

CLARITY TRANS-TASMAN VALUE FUND

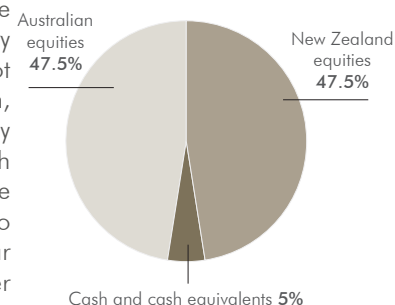
The New Zealand and Australian share markets were weak in October, with our blended market benchmark declining -3.9%. However, the Trans-Tasman Value Fund performed relatively well, with a smaller decline of -2.6%. This is not unusual for the Fund during periods of market weakness, and we believe reflects both our conservative investing approach and strong valuation discipline, where we try to invest as much of the Fund as possible in companies where an assumption of low interest rates is not required to justify their share price. A good example of this, and our best performer during the month, was Sky TV (+16%), which disclosed it had been approached by a potential acquirer. We only recently invested in the company and see good valuation upside, with the company back in growth mode and an improved competitive backdrop arguably yet to be reflected in the share price. We suggested to the Sky TV board that any takeover offer would need to be at a significant premium to the prevailing share price to receive our support. It sounds like other shareholders held a similar view, and early in November we learned that acquisition talks have been terminated due to the offer being too low. This may cause a short-term drop in the share price but we believe in the long-term will prove the correct decision for shareholders.

Our weakest performer during the month was Australian lithium producer IGO (-25%). The lithium sector holds great long-term potential and we view IGO as well positioned with a stake in a very high-quality long-life mine (Greenbushes). However the sector is still immature and big short-term mismatches between supply and demand growth mean commodity prices and share prices remain volatile.

Performance

As at 31 October 2023	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%	-7.5%	-2.8%	6.9%	3.8%	7.8%
Benchmark Index**	-3.9%	-8.8%	-2.0%	4.2%	6.4%	4.7%

Target investment mix¹

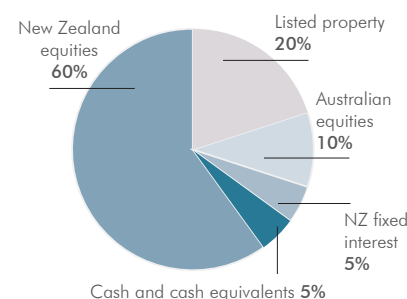


CLARITY DIVIDEND YIELD FUND

The Fund declined -2.7% in October, a smaller fall than the benchmark index (-4.0%). Rising interest rates kept share prices under pressure, with a higher dividend implicitly required relative to what you can get for putting your money in the bank. A strong vote for a change of government in New Zealand did not bring with it the anticipated bounce in the share market, although the finalisation of coalition talks and a better sense of the new government's top economic priorities may provide more confidence to the market in weeks to come.

Shares in listed property companies, which currently make up about 11% of the fund, were hit particularly hard last month, with rising interest rates impacting the relative attractiveness of their dividend payments and also feeding through to higher expected interest expenses, with debt typically between 30% and 40% of overall funding. Shares in most of these companies are trading well below book value at present, for example Precinct Properties' net tangible assets per share sits at \$1.38, 24% above the month end share price of \$1.11. This suggests there is nominal value on offer. However we view the share price as a leading indicator for where property valuations are going, and unfortunately we expect valuations are more likely to decline to meet share prices, rather than the other way around. For a dividend focussed fund, real estate companies are a core investment, but we continue to hold an 'underweight' position in the sector, relative to our benchmark.

Target investment mix¹



Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	-2.7%	-7.0%	-2.6%	3.7%	4.7%	8.9%
Benchmark Index**	-4.0%	-8.4%	-2.2%	4.1%	5.3%	5.4%

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

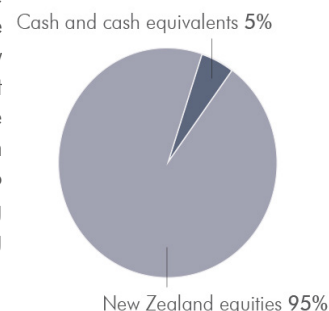
* These returns are after deductions for fees and before tax.

