Salt Long Short 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 deliver positive absolute returns in all market environments. In addition to holding "long-only" NZ and Australian securities, the Fund may, at our discretion, short sell shares, hold cash, lever its assets and utilise active currency management to generate returns (although generally the Fund's assets will be fully hedged).

Fund Facts at 30 April 2026

Benchmark	RBNZ Official Cash Rate +5% p.a.
Fund Assets	$184 million
Inception Date	31 July 2014
Portfolio Manager	Matthew Goodson, CFA

Unit Price at 30 April 2026

Application	3.4924
Redemption	3.4784

Investment Limits

Gross equity exposure	0% - 400%
Net equity exposure	-30% - 60%
Unlisted securities	0% - 5%
Cash or cash equivalents	0% - 100%
Maximum position size	15%

Number of Positions at 30 April 2026

Long positions	50
Short positions	29

Exposures at 30 April 2026

Long exposure	81.62%
Short exposure	37.60%
Gross equity exposure	118.59%
Net equity exposure	44.02%

Investment Risk to 30 April 2026

Fund volatility[1]	6.57%
NZ50G / ASX200AI volatility[1]	13.36%
NZ50G / ASX200AI correlation	0.076

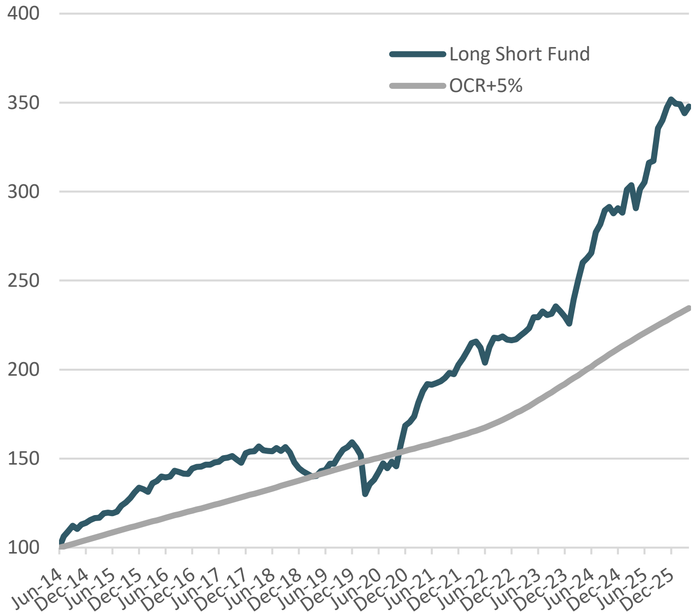
1. Annualised standard deviation since fund inception.

Fund Performance[2] to 30 April 2026

Period	Fund Return	OCR+5% Return	NZ50G/ASX 200AI Return[3]
1 month	1.13%	0.58%	1.06%
3 months	-0.44%	1.74%	-2.65%
6 months	2.28%	3.54%	-2.92%
1-year p.a.	19.64%	7.68%	9.46%
2 years p.a.	15.65%	8.68%	7.01%
3 years p.a.	15.91%	9.28%	5.91%
5 years p.a.	13.12%	8.34%	4.22%
7 years p.a.	13.86%	7.57%	6.67%
10 years p.a.	9.73%	7.34%	8.07%
Inception p.a.	11.11%	7.46%	8.34%

2. Fund performance is after all fees and before PIE tax.
3. NZ50G/ASX200AI is a 50/50 blend of the S&P/NZ50 Gross Index and the S&P/ASX 200 Accumulation Index and is for comparison purposes only.

Cumulative Fund Performance to 30 April 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.

Largest Longs	Largest Shorts
GDI Property Group	Commonwealth Bank of Australia
Turners Automotive Group	Chorus Networks
IPH	BWP Trust
DUG Technology	Telstra Corp
Tower	Rio Tinto

