# Qualitative Fund Research

## Mint Diversified Alternatives Fund

7 July 2023

RESEARCH IP Rating

*The views and opinions in this document are considered valid from one year from the date published.*

# Qualitative Fund Research Contents

## Research Factor Weighting

| Research Process Category | Model Factor Weight | Analyst Average Score | Maximum Factor Score |
|---|---|---|---|
| Corporate & Investment Governance | 15% | 3.25 | / 5 |
| Investment Philosophy & Process | 20% | 3.40 | / 5 |
| People | 25% | 3.00 | / 5 |
| Portfolio Construction & Implementation | 15% | 3.17 | / 5 |
| Risk Management | 15% | 3.40 | / 5 |
| Investment Fees | 10% | 3.57 | / 5 |
| **Overall Average Score** | | **3.26** | **/ 5** |

## What We Look At?

The qualitative rating of a fund is a function of the Research IP Research Factor Weighting process, which incorporates the following:

# Meet the Manager

Mint Asset Management Limited (the Manager, Mint) is an Auckland based boutique manager, established in November 2006. Mint was founded by Rebecca Thomas, who remains the majority shareholder with other key staff holding equity in the ultimate holding company. Further information on the Manager can be found in its online profile.

Mint's investment philosophy, which underpins the investment process, is consistent across all their strategies. Different asset classes provide different investment attributes. Equities provide the opportunity for capital growth but come with higher volatility and require a long investment horizon. Bonds (or defensive assets) are primarily for income and capital preservation purposes and provide diversification to a portfolio. Alternatives provide a useful diversification tool. Mint are active managers who believe in-depth company research adds value and they seek to find good quality companies which are undervalued. The investment philosophy is risk aware and aims to have lower-than-market levels of volatility in portfolios.

Mint is a signatory to the United Nations Principles of Responsible Investment (UN PRI) and a member of the Responsible Investment Association Australasia (RIAA). They also believe that ESG practices can have a material impact, whether for better or worse, on a company's long-term sustainability and prosperity.

Mint currently manages six funds:

- Mint Australasian Equity Fund
- Mint Australasian Property Fund
- Mint Diversified Income Fund
- Mint Diversified Growth Fund
- Mint New Zealand SRI Equity Fund
- Mint Diversified Alternatives Fund

These funds are managed by a team of 3 portfolio managers, who also have research responsibilities. The Mint investment process reflects their fundamental active management philosophy. The objective of the three-stage process is to deliver the best overall portfolio in line with the objectives and constraints of each Fund.

The Manager has provided individual bios for the team.

# Key Takeouts

**This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.**

***Quantitative Tear Sheet -*** *https://platform.research-ip.com/funds/972062*
*Platform is FREE to access via registration – performance data updated monthly.*
***Factsheet*** ***Report*** ***PDS*** ***Articles / Views***
***For important Fund Facts view the RIPPL Effect***

## The Fund

| Fund Details | Mint Diversified Alternatives Fund |
|---|---|
| Investment Objectives | Objective:<br>The objective of the fund is to provide investor's access to alternative asset classes with low volatility and a low correlation to traditional assets (equities and bonds).<br><br>The fund aims to provide a high level of diversification to investors at a total portfolio level and increase portfolio efficiency from a risk adjusted return perspective.<br><br>The fund aims to provide capital growth whilst providing protection via diversification during market downturns, with the goal of earning a total return in excess of the Benchmark.<br><br>Asset classes:<br>We will invest in a combination of listed alternative funds and alternative mutual funds offering daily liquidity. These funds follow a variety of different underlying investment strategies offering investors exposure to a basket of globally diversified alternative assets.<br><br>We will combine these alternative assets to create a diversified portfolio of investments which historically have demonstrated returns which are both uncorrelated with traditional asset classes (equity and fixed income) and have provided better risk-adjusted returns.<br><br>For New Zealand based investors, the structure will be tax efficient via a PIE Fund and offer daily liquidity. |
| Benchmark | Published benchmark:<br>HFRI Fund of Funds Composite Index (Hedged to NZD) |
| Alpha Objective | Fund expected return (p.a.)<br><br>Unlike an equity fund where a fund manager is aiming to generate alpha relative to a relevant benchmark, this fund aims to generate returns over a market cycle (3-5 years) that are better than equity markets on a risk adjusted basis i.e., produce a higher Sharpe ratio. |
| Management Fee | 0.65% p.a. (GAST exclusive) and no performance fee.<br><br>The fund invests in underlying managers who charge a management fee and in many instances a performance fee. |

