Salt Capital Growth Fund Fact Sheet – July 2026

Manager Profile

Salt is an active fund manager. Our investment philosophy centres on the belief that 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 in assets classes where this is possible.

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 longer-term horizon.

Fund Facts at 31 July 2026

Benchmark	NZ CPI +5% over 5 years
Reference Portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	$66.39 million
Inception Date	15 September 2021
Portfolio Manager	Greg Fleming

Unit Price at 31 July 2026

Application	1.2170
Redemption	1.2121

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 July 2026

Global Fixed Interest	15%
Australasian Shares	27%
International Shares	32%
Global Listed Property	12%
Global Listed Infrastructure	11%
Alternative Diversifiers	1%
Cash or cash equivalents	2%

Asset allocation to Global Fixed Interest + Cash: 17%

Fund Performance 31 July 2026

Period	Fund Return (before tax and fees)	Gross Reference Portfolio Return*
1 month	0.44%	-0.73%
3 months	2.87%	3.46%
6 months	4.42%	6.02%
1 year	6.34%	12.48%
2 years p.a.	6.97%	10.58%
3 years p.a.	8.95%	11.16%
Since inception p.a.	5.54%	6.89%

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

Top Individual Holdings

Fisher & Paykel Healthcare Ltd.	Contact Energy Ltd.
NZD Cash	Alphabet Inc.
Infratil Ltd.	VISA Inc.
Auckland International Airport Ltd.	Welltower Inc.
Taiwan Semiconductor Co.	Ebos Group Ltd.

As at 31 July 2026
The Top 10 individual holdings make up 24.3% of the Fund's total holdings.

Market Commentary

- Global financial markets navigated another eventful month in July as investor attention shifted from geopolitical tensions early in July back towards corporate earnings and the economic outlook. While renewed concerns in the Middle East briefly lifted energy prices, markets quickly refocused on the resilience of the global economy and company profitability.

- Equity markets remained broadly supported by another solid earnings season, although investors became increasingly selective. Strong company results continued to underpin confidence, but in parts of the market - particularly technology - companies increasingly needed to exceed already high expectations to sustain further share price gains. This saw market leadership broaden beyond some of the strongest performers of recent years.

- Bond markets were weaker over the month as yields moved higher. Major central banks again left policy settings unchanged during July, preferring to gather further evidence on the outlook for growth and inflation. Longer term, markets also continue to focus on rising fiscal deficits and government borrowing requirements as important drivers of bond markets.

- In the United States, another strong earnings season reinforced confidence in the resilience of both corporate America and the broader economy. Strong consumer spending, healthy business investment and improving productivity continued to support economic growth, although markets became more discerning about which companies are best placed to benefit from ongoing investment in artificial intelligence.

- Economic activity across Europe remained comparatively subdued, with manufacturing continuing to face headwinds despite some improvement in consumer confidence. Inflation pressures have eased but remain sufficiently elevated to support a cautious approach from the European Central Bank.

- Japan's economy continued to perform well, supported by firm domestic demand, improving corporate profitability and ongoing fiscal support. Market performance reflected the differing fortunes of sectors, with more domestically focused companies generally outperforming parts of the technology sector.

- China's economic recovery remained uneven. While export-related industries continued to benefit from improving global demand, domestic consumption and the property sector remained soft. Policymakers are expected to continue providing targeted support as they seek to sustain economic growth.

- Australia's economic outlook became more balanced during the month. Softer inflation data reduced immediate pressure for further interest rate increases, although the Reserve Bank of Australia continues to emphasise that upside inflation risks remain and further policy tightening cannot yet be ruled out.

- In New Zealand, the Reserve Bank lifted the Official Cash Rate by 25 basis points, reflecting persistent domestic inflation pressures and growing confidence that the economic recovery is becoming more established. While activity indicators point to a gradual improvement in economic conditions, inflation remains above target, suggesting monetary policy is likely to head back to neutral in the months ahead.

Salt Capital Growth Fund Commentary

The Salt Capital Growth Fund rose +0.4% (before fees) in July month and by +2.9% for three-month period (before fees.) For the twelve-month period, the Capital Growth Fund gained +6.3% and the two-year annualised return was close to +7.0% p.a. (before fees.) The Fund logged a three-year annualised gross return of +9.0% p.a. (before fees) through to the end of July 2026, in line with its strategic objective.

Defensive positioning overall, and the preference for listed Real Assets (Infrastructure and Property) assisted the Fund's relative resilience in a July month, when global equities generally softened. A rise in the NZD/USD exchange rate more than offset the flat returns from many share markets for the month. However, in the last three months, risk appetite has been resilient, against an array of concerns around the energy supply and the Middle East, and AI trends. Although the fund thus outperformed by 1.2% gross in July, the gross return remained well behind its Reference Index' gross return for the full year to July 2026. We believe that some of last year's gains in global equities may be temporary, and are more defensively positioned as the range of serious risks to returns continues. Market concentration on AI momentum is fraught as the evidence required to validate many valuations is pending.

