CLARITY FUNDS MANAGEMENT

MONTHLY FUND COMMENTARY

April 2025

CLARITY TRANS-TASMAN VALUE FUND

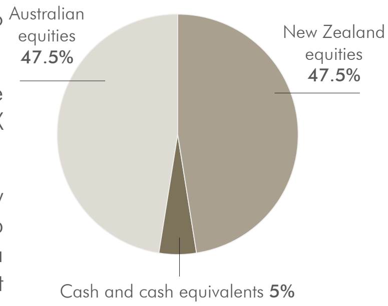
The Fund fell -1.8% in April, lagging its benchmark (-1.0%). This relatively modest decline masks an extraordinary month in financial markets following Donald Trump's 'liberation day' tariff announcements. It was quite a different picture midway through April - at one stage the S&P500 Index (of major American shares) was down -11%, while the S&P/ASX 200 Index bottomed out around -6% and the S&P/NZX Portfolio Index was down -4% at its lowest.

As the month wore on, Trump's stance on tariffs appeared to soften, investors 'bought the dip', and the Australian market caught a bigger bounce than the NZ market. By the end of the month the S&P/NZX Portfolio Index had declined -3.5% while the S&P/ASX 200 Index rose 3.6%.

One popular explanation for this divergence was that investors looking to reduce US equity exposure saw the Australian market as a stable, large and liquid alternative that sat outside the cross-hairs of the Trump administration. The largest listed company on the ASX, Commonwealth Bank of Australia (CBA), was a case in point – the shares rallied 10% during the month, including a 4% lift on a day when the US market had fallen nearly 3% the night before. This is a highly unusual scenario which highlighted CBA's 'safe haven' attraction. The outperformance of the Australian market and CBA weighed on the Fund's relative performance (we view CBA as over-valued, and are currently underweight).

We had a relatively defensively positioned portfolio heading into the selloff, and only made minor changes during month, including adding to our positions in Mainfreight and Goodman Group, two high quality companies whose share prices have been materially impacted by the recent volatility. Although we can't rule out further downside in the short-term, long-term we think they will be good investments.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	-1.8%	-5.5%	2.2%	1.5%	8.4%	7.8%
Benchmark Index**	-1.0%	-6.7%	4.2%	3.0%	8.5%	5.2%

CLARITY DIVIDEND YIELD FUND

Dividend yielding shares generally fared better than the broader market during the liberation day swoon, although by the end of the month the difference was minimal. The Dividend Yield Fund fell -1.1% in April, roughly in line with its benchmark.

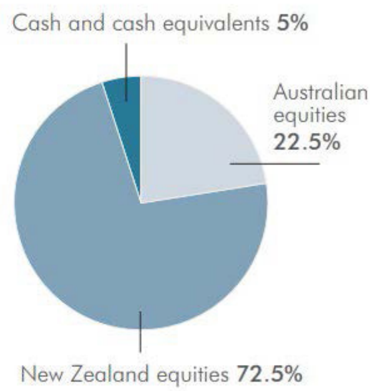
The best performing stock in the portfolio was Telstra (+7%), which we think benefited from investors reallocating towards large defensive companies, given there was no news out regarding the company during the month. Generally, Telstra is performing well (in contrast to its Kiwi counterpart), and an ongoing share buyback is also supportive of the share price.

Several other large cap Australian companies held in the portfolio also rose during the month, including Dexus +6%, Westpac +4% and ANZ +3%. As mentioned above, international investors may be reallocating away from the US market in favour of Australia, and these would be logical shares to buy in that scenario.

In New Zealand, performance was generally softer. Our worst performer was industrial company Skellerup, whose share price fell -11%. It is one of the most exposed NZX companies to US tariffs given 33% of its revenue comes from the US, with many of its products manufactured in China or Vietnam. For this reason we had sold some shares and moved to an underweight position in Skellerup after Donald Trump's re-election.

Looking ahead, if tariffs end up weakening the global economy such that central banks are forced to reduce interest rates further, then defensive, dividend yielding shares will become relatively more attractive to investors. This Fund is heavily exposed to these types of companies.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	-1.1%	-4.2%	3.5%	1.3%	7.0%	8.6%
Benchmark Index**	-1.0%	-6.4%	1.9%	1.1%	7.0%	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 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.

