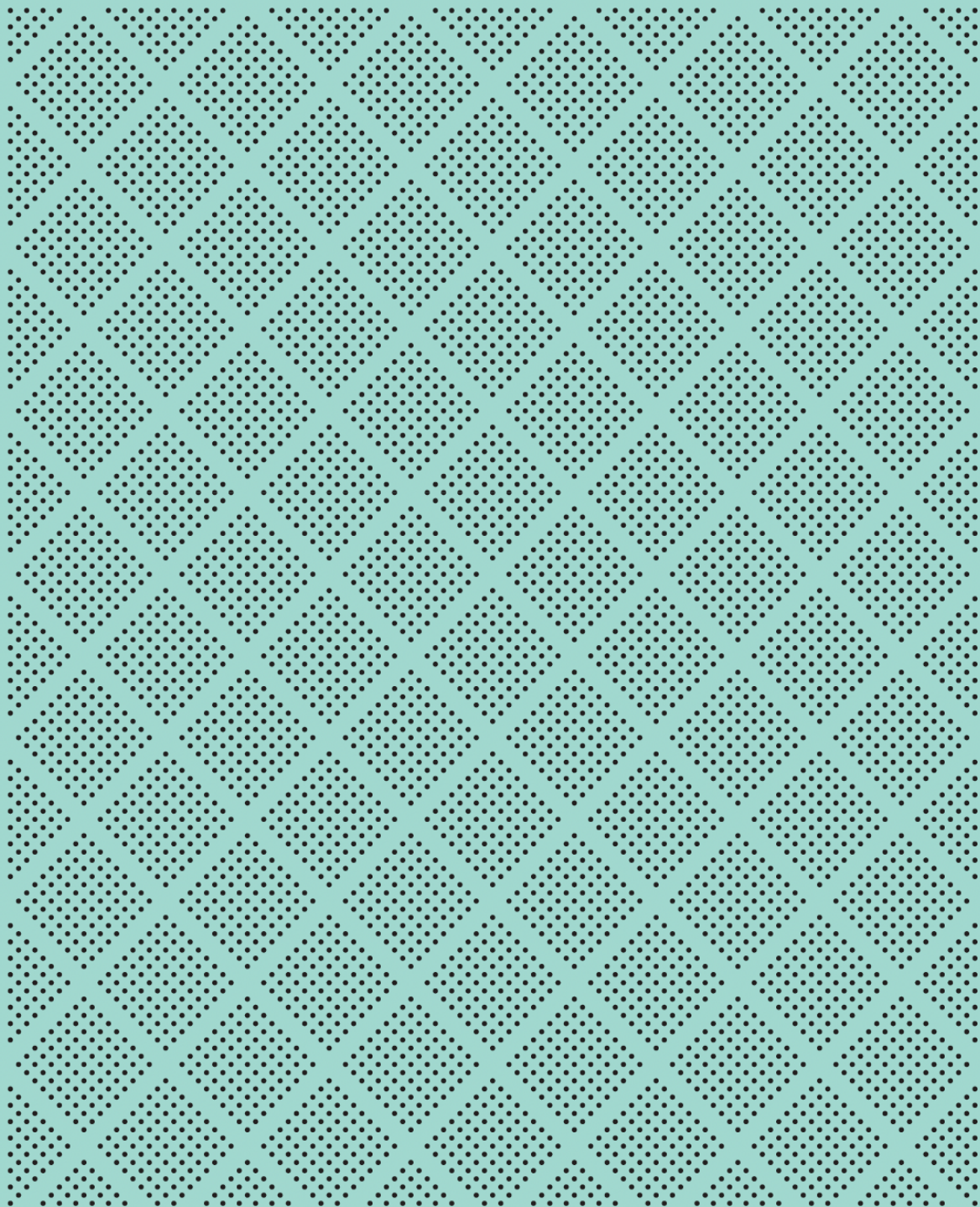




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Quarterly Fund Report: Mint Australasian Equity Fund



SINGLE SECTOR FUND



Mint Australasian Equity Fund

Investment Objective

The fund aims to provide investors with long-term capital growth by investing in Australian and New Zealand listed equities. The objective is to outperform the S&P/NZX50 Gross Index after fees and expenses, over the medium to long term.

Q1 2026 not for the faint hearted

It has been a tough start to 2026 with most international markets down between 5-10%. Ostensibly the damage was done in March with the escalation of the US-Iran conflict and shutting the Strait of Hormuz which has driven diesel prices and crack spreads through the roof and let the inflation (and possibly stagflation) Genie out of the bottle once more. But heightened volatility caused by geopolitical tensions, tariffs and enduring concerns about the impact of AI left most sectors outside Energy and Resources under pressure in the quarter.

It might seem faint consolation to remind readers that the February reporting season in New Zealand and Australia was the best since 2022 in terms of earnings beats versus misses. While this was in some part due to low expectations, we consider it important nonetheless, highlighting that corporate earnings continue to behave broadly as expected.

