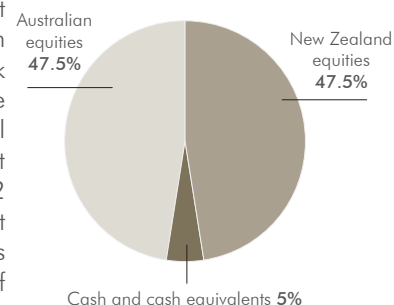


CLARITY TRANS-TASMAN VALUE FUND

Although the Fund declined -1.9% in September, it did outperform an even weaker market benchmark return of -3.0%. Best performer during the month was our recently initiated small position in dairy processing company Synlait (+10%). The troubled company reported a loss for the financial year, but investors took heart from a decline in debt, the refinancing of its banking facilities and an indication from management that profitability should improve next year. During the month key customer A2 Milk indicated a desire to move some volumes away from Synlait, but this will not impact Synlait for some time, and in the background there is also a suggestion that A2 Milk would actually like to take control of Synlait's key facility in Canterbury, if not the entire company. Synlait listed on the NZX in 2013 at a price of \$2.20, and climbed to a peak of \$11.19 in 2019 as it rode the wave of demand for A2 infant formula. Since then, declining demand for imported infant formula in China, management missteps in developing a new processing facility in Waikato, rising debt levels and operational issues have seen earnings and the share price decline to a point where we believed they offer a margin of safety. Synlait's net tangible asset value per share is \$2.88, twice the current share price of \$1.43. These assets are primarily land, buildings and dairy equipment, and management believe their current replacement value would be materially higher. We think it is a fair assumption that the assets eventually revert to earning a reasonable return on capital, and in that case the shares are an attractive purchase for a patient value investor, although prudent position sizing is important given the potential for further volatility in the shares.

Target investment mix¹



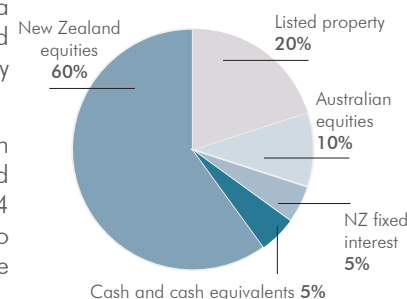
Performance

As at 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Value Fund*	-1.9%	-2.7%	1.9%	8.5%	2.6%	8.0%
Benchmark Index**	-3.0%	-3.2%	4.2%	6.2%	5.8%	5.0%

CLARITY DIVIDEND YIELD FUND

Dividend yielding shares proved more defensive than the broader market in September, with the Fund returning a relatively stable -0.3% during a weak month. Best performer was the Fonterra Shareholders' Fund which returned 7% after declaring a record full year result and jumbo dividend during the month. After a tough time over the last few years, New Zealand's biggest business by revenues is currently in a much better place with debt under control and management more focused on the core New Zealand operations following the divestment of various international assets. Another strong dividend is likely next year to support farmers struggling with low farmgate milk prices.

Target investment mix¹



While we're on the topic of dairy companies, as noted above we have recently purchased shares in Synlait for other Funds, but the lack of a dividend makes the shares unsuitable for the Dividend Yield Fund. However, this Fund may also invest in bonds, and we have instead purchased Synlait 2024 bonds at a 'distressed' yield of 17.5%. Although Synlait has a large amount of debt outstanding it also has strong asset backing and with a plan in place to sell non-core assets and improve earnings, we see the bonds as offering an attractive mix of risk and return.

During the month a number of the Fund's Australian holdings came under pressure from sustained rises in interest rates, including defensive companies like Amcor (-4%), Telstra (-4%) and Dexu Convenience REIT (-7%). Rising interest rates make bond investments relatively more attractive than these defensive yield type shares.

Performance

As at 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	-0.3%	-2.1%	3.7%	5.6%	4.1%	9.3%
Benchmark Index**	-0.9%	-2.9%	5.2%	6.8%	4.8%	5.9%

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>.

