

CLARITY TRANS-TASMAN VALUE FUND

Local stock markets were mixed to start the year, with the NZX/S&P 50 Portfolio Index declining -1.5%, but the ASX/S&P 200 Index rising +1.5%. The Trans-Tasman Value Fund outperformed its blended benchmark by 1%, returning +1.1%.

Dragging the market down in New Zealand was large cap infant formula company A2 Milk (-8%). During the month the Chinese government announced the number of babies born in the country dropped by 17% to 7.92m. This was even lower than expected and comes despite several initiatives by the government to improve the birth rate. The declining birth rate has long-term implications for China, but short-term ones for A2 Milk, whose primary market is shrinking. A2 have done a great job marketing their product in China and are growing market share, but this makes growth harder again. We hold A2 shares in the Fund but after a very strong share price last year have pulled them back to an underweight position versus benchmark, which helped our relative performance last month.

In Australia the market was led higher by the resource sector, with key commodity prices like iron ore, copper and gold all moving higher during the month. The Fund holds shares in Newmont, the world's largest gold miner, and BHP, the world's largest diversified miner. Their shares rose +15% and +11% respectively. Other Fund holdings in the sector include uranium miner Paladin Energy (+44%) and Capstone Copper (+9%). Commodity prices are rising on expectations of higher demand from rapid data centre development, defence spending, and a generally positive outlook for global growth.

Performance

As at 31 January 2026	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%	1.5%	15.5%	8.7%	8.5%	8.6%
Benchmark Index**	0.1%	0.3%	9.7%	8.3%	6.8%	5.9%

CLARITY DIVIDEND YIELD FUND

The Dividend Yield Fund returned +0.4% in January, ahead of a broadly flat benchmark.

The Fund generally holds a significant exposure to listed real estate companies given the attractive and stable dividend yields on offer. Their current weighting within the portfolio is 19%. This sector came under pressure in January with inflation coming in at 3.1% in New Zealand for the December 2025 quarter, which in turn pushed interest rates higher in anticipation of a potential interest rate hike by the RBNZ later this year. The real estate sector of the share market is the most sensitive to interest rates given they generally fund 30-40% of their property investments with debt, and because they compete with bonds and term deposits as income investments.

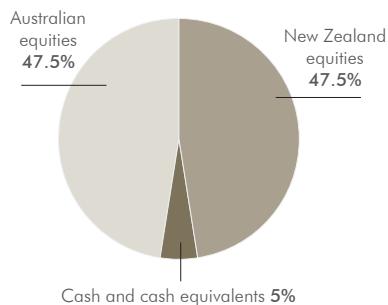
Reflecting this, during the month we saw Stride Property fall -8%, Argosy Property -6% and Kiwi Income Property -4%. All three trade at a discount to the assessed net value of their property portfolios, so we think further material share price declines are unlikely but equally share price gains may prove elusive in a rising interest rate environment. This leaves us with the dividend as the main source of returns for shareholders. Yields sit between 7% and 8% pre-tax for these companies. We have been gently reducing our exposure to the sector recently.

On the bright side, relative to the broader market, the Fund's strategy of targeting companies with good dividend yields is serving it well currently, with many high-growth but low-dividend technology oriented companies coming under share price pressure as investors factor in the potential for Artificial Intelligence to disrupt their business model through providing lower cost automated alternatives to their services. Nearly all the companies the Fund invests in own physical assets or provide physical goods or services, which (at this stage) seem safe from disruption from this revolutionary technology.

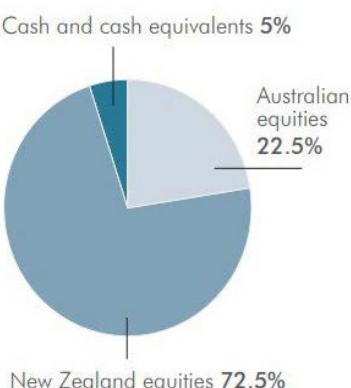
Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	0.4%	0.1%	19.5%	9.5%	6.4%	10.1%
Benchmark Index**	-0.1%	-1.4%	15.5%	8.4%	5.9%	6.9%

Target investment mix¹



Target investment mix¹



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 fees and before tax.

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

CLARITY NEW ZEALAND EQUITY FUND

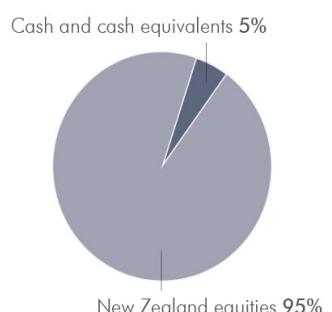
The Fund fell -0.8% in January, in line with a weak S&P/NZX 50 Index.

