Clarity
Funds Management

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES FOR THE CLARITY FUNDS

14 OCTOBER 2026

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1. DESCRIPTION OF THE MANAGED INVESTMENT SCHEME

Clarity Funds Management Limited (referred to as **Clarity,** the **Manager, us, our** or **we**) is the licensed manager of the Clarity Funds Scheme (**Scheme**), a managed investment scheme. This statement of investment policy and objectives (**SIPO**) sets out the philosophy, strategies, objectives and management frameworks for the following funds in the Scheme (**Clarity Funds** or **Funds**):

- Clarity **Fixed Income Fund**
- Clarity **Trans-Tasman Value Fund**
- Clarity **Dividend Yield Fund**
- Clarity **New Zealand Equity Fund**
- Clarity **Global Shares Fund**
- Clarity **Capital Group New Perspective Fund**[1]
- Clarity **Diversified Income Fund**
- Clarity **Diversified Growth Fund**
- **Multi-Manager Global Shares (Hedged) Fund**
- **Multi-Manager Global Shares (Unhedged) Fund**

The TAHITO Ethical Sustainable Fund and Enhanced Cash PIE each have standalone SIPO's.

As a managed investment scheme, your money will be pooled with other investors' money and invested in various investments as described in this document. The Fund is divided into units and you invest by buying units. The value of units fluctuates according to the changing value of the assets in which the Fund has invested.

Each of the Funds is a Portfolio Investment Entity (**PIE**).

Clarity, founded in 2007, is a funds management company committed to helping our clients achieve their investment objectives. Clarity's parent company is Investment Services Group Limited (**ISG**), which in turn is majority owned by Shaw and Partners Financial Services Limited (Australia). ISG provides administration and operational functions on an outsource basis to its subsidiaries, including Clarity. ISG is also the parent company of TAHITO Limited and Devon Funds Management Limited.

The supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (the **Supervisor**).

This SIPO replaces the one dated 2 April 2026. We may amend the investment policy and objectives for the Scheme from time to time, in consultation with the Supervisor. We will notify you of any significant changes to the SIPO and when they will take effect. The current version is available on the scheme's register at **www.disclose-register.companiesoffice.govt.nz** or at **www.clarityfunds.co.nz**.

2. INVESTMENT PHILOSOPHY

Clarity's aim is to provide high quality, straightforward and flexible investment options - uncomplicated funds our clients can understand and trust.

Our funds are a combination of funds that are actively managed by our own experienced portfolio managers and funds who obtain exposure to the disclosed market(s) by investing in externally managed underlying funds.

Clarity's investment approach is based on the following principles:

- We endeavour to take a long term view.
- We are not speculators. We actively seek quality investments where we believe the underlying value is equal to or exceeds the current price.
- We err on the conservative side of investing.
- We take a disciplined approach to risk management.
- We strongly believe in the importance of diversification.
- We seek to invest your capital responsibly, conscious of environmental, social and governance issues in the companies we invest in.
- We may utilise specialist external investment managers where they provide capabilities, expertise and market access not available within Clarity.
- We select external managers that align with the Fund's investment objectives and investment philosophy and that demonstrate robust investment, risk management and governance practices.

1. Capital Group and Capital Group New Perspective are trademarks of The Capital Group Companies, Inc.

3. INVESTMENT STRATEGY AND OBJECTIVES

The investment strategy and objectives for each of the Clarity Funds are set out below including target asset allocation and ranges.

Clarity Fixed Income Fund

Objective: Aims to provide income in excess of bank deposits and capital stability over the medium term (three (3) years or longer) by investing mainly in New Zealand fixed interest securities. We intend for the Fund to make quarterly income distributions.

Strategy: The Fund will primarily invest in a well-diversified portfolio of New Zealand fixed interest securities but may also invest in international fixed interest securities and exchange traded funds.

Benchmark: Bloomberg New Zealand Bond Composite 0-5 Year Index.

The objective of the Fund is to exceed the return from bank term deposits. As a result of this objective, the interest rate duration of the portfolio may be shorter than a traditional fixed income bond portfolio.

Holdings: The Fund will primarily be comprised of New Zealand corporate bonds, bank securities, local authority stock and cash investments (call deposits and term deposits); however, other forms of fixed interest securities (including hybrid securities) may also be included. Some investments may be made through subordinated instruments and in international fixed interest securities. The portfolio will be predominantly invested in investment grade rated securities.

Suitability: This Fund may be suitable for investors who are looking for a low risk investment and want to achieve returns over time that are slightly higher than a bank deposit.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within these ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits and currency hedging	5	0 - 40
NEW ZEALAND FIXED INTEREST Including NZ Government, local authority, corporate and non-government securities	95	60 - 95
INTERNATIONAL FIXED INTEREST International bonds including government, local authority, corporate and non-government securities rated investment grade	0	0 - 20
OTHER ASSETS Via exchange traded fund(s) (ETF). An ETF is a basket of securities that trade on a stock exchange	0	0 - 10
	100	

We may also participate in underwriting and sub-underwriting contracts for issues of permitted fixed interest securities.

Capital volatility will be managed through a diversified portfolio of holdings (generally each holding will be less than 5% of the total portfolio) with particular attention given to interest rate risk, maturity risk, credit risk, and industry sector risk. In addition, the structure of the particular fixed interest securities will be considered.

Maturity risk will be addressed by managing a "laddered" portfolio to ensure that there are regular maturities and lowered maturity concentration risk. Maturity risk will be monitored primarily by reference to the duration and maturity characteristics of the underlying benchmark index. The Fund may use hedging instruments to manage interest rate risk. These could be an asset or liability for the Fund depending on the type of instrument selected such as interest rate swaps.

A primary consideration for managing **credit risk** will be external ratings (e.g. S&P and Moody's), with internal guidelines used to manage and monitor portfolio exposure to different credit grades. The portfolio will be predominantly invested in investment grade rated securities, however the Fund will, on a case by case basis, have the ability to consider non-rated, or non-investment grade securities.

Non-rated or non-investment grade securities are those rated BBB- and below "Investment grade" is generally considered to be 'BBB' rating or better (S&P). The Manager will attempt to restrict exposure to the lower end of the investment grade spectrum.

Industry sector risk considerations will be managed with internal guidelines, supported by internal and external research.

Hedging: Any foreign currency exposure arising from international fixed interest securities will be fully hedged to the New Zealand dollar to reduce the impact of currency fluctuations. Please refer to the Currency Management section of this SIPO for more details.

Distribution: We intend to make quarterly distributions from the Fund broadly in line with the income generated by the investment portfolio. All distribution amounts are at our discretion. Investors have the option to reinvest the distributions into additional units or to have these direct credited into their nominated bank account.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity Trans-Tasman Value Fund

Objective: To provide actively managed exposure to New Zealand and Australian equities. The Fund aims to generate a better return than the benchmark over the medium to long term (five (5) years or longer). We intend for the Fund to make quarterly income distributions.

Strategy: The Fund employs a value investing strategy, typically favouring companies which offer higher earnings yields.

Benchmark: 50% S&P/NZX 50 Portfolio Index Gross with Imputation and 50% S&P/ASX 200 Accumulation Index in NZ dollars.

Holdings: The Fund will primarily invest in the shares of a selection of New Zealand and Australian companies. The Fund is actively managed, which means its holdings may differ considerably from the relevant benchmark index.

Suitability: The Fund may be suitable for investors who want a diversified investment with exposure across Australasian equities, who are comfortable with a higher risk in the short term for improved longer term returns.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits	5	0 - 40
NEW ZEALAND EQUITIES Any company listed on the New Zealand Stock Exchange (NZX)	47.5	20 - 70
AUSTRALIAN EQUITIES Any company listed on the Australian Stock Exchange (ASX)	47.5	20 - 70
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	0	0 - 5
OTHER ASSETS Via exchange traded fund(s) (ETF) An ETF is a basket of securities that trade on a stock exchange	0	0 - 10
	100	

The Fund can invest in any of the asset classes and security types listed above either directly or via investment in other funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity securities.

There are a number of general restrictions that apply to the stated objectives:

- Investments should be capable of conversion into cash without delay and without significantly affecting the price.
- No borrowing is permitted.
- No more than 10% of the Fund can be held in any single security.

Hedging: Typically we do not intend to hedge the foreign currency exposure however, there may be circumstances under which we elect to use foreign exchange contracts to reduce the level of exposure to foreign currencies.

