# Salt Select Global Shares Fund Fact Sheet – March 2026

## Manager Profile

Salt Funds Management is a boutique investment management firm wholly owned by its employees which specialises in actively seeking to maximise returns while managing the risks of the investment.

## Fund Name Change

As of 13 June, the Salt Sustainable Global Shares Fund was renamed the Salt Select Global Shares Fund. There is no change to investment disciplines or approach; however, this aligns the Fund better with current global regulatory and market trends.*

## Investment Strategy

To achieve the Fund's investment objectives, the Fund targets a portfolio of global companies with high total return potential and high Quality & Environmental, Social and Governance (ESG) factor scores.

The strategy seeks to provide attractive long-term returns with less long-term volatility than the broader market.

## Fund Facts at 31 March 2026

| | |
|---|---|
| **Fund Assets** | $95.71 million |
| **Inception Date** | 12 July 2021 |
| **Underlying Manager** | Morgan Stanley Investment Management<br>* Effective 28 April 2025 the underlying Morgan Stanley Global Sustain Strategy was renamed the Global Quality Select Strategy. There is no change to the Strategy's investment philosophy and process. |

## Unit Price at 31 March 2026

| | |
|---|---|
| **Application** | 1.3196 |
| **Redemption** | 1.3142 |

## Investment Guidelines

The guidelines for the Sustainable Global Shares Fund are:

| | |
|---|---|
| **Global Equities** | 95% – 100% |
| **Cash** | 0% – 5% |

## Target investment Mix

The target investment mix for the Salt Sustainable Global Shares Fund:

| | |
|---|---|
| **Global equities** | 100% |

## Fund Allocations at 31 March 2026

| | |
|---|---|
| **Global equities** | 97.9% |
| **Cash & sundry items** | 2.1% |

## Fund Performance to 31 March 2026

| Period | Fund Return | Benchmark Return |
|---|---|---|
| 1 month | -3.52% | -1.51% |
| 3 months | -8.04% | -2.79% |
| 1 year | -8.60% | 18.05% |
| 2 year p.a. | 2.93% | 15.53% |
| 3 year p.a. | 10.32% | 20.43% |
| Since inception p.a. | 7.37% | 13.64% |

Performance is before fees and tax and adjusted for imputation credits.
Benchmark (MSCI World Index in NZD) performance is gross.

## Fund holdings

| Top 10 holdings | |
|---|---|
| Taiwan Semiconductor (TW) | Microsoft (US) |
| Alphabet (US) | Intercontinental Exchange (US) |
| Netflix (US) | ASML (NL) |
| Coca-Cola (US) | Keyence (JP) |
| VISA (US) | AON (US) |

Source: MSIM, data as at 31 March 2026.
The Top 10 Holdings represented 41.2% of the total portfolio.

**The Portfolio's carbon footprint, measured as weighted average carbon intensity (WACI) was 76% lower than MSCI AC World Index.[A]**

## Market Review

- Markets had much to navigate during the first quarter of the year. Mega-cap technology companies came under intense scrutiny during the Q4 earnings season, the US Supreme Court ruled against the use of the International Economic Emergency Powers Act to justify the imposition of wide-ranging tariffs by the US administration which saw the Trump administration respond with a blanket 10% tariff on all imports, while tension in the Middle East escalated to full-blown war between the US and Israel against Iran.

- In this environment it was perhaps not surprising that both stock and bonds had a poor quarter as markets focussed more on upside risks to inflation than downside risks to growth. In interest rate markets, short-dated bonds were hardest hit as sentiment pivoted from rate cuts by some central banks to rate hikes. Developed market equities were down -3.5% over the quarter, while the global aggregate bond index was down -1.1%, both in USD.

- In the US, tech stocks had a particularly challenging start to the year as focus turned to the threat presented by AI to software as a service (SaaS), but also the ability of hyperscalers to continue to generate returns against ever higher levels of AI-related capital expenditure being announced.

The sector stabilised somewhat as the war in Iran unfolded during the March month and investors turned to higher quality companies.

- Economic data was of little note in the US, and elsewhere for that matter, as the war unfolded and attention turned to the likely growth and inflation implications, and the uncertainty and inevitable trade-offs that would confront central banks.

- March month central bank meetings had all, expect the RBA, holding rates unchanged and highlighting the uncertain path ahead. That said, both the Bank of England and the European Central Bank signalled a rate hiking bias.