Changes made to reflect changing market conditions

The fund has had a tough few months with our quality growth focus struggling in a value and momentum styled market and a period of heightened volatility. We left the portfolio too concentrated in certain risk areas, and we decided to buy back into specific technology names too early, considering AI concerns. But we maintain the portfolio is now better positioned to cope in current heightened volatility and the risk of rising inflation, while continuing to invest in high quality growth companies.

Furthermore, we believe that when the market is allowed to focus back on fundamentals, rather than geopolitics, it will see a number of high quality growth companies at decade low valuations, held as meaningful positions in the portfolio.

The Strait of Hormuz – the straw that broke the inflation camel's back?

Global equity markets retreated in the first quarter, with the MSCI All Country World Index falling 2.5% in local currency terms. The S&P 500 declined 4.5% for the quarter, with the sell-off concentrated in March as the Iran conflict and rising bond yields weighed on sentiment. The MSCI USA fell 4.9% in March, the worst monthly decline since mid-2022. European markets fared slightly worse (MSCI Europe ex-UK -2.3% for Q1), while emerging markets were broadly flat (+2.2%) supported by strong commodity prices. Japan rose 3.0% and Korea surged 24.1% for the quarter.

The dominant theme globally was the escalation of the Iran-Middle East conflict in late February and March, including the closure of the Strait of Hormuz – a critical chokepoint for approximately 20% of global oil supply. This drove a surge in energy prices, pushed up inflation expectations, and forced bond yields higher across

developed markets. The combination of geopolitical uncertainty and tighter monetary conditions created a hostile environment for risk assets.

In New Zealand - solid results gave way to rate concerns

The S&P/NZX 50 Index fell 4.7% over the first quarter of 2026, with the bulk of the decline concentrated in March (-5.9%) as escalating geopolitical tensions in the Middle East triggered a broad risk-off move across global equity markets. January and February had been more resilient, supported by a constructive domestic reporting season and expectations of further monetary easing ahead of the election.

Infratil and A2 Milk were the two stocks that fared best in the New Zealand market. Infratil benefitted from its infrastructure focus in volatile times with the CDC investor day reinforcing our view that Infratil is one of the best ways to play the increasing adoption of AI going forward through its best-in-class data centre investment. The A2 result was better than feared as Chinese infant formula demand held up despite falling birth rates with A2 continuing to take share and highlighting product diversification. Rising bond yields weighed on the rate sensitive stocks such as property and retirement and also mid cap technology names Serko and Vista.

The RBNZ held the Official Cash Rate at 2.25% at its March review, pausing after the cumulative 350 basis points of cuts delivered since August 2024. The domestic economy showed tentative signs of recovery as GDP grew 0.2% in Q4 2025, ending the technical recession, although the labour market continued to soften with unemployment rising to 5.4%. This changed in March as consumer confidence fell to 91.3 (from 96.6 in February) as geopolitical uncertainty weighed on sentiment, while business confidence also retreated to 32.5 from elevated levels.

Australia – tough times outside gold and then energy names

The ASX 200 declined 1.6% for the quarter, though the headline figure masks a volatile journey. January was broadly flat before a strong February (+4.1%), powered by a robust reporting season and resource sector strength, gave way to a sharp -7.1% sell-off in March as the Iran conflict escalated and the Strait of Hormuz was closed to shipping. The RBA surprised markets with back-to-back rate hikes in February and March, taking the cash rate to 4.10%, as inflation proved stickier than anticipated at 3.7% year-on-year. This also drove the Australian dollar higher particularly versus the New Zealand dollar. Ten-year bond yields rose approximately 30-35 basis points in March alone as markets priced in further tightening. GDP growth remained solid at 2.6% year-on-year, and the Australian dollar fell 3.9% against the US dollar in March as the USD strengthened on safe-haven flows.

Sector performance was remarkably divergent, reflecting the crosscurrents of geopolitical risk, rising rates, and shifting commodity dynamics. Energy was the standout, surging 19.2% in March alone as Operation Fury drove Brent crude up 43% and WTI up 51% for the month. Defensive sectors also outperformed, with Utilities gaining 4.9%, Insurance 3.8%, and Staples Retail 2.8% as investors sought shelter from the uncertainty. For the quarter, ASX 200 Resources rose 9.7%, dramatically outperforming Industrials which fell 5.5%.

On the negative side, Technology fell 12.9% in March (-27.2% for the quarter), driven by ongoing concerns about AI disruption risk and the rise in bond yields compressing valuations for long-duration growth stocks. Gold stocks were the worst-performing sector, falling 23.4% despite gold itself declining a more modest 10.8%, as the Iran conflict drove up the US dollar and bond yields; some profit taking within the sector that had been up 127% in 2025 also contributed. Materials fell 13.2% in March, though iron ore held up relatively well (+7.6%) and the sector finished the quarter up 3.4%. Copper fell 9.5% in March on demand concerns. Momentum stocks and small caps were hit hardest in the correction, with Momentum falling 10.8% and Small Caps underperforming the ASX 100 by nearly 5 percentage points.