Distribution: We intend to make quarterly distributions from the Fund broadly in line with the income generated by the investment portfolio. All distribution amounts are at our discretion. Investors will have the option to reinvest their distributions into additional units or to have these direct credited into their nominated bank account.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity Dividend Yield Fund

Objective: To provide actively managed exposure to dividend paying New Zealand and Australian equities. The Fund aims to generate higher dividend income than the benchmark over the medium to long term (five (5) years or longer). We intend for the Fund to make quarterly income distributions.

Strategy: The Fund will generate income from a diversified portfolio of companies that we consider provide an attractive and sustainable dividend yield.

Benchmark: 75% S&P/NZX 50 High Dividend Index Gross with Imputation and 25% S&P/ASX 200 Accumulation Index.

Holdings: The Fund will primarily invest in the shares of a selection of New Zealand and Australian companies. The Fund may also invest in cash or equivalent investments and other fixed interest securities, depending on market conditions. The Fund is actively managed, which means its holdings may differ considerably from the relevant benchmark index.

Suitability: The Fund may be suitable for investors seeking the regular distribution of income from their diversified investment with exposure across Australasian equities, who are comfortable with medium to high risk in the short term.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits and currency hedging	5	0 - 30
NEW ZEALAND EQUITIES Any company listed on the New Zealand Stock Exchange (NZX)	72.5	0 - 80
AUSTRALIAN EQUITIES Any company listed on the Australian Stock Exchange (ASX)	22.5	0 - 50
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	0	0 - 5
NEW ZEALAND FIXED INTEREST Including NZ Government, local authority, corporate and non-government securities	0	0 - 10
INTERNATIONAL FIXED INTEREST International bonds including government, local authority, corporate and non-government securities rated investment grade	0	0 - 10
OTHER ASSETS Via exchange traded fund(s) (ETF) An ETF is a basket of securities that trade on a stock exchange	0	0 - 10
	100	

The Fund can invest in any of the asset classes and security types listed above either directly or via investment in other funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity and fixed interest securities.

There are a number of general restrictions that apply to the stated objectives:

- Investments should be capable of conversion into cash without delay and without significantly affecting the price.
- No borrowing is permitted.
- No more than 10% of the Fund in any single equity or bond holding.

Hedging: The Australian dollar exposure arising from Australian equities will generally be fully hedged to the New Zealand dollar to mitigate the impact of currency fluctuations. Please refer to the Currency Management section in this SIPO for further details.

Distribution: We intend to make quarterly distributions from the Fund broadly in line with the income generated by the investment portfolio. All distribution amounts are at our discretion. Investors will have the option to reinvest their distributions into additional units or to have these direct credited into their nominated bank account.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity New Zealand Equity Fund

Objective: To provide actively managed exposure to New Zealand equities. The Fund aims to generate a better return than the benchmark over the medium to long term (five (5) years or longer). We intend for the Fund to make quarterly income distributions.

Strategy: The Fund will invest in a diversified portfolio of primarily New Zealand equities.

Benchmark: S&P/NZX 50 Index Gross with Imputation.

Holdings: The Fund will primarily invest in the shares of a selection of New Zealand companies. The Fund is actively managed, which means its holdings may differ considerably from the relevant benchmark index.

Suitability: The Fund may be suitable for investors who want a diversified investment with exposure across New Zealand equities, who are comfortable with a higher risk in the short term for improved longer term returns.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits	5	0 - 10
NEW ZEALAND EQUITIES Any company listed on the New Zealand Stock Exchange (NZX)	95	80 - 100
	100	

The Fund can invest in any of the asset classes and security types listed above either directly or via investment in other funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity securities.

There are a number of general restrictions that apply to the stated objectives:

- Investments should be capable of conversion into cash without delay and without significantly affecting the price.
- No borrowing is permitted.
- No security will be held at more than 7% above its weight in the benchmark.

Distribution: We intend to make quarterly distributions from the Fund broadly in line with the income generated by the investment portfolio. All distribution amounts are at our discretion. Investors will have the option to reinvest their distributions into additional units or to have these direct credited into their nominated bank account.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity Global Shares Fund

Objective: To provide actively managed exposure to international equities and aims to generate a better return than the benchmark over the medium to long term (five (5) years or longer).

Strategy: We use global investment manager MFS Investment Management (**MFS**) for this Fund. MFS use a mix of fundamental and quantitative analysis to select companies.

Benchmark: MSCI All Country World Index (net dividends reinvested) in New Zealand dollars with 50% hedged to the New Zealand dollar.

About MFS: Established in 1924, MFS is an active, global asset manager with investment offices in Boston, Hong Kong, London, Mexico City, São Paulo, Singapore, Sydney, Tokyo and Toronto. Our investment mandate combines MFS' fundamental and quantitative research, focusing on high quality, large-cap global companies selling at reasonable valuations.

Holdings: The Fund invests in a portfolio of well-diversified global securities listed on sharemarkets around the world. These assets may include listed equities and exchange traded funds, as well as currency positions and cash. Securities of companies which are traded or due to be listed on international stock exchanges may be considered for inclusion in the Fund. As the Fund is actively managed, the holdings may differ considerably from the relevant benchmark index. The Fund's custodian holds the assets directly.

Suitability: This Fund may be suitable for those investors who are comfortable with a higher risk in the short term for improved longer term returns.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. The Fund will be managed within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits and currency hedging	2	0 - 5
NEW ZEALAND EQUITIES Any company listed on the New Zealand Stock Exchange (NZX)	0	0 - 10
AUSTRALIAN EQUITIES Any company listed on the Australian Stock Exchange (ASX)	0	0 - 10
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	98	80 - 100
OTHER ASSETS Via exchange traded fund(s) (ETF) An ETF is a basket of securities that trade on a stock exchange	0	0 - 5
	100	

The Fund is typically fully invested in equity securities, either directly or via investment in other funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity securities.

There are a number of general restrictions that apply to the stated objectives:

- No more than 7% of the fund can be held in any single security.
- No borrowing or short selling is permitted
- We seek to exclude companies that are directly involved in the following activities:
  - the manufacture of cluster munitions;
  - the manufacture of anti-personnel mines;
  - the processing of whale meat; and
  - the manufacture or testing of nuclear explosive devices;
  - the manufacture of tobacco;
  - recreational cannabis.

Hedging: The foreign currency exposure arising from overseas equities will be partially hedged to the New Zealand dollar to reduce the impact of currency fluctuations. Please refer to the Currency Management section of this SIPO for further information.

Distribution: We do not make any cash distributions from the Fund.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity - Capital Group New Perspective Fund

Objective: Aims to achieve long term growth of capital (five (5) years or longer) by investing in shares of companies located around the world.

Strategy: We use Capital Group as the global investment manager for this Fund. Capital Group conduct proprietary company research and favour companies expected to benefit from structural trends in the global economy.

Benchmark: MSCI All Country World Index (net dividends reinvested) in New Zealand dollars, 50% hedged to the New Zealand dollar.

About Capital Group: Capital Group is one of the largest and most experienced investment management firms in the world. Since 1931 Capital Group has been focused on delivering superior, consistent results for long term investors using high-conviction portfolios, rigorous research and individual accountability. We have engaged Capital Group through its affiliate Capital International Management Sarl, which is the management company responsible for the operation of the Capital Group New Perspective Fund (LUX).

Holdings: The Fund provides access to an actively managed portfolio of international listed equities, including emerging markets, through its investment in the Capital Group New Perspective Fund (LUX), a Luxembourg based open-ended collective investment scheme (SICAV), and cash. The Capital Group New Perspective Fund (LUX) invests in a portfolio of well-diversified global securities listed on share markets around the world. As the investment is actively managed, the holdings may differ considerably from the relevant benchmark index.

Suitability: This Fund may be suitable for those investors who are comfortable with a higher risk in the short term for improved longer term returns (five (5) years or longer).

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. The Fund will be managed within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits and currency hedging	2	0 - 5
NEW ZEALAND EQUITIES Any company listed on the New Zealand Stock Exchange (NZX)	0	0 - 10
AUSTRALIAN EQUITIES Any company listed on the Australian Stock Exchange (ASX)	0	0 - 10
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	98	80 - 100
INTERNATIONAL FIXED INTEREST International bonds including government, local authority, corporate and non-government securities rated investment grade	0	0 - 15
OTHER ASSETS Via exchange traded fund(s) (ETF) An ETF is a basket of securities that trade on a stock exchange	0	0 - 5
	100	

Where the Fund invests in an external fund the amount invested in the external fund will be allocated to the principal asset sector in which the external fund invests for the purposes of calculating the asset allocation proportions above.

The Fund is typically fully invested in equity securities, via investment in the Capital Group New Perspective Fund (LUX). We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity securities.

There is one restriction that applies to the stated objectives:

- No borrowing or margin purchases are permitted.

