

# Monthly Fund Fact Sheet

## Diversified Alternatives Fund

### Market overview

Most major market indices finished higher in December with the S&P/NZX 50 up 3.9% and the S&P/ASX200 up 7.3%, a similar level to the S&P500 +4.5% and Nasdaq +5.6%. This continuation of last month's trend was driven by lowering of benchmark bond yields, primarily the US 10-year yield, with disinflation continuing while the US economy appears resilient. A soft landing for the US (and many developed markets) now appears to be a consensus view. Towards the end of December, the market implied number of rate cuts by the Fed had reached close to 7 for 2024. This was far more dovish than what the Fed itself was indicating at closer to 3 cuts. This of course raises the question of whether markets are getting ahead of themselves leading into the new year? We think a little, even if a US soft landing has been our view for some time.

In New Zealand, there was no monetary policy statement in December hence the local movement in the 10-year government bond rate (~50bps) was driven almost entirely by offshore markets. Given the RBNZ's November comments were hawkish, it will be interesting to hear the tone of the next update on 28th February, now the global rhetoric of interest rates and inflation appears to have changed.

The Middle East continued with some escalation being seen, specifically with supply chain through the Red Sea. This has seen freight rates and disruption increase while also likely to put upward pressure on oil prices if we see further escalation this could unwind the disinflation trajectory. Near term weaker demand and softer economic growth globally continue to limit this outcome.

As we start the new year, we have already begun to see some of the optimism for rate cuts and falling global government bond yields unwind, as consumer spending and employment data remains stronger than feared. This is likely to make Central Banks think long and hard about being too aggressive on rate cuts. It appears that while rate cuts are coming in many markets, the path of least regrets remains a gentle approach, with the ability to move more aggressively later if required.

### Funds at a glance

	1 Month	3 Months	1 Year	3 Years	Since inception
Mint Diversified Alternatives Fund	4.31%	4.49%	n/a	n/a	1.38%
HFRI Fund of Funds Composite Index (NZD Hedged)	2.23%	3.21%	n/a	n/a	3.70%

*Performance returns greater than 3 months are per annum. Net returns are after fees and before investor tax. Net after tax performance can be found in the latest Quarterly Fund Update, available on our website.*

### Investment Team

**Portfolio Manager**  
Marek Krzeczkowski



**Senior Analyst**  
Ryan Falls



DIVERSIFIED FUND



# Mint Diversified Alternatives Fund

## Last Month Review

Fund performance was positive across the board this month, with strong underlying asset class performance as risk assets continued their strong run in December, with global interest rates falling further. All our underlying funds were up in the month.

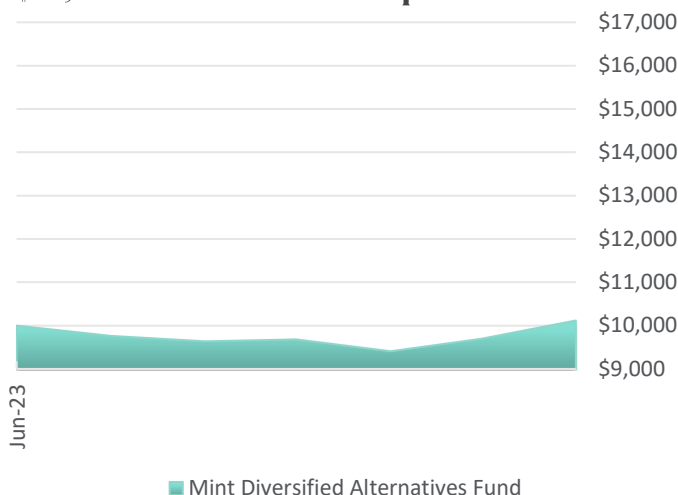
The underlying strategies with longer dated cashflow assets, such as our Real Estate, Renewables and Private Equity strategies continued to benefit from an easing of global bond yields in December. The Private Equity fund was our top contributor for the month, benefitting from the lower yield environment and also announcing it sold a stake in one of its underlying companies at a 40% uplift to its initial value. Our Absolute Return strategy had a solid end to the year, as they had added duration exposure to US interest rates earlier in the quarter, which also benefitted them in November and December.

The infrastructure strategy was the lowest contributor this month (albeit still positive), with the fund not benefitting as much from the decrease in interest rates as other rate-sensitive assets. The fund announced a further investment into a French toll road in December, bringing their total interest to 24%.

We added no new securities to the fund in December.

Unit Price		Fund Size	
\$1.0117		\$402K	
1 month	3 months	1 year	5 years
4.31%	4.49%	n/a	n/a

## \$10,000 invested since inception

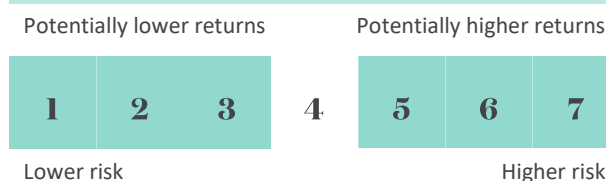


Cumulative performance. Returns are after fees and before investor tax. Fund inception: 30 June 2023.

## Key Fund Facts

<b>Key features:</b>	Capital growth
<b>Strategic Asset Allocation:</b>	95% Alternatives
<b>Return objective:</b>	Outperform HFRI Fund of Funds Composite Index (NZD Hedged)
<b>Date of inception:</b>	30 June 2023
<b>Latest FX hedging:</b>	98%
<b>Total fund fee:</b>	1.85%

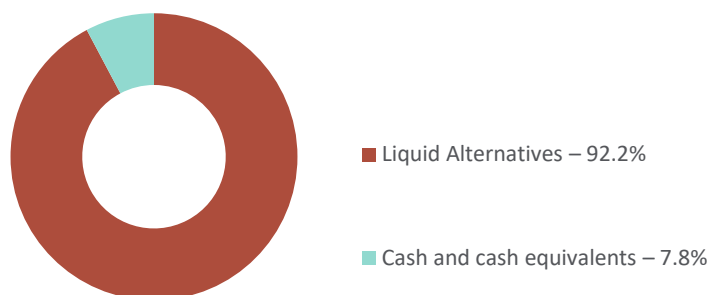
## Risk Indicator



## Outlook and Asset Allocation

- Growth has remained resilient in 2023, despite recent developments, including tighter monetary policy and stresses in the banking system. As central banks continue to indicate a “higher for longer” approach, we recognise that the probability of additional negative growth shocks remains elevated. However, with inflation rapidly retreating, we expect central bank policy to turn more favourable should any shocks to growth materialise.
- We maintain confidence that the alternative asset classes should provide attractive risk adjusted returns in the current macro-economic environment. As the return on risk free assets decreases (normalising monetary policy) we believe this will provide a further tailwind for Alternative assets.

## Current Asset Allocation



## Contribution to Return by Asset Class

Asset Class	Contribution to Return	Portfolio Weight
Real Estate	1.0%	7.9%
Renewables	0.8%	16.5%
Private Equity	0.7%	8.0%
Global Discretionary Macro	0.6%	11.8%
Absolute Return	0.5%	11.9%
Event Driven	0.4%	12.7%
Managed Futures	0.4%	14.9%
Infrastructure	0.1%	8.7%
Cash	0.0%	7.8%
<b>Total*</b>	<b>4.3%</b>	<b>100%</b>

**For more information on our Funds, please contact:**

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Responsible  
Investment  
Association  
Australasia

Became members of RIAA in March 2023



Achieved our Toitū net carbonzero certification in June 2022

Signatory of:



The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment.

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