

**Salt Wholesale Funds
Financial Statements
For the year ended 31 March 2024**


Manager's Statement

In the opinion of the Manager, the accompanying Financial Statements are drawn up so as to present fairly the financial position of the Salt Wholesale Funds as at 31 March 2024 and the results for the year ended on that date in accordance with the requirements of the Master Trust Deed dated 24 December 2021.

The directors are of the opinion that the Salt Wholesale Funds will be able to pay its debts as and when they fall due.



Director



Salt Investment Funds Limited

10 July 2024

Statement of Comprehensive Income

\$	For the year ended 31 March	Note	Sustainable Global Fixed Income Opportunities	
			2024	2023
Income				
	Interest income on financial assets at amortised cost		2,990,149	311,289
	Net foreign currency gain		91,204	62,053
	Net gain/(loss) on financial assets at fair value through profit or loss		1,359,130	(123,812)
	Total income		4,440,483	249,530
Expenses				
	Management fees	7.2	315,699	33,889
	Administration fees		46,796	5,119
	Transaction costs		48,683	3,761
	Other expenses		1,754	870
	Total operating expenses		412,932	43,639
	Operating profit before tax		4,027,551	205,891
	Total comprehensive income for the year attributable to Unitholders		4,027,551	205,891

These statements are to be read in conjunction with the accompanying notes.

Statement of Change in Net Assets Attributable to Unitholders

\$	Note	Sustainable Global Fixed Income Opportunities	
		2024	2023
For the year ended 31 March			
Net assets attributable to Unitholders at the beginning of the year		58,376,298	-
Proceeds from units issued		25,241,651	58,170,407
Distributions		(1,177,166)	-
Unitholder tax liabilities		(2,120)	-
Net increase from transaction in units		24,062,365	58,170,407
Total comprehensive income for the year attributable to Unitholders		4,027,551	205,891
Net assets attributable to Unitholders at the end of the year		86,466,214	58,376,298

Units	Note	Sustainable Global Fixed Income Opportunities	
		2024	2023
For the year ended 31 March			
Units on issue at the beginning of the year		58,300,977	-
Units issued		24,855,210	58,300,977
Units on issue at the end of the year		83,156,187	58,300,977

These statements are to be read in conjunction with the accompanying notes.

Statement of Financial Position

\$ As at 31 March	Note	Sustainable Global Fixed Income Opportunities	
		2024	2023
Current assets			
Cash and cash equivalents		2,768,150	178,516
Cash and cash equivalents pledged as collateral		1,935,062	730,722
Financial assets at fair value through profit or loss	5	83,726,507	57,662,768
Due from brokers		462,148	-
Other receivables		812,862	447,982
Total assets		89,704,729	59,019,988
Current liabilities			
Financial liabilities at fair value through profit or loss	5	1,622,076	616,923
Due to brokers		1,567,180	-
Payable to related parties	7.2	33,015	22,498
Other payables		16,244	4,269
Total liabilities		3,238,515	643,690
Unitholders' Funds		86,466,214	58,376,298

These statements are to be read in conjunction with the accompanying notes.

The Directors of Salt Investment Funds Limited authorised these Financial Statements for issue on 10 July 2024.

Director



Director



Statement of Cash Flows

\$	Sustainable Global Fixed Income Opportunities		
		2024	2023
For the year ended 31 March			
Cash flows from operating activities			
Proceeds from sale of financial assets	47,753,560	6,879,732	
Purchase of financial assets	(71,834,204)	(63,308,161)	
Settlement of derivative financial instruments	2,144,062	(862,477)	
Net change in cash and cash equivalents pledged as collateral	(1,869,512)	(622,271)	
Interest received/(paid)	2,583,698	(136,693)	
Operating expenses paid	(385,518)	(15,812)	
Net cash outflow from operating activities	(21,607,914)	(58,065,682)	
Cash flows from financing activities			
Proceeds from units issued	24,118,545	58,170,407	
Distributions paid	(54,060)	-	
Residential and foreign withholding tax paid	(2,120)	-	
Net cash inflow from financing activities	24,062,365	58,170,407	
Net increase in cash and cash equivalents	2,454,451	104,725	
Cash and cash equivalents at the beginning of the year	178,516	-	
Foreign exchange gain on cash and cash equivalents	135,183	73,791	
Cash and cash equivalents at the end of the year	2,768,150	178,516	

