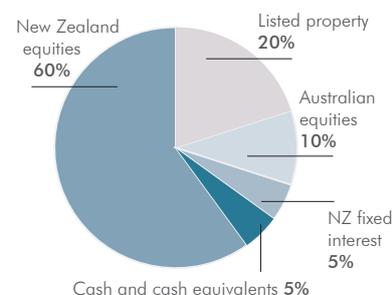


CLARITY DIVIDEND YIELD FUND

The Dividend Yield Fund experienced a weak month in November, in line with its underlying benchmark. Higher interest rates continued to exert downward pressure on dividend yielding shares in New Zealand, with the S&P/NZX 50 High Dividend Index falling -2.9%. Electricity companies in New Zealand were among the weakest performers. Genesis Energy fell -10%, Contact Energy -4% and Meridian Energy -5%. Nothing has fundamentally changed in their industry recently, so we attribute this weakness to rising interest rates. The drop in Australian shares was more muted at -0.5%. On a brighter note, longstanding portfolio holding Tower Insurance rose 7% in November, delivering an encouraging full year results update. Although its profitability was affected in FY2021 by several large weather-related events and rising claim costs, management have taken clear and decisive steps to address these issues, including increasing policy premiums by 7-10% in the coming year. Tower continues to grow strongly, attracting customers with its well-recognised and trusted brand and offering a streamlined digital service. In addition, with the Christchurch earthquake claims now almost completely settled, the board have recognised the company is overcapitalised, and announced a \$30m return of capital to shareholders early next year. We continue to view Tower's shares as attractive relative to the earnings potential of the company over the coming years.

Target investment mix¹



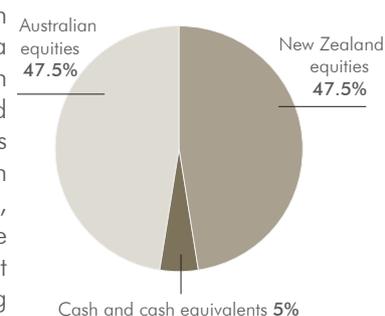
Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	-2.3%	-4.4%	7.5%	8.4%	8.8%	11.4%
Benchmark Index**	-2.3%	-3.3%	8.8%	9.8%	10.8%	7.1%

CLARITY TRANS-TASMAN VALUE FUND

The Trans-Tasman Value Fund performed strongly relative to its benchmark in November, and currently sits 4.3% ahead of benchmark over the past year. The top contributor to returns in New Zealand was Tower Insurance (+7%), while in Australia our recent investment in Crown Resorts (+11%) proved profitable. We invested in the company in August on a view that its depressed share price was underpinned by its vast property portfolio in Melbourne, Sydney and Perth (i.e. limited downside risk), and any reprieve from Covid lockdowns and regulatory interventions would likely see potential acquirors begin to circle this unique set of assets again. A renewed takeover bid by private equity giant Blackstone last month came about faster than expected. Although we're potentially leaving some money on the table, with our investment up 27% in three months, we chose to exit the position, mindful that the company still faces many headwinds, a view reinforced by a recent meeting with management which didn't once mention actual operating performance (Covid and regulatory issues taking precedence). One of the weaker performers for the month was Fletcher Building (-6%), which leaves us scratching our heads a little. Although official statistics indicate strong building and construction activity and pipelines in both New Zealand and Australia, and listed peers confirming this strength in recent market releases, Fletcher's share price has fallen 15% from its peak in June this year. The company had a checkered history marred by misguided acquisitions and massive construction cost overruns, but the 'new' management team lead by Ross Taylor has now been in place for four years and we think has done enough to regain market trust.

Target investment mix¹



Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	-0.7%	-0.5%	14.2%	8.1%	6.6%	8.9%
Benchmark Index**	-2.6%	-3.1%	9.9%	13.0%	12.2%	5.7%

¹ The current target investment mix is shown, but variations around these targets are likely from time to time.

* These returns are after deductions for charges and before tax.

** Benchmark returns reflects no deduction for charges and tax. Details of these are included in the Quarterly Fund Update which is available at <https://clarityfunds.co.nz/quarterly-fund-updates-and-commentaries>.

CLARITY NEW ZEALAND EQUITY FUND

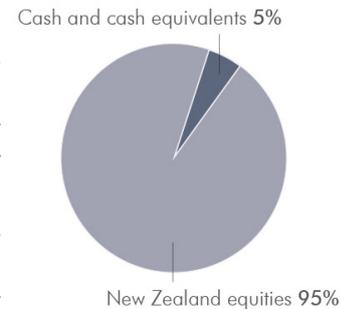
The New Zealand share market fell 2.9% in November, but the NZ Equity Fund managed to avoid the worst of the fall, returning -1.0%. Key contributors to the outperformance were small company investments AFT Pharmaceuticals (+11%) and Tower (+7%), as well as an underweight position in Ryman Healthcare (-15%). Ryman reported half year results that showed slowing growth, a stretched balance sheet and reduced dividend payout. Combined with New Zealand housing prices showing signs of starting to ease, and the highest valuation in the sector, we were not surprised to see the shares sell off. We remain cautious on the retirement sector generally and within it prefer Oceania Healthcare (better value) and Summerset (higher growth) to Ryman.

