SALT

Salt Select Global Shares Fund Fact Sheet – January 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 31 January 2026

Fund Assets	$96.13 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 31 January 2026

Application	1.3643
Redemption	1.3588

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%

Fund Allocations at 31 January 2026

Global equities	98.1%
Cash & sundry items	1.9%

Fund Performance to 31 January 2026

Period	Fund Return	Benchmark Return
1 month	-5.13%	-2.80%
3 months	-5.43%	-2.15%
1 year	-8.66%	11.79%
2 year p.a.	8.21%	21.56%
3 year p.a.	13.12%	21.98%
Since inception p.a.	8.38%	14.16%

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	
Alphabet (US)	VISA (US)
Taiwan Semiconductor (TW)	ASML (NL)
SAP (DE)	Intercontinental Exchange (US)
Microsoft (US)	Procter & Gamble (US)
Coca Cola (US)	Keyence (JP)

Source: MSIM, data as at 31 January 2026.
The Top 10 Holdings represented 40.9% of the total portfolio.

The Portfolio's carbon footprint, measured as weighted average carbon intensity (WACI) was 77% lower than MSCI AC World Index.[A]

Market Review

- January was a volatile month for financial markets largely due to geo-political developments. The year started with a US intervention in Venezuela to remove President Maduro. This was followed by threats by President Trump to impose tariffs on European countries opposed to his takeover of Greenland. Tensions eased somewhat following meeting at the World Economic Forum in Davos.

- Despite the political noise, Developed Market equities ended the month up in USD over the month, but down -2.8% in NZD terms, on the back of better-than-expected activity data and soft inflation prints. The Global Aggregate bond index rose a more muted +0.9% (in USD) over the same period with yields rising due to the strong activity data, fiscal concerns and an intensification of political pressure on the US Federal Reserve by the Trump administration.

- Activity data was generally stronger than expected in the US with industrial production and retail sales coming in above expectations. And while non-farm payrolls came in below expectations, the unemployment rate fell to 4.4%. The combination of solid activity growth, an unemployment rate close to trend and inflation above target saw the US Federal Reserve leave interest rates unchanged at the end of the month after three consecutive 25bp cuts.

- Economic momentum across the European Union remained subdued, with weak industrial activity and only a tentative recovery in consumption. Inflation data supports the European Central Bank being on hold for the foreseeable future.

- Japan saw a significant rise in bond yields during the month. Japan's already fragile fiscal position has been further challenged following Prime Minister Sanae Takaichi's decision to call a snap election (for February 8th) alongside pledges to cut food taxes for two years. The BoJ left interest rates unchanged over the month.

- China's annual average growth of +5.0% for the calendar year was in line with the official target, but there was a noticeable slowdown into the end of the year with the December quarter coming in at +4.5%, down from 4.8% in September. If the Chinese leadership intends announcing a GDP target of 4.5% for 2026 at the upcoming National People's Congress in March, more stimulus will be required.

- Inflation data continued to surprise to the upside over the month in Australia. That combined with labour market data showing a sharp fall in the unemployment rate to 4.1% had markets pricing a 75% chance of an interest rate hike at the RBA's February meeting.

- Strong activity data and a higher-than-expected inflation print in New Zealand has seen markets bring forward expectations of the start of the next interest rate hiking cycle. Markets now see the first full 25bp hike in September and a total of two hikes by the end of the year. This compares with latest RBNZ projections of a first hike in February 2027.

Portfolio Review

- In January, the portfolio returned -5.1% (Gross/NZD) while the MSCI World Net Index returned -2.8%. For the three months, the portfolio returned -5.4% versus -2.2% for the Index.

- Three of the five largest contributors to absolute performance in the month were semis holdings. **ASML** rose more than 30% in January, with fourth-quarter 2025 results late in the month confirming record orders and encouraging 2026 guidance as customer capital expenditure is expected to rise across memory and logic.

- **Texas Instruments** rose 25% as first quarter revenue guidance and a healthy gross margin outlook exceeded buy-side expectations, signalling a steeper- than-anticipated recovery in the industrial and analogue semis cycle and accelerating data-centre growth.

- **TSMC** also performed strongly following solid full-year results and an upgraded medium-term growth outlook, underpinned by accelerating artificial intelligence (AI)-driven demand. Elsewhere, **Alphabet and Coca- Cola** continued to perform following well-received results towards the end of last year.

- The largest absolute detractors in the January month were **SAP and Microsoft**, despite both reporting earnings ahead of expectations, with double-digit revenue growth and improving margins. In both cases, share price weakness reflects heightened market sensitivity to marginal deviations from consensus rather than any deterioration in underlying

fundamentals. SAP was impacted by marginally slower growth in current cloud backlog, which rose 25% versus expectations of 26%, despite strong total backlog growth and management's confidence in accelerating revenue growth.

- **Microsoft** detracted after Azure growth of 38% in constant currency came in slightly below expectations of 39%, reflecting temporary supply constraints rather than any demand issue. The rising capex raised concerns around investment intensity, even as tight cost control drove improving margins despite the higher depreciation charge.

- Ultimately, both companies have deeply embedded software franchises and we believe they are well positioned to benefit from ongoing cloud and advanced AI adoption.

