

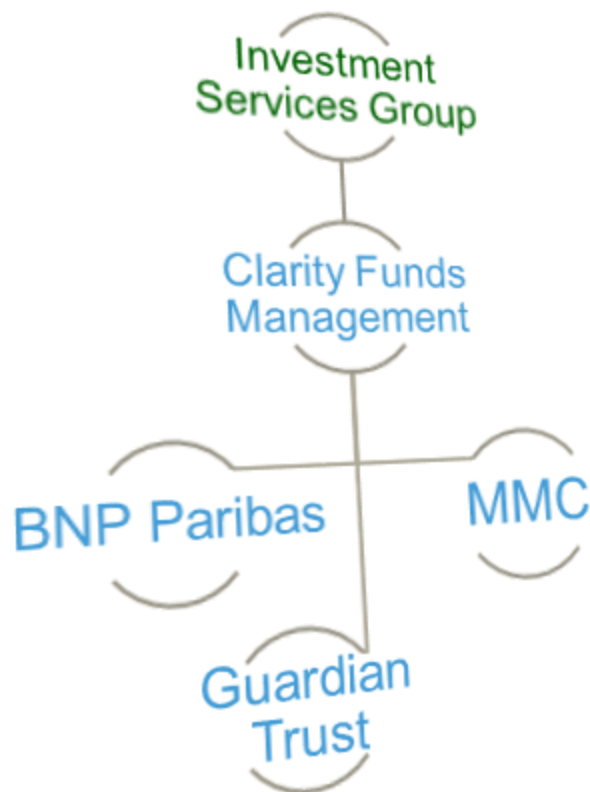


CLARITY GLOBAL SHARES FUND

September 2019

Clarity Funds Management

An overview



- Clarity Funds – NZ owned & based investment management company
- Investment Services Group – total FUMA exceeds \$4bn
- Clarity current FUM >\$500m¹
- Working with industry leaders such as BNP Paribas, Guardian Trust and MMC

Clarity Funds Management

Product suite

- Dividend Yield Fund
- Trans-Tasman Fund
- Fixed Income Fund
- **Global Shares Fund**
- Diversified Income Fund
- Diversified Growth Fund
- *and coming soon...*
- TAHITO Trans-Tasman Fund
- New Zealand Equity Fund



