



# PRODUCT DISCLOSURE STATEMENT

ISSUED BY CLARITY FUNDS MANAGEMENT LIMITED 20 DECEMBER 2024

OFFERS OF UNITS IN THE

**Clarity Fixed Income Fund**  
**Clarity Dividend Yield Fund**  
**Clarity New Zealand Equity Fund**  
**Clarity Trans-Tasman Value Fund**  
**Clarity Global Shares Fund**  
**Clarity - Capital Group New Perspective Fund**  
**Clarity Diversified Income Fund**  
**Clarity Diversified Growth Fund**

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This document replaces the Product Disclosure Statement dated 29 September 2023.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). Clarity Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013 (**FMC Act**). You can also seek advice from a financial advice provider to help you make an investment decision.

# 1. KEY INFORMATION SUMMARY

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## What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Clarity Funds Management Limited (**Clarity, we, us, our**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of Clarity, our investment managers and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this Product Disclosure Statement (**PDS**).

## What will your money be invested in?

Eight Clarity Funds are offered under this PDS. These investment options are summarised on the following page. More information about the investment target and strategy for each investment option is provided in Section 3 '*Description of your investment option(s)*'.

This PDS does not contain information about the two other funds within the Clarity Funds Scheme, TAHITO Te Tai o Rehua Fund and Enhanced Cash PIE, both of which have a standalone PDS available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## Who manages the Clarity Funds Investment Scheme?

Clarity Funds Management Limited is the manager of the Clarity Funds. See section 7 '*Who is involved?*' for more information.

## What are the returns?

The return on your investment is represented by any increase or decrease in the unit price of the Fund, and any distributions to you. We intend for the Fixed Income Fund, Dividend Yield Fund, New Zealand Equity Fund, Trans-Tasman Value Fund and Diversified Income Fund to pay quarterly distributions. No distributions will be made from any other fund. See Section 2 '*How does this investment work?*' for more information.

## How can you get your money out?

You can request to withdraw all, or part, of your investment at any time. Minimum amounts may apply.

Your investment in the Clarity Funds can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. See Section 2 '*How does this investment work?*' for more information.

## How will your investment be taxed?

Each Fund is a portfolio investment entity (**PIE**). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (**PIR**). To determine your PIR, go to [www.ird.govt.nz/toii/pir/workout](http://www.ird.govt.nz/toii/pir/workout). See Section 6 '*What taxes will you pay?*' for more information.

## Where can you find more key information?

Clarity is required to publish quarterly updates for each Fund. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest Fund Updates are available at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz). We will also give you copies of those documents on request.

## Clarity Funds investment options

See Section 4 'What are the risks of investing?' for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator. 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-profiler](http://www.sorted.org.nz/tools/investor-profiler).

Fund Name	Description	Risk Indicator*	Estimated Annual Fund Charges ^
<b>Fixed Income Fund</b>	Aims to provide income in excess of bank deposits and capital stability over the medium term by investing mainly in New Zealand fixed interest securities.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	0.65%
<b>Trans-Tasman Value Fund</b>	Provides actively managed exposure to New Zealand and Australian equities. The Fund aims to generate a better return than the benchmark over the medium to long term. It employs a value investing strategy, typically favouring companies which offer higher earnings yields.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	1.00%
<b>Dividend Yield Fund</b>	Provides actively managed exposure to dividend paying New Zealand and Australian equities. The Fund aims to generate higher dividend income than the benchmark over the medium to long term. It favours companies that we consider provide an attractive and sustainable dividend yield.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	1.00%
<b>New Zealand Equity Fund</b>	Provides actively managed exposure to New Zealand equities. The Fund aims to generate a better return than the benchmark over the medium to long term.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	1.00%
<b>Global Shares Fund</b>	Provides actively managed exposure to international equities and aims to generate a better return than the benchmark over the medium to long term. The Fund is managed by global investment manager MFS. MFS use a mix of fundamental and quantitative analysis to select companies.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	1.00%
<b>New Perspective Fund</b>	Aims to achieve long-term growth of capital by investing in shares of companies located around the world. The Fund is managed by global investment manager Capital Group, and favours companies expected to benefit from structural trends in the global economy.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	1.15%
<b>Diversified Income Fund</b>	Aims to generate income over the medium term by investing in fixed income securities and dividend paying New Zealand and Australian equities, primarily investing in managed funds (including other Clarity funds) to achieve a well-diversified portfolio of assets.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	0.90%
<b>Diversified Growth Fund</b>	Provides actively managed exposure to New Zealand, Australian and international equities, and aims to generate a better return than the benchmark over the medium to long term. The Fund primarily invests in managed funds (including other Clarity funds) to achieve a well-diversified portfolio of assets.	<p>Lower expected returns      Higher expected returns</p> <p>1 2 3 4 5 6 7</p> <p>Lower risk      Higher risk</p>	1.10%

\* The risk indicators have been calculated using the five (5) year period to 30 November 2024. See Section 3 'Description of your investment option(s)' for more information on risk indicators.