These statements are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. General information

Reporting Entities

The reporting entity included in these Financial Statements is Salt Wholesale Funds, consisting of the Salt Sustainable Global Fixed Income Opportunities Fund, that is referred to throughout these Financial Statements as "The Fund". The Fund is a for-profit fund registered in New Zealand and established under the Financial Markets Conduct Act 2013 ("The Act").

The Fund was created under a Master Trust Deed and an Establishment Deed, both dated 24 December 2021. Salt Investment Funds Limited (the "Manager") and The New Zealand Guardian Trust Company Limited (the "Supervisor") are party to the Deeds. The Fund commenced operations on 10 February 2023.

The Fund is a managed investment scheme with the aim to provide investors with an attractive rate of return in NZ dollars, through an active, flexible approach to investing by identifying the best ideas within the global fixed income universe. Sustainable management means that we integrate Environmental, Social and Governance ("ESG") considerations into investment decision-making, with minimum thresholds of sustainability for the corporates and sovereigns in the portfolio.

The Fund is managed by Salt Investment Funds Limited. The registered office for Salt Investment Funds Limited is Level 3, The Imperial Buildings, 44 Queen Street, Auckland. The Fund is domiciled in New Zealand.

These Financial Statements were authorised for issue by the Board of Directors of the Manager on 10 July 2024.

Statutory Base

The Financial Statements have been prepared in accordance with the Act and the Master Trust Deed.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the year presented, unless otherwise stated.

2.1 Basis of preparation

The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Master Trust Deed and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These Financial Statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS (RDR)), and other applicable Financial Reporting Standards, as appropriate for for-profit entities. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of assets and liabilities at fair value (including derivative financial instruments).

In accordance with External Reporting Board Standard A1: Application of the Accounting Standard Framework ("XRB A1"), The Fund qualifies for NZ IFRS (RDR) as it does not have public accountability and is not a large for-profit public sector entity. The Fund has elected to apply NZ IFRS (RDR) and have applied disclosure concessions.

The Financial Statements are prepared for the year end 31 March 2024. Comparative figures are for the period from 10 February 2023 to 31 March 2023.

2.2 Financial instruments

(a) Classification

Financial assets

Financial assets are recognised initially at fair value. After initial recognition, financial assets are measured at fair value or amortised cost, determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss can be either designated as such upon initial recognition or measured at fair value in accordance with NZ IFRS 9 Financial Instruments. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Financial assets at fair value through profit or loss comprise of fixed interest securities, mortgage-backed securities and derivatives (including future positions and forward currency contracts) that have a positive fair value at year end. The Fund does not designate any derivatives as hedges in a hedging relationship.

(ii) Financial assets at amortised cost

(a) **Cash and cash equivalents** include deposits held at call with banks and deposits with brokers in New Zealand dollars and foreign currencies, but does not include cash pledged as collateral which is disclosed separately, also as a financial asset at amortised cost.

(b) **Receivables** are amounts representing assets owing to the Fund and may include amounts due for interest and amounts due for securities sold that have been contracted for, but not yet delivered by the end of the accounting year.

Notes to the Financial Statements

2. Summary of material accounting policies (continued)

2.2 Financial instruments (continued)

Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss can be either designated as such upon initial recognition or measured at fair value in accordance with NZ IFRS 9. As there are no financial instruments designated at fair value upon initial recognition in the Fund, all financial liabilities measured at fair value are those mandatorily measured at fair value. The portfolio of financial liabilities is managed and performance is evaluated on a fair value basis. Financial liabilities at fair value through profit or loss comprise of futures positions and forward foreign exchange contracts that have a negative fair value at year end.