Hedging: The foreign currency exposure arising from overseas equities will be partially hedged to the New Zealand dollar to reduce the impact of currency fluctuations. Please refer to the Currency Management section of this SIPO for further information.

Distribution: We do not make any cash distributions from the Fund.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity Diversified Income Fund

Objective: Aims to provide income in excess of the benchmark over the medium term (four (4) years or longer) by investing in fixed income securities and dividend paying New Zealand and Australian equities. We intend for the Fund to make quarterly income distributions.

Strategy: The Fund will primarily invest in managed funds (including other Clarity funds) to achieve a well-diversified portfolio of New Zealand fixed interest securities and New Zealand and Australian equities.

Benchmark: 75% Bloomberg New Zealand Bond Composite 0-5 Year Index and 25% S&P/NZX 50 High Dividend Index Gross with Imputation.

Holdings: The Fund is actively managed, which means the holdings may differ considerably from the relevant benchmark index.

Suitability: This Fund may be suitable for those investors who are willing to accept a higher risk than bonds and cash deposits and who desire income from their investment.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short term securities and deposits and currency hedging	5	0 - 45
NEW ZEALAND FIXED INTEREST Including NZ Government, local authority, corporate and non-government securities	70	0 - 90
INTERNATIONAL FIXED INTEREST International bonds including government, local authority, corporate and non-government securities rated investment grade	0	0 - 20
AUSTRALASIAN EQUITIES Any company listed on the New Zealand or Australian Stock Exchange (NZX or ASX)	25	0 - 50
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	0	0 - 20
OTHER ASSETS Via exchange traded fund(s) (ETF) An ETF is a basket of securities that trade on a stock exchange	0	0 - 20
	100	

The Fund can invest in any of the asset classes and security types listed above either directly or via investment in other managed funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity and fixed interest securities.

There are a number of general restrictions that apply to the stated objectives:

- No more than 10% of the Fund in any single underlying equity or bond holding.
- No borrowing or short selling is permitted.

Hedging: The foreign currency exposure arising from overseas equities will be partially hedged to the New Zealand dollar to reduce the impact of currency fluctuations. Please refer to the Currency Management section of this SIPO for further details.

Distribution: We intend to make quarterly distributions from the Fund broadly in line with the income generated by the investment portfolio. All distribution amounts are at our discretion. Investors will have the option to reinvest their distributions into additional units or to have these direct credited into their nominated bank account.

3. INVESTMENT STRATEGY AND OBJECTIVES

Clarity Diversified Growth Fund

Objective: To provide actively managed exposure to New Zealand, Australian and international equities, and aims to generate a better return than the benchmark over the medium to long term (five (5) years or longer).

Strategy: The Fund will primarily invest in managed funds (including other Clarity funds) to achieve a well-diversified portfolio of equities. It may also invest in other assets on listed share markets.

Benchmark: 20% S&P/NZX 50 Portfolio Index Gross with Imputation, 20% S&P/ASX 200 Accumulation Index in New Zealand dollars, and 60% MSCI All Country World Index (net dividends reinvested) in New Zealand dollars with 50% hedged to the New Zealand dollar.

Holdings: The Fund is actively managed, which means the holdings may differ considerably from the relevant benchmark index.

Suitability: This Fund may be suitable for those investors who are comfortable with a higher risk in the short term but want a diversified exposure to shares.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short-term securities and deposits and currency hedging	5	0 - 25
AUSTRALASIAN EQUITIES Any company listed on the New Zealand or Australian Stock Exchange (NZX or ASX)	37.5	0 - 70
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	57.5	0 - 70
OTHER ASSETS Via exchange traded fund(s) (ETF) An ETF is a basket of securities that trade on a stock exchange	0	0 - 10
	100	

The Fund can invest in any of the asset classes and security types listed above either directly or via investment in other managed funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity securities.

There are a number of general restrictions that apply to the stated objectives:

- No more than 10% of the Fund can be held in any single security.
- No borrowing or short-selling is permitted.

Hedging: The foreign currency exposure arising from overseas equities will be partially hedged to the New Zealand dollar to reduce the impact of currency fluctuations. Please refer to the Currency Management section of this SIPO for further information.

Distribution: We do not make any cash distributions from the Fund.

3. INVESTMENT STRATEGY AND OBJECTIVES

Multi-Manager Global Shares (Hedged) Fund

Objective: To provide actively managed exposure to international equities and aim to outperform the benchmark over the medium to long term (five (5) years or longer).

Strategy: The Fund primarily invests in the Mercer Hedged Overseas Shares Portfolio. The underlying portfolio utilises a multi-manager approach and currently obtains exposure to global equities through specialist investment managers. The underlying strategy utilises quantitative, risk-controlled investment approaches and is intended to help manage benchmark-relative risk and provide a more consistent return profile across different market environments

Benchmark: MSCI World Index with net dividends reinvested (100% hedged to NZD).

Holdings: The Fund invests into an underlying fund providing access to international equities either directly or via managed funds and may also hold cash and cash equivalents. As the underlying fund is actively managed, holdings may differ considerably from the benchmark index.

Suitability: This Fund may be suitable for investors seeking a core international equity holding who are comfortable with a high level of investment risk and who have a long-term investment horizon.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short term securities and deposits and currency hedging	2	0 - 10
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	98	90 - 100
	100	

The Fund will primarily obtain exposure to international equities through investment in the Mercer Hedged Overseas Shares Portfolio.

Hedging: Foreign currency exposure arising from international equities will generally be fully hedged to the New Zealand dollar. Please refer to the Currency Management section of this SIPO for further information.

Distribution: We do not make any cash distributions from the Fund.

3. INVESTMENT STRATEGY AND OBJECTIVES

Multi-Manager Global Shares (Unhedged) Fund

Objective: To provide actively managed exposure to international equities and aim to outperform the benchmark over the medium to long term (five (5) years or longer).

Strategy: The Fund primarily invests in the Mercer Overseas Shares Portfolio. The underlying portfolio utilises a multi-manager approach and currently obtains exposure to global equities through specialist investment managers. The underlying strategy utilises quantitative, risk-controlled investment approaches and is intended to help manage benchmark-relative risk and provide a more consistent return profile across different market environments

Benchmark: MSCI World Index with net dividends reinvested in NZD.

Holdings: The Fund invests into an underlying fund providing access to international equities either directly or via managed funds and may also hold cash and cash equivalents. As the underlying fund is actively managed, holdings may differ considerably from the benchmark index.

Suitability: This Fund may be suitable for investors seeking a core international equity holding who are comfortable with a high level of investment risk and who have a long-term investment horizon.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. Clarity will manage the Fund within the given ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH AND CASH EQUIVALENTS Including short term securities and deposits and currency hedging	2	0 - 10
INTERNATIONAL EQUITIES Any company listed on any other recognised Stock Exchange	98	90 - 100
	100	

The Fund will primarily obtain exposure to international equities through investment in the Mercer Overseas Shares Portfolio.

Hedging: Foreign currency exposure arising from international equities is unhedged.

Distribution: We do not make any cash distributions from the Fund.

4. INVESTMENT POLICIES AND PROCESSES

We set out below a summary of the key investment management policies and processes that are relevant to management of the Clarity Funds.

Active Management

All our funds are actively managed by experienced portfolio managers. Our in-house investment team directly manage Clarity's investments in New Zealand and Australia, with the exception of the TAHITO Ethical Sustainable Fund which is managed by TAHITO Limited. For international shares, we have appointed external investment managers with suitable resources and expertise to actively manage this asset class.

Responsible Investment

Clarity believes that environmental, social and governance (**ESG**) factors can affect the long-term performance and risk characteristics of investments. As a responsible investor and as part of its fiduciary duties, Clarity has implemented a Responsible Investment Policy that outlines how responsible investment considerations are incorporated into investment selection, monitoring and oversight activities. Additional responsible investment criteria apply to the specific funds identified below.

Clarity Global Shares Fund

For the Clarity Global Shares Fund, Clarity has instructed MFS to exclude companies directly involved in the activities detailed on page 8 of this SIPO.

The list of excluded companies follows Clarity's responsible investment framework and may change from time to time. MFS monitors compliance with these exclusions and will update the portfolio as soon as practicable if changes are required.

Multi-Manager Global Shares Funds

The Multi-Manager Global Shares Funds that invest into Mercer's Overseas Shares Portfolios (**Underlying Mercer Funds**) incorporate ESG considerations into investment research, manager selection, portfolio construction and ongoing monitoring processes.