^ Estimated as a % of the Fund's net asset values per annum. See Section 5 'What are the fees?' for more information on fund charges.

# CONTENTS

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- 1. KEY INFORMATION SUMMARY ..... 2
- 2. HOW DOES THIS INVESTMENT WORK? ..... 5
- 3. DESCRIPTION OF YOUR INVESTMENT OPTION(S) ..... 7
- 4. WHAT ARE THE RISKS OF INVESTING? ..... 9
- 5. WHAT ARE THE FEES? ..... 11
- 6. WHAT TAXES WILL YOU PAY? ..... 13
- 7. WHO IS INVOLVED? ..... 13
- 8. HOW TO COMPLAIN ..... 14
- 9. WHERE YOU CAN FIND MORE INFORMATION ..... 14
- 10. HOW TO APPLY ..... 14
- GLOSSARY ..... 15

Words that are capitalised in this document are defined in the glossary on page 15.



## 2. HOW DOES THIS INVESTMENT WORK?

The Clarity Funds are a managed investment scheme governed by a Trust Deed, each Fund is a trust in its own right.

The benefits of investing in our funds include active oversight by Clarity and their investment managers and a broad range of high quality, straightforward and flexible investment options. Our Funds utilise the benefits of the PIE tax regime and we take care of the investment administration for you.

A managed investment scheme enables investors to pool their investments together to achieve benefits that may not be possible individually, including access to a wider range of assets and greater investment diversity.

The money you invest buys units in a Fund and rights to the returns earned on those assets, units do not give you legal ownership of the Fund's assets. Unit prices are calculated by dividing the net asset value of the Fund by the number of units on issue. The price of each unit depends on the value of the Fund at the time you invest.

We calculate unit prices each business day and publish them on our website. Unit prices change as the market value of Fund assets change. The return on your investment is reflected in any increase or decrease in the unit price and any distributions from the Fund(s).

The number of units you have (your unitholding), when multiplied by the unit price, gives you the total value of your investment in the Fund (although the impact of tax can result in a change in the number of units you hold, up or down, as the unit price is calculated before tax).

The assets of each Fund are separate and are not available to meet the liabilities of any other Fund in the scheme.

### Distributions

The table below sets out the distribution details relevant for each Fund.

Fund Name	Quarterly Income Distributions	No Income Distributions
Fixed Income Fund	✓	
Trans-Tasman Value Fund	✓	
Dividend Yield Fund	✓	
New Zealand Equity Fund	✓	
Global Shares Fund		✓
New Perspective Fund		✓
Diversified Income Fund	✓	
Diversified Growth Fund		✓

The Funds generally distribute on a quarterly basis for the distribution periods ending January, April, July and October. We determine the amount available for distribution (if any).

Payments are made within one month of the distribution ex-date and are generally paid on the fifteenth (15th) (or the next business day) of the following month. For tax purposes distributions are considered non-taxable income.

You can elect to have your distribution paid into your nominated bank account or you can reinvest by purchasing further units in the same Fund. You can elect which of these options you prefer in your initial application, or by writing to us.

We can alter our distribution policy in consultation with our Supervisor and after advising you of any significant change.

## 2. HOW DOES THIS INVESTMENT WORK?

### Making investments

You can invest by completing the application form accompanying this PDS and sending it back to us, or by completing an online application form through [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz). Please ensure all required information is provided, including how much you would like to invest and which Fund(s) you want to invest in.

Type of Contribution	Minimum Amount
Minimum initial investment amount	\$10,000
Minimum additional investment amount	\$1,000

We may, at our discretion, change the minimum investment amounts, and the minimum balance, and accept applications for investments below the stated minimum amount. We may accept or refuse any application either in whole or part. Application monies received in respect of rejected applications will be refunded, without interest.

Your investment will be processed once the funds received have been cleared. The unit price is determined at the end of each business day. We will issue your units at the unit price for that Fund. We also have the discretion to include trading costs in determining the unit price received.

If your application is received and funds have cleared before 1.00pm on a business day, units will be issued to you at the price determined on that day. If your application is received and funds clear after 1.00pm, units will be issued to you at the price determined on the following business day.

### Withdrawing your investment(s)

You may withdraw all or part of your investment (subject to any minimum amounts that apply) at any time by completing a withdrawal form and returning it to us. Units will be redeemed and the proceeds paid into your nominated bank account, which must be in the name of the investor.

Type of Withdrawal	Minimum Amount	Condition
Minimum withdrawal amount	\$1,000	If your withdrawal would make your investment fall below \$10,000, you must withdraw all of your investment.

We may, at our discretion, change the minimum withdrawal amount and the minimum balance, and accept withdrawals below the stated minimum amounts. The price of a unit is determined as at the end of each business day. We will pay the proceeds of your withdrawal to your nominated bank account, at the unit price for that Fund. We also have the discretion to include trading costs in determining the unit price applied.

If your withdrawal request is received prior to 1.00pm, you will receive the price determined on that day. If your withdrawal request is received after 1.00pm on a business day, the unit price determined on the following business day will be applied.

