

Salt Capital Growth Fund Fact Sheet – October 2026

Manager Profile

Salt is an active fund manager. Our investment philosophy centres on the belief that markets have characteristics that lead to market inefficiencies that can be exploited over time to deliver superior risk-adjusted returns.

Investment Strategy

The Fund aims to provide a total return (after fees and expenses but before tax) above the Reserve Bank of New Zealand's Consumer Price Index +5% benchmark on a rolling five-year basis. To achieve this, the Fund targets a diversified mix of growth and defensive assets, with a focus on securities with strong Environmental, Social and Governance credentials in assets classes where this is possible.

The Fund also aims to maximise its total return by outperforming, over the long term, the weighted average return of the market indices used to measure performance of the underlying funds/assets in which the Fund invests: the Reference Portfolio. Medium-term capital growth is prioritized above income in the fund, nevertheless, the allocation to both growth and yielding assets allows for both objectives to operate over the longer-term horizon.

Fund Facts at 31 October 2026

Benchmark	NZ CPI +5% over 5 years
Reference Portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	$67.59 million
Inception Date	15 September 2021
Portfolio Manager	Greg Fleming

Unit Price at 31 October 2026

Application	1.2320
Redemption	1.2269

Investment Guidelines

Sector	Target	Range
Global Fixed Interest	15%	0% – 60%
Australasian Shares	25%	10% – 40%
International Shares	35%	20% - 50%
Global Listed Property	10%	0% – 25%
Global Listed Infrastructure	10%	0% – 25%
Alternative Diversifiers	0%	0% - 15%
Cash or cash equivalents	5%	0% – 30%

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

Fund Allocation at 31 October2026

Global Fixed Interest	15%
Australasian Shares	27%
International Shares	32%
Global Listed Property	11%
Global Listed Infrastructure	11%
Alternative Diversifiers	1%
Cash or cash equivalents	3%
Asset allocation to Global Fixed Interest + Cash:	**18%**

Fund Performance 31 October 2026

Period	Fund Return (before tax and fees)	Gross Reference Portfolio Return*
1 month	2.34%	0.99%
3 months	1.61%	1.36%
6 months	4.52%	4.87%
1 year	5.00%	7.22%
2 years p.a.	6.12%	10.06%
3 years p.a.	11.59%	14.04%
5 years p.a.	5.31%	6.91%
Since inception p.a.	5.59%	6.83%

Performance is before fees and PIE tax and is adjusted for imputation credits. Reference Portfolio return is also gross. * at 31 October.

Top Individual Holdings

Fisher & Paykel Healthcare Ltd.	Contact Energy Ltd.
NZD Cash	VISA Inc.
Infratil Ltd.	Microsoft Corp..
Auckland International Airport Ltd.	Alphabet Inc.
Taiwan Semiconductor Co.	ASML Holding.

As at 31 October 2026
The Top 10 individual holdings make up 25.1% of the Fund's total holdings.

Market Commentary

- 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.

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- 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.

Salt Capital Growth Fund Commentary

The Salt Capital Growth Fund rose 2.34% (before fees) in October, 1.35% ahead of its reference portfolio for month (before fees.) For the twelve-month period, the Capital Growth Fund gained +5.00% and the two-year annualised return was +6.12% p.a. (before fees.) The Fund logged a three-year annualised gross return of +11.59% p.a. (before fees) through to the end of October 2026, in line with its strategic objective. The lag to reference portfolio has narrowed, with recent outperformance of the Global Equities fund component.

Defensive positioning overall, and the preference for listed Real Assets (Infrastructure and Property) has meant the Fund's relative performance in the last six months has trailed its reference portfolio by -0.35% (gross.) However, in the last three months, risk appetite has been more fragile, against an array of concerns around the energy supply and the Middle East, and AI trends. Although the fund thus outperformed by 0.25% (before fees) in the three months to 31 October, the gross return remained behind its Reference Index' gross return for the full year to October 2026. We believe that some of the last year's gains in global equities may be temporary, and are more defensively positioned as the range of serious risks to returns continues. Market concentration on AI momentum is fraught as the evidence required to validate many valuations is pending, and trust is lower now.

