Salt Investment Funds

Statement of Investment Policy and Objectives (SIPO)

22 December 2020

Issued by: Salt Investment Funds Limited

The commencement date for this SIPO is 22 December 2020 and the most current version is available on the Disclose Register at www.disclose-register.companiesoffice.govt.nz.

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1. DESCRIPTION OF THE SCHEME AND FUNDS

Overview

The Salt Investment Funds ("Scheme") is a managed investment scheme registered under the Financial Markets Conduct Act 2013 ("FMCA"). The Scheme was established pursuant to a Master Trust Deed dated 16 April 2014 (as amended from time to time).

Each of the following funds have been established within the Scheme ("Funds") by way of a separate Establishment Deed dated as follows (as amended from time to time):

- Salt Long Short Fund: 16 April 2014
- Salt Enhanced Property Fund: 16 April 2014
- Salt NZ Dividend Appreciation Fund: 16 April 2014
- Salt Core NZ Shares Fund: 16 September 2020.
- Salt Sustainable Income Fund: 22 December 2020
- Salt Sustainable Growth Fund: 22 December 2020
- Salt Sustainable Global Shares Fund: 22 December 2020
- Salt Sustainable Global Listed Infrastructure Fund: 22 December 2020
- Salt Sustainable Global Listed Property Fund: 22 December 2020

Each Fund is a multi-rate portfolio investment entity ("PIE") for tax purposes. As each Fund is a separate trust, the assets of one Fund cannot be used to meet the liabilities of another Fund.

Salt Investment Funds Limited is the licensed manager of the Scheme. The Manager is a wholly owned subsidiary of Salt Funds Management Limited ("Salt") and all resources the Manager needs to carry out its functions are provided to it by Salt under a written Management Support Agreement. We have outsourced administration services in respect of the Scheme to MMC Limited ("MMC") and have appointed Salt as investment manager for the Funds in the Scheme.

Investment Philosophy

We and Salt are active managers. Our shared investment philosophy is centred on the belief that market inefficiencies exist that can be exploited over time to deliver superior risk-adjusted returns. This philosophy is based on the belief that the value of any financial asset is the net present value of some measure of future cash flows, discounted appropriately and that observed prices will often differ from this value and provide both near and long-term trading and investment opportunities.

Salt is the investment manager for the Funds. However, for global investment strategies we contract some or all of the underlying investment management services to global investment managers that are experts in their fields. We select and appoint these managers because we believe that they have proven track records and share similar investment philosophies and beliefs to us. Please see "Underlying investment managers" in section 4 for more information on who we have appointed.

Investment Objectives of the Scheme

Each Fund has its own investment objectives and strategy, as set out in the Schedules to this SIPO.

2. INVESTMENT POLICIES

Outlined below are the key investment policies that the Funds adhere to.

Hedging

Changes in foreign exchange rates relative to the New Zealand dollar introduces volatility in the valuations of those investments which the Funds might hold in currencies other than the New Zealand dollar. To reduce this volatility, the Funds may hedge their overseas assets. The Funds may be fully, partially or completely unhedged at Salt's discretion.

Derivatives

Derivatives are used as an important part of effective portfolio management. The use of derivatives is multifaceted and includes hedging in order to manage overall risk; achieving best execution of transactions and reducing overall transactions costs; and achieving asset exposures in an efficient manner. Because they form part of the Funds' investment processes, derivatives may not be used where this would result in a conflict with the Funds' governing documents or this SIPO.

Liquidity and cash flow management

Each Fund maintains an appropriate level of liquid assets, including cash, in order to manage daily redemption flows from investors and ongoing expenses. The Manager has determined that the investment limits for cash or cash equivalents for each Fund (as set out in the Schedules) provides an adequate level of liquidity to meet these demands.

Leverage

The Funds do not intend to borrow money unless for settlement purposes. Leverage will only occur through the use of short selling and derivatives (for the Salt Long Short Fund and Salt Enhanced Property Fund). Any borrowing will be in accordance with any limits set out in, and the requirements of, the Master Trust Deed and relevant Establishment Deed.

Trade allocation and execution

Salt's Trade Execution Policy incorporates the general principles of fiduciary duty relating to dealing and the allocation of trades across client accounts and supplements other client and contractual guidelines, compliance procedures and legal and/or regulatory restrictions which may apply. Salt must act in the best interests of clients. This means that all clients should be treated fairly and equitably when trading for their portfolios, with respect to priority of execution of orders and in the allocation of trades.

Pricing/Valuation

Pricing and valuation functions are outsourced to the Funds' independent administration manager, MMC. MMC calculate unit prices on every New Zealand business day including regional anniversary days but with the exception of Auckland Anniversary Day. Prices are not calculated on other New Zealand public holidays.

Whilst MMC provides the asset valuations and calculates the unit prices, we retain ultimate responsibility for ensuring that unit prices are determined in accordance with the Fund's Establishment Deed and the Master Trust Deed, and relevant legislation.

Conflicts of interest

A conflict of interest can occur when a staff member, senior manager, Director or any other person engaged by us or Salt has a personal interest in a matter or action connected with the activities of us or Salt. These include but are not limited to areas dealing with trade execution, personal trading, Directorships and gifts and hospitality.

All staff members, Directors and any other persons engaged by us and Salt in a governance capacity in connection with the Funds are required to observe the highest standards of business integrity. This includes ensuring that an individual's position and any information acquired is not used in order to gain an improper advantage or cause detriment to our investors. We have processes and policies in place to help identify and deal with conflicts in an appropriate manner.

Related Party Transactions

We undertake all transactions with related parties of the Scheme in accordance with rules applicable to managed investment schemes under the FMCA. Our Conflicts of Interest and Related Party Transactions Policy outlines how we comply with these obligations.

Taxation

Each Fund is registered as a multi-rate PIE. Taxable income from the Fund is attributed to each unit holder in proportion to the number of units they hold in the Fund. Each unit holder pays tax on the income attributed to them at their advised Prescribed Investor Rate.

Tax is ordinarily deducted by cancelling units equal to the value of the unit holder's tax liability at the end of the income year (that is, after 31 March) or if a unit holder makes a withdrawal or switch to a different Fund, or transfers units to another person (including partial withdrawals, switches, or transfers).

Proxy voting

Salt and the underlying investment managers have Proxy Voting Policies in place. Salt's Policy is designed to reasonably ensure that proxies are voted in the best interests of our clients. We recognize this duty requires voting in a timely manner and make voting decisions that are intended to maximize long-term shareholder value.

Our guiding principles are principle-based rather than rule based and we see proxy votes as an extension of the investment decision. Decisions on how to vote proxies are made on a company-by-company and resolution basis, whilst preserving and increasing the value of the investment in the best interests of our clients.

Responsible Investment

Salt recognises that the generation of long term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems. As a result, the consideration of environmental, social, and governance ("ESG") factors, particularly as they potentially impact on the ability of a company to sustain levels of return over the long term, is integral to the stock specific research undertaken by Salt and the underlying investment managers.

Salt is also a signatory to the UN Principles for Responsible Investing initiative.

3. INVESTMENT PERFORMANCE MONITORING

We regularly monitor the performance of the investment strategies, policies and underlying investment managers appointed.

Investment performance monitoring

Performance of each Fund is measured on an after fees and expenses and before PIE tax basis over 1 month, 3 months, 6 months, year to date, 1 year, 3 years, 5 years and since inception time periods. When a Fund has been in operation for the required time period we will also measure performance over rolling 3 and 5 year time periods. For periods longer than 1 year, we measure each Fund's performance on annualised basis.

The Fund's performance over these periods is monitored against its benchmark and on an absolute basis by the Salt Investment Committee. The performance of all Funds is made publicly available on Salt's website at www.saltfunds.co.nz.

