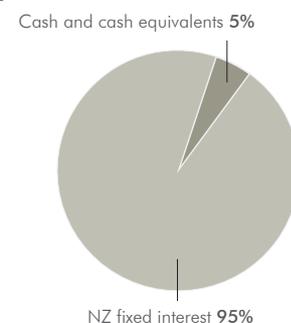


CLARITY FIXED INCOME FUND

September proved to be another solid month for the Fund, returning 0.3% and taking one year performance to 4.4%. Fixed interest has been one of the best performing asset classes this year with equity markets still recovering from the initial Covid-19 sell off, while declining interest rates have driven bond prices higher.

We believe that the current revaluation rates on many of the assets held by the Fund have room to fall further, which would continue to generate capital gains for the Fund. However, these falling interest rates also mean it is becoming increasingly difficult to maintain the Fund's current distribution level. After careful analysis and consideration, we have decided to reduce the quarterly distribution from 0.6 cents per unit to 0.4 cents per unit. The next payment will be made in mid-November and based on the current unit price, implies a 1.35% annual distribution yield (with no further tax to pay). For those in the highest tax bracket, the equivalent term deposit rate would need to be a little over 2% to achieve the same outcome after tax. For those that haven't checked lately, most banks are offering term deposits closer to 1%, regardless of the term. We believe the Fund can continue to fulfill its informal objective of providing better returns than term deposits but without having to lock your money away. Importantly, we maintain tight controls on the credit quality of the underlying investments with over 70% of the portfolio invested with issuers rated A- or better by credit rating agencies, and less than 10% invested in non-investment grade bonds.

Target investment mix¹



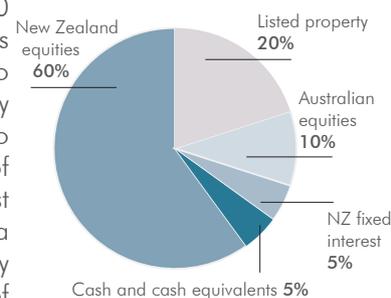
Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.3%	1.5%	4.4%	5.2%	4.7%	5.2%
Benchmark Index**	0.0%	0.1%	0.9%	1.6%	1.9%	2.2%

CLARITY DIVIDEND YIELD FUND

Shares offering a decent dividend yield fared better than the broader market in September, reversing some of the underperformance we had seen so far this year. The Fund returned +1.5%, ahead of its specific benchmark (+1.0%) and well ahead of the broader NZX 50 (-1.4%). The Fund's holdings in electricity companies received a boost late in the month as both Labour and National announced policies to work with (i.e. provide funding) to Rio Tinto to persuade it to extend operations at the Tiwai Point aluminium smelter beyond its previously announced closure date of August 2021. This will give the electricity industry more time to find a home for the surplus electricity resulting from the smelter closure (around 10% of national demand). Contact Energy and Meridian Energy, the Fund's second and third largest holdings, rallied 6% and 7% respectively on the news. Whilst no doubt positive, we were a little concerned to see Contact Energy immediately rush out an announcement that they would resume work on their major Tauhara geothermal energy project. Similarly, none of the gentailers seem interested in being the one to close generation capacity if and when Tiwai does finally close. This suggests we may see an oversupplied electricity market at some point in the next few years, leading to potential downward pressure on electricity prices and earnings. Nevertheless, the stay of execution on the smelter reduces risks to cashflows and dividends in the short to medium term.

Target investment mix¹



Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	1.5%	5.8%	-10.2%	4.4%	9.0%	10.9%
Benchmark Index**	1.0%	6.4%	-10.8%	6.6%	6.3%	5.5%

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 -1.4% in September with market leaders Fisher & Paykel Healthcare (-10%) and A2 Milk (-17%) weighing on the index. The former seemed to suffer from profit-taking in the shares which have performed very well this year. A2 Milk surprised the market with a downward revision to its expected revenue growth this year, with Covid-19 affecting its 'daigou' sales channel (small distributors buying product in Australia and selling in China). Management are adamant this is a short-term issue, and the brand continues to grow quickly in other sales channels, but the market is likely to want to see evidence of the recovery in daigou trade before rerating the stock back up to previous levels. 'Reopening' stocks like Auckland Airport (+10%) did well during the month despite little sign that New Zealand is any closer to opening our borders. While Auckland Airport is a terrific long-term asset its earnings will remain severely crimped until borders reopen and even then there is a big question mark around the appetite for international tourism and business travel for many years to come. The best performer in the Fund from a relative perspective was Oceania Healthcare (+10%), one of the smaller listed retirement and aged care operators. We have a decent sized holding in the Fund, attracted by its lower valuation and management's suggestion that earnings have reached an inflection point after several years of investment in transition to a new aged care business model.