Mercer and its appointed investment managers may also undertake stewardship activities, including engagement with investee companies and the exercise of proxy voting rights. The Underlying Mercer Funds apply responsible investment exclusions determined by Mercer from time to time. These currently include issuers with material involvement in:

- controversial weapons;
- tobacco manufacturing; and
- thermal coal extraction,

together with any other exclusions adopted under Mercer's responsible investment framework. Further information on these exclusions and the application of Mercer's Sustainability Policy, see **Sustainable Investment Policy | Mercer**.

Clarity monitors Mercer's responsible investment approach and will review the Fund's disclosures where a material change to the underlying responsible investment framework may affect the Fund's investment strategy or disclosures. For more information, see our website www.clarityfunds.co.nz/about-us/responsible-investing.

Investment Management Governance

The Clarity Investment Committee (**Investment Committee**) is the body responsible for formulating and implementing investment policies, strategic and tactical asset allocations, security selection, and overseeing the portfolio management of the Clarity Funds. It meets once a month, or more frequently if required.

The scope of the Investment Committee includes:

- Researching and analysing securities, markets and economic conditions.
- Strategic and tactical asset allocation reviews.
- Monitoring investment performance.
- Selecting and monitoring of external investment manager.
- Managing investment risk and compliance matters.
- Selecting and monitoring counterparties.

Some of these functions may be delegated to sub committees as the Investment Committee sees fit.

4. INVESTMENT POLICIES AND PROCESSES

Investment Strategy Review

The Investment Strategy is the responsibility of the Investment Committee and reviewed at least annually or when market conditions require it. The investment strategy framework is designed for the long term, consequently it is unlikely that changes will be made on a regular basis.

Where external managers have been engaged, they commit to adhering to the investment strategy set by the Investment Committee. We review the external managers ability to meet strategic objectives before we engage them and monitor their performance thereafter.

Tactical Asset Allocation and Rebalancing

We may make tactical investment decisions that take us away from our strategic asset allocation based on our assessment of market conditions and quantitative fund analysis.

Each Fund's holdings are reviewed at least monthly to ensure the individual security positions and asset allocations for each fund are aligned with the Investment Committee's (as defined below) current investment view.

External Investment Managers

Clarity may appoint external investment managers or it may invest into an external managers underlying fund.

As at the date of this SIPO we work with the following external managers:

- MFS Australia has been appointed as an investment manager for the Clarity Global Shares Fund.
- Devon Funds Management Limited (**Devon**)* has been appointed as an investment manager for the Clarity Trans-Tasman Value Fund, Clarity Dividend Yield Fund and the Clarity New Zealand Equity Fund.
- Capital Group manage the underlying fund of the Clarity Capital New Perspective Fund.
- Mercer (N.Z.) Limited manage the underlying funds of the Multi-Manager Global Shares Funds.

When selecting an external manager, we take the following criteria into consideration:

- A sound and disciplined investment process.
- Investment style is consistent with Clarity's investment philosophy.
- Experience and capability of investment team.
- Performance and track record.
- Access to the investment management team.
- Governance and compliance arrangements.
- Alignment with key Clarity investment policies.

Where a manager has been appointed to manage investments directly, an investment management agreement is established between Clarity and any external investment manager. These agreements detail the requirements and constraints in place for the relevant Fund(s). In all other cases Clarity is an investor in an external managers fund(s), referred to as 'underlying funds'.

All external managers are subject to a robust due diligence process to ensure they can perform the outsourced function to an acceptable standard. Clarity also undertakes ongoing investment governance oversight to monitor compliance and reports to the Clarity Investment Committee on a monthly basis. Where any issues are identified, Clarity will work with the external manager in the first instance to resolve them.

Clarity periodically reviews the suitability and performance of each external manager and reserves the right to appoint additional managers or remove any existing manager as appropriate.

** Devon is a sister company of Clarity and shares front, and middle-office investment functions, as well as investment trading, governance processes, and policies. Accordingly, Devon's ongoing oversight focuses specifically on portfolio management decision-making and execution functions, ensuring compliance with the FMCA.*

Currency Management (Hedging)

The Funds face currency risk when they invest in international assets denominated in foreign currencies. A Fund's value may be negatively or positively impacted by the depreciation or appreciation of that currency in New Zealand dollar terms. This is because the value of the Fund is calculated in New Zealand dollar terms.

We may seek to mitigate the risk of currency exposures by the use of forward contracts that will lock in an exchange rate for a currency transaction at a future date, known as 'hedging'. Currency hedging provides some protection against changes in currency exchange rates.

We follow the ranges set out below:

Clarity fund	Asset Class	Hedging Target (%)	Hedging Range (%)
Fixed Income Fund	International fixed interest	100	0 - 100
Trans-Tasman Value Fund	All	0	0 - 100
Dividend Yield Fund	Australian shares	100	0 - 100
	International shares (excluding Australia)	50	0 - 100
	International fixed interest	100	0 - 100
Global Shares Fund	Australian shares	50	0 - 100
	International shares (excluding Australia)	50	0 - 100
New Perspective Fund	Australian shares	50	0 - 100
	International shares (excluding Australia)	50	0 - 100
Diversified Income Fund	Australian shares	100	0 - 100
	International shares (excluding Australia)	50	0 - 100
	International fixed interest	100	0 - 100
Diversified Growth Fund	Australian shares	0	0 - 100
	International shares (excluding Australia)	50	0 - 100
Multi-Manager Global Shares (Hedged) Fund	International shares	100	90 - 100

We note that underlying funds may have different hedging arrangements.

We may adjust the level of our currency hedging within the ranges above depending on our view of the relative strength or weakness of the New Zealand dollar. While we have the flexibility, we do not often take tactical hedging positions and generally stay close to the targets stated in the table above.

Liquidity Management

It is important for our Funds to maintain an appropriate level of liquidity to be able to meet our cash flow requirements. We maintain liquidity by investing in authorised investments that have satisfactory levels of liquidity themselves. Each of the Funds also holds some operational cash to help us pay redemptions and expenses.

Market Risk Management

The Funds may decrease in value from adverse movements in the market value of securities held. A reduction in a securities value can be caused either by broader market movements and events, or security specific performance and events. We seek to reduce the negative impact on the Funds specific to poor company performance through, diversification, research and oversight by the Investment Committee.

Within the Funds, care is taken to avoid excessive exposure and concentration in a single security or industry.

4. INVESTMENT POLICIES AND PROCESSES

Trade Allocation and Execution

Clarity's trading will be conducted in the best interests of clients. We seek to achieve the best execution, taking into account the following trading criteria:

- Size and nature of the trade including price and cost of the transaction.
- Liquidity and the likelihood of execution.
- Counterparty credit rating and quality.
- Any other relevant considerations.

Third parties or 'counterparties' are used by Clarity to execute trades. We have agreements in place with selected counterparties. These arrangement are reviewed periodically and subject to oversight and approval processes.

All trades are allocated on an equitable basis.

It's important to note that if an order is not fully executed due to lack of liquidity, then the part of the order that is executed is generally allocated in proportion to the relative size of each order.

This process applies to all investments including initial public offerings and secondary placements.

Settlement Risk Management

Clarity Funds may be exposed to settlement risk associated with default at settlement time and any timing differences in settlement between the trade counterparties.

We have adopted a settlement process to ensure that trade settlements occur as agreed. This includes reconciliation of trade instructions to contract notes both by BNP Paribas, as the trade counterparty and custodian, and APEX, as the administration manager and registrar.

Pricing and Valuation

APEX manage the pricing and valuations of all fund assets and calculating the Net Asset Value (NAV) of the Funds on behalf of Clarity. Whilst this task has been outsourced, Clarity is ultimately responsible for the pricing and valuation of fund assets. We have established processes for resolving any pricing errors or non-compliance with pricing methodologies by APEX.

Voting Policy

Clarity undertakes to vote proxies on behalf of clients where we believe a particular proposal or director nominee could influence the long term value of a Fund's investment.

Conflicts of Interest and Related Party Transactions

Clarity has in place a Conflicts of Interest Policy to manage potential or actual conflicts of interest in a way that is fair to investors. This policy provides the process to identify, declare and monitor a potential conflict of interest.

The FMC Act imposes statutory duties on us as the Manager of the Funds to manage conflicts of interest:

- We must in performing any duties or exercising any powers, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the circumstances; act honestly in acting as a manager; act in the best interests of investors; and treat investors equitably.
- Where we delegate out some or all of our functions as manager to other parties, we must ensure that those functions are performed in the same manner, and subject to the same duties and restrictions, as if we were performing them directly. We must also monitor the performance of those functions.

We have built these statutory controls into our internal compliance processes and procedures.

We will not enter into transactions with related parties who may benefit from those arrangements, except as agreed with our Supervisor and as permitted under the provisions of the FMC Act. We provide the Supervisor with quarterly reporting on related party transactions.

