

SALT

Salt Select Global Shares Fund Fact Sheet – September 2026

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.

Fund Name Change

As of 13 June, the Salt Sustainable Global Shares Fund was renamed the Salt Select Global Shares Fund. There is no change to investment disciplines or approach; however, this aligns the Fund better with current global regulatory and market trends.*

Investment Strategy

To achieve the Fund's investment objectives, the Fund targets a portfolio of global companies with high total return potential and high Quality & Environmental, Social and Governance (ESG) factor scores.

The strategy seeks to provide attractive long-term returns with less long-term volatility than the broader market.

Fund Facts at 30 September 2026

Fund Assets	\$100.80 million
Inception Date	12 July 2021
Underlying Manager	Morgan Stanley Investment Management * Effective 28 April 2025 the underlying Morgan Stanley Global Sustain Strategy was renamed the Global Quality Select Strategy. There is no change to the Strategy's investment philosophy and process.

Unit Price at 30 September 2026

Application	1.4550
Redemption	1.4491

Investment Guidelines

The guidelines for the Sustainable Global Shares Fund are:

Global Equities	95% – 100%
Cash	0% – 5%

Target investment Mix

The target investment mix for the Salt Sustainable Global Shares Fund:

Global equities	100%
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Fund Allocations at 30 September 2026

Global equities	97.99%
Cash & sundry items	2.01%

Fund Performance to 30 September 2026

Period	Fund Return	Benchmark Return
1 month	1.06%	3.53%
3 months	3.66%	2.65%
6 months	10.98%	17.10%
1 year	1.01%	18.52%
2 year p.a.	6.65%	23.41%
3 year p.a.	11.77%	23.95%
Since inception p.a.	8.79%	15.70%

Performance is before fees and tax and adjusted for imputation credits.
Benchmark (MSCI World Index in NZD) performance is gross.

Fund holdings

Top 10 holdings

Taiwan Semiconductor (TW)	Amazon (US)
Alphabet (US)	Coca-Cola (US)
ASML (NL)	Keyence (JP)
VISA (US)	Thermo Fisher (US)
Microsoft (US)	L'Oreal (FR)

Source: MSIM, data as at 30 September 2026.

The Top 10 Holdings represented 46.8% of the total portfolio.

The Portfolio's carbon footprint, measured as weighted average carbon intensity (WACI) was 73% lower than MSCI AC World Index.^A

Market Review

- Global financial markets navigated another challenging quarter, with resilient economic growth and strong corporate earnings supporting equity markets despite renewed geopolitical tensions, higher energy prices and rising interest rates. Global equities ultimately posted modest gains over the quarter, although September proved more difficult as bond yields rose sharply and investors became increasingly concerned about inflation.
- Geopolitics remained an important influence. Tensions in the Middle East escalated again late in the quarter, pushing oil prices sharply higher and adding to inflation concerns. Trade tensions also remained elevated, including renewed friction between the US and Canada, reinforcing the view that geopolitical and trade fragmentation are becoming more permanent features of the investment landscape.
- The US economy continued to outperform expectations, supported by resilient consumer spending and strong business investment, particularly in AI-related infrastructure. Corporate earnings remained a key source of support for equities, although investors became more selective about where the eventual returns from substantial AI investment will accrue.

- Monetary policy moved back towards the centre of the market debate. The Federal Reserve raised interest rates in September as persistent inflation and resilient economic activity reduced the case for maintaining easier policy settings. Chair Kevin Warsh's move away from traditional forward guidance also increased uncertainty around the future path of interest rates.
- Bond markets had a difficult quarter. Government bond yields rose sharply across most developed economies as investors reassessed the outlook for inflation and monetary policy. Longer-term yields also reflected growing concerns around fiscal deficits, heavy government borrowing requirements and rising term premia.
- European and Japanese markets also faced higher interest rates during the quarter. The European Central Bank tightened policy as inflation remained persistent, while the Bank of Japan continued its gradual normalisation of monetary policy. Japanese equities nevertheless performed strongly, supported by healthy corporate earnings and ongoing improvements in corporate governance.
- China's economy remained comparatively subdued, with weak domestic demand and continued challenges in the property sector offsetting stronger export and technology-related activity. Policymakers announced further support measures during the quarter as they continued to manage the economy's transition towards a slower but more sustainable growth rate.
- Australia ended the quarter with another increase in the cash rate as persistent inflation prompted the Reserve Bank to tighten monetary policy further. However, signs of economic softness became increasingly apparent, including weaker business conditions and falling house prices. The key question is how much further tightening will be required before the RBA is confident that slower demand will deliver the inflation outcome it is seeking.
- New Zealand also saw monetary policy tightened during the quarter, with the RBNZ increasing the OCR as it began moving policy back towards a more neutral setting. Economic activity remained relatively resilient despite the impact of higher energy prices, with GDP managing a small increase in the June quarter and earlier data revised higher. Strong construction activity provided support, although elevated oil prices and a still-soft labour market suggest the recovery is likely to remain uneven.