| | |
|---|---|
| Performance Fee | No Mint performance fee will be applied.<br><br>The underlying strategies may charge performance fees. These are typically a portion of outperformance over each of their respective benchmarks (no hurdle/high watermark). They will differ by manager. |
| Estimate of Total Fund Charges | Based on the current proposed fund selection, we calculate the total management fee including Mint's fee and the underlying manager fees, will be c1.85% per annum. However, this is subject to change depending on the fees charged by the underlying constituents. We consider fees relative to our total return outcome for investors and only use net of fees total return in any analysis. |

| Factor | Lower Limit | Upper Limit | Reference |
|---|---|---|---|
| **No. of securities in universe** | 500 | 2000 | 1049 |
| **No. of securities fully researched** | 10 | 25 | 20 |
| **Typical number of holdings** | 5 | 20 | 10 |
| **Expected Portfolio Turnover** | 0% | 100% | 33% |
| **Cash** | 5% | 5% | 5% |

## Using this Fund

The Fund invests in a diversified range of alternative asset classes. The Fund is designed for investors with at least a five-year investment time horizon who wish to benefit from the uncorrelated nature of alternative assets against traditional asset classes such as equity and fixed interest. The Fund could be used as part of a well-diversified balanced portfolio with the goal of improved risk-adjusted returns.

Investors should be aware that the Fund may experience periods of negative returns and that there is a risk of potential capital loss being incurred on their investment. Research IP believes an investor should have a minimum investment time horizon of five years, preferably longer.

# What the Manager Says?

| Insight | Manager view | Research IP opinion |
|---|---|---|
| **Who is accountable for managing the fund?**<br><br>**Is the investment teams work history relevant to the funds they manage?** | Marek Krzeczkowski – Portfolio Manager<br><br>Marek has worked at Mint since 2017 and has over 16 years' experience working in the investment industry. Marek currently manages the firm's Diversified Growth and Diversified Income funds and has done so since 2019.<br><br>Prior to his time at Mint, Marek was based in Edinburgh where he worked for Team Asset Management managing the Investment Research Team – which had a significant Alternatives allocation. He has held other investment focused roles at Blackrock, Aberdeen Standard and Baillie Gifford.<br><br>Ryan Falls – Senior Analyst<br><br>Ryan has over 9 years' experience working within the investment industry, across multiple asset classes including Alternatives. Most recently working for Redington in London, providing quantitative strategic advice to institutional investors. He is Fellow of the Institute & Faculty of Actuaries and has extensive experience across the quantitative aspects of investment research.<br><br>Simon Haworth – COO<br><br>Additional oversight from a Risk, Compliance and Operations perspective is provided by Simon Haworth. Simon has 22 years' experience in the financial sector and previously worked at Aurum Funds Ltd, a Fund of Hedge Funds based in London and therefore has extensive experience providing operational oversight to portfolios of alternative assets. | Quantitative overlay means the quant background of Krzeczkowski and Falls is crucial.<br><br>Risk in accountability lies with the underlying research the Manager leverages from external providers.<br><br>Underlying strategies are predominantly accessed through the London Stock Exchange. Both Krzeczkowski and Falls have experience in this market.<br><br>Haworth's operational oversight and experience in alternative assets is a positive.<br><br>The heavy lifting in managing the Fund is demonstrably Krzeczkowski and Falls. Research IP believes further resource should be added through time to support them given portfolio management duties across other diversified funds. |
| **Has the CIO/ PM personally invested in the Fund? Are they paying the same fees as other investors?** | The investment team of Marek Krzeczkowski (PM) and Ryan Falls (Senior Analyst) have committed to investing in the fund at launch. Additionally, Rebecca Thomas (CEO) and Simon Haworth (COO) have also committed to investing in the fund.<br><br>We provide employees with a fee rebate when investing into our products, in terms of magnitude it is less than a quarter of the standard management fee. The amount is aligned with other investors eligible for a rebate. | Alignment of interest is strong given investment from launch, though not the strongest it could be given Mint staff receive a rebate, meaning they do not pay the same management fees as other investors. |

