

# SALT

## Salt Capital Growth Fund Fact Sheet – March 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 31 March 2026

<b>Benchmark</b>	NZ CPI +5% over 5 years
<b>Reference Portfolio</b>	SAA-weighted component benchmark indices' performance
<b>Fund Assets</b>	\$62.43 million
<b>Inception Date</b>	15 September 2021
<b>Portfolio Manager</b>	Greg Fleming

### Unit Price at 31 March 2026

<b>Application</b>	1.1521
<b>Redemption</b>	1.1474

### Sustainability Metrics (for information only)

Fund ESG Scores	Portfolio	Category avge
Morningstar ESG score	18.85	20.00
Carbon Risk Score	8.14	6.607

Scores indicate risk level – a lower score reflects a lower ESG multi-factor risk level. ESG score as at 31.03.26. 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 31 March 2026

Global Fixed Interest	15%
Australasian Shares	27%
International Shares	31%
Global Listed Property	12%
Global Listed Infrastructure	11%
Alternative Diversifiers	1%
Cash or cash equivalents	3%
<b>Asset allocation to Fixed Interest + Cash</b>	<b>18%</b>

### Fund Performance 31 March 2026

Period	Fund Return (before tax and fees)	Gross Reference Portfolio Return*
1 month	-4.27%	-4.08%
3 months	-2.66%	-1.92%
6 months	-2.39%	0.09%
1 year	2.39%	9.74%
2 years p.a.	6.10%	8.83%
3 years p.a.	8.53%	10.21%
Since inception p.a.	4.59%	5.73%

Performance is before fees and PIE tax and is adjusted for imputation credits. Reference Portfolio return is also gross. \* at 31 March.

### Top Individual Holdings

Fisher & Paykel Healthcare	US 10Yr Note (CBT) Jun 26
NZD Cash	Contact Energy
Auckland International Airport	Taiwan Semiconductor
Infratil	US 10YR Ultra Future Jun26
US 5Yr Note (CBT) Jun 26	EBOS Group.

As at 31 March 2026

### SALT FUNDS MANAGEMENT

Level 3, The Imperial Buildings, 44 Queen Street | PO Box 106-587, Auckland 1143  
P: +64 9 967 7276 | E: info@saltfunds.co.nz | www.saltfunds.co.nz

## Market Commentary

- Markets had much to navigate during the first quarter of the year. Mega-cap technology companies came under intense scrutiny during the Q4 earnings season, the US 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 which saw the Trump administration respond with a blanket 10% tariff on all imports, while tension in the Middle East escalated to full-blown war between the US and Israel against Iran.
- In this environment it was perhaps not surprising that both stock and bonds had a poor quarter as markets focussed more on upside risks to inflation than downside risks to growth. In interest rate markets, short-dated bonds were hardest hit as sentiment pivoted from rate cuts by some central banks to rate hikes. Developed market equities were down -3.5% over the quarter, while the global aggregate bond index was down -1.1%, both in USD.
- In the US, tech stocks had a particularly challenging start to the year as focus turned to the threat presented by AI to software as a service (SaaS), but also the ability of hyperscalers to continue to generate returns against ever higher levels of AI-related capital expenditure being announced. The sector stabilised somewhat as the war in Iran unfolded during the March month and investors turned to higher quality companies.
- Economic data was of little note in the US, and elsewhere for that matter, as the war unfolded and attention turned to the likely growth and inflation implications, and the uncertainty and inevitable trade-offs that would confront central banks.
- March month central bank meetings had all, except the RBA, holding rates unchanged and highlighting the uncertain path ahead. That said, both the Bank of England and the European Central Bank signalled a rate hiking bias.
- The best performing equity market over the month was Japan's TOPIX, which finished the month up +3.6% on the back of Yen weakness and the resounding victory of the Liberal Democratic Party in the February snap election and its implications for likely growth-enhancing fiscal stimulus.
- In Australia, the RBA became the first major developed central bank to tighten policy in this cycle, raising its cash rate by 25bps twice over the quarter, taking it to 4.1%. The second hike saw a close vote, though this was mostly a reflection of differing opinions on timing, rather than the need for higher rates.
- In New Zealand the RBNZ left interest rates unchanged at its February meeting. A speech in March by the RBNZ Governor took an appropriate line on the war in Iran, arguing the bank would look through the initial inflationary effects, but remain vigilant to the risk of that higher inflation becoming embedded.

## Salt Capital Growth Fund Commentary

**The Salt Capital Growth Fund fell by -4.3% (before fees) in March month and by -2.7% for three-month period (before fees.) For the six-month period, the Growth Fund declined -2.4% and for the year, it gained 2.4% (before fees) with the two-year annualised return at 6.1% p.a. (before fees.) The Fund logged a three-year annualised return of 8.5% p.a. (before fees) through to the end of March.**

Defensive positioning overall, and the preference for listed Real Assets (Infrastructure and Property) assisted the Fund's relative resilience in a turbulent First Quarter. Longer-term, after leading up until June 2025, the Fund's gross return remained well behind its Reference Index' gross return for the full year to March 2026. A lag of the Reference Index returns developed last year, 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 sharp lag. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags. However, alpha gains in Real Assets assisted.

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 Oil shocks due to war and his 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 such as the present Straits of Hormuz crisis.

Last year, 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. Tariff risks remain, though markets are now more used to aggressive US trade policies. Inflation and war tensions could undermine that complacency. World growth forecasts are being lowered, recently by the IMF which predicts a soft 3.1% 2026 GDP gain.

Fixed interest value persists in segments, however, with credit spreads a touch wider and bout of higher Sovereign yields in March, we closed a small underweight to Global Fixed income within the fund, now at a 15% allocation. This held "Growth" asset types in the Fund to a dynamic allocation of 82%. Global equities' weighting was trimmed to -4% underweight, at 31% of the Fund. We kept the overweight to global property to +2% and retained 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% throughout 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 (-4% 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 the March Quarter 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 +0.06%, and finally the small Carbon Fund holding's 0.03% March Quarter impact. This positive impact was partly diluted by negative contributions from the Select Global Shares Fund (-2.58%), the Core NZ Shares Fund contributing a drag of -1.35% and the Global Fixed Income Fund holding's -0.15% February impact.

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 +8.8% p.a. (gross) in the 3 years to March.

## Salt Capital Growth Fund outlook

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. Our reading is that, beyond discounting a bright outlook, recent economic dynamics reflect extreme concentration not trickling down (yet) 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.

Despite the market reversal in March month, over the twelve months to 31 March, Global Listed Property gained +9.2% and Global Listed Infrastructure, +18.7% (gross returns) in our Salt funds (components of the Capital Growth Fund.) We expect the Real Asset rebound to continue 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. That argues for higher long US bond rates.

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.