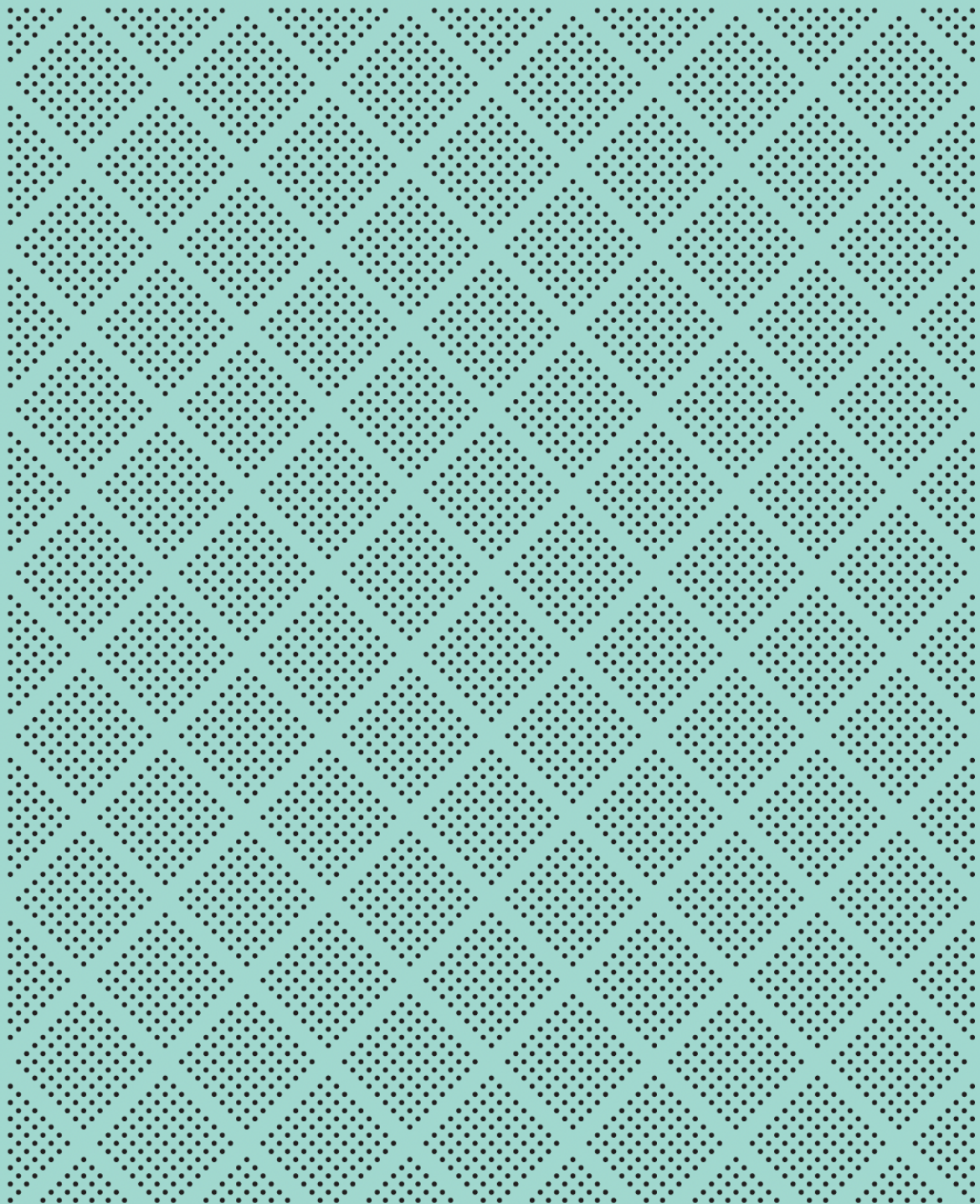


Quarterly Fund Report: Mint New Zealand SRI Equity Fund



SUSTAINABLE PLUS

CERTIFIED BY RIAA



SINGLE SECTOR FUND



Mint New Zealand SRI Equity Fund

Investment Objective

The fund aims to provide investors with long-term capital growth by investing in New Zealand listed equities. The Fund has been designed to meet specific responsible investment criteria, with the aim of building a portfolio where the holdings in aggregate, generate a better ESG score in our systems than the benchmark. The objective is to outperform the S&P/NZX50 Gross Index after fees and expenses over the medium to long term.

