Salt Core NZ Shares Fund Fact Sheet – May 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 Core NZ Shares Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, provide a high total return. The Fund may also invest opportunistically in shares of Australian companies.

The Fund's investment process has been designed to facilitate selection of stocks such that the overall portfolio generates an above market total return after each stock is qualified through a number of quality and sustainability screens generated by Salt's disciplined research effort.

Fund Facts at 31 May 2021

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$20.2 million
Inception Date	1 December 2021
Portfolio Manager	Paul Harrison

Unit Price at 31 May 2021

Application	0.9978
Redemption	0.9937

Investment Guidelines

The guidelines for the Salt Core NZ Shares Fund are shown below:

NZ shares	50% – 100%
Australian Shares	0% – 50%
Unlisted securities	0% – 3%
Cash or cash equivalents	0% - 20%

Target investment Mix

The target investment mix for the Salt Core NZ Shares Fund is:

Australasian Equities	100%

Fund Allocation at 31 May 2021

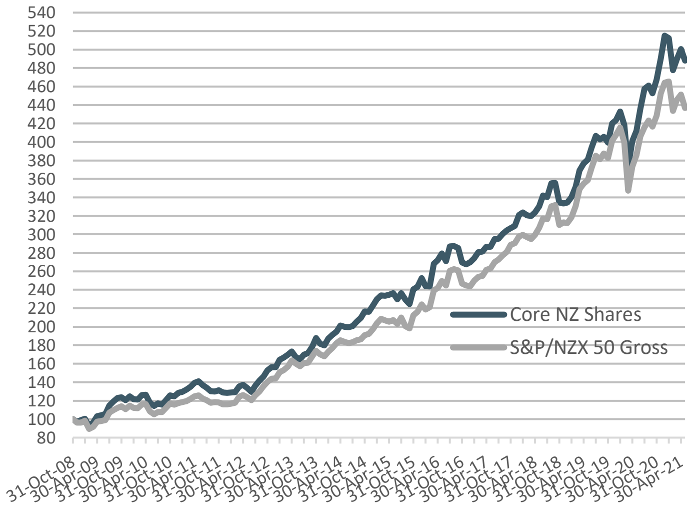
NZ shares	98.32%
Australian Shares	0.81%
Cash or cash equivalents	0.87%

Fund Performance to 31 May 2021

Period	Fund Return*	Benchmark Return
1 month	-2.55%	-3.22%
3 months	2.12%	0.76%
6 months	-0.56%	-3.51%
1-year p.a.	18.36%	13.22%
2 years p.a.	13.18%	10.35%
3 years p.a.	13.89%	12.48%
5 years p.a.	11.78%	11.85%
10 years p.a.	13.59%	13.18%
Inception p.a.	13.22%	13.26%

Performance is after all fees and does not include imputation credits or PIE tax.
*From 1 November 2009 to 30 December 2020, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 31 May 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.

Top Overweights	Top Underweights
Pacific Edge	Ryman Healthcare
Spark NZ	Meridian Energy
Infratil	Genesis Energy
Mainfreight	Precinct Properties
Freightways	Goodman Property Trust

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Monthly Market Commentary

Globally, economic data was strong over May, though markets were more subdued reflecting an already solid start to the year and ongoing concerns about rising inflation and the extent to which it reflects fundamental, rather than transitory factors.

Economic activity continued to benefit from the rollout of vaccines and the continued easing of Covid-related restrictions. However, the pace of vaccination slowed in many countries over the course of the month leaving most countries still vulnerable to resurgence in the virus. A fresh outbreak of infections in India has been particularly troublesome, bringing the Indian health system to breaking point.

Economic activity continues to be supported by significant monetary and fiscal support. This is adding to the release of pent-up demand as economies open. The demand pressure is in turn leading to significant supply bottlenecks, with significant inflationary consequences. Central banks are generally seeing this inflation as transitory.

