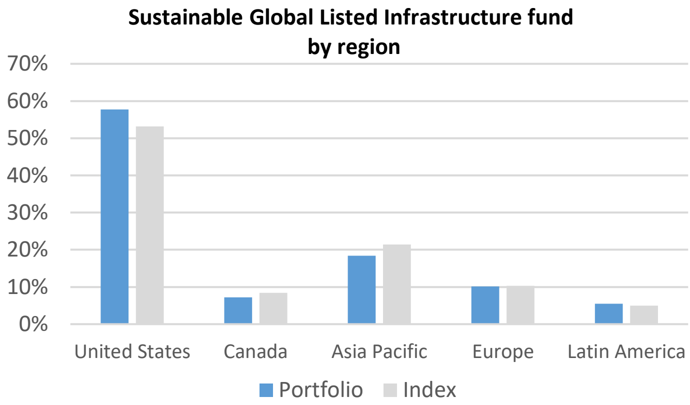
Global equities	98.45%
Cash, Short term, Sundry	1.55%

Fund Performance to 30 April 2024

Period	Fund Return*	Benchmark Return
1 month	-1.19%	-0.72%
3 month	5.11%	3.93%
6 month	12.79%	12.39%
1 year	1.56%	0.51%
2 years p.a.	0.66%	-1.23%
Since inception p.a.	3.08%	1.14%

*Performance is before fees and PIE tax and adjusted for imputation credits. Benchmark performance is gross. Past performance is not a guarantee of future results. Data as of 30 April 2024.

Fund regional weightings as at 30 April 2024*



Source: Cohen & Steers, Salt *data to 30 April 2024

Top 10 holdings	sector		sector
Next Era Energy	Electric	Cheniere Energy	Midstream
Duke Energy	Electric	PPL	Electric
American Tower	Towers	PG&E	Electric
TC Energy	Midstream	Public Service Enterprise Group	Electric
NiSource	Gas dist.	Consolidated Edison	Electric

The fund's top 10 holdings comprise 37.8% of the portfolio.
Source: Cohen & Steers Monthly Investment Report 31 March 2024

Sustainability metrics

Fund ESG Scores	Portfolio	Index
Cohen & Steers ESG score	6.58	6.40
MSCI ESG score	6.35	6.30

Source: Cohen & Steers Investment Report, April 2024

Market Review

Listed infrastructure declined in April but outperformed the broader equity market. Global stock markets retrenched in April after rising in each of the first three months of 2024. Weaker-than-expected economic news in the U.S., coupled with persistently high inflation and escalating tensions in the Middle East, weighed on markets.

The Fund performed below the Index for April month, outperforming by 0.5% (before fees.) For the three months to April, the fund outperformed its benchmark by 1.17%. The fund was ahead of its benchmark over the last six months (leading by +0.4%) and over the last year (outperforming by +1.04% before fees.) Over the last two years, and since inception, the fund has remained comfortably ahead of its benchmark.

- After a generally positive first quarter of 2024, the second quarter is off to a rough start. In the US, continued higher-than-expected inflation and a GDP print that, while weak at first blush, revealed still strong private demand. This fueled fears that central banks will not ease monetary policy as quickly as previously hoped.
- Both equity and bond markets reacted negatively to this development with developed market equities down -3.7% (in USD) over the month and the global aggregate bond index down-2.5% (in USD).
- There was no US Federal Reserve meeting in April, though there were plenty of opportunities for FOMC members to voice their opinions. The most important of these was Chair Powell's observation that recent data had shown a lack of further progress on inflation, and it was therefore appropriate to give restrictive monetary policy more time to work.
- In Europe the annual rate of CPI inflation was unchanged at 2.4% in April, but the policy-critical services component fell from 4.0% to 3.7%.
- This, combined with low growth in the Euro area, has given markets confidence that a rate cut in June is still likely, though there are now fewer cuts priced in over 2024 than previously.
- Japanese equities gave up some of their recent gains in April. Ongoing downward pressure on the Yen in leading to fears of higher imported inflation weakening domestic demand.
- China's official manufacturing and non-manufacturing PMI indices for April weren't great but weren't bad either. Both came in lower than March but still in expansion territory (over 50). That suggests that growth is stabilising rather than sprinting ahead. That's consistent with the modest stimulus deployed to date. And given the ongoing issues in the property sector, stability isn't a bad thing.
- March quarter inflation came in hotter than expected in Australia. This led to speculation the RBA may be forced to hike interest rates again. Indeed, markets shifted from pricing in rate cuts this year to a chance the next move could be a hike.
- In New Zealand, March quarter inflation printed in line with expectations. The annual rate of CPI inflation fell to 4.0%, though the disinflationary process remains unbalanced.

