Salt Income Fund Fact Sheet – July 2026

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.

Fund Name Change

As of June 2025, the Salt Sustainable Income Fund was renamed the Salt Income Fund. There is no change to investment disciplines or approach; however, this aligns the fund better with current global regulatory trends.

Investment Strategy

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. Deposit rates are proxied by the NZ Bank Bill Index.

A Reference Portfolio is provided, medium-term outperformance of which is a secondary objective, consisting of the weighted sum of components.

The Fund targets a diversified mix of growth and defensive assets, with a focus on securities with reliable income generation. The Fund's strategy is to invest in a quality asset mix to provide regular, sustainable income and a positive return on capital over the medium-term. The value of the fund will fluctuate in line with listed market developments, but the primary focus is enhanced income and thus, shorter-term variability is an expected feature. Income is prioritized above capital gain in the fund, nevertheless, the allocation to both growth and yielding assets allows for both objectives to operate over the medium- and longer-term horizons.

Fund Facts at 31 July 2026

Benchmark	Bank deposit rates (BNZBIL Index)
Reference portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	$44.14 million
Inception Date	19 June 2021
Portfolio Manager	Greg Fleming
Prospective distribution yield (cents per unit) / based on Unit Price of 31.07.26	1.125 cents per unit per Quarter / 4.9% per annum

Unit Price at 31 July 2026

Application	0.9196
Redemption	0.9158

Investment Guidelines

Sector	Target	Range
Global Fixed Interest	35%	0% – 60%
Australasian Shares	30%	15% – 45%
Global Listed Property	15%	0% – 35%
Global Listed Infrastructure	15%	0% – 35%
Cash or cash equivalents	5%	0% – 20%

See "Salt Statement of Investment Policy and Objectives, 30 June 2022"

Fund Allocation at 31 July 2026

Global Fixed Interest	38.0%
Australasian Shares	33.5%
Global Listed Property	17.5%
Global Listed Infrastructure	8.0%
Cash or cash equivalents	3.0%

Asset allocation to Global Fixed Interest + Cash: 41.0%

Fund Performance 31 July 2026

Period	Fund Return (before fees and tax)	Gross Reference Portfolio Return*
1 month	0.08%	0.13%
3 months	2.79%	2.26%
6 months	2.15%	2.93%
1 year	7.45%	7.24%
2 years p.a.	8.32%	5.81%
3 years p.a.	7.64%	6.02%
5 years p.a.	3.96%	2.35%
Since inception p.a.	4.30%	2.78%

Performance is before fees and tax, adjusted for imputation credits. * at 31 July.

Top Individual Holdings

Fisher & Paykel Healthcare Ltd.	Goodman NZ Ltd. & Goodman Property Services Ltd.
NZD Cash	Contact Energy Ltd.
Infratil Ltd.	Canadian Govt. Bond 1/5/2028
Auckland International Airport Ltd.	Kiwi Property Group Ltd.
Precinct Properties NZ Ltd.	Vital Healthcare Property Trust

As at 31 July 2026.
The Top 10 individual holdings make up 31.9% of the Income Fund's total holdings.

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Market Commentary

- Global financial markets navigated another eventful month in July as investor attention shifted from geopolitical tensions early in July back towards corporate earnings and the economic outlook. While renewed concerns in the Middle East briefly lifted energy prices, markets quickly refocused on the resilience of the global economy and company profitability.

- Equity markets remained broadly supported by another solid earnings season, although investors became increasingly selective. Strong company results continued to underpin confidence, but in parts of the market - particularly technology - companies increasingly needed to exceed already high expectations to sustain further share price gains. This saw market leadership broaden beyond some of the strongest performers of recent years.

- Bond markets were weaker over the month as yields moved higher. Major central banks again left policy settings unchanged during July, preferring to gather further evidence on the outlook for growth and inflation. Longer term, markets also continue to focus on rising fiscal deficits and government borrowing requirements as important drivers of bond markets.

