Salt Enhanced Property Fund Fact Sheet – July 2020

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 31 July 2020

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	$10.7 million
Inception Date	11 November 2014
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 31 July 2020

Application	1.6427
Redemption	1.6360

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 July 2020

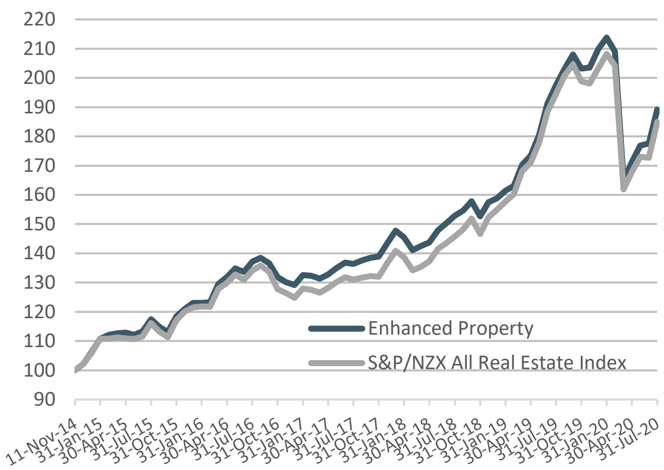
Long Exposure	102.78%
Short Exposure	6.40%
Gross Equity Exposure	109.18%
Net Equity Exposure	96.38%

Fund Performance to 31 July 2020

Period	Fund Return	Benchmark Return
1 month	6.53%	7.10%
3 months	10.45%	10.19%
6 months	-11.49%	-11.16%
1-year p.a.	-4.19%	-4.94%
2 years p.a.	11.23%	12.62%
3 years p.a.	11.53%	12.19%
5 years p.a.	10.01%	9.75%
Inception p.a.	11.80%	11.34%

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

Cumulative Fund Performance to 31 July 2020



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.

Fund Allocation at 31 July 2020

NZ Listed Property Shares	91.63%
AU Listed Property Shares	6.35%
Cash	2.02%

Top Overweights	Top Underweights/Shorts
Investore Property	Property for Industry
Vitalharvest Freehold Trust	Goodman Property Trust
Elanor Commercial Property Fund	Stride Property Group
Garda Diversified Property Fund	BWP Trust
Millennium & Copthorne Hotels	Goodman Group

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Quarterly Property Market Commentary

NZ property stocks surged by 7.1% in the month of July, sharply outperforming the +0.65% turned in by Australia's S&P/ASX200 A-REIT Accumulation Index and the +3.38% recorded by the global FTSE EPRA/NAREIT Index. Bond yield movements were supportive with the 10-year yield declining from 0.91% to a remarkably low 0.77% - well below the current let alone expected future rate of inflation.

News flow in the month was very light, with Stride Property making some progress in purchasing industrial properties for their industrial joint venture with JP Morgan and Argosy selling a non-core industrial property for slightly above book value.

Performance in the month was led by Stride Property (SPG, +10.2%), Goodman Property (GMT, +9.4%), Precinct Property (PCT, +9.2%) and Argosy Property (ARG, +9.0%). The main laggard was Kiwi Property (KPG, +1.9%) although it has been a sharp outperformer relative to global retail focused peers.

Salt Enhanced Property Fund Commentary

The Fund moderately lagged the powerful surge in the benchmark during the month of July, advancing by +6.53% compared to the +7.10% turned in by the S&P/NZX All Real Estate Gross Index.

The key driver was that the Fund allocated approximately 6% net of its holdings to Australia, which only experienced a paltry +0.6% advance. This accounted for the great bulk of the lag and we have found that when one market sharply outperforms the other, this tends to revert in subsequent periods. We have certainly found greater opportunities in Australia of late given its relative weakness. Our short positions contributed +0.03% during the month and Australia overall detracted -0.17% as we were net long and our longs did not perform quite as well as our shorts.

The largest contribution by some distance was our long-standing overweight in Investore (IPL, +8.2%) which rose sharply along with the NZ benchmark. There was no news of any note but IPL does have very long duration leases and short duration debt, so it theoretically has significant exposure to falling bond yields. Other positives were small overweights in Asset Plus (APL, +5.9%) and in Oceania Healthcare (OCA, +12.2%). Our shorts in Dexus (DXS, -7.5%) and GPT Group (GPT, -7.0%) added value, with the former falling as the outlook darkened for the formerly booming Sydney office market, while the latter has both office and retail exposure, with a weighting to Melbourne.

Negative contributions naturally came from the plethora of NZ underweights which are used to fund investments in attractive Australian opportunities. These included Precinct Property (PCT,

+9.2%) which rose despite a tough Auckland office outlook and mixed reports of early trading at Commercial Bay; Property For Industry (PFI, +4.9%) which screens as very expensive and actually underperformed the index; and a smaller underweight in Stride Property (SPG, +10.2%), where investors are focusing too heavily on their funds management business in our view relative to their somewhat difficult on-balance sheet properties. One short which did not work during the month was Goodman Group (GMG, +14.0%) which surged despite an extremely expensive valuation and some somewhat mixed outcomes from global industrial peers.

At month-end, the Fund was in a relatively normal position, with gross exposure of 109% and net length of 96%. One slight difference is being 6% net long Australia as that market's underperformance has thrown up some interesting opportunities.

Matthew Goodson, CFA