

**Salt Listed Funds
Financial Statements
For the year ended 31 March 2021**

Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Salt Listed Funds as at 31 March 2021 and the results for the year ended on that date in accordance with the requirements of the Master Trust Deed dated 12 October 2018.

The directors are of the opinion that the Salt Listed Funds will be able to pay its debts as and when they fall due.

Director

Salt Investment Funds Limited

30 June 2021



Additional Unitholder Information

Notice of Trust Deed Amendment

Under clause 31.2 of the Trust Deed governing the Salt Listed Funds, the Manager, Salt Investment Funds Limited, is required to advise unitholders in summary form of any amendments to the Trust Deed.

There has been no amendment to the Trust Deed during the year covered by the Financial Statements.

Statement of Comprehensive Income

\$		Carbon Fund	
For the year ended 31 March	Note	2021	2020
Income			
Interest income on financial assets at amortised cost		147	1,036
Net foreign currency gain/(loss)		89	-
Net gain/(loss) on financial assets at fair value through profit or loss		<u>2,588,997</u>	<u>(480,996)</u>
Total income/(loss)		<u>2,589,233</u>	<u>(479,960)</u>
Expenses			
Management fees	10.2	80,294	22,746
Other expenses		<u>1,302</u>	<u>77</u>
Total operating expenses		<u>81,596</u>	<u>22,823</u>
Operating profit/(loss) before tax		<u>2,507,637</u>	<u>(502,783)</u>
Tax (expense)/credit	6	<u>(697,608)</u>	<u>140,779</u>
Total comprehensive income/(loss) for the year attributable to Unitholders		<u>1,810,029</u>	<u>(362,004)</u>
Earnings per unit			
Basic and diluted earnings per unit (cents per unit)	7	28.25	(15.40)

These statements are to be read in conjunction with the accompanying notes.

Statement of Change in Net Assets Attributable to Unitholders

\$			Carbon Fund	
For the year ended 31 March	Note	2021	2020	
Net assets attributable to Unitholders at the beginning of the year		4,763,112	1,546,456	
Proceeds from units issued		6,968,863	3,578,660	
Redemption of units		-	-	
Net Increase from transaction In units		6,968,863	3,578,660	
Total comprehensive income/(loss) for the year attributable to Unitholders		1,810,029	(362,004)	
Net assets attributable to Unitholders at the end of the year	5.2	13,542,004	4,763,112	

Units			Carbon Fund	
For the year ended 31 March		2021	2020	
Units on issue at the beginning of the year		4,990,691	1,527,333	
Units issued		5,309,552	3,463,358	
Units redeemed		-	-	
Units on issue at the end of the year		10,300,243	4,990,691	

These statements are to be read in conjunction with the accompanying notes.


Statement of Financial Position

\$ As at 31 March	Note	Carbon Fund 2021	2020
Current assets			
Cash and cash equivalents		814,708	13,424
Financial assets held at fair value through profit or loss	8	13,304,199	4,620,241
Other receivables		-	430
Deferred tax asset		-	133,019
Total assets		14,118,907	4,767,114
Current liabilities			
Related party payables	10.2	12,314	4,002
Deferred income tax liability		564,589	-
Total liabilities		576,903	4,002
Unitholders' Funds		13,542,004	4,763,112


These statements are to be read in conjunction with the accompanying notes.

The Directors of Salt Investment Funds Limited authorised these Financial Statements for issue on 30 June 2021.

Director



Director



Statement of Cash Flows

\$			Carbon Fund	
For the year ended 31 March	Note	2021	2020	
Cash flows from operating activities				
Proceeds from sale of financial assets		-	-	
Purchase of financial assets		(6,094,961)	(3,555,645)	
Interest income received		265	918	
Operating expenses paid		(72,972)	(20,291)	
Net cash (outflow) from operating activities	11	<u>(6,167,668)</u>	<u>(3,575,018)</u>	
Cash flows from financing activities				
Proceeds from units issued		6,968,863	3,578,660	
Net cash inflow from financing activities		<u>6,968,863</u>	<u>3,578,660</u>	
Net increase in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year		801,195	3,642	
Foreign exchange gain/(loss) on cash and cash equivalents		13,424	9,782	
		89	-	
Cash and cash equivalents at the end of the year		<u>814,708</u>	<u>13,424</u>	

These statements are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General information

Reporting Entities

The reporting entity included in these Financial Statements is Salt Listed Funds, consisting of the Carbon Fund, that is referred to throughout these Financial Statements as "The Fund". The Fund is a for-profit fund registered in New Zealand and established under the Financial Markets Conduct Act 2013 ("The Act").