- In the United States, another strong earnings season reinforced confidence in the resilience of both corporate America and the broader economy. Strong consumer spending, healthy business investment and improving productivity continued to support economic growth, although markets became more discerning about which companies are best placed to benefit from ongoing investment in artificial intelligence.

- Economic activity across Europe remained comparatively subdued, with manufacturing continuing to face headwinds despite some improvement in consumer confidence. Inflation pressures have eased but remain sufficiently elevated to support a cautious approach from the European Central Bank.

- Japan's economy continued to perform well, supported by firm domestic demand, improving corporate profitability and ongoing fiscal support. Market performance reflected the differing fortunes of sectors, with more domestically focused companies generally outperforming parts of the technology sector.

- China's economic recovery remained uneven. While export-related industries continued to benefit from improving global demand, domestic consumption and the property sector remained soft. Policymakers are expected to continue providing targeted support as they seek to sustain economic growth.

- Australia's economic outlook became more balanced during the month. Softer inflation data reduced immediate pressure for further interest rate increases, although the Reserve Bank of Australia continues to emphasise that upside inflation risks remain and further policy tightening cannot yet be ruled out.

- In New Zealand, the Reserve Bank lifted the Official Cash Rate by 25 basis points, reflecting persistent domestic inflation pressures and growing confidence that the economic recovery is becoming more established. While activity indicators point to a gradual improvement in economic conditions, inflation remains above target, suggesting monetary policy is likely to head back to neutral in the months ahead.

Salt Income Fund Commentary

The Income Fund was flat (rising +0.1% before fees) in July month, with a moderate rolling three-month return of +2.8% (before fees.) The one-year return was +7.45% (before fees / tax.) In the two-year period to 31 July, the Fund returned +8.32% p.a. (before fees / tax – which was 2.5% p.a. ahead of its Reference Index. Over the three-year period, the Fund's gross annualised return was 7.64% p.a. (before fees / tax) remaining ahead of its Reference Index for all rolling periods beyond six months.

Among the Income Fund's components, the strongest positive contributor in July month was the Salt NZ Dividend Appreciation Fund which contributed +0.26% to the month's return. The Salt Global Listed Infrastructure Fund made a +0.14% positive monthly impact, while the Salt Global Listed Property Fund contributed 0.06% in July. The Salt Select Global Fixed Income Fund (-0.37% month's contribution) reflected a weaker period for bond assets globally, given energy price swings and associated inflation concern. This also affected the Salt Enhanced Property Fund, which can be sensitive to higher government bond yields as a yielding asset, and it made smaller negative contribution of -0.1% in July.

Markets continue to focus on inflation, instability in the Gulf, and trade policy risks affecting the pace of central bank interest rate adjustments around the world, with the current negative global politics likely to keep policy rate increases incremental. The US Federal Reserve's Open Market Committee is divided at present on the scope for any easing in H2 2026, and demurred from moving the Fed Funds Rate in recent FOMC meetings. The balance of Fed opinion has moved toward keeping rates on hold, although a minority of governors would be more comfortable with a rise.

Inflation drivers deteriorated in US second quarter data, and risks will continue to be present given the impact of oil and energy prices on general price level. We would anticipate continuing supportive impact on the listed Real Asset and Bond returns within the portfolio from investors seeking out greater stability and surety, and this has indeed been seen so far in 2026, although periods of weakness in sovereign bond markets will impact the interest-rate sensitive equities at times.

Asset Allocation change in July

At the end of July, we re-allocated 5% of the Income Fund into Global Fixed Interest securities, taking this allocation from Global Listed Infrastructure.

The rationale for this allocation shift is that Global listed infrastructure equities have performed well in providing stable income plus capital growth through H1 2026 and we consider their current scope less compelling, in terms of generating premium dividend income, as their yield moved below 3%. Their valuation rally has been supported by the recent increased focus on energy and AI infrastructure but has not been supported by any sustained decline in US longer bond yields.