MSIM Q3 commentary

- The third quarter was challenging for global markets as renewed geopolitical tensions, volatile energy prices, tighter monetary conditions and fiscal concerns increased pressure on inflation and longer-duration bonds.
- **Market participation narrowed materially during the quarter.** The market's strong earnings growth has been concentrated in AI-related areas and Energy, and free cash flow growth has lagged earnings growth while corporate margins are already close to historical highs.

- The durability of earnings will be tested by whether companies can sustain profitability in a higher-inflation world and whether the AI build-out creates lasting pricing power across its supply chain.
- Against this backdrop, we believe quality compounders offer resilient growth, proven pricing power and reliable earnings compounding with lower sensitivity to AI infrastructure spending, commodity prices and inflation cycles.
- The Portfolio is positioned across a range of outcomes through select durable AI enablers and bottlenecks, high-quality potential AI beneficiaries trading at depressed valuations, and defensive compounders whose investment cases are largely independent of the AI debate.
- The Portfolio trades at broadly the same free cash flow yield as the market despite materially higher returns on operating capital employed, higher gross margins and what we believe is a more resilient through-cycle earnings profile.
- Looking forward, should earnings become harder to find, the Portfolio's combination of proven pricing power, resilient revenues and credible through-cycle compounding could become increasingly valuable.

Portfolio Review

In September, the Portfolio returned +1.06% (Gross/NZD) against +3.53% for the MSCI World Net Index, as the month saw a reversal of the pattern earlier in the quarter, with a rotation back towards artificial intelligence (AI) infrastructure beneficiaries. Stronger performance over July and August more than offset the weaker September, with the Portfolio returning +3.66% over the third quarter (Q3) versus +2.65% for the index. The Portfolio remains behind the MSCI World for the year-to-date, having returned +2.06% versus the index's +13.83%.

What drove returns in August?

Among the largest contributors to absolute performance in Q3 were **Microsoft** (+124 bps) and **SAP** (+88 bps), both up +38% (in U.S. dollar [USD] terms) on strong results and improving sentiment towards enterprise software. At its fiscal fourth quarter results in July, Microsoft reinforced confidence in returns from AI investment, with Azure growth accelerating to 43% year-on-year (y-o-y), Copilot seats exceeding 30 million and demand continuing to exceed capacity, while guiding to accelerating growth in Azure and Microsoft 365 (Office) Commercial Cloud.

SAP's second quarter results were also well received, with current cloud backlog growth reaccelerating to 26% (from 25% in the previous quarter) and some optimism about early evidence of agentic AI adoption easing concerns around disruption to its core franchise.

Elsewhere, **Thermo Fisher** (+101 bps) rebounded over 50% from its mid-May low as concerns around destocking, funding cuts and pharma research and development (R&D) spending eased. Strong second quarter results reinforced the improving outlook, with organic growth recovering following the final COVID-related revenue run-off and earnings expectations beginning to rise.

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Finally, **Intercontinental Exchange** (+67 bps) and **CME Group** (+43 bps) recovered following regulatory uncertainty-driven weakness in the second quarter, supported by resilient operating performance and easing concerns around disruption from perpetual futures.

Turning to the largest absolute detractors in Q3, **ASML** (-39 bps) came off all-time highs despite excellent second quarter results and upgraded 2026 guidance, as July's semiconductor sell-off and reports of progress in Chinese domestic DUV (deep ultraviolet) lithography weighed on sentiment. While the latter raises longer-term questions around ASML's addressable market, we see limited near-term risk to its leading EUV (extreme ultraviolet) franchise and attractive long-term potential.

