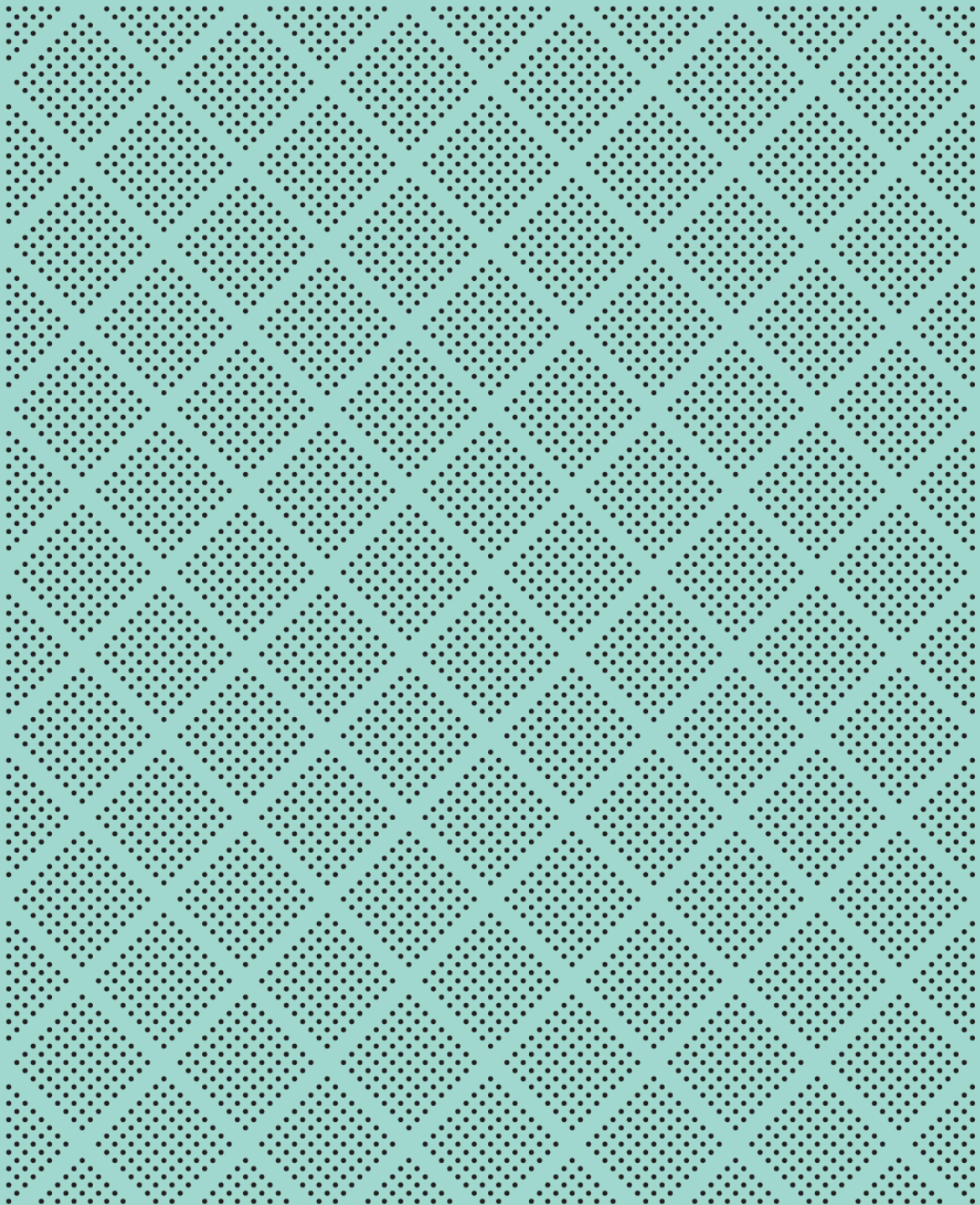


# **Quarterly Fund Report: Mint Australasian Property Fund**



## SINGLE SECTOR FUND



## Mint Australasian Property Fund

### Investment Objective

The fund aims to provide investors with long-term capital growth by investing in New Zealand and Australian listed property and property related securities. The Fund has an investment objective of outperforming the S&P/NZX All Real Estate (Industry Group) Gross Index after fees and expenses, over the medium to long term.

## Property sector bore the brunt of rising bond yields

The property sector had a tough start to 2026, weighed down by rising bond yields driven by escalating geopolitical tensions — particularly the US–Iran conflict, which drove oil prices sharply higher and reignited inflation fears globally. New Zealand 10-year bond yields rose approximately 40 basis points during March alone, with 6-month swap rates climbing 50–60 basis points over the quarter, and the rate-sensitive sector felt the full force of this move. The S&P/NZX All Real Estate Gross Index fell -9.3% in the quarter, with the sector declining -4.9% in March, while the ASX 200 A-REIT (in NZ\$) fell -13.7%.

