

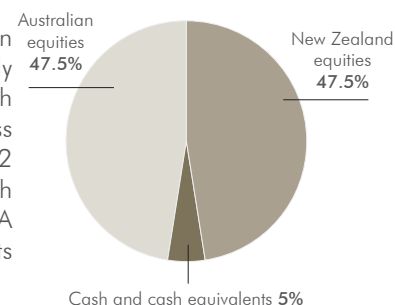
CLARITY TRANS-TASMAN VALUE FUND

After posting a strong return in March, the Fund fell -1.4% in April. This was a shallower decline than the 50/50 NZX/ASX benchmark which fell -2.5%.

In a weak month for markets generally the Fund enjoyed strong contributions from four of its Australian holdings. Gold miner Newmont (+19%) rose with the gold price, but also got a boost from quarterly results with higher-than-expected revenue and lower costs, somewhat unusual for a miner. Health equipment company ResMed (+9%) also reported strong quarterly results, with clear signs gross margin is recovering from the negative impact of post-Covid cost inflation. Diversified miner South 32 (+20%) rose following mining giant BHP's takeover offer for smaller miner Anglo-American. Although not directly involved, South 32 is seen as a possible takeover candidate, and often a first move in M&A will trigger other activity within a sector. Finally, lithium miner IGO (+12%) enjoyed a reprieve from its recent weakness as the lithium price picked up and it reported encouraging operating results.

Detracting from performance during the month were building material companies James Hardie (-12%), Vulcan Steel (-10%) and Fletcher Building (-8%). For James Hardie, which is most exposed to the US housing market, rising US interest rates were a headwind, whereas weak local economic data weighed on Vulcan and Fletcher.

Target investment mix¹



Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	-1.4%	1.6%	5.7%	4.6%	5.3%	8.1%
Benchmark Index**	-2.5%	1.3%	5.7%	3.2%	6.8%	5.3%

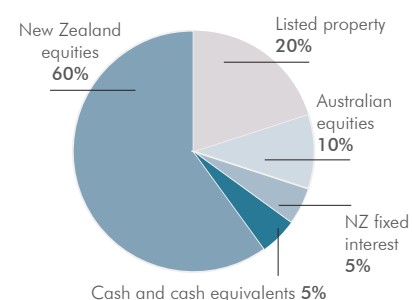
CLARITY DIVIDEND YIELD FUND

The Fund fell -3.0% in April, a poor outcome but better than benchmark. The NZX High Dividend Yield Index (75% of the Fund's benchmark) fell -4.1% during the month, noticeably weaker than the broader NZX 50 Index (-1.2%). One reason for this was the High Dividend Yield Index does not include Fisher & Paykel Healthcare, whose dividend yield is relatively low at around 2%. FPH is the biggest member of the NZX50 and had a strong month. Over longer time periods the indices have generated similar performance but will occasionally diverge like this in the short term.

In a weak month, long-term Fund holding Tower Insurance was a stand-out performer. Tower shares rose +18% after the company materially increased its profit guidance, citing lower claims costs and strong premium growth from better than expected customer retention. The company now expects to earn at least \$35m this year, and that could rise to more than \$60m if Tower's large claims allowance (for big storms etc) remains unutilised through the balance of the year. With strong earnings growth expected beyond this year, these earnings look very attractive in the context of a current market value (even after the share price rise) of \$300m.

At the other end of the scale, the Fund's small holding in Heartland Bank fell -15%. During the month Heartland completed a capital raise to fund the acquisition of Challenger Bank in Australia and future growth. This put further pressure on the shares which were already weak on concerns about the potential for bad debts to rise as the New Zealand economy weakens. We took a contrarian view and bought a small holding for the Fund recently and may continue to gently purchase more as we move through the economic cycle.

Target investment mix¹



Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	-3.0%	-0.8%	3.1%	2.0%	4.5%	9.1%
Benchmark Index**	-3.8%	-1.4%	1.9%	2.7%	4.2%	5.8%

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/quarterly-fund-updates-and-commentaries>.