- The best performing equity market over the month was Japan's TOPIX, which finished the month up +3.6% on the back of Yen weakness and the resounding victory of the Liberal Democratic Party in the February snap election and its implications for likely growth-enhancing fiscal stimulus.

- In Australia, the RBA became the first major developed central bank to tighten policy in this cycle, raising its cash rate by 25bps twice over the quarter, taking it to 4.1%. The second hike saw a close vote, though this was mostly a reflection of differing opinions on timing, rather than the need for higher rates.

- In New Zealand the RBNZ left interest rates unchanged at its February meeting. A speech in March by the RBNZ Governor took an appropriate line on the war in Iran, arguing the bank would look through the initial inflationary effects, but remain vigilant to the risk of that higher inflation becoming embedded.

## Portfolio Review

- In March, the Portfolio returned -3.52% (Gross/NZD) while the MSCI World Net Index returned -1.51%. For the first quarter (Q1), the Portfolio returned -8.04% versus -2.79% for the index.

- The underperformance during the quarter was mainly driven by two factors. Firstly, core software and data-rich holdings continued to derate as artificial intelligence (AI) disruption concerns intensified, despite many names continuing to deliver solid underlying fundamentals. Secondly, the Portfolio has yet to show its normal defensiveness as the current crisis has not yet behaved like a typical broad growth scare.
- Energy, which we don't hold, was the only sector to deliver positive returns in March, rising 12%, while defensive sectors, such as Consumer Staples and Health Care, down 9% and 8% respectively, underperformed the overall index as a result of the oil shock and the market's focus on inflation, supply chain disruption and the reduced likelihood of near-term rate cuts..

- This was the worst relative performance for Consumer Staples (and the second worst for Health Care) among the 32 months this century in which the MSCI World Index fell more than 5%.

We believe recent performance reflects an unusually extreme and sentiment-driven market, with many quality names oversold. We have remained active, adjusting position sizes and reallocating capital as risk-reward has evolved. Elevated dispersion has also created opportunities for us as active, fundamental stock pickers. The Portfolio continues to exhibit strong quality characteristics, such as high returns on capital and earnings resilience, along with higher top-line growth than the index, yet it now trades at a free cash flow discount to the broader market, suggesting that quality is currently on sale.

- Top absolute contributors in the quarter - largely results driven were **ASML** (+59 bps): Reported record orders and encouraging 2026 guidance, supported by rising customer capital expenditure across memory and logic. **TSMC** (+59 bps): Delivered record fourth quarter and full year results with strong forward guidance driven by robust AI demand.

- **Netflix** (+54 bps): Performed well following withdrawal from the Warner Bros. Discovery bid, avoiding balance sheet risk. **Coca-Cola** (+40 bps): Supported by strong full year results and broad-based regional growth. **Texas Instruments** (+35 bps): Benefited from stronger-than-expected revenue guidance, signalling a steeper recovery in the analog cycle.

- Top absolute detractors in the quarter – data-rich businesses continue to be punished were **SAP** (-152 bps): Derated amid heightened AI disruption concerns and slightly slower-than-expected cloud backlog growth. **Microsoft** (-125 bps): Weighed by Azure growth coming in marginally below expectations and concerns around AI capital expenditure. **RELX** (-63 bps): Weaker on concerns over long-term AI implications for information services businesses. **Amadeus** (-60 bps): Impacted by uncertainty around AI disruption to travel platforms and geopolitical disruption. **S&P Global** (-58 bps): Detracted amid similar AI-related concerns despite resilient underlying franchises.

- In relative terms, negative Sector allocation was driven by the **lack of exposure to Energy** given the strength of the sector and negative Stock selection was driven by the ongoing derating of data-skewed sub-sectors particularly within Industrials where our holdings within Professional Services detracted.

### Notes

A. Source: Trucost. As of March 31st, 2026, the Portfolio's weighted average carbon intensity (WACI) was 76% lower than the MSCI AC World Index.

WACI is calculated using Scope 1 & 2 emissions per $m of company revenue. The term carbon refers to greenhouse gas (GHG) emissions, measured in metrics tonnes of carbon dioxide equivalent ($CO_2e$) emissions. Our data provider's methodology follows the GHG protocol and includes carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride ($SF_6$) and Nitrogen Trifluoride ($NF_3$), calculated in metric tonnes of $CO_2$ equivalent. Some carbon/carbon equivalents data may be estimated by the data provider. Data excludes cash.

