Salt Income Fund Fact Sheet – April 2026

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.

Fund Name Change

As of June 2025, the Salt Sustainable Income Fund was renamed the Salt Income Fund. There is no change to investment disciplines or approach; however, this aligns the fund better with current global regulatory trends.

Investment Strategy

The Fund aims to provide a gross fixed quarterly income (after fees and expenses but before tax) in excess of bank deposit rates, along with a positive return on capital on a rolling three-year basis. Deposit rates are proxied by the NZ Bank Bill Index.

A Reference Portfolio is provided, medium-term outperformance of which is a secondary objective, consisting of the weighted sum of components.

The Fund targets a diversified mix of growth and defensive assets, with a focus on securities with reliable income generation. The Fund's strategy is to invest in a quality asset mix to provide regular, sustainable income and a positive return on capital over the medium-term. The value of the fund will fluctuate in line with listed market developments, but the primary focus is enhanced income and thus, shorter-term variability is an expected feature. Income is prioritized above capital gain in the fund, nevertheless, the allocation to both growth and yielding assets allows for both objectives to operate over the medium- and longer-term horizons.

Fund Facts at 30 April 2026

Benchmark	Bank deposit rates (BNZBIL Index)
Reference portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	$39.64 million
Inception Date	19 June 2021
Portfolio Manager	Greg Fleming
Prospective distribution yield (cents per unit) / based on Unit Price of 30.04.26	1.125 cents per unit per Quarter / 5.0% per annum

Unit Price at 30 April 2026

Application	0.9084
Redemption	0.9047

Investment Guidelines

Sector	Target	Range
Global Fixed Interest	35%	0% – 60%
Australasian Shares	30%	15% – 45%
Global Listed Property	15%	0% – 35%
Global Listed Infrastructure	15%	0% – 35%
Cash or cash equivalents	5%	0% – 20%

See "Salt Statement of Investment Policy and Objectives, 30 June 2022"

Fund Allocation at 30 April 2026

Global Fixed Interest	33.0%
Australasian Shares	33.5%
Global Listed Property	17.5%
Global Listed Infrastructure	13.0%
Cash or cash equivalents	3.0%

Asset allocation to Global Fixed Interest + Cash 36.0%

Fund Performance 30 April 2026

Period	Fund Return (before fees and tax)	Gross Reference Portfolio Return*
1 month	0.94%	1.52%
3 months	-0.62%	0.69%
6 months	-0.42%	1.50%
1 year	11.22%	8.33%
2 years p.a.	8.98%	7.39%
3 years p.a.	7.31%	5.26%
Since inception p.a.	3.94%	2.47%

Performance is before fees and tax, adjusted for imputation credits. * at 30 April.

Top Individual Holdings

Fisher & Paykel Healthcare	Precinct Properties NZ
US 5Yr Note (CBT) Jun 26	Auckland International Airport
US 10Yr Note (CBT) Jun 26	Goodman Property Trust
NZD Cash	Infratil
US 10Yr Ultra Future Jun 26	Kiwi Property Group

As at 30 April 2026

Market Commentary

- Share markets largely chose to look through the turbulent geopolitical environment in April, even as US-Iran tensions made daily news, the Strait of Hormuz remained blocked, and the price of Brent crude pushed through $110 pb by the end of the period. Developed market equities were up +9.6% (in USD).
- The wall of worry weighed more on bond market returns over the month as yields rose in the face of higher oil prices, concerns about inflation and how central banks will respond, and ongoing concerns about fiscal sustainability. The global aggregate bond index was up +1.2% (in USD) over the month.
- April reinforced the narrative of a still-resilient US economy, with corporate earnings broadly holding up despite ongoing policy uncertainty and geopolitical noise. However, a firmer inflation pulse, helped in part by higher energy costs linked to the Iran conflict, saw bond yields push higher, suggesting markets are increasingly uneasy about the medium-term policy and fiscal outlook.
- In Europe, the data flow was softer at the margin, with survey indicators pointing to sluggish growth and a fragile industrial backdrop. The region remains particularly exposed to energy market volatility, leaving policymakers balancing weak activity against renewed upside risks to inflation.
- Japan continued to edge away from its long-standing ultra-easy policy settings, with inflation dynamics keeping pressure on the Bank of Japan to normalise further. At the same time, currency weakness persisted as a key theme, reflecting the still-wide interest rate differentials versus the US.
- China's recovery remained uneven through April, with pockets of strength in industrial production offset by ongoing weakness in the property sector and subdued domestic demand. Policymakers signalled a willingness to provide targeted support but stopped short of the kind of large-scale stimulus that would materially shift the growth trajectory at first blush.
- In Australia, core inflation continued to print at uncomfortably high levels. Trimmed mean inflation came in at +3.3% y/y in March. This has markets assuming a third interest rate hike was likely in early May. Attention was also starting to turn to the May Federal Budget.
- In New Zealand March quarter CPI came in stronger than expected with a headline rate of +3.1% y/y. Only a fraction of the recent fuel price increase came through in this data with the bulk coming through in the June quarter. At that point we see the annual headline rate printing over 4%. The focus is on second round effects but it's too early to make any assessment yet, though most core measures are already in the top-half of the target range. There is a wide range of views on the RBNZ's next move. Some expect the RBNZ to be hiking in May, though we think that's too early.