We may, in certain circumstances and with prior notice to the Supervisor, suspend or defer the withdrawal of units. We will do this when we, in good faith, determine that it is in the general interests of all investors to defer or suspend immediate withdrawal of units. These conditions are set out in the Other Material Information document which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

### How to switch between funds

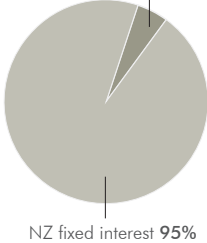
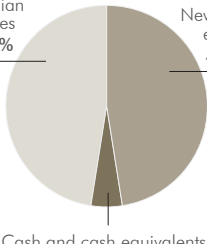
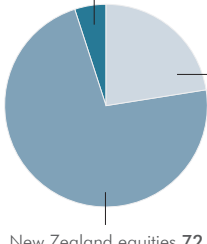
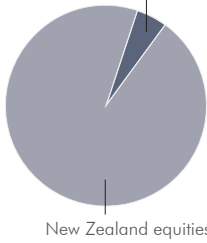
You can request to switch between any of the Clarity Funds at any time. This includes the TAHITO Te Tai o Rehua Fund and the Enhanced Cash PIE, both of which have a standalone PDS available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Completed switch requests will be made on the next available unit price. Switches will be treated as a withdrawal request from one Fund and an application into another Fund.

Please contact us for more information.



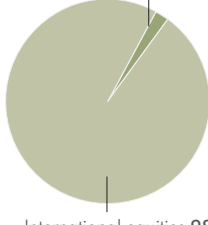
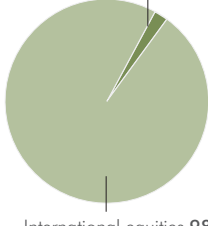
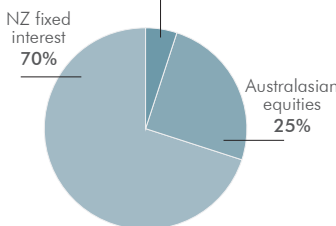
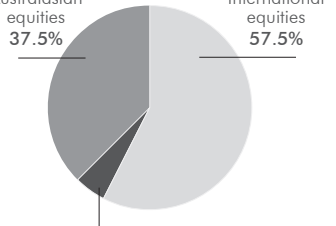
### 3. DESCRIPTION OF YOUR INVESTMENT OPTION(S)

Fund Name	Investment Strategy and Objectives	Target Investment Mix <sup>1</sup>	Risk Indicator <sup>2</sup>	Minimum Suggested Investment Timeframe
<b>Fixed Income Fund</b>	<p><b>Objective:</b> Aims to provide income in excess of bank deposits and capital stability over the medium term by investing mainly in New Zealand fixed interest securities. We intend for the Fund to make quarterly income distributions.</p> <p><b>Strategy:</b> Will primarily invest in a well diversified portfolio of New Zealand fixed interest securities but may also invest in international fixed interest securities and exchange traded funds.</p> <p><b>Benchmark:</b> Bloomberg New Zealand Bond Composite 0-5 Year Index.</p>	<p>Cash and cash equivalents 5%</p>  <p>NZ fixed interest 95%</p>	<p><b>3</b></p> <p>The Fund has a low level of volatility</p>	<p><b>Medium term</b> (at least a period of 3 years)</p>
<b>Trans-Tasman Value Fund</b>	<p><b>Objective:</b> To provide actively managed exposure to New Zealand and Australian equities. The Fund aims to generate a better return than the benchmark over the medium to long term. We intend for the Fund to make quarterly income distributions.</p> <p><b>Strategy:</b> We employ a value investing strategy, typically favouring companies which offer higher earnings yields.</p> <p><b>Benchmark:</b> 50% S&amp;P/NZX 50 Portfolio Index Gross with Imputation and 50% S&amp;P/ASX 200 Accumulation Index in NZ dollars.</p>	<p>Australian equities 47.5%</p>  <p>New Zealand equities 47.5%</p> <p>Cash and cash equivalents 5%</p>	<p><b>5</b></p> <p>The Fund has a high level of volatility</p>	<p><b>Medium to Long term</b> (at least a period of 5 years)</p>
<b>Dividend Yield Fund</b>	<p><b>Objective:</b> To provide actively managed exposure to dividend paying New Zealand and Australian equities. The Fund aims to generate higher dividend income than the benchmark over the medium to long term. We intend for the Fund to make quarterly income distributions.</p> <p><b>Strategy:</b> Will generate income from a diversified portfolio of companies that we consider provide an attractive and sustainable dividend yield.</p> <p><b>Benchmark:</b> 75% S&amp;P/NZX 50 High Dividend Index Gross with Imputation and 25% S&amp;P/ASX 200 Accumulation Index.</p>	<p>Cash and cash equivalents 5%</p>  <p>Australian equities 22.5%</p> <p>New Zealand equities 72.5%</p>	<p><b>5</b></p> <p>The Fund has a high level of volatility</p>	<p><b>Medium to Long term</b> (at least a period of 5 years)</p>
<b>New Zealand Equity Fund</b>	<p><b>Objective:</b> To provide actively managed exposure to New Zealand equities. The Fund aims to generate a better return than the benchmark over the medium to long term. We intend for the Fund to make quarterly income distributions.</p> <p><b>Strategy:</b> Will invest in a diversified portfolio of New Zealand equities.</p> <p><b>Benchmark:</b> S&amp;P/NZX 50 Index Gross with Imputation.</p>	<p>Cash and cash equivalents 5%</p>  <p>New Zealand equities 95%</p>	<p><b>5</b></p> <p>The Fund has a high level of volatility</p>	<p><b>Medium to Long term</b> (at least a period of 5 years)</p>