Underlying investment manager performance monitoring

The performance of each underlying investment manager is reviewed every month, relative to agreed objectives. The review looks at performance over short and longer time periods.

4. INVESTMENT STRATEGY

Salt's Investment Committee, which consists of Salt's Portfolio Managers (who are also the Directors of SIFL) and the Chief Investment Officer hold formal meetings on a quarterly basis where each Fund's investment strategy (including benchmark asset allocation ranges, where relevant), underlying investment manager, and performance is reviewed. Informal reviews occur on a regular basis amongst members of Salt's investment team.

Underlying Investment Managers

We have appointed underlying investment managers for the Funds, which may change without notice to investors. Investors can contact us for up to date details at any time.

As at the date of this SIPO, the underlying investment managers are:

Fund	***Underlying investment manager***
Salt Long Short Fund	Salt Funds Management Limited
Salt Enhanced Property Fund	Salt Funds Management Limited
Salt NZ Dividend Appreciation Fund	Salt Funds Management Limited
Salt Core NZ Shares Fund	Salt Funds Management Limited
Salt Sustainable Income Fund	Salt Funds Management Limited
Salt Sustainable Growth Fund	Salt Funds Management Limited
Salt Sustainable Global Shares Fund	Morgan Stanley Investment Management (Australia) Pty Limited
Salt Sustainable Global Listed Infrastructure Fund	Cohen and Steers Capital Management Incorporated
Salt Sustainable Global Listed Property Fund	Cohen and Steers Capital Management Incorporated

Salt remains responsible for the investment management of any Fund for which it appoints an underlying investment manager. Salt monitors and reviews the underlying investment managers as outlined in this SIPO, and may replace underlying investment managers from time to time.

Authorised Investments

We agree the authorised investments and investment restrictions with the underlying investment managers, as set out in the Schedules. In addition, the Funds may invest in any other investment, right, interest, obligation or property of any nature we nominate and the Supervisor approves from time to time.

5. SIPO REVIEW

Compliance with the SIPO is monitored on a daily basis by Salt’s Operations and Compliance Team.

Salt’s Investment Committee is responsible for reviewing the SIPO on an ongoing basis and determining whether any changes are required. A formal review is also undertaken by the Investment Committee on an annual basis. Any recommendations are made by the Investment Committee to SIFL’s Board who have final responsibility for approving any amendments. Changes to the regulatory/legal environment or significant adverse market conditions may also result in an ad hoc review of the SIPO.

We will consult with the Supervisor prior to making any changes to the SIPO. If the changes are determined to be material, affected investors will be given at least one month’s prior notice before the changes would take effect.

6. GLOSSARY

"Establishment Deed" means the establishment deed for the relevant Fund.

"FMCA" means Financial Markets Conduct Act 2013.

"Funds" means the funds established within the Scheme and listed in section 1 of this SIPO and "Fund" means whichever of them is relevant in the context.

"Gross equity exposure" means the combined value of the Fund's long positions and short positions expressed as a percentage of the Fund's Net Fund Value. Gross equity exposure provides a measure of the extent to which leverage is being used.

"Investment Committee" means Salt's investment committee.

"Manager", "SIFL", "we", "us" and "our" means Salt Investment Funds Limited, the manager of each Fund, and where the context requires includes Salt.

"Master Trust Deed" means the master trust deed governing the Funds, as amended from time to time.

"MMC" and "Administration Manager" means MMC Limited, the Funds' administration manager.

"Net equity exposure", means the difference between the relevant Fund's long positions and short positions expressed as a percentage of the Fund's Net Fund Value. The Fund has a 'net long' exposure if the percentage amount invested in long positions exceeds the percentage amount invested in short positions, and has a 'net short' exposure if short positions exceed long positions. Net equity exposure is a measure of the extent to which the Fund is exposed to general market movements

"Net Fund Value" means the Fund's net assets, less the aggregate of any accruals for fees and expenses.

"PIE" means portfolio investment entity, a special type of investment vehicle for income tax purposes where tax is usually paid on your behalf at a rate approximating your marginal tax rate.

"Portfolio Manager" means the portfolio manager within Salt responsible for the relevant Fund.

"Salt" means Salt Funds Management Limited, the Manager's parent company and the investment manager of the Funds listed in section 4 of this SIPO.

"Scheme" means the registered managed investment scheme known as the Salt Investment Funds.

"SIPO" means this Statement of Investment Policy and Objectives.

"Supervisor" and "NZGT" means The New Zealand Guardian Trust Company Limited, the supervisor of the Funds.

SCHEDULE 1 SALT LONG SHORT FUND

Investment Objectives

The Fund aims to deliver positive absolute returns in all market environments with low/no correlation to long-only equity indices. In addition to holding "long-only" New Zealand and Australian securities, the Fund may, at our discretion, short sell securities, hold cash, lever its assets and utilise active currency management to generate returns.

The performance benchmark is the Reserve Bank of New Zealand Official Cash Rate +5% p.a. on a rolling three year basis. We believe it is reasonable for investors to judge the Fund's long term performance (after fees and expenses but before tax) against this benchmark as unlike traditional equity investment funds which typically have high net equity exposures, the Fund's typical net equity exposure over time will range between -20% to +50% (although at various points over the investment cycle this could vary markedly with limits being -30% net equity exposure and +60% net equity exposure).

The Fund's low net equity exposure means that it is much less exposed to general market movements and, to a larger degree than traditional equity investment funds, the investment performance of the Fund will depend on Salt's skill in selecting, combining and implementing investment decisions.

Investment Strategy

Investment approach

Based on Salt's research and analysis, they use forecasts to generate their view of the fair value for a company and attractive potential investment opportunities are identified when the share price of a company is well below its fair value (for "long positions") or well above its fair value (for "short positions").

The ability of the Salt Long Short Fund to both buy shares with the objective of selling those shares at a later date and at a higher price to make a profit ("long positions"), and to sell shares ("short sell"), that have been lent to the Fund, with the objective of purchasing those shares at a lower price to make a profit ("short positions") is the key distinguishing feature of the Fund compared to traditional equity investment funds.

See 'Short selling' below for more information on the difference between "long positions" and "short positions".

Short selling

The Fund uses short selling as part of its investment strategy. Short selling involves the sale of a security that a seller, such as the Fund, has borrowed, to be subsequently repurchased in the future. Short selling is undertaken with the belief that the security can be repurchased (and then returned to the lender of the security) at a lower price than it was initially sold for. Short selling differs from "long positions" in that "long positions" are shares which the Fund has bought and owns with the objective of selling at a higher price than the Fund purchased it for. The Fund will make money on "long positions" if the share price increases while it will make money on "short positions" if the share price falls. Conversely, the Fund will lose money on "long positions" if the share price decreases and will lose money on "short positions" if the share price increases in the period before the Fund has to return the borrowed securities.

Since there is no upper limit to a share price, the risk of loss on a short sale is theoretically infinite. Salt employs a number of risk management strategies to mitigate this risk which are explained further under 'Risk management'.

When looking to short sell a security and take on a short position, Salt adheres to a number of philosophies and strategies including:

Poor quality cash-flow and financial leverage

Companies which use aggressive accounting techniques, such that reported earnings differ sharply from the underlying free cash flows that the company actually generates, can be attractive shorts.

Companies with steadily rising debt levels can be attractive short positions regardless of their reported earnings.

Over-priced securities

Companies trading above Salt's assessment of fair value may be attractive short positions but Salt usually requires at least one other market related condition to be present such as an identifiable trigger potentially occurring which will likely negatively impact a company's share price within a specific period.

Management quality and incentives

Management behaviour and decisions invariably follow the incentives that are in place. Management incentives that are not aligned with shareholders' tend to lead to poor future returns for shareholders.

