

# SALT

## Salt Select Global Shares Fund Fact Sheet – February 2026

### 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.

### Fund Name Change

As of 13 June, the Salt Sustainable Global Shares Fund was renamed the Salt Select Global Shares Fund. There is no change to investment disciplines or approach; however, this aligns the Fund better with current global regulatory and market trends.\*

### Investment Strategy

To achieve the Fund's investment objectives, the Fund targets a portfolio of global companies with high total return potential and high Quality & Environmental, Social and Governance (ESG) factor scores.

The strategy seeks to provide attractive long-term returns with less long-term volatility than the broader market.

### Fund Facts at 28 February 2026

<b>Fund Assets</b>	\$99.35 million
<b>Inception Date</b>	12 July 2021
<b>Underlying Manager</b>	Morgan Stanley Investment Management * Effective 28 April 2025 the underlying Morgan Stanley Global Sustain Strategy was renamed the Global Quality Select Strategy. There is no change to the Strategy's investment philosophy and process.

### Unit Price at 28 February 2026

<b>Application</b>	1.3694
<b>Redemption</b>	1.3638

### Investment Guidelines

The guidelines for the Sustainable Global Shares Fund are:

<b>Global Equities</b>	95% – 100%
<b>Cash</b>	0% – 5%

### Target investment Mix

The target investment mix for the Salt Sustainable Global Shares Fund:

<b>Global equities</b>	100%
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### Fund Allocations at 28 February 2026

<b>Global equities</b>	98.2%
<b>Cash &amp; sundry items</b>	1.8%

### Fund Performance to 28 February 2026

Period	Fund Return	Benchmark Return
<b>1 month</b>	0.47%	1.54%
<b>3 months</b>	-4.26%	-0.68%
<b>1 year</b>	-8.33%	13.32%
<b>2 year p.a.</b>	5.84%	19.38%
<b>3 year p.a.</b>	13.32%	21.87%
<b>Since inception p.a.</b>	8.35%	14.29%

Performance is before fees and tax and adjusted for imputation credits. Benchmark (MSCI World Index in NZD) performance is gross.

### Fund holdings

#### Top 10 holdings

Taiwan Semiconductor (TW)	VISA (US)
Alphabet (US)	Microsoft (US)
Coca-Cola (US)	ASML (NL)
Keyence (JP)	Intercontinental Exchange (US)
Procter & Gamble (US)	SAP (DE)

Source: MSIM, data as at 28 February 2026.

The Top 10 Holdings represented 40.7% of the total portfolio.

**The Portfolio's carbon footprint, measured as weighted average carbon intensity (WACI) was 75% lower than MSCI AC World Index.<sup>A</sup>**

### Market Review

- There were multiple forces for markets to contend with through February. The U.S. Supreme Court ruled against the use of the International Economic Emergency Powers Act to justify the imposition of wide-ranging tariffs by the US administration, tensions between the US and Iran continued to escalate and U.S. investors continued to rotate away from mega-cap US technology stocks. US equities were down -0.8% in the month, while developed market equities as a whole rose +0.8% (in USD) as performance continued to broaden.
- The global aggregate bond index rose +1.2% (in USD) over the month as investors looked to high quality assets amid growing AI and geopolitical risks.
- U.S. economic data continued to point to the resilience of the U.S. economy. Despite a 1.0 percentage point drag from the government shut-down, Q4 GDP posted an annualised +1.4% gain. Underlying growth measures remained solid. Labour market data continued to point to ongoing tightness, while core PCE inflation dipped to 2.5% in January. Markets continued to expect two further 25bp interest rate cuts from the Fed.
- The ECB held rates steady, as was widely expected. President Lagarde described risks to the inflation outlook as broadly balanced. Euro-area inflation eased in January, with headline CPI declining to 1.7% y/y, while core inflation eased to 2.2%, its lowest since late 2021.