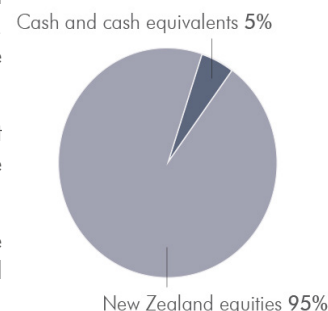
CLARITY NEW ZEALAND EQUITY FUND

The New Zealand share market remained depressed in September, declining -1.9% as interest rates continued to rise and possibly reflecting investor uncertainty ahead of New Zealand's general election. The New Zealand Equity Fund fared slightly better, primarily by avoiding some of the largest fallers on the market, including SkyCity which fell -15% on further regulatory concerns. Best performer in the Fund was manufacturing company Skellerup (+12%), which staged a decent rally after a weak month prior. Skellerup serves a diverse range of industries which should mitigate the effect of weakness in any one part of its customer base.

EBOS (-8%) and A2 Milk (-9%) were our weakest holdings during the month, with the loss of the Chemist Warehouse and weak Chinese infant formula demand continuing to weigh on the companies' respective share prices.

Whilst the NZX hasn't been a happy hunting ground of late, share price declines are starting to bring some high quality companies closer to 'BUY' territory in our opinion, for example Mainfreight and Auckland Airport, where we have been gradually reducing our 'underweight' positions recently.

Target investment mix¹



Performance

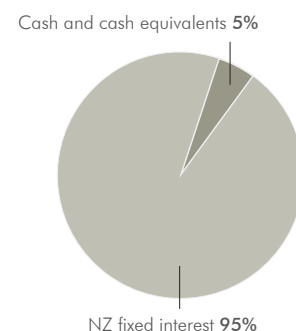
As at 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity New Zealand Equity Fund*	-1.3%	-3.2%	3.0%	0.5%	N/A	2.4%
Benchmark Index**	-1.9%	-4.8%	3.0%	-0.5%	N/A	1.7%

CLARITY FIXED INCOME FUND

The US Federal Reserve's 'higher-for-longer' message during the month triggered rising interest rates and a risk-off tone in markets. New Zealand was no exception following suit with the 5-year swap rate, a leading market indicator, surging 42 basis points over the month to reach a level of 5.19%. The last time it was this high was back in October 2010. This impacted the Fund's performance, leading to a 0.6% decline. Market pricing continues to indicate one further Official Cash Rate rise from the RBNZ by February 2024, beyond which it is widely expected that rates will remain on hold for most 2024.

During the month the Fund sold holdings in two Kauri bonds (foreign issuers that issue in New Zealand dollars), and reinvested the proceeds in the New Zealand Local Government Funding Agency 2030 bonds. This transaction was yield and liquidity enhancing and also increased portfolio duration, reflecting our expectation that the interest rate cycle is nearing its peak. Think of duration as a see-saw; when interest rates go up, a bond's price goes down, and vice versa. The longer the see-saw (bond duration), the more it tilts (price changes) with movement (interest rate changes). The Fund's current duration is 3.2 years with a running yield of approximately 6.1%.

Target investment mix¹



Performance

As at 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Fixed Income Fund*	-0.6%	-0.1%	2.5%	-1.3%	1.4%	3.0%
Benchmark Index**	0.5%	1.4%	4.9%	2.2%	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>.

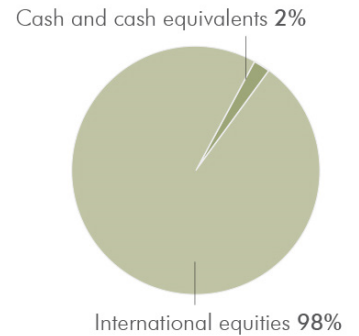
CLARITY GLOBAL SHARES FUND

Global equity markets sold off in September amid a continued rise in bond yields to multi-decade highs, a sharp increase in crude oil prices and a continued rally in the US dollar. The Clarity Global Shares Fund recorded a negative return in September but outperformed its benchmark and broader equity markets.

The largest contributors to returns in September came from the energy sector including Valero Energy (+9%) and Eni (+8%). Both rallied with investor sentiment on the back of rising global oil prices. West Texas Intermediate (“WTI”) crude broke through \$90/bbl for the first time in a year. While the Federal Reserve’s rate hikes have helped curb inflation, factors like oil supply dynamics are outside of their control. Rising oil prices put the Fed’s attempts to engineer a soft landing for the economy in jeopardy. This puts upwards pressure on rates, and downward pressure on high multiple growth companies. The “Magnificent Seven” large cap tech companies gave back some returns after driving share market performance year-to-date. Nvidia (-12%), Apple (-9%) and Amazon (-8%) were notable detractors from performance during September.