A Quarter of Two Halves

New Zealand equities gave back the late-2025 rally and then some, with the S&P/NZX 50 Gross Index returning -4.7% in Q1 2026 after touching a record high in mid-January. March alone accounted for -5.9% of the move, triggered by the outbreak of the US-Israel-Iran conflict on 28 February and Iran's closure of the Strait of Hormuz, which disrupted around 20% of global oil supply. Brent moved sharply higher, inflation expectations repriced, and central banks across developed markets pivoted from easing toward vigilance. After a calm start to the year, the tone shifted quickly and decisively.

Dispersion was extreme. Large caps held up relatively well (-2.5%), mid caps (-8.8%) and small caps (-7.5%) fared materially worse. Information technology was the hardest-hit sector, with Gentrack and Vista among the heaviest decliners. Healthcare and consumer staples came under late-quarter pressure as Fonterra and a2 Milk fell on China demand and supply chain concerns. Energy was again the leading sector, with Channel Infrastructure the standout NZX performer as the oil supply shock played directly into its pipeline and storage footprint. At an individual name level, Air New Zealand (-22.5%), KMD Brands (-20.4%) and Gentrack (-20.2%) were the weakest performers, while Fonterra (+5%) and Turners Automotive (+5%) led.

Style was the real story. Structural growth names fell around 17% on average, cyclicals -7.7%, and defensive yield -5.2%, a near-complete reversal of the leadership that had carried the market through the second half of 2025. Beneath the index, earnings delivery in the February reporting season was mixed but not disastrous, with margin resilience in select cyclicals and infrastructure. The late-February shock has nonetheless injected real uncertainty into forward estimates, particularly for names with energy cost or supply chain exposure, and investor attention has shifted squarely from earnings leverage to balance sheet resilience and pricing power.

The fund's structural growth and quality tilts, which had supported performance through late 2025, sat squarely in the path of the rotation. Against that, several overweight infrastructure positions worked well, and the quarter's sell-off has, in our view, reopened entry points in quality growth names that had become expensive six months ago.

From Easing to Vigilance

The New Zealand macro backdrop shifted materially through Q1. Q4 GDP of +0.2% q/q came in weaker than the RBNZ's forecast, confirming that the recovery from last year's shallow recession remains fragile and uneven. Unemployment held at 5.4% in the December quarter, with household spending still cautious as mortgage rate relief

stalled against rising wholesale rates. Sentiment moved sharply in March, with consumer confidence falling from 100.1 to 91.3 and business confidence dropping from 59.2 to 32.5 as the oil shock fed through to expectations.

Inflation has pushed outside the band. Headline CPI rose to 3.1% year-on-year in the December quarter, and the RBNZ now expects a further climb to 4.2% by Q2 2026 as higher fuel prices feed through to transport, food and energy-sensitive components. The RBNZ held the OCR at 2.25% at both its February and April meetings, ending a 325bp easing cycle that began in August 2024. Tone has turned firmly hawkish. At the April meeting Governor Breman confirmed hikes had been discussed, with the MPC flagging that decisive and timely increases would be required if second-round effects materialise. Rate cuts are now firmly off the table, and markets are pricing a full 25bp hike by year-end, with Westpac calling the first move as early as September.

Currency markets have been volatile. The NZD has traded around 0.57 against the USD, with Middle East developments and shifting rate differentials driving swings and remains under pressure against the AUD given the RBA's more aggressive tightening (two consecutive 25bp hikes to 4.10% in Q1). Global Dairy Trade prices have held up better than feared, providing some offset for exporters against the fragile domestic backdrop.

