

CLARITY FUNDS

Details of the scheme

Name of the Scheme

Clarity Funds Scheme (**Scheme**). The Scheme comprises the following six funds;

- Clarity Trans-Tasman Fund
- Clarity Dividend Yield Fund
- Clarity Fixed Income Fund
- Clarity Global Shares Fund
- Clarity Diversified Income Fund
- Clarity Diversified Growth Fund

(each a **Fund** and together the **Funds** or **Clarity Funds**).

Type of Scheme

The Scheme is a registered Managed Investment Scheme which is an "other" managed fund, that is, a managed fund that is not a KiwiSaver scheme, workplace savings scheme or superannuation scheme.

Manager

Clarity Funds Management Limited (**Clarity**).

Supervisor

The New Zealand Guardian Trust Company Limited.

Product Disclosure Statement

The current Product Disclosure Statement for the Clarity Funds is dated 3 April 2018 and is open for applications.

Fund Updates

The latest Fund Updates for each of the Clarity Funds are for the quarter ended 30 June 2018 and were made publicly available on 26 July 2018. Copies of these can be found on the offer register www.business.govt.nz/disclose.

Financial Statements and Auditor's report

The financial statements and auditor's report for the Scheme for year ending 31 March 2018 (the **Accounting Period**) have been lodged with the Registrar. The auditor's report did not contain any materially adverse findings nor was it qualified or modified in any respect.

A copy of these can be accessed on the scheme register www.business.govt.nz/disclose.

Information on contributions and scheme participants

There were three managed investment products on issue at the start of the Accounting Period and six managed investment products on issue at the end of the Accounting Period.

The table below sets out the number of units on issue in each Fund at the start and at the end of the Accounting Period.

Fund	Units on issue as at 1 April 2017	Units on issue as at 31 March 2018
Clarity Trans-Tasman Fund	48,927,258.56	53,432,772.15
Clarity Dividend Yield Fund	40,590,651.65	51,949,267.42
Clarity Fixed Income Fund	69,550,261.35	100,044,993.20
Clarity Global Shares Fund	0.00	30,333,344.55
Clarity Diversified Income Fund	0.00	1,822,342.15
Clarity Diversified Growth Fund	0.00	1,113,086.13

Changes relating to the scheme

During the Accounting Period the following material changes have been made to the Scheme, the Statement of Investment Policy and Objectives (SIPO), and the management of the Scheme.

The Scheme introduced three new fund offerings, being the Clarity Global Shares Fund, Clarity Diversified Income Fund and Clarity Diversified Growth Fund, all effective 3 April 2017. On 29 March 2017, MFS International Australia Pty Limited was appointed as sub investment manager for the Clarity Global Shares Fund.

Some changes were made to the targets and range limits of the Clarity Trans-Tasman Fund, Clarity Dividend Yield Fund, Clarity Fixed Income Fund and Clarity Dividend Yield Fund. The SIPO was updated to recognise that at times, additional cash may be held in the event of large contributions or withdrawals. In such an event, where the cash level exceeds the range limits this will not constitute a SIPO limit breach. Currency hedging was reclassified as cash and cash equivalents. The Currency Management Policy was updated to specify hedging policies for each fund.

Since the end of Accounting Period, further changes were made to targets and range limits for the Clarity Diversified Income Fund and Clarity Diversified Growth Fund. The Clarity Global Shares Fund also updated its exclusions list to exclude investments in companies directly involved in recreational cannabis.

A material change to the Scheme has occurred since the end of the Accounting Period, being the appointment of The New Zealand Guardian Trust Company Limited as the Scheme's Supervisor replacing Public Trust, effective 1 April 2018.

No related party transactions were entered into during the Accounting Period that were not at arm's-length and enacted on normal commercial terms.

To see the updated details, please refer to the current Clarity Funds PDS and SIPO. These are available from our website, www.clarityfunds.co.nz or on the scheme register (SCH10600) at www.business.govt.nz/disclose.

Other information for particular types of managed funds

The table below sets out the unit prices for the Funds at the start and at the end of the Accounting Period.

Fund	Unit price (\$) as at 1 April 2017	Unit price (\$) as at 31 March 2018
Clarity Trans-Tasman Fund	2.4304	2.5603
Clarity Dividend Yield Fund	1.3596	1.3895
Clarity Fixed Income Fund	1.0797	1.0970
Clarity Global Shares Fund	Not applicable	2.7041
Clarity Diversified Income Fund	Not applicable	2.5374
Clarity Diversified Growth Fund	Not applicable	2.6933

Changes to persons involved in the scheme

Key personnel

Ross Jewell resigned from his position as Senior Executive effective 31 December 2017. Annie Lan was appointed as the Compliance Manager on 24 October 2017 to replace Nelly Hazak-Colley.