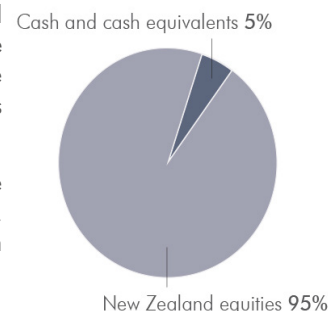
CLARITY NEW ZEALAND EQUITY FUND

Although it declined -0.9%, the New Zealand Equity Fund was Clarity's best performing equity fund during April, the first time it claimed this status since June 2022. Performance was helped by a 10% position in Fisher & Paykel Healthcare, the largest listed company in New Zealand, and which makes up about 14% of the headline NZX 50 Index, which this Fund is benchmarked against. Fisher & Paykel Healthcare shares rose +11% during the month as a couple of sharebroker analysts turned more positive on the long-term growth outlook for the company, lifting their target price and recommendations. There was no change in the near-term earnings outlook for the company, which means this share price rise is all attributed to potential earnings well into the future, which are at best an educated guess.

Clarity's investment approach places more weight on current earnings, cash flows and dividends. We recognise the excellent quality and growth potential F&P Healthcare offers, but struggle with its valuation. As such we have an 'underweight' position in the shares, relative to index (10% rather than 14%), which detracted from relative performance during the month.

However, the Fund still managed to modestly outperform its benchmark in the month, helped by not holding Sky City (-14%), an underweight position in Auckland Airport (-6%), and a decent holding in Tower (+18%).

Target investment mix¹



Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-0.9%	1.4%	3.0%	-0.5%	N/A	3.6%
Benchmark Index**	-1.2%	1.0%	0.4%	-1.3%	N/A	2.9%

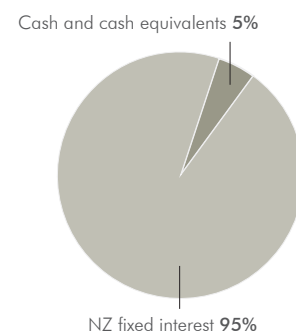
CLARITY FIXED INCOME FUND

The Clarity Fixed Income Fund returned -0.4% over the month, slightly below benchmark.

Domestic headline CPI eased from +4.7% in the fourth quarter of 2023 to +4.0% in the first quarter of 2024, in line with expectations. Breaking down this release further, non-tradable inflation, the Reserve Bank of New Zealand's focus, rose from +1.1% to +1.6% (quarter-on-quarter). Non-tradables were ahead of market expectations and will be of concern to the Reserve Bank. Rates pushed higher as the market wound back expectations for rate cuts by the Reserve Bank.

Towards the end of April, the Fund invested in Toyota Finance's new five-year bond issuance as we felt it was an appropriate time to increase duration. Toyota Finance is an A-rated corporate credit and one of our preferred issuers due to its strong balance sheet and business model.

Target investment mix¹



Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	-0.4%	0.5%	4.7%	0.6%	1.8%	3.4%
Benchmark Index**	-0.3%	0.6%	6.8%	3.6%	2.5%	2.5%

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 five consecutive positive months, stock market sentiment reversed in April with broad based weakness across most regions and sectors.

Part of the move down was attributable to rising geopolitical tensions in the Middle East following news that Israel had launched retaliatory strikes against Iran. Risk sentiment recovered somewhat after Iran's state media played down the damage from the attacks raising hopes that the hostilities wouldn't escalate into a broader conflict.

Economic data was mixed in April and likely the key driver of investor sentiment in April. A stronger than expected US Consumer Price Inflation print coupled with strong nonfarm payrolls (a measure of people employed in the US) caused another reappraisal of the timing of interest rate cuts. This saw rates rally and equities fall, with the weakest sectors in the S&P 500 being those most sensitive to changes in interest rates including real estate and information technology. US GDP and the Producer Price Inflation both came in below expectations.

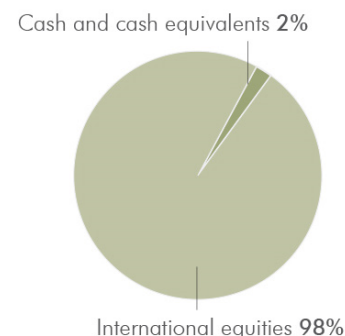
The Clarity Global Shares Fund returned -2.4% over the month, broadly in line with benchmark.

Portfolio holding Verisk Analytics is a leading data analytics provider serving the insurance market. They offer predictive analytics and decision support solutions. More than 80% of their revenue is recurring through a subscription model with over 95% retention rates. The shares fell -8% during the month given a declining subscription growth rate coupled with a high valuation multiple. While they detracted from Fund performance in April, the shares rebounded a day after month-end with a strong set of results showing investors that growth is still on the cards. At the time of writing shares are up +12% in May, demonstrating the benefits of being patient with an investment thesis.

Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-2.4%	8.0%	25.6%	11.6%	12.5%	11.4%
Benchmark Index**	-2.5%	6.8%	21.2%	8.4%	10.8%	10.8%

Target investment mix¹



CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

The Clarity-Capital Group New Perspective Fund returned -2.5% in April, in line with benchmark.

Fund holding AstraZeneca (+13%) had a strong month. Their quarterly sales outperformed analyst expectations across their oncology, biopharmaceuticals, vaccines, immune therapies, and rare disease product segments. They also announced positive headline results from a phase three study of their new breast cancer treatment which showed a statistically significant and clinically meaningful improvement in patient outcomes (as defined by the study). Following a successful phase three trial, AstraZeneca can submit their product to the FDA for approval. Estimates have the market opportunity for this drug valued in excess of US\$1 billion.

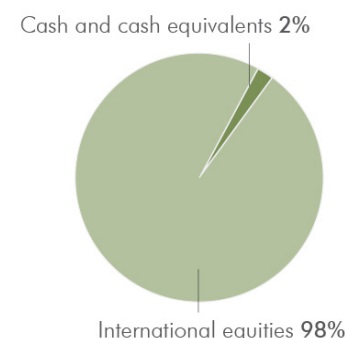
Caterpillar shares fell -8% during the month as the heavy equipment maker gave forward sales guidance below market estimates. Caterpillar is widely viewed as an economic bellwether, given how demand for its iconic yellow machines seen on mines and construction sites can shed light on the health of those industries around the world. The company is seeing moderating demand from manufacturing regions including Asia and Europe along with slowing non-residential construction, although rising industrial activity in the US is a bright patch.

Magnificent Seven constituent and Fund holding Meta (-12%) fell when they gave a lighter-than-expected second quarter revenue guidance and CEO Mark Zuckerberg spoke about increasing spending in areas such as artificial intelligence and mixed reality that are currently not profitable.

Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity - Capital Group New Perspective Fund*	-2.5%	6.1%	19.7%	5.0%	N/A	10.8%
Benchmark Index**	-2.5%	6.8%	21.1%	8.5%	N/A	10.5%

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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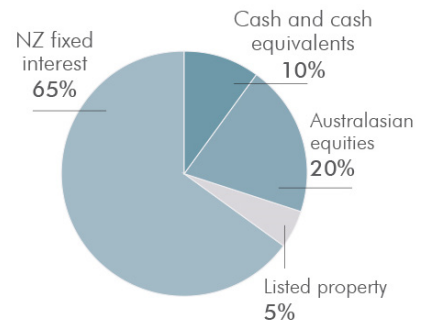
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CLARITY DIVERSIFIED INCOME FUND

The Diversified Income Fund returned -1.1% in April. The hotter than expected New Zealand CPI data meant that bonds and rate sensitive stocks (which are often high dividend paying) had a tough month. The Clarity Dividend Yield Fund drove relative performance for the month with strong returns versus its benchmark.

The Diversified Income Fund invests in the Clarity Fixed Income Fund and the Clarity Dividend Yield Fund.

Target investment mix¹



Performance

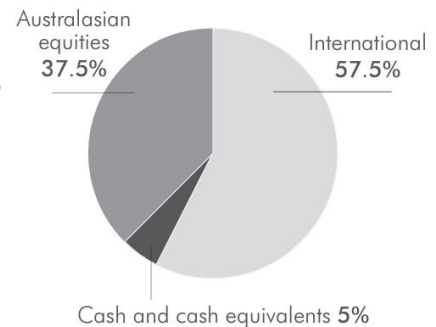
As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	-1.1%	0.1%	4.1%	1.2%	3.0%	3.5%
Benchmark Index**	-1.2%	-0.1%	6.5%	4.5%	3.7%	3.7%

CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned -2.4% in April, slightly ahead of benchmark. Within the Fund we remain tactically overweight global equities, which had no net effect on performance this month. Alpha was driven by our exposure to the Clarity Trans-Tasman Value Fund which had a great April in tough market conditions.

The Diversified Growth Fund invests in the Clarity Global Shares Fund, the Clarity-Capital Group New Perspective Fund, the Clarity Trans-Tasman Value Fund and the TAHITO Te Tai o Rehua Fund.

Target investment mix¹



Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-2.4%	4.7%	15.2%	6.7%	8.4%	7.9%
Benchmark Index**	-2.5%	4.6%	14.8%	6.5%	9.3%	9.8%

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