Salt Capital Growth Fund Fact Sheet – June 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 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 medium- and longer-term horizons.

Fund Facts at 30 June 2026

Benchmark	NZ CPI +5% over 5 years
Reference Portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	$66.02 million
Inception Date	15 September 2021
Portfolio Manager	Greg Fleming

Unit Price at 30 June 2026

Application	1.2129
Redemption	1.2080

Sustainability Metrics (for information only)

Fund ESG Scores	Portfolio	Category avge
Morningstar Sovereign Sustainability Score	12.78	15.00

Score indicates risk level – a lower score reflects a lower ESG multi-factor risk level. ESG score as at 30.06.26. Sustainalytics provides issuer-level ESG Risk analysis used in the calculation of Morningstar's Sustainability Score. Relevant Investment Mandate information is derived from the fund prospectus.

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 30 June 2026

Global Fixed Interest	15%
Australasian Shares	27%
International Shares	31%
Global Listed Property	12%
Global Listed Infrastructure	11%
Alternative Diversifiers	1%
Cash or cash equivalents	3%
Asset allocation to Fixed Interest + Cash	**18%**

Fund Performance 30 June 2026

Period	Fund Return (before tax and fees)	Gross Reference Portfolio Return*
1 month	2.70%	2.73%
3 months	5.63%	7.52%
6 months	2.82%	6.17%
1 year	6.94%	15.54%
2 years p.a.	9.57%	13.49%
3 years p.a.	9.34%	11.94%
Since inception p.a.	5.55%	7.18%

Performance is before fees and PIE tax and is adjusted for imputation credits. Reference Portfolio return is also gross. * at 30 June.

Top Individual Holdings

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

As at 30 June 2026
The Top 10 individual holdings make up 24.4% of the Fund's total holdings.

Market Commentary

- Global financial markets delivered another surprisingly resilient quarter despite having to navigate a challenging backdrop that included the Iran-Israel conflict, elevated oil prices, ongoing trade tensions, rising long-term government bond yields and renewed concerns around inflation. Developed market equities rose +13.9% (in USD) over the quarter, supported by resilient corporate earnings and optimism that the worst of the geopolitical uncertainty had passed.
- The quarter was dominated by developments in the Middle East. Brent crude briefly traded close to US$120 per barrel during the height of the conflict before retracing as ceasefire negotiations progressed. While the immediate disruption to energy supplies eased, oil prices remained well above pre-conflict levels, reinforcing the view that geopolitical risk is likely to command a higher structural risk premium than investors have become accustomed to over recent decades.
- Bond markets remained volatile as investors balanced slowing global growth against renewed inflation pressures stemming from higher energy prices and persistent fiscal deficits across many developed economies. The global aggregate bond index was up +0.9% (in USD) over the quarter.
- In the United States, equity markets continued to be supported by another strong corporate earnings season, reinforcing confidence in the resilience of the economy. Economic activity slowed modestly but remained consistent with ongoing expansion, while inflation moved higher as the effects of elevated energy prices flowed through to headline consumer prices. By quarter end, markets had largely abandoned expectations of further Federal Reserve easing.
- Europe remained the weakest of the major developed economies. Business surveys softened over the quarter and economic growth continued to lag other regions. However, higher energy prices pushed inflation higher, leaving the European Central Bank facing the difficult trade-off of weaker growth alongside renewed inflation pressures.
- In Japan, economic growth remained solid, supported by robust domestic demand, strong exports and expansionary fiscal policy. Inflation remained above the Bank of Japan's target, allowing policymakers to continue the gradual normalisation of monetary policy.
- China's economy remained subdued throughout the quarter. Household spending and property market activity continued to disappoint, while manufacturing momentum softened. Although policymakers introduced additional fiscal support measures, markets remained cautious about the durability of China's recovery given ongoing structural challenges in the property sector and weak consumer confidence.
- Australia faced a difficult combination of slowing economic growth and persistent inflation. Sticky domestic price pressures and higher fuel costs prompted the Reserve Bank of Australia to deliver further interest rate increases during the quarter, although softer activity data towards quarter end reduced expectations of an extended tightening cycle.
- In New Zealand, the focus was firmly on policy. The Government's Budget presented a somewhat stronger near-term fiscal outlook than expected, although the underlying economic assumptions appear optimistic given the uncertain global environment and the ongoing drag from higher energy prices.