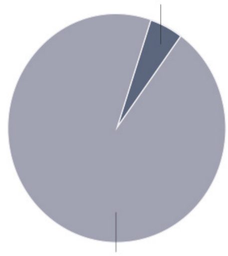
CLARITY NEW ZEALAND EQUITY FUND

The Clarity NZ Equity Fund returned -2.6% in April, falling less than its benchmark.

Company news was scarce during the month so the biggest focus for the market was Trump's tariffs and their potential company specific impacts. New Zealand's largest listed company Fisher & Paykel Healthcare (also the largest holding in the Fund, albeit an underweight position relative to index) initially seemed very exposed given its Mexican manufacturing base, but it now appears that its products are covered by the US Mexico Canada Agreement (USMCA) and therefore exempt from tariffs. Although the final impact may end up being immaterial for FPH, its share price has not bounced back to where it was before these issues arose. The volatility and uncertainty created by the US administration's chaotic approach to trade policy has increased the risk premium for any company potentially exposed and therefore lowered the price the market is prepared to pay for them.

Two key contributors to the Fund's relative outperformance during the month was underweight positions in Mainfreight and Auckland Airport.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-2.6%	-6.2%	1.7%	1.5%	3.8%	3.2%
Benchmark Index**	-3.0%	-8.2%	0.3%	0.9%	3.2%	2.4%

CLARITY FIXED INCOME FUND

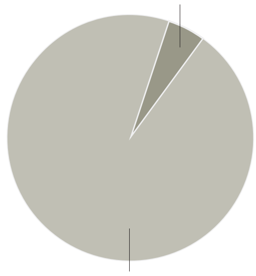
The Clarity Fixed Income Fund returned +0.7% in April.

During the month the Reserve Bank of New Zealand cut the OCR by 25 basis points to 3.50% - in line with expectations. The accompanying statement was brief, but the meeting minutes made it clear that there was potential to cut the OCR further as the potential impact of tariffs plays out. Concerns over global growth and the continuing benign outlook for inflation are key considerations. Swap markets are now pricing in a neutral rate of between 2.50%-2.75%.

Levels of corporate issuance in 2025 in New Zealand have been very low.

At month end, the portfolio yield was 4.4% and duration (average maturity) was 2.3 years.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.7%	1.5%	8.1%	5.0%	2.4%	3.8%
Benchmark Index**	0.9%	1.6%	8.0%	6.1%	3.8%	3.0%

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CLARITY GLOBAL SHARES FUND

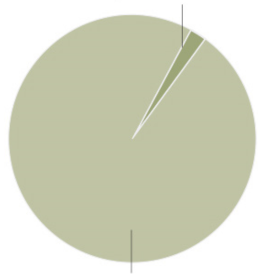
The Clarity Global Shares Fund delivered a return of -2.2% during the month.

Global financial markets remained volatile in April, as persistent trade tensions and shifting U.S. policy direction kept investors on edge. After escalating tariffs, the Trump administration surprised markets with a series of abrupt policy reversals, including hints at selective exemptions for Canadian and Mexican imports and a willingness to revisit portions of the China trade agreement. These U-turns introduced fresh uncertainty, complicating the outlook for global trade flows. Economic data continued to send mixed signals: the services sector and labour markets showed resilience, while manufacturing and consumer sentiment remained under pressure. Major equity indices, including the S&P 500 and Nasdaq Composite, experienced sharp swings before closing the month modestly lower. Central banks reiterated a data-dependent approach, highlighting the challenges of balancing persistent inflation risks with emerging signs of a gradual cooling in global growth.

Due to their prominence within the US equity market, the "Magnificent 7" stocks within the Fund generally contributed to lower returns during the period. Apple (-4%) was the primary detractor, as concerns over the impact of President Trump's 145% tariffs on Chinese imports weighed heavily on sentiment, even though he has exempted mobile phones at this stage. Analysts had projected that these tariffs could drive up the price of iPhones - already a premium product - by as much as 43%.

