

CLARITY TRANS-TASMAN VALUE FUND

The Fund returned +1.5% in January, with the bulk of this return coming from its Australian investments, in a reversal from the month prior. Fund performance was behind benchmark during the month, with key detractors including Aroa Biosurgery (-25%) and Ryman Healthcare (-7%).

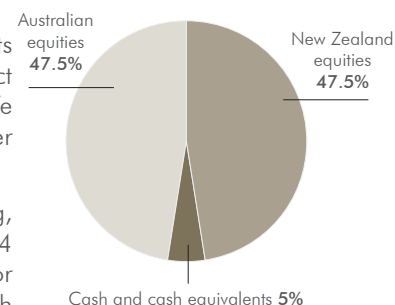
Aroa fell after downgrading its full year earnings guidance due to weaker than expected sales by its US distribution partner. Aroa management explained this as being partly due to the one-off impact of hurricanes in the US, but also a stiffer competitive response to one of their key products. We had previously trimmed our holding following strong share price performance and are now further reviewing the investment.

Balancing this out to some extent, shares in Telix Pharmaceuticals, the Fund's other biotech holding, rose +19% as positive news flow continued for the company. In January management reported FY24 revenue which came in ahead of expectations. Telix also received European regulatory approval for Illucix, their radioactive diagnostic agent for prostate cancer, setting the stage for commercial launch in the region.

Other strong performers during the month included gold miner Northern Star Resources (+12%), as the gold price continued to climb, arguably reflecting a higher demand for 'safe haven' investments as Donald Trump resumed the US presidency.

Markets are now pricing in cuts to the official cash rate from both the New Zealand and Australian central banks in February. This will be the first interest rate cut in Australia since 2020. Although well anticipated, we expect both will be supportive for share markets, as the yield available from short-term cash investments declines.

Target investment mix¹



Performance

As at 31 January 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	1.5%	1.2%	9.9%	6.2%	5.4%	8.3%
Benchmark Index**	2.2%	3.8%	13.0%	7.5%	6.2%	5.7%

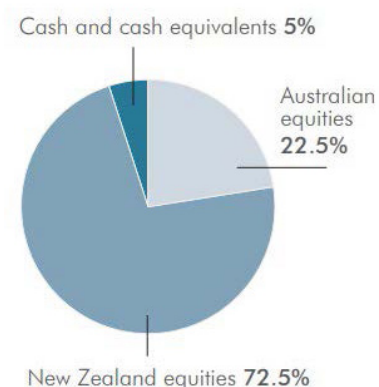
CLARITY DIVIDEND YIELD FUND

The Dividend Yield Fund also returned 1.5% in January, in line with its benchmark.

The Fund's bank shares were among its best performers, despite little news flow for the sector during the month. ANZ rose +7%, Heartland Group +9% and Westpac +4%. Share prices in the Australian banking sector are currently high relative to earnings, but with credit conditions benign and dividends well supported, it is not clear what might drive a normalisation in valuations. The Fund is currently 12% invested in banks.

Another positive sector during the month was real estate (aka listed property), possibly in anticipation of forthcoming interest rate cuts from the RBNZ (another 0.50% expected later this month) and the RBA (an initial 0.25% also expected this month). This would reduce interest bills for the sector and make their dividend yields relatively more attractive. Leading real estate risers in the Fund were Dexu in Australia (+9%) and Precinct Properties in New Zealand (+4%). Offering solid and generally stable dividend yields, real estate is the largest sector exposure in the Dividend Yield Fund currently, at 21%.

Target investment mix¹



Performance

As at 31 January 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	1.5%	1.3%	7.2%	5.0%	3.4%	9.3%
Benchmark Index**	1.6%	2.2%	7.3%	5.3%	3.9%	6.2%

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.

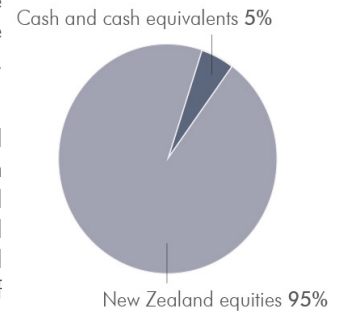
** Benchmark returns reflects no deduction for fees and tax. Details of these are included in the Quarterly Fund Update which is available at <https://clarityfunds.co.nz/quarterly-fund-updates-and-commentaries>.