Rising Middle Eastern tension, culminating with the blocking of the Strait of Hormuz, weighed on consumer sentiment and heightened concerns about inflation (and stagflation) going forward. Property sector fundamentals, however, remain robust in our view. Occupancy remains healthy (97% for the sector) with incentives low, and most companies saw rental growth in the period. More importantly, most NZ REITs have taken advantage of falling rates to lock in lower interest costs going forward, and earnings should sustain dividends at current levels. The sector is trading at a -24% discount to NTA, an 8.6% gross yield, and a +380 basis point spread to long bond valuations.

## Inflation concerns drove interest rate expectations higher

The interest rate environment deteriorated meaningfully during Q1. New Zealand 10-year government bond yields rose approximately 40 basis points in March and are up approximately 70 basis points over the past six months — the highest level since mid-2024. Swap rates climbed 50–60 basis points in March alone, with the 6-month increase exceeding 100 basis points. These moves reflect both global inflation fears and sticky domestic inflation, which has pushed up longer-term interest rate expectations despite the RBNZ completing its rate cutting cycle in November 2025.

In Australia, 10-year bond yields rose from 4.65% to 4.98% during March. Market-implied expectations for the RBA cash rate at December 2026 lifted 51 basis points to 4.7%, with UBS raising CPI estimates to 5.5% year-on-year. The global repricing of interest rate expectations was a dominant headwind for rate-sensitive sectors, including listed property.

## This trend was not isolated to ANZ

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. Risk assets sold off broadly — global REITs, as measured by the FTSE EPRA NAREIT Developed Index, fell -9.3% in March in USD terms, with oil stocks the only safe haven in the month.

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.

## **Property sectors amongst the weakest in Q1 (NZ -9.4%, A-REITs -11.2% in March)**

The average NZ equity returned -9.1% for Q1, with Structural Growth stocks falling -17%, Cyclical -7.7%, and Defensive Yield -5.2%. Low Volatility was the dominant style factor as investors rotated aggressively into perceived safe havens. Value and Quality factors also provided relative resilience, while Growth and Momentum strategies underperformed sharply. The S&P/NZX All Real Estate Gross Index fell -9.4% year-to-date to 31 March 2026; in March alone the property sector declined -5.0%, modestly outperforming the broader NZ market which fell -5.9%, though on a year-to-date basis the sector underperformed the NZX 50 (-4.7%).

Australian REITs had an equally difficult quarter. The A-REIT index fell -11.2% in March, materially underperforming the ASX 200 (-7.1%) and representing the 9th worst monthly return for A-REITs in approximately 25 years. Subsector performance was universally weak but with some differentiation: Retail A-REITs were the relative outperformers at -8.8%, followed by Industrial (-11.7%), Office (-11.8%), and Diversified (-13.8%).

The Fund returned -11.2% for the quarter, underperforming the benchmark by -1.7%. Key detractors included the overweight position in Stride Property Group and out-of-benchmark holdings in Goodman Group (Australia), Charter Hall Group, and Summerset Group. During the quarter, the Fund increased its position in Property for Industry and Goodman NZ, while trimming exposure to Stride, Precinct, Vital Healthcare, and Argosy.

## **Comfortable with fundamentals but moving back into quality**

The speed of the reversal has been remarkable — over the past six months the NZ property sector has swung from posting its third strongest 6-month return in 30 years to its fifth largest decline, a dramatic round-trip driven entirely by the repricing of interest rate expectations. Despite the sell-off, sector fundamentals remain solid: the February 2026 reporting season (Precinct, Property for Industry, Vital Healthcare) delivered solid occupancy at 94% with a WALT of 7.9 years (Wellington remains challenging, Christchurch the bright spot), healthy releasing spreads, stable cap rates, and stable funding costs despite rising market rates. With the sector trading at a -24% discount to NTA, an 8.6% gross yield, a +380bp spread to long bonds, and approximately 17x AFFO, and distributions looking sustainable, we have tilted the portfolio back towards higher quality and industrial names despite some concerns about vacancy rising.



## 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.



## Portfolio Manager, David Fyfe

BCom (Hons.), CFA

David has over 15 years' experience in the financial industry and joined Mint after returning from 5 years working in London. During his time in London, he worked for global private equity firm Pantheon Ventures before joining Lloyds Bank as a Derivatives Analyst.

Previously David worked at BT Funds Management (NZ) as both a Quantitative and Equity Analyst undertaking sector research specialising in Transportation, Utilities and Technology in both New Zealand and Australian markets.

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