The net effect is an uncomfortable combination of weakening activity and rising inflation, with the RBNZ now navigating an energy-driven supply shock rather than a demand-led recovery. Political risk remains live heading into the 2026 general election, particularly for cost-of-living exposed sectors such as the gentailers where pricing behaviour may yet become part of the policy debate. It is an evolving backdrop, but one that reinforces our preference for businesses with genuine pricing power and balance sheet resilience over those dependent on the cycle turning.

Notes from Asia

In late March, I spent four days across Singapore, Hong Kong and Shanghai on an investor trip, with over twelve meetings covering Infratil's Asian platforms, EBOS's SE Asia medtech business, a2 Milk's China operation and many more. A few observations worth carrying into the portfolio view.

Gurin Energy (95% owned by Infratil) is closer to final investment decision on its Vanda project (a large-scale solar and battery development in Indonesia, exporting power to Singapore) than it has ever been. The electricity licence and commercial terms are now in place, and the Indonesian government is motivated to see FID by mid-2026. A couple of Indonesian regulatory approvals still need to land, so timing isn't guaranteed, but if Vanda reaches FID the value uplift for IFT is meaningful. Beyond Vanda, Gurin's Japanese battery storage pipeline is the most tangible non-Vanda value in the Asian portfolio.

The EBOS meeting in Hong Kong was the strongest validation of the SE Asia medtech thesis on the trip. Transmedic (now 100% owned, 1,600 staff across 10 countries, double-digit EBITDA growth) is not a traditional distributor. It embeds clinically-trained staff in hospital operating rooms, runs several thousand clinician training events a year, and partners with suppliers from pre-commercialisation through to full lifecycle management, which in turn earns it exclusive distribution rights across its markets for new therapies. Histosonics Edison, a non-thermal focused ultrasound platform for tumour treatment currently approved for liver and in trials for pancreatic, kidney and BPH, is the clearest current example of that model at work, but the same dynamic is visible across the oncology portfolio and a steadily expanding set of therapy areas. Management depth, organic growth culture and a build-the-pathway approach to oncology make this a genuinely differentiated business. SE Asia medtech is the smaller part of EBOS

today, but it is a higher-growth pocket than the group's core pharmaceutical distribution business and worth paying attention to.

In Shanghai, the three clear messages from a2 Milk management were that demand remains robust, supply is the constraint, and the leading indicators for FY27 are already building, with pregnancy-stage top-of-mind awareness roughly double prior levels pointing to continued brand strength. ATM is likely to be a beneficiary of the Nestlé/Illuma product recall, which has pushed a cohort of high-spending consumers to look for alternatives in the premium infant formula segment. Post-trip, ATM issued a profit warning on 13 April citing supply chain pressures, including Synlait production downtime, new cereulide testing standards extending release timelines, and tighter customs clearance. Taken alongside the demand picture we saw in Shanghai, that reads as a timing disruption rather than a structural reset, with the Pokeno capex ramp into 1H27 the mechanism to convert current supply-constrained demand into FY27 volume, though delivery on that ramp and further supply chain stability will need to be seen.

Rotation, Not Reset

Attribution for the fund in the March quarter reflected a sharp reversal in market leadership rather than any deterioration in the businesses we own. The rotation out of growth and quality weighed on several core overweights, while infrastructure exposures and a handful of underweights in rate-sensitive names provided partial offsets. Beneath the noise, the fund saw a mix of genuine operational progress at portfolio companies and some painful mark-to-market moves on positions where long-term conviction remains intact.

Infratil (IFT) was the largest positive contributor, reversing its Q4 weakness as investors rotated toward defensive, cash-generative infrastructure once the energy shock underscored the value of diversified real-asset platforms. CDC delivered again at its 26 March investor day: two new Eastern Creek data centres nearing operational status, around 200MW of capacity added in Q1, A\$500m of fresh shareholder equity to accelerate the build, and an independent valuation uplift of A\$1bn to A\$15bn. FY27 EBITDAF guidance was raised to A\$680-720m, reinforcing long-dated earnings visibility despite broader data centre volatility. With the Asian platforms tracking as noted above, this remains one of the fund's highest-conviction overweights.