Hermès (-28 bps) struggled as continued weakness in China and a subdued luxury cycle weighed on earnings expectations. With brand scarcity intact and the valuation moderating, we added on weakness to what we view as one of the world's highest-quality luxury franchises.

Aon (-37 bps) declined sharply towards quarter-end following its proposed \$17 billion acquisition of USI Insurance Services, as investors reacted negatively to increased leverage and delayed buybacks. **AutoZone** (-24 bps) remained under pressure amid softer U.S. do-it-yourself demand and concerns around its accelerated store expansion. While the pace of investment is weighing on margins, we believe new stores and the faster-growing commercial business should support market-share gains and an improved business mix as the capex cycle peaks.

Finally, **TSMC** (-27 bps) affected by a broad pullback across the more cyclical end of the AI supply chain early in the quarter, partially recovering following positive results reported in early September.

Stock selection was the primary driver of relative performance (in USD terms), detracting in September, a month when only AI infrastructure showed positive returns, but contributing significantly for Q3 overall. Looking at the largest September headwinds: in Information Technology (IT), the decent 5% return by the Portfolio's Semiconductor holdings lagged the Semiconductor industry (+7%), while **Keyence** (-2%), the Portfolio's sole Hardware holding, underperformed its industry (+5%).

In Communication Services, not owning **Meta** (+27%) and a pullback in **Netflix** following decent August performance weighed on returns; and in Industrials, Professional Services holdings reversed earlier gains, led by Experian and Equifax on concerns around potential changes to mortgage credit reporting and rising mortgage rates. Sector allocation was neutral in the month.

For Q3 overall, stock selection was positive across several sectors. Financials benefited from Intercontinental Exchange and CME (both bouncing circa 20%), while in Industrials, the Portfolio benefitted from its underweight to the Capital Goods industry (-7%), while its holdings in the industry proved more resilient (-3%), helping to offset the September reversal in Professional Services.

Key defensive areas also outperformed: Health Care holdings returned +12% versus the index's +3%, led by **Thermo Fisher** (+35%) and U.S. drug distributors **McKesson** (+13%) and **Cencora** (+6%), while **Coca-Cola** (+6%) outperformed the Consumer Staples (-3%) sector by almost 10 percentage points. Communication Services was the only weak Q3 selection area, reflecting exposure to **Alphabet** rather than **Meta**.

Negative sector allocation in Q3 was primarily due to the lack of Energy exposure.

Portfolio Activity

During September, we made one new purchase and one final sale.

We initiated a position in **Walt Disney**, a high-quality entertainment franchise with valuable intellectual property, streaming platforms including lead U.S. sports broadcaster ESPN, leading studios and parks. The opportunity lies in improving returns from these assets, particularly in its under-earning streaming business. We believe full ownership of Hulu gives management greater scope to integrate and bundle its platforms, while cost reduction and the migration of sports into streaming provide further opportunities to monetise ESPN more effectively and improve direct-to-consumer (DTC) economics.

Although execution risk remains, in our view the combination of high-quality assets, significant self-help potential and an attractive valuation provides a credible path to attractive, growing returns. The purchase of Disney was part funded by trimming Netflix, in order to manage our aggregate streaming exposure. Softer engagement data more recently has weighed on Netflix's share price, and while streaming economics remain attractive, we see greater self-help and re-rating potential at Disney.

We also reduced **Aon** following assessment of the proposed USI acquisition. While the strategic rationale is credible, a second large, fully debt-funded acquisition, an extended integration agenda and the recent CFO departure widen the potential range of outcomes, and we see more attractive opportunities elsewhere.

Finally, we moderated our position in **Procter & Gamble** as improving market-share trends were offset by subdued category growth and rising input costs. With stronger earnings growth increasingly dependent on improved execution, we chose to reallocate capital towards more attractive opportunities elsewhere in the Portfolio. We also exited the very small position in **Mobility Global**, which had been received following its spin-off from S&P Global in July.

As covered in our July and August commentaries, there were no other new purchases or final sales earlier in the quarter.