We doubt, given recent developments, that significantly lower Treasury yields are ahead, removing a typical performance support for infrastructure. We prefer to allocate in favour of good quality Fixed Income assets, and have accordingly raised our global bonds allocation to a +3% overweighting, reflecting their improved prospective income. In addition, the average credit rating in the Salt Select Global Fixed Income Fund rose to "A" in July, supporting confidence that the portfolio has low credit risks.

With the oil price shock and the US tariff impacts still to be fully gauged, the modifications and legal changes to tariffs will change the mixture of pricing pressures, rather than reverse them. US monetary policy adjustments appear be paused pending more clarification on labour market growth, given percolating inflationary factors. July US payrolls were weak, but the Fed will wait to see if there is any softer trend building.

Domestically, the RBNZ has in July implemented a +0.25% increase to the Official Cash Rate, to 2.5%. Incrementally-improving domestic sentiment assisted NZ equity assets as 2026 advanced and should allow additional catch-up with global asset returns. Diversification of income sources remains very effective, as not all asset yields are equally defensible. All our income sources are fully liquid.

The Fund's prospective yield is around 1% above current 6-month TD rates, which were unchanged (at an average 3.56%) in July 2026. While TD rates stablise, we expect little scope for significant increases, even as the RBNZ has now begun adjusting the Official Cash Rate upward slightly. The domestic economy is still fragile, particularly in Services arenas.

Salt Income Fund outlook

As inflation progressively confirms stabilisation (albeit at a higher level than prevailed before Covid) we expect component asset classes to improve further. Several key global economies are transitioning to slower growth, but the specific asset mix in this fund should not be negatively impacted, as valuations are not extended and quality is high overall. Bond positions need careful selection, and active management, as credit spreads remain at near-record lows.

Volatility across markets is ever-present with sentiment somewhat hostage to US political dynamics and global frictions. We expect value gains in inflation-sensitive assets to continue through late 2026. However, this will continue to be a tentative and at times, interrupted process.

The NZ economy is still straining to achieve sustained momentum. The Reserve Bank of New Zealand moved the Official Cash Rate down to 2.25% in Q4 2025. This should prove to be the terminal rate in New Zealand for this cycle. While an easing cycle has finished, little tightening is coming and the RBNZ has pushed back against markets pricing significant hikes in for this year. The Reserve Bank should look through oil price spikes, until they pass through to inflation expectations.

This gives scope for improved NZ asset returns, supporting shares, with the domestic economy beginning to show a little self-sustaining recovery impetus. Income yields received into the Fund remain attractive by historical standards as the average domestic 6-m Term Deposit rate is just 3.56% p.a. currently. We expect only a very small and incremental in this level within the next three months, even with the RBNZ having initiated a mild tightening phase with its July +0.25% increase in the Official Cash Rate to 2.5% p.a.

This underscores the attractiveness of the yield stability demonstrated by the Salt Income Fund. As the primary objective of the Salt Income Fund is to invest in quality sustainable yield payers, minimizing short-term capital price fluctuation is secondary. Market volatility allows us to acquire high quality and defensible dividend-paying assets for the Fund at better prices.

