
# Salt Income 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.

## Fund Name Change

As of June 2025, the Salt Sustainable Income Fund was renamed the Salt Income Fund. There is no change to investment disciplines or approach; however, this aligns the fund better with current global regulatory trends.

## Investment Strategy

The Fund aims to provide a gross fixed quarterly income (after fees and expenses but before tax) in excess of bank deposit rates, along with a positive return on capital on a rolling three-year basis. Deposit rates are proxied by the NZ Bank Bill Index.

A Reference Portfolio is provided, medium-term outperformance of which is a secondary objective, consisting of the weighted sum of components.

The Fund targets a diversified mix of growth and defensive assets, with a focus on securities with reliable income generation. The Fund's strategy is to invest in a quality asset mix to provide regular, sustainable income and a positive return on capital over the medium-term. The value of the fund will fluctuate in line with listed market developments, but the primary focus is enhanced income and thus, shorter-term variability is an expected feature. Income is prioritized above capital gain 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** | Bank deposit rates (BNZBIL Index) |
| **Reference portfolio** | SAA-weighted component benchmark indices' performance |
| **Fund Assets** | $40.34 million |
| **Inception Date** | 19 June 2021 |
| **Portfolio Manager** | Greg Fleming |
| **Prospective distribution yield (cents per unit) / based on Unit Price of 30.06.26** | 1.125 cents per unit per Quarter / 4.9% per annum |

## Unit Price at 30 June 2026

| | |
|---|---|
| **Application** | 0.9196 |
| **Redemption** | 0.9159 |

## Investment Guidelines

| Sector | Target | Range |
|---|---|---|
| **Global Fixed Interest** | 35% | 0% – 60% |
| **Australasian Shares** | 30% | 15% – 45% |
| **Global Listed Property** | 15% | 0% – 35% |
| **Global Listed Infrastructure** | 15% | 0% – 35% |
| **Cash or cash equivalents** | 5% | 0% – 20% |

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

## Fund Allocation at 30 June 2026

| | |
|---|---|
| **Global Fixed Interest** | 33.0% |
| **Australasian Shares** | 33.5% |
| **Global Listed Property** | 17.5% |
| **Global Listed Infrastructure** | 13.0% |
| **Cash or cash equivalents** | 3.0% |

**Asset allocation to Global Fixed Interest + Cash 36.0%**

## Fund Performance 30 June 2026

| Period | Fund Return (before fees and tax) | Gross Reference Portfolio Return* |
|---|---|---|
| **1 month** | 1.78% | 2.79% |
| **3 months** | 3.67% | 4.93% |
| **6 months** | 2.19% | 4.73% |
| **1 year** | 9.38% | 9.05% |
| **2 years p.a.** | 10.66% | 8.65% |
| **3 years p.a.** | 8.25% | 6.77% |
| **Since inception p.a.** | 4.35% | 3.04% |

Performance is before fees and tax, adjusted for imputation credits. * at 30 June.

## Top Individual Holdings

| | |
|---|---|
| Fisher & Paykel Healthcare Ltd. | Goodman Property Trust Ltd. |
| Infratil Ltd. | Kiwi Property Group Ltd. |
| Auckland International Airport Ltd. | Contact Energy Ltd. |
| NZD Cash | Vital Healthcare Property Trust |
| Precinct Properties NZ Ltd. | NZ Government Bond 15/5/28 |

As at 30 June 2026.
The Top 10 individual holdings make up 30.3% of the Income 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 Income Fund Commentary

**The Income Fund rose +1.78% (before fees) in June month, with a list in the gross return compared to April and, which generated a robust quarterly return (before fees) of 3.67% and a one-year return of +9.38% (before fees / tax.) In the two-year period to 30 June, the Fund returned +10.66% p.a. (before fees / tax –which was 2% p.a. ahead of its Reference Index. Over the three-year period, the Fund's gross annualised return was 8.25% p.a. (before fees / tax) remaining ahead of its Reference Index for all rolling periods beyond six months.**

Among the Income Fund's components, the strongest positive contributor in the June quarter was the Salt NZ Dividend Appreciation Fund which contributed +1.67% to the three-month's return. The Salt Enhanced Property Fund made a +0.55% positive quarterly impact, while the Salt Select Global Fixed Income Fund (+0.55% three-month's contribution) was also resilient in the face of turbulent global headlines. There were no negative contributions logged in the June quarter overall. The Salt Global Listed Property Fund and the Global Listed Infrastructure Fund made smaller positive contributions of 0.21% and 0.34%, respectively, in Q2 26.

