

Salt NZ Dividend Appreciation Fund Fact Sheet – October 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 Salt NZ Dividend Appreciation Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, pay high and sustainable dividends. A considerable body of robust research suggests that stocks with strong and sustained dividend policies tend to generate higher free cash flow than average and outperform their index benchmarks over time. The strategy is not intended to naively generate the highest possible yield but rather to generate a high and sustainable dividend yield.

Fund Facts at 31 October 2026

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	$120 million
Inception Date	30 June 2015
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 31 October 2026

Application	1.8918
Redemption	1.8841

Investment Guidelines

The guidelines for Salt NZ Dividend Appreciation Fund are:

NZ shares	95% – 100%
Cash	0% – 5%
Unlisted securities	0% – 5%
Maximum active position	8%

Target Investment Mix

The target investment mix for Salt NZ Dividend Appreciation Fund is:

New Zealand Equities	100%

Fund Allocation at 31 October 2026

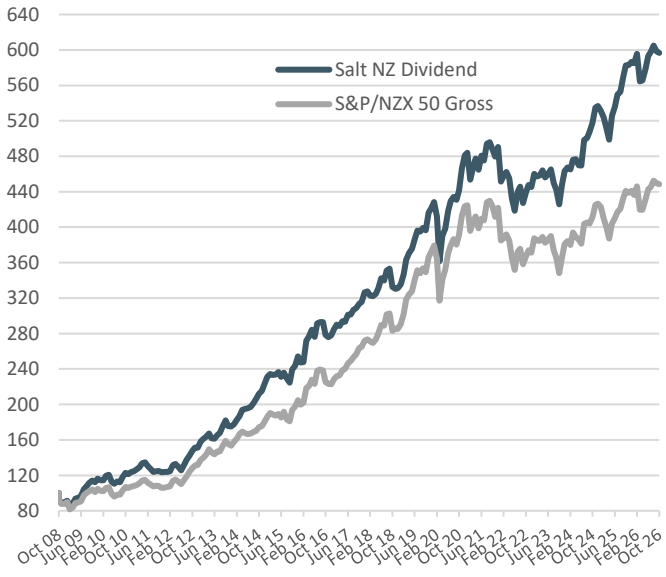
NZ shares	99.35%
Cash	0.65%

Fund Performance to 31 October 2026

Period	Fund Return*	Benchmark Return
1 month	-0.30%	-0.27%
3 months	-0.19%	0.71%
6 months	5.50%	6.93%
1 year	2.45%	1.83%
2-year p.a.	7.12%	4.48%
3 years p.a.	11.75%	8.65%
5 years p.a.	4.01%	1.04%
7 years p.a.	5.95%	3.57%
10 years p.a.	7.88%	7.08%
Inception p.a.	10.36%	8.63%

Performance is after all fees and doesn't include imputation credits or PIE tax.
*From 1 December 2008 to 30 June 2015, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 31 October 2026*



Fund performance has been rebased to 100 from inception.
Past performance is not a reliable indicator of future performance, and no representation or warranty, express or implied, is made regarding future performance.

Top Overweights	Top Underweights
Turners Automotive Group	Fisher & Paykel Healthcare
Tower	A2 Milk
Heartland Group Holdings	Meridian Energy
NZME	Auckland International Airport
Contact Energy	Skellerup

SALT FUNDS MANAGEMENT
Level 37, PwC Tower, 15 Customs Street West, Auckland | PO Box 2673, Auckland 1010
Email: info@saltfunds.co.nz | www.saltfunds.co.nz

Equities Market Commentary

Markets experienced a volatile October, as investors weighed resilient economic activity and corporate earnings against geopolitical uncertainty and persistent inflation, raising the prospect of higher-for-longer policy rates. Concerns about valuations and the scale of investment in artificial intelligence contributed to increased equity market volatility, with the VIX spiking from 16 to 20 and rising sharply in November as this is written. Global equities declined -0.8% with sharp reversals in sectoral leadership.

Bond yields declined sharply during October, with US 10-year yields falling from 5.22% to 4.94%. The move was notable given continued inflation pressures and relatively resilient economic growth. The US economy continued to demonstrate resilience, but the Fed left rates unchanged in October, balancing persistent inflation pressures against the risk of weaker growth. Further monetary tightening remains possible.

Australia's inflation outlook deteriorated further, with annual headline inflation reaching 4.3% in September and underlying measures remaining elevated. The RBA consequently faced increasing pressure to lift rates again in November. Weak consumer and business confidence, a softer labour market and declining house prices suggested earlier tightening was already restraining demand, but we now need inflation to follow.

In NZ, inflation and monetary policy dominated the economic news. CPI inflation eased to +3.7% y/y, but core measures remained uncomfortably high. The RBNZ narrowly voted 4–3 to leave the OCR unchanged at 2.75%, despite acknowledging that further tightening would likely be required. Higher fuel prices, a weaker exchange rate and persistent domestic inflation pressures reinforced the case for returning interest rates towards neutral sooner rather than later.

Salt NZ Dividend Appreciation Fund Commentary

The Fund performed in line with its benchmark in the month of October, declining by -0.30% compared to the -0.27% move by the S&P/NZX50 Gross Index.

The main headwinds came from two of the Fund's long-held NZ cyclical positions. Current economic circumstances are a far cry from early 2026 when optimism abounded, but a rebound is likely if and when the Iran debacle is resolved. Turners (TRA, -4.7%) has been an outstanding performer for the Fund for a long time but has struggled against these cyclical headwinds of late. NZME (NZM, -6.7%) saw no new news but ebbed away on similar concerns. While it doesn't have the structural growth outlook of TRA, it generates exceptional free cashflow which easily covers its dividend.

The stand-out positive was our long-held overweight in Tower (TWR, +6.6%), which provided a strong guidance update early in the month, albeit largely on its reinsurance allowance not being fully utilised. GWP growth was also a touch better than expected. We retain our view that TWR is being fundamentally undervalued by many analysts in that they (rightly) apply a high discount rate but then also assume that TWR then has to pay out its full reinsurance allowance each and every year. The risk is being double-counted. Recent years clearly demonstrate that this isn't the case.

At month-end, we project the Fund to have a net yield of 3.9% versus 3.6% for the Index.



Matthew Goodson, Portfolio Manager

Disclaimer: The information in this publication has been prepared from sources believed to be reliable and accurate at the time of preparation but Salt Funds Management Limited, its officers, directors, agents, and employees make no representation or warranty as to the accuracy, completeness, or currency of any of the information contained within, and disclaim any liability for loss which may be incurred by any person relying on this publication. All analysis, opinions and views reflect a judgment at the date of publication and are subject to change without notice. This publication is provided for general information purposes only. The information in this publication should not be regarded as personalised advice and does not take into account an individual investor's financial situation or goals. An individual investor should, before making any investment decisions, seek professional advice. Past performance is not a reliable indicator of future performance and no representation or warranty, express or implied, is made regarding future performance.