

SALT

Salt Core NZ Shares Fund Fact Sheet – November 2024

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. Salt examines investments for their environmental and social impact as well as the quality of their governance.

Investment Strategy

The Salt Core NZ Shares Fund targets a portfolio of shares of New Zealand companies that may, in our opinion, provide a high total return. The Fund may also invest opportunistically in shares of Australian companies.

The Fund's investment process has been designed to facilitate selection of stocks such that the overall portfolio generates an above market total return after each stock is qualified through a number of quality and sustainability screens generated by Salt's disciplined research effort.

Fund Facts at 30 November 2024

Benchmark	S&P/NZX 50 Gross Index
Fund Assets	\$58 million
Inception Date	1 December 2020
Portfolio Manager	Paul Harrison

Unit Price at 30 November 2024

Application	0.9816
Redemption	0.9776

Investment Guidelines

The guidelines for the Salt Core NZ Shares Fund are shown below:

NZ shares	50% – 100%
Australian Shares	0% – 50%
Unlisted securities	0% – 3%
Cash or cash equivalents	0% - 20%

Target investment Mix

The target investment mix for the Salt Core NZ Shares Fund is:

Australasian Equities	100%
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Fund Allocation at 30 November 2024

NZ shares	93.97%
Australian Shares	4.06%
Cash or cash equivalents	1.97%

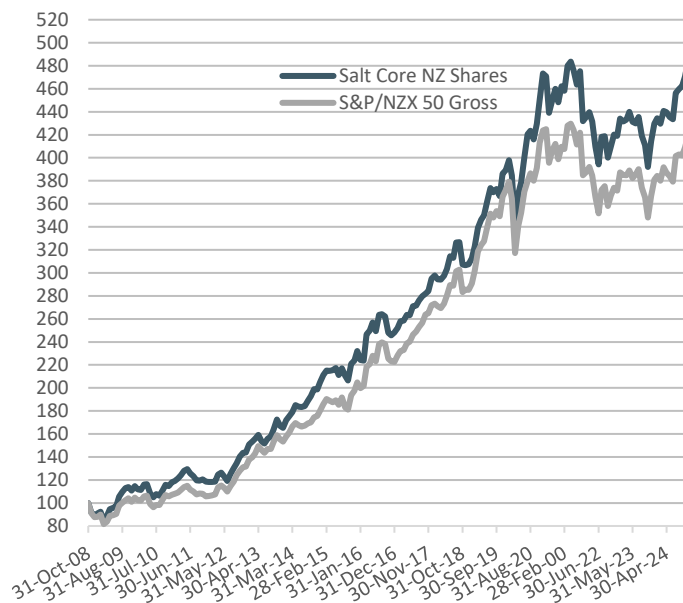
Fund Performance to 30 November 2024

Period	Fund Return*	Benchmark Return
1 month	3.03%	3.39%
3 months	5.55%	4.97%
6 months	11.42%	10.11%
1 year	17.12%	15.33%
2 years p.a.	7.47%	6.36%
3 years p.a.	1.53%	0.91%
5 years p.a.	4.67%	2.92%
7 years p.a.	7.94%	6.91%
10 years p.a.	9.34%	9.19%
Inception p.a.	10.26%	9.33%

Performance is after all fees and does not include imputation credits or PIE tax.

*From 1 December 2009 to 30 December 2020, performance is from a fund with the same strategy and the same portfolio manager.

Cumulative Fund Performance to 30 November 2024*



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
Freightways	Chorus Networks
Infratil	Meridian Energy
Port of Tauranga	Kiwi Property Group
Contact Energy	Goodman Property Trust
CSL	Sky City

SALT FUNDS MANAGEMENT

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Equities Market Commentary

Markets were dominated in November by the Republican clean sweep of US elections. This had markets contemplating a more expansionary US fiscal policy and a more nationalist trade policy. US equities gained +6.3%, contributing to a 4.6% rise in developed market equities. Bond markets were less enamoured with the potential inflationary implications, with the global aggregate bond index returning +0.3%.

Solid economic data also contributed to positive equity markets, feeding the theme of US exceptionalism. The Fed cut by 25bp, citing further progress on disinflation. In Europe, the ECB is contending with weak economic fundamentals, while inflation is proving resilient. Political uncertainty in Germany and France also impacted markets.

In Japan, expectations of another interest rate hike are building, with a further 25bp increase possible before Christmas although a January hike is more likely. In China, highly anticipated fiscal stimulus disappointed the market. While a debt swap arrangement for local governments was welcome, a lack of meaningful stimulus aimed at boosting consumption was well short of expectations.

The RBA maintained its hawkish bias in November, stating it needs to remain vigilant to upside risks to inflation. The tight labour market saw the unemployment rate remain at 4.1%. In NZ, weak labour market data saw the unemployment rate rise to 4.8%, with a decline in the participation rate preventing a sharper rise. Activity data remained weak, though increasing signs of a bottoming out of recent declines are starting to emerge. The RBNZ cut the OCR by 50bp to 4.25%.

Salt Core NZ Shares Fund Commentary

New Zealand and Australian share markets both experienced solid returns in November. The NZX50 Gross Index reported a return of +3.4% and Australian equities returned +3.8% over the month as both markets benefitted from the strength in global equities. The Fund didn't quite keep up and underperformed this month with a return of 3.03%.

Several companies reported earnings in November, including Fisher & Paykel Healthcare (+5.7%), reporting strong growth in both hospital and homecare divisions and operating profits up 43% in the half. Along with Fisher & Paykel Healthcare, the Fund is also overweight Turners (+19.0%), which reported a record profit up 5% in the first half despite a challenging macro environment.

With a dominant "risk on" thematic in tech stocks globally, Gentrack (+40.5%) was the top performing stock in the NZ50 index this month after reporting strong revenue growth of +25.5% on the back of several contract wins. The Fund had been buying GTK prior to the result but still held an underweight position which was the main drag on relative performance this month.

The Fund lagged this month due to the lower exposure to the tech sector but also had zero holdings in some smaller companies that rallied with the positive sentiment. These names included Sanford (+13.4%), Fonterra (+10.6%) and NZX (+9.6%) with the latter holding an investor day focusing on future growth. Partially offsetting this was the Fund's nil holding in SKT (-10.6%) which was the worst performing stock in the NZ50.

During the month, the Fund was a seller across the stronger performing names such as Ebos, and Scales, along with opportunistic selling in Infratil, and Mercury Energy. The Fund added to positions in CSL, Gentrack, Genesis Energy, Port of Tauranga, and Vital Healthcare Property Trust.



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