
# Salt Core NZ 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. Salt examines investments for their environmental and social impact as well as the quality of their governance.

## Investment Strategy

The Salt Core NZ Shares Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, provide a high total return. The Fund may also invest opportunistically in shares of Australian companies.

The Fund's investment process has been designed to facilitate selection of stocks such that the overall portfolio generates an above market total return after each stock is qualified through a number of quality and sustainability screens generated by Salt's disciplined research effort.

## Fund Facts at 31 July 2025

| | |
|---|---|
| **Benchmark** | S&P/NZX 50 Gross Index |
| **Fund Assets** | $87 million |
| **Inception Date** | 1 December 2020 |
| **Portfolio Manager** | Paul Harrison |

## Unit Price at 31 July 2025

| | |
|---|---|
| **Application** | 0.9608 |
| **Redemption** | 0.9569 |

## Investment Guidelines

The guidelines for the Salt Core NZ Shares Fund are shown below:

| | |
|---|---|
| **NZ shares** | 50% – 100% |
| **Australian Shares** | 0% – 50% |
| **Unlisted securities** | 0% – 3% |
| **Cash or cash equivalents** | 0% - 20% |

## Target investment Mix

The target investment mix for the Salt Core NZ Shares Fund is:

| | |
|---|---|
| **Australasian Equities** | 100% |

## Fund Allocation at 31 July 2025

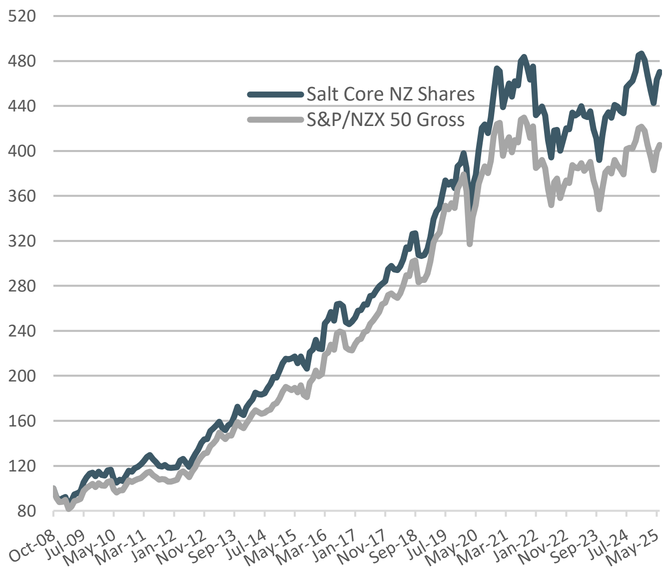
| | |
|---|---|
| **NZ shares** | 96.42% |
| **Australian Shares** | 2.73% |
| **Cash or cash equivalents** | 0.85% |

## Fund Performance to 31 July 2025

| Period | Fund Return* | Benchmark Return |
|---|---|---|
| **1 month** | 2.19% | 1.75% |
| **3 months** | 8.58% | 7.73% |
| **6 months** | -0.05% | -1.32% |
| **1 year** | 5.26% | 3.38% |
| **2 years p.a.** | 5.06% | 3.14% |
| **3 years p.a.** | 4.74% | 3.72% |
| **5 years p.a.** | 2.71% | 1.81% |
| **7 years p.a.** | 6.32% | 5.32% |
| **10 years p.a.** | 8.27% | 8.04% |
| **Inception p.a.** | 9.77% | 8.82% |

Performance is after all fees and does not include imputation credits or PIE tax.
*From 1 December 2009 to 30 December 2020, performance is from a fund with the same strategy and the same portfolio manager.

## Cumulative Fund Performance to 31 July 2025*




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 |
|---|---|
| Tower | Meridian Energy |
| Mercury | Spark |
| ANZ Group | Kiwi Property Group |
| Freightways Group | The a2 Milk Company |
| Ebos Group | Summerset Group |

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## Equities Market Commentary

Less uncertainty around US tariffs and fiscal policy saw developed market equities rise +1.3% (in USD) in July, with the more speculative segments exhibiting the strongest advances. However, continued concerns about fiscal sustainability were a headwind for bond markets, with the global aggregate bond index losing -1.5% (in USD).

US Q2 earnings reports showed better earnings and revenue forecasts, but this needs to be seen in the context of earlier downgrades. Tariffs and political turmoil have not yet impacted earnings, and some earnings should be supported by some aspects of the fiscal easing in the Big Beautiful Bill. US inflation reports were largely as expected, but early signs of the impact of tariffs are beginning to emerge. Despite intense political pressure, the Fed left rates unchanged, waiting for further clarity on the tariff impact on consumer prices.

Japan saw the ruling LDP lose its majority in the upper house elections, raising concerns about the political commitment to fiscal consolidation. Inflation remains well above target, and markets are starting to price in the possibility of another rate hike this year. Chinese activity indicators were a little better, with Q2 GDP growth coming in above the 5% target at 5.3%.

Despite a 25bp cut being almost fully priced in by interest rate markets, the RBA left rates unchanged in July, although they did articulate a bias to reduce rates, with markets now expecting a cut in August. In NZ, after 2.25% of interest rate cuts so far, the RBNZ as expected, left the OCR unchanged. Ongoing soft activity data has markets expecting further rate cuts. It should be noted that, as we are hopefully at the bottom of the economic cycle, there is likely to only be one or two more interest rate cuts.

## Salt Core NZ Shares Fund Commentary

July was another solid month for equities markets. The Fund performed well with a return of 2.2% for July, comfortably outperforming the +1.8% rise in the NXZ50 Gross Index benchmark.

The month of July is typically a quieter month for news flow as many companies prepare to report their earnings during the August reporting season. One company that did provide an update was Mainfreight (-10.3%) which showed the first 17 weeks of their financial year had been "slow and disappointing" reporting their revenue increased +1.5% but profit before tax had fallen -24.1%, as global trade and tariff uncertainty impacted international trade activity. Gentrack (-13.8%) was the worst performing stock in the NZ50 index after announcing that an Australian customer had informed them, they were no longer part of a process aimed at replacing their current platform.

The Fund's holding in Tower (+9.4%) was a strong contributor in the month as it continued to rise on the back of its previous announcements. Infratil (+9.7%) was buoyed by large offshore companies such as Amazon, Microsoft and Google all announcing increases in their infrastructure spend related to data centres and Ai at their quarterly results. Ebos (+6.4%) also performed well for the Fund as speculation around potentially entering the ASX200 post S&P announcing a consultation process aimed at changing the liquidity rules that could mean Ebos would become eligible to enter.

Amongst the Fund's Australian holdings, CSL (+12.8%) rallied after news reports they were set to trim research and development costs across six global locations which would help bolster their free cash flow generation. ANZ (+5.3%), Orica (+9.7%), and Resmed (+7.9%) also performed well for the Fund this month.

During the month, the Fund reduced its holding in CSL and was also a seller of Tower as it managed its position sizing due to its strong performance. Weakness in Auckland Airport and Gentrack provided buying opportunities. The Fund was also actively buying Vista Group, Heartland Group, and Contact Energy.

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