| | | |
|---|---|---|
| **Why would you allocate to this fund?** | There is no index fund available to New Zealand investors which replicates the investment opportunity set that this fund can access.<br><br>The fund provides access to a set of alternative assets which have historically demonstrated low long-term correlation to traditional equity and bond investments. Including alternative asset classes within a traditional investment portfolio has historically yielded better risk adjusted returns for investors because of the diversifying features of alternative assets. Additionally, the diversification benefit should be even more material given this fund's global focus and should act as a further means to reducing portfolio risk for NZ investors with NZ assets.<br><br>Mint carefully screens and reviews the underlying asset classes to identify those that have historically generated the most attractive and consistent risk adjusted returns. We then have a quantitative and qualitative process to identify top tier managers with consistent and well-established performance track records which can be combined to produce a portfolio of liquid alternative assets with superior expected returns.<br><br><u>Risks</u><br><br>*Complexity* – We are making investments in complex, sophisticated strategies which deploy capital in a wide array of assets and strategies. Many of them rely on leverage, financial derivative instruments, OTC/non-exchange transactions to generate returns. Futures, derivatives and OTC transactions introduce leverage, complexity and counterparty risk.<br><br>*Currency* – We invest from a New Zealand investors perspective. Investors should expect currency exposures from global assets to be hedged back to NZD to neutralise any change in value due to foreign exchange movements.<br><br>*Historic performance* – We are selecting investments based on historic performance. There is no guarantee that these strategies will continue to produce exceptional returns.<br><br>*Listed vehicles* – we are accessing many of these strategies through listed vehicles traded on the London Stock Exchange. Historically, there have been instances where the listed vehicle has traded at a discount or premium to the underlying fund NAV. This may impact performance outcomes irrespective of the | Access to a range of alternative assets through managed funds is attractive on the face of it, particularly at this point in the cycle and market environment.<br><br>Diversification to a New Zealand investor's portfolio should be considered carefully given the portfolio construction modelling is primarily based around international assets i.e., a kiwi investor will need to consider how this sits against New Zealand assets, and to a lesser degree Australian assets, as well existing international assets such as global equities.<br><br>Diversification within the Fund between the different alternative asset classes is a definite focus.<br><br>Focus on liquid alternatives is a key attraction, particularly for retail investors. This should be balanced out with what a liquidity premium may offer investors looking purely for higher, longer-term returns.<br><br>Reliance on third parties for qualitative research inputs can be a positive and a negative.<br><br>On the positive side it allows the investment team to leverage global capabilities from recognised third parties. This broadens the views feeding into the process, but often is document based, which requires interpretation. While liquidity can be achieved using listed vehicles, there is potential that the underlying securities in the listed vehicle are illiquid, which has the potential to reduce liquidity of the underlying portfolio holdings.<br><br>Reviewing written research can be swayed by sell side or buy side influences. These nuances need to be clearly understood. Full transparency on any rating outcome can become opaque, unless there is full transparency on the underlying model used by the research provider. There is something to be said for meeting with investment teams in person. Leveraging third party research typically means there is less contact with the investment teams by Mint, therefore the Mint investment team are not as close to the decisions influencing the portfolios. |

| | | |
|---|---|---|
| | performance of the underlying strategy. The listed trust structures negate any potential liquidity issues as we can enter/exit positions via trading on exchange rather than units being created/destroyed by the manager directly (difference in a close ended vehicle vs open ended).<br><br>*Outsourcing of qualitative investment manager due diligence* – We have partnered with several fund manager due diligence providers to complete the qualitative due diligence process on our behalf. While we will endeavour to conduct as thorough an assessment of the manager's process and will also review materials directly ourselves, there is no guarantee that we will identify and capture all material risks in our due diligence process. | |
| **What are key factors in the buying and selling decisions of the Fund?** | Our investment universe consists of alternative assets, eligible to NZ investors, with daily liquidity that can fit within a PIE fund structure. By alternative asset classes, we mean (but are not limited to):<br><br>• Absolute Return<br>• Event Driven<br>• Global Macro<br>• Infrastructure<br>• Renewable Energy<br>• Intellectual Property<br>• Managed Futures<br>• Private Equity<br>• Real Estate<br><br>Our decision to add a new asset class to the above mix would be determined as part of our annual asset class review; where we would consider any new classes, refresh our expected returns and determine which provide an attractive risk adjusted return relative to the existing line up.<br><br>In respect of asset class assumptions, we use a combination of both historical and forward-looking information. The forward-looking information looks at market expectations for things such as long-term breakeven inflation, risk free rates, forward earnings and other valuation metrics. In addition, we use established research and academia to inform our return assumptions and as part of that research there are some forecasts made.<br><br>Our starting point for funds is to exclude illiquid managers and managers with a performance track record <5 years. We then apply a quantitative performance-based | When making portfolio construction decisions, quantitative analysis is the most important part of decision-making process. There is a meaningful reliance on historical return premiums across identified alternative asset classes. This requires strong data sets for each asset class, some of which have less data, e.g. intellectual property.<br><br>From a bottom-up perspective there is a potential overlap of infrastructure and renewable energy assets which should be reviewed through time.<br><br>The expected return for intellectual property – music royalties is difficult to forecast, particularly given limited historical data, so will also be important to review regularly.<br><br>The Manager's asset class review process is both quantitative and qualitative. For example, in respect of an allocation to a market neutral strategy, the Manager identified risks to the accessibility of the underlying fund. These risks are common in any multi-fund strategy. Research IP believes the Manager is well-placed to manage this type of risk given the flexibility at the asset allocation level.<br><br>Using predominantly listed vehicles via the London Stock Exchange allows for more flexibility in managing the Fund. It also provides the Manager with a larger universe of alternative assets to choose from. The Manager demonstrates a clear focus in assessing the liquidity of the underlying funds, though this does not negate the illiquid nature of those fund's underlying assets. This is more apparent in times of market stress. |