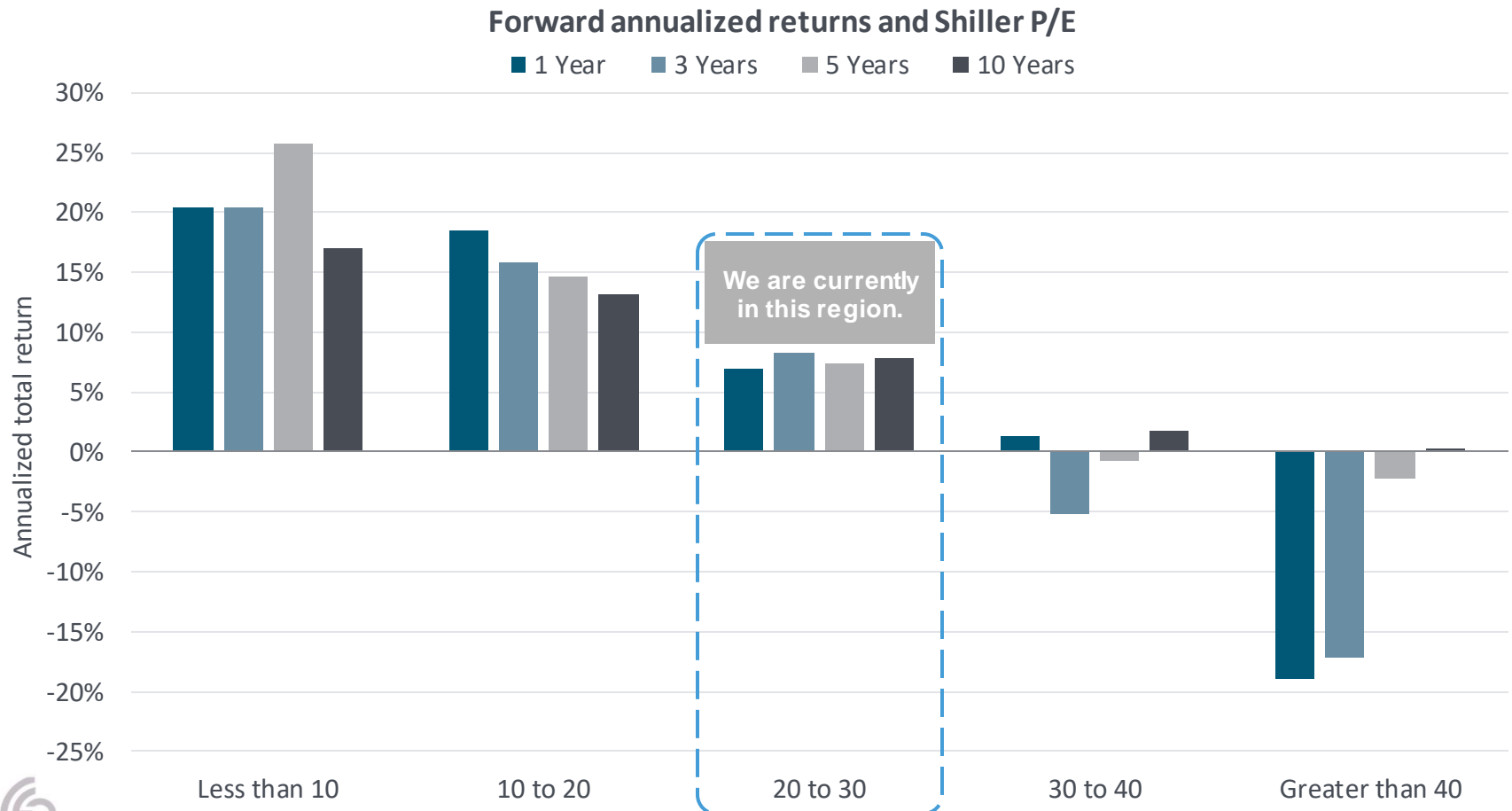
Welcome to Wonderland

Asset class returns (%)	YTD	3yr	5yr	10yr
NZ shares	22.1	13.3	15.5	13.2
Global shares	21.8	15.1	12.3	10.0
NZ bonds	6.6	5.0	5.9	6.3
Global bonds	9.3	3.8	4.2	4.3



Source: Bloomberg. Total returns are shown for S&P/NZX50, MSCI World in NZD, NZ A-Grade Corporate Bond Index and Bloomberg Barclays Global Aggregate Hedged