Risk management

The Fund diversifies by holding a wide range of positions to reduce the amount of risk. The number of combined long and short positions at any one time will typically range between 50 to 100 shares (meaning the shares of 50 to 100 different companies). This is not a hard limit and the numbers may be smaller or greater at any point in time.

This diversification:

- recognises any potential liquidity constraints on securities that trade in small volumes;
- avoids significant performance volatility that can arise from having concentrated positions in a small number of securities; and
- recognises that the potential losses on a short position are unlimited if the share price rises.

A short position that Salt believes has a strong chance of being successful will rarely be as large as a long position that Salt also believes has a strong chance of being successful. This manages the risk of the theoretically unlimited losses from short positions.

The Fund manages liquidity risks by calibrating position size to the liquidity of the security.

Salt continually reviews both the long positions and short positions within the Fund to ensure that the reasons why they made the decision to invest in that way still exists.

Long versus short positions

The Fund focuses on investing in a range of both long positions and short positions to benefit from companies which Salt believes will rise in price (with respect to the "longs") or fall in price (with respect to the "shorts").

The Fund's "net equity exposure" is the percentage difference in value between the Fund's long positions and short positions and provides a measure of the Fund's exposure to general market movements. Net equity exposure is calculated as the absolute value of the Fund's long positions minus the absolute value of the Fund's short positions, divided by its Net Fund Value (being its net assets).

It is expected that the Fund's typical average net equity exposure over time will result in a +30% net equity exposure (i.e. the aggregate value of long positions will exceed the aggregate value of short positions by 30% of Net Fund Value). At various points over the investment cycle, this could vary quite markedly, with limits being -30% net equity exposure (i.e. the value of short positions exceed the value of long positions by 30% of Net Fund Value) and +60% net equity exposure (i.e. the value of long positions exceed the value of short positions by 60% of Net Fund Value).

The maximum “gross equity exposure” (the combined value of long positions and short positions) of the Fund taking into account leverage through the use of short-selling and derivatives is 400% of the Fund’s Net Fund Value. Gross equity exposure is calculated as the absolute value of the Fund’s long positions plus the absolute value of the Fund’s short positions, divided by its Net Fund Value. Typical gross equity exposure is intended to be in the 120-200% range. This means that, compared with an unleveraged fund, assuming the Fund had a gross equity exposure of 200% then:

- A 1% increase in return on equity assets held by the Fund will result in a 2% increase in return to investors; and
- A 1% decrease in return on equity assets held by the Fund will result in a 2% decrease in return to investors.

Please note that the above examples have been provided for illustrative purposes only and any assumptions underlying these examples are hypothetical only.

Gross equity exposure will be higher when Salt identifies a large number of investable opportunities and it will be lower when fewer such opportunities can be identified.

The Fund does not borrow money to generate financial leverage. Leverage will only occur through the use of short selling and derivatives.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, capital notes, debt instruments, warrants, options, rights and other securities in corporations listed on the NZX operated by NZX Limited (“NZX”) and/or the Australian Securities Exchange (“ASX”), or if not then listed on the NZX and/or ASX, is (in our reasonable opinion) expected to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related parties; irrespective of whether the scheme, trust, or fund is listed on the NZX and/or ASX;
- cash or cash equivalent securities;
- entering into sub-underwriting arrangements in respect of shares only that will be listed on an exchange managed or administered by the NZX or ASX;
- any other investment, right, interest, obligation or property of any nature we nominate and the Supervisor approves from time to time; and
- stock borrowing, repos, short selling, or other derivative positions taken in respect of the above.

Benchmark Asset Allocation Ranges

The Fund does not have benchmark asset allocations for each asset class, but will invest between the following ranges:

Category	*Minimum (%)*	*Maximum (%)*[3]
Gross equity exposure	0	400
Net equity exposure	-30	60
Unlisted securities[1]	0	5
Cash or cash equivalents[2]	0	100

[1]The Fund can invest in unlisted securities which we reasonably expect to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time) from the date of purchase or subscription. For this purpose, securities acquired in an IPO are treated as listed on the relevant exchange(s).

[2]Includes mark to market position on derivatives (if any).

[3]The ranges are based on Net Fund Value.

Maximum exposure to any single security is 15%.

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

As a result of the Fund's investment strategy involving short selling securities, it has a disclosed target investment mix in the product disclosure statement for the Funds of 30% Australasian equities and 70% cash and cash equivalents. However, these indicate an average value of what might be expected and should be considered as a general guide only. The actual investment mix could vary quite markedly in the normal course of undertaking the Fund's investment strategy.

Suitability

Due to the portfolio construction techniques described above, the Fund's return is unlikely to reflect general equity market performance. To a larger degree than traditional equity investment funds, the investment performance of the Fund will depend on Salt's skill in selecting, combining and implementing investment decisions.

As the Fund actively invests in New Zealand and Australian shares and may short sell securities and lever its assets, subsequent returns may be volatile. This Fund is likely to suit investors who are seeking positive returns from a portfolio of Australian and New Zealand share investments in all market cycles and who have a longer term investment timeframe (at least five years) and are prepared to accept that the Fund's returns can be volatile, most especially over the short term, and in some periods may be negative.

SCHEDULE 2 SALT ENHANCED PROPERTY FUND

Investment Objectives

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, infrastructure, retirement, leisure and other property sectors.

In addition to holding “long-only” New Zealand and Australian property and property-related securities, the Fund may, at our discretion short sell securities, hold cash, lever its assets and utilise active currency management to generate returns.

The Fund’s investment objective is to outperform (after fees and expenses but before tax) the S&P/NZX All Real Estate (Industry Group) Gross Index benchmark over a full market cycle by investing predominantly in New Zealand and Australian property and property-related shares.

Investment Strategy

Investment approach

The Fund’s investment approach incorporates a combination of quantitative and qualitative elements, as outlined below.

Initial (Quantitative) screening

Salt has developed and long employed a proprietary model that calculates a theoretical “fair” risk-adjusted prospective post-tax dividend yield to a New Zealand investor for all stocks in our coverage universe.

This calculated yield is then compared with the actual (real-time) prospective dividend yield on which the stock trades.

The universe of stocks is then ranked in terms of the difference between the actual prospective yield and the theoretical “fair” prospective yield. A large premium of theoretical yield over actual yield points to a potentially attractive investment and vice versa.

The output of the model is a ranking screen, used by the Portfolio Manager as an initial guide to stress test the portfolio. It provides a consistent basis for questioning why the Fund does or does not own a stock. The specification of the model is regularly re-estimated as the independent variables change.

Salt is also acutely aware that the model is only as good as its inputs. Future share price movements often critically depend on how forecasts change and much of Salt’s effort involves understanding the likely direction and magnitude of future forecast changes.

Portfolio construction

The Fund is built combining bottom-up research with appropriate levels of diversification so that the Fund’s return and risk targets are met.

The regression model/ranking screen described above informs Salt’s initial view of each stock, based on the difference between the actual Adjusted Dividend Yield for each stock relative to the yield estimated by the model. The higher the differential between the actual Adjusted Dividend Yield and the model estimate, the higher that company’s implied active position.

The Portfolio Manager has complete discretion and applies a judgmental overlay to adjust recommended positions to reflect other information not explicitly captured. These influences include among other things:

- Likely future forecast changes
- Adjustments for management capability and incentive structures
- Property quality adjustments
- Liquidity
- Corporate activity
- Potential catalysts
- Portfolio risk

Critical in determining a stock's active position (underweight or overweight versus the underlying index) or short position, is the Portfolio Manager's level of conviction around the underlying information and relative valuation of the stock.

The output from this process ensures that high conviction ideas are expressed appropriately within the portfolios (in terms of overweights, underweights and short positions) and enables ongoing monitoring of portfolio positions.

