from the mint

Mint Australia New Zealand Active Equity Trust investment commentary / January 2012

Dear Investor,

Equity markets started 2012 on a positive note. Global markets finished January +4.3% (MSCI World Index), with the local NZ market +0.7% and Australia +5.1% (all local currency).

Given that this is the start of another year, the local brokerage houses have been publishing their economic outlook and forecasts for the year. A consensus seems to be developing that the NZ economy is in for slow, sub-trend growth, until such time that it gets a boost from the start of the Christchurch rebuild. That's currently expected in late 2012/early 2013, but everyone seems well aware that it may be pushed back beyond that. In Australia, economists expect things will get worse in the first half of the year before they get better: they forecast that employment, home prices and consumer spending will continue to decline into the middle of 2012, before starting to bounce back, helped by the recent RBA interest rate cuts and further expected 25-50bps reduction.

Economic data released in the year so far bear out these views. NZ data has been mixed, while Australian data has generally been worse than expected. Weak Australian retail, construction and home price reports were especially disappointing after the back-to-back RBA rate cuts last November and December. Inflation is contained on both sides of the Tasman.

On the other hand, US data has been better than expected, in particular jobs are being created (slowly) and the unemployment rate is falling. European and Chinese data has been better than expected as well.

This generally better (or at least less bad) global outlook helped equity markets rally in January, especially supporting the Resources sector, as well as giving a boost to the Australian and NZ currencies. The RBA cited this improved global outlook in choosing not to cut rates again last week (much to the surprise of 24 out of 27 of the local economists). The RBA view of the Australian economy is clearly more optimistic than the market in general.

Time for Cyclical Exposures?

Analysts spent most of last year cutting their forecasts for growth in GDP and company earnings. This was behind the underperformance of economic-sensitive sectors like Resources, Media and Retail in 2011.

In our view growth expectations (at least at a top down level) have got to the point where they are much more realistic, both for NZ and Australia and globally. At the same time, stock valuations (as measured by multiples of earnings) of many cyclical companies are very low compared to long term averages.

We do expect published earnings estimates at the company level to take another step down. Companies started to report their earnings for the 6 months to December last week; we've already seen a few companies come in below expectations. The European debt crisis also has a long way to go for resolution, and there will be potholes on the way.

However with many cyclical stocks already trading at depressed levels, it feels timely to be revisiting these exposures. We have been adding selected cyclicals to our portfolio over recent months.

In our portfolio

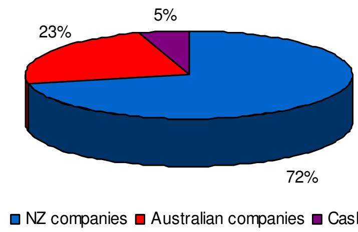
Our portfolio returned +2.7% this month. Our top positive contributor, **NZX** (+13%), monetized its stake in Markit for $25M in cash, and selected a new CEO. **Diligent** rose 31%. The company reported that the client base for its Boardbooks product among Fortune 1000 and FTSE 100 companies (in the US and UK respectively) continues to grow. **Chorus** (+5%) shares are recovering from index-related selling. Our biggest detractor was **CSG** (-15%), which gave a disappointing 1H performance update.

This month we added to our position in **Diligent**, exited **Incitec Pivot**, and reduced our position in **Kathmandu**.

Your Mint investment team

Our biggest positions

Company	Holding
Telecom NZ	8%
Chorus	7%
Ryman Healthcare	6%
Sky Network TV	6%
Mainfreight	6%
Total top 10	51%
Number of stocks	37



Investment team

Shane Solly, Carlie Eve, Amelia Wong, Rebecca Thomas

Investment objective

The fund invests in New Zealand and Australian listed stocks and has a target return of 5% above the NZX 90 Day Bank Bills Index

Minimum investment

NZ$5,000 initial investment, $2,000 for additional purchases

Fees

1.25% annual fee plus a Performance Fee of 10% of returns above the fund's objective

Mint Australia New Zealand Active Equity Trust

31 January 2012 Unit price $1.0448

Fund performance	1 month	3 months	1 year	3 years	Since inception
Mint Aust NZ Active Equities	2.73%	0.53%	0.83%	29.95%	4.48%
NZSE 50 Gross	0.66%	-1.09%	-1.68%	18.82%	-21.38%
ASX 300 (in NZD)	2.67%	-1.56%	-7.03%	40.94%	-0.18%

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