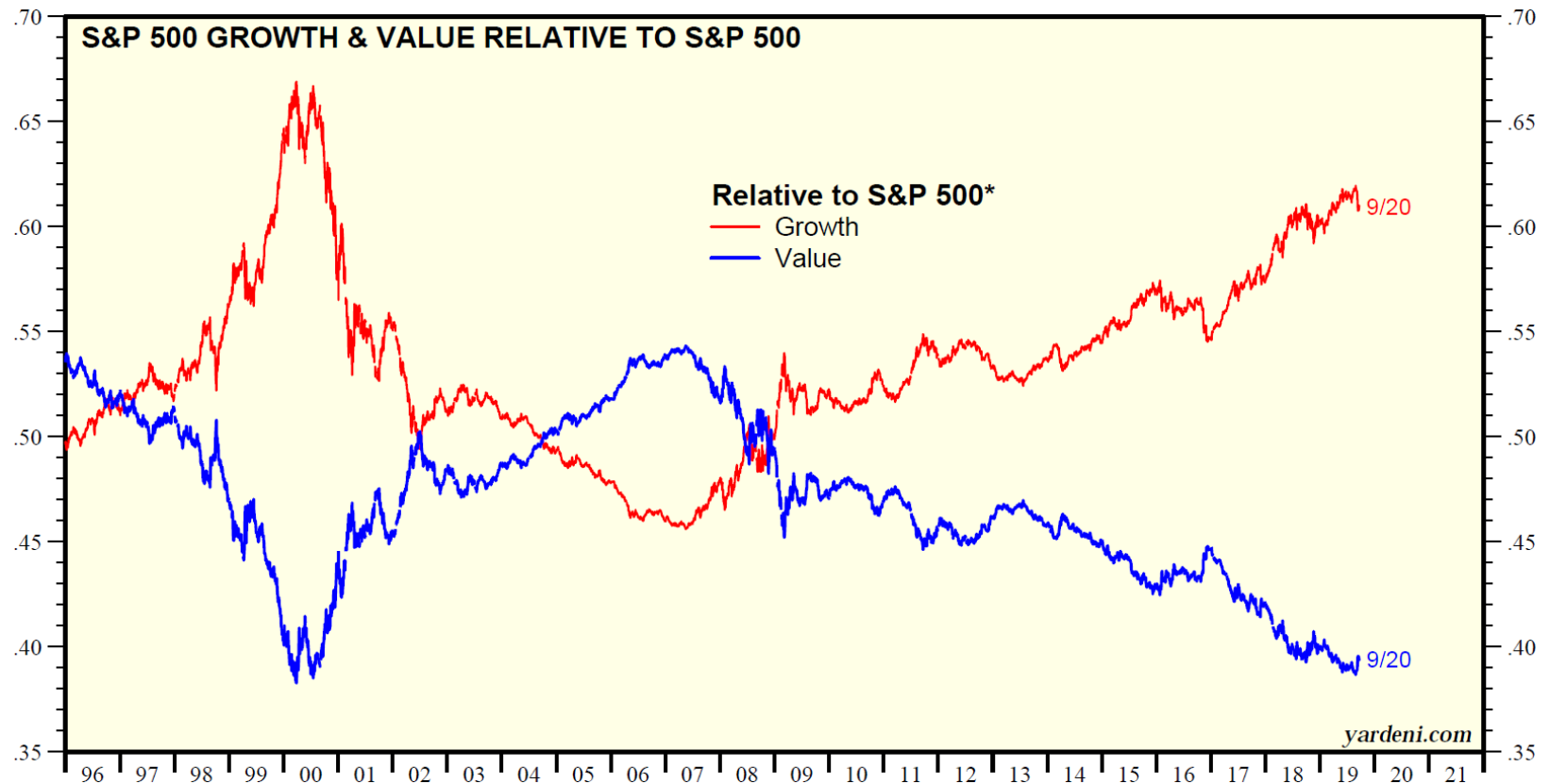
But are the best times behind us?



A different beta outlook ahead

- No more easy gains
- Alpha generation key to meeting longer term return objectives
- Active management and manager selection important