Further information about the assets in the Funds can be found in the Fund Updates at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).

1. The current target investment mix is shown, but variations around these targets are likely from time to time.
2. The risk indicator has been calculated using actual returns for the five (5) year period to 30 November 2024.

### 3. DESCRIPTION OF YOUR INVESTMENT OPTION(S)

Fund Name	Investment Strategy and Objectives	Target Investment Mix <sup>1</sup>	Risk Indicator <sup>2</sup>	Minimum Suggested Investment Timeframe
<b>Global Shares Fund</b>	<p><b>Objective:</b> Will provide actively managed exposure to international equities and aims to generate a better return than the benchmark over the medium to long term.</p> <p><b>Strategy:</b> We use MFS as the investment manager for this Fund. MFS use a mix of fundamental and quantitative analysis to select companies.</p> <p><b>Benchmark:</b> MSCI All Country World Index (net dividends reinvested) in NZ dollars with 50% hedged to NZ dollars.</p>	<p>Cash and cash equivalents 2%</p>  <p>International equities 98%</p>	<p><b>6</b></p> <p>The Fund has a high level of volatility</p>	<p><b>Medium to Long term</b> (at least a period of 5 years)</p>
<b>New Perspective Fund</b>	<p><b>Objective:</b> Aims to achieve long term growth of capital by investing in shares of companies located around the world.</p> <p><b>Strategy:</b> We use Capital Group as the investment manager for this Fund. Capital Group conducts in-depth proprietary company research and favours companies expected to benefit from structural trends in the global economy.</p> <p><b>Benchmark:</b> MSCI All Country World Index (net dividends reinvested) in NZ dollars with 50% hedged to NZ dollars.</p>	<p>Cash and cash equivalents 2%</p>  <p>International equities 98%</p>	<p><b>6</b></p> <p>The Fund has a high level of volatility</p>	<p><b>Medium to Long term</b> (at least a period of 5 years)</p>
<b>Diversified Income Fund</b>	<p><b>Objective:</b> Aims to provide income in excess of the benchmark over the medium term by investing in fixed income securities and dividend paying New Zealand and Australian equities. We intend for the Fund to make quarterly income distributions.</p> <p><b>Strategy:</b> Will primarily invest in managed funds (including other Clarity funds) to achieve a well-diversified portfolio of New Zealand fixed interest securities and New Zealand and Australian equities.</p> <p><b>Benchmark:</b> 75% Bloomberg New Zealand Bond Composite 0-5 Year Index and 25% S&amp;P/NZX 50 High Dividend Index Gross with Imputation.</p>	<p>Cash and cash equivalents 5%</p>  <p>NZ fixed interest 70%</p> <p>Australasian equities 25%</p>	<p><b>3</b></p> <p>This Fund has a low to medium level of volatility</p>	<p><b>Medium term</b> (at least a period of 4 years)</p>
<b>Diversified Growth Fund</b>	<p><b>Objective:</b> To provide actively managed exposure to New Zealand, Australian and international equities, and aims to generate a better return than the benchmark over the medium to long term.</p> <p><b>Strategy:</b> Will primarily invest in managed funds (including other Clarity funds) to achieve a well-diversified portfolio of equities.</p> <p><b>Benchmark:</b> 20% S&amp;P/NZX 50 Portfolio Index Gross with Imputation, 20% S&amp;P/ASX 200 Accumulation Index in NZ dollars, and 60% MSCI All Country World Index (net dividends reinvested) in NZ dollars with 50% hedged to NZ dollars.</p>	<p>Australasian equities 37.5%</p>  <p>International equities 57.5%</p> <p>Cash and cash equivalents 5%</p>	<p><b>5</b></p> <p>The Fund has a high level of volatility</p>	<p><b>Medium to Long term</b> (at least a period of 5 years)</p>

Further information about the assets in the Funds can be found in the Fund Updates at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).

1. The current target investment mix is shown, but variations around these targets are likely from time to time.
2. The risk indicator has been calculated using actual returns for the five (5) year period to 30 November 2024.



### 3. DESCRIPTION OF YOUR INVESTMENT OPTION(S)

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#### Statement of Investment Policy and Objectives

The tables shown on pages 7 and 8 are a summary of our Statement of Investment Policy and Objectives (**SIPO**). We regularly review the SIPO. We may amend it in accordance with the terms of the Trust Deed, subject to the provisions of the FMC Act.

