

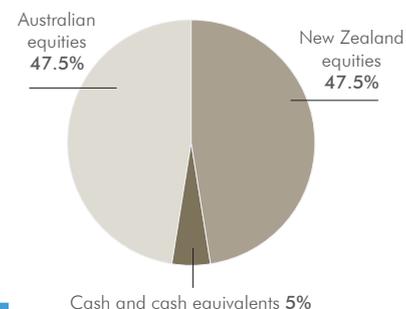
## CLARITY TRANS-TASMAN FUND

Australasian share markets continued their strong run in May, ignoring a negative lead from international markets. Australia was buoyed by an unexpected, business-friendly election result, while New Zealand's yield centric market received another boost from an interest rate cut by the Reserve Bank of New Zealand. The Fund benefited from a very strong result from logistics company Mainfreight (+10%), and continued strength in its electricity company investments (e.g. Contact Energy, +10%). In Australia, domestically exposed holdings like Boral (+12%), National Australia Bank and ANZ fared well. Our holding in Metlifecare detracted from performance (-10%), but we continue to expect the substantial value upside we see in the shares to crystallise at some point.

### Performance

As at 31 May 2019	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Trans-Tasman Fund*	0.8%	5.9%	-4.0%	7.0%	8.7%	9.4%
Benchmark Index**	1.9%	7.5%	12.4%	11.8%	11.0%	4.7%

### Target investment mix<sup>1</sup>



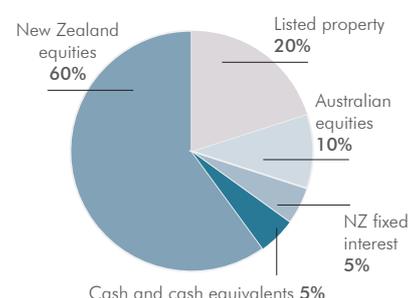
## CLARITY DIVIDEND YIELD FUND

The Fund performed well in May, with yield stocks gaining further appeal following the Reserve Bank of New Zealand interest rate cut early in the month. Strong performers in New Zealand included the electricity companies (the Fund's largest holding is Contact Energy +10%), and the property sector (e.g. Goodman Property Trust, +7%). In Australia, holdings in property companies Mirvac and Stockland, which both have residential development divisions, were big beneficiaries of the surprise election result that drove a surge in confidence in the residential property market. On the downside, our holdings in smaller New Zealand companies generally suffered a weak month, with Tourism Holdings, Kathmandu and Scales all falling around -4%.

### Performance

As at 31 May 2019	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Dividend Yield Fund*	2.6%	7.8%	9.1%	10.8%	13.0%	13.9%
Benchmark Index**	1.5%	7.4%	14.5%	11.2%	8.0%	7.7%

### Target investment mix<sup>1</sup>



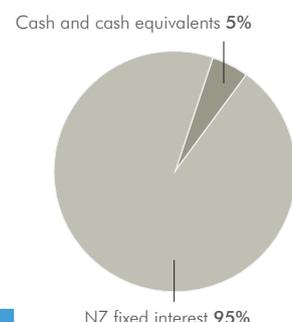
## CLARITY FIXED INCOME FUND

The fund posted a very strong return in May on the back of the Reserve Bank of New Zealand's decision to cut the official cash rate (OCR) by 25 basis points earlier in the month taking the OCR to record lows at 1.5%. Given the recent weaker domestic spending, and projected ongoing growth and employment headwinds, the Monetary Policy Committee agreed that there was a need for further monetary stimulus to meet its objectives. Interest rates continued to fall throughout the month further helping fund returns (lower bond yields mean high bond prices). There was little bond issuance and the Fund only invested in two term deposits over the month.

### Performance

As at 31 May 2019	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception
Clarity Fixed Income Fund*	1.2%	2.2%	5.9%	4.4%	N/A	5.2%
Benchmark Index**	0.2%	0.5%	2.0%	2.1%	N/A	2.8%

### Target investment mix<sup>1</sup>



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

\*\* Benchmark returns reflects no deduction for charges and tax. Details of these are included in the Quarterly Fund Update which is available at <https://clarityfunds.co.nz/quarterly-fund-updates-and-commentaries>.