Meanwhile, Meta (-5%) showed some weakness throughout the month but delivered a strong earnings report at the close of the last day of the month, exceeding consensus expectations on key metrics, including revenue, cost management, and capital expenditure.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-2.2%	-7.1%	9.5%	13.7%	15.2%	11.1%
Benchmark Index**	-2.1%	-6.9%	10.9%	11.9%	13.5%	10.8%

CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND[2]

The Clarity-Capital Group New Perspective Fund delivered a return of -0.9% in April, well ahead of the benchmark (-2.1%).

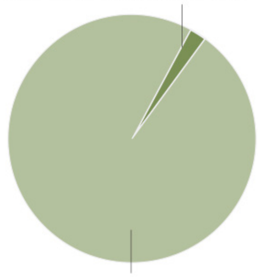
The Fund's current underweight position in US equities, and the information technology sector, contributed to this outperformance.

Within the portfolio, Netflix (+21%) was a standout contributor. The company reinforced its defensive characteristics with a strong March quarter result, posting revenue of US$10.5 billion, underpinned by robust content performance, growth in its live sports segment, and the ongoing benefit of recent price increases. Netflix's entrenched position in consumer entertainment habits, coupled with its limited reliance on advertising revenue and minimal direct exposure to tariffs (as a service exporter), positions it well for a potentially weaker economic environment. The stock now commands a premium multiple, trading at approximately 40x forward earnings. That said, we remain mindful of the risks that could emerge should retaliatory measures target American service providers.

The portfolio also benefited from strength across select software names, as investors continued to reassess the durability of their business models under tougher macro conditions. Palantir (+39%) and ServiceNow (+19%) both posted strong gains, reflecting their perceived resilience. Palantir is scheduled to report earnings shortly after month-end.

Elsewhere, Tesla rallied +9% despite posting weaker-than-expected revenue for the March quarter, with softness in electric vehicle sales and removing their forward guidance amid supply chain uncertainties tied to tariffs. The stock's strength largely reflected CEO Elon Musk's public commitment to refocus his efforts on Tesla, coupled with his comments advocating for more predictable and lower tariff structures. These statements — notably distinct from the current U.S. administration's tone — could help repair some of the brand equity that has been challenged in recent months.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity - Capital Group New Perspective Fund*	-0.9%	-7.8%	9.2%	10.3%	12.3%	10.5%
Benchmark Index**	-2.1%	-6.9%	10.9%	11.9%	13.5%	10.6%

[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

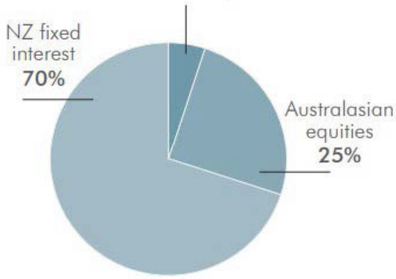
The Diversified Income Fund was flat in April, in line with benchmark.

Within the Fund, the Clarity Fixed Income Fund had positive absolute returns. The Clarity Dividend Yield Fund posted a negative return.

The Smart Global Aggregate Bond ETF returns were flat over the month.

The Diversified Income Fund invests in the Clarity Fixed Income Fund, the Clarity Dividend Yield Fund and the Smart Global Aggregate Bond ETF.

Target investment mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	0.1%	-0.4%	6.1%	3.6%	3.9%	3.8%
Benchmark Index**	0.0%	-0.6%	5.8%	5.8%	4.2%	3.9%

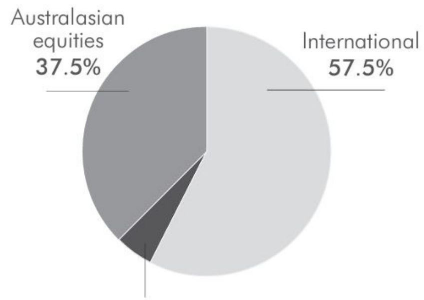
CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned -1.3% in April, ahead of benchmark.

The stand-out contributors to Fund returns came from the Clarity-Capital Group New Perspective Fund and the TAHITO Te Tai o Rehua Fund, both outperforming their benchmarks by nearly +1.0%. All Fund holdings were negative in absolute terms during the month.

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 mix[1]



Performance

As at 30 April 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-1.3%	-6.2%	7.0%	7.9%	11.5%	7.8%
Benchmark Index**	-1.6%	-6.8%	8.2%	8.4%	11.6%	9.6%

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

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