(ii) Financial liabilities at amortised cost

(a) **Payables** are amounts representing liabilities and accrued expenses owing by the Fund at year end and may include related party fees and amounts due to brokers for purchase of unsettled securities at year end.

(b) Recognition, measurement and derecognition

(i) Financial assets and financial liabilities at fair value through profit or loss

The Fund recognises financial assets and liabilities at fair value through profit or loss on the date it becomes a party to the contractual agreement. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the assets have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognised when the obligation under the liability is discharged, cancelled or expires. Any gain or loss arising on derecognition of the asset or liability at fair value through profit or loss is included in the Statement of Comprehensive Income in the year the item is derecognised.

(ii) Financial assets and financial liabilities at amortised cost

The Fund recognises financial assets and liabilities at amortised cost on the date it becomes a party to the contractual agreement. Financial assets and liabilities at amortised cost are initially recognised at fair value plus or minus transaction costs (if any).

Subsequent to initial recognition, all financial assets and liabilities at amortised cost are measured at amortised cost (and for financial assets less any impairment). Any impairment charge is recognised in the Statement of Comprehensive Income. At each reporting date, the Fund measures the loss allowance of all financial assets at amortised cost at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12 month expected credit losses. If the credit risk increases to the point that it is considered to be credit impaired, interest income is calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Financial assets at amortised cost are derecognised when the rights to receive cash flows from the assets have expired or the Fund has transferred substantially all of the risks and rewards of ownership. Financial liabilities at amortised cost are derecognised when the obligation under the liability is discharged, cancelled or expires.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value in an active market

The fair value of assets and liabilities traded in active markets are based on quoted market prices at the Balance Date. The quoted market price used by the Fund is the last traded market price for assets where the last traded prices fall within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at the year end. Valuation techniques used include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Fund would receive or pay to terminate the contract at year end taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as the net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

2.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or counterparty.

Notes to the Financial Statements

2. Summary of material accounting policies (continued)

2.4 Net assets attributable to unitholders

The Fund issues units that are redeemable at the Unitholders' option and have identical features and are therefore classified as equity. Redemption takes place at the Redemption Price which represents the unit price less transaction costs. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the balance date if Unitholders exercised their right to put the units back to the Fund gross of the spread to cover transaction costs. Units are issued to unitholders at the subscription value, which represents the unit price plus transaction costs.

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of the units redeemed. Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's unit price is calculated by dividing the net assets attributable to the holders of the Fund with the total number of outstanding units of the Fund. In accordance with the provisions of the offering documents, investment positions are valued based at the appropriate market value for the purpose of determining the net asset value per unit for subscriptions and redemptions.

2.5 Investment income

Interest income

Interest income on assets held at amortised cost is included in profit or loss in the Statement of Comprehensive Income on an accruals basis using the effective interest rate method.

Net gains and losses on financial instruments at fair value through profit or loss

Realised and unrealised gains and losses are reflected in the Statement of Comprehensive Income. Unrealised gains or losses include the change in net market value of investments held at the end of the reporting year and the reversal of prior periods' unrealised gains or losses on investments that have been realised in the current year. Realised gains or losses are calculated based on the gross sale proceeds and the weighted average cost of the investments sold.

2.6 Collateral

Cash collateral provided by the Fund is identified in the Statements of Financial Position as 'cash and cash equivalents pledged as collateral' and is not included as a component of 'cash and cash equivalents'. For collateral other than cash, if the party to whom the collateral is provided has the right by contract to sell or re-pledge the collateral, the Fund classifies the asset in their Statements of Financial Position separately from other assets and liabilities as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the Financial Statements.