Target investment mix¹



Performance

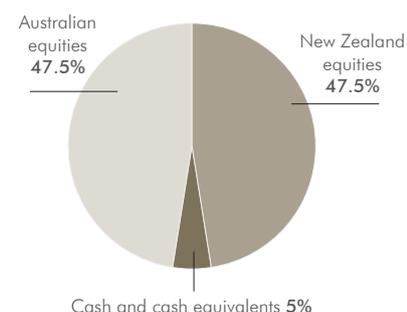
As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception
Clarity New Zealand Equity Fund*	-1.5%	2.2%	N/A	N/A	N/A	8.3%
Benchmark Index**	-1.4%	2.9%	N/A	N/A	N/A	8.5%

CLARITY TRANS-TASMAN VALUE FUND

The Australian share market tracked global markets lower in September (-3.6%), with the heavyweight insurance and energy sectors particularly weak. This dragged Fund performance down to -1.1% for the month, despite a decent showing from our New Zealand shares. This was better than the benchmark which was down 1.8%.

The top Australian performer in the Fund was James Hardie (+7%) which continues to benefit from strong demand growth for its products from American housebuilders and renovators. Gaming machine maker Aristocrat Leisure (+6%) also performed well as American casinos began to reopen, and interest in its online offerings grew. At the other end of the table shares in premium shopping mall owner Unibail-Rodamco-Westfield fell a further 28% as the company confirmed it would seek to raise equity later in the year to strengthen its balance sheet. URW is only a small holding in the Fund, and we continue to see long-term value in the shares well above the current price, so have decided to hold on to the position, despite very weak sentiment at present. In New Zealand, some of our 'value' stocks that have been laggards in previous months finally came to life. Oceania Healthcare (+10%) provided a positive update at its AGM, Tower (+5%) had its new CEO on the road meeting investors and outlining his digital challenger strategy, and EBOS (+8%) kicked into life reflecting strong company performance, and as expectations faded for another large share sale by its cornerstone shareholder.

Target investment mix¹



Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	-1.1%	2.3%	-10.1%	-1.0%	5.5%	7.9%
Benchmark Index**	-1.8%	4.0%	-3.1%	8.8%	11.2%	4.7%

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

After reaching all-time highs in early September the MSCI All Country World Index corrected lower as spiking Covid-19 cases raised fears of renewed shutdowns in Europe, and rising political tensions in the United States called into question the timing of further fiscal stimulus. Mobility data and leading economic indicators such as global manufacturing PMIs and earnings outlook continued to recover; however, the pace has generally moderated. While the manufacturing recovery has been globally robust, ongoing weakness in the larger services sector due to second-wave shutdowns and social distancing restrictions will continue to be a headwind to economic growth overall.

The Fund benefited from its overweight to technology company Fujitsu (+7%), whose shares traded higher after it was announced that the company would be a beneficiary of the digital-transformation initiatives led by Prime Minister Suga. Meanwhile, shares of diversified financial services firm Citigroup (-14%) came under pressure after the Wall Street Journal reported that regulators are preparing to reprimand the company for failing to improve its risk management systems. An effective vaccine, improvements in therapeutics or continued evidence that countries have adapted to live with Covid are developments in progress or on the horizon that have the potential to drive a stronger economic recovery and a shift in market leadership.

Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-2.0%	3.9%	-0.5%	5.5%	N/A	6.3%
Benchmark Index**	-1.9%	6.0%	6.2%	8.9%	N/A	9.2%

Target investment mix¹



CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

The Fund fell 2.6% in September, ending its streak of nine consecutive months of outperformance against its benchmark. Since its inception last year, it has outperformed its respective benchmark by 11.8%.

