

SALT

Salt Enhanced Property Fund Fact Sheet – October 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 October 2024

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	\$21 million
Inception Date	11 November 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

Unit Price at 31 October 2024

Application	1.4408
Redemption	1.4349

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 October 2024

Long Exposure	104.12%
Short Exposure	6.33%
Gross Equity Exposure	111.97%
Net Equity Exposure	97.79%

Fund Allocation at 31 October 2024

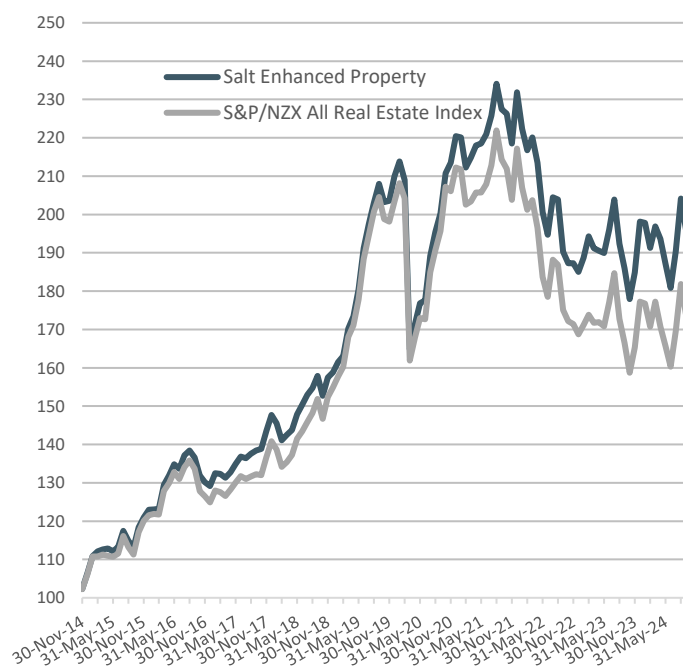
NZ Listed Property Shares	92.07%
AU Listed Property Shares	5.89%
Cash & Cash Equivalents	2.04%

Fund Performance to 31 October 2024

Period	Fund Return	Benchmark Return
1 month	1.45%	1.72%
3 months	4.43%	4.29%
6 months	2.69%	3.56%
1 year	11.72%	12.53%
2 years p.a.	2.32%	2.03%
3 years p.a.	-4.67%	-5.43%
5 years p.a.	-0.72%	-1.94%
7 years p.a.	5.05%	4.56%
Inception p.a.	6.98%	6.08%

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

Cumulative Strategy Performance to 31 October 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	Kiwi Property Trust
Servcorp	Precinct Properties NZ
Asset Plus	Property for Industry
Elanor Commercial Property Fund	Goodman Property Trust
Millennium & Copthorne Hotels	Scentre Corp

SALT FUNDS MANAGEMENT

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Property Market Commentary

The S&P/NZX All Real Estate Gross Index ended the month up +1.7%, delivering the same performance as our broader NZX50 Gross Index. NZ materially outperformed both overseas comparatives with the Australian S&P/ASX200 A-REIT Accumulation Index falling -2.5% and the global FTSE EPRA/NAREIT Index dropping -4.7%.

Despite the Reserve Bank cutting the official cash rate by 50 basis points the NZ 10-year government bond yield moved up 30 bps over the month to 4.50% – similar to many overseas markets where we have seen a lifting of the yield curve.

The best performer in the NZ market was Investore (IPL, +6.0%) and Vital Healthcare (VHP +3.5%), Argosy (ARG, +3.3%) and Goodman (GMT, +2.9%) all outperformed the index. At the other end of the spectrum Precinct (PCT, 0%) and Stride (-0.7%) were the only non-gainers.

VHP and PCT released their annual climate-related disclosures – both of which highlighted how small REITs Scope 1 and 2 emissions are and how they have greater impact through working with tenants to support their own emission goals as well as in minimising emissions during the construction phase.

November will see a number of NZ REITs reporting results and we will provide an update on those.

Salt Enhanced Property Fund Commentary

The fund underperformed our NZ benchmark in October by -0.27%. The return to investors over the month was +1.45%.

In a fairly quiet month for the market performance was driven mostly by large number of small unders and overs rather than any particular stock movements. One area of positive contribution came from our short positions which collectively added 17 bps of outperformance. On the negative side GDI (GDI, -7.4%) had a pullback which took off 34 bps of contribution.

At time of writing, we estimate that the Fund offers a year-ahead gross dividend yield of 6.8% to a NZ investor.



Nicholas Falconer, MBA