Salt Income Fund Commentary

The Income Fund rose +0.94% (before fees) in April month, with a gross return of -0.62% in the three months (before fees / tax) which generated a robust one-year return of +11.22% (before fees / tax.) Over the three-year period, the Fund's gross annualised return was 7.31% p.a. (before fees / tax) which was ahead of its Reference Index for all rolling periods beyond six months.

Among the Income Fund's components, the strongest positive contributor in the April month was again the Salt Global Listed Infrastructure Fund which contributed +0.28% to the month's return. The Select Global Fixed Income Fund made a +0.24% impact, while the Salt Global Listed Property Fund (+0.20% month's contribution) was also resilient in the face of turbulent global headlines. There were no negative contributions in the April month, although the domestic income-focussed Salt NZ Dividend Appreciation Fund and the Salt Enhanced Property Fund were little changed, with contributions of +0.08% and 0.05%, respectively in April.

Markets continue to focus on inflation, war in the Gulf, and trade policy risks affecting the pace of central bank interest rate reductions around the world, with the current negative trade politics likely to keep policy rate cuts incremental at best. However, the US Federal Reserve's Open Market Committee is divided at present on the scope for easing in 2026, and demurred from moving the Fed Funds Rate in the recent FOMC meeting. The balance of Fed opinion has moved toward keeping rates on hold.

Inflation drivers deteriorated in US March data, and will continue to be to the upside given the impact of oil and energy prices on general price level. We would anticipate continuing supportive impact on the listed Real Asset and Bond returns within the portfolio, and this has indeed been seen so far in 2026 with particularly strong returns from Global Listed Infrastructure and with Global Listed Property still ahead of the S&P 500 Index YTD.

With the Oil price shock and the US tariff impact still to be fully gauged, the modifications and legal blocks to tariffs will change the mixture of pricing pressures rather than reverse them. US policy easings may be paused pending better data confidence, given percolating inflationary factors. Domestically, an "on-hold" path from the RBNZ still assists NZ equity assets as 2026 advances and should allow additional catch-up with global asset returns. Diversification of income sources remains very effective, as not all asset yields are equally defensible.

The Fund's prospective yield is more than 1% above current 6-month TD rates, which were lifted slightly (to an average 3.55%) in April 2026. While TD rates stablise, we expect little scope for significant increases, even as the RBNZ may be expected to adjust the Official Cash Rate upward slightly later this year. The domestic economy is still weak, particularly in Services.

Salt Income Fund outlook

As inflation progressively confirms stabilisation (albeit at a higher level than prevailed before Covid) we expect component asset classes to improve further. Several key global economies are transitioning to slower growth, but the specific asset mix in this fund should not be negatively impacted, as valuations are not extended and quality is high overall.

Volatility across markets is ever-present with sentiment somewhat hostage to US political dynamics and global frictions. We expect value gains in interest-rate sensitive assets to continue through mid-2026. However, this will continue to be a tentative and at times interrupted process.

We believe bond yields adjusted sufficiently (via a volatile and uncertain route in the last 24 months) for us to have re-instituted a small underweight bond positioning within the Income Fund. We consider inflation risk now poses a reduced danger to the capital valuations of bond portfolios. However, yields and credit spreads could potentially lift and widen somewhat, as there is mixed global appetite for debt investing now.

The allocation to bonds is held at -2% below the neutral 35% SAA weight. Due to fiscal risks, particularly surrounding tax policies of the Trump administration, we would move back overweight only incrementally. Bond positions need careful selection, and active management, as credit spreads are back at near-record lows.

The NZ economy is still straining to achieve sustained momentum. The Reserve Bank of New Zealand moved the Official Cash Rate down to 2.25% in Q4 2025. This should prove to be the terminal rate in New Zealand for this cycle. While an easing cycle has finished, little tightening is coming and the RBNZ has pushed back against markets pricing significant hikes in for this year. The Reserve Bank should look through oil price spikes, until they pass through to inflation expectations.