Portfolio Review April 2024

Listed infrastructure declined slightly in April on interest rate concerns, but returns remained robust over the three- and six-month periods.

Investors grew increasingly cautious amid the uptick in volatility, and defensive sectors generally outperformed more cyclical ones. In this context, listed infrastructure pulled back but held up better than the overall market.

Commercial infrastructure sectors were mixed. Marine ports (3.5% total return) was the top-performing sector for the month. Port operators focused on Southeast Asia were notably strong, as the Chinese market reversed its recent downward trend and recovered somewhat in April. Conversely, the railways sector (–6.7%) was one of the weakest performers in the month, weighed down by concerns over slowing growth and a potential railway strike in Canada.

Even though energy markets were roiled by the rise in geopolitical uncertainty, midstream energy (–1.4%) performed on par with the broader infrastructure asset class.

Passenger transportation–related sectors varied. Airports (1.2%) outperformed, boosted particularly by Mexican airport operators that posted strong earnings results. Toll roads (–4.7%) declined as shares of Australia-based Transurban—the sector's largest index constituent—continued to be hampered by high interest rates.

Defensive characteristics propelled gains at regulated utilities, but communications still lagged. Investors were attracted to the perceived safer haven offered by electric utilities (1.6%), gas distribution companies (1.4%) and water utilities (0.2%). Utilities are also expected to benefit from rising power demands from artificial intelligence applications.

The communications sector (–9.6%) performed poorly, as tower companies continue to be negatively affected by higher rates and weak performance.

Portfolio performance

Key contributors

• Overweight allocation in gas distribution (1.4% total return in the index): Gas utilities outperformed the broader market as investors sought "safe havens" amid April's market volatility. An overweight position in Chinese gas utility ENN Energy Holdings aided relative performance. Shares were lifted by a solid earnings report, along with the recent recovery in the Chinese market.

• Underweight allocation to toll roads (–4.7%): An underweight exposure contributed to relative results as higher interest rates weighed on the performance of toll road operators. Specifically, we held an underweight position in Australia-based Transurban and had no exposure to Brazil-based Cia De Concessoes Rodoviaria—both of which struggled.

• There were no other meaningful sector-level contributors for the month.

Key detractors

• Stock selection in midstream energy (–1.4%): An overweight position in TC Energy, a Canada-based oil and gas pipeline company, detracted from relative performance. Shares trended down after the company reported the appointment of a new chief financial officer after a surprise resignation. Additionally, the prospect of ongoing high debt servicing costs (due to the persistence of elevated interest rates weighed on shares.)

• Security selection and overweight in communications (–9.6%): An overweight position in American Tower, a large U.S.-based tower infrastructure company, was a detractor, despite the company releasing better-than-expected quarterly earnings.

A sector overweight detracted modestly, as high interest rates continued to hamper communications firms.

• Underweight in electric utilities (1.6%): An underweight sector exposure was detrimental as electric utilities outperformed. Investors were attracted to the sector's generally resilient, defensive characteristics, as well as the potential for certain utilities to benefit from the increased electricity demand from data centres and their technology-focused customers.

Investment Outlook (Cohen & Steers commentary)

We seek to maintain a generally balanced portfolio in the current environment of heightened volatility and mixed economic data. We maintain a preference for higher-quality businesses that we believe can perform relatively well in a below-trend growth environment. We are also focused on the potential capital needs of individual companies to strengthen their balance sheets.

We believe that we are at a positive inflection point for power demand, as we see an increasingly important relationship between power generation, grid reliability and rapid data centre growth. We think that electric and gas infrastructure necessary to support data centre demand could drive significant investment opportunities within the asset class.

We continue to closely monitor the impact of higher financing costs and tighter financial conditions across the infrastructure universe. We remain focused on infrastructure companies that have strong balance sheets, with limited near-term maturities and manageable refinancing schedules.

Persistent inflation and "higher for longer" interest rates may be a headwind for certain sectors. However, most infrastructure businesses can generally pass rising costs along to consumers; as a result, they have tended to perform well during periods of above-average inflation.