| | | |
|---|---|---|
| | screen on the underlying funds for each asset class, to identify 'top-quartile' managers.<br><br>We then complete a qualitative review on the top fund for each asset class, to determine which factors have made the fund successful and whether those factors be consistent going forward such that the fund can continue to perform as expected.<br><br>In terms of portfolio construction, we want to create a diversified exposure such that each underlying fund contributes an equal amount to the overall fund risk. For example, if we have 10 assets, each asset = 10% of the overall risk. In this way, risky assets will have a lower portfolio weighting and less risky assets will have a higher portfolio weighting, but their contribution to risk will be equal.<br><br>A fund would be sold if:<br>• the performance characteristics of the fund started to deviate materially from the expected return and risk expectations we established at the outset of the investment<br>• we (or our third-party research providers) identified a material change in the process, risk management or strategy implementation<br><br>Given the fund has a strategic asset allocation of 95% liquid alternatives and 5% cash, we have the flexibility to move freely in/out of managers at our discretion and have no fixed allocation to any one asset class. | In person interactions between the Manager and the underlying fund managers depend on how the strategy is accessed. Typically, external fund managers, listed or otherwise, would be reviewed regularly in person or via video conferencing. The Manager has direct accounts with a number of the underlying managers, those of which they communicate directly with the investment team. |
| **What are the key drivers of the Fund's performance?** | Given the idiosyncratic nature of the underlying investments and their strategies, there are no specific market environments which would be particularly conducive to or negative for this strategy. The fund's performance is driven by 'alpha' i.e., the skill set of the underlying fund manager's selected and not specific market conditions.<br><br>While the fund has no realised performance, our back test identified several periods of strong performance:<br><br>• Private Equity performed strongly in run up to Q3 2021 as a function of strong valuations in private markets<br>• Managed Futures generate strong returns when trends present themselves clearly in multiple time series e.g., the 2022 inflationary environment | The Fund objective is for better risk-adjusted returns through alpha rather than relying on beta/market returns. The key driver of performance is a relative one where risk metrics are a clear focus of the Manager. The Manager models this relative to 'equity markets', with modelling presented for global equity markets being defined as the S&P Broad Market Index.<br><br>The ultimate value of the Fund for an investor will be its correlation to the rest of their portfolio, so investors should be cognisant of this, as with any allocation within a diversified portfolio.<br><br>Manager/fund selection is important when constructing the portfolio, but the Manager is not attempting to pick the best managers, rather the best combination of managers. In |

| | | |
|---|---|---|
| | • Global Macro strategies tend to outperform in periods of heightened market volatility, both of which were present in 2022 and 2020.<br><br>Some of the weakest performance period was during March 2020 when a number of the funds struggled to generate positive performance. This was a period when markets where uncertain about the impact of Covid 19, particularly the funds with directly held 'bricks and mortar' assets such as Real Estate and Infrastructure. By Sep 2020, performance had recovered. The fund ended the month slightly positive (+0.7%) due to the strength in performance of some of the hedge fund strategies, this was compared to -14.3% and -2.2% for global equities and bonds respectively.<br><br>There are however market environments which tend to challenge individual strategies allocated to within the fund.<br><br>• Global macro – this strategy tends to struggle in periods of low volatility<br>• Managed futures – whipsawing markets which fail to generate established positive or negative trends prove challenging for managed futures strategies<br>• Private equity – allocations here are more directly correlated to equity markets and would struggle in a significant market downturn<br><br>The fund will struggle to outperform equity markets during a beta driven rally when risk assets move materially higher. | this respect, asset allocation will play its part in performance attribution.<br><br>The stated alpha objective is the expected return of the Fund, which, due to being self-selected, has its downfalls. |
| **What are the risks of investing in this Fund?** | At the fund level, there is no leverage, however the underlying strategies will utilise leverage to enhance investment returns.<br><br>*Concentration* – The fund is highly dependent on the performance of the individual strategies within the fund. As the portfolio is concentrated (c. 10 managers), material underperformance by one strategy will have a significant impact on overall outcomes for investors.<br><br>*Complexity* – We are making investments in complex, sophisticated strategies which deploy capital in a wide array of assets and strategies. Unlike traditional bond and equity investments, the drivers of performance outcomes are not easy to identify and categorise. | The transparency on underlying holdings is lagged as is the nature with illiquid alternative assets. Typically, some managers will be reluctant to provide anything too timely that reveals proprietary trading strategies.<br><br>The amount of leverage at any one time is difficult to obtain in a timely manner, though this is managed at the underlying fund level where applicable.<br><br>External due diligence providers may cease coverage of a fund. This is mitigated somewhat through use of multiple providers, as well as direct access to some of the underlying managers.<br><br>The amount of internal resource to undertake extra due diligence is limited if there were a |

