

SALT

Salt Capital Growth Fund Fact Sheet – February 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.

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 28 February 2026

Benchmark	NZ CPI +5% over 5 years
Reference Portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	\$65.11 million
Inception Date	15 September 2021
Portfolio Manager	Greg Fleming

Unit Price at 28 February 2026

Application	1.2053
Redemption	1.2004

Sustainability Metrics (for information only)

Fund ESG Scores	Portfolio	Category avge
Morningstar ESG score	18.62	23.00
Carbon Risk Score	7.69	6.57

Scores indicate risk level – a lower score reflects a lower ESG multi-factor risk level. ESG score as at 28.02.26. 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 28 February 2026

Global Fixed Interest	14%
Australasian Shares	27%
International Shares	32%
Global Listed Property	12%
Global Listed Infrastructure	11%
Alternative Diversifiers	1%
Cash or cash equivalents	3%
Asset allocation to Fixed Interest + Cash	17%

Fund Performance 28 February 2026

Period	Fund Return (before tax and fees)	Gross Reference Portfolio Return*
1 month	2.80%	2.87%
3 months	1.44%	1.97%
6 months	3.60%	7.10%
1 year	4.80%	11.08%
2 years p.a.	9.74%	12.94%
3 years p.a.	10.63%	12.04%
Since inception p.a.	5.82%	6.91%

Performance is before fees and PIE tax and is adjusted for imputation credits. Reference Portfolio return is also gross. * at 28 February.

Top Individual Holdings

Fisher & Paykel Healthcare	US 5Yr Note (CBT) Jun 26
NZD Cash	Taiwan Semiconductor
Auckland International Airport	Alphabet
US 10Yr Note (CBT) Jun 26	Contact Energy
Infratil	The Coca Cola Co.

As at 28 February 2026

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Market Commentary

- There were multiple forces for markets to contend with through February. The U.S. Supreme Court ruled against the use of the International Economic Emergency Powers Act to justify the imposition of wide-ranging tariffs by the US administration, tensions between the US and Iran continued to escalate and U.S. investors continued to rotate away from mega-cap US technology stocks. US equities were down -0.8% in the month, while developed market equities as a whole rose +0.8% (in USD) as performance continued to broaden.
- The global aggregate bond index rose +1.2% (in USD) over the month as investors looked to high quality assets amid growing AI and geopolitical risks.
- U.S. economic data continued to point to the resilience of the U.S. economy. Despite a 1.0 percentage point drag from the government shut-down, Q4 GDP posted an annualised +1.4% gain. Underlying growth measures remained solid. Labour market data continued to point to ongoing tightness, while core PCE inflation dipped to 2.5% in January. Markets continued to expect two further 25bp interest rate cuts from the Fed.
- The ECB held rates steady, as was widely expected. President Lagarde described risks to the inflation outlook as broadly balanced. Euro-area inflation eased in January, with headline CPI declining to 1.7% y/y, while core inflation eased to 2.2%, its lowest since late 2021.
- Japanese currency and equity markets responded positively to the snap election which saw Prime Minister Takaichi and her Liberal Democratic Party achieve a super-majority in the lower House. This provides a strong mandate for the Prime Minister to pursue her expansionist fiscal agenda. However, at the same time, there is concern about her preference for a more dovish approach from the Bank of Japan.
- China continues to post modest growth. The property sector showed tentative signs of stabilisation but remained a key drag on activity, while inflation pressures stayed subdued. Financial markets are waiting for clearer policy signals ahead of the March National People's Congress policy meetings.
- In Australia, the RBA became the first major developed central bank to tighten policy in this cycle, raising its cash rate by 25bps to 3.85%. The Statement struck a hawkish tone, highlighting recent upside inflation pressures, stronger domestic demand and the tight labour market. Furthermore, the Board signalled that inflation is likely to remain above target for some time.
- NZ labour market data showed employment rising by +0.5% q/q in Q4, the strongest gain in over two years. However, the unemployment rate increased modestly on stronger participation. Broader activity data continues to point to a strengthening economic recovery. The RBNZ kept the OCR unchanged at 2.25%, increasing its interest rate track by less than interest rate markets had priced in. The projections indicate a first hike by December this year.

Salt Capital Growth Fund Commentary

The Salt Capital Growth Fund rose by 2.80% (before fees) in February and by 1.44% for three-month period (before fees). For the six-month period, the Growth Fund rose by 3.6% and for the year, it gained 4.8% (before fees) with the two-year annualised return at 9.7% p.a. (before fees.) The Fund logged a three-year annualised return of 10.6% p.a. (before fees) through to the end of February.

