

### CLARITY TRANS-TASMAN VALUE FUND

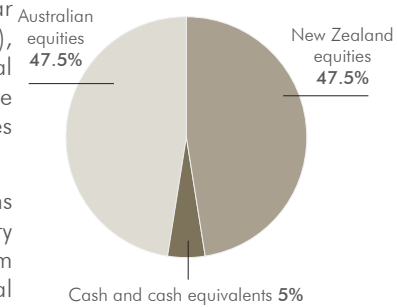
The Fund produced a positive return of +1.2% in November but underperformed its benchmark.

Key detractors from performance included Sky TV, which fell -11% despite re-confirming earnings guidance at its AGM; AFT Pharmaceuticals, which fell -9% after weaker than expected profitability in its half year report, although sales continue to grow; and not holding any shares in Commonwealth Bank (+11%), the largest listed company in Australia, whose performance continues to confound many professional investors, trading on a 27x price-to-earnings ratio (the most expensive major bank in the world by some margin), whilst offering very little growth. On the plus side, Australian-listed but US centric companies Computershare (+21%) and James Hardie (+15%) reacted positively to the US election.

We looked back at historic returns for the Fund and found that, interestingly, our weakest relative months (i.e. Fund return versus market return) have all come when absolute market performance has been very strong (>3%). This implies the Fund struggles to keep pace when the market is running hot and momentum dominates. Donald Trump's re-election seemed to incite exactly this sort of "animal spirit" in financial markets during November. Our sometimes contrarian positions in companies that are unloved but offer good value may be overlooked in this market environment. This aligns with our investment approach (which we sum up as conservative and value-focussed), and has the benefit of demonstrably less risky returns, with Fund volatility and maximum drawdown much lower than benchmark over the last three years.

We have revisited and remain comfortable with all the key holdings in the Fund, but in recognition of the prevailing market environment, have gently moderated our positioning.

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



#### Performance

As at 30 November 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	1.2%	3.5%	16.4%	5.9%	5.4%	8.3%
Benchmark Index**	3.3%	6.0%	20.0%	6.1%	6.6%	5.8%

### CLARITY DIVIDEND YIELD FUND

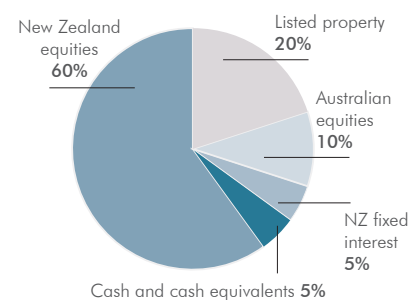
Top performers within the Fund's 1.1% return in November were Turners Automotive (+19%), Fonterra (+11%) and Skellerup (+7%).

Turners announced record half year earnings despite a tough environment as its car retail business continues to win market share, partly due to the hugely successful 'Tina from Turners' advertising campaign. Earnings at its complementary auto finance business Oxford Finance benefitted from declining interest rates, and bad loans remain at low levels, reflecting prudent lending standards. Turners expect to increase their dividend by 6% this financial year. The shares have been an excellent long-term holding for the Fund.

Fonterra continued its strong run, increasing the price it expects to pay farmers for milk this year, but also maintaining earnings guidance, the part shareholders are interested in. A final decision was made to sell the consumer brands unit which could lead to a substantial return of capital.

Weighing on returns were Sky TV (-11%, discussed above) and BHP (-5%), which eased as the excitement around recently announced Chinese government stimulus faded. We remain sceptical of the ability of the government to materially revive activity in the property construction sector given high developer debt levels, large unsold inventory and cautious Chinese investors. Therefore the iron ore price seems unlikely to move back to the highs of earlier this year in the near term. Nevertheless, BHP is still a very profitable and cash and dividend generative company, with several other growth drivers, notably its expanding copper exposure.

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



#### Performance

As at 30 November 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	1.1%	3.7%	11.6%	4.2%	3.7%	9.4%
Benchmark Index**	2.2%	4.5%	11.8%	4.3%	4.3%	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>.

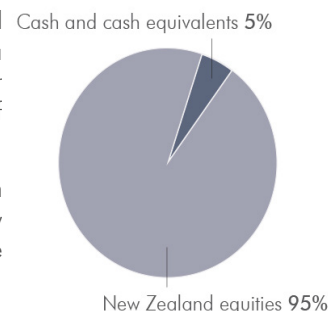
### CLARITY NEW ZEALAND EQUITY FUND

Like our Australasian funds, the NZ Equity Fund produced a solid return in November (+1.7%), but underperformed its benchmark, in a very strong month for the NZ share market. Top performers included Fonterra (+11%), and Skellerup, Napier Port and the Carbon Fund (all +7%). **Target investment mix<sup>1</sup>**

Napier Port reported full year results that showed a solid rebound from the Cyclone Gabrielle-affected year prior, although some port volumes, particularly pulp and paper, have yet to fully recover. From a valuation perspective, Napier Port is the poor cousin of Port of Tauranga, despite a positive outlook for earnings over the next few years and plenty of untapped port capacity after completion of the new wharf a couple of years ago.