Relative-value calls also worked. Our zero-weight in Ryman was a meaningful positive, with the stock falling roughly 27% over the quarter as elevated gearing and ongoing operational losses left it particularly exposed to the rates repricing; its February investor day outlined a reset path, but execution is early and the market is rewarding little premium for forward guidance in a risk-off environment. Underweight Fletcher Building (-20%) also helped. Within the overweights, Contact Energy (+1.6%) held up well alongside other gentailers as investors rotated back into regulated, real-asset exposures.

Summerset (SUM) was the largest detractor, falling 27% as the retirement village sector unwound Q4's rally. Higher mortgage rates and a cooling housing market reversed the easing-cycle tailwind that had supported the sector through 2025. The underlying trajectory remains sound, disciplined development programme, solid care cash flows, a well-supported balance sheet, but the absence of house price inflation to underpin resale gains is a genuine near-term risk in the current rate environment. We retain the overweight on long-term structural demand and development optionality, while acknowledging the position is under active review given it accounts for a material share of the fund's tracking error.

Serko (SKO) fell 46%, caught in the growth-to-value rotation and broader travel-sector sentiment weakness despite minimal direct Middle East exposure. The 10 March investor day was constructively received, with management narrowing FY26 total income guidance to NZ\$119-121m (above the midpoint of prior guidance) and unveiling Serko.ai, a multi-agent AI travel management product launching in the US in April. The strategic direction is compelling and positions Serko at the forefront of next-generation corporate travel booking, but the market is currently unwilling to ascribe much value to software and AI-linked growth businesses. We retain the overweight given the capital-light model, Booking.com for Business momentum, and the prospect of travel volumes normalising, but acknowledge the elevated risk profile.

EBOS Group (EBO) fell 17%, extending a period of sentiment weakness driven by debate around the pharmaceutical distribution earnings trajectory and compounded by the Iran conflict, with higher airfreight and fuel costs feeding directly into the cost base of a logistics-heavy business. EBOS now trades below its 10-year average PE, and we continue to view the current de-rating as an opportunity to add to a high-quality compounder with strong franchises and a long track record of execution. The end-April investor day is the next scheduled catalyst and should give the market a fuller view of the company's strategy and outlook. Mainfreight (MFT) was also caught in the same fuel-cost dynamic and fell 16% as global trade disruption weighed on the logistics sector more broadly; the thesis is intact and we retain the overweight.

Earnings Do the Work

Q1 has changed the backdrop more than the portfolio. The rates tailwind that carried 2025 is gone, the Iran ceasefire is fragile, and the cost-of-living debate is about to get louder as the election approaches. In that world, dispersion widens, and the gap between businesses that can absorb higher input costs and those that cannot becomes the real driver of returns. The March sell-off has done some of our work for us: quality growth names that looked fully priced six months ago now offer valuation support, and we have used the quarter to add selectively rather than retreat. Our core positions, infrastructure platforms with long contracted earnings, healthcare compounders with structural growth, and selected domestic franchises with genuine pricing power, are the kind of businesses that tend to widen their lead when conditions get harder, not narrower. Several have catalysts in the near term that should shift the conversation from market pricing back to operational delivery. Rotations pass; operational delivery is what compounds.



Portfolio Manager, David Fyfe

BCom (Hons.), CFA

David has over 15 years' experience in the financial industry. Previously he 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.

At Mint, David is the Portfolio Manager for the NZ SRI Equity Fund and the Australasian Property Fund and provides research across a number of sectors.



Assistant Portfolio Manager, Tom Deacon

MAF, BCom

Tom has over 12 years' experience in the investment industry. He was previously a Senior Analyst within the Australia/New Zealand Research Team and led healthcare and technology research alongside equity strategy. Prior to that, he began his career in financial markets at First NZ Capital (now Jarden) in their institutional equities team; subsequently joining Evolution Healthcare and working with fund principals and senior management to grow their private healthcare businesses.

At Mint, Tom is the Assistant Portfolio Manager for the NZ SRI Equity Fund and is responsible for the stock research for NZ and Australian listed companies in the healthcare and technology sectors.

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