As discussed above, A2 Milk (-8%) was a major headwind for the market in January, but the biggest decliners in the index were small-cap software companies Gentrack (-9%) and Vista Group (-28%). The Fund has a small position in Vista, which is the world leader in cinema software. Fears around AI disruption as well as weakness in global box office takings have weighed on its share price recently, but we still like the long-term company strategy of moving clients from on-premise software to a cloud-based solution, with an accompanying uplift in revenue.

The biggest riser for the Fund during the month was AFT Pharmaceuticals (+11%) which continues to push higher following a positive half year report in November. The company, which develops and markets a wide range of pharmaceutical products, continues to experience strong revenue growth, and profit margins are starting to improve too.

Long-term Fund holding Tower Insurance also performed well during the month, paying a big 16.5 cent dividend to shareholders after a year of unusually low 'large event' claims (usually caused by big storms or earthquakes). Tower allows \$50m a year for these costs (and holds reinsurance to cover big events) but only paid out \$7m last year. The difference, after tax, was largely passed back to shareholders.

Target investment mix¹



Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-0.8%	-0.6%	8.2%	6.3%	2.6%	5.2%
Benchmark Index**	-0.9%	-0.8%	4.1%	4.7%	1.2%	4.2%

CLARITY FIXED INCOME FUND

The Clarity Fixed Income Fund returned -0.2% in January, a touch behind the benchmark.

New Zealand fixed income markets began the year under pressure as interest rates continued to edge upward. As yields rose, bond prices declined, resulting in January returns that were broadly flat to slightly negative.

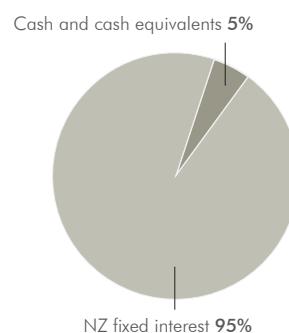
This move reflects growing confidence that the domestic economy is gradually improving, alongside inflation data that has remained firmer than expected. Investors have adjusted their expectations for future interest rates, accordingly, pushing borrowing costs higher across much of the curve, particularly for shorter-term bonds.

Looking ahead, the direction of bond markets will depend largely on upcoming economic data, especially inflation, growth and employment outcomes.

During the month, the Fund invested in the Bank of New Zealand's (BNZ) new bond issue. BNZ issued \$650 million of 5-year unsecured, unsubordinated fixed-rate bonds, offering an outright yield of 4.4% and carrying a credit rating of AA-.

At month-end, the portfolio's yield stood at 4.1%, with a duration (average maturity) of 2.8 years.

Target investment mix¹



Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	-0.2%	-0.6%	4.3%	5.5%	2.4%	3.8%
Benchmark Index**	-0.1%	-0.4%	4.6%	6.3%	4.3%	3.1%

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CLARITY GLOBAL SHARES FUND

The Clarity Global Shares Fund returned +1.2% in January, ahead of the benchmark return of +0.1%.

Across global share markets, emerging markets, Europe and Japan were among the better performing regions supported by higher commodity prices, expectations of increased government spending, and a global rotation of capital away from the US.

SK Hynix (+39%) was a standout contributor for the Fund in January. The company is a leading South Korean memory-chip manufacturer specialising in high-bandwidth memory used in AI servers. The share price climbed strongly in January, reaching all-time highs. The company reported record 2025 results, with revenue and earnings up 27% and 80% respectively. The company is supported by increased and accelerating demand for AI-related memory.

ASML (+31%) was another strong contributor in January. The company is the world's only producer of extreme-ultraviolet (EUV) lithography machines, essential equipment used by semiconductor manufacturers to produce advanced chips. Shares rose during the month after Taiwan Semiconductor Manufacturing Company (TSMC) announced plans to lift 2026 capital spending to US\$52–56 billion, signalling stronger demand for ASML's cutting-edge tools. ASML's market value moved above €500 billion mid-month, supported by expectations of higher semiconductor investment and rising demand for AI-driven chip production.

Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	1.2%	2.9%	18.1%	21.8%	16.9%	13.2%
Benchmark Index**	0.1%	0.7%	16.1%	20.4%	14.2%	12.7%

CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

The Clarity–Capital Group New Perspective Fund delivered a return of -0.4% in January.

