

SALT

Salt Core NZ Shares Fund Fact Sheet – August 2025

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 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 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.

Fund Facts at 31 August 2025

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	\$87 million
Inception Date	1 December 2020
Portfolio Manager	Paul Harrison

Unit Price at 31 August 2025

Application	0.9608
Redemption	0.9569

Investment Guidelines

The guidelines for the Salt Core NZ Shares Fund are shown below:

NZ shares	50% – 100%
Australian Shares	0% – 50%
Unlisted securities	0% – 3%
Cash or cash equivalents	0% - 20%

Target investment Mix

The target investment mix for the Salt Core NZ Shares Fund is:

Australasian Equities	100%
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Fund Allocation at 31 August 2025

NZ shares	96.52%
Australian Shares	2.29%
Cash or cash equivalents	1.19%

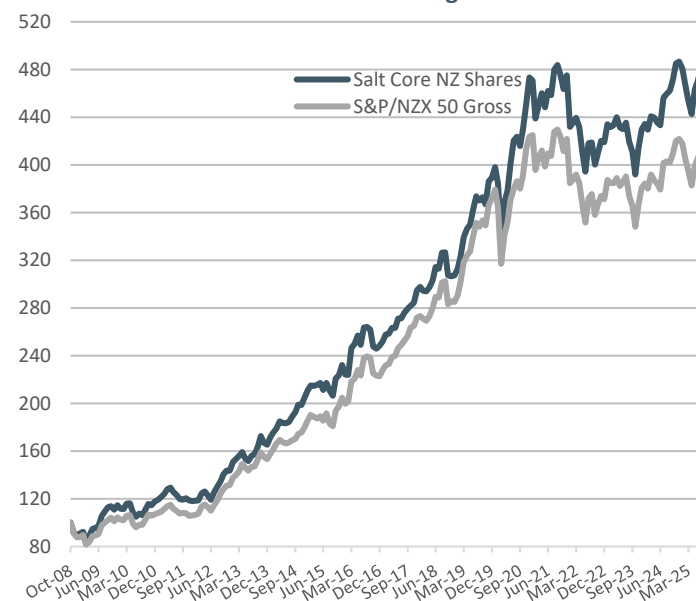
Fund Performance to 31 August 2025

Period	Fund Return*	Benchmark Return
1 month	0.34%	0.83%
3 months	4.05%	4.12%
6 months	3.19%	2.61%
1 year	4.91%	3.88%
2 years p.a.	7.25%	5.79%
3 years p.a.	4.80%	3.69%
5 years p.a.	2.62%	1.61%
7 years p.a.	5.73%	4.80%
10 years p.a.	8.63%	8.62%
Inception p.a.	9.75%	8.83%

Performance is after all fees and does not include imputation credits or PIE tax.

*From 1 December 2009 to 30 December 2020, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 31 August 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
Tower	Meridian Energy
Mercury	The a2 Milk Company
ANZ Group	Spark NZ
Freightways Group	Kiwi Property Group
Ebos Group	Chorus Networks

SALT FUNDS MANAGEMENT

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Equities Market Commentary

August saw developed market equities rise +2.6% (USD), and the global aggregate bond index rose +1.5%. The S&P500 rose +2.0% as the US Q2 earnings season beat subdued expectations. Weaker-than-expected July US labour market data was followed by a dovish “Powell pivot”, where he indicated the balance of risks had shifted from tariff-induced inflation upside to downside risks from the labour market. Markets now expect a September rate cut.

The RBA cut by 25bps to 3.6%, as widely anticipated, with two further cuts being predicted, but these depend on labour market outcomes. The Australian result season saw unprecedented volatility, but the market rose +3.1% overall. However, earnings downgrades across most sectors saw forecast PE multiples rise to the high 90th percentile of where they have ever been.

NZ activity data continued to improve at a glacial pace. The RBNZ cut the OCR by 25bps to 3.0% and made a surprise dovish pivot due to the soft data, which now incorporates two further 25bp cuts. The result season was mediocre but perhaps not as bad as feared, and it did show some signs of life outside of Auckland and Wellington. However, share price movements were dominated by company-specific news.

Salt Core NZ Shares Fund Commentary

Australasian equities investors experienced a volatile, but overall positive August month. The NZX50 Gross index was up 0.83% lagging behind the ASX200 Accumulation index rise of 3.1%. The Fund underperformed this month with a return of 0.34%.

The August profit reporting season produced some outsized moves on result days. One of the month’s largest moves was Ebos (-20.3%), which reported a disappointing result that missed market expectations at the cost line in their healthcare division. Management also guided to higher depreciation and lease costs in FY26, post a period of elevated spend on their distribution centres. At the other end of the NZX50 individual stock returns, the highly volatile a2Milk (+21.5%) reported a solid result and announced it will acquire Yashil NZ for \$282m (which comes with two China label infant formula registrations) and, at the same time, divest Mataura Valley for \$100m.

A positive contributor to relative performance over August was the Fund not holding any Sky City (-26.3%), which raised \$240m in equity at 70cents, which was a 30% discount to the last traded price before the capital raise was announced. Along with the capital raise, Sky City also reported an in-line result but gave disappointing guidance for FY26. Another positive was the overweight in Heartland Bank (+14.5%) as it reported a better-than-feared result and pointed to continued strong growth in its reverse mortgage book. Freightways (+9.1%) also provided positive performance for the Fund after delivering a solid result on the back of their margin recovery and pointed to cyclical green shoots on the horizon for volumes.

Other positives for the Fund included ANZ (+12.1%), which rose on the back of speculation that the new CEO will drive increased efficiencies through cost savings and Mercury Energy (+5.9%), which reported a good result and guided to operating earnings (“EBITDAF”) of \$1 billion in FY26. Another stock of note was Pacific Edge Biotech (+40.0%), which has performed well post the completion of a capital raise in July.

One of the Fund’s Australian holdings, CSL (-21.4%), which recovered strongly in July, surprised the market in August when it reported weaker Behring revenue on the back of tender losses in the UK and Mexico in its core IG business. CSL is also embarking on a strategic transformation that will result in a headcount reduction of up to 15% and the potential demerger of its Seqirus business into a separately listed entity.

During the month, the Fund reduced its holdings in Chorus, Tower and exited its Challenger holding. The Fund was also a seller of Mercury Energy and Argosy. The Fund continued to buy Heartland Bank and began to build a position in NZX.



Paul Harrison, MBA, CA