Salt Core NZ Shares Fund Fact Sheet – February 2024

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 29 February 2024

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$45 million
Inception Date	1 December 2020
Portfolio Manager	Paul Harrison

Unit Price at 29 February 2024

Application	0.8939
Redemption	0.8903

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 29 February 2024

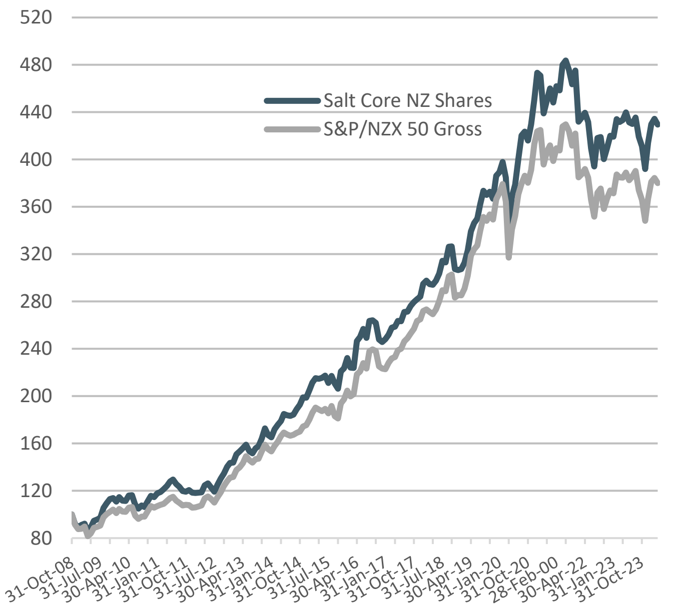
NZ shares	92.81%
Australian Shares	6.24%
Cash or cash equivalents	0.96%

Fund Performance to 29 February 2024

Period	Fund Return*	Benchmark Return
1 month	-1.10%	-1.10%
3 months	3.72%	3.63%
6 months	2.48%	1.63%
1 year	-0.48%	-1.29%
2 years p.a.	-0.66%	-0.99%
3 years p.a.	-0.72%	-1.34%
5 years p.a.	5.86%	4.72%
7 years p.a.	7.57%	7.31%
10 years p.a.	9.35%	8.93%
Inception p.a.	9.92%	9.05%

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 29 February 2024*



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
Infratil	A2 Milk
Mainfreight	Meridian Energy
Freightways	Sky City
Fisher & Paykel Healthcare	Precinct Properties NZ
Contact Energy	Goodman Property Trust

SALT FUNDS MANAGEMENT
Level 3, The Imperial Buildings, 44 Queen Street | PO Box 106-587, Auckland 1143
Email: info@saltfunds.co.nz | www.saltfunds.co.nz

Equities Market Commentary

The MSCI World Index rose +4.2% in February reflecting generally resilient economic data and solid earnings reports. Stronger economic data saw an ongoing pullback in rate cut expectations, both in quantum and timing. US 10-year bond yields rose from 4.01% to 4.28% and the global aggregate bond index fell -1.3% (in USD).

US economic data was strong. The PMI remained in expansion territory in February, and the economy added 353,000 jobs in January. The unemployment rate has been unchanged for 3 months at 3.7%. The core PCE just after month-end was as expected at a high +0.4% but services inflation was nearly +0.6%. The Europe PMI rose more than expected to 48.9. While still in contraction, the worst of the downturn may be over. January inflation came in at 2.8%, still above the ECB's 2% target.

Japan's TOPIX rose a healthy +4.9% despite a weaker-than-expected GDP print for the December quarter of -0.1%, placing the economy in a technical recession although this follows a strong first half following reopening. The Chinese share market rose by +8.1% on the back of a range of supportive administrative measures. Data over the Lunar New Year improved a little while the authorities announced several stimulus measures, including a larger-than-expected cut to the 5-year loan prime rate.

The RBA kept rates on hold and softened its tightening bias, but by less than expected. While risks are viewed as balanced, there is still concern about resilient inflation, especially in services. We think the RBA will be one of the last central banks to start cutting interest rates. NZ labour market data saw the unemployment rate rise from 3.9% to 4.0% over the quarter, but this was less than the 4.2% forecast by the RBNZ. This saw a significant change in market expectations of the next move in interest rates from a cut to further hikes. In the end, sense prevailed and the RBNZ left interest rates unchanged at the February Monetary Policy Statement. They also flagged less probability of future hikes.

Salt Core NZ Shares Fund Commentary

Australian and New Zealand equities experienced a volatile February as investors dealt with profit updates good and bad. This resulted in quite volatile returns across the markets.

The NZX50 Gross benchmark slid -1.10%, led lower by Fletcher Building (-9.3%) which in dramatic form, disclosed further construction project cost write-downs and the resignation of both the CEO and Chair.

The Fund performed in line with the index for February, also returning -1.10% (after fees). Good returns from holdings such as Tower (+19.0%), Westpac Bank (+8.1%), Fisher & Paykel Healthcare (+3.5%), Macquarie Group (+2.3%), and Contact Energy (+2.3%) were offset by weak performances from CSL (-5.1%), Mainfreight (-5.5%) and Woolworths (-8.1%).

The Fund's positioning in the retirement sector proved correct with the overweight in Summerset (+0.6%) outperforming the other underweight positions in Ryman (-18.6%), Arvida (-12.6%) and Oceania (-15.7%).

The largest relative performance headwind came from our underweight in a2 Milk (ATM, +20.4%) which rose on a better than feared result. We still believe that the market is being far too optimistic on the Chinese birth outlook and on the margins that ATM will achieve in a highly competitive environment. The Shanghai Academy of Social Sciences forecasts China's population to shrink from 1.4 billion people at present, down to 525 million by 2100. At the same time the over 65-year-old group expands from 14% of the population to 40%. Infant milk producers will be fighting over an ever-decreasing market. As a consequence, a2 Milk remains the Fund's largest underweight.

The Fund added some Fletcher Building during the month as investors reacted dramatically to the disappointing profit update.

Paul Harrison, MBA, CA