Supervisor

Public Trust was the Supervisor of the Scheme throughout the Accounting Period. Public Trust does not have directors pursuant to the Companies Act but has Board Members pursuant to the Public Trust Act 2001. During the Accounting period, the Supervisor had the following changes to the Members of the Board:

- Ian Fitzgerald (appointed 22 May 2017)
- Huei Min (Lyn) Lim (retired 30 June 2017)

Since the end of the Accounting Period, the Scheme has appointed The New Zealand Guardian Trust Company Limited as its Supervisor effective 1 April 2018.

Administration Manager

MMC Limited was the administration manager for the Scheme throughout the Accounting Period.

Investment Manager

With the introduction of Clarity Global Shares Fund, MFS International Australia Pty Limited Boston was appointed as sub investment manager for this fund.

Custodian and Securities Registrar

During the Accounting Period, BNP Paribas Fund Services Australasia Pty Limited became the Scheme's custodian and MMC Limited became the securities registrar effective 1 April 2017.

Auditor

Following a periodic review, PwC was appointed as auditor for the Scheme replacing BDO Auckland for the year end 31 March 2018.

Shareholder of the Manager

Clarity Funds Management Limited was the Manager during the Accounting Period. The Manager became a subsidiary of Investment Services Group Limited (ISG) on 1 December 2017 and became a related party to JMI Wealth Limited (previously known as JMIS Limited). JMI Wealth Limited remains the investment manager to Clarity Funds Management Limited.

How to find further information

Further information relating to the Scheme and the Funds including the Trust Deed, SIPO and financial statements is available on the offer register and the scheme register at www.business.govt.nz/disclose. A copy of information on the offer register or scheme register is available on request to the Registrar. Information about the Funds and Clarity such as Fund Updates, annual reports and the latest unit prices can be found on the Clarity website www.clarityfunds.co.nz. You can obtain a copy of these documents, free of charge, from us using the contact details below.

See below for details on how to obtain the latest information on the Funds.

Information	How to obtain
Fund Updates	Copies of the latest Clarity Fund Updates are available on www.clarityfunds.co.nz , on the offer register (OFR10601) at www.business.govt.nz/disclose or on request from us.
Product Disclose Statement (PDS)	A copy of the current Clarity Funds PDS is available on www.clarityfunds.co.nz , on the offer register (OFR10601) at www.business.govt.nz/disclose or on request from us.
Statement of Investment Policy and Objectives (SIPO)	A copy of the latest SIPO for the Clarity Funds is available on the scheme register (SCH10600) at www.business.govt.nz/disclose or on request from us.
Other Material Information (OMI)	A copy of the latest Clarity Funds OMI is available on www.clarityfunds.co.nz , on the offer register (OFR10601) at www.business.govt.nz/disclose or on request from us.
Unit Price	The latest unit prices are available on our website www.clarityfunds.co.nz or on request from us.
Trust Deed	A copy of the Trust Deed is available on the scheme register (SCH10600) at www.business.govt.nz/disclose .
Financial Statements	A copy of the latest Financial Statements is available on the scheme register (SCH10600) at www.business.govt.nz/disclose .

Contact details and complaints

If you have any queries or complaints about the Scheme, you can contact Clarity, in the first instance, or The New Zealand Guardian Trust Company Limited using the details provided below.

Manager

Clarity Funds Management Limited

Level 1, 87 Hurstmere Road
Takapuna, Auckland 0622

PO Box 33-1106
Takapuna, Auckland 0740

Telephone: 09 308 1450

Email: info@clarityfunds.co.nz

Please direct queries or complaints
to Pam Watson, Operations Manager

Supervisor

The New Zealand Guardian Trust Company Limited

Level 14, 191 Queen Street
Auckland 1010

PO Box 274, Shortland Street
Auckland 1140

Telephone: 0800 683 909

Email: ct.auckland@nzgt.co.nz

Attention: Clarity Funds Relationship Manager

You may also contact the securities registrar, MMC Limited using the following details:

MMC Limited

Level 25 QBE Centre, 125 Queen Street
Auckland 1010

PO Box 106 039
Auckland City
Auckland 1143

Telephone: 09 309 8926

If, having exhausted these alternatives, you wish to pursue your complaint further, you may contact:

Insurance and Financial Services Ombudsman Scheme

PO Box 10-845, Wellington 6145

Telephone: 0800 888 202

Email: info@ifso.nz

Insurance and Financial Services Ombudsman Scheme (IFSO) is an independent dispute resolution scheme approved under the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

Clarity is a member of IFSO.

Further information about referring a complaint to IFSO can be found at www.ifso.nz. There is no cost to you in referring a complaint to the IFSO.

Or:

Financial Services Complaints Limited

Level 4, 101 Lambton Quay, Wellington 6011

PO Box 5967, Wellington 6145

Telephone: 0800 347 257

Financial Services Complaints Limited (FSCL) is an independent dispute resolution scheme approved under the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

The New Zealand Guardian Trust Company Limited is a member of FSCL.

Further information about referring a complaint to FSCL can be found at www.fscl.org.nz. There is no cost to you in referring a complaint to FSCL.

If you have any questions please contact us on +64 09 308 1450
or visit our website www.clarityfunds.co.nz