** 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 Fund returned -3.1% during the month, a better outcome than the NZX50 which fell -4.8%. The market was dragged down by heavyweights including Auckland Airport (-7%), Fisher & Paykel Healthcare (-4%), Mainfreight (-12%) and Meridian Energy (-6%). Although the Fund is managed on a 'market aware' basis and has holdings in all these companies, in aggregate we have less exposure than the benchmark and this contributed to the Fund's outperformance last month. Generally we observe the valuation of the top-tier companies listed on the NZX is higher than smaller companies. This is partly justified by differences in quality and liquidity, but we think it has likely been exacerbated over recent years by a growing passive investment and KiwiSaver influence in our market, which tends to favour the larger blue-chip companies. However, with markets falling and rising interest rates putting a spotlight on valuations, these companies' share prices have come under pressure. Offsetting our under exposure to these expensive companies are investments in smaller companies that trade on much less demanding valuations. Several of these companies outperformed during the market sell off in October, including Tower Insurance (+3%) and Sky TV (+16%) and Kathmandu (-1%).

Target investment mix¹



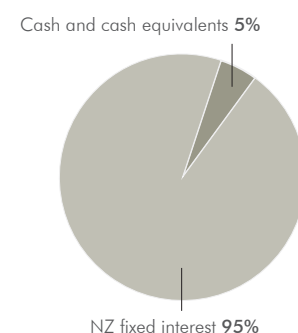
Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-3.1%	-8.3%	-3.1%	-1.6%	N/A	1.6%
Benchmark Index**	-4.8%	-10.4%	-4.3%	-3.1%	N/A	0.4%

CLARITY FIXED INCOME FUND

Another bumpy ride for interest rates this month which overall ended higher. The Reserve Bank of New Zealand kept the Official Cash Rate (OCR) at 5.50%. Its decision reflected the need for continued restrictive monetary conditions to mitigate inflationary pressures, and balanced stronger than expected GDP growth in the June quarter with easing global demand impacting exports. Financial conditions are tightening, with increased lending rates and higher debt servicing costs, and the RBNZ acknowledged risks from domestic demand resilience and global economic slowdown. The Fund returned +0.2% with the strong running yield of its investments more than offsetting the headwind to bond prices from rising rates.

Target investment mix¹



During the month the Fund sold Spark and Port of Tauranga bonds and recycled this capital into bonds issued by major NZ corporates Kiwi Property Group and Auckland Airport at attractive rates.

The Fund changed its benchmark this month and as of 1 October will be measured against the Bloomberg NZ Bond Composite 0 – 5 Year Index. This index is designed to measure the shorter-maturity New Zealand debt market and is a composite of Treasury, Local Government, Supra/Sovereign and Credit indices and only includes bonds maturing in 0-5 years. There is no change in the Fund objective or portfolio management approach taken, but we believe this Index will provide a better yardstick for performance.

Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	0.2%	-0.1%	3.2%	-1.3%	1.4%	3.0%
Benchmark Index**	0.5%	1.4%	5.1%	2.3%	1.9%	2.2%

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>.

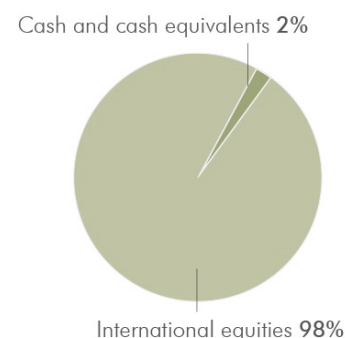
CLARITY GLOBAL SHARES FUND

The Clarity Global Shares Fund recorded a negative return in October inline with its benchmark and broader equity markets. The bond market saw continued weakness in October, leading to a notable steepening of the yield curve. The 2-year Treasury yield saw a slight increase in yields, while 10-year and 30-year yields rose more than 30 basis points. The rise in yields hurt stock sentiment. The market had to adapt to the idea of a Federal Reserve that would maintain higher interest rates for an extended period.

A notable performer for the month was Alphabet (-2%) which fell despite beating market expectations for their earnings in the third quarter. This was due to a miss in their 'Google cloud' segment exacerbated by Microsoft's Azure (competing cloud offering) showing stronger growth relative to market expectations. Microsoft (+11%) was the largest positive contributor for the month. Alphabet's decline highlights the growth currently priced into these tech names – especially when discounting these long-dated cash flows in a higher interest rate environment.

