

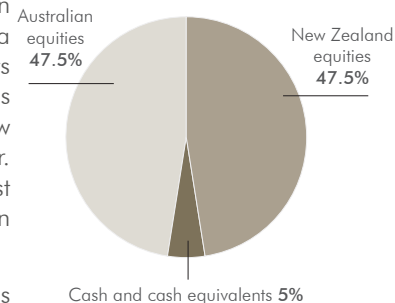
### CLARITY TRANS-TASMAN VALUE FUND

The Fund produced a strong return in March rising +4.5%, driven by broad-based strength in its New Zealand and Australian holdings.

Our top performing share was cinema software company Vista Group (+24%), which reported an encouraging full year result late in February that saw the share price steadily rise through March. Vista are successfully transitioning more clients to their cloud software, which provides substantial benefits for clients but also increases Vista's revenue. Many cinema operators suffered near-death experiences during Covid and more recently have been impacted by the Hollywood writers' strike but are now feeling confident enough to plan for the future, and Vista's cloud software is a key growth enabler. Vista's share price performance trailed other NZX 50 software companies Gentrack and Serko last year and is now playing catch up, although Vista shares remain far cheaper than the others, when compared to the sales each company generates.

In Australia the Fund's resource holdings were solid contributors, including oil and gas companies Santos (+10%) and Woodside Energy (+4%). The oil price has been creeping higher for the last few months, with the robust US economy driving strong demand, and various geopolitical issues building an increased 'risk premium' into the price. Although the bulk of their production and revenue comes from LNG (liquified natural gas), the LNG price is linked to the oil price, and hence this benefits Santos and Woodside earnings. Much of the LNG produced in Australia is shipped to Japan and Korea, where it is used to generate electricity. In doing so generally it displaces coal-fired power generation, and results in far lower carbon emissions.

#### Target investment mix<sup>1</sup>



#### Performance

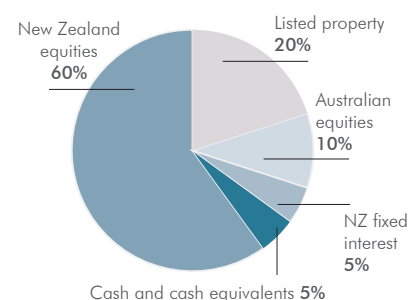
As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	4.5%	4.2%	8.6%	5.8%	6.1%	8.3%
Benchmark Index**	4.4%	4.8%	9.8%	4.6%	7.8%	5.5%

### CLARITY DIVIDEND YIELD FUND

For this dividend income focussed fund, shares in property companies are a core investment, given the strong and relatively stable earnings their assets generate. At present, about 13% of the Fund is invested across five of these companies, in both New Zealand and Australia. Rising interest rates and falling property valuations have been a headwind to their share price performance in the last couple of years, although dividend payments have generally been steady. More recently, we have seen Australian property company share prices stage a strong comeback, and markedly outperform their New Zealand counterparts, which continue to trade near their lows in most cases.

We have held an 'underweight' position in New Zealand property companies for some time (a lower weight in the portfolio than the benchmark), but are starting to become more positive on the sector for a number of reasons: 1) continued asset sales at around book value, reducing gearing suggesting that share prices, in some cases more than 20% below book value, are too low. 2) Indications from the Reserve Bank that we have seen the peak in the interest rate tightening cycle 3) Anecdotal and market evidence of strength in rental demand for good quality commercial space. 4) Technical (share price chart) analysis suggesting prices have found a 'floor'. 5) Cheap relative valuations versus Aussie peers. As such we have been gently adding to holdings in Precinct, Argosy and Kiwi Property, while trimming a little from Australian holdings Centuria Industrial and Dexus Convenience.

#### Target investment mix<sup>1</sup>



#### Performance

As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	3.7%	2.8%	8.0%	3.6%	5.1%	9.5%
Benchmark Index**	4.4%	2.2%	7.6%	4.6%	5.3%	6.3%

<sup>1</sup> 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.

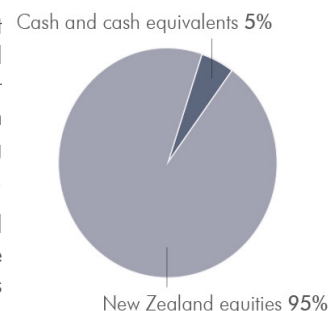
\*\* Benchmark returns reflects no deduction for fees and tax. Details of these are included in the Quarterly Fund Update which is available at <https://clarityfunds.co.nz/quarterly-fund-updates-and-commentaries>.