- Japanese currency and equity markets responded positively to the snap election which saw Prime Minister Takaichi and her Liberal Democratic Party achieve a super-majority in the lower House. This provides a strong mandate for the Prime Minister to pursue her expansionist fiscal agenda. However, at the same time, there is concern about her preference for a more dovish approach from the Bank of Japan.
- China continues to post modest growth. The property sector showed tentative signs of stabilisation but remained a key drag on activity, while inflation pressures stayed subdued. Financial markets are waiting for clearer policy signals ahead of the March National People's Congress policy meetings.
- In Australia, the RBA became the first major developed central bank to tighten policy in this cycle, raising its cash rate by 25bps to 3.85%. The Statement struck a hawkish tone, highlighting recent upside inflation pressures, stronger domestic demand and the tight labour market. Furthermore, the Board signalled that inflation is likely to remain above target for some time.
- NZ labour market data showed employment rising by +0.5% q/q in Q4, the strongest gain in over two years. However, the unemployment rate increased modestly on stronger participation. Broader activity data continues to point to a strengthening economic recovery. The RBNZ kept the OCR unchanged at 2.25%, increasing its interest rate track by less than interest rate markets had priced in. The projections indicate a first hike by December this year.

## Portfolio Review

- In February, the portfolio returned 0.47% (Gross/NZD) while benchmark index returned 1.54%. For the three months, the portfolio returned -4.23% versus -0.68% for the Index.
- In February, the top contributor to absolute performance was **TSMC**, which was up following strong results, reporting record revenue, industry-leading margins and investment to facilitate its multi-year growth plan. **Keyence** also performed strongly, benefitting from renewed investor optimism in global industrial activity, along with ongoing momentum following its meaningful earnings beat announced in January.  
**Netflix**, a recent addition to the Portfolio, was also amongst the top contributors, having been rewarded for its strategic, value accretive decision to withdraw from the US\$82 billion bidding war for Warner Bros. Discovery. The company secured a US\$2.8 billion breakup fee while avoiding an overleveraged transaction that investors feared would dilute returns and distract from execution.
- Finally, long-term holdings **Procter & Gamble** and **Coca-Cola** benefitted from a rotation into traditionally defensive names amidst investor concern around macroeconomic, policy and artificial intelligence (AI)-related uncertainty. Coca-Cola also reported solid results, with growth across North America, Latin America and EMEA and a continued expansion of its brand portfolio.

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- Turning to the largest absolute detractors, the early February launch of new AI productivity tools by Anthropic and OpenAI drove further de-rating of perceived "AI victims". The initial sell-off was centred on software, data-focused, and information services stocks before disruption concerns broadened out across a wide range of industries, impacting everything from logistics to real estate, with headlines and blog posts materially moving share prices.

For this reason, **S&P Global**, **Booking Holdings** and **ADP** were all amongst the top detractors. Finally, despite strong results, **Alphabet** and **Microsoft** were also top detractors due to investor concern around the impact of higher-than-expected 2026 capex forecasts, particularly in light of the limited visibility around near-term AI monetisation pathways and payback timelines.

- In terms of relative performance, both sector allocation and stock selection were modestly negative. Turning to sector allocation, positive contribution from the overweight to Consumer Staples was not sufficient to outweigh the drag from not owning Materials, Energy and Utilities, the best performing sectors in the month.
- Stock selection within Information Technology was a meaningful positive contributor to relative returns, driven by our exposure to Semiconductors and to a lesser extent, Hardware.
- Stock selection within Communication Services also benefitted relative returns. However, this was not sufficient to counter the negative stock selection in Industrials and Financials. Within Industrials, there was a continuation of the influence of sub-industry exposure on relative returns as the Capital Goods industry, where we have limited exposure, rose 8%, while Professional Services, where we are meaningfully overweight, fell 7%. Within Financials (-1% overall), the Payments, Exchanges & Data and Insurance Broker sub-sectors were all down 3-4%.
- Sector allocation was also negative, mainly due to the impact from **not owning Energy**, which was February's strongest US sector.

## MSIM Market Review

- Global equity markets posted modest gains in February, with the MSCI World Net Index up +0.7% in U.S. dollars (USD), but this muted headline number masks the rising stock-level volatility which increased sharply during February, breaching 25%, the stress level. 1 In February, the MSCI World Net Index delivered +1.54% in NZD.
- In the last 25 years stock-level volatility has only risen above 25% during the COVID period, the Global Financial Crisis and the Dot-com era. The best performing sectors during the month represented more tangible than intangible assets, be they cyclical or defensive, with Materials +11% and Energy +9% both top performers, supported by rising commodity prices and optimism around global industrial activity, while Utilities +9% and Consumer Staples +8% also posted strong gains as investors turned to traditional defensive sectors amidst rising volatility.