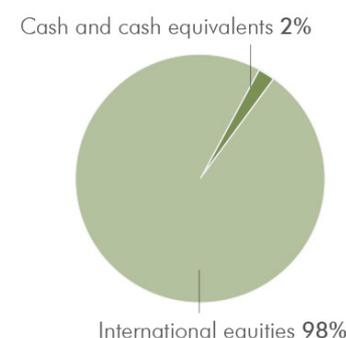
Key contributors for the Fund this month included Novocure (+32%), an international oncology company with operations in the US, Europe and Asia. Novocure seeks to provide patients with a new cancer treatment that destroys tumour cells while sparing healthy tissue and avoiding many of the life-altering effects of existing cancer therapies. During the month the company participated in the Wells Fargo Virtual Healthcare conference and subsequently saw the number of financially oriented social media posts about it increase significantly. The Fund was negatively impacted by its large holdings in Tesla (-16%) and Amazon (-9%) as investors took profits on the notable gains already experienced this year.

Despite risks to the outlook for global growth given impacts from the coronavirus and uncertainty surrounding the global trade environment, in terms of equity market returns, Capital Group continues to believe company fundamentals remain the primary driver of long-term share price returns.

Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception
Clarity - Capital Group New Perspective Fund*	-2.6%	10.0%	N/A	N/A	N/A	14.8%
Benchmark Index**	-1.9%	6.0%	N/A	N/A	N/A	3.0%

Target investment mix¹



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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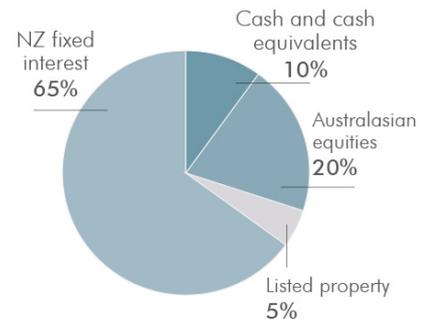
CLARITY DIVERSIFIED INCOME FUND

The Fund gained 0.7% in the month and now has a positive return year to date (+0.4%). The investment team decided to maintain the current positioning in the Fund with a slightly lower exposure to fixed interest securities than the long-run average, cognisant of the current low interest rate environment. We believe that the current revaluation rates on many of the assets held by the underlying Clarity Fixed Income Fund have room to fall further which would continue to generate capital gains for the Fund. The portfolio manager of the underlying Fund maintains tight controls on the credit quality of the investments with over 70% of the portfolio invested with issuers rated A- or better by credit rating agencies, and less than 10% invested in non-investment grade bonds. The Fund's exposure to the NZ electricity sector through investment in the underlying Clarity Dividend Yield Fund benefited as policies were announced by both Labour and National that they would seek to extend operations at the Tiwai Point aluminium smelter. This will allow the industry time to complete infrastructure allowing the transmission of surplus electricity into higher demand areas such as the North Island.

Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	0.7%	2.7%	-0.5%	4.5%	N/A	4.7%
Benchmark Index**	0.1%	0.5%	2.4%	3.1%	N/A	3.2%

Target investment mix¹



CLARITY DIVERSIFIED GROWTH FUND

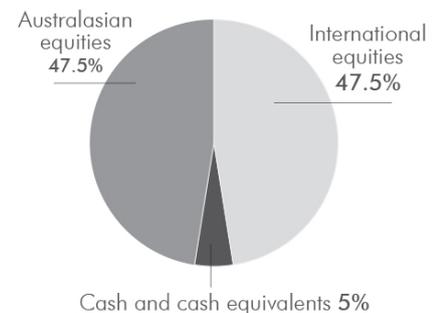
The Fund fell 1.8% in September as sentiment during the month was risk-off for most major markets. The prospect of a lengthy transition should US President Trump lose the upcoming election in November weighed on investors' minds with many speculating as to how events would unfold.

Locally, the NZX 50 Portfolio Index increased by 0.9%, the ASX 200 Index dropped 3.6% and the S&P 500 declined 3.8%. The Fund's New Zealand equity exposure performed well as some of the 'value' stocks rallied including Oceania Healthcare after management provided a positive outlook at their annual general meeting. The underlying Clarity – Capital Group New Perspective Fund lagged this month as the technology and healthcare sectors trailed the likes of utilities. It has however notably outperformed its respective benchmark (+11.4%) since the beginning of the year. The investment team continues to assess the Fund's positioning and monitor ongoing macroeconomic and geopolitical risks.

Performance

As at 30 September 2020	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-1.8%	5.3%	-1.9%	3.4%	N/A	4.6%
Benchmark Index**	-1.9%	5.0%	1.5%	8.9%	N/A	9.0%

Target investment mix¹



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