The Fund was created under a Master Trust Deed and an Establishment Deed, both dated 12 October 2018. Salt Investment Funds Limited (the "Manager") and The New Zealand Guardian Trust Company Limited are party to the Deeds. The Fund commenced operations on 8 November 2018.

The Fund's units are quoted on the NZX Main Board operated by NZX Limited (under code "CO2"). The Fund is a managed investment scheme with the aim to provide investors with a total return exposure to movements in the price of Carbon Credits. The Fund has the ability to buy Carbon Credits in emissions trading schemes in New Zealand and offshore. As a result, the Fund may also provide exposure to the price of carbon offshore.

The Fund's investment activities are managed by Salt Investment Funds Limited. The registered office for Salt Investment Funds Limited is Level 3, The Imperial Buildings, 44 Queen Street, Auckland. The Fund is domiciled in New Zealand.

These Financial Statements were authorised for issue by the Board of Directors of the Manager on 30 June 2021.

Statutory Base

The Financial Statements have been prepared in accordance with the Act and the Master Trust Deed.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Master Trust Deed and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The Financial Statements also comply with International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The Financial Statements are prepared for the year end 31 March 2021. Comparative figures are for the year ended 31 March 2020.

Standards and amendments to existing standards effective 1 April 2020 impacting the Fund

There are no standards, amendments to standards or interpretations that are effective for the year beginning on 1 April 2020 that have a material effect on the Financial Statements of the Fund.

2.2 Financial instruments

(a) Classification

Assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or mandatorily measured at fair value in accordance with NZ IFRS 9 *Financial Instruments*. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. As there are no financial instruments designated at fair value upon initial recognition in the Fund, all financial assets measured at fair value are those mandatorily measured at fair value. Financial assets at fair value through profit or loss comprise of Carbon Credits.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include cash at bank.

(b) **Receivables** are amounts representing assets owing to the Fund and may include amounts due for interest and amounts due for securities sold that have been contracted for, but not yet delivered by the end of the accounting year.

Liabilities

(i) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Fund at year end and may include related party fees and amounts due to brokers for purchase of unsettled securities at year end.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.2 Financial instruments (continued)

(b) Recognition, measurement and derecognition

(i) Financial assets at fair value through profit or loss

The Fund recognises financial assets at fair value through profit or loss on the date they become parties to the contractual agreement. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income when they arise.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Any gain or loss arising on derecognition of the financial asset at fair value through profit or loss is included in the Statement of Comprehensive Income in the year the item is derecognised.

(ii) Financial assets and liabilities at amortised cost

The Fund recognises financial assets and liabilities at amortised cost on the date they become parties to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value plus transaction costs (if any).

Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost less any impairment. Any impairment charge is recognised in the Statement of Comprehensive Income. At each reporting date, the Fund measures the loss allowance of all financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12 month expected credit losses. If the credit risk increases to the point that it is considered to be credit impaired, interest income is calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Financial assets at amortised cost are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the Balance Date. The quoted market price used by the Fund is the last traded market price for financial assets where the last traded prices fall within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is derived and determined from quoted prices in markets not considered to be active or, from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, or from inputs that are not based on observable market data. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Valuation techniques used include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.3 Net assets attributable to unitholders

The Fund issues units, which provide the Unitholder with a beneficial equity interest in the Fund. The units are issued based on the Fund's net asset value per unit at the time of issue. As stipulated in the Trust Deed, each unit represents an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are no separate classes of units within the Fund and each unit has the same rights attaching to it as all other units in the Fund.

Applications received for units in the Fund are recorded prior to the issue of units in the Fund. Units are issued at the Unitholder's option at prices based on the Fund's net asset value per unit at the time of issue. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the Unitholders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market price for the purpose of determining the net asset value per unit for subscriptions. The units in the Fund are quoted on the NZX Main Board and investments can be sold through NZX Participants (brokers or financial advisers). Units in the Fund are generally not redeemable for cash.