Elsewhere the largest Fund holding Fisher & Paykel Healthcare (+7%) produced another very strong set of financial results as the Covid-induced demand tailwind for its products continued for longer than expected. Analysts had been predicting a decline in sales but this didn't eventuate. News of the latest Omicron variant suggests Covid demand may be stronger for longer. Management outlined plans for \$700m of investment over the next five years to increase the company's production capacity, and they continue to project a doubling in revenue every five years, in line with what the company has achieved historically. Although the shares are not cheap, the combination of quality and growth sets FPH apart from the rest of the New Zealand market, and as such it is likely to remain a core holding for the Fund for the foreseeable future.

Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-1.0%	-1.9%	2.9%	N/A	N/A	9.4%
Benchmark Index**	-2.9%	-3.6%	0.2%	N/A	N/A	8.5%

Target investment mix¹



CLARITY FIXED INCOME FUND

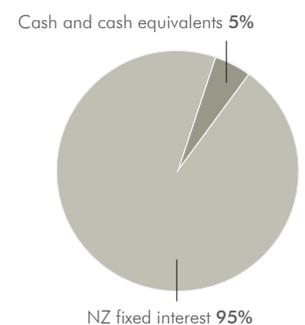
After several months of headwinds with interest rates marching higher (bond prices falling), the Fund produced a small gain in November, up 0.1%. In the spotlight was the Reserve Bank of New Zealand (RBNZ) which released its last Monetary Policy Statement for 2021. As widely expected the Official Cash Rate (OCR) was lifted by 0.25% to 0.75%. With clear intentions of reducing monetary policy stimulus in the economy, the RBNZ expects the OCR will be progressively increased and, conditional on the economy evolving as expected, will likely need to be raised above its neutral rate (~2%). Despite this, the market took the RBNZ announcement as slightly less aggressive than expected. Wholesale interest rates fell following its release and remained at these levels through month end.

Although there was an abundance of new bonds issued during the month, we chose only to participate in two – high quality corporates Auckland International Airport (AIA) and Port of Tauranga, both with an A- credit rating. Auckland International Airport issued a new 5-year bond at 3.29% and Port of Tauranga slightly longer with a new 7-year bond at 3.55%. Both trades were recycling of existing bonds (funded by selling older bonds of the same issuer) and enhanced the Fund's overall yield. Naturally as bond yields rise the Fund's running yield will also rise – it is currently at approximately 2.8% and climbing.

Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.1%	-1.6%	-2.6%	2.5%	3.2%	3.9%
Benchmark Index**	0.1%	0.1%	0.4%	0.9%	1.4%	1.7%

Target investment mix¹



¹ The current target investment mix is shown, but variations around these targets are likely from time to time.

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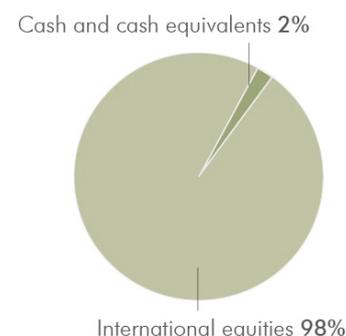
CLARITY GLOBAL SHARES FUND

November was dominated by rising Covid hospitalisations in parts of Europe and concerns about the new Omicron Covid variant. Although it is still too early to fully understand the implications of the emergence of a new strain, governments globally have more experience dealing with outbreaks and are likely to impose fewer restrictions moving forward. The Fund posted a return of 1.0% in November and was 0.4% ahead of its benchmark.

Key contributors for the month included US supplier of equipment and services for the manufacture of semiconductors, Applied Materials (+8%). The company had a record backlog in the semiconductor systems business that's expected to produce nearly 73% of its revenue and the applied global services segment, which is expected to account for 20% of the company's revenue, also witnessed record backlog levels as the demand for parts, software, and other recurring services remained robust. Japanese video game developer GungHo Online Entertainment (+42%) performed very well in November after reporting its third quarter earnings. Sales grew 17% while operating profit increased 38%, supported by a growing mobile-game market and strong sales of home-console game software.

Russian banking and financial services company Sberbank (-16%) fell during the month as a number of investors sold off Russian assets amid fears of worsening geopolitical risks and the expectation of an imminent tightening of monetary policy by the US Federal Reserve.