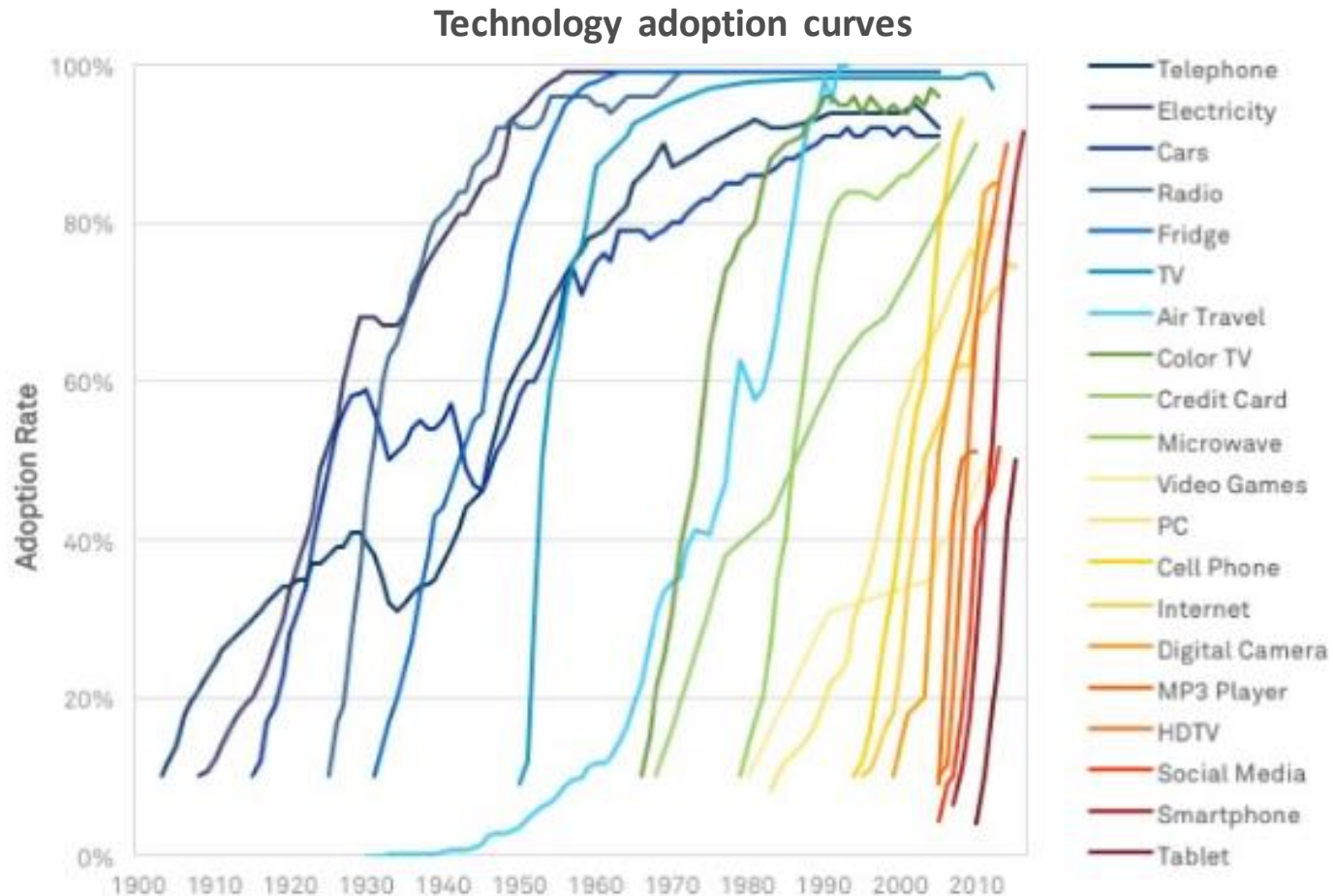
Growth has outperformed value since GFC



* Rising (falling) line indicates that the index is outperforming (underperforming) the S&P 500.
Source: Standard & Poor's and Haver Analytics.