- **RELX and Experian** were weak amid ongoing AI disruption concerns; concerns which seemed to ignore their proprietary data assets, deeply embedded customer relationships, and continued investment in AI to support long-term monetisation.

- Finally, **Visa** detracted following regulatory headlines around a potential cap on U.S. credit card interest rates, though we believe implementation remains unlikely and would not directly affect Visa's take rates.

- In relative terms, positive stock selection in Information Technology was offset by weakness in Industrials and, to a lesser extent, Consumer Discretionary.

- Within Industrials, in addition to the stock-specific detractors noted above, subsector allocation weighed on performance, with the Portfolio's overweight to asset-light Professional Services (-7%) lagging the stronger-performing Capital Goods (+9%) subsector, where we have limited exposure, just holding a modest position in **Otis**.

- This reflects a continuation of the market's preference since mid-last year for businesses tied to industrial activity and infrastructure investment, alongside ongoing AI-related disruption concerns for data and software franchises.

- Sector allocation was also negative, mainly due to the impact from **not owning Energy**, which was January's strongest US sector.

MSIM Market Review

- January's markets continued 2025's trend of shrugging off rising geopolitical uncertainty. The MSCI World Net Index rose +2.3% in U.S. dollar (USD) terms (+1.7% local currency), reaching all-time highs even as the broad dollar index hit lows not seen since 2022 amid tariff threats and geopolitical headlines.

- The MSCI World Net Index delivered -2.8% in NZD for the month. Against this backdrop, commodity and safe-haven assets rallied, with gold and silver posting significant gains (ahead of sharp pullbacks in early February), while oil prices recorded their first monthly increase in over six months.

- Energy (+13%) was the strongest performing sector in January, alongside macro sensitive Materials (+9%) and Industrials (+7%), supported by particular strength in the Metals & Mining (+14%) and Capital Goods (+9%) sub-sectors. Communication Services (+5%) also did well, helped by solid gains in Alphabet and Meta.

- By contrast, Financials were flat (+0%), while Information Technology (-1%) lagged in the month as weakness in Software (-13%) and IT Services (-6%) outweighed gains in Semis (+8%).

- Defensive sectors delivered mixed outcomes: Consumer Staples was up 5% while Health Care (+1%) was broadly flat after a strong fourth-quarter rally.

- Geographically, January saw broad participation outside the U.S., which modestly underperformed the overall index in the month (+1%). Asia led, with Hong Kong (+10% USD, +11% local currency) and Japan (+7%, +5%) particularly strong, while European markets were more mixed.

MSIM Market Outlook

January was a continuation of many of the themes that defined 2025: resilient equity markets despite macro uncertainty, elevated dispersion beneath the surface, and continued investor preference for cyclical and commodity-linked exposures.

A defining geopolitical event in the month was U.S. action in Venezuela. Reports confirmed that U.S. forces captured Venezuelan President Nicolás Maduro in early January, boosting oil prices and energy stocks. Separately, comments by the U.S. administration around ownership of Greenland re-surfaced followed by tariff threats against a number of European allies, which briefly contributed to market volatility and cross-asset repricing, particularly in FX and bonds – although markets were quickly placated by easing rhetoric from the U.S. administration.

Equity market reaction to further pressure on the U.S. Federal Reserve's independence also appeared short-lived, after U.S. authorities opened a criminal investigation into Chair Jerome Powell.

Meanwhile, valuations remain extended, with the MSCI World Index trading at circa 20x forward earnings and S&P 500 circa 22x. These valuation levels presuppose solid earnings growth and margin expansion, despite consumer confidence headwinds and geopolitical risks. Notably, January numbers revealed a sharp drop in U.S. consumer confidence which hit its lowest level since 2014 – a reminder that sentiment and real economic indicators remain vulnerable and economic conditions uneven.

The theme of perceived winners and victims from Advanced AI also continued into January. While semis trended higher, January has seen "more of the same" in terms of broad selling of areas such as Software (down 13%) and Professional Services within Industrials (down 7%), as the market continues to grapple with AI disruption fears.
On the other side, it was a strong month for Semiconductors, up 8%.

Against this backdrop, we believe Quality equities remain compelling, with many structurally resilient, high-quality companies trading at meaningful free-cash-flow discounts versus broader markets, a discount not seen in over a decade, despite robust balance sheets and predictable revenue streams.

We continue to maintain that companies like **MSCI, S&P Global**, **Experian and SAP** are structurally well-positioned, with durable cash flows and competitive moats – and in many instances are already monetising AI. We believe the market's negative repricing has created disproportionate opportunity within these franchises.

Our central thesis remains that fundamentals tend to reassert over time, and the current environment of geopolitical headline risk and sentiment-driven market moves supports the long-term case for quality equities, offering investors resilient earnings growth and structural durability in a world facing, according to Canadian Prime Minister Mark Carney, "rupture, not transition."

Our conclusion? That this is a great portfolio, full of great companies, that are continuing to deliver resilient earnings growth, with strong fundamentals, but are trading at the wrong price, particularly relative to the stretched market.

Notes

A. Source: Trucost. As of January 31, 2026, the Portfolio's weighted average carbon intensity (WACI) was 77% 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 (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and Nitrogen Trifluoride (NF_3), calculated in metric tonnes of CO_2 equivalent. Some carbon/carbon equivalents data may be estimated by the data provider. Data excludes cash.