Looking at trading activity over Q3 as a whole, within Financials, we added to **MSCI** where we remain attracted to its durable, high-quality data franchise and see scope for improved product development to support subscription growth, while reducing our position in Intercontinental Exchange (ICE) following a recovery in the shares as disruption fears around its futures franchise eased.

We also added to **Ferguson** as the valuation became more attractive and subsequent results reinforced our conviction, Hermès on valuation grounds, and to Alphabet and Amazon during July's rotation away from AI-exposed companies.

Elsewhere, we reduced **RELX** and **Amadeus IT Group** as concerns around potential AI disruption weighed on our conviction in their long-term compounding, and trimmed Keyence following strong share-price performance.

MSIM Market Outlook: Beyond the Earnings Boom

The commentary below discusses the broader market backdrop with reference to the MSCI World Index, in USD terms.

The third quarter (Q3) proved a challenging one for global markets. Re-escalating U.S.–Iran tensions and tightening supply drove extreme volatility in energy markets, with Brent crude oil futures surging 40% and the resulting energy shock keeping inflation fears firmly in focus. Monetary conditions tightened further as a number of central banks raised policy rates, while mounting fiscal pressures and sovereign debt concerns compounded the pressure on longer-duration bonds, pushing the 10-year U.S. Treasury yield up 50 bps over the month, closing September at 5.29% – its highest level in more than two decades.

It was also a choppy quarter for equities. July saw a reversal among some of the strongest year-to-date beneficiaries of the AI infrastructure build-out, with Semiconductors falling sharply and other areas of physical AI infrastructure coming under pressure. These losses were largely recovered as the quarter progressed, with the release of several next-generation autonomous agents and frontier models contributing to a notable improvement in AI sentiment during September. At the same time, market participation narrowed considerably over the quarter, with less than one-third of MSCI World constituents outperforming the index in September, down from around two-thirds in July.

The relative performance of our quality portfolios broadly followed this round trip, improving as participation broadened before weakening again as it narrowed.

The MSCI World Index's modest 2% gain in Q3 takes its year-to-date (YTD) return to a respectable 12%. Underpinning this performance has been an extremely buoyant earnings backdrop, with the index's 12-month forward earnings per share (EPS) rising 23% YTD, even as its multiple has fallen 10% to 18x next-twelvemonth (NTM) price-to-earnings (P/E) – below its COVID-era peak of 21x and only slightly above its 10-year historic average of 17x. The earnings momentum has been even stronger for the S&P 500, where forward earnings are up 31% YTD.

While the earnings strength has been a nearly market-wide phenomenon (with only four of the index's eleven sectors – Utilities, Health Care, Consumer Staples and Real Estate – delivering EPS growth of less than 10%), the bulk of earnings upgrades for the index come from two distinct pockets – Energy and AI.

In Energy, persistently high oil prices have driven EPS growth of 60% YTD, while the AI deployment boom has propelled earnings growth in Semiconductors (+111% EPS), Hardware (+38%) and the Hyperscalers (+32%). Aggregating Energy and these three "AI-enablers" areas together explain over 70% of the increase in index earnings growth.

Taking into account that AI spend has also benefited pockets of Industrials supporting the physical data-centre build-out, the true earnings growth concentration is likely to be even greater.

Beyond the obvious heavy reliance on AI-related earnings growth and volatile energy prices, we would point to two factors which make us question the quality of the market's earnings growth. First, the earnings boom has not been matched by cash generation: while MSCI World 12-month forward EPS has risen by 23% YTD, its free cash flow growth has been 12 percentage points slower. In other words, the improvement in underlying corporate economics is less pronounced than headline earnings growth would imply, as the semiconductor companies and other infrastructure providers take 100% of the AI buildout revenue and profit today, while those spending the money capitalise most of their costs.

Second, this exceptional earnings growth comes from a starting point at which corporate margins are already close to historical highs. While today's extraordinary AI earnings are accruing to the companies supplying the build-out, we have yet to see a commensurate benefit to margins among corporate customers buying and deploying the technology. There is evidence of productivity gains in areas such as advertising and coding, but these have yet to translate into a material earnings benefit across the wider corporate sector, which implies that the margin improvement has largely been driven by the AI-enablers, rather than adopters.

