Salt Sustainable Global Listed Infrastructure Fund Fact Sheet – November 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 November 2024

Benchmark	FTSE Global Core Infrastructure 50/50 Net Tax Index
Fund Assets	$91.69 million
Inception Date	18 August 2021
Underlying Manager	Cohen & Steers

Unit Price at 30 November 2024

Application	1.1153
Redemption	1.1108

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 November 2024

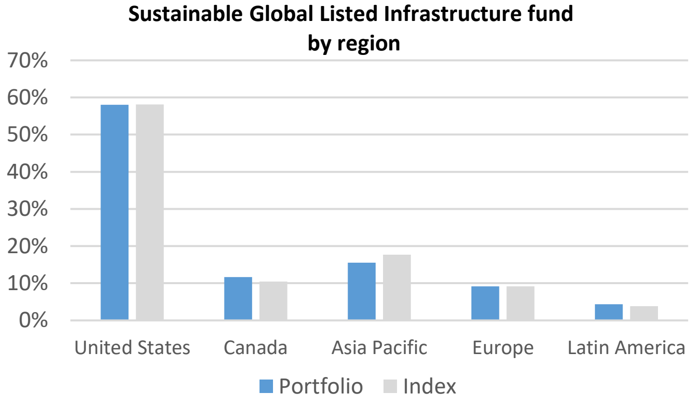
Global equities	98.7%
Cash & short-term	1.3%

Fund Performance to 30 November 2024

Period	Fund Return	Benchmark Return
1 month	3.10%	3.23%
3 month	5.47%	4.16%
6 month	14.12%	11.68%
1 year	27.01%	23.18%
2 years p.a.	9.89%	7.88%
3 years p.a.	8.93%	7.03%
Since inception p.a.	8.19%	5.78%

Performance is before fees and PIE tax and adjusted for imputation credits. Benchmark performance is gross.

Fund regional weightings as at 30 November 2024*



Source: Cohen & Steers *data to 30 Nov. 2024

Top 10 holdings	sector		sector
NextEra Energy	Electric	NiSource	Gas Distr.
TC Energy	Midstream	The Williams Companies	Midstream
American Tower	Towers	CSX	Freight Rail
Duke Energy	Electric	PG & E	Electric
Union Pacific	Freight Rail	Public Service Enterprise Group	Electric

The fund's top 10 holdings comprise 37.75% of the portfolio.
Source: Cohen & Steers Monthly Investment Report, 30 November 2024

Sustainability metrics

Fund ESG Scores	Portfolio	Index
Cohen & Steers ESG score	6.69	6.41
MSCI ESG score	6.38	6.30

Source: Cohen & Steers Investment Report, 30 November 2024

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Market Review

The Salt Sustainable Global Infrastructure Fund gained in November policy-sensitive global equities rallied on US electoral outcomes After several months of lower yields, concerns about the US deficit's future path returned, pressing bond yields higher.

- Markets were dominated in November by the Republican clean sweep of US elections. This had markets contemplating a more expansionary US fiscal policy and a more nationalist trade policy. US equities gained +6.3%, contributing to a 4.6% rise in developed market equities.
- Bond markets were less enamoured with the potential inflationary implications, with the global aggregate bond index returning +0.3%.
- Solid economic data also contributed to positive equity markets, feeding the theme of US exceptionalism. The Fed cut by 25bp, citing further progress on disinflation.
- In Europe, the ECB is contending with weak economic fundamentals, while inflation is proving resilient. Political uncertainty in Garmany and France also impacted markets.
- In Japan, expectations of another interest rate hike are building, with a further 25bp increase possible before Christmas although a January hike is more likely.
- In China, highly anticipated fiscal stimulus disappointed the market. While a debt swap arrangement for local governments was welcome, a lack of meaningful stimulus aimed at boosting consumption was well short of expectations.
- The RBA maintained its hawkish bias in November, stating it needs to remain vigilant to upside risks to inflation. The tight labour market saw the unemployment rate remain at 4.1%.
- In NZ, weak labour market data saw the unemployment rate rise to 4.8%, with a decline in the participation rate preventing a sharper rise. Activity data remained weak, though increasing signs of a bottoming out of recent declines are starting to emerge. The RBNZ cut the OCR by 50bp to 4.25%.