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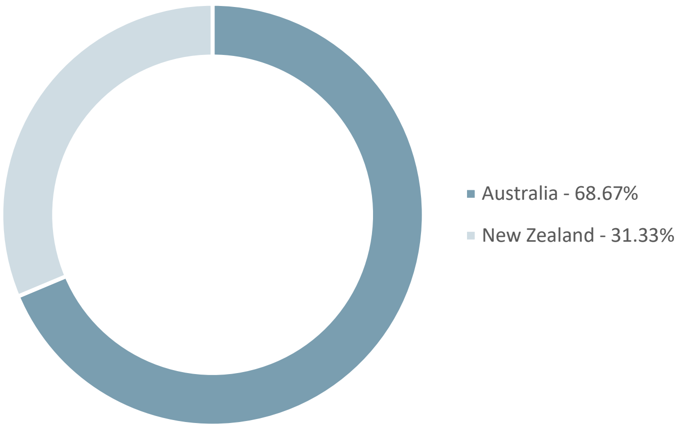
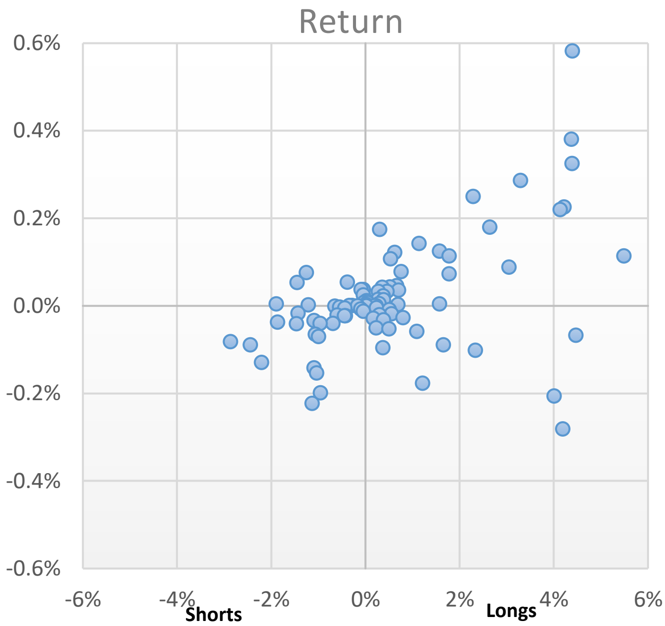
Country Allocation at 30 April 2026 (Gross Equity Exposure)



April 2026 Individual Stock Contribution



Fund Commentary

Dear Fellow Investor,

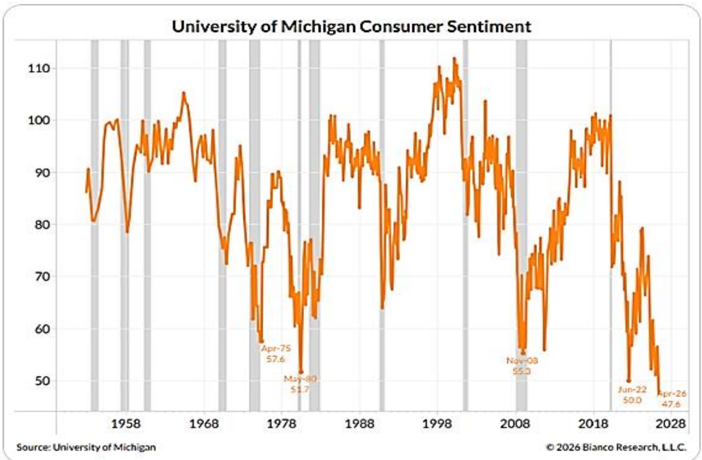
April saw the Fund deliver a solid positive performance of +1.13% after fees. This compared to the -0.1% decline by the NZ equity benchmark and the +2.2% rebound by the volatile ASX benchmark. Australia delivered this positive return despite having a remarkable eight negative days in a row at the end of the month.

April was a complex investing environment to put it mildly, with an AI boom underpinning global markets but continuing fears and pressures from the Iran crisis roiling many other sectors. It is staggering that the S&P500 Index rose +10.5%, the Nasdaq 100 surged +15.3% and the Philadelphia Semiconductor Index soared a nearly unbelievable +38.4% at a time when no clear solution to the Iran crisis presented itself, the Fed stayed on hold and US 10-year bond yields rose slightly from 4.31% to 4.40%.

This remarkable rebound is perhaps more understandable when one considers that the S&P500 now has an AI exposure that is 30%-45% by market cap depending on how one counts it. All the obvious "new paradigm" arguments are being made even though it is unclear whether any acceptable free cashflow return will ever be made on the vast capex being invested. In many ways it feels analogous to the infamous railways boom of the mid 1800's. This delivered a major boon to society at large but most of the companies making the investments went bust.

The bulls also argue that US earnings growth remains very strong. According to FactSet, the YoY earnings growth for the S&P500 is a stunning +27.1%. However, one should be very wary of this as a high proportion likely reflects the maths of a physical investment boom. A lot of the revenues/profits are recognised up-front but the costs are amortised gradually by the purchasers over time. Free cashflow has been declining not growing.