Short selling

The Fund uses short selling as part of its investment strategy. Short selling involves the sale of a security that a seller, such as the Fund, has borrowed, to be subsequently repurchased in the future. Short selling is undertaken with the belief that the security can be repurchased (and then returned to the lender of the security) at a lower price than it was initially sold for. Short selling differs from "long positions" in that "long positions" are shares which the Fund has bought and owns with the objective of selling at a higher price than the Fund purchased it for. The Fund will make money on "long positions" if the share price increases while it will make money on "short positions" if the share price falls. Conversely, the Fund will lose money on "long positions" if the share price decreases and will lose money on "short positions" if the share price increases in the period before the Fund has to return the borrowed securities.

Since there is no upper limit to a share price, the risk of loss on a short sale is theoretically infinite.

Salt employs a number of risk management strategies to mitigate this risk which are explained further under 'Risk Management' below and 'Portfolio Construction' above.

Risk management

The Fund diversifies by holding a wide range of positions to reduce the amount of risk. The number of combined long and short positions at any one time will typically range between 25 to 40 shares (meaning the shares of 25 to 40 different companies). This is not a hard limit and the numbers may be smaller or greater at any point in time.

This diversification:

- recognises any potential liquidity constraints on securities that trade in small volumes;
- avoids significant performance volatility that can arise from having concentrated shorts in a small number of securities; and
- recognises that the potential losses on a short position are unlimited if the share price rises.

A short position that Salt believes has a strong chance of being successful will rarely be as large as a long position that Salt also believes has a strong chance of being successful. This manages the risk of the theoretically unlimited losses from short positions.

The Fund manages liquidity risks by calibrating position size to the liquidity of the security. Salt continually reviews both the long positions and short positions within the Fund to ensure that the reasons why they made the decision to invest in that way still exists.

Long versus short positions

The Fund focuses on investing in a range of both long positions and short positions to benefit from companies which Salt believes will rise in price (with respect to the "longs") or fall in price (with respect to the "shorts").

The Fund's "net equity exposure" is the percentage difference in value between the Fund's long positions and short positions and provides a measure of the Fund's exposure to general market movements. Net equity exposure is calculated as the absolute value of the Fund's long positions minus the absolute value of the Fund's short positions, divided by its Net Fund Value (being its net assets). At various points over the investment cycle, the Fund's net equity exposure may vary within a reasonably confined range, with limits being +70% net equity exposure (i.e. the value of long positions exceed the value of short positions by 70% of Net Fund Value) and +100% net equity exposure (i.e. the value of long positions exceed the value of short positions by 100% of Net Fund Value).

The maximum "gross equity exposure" (the combined value of long positions and short positions) of the Fund taking into account leverage through the use of short-selling and derivatives is 200% of the Fund's Net Fund Value. Gross equity exposure is calculated as the absolute value of the Fund's long positions plus the absolute value of the Fund's short positions, divided by its Net Fund Value. Typical gross equity exposure is intended to be in the 95-150% range. This means that, compared with an unleveraged fund, assuming the Fund had a gross equity exposure of 150% then:

- A 1% increase in return on equity assets held by the Fund will result in a 1.5% increase in return to investors; and
- A 1% decrease in return on equity assets held by the Fund will result in a 1.5% decrease in return to investors.

Please note that the above examples have been provided for illustrative purposes only and any assumptions underlying these examples are hypothetical only.

Gross equity exposure will be higher when Salt identifies a large number of investable opportunities and it will be lower when fewer such opportunities can be identified.

The Fund does not borrow money to generate financial leverage. Leverage will only occur through the use of short selling and derivatives.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, warrants, options, rights and other securities in corporations listed on the NZX and/or the ASX, or if not then listed on the NZX and/or ASX, is (in our reasonable opinion) expected to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons; irrespective of whether the scheme, trust, or fund is listed on the NZX and/or ASX;
- cash or cash equivalent securities;
- entering into sub-underwriting arrangements in respect of shares only that will be listed on an exchange managed or administered by the NZX or ASX;

- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time; and
- stock borrowing, repos, short selling, or other derivative positions taken in respect of the above.

Benchmark Asset Allocation Ranges

The Fund does not have benchmark asset allocations for each asset class, but will invest between the following ranges:

Category	***Minimum (%)***	***Maximum (%)[3]***
Gross equity exposure	70	200
Net equity exposure	70	100
Unlisted securities[1]	0	5
Cash or cash equivalents[2]	0	30

[1]The Fund can invest in unlisted securities which we reasonably expect to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time) from the date of purchase or subscription. For this purpose, securities acquired in an IPO are treated as listed on the relevant exchange(s).

[2]Includes mark to market position on derivatives (if any).

[3]The ranges are based on Net Fund Value.

All equity and unlisted exposures are to NZ and Australian property and property-related shares.

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

As a result of the Fund's investment strategy involving short selling securities, it has a disclosed target investment mix in the product disclosure statement for the Funds of 95% listed property and 5% cash and cash equivalents. However, these indicate an average value of what might be expected and should be considered as a general guide only. The actual investment mix could vary quite markedly in the normal course of undertaking the Fund's investment strategy.

Suitability

Due to the portfolio construction techniques described above, the Fund's return will generate investment returns relative to the underlying benchmark index, although to a larger degree than traditional equity investment funds, the investment performance of the Fund will depend on Salt's skill in selecting, combining and implementing investment decisions.

As the Fund actively invests in New Zealand and Australian property and property related shares, subsequent returns may be volatile. This Fund is likely to suit investors looking to invest into property related shares over a longer term investment timeframe (at least five years) and who are prepared to accept a high degree of volatility.

SCHEDULE 3 SALT NZ DIVIDEND APPRECIATION FUND

Investment Objectives

The Salt NZ Dividend Appreciation Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, pay high and sustainable dividends.

The Fund's investment objective is to outperform (after fees and expenses but before tax) the S&P/NZX 50 Gross Index on a rolling three year basis by investing predominantly in New Zealand shares.

Investment Strategy

The New Zealand Dividend Appreciation Fund's strategy is to invest in stocks listed on the NZX that have high and sustainable dividend yields. Research suggests that stocks with policies of strong and sustained dividends also exhibit future earnings growth and outperform their index benchmarks.

The Fund's investment process has been designed to facilitate selection of stocks such that the overall portfolio generates an above market dividend yield after each stock is qualified through a number of quality and sustainability screens generated by Salt's disciplined research effort. It is important to note that the strategy is not intended to generate the highest possible yield. It is intended to generate a high and sustainable dividend yield.

The investment process is summarized below:

Relative dividend forecast

The investment process begins by forecasting each security's dividend yield relative to the yield of the S&P/NZX 50 Gross Index benchmark. These typically use Salt's proprietary in-house modelling of individual companies and these are cross-checked versus consensus to understand the reasons for any material differences.

The Salt Scoring System

These initial portfolio overweight and underweight positions are subjected to a quality assessment according to Salt's proprietary Salt Scoring System. This process undertakes a detailed and systematic investigation of every NZX 50 company on the basis that long term share price outperformance is a product of superior management and industry structure that is supportive of sustainable excess returns. This robust scoring system assigns a numerical measure on the mix of qualitative and quantitative inputs and provides a framework for Salt to rank stocks within the universe and for Salt to constantly assess the Fund's position.

Dividend policy analysis

The Fund is then subjected to in-depth dividend policy analysis.

Dividend payout ratio

The first analysis is around the dividend payout ratio, to assess whether the company's dividend is sustainable.

Relative industry riskiness

This tests how the company's dividend policy relates to the riskiness of the industry that it operates in. Salt does this by relating the payout ratio to the asset beta of the company (i.e. the de-geared equity beta). Intuitively, for example, an airline should have a much lower payout ratio than an electricity utility. This hurdle also implicitly accounts for the wider band of uncertainty around future dividend forecasts for companies in more risky industries.

