

SALT

Salt Select Global Shares Fund Fact Sheet – October 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 31 October 2026

Fund Assets	$103.9 million
Inception Date	12 July 2021
Underlying Manager	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 31 October 2026

Application	1.4996
Redemption	1.4936

Investment Guidelines

The guidelines for the Sustainable Global Shares Fund are:

Global Equities	95% – 100%
Cash	0% – 5%

Target investment Mix

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

Global equities	100%

Fund Allocations at 31 October 2026

Global equities	97.40%
Cash & sundry items	2.60%

Fund Performance to 31 October 2026

Period	Fund Return	Benchmark Return
1 month	3.17%	-0.57%
3 months	6.96%	4.90%
6 months	8.84%	9.64%
1 year	4.96%	13.94%
2 year p.a.	6.25%	20.21%
3 year p.a.	12.77%	23.59%
5 year p.a.	9.40%	15.90%
Since inception p.a.	9.29%	15.31%

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)	Amazon (US)
VISA (US)	Keyence (JP)
Microsoft (US)	Coca-Cola (US)
Alphabet (US)	MSCI (US)
ASML (NL)	Ferrari (IT)

Source: MSIM, data as at 31 October 2026.
The Top 10 Holdings represented 43.6% of the total portfolio.

The Portfolio's carbon footprint, measured as weighted average carbon intensity (WACI) was 73% lower than MSCI AC World Index.[A]

Market Review

- Global financial markets experienced a volatile October, as investors weighed resilient economic activity and corporate earnings against persistent inflation, geopolitical uncertainty and the prospect of interest rates remaining higher for longer. Higher energy prices continued to complicate the inflation outlook, while concerns about valuations and the scale of investment in artificial intelligence contributed to increased equity market volatility.
- Global bond markets reversed some of their earlier weakness, with government bond yields declining sharply during October, particularly towards month-end. The move was notable given continued inflation pressures and relatively resilient economic growth. It suggests that earlier increases in yields reflected more than inflation concerns alone, with changing growth expectations, fiscal risks and investor positioning also playing important roles. The decline in yields provided some relief for fixed income investors.
- The US economy continued to demonstrate resilience, although labour market conditions remained subdued and inflation persisted above the Federal Reserve's target. The Fed left interest rates unchanged in October, balancing persistent inflation pressures against the risk of weaker growth.

Further monetary tightening remains possible, but the Fed can afford to remain patient while assessing incoming economic data.

- Europe continued to face a difficult combination of modest growth and elevated inflation. The ECB left interest rates unchanged, although further tightening remains possible. Fiscal sustainability also attracted attention, particularly in France, where political uncertainty and rising government borrowing costs highlighted the structural challenges facing the euro area. Germany's relatively stronger fiscal position provided an important contrast.
- Japan's economy remained on a gradual normalisation path, with wage growth and underlying inflation supporting the case for further monetary tightening. The BoJ held rates unchanged in October, but additional increases remain likely as policymakers seek to establish a more sustainable relationship between wages, prices and interest rates.
- China's economy remained resilient but uneven. Annual GDP growth improved to 4.5% in the September quarter, supported by manufacturing and exports. However, domestic demand remained subdued, and the property sector continued to struggle. The authorities' challenge remains managing the pace of a structural slowdown without allowing weakness in property and investment to undermine broader economic confidence.
- Australia's inflation outlook deteriorated further during October, with annual headline inflation reaching 4.3% in September and underlying inflation remaining elevated. The RBA consequently faced increasing pressure to raise interest rates again in November. However, weak consumer and business confidence, a softer labour market and declining house prices suggested earlier monetary tightening was already restraining demand.
- In New Zealand, inflation and monetary policy dominated the economic news. Annual CPI inflation eased to 3.7% in September, but core measures remained uncomfortably high. The RBNZ narrowly voted 4–3 to leave the OCR unchanged at 2.75%, despite acknowledging that further tightening would likely be required. Higher fuel prices, a weaker exchange rate and persistent domestic inflation pressures reinforced the case for returning interest rates towards neutral sooner rather than later.

MSIM October commentary

- In October, the largest contributors to absolute performance were companies with positive earnings updates: **Visa** (+71 basis points [bps]) benefited from better-than-expected fiscal fourth quarter results, supported by resilient cross-border payment volumes and its highest full-year revenue growth in over 15 years, excluding the post-COVID recovery, while the expansion of its stablecoin-powered Visa Direct service reinforced its role as essential payments infrastructure across both traditional and emerging payment networks.
- **MSCI** (+44 bps) saw accelerating third quarter subscription growth and encouraging commentary from management on opportunities for artificial intelligence (AI)-driven product innovation and cost efficiencies; **L'Oréa**l (+42 bps) delivered third quarter organic sales growth of 7.5% (versus 5.5% expected) reflecting broad-based strength across regions and categories; and **S&P Global** (+40 bps) announced a strategic review of its Capital IQ and associated data businesses, offering a potential catalyst to address the valuation discount associated with perceived AI disruption risks.
- The other notable contributor was **Experian** (+44 bps), which rebounded strongly following regulatory-driven weakness in the previous month.
- The largest absolute detractor was **Alphabet** (-99 bps), which derated sharply following disappointing third-quarter results which saw Search growth slow to 12% (vs. 15% expected), despite Cloud growth more than doubling year-on-year. Importantly, Search activity remains healthy, with Query growth at a five-year high, suggesting the monetisation challenges may prove transitional as Google adapts its advertising model to AI-powered Search.
- Elsewhere in the AI complex, **ASML** (-63 bps) and **TSMC** (-68 bps) declined amid broader semiconductor weakness, despite exceptional results. ASML reported 55% revenue growth, driven in part by surging demand for upgrades to existing systems, and highlighted customer demand potentially exceeding planned production capacity through 2028, while TSMC reported revenue growth of 41% and raised full-year growth guidance to c.44% (from 30% at the start of 2026).
- Within Industrials, **Schneider Electric** (-34 bps) weakened amid concerns around the PTC acquisition, associated equity raise and weaker AI sentiment, despite robust results showing triple-digit growth in data centre orders and a further upgrade to full-year 2026 guidance.
- We remain confident in its medium-term prospects and added to our position. Finally, **Netflix** (-29 bps) fell on a slower-than-expected advertising ramp-up and softer fourth quarter profitability guidance, adding to concerns around engagement and content, although customer retention continues to improve and we believe recent changes to content leadership are encouraging.