Before we make changes, we will consider if the changes are in the best interests of investors and consult with the Supervisor. Where material, we will give you written notice at least thirty (30) days before the date on which the revision takes effect.

The current SIPO is available free of charge at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

#### Responsible Investment

Whilst it is not Clarity's primary objective we seek to invest your capital responsibly. Clarity believes that environmental, social and governance (**ESG**) factors are an important determinant of long-term investment returns and global sustainability. As a responsible investor and as part of our fiduciary duty, Clarity considers these factors in our investment research and management process. For more information on Clarity's approach to responsible investing see our website [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).

### 4. WHAT ARE THE RISKS OF INVESTING?

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#### Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator. See Section 3 'Description of your investment option(s)' for the risk indicator of each 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 (volatility). 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-profiler](http://www.sorted.org.nz/tools/investor-profiler). 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 (5) years to 30 November 2024. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest Fund Update for each of the Funds.

## 4. WHAT ARE THE RISKS OF INVESTING?

### General investment risks

Some of the things that may cause a fund's value to move up and down, which affect the risk indicator, are:

<b>Market Risk</b>
Many factors affect financial market performance, meaning that the value of investments rise and fall as a result. This could be economic, political, tax and regulatory conditions as well as general market sentiment. The performance of asset categories and individual asset categories could be impacted by these or business specific conditions. The risk is mitigated by holding a diverse portfolio of securities.
<b>Interest Rate Risk / Maturity Risk</b>
Changes in interest rates will alter the market value of securities in a Fund. The sensitivity of the changes will depend on the original level of interest rates, the length to maturity of the security and the level of coupon that the particular security attracts. Interest rate risk is managed by "laddering" a Fund's portfolio, creating regular reinvestment opportunities.
<b>Credit Risk (applies primarily to the Fixed Income Fund)</b>
A risk associated with fixed income securities where an issuer does not make a payment, either a coupon payment or return of principal, when it is due. This risk is mitigated by holding a diverse portfolio of securities that is not heavily concentrated in one security.
<b>Currency and Hedging Risk</b>
The risk of losses from fluctuating foreign exchange rates. We may seek to mitigate the risk of currency exposures by offsetting the impact of currency fluctuations by the use of forward contracts that will lock in an exchange rate for a currency transaction at a future date, known as 'hedging'. Currency hedging provides some protection against changes in currency exchange rates.
<b>Liquidity Risk</b>
The risk that an investment cannot be traded for periods in volatile and illiquid market conditions. This may affect the processing of Fund transactions and there could be a delay in an investor receiving requested funds. Liquidity risk is managed by diversifying the securities held and holding enough liquid assets to manage short-term obligations.
<b>Investment Return Risk</b>
Past performance is no guarantee of future performance. There is a risk that the investment objectives of a Fund may not be met, or the Fund underperforms its benchmark index over the suggested minimum investment timeframe. This risk is managed through the regular monitoring of the Funds' performance and target asset allocation by the Manager.
<b>ESG Risk</b>
The Clarity Global Shares Fund is externally managed by MFS Australia who manage exclusions requested by Clarity. The outcome of these exclusions may limit investment opportunities, constrain returns and/or may not align with your preferences.

### Other specific risks

There are other operational factors that may increase the risk for investors. These risks relate to us, in our role as manager, our business partners and how these parties manage and operate their obligations to the Funds. We have established processes to mitigate these risks where possible. But there are risks arising from errors in procedures or systems which may have an adverse effect on your investment.

More information relating to risks is available in the Other Material Information document which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 5. WHAT ARE THE FEES?

You will be charged fees for investing in the Clarity Funds. Fees are deducted from your investment and will reduce your returns. If Clarity invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- regular charges (for example, annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- one-off fees (for example, contribution fees). Currently there are no one-off fees charged by Clarity.

### Total annual fund charges

Fund Name	Total fund charges, as a percentage of net asset value (excluding GST)		
	Estimated Management Fee	Estimated Administration Fee	Estimated Total Annual Fund Charges
Fixed Income Fund	0.30%	0.35%	0.65%
Trans-Tasman Value Fund	0.65%	0.35%	1.00%
Dividend Yield Fund	0.65%	0.35%	1.00%
New Zealand Equity Fund	0.65%	0.35%	1.00%
Global Shares Fund	0.65%	0.35%	1.00%
New Perspective Fund	0.80%	0.35%	1.15%
Diversified Income Fund	0.55%	0.35%	0.90%
Diversified Growth Fund	0.75%	0.35%	1.10%

The total annual fund charges (excluding GST and any extraordinary expenses) shall not exceed the amounts shown above for each Fund. Fees are accrued daily, paid monthly in arrears to us and reflected in the unit price.