This gives scope for improved NZ asset returns, supporting shares, with the domestic economy beginning to show a little self-sustaining recovery impetus. Income yields received into the Fund remain attractive by historical standards as domestic 6-m Term Deposit rates fell quickly to just 3.5% p.a. currently. We expect little reversal in this level within the next three months. This underscores the attractiveness of the yield stability demonstrated by the Salt Income Fund.

We anticipate the longer-term capital growth strategies within the Salt Income Fund will support performance, as inflation and domestic growth conditions are improving. However, there is still a soft economic period to traverse en route to that outcome in New Zealand. Hence, the sourcing of Fund income from a globally-diversified set of stable yielding securities. Yields on global fixed interest have improved, reflecting risk assessments by bond investors globally, but spreads over sovereign yields remain tight.

As economies respond to a degree of stimulus with asset revaluations, we expect beneficial capital growth impacts to flow through. This positive portfolio role will likely be a key feature of total returns into 2026, although any US economic weak patch can potentially disrupt it, in the short term.

The volatility in global markets in response to the Trump tariff announcements, as well as the vigorous "relief bounce" since mid-2025 and again after the initial shock of the Iran attacks, have had less immediate impact on solid, income-producing securities such as those we favour in this Fund, than on more growth-sensitive asset types, and we expect that to continue. Global risks continue to run high, from the Trump Administration's impact on confidence and now also, on global shipping.

As the primary objective of the Salt Income Fund is to invest in quality sustainable yield payers, minimizing short-term capital price fluctuation is secondary. Market volatility allows us to acquire high quality and defensible dividend-paying assets for the Fund at better prices.

Distribution of 1.125 cents per unit / quarter retained

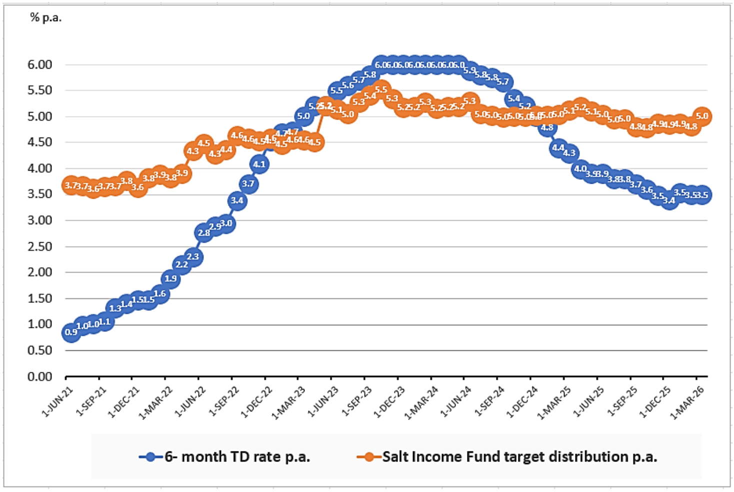
Stable component asset yields enable us to retain the quarterly cents-per-unit distribution from the fund, at 1.125 cpu, for the latest quarterly distribution which is paid out / reinvested in mid-May.

The silver lining in the bond market's repricing is that the yield received from selective bond investments shifted into a higher range and that supports the Income Fund's forward distribution path. This is characteristic of a transition into a mid-level interest rate regime which may endure for years, rather than months, ahead. It is crucial to note that the Income level from equity dividends and bond coupons received into the fund has been commensurately stable through periods of market turbulence. Global credit spreads widened after the US tariff shock last year, but then tightened and remain historically low, limiting potential for revaluation upside from Investment Grade and lower-rated bonds.

The fund's modelled income received from coupons and dividends remains aligned with its prospective distribution yield. We regard this as prudent, in a still-uncertain environment. The Real Asset components of Infrastructure and Property are well-suited to the immediate period ahead, as central bank policy rates progressively stablise at lower levels. Defensive merit should continue to be asserted in coming months through renewed demand for these specific "Real Asset" equity types, along with the sustainable dividend-payers in the broader Australasian market.

Finally, the lowering of the NZ Official Cash Rate substantially reduced the Term Deposit rates being offered by domestic banks, but now we anticipate the indicative benchmark of the NZ Bank Bill rate and the 6-month Term Deposit rates to stabilise, with unappetising term deposit rates on offer across a range of maturities from the banks persisting into early 2026. While bank interest rate reductions have ceased, we see very limited scope for any meaningful increases in TD rates within the majority, if not all, of 2026.

Income Fund's forward distribution rate vs. Term Deposits



Source: Salt, RBNZ (data to 30 April 2026)