| | | |
|---|---|---|
| | *Survivorship bias* – Many funds within this industry fail or fail to generate compelling performance. We are naturally selecting to invest in those with a well-established track record and this introduces survivorship bias.<br><br>*Listed vehicles* – we are accessing many of these strategies through listed vehicles traded on the London Stock Exchange. Historically, there have been instances where the listed vehicle has traded at a discount or premium to the underlying fund NAV. This may impact performance outcomes irrespective of the performance of the underlying strategy.<br><br>*Liquidity* – many of the underlying vehicles are traded on the London Stock Exchange and we will actively monitor liquidity of these vehicles. We will also invest directly into fund structures. These funds offer daily liquidity and based on the nature of the instruments traded, we do not anticipate any challenges with them being able to provide this level of liquidity. However, there may be instances where trading in the listed vehicles may be limited/suspended, or the underlying funds may limit redemptions.<br><br>*Outsourcing of qualitative investment manager due diligence* – We have partnered with several fund manager due diligence providers to complete the qualitative due diligence process on our behalf. While we will endeavour to conduct as thorough an assessment of their process and will also review materials directly ourselves, but there is no guarantee that we or our partners will identify and capture all material risks in our due diligence process. | change to the underlying fund managers over and above any backup managers already identified. Research IP observes awareness from the Manager on this point.<br><br>The underlying diversification of assets from a regional perspective is considered by the Manager. Any exposures overlapping from a regional exposure is minimal as a percentage of the overall Fund e.g. HICL and LXI both invest into predominantly UK assets. |
| **On what basis are the fees charged justified?** | Fees are calculated from a first principles method from each constituent part/process associated with setup and running of the new fund (fixed costs, audit, transactions etc.).<br><br>Alternative assets generally attract a higher fee due to the complex nature of the investments and the additional management responsibility that come with this increased level of complexity. However, we have attempted to reduce our fee to a level more commensurate with traditional investments in order to make this a compelling product for inclusion in client portfolios.<br><br>The fee relative to both international and domestic offerings of a similar nature is very competitive.<br><br>Our management fees are charged at a rate of 0.65% p.a. payable monthly. There is no | Research IP believes the Manager is transparent from a fees perspective. Fees are disclosed in the Product Disclosure Statement.<br><br>Research IP observes that the Manager's basic fee is in the lower half compared to sector peer relevant funds in New Zealand.<br><br>The total expense ratio is what Research IP expects for a Fund of this nature, particularly given the difficulty in accessing a diversified range of alternative assets. For New Zealand investors the pool of similar funds is small. |