Borrowing

The Fund's Establishment Deeds allow us to make all decisions relating to borrowing by or lending from any Fund (including stock lending).

As at the date of this SIPO no borrowing has occurred for any of the Funds. Our policy is that borrowing is not permitted, however this may change in the future, in consultation with the Supervisor.

5. INVESTMENT PERFORMANCE MONITORING

The asset allocation ranges, objectives and other limits stated in this SIPO act as the limits of our investment approach. Our internal processes measure and report against these limits.

We review all asset allocation targets and specified limits daily to ensure they are within the parameters stipulated in this SIPO.

Higher levels of cash may be held in the event of large contributions or withdrawals. In such an event, should the cash and cash equivalents exceed the asset allocation range limits above, it will not be treated as a SIPO limit breach.

Where the Fund invests in an underlying fund, the amount invested in the underlying fund will be allocated to the principal asset sector in which the underlying fund invests for determining compliance with the SIPO.

Investment performance (active returns versus benchmark returns) is formally monitored monthly. Analysis of our over or under performance is undertaken by the Investment Committee. Exceptional performance (positive or negative) is highlighted and reviewed, and any recommended actions noted.

The monthly review considers whether asset allocations and individual security positions for each fund are aligned with the Investment Committee's current investment view.

Additionally, Clarity is required to provide a monthly report and a quarterly director's certificate to the Supervisor to monitor SIPO compliance.

Investment performance is reported monthly to investors. Performance is measured net of fees and expenses.

6. REVIEW OF SIPO

Compliance with the SIPO is monitored daily by us and a full review of the SIPO is undertaken annually or when material changes are made to the Funds, to ensure that the investment objectives and parameters for the Funds are clearly articulated and remain relevant.

The review is conducted by a senior manager of Clarity and presented to the Investment Committee for approval.

Whilst changes are not expected, if they are required we will consult with our Supervisor before making the changes and obtaining Directors' approval of the SIPO.

If changes are made that materially impact investors, we will give you at least thirty (30) days written notice of those changes.

Clarity
Funds Management

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TAHITO

TAHITO Ethical Sustainable Fund

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

13 May 2026

Issued by
Clarity Funds Management Limited, in partnership with TAHITO Limited

TAHITO

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Description of the Fund

TAHITO

This Statement of Investment Policy and Objectives (**SIPO**) applies to the TAHITO Ethical Sustainable Fund (the **Fund**) and plays an important role in ensuring the effectiveness of the overall accountability framework for the Fund. It does this by clearly articulating the philosophy, strategies, objectives and parameters of the offering.

Clarity Funds Management Limited is the Manager of the Fund and is referred to as "**Clarity**", "**we**", "**us**" or "**our**" in this document. We have appointed TAHITO Limited as the investment adviser for the Fund. Any reference to "**you**" or "**your**" refers to a person or entity who invests in the Fund.

The Fund is managed by Clarity as part of our Managed Investment Scheme, consisting of a series of other Funds. As a managed investment scheme, your money will be pooled with other investors' money and invested in various investments as described in this document. The Fund is divided into units and you invest by buying units. The value of units fluctuates according to the changing value of the assets in which the Fund has invested. The Fund is a Portfolio Investment Entity (**PIE**).

Clarity, founded in 2007, is a funds management company committed to helping our clients achieve their investment objectives. Clarity's parent company is Investment Services Group Limited (**ISG**) which in turn is majority owned by Shaw and Partners Financial Services Limited (Australia). ISG provides administration and operational functions on an outsource basis to its subsidiaries, including Clarity. ISG is also the parent company of TAHITO Limited.

The supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (the **Supervisor**).

This replaces the SIPO dated 24 December 2024. We may amend the investment policy and objectives for the Fund from time to time, in consultation with the Supervisor. We will notify you of any significant changes to the SIPO and when they will take effect. The most current version is available on the scheme's register at https://disclose-register.companiesoffice.govt.nz/ or at www.tahito.co.nz.

TAHITO Investment Philosophy

TAHITO

The TAHITO investment philosophy is based upon indigenous ethical and sustainable investing. We apply ancestral Māori knowledge to benefit future generations. The TAHITO investment process is a unique way of measuring companies using Māori ancestral knowledge combined with sophisticated Environmental, Social and Governance (**ESG**) data capture technology and strong financial analysis.

Our investment philosophy focuses on providing high quality ethical and sustainable investment services to investors. It is based on the following principles:

1. We are ethical and sustainable investors.
2. We are values-based investors. We invest in high quality investments that display connectivity and relational behaviours and qualities, have or are committed to a low environmental impact and have a high level of social and corporate responsibility.
3. We integrate MSCI ESG research on a values basis in our ethical screening.
4. All securities undergo fundamental valuation and financial quality analysis.
5. We take a long-term view.
6. We are active investors.
7. We have a disciplined approach to risk management.

TAHITO Principles

Māori ethics put people and the environment first because both are fundamental to living and thriving. This thinking falls out of the ancestral Māori worldview which centres on connection and the interdependence of all things. “Everything is interrelated, nothing exists of itself”.

The Māori worldview ultimately follows nature’s models:

- Its ethics strive for balance and consensuality.
- Its behaviour is complementary and co-operational.
- Its target is reciprocity and harmony.

TAHITO Values and Ethics

TAHITO

In applying this investment philosophy, we are endeavouring to select New Zealand and Australian securities that best display the collective and relational values and ethics derived from indigenous Māori culture and ancestry.

Values Assessment – Te Kōwhiringa Tapu

Companies are assessed against nine indigenous values organised across three pillars. Each value is scored using evidence from annual reports, sustainability disclosures, governance documents, MSCI ESG data, and other publicly available sources. The nine values are weighted to produce a composite Te Kōwhiringa Tapu - values Score.

Pillar 1: Te Tūhono — Connection

- Whanaungatanga – tō ao

  Relational – understanding all relationships in the interconnected world; internal and external, commercial, social, environmental and cultural.

- Whakapapa – tō mana

  Interdependent – understanding that the business is interdependent and relies on its total environment to succeed. Serious about ethics. Care for people and the environment and they will care for you.

- Whakarongo – tō hiwa

  Balanced – the company strives to reach the best balance across all its relationships. Circular economy principles; kia mimiti, kia tukurua, kia whakahau (reduce, reuse, regenerate).

Pillar 2: Te Mahi Tahi — Collaboration

- Whakatau – tō kaha

  Consensual – Understand the collective strength across the business. Acts positively and with integrity.

- Honotahi – tō wairua

  Complementary – Competitive forces are dealt with in a complementary manner. Core principles and values extend beyond physical and material gain.

- Mahitahi – tō tapu

  Co-operational – Strive to co-operate with all forces and agents in your ecosystem. Strong social, environmental and cultural ethics are imbued in the organisation, measured and acted upon.

Pillar 3: Manaaki - Care

- Utu – tō mauri

  Reciprocal – Care for the environment and give back to the local communities. Identify the key drivers to success and repay the source. i.e. stakeholders, people, clients, environment, communities.

- Humarie – tō mārama

  Harmony – Seek harmony in its business across all systems and relationships. Be clear and transparent, display honesty and integrity, and communicate clearly. Be conciliatory and collaborative in negotiations.

- Kawa – tō ora

  Cyclical – Success beyond financial. Celebrate and encourage successful behaviours. Long term sustainability.

Impact Assessment – Te Utu Pānga

Alongside the Te Kōwhiringa Tapu – Values Score, TAHITO measures a company's regenerative outcomes against six impact targets called Te Utu Pānga. Each target is scored and weighted to produce a composite Utu Pānga Score. The six targets are:

Impact Target / Aronga Utu Pānga	Scope and Assessment Criteria
Te Pae o Ranginui	Zero Carbon. Zero contaminating emissions. Net zero targets with credible progress pathways. Scope 1, 2 and 3 emissions disclosure.
Te Poho o Papa-tūā-nuku	Zero Waste. Zero Pollution. Zero Fossil Fuels. Circular economy adoption. Positive biodiversity and regeneration outcomes.
Te Mana Taurite	Race and gender equality aligned to national statistics. Wage ratio within 1:10 aspiration (absolute disqualifier at >80:1). Recognition and enhancement of indigenous rights and values.
Te Hapori Whanui	Sustainable and regenerative communities. Monetary and in-kind community contribution measured as a proportion of NPAT. Aspiration: ≥10% NPAT. Minimum benchmark: ≥1% NPAT.
Te Ngākau Aroha	Selflessness and compassionate leadership evidenced in vision, mission, conduct, policies and reporting. Complementary and co-operational behaviours.
Mauri Ohoho	Life force and collective wellbeing. Holistic measure of how company values, purpose and behaviours resonate into the integrity, culture and wellbeing of the organisation, community and environment.