This boom in AI investment is occurring while US Consumer Confidence is at all-time record lows.

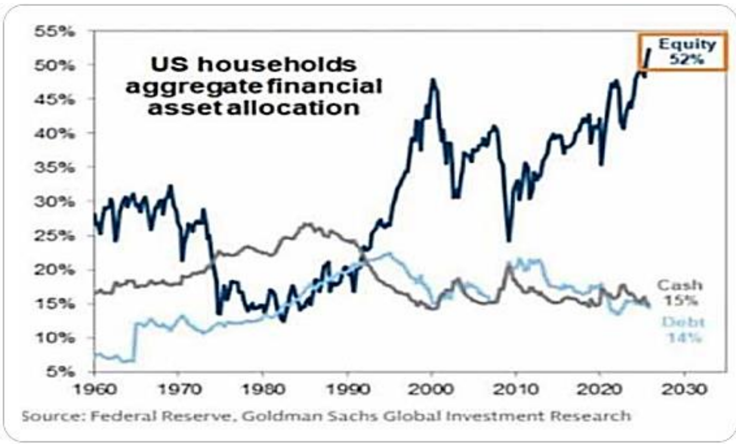


The chart above shows that the University of Michigan Consumer Survey has never before been at such a low level in its over 70 years of existence. Vietnam, the 1970's oil crises, the Nasdaq meltdown, the GFC and Covid did not see it plunge to where it is today. The slight improvement of the final reading to 49.8 from an interim 47.6 was little solace – it was still a record low.

Surging petrol prices and more generalised inflationary pressures are clearly weighing heavily but these might explain a reading in the 60's rather than the sub-50 depths that have been plunged. Little wonder that US politics have become so feral – if you are not one of the 1.0% or the 0.1% who owns the appreciating capital, your economic perspective is far less rosy.

Beware of companies with exposure to this dynamic. Cochlear put the weak US consumer forward as one of the reasons for their blockbuster downgrade. If they are being impacted, then others are surely at risk and we have shorts in a couple of names which should be struggling with the weak US consumer. Conversely, we have no direct exposure to the dangerous AI/data centre boom from either side of the ledger.

This AI boom is not occurring in a vacuum. The chart below shows that US households' allocation to equities has surpassed all former highs. From sub-15% lows in the 1980's, it surged to the high 40%'s at the brief peak of the Nasdaq bubble, and after collapsing, has now surged back to a new high of 52%. All this at a time of record low consumer confidence. This feels unsustainable.



It should be no surprise that such a boom in money flows into equities is being accompanied by numerous anecdotal signs of speculative fervour.

The share price of the failed shoe company, Allbirds soared from $2.99 to $16.99 on 15 April when they reimagined themselves as a "GPU as a service company". It is still at $6.46. Avis is struggling as a business, yet a couple of large holders engineered a short squeeze taking it from $100 to $700 and now it's back at $185. Glad it's not listed here! The meme-stock Gamestop is launching a $56bn bid for a real business in eBay as this is written. The CNN Fear & Greed Index merely stayed in "greed" territory but was only held back from "extreme greed" by the narrow nature of the speculative fervour. Financial innovation has tended to accompany many of the great booms and we are seeing extreme levels of leverage allowed by some trading venues along with pure punting activity via structures such as same-day options.

NZ and to some degree Australia have been largely left behind these trends of rampant market liquidity and an investment boom (bubble?) linked to the AI/semiconductor segment. While Next DC, Goodman Group and Infratil are sizeable companies, they do not dominate our markets like their peers do in the US. Further, they are real businesses in the sense that they generate real cashflow that has strong future growth. While there are quibbles about their valuations, they have not soared in an indefensible fashion like some of their US peers.

We have long observed a culturally cringeworthy rule of thumb that when a global trend finally makes it to NZ, it is getting near the fullest extent of its expansion. For some time, we have had a few small data centres that host cloud software, but we are yet to see the boom in so-called AI factories that support learning and inference. On this note, there is now a massive $5bn proposal by a company called Datagrid in Southland, to which Mercury has signed a power purchase option agreement that would provide half their power needs. Now they just need the other half, the funding and a 6,000km cable. Hopefully our rule of thumb proves wrong.