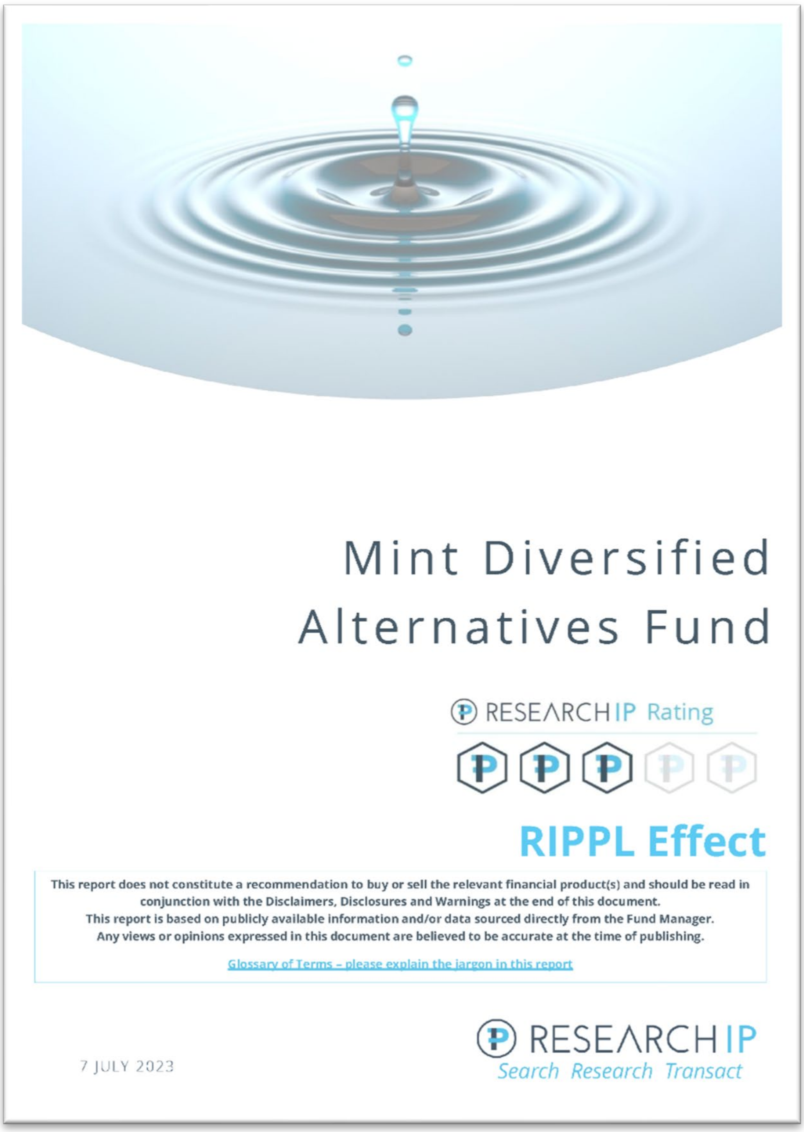
| | | |
|---|---|---|
| | performance fee. The underlying managers will have differing fee levels and associated performance charges, but these will be charged at the underlying investment level. | |
| **Describe the quality of the organisational and investment governance processes?** | Segregation of duties is fully integrated at Mint with clear separation between those tasked with security trading and the compliance team.<br><br>We use the Eze Software OMS which has two separate modules, with defined user access, restricting use to authorised persons:<br><br>1. The trading module – to execute all listed security transactions. This is only available to Authorised Dealers.<br>2. The compliance module – where portfolio and firm wide compliance rules are managed. This is only accessible to compliance staff.<br><br>Security transactions must satisfy the following conditions prior to implementation:<br><br>• They must have passed all mandate and firm wide compliance rules (i.e., any trade that would potentially cause a breach would be prevented from getting to the market);<br>• Trade allocations must be made before execution;<br>• Orders are confirmed with the broker before execution;<br>• Trades can only be executed with an approved counterparty.<br><br>Daily reconciliations are conducted by the Operations team at Mint. This incorporates a full security and cash reconciliation, together with a post-trade compliance check. This is peer reviewed each day.<br><br>Annually PwC conducts a 3402 assurance report on the controls at Mint. We also review the 3402 assurance reports on key suppliers.<br><br>Mint's compliance framework is ultimately managed by the Board. Day-to-day implementation of compliance is overseen by the COO and the Compliance Officer. | The Manager demonstrates clear separation between the operations team, investment team and compliance, which is enabled by using a common software system.<br><br>Research IP notes the authorised list of brokers is maintained by the Chief Operating Officer and approved by the Investment Committee.<br><br>Research IP observes no exceptions within the audited control policies and procedures.<br><br>The Manager has developed a transparent and methodical risk management framework. The Manager is cognisant of risk right through the investment process. Research IP believes the awareness of limitations at each step of the investment process is a positive, with actions taken to either accept, mitigate, avoid, or transfer the relevant risks.<br><br>Having a well-structured governance framework that includes members who are not directly involved in the day-to-day operations helps in supervising and monitoring the investment frameworks. The Manager retains two independent directors on its Board (Brett Sutton and Tracey Cross). |
| **Describe the Manager's ESG, Corporate Sustainability policies and engagement.** | We do not explicitly incorporate ESG in the investment process for this product. We are allocating to third party managers who each have a different approach to ESG and incorporate these considerations into their business and investment mandates in very different ways. The product is primarily invested in opportunistic, trading strategies. It is impractical to try to incorporate an ESG | There are limitations in incorporating ESG factors when using a multi-manager process. Elements of the fund allocation are strong in terms of ESG application e.g. renewable energy allocation. However, the allocation to these types of assets can always change given the quantitative and qualitative fund selection framework and immediate focus on better risk-adjusted returns and identifying chances |

