



Statement of Investment Policy and Objectives (SIPO)

18 July 2019

This document sets out the investment philosophy, investment policies, procedures and objectives of Mint Asset Management Limited, when investing clients' funds.

The manager

Mint Asset Management Limited (Mint) is an independent boutique funds management business, incorporated in 2006, based in Auckland, New Zealand. Mint is focused on offering investors a select range of investment funds that are managed by a group of highly experienced investment professionals. Our business is wholly owned by our staff, aligning our interests with those of our clients.

We are an active manager which means we believe in-depth company research is where we can add value.

The Vision of Mint is to be a successful independent firm specialising in active investment management, where success means adding value for our clients over the long term.

Key facets of our business are:

- we are wholly owned and operated by the staff (or former staff) of the business. There are no third party investors
- we have no corporate shareholder; nor tied distribution channel
- we outsource certain functions such as fund accounting and registry
- the business serves both institutional and retail clients through wholesale and retail managed funds, and segregated mandates
- all of our funds are PIE registered.

Our approach to responsible investment

Mint is a signatory to the United Nations Principles for Responsible Investment (UNPRI) initiative. We strongly believe that addressing Environmental, Social and Governance (ESG) related issues is important to underpinning the long-term health and effectiveness of capital markets.

At Mint, we aim to deliver superior and sustainable returns to our investors. We believe incorporating ESG principles into our investment process can help achieve this objective by identifying the material effects ESG factors can have on a company's long-term sustainability and prosperity.

Mint's approach to ESG issues is consistently applied across all of our Funds, and is subject to our Socially Responsible Investing (SRI) Policy. This includes the exclusion of unacceptable sectors or securities across all our Funds. Currently these are the production or manufacture of:

- Tobacco
- Armaments
- Uranium
- Pornography

Further information on our SRI Policy can be found at www.mintasset.co.nz.

Investment strategies covered in this SIPO

This SIPO covers the Mint Australasian Equity Fund, the Mint Australasian Property Fund, the Mint Diversified Income Fund and the Mint Diversified Growth Fund (from here referred to as the Funds).

We adopt a consistent philosophy and investment process across all of our Funds. The Funds have different risk and return profiles, providing clients with a range of investment alternatives that are managed with the same diligence, care and consistency of approach.

Investment objectives of the Funds

Mint Australasian Equity Fund

This is a single asset class Fund which typically invests in New Zealand and Australian listed equities and has an investment objective of outperforming the S&P/NZX50 Gross Index by 3% per annum, before fees, over the medium to long-term.

The relevant market index for the Fund is the S&P/NZX 50 Gross Index.

The Fund has a wide investment mandate and can invest across the broad spectrum of securities listed on the New Zealand and Australian stock exchanges. The Fund can also hold cash, and depending upon market conditions and the outcomes of the investment process, there may be times where the levels of cash held are elevated.

Australian dollar exposures in the Fund are generally hedged back to New Zealand dollars, using forward foreign exchange contracts.

As this is an equity fund, it is considered to be higher risk than funds that invest in other asset classes such as fixed interest and listed property.

Mint Australasian Property Fund

This is a single asset class Fund, typically investing in New Zealand and Australian listed property securities and has an investment objective to outperform the S&P/NZX All Real Estate (Industry Group) Gross Index by 1% per annum, before fees, over the medium to long-term.

The relevant market index for the Fund is the S&P/NZX All Real Estate (Industry Group) Gross Index.

The Fund can invest across a wide universe of property related securities which are listed on the New Zealand and Australian stock exchanges. This includes securities that derive the majority of their earnings from the ownership or control of real estate assets. The Fund can also hold cash.

Australian dollar exposures are generally hedged back to New Zealand dollars, using forward foreign exchange contracts.

We consider investing in listed property to sit between fixed interest (lower risk) and equities (higher risk) on the risk spectrum.

Mint Diversified Growth Fund

This is a multi-asset class Fund which offers a diversified portfolio and aims to provide capital growth over the long-term. The Fund invests primarily in New Zealand and international equities, but will also hold cash and fixed interest securities. The objective of the Fund is to deliver returns in excess of the Consumers Price Index (CPI) by 4.5% per annum, before fees, over the medium to long-term.

The Fund has a long term Strategic Asset Allocation (SAA) to different asset classes that together we believe will meet the Fund's objective. The relevant market index for the Fund is a composite index derived from some of the underlying market indices that make up the Fund's SAA. Details on this index can be found below and at www.business.govt.nz/disclose.