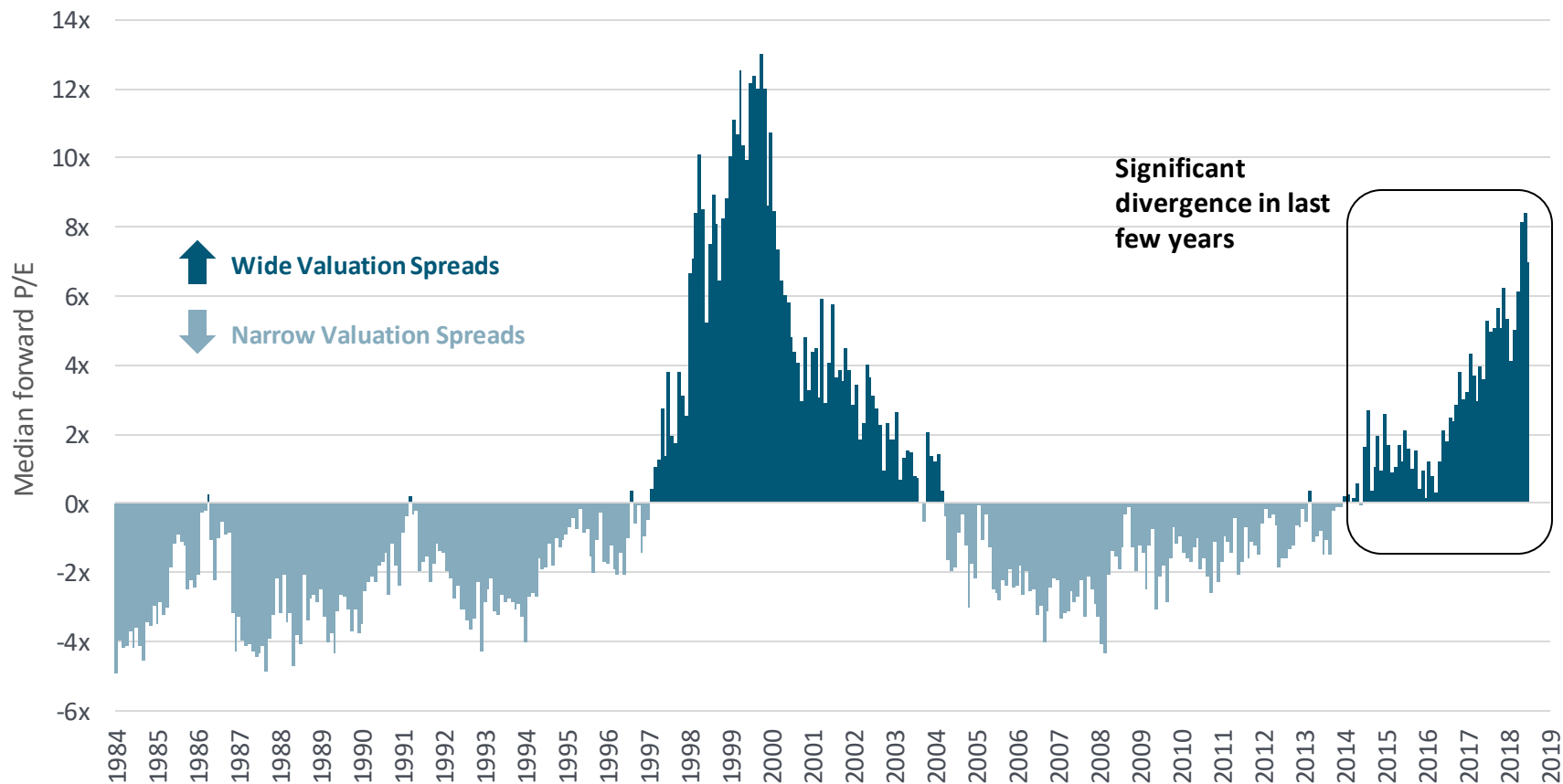
Disruptive forces supportive of growth stocks

Technology adoption curves



Source: Asymco

Valuation gap between US Growth and Value has widened



Value will make a comeback

Value reversals in the US: 1927-2017

Year	3 yr performance: Value vs Growth	Next year's relative return	Next 3 year's relative return (pa)
1939	-12%	-1%	10%
1940	-11%	11%	23%
1991	-10%	24%	14%
1980	-9%	25%	20%
2009	-8%	-5%	-1%
1999	-8%	40%	22%
2011	-8%	10%	3%
1932	-6%	28%	5%
1931	-5%	10%	4%
2010	-5%	-8%	0.9%
1953	-3%	26%	10%
2015	-3%	23%	-3%
1941	-3%	20%	25%
1930	-2%	-14%	8%
2012	-1%	1%	-3%
1967	-1%	19%	10%
1957	-1%	13%	3%
1981	-0.4%	13%	18%
2000	-0.3%	19%	11%
1969	-0.3%	22%	4%
Average	-5%	14%	9%
Frequency		80%	85%

Data from LSV Asset Management and Ken French website

- Long term historic data shows value strategies mean revert strongly after a period of underperformance
- Value outperforms 80% of the time over the next year, and 85% of the time over next three years

When will it happen?

Why is a
raven like a
writing desk?