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

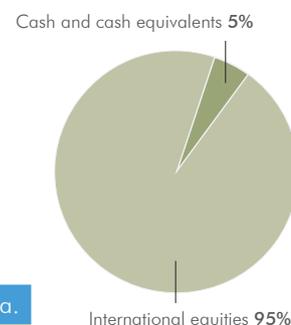
### CLARITY GLOBAL SHARES FUND

International share markets were weak in May, reflecting a return of fears about the impact of China-US trade disputes on global growth. The Fund also fell, but outperformed the market, reflecting superior stock selection in the technology, transportation and financial services sectors. The Fund's position in UK bakery chain Greggs (+20%) also contributed to relative performance following management's prediction that earnings will be "materially higher" than expectations due to a boost in sales and publicity from their new vegan sausage roll. In contrast, a holding in Taiwan Semiconductor (-11%) weighed on returns. This company was caught up in the Huawei dispute, drawing criticism after it decided to continue its association with the smartphone and telecom maker despite the United States blacklisting the company.

#### Performance

As at 31 May 2019	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-4.1%	-0.1%	1.7%	N/A	N/A	6.2%
Benchmark Index**	-4.8%	1.1%	3.3%	N/A	N/A	7.9%

#### Target investment mix<sup>1</sup>



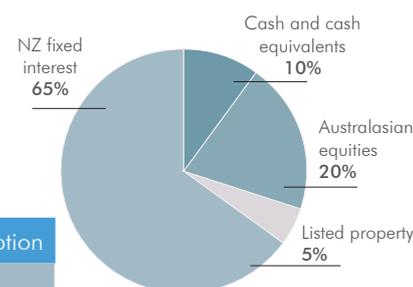
### CLARITY DIVERSIFIED INCOME FUND

The Fund performed well over the month, outperforming its relative index. The Fund benefited from declining interest rates over the month as bond prices in the Clarity Fixed Income Fund naturally increased (lower bond yields mean high bond prices) coupled with strong performance by yield centric stocks in the Clarity Dividend Yield Fund. Both underlying funds outperformed their respective benchmarks. The Fund paid a distribution of 2 cents per unit this month. The fund currently holds approximately 34% in the Clarity Dividend Yield Fund, 59% in the Clarity Fixed Income Fund and 7% in cash.

#### Performance

As at 31 May 2019	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception
Clarity Diversified Income Fund*	1.6%	3.7%	6.4%	N/A	N/A	5.6%
Benchmark Index**	0.3%	0.9%	3.5%	N/A	N/A	4.3%

#### Target investment mix<sup>1</sup>



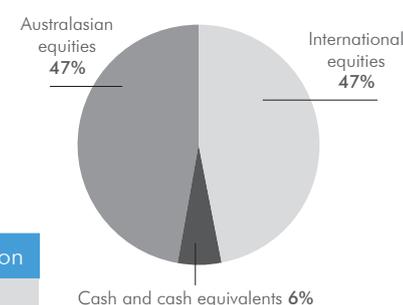
### CLARITY DIVERSIFIED GROWTH FUND

The Fund slightly underperformed for the month due to the relative underperformance in the Clarity Trans-Tasman Fund. Lack of holdings in stocks such as Vista Group (+14%) and Auckland International Airport (+10%) as well as holdings in Metlifecare (-10%) and A2 Milk (-6%) contributed to relative underperformance. The Clarity Global Shares Fund contributed positively to the relative return. The Fund currently holds approximately 45% in the Clarity Trans-Tasman Fund, 53% in the Clarity Global Shares Fund and 2% in cash.

#### Performance

As at 31 May 2019	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception
Clarity Diversified Growth Fund*	-1.9%	2.5%	-1.2%	N/A	N/A	5.2%
Benchmark Index**	-1.5%	4.3%	7.9%	N/A	N/A	9.7%

#### Target investment mix<sup>1</sup>



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