Portfolio Review

- **Stock selection** was the driver of relative performance during the month (USD), with positive contributions from holdings in Financials, Information Technology (IT), and Industrials.
- Within Financials, the Portfolio returned 15% compared with 2% for the index, with all the Portfolio's holdings delivering double-digit returns.

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- Within IT, performance benefitted from a decent month across software holdings **SAP** (+12%) and **Synopsys** (+7%), alongside idiosyncratic strength in **Texas Instruments** (+8%), which together more than offset weakness in **TSMC** (-7%) and **ASML** (-13%).

- Finally, within Industrials, a sharp rebound in the credit bureaus, **Equifax** (+30%) and **Experian** (+22%), alongside a continued climb by **RELX** (+21%) and a stronger month for Otis (+17%), helped offset the decline in **Schneider Electric**.

- Sector allocation was slightly negative, as the drag from the Communication Services overweight and zero weight to Energy more than offset the benefit from the Consumer Staples overweight and IT underweight.

Portfolio changes

We initiated a position in **Legrand**, a global leader in low-voltage electrical equipment with resilient margins, strong cash generation and a proven track record of sensible bolt-on acquisitions. Its growing data centre business, now around a third of sales, is accelerating organic growth and supporting management's upgraded medium-term growth and margin targets.

Additionally, any recovery in the currently depressed building and construction market would provide an additional tailwind to growth. Alongside our existing holding in **Schneider Electric**, **Legrand** provides complementary exposure to the structural electrification theme.

Recent share price weakness amid concerns around AI infrastructure spending and evolving data centre architectures provided an attractive entry point. We also initiated a position in Aena, Spain's leading airport operator, which benefits from a natural monopoly in its domestic market, alongside an attractive unregulated commercial business spanning airport retail, lounges and parking. The latter, accounting for half of profits, benefits from revenue-sharing agreements and pricing power, supporting our expectation of commercial revenue growth per passenger ahead of market expectations.

Formal approval of the five-year DORA III regulatory framework provides greater visibility over airport charges, while recent share-price weakness amid higher oil prices and bond yields offered an attractive entry point.

We exited the small position in **Equifax** as the prolonged mortgage downturn and delayed margin improvements undermined the earnings compounding envisaged in our original thesis. While its employment and income-verification franchise remain attractive, the business has proven more sensitive to mortgage market conditions and less predictable than anticipated. Uncertainty around the timing of a recovery, alongside additional regulatory and AI risks, further weakened its appeal relative to other data businesses in the Portfolio that we consider higher quality.

We also exited **Amadeus IT Group** and **Booking Holdings** amid concerns around the potential disruption of travel distribution by AI agents. For Amadeus, AI agents could weaken its position as an intermediary between airlines and travel agents, while for Booking, AI agents could potentially weaken its direct customer relationships and the network advantages underpinning its business model. With greater uncertainty around the durability of their competitive positions, we no longer believed the prospective returns adequately compensated for the risks.

Beyond new purchases and final sales, we took advantage of share price weakness to add to **Schneider Electric,** where the recent sell-off offered a more attractive valuation for a franchise with favourable medium-term growth prospects. We also added to **Microsoft**, reflecting our confidence in its enterprise distribution advantage and ability to monetise AI across cloud services and higher-margin software.

On the other side, we took profits in **Coca-Cola**, **L'Oréal** and **Thermo Fisher** following strong share price performance.

We used the sharp bounce in **Otis** to reduce our position, given persistent concerns around its operating performance, and trimmed **Haleon** amidst slowing organic growth outside Oral Care.

MSIM Market Outlook:

The commentary below discusses the broader market backdrop with reference to the MSCI World Index.

Global equities ended October on a more cautious note, as investors rotated from AI-related industries towards Energy and defensive sectors.

Earnings growth continued to build (MSCI World 12-month forward EPS up nearly 26% YTD) but remains concentrated in AI infrastructure and Energy (c.9% excluding them), and reliant on margin expansion from levels already close to historical highs.

The Democratic sweep of Congress in the U.S. midterms may bring greater scrutiny of AI regulation and data-centre deployment, a headwind for more highly levered parts of the AI ecosystem.

Ongoing geopolitical tensions and volatile oil prices make the inflation and interest rate outlook hard to call, while higher-for-longer rates raise the hurdle for valuations even as AI capex supports growth.

Against this backdrop, we remain focused on companies with durable pricing power backed by stable high gross margins, recurring revenues, robust balance sheets and credible earnings compounding potential.

The Portfolio is positioned for a range of outcomes: selective AI build-out exposure, high-quality compounders initially perceived as AI "victims" with re-rating potential as they demonstrate the benefits of AI, and companies less dependent on the AI cycle.

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Notes

A. Source: Trucost. As of September 30, 2026, the Portfolio's weighted average carbon intensity (WACI) was 73% 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 (CO2e) emissions. Our data provider's methodology follows the GHG protocol and includes carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and Nitrogen Trifluoride (NF3), calculated in metric tonnes of CO2 equivalent. Some carbon/carbon equivalents data may be estimated by the data provider. Data excludes cash.

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