- Conversely, Communication Services, Information Technology (both -4%) and Consumer Discretionary (-3%) sectors all suffered from a mix of AI disruption and return on hyperscaler capex fears.
- In terms of geographies, the U.S. was modestly negative (-0.9%) in the month, while most international markets were in positive territory as we saw a rotation away from U.S. growth leadership towards more cyclical and commodities exposed markets trading on lower multiples, with MSCI Europe +3.3% in USD (+4.3% local).
- In Asia, Japan (+8.6% USD, +9.9% local) stood out, outperforming in dollar and local currency terms, helped by the LDP election victory which boosted domestic equity flows. Elsewhere in Asia, Hong Kong (+2.6% USD, +2.8% local) and Singapore (+0.8% USD, +0.5% local) delivered more modest but still positive performance.

### MSIM Market Outlook

In the first few months of 2026 we have seen a sharp rise in stock level volatility. Investors continue to differentiate perceived AI “winners” from “losers”, while growing more cautious about the scale of capital expenditure required for AI infrastructure, even when earnings remain robust.

Heightened geopolitical risk has added to the backdrop. Most recently, escalating tensions between the U.S. and Iran, culminating in conflict, have pushed energy prices higher and have led investors to seek out safe-haven assets. Looking forward we would expect this heightened volatility to continue.

As new AI models have come to market, concerns have increased beyond the software, data-focused, and information stocks which were hit in the second half of 2025, and have also spread more broadly across markets to a far wider range of businesses. This year’s stock moves have often been driven more by sentiment, triggered by the latest popular blog or Substack article, than by fundamental analysis of business models. This dynamic has been reinforced by the reduced liquidity driven by passive investing, shorter investment time horizons, and increased retail participation. Over 60% of S&P 500 options activity now consists of zero-day-to-expiry (ODTE) trades, 60% of which is driven by retail investors.

AI is clearly transformative, evolving rapidly, and will drive major disruption across industries. Despite this, we believe the sell-off in data-centric and software businesses has been indiscriminate and, in many cases, overdone. In this environment we believe it is more important than ever to assess holdings individually, assimilate new information as it becomes available and engage with management teams. Elevated dispersion in stock returns does also create opportunities to add to oversold names and initiate new positions.

While we are mindful that stocks perceived to be at risk from AI disruption may continue to de-rate before the valuation opportunity drives buyers, we also believe that rationality will prevail over the long run. What might calm the “SaaSocalypse”?

In our view, the answer is the perceived AI victims delivering clear evidence of AI monetisation, whether through cost savings, stronger pricing power or reinforced competitive moats. In a recent interview, Nvidia’s CEO Jensen Huang argued that “the market has got it wrong” and that it’s likely that “agents won’t replace the [software] tools, but agents will use tools”. His view is that frontier AI labs such as OpenAI and Anthropic are unlikely to disintermediate SaaS or information services providers, suggesting partnership, or at worst co-opetition, is the more probable long-term model. In our view, the significant partnerships announced by both Anthropic and OpenAI towards the end of February could represent critical milestones.

We also continue to hold companies with durable earnings where AI is not central to the investment case. These include defensive compounders in consumer and health care, areas the market is increasingly rewarding, and luxury companies where pricing power is maintained through scarcity management. In our view dominant “economic tollbooths” such as exchanges and payments businesses offer attractive opportunities from here.

The turbulent current environment also creates potential opportunities for idea generation. While no cycle is identical, our team has navigated previous periods of structural transformation and has been flexible from the outset around where we find the high-quality characteristics we prize.

Recent underperformance reflects extreme market conditions that have challenged the longer-term known attractions of quality investing. True quality businesses are structurally scarce. Today, the Portfolio’s ROOCE is significantly above that of MSCI World, gross margins are almost double the market’s, and expected two-year consensus top-line growth is materially higher than that of the index.

Despite this, the Portfolio is trading at a rare discount to the market in Free Cash Flow terms. Looking ahead, periods of elevated dispersion in earnings and stock returns often signal a renewed focus on company fundamentals, an environment in which quality businesses have historically thrived.

