

# SALT

## Salt Enhanced Property Fund Fact Sheet – February 2025

### 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 28 February 2025

Benchmark	S&P/NZX All Real Estate Gross Index
Fund Assets	\$19.8 million
Inception Date	11 November 2014
Portfolio Managers	Matthew Goodson, CFA Nicholas Falconer, MBA

### Unit Price at 28 February 2025

Application	1.3631
Redemption	1.3575

### Investment Limits

The limits for the Enhanced Property Fund are shown below:

Gross Equity Exposure <sup>1</sup>	70% – 200%
Net Equity Exposure <sup>1</sup>	70% – 100%
Unlisted Securities <sup>1</sup>	0% – 5%
Cash or Cash Equivalents	0% – 30%

1. To NZ and Australian property and property-related securities.

### Fund Exposures at 28 February 2025

Long Exposure	101.27%
Short Exposure	3.54%
Gross Equity Exposure	104.81%
Net Equity Exposure	97.74%

### Fund Allocation at 28 February 2025

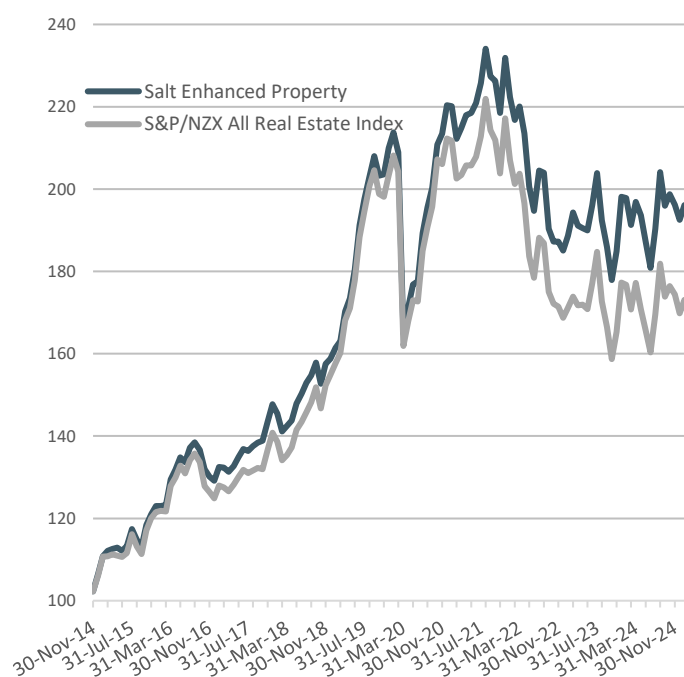
NZ Listed Property Shares	88.62%
AU Listed Property Shares	10.71%
Cash & Cash Equivalents	0.66%

### Fund Performance to 28 February 2025

Period	Fund Return	Benchmark Return
1 month	-1.69%	-2.82%
3 months	-1.72%	-3.55%
6 months	-5.54%	-7.27%
1 year	0.77%	-0.28%
2 years p.a.	-0.39%	-0.85%
3 years p.a.	-4.28%	-5.29%
5 years p.a.	-1.87%	-3.38%
7 years p.a.	4.35%	3.61%
10 years p.a.	5.42%	4.49%
Inception p.a.	6.44%	5.40%

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

### Cumulative Strategy Performance to 28 February 2025



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	Property for Industry
Elanor Commercial Property Fund	Precinct Properties
Asset Plus	Goodman Property Trust
Millennium & Copthorne Hotels	Stockland Corporation

### SALT FUNDS MANAGEMENT

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## Property Market Commentary

The S&P/NZX All Real Estate Gross Index fell -2.8% in February, slightly outperforming the local market where the NZX50 Gross Index declined -3.0%. Offshore, the Australian S&P/ASX200 A-REIT Accumulation Index had another tough month declining -6.6%, but the global FTSE EPRA/NAREIT Index rose slightly to be +1.6% in February.

We saw another 50 basis point cut in the OCR during the month, nonetheless the NZ 10-year government bond yield again ended the month around 4.6% – continuing its run since mid-October at elevated levels despite 100bps of cuts to the OCR.

Only two of the major REITs had a positive return in February – Kiwi Property (KPG, +2.2%) and Investore (IPL, +2.0%) – with KPG's performance driven up in the end of month close. The worst performers were Precinct (PCT, -6.5%) and Goodman (GMT, -6.5%) both falling away in the last week of trading, with PCT's drop off following their interim result.

The February reporting round saw half year updates from four REITs – PCT, Property For Industry (PFI, -0.7%), Vital Healthcare (VHP, -0.8%) and Winton (WIN, 0.0%). The most salient aspects of the results were weaker occupancy / activity levels in their portfolios which alongside interest expenses that appear to have peaked and valuations that may have bottomed we hope represents the bottom of this property cycle.

Millenium & Copthorne Hotels (MCK, +12.8%) who we noted received a takeover offer last month performed strongly on the back of the independent directors' report which recommended against the offer given an independent valuation range of \$4.40 to \$5.00 per share. However, it's worth noting the stock has fallen back to the \$2.25 offer price due to speculation about the bidding company.

## Salt Enhanced Property Fund Commentary

The Fund had a very good month to outperform our NZ benchmark by 114 basis points. The return to investors in the month was a decline of -1.68%.

Significant performance contributors were GDI Property (GDI, +2.6%) and Servcorp (SRV, +4.1%) with solid gains compared to the decline in the overall A-REIT index. As expected, our handful of short positions in Australia added value, and pleasingly so did a couple of large-cap longs. We also benefited from being underweight the two worst performers in the NZ market.

There were no notable underperformers, however we did reprice our small position in Elanor (ENN) to reflect the ongoing impact of higher interest expenses while it continues to sell down assets in order to reset its balance sheet.

At time of writing, we estimate that the Fund offers a year-ahead gross dividend yield of 7.0% to a NZ investor.



Nicholas Falconer, Co-Portfolio Manager, MBA