Salt NZ Dividend Appreciation Fund Fact Sheet – December 2025

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 Salt NZ Dividend Appreciation Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, pay high and sustainable dividends. A considerable body of robust research suggests that stocks with strong and sustained dividend policies tend to generate higher free cash flow than average and outperform their index benchmarks over time. The strategy is not intended to naively generate the highest possible yield but rather to generate a high and sustainable dividend yield.

Fund Facts at 31 December 2025

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$119 million
Inception Date	30 June 2015
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 31 December 2025

Application	1.8903
Redemption	1.8827

Investment Guidelines

The guidelines for the NZ Dividend Appreciation Fund are shown below:

NZ shares	95% – 100%
Cash	0% – 5%
Unlisted securities	0% – 5%
Maximum active position	8%

Target investment Mix

The target investment mix for the Salt Dividend Appreciation Fund is:

New Zealand Equities	100%

Fund Allocation at 31 December 2025

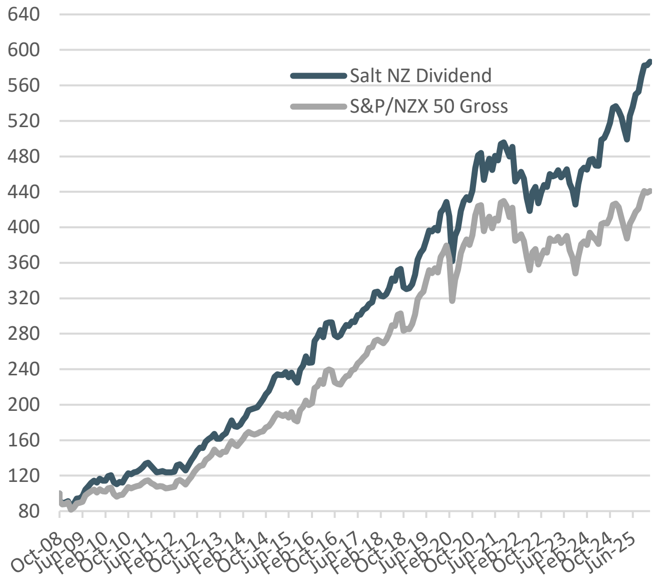
NZ shares	99.06%
Cash	0.94%

Fund Performance to 31 December 2025

Period	Fund Return*	Benchmark Return
1 month	0.65%	0.44%
3 months	3.03%	1.93%
6 months	9.00%	7.50%
1 year	8.87%	3.34%
2-year p.a.	12.27%	7.29%
3 years p.a.	9.46%	5.69%
5 years p.a.	3.95%	0.69%
7 years p.a.	8.44%	6.34%
10 years p.a.	8.67%	7.91%
Inception p.a.	10.77%	8.95%

Performance is after all fees and does not include imputation credits or PIE tax.
*From 1 December 2008 to 31 December 2015, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 31 December 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
Turners Automotive Group	Chorus Networks
Tower	The a2 Milk Company
Heartland Group Holdings	Meridian Energy
NZME	Auckland International Airport
NZX	Summerset Group Holdings

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Equities Market Commentary

Developed market equities saw solid returns in the final quarter of the year, rising +3.2% (in USD) the longest US Government shutdown in history concluded and the Fed cut interest rates for a third consecutive time in December taking the Fed funds rate to 3.75%.

The global aggregate bond index eked out a +0.2% (in USD) gain. While the Fed lowered interest rates over the quarter, there is much uncertainty about the scope for further cuts. More broadly, fiscal policy concerns continued to weigh on sovereign bond yields.

The BoJ raised rates for a second time in 2025 in December, taking the policy rate to 0.75%. This policy rate is now at its highest level in 30 years. With above-target inflation looking increasingly entrenched, further interest rate normalisation appears likely in 2026.

Inflation data continued to surprise to the upside in Australia through the December quarter. This saw the RBA leave interest rates unchanged, with comments from Governor Bullock at the December meeting indicating a tightening bias.

The RBNZ cut the OCR to 2.25% in a 5-1 vote in its final meeting of the year. While the projected interest rate track showed an easing bias, the Statement was taken as hawkish by the market, prompting the new RBNZ Governor to articulate the bank's discomfort with the rise in interest rates post-Statement. Rising mid-duration rates were given further impetus by much better activity data, in particular a +1.1% increase in Q3 GDP which was significantly higher than the RBNZ's forecast of +0.4%. The easing cycle is over and the next move in NZ interest rates is up, with timing dependent on inflation's behaviour.

The quarter was a better one for NZ equities, with the S&P/NZX50 Gross Index up +1.9% as green shoots in the local economy started to appear on the back of recent rate cuts and ongoing terms of trade strength.

Salt NZ Dividend Fund Commentary

The Fund outperformed solidly in the December quarter, rising by +3.03% versus the +1.93% advance by the S&P/NZX50 Gross Index. While some pure income securities were held back by a rise in bond yields over the period, increasing evidence emerged that the NZ economy is throwing off its multi-year shackles. Several of our key overweights with exposure to this cyclical thematic did very well.

The largest positive by some distance was our long-held overweight in Turners (TRA, +17.6%). Their result was rock-solid despite the stars not quite aligning for them just yet. Their credit collection business is still in the doldrums, an industry-wide dearth of Japanese imports is creating more competition for buying cars and they are yet to see a full-scale upswing in Auckland and Wellington. Despite this, they still delivered +13% NPAT growth in the Sep25 half, and they are very well positioned for a broader economic upswing in 2026.

The second stand-out was our long-held Tower (TWR, +15.4%) position. We have trimmed this somewhat from the former very large holding, but they delivered a strong result and outlook despite the insurance cycle having clearly matured. They go ex a massive fully imputed 16.5cps dividend in January.

The third key winner was our newer position in Heartland Group (HGH, +11.4%). The improving NZ economy is clearly good news for both HGH's legacy lending businesses and their strong growth business of reverse mortgages. We remain hugely attracted to the valuation growth potential from reinvesting free cashflows at a 15-20%+ return for many years in an industry which has huge tailwinds. New RBNZ capital rules announced during the month will be helpful to their legacy lending books and we await an easing of capital rules for reverse mortgages in 2026.

Headwinds were smaller both in number and magnitude. The most material was the zero-weight in Sky City (SKC, +36.4%), which bounced on hopes of cyclical improvements to their structurally challenged business. Having no holding in SKC has added a lot of value to the Fund in recent years. The other notable area was our underweight in the retirement village stocks, Oceania Healthcare (OCA, +33.3%), Summerset (SUM, +15.1%) and Ryman Healthcare (RYM, +12.4%). They all ran hard on hopes that sharp rate cuts will lift the NZ housing market. While this is likely true, we view NZ housing as merely having moved to being somewhat rather than egregiously unaffordable. We also struggle with the paucity of free cashflow generation by these businesses.

At quarter-end, we project the Fund to have a net yield of 3.9% versus 3.4% for the Index.

Matthew Goodson, Portfolio Manager