2.7 Expenses

All expenses, including the management fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Fund's Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The functional currency for the Fund is the New Zealand dollar, which reflects the currency in which the Fund competes for funds and are regulated. The majority of the Fund's investors are from New Zealand, with the subscriptions and redemptions of the units denominated in New Zealand dollars. The performance of the Fund is measured in New Zealand dollars. The Manager considers the New Zealand dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Financial Statements are presented in New Zealand dollars, which is also the Fund's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance date.

Foreign exchange gains and losses resulting from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Statement of Comprehensive Income within 'net foreign currency gain/(loss)'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statements of Comprehensive Income within 'net gains/(losses) on financial assets at fair value through profit or loss'.

2.9 Income tax

The Fund qualifies as and has elected to be a Portfolio Investment Entity (PIE) for tax purposes. Under the PIE regime income is effectively taxed in the hands of the Unitholders and therefore the Fund has no income tax expense. Accordingly, no income tax expense is recognised in the Statements of Comprehensive Income. Income is disclosed gross of any resident and foreign withholding taxes deducted at source and the taxes are included in Unitholder tax liabilities in the Statements of Changes in Net Assets Attributable to Unitholders.

Under the PIE regime, the Manager attributes the taxable income of the Fund to Unitholders in accordance with the proportion of their interest in the Fund. The income attributed to each Unitholder is taxed at the Unitholder's "prescribed investor rate" which is capped at 28% on redemptions and annually at 31 March each year.

Unitholder tax liabilities disclosed in the Statements of Changes in Net Assets Attributable to Unitholders consists of withdrawals to meet Unitholder tax liabilities under the PIE regime and any resident and foreign withholding taxes deducted at source.

Notes to the Financial Statements

2. Summary of material accounting policies (continued)

2.10 Goods and services tax ("GST")

The Fund is not registered for GST. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated inclusive of GST where applicable. All items in the Statement of Financial Position are stated inclusive of GST where applicable.

3. Critical accounting estimates and judgements

The Manager of the Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Estimates are continually evaluated and are based on historical experience among other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Net assets attributable to Unitholders

The Fund classifies units as equity instruments in accordance with NZ IAS 32, 'Financial Instruments: Presentation'. The Fund continues to assess the classification of the redeemable units to ensure it has all the features or meet all the conditions set out in paragraphs 16A and 16B of NZ IAS 32.

4. Derivative financial instruments

4.1 Forward foreign exchange contracts

Forward foreign currency contracts are contractual obligations to buy or sell one currency on a future date in exchange for a second currency at a specified forward foreign exchange rate which is established in an organised market. The forward contracts are agreed between the parties to the contract and are not traded on an exchange. The Fund's open positions in forward contracts at balance date are outlined below:

\$ As at 31 March	Sustainable Global Fixed Income Opportunities	
	2024	2023
Forward exchange contracts (notional value in NZ\$)	98,861,882	61,202,642
Forward exchange contracts (fair value in NZ\$)	(1,454,672)	17,047

4.2 Futures contracts

Future contracts are contractual obligations that oblige the buyer to purchase some underlying asset (or the seller to sell that asset) at a predetermined future price and date. Future contracts are standardised for quality and quantity to facilitate trading on a futures exchange. The Fund's open positions in forward contracts at balance date are outlined below:

\$ As at 31 March	Sustainable Global Fixed Income Opportunities	
	2024	2023
Financial assets at fair value through profit or loss		
Futures contracts (notional value in NZ\$)	8,424,838	7,357,146
Futures contracts (fair value in NZ\$)	48,334	245,698
Financial liabilities at fair value through profit or loss		
Futures contracts (notional value in NZ\$)	(3,845,061)	(8,453,104)
Futures contracts (fair value in NZ\$)	(95,928)	(355,116)