The charges outlined above cover:

**Management fee:** Each Fund has a maximum management fee, payable to Clarity for its services as manager of the Fund.

**Administration fee:** The general administration costs and expenses of each Fund are 0.35% per annum. These include the Supervisor, Custodian, Administration Manager and Registrar fees, fund accounting, unit pricing, audit, legal fees, regulatory and compliance costs. Additionally, the Manager and the Supervisor are entitled to be reimbursed out of each Fund for all other expenses properly and reasonably incurred by the Supervisor or the Manager in connection with carrying out their respective duties under the Trust Deed.

GST, at the applicable rate prescribed by the IRD, is currently payable on the Supervisor's fee, costs and expenses, the Administration Manager's fee and the Management fee.

There are no performance fees charged by us in relation to any of the Clarity Funds. If Clarity invests in other funds, those funds may charge fees (plus GST if applicable), including performance fees. These fees are included in the total annual fund charges above.

The Diversified Income Fund and Diversified Growth Fund invest into other Clarity Funds including the TAHITO Te Tai o Rehua Fund. Total annual fund charges for the Diversified Funds will not exceed those stated in the table above, as fees charged by the underlying funds are fully refunded.

The actual charges may vary from time to time. Charges for the previous financial year are available in the latest Fund Update.

## 5. WHAT ARE THE FEES?

### Example of how fees apply to an investor

Sarah invests \$10,000 in the Clarity Global Shares Fund. She is not charged an establishment fee or contribution fee. A swing factor is not applied as the Funds threshold has not been met. The starting value of her investment remains \$10,000.

During the first year Sarah is charged management and administration fees, which work out to about \$100 (1.0% of \$10,000). These fees might be more or less if her account balance has increased or decreased over the year.

Estimated total fees for the first year:

Individual action fees: nil

Fund charges: \$100 plus GST

Other charges: nil

See the latest Fund Update for an example of the actual returns and fees investors were charged over the past year.

This example applies only to the Clarity Global Shares Fund. If you are considering investing in other funds or investment options in the scheme, this example may not be representative of the actual fees you may be charged.

### The fees can be changed

We can change the fees charged from time-to-time, with the approval of the Supervisor. We will give you three (3) months' written notice before any fees are increased. We may also waive or reduce fees without any notice.

Clarity must publish a Fund Update for each fund showing the fees actually charged during the most recent year. Fund Updates, including past updates, are available at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).

### Buy/Sell Spreads

We do not typically apply a spread to our unit prices. However, we may apply a spread to particularly large applications or withdrawals, or during periods of heightened market volatility. This is done to protect non-transacting investors from the transaction costs related to buying or selling underlying shares or bonds.

The method we use to do this is swing pricing, where if a transaction size threshold is met, a spread is applied to the transaction.

The thresholds are typically set such that this spread is only triggered by substantial applications or withdrawals that will require the Fund to buy or sell underlying securities. We reserve the right to change transaction size thresholds without notice if we believe this is warranted by market conditions.

The spread reflects estimated transaction costs and is not a fee, nor is it paid to us. It covers transaction costs like brokerage that a Fund incurs when it buys or sells underlying securities. Any surplus between the spread applied and transaction costs incurred is retained in the Fund and reflected in your investment returns.

The spreads we may apply to each Fund are outlined in our 'Other Material Information' document, available on our website [www.clarity.co.nz](http://www.clarity.co.nz), or [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) or contact us at [info@clarityfunds.co.nz](mailto:info@clarityfunds.co.nz) or **0800 990 055**.

## 6. WHAT TAXES WILL YOU PAY?

Each Clarity Fund is a portfolio investment entity (PIE). The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to [www.ird.govt.nz/toii/pir/workout](http://www.ird.govt.nz/toii/pir/workout). If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department.

It is your responsibility to tell Clarity your PIR when you invest or if your PIR changes. If you do not tell us, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR, you will be required to pay any tax shortfall, as part of the income-tax year end process. If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

We may change your PIR if Inland Revenue tell us to.

More information relating to 'taxes you will pay' is in the Other Material Information document which is available at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

## 7. WHO IS INVOLVED?

### About Clarity Funds Management Limited

Clarity Funds Management is an investment management company based in Takapuna, Auckland. Founded in 2007, we offer a range of funds to New Zealand investors to meet a variety of investment objectives. Our aim is to provide high quality, straightforward and flexible investment options – uncomplicated funds our clients can understand and trust.

Clarity is regulated by the Financial Markets Authority and holds a Managed Investment Scheme Manager license. Its operations are supported by industry leading fund administration, custodial and supervisory service providers.

Clarity is part of the Investment Services Group, which in turn is owned by its directors and staff. Other companies in the group include JMI Wealth, Select Wealth Management, Devon Funds Management and TAHITO.

More information about Clarity, its funds, and key people is available on our website at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).