Boston based portfolio manager MFS continues to hold a cautious market outlook, they see risks to the economic and earnings outlook over the coming quarters.

Target investment mix¹



Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-1.3%	-4.0%	10.6%	13.3%	9.4%	9.1%
Benchmark Index**	-1.3%	-5.7%	10.1%	9.5%	8.8%	8.8%

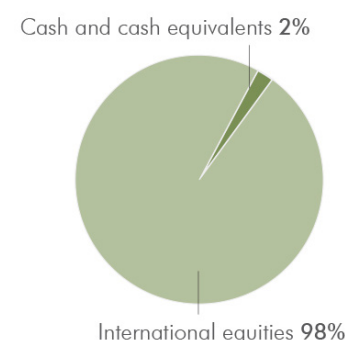
CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

The Clarity-Capital Group New Perspective Fund recorded a negative return in September in line with global share markets. Year-to-date we are pleased with the Fund's return of +12.8%, ahead of its benchmark.

The weight-loss drug rally continued as transcripts from third quarter earnings calls show mentions for GLP derived synonyms almost doubled from the same time last year. Novo Nordisk A/S (+8%) performed well, while Eli Lilly & Co. (+7%) entered the US top 10 by market cap. Both companies are held in the Fund.

Danish freight forwarder DSV (-20%) had a weak result as global freight volumes and pricing rolled off following a surge in pandemic spending and supply chain congestion unwinding. Like local freight forwarder Mainfreight, DSV is a quality company, has a strong balance sheet and a history of growing market share in cyclical downturns. Lower valuation multiples are beginning to create good entry opportunities for long term active managers.

Target investment mix¹



Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity - Capital Group New Perspective Fund*	-1.9%	-6.6%	10.5%	6.1%	N/A	7.5%
Benchmark Index**	-1.3%	-5.6%	10.0%	9.5%	N/A	7.2%

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.

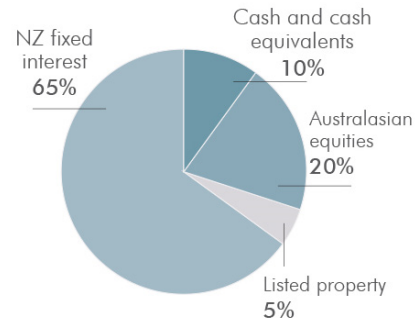
* These returns are after deductions for fees and before tax.

** 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 Fund declined -0.5% in October. The fixed income component - which constitutes the core of the portfolio – increased by 0.2% despite interest rates rising and we think we may be nearing the peak of this interest rate cycle. The equity income element of the portfolio declined -2.7% during the month, outperforming a weak New Zealand share market. During the month the underlying funds added exposure to Kiwi Property and Auckland International Airport bonds (in Clarity Fixed Income) and Skellerup shares (in Clarity Dividend Yield).

Target investment mix¹



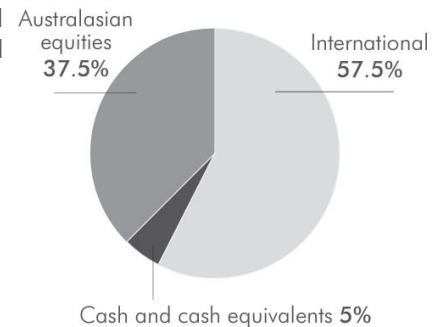
Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	-0.5%	-1.8%	1.6%	1.0%	2.8%	3.0%
Benchmark Index**	-0.6%	0.6%	5.3%	3.5%	3.2%	3.3%

CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund fell by -2.2% in October with weak international share markets and a rising New Zealand dollar the chief contributors to the decline. Strong relative performance from the underlying Clarity Trans-Tasman Value Fund and Global Shares Fund were enough to bring the Fund's return in slightly ahead of its market benchmark, and it is now 1.2% ahead of market year-to-date. The Fund offers diversified exposure to New Zealand, Australian and international share markets.

Target investment mix¹



Performance

As at 31 October 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-2.2%	-6.1%	5.8%	8.0%	6.1%	6.1%
Benchmark Index**	-2.3%	-6.9%	5.1%	7.4%	8.0%	8.1%

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 Statements 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.