Qualitative overlay

This includes adjusting for dated or misleading consensus dividend forecasts and also for imperfect correlations between a firm's index weight and its liquidity. The Fund is scalable and takes care to avoid unacceptable liquidity risk.

Portfolio construction & risk analysis

Portfolio construction is the point at which Salt determines final weightings for all security holdings. The Portfolio Manager has clear responsibility for portfolio construction and gives due consideration to the following key metrics and risks.

Portfolio weightings

Portfolio construction is the responsibility of the Portfolio Manager. The portfolio is built combining bottom-up research with appropriate levels of diversification so that the portfolio's return and risk targets are met.

The fundamental view of each stock is systematically reflected in the portfolio by relating the Investment Score for each stock to its portfolio weight. The higher the individual company score, the higher that company's implied active position. The Portfolio Manager has complete discretion to adjust this recommended position to reflect any information about the stock that is yet to be incorporated into the score. These influences include among other things adjustments for liquidity, corporate activity, potential catalysts and portfolio risk.

Portfolio construction is reviewed at regular investment research meetings where the Portfolio Manager subjects the portfolio to peer review and ensures the portfolio supports the analysts' latest information and recommendations.

The Fund does not intend to borrow money unless for settlement purposes.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, warrants, options, rights and other securities in corporations listed on the NZX, or dual-listed on the NZX and the ASX, or if not then listed on the NZX or dual-listed on the NZX and ASX, is (in our reasonable opinion) expected to be listed on the NZX or dual-listed on the NZX and ASX within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons; irrespective of whether the scheme, trust, or fund is listed on the NZX or dual-listed on the NZX and ASX;
- cash or cash equivalent securities;
- entering into sub-underwriting arrangements in respect of shares only that will be listed on an exchange managed or administered by the NZX or ASX; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	***Benchmark Asset Allocation (%)***	***Range (%)[3]***
NZ Shares[1]	100	95-100
Unlisted securities[2]	0	0-5
Cash or cash equivalents[4]	0	0-5

[1]NZ Shares are authorised investments falling into the first category listed in the 'Authorised Investments' section above which are either listed on the NZX or dual-listed on the NZX and the ASX.

[2]The Fund can invest in unlisted securities which we reasonably expect to be listed on the NZX or dual-listed on the NZX and ASX within one year (or such longer period as we determine is reasonable from time to time) from the date of purchase or subscription. For this purpose, securities acquired in an IPO are treated as listed on the relevant exchange(s).

[3]The ranges are based on Net Fund Value.

[4]Includes mark to market position on derivatives (if any).

The allowable range for any individual company is +/- 8% relative to its benchmark weight in the S&P/NZX 50 Index.

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

As the Fund actively invests in New Zealand shares subsequent returns may be volatile. This Fund is likely to suit investors wanting to diversify their NZ share exposure with a focus on companies that pay high sustainable dividends. It will also suit investors who have a longer term investment timeframe (at least five years) and who are prepared to accept a high degree of volatility.

SCHEDULE 4 SALT CORE NZ SHARES FUND

Investment Objectives

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 objective is to outperform (after fees and expenses but before tax) the S&P/NZX 50 Gross Index on a rolling three year basis by investing predominantly in New Zealand shares but with the ability to invest opportunistically in Australian shares.

Investment Strategy

The Salt Core NZ Shares Fund's strategy is to invest in a diversified portfolio of actively managed shares, primarily comprising listed New Zealand shares with discretion to diversify the portfolio by investing into listed Australian shares where alpha generating opportunities have been identified on an opportunistic basis.

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.

The process essentially involves two stages:

1. **Stock specific research** – aimed at generating an assessment as to the intrinsic value of a company, and comparing that value with the current market price, so as to both initially identify and subsequently monitor investment opportunities; and
2. **Stock ranking** - via the "Salt Scoring System", a process that in real time systematically ranks stocks within our coverage universe according to their assessed relative attractiveness.

Stock Specific Research

Salt employs a team of experienced and qualified research analysts which has a mix of both sell-side and buy-side experience, whose task, along with our Head of Data Science, is to analyse and value companies within our coverage universe. As a key input into this process, Salt analysts undertake a regular contact schedule with the management of listed companies, their competitors, customers and suppliers. We also have strong broker relationships which enable us to garner the information that their research teams generate and to understand the context for their views.

Our research efforts concentrate on modelling the future financial performance of companies under coverage. We believe this is critical in providing the requisite insight to properly understand a company and its value. We use a proprietary, integrated financial / valuation model as the basis for our stock specific research. Our Discounted Cashflow-derived fair value estimates are further stress-tested using a combination of industry-specific and conventional measures.

The Salt Scoring System

These initial positions are subjected to a quality assessment according to Salt's proprietary Salt Scoring System. This process undertakes a detailed and systematic investigation of a company on the basis that long term share price outperformance is a product of superior management and industry structure that is supportive of sustainable excess returns. This robust scoring system assigns a numerical measure on the mix of qualitative and quantitative inputs and provides a framework for Salt to rank stocks within the universe and for Salt to constantly assess the Fund's position.

Qualitative overlay

This includes adjusting for dated or misleading consensus forecasts and also for imperfect correlations between a firm's index weight and its liquidity. The Fund is scalable and takes care to avoid unacceptable liquidity risk.

Portfolio construction & risk analysis

Portfolio construction is the point at which Salt determines final weightings for all security holdings. The Portfolio Manager has clear responsibility for portfolio construction and gives due consideration to the following key metrics and risks.

Portfolio weightings

Portfolio construction is the responsibility of the Portfolio Manager. The portfolio is built combining bottom-up research with appropriate levels of diversification so that the portfolio's return and risk targets are met.

The fundamental view of each stock is systematically reflected in the portfolio by relating the Investment Score for each stock to its portfolio weight. The higher the individual company score, the higher that company's implied active position. The Portfolio Manager has complete discretion to adjust this recommended position to reflect any information about the stock that is yet to be incorporated into the score. These influences include among other things adjustments for liquidity, corporate activity, potential catalysts and portfolio risk.

Portfolio construction is reviewed at regular investment research meetings where the Portfolio Manager subjects the portfolio to peer review and ensures the portfolio supports the analysts' latest information and recommendations.

The Fund does not intend to borrow money unless for settlement purposes.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, warrants, options, rights and other securities in corporations listed on the NZX and/or the ASX, or if not then listed on the NZX and/or ASX, is (in our reasonable opinion) expected to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons; irrespective of whether the scheme, trust, or fund is listed on the NZX and/or ASX;
- cash or cash equivalent securities;
- entering into sub-underwriting arrangements in respect of shares only that will be listed on an exchange managed or administered by the NZX and/or ASX; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	***Benchmark Asset Allocation (%)***	***Range (%)[4]***
NZ Shares[1]	100	50-100
Australian Shares[2]	0	0-50
Unlisted securities[3]	0	0-3
Cash or cash equivalents[5]	0	0-20

[1]NZ Shares are authorised investments falling into the first category listed in the 'Authorised Investments' section above which are either listed on the NZX or dual-listed on the NZX and the ASX.

[2]Australian Shares are authorised investments falling into the first category listed in the 'Authorised Investments' section above which are listed on the ASX (other than those dual-listed on the NZX and the ASX).

[3]The Fund can invest in unlisted securities which we reasonably expect to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time) from the date of purchase or subscription. For this purpose, securities acquired in an IPO are treated as listed on the relevant exchange(s).

[4]The ranges are based on Net Fund Value

[5]Includes mark to market position on derivatives (if any).

The allowable range for any individual company is +/- 8% relative to its benchmark weight in the S&P/NZX 50 Index or S&P/ASX 200 index.

