

## CLARITY TRANS-TASMAN VALUE FUND

The Fund returned -2.6% in March, outperforming its benchmark which fell -3.3% as both the New Zealand and Australian share markets came under pressure from continuing uncertainty about the potential impact of tariffs on global economic growth. This has escalated further in April with the announcement by the US of heavy tariffs on their key trading partners causing large falls in global share markets, although at the time of writing a pause on many tariffs has been announced, causing markets to bounce sharply.

For some time, we have been of the view that current US trade policy is “un-analysable” due to the chaotic and seemingly thoughtless nature of implementation, illustrated by the numerous policy reversals we’ve seen. However, macroeconomic analysis is not a key driver of portfolio construction for any of the Clarity funds. For the Trans-Tasman Value Fund, our focus is on investing in a diversified selection of good quality companies with solid balance sheets at reasonable valuations.

Following Donald Trump’s election in November we divested our holding in Skellerup, which exports goods produced in China and Vietnam to the US. Outside of that, most companies in the Fund will have minimal direct impact from the proposed tariffs, and accordingly we haven’t changed portfolio positioning much following the recent announcements.

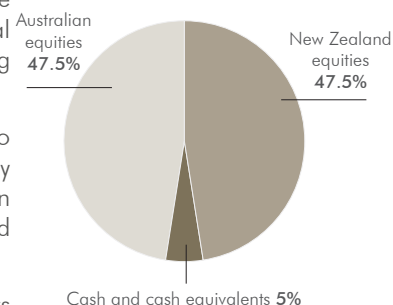
Top performers for the Fund in March were primary goods exporters Fonterra (+15% including dividend) and Sanford (+13%). Both are beneficiaries of the current weak New Zealand dollar.

The worst performer within the Fund was our long-held investment in James Hardie (-24%), which announced a major acquisition of another building materials business that disappointed shareholders. We have subsequently sold our shares.

### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	-2.6%	-2.3%	2.6%	2.3%	10.7%	7.9%
Benchmark Index**	-3.3%	-3.6%	2.6%	3.3%	10.9%	5.3%

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



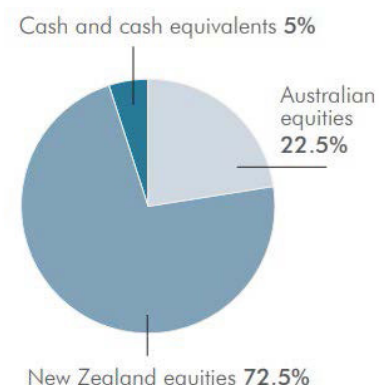
## CLARITY DIVIDEND YIELD FUND

The Fund returned -0.7% in March, 1% better than its dividend yield focussed benchmark, and better again than the broader market. In uncertain economic times, the share prices of the electricity, telco and real estate companies that make up about 50% of this Fund tend to hold up better than those of companies that are more reliant on growth to generate a return for their shareholders.

One of the better performing names in the Fund was Channel Infrastructure (+3% including dividend), which eked out a positive return in a weak market despite Z Energy selling its 13% stake in the company during the month at a discount to market. We purchased some more shares for the Fund at the discounted price as we continue to like the predictable and defensive dividend yield on offer, alongside the long-term potential for the company to realise value from its large, competitively advantaged renewable energy precinct at Marsden Point.

Weighing on returns for the Fund was Vital Healthcare Property (-9% inc dividend) which fell despite no news flow on the company. Vital owns private hospitals and healthcare facilities in NZ and Australia which it rents to hospital operators on very long-term leases. Since Covid, private hospital operators in Australia have struggled with rising costs and flat revenue, and the second largest operator, Healthscope, is on the verge of bankruptcy. Although Healthscope are not a Vital tenant, it has not helped sentiment for companies in the sector. The Australian government is now looking at making changes to help hospital operators, which could be positive for Vital.

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



### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	-0.7%	-1.7%	1.5%	1.7%	8.6%	8.8%
Benchmark Index**	-1.6%	-3.9%	-0.9%	1.2%	9.4%	5.6%

<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/investor-documents>.

### CLARITY NEW ZEALAND EQUITY FUND

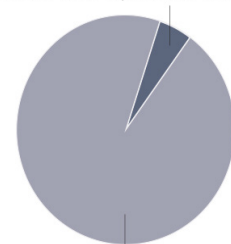
The Fund fell by -1.8% in March, less than its benchmark (the S&P/NZX 50 Index) which declined -2.4%. **Target investment mix<sup>1</sup>**  
The New Zealand market outperformed the Australian and global markets during the month, once again proving its defensive nature during time of market volatility.