CLARITY NEW ZEALAND EQUITY FUND

The New Zealand Equity Fund fell -0.8% in May, in line with the S&P/NZX 50 benchmark. Returns were dragged down by Infratil (-11%) which was affected by the DeepSeek artificial intelligence news during the month (see the New Perspective write up further below for more information on this). Infratil is an infrastructure investment company and its largest asset at present is CDC, an Australasian data centre business. This has been growing strongly and a very successful investment for Infratil. However, the implication of the DeepSeek development was that AI servers may be able to achieve “more for less”, casting some uncertainty on the level of future demand growth for data centres.

The top performer in the Fund was the fishing company Sanford (+12%), which we bought a small holding in a few months ago. Sanford has struggled for many years in a commoditised business with an aging fishing fleet and variable catch. Last year the appointment of David Mair as CEO has engendered investor optimism, with hopes he can apply the same management techniques with Sanford as he had successfully done previously at Skellerup. The first result under Mr Mair in November showed some good initial signs. A depreciating NZD is positive for Sanford’s export earnings, and this may have been part of the reason for the strong rally in January.

Target investment mix¹



Performance

As at 31 January 2025	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%	1.0%	10.0%	3.8%	3.2%	4.7%
Benchmark Index**	-0.9%	2.9%	10.3%	3.9%	2.9%	4.2%

CLARITY FIXED INCOME FUND

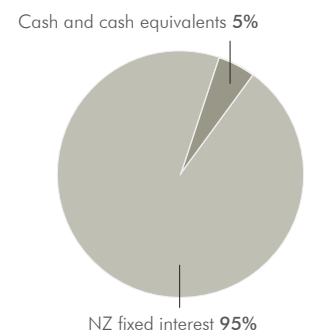
The Clarity Fixed Income Fund returned +0.1% in January – in line with benchmark.

During the month the yield curve adjusted higher, reflecting moves in global markets. The front end of the curve tracked roughly sideways with the RBNZ easing cycle providing an anchor, while the long end underperformed amid the global selloff. The Fund was well positioned for this environment, running a shorter duration position.

During the month there was no new debt issuance, which was to be expected.

At month end, the portfolio yield was 4.7% and duration (average maturity) was 2.5 years.

Target investment mix¹



Performance

As at 31 January 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.1%	1.4%	7.1%	3.5%	2.3%	3.7%
Benchmark Index**	0.1%	1.3%	6.8%	5.6%	3.5%	2.9%

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 GLOBAL SHARES FUND

The Clarity Global Shares Fund delivered a strong return of +3.3% during the month, outperforming its benchmark.

January was an eventful month across global equity markets. Within the US, December job growth was much stronger than expected, with the gain of 256,000 jobs further raising concerns that the Federal Reserve could stay on hold for an extended period or contemplate rate increases should inflation prove stickier than expected. Markets subsequently experienced a relief rally when the US Core CPI inflation came in a notch below expectations at 3.2% year-on-year.

On the 20th of the month, President Donald Trump was inaugurated. Within a day investors got a taste of things to come over the next four years, with some off-the-cuff comments during a signing of executive orders that jolted the market. When asked by a reporter about tariffs he said he was thinking in terms of 25% tariffs on Mexico and Canada and "I'll think we'll do it on February 1st".

Meanwhile, the quarterly earnings season got off to a positive start after the US banks posted better-than-expected earnings and issued stronger guidance on net interest income for 2025. Within the Fund, JP Morgan Chase was a key contributor to performance, returning +12%.

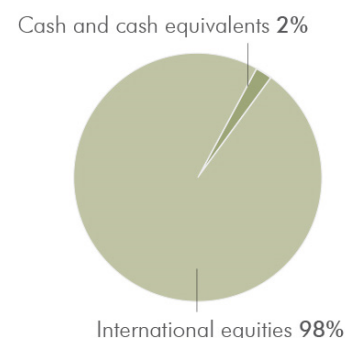
Other Fund holdings with stronger than expected earnings were Meta (+18%) and Spotify (+23%). Meta made \$48.4 billion in sales during the quarter, above the high-end of its guided range. The strong results were driven by increased advertising revenue, as well as significant advancements and the adoption of AI, with Meta AI users expected to reach over 1 billion in 2025. Spotify made progress towards profitability. Investors were optimistic about the music streaming service's strategic initiatives, such as a potential new premium service tier and product enhancements.

Clothing company PVH (United States) detracted from the Fund's relative performance. Shares declined -15% in January on concerns about the company's China business as it was put on the Chinese government's "Unreliable Entities List".

Performance

As at 31 January 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	3.3%	7.1%	27.3%	14.2%	14.1%	12.6%
Benchmark Index**	2.8%	8.0%	27.2%	11.8%	12.7%	12.2%

Target investment mix¹



CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

The Clarity-Capital Group New Perspective Fund posted a strong return of +3.8% in January, well above benchmark.