After leading up until June 2025, the Fund's gross return remained well behind its Reference Index' gross return for the full year to February 2026. A lag of the Reference Index return developed after last April, due to stock selection in global equities, while outperformance 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 lag. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags.

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 the present deterioration in global risks.

Internationally, major central banks are communicating to investors that they remain growth-supportive, although rate reductions will not be automatic, as inflation risks remain. The final impact on consumer and producer prices from President Trump's tariff reversals and replacements remains to be seen but do concern the Federal Reserve. More material in the last month has been the flare up in the Persian Gulf and the serious risks to global inflation and growth from oil shocks.

In 2025, 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 scale of likely easings in the US. As trade deals became more tangible, the markets recovered through June - December, however, much detail remains unclear. Tariff risks remain, though markets are now more used to aggressive US trade policies. Inflation and war tensions could undermine that complacency.

Fixed interest value persists in segments, however, with credit spreads tight and a trend to higher Sovereign yields developing, we held a small underweight to Global Fixed income within the fund, at a 14% allocation. This held "Growth" asset types in the Fund to a dynamic allocation of 83%. Global equities' weighting was trimmed to -3% underweight, at 32% of the Fund. We kept the overweight to global property to +2% and reinstated the Growth Fund's small position (+1%) in global infrastructure. The Fund's Cash level was likewise held at 3%.

Having gained more confidence that the NZ domestic economy is past the worst of its marked recent weakness, we held our overweight position in New Zealand equities, with the dynamic allocation at 27% through the first quarter of 2026.

Domestic assets made up 31% of the Fund, reflecting our reduced preference for International Assets (69% of Growth Fund assets.) Our overweight position in global property has assisted, given superior value and quality cashflows, as well as lower exposure to US trade / tariff risks, compared to other sectors. We see global real assets as still reasonably valued and showing scope for continued performance.

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 worsened, the Fed's rate path is now not expected to allow for reductions this year, in the market's forward pricing. There are too many potential price shocks building from energy.

The key positive absolute contributions to returns in February month again came from the Salt Select Global Listed Infrastructure Fund, which added +1.0% for the period, and the Select Global Listed Property Fund, which added +0.86%. This positive impact was partly diluted by flat contributions from the Select Global Shares Fund of (+0.09%.) and the small Carbon Fund holding's 0.08% February impact.

The Core NZ Shares Fund made a moderate positive contribution of +0.49% for the January month and the Select Global Fixed Income Fund supplied 0.16% of the February 2026 monthly return.

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 A.I. which developed through 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 might be developing, in Q1 2026, the momentum and dip-buying behind the AI trade persists.

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, in Q1 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 has 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.

The compounding absolute return level of the Capital Growth Fund remains above target at +10.6% p.a. (gross) in the 3 years to February.

Salt Capital Growth Fund outlook

As the largest current individual Salt Capital Growth Fund component, the Salt Select Global Shares Fund's returns are of substantial influence on the Capital Growth Fund's overall return.

The chip-and consumer-facing technology bias to the global equity markets' returns profile has been a drag on the Capital Growth Fund in the ten months since May. Optimism about the US share market's outlook under Donald Trump's presidency accelerated into 2025 year end, with a significant rush particularly by retail investors back into the equity market – particularly the big Tech names, and a wide variety of “meme” or story-stocks (many with limited profitability at present.)

The Salt Global Shares portfolio is currently slightly underweight to the USA and Japan. It prefers overweighting Developed Europe and the UK.

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 2025 tax bill. Equity markets have diverged from ISM manufacturing activity since 2022, despite historical correlation. Our reading of that is that, beyond discounting a bright outlook, dynamics reflect extreme concentration not trickling down to the broader economy.

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 into 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. Reserve Bank easing has improved domestic business confidence, and the equity market has rallied from April 2025, though investors still await any significant improvement in the earnings outlook. 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 equities under the Trumpian tariff regime, listed Real Assets proved resilient as 2025 has progressed. More recently, Infrastructure has been the stronger segment, despite sticky long bond yields that have yet to provide substantial support by moving markedly lower for long.

Over the twelve months to February, Global Listed Property gained 15.5% and Global Listed Infrastructure, +23.6% (gross returns) in our Salt funds (components of the Capital Growth Fund.) We expect the Real Asset rebound to continue its momentum through 2026, as some valuations in these sectors are attractive. However, this will come in fits and starts, as interest rates remain volatile, and substantial super-stimulatory easing is not on the table from central banks. Risks arise on the US front, given policy swings affecting the fiscal outlook.

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. Tariff-driven price increases will become ever more visible in tightening company margins. The slowing US labour market could worsen into a retail demand decline. It is uncertain how far the Federal Reserve can ease monetary conditions to combat this.