Mint utilises Tactical Asset Allocation (TAA) and stock selection to manage the Fund. Stock selection refers to individual asset selection (as we do for the single asset class Funds above); and TAA refers to managing the

Funds broader exposure to particular asset classes, as opposed to holding fixed SAA weights. Our TAA ranges are listed in the Fund guidelines section below. Authorised investments include equity and property securities listed on recognised exchanges around the world, fixed income securities, and cash.

Foreign currency exposures are generally hedged back to New Zealand dollars, using forward foreign exchange contracts.

The Fund has a medium-high risk profile which we consider sits between the listed property and equities asset classes.

Mint Diversified Income Fund

This is a multi-asset class Fund and offers diversification by investing across a number of asset classes both in New Zealand and internationally. These include cash, fixed interest, listed property, and equities. The objective of the Fund is to deliver a total return (through a combination of income and capital growth) in excess of the Consumers Price Index (CPI) by 3% per annum, before fees, over the medium to long-term.

The Fund has a long term SAA to different asset classes that together we believe will meet the Fund's objective. The relevant market index for the Fund is a composite index derived from some of the underlying market indices that make up the Fund's SAA. Details on this index can be found below and at www.business.govt.nz/disclose.

Mint utilises TAA and stock selection to manage the Fund. Stock selection refers to individual asset selection (as we do for the single asset class Funds above); and TAA refers to managing the Funds broader exposure to particular asset classes, as opposed to holding fixed SAA weights. Our TAA ranges are listed in the Fund guidelines section below. Authorised investments include equity and property securities listed on recognised exchanges around the world, fixed income securities, and cash.

Foreign currency exposures are generally hedged back to New Zealand dollars, using forward foreign exchange contracts.

The Fund has the lowest risk profile of our Funds and we aim to achieve a level of volatility below 4% p.a.

Investment strategy and Fund guidelines

The Funds aim to provide investors with superior returns with lower risk than their respective relevant market index over the medium to long term. The Funds are actively managed and investments are made where we believe they offer an attractive investment return, rather than tracking an index. All investment decisions are the outcome of a thorough investment process and there will be times where we will hold higher levels of investments in a particular country, sector, or asset class, than at other times. We have constructed the Funds with investment limits, which we feel are

commensurate with the Funds' objectives, and with investment ranges to help achieve the Funds' objectives over the long term. The below tables set out the limits and ranges for each Fund.

Compliance with investment limits is monitored daily by both the investment team and the operations team at Mint, as well as monthly by our Supervisor.

We do not use leverage in our funds to amplify returns and we do not short sell securities.

Mint Australasian Equity Fund

New Zealand Equities	Australian Equities	Cash and Cash Equivalents	Single Security	Relevant Market Index
0 – 100%	0 – 100%	0 – 100%	20%	S&P/NZX 50 Gross Index

Mint Australasian Property Fund

New Zealand Listed Property and property related Equities	Australian Listed Property and property related Equities	Cash and Cash Equivalents	Relevant Market Index
0 – 100%	0 – 60%	0 – 20%	S&P/NZX All Real Estate (Industry Group) Gross Index

Mint Diversified Growth Fund strategic asset allocation

Composite Index Constituents

Asset Class	Relevant Index*	Asset Allocation Weighting
Cash and Cash Equivalents	S&P/NZX Bank Bills 90 Day Index	5%
Fixed Interest	S&P/NZX Investment Grade Corporate Bond Total Return Index	15%
Australasian Equities	S&P/NZX 50 Gross Index	15%
Listed Property	S&P/NZX All Real Estate (Industry Group) Gross Index	5%
International Equities	S&P Global BMI (NZD Hedged) Net Total Return	60%

*Details on these indices can be found at www.business.govt.nz/disclose.

Tactical asset allocation ranges for the Mint Diversified Growth Fund

Asset Class	Min	Max
Cash and Cash Equivalents	0	100%
Fixed Interest	0	30%
Australasian Equities	0	30%
Listed Property	0	15%
International Equities	0	80%

Mint Diversified Income Fund strategic asset allocation**Composite Index Constituents**

Asset Class	Relevant Index*	Asset Allocation Weighting
Cash and Cash Equivalents	S&P/NZX Bank Bills 90 Day Index	5%
Fixed Interest	S&P/NZX Investment Grade Corporate Bond Total Return Index	65%
Australasian Equities	S&P/NZX 50 Gross Index	5%
Listed Property	S&P/NZX All Real Estate (Industry Group) Gross Index	15%
International Equities	S&P Global BMI (NZD Hedged) Net Total Return	10%

Tactical asset allocation ranges for the Mint Diversified Income Fund

Asset Class	Min	Max
Cash and Cash Equivalents	0	100%
Fixed Interest	0	75%
Australasian Equities	0	10%
Listed Property	0	25%
International Equities	0	15%