### Portfolio Activity

Given the extraordinary market environment that has seen quality stocks significantly lag a boisterous AI-led market coupled with the market overly punishing software and data-related companies, the combination of which has been a significant headwind to the Portfolio’s performance, we feel it appropriate to provide clients with enhanced stock level transparency and accordingly are currently sharing portfolio movements on a monthly basis, this time covering the YTD period through end of February.

In the first two months of 2026 we made two new purchases and two final sales.

In January, we initiated a position in **Netflix**, a high-quality global entertainment franchise with durable pricing power and expanding monetisation levers. The company benefits from a powerful flywheel, with subscription growth supporting greater content investment, low churn of 2% and an emerging advertising tier that is already contributing meaningfully to incremental growth.

AI-enabled production efficiencies may help moderate content costs over time. Recent share price weakness linked to softer near-term guidance and noise around the Warner Brothers bid provided an attractive entry point, given our view (later confirmed) that the company was unlikely to pursue a value destructive acquisition.

Also in January, we initiated a position in **Amazon**, anchored on two structural growth engines: AWS (Amazon web services) cloud computing and global ecommerce. In our view AWS remains well positioned for the next phase of AI-driven compute demand, while retail economics have inflected positively following prior overinvestment, with operating leverage and advertising monetisation driving improved margins and returns.

We believe that management will be more prudent in adding capacity going forward, and Amazon's unmatched customer value proposition is reflected in its dominant position in the U.S. Despite continued earnings compounding, valuation compression over recent years created a more compelling entry point into a franchise with significant consumer advantage and long-term scale benefits.

In February, we exited our position in **ADP** following a reassessment of its relative quality profile amid the accelerating AI narrative. While payroll processing remains durable, elements of the broader human capital management software stack face rising automation and workflow orchestration risk, introducing greater uncertainty around long-term pricing power. With its valuation still reflecting high durability assumptions, we viewed the risk-reward as less favourable and redeployed capital into areas with clearer long-term defensibility.

We also sold our position in **Roper Technologies** after a modest organic growth miss and slightly softer forward guidance highlighted limited room for execution missteps at a premium valuation. Although the embedded, domain-specific nature of its assets remain attractive, sustained organic growth is critical to supporting its multiple. In the context of broader market sensitivity to AI disruption risk, we elected to reallocate capital toward opportunities with more compelling relative risk/reward.

On our continued analysis of potential AI threats to data-related businesses, we reduced our **SAP** position. While AI could act as an incremental monetisation layer for the system of record segments of SAP's business, as layering is easier and less costly than replacing, there is the risk that AI agents built by competitors could displace SAP at the orchestration layer, threatening elements of SAP's moat and pricing power.

While near-term earnings visibility remains solid due to the cloud migration runway, visibility beyond that point is more limited given the range of AI-related competitive dynamics, making it difficult to justify a Top Three position.

We also reduced our position in **Microsoft** following share price strength, reallocating capital towards Amazon to diversify our hyperscaler exposure and manage our software positioning.

Reductions to **Thermo Fisher** were primarily valuation-driven, reflecting the premium multiple.

We added to our positions in **Experian** and **S&P Global** following share price weakness driven by AI disruption concerns, where underlying fundamentals remain resilient and we believe their long-term competitive advantages are intact given the proprietary data assets. We added to **TSMC** as the team views it as one of the more insulated ways to increase exposure to the ongoing AI capex cycle.

Additions to **Steris**, **Ferrari**, **Synopsys** and **Uber** reflected attractive valuation opportunities following stock-specific dislocations or industry sentiment shifts, where we believe structural quality and earnings resilience remain underappreciated.

## Notes

- A. Source: Trucost. As of February 28, 2026, the Portfolio's weighted average carbon intensity (WACI) was 77% lower than the MSCI AC World Index.

WACI is calculated using Scope 1 & 2 emissions per \$m of company revenue. The term carbon refers to greenhouse gas (GHG) emissions, measured in metrics tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) emissions. Our data provider's methodology follows the GHG protocol and includes carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and Nitrogen Trifluoride (NF<sub>3</sub>), calculated in metric tonnes of CO<sub>2</sub> equivalent. Some carbon/carbon equivalents data may be estimated by the data provider. Data excludes cash.