

Salt NZ Dividend Appreciation Fund Fact Sheet – September 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.

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 September 2026

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$120 million
Inception Date	30 June 2015
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 30 September 2026

Application	1.8974
Redemption	1.8898

Investment Guidelines

The guidelines for Salt NZ Dividend Appreciation Fund are:

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

Target Investment Mix

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

New Zealand Equities	100%

Fund Allocation at 30 September 2026

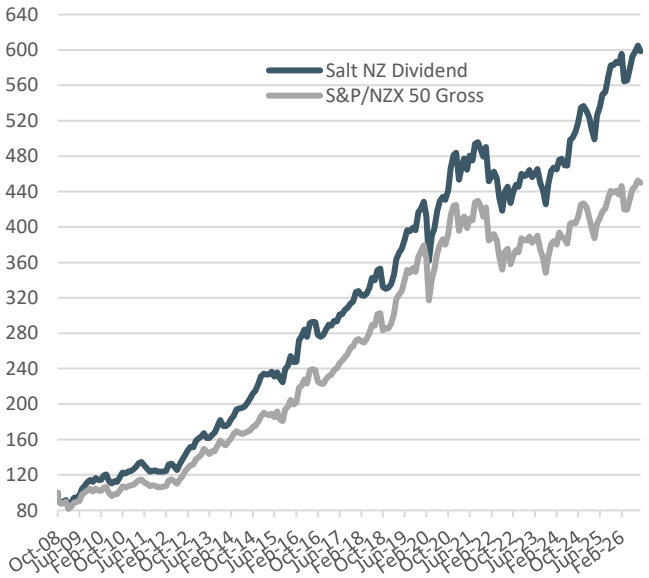
NZ shares	98.73%
Cash	1.27%

Fund Performance to 30 September 2026

Period	Fund Return*	Benchmark Return
1 month	-1.05%	-0.60%
3 months	0.96%	1.56%
6 months	6.06%	7.14%
1 year	5.12%	4.08%
2-year p.a.	8.33%	5.52%
3 years p.a.	10.47%	6.99%
5 years p.a.	3.75%	0.82%
7 years p.a.	5.89%	3.43%
10 years p.a.	7.37%	6.51%
Inception p.a.	10.43%	8.68%

Performance is after all fees and does not include imputation credits or PIE tax.
*From 1 December 2008 to 30 June 2015, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 30 September 2026*



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	Fisher & Paykel Healthcare
Tower	Auckland International Airport
Heartland Group Holdings	A2 Milk
NZME	Skellerup
Contact Energy	Chorus Networks

SALT FUNDS MANAGEMENT
Level 37, PwC Tower, 15 Customs Street West, Auckland | PO Box 2673, Auckland 1010
Email: info@saltfunds.co.nz | www.saltfunds.co.nz

Equities Market Commentary

A variety of offsetting drivers created a challenging September quarter for financial markets. Global equities eked out a +1.9% advance but property stocks retraced by -7.6% in the face of soaring bond yields, with US 30-years rising from 4.85% to 5.56%. Performance was unusually narrow, with the S&P500 equal-weighted index being 4.6% behind the +2.3% advance by the S&P500 index. Economic growth and corporate earnings were strong but largely based on unusually wide margins from AI-related sectors.

Geopolitics cast a pall, with the impact of the Iran crisis on oil prices being paramount. Trade tensions continued and are becoming more permanent features of the investment landscape. The Fed lifted rates in September due to persistent inflation and resilient economic activity. Chair Warsh's move away from traditional forward guidance also increased uncertainty around the future path of interest rates.

Bond markets had a difficult quarter. Government bond yields rose sharply across most developed economies as investors reassessed the outlook for inflation and monetary policy. Longer-term yields also reflected growing concerns around fiscal deficits, heavy government borrowing requirements and rising term premia. The ECB and BoJ also hiked rates during the quarter.

The RBA hiked 25bp to 4.6% near quarter's end, with core inflation persisting above the 2-3% target range. However, signs of economic softness became increasingly apparent, raising the question of how much further tightening will be required. The RBNZ also lifted the OCR by 25bp to 2.75%. Economic activity remained relatively resilient despite the impact of higher energy prices, with GDP managing a small increase in the June quarter and earlier data revised higher. A strong rural sector and solid construction activity provided support, although elevated oil prices and a still-soft labour market suggest the recovery is likely to remain uneven.

Salt NZ Dividend Appreciation Fund Commentary

The Fund slightly lagged the benchmark in the September quarter, advancing by +0.96% compared to the +1.56% move by the S&P/NZX50 Gross Index.

The key headwind came from the Fund's long-held and previously strongly performing position in Turners (TRA, -7.7%). Their ASM update showed that car margins have taken a temporary short-term hit as they reposition their stock for the sudden change in demand from gas-guzzlers to EV's in the wake of the Iran crisis. This will pass and the finance business continues to travel very well. Other detractors came from having no holdings in several smaller names in the index which soared in the quarter such as Hallenstein Glasson (HLG, +47.6%), Fonterra (FSF, +29.0%), Sky City (SKC, +23.6%) and Skellerup (SKL, +20.9%). Indeed, these four names accounted by themselves for the Fund's underperformance.

The largest tailwind came from our overweight in Heartland Group (HGH, +9.4%), which delivered a solid result and received shareholder approval for the highly accretive purchase of TSB Bank. The long-held Tower (TWR, +5.3%) position and our small holding in AFT Pharmaceutical (AFT, +17.5%) also did well. From the underweight side, Chorus (CNU, -11.8%) and the ever-volatile A2 Milk (ATM, -4.6%) also assisted.

At quarter-end, we project the Fund to have a net yield of 3.9% versus 3.6% for the Index.



Matthew Goodson, Portfolio Manager

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