| | | |
|---|---|---|
| | framework given the nature of the underlying investments.<br><br>However, ESG considerations are integrated into our wider Mint investment process whereby we invest directly in the underlying securities. We have both a negative and positive screening process whereby we incorporate our ESG views (as well as third party provided quantitative information) in order to aid our investment decisions. As part of our qualitative review stage we do note a manager's approach to ESG as an organisation, this is considered within the Risk Management factor of our review.<br><br>Mint is a signatory of the UNPRI global initiative and has received an A+ rating for Responsible Investment Governance and Strategy. Moreover, Mint has a Responsibility Investment Policy (published on our website) which details our stance on responsible investing and ESG policies and integration into investment decisions. | for alpha via the underlying managers. Several of the alternative asset classes are short term trading strategies, which is not aligned with the longer-term nature of many ESG issues.<br><br>At the firm level, the Manager's overarching philosophy on ESG is genuine and has been demonstrated over an extended period of time across other strategies. |
| **Is there alignment with the interests of investors through ownership of the Manager and/or remuneration of the investment team?** | The PM and wider investment team for this fund are remunerated in line with other PMs and analysts within the investment team. Employees of Mint are paid a fixed salary with potential to earn a discretionary bonus. This bonus is not formally linked to the performance metrics of any one individual fund.<br><br>In terms of medium and longer - term incentives the firm will offer key employees the chance to purchase a share in the management company of the firm. The management company (Amplifi Group Limited) owns 100% of Mint, with Rebecca Thomas (CEO and Founder), the largest shareholder. | The management company is owned 20% by current and former staff which demonstrates strong alignment of interest with investors. Importantly, this includes Krzeczkowski who is ultimately accountable for this Fund (shareholding of 1.3%) and Haworth (shareholding 3.87%).<br><br>Rebecca Thomas owns 51% of the management company and has the leading influence in the direction of the business. Research IP notes the staff equity option scheme that has been in place over several years and the successful take-up from staff to this point.<br><br>Ascentro owns the remaining 29% of the management company. This is partly owned by Cooney Lees Morgan (67%) and Wraith Private Equity (NZ) Pty Ltd (33%).<br><br>As with any external private equity ownership stakes, there are always potential liquidity events to respect and how these may affect the direction and focus of the business. |
| **Comment on the assets under management, flow and capacity?** | The fund is yet to launch, and we are currently gathering interest from clients. We have identified a pipeline of potential clients who will make commitments to the fund.<br><br>Marek Krzeczkowski, the portfolio manager currently manages two multi-asset strategies – Diversified Growth and Diversified Income. This fund will be the third product that he is | As assets under management grow, one aspect that will require close attention is the ability to shift the portfolio around to accommodate rebalancing as per the model. An important part of this is the liquidity of the underlying funds, and for listed vehicles, where these are priced compared to net asset value. |

| | | |
|---|---|---|
| | responsible for. He will be supported by Ryan on the three funds.<br><br>We do not see any immediate capacity constraints as the fund is newly launched and can easily deploy substantial capital. However, we will closely monitor the capacity constraints of the underlying managers where we make direct fund investments and the traded volumes of the listed vehicles to maintain adequate diversification and access to our preferred managers. | |

# The RIPPL Effect

For important Fund Facts, please view the **RIPPL Effect report**:



Mint Diversified Alternatives Fund

RESEARCH IP Rating

RIPPL Effect

This report does not constitute a recommendation to buy or sell the relevant financial product(s) and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.
This report is based on publicly available information and/or data sourced directly from the Fund Manager.
Any views or opinions expressed in this document are believed to be accurate at the time of publishing.

Glossary of Terms – please explain the jargon in this report

7 JULY 2023

RESEARCH IP
Search Research Transact

# About Research IP

Research IP has provided client focused qualitative and quantitative financial product and security research since 2015. Research IP was also the consultant to the NZX wholly owned subsidiary FundSource, providing investment research to the New Zealand market since 2015.

Research IP is a specialist investment research provider which is used and trusted by investors & financial advisers for investment, KiwiSaver, Superannuation and other Pension schemes throughout the Asia Pacific region.

Research IP has grown its team and footprint by utilising the specialist skills of its analysts which include;

- data scientists,
- equity, bond and alternative asset specialists
- portfolio managers
- asset allocation analysts
- and ratings specialists.

Our experience has been gained in well over 20 years of roles across different facets of the industry, so we understand the key drivers and challenges for managers, as well as the impact for investors and the Financial Advice industry.

By leveraging the skills of specialists, Research IP is able to provide innovative and tailored financial services solutions to the marketplace. Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel’s work on the possibilities for “Disruption by Trusted Advisors” and John Kay's views in "Other People's Money: Masters of the Universe or Servants of the People".