Markets continue to focus on inflation, instability in the Gulf, and trade policy risks affecting the pace of central bank interest rate adjustments around the world, with the current negative global politics likely to keep policy rate increases incremental. The US Federal Reserve's Open Market Committee is divided at present on the scope for any easing in 2026, and demurred from moving the Fed Funds Rate in recent FOMC meetings. The balance of Fed opinion has moved toward keeping rates on hold, as Kevin Warsh took over the Chair from Jerome Powell (who remains a Governor.)

Inflation drivers deteriorated in US second quarter data, and risks will continue to be to the upside given the impact of oil and energy prices on general price level. We would anticipate continuing supportive impact on the listed Real Asset and Bond returns within the portfolio from investors seeking out greater stability and surety, and this has indeed been seen so far in 2026, although periods of weakness in sovereign bond markets will impact the interest-rate sensitive equities at times.

With the Oil price shock and the US tariff impacts still to be fully gauged, the modifications and legal blocks to tariffs will change the mixture of pricing pressures rather than reverse them. US monetary policy adjustments appear be paused pending clarification on labour market growth, given percolating inflationary factors. Domestically, the RBNZ has in July implemented a +0.25% increase to the Official Cash Rate, to 2.5%. incrementally-improving domestic sentiment assisted NZ equity assets as 2026 advances and should allow additional catch-up with global asset returns. Diversification of income sources remains very effective, as not all asset yields are equally defensible. All our income sources are fully liquid.

The Fund's prospective yield is around 1% above current 6-month TD rates, which were unchanged (at an average 3.56%) in June 2026. While TD rates stablise, we expect little scope for significant increases, even as the RBNZ has now begun adjusting the Official Cash Rate upward slightly, from July. The domestic economy is still weak, particularly in Services arenas.

## Salt Income Fund outlook

As inflation progressively confirms stabilisation (albeit at a higher level than prevailed before Covid) we expect component asset classes to improve further. Several key global economies are transitioning to slower growth, but the specific asset mix in this fund should not be negatively impacted, as valuations are not extended and quality is high overall.

Volatility across markets is ever-present with sentiment somewhat hostage to US political dynamics and global frictions. We expect value gains in interest-rate sensitive assets to continue through later 2026. However, this will continue to be a tentative and at times interrupted process.

We believe bond yields adjusted sufficiently (via a volatile and uncertain route in the last 24 months) for us to have re-instituted a small underweight bond positioning within the Income Fund. We consider inflation risk now poses a reduced danger to the capital valuations of bond portfolios. However, yields and credit spreads could potentially lift and widen somewhat, as there is mixed global appetite for debt investing now.

The allocation to bonds is held at -2% below the neutral 35% SAA weight. Due to fiscal risks, particularly surrounding tax policies and the impact on commodity prices of the Trump administration, we would move back overweight only incrementally. Bond positions need careful selection, and active management, as credit spreads are back at near-record lows.

The NZ economy is still straining to achieve sustained momentum. The Reserve Bank of New Zealand moved the Official Cash Rate down to 2.25% in Q4 2025. This should prove to be the terminal rate in New Zealand for this cycle. While an easing cycle has finished, little tightening is coming and the RBNZ has pushed back against markets pricing significant hikes in for this year. The Reserve Bank should look through oil price spikes, until they pass through to inflation expectations.

