

SALT

Salt Capital Growth Fund Fact Sheet – September 2026

Manager Profile

Salt is an active fund manager. Our investment philosophy centres on the belief that 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 longer-term horizon.

Fund Facts at 30 September 2026

Benchmark	NZ CPI +5% over 5 years
Reference Portfolio	SAA-weighted component benchmark indices' performance
Fund Assets	\$66.03 million
Inception Date	15 September 2021
Portfolio Manager	Greg Fleming

Unit Price at 30 September 2026

Application	1.2050
Redemption	1.2001

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 September 2026

Global Fixed Interest	15%
Australasian Shares	27%
International Shares	32%
Global Listed Property	11%
Global Listed Infrastructure	11%
Alternative Diversifiers	1%
Cash or cash equivalents	3%

Asset allocation to Global Fixed Interest + Cash: 18%

Fund Performance 30 September 2026

Period	Fund Return (before tax and fees)	Gross Reference Portfolio Return*
1 month	-1.40%	-0.17%
3 months	-0.28%	-0.36%
6 months	5.34%	7.13%
1 year	2.82%	7.95%
2 years p.a.	5.47%	10.29%
3 years p.a.	10.29%	13.01%
Since inception p.a.	5.20%	6.74%

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

Top Individual Holdings

Fisher & Paykel Healthcare Ltd.	Contact Energy Ltd.
NZD Cash	Alphabet Inc.
Infratil Ltd.	ASML Holding.
Auckland International Airport Ltd.	VISA Inc.
Taiwan Semiconductor Co.	Welltower Inc..

As at 30 September 2026

The Top 10 individual holdings make up 26.2% of the Fund's total holdings.

Market Commentary

- Global financial markets navigated another challenging quarter, with resilient economic growth and strong corporate earnings supporting equity markets despite renewed geopolitical tensions, higher energy prices and rising interest rates. Global equities ultimately posted modest gains over the quarter, although September proved more difficult as bond yields rose sharply and investors became increasingly concerned about inflation.

SALT FUNDS MANAGEMENT

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- Geopolitics remained an important influence. Tensions in the Middle East escalated again late in the quarter, pushing oil prices sharply higher and adding to inflation concerns. Trade tensions also remained elevated, including renewed friction between the US and Canada, reinforcing the view that geopolitical and trade fragmentation are becoming more permanent features of the investment landscape.
- The US economy continued to outperform expectations, supported by resilient consumer spending and strong business investment, particularly in AI-related infrastructure. Corporate earnings remained a key source of support for equities, although investors became more selective about where the eventual returns from substantial AI investment will accrue.
- Monetary policy moved back towards the centre of the market debate. The Federal Reserve raised interest rates in September as persistent inflation and resilient economic activity reduced the case for maintaining easier policy settings. Chair Kevin Warsh's move away from traditional forward guidance also increased uncertainty around the future path of interest rates.
- Bond markets had a difficult quarter. Government bond yields rose sharply across most developed economies as investors reassessed the outlook for inflation and monetary policy. Longer-term yields also reflected growing concerns around fiscal deficits, heavy government borrowing requirements and rising term premia.
- European and Japanese markets also faced higher interest rates during the quarter. The European Central Bank tightened policy as inflation remained persistent, while the Bank of Japan continued its gradual normalisation of monetary policy. Japanese equities nevertheless performed strongly, supported by healthy corporate earnings and ongoing improvements in corporate governance.
- China's economy remained comparatively subdued, with weak domestic demand and continued challenges in the property sector offsetting stronger export and technology-related activity. Policymakers announced further support measures during the quarter as they continued to manage the economy's transition towards a slower but more sustainable growth rate.
- Australia ended the quarter with another increase in the cash rate as persistent inflation prompted the Reserve Bank to tighten monetary policy further. However, signs of economic softness became increasingly apparent, including weaker business conditions and falling house prices. The key question is how much further tightening will be required before the RBA is confident that slower demand will deliver the inflation outcome it is seeking.
- New Zealand also saw monetary policy tightened during the quarter, with the RBNZ increasing the OCR as it began moving policy back towards a more neutral setting. Economic activity remained relatively resilient despite the impact of higher energy prices, with GDP managing a small increase in the June quarter and earlier data revised higher. Strong construction activity provided support, although elevated oil prices and a still-soft labour market suggest the recovery is likely to remain uneven.

Salt Capital Growth Fund Commentary

The Salt Capital Growth Fund declined by -0.28% (before fees) in the third quarter, slightly ahead of its reference portfolio for three-month period (before fees.) For the twelve-month period, the Capital Growth Fund gained +2.8% and the two-year annualised return was +5.5% p.a. (before fees.) The Fund logged a three-year annualised gross return of +10.3% p.a. (before fees) through to the end of September 2026, in line with its strategic objective.