Salt Capital Growth Fund Commentary

The Salt Capital Growth Fund rose +2.7% (before fees) in June month and by +5.6% for three-month period (before fees.) For the twelve-month period, the Growth Fund gained +6.9% and the two-year annualised return was +9.6% p.a. (before fees.) The Fund logged a three-year annualised return of +9.3% p.a. (before fees) through to the end of June 2026.

Defensive positioning overall, and the preference for listed Real Assets (Infrastructure and Property) assisted the Fund's relative resilience in a June month, when global equities generally weakened slightly. A slide in the NZD/USD exchange rate more than offset the decline in share markets for the month. However, in the last three months, risk appetite returned despite a worsening array of concerns around the energy supply and the Middle East. Longer-term, after leading up until June 2025, the Fund's gross return remained well behind its Reference Index' gross return for the full year to June 2026. We believe that some of last year's gains in global equities may be temporary, and are more defensively positioned as the range of serious risks to returns continues.

The Fund's lagging of the Reference Index returns developed mid-last year, due to stock selection in global equities, while performance by global property, infrastructure and bonds and the NZ equities component has recently aided the fund's performance. However, our Quality focus in global shares has not been effective since the US Tariff pause, leading to a sharp lag. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags. However, alpha and absolute capital value gains in Real Assets have assisted. This leads to slower recent capital growth than projected, though the 3-year annualised return is above target by 1% p.a. (gross.)

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.

Internationally, major central banks are communicating to investors that they remain growth-supportive, although rate adjustments will not be automatic, as inflation risks have risen. This was shown by the RCB rate increase (the first since 2023) implemented in early June.

The final impact on consumer and producer prices from President Trump's Oil shocks due to war and his tariff reversals and replacements 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.

Last year, there were phases of market optimism about the demand outlook evolving into a benign outcome for the underlying economies. Markets have more recently reconsidered the scope for rate cuts in the US. Many risks remain, though markets are now more used to aggressive US policies. Inflation and further war issues could undermine that complacency. World growth forecasts are being lowered, recently by the IMF which predicts a soft 3.0% 2026 GDP gain, with particular softness in Europe and the UK as well as in Asian oil importers. A global growth "recovery" to forecast 3.4% in 2027 is far from assured, either.

Fixed interest value persists in segments, however, with credit spreads a touch wider and bout of higher Sovereign yields recently, we closed a small underweight to Global Fixed income within the fund, now at a neutral 15% allocation. This held "Growth" asset types in the Fund to a dynamic allocation of 83% (compared with the 80% SAA neutral split.) Global equities' weighting was kept -3% underweight, at 32% of the Fund. We kept the overweight to global property to +2% and retained the Growth Fund's small active position (+1%) in global infrastructure. The Fund's Cash level was 3% as at 30 June, to allow for flexibility.

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 the first quarter of 2026 and through end-June. This has been rewarded.

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 Property 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 global real 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 previous optimistic assumptions of Federal Reserve easings in 2026. As the Iran situation has deteriorated, the Fed's rate path is now not expected to allow for reductions this year. There are too many potential price shocks in play. Energy but also transportation costs are affected.

The key positive absolute contributions to returns in the June quarter came from the Salt Core NZ Shares Fund, which provided +1.53% toward the gross quarterly return. Select Global Shares provided a reasonably robust +1.96% three-month contribution. The Global Fixed Income Fund holding's +0.3% quarterly impact was another positive element of the return. The Global Listed Infrastructure Fund added +0.3% for the period, the Global Listed Property Fund added +0.96%, and the small Carbon Fund holding made a 0.21% Q2 impact.

Global Shares continued lagging the Index, exerting a strong negative pressure on the Capital Growth Fund's performance compared to its Strategic Asset Allocation simulated return since last May. That reflects the Fund's specific Quality-stock biases and fundamentals-based approach, which has excluded much participation in the momentum rally focussed on AI which developed since H2 2025.