Research IP delivers high quality quantitative and qualitative fund research to financial advisers and the broader financial services industry. Research IP works with a number of expert providers to source this data. Quantitative data is supplied by a variety of sources, including directly from the Fund Manager, while qualitative research is provided by Research IP.

Find all Qualitative Research announcements and subscribe for updates here:

**https://research-ip.com/news**

**Contact:**

www.Research-IP.com

Email: info@research-ip.com

# Disclaimers, Disclosures and Warnings

**RESEARCH IP STRONGLY RECOMMENDS THIS DOCUMENT BE READ IN CONJUNCTION WITH THE RELEVANT PRODUCT DISCLOSURE STATEMENT OR INFORMATION MEMORANDUM.**

**IMPORTANT NOTICE:** This document is published by Research IP Pty Ltd (Research IP) ABN 81 602 947 562, a Corporate Authorised Representative of AUSTRALIAN WEALTH HOLDINGS PTY LTD, AFSL 481674. Research IP is also a registered Financial Services Provider (FSP) in New Zealand : 710351. Please read the following before making any investment decision about any financial product mentioned in this document.

**Disclosure at the date of publication:** Research IP may have received a fee from the fund manager or product issuer(s) for researching the financial product(s) set out in this document, using objective criteria. Research IP may also receive a fee from the fund manager or product issuer(s) for subscribing to research content and other Research IP services. Research IP's fee is not linked to the rating(s) outcome. Research IP and/or its representatives and/or their associates may hold the product(s) referred to in this document, but details of these holdings may not be known to the Analyst(s). Research IP considers such holdings not to be sufficiently material to compromise the rating.

**Disclosure of Investment Consulting services:** Research IP may receive fees for providing investment consulting services to clients, which includes constructing model portfolios and approved product lists. Research IP may also receive fees from a fund manager or product issuer for consulting services. The investment consulting services are carried out under separate arrangements and processes to the research process adopted for the review of this financial product. Policies are available on request.

**Warnings:** This report does not constitute a recommendation to purchase, redeem or sell the relevant financial product(s). Before making an investment decision based on the rating(s), the reader must consider whether it is personally appropriate in light of his or her financial circumstances or should seek financial advice on its appropriateness. If the information in this report leads to the acquisition or possible acquisition of particular financial product(s), the reader should obtain and consider the Product Disclosure Statement, Information Memorandum, or Prospectus for each financial product before making any decision about whether to acquire a financial product. Research IP's research process relies upon the participation of the fund manager or product issuer(s). Should the fund manager or product issuer(s) no longer be an active participant in Research IP's research process, Research IP reserves the right to withdraw the document at any time and discontinue future coverage of the financial product(s). The rating in this publication relates to the fund outlined which may have related funds or be associated with other funds and platforms. The rating may only be applied to the fund outlined in this publication at first instance and whether it applies to related or associated funds and platforms should be investigated by your financial adviser before you make an investment decision in relation to the related or associated funds and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated funds and platforms may be different from the fund specified in this publication. You should satisfy yourself that the related and associated funds and platforms meet your financial circumstances, needs and objectives before making an investment decision.

**Disclaimer:** This document is for the exclusive use of the person to whom it is provided by Research IP and must not be used or relied upon by any other person. No representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this document, which is drawn from public information and third party sources, including fund managers, and is not necessarily verified by Research IP. Financial conclusions, ratings and advice are reasonably held at the time of completion but subject to change without notice. Research IP assumes no obligation to update this document following publication. Except for any liability which cannot be excluded, Research IP, its Directors, officers, employees and agents disclaim all liability for any error or inaccuracy in, misstatement or omission from, this document or any loss or damage suffered by the reader or any other person as a consequence of relying upon it.



**Analyst Disclosure and Certification:** Analyst remuneration is not linked to the research or rating outcome. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their professional opinion about the matters and financial product(s) to which this document refers.

**For Australian investors and advisers:**
Past performance is not a reliable indicator of future performance. Any express or implied rating or advice presented in this document is limited to "General Advice" (as defined in the Corporations Act 2001(Cth)) and based solely on consideration of the investment merits of the financial product(s) alone, without taking into account the investment objectives, financial situation and particular needs ('financial circumstances') of any particular person.

**For New Zealand investors and advisers:**
Past performance is not a reliable indicator of future performance. Any information, opinions, views or recommendations in this report are 'regulated financial advice' under New Zealand law. Our publications, ratings products and services should be viewed as an additional investment resource, not as your sole source of information. Before making any decision to acquire a particular financial product, you should obtain and carefully consider the relevant product disclosure statement. This report should not be relied upon as a substitute for advice from your financial adviser.

**We recommend you obtain appropriate financial, legal and taxation advice before making any financial investment decision.**