Salt NZ Dividend Appreciation Fund Fact Sheet – April 2023

Manager Profile

Salt Funds Management is a boutique investment management firm wholly owned by its employees which specialises in actively seeking to maximise returns while managing the risks of the investment. Salt examines investments for their environmental and social impact as well as the quality of their governance.

Investment Strategy

The Salt NZ Dividend Appreciation Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, pay high and sustainable dividends. A considerable body of robust research suggests that stocks with strong and sustained dividend policies tend to generate higher free cash flow than average and outperform their index benchmarks over time. The strategy is not intended to naively generate the highest possible yield but rather to generate a high and sustainable dividend yield.

Fund Facts at 30 April 2023

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$113 million
Inception Date	31 December 2015
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 30 April 2023

Application	1.6603
Redemption	1.6536

Investment Guidelines

The guidelines for the NZ Dividend Appreciation Fund are shown below:

NZ shares	95% – 100%
Cash	0% – 5%
Unlisted securities	0% – 5%
Maximum active position	8%

Target investment Mix

The target investment mix for the Salt Dividend Appreciation Fund is:

Australasian Equities	100%

Fund Allocation at 30 April 2023

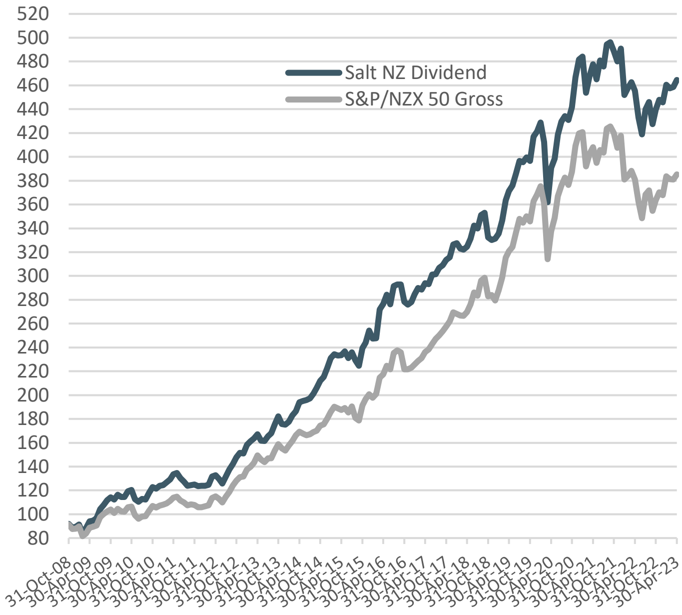
NZ shares	98.54%
Cash	1.46%

Fund Performance to 30 April 2023

Period	Fund Return*	Benchmark Return
1 month	1.28%	1.14%
3 months	0.91%	0.44%
6 months	5.70%	6.01%
1 year	2.03%	1.14%
2-year p.a.	-1.39%	-2.83%
3 years p.a.	5.96%	4.50%
5 years p.a.	7.42%	7.32%
7 years p.a.	7.68%	8.43%
10 years p.a.	10.75%	10.05%
Inception p.a.	11.10%	9.76%

Performance is after all fees and does not include imputation credits or PIE tax.
*From 1 December 2008 to 31 December 2015, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 30 April 2023*



Fund performance has been rebased to 100 from inception.
Past performance is not a reliable indicator of future performance and no representation or warranty, express or implied, is made regarding future performance.

Top Overweights	Top Underweights
Tower	Auckland International Airport
Turners Automotive	Meridian Energy
Marsden Maritime Holdings	Precinct Properties NZ
Spark NZ	Chorus Networks
Argosy	Mercury Energy

Equities Market Commentary

Global economic news remained resilient despite higher interest rates in April. PMIs beat expectations in the US and Eurozone, while GDP growth rose in China as it re-opened. Developed market equities rose 1.8% (in USD) over the month.

Headline inflation moderated as energy prices fell on fears of future demand weakness but core services inflation continued to prove sticky across most economies. Despite that, we may be close to a peak in the hiking cycle amongst the major central banks, although the RBA, Fed and ECB all lifted policy rates in early May. While financial markets are pricing in policy cuts from the third quarter onwards, these expectations appear premature given the persistence of some elements of inflation pressure.

Despite clear and obvious signs of a slowing domestic economy, the RBNZ surprised markets with a hawkish 50bp hike in the Official Cash Rate, taking it to 5.25%. Later in the month, March quarter inflation printed significantly below RBNZ expectations, though the important tradeables component was only marginally lower than expected. Markets are current pricing a likely final 25bp increase in the OCR to 5.5% in May. NZ equities slightly lagged their global peers with a 1.1% advance and NZ 10-year bond yields declined from 4.34% to 4.09%.

Salt NZ Dividend Fund Commentary

The Fund slightly outperformed in the month of April, rising by +1.28% (after fees, before PIE tax) compared to the +1.14% turned in by the S&P/NZX50 Gross Index. It was a month of unusually low return dispersion, with a large number of modest positives outweighing a smaller number of negatives.

The largest positive came from our overweight in Tower Limited (TWR, +4.1%), which bounced after prior weakness. TWR has experienced a horror claims year but is getting exceptionally strong premium growth, which should lead to very strong earnings and dividends if they can ever get a "normal" year. Smaller positives came from our zero-weight in Skellerup (SKL, -6.7%) and overweight in Spark (SPK, +3.4%).

Headwinds were all of a small magnitude, with the overweight in Marsden Maritime (MMH, -3.6%) and the underweight in Arvida (ARV, +11.8%) leading.

At month-end, we project the Fund's year-ahead gross dividend yield to be 4.4% versus 3.8% for the Index.

Matthew Goodson, CFA