We do not consider there will be a substantial reversal in the Global Shares Fund's contribution until a more volatile shift in US market leadership. While there are some signs that this could be developing at times in 2026, the momentum and dip-buying behind the A.I. trade persists. However, volatility in global AI is reaching worrying levels.

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.

By not fully participating in the global AI componentry and media-led equity market rally for most of last year, the Select Global Shares Fund imposed a near-term opportunity loss on the Salt Capital Growth fund, in terms of its relative return level. At the same time, it is contended that the risk of enduring capital loss is below that of more index-proximate equity funds, allowing longer term compounding in capital gains. The listed Real Assets have been carrying returns in 2026, with gross returns in the 9-12% range year-to date for international assets.

The compounding absolute return level of the Capital Growth Fund remains above target at +9.34% p.a. (gross) in the 3 years to June, although the drag from Global Shares' underperformance in the last year meant that it lagged its reference portfolio by -1.6% p.a. since inception.

Salt Capital Growth Fund outlook

Within the Capital Growth Fund, the Salt Select Global Shares portfolio is currently significantly underweight to the USA (holding 61.1% of the Fund in US equities, compared to the MSCI World Index's 72.5% current US weighting.)

The Global Shares portfolio prefers overweighting Developed Europe (Netherlands and France) and the UK, as well as holding Taiwan Semiconductor (an Emerging Market exposure in Index terms) at the largest single Global Shares holding, followed by Alphabet and ASML.

The Morgan Stanley view is that US markets are signalling excessive confidence in economic growth, a GenAI-related capex boom and faster spending enabled by the OBBB US tax act. Our reading is that, beyond discounting a bright outlook, recent economic dynamics reflect extreme AI industry concentration not trickling down (yet) to the broader economy. If interest rates are not lowered, leverage can create concern.

The danger for investors is being "whip-sawed" by attempting to adjust too quickly to the blizzard of Trumpian disruptive announcements. We do not have much confidence that either the positive or the negative bombshells of the US Administration will settle in a coherent manner for some time, so prefer a prudent, slightly defensive portfolio positioning with Growth-asset exposure tilted in favour of Real assets (currently, via a small overweight in Global Property and Infrastructure.) Conditions are set to remain volatile and unpredictable and could deteriorate. Company margins will be under rising pressure in H2 2026.

The Salt Core NZ Shares fund is the second-largest Capital Growth Fund component. The New Zealand equity market has a defensive orientation, which has at times assisted in the relative resilience of domestic shares during the turbulence of recent years, and a fairly advantageous dividend yield. NZ shares are not immune to any potential for additional negative sentiment shifts from abroad, as presently. However, piecemeal domestic improvements in the NZ economic outlook continue, ahead of more recovery momentum into later 2026.

Global Infrastructure and Global Property are also sizeable Capital Growth Fund components. Given the disruptions to broad global economics under the Trumpian regime, listed Real Assets have proved resilient as 2026 progressed. More recently, in the last quarter, Global Listed Property has been the stronger segment, despite sticky long bond yields that have yet to provide substantial support.

Despite the market reversal in March month, over the twelve months to 30 June, Global Listed Property gained +13.9% and Global Listed Infrastructure, +21.1% (gross returns) in our Salt funds (components of the Capital Growth Fund.) We expect the Real Asset rebound to continue through late 2026, as some valuations in these sectors are still attractive. However, this will come in fits and starts, as interest rates remain volatile, and substantial stimulatory easing is not on the table from central banks. Risks arise on the US front, given policy swings affecting the fiscal outlook. That argues for higher long US bond rates.

With elevated geopolitical risk, we prefer to be slightly defensive on broad global equities until greater clarity on economic policy, geopolitics, profits and the future interest rate track emerge. Presently we see continuing scope for instability, which argues for a continuing degree of caution, given market valuations that still lack widespread value and unpredictable political initiatives affecting the dominant US equity market. Ther change in leadership at the Federal Reserve may also complicate adjusting monetary conditions to constrain inflation. Kevin Warch seems less inclined to provide forward guidance on Fed policy than his predecessors, and Fed uncertainty usually leads to more volatility as investors second-guess this key source of liquidity.