During March we continued to add to holdings in Port of Tauranga, a monopolistic asset whose share price has fallen back over the last few years due to a combination of weaker economic activity and pandemic induced disruption. We now view the shares as relatively good value, and with export volumes improving and structural tailwinds supporting improved port pricing, the outlook is more positive for the company.

We have also been adding to our holdings in Mainfreight, another high-quality company in the transport sector, but one we have been 'underweight' as we see downside risks to earnings in the short term. Concerns about the potential impact of tariffs saw the shares fall sharply in March (-12%), and our underweight position was a key contributor to the Fund's relative outperformance. As the shares move closer to our assessment of fair value, and price in more earnings downside, we have been gently adding to the position.

These investments have been funded by the sale of our holding in the CO2 Fund, an NZX listed fund that invests in New Zealand carbon credits. Although the Emissions Trading Scheme remains New Zealand's primary tool to drive decarbonisation, and settings have been changed recently to push the carbon price higher (and therefore prompt faster decarbonisation), government auctions of carbon credits continue to fail to clear, suggesting the alternative supply of carbon credits (from forests) is more abundant than analysts had guessed.

Cash and cash equivalents 5%



New Zealand equities 95%

#### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-1.8%	-4.6%	3.5%	2.0%	5.7%	3.8%
Benchmark Index**	-2.4%	-6.2%	2.1%	1.3%	5.4%	3.0%

### CLARITY FIXED INCOME FUND

The Clarity Fixed Income Fund returned +0.4% in March – in line with its benchmark.

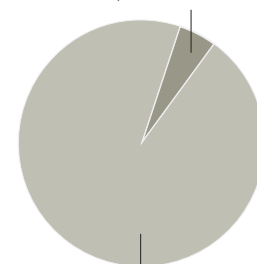
Unlike what occurred in 2022, we are seeing the benefits of diversification during this period of share market weakness, with negative correlations between asset classes. Fixed income markets have experienced positive returns, absorbing some of the equity market decline. During the month, news flow remained focused on global markets, however RBNZ Chair Adrian Orr resigned unexpectedly (and effective immediately) during the month. The RBNZ meets in April where another 25bps cut to the OCR is expected (and now confirmed at time of sending).

During the month the Fund invested in a new bond issued by listed property company Property For Industry (PFI) for a five-and-a-half-year term at an attractive yield of 5.4%.

At month end, the portfolio yield was 4.5% and duration (average maturity) was 2.4 years.

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

Cash and cash equivalents 5%



NZ fixed interest 95%

#### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.4%	0.9%	7.0%	4.4%	2.8%	3.7%
Benchmark Index**	0.4%	0.8%	6.8%	5.8%	3.6%	3.0%

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### CLARITY GLOBAL SHARES FUND

The Clarity Global Shares Fund delivered a return of -4.5% during the month, outperforming its benchmark but negative in absolute terms.

During the month, Germany announced a transformative €500 billion infrastructure investment program, targeting key sectors such as transportation, energy, education, and digitalisation over the next decade. This marks a significant shift in fiscal strategy, with the government proposing constitutional reforms to the “debt brake” in order to facilitate higher borrowing, particularly for defence and infrastructure. Key elements of the proposal include exempting defence spending above 1% of GDP from borrowing limits and expanding the allowable structural deficits for individual states.

Fund holding Heidelberg Materials, a leading Germany-based building materials company, rallied +9% on the back of these announcements, reflecting investor optimism around increased infrastructure demand.

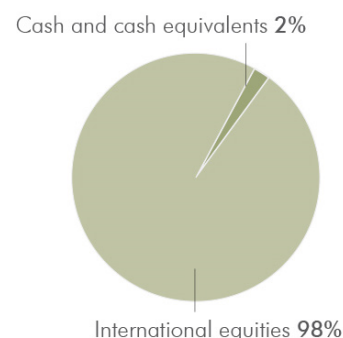
E.ON SE, one of Europe’s largest energy network operators and providers of energy solutions to over 51 million customers, also benefitted from the infrastructure stimulus. The stock performed strongly, gaining +14% amid expectations of increased capital deployment across the utility and energy sectors.

On the downside, the Fund’s weakest performer was VF Corporation, a global retailer of outdoor and action sports apparel. While the company continued to exceed earnings expectations for the third consecutive quarter by aggressively managing costs, persistent weakness in its Vans brand remains a concern—mirroring the structural softness observed in New Zealand-listed Kathmandu’s Rip Curl segment. The stock fell -37% during the month.

#### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-4.5%	-1.9%	9.2%	13.6%	17.6%	11.6%
Benchmark Index**	-4.7%	-2.3%	10.4%	11.1%	15.8%	11.2%

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



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

The Clarity-Capital Group New Perspective Fund posted a return of -6.4% in March amid weakness in global equities.

Rising geopolitical tensions and a fresh wave of protectionist trade measures weighed heavily on global financial markets during the month. The United States introduced a 25% tariff on imports from Canada and Mexico, while also raising tariffs on Chinese goods from 10% to 20%. These actions prompted swift retaliatory responses, fuelling market volatility and adding to investor unease. Major equity indices, including the S&P 500 and Nasdaq Composite, recorded meaningful declines as fears of a potential stagflationary environment—marked by elevated inflation and slowing growth—gained traction. Central banks now face a more complex policy landscape, with trade-related uncertainty clouding the global economic outlook and tempering growth expectations.

Within the Fund, BAE Systems, the German-listed provider of advanced defence, aerospace, and security technologies, rose 11% in response to increased government announcements around defence spending. The stock benefitted from renewed investor interest in national security and military readiness amid rising geopolitical risks.

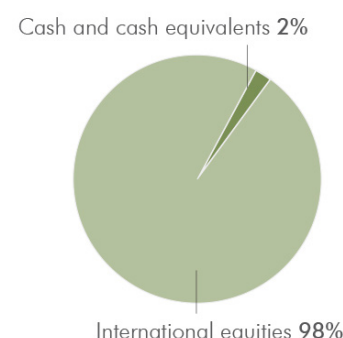
Conversely, travel and leisure names came under pressure, with the sector particularly exposed to macroeconomic uncertainty stemming from trade disruptions. Within the Fund, Royal Caribbean Cruises fell -16%. Sentiment further deteriorated after Commerce Secretary Howard Lutnick suggested that cruise operators could become subject to taxation under the External Revenue Service program. The Trump administration added fuel to the fire by highlighting that most cruise ships operate under foreign flags and currently pay little to no U.S. tax—adding an additional overhang for the sector.

The energy sector outperformed during March (and was the only positive sector in absolute terms). This included French company Totalenergies, whose stock rallied +5%.

#### Performance

As at 31 March 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*	-6.4%	-3.5%	7.4%	8.2%	14.5%	10.9%
Benchmark Index**	-4.7%	-2.3%	10.4%	11.1%	15.7%	11.2%

#### 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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### CLARITY DIVERSIFIED INCOME FUND

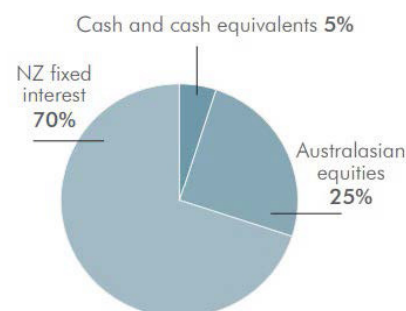
The Diversified Income Fund was flat March, in line with benchmark.

Within the Fund, the Clarity Fixed Income Fund had positive absolute returns. The Clarity Dividend Yield Fund posted a negative return but performed well relative to its benchmark.

The Smart Global Aggregate Bond ETF returns were positive 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<sup>1</sup>



#### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	0.0%	0.0%	4.9%	3.3%	4.6%	3.9%
Benchmark Index**	0.0%	-0.4%	4.5%	5.8%	4.3%	4.0%

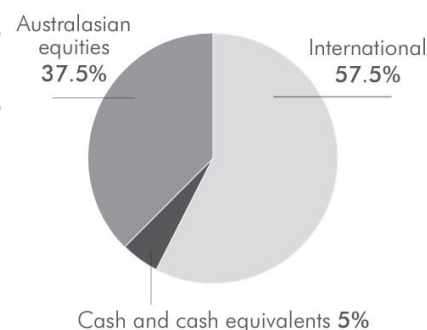
### CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned -4.0% in March, ahead of benchmark.

The stand-out contributor to Fund returns came from the Clarity Trans-Tasman Value Fund, outperforming its benchmark by +0.7%. The Clarity Global Shares Fund also outperformed its benchmark. 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<sup>1</sup>



#### Performance

As at 31 March 2025	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-4.0%	-2.4%	5.9%	7.7%	13.5%	8.0%
Benchmark Index**	-4.2%	-2.8%	7.2%	8.1%	14.0%	9.9%

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