The February reporting season in Australia was exceptionally strong, with net EPS beats running at +12% and guidance upgrades at +32% — the strongest in years, signalling an improving earnings outlook. Banks and Resources drove the best of the results, with CBA and BHP both rallying approximately 17-18% in February alone. However, the extreme single-stock volatility during the season was notable, with over a third of reporting companies experiencing one-day moves of three standard deviations or more — the most violent reporting season on record.

Fund Performance was disappointing...

The fund's underperformance over the quarter was primarily driven by the portfolio's significant overweight positions in Information Technology stocks — particularly Serko, WiseTech Global, and Xero — which suffered steep declines as the global risk-off environment disproportionately impacted high-multiple growth names. The IT sector alone detracted approximately 2.3 percentage points of active return. This was partially offset by positive contributions from the Utilities sector (led by Infratil) and from avoiding several underperforming benchmark constituents in Real Estate and Consumer Discretionary sectors.

Telix Pharmaceuticals was the standout performer, contributing +0.7% to active return. The stock rallied 22% during the quarter as delayed milestones started to be delivered, allowing the stock to regain some of its decline. Infratil also contributed positively (+0.3%), gaining 5.1% as investors sought defensive infrastructure exposure amidst market volatility.

We have made some changes to reflect the changing macro

The fund was active during the quarter, with a number of position adjustments reflecting our evolving views on relative value and risk management in a deteriorating market environment.

We added to Fisher & Paykel Healthcare, on share price weakness through the quarter despite robust operating dynamics. We also increased our holding in Macquarie Group seeing upside in all four businesses. We also continued to add to Amcor, WiseTech, Xero, Mainfreight, and EBOS on weakness.

We took some profits in Telix Pharmaceuticals and Infratil following strong performance and also reduced our holding in Auckland Airport, recycling capital into higher-conviction opportunities. We also reduced our exposure to interest rate sensitive and house price related names such as Summerset and Fletcher Building and trimmed our exposure to the Gentailers.

Outlook and Positioning

The first quarter of 2026 was a challenging period for the fund, with the sharp sell-off in March disproportionately impacting our overweight positions in technology and growth-oriented names. While the short-term performance is disappointing, we retain conviction in the quality and long-term earnings trajectories of the portfolio's core holdings.

The geopolitical backdrop remains a driver of volatility, with the Iran-Middle East conflict continuing to weigh on risk appetite. The closure of the Strait of Hormuz has created a supply shock in energy markets that will flow through to inflation expectations and central bank policy in the months ahead. In New Zealand, the economic recovery remains fragile — GDP growth has turned positive but the labour market is still softening, and the RBNZ faces a delicate balancing act between supporting growth and managing the inflationary impulse from higher energy prices. In Australia, back-to-back rate hikes and a 30-35 basis point rise in ten-year bond yields present a headwind, but consensus earnings growth for the ASX 200 remains constructive at +11.5% for FY26, even if there is risk to these numbers if the conflict persists or energy prices remain elevated.

We have used the market weakness to add selectively to high-conviction positions, including Fisher & Paykel Healthcare, Macquarie Group, and A2 Milk, where valuations have become more attractive. The portfolio's largest overweight remains in the utilities and infrastructure space (Infratil, Meridian, Contact Energy), which we expect to provide defensive earnings ballast. Our technology positions, while painful in the quarter, represent structural growth opportunities in Australasian software and global logistics technology that we believe will be re-rated as the cycle turns.

The strong domestic reporting season in February provides confidence that New Zealand corporate earnings are on a recovery path. We remain focused on identifying companies with sustainable competitive advantages, strong cash generation, and management teams that can navigate the current macro uncertainty. We continue to manage risk actively and will look to capitalise on further dislocations should they arise.



Portfolio Manager, John Middleton

BA

John has over 22 years' experience and joined Mint from ANZ Investments where he was Head of Australasian Equity Research. In New Zealand, he previously worked as Senior Analyst at AMP Capital undertaking analytical research on a range of sectors including Transportation, Healthcare and Technology companies across both New Zealand and Australia.

Prior to that John was based in London where he worked at JP Morgan as Head of European Aerospace and Defence Research. During this time, he was also heavily involved in corporate broking.

John started his career as a sell-side analyst working for ABN AMRO where he covered a range of sectors including Paper and Packaging, Support Services and Engineering.

John holds a BA in Modern Languages (French and Russian) and European Studies from the University of Bath and a Postgraduate Diploma in Organisation and Management from Cape Town University.

At Mint, John is Portfolio Manager for the Australasian Equity Fund and provides research coverage across a number of sectors.

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