Without the AI boom propelling us, the NZ economy and share market have been rather less interesting than the US. The Iran crisis has squashed the formerly promising signs of an economic rebound in January and February. Firms' own activity outlook in the ANZBO survey fell from +39.3 to +19.6 in April. This is not a disaster but is well below the recent highs of near +60 and the direction is still heading south. Firms' profit expectations fell from +20 to -13 over the month. Similarly, ANZ- Roy Morgan Consumer Confidence fell from 91.3 to a lowly 80.3 in April and has now nose-dived 20 points since the Iran crisis began.

March quarter CPI inflation was a higher than expected 3.1% but underlying measures were relatively well-behaved in the mid-2% region. The RBNZ is in a tough position. Governor Breman was given a hospital pass by her hyperactive predecessors over-cutting to 2.25% but can they really now hike when underlying inflation measures are under control and there is plenty of spare business and labour capacity? This quandary was reflected by a hawkish Monetary Policy Statement early in the month evolving to a moderately dovish speech by the Governor late month.

NZ equity investors also face a quandary. There is undoubtedly near-term earnings risk but how big a multiple should one put on this when the median stock is already somewhat cheap and the Iran crisis could end tomorrow? Conversely, it could escalate and we could end up in a tanks-dry situation given plunging global inventories. We have a dollar each way and are still net long NZ given the valuation appeal.

Conversely, the Australian economy and equity market hold far less attraction as they both need to retreat from overheated levels. We repeat last month's comment that the Iranian stagflationary shock is hitting them at a time when there is little spare capacity after years of strong economic growth.

Mid-month, we saw the Westpac-Melbourne Institute Consumer Confidence index plunge from 91.6 to Kiwi-like levels of just 80.1. NAB business confidence collapsed 29 points to -29 – its weakest reading ever outside of the brief Covid implosion. However, slightly lagging data such as employment statistics and credit growth have remained solid for now.

CPI inflation data for March saw the headline at 4.6% y/y and the quarterly trimmed mean (the RBA's preferred measure) rose +3.5% y/y – well above the 2%-3% RBA target range. The worst impacts of the Iran crisis are still to come. A key problem is that Australia's highly regimented wage setting system will likely see the Fair Work Commission opt for a number in the mid-high 4% region. As this is written, the RBA hiked by 25bp to 4.35% and they may have to keep going to get on top of inflation now that it is being baked into price and wage-setting expectations.

Someone needs to tell the Australian equity market about all this. We are firmly net short on a risk-adjusted basis.

We have made little mention of Iran so far in this commentary. This is not because it does not matter – quite the reverse. The issue is more that it is impossible to know what is occurring in the real negotiations as opposed to the maximalist demands that both sides have floated for public consumption. Iran appears to be seeking some form of grand bargain which also encompasses Israel, Lebanon and Hezbollah's role. This will prove far harder to reach than some narrow agreement but far more positive in the unlikely event it does happen. This is the positive tail risk.

The negative tail risk is that global oil inventories are dwindling and there could be a non-linear vertical increase in the oil price to crush demand as inventory gets closer to zero. The longer the crisis stays in a state of stasis, the greater the likelihood that this risk materialises.

Together with an AI bubble in the background, this is a fascinating time in which to invest. We have approached it by gradually reducing our gross and net exposure and having one or two small positions which would benefit in the hopefully unlikely occurrence of the negative tail risk.

Fund Performance in April

Returning to the Fund's performance in the month of April, our overall return of circa +1.3% pre-fees, saw strong returns from our long book of +2.6% which were partially offset by headwinds from our short book of -1.2%. With our shorts being concentrated in the stronger Australian market this was to be expected but the long book did very well given its exposure to the weaker NZ bourse.

Our overall "winners to losers" ratio was a pleasing 59% and there was a skew to our winners being more sizeable than our losers.

Our gross position (longs + shorts) fell slightly from 121% to 119% over the month and has continued to fall slightly post month-end. Similarly, our net position fell from 46% to 44% and has contracted further to around 42% as this is written. While we normally embrace the opportunities that are provided by volatility, we are positioned a dollar each-way in terms of Iran crisis outcomes. We are conscious of the sizeable tail-risks in both directions.

April experienced 11 negative days for the 50/50 index of Australia/NZ, although the average decline on those days was only a moderate -0.40%. The Fund returned to its old uncorrelated self, being up on six of the down-days and having an average return on all of them of +0.01%.