The market experienced some volatility during the month when DeepSeek, a Chinese AI startup built an advanced AI model very quickly, very cheaply and allegedly without the most advanced chips. The startup released a chatbot (a ChatGPT alternative) called R1 which quickly rose to the top of Apple's App Store downloads. The news triggered a rethink of the capital expenditure on AI associated companies as well as their sales outlooks. The tech-heavy NASDAQ fell -3% over the day on the news. This was led by the darling of chipmakers (and Fund holding) Nvidia, which fell -17%, destroying \$600 billion in value – the most ever for a single company on a single day. The shares recovered into the end of the month, finishing January down -11%.

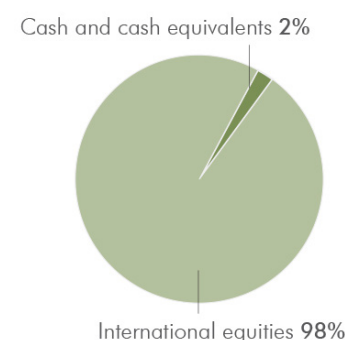
The risk of foreign leadership in AI – particularly by the Chinese – increased concern around data privacy which saw cybersecurity shares rally. The push for data security benefitted Fund holding Cloudflare, which rose +28% during the month.

Netflix shares returned +10% during the month after a strong beat in their fourth quarter earnings. They delivered 19 million net subscriber additions during the quarter, versus expectations of 8 million. This was driven by a robust content slate; live sports, including two Christmas day NFL games averaging 30 million viewers per minute; and a continued crack down on paid account sharing. Ad tier revenue doubled in 2024 and is expected to double again this year benefitting from a combination of ad tier subscription growth and subscription pricing increases.

Performance

As at 31 January 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*	3.8%	9.5%	25.7%	9.3%	12.6%	12.8%
Benchmark Index**	2.8%	8.0%	27.2%	11.8%	12.7%	12.6%

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.

* 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>.

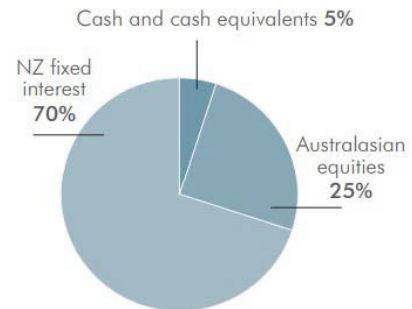
CLARITY DIVERSIFIED INCOME FUND

The Diversified Income Fund returned +0.5% in January, ahead of benchmark.

Within the Fund, the Clarity Dividend Yield Fund had the best performance as New Zealand/Australian dividend paying shares outperformed fixed income markets. 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 mix¹



Performance

As at 31 January 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	0.5%	1.2%	6.7%	3.8%	2.9%	4.0%
Benchmark Index**	0.2%	1.3%	6.4%	6.2%	4.5%	4.1%

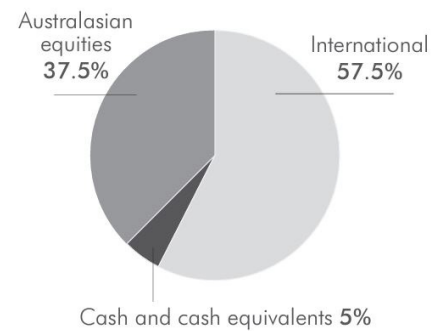
CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned 2.7% in January, slightly ahead of benchmark.

The stand-out contributor to Fund returns came from the Clarity-Capital Group New Perspective Fund, returning +3.8% and outperforming its benchmark by +1.0%. Absolute returns were strong from all Fund holdings over 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 mix¹



Performance

As at 31 January 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	2.7%	5.5%	19.5%	9.9%	9.6%	8.9%
Benchmark Index**	2.6%	6.3%	21.4%	10.7%	10.1%	10.9%

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>.

Information and Disclaimer: This report is for information purposes only. It does not take into account your investment needs or personal circumstances and so is not intended to be viewed as investment or financial advice. Should you require financial advice you should always speak to your Financial Adviser. Before investing you should read the Clarity Product Disclosure Statement and Statement of Investment Policy and Objectives, available at www.clarityfunds.co.nz and www.companies.govt.nz/disclose. Past performance is not indicative of future results and no representation or warranty, express or implied, is made regarding future performance. Reference to taxation or the impact of taxation does not constitute tax advice. The levels and bases of taxation may change. This report has been prepared from published information and other sources believed to be reliable, accurate and complete at the time of preparation. While every effort has been made to ensure accuracy, neither Clarity Funds Management, nor any person involved in this publication, accept any liability for any errors or omission.