The minimum number of stocks is 15.

Stock lending is not permitted.

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

As the Fund actively invests in New Zealand shares subsequent returns may be volatile. This Fund is likely to suit investors wanting to gain a broad exposure to the total return of NZ shares. It will also suit investors who have a longer term investment timeframe (at least five years) and who are prepared to accept a high degree of volatility.

SCHEDULE 5 SALT SUSTAINABLE INCOME FUND

Investment Objectives

The Fund aims to provide a gross fixed quarterly income (after fees and expenses but before tax) in excess of bank deposit rates, along with a positive return on capital on a rolling three year basis. To achieve this, the Fund targets a diversified mix of growth and defensive assets, with a focus on securities with strong Environmental, Social and Governance credentials and reliable income generation.

The Fund also aims to maximise the amount of the quarterly distribution payments by outperforming, over the medium term, the weighted average return of the market indices used to measure performance of the underlying funds/assets in which the Fund invests.

Investment Strategy

The Fund's strategy is to invest in a diversified mix of growth and defensive assets with an aim to provide regular income along with a positive return on capital on a rolling three year basis. Payment of a fixed quarterly distribution is delivered by actively managing a diversified range of income-producing assets such as fixed interest securities, corporate bonds, equities, property and infrastructure securities. Environmental, Social and Governance characteristics are integrated into the investment process.

Currency forwards may be used to hedge currency exposure for defensive purposes only.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, warrants, options, rights and other securities in corporations listed on the NZX and/or the ASX, or if not then listed on the NZX and/or ASX, is (in our reasonable opinion) expected to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- fixed interest securities;
- listed property securities;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons; irrespective of whether the scheme, trust, or fund is listed on the NZX and/or ASX;
- cash or cash equivalent securities;
- entering into sub-underwriting arrangements in respect of shares only that will be listed on an exchange managed or administered by the NZX and/or ASX; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	*Benchmark Asset Allocation (%)*	*Range (%)*[2]	*Benchmark Index*
New Zealand Fixed Interest	20	5-35	5% Bloomberg NZ Bond Infl 0+ Year Index 15% Bloomberg NZ Bond Credit 0+ Year Index
International Fixed Interest	15	0-30	15% Bloomberg Barclays Global Aggregate Corporate
Australasian Shares[1]	30	15-45	20% S&P/NZX50 Gross Index (including imputation credits) 10% S&P/ASX 200 Accumulation Index
Global Listed Property	15	0-30	10% FTSE EPRA/NAREIT Developed Total Return Index with net dividends reinvested 5% S&P/NZX All Real Estate (Industry Group) Gross with Imputation Index
Global Listed Infrastructure[3]	15	0-30	15% FTSE Global Core Infrastructure 50/50 Net Tax Index – hedged in New Zealand dollars
Cash or cash equivalents[4]	5	0-20	5% Bloomberg NZ Bond Bank Bill Index

[1]Australasian Shares are authorised investments falling into the first category listed in the 'Authorised Investments' section above which are listed on the NZX and/or the ASX.

[2]The ranges are based on Net Fund Value.

[3]This asset class is described in the Funds' product disclosure statement as 'international equities'.

[4]Includes mark to market position on derivatives (if any).

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

As the Fund actively invests in a diversified mix of defensive and growth assets returns are expected to be less volatile than NZ Shares. This Fund is likely to suit investors wanting regular quarterly income. It will also suit investors who have a medium investment timeframe (at least three years) and who are prepared to accept a medium degree of volatility.

SCHEDULE 6 SALT SUSTAINABLE GROWTH FUND

Investment Objectives

The Fund aims to provide a total return (after fees and expenses but before tax) above the Reserve Bank of New Zealand's Consumer Price Index + 5% benchmark on a rolling five year basis. To achieve this, the Fund targets a diversified mix of growth and defensive assets, with a focus on securities with strong Environmental, Social and Governance credentials.

The Fund also aims to maximise its total return by outperforming, over the long term, the weighted average return of the market indices used to measure performance of the underlying funds/assets in which the Fund invests.

Investment Strategy

The Fund's strategy is to invest in a diversified mix of growth and defensive assets with an aim to provide a positive return on capital on a rolling five year basis. Environmental, Social and Governance characteristics are integrated into the investment process.

Currency forwards may be used to hedge currency exposure for defensive purposes only.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, warrants, options, rights and other securities in corporations listed on the NZX and/or the ASX, or if not then listed on the NZX and/or ASX, is (in our reasonable opinion) expected to be listed on the NZX and/or ASX within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- ordinary shares, ordinary units, stapled securities, preference shares, convertible and converting notes, warrants, options, rights and other securities in corporations listed on international sharemarkets;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- fixed interest securities;
- listed property securities;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons; irrespective of whether the scheme, trust, or fund is listed on the NZX and/or ASX;
- cash or cash equivalent securities;
- entering into sub-underwriting arrangements in respect of shares only that will be listed on an exchange managed or administered by the NZX and/or ASX; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	*Benchmark Asset Allocation (%)*	*Range (%)[2]*	*Benchmark Index*
New Zealand Fixed Interest	10	0-25	2.5% Bloomberg NZ Bond Infl 0+ Year Index 7.5% Bloomberg NZ Bond Credit 0+ Year Index
International Fixed Interest	5	0-20	5% Bloomberg Barclays Global Aggregate Corporate
Australasian Shares[1]	25	10-40	17% S&P/NZX50 Gross Index 8% S&P/ASX 200 Accumulation Index
International Shares	35	20-50	35% MSCI All Country World Index with net dividends reinvested
Global Listed Property	10	0-25	5% FTSE EPRA/NAREIT Developed Total Return Index with net dividends reinvested 5% S&P/NZX All Real Estate (Industry Group) Gross with Imputation Index
Global Listed Infrastructure[3]	10	0-25	10% FTSE Global Core Infrastructure 50/50 Net Tax Index – hedged in New Zealand dollars
Alternatives	0	0-15	Reserve Bank of New Zealand Official Cash Rate +5%
Cash or cash equivalents[4]	5	0-10	5% Bloomberg NZ Bond Bank Bill Index

[1]Australasian Shares are authorised investments falling into the first category listed in the 'Authorised Investments' section above which are either listed on the NZX and/or the ASX.

[2]The ranges are based on Net Fund Value.

[3]In the Funds' product disclosure statement, this asset class is included in 'international equities'.

[4]Includes mark to market position on derivatives (if any).

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

As the Fund actively invests in a diversified mix of growth and defensive assets, returns are expected to be less volatile than NZ Shares but more volatile than the Sustainable Income Fund. This Fund is likely to suit investors wanting capital growth. It will also suit investors who have a long term investment timeframe (at least five years) and who are prepared to accept a medium to high degree of volatility.

SCHEDULE 7 SALT SUSTAINABLE GLOBAL SHARES FUND

Investment Objectives

The Fund's investment objective is to outperform (after fees and expenses but before tax) the MSCI World (Net) Index in New Zealand dollars on a rolling three year basis. To achieve this, the Fund targets a portfolio of global companies with high total return potential and high Environmental, Social and Governance (ESG) factor scores. The strategy seeks to provide attractive long-term returns with less long-term volatility than the broader market by reducing the risks associated with poor ESG outcomes. The Fund will seek to achieve its investment objective by investing primarily in equity securities, including depositary receipts, of issuers located in any jurisdiction.

The Fund is a concentrated global equity strategy that typically invests in 25-50 high-quality companies trading at reasonable valuations, that can sustain their high returns on operating capital over the long term. The Fund's intention is to have a lower carbon impact and perform better on ESG factors, relative to broad equity indices such as the MSCI World Index.

Currency forwards may be used to hedge currency exposure for defensive purposes only. However, the current policy is for the Fund's foreign currency exposure to be unhedged.