Samsung Electronics (+33%) was a strong contributor during the month. The company is a leading global technology manufacturer across semiconductors, smartphones and consumer electronics. Shares rose after Samsung reported record fourth-quarter 2025 results, with profit climbing 208% year-on-year and revenue up 24% year-on-year, supported by strong demand for high-bandwidth memory (HBM) used in AI chips. Investor sentiment also improved as analysts highlighted that Samsung's memory division continues to benefit from a structural supply shortage, lifting pricing and profitability across its semiconductor business.

BAE Systems (+15%) also added positively to Fund performance. The company is one of the world's largest defence and aerospace contractors, supplying military equipment, cybersecurity systems and advanced weapons platforms to governments globally. Shares gained as defence stocks rallied following signals of higher U.S. military spending, which boosted long-term demand expectations for the sector. Additional momentum came from new contract wins, including a US\$150 million agreement for its active protection systems and further orders from the U.S. Navy and Marine Corps, strengthening revenue visibility into 2026.

Elsewhere in the portfolio, the Fund benefited from strong gains in Hyundai Motor (+67%), whose share price surged as investor enthusiasm grew around its expansion into robotics, autonomous driving and AI-enabled manufacturing. Micron Technology (+44%) performed strongly, supported by rising memory prices and accelerating demand for HBM used in AI data centres, reinforcing expectations of a new memory up-cycle.

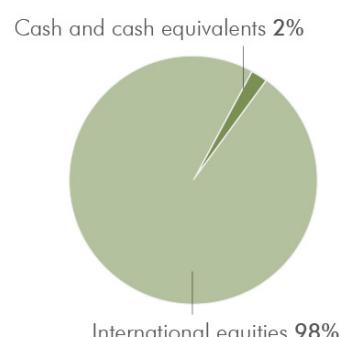
Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity - Capital Group New Perspective Fund*	-0.4%	-0.7%	11.2%	18.2%	10.4%	12.5%
Benchmark Index**	0.1%	0.7%	16.1%	20.4%	14.2%	13.2%

Target investment mix¹



Target investment mix¹



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

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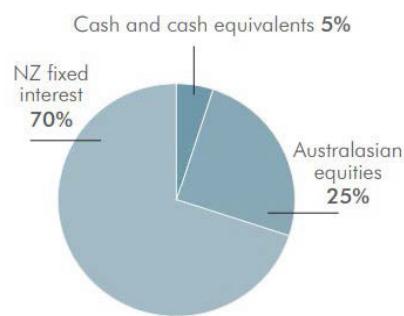
CLARITY DIVERSIFIED INCOME FUND

The Diversified Income Fund returned -0.1% in January, a touch ahead of the benchmark.

Within the Fund, performance was driven by the Clarity Dividend Yield Fund returning +0.4% over the month, ahead of the benchmark. The Smart Global Aggregate Bond ETF posted a return of +0.1%, in line with its benchmark. The Clarity Fixed Income Fund which returned -0.2%, broadly in line with its benchmark.

The Diversified Income Fund is currently invested across three underlying strategies: the Clarity Fixed Income Fund (67%), the Clarity Dividend Yield Fund (25%), and the Smart Global Aggregate Bond ETF (3%).

Target investment mix¹



Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	-0.1%	-0.6%	8.7%	6.5%	3.6%	4.6%
Benchmark Index**	-0.3%	-0.8%	8.0%	7.5%	5.7%	4.6%

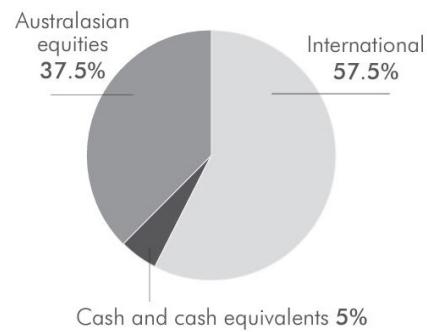
CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned +0.3% in January, a touch ahead of the benchmark.

Returns were driven by the Clarity Global Shares Fund, which rose +1.2% over the month, ahead of the benchmark. The Clarity Trans-Tasman Value Fund contributed +1.1%, the Clarity – Capital Group New Perspective Fund returned -0.4%, while the TAHITO Te Tai o Rehua Fund returned -1.9%.

The Fund maintains growth exposure across four underlying strategies: the Clarity Global Shares Fund (27%), the Clarity-Capital Group New Perspective Fund (26%), the Clarity Trans-Tasman Value Fund (28%), and the TAHITO Te Tai o Rehua Fund (11%).

Target investment mix¹



Performance

As at 31 January 2026	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	0.3%	0.3%	11.4%	14.4%	10.6%	9.2%
Benchmark Index**	0.1%	0.5%	13.5%	15.5%	11.2%	11.2%

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