This gives scope for improved NZ asset returns, supporting shares, with the domestic economy beginning to show a little self-sustaining recovery impetus. Income yields received into the Fund remain attractive by historical standards as domestic 6-m Term Deposit rates fell quickly to just 3.56% p.a. currently. We expect only a very small and incremental in this level within the next three months, even with the RBNZ having initiated a mild tightening phase with its July +0.25% increase in the Official Cash Rate to 2.5% p.a.. This underscores the attractiveness of the yield stability demonstrated by the Salt Income Fund.

We anticipate the longer-term capital growth strategies within the Salt Income Fund will support performance, as inflation and domestic growth conditions are improving. However, there is still a soft economic period to traverse en route to that outcome in New Zealand. Hence, the sourcing of Fund income from a globally-diversified set of stable yielding securities. Yields on global fixed interest have improved, reflecting risk assessments by bond investors globally, but spreads over sovereign yields remain tight.

As the primary objective of the Salt Income Fund is to invest in quality sustainable yield payers, minimizing short-term capital price fluctuation is secondary. Market volatility allows us to acquire high quality and defensible dividend-paying assets for the Fund at better prices.

## Distribution of 1.125 cents per unit / quarter retained

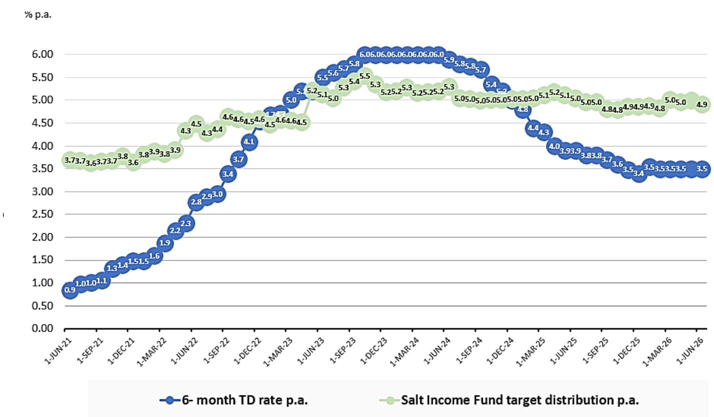
Stable component asset yields enabled us to retain the quarterly cents-per-unit distribution from the fund, at 1.125 cpu, for the latest quarterly distribution which was paid out / reinvested in mid-May 2026.

The silver lining in the bond market's repricing is that the yield received from selective bond investments shifted into a higher range and that supports the Income Fund's forward distribution path. This is characteristic of a transition into a mid-level interest rate regime which may endure for years, rather than months, ahead. It is crucial to note that the Income level from equity dividends and bond coupons received into the fund has been commensurately stable through periods of market turbulence. Global credit spreads widened after the US tariff shock last year, but then tightened and remain historically low, limiting potential for revaluation upside from Investment Grade and lower-rated bonds.

The fund's modelled income received from coupons and dividends remains aligned with its prospective distribution yield. We regard this as prudent, in a still-uncertain environment. The Real Asset components of Infrastructure and Property are well-suited to the immediate period ahead, as central bank policy rates progressively stablise at lower levels. Defensive merit should continue to be asserted in coming months through renewed demand for these specific "Real Asset" equity types, along with the sustainable dividend-payers in the broader Australasian market.

Finally, we anticipate the indicative benchmark of the NZ Bank Bill rate and the 6-month Term Deposit rates to stabilise, with unappetising term deposit rates on offer across a range of maturities from the banks persisting into late-2026. The RBNZ acknowledged that oil prices and inflation risks had receded, although the effects of the oil price shock were expected to linger. Meanwhile, the risks around the global growth outlook are now better balanced. With New Zealand inflation already above the target range, and with growth expected to gather momentum as the oil shock fades, the RBNZ considers it time to start removing some of the stimulus that had been put in place last year. While this may mean another OCR increase or two lies ahead, pass-through into higher TD rates is not expected to be dramatic nor to lead to a rush into bank deposit instruments.

## Income Fund's forward distribution rate vs. Term Deposits




Source: Salt, RBNZ (data to 30 June 2026)