Target investment mix¹



Performance

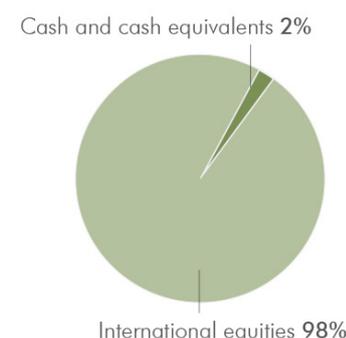
As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	1.0%	0.2%	25.2%	14.2%	N/A	11.4%
Benchmark Index**	0.6%	0.7%	22.3%	15.8%	N/A	12.9%

CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

Top performers for the Fund included luxury goods manufacturer Hermes (+21%) as easing restrictions meant many international travellers are now able to visit and shop in the US again. As the holiday shopping season picks up investors are optimistic that retailers, especially higher-end brands, will see a significant uplift in activity. Hermes' stores in Luxembourg and Japan also opened up during the month. Computer chip maker Advanced Micro Devices (+32%) was another key contributor to performance coming off a strong earnings report in late October driven by sales of higher-margin chips. The company also announced in a presentation in early November that Facebook parent Meta Platforms had chosen AMD's processors to power its data centers. AMD also has deals with Alphabet's Google Cloud, Microsoft's Azure and Amazon.com's Amazon Web Services. Detractors from performance included payment software company Paypal (-21%) after it gave a revenue forecast that came in well short of analysts' estimates. Management noted that consumer confidence is weakened with the absence of stimulus payments, and with the economy reopening, more people may be likely to do their holiday shopping in-store.

Looking forward, industrial, construction and materials companies that operate across a diverse range of markets could benefit as businesses increase investment as the economic recovery rebuilds confidence.

Target investment mix¹



Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity - Capital Group New Perspective Fund*	0.0%	1.6%	23.4%	N/A	N/A	21.8%
Benchmark Index**	0.6%	0.6%	22.2%	N/A	N/A	14.7%

¹ The current target investment mix is shown, but variations around these targets are likely from time to time.

² Capital Group and Capital Group New Perspective are trademarks of the Capital Group Companies, Inc.

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CLARITY DIVERSIFIED INCOME FUND

The Fund fell 0.8% in November as higher interest rates continued to exert downwards pressure on dividend yielding shares within the underlying Clarity Dividend Yield Fund. The electricity sector was particularly weak reflecting this with Genesis (-10%) and Meridian (-5%) experiencing the largest declines.

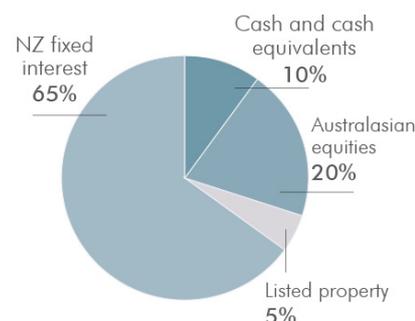
During the month the underlying Clarity Fixed Income Fund participated in new bond issues from two high quality New Zealand companies - Auckland International Airport and Port of Tauranga. Auckland International Airport issued a 3.29% 5-year bond and Port of Tauranga issued a slightly longer 3.55% 7-year bond. Both bonds have a credit rating of A- and were funded by selling older bonds of the same issuer.

The Investment team maintained the current tactical asset allocation with a slight overweight to income generating Australasian shares, however we have begun to increase exposure to fixed income securities in recent months.

Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	-0.8%	-2.6%	1.7%	4.8%	N/A	4.5%
Benchmark Index**	0.2%	0.5%	1.9%	2.5%	N/A	2.9%

Target investment mix¹



CLARITY DIVERSIFIED GROWTH FUND

The Fund fell 0.2% in November but outperformed its benchmark which fell 1.0%. Over the past year the Fund has performed well, benefitting from the tactical overweight position to global shares and has outperformed its benchmark by 2.2%. Markets globally were weak over the month as fears of a new Covid strain emerged along with US Federal Reserve Chairman Jerome Powell backtracking on previous assertions that inflation was transitory and considering ending tapering a few months sooner.

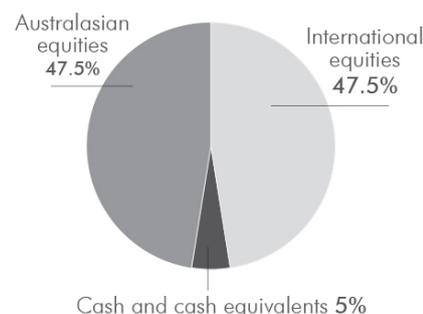
The NZX 50 Index dropped 2.9% weighed down by weaker earnings results from retirement village operator Ryman Healthcare (-15%) and donor management platform Pushpay (-28%). The ASX 200 Index retreated a more modest 0.5% as two of the big four banks, Westpac (-20%) and Commonwealth Bank of Australia (-11%), reported declining net interest margins along with an ambitious cost out strategy for Westpac.

The Investment team continues to monitor key global and macroeconomic risks such as rising inflation and continued strained supply chains and look to position the Fund appropriately.

Performance

As at 30 November 2021	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-0.2%	-0.3%	18.2%	11.8%	N/A	9.0%
Benchmark Index**	-1.0%	-1.2%	16.0%	14.5%	N/A	11.9%

Target investment mix¹



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