Investment Strategy

The Fund's strategy is based on the belief that owning high-quality companies can achieve sustainable high returns over the long term. When selecting companies to invest in, material social and environmental risks to the sustainability of these high returns need to be anticipated, acknowledged and assessed. The Fund will not knowingly invest in any company whose core business activity (more than 10% of a company's revenues) involves tobacco, alcohol, adult entertainment, gambling, gas and electric utilities, bulk commodities including fossil fuels, civilian firearms and weapons.

Investment Process

The Fund seeks to invest in a concentrated portfolio of high quality companies. This can be defined as companies that are considered to have dominant business franchises characterised by sustainable, high returns on their operating capital generated by powerful intangible assets including brands, networks, licences and patents, and pricing power.

As part of the effort to ensure sustainability of returns, the investment process first starts with excluding companies from its investment universe that do not meet its ESG objectives (refer to Investment Restrictions in the 'Authorised Investments' section below for more details.).

Portfolio construction and risk analysis

The Fund will typically hold between 25 and 50 stocks.

The benchmark for reporting purposes is the MSCI World (Net) Index in New Zealand dollars.

The Fund may invest outside the index given the absolute risk approach to portfolio construction and the benchmark is not used as a portfolio construction tool.

Sector and industry weights are solely a residual of bottom-up stock selection process. While there are no limits on sector weights relative to the benchmark, industry weights are typically restricted to 25% of the total portfolio.

Individual stock positions are limited to no more than 10% of the portfolio.

Currency forwards may be used to hedge currency exposure for defensive purposes only.

Cash is not used to generate returns and the Fund will be fully invested with a typical residual cash position of approximately 2% to 5%.

Given the long-term investment horizon associated with investing in high quality compounders, turnover is expected to be relatively low, averaging approximately 20-30% per year.

Authorised Investments

The authorised investments for this Fund are:

- ordinary shares, ordinary units, stapled securities, preference shares, depositary receipts, convertible and converting notes, warrants, options, rights and other securities in corporations listed on global sharemarkets (including those in Australia and New Zealand), or if not then listed on global sharemarkets, is (in our reasonable opinion) expected to be listed on a sharemarket within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- equity securities of companies located in emerging markets, including China A-Shares via Stock Connect, preference shares, debt securities convertible into common shares or preference shares, warrants on securities and other equity linked securities;
- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons;
- cash or cash equivalent securities; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Investment restrictions

- We screen out industries classified as Tobacco; Brewers; Distillers & Vintners; Casinos & Gambling; Energy; Metals & Mining and Utilities (excluding Renewable Electricity & Water Utilities) or whose core business activity involves the following:

    - Tobacco;
    - Alcohol;
    - Adult Entertainment;
    - Gambling;
    - Gas and electric utilities;
    - Bulk commodities (including but not limited to fossil fuels such as oil, gas and coal as well as metals and mining);
    - Civilian Firearms; or
    - Weapons.

    For the purposes of this investment restriction, a “core business activity” is one that accounts for more than 10% of the relevant company’s revenue.

- The Fund will not invest in any company that has been excluded from the MSCI World ex Controversial Weapons Index due to its involvement with controversial weapons, as defined by that index.
- The Fund may invest no more than 10% of its net assets in China A-Shares via Stock Connect.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	***Benchmark Asset Allocation (%)***	***Range (%)[1]***
Global Shares[2]	100	95-100
Cash or cash equivalents[3]	0	0-5

[1]The ranges are based on Net Fund Value.

[2]This asset class is described in the Funds' product disclosure statement as 'international and Australasian equities'.

[3]Includes mark to market position on derivatives (if any).

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

In light of the Fund's investment objective it may be appropriate for investors who:

- seek to invest in equity securities;
- seek capital appreciation over the medium to long term;
- seek income whether in the form of capital appreciation or distributions.

SCHEDULE 8 SALT SUSTAINABLE GLOBAL LISTED INFRASTRUCTURE FUND

Investment Objectives

The Fund's investment objective is to exceed the total return of its benchmark, the FTSE Global Core Infrastructure 50/50 Net Tax Index in New Zealand dollars (after fees and expenses but before tax) on a rolling three year basis. The Fund seeks to achieve this objective by targeting investing at least 80% of its net assets in common stock and other equity securities issued by infrastructure companies worldwide,(which consist of utilities, pipelines, toll roads, airports, railroads, marine ports, telecommunications companies and other infrastructure companies), with strong Environmental, Social and Governance (ESG) credentials.

ESG analysis is an integral part of the investment process with distinct ESG factors relevant to each sector analysed in an effort to identify potential value and mitigate risks. Further insight is gained and positive change is driven though active engagement.

Investment Strategy

The Fund utilises a balance of top-down industry sector research and bottom-up company specific analysis to select investments in publicly traded infrastructure companies that are expected to provide the beneficial investment characteristics of private infrastructure ownership with the added features of liquidity, transparency, diversification and daily market pricing.

Investment Process

- Firstly, the investment process identifies the core global infrastructure investment universe of companies that exhibit the key infrastructure characteristics sought—stable cash flows, largely regulated and monopolistic businesses, and high barriers to entry.
- Then a proprietary macro sector overlay, which ranks the attractiveness of the infrastructure subsectors based on several key drivers, is applied to determine sub-sector positioning.
- Fundamental research is carried out to develop projections for each company's earnings, cash flow and dividend growth potential. Proprietary valuation models are created in order to quantify relative value within each subsector, using the most appropriate valuation metrics for the respective subsector.
- The relevant ESG factors and weights are determined for each sector and company to generate ESG scores. ESG scores are then incorporated into investment decisions with adjustments made to cash flow forecasts and discount rates to reflect the assessed risks.
- Security level weightings are determined using the output of the fundamental research and valuation models.

Authorised Investments

The authorised investments for this Fund are:

- common and preferred stock, corporate debt obligations, depositary receipts and hybrid securities such as rights or warrants to purchase common stock, convertible debt and convertible preferred stock (either exchange-listed or over-the-counter) and other securities in corporations listed on global sharemarkets (including those in Australia and New Zealand), or if not then listed on global sharemarkets, is (in our reasonable opinion) expected to be listed on a sharemarket within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- publicly listed exchange-traded funds (ETFs) for temporary or opportunistic deployments of cash to gain broad exposure to benchmark-related equity markets while maintaining liquidity or building portfolio positions;

- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons;
- cash or cash equivalent securities; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Investment restrictions

- The Fund may invest in any constituent of the FTSE Global Core Infrastructure 50/50 Net Tax Index benchmark, but may also invest in other securities that otherwise meet the criteria of these restrictions and guidelines;
- There are no limits on investment in securities of companies domiciled primarily in developed countries (as defined by the MSCI World Index), except as otherwise specified in these restrictions;
- Securities of issuers domiciled in emerging market countries (as defined by the MSCI Emerging Markets Index) will not exceed 15% of the portfolio's total assets. Investment in companies that are domiciled in non-emerging market countries that have economic exposure to emerging markets will not be subject to this limitation;
- Investments in depositary receipts will be treated as equivalent to the underlying securities that such instruments represent, so that investment in depositary receipts will be allowed to the extent investment in the underlying security is permissible;
- The Fund may have a maximum investment of 5% in illiquid securities, including but not limited to privately placed, restricted, and unregistered securities. For this purpose, illiquid securities include, among others, securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. Securities that have legal or contractual restrictions on resale but have a readily available market, including many securities traded among institutional investors, are not deemed illiquid for purposes of this limitation. Illiquid investments may include investment in infrastructure companies that the underlying investment manager expects to become publicly listed within 12 months of purchase;
- No single security shall comprise the greater of 10% of the total Fund or 2x the security's weight in the Fund's benchmark, unless this is the result of share price appreciation;
- The Fund will typically under normal circumstances be (but is not required to be) fully invested with less than 5% cash or cash equivalents;
- Leverage, either directly through borrowing or indirectly through derivatives, is not allowed;
- The Fund's foreign currency exposure is fully hedged back to New Zealand dollars;
- The Fund will typically (but is not required to) hold a minimum of 20 securities;
- Short sales are not allowed.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	*Benchmark Asset Allocation (%)*	*Range (%)[3]*
Listed Infrastructure Securities[1]	100	95-100
Emerging market securities	0	0-15
Unlisted securities[2]	0	0-5
Cash or cash equivalents[4]	0	0-5

[1]This asset class is included in 'international and Australasian equities' in the Funds' product disclosure statement.

