

SALT

Salt NZ Dividend Appreciation Fund Fact Sheet – October 2025

Manager Profile

Salt is an active fund manager. Our investment philosophy centres on the belief that share markets have characteristics that lead to market inefficiencies that can be exploited over time to deliver superior risk-adjusted returns.

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 31 October 2025

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	\$121 million
Inception Date	30 June 2015
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 31 October 2025

Application	1.9067
Redemption	1.899

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:

New Zealand Equities	100%
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Fund Allocation at 31 October 2025

NZ shares	96.33%
Cash	3.67%

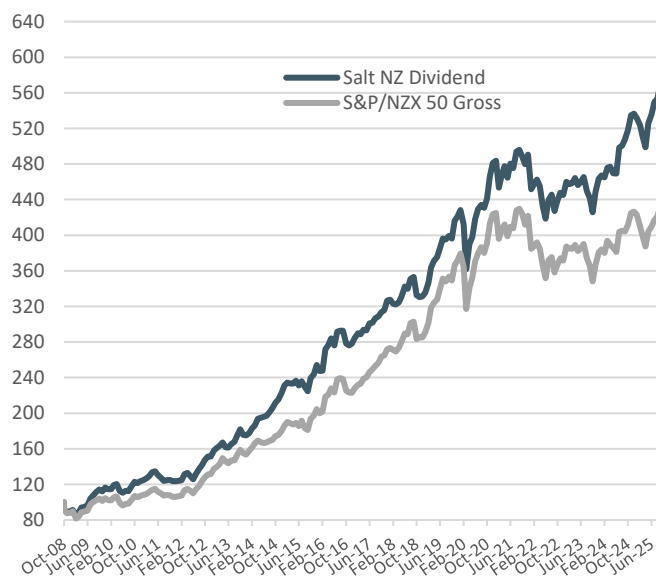
Fund Performance to 31 October 2025

Period	Fund Return*	Benchmark Return
1 month	2.29%	1.93%
3 months	5.95%	5.65%
6 months	16.22%	13.82%
1 year	12.00%	7.19%
2-year p.a.	16.70%	12.22%
3 years p.a.	9.71%	6.11%
5 years p.a.	5.62%	2.31%
7 years p.a.	8.27%	6.44%
10 years p.a.	9.25%	8.51%
Inception p.a.	10.84%	9.04%

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 31 October 2025*



Fund performance has been rebased to 100 from inception.

Past performance is not a reliable indicator of future performance, and no representation or warranty, express or implied, is made regarding future performance.

Top Overweights	Top Underweights
Turners Automotive Group	Chorus Networks
Tower	Meridian Energy
NZME	The a2 Milk Company
Heartland Group Holdings	Kiwi Property Group
Genesis Energy	Fisher & Paykel Healthcare

SALT FUNDS MANAGEMENT

Level 3, The Imperial Buildings, 44 Queen Street | PO Box 106-587, Auckland 1143

Email: info@saltfunds.co.nz | www.saltfunds.co.nz

Equities Market Commentary

October saw developed market equities rise +2.8% (in USD terms), but the global aggregate bond index fell -0.3% (in USD). Highlights were fluctuating trade tensions with China, a strong overall US corporate earnings season, and the Fed eased by 25bp, taking the Fed funds rate target to 3.75-4.00%. There is an ongoing debate in the US regarding the relative risks between ongoing inflation and the weakening labour market. The decision had dissenters on both sides, and the Chair stated that further cuts were far from a foregone conclusion.

The ECB left rates unchanged and will remain on hold pending further data. Japan's new Prime Minister, Sanae Takaichi is a firm supporter of the reflationary principles of "Abenomics". China's GDP data is coming in better than expected, putting the government's goal of growth "close to 5%" in reach. The star emerging market performer was Argentina with a 64% gain following the overwhelming victory of President Milei's party in the mid-term election.

Australia has a soft September unemployment rate rising to a cycle-high of 4.5% but that was overwhelmed later in the month by a much higher CPI print than expected. The RBA looks to be on hold at 3.6%. The RBNZ cut the OCR by 50bp to 2.5%. Markets are pricing in a further 25bp cut in November and around a c40% chance of another one in February. Activity data is gradually improving and remaining inflation drivers are concentrated (e.g. council rates) rather than broad-based. The NZ equity benchmark return of +1.9% in the month was well ahead of Australia's +0.4% and the domestically focused Mid Cap Index continues to sharply outperform, reflecting hopes of an economic revival.

Salt NZ Dividend Fund Commentary

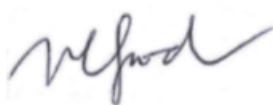
The Fund experienced another solid month of outperformance in October, rising by +2.29% compared to the +1.93% advance by the S&P/NZX50 Gross Index. While the Fund is very much bottom-up in its stock selection, we have held a view for some time that the NZ economy is bottoming out and has better days ahead. While evidence is still somewhat spotty, several of our overweights with exposure to this thematic did very well.

The largest positive was our mid-sized overweight in NZME (NZM, +9.4%). NZM is a combination of highly cash generative but gradually declining old-world media and a potentially very valuable new-world business in One Roof. These all have strong potential cyclical upside, and NZM surprised slightly with a moderate earnings upgrade via both revenues and costs. NZM pays a high dividend that is well covered by its free cashflow generation.

Other winners were familiar names in Tower (TWR, +5.7%), which advanced on no new news and the cyclically and structurally well-positioned Turners (TRA, +3.7%). A relatively new overweight in NZX Limited (NZX, +11.2%) did well, as did Genesis Energy (GNE, +6.8%), which pays a sustainably high yield relative to its gentailer peers.

Headwinds were moderate and came from underweights in what was a strong month for many stocks. A2 Milk (ATM, +8.5%) continued to grind higher to levels that are very challenging from a valuation perspective. Skellerup (SKL, +9.9%), Ryman (RYM, +10.8%) and Oceania Healthcare (OCA, +14.5%) also weighed.

At month-end, we project the Fund to have a net yield of 3.9% versus 3.3% for the Index.



Matthew Goodson, Portfolio Manager