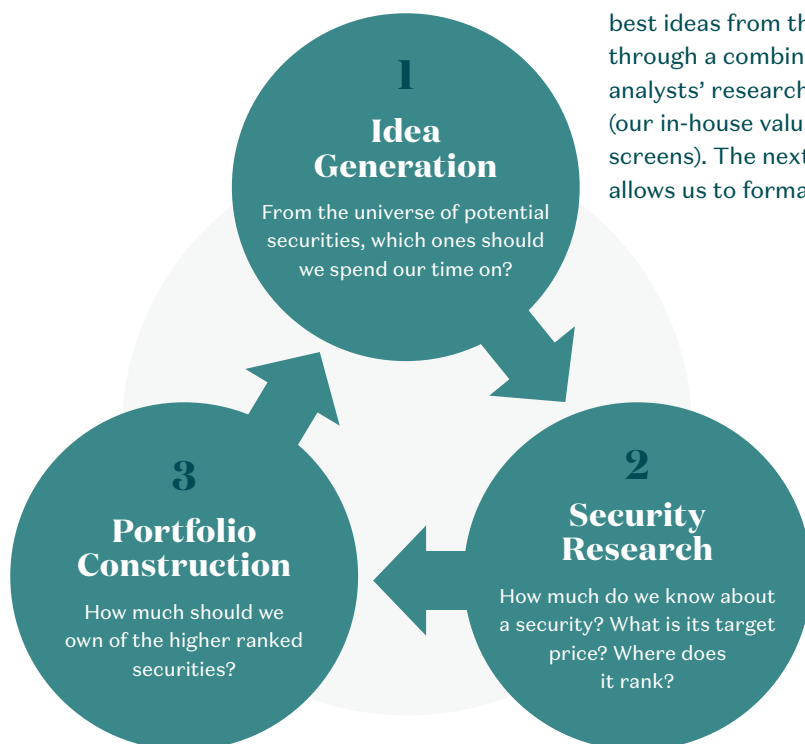
*Details on these indices can be found at www.business.govt.nz/disclose.

Investment philosophy

We are active managers, meaning we want to know and understand our investments rather than owning something because it is in a market index. We believe in-depth company research is where we can add value, and that the best way to invest is to acquire holdings in good quality companies when we think they are undervalued.

We invest on the basis of proprietary fundamental research. We follow an established, clearly defined, consistent investment philosophy across all our Funds. We:

- Actively seek investment opportunities rather than track an index;
- Prefer securities with secular and sustainable growth, competitive advantage and sound capital structure;
- Aim to build portfolios with lower volatility than the relevant market indices;
- Believe ESG practices can have a material impact, whether for better or worse, on a company's long term sustainability and prosperity.



3

Following the research process, we look at how the best investment ideas get into a portfolio and what weight should be ascribed to them. This is the Portfolio Construction phase. The recommended portfolio weighting is a reflection of our conviction in a security and our view of the value of that security, taking into account macroeconomic, liquidity and volatility factors.

Investment process

Our investment process reflects our fundamental active management philosophy. All investment decisions are based on extensive research, with the aim of deriving a long-term view on valuation and our conviction in that valuation.

We source information from as wide a group of sources as we can, and assimilate our views into a company scorecard from which we can consistently review different companies across different industries. We calibrate the resulting conviction and valuations into a target portfolio for each Fund that we believe offers the best forward looking return for risk. The objective of the investment process is to deliver the best overall portfolio in line with the objectives and constraints of each Fund.

The investment process occurs over three stages as demonstrated in the below diagram.

1

The aim of the Idea Generation phase is to source the best ideas from the investment universe. This is done through a combination of qualitative assessment (our analysts' research efforts) and quantitative analysis (our in-house valuation models and econometric screens). The next stage, in-depth Security Research, allows us to formalise our view of a security.

2

The research process involves our analysts determining views on:

- earnings growth and quality;
- industry dynamics;
- the company's competitive position
- balance sheet and credit strength;
- the quality, structure and experience of the board and senior management;
- our proprietary ESG considerations;
- our view of valuation; and
- the sustainability of yield (for the cash, and fixed interest asset classes).

Portfolio risk management

Portfolio risk management is integrated into the investment process where we assess factors such as the liquidity impact and the volatility impact of including a security into the Fund. Once a security has been included in a portfolio, it is re-evaluated regularly to ensure our reasons for owning that security have not changed and it has not exceeded our valuation target.

The outputs of the investment process and portfolio construction are discussed formally at the regular Investment Committee meetings and informally on a daily basis. Fund returns and risk characteristics are monitored separately by both the investment team and by the operations team, ensuring the prevailing strategy is appropriate to the Fund's objectives.