Defensive positioning overall, and the preference for listed Real Assets (Infrastructure and Property) limited the Fund's relative performance in the third quarter, when global equities generally rose modestly. A fall in the NZD/USD exchange rate partly offset the positive returns from many share markets for September month. However, in the last three months, risk appetite has been more fragile, against an array of concerns around the energy supply and the Middle East, and AI trends. Although the fund thus outperformed by 0.1% gross in the three months to 30 September, the gross return remained well behind its Reference Index' gross return for the full year to September 2026. We believe that some of the last year's gains in global equities may be temporary, and are more defensively positioned as the range of serious risks to returns continues. Market concentration on AI momentum is fraught as the evidence required to validate many valuations is pending.

The Fund's lagging 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 had until recently aided the fund's performance. These asset classes were hit by higher global interest rates in September month. Our Quality focus in global shares has been more effective in the last several months, but was ineffective from mid-2025 to June 2026, leading to a sharp lag. Global shares are the largest single asset class within the Capital Growth Fund, so an index underperformance drags. July to September showed signs of improvement in the Global Equities component. This leads to slower recent capital growth than projected, though the 3-year annualised return is above target.

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 any further deterioration in global risks.

The final impact on consumer and producer prices from President Trump's Oil shocks due to war and his tariff reversals and revivals 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 and natural gas price shocks.

Many risks remain, though markets are now more used to aggressive US policies. Inflation and further war issues could undermine that complacency. World growth forecasts are stable, recently the IMF projected a soft 3.1% 2026 GDP gain, with particular softness in Europe and the UK as well as in Asian oil importers. A global growth "recovery" to forecast 3.4% in 2027 is far from assured, either.

Fixed interest value persists in segments, however, with credit spreads a touch wider and substantially 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 82% (compared with the 80% SAA neutral split.) Global equities' weighting was kept -3% underweight, at 32% of the Fund. We kept the minor overweight to global property in place and also retained the Growth Fund's small active position (+1%) in global infrastructure.

Having gained more confidence that despite batches of concerning sentiment news, the NZ domestic economy is past the worst of prior sustained weakness, so we held our small overweight position in New Zealand equities, with the dynamic allocation at 27% throughout 2026 to end-September. This has been rewarded, with the NZ market moving mildly upward and the NZX50 Index touching an all-time high during August.

Domestic assets make up 30% of the Fund, reflecting our retained preference for International Assets (70% of Growth Fund assets) over the longer-term. Our overweight position in Global Real Assets has assisted, given superior value and quality cashflows, as well as lower exposure to US trade / energy price risks, compared to other sectors. We see these assets as still reasonably valued and showing scope for continued performance, though at times hit by interest rate swings.

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 now being abandoned, with US rate rises now underway. There are many potential price shocks in play due to the Iran / Gulf situation. Energy and fuel, but also transportation costs, are affected.

The key positive absolute contributions to returns in the September quarter came from the Select Global Shares Fund, which added +1.00% and the Salt Core NZ Shares Fund, which provided +0.32% toward the gross quarterly return. Select Global Fixed Income (-0.41% impact) was a negative influence for the quarter. The Global Listed Infrastructure (-0.74%) and Listed Property Funds (-0.82% contributions) had the greatest negative impact, in a weak period for interest rate-sensitive equity segments.

Although the last three months has been encouraging, a substantial reversal in the Global Shares Fund's contribution will likely need a more definitive shift in US market leadership. While there are some signs that this could be developing at times from mid-2026, the momentum and dip-buying behind the AI trade persists. However, volatility in global AI is reaching worrying levels, and vulnerabilities are now more apparent.

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, earlier in 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 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 compounding absolute return level of the Capital Growth Fund remains above target at +10.3% p.a. (gross) in the 3 years to September, although the drag from Global Shares' underperformance in the last year meant that the Capital Growth Fund lagged its reference portfolio by -1.5% p.a. since inception. This gap has narrowed slightly recently.

Salt Capital Growth Fund outlook

Within the Capital Growth Fund, the Salt Select Global Shares portfolio is currently significantly underweight to the USA (holding 62% of the Fund in US equities, compared to the MSCI World Index's 73% current US weighting.) The Global Shares portfolio prefers overweighting Developed Europe (Netherlands and France, Italy and the UK,) as well as holding Taiwan Semiconductor (an Emerging Market exposure in Index terms) at the largest single Global Shares holding, followed by Alphabet from the US and ASML (from the Netherlands.)

The Morgan Stanley view is that US markets are signalling excessive confidence in and heavy reliance upon the GenAI-related capex boom and faster spending enabled by the OBBB US tax act. Our reading is that, beyond discounting a bright outlook, recent economic dynamics reflect extreme AI industry concentration not trickling down (yet) to the broader economy. As interest rates rise further, leverage can create concerns. Inflation can also imperil profit forecasts, when these persist.

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 heading into the US mid-term Congressional elections.

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 negative sentiment shifts from abroad. However, piecemeal domestic improvements in the NZ economic outlook continue, ahead of more recovery momentum into 2027.

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 2026 progressed, although their gains partly reversed in September as global bond yields surged. Most recently, Global Listed Infrastructure has been the stronger segment, as upwardly-biased long bond yields have provided less support to Property.

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. Fed and election uncertainty usually lead to more volatility, as investors second-guess these key sources of liquidity.