Distribution of 1.125 cents per unit / quarter retained

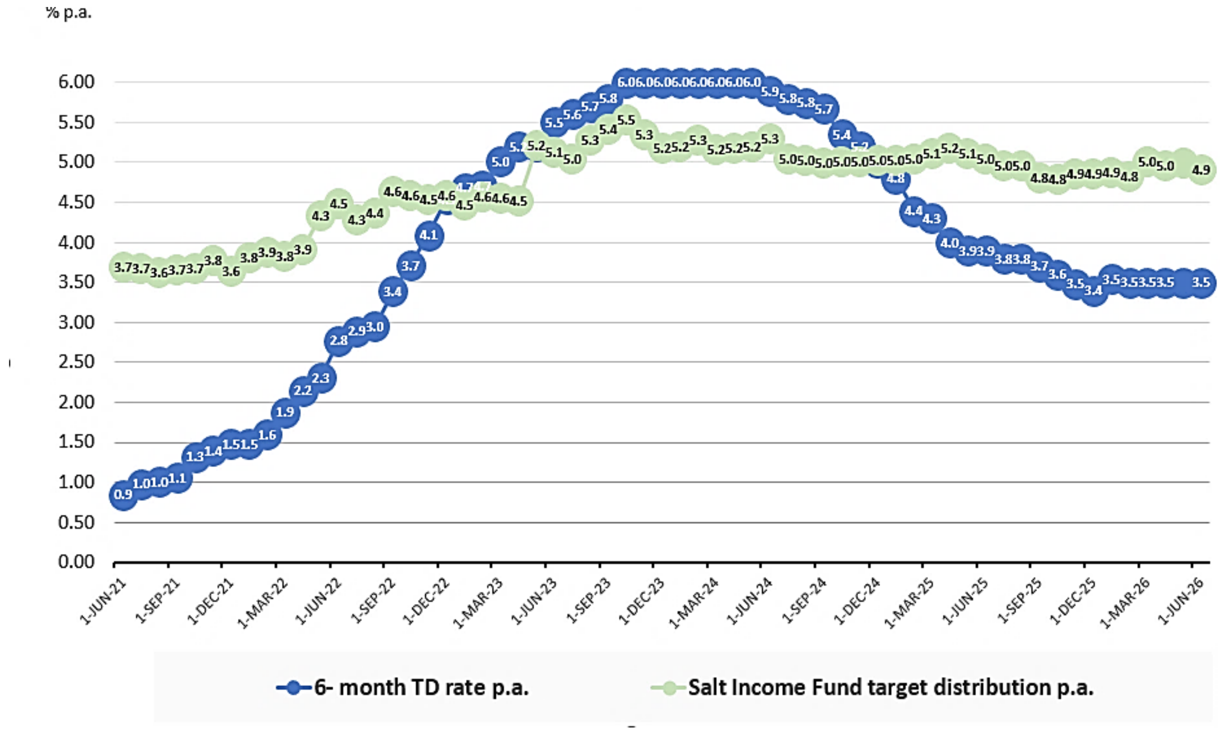
Stable component asset yields enabled us to retain the quarterly cents-per-unit distribution from the fund, at 1.125 cpu, for the latest quarterly distribution which was paid out / reinvested in mid-August 2026.

The silver lining in the bond market's repricing is that the yield received from selective bond investments shifted into a higher range and that supports the Income Fund's forward distribution path. This is characteristic of a transition into a mid-level interest rate regime which may endure for years, rather than months, ahead. It is crucial to note that the Income level from equity dividends and bond coupons received into the fund has been commensurately stable through periods of market turbulence. Global credit spreads widened after the US tariff shock last year, but then tightened and remain historically low, limiting potential for revaluation upside from Investment Grade and lower-rated bonds.

The fund's modelled income received from coupons and dividends remains aligned with its prospective distribution yield. We regard this as prudent, in a still-uncertain environment. The Real Asset components of Infrastructure and Property are well-suited to the immediate period ahead, as central bank policy rates progressively stablise at lower levels. Defensive merit should continue to be asserted in coming months through renewed demand for these specific "Real Asset" equity types, along with the sustainable dividend-payers in the broader Australasian market.

Finally, we anticipate the indicative benchmark of the NZ Bank Bill rate and the 6-month Term Deposit rates to stabilise, with unappetising term deposit rates on offer across a range of maturities from the banks persisting into late-2026. The RBNZ acknowledged that oil prices and inflation risks had receded, although the effects of the oil price shock were expected to linger. Meanwhile, the risks around the global growth outlook are now better balanced. With New Zealand inflation already above the target range, and with growth expected to gather momentum as the oil shock fades, the RBNZ considers it time to start removing some of the stimulus that had been put in place last year. While this may mean another OCR increase or two lies ahead, pass-through into higher TD rates is not expected to be dramatic nor to lead to a rush into bank deposit instruments.

Income Fund's forward distribution rate vs. NZ 6 month Term Deposits - 5 years since inception



Source: Salt, RBNZ (data to 31 July 2026)