

CLARITY TRANS-TASMAN FUND

What is the purpose of this update?

This document tells you how the Clarity Trans-Tasman Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Clarity Funds Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Fund aims to achieve returns over the medium to long term. It will invest in a well-diversified portfolio of primarily New Zealand and Australian listed equities, selected to favour those securities with higher earnings and dividend yields and strong net tangible asset backing. It will also hold cash for liquidity purposes and may invest in other assets on listed sharemarkets.

The Fund is actively managed. The actual holdings may differ considerably from the target mix of 95% Australasian equities (50:50 mix of Australian and New Zealand equities) and 5% cash.

Total value of the fund	\$145,150,942
Date the fund started	1 November 2007

What are the risks of investing?

Risk indicator for the Clarity Trans-Tasman Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five year period to 30 September 2018. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

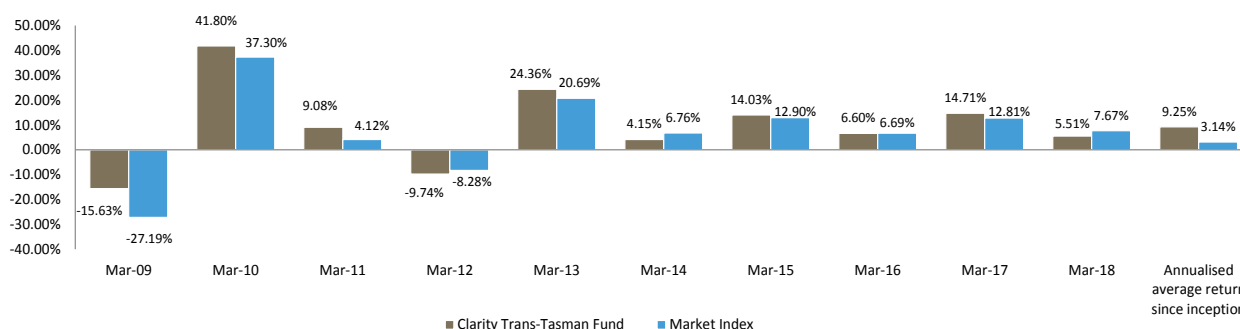
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this fund.

How has the fund performed?

	Avg. over past 5 Years	Past Year
Annual Fund Return (after deduction for fund charges and tax)	10.21%	7.90%
Annual Fund Return (after deduction for fund charges but before tax)	11.53%	8.95%
Market index annual return (reflects no deduction for charges and tax)	11.59%	16.34%

We calculate the market index annual return from 1 April 2013 by using 50% of the NZX50 Portfolio Index and 50% of the ASX200 Accumulation Index in NZ dollars. Between 1 November 2007 and 31 March 2013 the market index return was based on 50% NZSE50 Portfolio Index and 50% ASX 200 Index in NZ dollars. Additional information about the market index is available on the offer register at www.business.govt.nz/disclose.

Annual return graph¹



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 30 September 2018. **Important:** This does not tell you how the fund will perform in the future. Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Clarity Trans-Tasman Fund are charged fund charges. In the year to 31 March 2018 these were:

	% of Net Asset Value
Total Fund Charges (incl GST)	1.06%
Comprising management and administration charges which are made up of:	
Manager's basic fee	0.66%
Other management and administration charges	0.40%

There are no performance fees charged in relation to the Clarity Trans-Tasman Fund.

Investors are not charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about those fees.

Example of how this applies to an investor

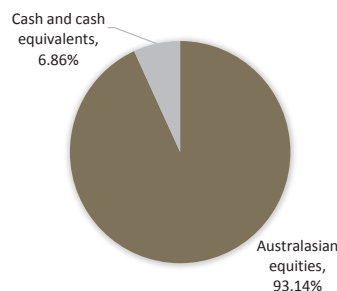
Small differences in fees and charges can have a big impact on your investment over the long term.

Chris had \$10,000 in the Clarity Trans-Tasman Fund at the start of the year and did not make any further contributions. At the end of the year, Chris received a return after fund charges were deducted of \$895 (that is 8.95% of his initial \$10,000). Chris does not pay any other charges. This gives Chris a total return after tax of \$790 for the year.

What does the fund invest in?

This shows the types of assets that the Clarity Trans-Tasman Fund invests in.

Actual investment mix



As at 30 September 2018, the Fund has an exposure of 57.62% in Australian assets. The Manager has the ability to hedge this exposure but does not currently do so.

Target investment mix

Asset sector	Target Asset Allocation %	Range %
Cash and cash equivalents	5	0 - 40
Australasian equities	95	40 - 100
International equities	0	0 - 5
Listed property	0	0 - 10
Other assets	0	0 - 10
Total asset allocation	100	

Top 10 investments

Asset name	Country	Type	Credit rating (if applicable)	% of fund net assets
BHP Billiton Ltd	AU	Australasian Equities		5.57%
Seven Group Holdings Ltd	AU	Australasian Equities		4.94%
Westpac Banking Corp	AU	Australasian Equities		4.86%
Metlifecare Ltd	NZ	Australasian Equities		4.62%
Australia and NZ Banking Group	AU	Australasian Equities		4.32%
Sanford Ltd	NZ	Australasian Equities		3.91%
Contact Energy Ltd	NZ	Australasian Equities		3.74%
Boral Ltd	AU	Australasian Equities		3.33%
Caltex Australia Ltd	AU	Australasian Equities		3.31%
Scottish Pacific Group Ltd	AU	Australasian Equities		3.16%

The top 10 investments make up 41.76% of the net asset value of the Fund.

Key personnel

Name	Current position	Time in current position	Previous position	Time in previous position
Alan Lee	Director, JMI Wealth Limited and Clarity Funds Management Limited	13 years, 3 months	Director, Jarden Morgan Investment Services Limited	4 years, 0 months
Andrew Kelleher	Director, JMI Wealth Limited and Clarity Funds Management Limited	10 years, 5 months	Acting Managing Principal, ASB Securities Limited and Investment Consultant, ASB Limited	3 years, 5 months
Jason Watson	Head of Advice, JMI Wealth Limited	1 years, 5 months	Regional Manager Private Bank, ANZ	5 years, 2 months
Ian Arkle	Investment Executive, JMI Wealth Limited	7 years, 2 months	Investment Manager, NZ Guardian Trust	6 years, 0 months
Jonathan Westoby	Investment Executive, JMI Wealth Limited	12 years, 6 months	Stockbroker, Macquarie Group	12 years, 8 months

Further information

You can also obtain this information, the PDS for the Clarity Funds, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes

- The Market Index used to calculate the returns on the bar chart from 1 April 2013 is 50% of the NZX50 Portfolio Index and 50% of the ASX200 Accumulation Index in New Zealand dollars. Between 1 November 2007 and 31 March 2013 the market index used was 50% NZSE50 Portfolio Index and 50% ASX 200 Index in New Zealand dollars.