In accordance with the Trust Deed, the Manager has full discretion as to whether to distribute any net income of the Fund. Although the Manager does not currently intend to make distributions, they may do so in the future, from the income or capital of the Fund.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.4 Investment income

Interest income

Interest income on assets held at amortised cost is included as interest in profit or loss in the Statement of Comprehensive Income on an accruals basis using the effective interest rate method.

Net gains and losses on financial assets at fair value through profit or loss

Realised and unrealised gains and losses are reflected in the Statement of Comprehensive Income as net gain/(loss) on financial assets at fair value through profit or loss. Unrealised gains or losses include the change in net market value of investments held at the end of the reporting period and the reversal of prior periods' unrealised gains or losses on investments that have been realised in the current period. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.5 Expenses

All expenses, including the management fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The functional currency for the Fund is the New Zealand dollar, which reflects the currency in which the Fund competes for funds and is regulated. The Fund's investors are from New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Fund is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Financial Statements are presented in New Zealand dollars, which is also the Fund's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance date.

Foreign exchange gains and losses resulting from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'net foreign currency gain/(loss)'.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within 'Net gain/(loss) on financial assets at fair value through profit and loss'.

2.7 Income tax

The Fund is domiciled in New Zealand and is registered as a listed Portfolio Investment Entity ('PIE').

The Fund is liable for tax at the prevailing company tax rate (28%) on taxable interest and dividends and gains and losses from its investments after the deduction of management fees and other deductible expenses. The Fund pays tax to cover the tax liability in full.

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income.

The current and deferred income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.8 Goods and services tax ("GST")

The Fund is not registered for GST. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated inclusive of GST. All items in the Statement of Financial Position are stated inclusive of GST.

3. Critical accounting estimates and judgements

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates of the carrying value of financial assets and financial liabilities are regularly evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Refer to notes 2.2(c) and 5.3 for further information on fair value estimation. For the Fund's financial instruments, quoted market prices are readily available.

COVID-19 has been a dominating feature of the social economic and market backdrop since the beginning of 2020. A global vaccination program began in early 2021, though vaccination levels remain well short of what is required for "herd immunity". That leaves all countries still vulnerable to a resurgence in the virus. As economies have re-opened the release of pent-up demand has led to supply bottlenecks which is generating a sharp rise in inflation. It remains to be seen whether this inflation is temporary, allowing central banks to look through it, or whether it becomes something more fundamental requiring a monetary response. The COVID experience has also led to a step-change in some key structural trends such as working from home and shopping on line, but it has also led to an increased sense of urgency in the need for action on climate change and sustainability. The effect of COVID on the Funds for the year ending 31 March 2021 was an increase in levels of volatility of investment returns. This was due to higher levels of fluctuations in the prices of the Funds' underlying investments assets.

The financial statements have been prepared based upon conditions existing as at 31 March 2021. For investments classified as level 1 in accordance with NZ IFRS 13 fair value hierarchy, the measurement of these investments was based on quoted market prices or using valuation techniques for which all significant inputs are based on observable market data.

4. Commitments and contingent liabilities

There are no material commitments or material contingencies as at 31 March 2021 (31 March 2020: nil).

Notes to the Financial Statements

5. Financial risk management

5.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, arising from the financial instruments it holds. The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All security investments present a risk loss of capital. The Fund holds only long Carbon Credits where the maximum loss of capital is limited to the fair value of those positions.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

5.1.1 Market risk

(a) Price risk

The Fund is exposed to security price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The table below summarises the sensitivity of the Fund's net assets attributable to Unitholders to Carbon Credit price movements, including the effect of movements in foreign currency exchange rates on security prices, as at 31 March. If the prices of Carbon Credits in which the Fund invest in at the year end had increased or decreased by 5% with all other variables held constant, this would have had the following impact on the Statement of Comprehensive Income and Net Assets attributable to Unitholders:

\$ As at 31 March	Carbon Fund	
	2021	2020
5% increase in Carbon Credit prices	665,210	231,012
5% decrease in Carbon Credit prices	(665,210)	(231,012)

(b) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than New Zealand dollars, the functional currency. Foreign currency risk, as defined in NZ IFRS 7 *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in currencies other than the functional currency fluctuate due to changes in foreign exchange rates. NZ IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However the Manager monitors the exposure on all foreign currency denominated assets and liabilities.

At the balance date the Fund had no foreign currency exposure due to holdings of monetary assets and liabilities (31 March 2020: nil).