Our policy is to ensure that the best interests of our clients are maintained at all times, including timely execution at the best price levels attainable, and at acceptable transaction costs. All transactions on behalf of clients are executed at arm's length through approved counterparties. Importantly, Mint does not participate in activities, such as "soft dollar arrangements", which could introduce potential conflicts of interests in the way we trade on our clients' behalf.

It is also Mint's policy to ensure equitable treatment of all accounts. The trading process does not allow differential pricing between accounts, and the dispersion of returns between Funds are reviewed at the regular Investment Committee by the Head of Investments to monitor any differences.

Our investment process and approach to portfolio and risk management are consistent across our Funds.

Investment policies for our Funds

Below are the key investment policies we follow when investing client monies and managing each of the Funds.

Currency hedging

The Funds invest in foreign securities which rank highly in the investment process, creating an exposure to currency fluctuations relative to the New Zealand dollar. This risk can be partially or fully offset by hedging using forward foreign exchange contracts. Hedging is at the Fund Managers' discretion, however, the default position is that the non-New Zealand dollar exposures will be hedged to neutralise, as much as practicable, any currency impact.

Derivatives

The Funds are permitted to use derivatives, however, their use must be consistent with the Funds' investment objectives and risk profile, and with our Derivatives Policy. Predominantly these are forward foreign exchange contracts as described above, but can also include other derivative instruments which are implemented to manage portfolio risk, currency risk and to provide economic efficiency. Further information on our use of these instruments can be found in our Derivatives Policy at www.business.govt.nz/disclose.

Trade allocation and settlement

It is our policy to ensure equitable treatment between all Funds and client accounts. Where an order to purchase or sell a security is only partially completed, the order will be pro-rated across the Funds according to their original orders.

Settlement risk is minimal. Our policy is to settle all trades Delivery versus Payment. These transactions are overseen by our custodian.

Unit pricing and asset valuation

The valuation of underlying securities and pricing of each Fund has been outsourced. These functions are performed daily and are carried out in accordance with the Service Agreements and policies which set out the appropriate methodology and controls. The processes and services supplied through outsourced agreements are regularly monitored, and reviewed annually, by Mint.

Conflicts of interest

From the outset Mint has been committed to strong governance, and accordingly it has appropriate processes in place to identify and mitigate conflicts of interest. The company has adopted policies which set out the principles and procedures to ensure the personal interests of members of staff do not interfere with our clients' interests.

Restrictions on borrowings

The Supervisor shall have no borrowing powers (of the nature described in the Master Trust Deed, or any other) in respect of any of the Funds except for when the Supervisor is directed to do so by Mint.

Investment performance monitoring

Fund performance is reviewed monthly at Mint by our operations team, where Fund returns are reconciled against returns independently calculated by our Administrator. In monitoring the performance of the Mint Asset Management Funds in this SIPO, returns are calculated after all fees and expenses but before tax. As well as the absolute performance of a Fund, we also monitor how the Funds have fared against the returns of the relevant market index, along with risk metrics such as fund volatility. These reviews take into account returns over both the short and long term. We also hold regular Investment Committee meetings to evaluate investment decisions and their impact on returns, how the portfolios are positioned, and to ensure the Funds are being managed in line with their investment objectives.

For the multi-asset class Funds, the broad asset class exposures are reviewed at the Investment Committee meetings, and the SAA is reviewed annually.

SIPO compliance

Mint's Board is ultimately responsible for Mint's ability to meet its statutory obligations under the FMCA and other legislation. There is a standing agenda item at each Board meeting to confirm that all offering documents remain current and this includes confirmation that there have been no breaches of SIPO guidelines. Ongoing adherence to SIPO guidelines is maintained through internal control procedures at Mint and monthly reviews by the Supervisor.

Investment strategy review

It is intended that any SAA setting should remain in force for a minimum of three years. However, the existing SAA mix is reviewed annually by Mint's investment team, by analysing performance, volatility correlations and future return expectations of all asset classes.

SIPO review

The SIPO is reviewed annually by senior management and the Investment Committee. Ad hoc reviews can also occur where an event has arisen which requires consideration. The review process takes into account the investment strategy and its implementation, the objectives and performance of each Fund and an assessment of any other significant events, such as regulatory changes or a change in market conditions.

The SIPO may only be amended following approval from our Board and after prior written notice is given to the Supervisor. Investors will be notified of any material changes in the next fund update. The most current version of the SIPO is available on the disclose register at www.business.govt.nz/disclose and on our website www.mintasset.co.nz.



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