The Carbon Fund is an NZX listed vehicle that offers exposure to New Zealand carbon credits. Carbon prices have been increasing recently following the government's decision to reduce the number of new units it will auction into the system in future, to increase scarcity and prices which will improve the effectiveness of the emissions trading scheme, our country's primary tool to drive decarbonisation.

Detractors from relative performance included not holding utility software company Gentrack (+40%) and an underweight position in Fisher & Paykel Healthcare (+6%). In each case we believe the shares are overvalued and not great investments, but in a quickly rising market these considerations can take a back seat to momentum. We are not the only ones that see valuation as stretched for these two companies – the two companies have the lowest average broker target price versus share price of any NZ company in the NZX 50, and Fisher & Paykel Healthcare is also the lowest of any large medical equipment company globally.



#### Performance

As at 30 November 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	1.7%	4.3%	15.3%	2.0%	N/A	5.0%
Benchmark Index**	3.4%	5.2%	16.2%	1.7%	N/A	4.4%

### CLARITY FIXED INCOME FUND

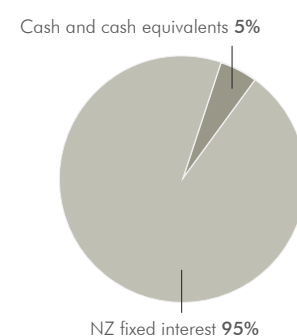
The Clarity Fixed Income Fund returned +0.4% in November – ahead of benchmark.

During the month the RBNZ reduced the OCR by 50bp to 4.25% which was line with economists' estimates - despite the market pricing a chance of a larger 75bp cut. The Monetary Policy Statement outlined that economic activity remains subdued, and inflation is sustainably within the target range. If economic conditions continue to evolve in line with its projections, the Bank expects to be able to lower the OCR further early next year. At the end of the month, the market was pricing in a 70% chance of a further 50bp cut in February 2025.

In November the Fund invested in the new issuances of 5-year fixed rate bonds from Fonterra and BNZ. Both slightly added to Fund duration while offering a yield pickup.

At month end, the portfolio yield was 4.8% and duration (average maturity) was 2.6 years.

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



#### Performance

As at 30 November 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%	1.2%	7.8%	3.1%	2.2%	3.7%
Benchmark Index**	0.3%	1.1%	7.5%	5.3%	3.4%	2.9%

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### CLARITY GLOBAL SHARES FUND

The Clarity Global Shares Fund delivered a strong return of +3.4% during the month, although underperformed its benchmark.

Global equities posted strong gains in November, driven by a resurgence in US markets where investor sentiment soared following the presidential election. The re-election of Donald Trump and Republican control of Congress alleviated some political uncertainty, with markets buoyed by expectations of tax cuts, deregulation, and further interest rate cuts by the Federal Reserve.

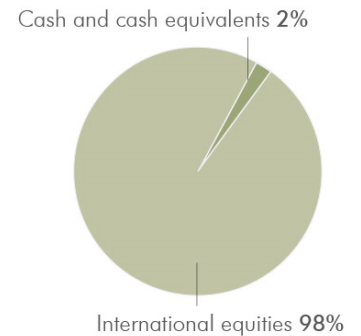
According to exit polling conducted by NBC News, the economy was the second most important issue for voters (after democracy) with 75% of voters noting “moderate to severe hardship” due to inflation, reflecting cumulative price increases since 2019. This contrasts with the underlying robust state of the US economy, growing at a solid 2.7% with an unemployment rate at 4.1% and Consumer Price Index inflation at a moderate 2.6% (in October) coupled with a declining interest rate outlook.

However, global uncertainties emerged as European, Chinese, and Japanese markets faced declines due to fears of higher US import tariffs, which could impact global exporters.

The US Financials sector rallied +13% during the month from expectations of regulatory rollbacks under President Trump’s administration, alongside optimism for increased M&A activity. Fund holdings JP Morgan (+13%) and Wells Fargo (+18%) were key contributors to the Fund’s performance.

On the other hand, Chinese equities lagged, pressured by trade concerns and weaker domestic sentiment. Notable detractors within the Fund included Anhui Conch Cement Company (-10%) and Hon Hai Precision Industry (-8%).