## MSIM Market Outlook

In the first few months of 2026 we have seen a sharp rise in stock level volatility. Investors continue to differentiate perceived AI "winners" from "losers", while growing more cautious about the scale of capital expenditure required for AI infrastructure, even when earnings remain robust.

Heightened geopolitical risk has added to the backdrop. Most recently, escalating tensions between the U.S. and Iran, culminating in conflict, have pushed energy prices higher and have led investors to seek out safe-haven assets. Looking forward we would expect this heightened volatility to continue.

As new AI models have come to market, concerns have increased beyond the software, data-focused, and information stocks which were hit in the second half of 2025, and have also spread more broadly across markets to a far wider range of businesses. This year's stock moves have often been driven more by sentiment, triggered by the latest popular blog or Substack article, than by fundamental analysis of business models. This dynamic has been reinforced by the reduced liquidity driven by passive investing, shorter investment time horizons, and increased retail participation. Over 60% of S&P 500 options activity now consists of zero-day-to-expiry (ODTE) trades, 60% of which is driven by retail investors.

AI is clearly transformative, evolving rapidly, and will drive major disruption across industries. Despite this, we believe the sell-off in data-centric and software businesses has been indiscriminate and, in many cases, overdone. In this environment we believe it is more important than ever to assess holdings individually, assimilate new information as it becomes available and engage with management teams. Elevated dispersion in stock returns does also create opportunities to add to oversold names and initiate new positions.

While we are mindful that stocks perceived to be at risk from AI disruption may continue to de-rate before the valuation opportunity drives buyers, we also believe that rationality will prevail over the long run. What might calm the "SaaSpocalypse"?

In our view, the answer is the perceived AI victims delivering clear evidence of AI monetisation, whether through cost savings, stronger pricing power or reinforced competitive moats. In a recent interview, Nvidia's CEO Jensen Huang argued that "the market has got it wrong" and that it's likely that "agents won't replace the [software] tools, but agents will use tools". His view is that frontier AI labs such as OpenAI and Anthropic are unlikely to disintermediate SaaS or information services providers, suggesting partnership, or at worst co-opetition, is the more probable long-term model. In our view, the significant partnerships announced by both Anthropic and OpenAI towards the end of February could represent critical milestones.

We also continue to hold companies with durable earnings where AI is not central to the investment case. These include defensive compounders in consumer and health care, areas the market is increasingly rewarding, and luxury companies where pricing power is maintained through scarcity management. In our view dominant "economic tollbooths" such as exchanges and payments businesses offer attractive opportunities from here.

The turbulent current environment also creates potential opportunities for idea generation. While no cycle is identical, our team has navigated previous periods of structural transformation and has been flexible from the outset around where we find the high-quality characteristics we prize.

Recent underperformance reflects extreme market conditions that have challenged the longer-term known attractions of quality investing. True quality businesses are structurally scarce. Today, the Portfolio's ROOCE is significantly above that of MSCI World, gross margins are almost double the market's, and expected two-year consensus top-line growth is materially higher than that of the index. Despite this, the Portfolio is trading at a rare discount to the market in Free Cash Flow terms. Looking ahead, periods of elevated dispersion in earnings and stock returns often signal a renewed focus on company fundamentals, an environment in which quality businesses have historically thrived.

## Portfolio Activity

Given the extraordinary market environment that has seen quality stocks significantly lag a boisterous AI-led market coupled with the market overly punishing software and data-related companies, the combination of which has been a significant headwind to the Portfolio's performance, we feel it appropriate to provide clients with enhanced stock level transparency and accordingly are currently sharing portfolio movements on a monthly basis, this time covering the YTD period to end of March.

**Software and data businesses first to sell-off on AI fears**:

We have taken action. Our assessment has been company specific and unsentimental. Some quality names oversold. The market has focused on software and data so far, but fears of disruption likely to spread elsewhere, heralding fears of resultant deflation.

**Portfolio companies continue to compound sales and earnings growth:**

Superior topline earnings growth relative to the index and stronger quality characteristics, now at a discount in FCF terms.

**We face two unfolding narratives arguably not reflected in current valuations**:

A fast-paced, unpredictable technological revolution that is reshaping entire industries.

A fast-paced, unpredictable conflict where energy shock so far has not resulted in broader growth scare.

**Extreme market conditions and hedge fund shorting have challenged performance**: As companies deliver evidence of AI monetization, including partnership models, fundamentals should reassert themselves. The Portfolio's low cyclicality should provide resilience should we see a growth scare.