The Fund's lagging of the Reference Index returns developed mid-last year, due to stock selection in global equities, while performance by global property, infrastructure and bonds and the NZ equities component has recently aided the fund's performance. Our Quality focus in global shares has not been effective since the mid-2025, leading to a sharp lag. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags. July showed some signs of improvement in the Global Equities component. However, alpha and absolute capital value gains in Real Assets have assisted. This leads to slower recent capital growth than projected, though the 3-year annualised return is above target.

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 any further deterioration in global risks.

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 months has been the war in the Persian Gulf and the serious risks to global inflation and growth from oil and natural gas price shocks.

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 scope for rate cuts in the US. Many risks remain, though markets are now more used to aggressive US policies. Inflation and further war issues could undermine that complacency. World growth forecasts are being lowered, recently by the IMF which predicts a soft 3.0% 2026 GDP gain, with particular softness in Europe and the UK as well as in Asian oil importers. A global growth "recovery" to forecast 3.4% in 2027 is far from assured, either.

Fixed interest value persists in segments, however, with credit spreads a touch wider and a bout of higher Sovereign yields recently, we closed a small underweight to Global Fixed income within the fund, now at a neutral 15% allocation. This held "Growth" asset types in the Fund to a dynamic allocation of 83% (compared with the 80% SAA neutral split.) Global equities' weighting was kept -3% underweight, at 32% of the Fund. We kept the overweight to global property to +2% and retained the Growth Fund's small active position (+1%) in global infrastructure.

Having gained more confidence that despite batches of concerning sentiment news, the NZ domestic economy is past the worst of prior sustained weakness, so we held our small overweight position in New Zealand equities, with the dynamic allocation at 27% throughout 2026 to end-July. This has been rewarded, with the NZ market moving up.

Domestic assets make up 30% of the Fund, reflecting our retained preference for International Assets (70% of Growth Fund assets) over the longer-term. Our overweight position in Global Property has assisted, given superior value and quality cashflows, as well as lower exposure to US trade / energy price risks, compared to other sectors. We see global real assets as still reasonably valued and showing scope for continued performance, though at times hit by interest rate swings.

While the Global equities allocation is presently low (-3% 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 now being abandoned, with no change considered likely. As the Iran situation has deteriorated, the Fed's rate path is now not expected to allow for reductions this year. There are too many potential price shocks in play. Energy but also transportation costs are affected.

The key positive absolute contributions to returns in July came from the Global Listed Property Fund, which added +0.27% and the Salt Core NZ Shares Fund, which provided +0.19% toward the gross monthly return. Select Global Shares (-0.03% impact) and Global Listed Infrastructure +(0.01%) were neutral for the month. The Global Fixed Income Fund holding's -0.16% July contribution was a drag on return while the small Carbon Fund holding made a +0.06% July month impact.

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 could be developing at times in 2026, the momentum and dip-buying behind the AI trade persists. However, volatility in global AI is reaching worrying levels.

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, earlier in 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 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, with our gross returns running in the 12-13% range year-to date, for international listed property and infrastructure.

The compounding absolute return level of the Capital Growth Fund remains above target at +8.95% p.a. (gross) in the 3 years to July, although the drag from Global Shares' underperformance in the last year meant that the Capital Growth Fund lagged its reference portfolio by -1.3% p.a. since inception. This has narrowed slightly in July month.

Salt Capital Growth Fund outlook

Within the Capital Growth Fund, the Salt Select Global Shares portfolio is currently significantly underweight to the USA (holding 63% of the Fund in US equities, compared to the MSCI World Index's 72% current US weighting.) The Global Shares portfolio prefers overweighting Developed Europe (Netherlands and France, Italy and the UK,) as well as holding Taiwan Semiconductor (an Emerging Market exposure in Index terms) at the largest single Global Shares holding, followed by Alphabet and Visa.

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 OBBB US tax act. Our reading is that, beyond discounting a bright outlook, recent economic dynamics reflect extreme AI industry concentration not trickling down (yet) to the broader economy. If interest rates are not lowered, leverage can create concern.

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 heading into the US mid-term Congressional elections.

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. NZ shares are not immune to any potential for negative sentiment shifts from abroad, as presently. However, piecemeal domestic improvements in the NZ economic outlook continue, ahead of more recovery momentum into late-2026.

Global Infrastructure and Global Property are also sizeable Capital Growth Fund components. Given the disruptions to broad global economics under the Trumpian regime, listed Real Assets have proved resilient as 2026 progressed. Most recently, Global Listed Property has been the stronger segment, as sticky, upwardly-biased long bond yields have provided less support to Infrastructure after its strong upward run.

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. The recent change in leadership at the Federal Reserve may also complicate adjusting monetary conditions to constrain inflation. Fed uncertainty usually leads to more volatility, as investors second-guess this key source of liquidity.