(c) Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund may hold cash and cash equivalents that expose the Fund to cash flow interest rate risk. The interest rate risk arising from these investments is managed by the Manager.

The table below summarises the sensitivity of the Fund's net assets attributable to Unitholders to interest rate movements. The analysis is based on an interest rate movement of 0.1%, which represents managements best estimate of a reasonable shift in interest rates having regard to historical volatility. If the interest rates at 31 March had increased or decreased by these amounts with all other variables held constant, this would have increased/decreased Comprehensive Income and Net Assets attributable to Unitholders by approximately:

\$ As at 31 March	Carbon Fund	
	2021	2020
0.1% increase in interest rates	815	13
0.1% decrease in interest rates	(815)	(13)

5.1.2 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to honour fully the terms and conditions of a contract with the Fund. The Fund is primarily exposed to credit risk through its investment activities. All transactions in Carbon Credits are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of Carbon Credits sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations. The maximum credit risk of financial instruments is considered to be the carrying value.

The Fund's cash holdings are invested with Westpac which is rated as AA- by Standard & Poor's.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any credit loss. Management consider the probability of default to be close to zero as the instruments have a low risk of default. As a result, no loss allowance has been recognised, as any such impairment would be wholly insignificant to the Fund.

Notes to the Financial Statements

5. Financial risk management (continued)

5.1 Financial risk factors (continued)

5.1.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Liquidity management is designed to ensure that the Fund has the ability to generate sufficient cash in a timely manner to meet their financial commitments and normal level of redemptions. The Fund has a benchmark liquidity level which is monitored and maintained given normal investment conditions. Liquidity risk is managed by investing in Carbon Credits that are traded in an active market and can be readily disposed to enable them to meet liabilities as they fall due.

Other payables and outstanding settlements are due for settlement within one month of the end of the reporting period. The table below shows the net undiscounted contractual cash outflows for the Fund's financial liabilities:

\$	Carbon Fund	
	2021	2020
As at 31 March		
Related party payables		
7 days to 1 month	12,314	4,002
Total financial liabilities	12,314	4,002

5.2 Capital risk management

The Fund's capital is represented by Net Assets attributable to Unitholders. The Fund's objectives when managing capital are to provide returns for Unitholders through both capital growth and income. Investment decisions are guided by the mandate included in the product disclosure statement and statement of investment policies and objectives. The Fund strives to invest the subscriptions of Unitholder funds in investments that meet the Fund's objectives.

The Fund has a minimum initial investment of \$5,000. Thereafter the investor may invest in \$1,000 increments. The Fund will quote the units on the NZX Main Board, thus units can be sold through NZX Participants (such as a broker) or financial adviser. Investments in the Fund are generally not redeemable for cash. The Manager may vary minimum amounts from time to time at its discretion.

5.3 Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the Balance Date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted securities, debt securities and other debt instruments for which markets were or have been inactive during the year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

NZ IFRS 13 *Fair Value Measurement* requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- * Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- * Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- * Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities (by class) measured at fair value at year end:

\$	Carbon Fund	
	2021	2020
As at 31 March		
Level 1 Assets		
<i>Financial assets at fair value through profit or loss</i>		
Carbon Credits	13,304,199	4,620,241
Total Level 1 Assets	13,304,199	4,620,241
Total financial assets at fair value through profit or loss	13,304,199	4,620,241

The valuation of all of the Fund's holdings of Carbon Credits are based on quoted market prices in active markets, and therefore classified within level 1. The Fund does not adjust the quoted price for these instruments.

There were no transfers between levels during the year (31 March 2020: nil).

Notes to the Financial Statements

6. Taxation

\$	Carbon Fund	
As at 31 March	2021	2020
Tax expense comprises:		
Deferred tax expense/(benefit)	697,608	(140,779)
Total tax expense	697,608	(140,779)

The prima facie income tax expense on profit/(loss) before tax reconciles to the income tax expense/(benefit) in the Financial Statements as follows:

\$	Carbon Fund	
As at 31 March	2021	2020
Profit/(loss) before tax	2,507,637	(502,783)
Income tax using the statutory income tax rate 28%	702,138	(140,779)
<i>Adjusted for:</i>		
Foreign exchange unrealised gain on Australian dollar denominated Carbon Credits	(4,530)	-
Income tax expense/(credit) as per Statement of Comprehensive Income	697,608	(140,779)

\$	Carbon Fund	
As at 31 March	2021	2020
Deferred tax asset/(liability)		
Opening balance	133,019	(7,760)
Credited/(charged) to profit or loss	(697,608)	140,779
Closing balance	(564,589)	133,019

The balance comprises temporary differences attributable to Carbon Credits.