### CLARITY NEW ZEALAND EQUITY FUND

The Fund returned +3.2% in March as the New Zealand share market bounced back from a soft February reporting season. Our third largest holding Contact Energy (+7%) was among the best performers. During the month the company provided a positive update on commissioning progress at the new \$920m Tauhara geothermal power station. Previously delayed, Tauhara will now possibly be operational for winter this year, which would help Contact who are otherwise a little short on generation and gas. At the same time, evidence continues to build that electricity demand in New Zealand, broadly unchanged for over a decade, is finally starting to grow again under the influence of population growth and our country's decarbonisation efforts. March was the fourth month in a row with electricity demand more than 2% higher than a year earlier. With Contact only one of several electricity companies currently investing heavily in more renewable generation capacity, corresponding growth in electricity demand is important.

Another strong performer during the month was Vulcan Steel (+11%). Although the company reported earnings in February which were significantly down on the prior year, reflecting a weak economy here and in Australia, management suggested they were starting to see some signs of green shoots. Vulcan is one of the higher quality cyclical companies on the market, with strong growth opportunities following the acquisition of Ullrich Aluminium, and investors are clearly anticipating conditions improving for them in the near-term.

#### Target investment mix<sup>1</sup>



#### Performance

As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	3.2%	3.1%	4.8%	0.5%	N/A	3.8%
Benchmark Index**	3.3%	3.1%	2.7%	-0.4%	N/A	3.2%

### CLARITY FIXED INCOME FUND

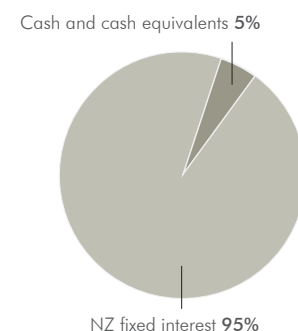
The Clarity Fixed Income Fund returned +0.9% over the month, slightly ahead of its benchmark.

March saw a pickup in new corporate issuance. The Fund participated in a RaboBank 3-year floating rate note to increase the running yield of the portfolio without materially increasing duration. The Fund also rotated out of an Auckland International Airport line and into a new Spark Finance 5.5-year fixed rate bond. Spark is one of the few well sought after non-bank A rated corporates in New Zealand.

Yields on US 10-year treasuries rose from their March lows as February's +3.2% CPI print came in slightly hotter than expected. This was on top of January's +3.1% print, which itself overshot estimates. The inflation picture is proving stickier than expected, particularly in services.

The Fund maintains an underweight duration position relative to benchmark. We remain wary that the threat of inflation may continue to linger.

#### Target investment mix<sup>1</sup>



#### Performance

As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.9%	0.7%	5.8%	0.9%	1.9%	3.4%
Benchmark Index**	0.8%	0.8%	7.5%	3.7%	2.6%	2.6%

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### CLARITY GLOBAL SHARES FUND

The Clarity Global Shares Fund continued its run of strong performance returning +5.5% over the month, +1.2% ahead of benchmark.

US equities continued to perform well in March with evidence of continued broadening out in the market, as sectors such as miners, energy and industrials all outperformed technology sectors over the month. This is a bullish sign for markets as it shows investors are looking for opportunities outside of technology in undervalued cyclical areas of the market that tend to perform well in rate-cutting cycles.

In terms of the macroeconomic picture in the US, during the month the Federal Reserve left rates unchanged at 5.25% - 5.50% as expected. The FOMC statement was also largely unchanged saying it plans to cut three times before the end of the year, reaffirming previous forecasts from December 2023. That said, the central bank indicated that they need greater evidence that inflation is easing to initiate those cuts. Following these comments, the core personal consumption expenditures (PCE) inflation index for February came in at +2.8%, in line with expectations. This was closely watched as it is the Federal Reserve's preferred inflation measure and the latest US consumer prices remained sticky at +3.2%.

The portfolio attribution this month highlights a winner and a loser arising from political factors in an election year.

Portfolio holding Heidelberg Materials is involved in the production and distribution of cement and aggregates, so are exposed to housing, traffic routes and commercial and industrial facilities and are a beneficiary of the Infrastructure Investment and Jobs Act.

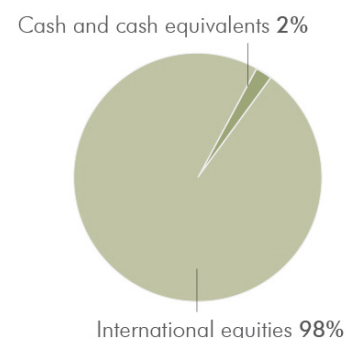
This act was signed into law in late 2021 by President Biden and is a ~US\$550 billion infrastructure stimulus package that includes provisions related to developing highways, rail lines, broadband access, access to clean water and electrical grid renewal. Non-residential manufacturing spending was turbo-charged by this stimulus and the company successfully passed through cement price increases in-line with cost inflation. As a result they returned 14% over the month. The cement and aggregates company announced an increase to their dividend taking their total cash return yield to nearly 6%.