The Fund's drag in the last year from stock selection in global equities has eased substantially in the last 3-4 months, while performance by global property, infrastructure and bond component aided the fund's performance In October. Our Quality focus in global shares has been more effective in the last several months, but was ineffective from mid-2025 to June 2026, leading to a sharp lag through that period. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags. This leads to slower recent capital growth than projected, though the 3-year annualised return is above the CPI+5% target at 11.6% p.a. (before fees and tax.) Over the three years to September, CPI rose a cumulative 9.1%, so the fund return was 2.5% p.a. above the inflation rate, preserving purchasing power.

While much remains unclear, the comparative defensiveness of the Fund (i.e. favouring listed real assets over broader world equities, and tilting toward the Quality equity factor) gives us comfort that the portfolio is well-positioned for any further deterioration in global risks.

The final impact on consumer and producer prices from President Trump's Oil shocks due to war and his tariff reversals and revivals remains to be seen, but do concern the Federal Reserve. More material in the last months has been the war in the Persian Gulf and the serious risks to global inflation and growth from oil and natural gas price shocks.

Fixed interest value persists in segments, however, with credit spreads moving wider and substantially higher Sovereign yields recently, we retained a small underweight to Global Fixed income within the fund, now -1% below a neutral 15% allocation. This held "Growth" asset types in the Fund to a dynamic allocation of 82% (compared with the 80% SAA neutral split.) Global equities' weighting was kept -3% underweight, at 32% of the Fund. We kept the minor overweight to global property in place and also retained the Growth Fund's small active position (+1%) in global infrastructure.

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Having gained more confidence that despite batches of concerning sentiment news, the NZ domestic economy is past the worst of prior sustained weakness, so we held our small overweight position in New Zealand equities, with the dynamic allocation at 27% throughout 2026 to end-October. This has been rewarded, with the NZ market moving upward and the NZX50 Index touching an all-time high in November.

Domestic assets make up 30% of the Fund, reflecting our retained preference for International Assets (70% of Growth Fund assets) over the longer-term. Our overweight position in Global Real Assets has assisted, given superior value and quality cashflows, as well as lower exposure to US trade / energy price risks, compared to other sectors. We see these assets as still reasonably valued and showing scope for continued performance, though at times hit by interest rate swings.

While the Global equities allocation is presently low (-3% u/w,) we see this as prudent, given the reliance on a narrow sector breadth and prior optimistic assumptions of Federal Reserve easings now being abandoned, with US rate rises now underway. After the US mid-term elections, which saw Democratic Party dominance of Congress established, risks arise about conflicts between the Legislature and the Executive Branch (mainly, the President and his Cabinet.) There are many potential price shocks in play due to the Iran / Gulf situation. Energy and fuel, but also transportation costs, are affected.

The key positive absolute contributions to returns in October month came from the Select Global Shares Fund, which added +0.95% and the Salt Global Listed Infrastructure Fund, which provided +0.84% toward the gross monthly return. Select Global Fixed Income (0.19% impact) and Global Listed Property (+0.31% impact) had ta solid monthly contribution, in a weak period for interest rate-sensitive equity segments.

Although the last three months has been encouraging, a substantial reversal in the Global Shares Fund's contribution will likely need a more definitive shift in US market leadership. While there are some signs that this could be developing from later-2026, the momentum and dip-buying behind the AI trade persists. However, volatility in global AI is reaching worrying levels, and vulnerabilities are now more apparent.

In addition, the carbon-light nature of the Select Global Shares Fund does periodically preclude it from making a positive contribution in line with a US equity market that was led by substantial gains in Energy and Materials / Mining sectors as well as Defence-related stocks, earlier in 2026. That is consistent with the sustainability objectives embedded in our portfolio management philosophy.

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