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



### Performance

As at 30 November 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	3.4%	6.7%	31.8%	13.8%	13.5%	12.3%
Benchmark Index**	4.2%	7.4%	29.7%	10.6%	12.3%	12.0%

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

The Clarity-Capital Group New Perspective Fund posted an excellent return of +3.9% in November.

Fund holding Tesla surged by +38% in November, reaching a market cap of US\$1.1 trillion, driven by investor confidence in CEO Elon Musk’s strategic positioning and anticipated regulatory tailwinds under President-elect Donald Trump. Musk’s close ties with the incoming administration, coupled with expectations of relaxed federal regulations on autonomous vehicles, bolstered optimism for Tesla’s ability to accelerate the rollout of self-driving technologies, including the highly anticipated Cybercab.

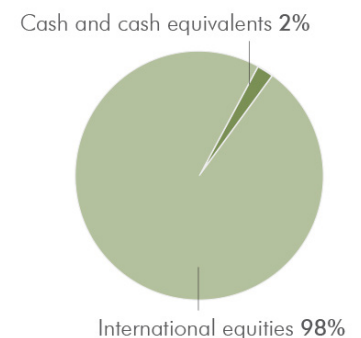
The recent rally underscores Tesla’s dual role as a disruptive innovator and a significant economic player. However, the company’s valuation reflects long-dated cash flow expectations that may not significantly impact near-term fundamentals. Notably, Tesla’s price-to-earnings multiple expanded from 75x to 120x during this period, indicating elevated market expectations and potential risks associated with such premium valuations.

Another key contributor to Fund performance was streaming giant Netflix (+17%). During the month, Netflix live streamed the highly anticipated ‘Paul vs. Tyson’ boxing match, with 65 million people watching the event concurrently. Netflix should be able to bid competitively for sports rights (e.g. NFL Football and MLB Baseball) and spread the fixed content cost over their ~283 million subscribers with global reach. This could unlock the next leg of growth through further market penetration in core markets plus more content to drive bundled packages and pricing growth.

With the expectation that ‘Trump tax cuts’ may stimulate consumer confidence and spending in the US, Netflix could see more robust growth in its domestic market, where competition is fierce, but streaming remains a staple in entertainment budgets.

A range of other US consumer exposed companies contributed positively to Fund returns with Shopify (+49%), Royal Caribbean Cruises (+18%), Amazon (+12%), Booking Holdings (+11%) and Costco (+11%).

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



### Performance

As at 30 November 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*	3.9%	5.7%	26.5%	5.8%	N/A	12.1%
Benchmark Index**	4.2%	7.4%	29.7%	10.7%	N/A	12.3%

<sup>1</sup> The current target investment mix is shown, but variations around these targets are likely from time to time.

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

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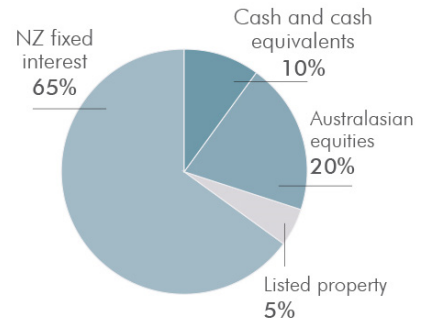
### CLARITY DIVERSIFIED INCOME FUND

The Diversified Income Fund returned +0.5% in November.

All assets held within the Fund provided positive returns during the month. The Clarity Dividend Yield Fund (+1.1%) had the best absolute performance while the Clarity Fixed Income Fund (+0.4%) had the best relative returns.

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 30 November 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	0.5%	1.6%	8.3%	3.3%	2.9%	4.0%
Benchmark Index**	0.6%	1.9%	7.7%	6.1%	4.5%	4.1%

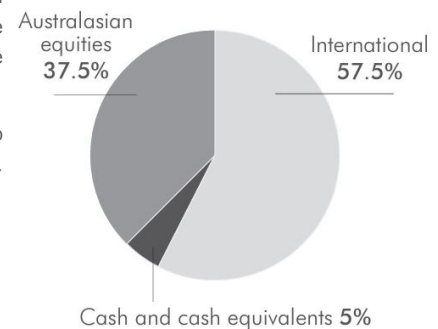
### CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund returned +3.0% in November.

Within the Fund we have a neutral position between global and Australasian equities. Both performed very well during the month, but global equities were better – driven by the US share market returning +6%. The TAHITO Te Tai o Rehua Fund (+4.3%) was the key driver of positive relative returns this month, with other funds lagging their respective benchmarks.

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 30 November 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	3.0%	5.1%	23.8%	8.5%	9.1%	8.8%
Benchmark Index**	3.9%	6.8%	25.8%	9.3%	10.0%	10.8%

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