5. Financial assets and financial liabilities at fair value through profit or loss

\$ As at 31 March	Sustainable Global Fixed Income Opportunities	
	2024	2023
Assets measured at fair value through profit or loss		
Forward foreign exchange contracts	71,476	278,854
Fixed interest securities	53,001,294	37,733,882
Mortgage-backed securities	30,605,403	19,404,334
Fixed interest futures	48,334	245,698
Total assets at fair value through profit or loss	83,726,507	57,662,768
Liabilities measured at fair value through profit or loss		
Forward foreign exchange contracts	1,526,148	261,807
Fixed interest futures	95,928	355,116
Total liabilities at fair value through profit or loss	1,622,076	616,923

6. Financial Instruments by category

\$ As at 31 March	Sustainable Global Fixed Income Opportunities	
	2024	2023
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	83,726,507	57,662,768
Total financial assets at fair value through profit or loss	83,726,507	57,662,768
Financial assets at amortised cost		
Cash and cash equivalents	2,768,150	178,516
Cash and cash equivalents pledged as collateral	1,935,062	730,722
Due from brokers	462,148	-
Other receivables	812,862	447,982
Total financial assets at amortised cost	5,978,222	1,357,220
	89,704,729	59,019,988
Financial liabilities at fair value through profit or loss		
Financial liabilities at fair value through profit or loss	1,622,076	616,923
Total financial liabilities at fair value through profit or loss	1,622,076	616,923
Financial liabilities at amortised cost		
Due to brokers	1,567,180	-
Related party payables	33,015	22,498
Other payables	16,244	4,269
Total financial liabilities at amortised cost	1,616,439	26,767
	3,238,515	643,690

Notes to the Financial Statements

7. Related parties

7.1 General

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Salt Investment Funds Limited is the Manager of the Fund. The Supervisor of the Fund is The New Zealand Guardian Trust Company Limited, who is also the Custodian of the Fund. Salt Funds Management Limited is the parent entity of the Manager.

7.2 Related party fees

The Fund has transacted with related parties during the year as follows:

\$ For the year ended 31 March		Sustainable Global Fixed Income Opportunities	
		2024	2023
Salt Investment Funds Limited	Management fees	<u>315,699</u>	<u>33,889</u>
		<u>315,699</u>	<u>33,889</u>

The Fund owed the following amounts to related parties at balance date:

\$ As at 31 March		Sustainable Global Fixed Income Opportunities	
		2024	2023
Salt Investment Funds Limited	Management fees payable	<u>33,015</u>	<u>22,498</u>
		<u>33,015</u>	<u>22,498</u>

Under the Trust Deed the management fees payable to Salt Investment Funds Limited are payable monthly in arrears. All balances are unsecured, settled in cash and do not attract interest.

The management fee is deducted from, and reflected in, the value of the Fund. It is calculated and accrued daily as a percentage (31 March 2024 and 31 March 2023: 0.45%) of the daily gross asset value of the Fund (which essentially means net assets but excluding any accruals for fees and expenses).

Notes to the Financial Statements

7. Related parties (continued)

7.3 Investments by related parties

The following related parties held investments in the Fund at the balance date:

\$ As at 31 March	Sustainable Global Fixed Income Opportunities	
	2024	2023
<i>Funds managed by Salt Investment Funds Limited</i>		
Salt Sustainable Growth Fund	8,155,009	7,016,573
Salt Sustainable Income Fund	14,274,492	12,157,668
	<u>22,429,501</u>	<u>19,174,241</u>

The related parties had earned the following amounts from their investments in the Fund during the year:

\$ For the year ended 31 March	Sustainable Global Fixed Income Opportunities	
	2024	2023
<i>Funds managed by Salt Investment Funds Limited</i>		
Salt Sustainable Growth Fund	438,436	1,403
Salt Sustainable Income Fund	716,824	2,431
	<u>1,155,260</u>	<u>3,834</u>

8. Commitments and contingent liabilities

There are no material commitments or material contingencies as at 31 March 2024 (31 March 2023: nil).

9. Events occurring after the balance sheet date

There have been no events subsequent to balance date that require adjustment to, or disclosure of, in these Financial Statements.