
# Salt Capital Growth 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.

## 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 medium- and longer-term horizons.

## Fund Facts at 30 April 2026

| | |
|---|---|
| **Benchmark** | NZ CPI +5% over 5 years |
| **Reference Portfolio** | SAA-weighted component benchmark indices' performance |
| **Fund Assets** | $64.26 million |
| **Inception Date** | 15 September 2021 |
| **Portfolio Manager** | Greg Fleming |

## Unit Price at 30 April 2026

| | |
|---|---|
| **Application** | 1.1871 |
| **Redemption** | 1.1823 |

## Sustainability Metrics (for information only)

| Fund ESG Scores | Portfolio | Category avge |
|---|---|---|
| Morningstar ESG score | 19.29 | 20.00 |
| Carbon Risk Score 12m avge. | 8.68 | 6.60 |

Scores indicate risk level – a lower score reflects a lower ESG multi-factor risk level. ESG score as at 30.04.26. Sustainalytics provides issuer-level ESG Risk analysis used in the calculation of Morningstar's Sustainability Score. Relevant Investment Mandate information is derived from the fund prospectus.

## 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 30 April 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 Fixed Interest + Cash** | **17%** |

## Fund Performance 30 April 2026

| Period | Fund Return (before tax and fees) | Gross Reference Portfolio Return* |
|---|---|---|
| 1 month | 3.14% | 3.17% |
| 3 months | 1.50% | 1.79% |
| 6 months | 0.46% | 1.56% |
| 1 year | 7.93% | 15.43% |
| 2 years p.a. | 9.12% | 11.69% |
| 3 years p.a. | 8.72% | 10.67% |
| Since inception p.a. | 5.21% | 6.34% |

Performance is before fees and PIE tax and is adjusted for imputation credits. Reference Portfolio return is also gross. * at 30 April.

## Top Individual Holdings

| | |
|---|---|
| Fisher & Paykel Healthcare | US 10Yr Note (CBT) Jun 26 |
| NZD Cash | Contact Energy |
| Auckland International Airport | Taiwan Semiconductor |
| Infratil | US 10YR Ultra Future Jun26 |
| US 5Yr Note (CBT) Jun 26 | EBOS Group. |

As at 30 April 2026

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## 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 Capital Growth Fund Commentary

**The Salt Capital Growth Fund rose by +3.1% (before fees) in April month and by +1.5% for three-month period (before fees.) For the twelve-month period, the Growth Fund gained +7.9% and the two-year annualised return was +9.1% p.a. (before fees.) The Fund logged a three-year annualised return of +8.7% p.a. (before fees) through to the end of April.**

Defensive positioning overall, and the preference for listed Real Assets (Infrastructure and Property) assisted the Fund's relative resilience in a turbulent First Quarter. To a degree this was also true in April, when Global Real Estate contributed to the positive return. Longer-term, after leading up until June 2025, the Fund's gross return remained well behind its Reference Index' gross return for the full year to April 2026.

A lag 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. However, our Quality focus in global shares has not been effective since the US Tariff pause, leading to a sharp lag. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags. However, alpha and absolute capital value gains in Real Assets have assisted.

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 the further deterioration in global risks.

Internationally, major central banks are communicating to investors that they remain growth-supportive, although rate reductions will not be automatic, as inflation risks have risen. 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 shocks such as the present Straits of Hormuz crisis.

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 scale of likely easings in the US. Many risks remain, though markets are now more used to aggressive US policies. Inflation and war issues could undermine that complacency. World growth forecasts are being lowered, recently by the IMF which predicts a soft 3.1% 2026 GDP gain, with particular softness in Europe and the UK as well as in Asian oil importers.

Fixed interest value persists in segments, however, with credit spreads a touch wider and 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%. Global equities' weighting was trimmed to -3% underweight, at 32% of the Fund. We kept the overweight to global property to +2% and retained the Growth Fund's small position (+1%) in global infrastructure. The Fund's Cash level was likewise held at 2%.

Having gained more confidence that the NZ domestic economy is past the worst of its marked recent weakness, we held our small overweight position in New Zealand equities, with the dynamic allocation at 27% throughout the first quarter of 2026 and through April.

Domestic assets made up 30% of the Fund, reflecting our retained preference for International Assets (70% of Growth Fund assets.) Our overweight position in Global property has assisted, given superior value and quality cashflows, as well as lower exposure to US trade / tariff risks, compared to other sectors. We see global real assets as still reasonably valued and showing scope for continued performance.

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. As the Iran situation has worsened, the Fed's rate path is now not expected to allow for reductions this year, in the market's forward pricing. There are too many potential price shocks in play from energy.

The key positive absolute contributions to returns in the April month came from the Salt Select Global Shares Fund, which provided half of the 3.1% gross monthly return. The Global Listed Infrastructure Fund, added +0.3% for the period, the Global Listed Property Fund added +0.9%, and the small Carbon Fund holding made a +0.2% April impact. These positives were partly diluted by flat contributions from the Core NZ Shares Fund and by the Global Fixed Income Fund holding's +0.1% April month impact.

Global Shares continued lagging the Index, exerting a strong negative pressure on the Capital Growth Fund's performance compared to its Strategic Asset Allocation simulated return since last May. That reflects the Fund's specific Quality-stock biases and fundamentals-based approach, which has excluded much participation in the momentum rally focussed on A.I. which developed since H2 2025.

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 2026, the momentum and dip-buying behind the A.I. trade persists.

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, in Q1 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 has 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.

The compounding absolute return level of the Capital Growth Fund remains above target at +8.7% p.a. (gross) in the 3 years to April, although the drag from Global Shares' underperformance in the last year meant that it lagged its reference portfolio by -1% p.a. since inception.

## Salt Capital Growth Fund outlook

Within the Capital Growth Fund, the Salt Global Shares portfolio is currently significantly underweight to the USA and slightly underweight in Japan. It prefers overweighting Developed Europe and the UK, as well as moving Taiwan Semiconductor to the largest Global Shares holding.

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 2025 tax bill. Our reading is that, beyond discounting a bright outlook, recent economic dynamics reflect extreme concentration not trickling down (yet) to the broader economy.

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. Company margins will be under rising pressure in H2 2026.

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 additional negative sentiment shifts from abroad, as presently. However, piecemeal domestic improvements in the NZ economic outlook continue, ahead of more recovery momentum into later 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 proved resilient as 2025-26 progressed. More recently, Infrastructure has been the stronger segment, despite sticky long bond yields that have yet to provide substantial support.

Despite the market reversal in March month, over the twelve months to 30 April, Global Listed Property gained +17.5% and Global Listed Infrastructure, +22.7% (gross returns) in our Salt funds (components of the Capital Growth Fund.) We expect the Real Asset rebound to continue through 2026, as some valuations in these sectors are attractive. However, this will come in fits and starts, as interest rates remain volatile, and substantial stimulatory easing is not on the table from central banks. Risks arise on the US front, given policy swings affecting the fiscal outlook. That argues for higher long US bond rates.

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. Ther change in leadership at the Federal Reserve may complicate adjusting monetary conditions to constrain inflation.