Salt Select Global Shares Fund Fact Sheet – July 2025

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 July 2025

Fund Assets	$104.25 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 July 2025

Application	1.4399
Redemption	1.4340

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 July 2025

Global equities	98.0%
Cash & sundry items	2.0%

Fund Performance to 31 July 2025

Period	Fund Return	Benchmark Return
1 month	0.98%	4.15%
3 months	3.67%	12.50%
6 months	-4.18%	2.58%
1 year	9.23%	16.43%
2 year p.a.	15.24%	20.15%
3 year p.a.	13.68%	18.18%
Since inception p.a.	10.75%	13.61%

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	
Microsoft (US)	Procter & Gamble (US)
SAP (DE)	Taiwan Semiconductor (TW)
VISA (US)	Alphabet (US)
L'Oreal (FR)	Coca-Cola (US)
Aon (US)	Thermo Fisher Scientific (US)

Source: MSIM, data as at 31 July 2025.
The Top 10 Holdings represented 41.6% of the total portfolio.

The Portfolio's weighted average carbon intensity (WACI) was 80% lower than the MSCI AC World Index.[A]

Market Review

- Highlights during the month of July included a further postponement in the finalisation of President Trump's reciprocal tariffs. Several agreements were announced during the month and culminated in the release of the president's "further modification" of all tariffs at the end of the month. Also, the One Big Beautiful Bill Act (OBBBA) passed through congress and was more stimulatory than the initial version of the bill.
- The reduction of policy uncertainty saw developed market equities up 1.3% (in USD) in the month, marking an all-time high. In NZ dollar terms, the world equity index rose 4.2% as the NZD/USD weakened. Concerns about fiscal sustainability were a headwind for bond markets over the month. The global aggregate bond index lost 1.5% in USD; 0.2% hedged in NZD.
- In the US, second quarter earnings reports showed companies generally beating consensus earnings and revenue growth. This indicates the recent political turmoil and policy flip-flopping has thus far not impacted earnings.
- The US June CPI report came in slightly better than expected, though early signs of the impact of tariffs are beginning to emerge. Incipient inflation concern also held bond returns down.

- The Federal Reserve left interest rates unchanged, waiting for further clarity on the tariff impact on consumer prices. The political pressure for Chair Jay Powell to cut rates is intense.
- In Europe the June CPI came in at 2% y/y. After eight interest rate cuts, the European Central Bank left rates unchanged in July with ECB President Christine Lagarde saying they were well placed to wait and see the impact of tariffs.
- Japan was struck with fresh political uncertainty during the month as the ruling LDP lost its majority in the upper house elections. This has raised concerns about the political commitment to fiscal consolidation. Inflation remains well above target and with the final tariff rate being set at a lower than expected 15%, mitigating some of the downside risk to the economy, markets are starting to price in the possibility of another hike in interest rates this year.
- Against unanimous expectations and a 25bp cut being almost fully priced (96%) by interest rate markets, the Reserve Bank of Australia left interest rate unchanged in July. The bank still articulated a bias to reduce interest rates with markets expecting the cut delivered at the August 12 meeting.
- Likewise in New Zealand the RBNZ left the Official Cash Rate unchanged in July, though after 225bp of cuts, this was widely expected. Ongoing soft activity data has markets expecting further interest rate reductions, though we are close to the bottom of the cycle.

Portfolio Review

- The largest contributors to absolute performance during the month were companies with positive earnings results.
- The shares of artificial intelligence (AI) enablers Microsoft (+68 bps) and Alphabet (+42 bps). Alphabet was also helped by continued strength in core Search and YouTube advertising revenues which grew double digits, exceeding analyst expectations.
- After a challenging second quarter. Health Care name Thermo Fisher (+50 bps) also did particularly well in the month, with the stock returning +15% (U.S. dollars), helped by indications of a steadily improving pipeline and a sensible adjustment to near-term organic growth targets.
- The largest detractors were IT names. Following a very strong first half 2025, Semis names Texas Instruments (-24 bps) and ASML (-22 bps) both reported second quarter results in line with expectations in July, however managements' cautious guidance hurt the share prices.
- Accenture (-22 bps) continued to derate in July following third quarter fiscal year 2025 results announced in June. Although revenue growth was positive and management marginally raised full year guidance, shares were weak due to a second consecutive quarter of declining year-on-year bookings and investor concern regarding the potential impact of government spending cuts.

  Our view is that the current weakness is cyclical rather than structural and Accenture remains a leading IT consulting firm operating in a structurally growing industry.
- In terms of relative performance, sector allocation was neutral while stock selection was negative, with the outperformance in Communication Services and Health Care outweighed by Information Technology, Financials, Industrials, and to an extent Consumer Discretionary, weakness.
- An element of the negative stock selection is down to the industry mix within sectors, e.g., the Portfolio being underweight Semis (and particularly Nvidia) in IT, the preference for Payments and Insurance Brokers which lagged Banks within Financials, and the skew to Professional Services which lagged Capital Goods within Industrials.

Market Outlook: a great disconnect between economies and markets

- Markets continued to rise in July, despite the threat of the latest round of tariffs through the month.
- MSCI World returned +1.3% in July, taking ytd to +11% in USD.
- MSCI World earnings still expected to grow 9%+ this year and then 13% next year, though US earnings forecasts have fallen.

Tariffs still major headwind, despite recalibration.

- US effective tariff rate risen from 2.5% to over 15%, following the additional tariffs that came into effect at the start of August.
- The recent 'surprises' such as Switzerland's last-minute announcement show how uncertain and unpredictable this environment is.
- Impact of first round of tariffs may not have had its full economic effect, never mind any future rises in tariffs coming through.

A 'Great Disconnect' between the markets and the 'real world'?

- Macro outlook 'ordinary' with c.1.5% growth or below in the US and c.1% in EAFE, with elevated levels of uncertainty.
- Yet equity markets look expensive by historic standards, with MSCI World's price-earnings ratio close to 20x on forward earnings and the S&P500 above 22x, and even more stretched versus bond yields.
- These price-implied multiples are on earnings still assumed to be rising over 20% over next two years. Difficult to achieve, as global growth slows down.
- Margins will come under pressure from tariffs and sap some profits for US import-dependent producers and distributors.

Does Europe, Australasia and Far East (EAFE) outperformance imply end of US exceptionalism?

- EAFE markets have been giving back some of their ytd outperformance over recent months, now just 9% ahead of the US and still over 30% discount as earnings performing better than US this year

- Longer term US exceptionalism driven by far stronger earnings growth, but are drivers such as immigration and fiscal stimulus now fading/reversing?

Our Global portfolio's dual quality and valuation focus offers resilient earnings at reasonable relative valuations

- The Select Global Shares portfolio is skewed towards services companies, where high gross margins, pricing power and recurring revenues help mitigate against both direct tariff impacts and the effects of any resultant economic slowdowns.

- The portfolio offers more credible Earnings per Share (EPS) growth than that of the market, at just a slight premium to the index in Free Cash Flow terms.

Notes

A. Source: Trucost. 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_2e) emissions. Our data provider's methodology follows the GHG protocol and includes carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and Nitrogen Trifluoride (NF_3), calculated in metric tonnes of CO_2 equivalent. Some carbon/carbon equivalents data may be estimated by the data provider. Data excludes cash.