7. Earnings per unit

The basic earnings per units (EPU) is calculated by dividing net profit/(loss) after tax attributed to the unitholders by the weighted average number of units on issue during the year.

The Fund's diluted EPU is the same as the basic EPU since the Fund has not issued any instrument with dilutive potential.

As at 31 March	2021	2020
Profit/(loss) after tax	1,810,029	(362,004)
Weighted average number of units	6,406,271	2,350,953
Basic and diluted earnings per unit (cents per unit)	28.25	(15.40)

8. Financial assets at fair value through profit or loss

\$	Carbon Fund	
As at 31 March	2021	2020
Measured at fair value through profit or loss		
Carbon Credits	13,304,199	4,620,241
Total financial assets at fair value through profit or loss	13,304,199	4,620,241

Notes to the Financial Statements

9. Financial instruments by category

\$	As at 31 March	Carbon Fund	
		2021	2020
Financial assets at fair value through profit or loss			
	Financial assets at fair value through profit or loss	13,304,199	4,620,241
Total financial assets at fair value through profit or loss		13,304,199	4,620,241
Financial assets at amortised cost			
	Cash and cash equivalents	814,708	13,424
	Other receivables	-	430
Total financial assets at amortised cost		814,708	13,854
Total financial assets		14,118,907	4,634,095
Financial liabilities at amortised cost			
	Related party payables	12,314	4,002
Total financial liabilities at amortised cost		12,314	4,002
Total financial liabilities		12,314	4,002

10. Related parties

10.1 General

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Salt Investment Funds Limited is the Manager of the Fund. The Supervisor of the Fund is The New Zealand Guardian Trust Company Limited, who is also the Custodian of the Fund. Salt Funds Management Limited is the parent entity of the Manager.

10.2 Related party fees

The Fund has transacted with related parties during the year as follows:

\$	For the year ended 31 March	Carbon Fund	
		2021	2020
Salt Investment Funds Limited	Management fees	80,294	22,746
		80,294	22,746

The Fund owed the following amounts to related parties at balance date:

\$	As at 31 March	Carbon Fund	
		2021	2020
Salt Investment Funds Limited	Management fees	12,314	4,002
		12,314	4,002

Under the Trust Deed the management fees payable to Salt Investment Funds Limited are payable monthly in arrears. All balances are unsecured, settled in cash and do not attract interest.

The management fee is deducted from, and reflected in, the value of the Fund. It is calculated and accrued daily as a percentage (31 March 2021 and 31 March 2020: 0.95%) of the daily gross asset value of the Fund (which essentially means net assets but excluding any accruals for fees and expenses).

The Manager of the Fund has agreed to pay all other fees from the management fees. This includes supervisor fees, custodian fees, audit fees, NZ listing fees and other shareholder costs. This decision will be reviewed on an annual basis. The supervisor fees paid for the current year were \$4,788 (31 March 2020: \$1,356). The audit fees paid for the current year were \$10,000 (31 March 2020: \$10,000). These amounts are not reflected in the Statements of Comprehensive Income.

10.3 Investments by related parties

Salt Funds Management Limited has an investment in the Fund. As at 31 March 2021, this was 104,158 units, which is equal to 1.01% of the Fund (31 March 2020: 121,267 units, 2.43% of the Fund).

10.4 Directors' interests

At balance date the Directors or related parties of Directors of the Manager had the following holdings in the Fund:

\$	As at 31 March	Carbon Fund	
		2021	2020
Holdings of the Directors of the Manager and their related parties		525,880	381,760

Notes to the Financial Statements

11. Reconciliation of operating profit/(loss) to net cash outflow from operating activities

\$	Carbon Fund	
	2021	2020
For the year ended 31 March		
Total comprehensive income/(loss) attributable to Unitholders	1,810,029	(362,004)
Adjustments for non-cash items		
Unrealised (gains)/losses on financial assets at fair value through profit or loss	(2,588,997)	480,996
Net foreign currency losses/(gains)	(89)	-
Deferred tax movements	697,608	(140,779)
Movements in working capital items		
Net change in cost of investments	(6,094,961)	(3,555,645)
Decrease/(increase) in trade and other receivables	430	(430)
Increase in trade and other payables	8,312	2,844
	(6,086,219)	(3,553,231)
Net cash (outflow) from operating activities	(6,167,668)	(3,575,018)

12. Net tangible assets per unit

The Fund's net tangible assets per unit is calculated by dividing the net assets attributable to unitholders by the units on issue at the end of the year.