None of our losers were of major magnitude but the largest of them was again our large long in Servcorp (SRV, -5.4%) which continued to sell-off due to 20-25% of its office floors being exposed to the Middle East. As we stated last month, while the floor in Beirut has certain challenges, most of SRV's floors are in Saudi Arabia and we would note that the oil price/volume trade-off means that Saudi is actually making more money now than pre-crisis. We also believe that SRV is still being paid for all its leased floors in the region. We have kept buying SRV on the back-foot as it is dirt-cheap and will likely zoom upwards when some sort of Iran deal is reached. It will also benefit from a future reconstruction period in the gulf.

The second headwind was our relatively large long in Heartland Bank (HGH, -5.0%), which pulled back on a combination of bad debt fears from the Iran crisis and a very high start-point from it being included in the FTSE Small Cap Index at end-March (which we assisted with some liquidity). HGH's trading update during the month was fine but it's too early for the Iran impact to really filter through to them yet. We see sizeable medium-term upside from their exceedingly attractive reverse mortgage business but we may just have to work our way through a bumpy quarter or two first.

One clear error that we made in the month was putting moderate shorts on two of the most liquid lithium stocks, Mineral Resources (MIN, +18.8%) and Pilbara Minerals (+17.6%). We had traded them around quite successfully for several months but gave it all back in April. What we see is a lithium price that has soared back to be well above medium-term cost curve support, with a plethora of projects all around the world waiting to come on. Moreover, MIN and PLS don't even look particularly cheap at current elevated lithium prices.

Other headwinds were minor and led by a small long in CSL Limited (CSL, -11.7%) which continued its astonishing fall from grace. It used to be an uber-expensive name that we shorted from time to time but it is now on a forward PE path of 13.0x Jun26 and 12.2x Jun27. There is perhaps modest further downgrade risk but CSL is priced as if it is an old-line pharma stock with a huge patent cliff. Other minor hiccups were shorts in Macquarie Group (MQG, +16.4%), Breville (BRG, +13.7%) and BWP Group (BWP, +5.1%).

The stand-out positive was the large long we had built up in the patent attorney business, IPH Limited (IPH, +11.4%). We recouped all the damage it caused us in March, and as is our fashion, we sold into strength some of the stock that we had earlier bought on weakness. The AI-fear trade seems to have dissipated although the strong AUDUSD will be a minor headwind for them. In context, it is still on a Jun26 PE of 7.7x and cash dividend yield of 10.3%.

A second strong tailwind came from our old friend, Tower (TWR, +8.9%). While not quite the massive position that it has been in the past, we still have a good-sized long and have actually found it a little hard to trim because the rising share price keeps offsetting the modest amounts that we sell. There was no material news but an analyst initiation finally saw someone on the sell-side look at it the same way we do. If you discount their earnings using a high cost of equity in mid-10% region, then you shouldn't also hit them with the full potential impact from large events every year. Instead, if you look at them on an averaged P50 basis, you get material valuation upside.

The third big winner was the frequently mentioned DUG Technology (DUG, +6.0%). DUG's rather volatile share price belies the steady progress they have made in their business. We view them as having an edge in the super-computing powered analysis of oil seismic and this is gradually being accepted by more and more oil company clients around the world. They delivered a strong update post month-end and have delivered strong further upside for the Fund as a consequence.

Not far behind DUG was the large long we built up on weakness in Dexus Industria REIT (DXI, +7.4%), which recouped the damage from its weakness in March. Similarly, Vital Healthcare Property (VHP, +5.3%) had an overdue bounce as apparently endless asset allocation type selling finally came to an end. Intelligent Monitoring Group (IMB, +9.3%) had been very weak but pleasingly provided a solid Q3 update. Our large, high conviction long in Omni Bridgeway

(OBL, +4.4%) also did well after a strong quarterly update. OBL is complex but underpriced by a couple of orders of magnitude in our view. We hope/suspect that the market will gradually pay more attention to OBL as cashflows start to accrue to the parent business over the next year or two.

Thank you for your continued support and interest in the Fund. The outcomes from the Iranian crisis are a crapshoot with sizeable potential tail risks in both directions. We are glued to Al Jazeera, Tasnim and Truth Social but do not pretend to have any unique analytical insights into either the volatile journey or the end outcomes. Accordingly, our Fund positioning is very much a dollar each way, always with the idea of being long what is cheap and short what is expensive.

We were pleased to return to form with a solid performance in April. The returns came from individual stock selection rather than overall Fund positioning. It was a month where we very much returned to repeating our long-term track record of delivering equity-like returns, with far less volatility and no correlation to long-only equity markets.

Matthew Goodson, CFA