

## CLARITY DIVERSIFIED GROWTH FUND

### Performance Comments

The asset value of the Fund at 30 June 2018 was \$4.2 million and its price was \$2.8366, a rise of +5.5% over the quarter. This compares with the Fund's composite index return of +7.4%, which was an underperformance of -1.9%.

The Fund aims to achieve returns over the medium to long term by investing in a range of growth-oriented securities. The Fund may invest in managed funds (including the Clarity Trans-Tasman and Clarity Global Shares Funds) and directly-held shares across global markets. It may also invest in other assets on listed sharemarkets.

As at 30 June 2018, the investments of the Fund were:

	\$'000	%
Cash and Cash Equivalents	209	4.9
Clarity Trans-Tasman Fund	2,019	48.1
Clarity Global Shares Fund	1,973	47.0
	4,201	100

This Fund invests mainly in shares, so it may be suitable for those investors who want a diversified exposure to shares and are comfortable with a higher risk in the short-term for improved longer-term returns.

This Fund does not make income distributions.

For the 30 June quarter, the Fund's major investments performed against their respective benchmarks as follows:

	Actual Return %	Benchmark Return%
Clarity Trans-Tasman Fund	+8.4	+9.7
Clarity Global Shares Fund	+3.4	+5.1

### Fund Performance

The Clarity Diversified Growth Fund has performed as follows:

To 30 June 2018	3 months (%)	12 months (%)
Fund net return *	+5.5	+14.8
Benchmark Index **	+7.4	+17.1
Difference	-1.9	-2.3

\* These returns are after deductions for charges and before tax

\*\* Reflects no deduction for charges and tax

Past performance is not necessarily indicative of future performance.

Benchmark index details are included in the Quarterly Fund Update which is available at <https://clarityfunds.co.nz/funds/>.

### Outlook

While volatility increased sharply in the first quarter this year, the second quarter has resumed steady capital growth and we do not believe that the bull market in equities has quite come to an end.

The underlying fundamentals of the global economy, as well as New Zealand and Australia, remain very strong and this is contributing to the strong upward revisions to revenues and earnings for companies around the world.

While we are cautious in New Zealand and Australia of the current high valuations, we continue to prefer value stocks. This view has resulted in an underperformance to the benchmark as growth stocks have outperformed over the last 12 months. We continue to believe that buying stocks at good value, with sustainable earnings, is the prudent approach in the current part of the cycle. This investment philosophy may result in periods of underperformance, but experience has shown that over a full market cycle this policy has delivered creditable results for our clients.

A diversified approach to portfolio construction remains appropriate.

If you have any questions please contact us on +64 09 308 1450 or visit our website [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz)

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