\$	Carbon Fund	
	2021	2020
As at 31 March		
Net tangible assets per unit	1.3147	0.9544

13. Events occurring after the balance sheet date

There have been no events subsequent to balance date that require adjustment to, or disclosure of, in these Financial Statements.



Independent auditor's report

To the unitholders of Salt Listed Funds, comprising the Carbon Fund (referred to as the Fund)

Our opinion

In our opinion, the accompanying financial statements of the Fund present fairly, in all material respects, the financial position of the Fund as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 March 2021;
 - the statement of comprehensive income for the year then ended;
 - the statement of change in net assets attributable to unitholders for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include significant accounting policies and other explanatory information.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have provided the following services to Salt Investment Funds Limited (the Manager): controls assurance reporting, agreed upon procedures on the net tangible assets calculation and tax compliance services relating to the Fund. Subject to certain restrictions, employees of the firm may invest in the Funds on normal market terms. These services and relationships have not impaired our independence as auditor of the Fund.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have one key audit matter: valuation and existence of financial assets at fair value through profit or loss. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of financial assets at fair value through profit or loss (financial assets)</p> <p>Refer to note 8 of the financial statements for the Fund's financial assets at fair value through profit or loss.</p> <p>This was an area of focus for audit, as at \$13,304,199, the financial assets at fair value through profit or loss represent the majority of the assets held by the Fund as at 31 March 2021.</p> <p>The Fund's financial assets at fair value through profit or loss are investments in Carbon Credits which are traded in active markets and based on quoted market prices at 31 March 2021.</p> <p>All financial assets at fair value through profit or loss are held by the New Zealand Guardian Trust Company (acting through its nominee company Salt Investment Nominees Limited) (the Custodian).</p>	<p>We assessed the processes employed by the Manager, for recording and valuing the financial assets at fair value through profit or loss including the relevant controls operated by third party service organisations. The third party service organisations include MMC Limited (the Administrator), the Custodian and National Australia Bank Limited (the Sub-Custodian).</p> <p>Our assessment of the business processes included obtaining the internal control reports over custody and investment administration provided by the third party service organisations. We evaluated the evidence provided by the internal controls reports over the design and operating effectiveness of the key controls operated by the third party service providers for the period to 31 March 2021.</p> <p>Where the report did not cover the full period to 31 March 2021, we obtained a bridging letter confirming there were no material changes in the third party service provider's control environment and no significant deficiencies in the design or operation of relevant internal controls in the intervening period.</p> <p>Valuation</p> <p>For the valuation of Carbon Credits we have agreed the market price at 31 March 2021 to independent third party pricing sources.</p> <p>Existence</p> <p>We obtained confirmation from the Custodian of the holdings of Carbon Credits held by the Fund as at balance date.</p>



Our audit approach

Overview

Materiality	<p>We determined materiality based on approximately 1% of the net assets for the Fund.</p> <p>We chose net assets as the benchmark because, in our view, the objective of the Fund is to provide unitholders with a total return on the Fund's net assets, taking into account both capital and income returns.</p>
Key audit matters	<p>As reported above, because of the significance of the financial assets at fair value through profit or loss to the financial statements, we have determined that there is one key audit matter: valuation and existence of financial assets at fair value through profit or loss.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements of the Fund as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements of the Fund as a whole.

How we tailored our audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of the Fund as a whole, taking into account the structure of the Fund, the Fund's investments and the accounting processes and controls.

The Manager is responsible for the governance and control activities of the Fund. The Fund's investments are held by the Custodian. The Manager has outsourced investment administration to the Administrator.

In completing our audit, we performed relevant audit procedures over the control environment of the Manager, the Custodian, the Sub-Custodian and the Administrator to support our audit conclusions.

Other information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Fund's unitholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's unitholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Vatsana Vanpraseuth.

For and on behalf of:

Chartered Accountants
30 June 2021

Auckland