Salt NZ Dividend Appreciation Fund Fact Sheet – April 2025

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 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 30 April 2025

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$99.75 million
Inception Date	31 July 2015
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 30 April 2025

Application	1.6674
Redemption	1.6607

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:

Australasian Equities	100%

Fund Allocation at 30 April 2025

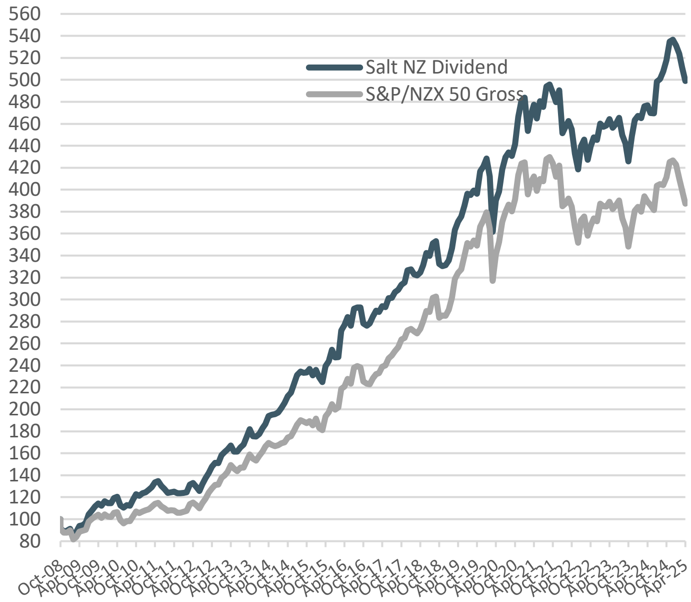
NZ shares	99.38%
Cash	0.62%

Fund Performance to April 2025

Period	Fund Return*	Benchmark Return
1 month	-2.37%	-2.99%
3 months	-6.10%	-7.10%
6 months	-3.63%	-5.82%
1 year	4.64%	0.96%
2-year p.a.	3.68%	0.21%
3 years p.a.	3.13%	0.52%
5 years p.a.	5.04%	2.76%
7 years p.a.	6.34%	5.24%
10 years p.a.	7.89%	7.62%
Inception p.a.	10.18%	8.56%

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 30 April 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
Tower	Auckland International Airport
Turners Automotive Group	a2 Milk
Marsden Maritime Holdings	Meridian Energy
Genesis Energy	Chorus Networks
NZME	Kiwi Property Group

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Equities Market Commentary

April was volatile across all markets as changes to the global trade environment impacted on share, bond and currency markets. President's Trump's "Liberation Day" tariffs surprised in scale and scope but equities recovered later in the month as some measures were softened or delayed. Developed market equities ended the month up +0.9%, with the US underperforming most other markets. The Nasdaq 100 closed +0.9% but moved in a 19.8% range.

Bond markets were similarly volatile as the yield on 10-year US Treasuries reached 4.51% post Liberation Day, before recovering to 4.16% at month end. The global aggregate bond index returned +2.9% helped by a rally in Euro area bond yields.

US data pointed to an emerging slowdown, with the University of Michigan consumer sentiment index falling to levels not seen since the pandemic. Inflation data came in better than expected but tariff impacts lie ahead. Markets are aggressively pricing in 4 Fed rate cuts which seems too aggressive.

The ECB cut the discount rate 25bp to 2.25%, noting the disinflationary process remained "well on track". In Japan, the manufacturing PMI index remained in contractionary territory, reflecting the risks form US tariffs to Japanese exports. Tit-for-tat retaliation saw US tariffs on Chinese goods increase to 145% but the apparent US willingness to negotiate helped ease tensions later in the month.

Global trade disruptions and the implications for Chinese growth saw markets pricing in a significant easing in monetary policy by the RBA. This was despite a March quarter CPI result that was a touch higher than expected. The labour market will be a key determinant in how far the RBA can reduce interest rates. NZ March quarter inflation of 2.5% was at the top end of expectations. Activity data was broadly consistent with the theme of a stabilisation. The RBNZ cut the OCR by 25bp, lower than their recent pace of 50bp cuts, to 3.5%.

Salt NZ Dividend Fund Commentary

The Fund outperformed the market in the month of April, declining by -2.37% compared to the -2.99% decline by the S&P/NZX50 Gross Index.

We had one large headwind in the form of Tower (TWR, -10.4%), where Bain sold their 20% stake at $1.30 compared to the end-March price of $1.49. Inevitably, some of the sell-down went into loose hands and the share price closed the month at $1.33. However, it is beginning to work through this in May. TWR delivered yet another profit upgrade, this time it was a 15% lift from a range of $60-70m to $70-$80m. This still assumes their full large event allowance of $50m even though there has been only $3m so far. Depending on large events between now and end-September, TWR is on a PE of 4.4x – 6.2x our numbers. This remains absurdly cheap for a solid industry structure that allows for sound returns over the insurance cycle. There seems to be some concern that GWP growth is now slowing but so is claims costs inflation and reinsurance pricing – it's the margin that matters.

The only other headwind of any note was our mid-sized NZME (NZM, -9.3%) holding, which fell randomly despite comments from their CEO to staff reported in the NZ Herald to the effect that the business is performing well. We are hopeful that the messy Board upheaval will be resolved in May.

There were a large number of small positive contributors. The stand-out was the overweight in Marsden Maritime (MMH, +6.2%), which had been trading well below the takeover terms but bounced as the deal became increasingly likely to close. Other positives were a series of underweight positions in Auckland Airport (AIA, -8.0%), Skellerup (SKL, -11.3%), Sky City (SKC, -8.7%), Air NZ (AIR, -7.9%) and Mainfreight (MFT, -10.0%).

At month-end, we project the Fund to yield 4.5% versus 4.2% for the Index.

Matthew Goodson, Portfolio Manager