On the other hand, United States Steel Corp. fell -14% in March when the President spoke out against a takeover by Japan's Nippon Steel Corp, saying that the company should be retained in American ownership. The deal suffered from the 'unfortunate timing' of being brokered in the midst of an election in which both candidates have vowed to bolster domestic manufacturing and use their powers to stop jobs from going overseas.

#### Performance

As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	5.5%	14.3%	31.7%	13.7%	14.0%	11.9%
Benchmark Index**	4.3%	12.1%	26.9%	10.4%	12.4%	11.4%

#### Target investment mix<sup>1</sup>



### CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND<sup>2</sup>

The Clarity-Capital Group New Perspective Fund returned +3.4% in March.

Predictions of increased oil demand growth spurred by strong economic growth, tensions in the Middle East and higher refinery margins saw West Texas Crude end the month at ~US\$84 per barrel. Within the Fund, TotalEnergies increased by 9% - buoyed by the higher commodity prices.

Three of the Fund's retail holdings faced headwinds throughout the month:

1) The popular activewear company Lululemon declined -16% as quarterly sales missed their expectations. The company warned of a slowdown in visits to stores in the US and downgraded their forward sales guidance. 2) Nike (-9%) fell when management downgraded their sales guidance for the year as they work to 'realign merchandise to better match what consumers want to buy'. 3) Finally, French based luxury retailer Kering SA warned of a steep drop in sales at its Gucci brand, notably in the Asia-Pacific region. The stock fell -14%.

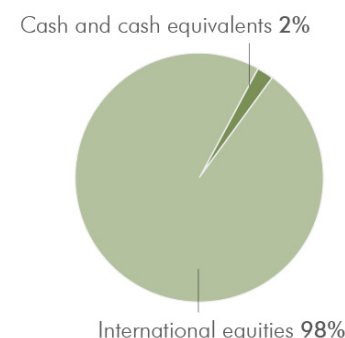
The usual suspects (AI and GLP-1 exposed companies) Novo Nordisk (+8%), Taiwan Semiconductor Manufacturing (+14%), Nvidia (+14%), Microsoft (+2%), Broadcom (+2%) and Eli Lilly (+3%) continued to drive Fund performance in March.

Tesla (-13%) was the largest detractor to Fund performance when their first quarter sales of 387,000 vehicles missed expectations of 443,000. This implies a ~1.55 million annual run rate, which would be down 14% from 1.80 million in 2023. Increased competition and lower demand is also putting downwards pressure on their pricing.

#### Performance

As at 31 March 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*	3.4%	11.4%	24.3%	7.1%	N/A	11.7%
Benchmark Index**	4.3%	12.1%	26.9%	10.4%	N/A	11.4%

#### Target investment mix<sup>1</sup>



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<sup>2</sup> Capital Group and Capital Group New Perspective are trademarks of the Capital Group Companies, Inc.

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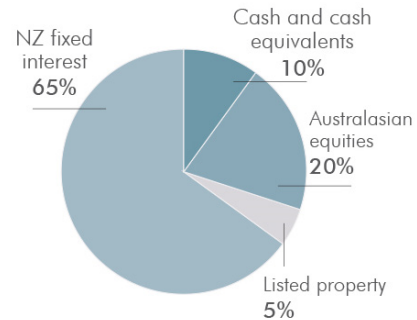
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### CLARITY DIVERSIFIED INCOME FUND

The Diversified Income Fund returned +1.6% in March. Stronger Australasian share markets meant a positive contribution from the Clarity Dividend Yield Fund. The Clarity Fixed Income Fund had a strong month, outperforming its benchmark.

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

#### Target investment mix<sup>1</sup>



#### Performance

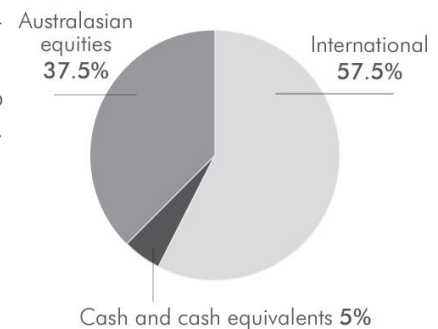
As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	1.6%	1.2%	6.1%	1.8%	3.2%	3.7%
Benchmark Index**	1.8%	0.9%	8.3%	5.0%	4.0%	3.9%

### CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned +4.2% in March. Within the Fund we remain tactically overweight global equities, which continues to drive Fund performance with strong returns from the underlying Clarity Global Shares Fund and the Clarity-Capital Group New Perspective Fund. Australasian share markets saw improved returns throughout the month, and the Clarity Trans-Tasman Value Fund added to relative performance.

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<sup>1</sup>



#### Performance

As at 31 March 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	4.2%	9.4%	20.1%	8.5%	9.7%	8.3%
Benchmark Index**	4.3%	9.2%	19.8%	8.2%	10.6%	10.3%

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