In this environment developed world equities posted a 1.3% gain over the month and 38.5% for the year, as measured by the MSCI World Index in USD.

In the United States GDP data showed a gain of 6.4% in the March quarter with private consumption leading the charge. The first quarter earnings season was stronger than anticipated with S&P 500 companies reporting earnings growth of 47% y/y relative to consensus expectations of 20% growth. The S&P 500 rose 0.5% over the month to be up 38.1% over the year. Equity volatility again declined and reached its lowest level since the Covid shock first unfolded in February 2020. 10-year Treasury yields fell 7 basis points in May to 1.6% but remain around 90 basis points higher than year ago levels.

After a slow start, vaccination efforts are stepping up in Europe leading to expectations of a relaxation of Covid restrictions and a strong economic rebound later this year. Forward looking economic indicators support the recovery story. Europe was thus one of the best performing regions from an equity market perspective over the month. The German Dax rose 1.9% in May while the MSCI Europe ex UK rose 2.8% over the month. In the United Kingdom, the FT100 rose 0.8% over the month and 15.6% over the year,

The Australian All Ords index rose 1.6% over the month and 26.1% over the year. Economic activity data has remained strong, though a further Covid-related lockdown in Melbourne poses a risk to the near-term economic outlook.

In New Zealand the economy is performing well, with the labour market already showing signs of tightness, despite the unemployment rate remaining higher than pre-Covid levels. The New Zealand sharemarket has continued its recent weakening trend, reflecting the rise in interest rates. The NZX50 index fell 3.2% in May but was up a solid 13.2% for the 12 months, although down around 10% from its peak in January. 10-year bond yields rose 15 basis points over the month and 98 basis points over the year to 1.80% as at the end of May.

Salt Core NZ Shares Fund Commentary

New Zealand equities lost some of their mojo over May with market darling Fisher and Paykel Healthcare along with a2 Milk dragging the market down -3.2% as measured by the NZX50 Gross Index.

Fisher & Paykel Healthcare (-17.1%) sold off heavily after the company revealed that sales of its products had tailed off quicker than expected as hospital admissions in the USA associated with Covid19 declined. The market was surprised by the speed of the sales slowdown in the US and the lack of offset by sales from other countries struggling to get Covid19 under control. The Manager had been running an underweight position in Fisher & Paykel Healthcare on the view that some slowdown could become apparent, but we were surprised by the rate of slowdown that was experienced in the fourth quarter. Fisher & Paykel Healthcare remains a very high-quality business, but the Manager is being cautious about adding much more to the Fund's holdings until more confidence can be gained around the level of ongoing core earnings and any overstocking due to heavy ordering during the peak of the US Covid19 outbreak is worked through.

The ongoing channel disruptions caught up again with a2 Milk (-23.4%) and the market showed no mercy when the Company advised of more downgrades to earnings expectations. A2 Milk's problems also had flow on impact for Synlait which also fell (-8.5%). The Manager remains slightly overweight a2 Milk as there is significant value appearing, but we remain wary of the considerable disruption the company is currently experiencing and the time it will take to transition through this.

The NZ market was also characterised by significant divergence in stock performances within sectors. For example, in the retirement sector, the Fund was a beneficiary of owning more Summerset (+2.8%) and Oceania (+3.7%) rather than Ryman (-7.6%). In the Gentailer sector the Fund benefited from owning more Contact Energy (+4.5%) and less Meridian Energy (-1.9%) and Mercury Energy (-5.6%).

The Fund also benefited from its holdings in cyclical sensitive stocks such as Mainfreight (+4.8%), Freightways (+6.0%), Fletcher Building (+2.3%), and Brambles (+4.0%).

Other strong performances of note came from the Fund's holdings in Ebos (+11.6%), Spark (+3.0%), Computershare (+11.3%), Pacific Edge (+3.5%), and Infratil (+6.9%).

As a result of the stock selection in the Fund, it outperformed its benchmark with a return of -2.55%.

Paul Harrison, MBA, CA