#### Contact Details:

**Clarity Funds Management**  
Level 1, 87 Hurstmere Road  
Takapuna, Auckland 0622

PO Box 33-1106  
Takapuna, Auckland 0740

Telephone: 0800 990 055  
Email: [info@clarityfunds.co.nz](mailto:info@clarityfunds.co.nz)

### Who else is involved?

Role	Name	Description
Supervisor and Custodian	The New Zealand Guardian Trust Company Limited	Supervisor and Custodian of the scheme under the FMC Act, responsible for supervision of us as the Manager of the Clarity Funds.
Sub-Custodian	BNP Paribas Fund Services Australasia Pty Limited	Appointed by the Supervisor to hold the assets of the Clarity Funds on behalf of investors.
Administration Manager and Unit Registrar	APEX Group Limited	Appointed by Clarity to provide various administration functions on our behalf including unit pricing, fund accounting and unit registry services.
Investment Manager	MFS International Australia Pty Limited ( <b>MFS Australia</b> )	A member of the MFS Investment Management Group of companies ( <b>MFS</b> ) and is the investment manager of the Clarity Global Shares Fund.
	Capital International Management Company Sarl	A member of the Capital Group of companies ( <b>Capital Group</b> ) and is the investment manager of the Capital Group New Perspective Fund (LUX), in which the Clarity Capital Group New Perspective Fund invests.

## 8. HOW TO COMPLAIN

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In the first instance, any concerns or complaints about your investment can be made to Clarity using the contact details shown on page 13.

If this proves unsatisfactory you may choose to contact the Supervisor:

**The New Zealand Guardian Trust Company Limited**

Level 6, 191 Queen Street  
Auckland 1010

PO Box 274, Shortland Street  
Auckland 1140

Telephone: 0800 300 299

Email: [ct-auckland@nzgt.co.nz](mailto:ct-auckland@nzgt.co.nz)

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 6143

Telephone: 0800 888 202

Email: [info@ifso.nz](mailto:info@ifso.nz)

The 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 the IFSO.

Further information about referring a complaint to the IFSO can be found at [www.ifso.nz](http://www.ifso.nz). There is no cost to you in referring a complaint to the IFSO.

## 9. WHERE YOU CAN FIND MORE INFORMATION

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Further information about the Clarity Funds including the Trust Deed, OMI, SIPO and financial statements is available on the offer register and the scheme register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz). A copy of information on the offer register or scheme register is available on request to the Registrar.

Fund Updates, annual reports, the latest unit price, and market and economic updates can be found at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz). You will receive portfolio statements and confirmation of fund transactions. These will be emailed to you or made available on the Investor Web Portal.

You will also be sent an annual tax statement which will include the amount of PIE income allocated to you and the amount of tax paid at your chosen PIR. You may be asked to confirm your IRD number and PIR.

All of the above information is available from Clarity on request by contacting us using the details on page 13 and can be obtained free of charge.

## 10. HOW TO APPLY

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If you would like to invest into any of the Clarity Funds you are required to complete and submit the application form in this PDS. You can choose to either fill in the paper-based form and send it to us or use the online application form at [www.clarityfunds.co.nz/invest-with-us](http://www.clarityfunds.co.nz/invest-with-us).

If you require any further information, please contact us or see our website at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz).



## GLOSSARY

Term	Definition
Business Day	Any day on which banks are open for business in both Auckland and Wellington, excluding Saturday and Sunday, or such other day as we determine.
Environmental, Social and Governance (ESG)	A framework to understand how an company is managing risks and opportunities related to environmental, social, and governance criteria.
Financial Markets Conduct Act (FMC Act)	Financial Markets Conduct Act 2013 and Regulations.
Fund	Clarity Fixed Income Fund, Clarity Dividend Yield Fund, Clarity New Zealand Equity Fund, Clarity Trans-Tasman Value Fund, Clarity Global Shares Fund, Clarity - Capital Group New Perspective Fund, Clarity Diversified Income Fund or Clarity Diversified Growth Fund, as the context may apply.
Issue Price	The price at which Units are issued, adjusted (at our discretion) for estimated costs which would be incurred when buying investments of the Fund.
Clarity, Manager, us, we or our	Clarity Funds Management Limited.
Investor, you or your	References to you or another investor, as the context may apply.
Gross Asset Value	The value of the assets of a Fund before deductions are made for liabilities.
Net Asset Value (NAV)	The Gross Asset Value adjusted for liabilities of the Fund.
Portfolio Investment Entity (PIE)	The type of vehicle the Fund is classified as for New Zealand tax purposes.
Prescribed Investor Rate (PIR)	The tax rate that is used to calculate the tax on the income from your investment in a Fund.
Statement of Investment Policy and Objectives (SIPO)	A document that sets out the investment governance and management framework, philosophy, strategies, policies and objectives of a managed investment scheme and its investment funds or portfolios.
Trust Deed	The trust deed establishing the Clarity Unit Trusts dated 12 August 2019.
Unit	A unit in a Clarity Fund.
Unit Price	The Net Asset Value of a Fund divided by the number of units issued. It is calculated separately for each Clarity Fund.
Withdrawal Request	A request for a partial or full withdrawal of investment (or withdrawal of Units) in a form determined by us.

Words or phrases not defined in this glossary have the same meaning as the Trust Deed.