In our view, two areas in particular will test how well this earnings backdrop holds up from here.

Can corporates sustain earnings in a higher-inflation world?

Higher inflation may support nominal revenues and earnings, but periods of high inflation have not historically translated into higher returns on equity for corporates. As Warren Buffett observed in his 1977 Fortune article, *How Inflation Swindles the Equity Investor*, as prices rise, so too does the capital required to sustain a business, with inventories and productive assets ultimately needing to be replenished at higher costs.

Keeping quality investors on their toes, inflation can also temporarily gift even relatively low-quality businesses the appearance of pricing power, as they may initially be able to pass higher costs on to customers. As inflation persists, however, and higher interest rates compound rising input and labour costs, genuine pricing power should become easier to distinguish, with those businesses better placed to protect their economics.

Can the AI earnings boom endure?

The sustainability of earnings in parts of the AI complex will largely depend on whether the AI build-out has created newfound and durable pricing power across the supply chain. Putting to one side the rare bottlenecks, the usual rule of capital cycles is that exceptionally attractive economics incentivise additional investment and bring new capacity online. Some of today's supply constraints may persist for some time, not least because the relatively short replacement cycle for leading-edge

AI chips could create a recurring source of demand. Current earnings expectations appear to assume that demand will remain strong enough to absorb much of that additional supply and sustain today's unusually favourable economics. The question is whether AI can indeed reverse the multi-decade trend of memory, power and other components becoming cheaper per relevant unit of output, or whether we are experiencing a more traditional – albeit exceptionally strong – capital cycle in which increased demand ultimately brings forth increased supply. The distinction will be enormously consequential in areas such as memory, where operating margins have moved from a historical through-cycle range of roughly 0–30% towards 70–80%.

The Opportunity

Today's market is underpinned by earnings growth that is exceptional by any historical standards. 20%+ earnings accretion in just the first nine months of the year has rarely been seen outside of one-off recoveries from earlier sharp cyclical slowdowns, like COVID or the Global Financial Crisis, never mind from a very high margin base. The sustainability of this growth will have consequential impact on the direction of broader market returns.

Against this backdrop, we find the opportunity in quality compounders particularly compelling. This group, in our view, offers resilient growth and proven pricing power, which should translate in reliable earnings compounding, with much lower sensitivity to the AI build-out, commodity prices and inflation cycles than the broader market.

Importantly, investors are currently paying relatively little for that optionality, as the premium attached to the more dependable earnings growth we seek has compressed. The Portfolio now trades at broadly the same free cash flow yield as the market – valuation levels rarely seen in its history – despite materially higher returns on operating capital employed and gross margins, and what we believe to be a more resilient through-cycle earnings profile.

Crucially, that earnings profile is more reliant on dependable top-line growth than on further margin expansion from already elevated levels.

Nor does the quality opportunity depend on either of the risks discussed above materialising. The Portfolio is deliberately positioned across a range of outcomes: we participate in the AI build-out through select enablers and bottlenecks where we believe competitive advantages are durable; own high-quality businesses with the potential to benefit from AI that continue to trade at depressed valuations; and retain defensive compounders whose investment cases are largely independent of the AI debate. If enthusiasm around AI infrastructure persists, we should participate through the first group; if market leadership broadens, the second offers meaningful re-rating potential; and if earnings growth becomes more difficult to find, the resilience of the third – and indeed of the Portfolio more broadly – should become increasingly valuable.

Looking forward, should earnings become harder to find, we believe the Portfolio's combination of proven pricing power, resilient revenues and credible through-cycle compounding could become increasingly valuable.

Notes

- A. Source: Trucost. As of September 30th, 2026, the Portfolio's weighted average carbon intensity (WACI) was 73% lower than the MSCI AC World Index.

WACI is calculated using Scope 1 & 2 emissions per \$m of company revenue. The term carbon refers to greenhouse gas (GHG) emissions, measured in metrics tonnes of carbon dioxide equivalent (CO₂e) emissions. Our data provider's methodology follows the GHG protocol and includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃), calculated in metric tonnes of CO₂ equivalent. Some carbon/carbon equivalents data may be estimated by the data provider. Data excludes cash.

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