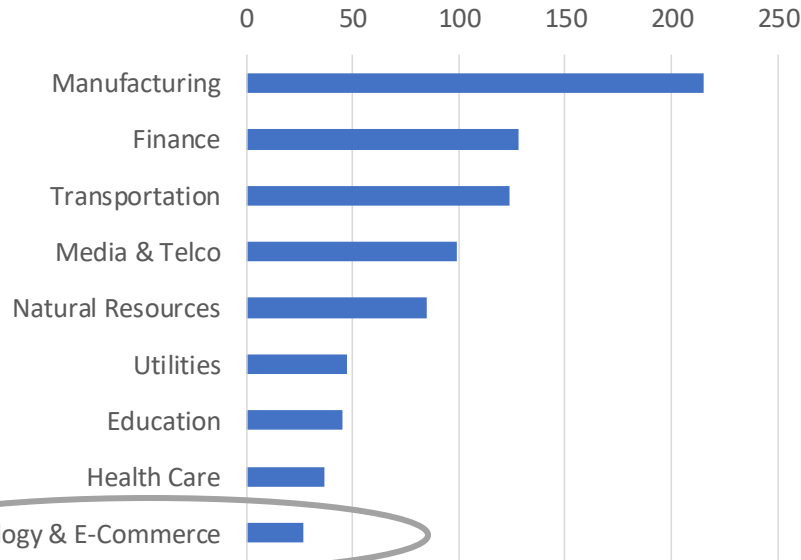


Catalysts for value leadership?

- Increasing interest rates
- Market correction
- Looming risks for technology companies

Regulation a looming risk for tech stocks

US federal govt regulations (thousands)



Source: BoFA Merrill Lynch

States to Move Forward With Antitrust Probe of Big Tech Firms

Investigation would put additional scrutiny on an industry already under a federal spotlight
Wall Street Journal, Aug. 19, 2019

Europe's Tougher Approach to Big Tech

Margrethe Vestager has been reappointed European antitrust chief and wants to strengthen the rules
Wall Street Journal, Sept. 10, 2019

Google Fined \$1.7 Billion Over Advertising Market Abuse

Bloomberg March 20, 2019

Clarity Global Shares Fund

MFS Blended Research strategy overview

Investment approach

Integration of two distinct equity investment disciplines,
MFS quantitative research and MFS fundamental research

Investment philosophy

We believe:

- Investing in above-average quality companies that are trading at favorable valuations with an investment catalyst may be rewarded over the long term.
 - Quantitative research and fundamental research have complementary attributes.
 - Systematically integrating fundamental and quantitative research in a disciplined portfolio construction process may lead to strong risk-adjusted results.
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Clarity Global Shares Fund

Key Fund Statistics (as at 31 August 2019)

Fundamentals (weighted average)	Portfolio	Benchmark [^]
Price/Earnings ¹	12.3X	15.3X
PEG ratio	1.6X	1.7X
Dividend Yield	2.9%	2.5%
Market Capitalisation ²	245bn	256bn
Number of holdings	104	2,839
Tracking Error ³	1.85%	
Active share	82%	

Clarity Global Shares Fund

Performance (to 31 August 2019)

	3 Months	12 Months	Since Inception pa (April 2017)
Fund (net)	5.7%	0.3%	7.5%
Benchmark	6.2%	2.7%	9.8%
Difference	-0.5%	-2.4%	-2.2%
Fund Size			\$NZ83m
Strategy Size			\$US856m