[2]The Fund can invest in unlisted securities which the underlying investment manager reasonably expects to be listed on a global sharemarket within one year (or such longer period as underlying investment manager determines is reasonable from time to time) from the date of purchase or subscription. For this purpose, securities acquired in an IPO are treated as listed on the relevant exchange(s). This asset class is included in 'international equities' in the Funds' product disclosure statement.

[3]The ranges are based on Net Fund Value.

[4]Includes mark to market position on derivatives (if any).

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

In light of the Fund's investment objective it may be appropriate for investors who:

- seek medium level capital growth through exposure to infrastructure-related equity securities worldwide;
- seek capital appreciation over the long term;
- seek income whether in the form of capital appreciation or distributions; and
- should be able to tolerate medium to high risk, including stock market volatility and loss of capital.

SCHEDULE 9 SALT SUSTAINABLE GLOBAL LISTED PROPERTY FUND

Investment Objectives

The Fund's investment objective is to exceed the total return of its benchmark, the FTSE EPRA/NAREIT Developed Index Net Total Return Index (after fees and expenses but before tax), on a rolling three year basis. The Fund will seek to achieve the maximum risk adjusted total return.

The Fund seeks to achieve this objective by targeting a diversified portfolio of Real Estate Investment Trusts (REITs) and other publicly traded real estate companies located around the world, including both developed and emerging markets with strong Environmental, Social, and Governance (EST) credentials.

ESG analysis is an integral part of the investment process with distinct ESG factors relevant to each sector analysed in an effort to identify potential value and mitigate risks. Further insight is gained and positive change is driven though active engagement.

The long-term performance objective of the Fund is to.

Investment Strategy

The Fund applies a research-intensive approach to consistently value global real estate securities. The investment process uses a proprietary valuation model that ranks global real estate securities on price-to-NAV and price-to-dividend discount models, which it believes are the primary determinants of real estate security valuation, and guides country and company weighting decisions. Analysts incorporate both quantitative and qualitative analysis in their estimates, which are the inputs for the model.

The company research process includes an evaluation of management, strategy, property quality, financial strength and corporate structure. The investment team also uses a country macroeconomic framework that guides implementation of country over/underweights and adjusts for unique country stock drivers. Judgments with respect to risk control, diversification, liquidity and other factors overlay the model's output and drive the portfolio managers' investment decisions.

The relevant ESG factors and weights are determined for each sector and company to generate ESG scores. ESG scores are then incorporated into investment decisions with adjustments made to cash flow forecasts and discount rates to reflect the assessed risks.

In the portfolio construction process, the investment team seeks to identify securities in the universe that are undervalued or overvalued. The magnitude of statistical variances is used to assign a recommended target weight for each security at its current price.

Authorised Investments

The authorised investments for this Fund are:

- common and preferred stock, corporate debt obligations, depositary receipts and hybrid securities such as rights or warrants to purchase common stock, convertible debt, convertible preferred stock (either exchange-listed or over-the-counter) and other securities in corporations listed on global sharemarkets (including those in Australia and New Zealand), or if not then listed on global sharemarkets, is (in our reasonable opinion) expected to be listed on a sharemarket within one year (or such longer period as we determine is reasonable from time to time whether generally or in relation to any particular category or case) from the date of purchase or subscription;
- publicly listed exchange-traded funds (ETFs) for temporary or opportunistic deployments of cash to gain broad exposure to benchmark-related equity markets while maintaining liquidity or building portfolio positions;

- derivatives (either exchange traded or over-the-counter) including but not limited to swaps, interest rate and forward rate contracts, forward foreign exchange contracts, options, and futures contracts;
- units and other prescribed interests in unit trusts, managed investment schemes (or funds within managed investment schemes), or other pooled funds that invest in the investments referred to above, including managed investment schemes (or funds within managed investment schemes) or unit trusts managed by us or our related persons;
- cash or cash equivalent securities; and
- any other investment, right, interest, obligation or property of any nature nominated by us and approved by the Supervisor from time to time.

Investment restrictions

- The Fund may invest in any constituent of the FTSE EPRA/NAREIT Developed Index Net Total Return Index benchmark, but may also invest in other securities that otherwise meet the criteria of these restrictions and guidelines, including in emerging market countries (as defined by the MSCI Emerging Markets Index);
- Investments shall be primarily in securities of real estate companies that own income-producing properties or land. For this purpose, a "real estate company" is one that intends to derive at least 50% of its revenue from the ownership, construction, financing, management or sale of commercial, industrial or residential real estate (including property sectors and sub-sectors as defined by NAREIT) or that has at least 50% of its assets in such real estate;
- Investments in depositary receipts will be treated as equivalent to the underlying securities that such instruments represent, so that investment in depositary receipts will be allowed to the extent investment in the underlying security is permissible under these guidelines;
- The Fund may have a maximum investment of 5% in illiquid securities, including but not limited to privately placed, restricted, and unregistered securities. For this purpose, illiquid securities include, among others, securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. Securities that have legal or contractual restrictions on resale but have a readily available market, including many securities traded among institutional investors, are not deemed illiquid for purposes of this limitation. Illiquid investments may include investment in infrastructure companies that the underlying investment manager expects to become publicly listed within 12 months of purchase;
- No single security shall comprise the greater of 10% of the total Fund or 1.5x the security's weight in the Fund's benchmark, unless this is the result of share price appreciation;
- The Fund will typically under normal circumstances be fully invested with less than 5% cash or cash equivalents;
- Leverage, either directly through borrowing or indirectly through derivatives, is not allowed;
- The Fund's foreign currency exposure is fully hedged back to New Zealand dollars;
- The Fund will typically (but is not required to) hold a minimum of 40 securities;
- Short sales are not allowed.

Benchmark Asset Allocation Ranges

The expected benchmark asset allocations are shown below and the Fund will be actively managed within the stated ranges:

Sector	*Benchmark Asset Allocation (%)*	*Range (%)*[2]
Listed Property	100	95-100
Unlisted securities[1]	0	0-5
Cash or cash equivalents[3]	0	0-5

[1]The Fund can invest in unlisted securities which the underlying investment manager reasonably expects to be listed on a global sharemarket within one year (or such longer period as underlying investment manager determines is reasonable from time to time) from the date of purchase or subscription. For this purpose, securities acquired in an IPO are treated as listed on the relevant exchange(s).

[2]The ranges are based on Net Fund Value.

[3]Includes mark to market position on derivatives (if any).

Other than as set out above and in the 'Authorised Investments' section, there are no limits on the proportion of each asset type the Fund may invest in. There are also no limits on the types of investments we can nominate, with the Supervisor's approval, as authorised investments for the Fund.

Suitability

In light of the Fund's investment objective it may be appropriate for investors who:

- seek medium level capital growth through exposure to property-related equity securities worldwide;
- seek capital appreciation over the long term;
- seek income whether in the form of capital appreciation or distributions; and
- should be able to tolerate medium to high risk, including stock market volatility and loss of capital.