

CLARITY NEW ZEALAND EQUITY FUND

What is the purpose of this update?

This document tells you how the Clarity New Zealand Equity Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Clarity Funds Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Fund will provide actively managed exposure to New Zealand equities. The Fund aims to generate a better return than the benchmark over the medium to long term. We intend for the Fund to make quarterly income distributions.

| | |
|-------------------------|-----------------|
| Total value of the fund | \$8,102,615 |
| Date the fund started | 25 October 2019 |

What are the risks of investing?

Risk indicator for the Clarity New Zealand Equity Fund¹:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five year period to 30 September 2021. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

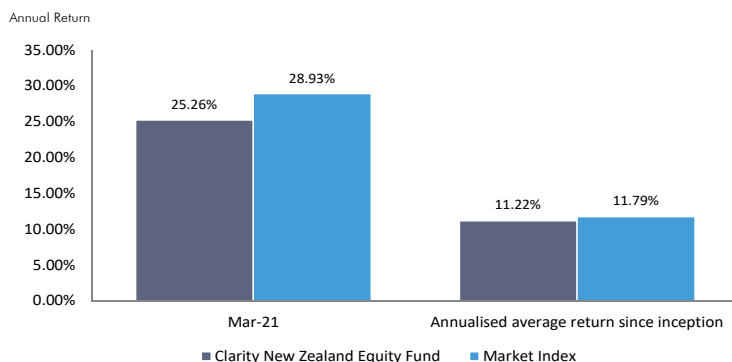
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

| | Past Year |
|--|-----------|
| Annual Fund Return (after deduction for fund charges and tax) | 13.26% |
| Annual Fund Return (after deduction for fund charges but before tax) | 13.90% |
| Market index annual return (reflects no deduction for charges and tax) | 13.72% |

The market index annual return reflects the return of S&P/NZX 50 Index Gross with Imputation. Additional information about the market index is available on the offer register at www.business.govt.nz/disclose.

Annual return graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2021. **Important:** This does not tell you how the fund will perform in the future. Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Clarity New Zealand Equity Fund are charged fund charges. In the year to 31 March 2021 these were:

| | % of Net Asset Value |
|--|----------------------|
| Total Fund Charges (incl GST) | 1.06% |
| Comprising management and administration charges which are made up of: | |
| Manager's basic fee | 0.66% |
| Other management and administration charges | 0.40% |

There are no performance fees charged in relation to the Clarity New Zealand Equity Fund. Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about those fees.

Example of how this applies to an investor

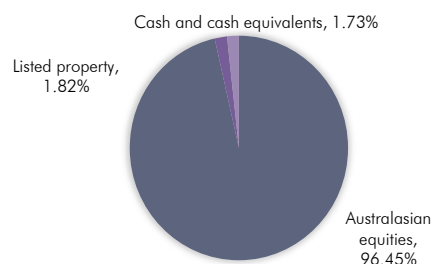
Small differences in fees and charges can have a big impact on your investment over the long term.

Chris had \$10,000 in the Clarity New Zealand Equity Fund at the start of the year, and did not make any further contributions. At the end of the period ending 31 March 2021, Chris received a return after fund charges were deducted of \$1,390 (that is 13.90% of his initial \$10,000). Chris does not pay any other charges. This gives Chris a total return after tax of \$1,326 for the year.

What does the fund invest in?

The chart (below) shows the types of assets that the Clarity New Zealand Equity Fund invests in.

Actual investment mix



As at 30 September 2021, the Fund did not have any assets denominated in foreign currency.

Target investment mix

| Asset sector | Target Asset Allocation % | Range % |
|-------------------------------|---------------------------|----------|
| Cash and cash equivalents | 5 | 0 - 10 |
| Australasian equities | 95 | 80 - 100 |
| Listed property | 0 | 0 - 20 |
| Total asset allocation | 100 | |

Top 10 investments

| Asset name | Country | Type | Credit rating (if applicable) | % of fund net assets |
|------------------------------------|---------|-----------------------|-------------------------------|----------------------|
| Fisher & Paykel Healthcare Ltd | NZ | Australasian Equities | | 13.08% |
| Spark New Zealand Ltd | NZ | Australasian Equities | | 8.15% |
| Fletcher Building Ltd | NZ | Australasian Equities | | 5.78% |
| Mainfreight Ltd | NZ | Australasian Equities | | 5.60% |
| Contact Energy Ltd | NZ | Australasian Equities | | 5.02% |
| Ebos Group Ltd | NZ | Australasian Equities | | 4.85% |
| Auckland International Airport Ltd | NZ | Australasian Equities | | 4.73% |
| Meridian Energy Limited | NZ | Australasian Equities | | 3.15% |
| The Warehouse Group Ltd | NZ | Australasian Equities | | 3.01% |
| Tower Ltd | NZ | Australasian Equities | | 2.70% |

The top 10 investments make up 56.07% of the net asset value of the Fund.

Key personnel

| Name | Current position | Time in current position | Previous position | Time in previous position |
|-------------------|---|--------------------------|--|---------------------------|
| Alan Lee | Director, JMI Wealth Limited and Clarity Funds Management Limited | 16 years, 3 months | Director, Jarden Morgan Investment Services Limited | 4 years, 0 months |
| Andrew Kelleher | Director, JMI Wealth Limited and Clarity Funds Management Limited | 13 years, 5 months | Acting Managing Principal, ASB Securities Limited and Investment Consultant, ASB Limited | 3 years, 5 months |
| Josh Wilson | Chief Investment Officer, Clarity Funds Management | 2 years, 6 months | Portfolio Manager, NZ Funds | 7 years, 10 months |
| Simon Reichenbach | Senior Investment Executive, JMI Wealth Limited | 2 year, 0 months | Senior Research Analyst, Staples Rodway Asset Management | 4 years, 11 months |
| Harry Cunninghame | Investment Analyst, Clarity Funds Management Limited | 1 year, 7 months | Investment Performance and Risk Analyst, Milford Asset Management | 1 years, 2 months |

Further information

You can also obtain this information, the PDS for the Clarity Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

1. As the Fund commenced operations on 25 October 2019, a combination of actual fund returns and market index returns were used to determine the risk indicator. Therefore, it may provide a less reliable indicator of potential future volatility. For the five-year period ending 30 September 2021, market index returns have been used to 24 October 2019 with actual fund returns used for the balance of the period.