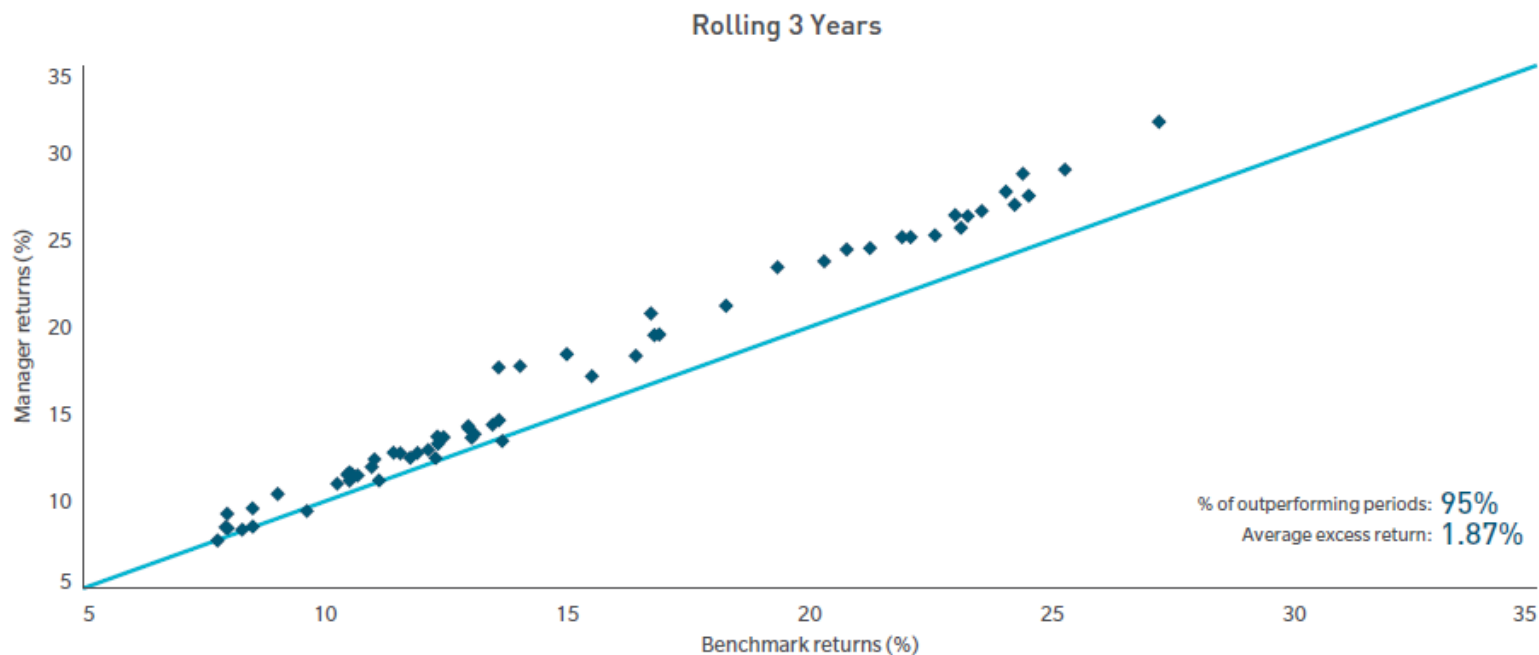
The Fund's return is after deduction for fees/charges and before tax. The benchmark returns reflect no deductions for charges and tax. The benchmark is the MSCI AC World ex Tobacco Index 50% hedged to NZD. Inception date was 26/4/17. Past performance is not necessarily indicative of future returns.

MFS Blended research strategy

Consistency of Historical Relative Outperformance

Gross of fees (AUD)

MFS Blended Research - Global Equity Composite in AUD vs. MSCI All Country World Index (net div)
May 2011 - March 2019



Socially responsible?



Clarity Global Shares Fund Summary

Key Features

Actively managed and diversified global equity strategy	<i>80 – 120 stock holdings; holdings may differ significantly from underlying benchmark index</i>
In partnership with leading global equity manager	<i>MFS, a US based global asset manager</i>
Responsible investment approach	<i>ESG integration; excludes controversial weapons & tobacco</i>
Focus to exceed the return of broader global equity markets (benchmark) over medium term (at least 5 years) net of fees and expenses	<i>Benchmarked to the MSCI All Country World ex-tobacco Index, 50% hedged to NZD¹</i>
Competitive pricing	<i>Management Fee – 0.66% p.a. Admin charges and expenses – 0.40% p.a.²</i>
Designed for NZ investors	<i>PIE structure, 50% NZD hedged</i>
Unique investment approach (combines quantitative and qualitative research)	<i>Potential for strong risk-adjusted results across changing market environments</i>
Track record of adding value	<i>The underlying strategy has a 5 year plus track record of adding value</i>

Disclaimer

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