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 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-3.7%	-0.8%	18.4%	13.0%	8.3%	9.4%
Benchmark Index**	-4.2%	-1.9%	16.6%	9.1%	7.6%	9.1%

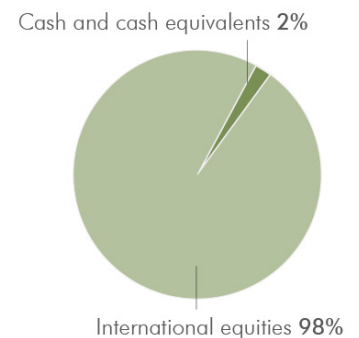
CLARITY - CAPITAL GROUP NEW PERSPECTIVE FUND²

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 +15%, ahead of its benchmark.

Fund holding Adevinta, a Norwegian internet classifieds company, rose +40% after receiving a takeover offer from a consortium lead by private equity firms Permira and Blackstone. Cenovus Energy Inc. (+6%) and Total Energies (+8%) rallied off the back of rising oil and natural gas prices during the month. Concerns around growth in China were detrimental to the performance of luxury brand companies. LVMH (-8%) was a notable detractor in September but has still gained 32% from its October 2022 lows.

The US dollar continued to rally throughout September as the Federal Reserve held rates steady but stiffened its hawkish stance with a further rate increase projected by the end of the year. This can have a range of impacts to Fund returns. US based companies earn relatively less in US dollar terms, but unhedged Fund returns are relatively higher once converted back into NZ dollars. The Fund was ~51% hedged in September.

Target investment mix¹



Performance

As at 30 September 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*	-4.6%	-2.8%	15.3%	5.8%	N/A	8.2%
Benchmark Index**	-4.2%	-1.9%	16.6%	9.1%	N/A	7.7%

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.

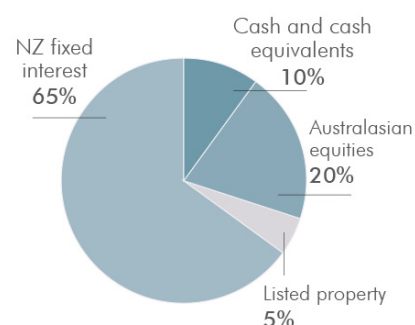
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CLARITY DIVERSIFIED INCOME FUND

The Fund declined -0.4% in September. The fixed income component, which constitutes the core of the portfolio, declined -0.6% as interest rates rose, although we think we may be nearing the peak of this interest rate cycle. The equity income element of the portfolio was roughly stable during the month, reflecting outperformance by dividend yielding shares relative to a weak broader market. During the month the underlying funds added exposure to NZ Local Government Funding Agency bonds (in Clarity Fixed Income) and Synlait bonds (in Clarity Dividend Yield).

Target investment mix¹



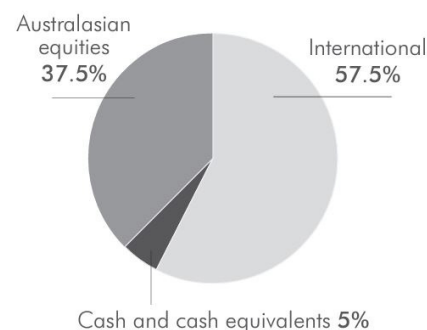
Performance

As at 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Income Fund*	-0.4%	-0.5%	2.5%	1.5%	2.6%	3.2%
Benchmark Index**	0.6%	1.8%	6.5%	3.7%	3.4%	3.5%

CLARITY DIVERSIFIED GROWTH FUND

The Diversified Growth Fund fell by -3.5% in September 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% 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 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Diversified Growth Fund*	-3.5%	-2.2%	11.4%	8.8%	5.0%	6.5%
Benchmark Index**	-3.7%	-2.4%	11.5%	8.1%	7.0%	8.6%

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

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