Our Approach

When we assess the behaviours of companies against these values, we predominantly use information in the public domain. We access this information both through the MSCI ESG Manager platform, and via companies' public documents such as annual reports, charters and policies. We do also supplement this publicly available information with periodic direct contact with company representatives such as directors and members of the executive and management teams.

We believe that we conduct comprehensive due diligence; however, we acknowledge that we do not have access to all information regarding a company's activities. Consequently, our investment decisions are somewhat constrained by the information available to us. While we periodically make direct inquiries to companies about issues that may be of concern or fall below our acceptance levels, our Kōwhiringa Tapu holistic positive scoring system typically leads us to exclude a company if there are any elements of doubt.

Investment Strategy and Objectives

TAHITO

Objective: The Fund will provide actively managed exposure to a portfolio of primarily New Zealand and Australian companies that have been selected in accordance with the TAHITO investment philosophy. The Fund aims to generate a better return than the benchmark over the medium to long term.

Strategy: The Fund is an indigenous ethical and sustainable fund which uses positive ESG integrated screens in selecting investments. Māori indigenous values and principles serve as the foundation to the Fund's philosophy and investment selection process. The Fund aims to generate capital growth over the medium to long term by actively investing in a select portfolio of well researched New Zealand and Australian companies.

Benchmark: 50% S&P/NZX50 Portfolio Index Gross with Imputation and 50% S&P/ASX200 Accumulation Index in New Zealand dollars.

Holdings: The Fund will typically hold shares in 20-30 New Zealand and Australian companies. The Fund may also invest in cash or cash equivalents depending on market conditions. The Fund is actively managed, which means the holdings may differ considerably from the relevant benchmark index.

Suitability: The Fund is best suited for investors who:

1. Want their investment funds aligned to a high level of values and principles;
2. Want their investment to be sustainably managed across a well-researched portfolio of primarily New Zealand and Australian equities; and
3. Would like to see their capital applied ethically in investments with positive social and environmental purposes.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. The TAHITO Fund will be managed within its given ranges.

Asset Sector	Target Asset Allocation %	Range %
Cash and Cash Equivalents Including short-term securities, deposits and currency hedging	2	0 - 30
New Zealand Equities	49	30 - 70
Australian Equities	49	30 - 70
	100	

The Fund can invest in any of the asset classes and security types listed above either directly or via investment in other managed funds. We may also participate in underwriting and sub-underwriting contracts for issues of permitted equity securities.

There are general restrictions that apply to the stated objectives:

- No more than 10% of the Fund can be held in any single security.
- No borrowing or short-selling is permitted.

Hedging: The foreign currency exposure arising from Australian equities will typically be unhedged but we do have the ability to hedge this exposure anywhere in the range from 0-100%. Please refer to the Currency Hedging section of this SIPO for further information.

Distribution: We do not make any cash distributions from the Fund.

Investment Governance

The Board of TAHITO Limited has responsibility for the high-level adherence of the Fund to the TAHITO values and ethics.

The TAHITO Board has delegated responsibility for this to the TAHITO Investment Committee to ensure that the TAHITO screening process and security selection is consistent with the TAHITO values and ethics.

The TAHITO Investment Committee is the body responsible for selecting and allocating securities in accordance with the requirements set out in this SIPO. The Investment Committee meets every six weeks, or more frequently if required. The TAHITO Investment Sub-Committee meets weekly, or more frequently if required.

The responsibilities of this Committee include:

- Analyse and research securities, markets and economic conditions
- Review investment and economic performance of asset sectors
- Monitor performance and investment strategy
- Monitor the TAHITO process
- Strategic/tactical asset allocation reviews
- Investment economic outlook
- Risk and compliance management.

Environmental, Social, Governance – Sustainability, Ethics and Impact Policy (ESG – SEI Policy)

The TAHITO ESG – SEI Policy describes the TAHITO investment philosophy, and its alignment with indigenous values, ethics and behaviours. The policy outlines the TAHITO positive screening process (T Score) and defines the ways in which ESG data is integrated within the investment decision-making process for the TAHITO Fund.

TAHITO Exclusions (Negative Screens)

Concurrent with our T Score process, we screen for companies directly involved in what we have identified as undesirable business activities. We primarily use a combination of MSCI screening tools (detailed below) to identify and exclude companies directly involved in the activities listed below. The MSCI screens used are:

- MSCI Business Involvement Screening Research (BISR) for business activities.
- MSCI ESG Carbon Portfolio Analytics Report and MSCI Fossil Fuel screen for Reserves and Any Ties to fossil fuels.
- MSCI Controversies and Global Norms screen for human rights and/or environmental violations.

We may allow companies identified by the MSCI screening tools **into the portfolio**, where the MSCI flag is related to a business activity that is not on our exclusion list below. We may also decide not to invest in additional companies as a result of our positive screening. **For more information on Our Approach see the TAHITO Ethics and Values, page 5**.

Important to note:

- *We define 'directly involved' as an activity that is named in their business description and / or identified in the MSCI screen for that company, as detailed below. This approach differs from exclusions that relate to sources of revenue.*
- *Exclusions do not extend to companies that may be indirectly involved i.e. providing components for or services to excluded companies.*

TAHITO exclusions:

- **Adult Entertainment:** companies involved in the production, distribution or retailing of adult entertainment products.
- **Alcohol Producers:** companies that produce alcohol. (Note: we do not necessarily exclude companies that may sell alcohol within their business, as long as selling alcohol is not their primary business e.g. Retirement Homes).
- **Civilian Firearms:** companies that manufacture handguns, pistols, shotguns, rifles, revolvers and ammunition intended for civilian use.

- **Global Sanctions:** companies that have breached global sanctions listed by the United Nations Security Council (UNSC).
- **Fossil Fuels:** companies involved in fossil fuels extraction, mining and or the sale of fossil fuels.
  Note: We do not invest in companies where production of oil derivatives and other fossil fuel derivatives is their core business i.e. the production of lubricants, asphalt, plastics, synthetic fibre, fertilizers, solvents, other oil derivatives.
- **Gambling:** companies that own or operate gambling facilities, license their brand name to gambling products.
- **Genetic Engineering (GE):** companies that directly modify the genetic material of an organism, such as inserting, deleting, or altering DNA sequences to achieve desired traits. This can include techniques like CRISPR, gene therapy, and the creation of genetically modified organisms (GMOs). On the other hand, we may invest in companies that use stem cells to understand development, treat diseases, and regenerate damaged tissues.
- **Human Rights & Environmental Violations:** companies that have breached human rights and/or have committed material environment violations.
- **Military Weapons:** companies that manufacture conventional, nuclear, and controversial military weapons, systems, and components, and provide support services to those weapons, systems, components.
- **Nuclear Power:** companies that own or operate active nuclear power plants.
- **Palm Oil:** companies involved in the production of palm oil products.
- **Tobacco, Vaping, e-cigarettes and Nicotine Alternatives:** companies that produce, distribute, retail, license or supply key tobacco products and services. Tobacco products include traditional nicotine-containing products and nicotine alternatives.
- **No Female Board Representation:** companies that do not have at least one female director (excluding temporary vacancies where a replacement is being sought). We apply a positive score to companies that have higher gender equity.
- **Agricultural chemicals:** Companies manufacturing or distributing synthetic pesticides, herbicides, or soil-degrading inputs.

The above is a summary of our exclusions, for more information on the exclusions see our TAHITO ESG-SEI Policy and for more information on the screens, see the MSCI Screened ESG Index Methodology.

Ongoing Monitoring

We monitor the companies in which we invest on an ongoing basis against these screens. If our ongoing monitoring determines that a company already in the Fund has become directly involved in any of the above activities, the Investment Committee will be informed and will form a view on the most appropriate course of action to take. These actions may include divesting from the company, or working with company management to determine whether the activity can be discontinued by the company.

Active Engagement / Stewardship

TAHITO is an active manager with strong conviction and policies on engagement and voting on behalf of investors.

The ESG – SEI Policy is prepared by TAHITO Limited, reviewed and monitored by the TAHITO Investment Committee and approved by the TAHITO Board. The policy is available on our website at www.tahito.co.nz, or on request.

The TAHITO investment process integrates ESG with the following order of priority:

1. **Values-based investing:** we seek to align our portfolio of securities with our TAHITO values and principles.
2. **Impact:** we aim to invest capital to drive change in social and environmental purposes e.g. lower carbon emissions.
3. **Risk management:** we use ESG integration to improve the risk-return characteristics of the Fund.