Portfolio Review November 2024

Listed infrastructure and global equities both posted robust gains in the month, driven largely by strong U.S. market performance following the clear outcome of the U.S. election. With the Trump administration's focus on deregulation and potential tax cuts, the more economically sensitive infrastructure sectors outperformed the more defensive ones.

Certain commercial infrastructure sectors benefited from optimism about a potentially a more favourable environment for energy and economic growth. Midstream energy was the strongest-performing infrastructure sector, bolstered by an improving outlook for energy and continued optimism around future natural gas demand.

Railways also performed well after the election. U.S.-based railways outperformed Canada-based operators, which were hampered by concerns around potential tariffs. Conversely, marine ports declined, held back by stock-specific issues in India and investor concern about the negative impact of potential changes in U.S. trade policy.

Performance in regulated utilities and communications sectors was mixed. Gas distribution was one of the top performing infrastructure sectors in November. Within the group, companies with exposure to data centre power demand growth outperformed. Additionally, the emergence of an activist investor catalysed strong performance from Japan-based Tokyo Gas Electric utility stocks rose but lagged the broader infrastructure asset class.

The more defensive characteristics of certain large-capitalization electric utilities weighed on performance in the sector, as investors opted for more growth-oriented exposure.

Sentiment also waned for the communications sector, which pulled back in the month due to uncertainty about long-term interest rates.

Passenger transportation–related sectors lagged. Airports and toll roads posted positive returns, but both sectors trailed the overall infrastructure asset class. The market's shift toward more economically sensitive, higher-growth sectors did not favour most airports and toll roads.

Portfolio performance

Key contributors

• Stock selection in electric utilities: Our lack of exposure to Atlanta-based Southern Company boosted relative performance. Shares of the large-cap regulated utility declined in November and underperformed the sector.

• Out-of-index allocation to environmental services: Given the potential for inflation to reaccelerate in the post-election period, shares of waste management companies outperformed, largely due to the industry's strong pricing power.

• Stock selection in railways: Given the return dispersion within the sector, our overweight position in outperforming U.S.-based freight railway CSX, coupled with our lack of exposure to underperforming Canada-based railway CPKC, contributed to relative performance. The prospect of U.S. tax reform and increased domestic rail traffic benefited U.S.-based railways versus their Canadian counterparts.

Key detractors

• Stock selection in midstream energy: The portfolio did not own Oneok, a Tulsa-based midstream company that, in addition to participating in the sector's post-election rally, benefited from the announced completion of a recent acquisition and raised its 2024 earnings guidance.

• Stock selection in airports: An overweight position in Mexico-based Grupo Aeroportuario del Sureste detracted. Although recent earnings came in above expectations, consternation about the potential negative effects of some of the new U.S. administration's expected trade policies weighed on emerging markets.

• Overweight allocation and stock selection in communications: The sector languished amid the shift to a more economically sensitive market environment. Additionally, an overweight position in Luxembourg-based satellite telecommunications company SES detracted. Despite a positive third-quarter earnings update, SES shares pulled back in November, as investors remained uncertain about the company's long-term strategy.

Investment Outlook (Cohen & Steers commentary)

We seek to maintain a generally balanced portfolio. We view the current environment of stabilizing growth as supportive, but we are also mindful of potentially reaccelerating inflation, particularly with a new U.S. administration.

We favour higher-quality businesses that we believe can perform relatively well in an economy emerging from a period of slowing growth.

We also 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. The need for electric and gas infrastructure to support data centre demand is expected to drive significant investment opportunities within the asset class. However, we are also closely monitoring customer affordability.