Conflict of Interest and Related Party Transactions

We have a Conflicts of Interest Policy in place to manage potential or actual conflicts of interest in a way that is fair to investors. This policy provides the process to identify, declare and monitor a potential conflict of interest.

The FMC Act imposes statutory duties on us as the Manager of the Fund to manage conflicts of interest:

- We must in performing any duties or exercising any powers, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the circumstances; act honestly in acting as a manager; act in the best interests of investors; and treat investors equitably.
- Where we delegate out some or all of our functions as manager to other parties, we must ensure that those functions are performed in the same manner, and subject to the same duties and restrictions, as if we were performing them directly. We must also monitor the performance of those functions.

We have built these statutory controls into our internal compliance processes and procedures. We will not enter into transactions with related parties who may benefit from those arrangements, except as agreed with our Supervisor and as permitted under the provisions of the FMC Act. We provide the Supervisor with quarterly reporting on related party transactions.

Corporate Governance and Voting

We form our own views on proposed resolutions and aim to ensure that voting is consistent with our TAHITO values and ethics. We aim to vote on all resolutions where we have the authority to do so. However, we will not seek to interfere with the executive operations of the companies whose securities we hold in the Fund. We will continue to provide appropriate advice and support when requested by such companies and at company meetings and presentations.

We may enlist the services of external research providers to access independent advice on proxy voting and corporate governance issues to determine our voting intentions.

Trading and Rebalancing

The Fund is actively managed, and the Investment team has the discretion to trade for the Fund within agreed limits (refer Investment Strategy and Objectives on page 6).

Trading will typically occur when the Fund experiences a large cash flow, investment weightings change, market prices move or there is a change in underlying securities. Investment allocations and targets are set by the Investment team in line with investment limits and are subject to Investment Committee approval. We rebalance as required to keep the Fund within the approved investment ranges and according to the Fund's allocations and targets.

We must act in accordance with the following principles when allocating securities among the different funds offered by Clarity:

- We have a fiduciary duty to ensure that trades are allocated fairly and equitably among all clients without giving unfair preference to any particular fund;
- Allocation decisions may not be influenced by fee arrangements;
- Once a trade has been allocated, no subsequent adjustments or changes to the original allocation are allowed without the approval of the Compliance team; and
- Trade executions must be entered promptly in the trading and accounting systems.

Liquidity Management

It is important for our Funds to maintain an appropriate level of liquidity to be able to meet our cash flow requirements. We maintain liquidity by investing in permitted investments that have satisfactory levels of liquidity themselves. The Funds also holds some operational cash to help us pay redemptions and expenses.

We assess the liquidity profile of individual securities, whilst all are listed and typically liquid because they are exchange traded, events can occur to change this and we will consider their inclusion within the Fund if our analysis indicates that there is an appropriate risk adjusted return available. Smaller, less liquid securities are typically smaller active positions in the Fund.

Currency Hedging

The Fund faces currency risk when we invest in securities denominated in foreign currencies. The Fund value may be negatively or positively impacted by the appreciation or depreciation of that currency in New Zealand dollar terms. This is because the value of the portfolio is calculated in New Zealand dollars.

We do not expect the Fund to be hedged initially but we may seek to mitigate the risk of currency exposures in the future by offsetting the impact of currency fluctuations using foreign exchange forward contracts that will lock in an exchange rate for a currency transaction at a future date, known as 'currency hedging'.

Currency hedging provides some protection against changes in currency exchange rates.
We follow the ranges set out below:

Asset Class	Hedging Target %	Hedging Rate %
Australian Equities	0 - 100%	0 - 100%

Investment Risk Management

We recognise that investment risk exists and is a normal part of investing. Optimal investment returns are derived by clearly identifying, understanding and then managing investment risk. We ensure that investment risk is monitored and managed by:

- Measuring our exposure to individual investments, countries and currencies, and ensuring they are consistent with this SIPO;
- Measuring tracking error and other risk analytics on a regular basis; and
- Reviewing the Fund at our regular Investment Committee meeting.

An investment in the Fund should be regarded as a long-term proposition. There are no guarantees that the return objectives of the Fund will be achieved. We refer to investment risk as the probability that the value of an investment could fall and therefore your return could be negative.

Key Person Risk Management

People are a critical component to our business. Our policy for managing key person risk is to ensure that:

- All roles have a person clearly identified as a back-up
- The back-up person is highly skilled and has a strong understanding of Te Ao Māori (The Māori World view)
- We have close and open communication with all staff
- All staff are treated with respect and remunerated fairly
- We build a degree of latency into our organisation so that capacity exists to manage the departure of a key person if this should occur.

Settlement Risk

Clarity may be exposed to settlement risk associated with default at settlement time and any timing differences in settlement between the trade counterparties.

We have adopted a settlement process to ensure that trade settlements occur as agreed. This includes reconciliation of trade instructions to contract notes both by BNP Paribas, as the trade counterparty and custodian, and APEX, as the administration manager and registrar.

Investment Performance Monitoring

The asset allocation ranges, objectives and other limits stated in this SIPO act as the limits of our investment approach. Our internal processes measure and report against these limits. We review all asset allocation targets and specified limits daily to ensure they are within the parameters stipulated in this SIPO.

Higher levels of cash may be held in the event of large contributions or withdrawals. In such an event, should the cash and cash equivalents exceed the asset allocation range limits, it will not be treated as a SIPO limit breach. Where the Fund invests in an underlying fund, the amount invested in the underlying fund will be allocated to the principal asset sector in which the underlying fund invests for determining compliance with the SIPO.

Investment performance (active returns versus benchmark returns) is formally monitored monthly, with analysis of our over or under performance undertaken by the Investment Committee. Exceptions, including unexpected performance or negative outcomes, are highlighted and any recommended actions are noted. This review considers whether the individual security positions and asset allocations for each fund are aligned with the Investment Committee's current investment view.

Additionally, Clarity is required to provide a monthly report and a quarterly director's certificate to the Supervisor to monitor SIPO compliance.

Investment performance is reported quarterly to investors. Actual performance is measured net of fees and expenses.

Review of the SIPO

Compliance with the SIPO is monitored daily by us and a full review of the SIPO is undertaken by us annually to ensure that the investment objectives and parameters for the Fund are clearly articulated and remain relevant.

The review is conducted by a senior manager of Clarity in conjunction with TAHITO Limited, and presented to the TAHITO Investment Committee for approval.

Whilst changes are not expected, if they are required we will consult with our Supervisor before making the changes and obtaining Directors' approval of the SIPO. If changes are made that materially impact investors, we will give you at least thirty (30) days written notice of those changes.

Thank you for taking the time to read this SIPO. Please don't hesitate to contact us at info@tahito.co.nz if you have any further questions.

TAHITO

Indigenous Ethical Investing

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ENHANCED CASH PIE

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

2 APRIL 2026

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1. DESCRIPTION OF THE MANAGED INVESTMENT SCHEME

Clarity Funds Management Limited (referred to as **Clarity**, the **Manager**, **us**, **our** or **we**) is the licensed manager of the Clarity Funds Scheme (**Scheme**), a managed investment scheme. This statement of investment policy and objectives (**SIPO**) sets out the philosophy, strategies, objectives and management frameworks for one fund within the Scheme, the Enhanced Cash PIE (Fund).

There are two other SIPO's that relate to funds within the Scheme, the Clarity Funds SIPO and the TAHITO Te Tai o Rehua Fund SIPO.

As a managed investment scheme, your money will be pooled with other investors' money and invested in various investments as described in this document. The Fund is divided into units and you invest by buying units. The value of units fluctuates according to the changing value of the assets in which the Fund has invested.

The Fund is a Portfolio Investment Entity (**PIE**).

Clarity, founded in 2007, is a funds management company committed to helping our clients achieve their investment objectives. Clarity's parent company is Investment Services Group Limited (**ISG**), which in turn is majority owned by Shaw and Partners Financial Services Limited (Australia). ISG provides administration and operational functions on an outsource basis to its subsidiaries, including Clarity.

The supervisor of the Scheme is The New Zealand Guardian Trust Company Limited (the **Supervisor**).

This replaces the SIPO dated 31 May 2024. We may amend the investment policy and objectives for the Scheme from time to time, in consultation with the Supervisor. We will notify you of any significant changes to the SIPO and when they will take effect. The current version is available on the scheme's register at **www.disclose-register.companiesoffice.govt.nz** or at **www.clarityfunds.co.nz**.

2. INVESTMENT PHILOSOPHY

We aim to provide high quality, straightforward and flexible investment options - uncomplicated funds that our clients can understand and trust.

All our funds are actively managed by an experienced portfolio manager, and we take a disciplined approach to risk management and strongly believe in the importance of diversification. We will seek opportunities to improve the yield of the Fund within this framework.

We endeavour to invest your capital responsibly, conscious of environmental, social and governance issues in the companies we invest in.

3. INVESTMENT STRATEGY AND OBJECTIVES

The investment strategy and objectives for the Fund are set out below including target asset allocation and ranges.

Enhanced Cash PIE

Objective: The Fund aims to provide investors with regular income in excess of bank deposits whilst preserving capital value. We intend for the Fund to make quarterly distributions.

Strategy: The Fund will invest, either directly or through other managed funds, in a well-diversified portfolio of cash and cash equivalents and New Zealand fixed interest securities, including an allocation to yield enhancing assets such as mortgage-backed securities and credit funds.

Benchmark: Bloomberg NZBond Bank Bill Index.

Holdings: The Fund will be predominantly invested in investment grade rated securities as defined by a recognised external credit rating agency. The Fund will also have an exposure to unrated or non-investment grade securities that may include mortgage-backed securities and credit funds.

Suitability: This Fund may be suitable for investors who are looking for a low-risk investment or investors wanting to stage entry into higher volatility investments over a period of time.

The target asset allocation ranges shown below are the expected average asset mix of the Fund over the long term. We will manage the Fund within these ranges.

Asset Sector	Target Asset Allocation %	Range %
CASH, CASH EQUIVALENT AND NEW ZEALAND FIXED INTEREST	100%	0% - 100%

We may also participate in underwriting and sub-underwriting contracts for issues of permitted fixed interest securities.

Market risk will be managed by investing in a diversified portfolio of holdings that have, in the Manager's view, low market risk with particular attention given to interest rate risk, maturity risk, credit risk, and industry sector risk.

Liquidity risk will be addressed by ensuring that there are regular maturities and sufficient on call funds to meet short term obligations.

Distribution: We intend to make quarterly distributions from the Fund broadly in line with the income generated by the investment portfolio. All distribution amounts are at our discretion. Investors have the option to reinvest the distributions into additional units or to have these direct credited into their nominated bank account.

4. INVESTMENT POLICIES AND PROCESSES

We set out below a summary of the key investment management policies and processes that are relevant to management of the Fund.

Investment Management Governance

The Clarity Investment Committee (**Investment Committee**) is the body responsible for formulating and implementing investment policies, asset allocations, security selection, and overseeing the portfolio management of the Fund. It meets once a month, or more frequently if required.

The scope of the Investment Committee includes:

- Researching and analysing securities, markets and economic conditions.
- Monitoring investment performance.
- Managing investment risk and compliance matters.
- Selecting and monitoring counterparties.

Some of these functions may be delegated to sub committees as the Investment Committee sees fit.

Investment Strategy Review

The Investment Strategy is the responsibility of the Investment Committee and reviewed at least annually or when market conditions require it. The investment strategy framework is designed for the long term, consequently it is unlikely that changes will be made on a regular basis.

If an external manager is engaged, they will commit to adhering to the investment strategy set by the Investment Committee. We review the external managers ability to meet strategic objectives before we engage them and monitor their performance thereafter.

Tactical Asset Allocation and Rebalancing

We may make tactical investment decisions that take us away from our strategic asset allocation based on our assessment of market conditions and quantitative fund analysis.

The Fund's holdings are reviewed at least monthly to ensure the individual security positions and asset allocations for the fund are aligned with the Investment Committee's current investment view.

External Investment Managers

Clarity may appoint external investment managers or invest in funds managed by external investment managers. It is currently expected the Fund will be predominantly invested in the Amova Wholesale NZ Cash Fund.

Liquidity Management

It is important for the Fund to maintain an appropriate level of liquidity to be meet its cash flow requirements. The Fund will invest in some securities that do not have daily liquidity. We manage liquidity by holding some cash, ensuring the majority of the Fund is invested in highly liquid investments, and staggering the Fund's investment in less liquid assets.

Responsible Investment

Clarity believes that environmental, social and governance (ESG) factors are an important determinant of long term investment returns and global sustainability. As a responsible investor and as part of our fiduciary duty, Clarity has implemented a Responsible Investment Policy that sets out: the factors considered in the investment research and management process and how the policy is practically implemented. For more information, see our website
www.clarityfunds.co.nz/about-us/responsible-investing.

4. INVESTMENT POLICIES AND PROCESSES

Market Risk Management

The Fund may decrease in value from adverse movements in the market value of securities held. A reduction in a securities value can be caused either by broader market movements and events, or security specific performance and events. We seek to reduce the negative impact on the Fund specific to poor company performance through, diversification, research and oversight by the Investment Committee.

Trade Allocation and Execution

Trading will be conducted in the best interests of clients. We seek to achieve the best execution, taking into account the following trading criteria:

- Size and nature of the trade including price and cost of the transaction.
- Liquidity and the likelihood of execution.
- Counterparty credit rating and quality.
- Any other relevant considerations.

Third parties or 'counterparties' are used to execute trades. We have agreements in place with selected counterparties. These arrangements are reviewed periodically and subject to oversight and approval processes.

All trades are allocated on an equitable basis.

It's important to note that if an order is not fully executed due to lack of liquidity, then the part of the order that is executed is generally allocated in proportion to the relative size of each order.

This process applies to all investments including initial public offerings and secondary placements.

Settlement Risk Management

The Fund may be exposed to settlement risk associated with default at settlement time and any timing differences in settlement between the trade counterparties.

We have adopted a settlement process to ensure that trade settlements occur as agreed. This includes reconciliation of trade instructions to contract notes to trade counterparty and custodian, and APEX, as the administration manager and registrar.

Pricing and Valuation

APEX manage the pricing and valuations of all fund assets and calculating the Net Asset Value (NAV) of the Fund on our behalf. Whilst this task has been outsourced, we are ultimately responsible for the pricing and valuation of fund assets. We have established processes for resolving any pricing errors or non-compliance with pricing methodologies by APEX.

Conflicts of Interest and Related Party Transactions

We have a Conflicts of Interest Policy in place to manage potential or actual conflicts of interest in a way that is fair to investors. This policy provides the process to identify, declare and monitor a potential conflict of interest.

The FMC Act imposes statutory duties on us as the Manager of the Fund to manage conflicts of interest:

- We must in performing any duties or exercising any powers, exercise the care, diligence and skill that a prudent person engaged in that profession would exercise in the circumstances; act honestly in acting as a manager; act in the best interests of investors; and treat investors equitably.
- Where we delegate out some or all of our functions as manager to other parties, we must ensure that those functions are performed in the same manner, and subject to the same duties and restrictions, as if we were performing them directly. We must also monitor the performance of those functions.

We have built these statutory controls into our internal compliance processes and procedures. We will not enter into transactions with related parties who may benefit from those arrangements, except as agreed with our Supervisor and as permitted under the provisions of the FMC Act. We provide the Supervisor with quarterly reporting on related party transactions.

Borrowing

The Fund's Establishment Deed allows us to make all decisions relating to borrowing by or lending from the Fund (including stock lending). As at the date of this SIPO, no borrowing has occurred for the Fund. Our policy is that borrowing is not permitted, however this may change in the future, in consultation with the Supervisor.

5. INVESTMENT PERFORMANCE MONITORING

The asset allocation ranges, objectives and other limits stated in this SIPO act as the limits of our investment approach. Our internal processes measure and report against these limits. We review all asset allocation targets and specified limits daily to ensure they are within the parameters stipulated in this SIPO.

Higher levels of cash may be held in the event of large contributions or withdrawals. In such an event, should the cash and cash equivalents exceed the asset allocation range limits above, it will not be treated as a SIPO limit breach.

Investment performance (active returns versus benchmark returns) is formally monitored monthly. Analysis of our over or under performance is undertaken by the Investment Committee. Exceptional performance (positive or negative) is highlighted and reviewed, and any recommended actions noted. The monthly review considers whether asset allocations and individual security positions for the fund are aligned with the Investment Committee's current investment view.

Additionally, we are required to provide a monthly report and a quarterly director's certificate to the Supervisor to monitor SIPO compliance. Investment performance is reported monthly to investors. Performance is measured net of fees and expenses.

6. REVIEW OF SIPO

Compliance with the SIPO is monitored daily by us and a full review of the SIPO is undertaken by us annually or when material changes are made to the Fund to ensure that the investment objectives and parameters for the Fund are clearly articulated and remain relevant.

The review is conducted by a senior manager of Clarity and presented to the Investment Committee for approval.

Whilst changes are not expected, if they are required, we will consult with our Supervisor before making the changes and obtain Directors' approval of the SIPO. If changes are made that materially impact investors, we will give you at least thirty (30) days written notice of those changes.

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