## HOW TO COMPLETE THE APPLICATION FORM

This section contains important information about how to invest in the Funds.  
Please read this section before completing the application form.

You may submit an application form directly to Clarity Funds.

**Individual Investors** - please complete pages 20 - 27.

**Trust or Estate Investors** - please complete pages 28 - 38.

**Company, Partnership, Other Incorporated and Unincorporated Entities** - please complete pages 39 - 49.

Please ensure all questions are completed and required information is supplied, as not doing so may cause a delay in processing your Fund Application.

### Investor Details

- Provide the entity name if the Investor will be a Trust, Estate, Company, Partnership or other Incorporated/Unincorporated Body **or**
- Provide full details if you are investing as an individual(s) **or**
- Provide full details of all individuals associated with the entity.
- Supply your IRD number (this is a legal requirement).

### Signatures

- If this investment is to be held jointly, all applicants must sign the application form.
- All trustee /directors/executors/partners/officers and other authorised signatories must sign the application form.
- All signatures will also be required for withdrawals.

### Investment Details

- Enter the amount you wish to invest in the Fund. The minimum initial investment amount is \$10,000 and the minimum additional investment amount is \$1,000.

### Payment Details

- If you are making a direct credit payment, make the payment to the following BNZ bank account:  
02-0506-0116828-000
- Include your client reference number (available from Clarity) on your deposit details and advise us once you have made a deposit. We will instruct the registrar of the exact amount of the deposit and when the deposit has been made.
- Please note, your investment will only proceed once the registrar confirms with us that the funds have been cleared.

### Distribution Details

- We require your distribution payment details.
- If you wish any distributions to be paid to you, complete the nominated bank account section.
- Alternatively, if you wish any distributions to be reinvested in additional Units in the Fund, tick the relevant box on the application form.

## HOW TO COMPLETE THE APPLICATION FORM

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### Identity and address verification

Under Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and under Clarity's own compliance requirements, verification of identity and residential address is required.

#### Each individual applicant/signatory will be electronically verified.

To enable this verification to occur, you will need to provide a current copy of your NZ passport or NZ driver's licence, AND you need to consent to the following;

- I consent to Clarity collecting, using and disclosing my personal information to verify any information that I have provided (or information that we may collect from other sources) with third parties and third party databases, including Government agencies (for example, NZ Transport Authority or Department of Internal Affairs) for the purposes of fraud prevention and complying with the Anti-Money Laundering and Countering Financing Terrorism Act 2009.
- I understand that if I disclose my personal information to Clarity, this information will be disclosed to Centrix Group Limited and APLY Limited. They may hold my information on their database and use it for providing credit reporting services and for any other lawful purpose and they may disclose my information to their subscribers.

If electronic verification is unsuccessful, paper based verification will be required. We will ask you to provide identity and address verification documentation that meets the following requirements:

1. The original sighted by a representative from Clarity or JMI, and a **photocopy** taken and appropriately verified; or
2. The documents must be a **certified copy**, as below:
  - All documents must be certified by either a **Lawyer, Justice of the Peace, Notary Public, NZ Chartered Accountant, registered medical doctor** or a **NZ Honorary Consul**;
  - Documents must include the **full name, occupation** and an **original signature** of the certifier as well as the **date of certification**;
  - The certifier must **not be related to the customer**, a person who lives at the same address or less than 16 years of age;
  - Certification must have been carried out in the **three months preceding presentation** of the documents;
  - The certifier must **sight the original identification document** and make a statement to the effect that the copy provided is '**a true copy of the original**'; and
  - Any identity document for an individual person (such as a passport) must include a statement saying that the document is '**a correct likeness of the named individual**'.

### What ID is required for Individuals

- a) For paper-based verification, you will need to provide proof of your identity which means one of the following options AND proof of address:
  - ONE primary identification document listed in Option 1; or (where you cannot provide a primary identification document listed in Option 1);
  - ONE primary identification document and ONE secondary identification document listed in Option 2; or
  - ONE primary identification document and ONE secondary identification document listed in Option 3; and
- b) ONE address verification document listed in Option 4; and
- c) Bank deposit slip or bank statement in the name of the investor.

## HOW TO COMPLETE THE APPLICATION FORM

Term	Primary Identity Verification	Secondary Identity Verification
Option 1	<ul style="list-style-type: none"> <li>• New Zealand passport</li> <li>• Overseas passport</li> <li>• New Zealand fire arms license</li> <li>• Certificate of Identity/ Refugee travel document*</li> <li>• National Identity card</li> </ul> <p>* Issued by NZ Immigration Services or Department of Internal Affairs New Zealand</p>	<ul style="list-style-type: none"> <li>• None</li> </ul>
Option 2	<ul style="list-style-type: none"> <li>• New Zealand Drivers Licence (Front and Back)</li> </ul>	<ul style="list-style-type: none"> <li>• SuperGold card</li> <li>• Credit card (front and back)</li> <li>• Debit card (front and back)</li> <li>• Bank Statement</li> <li>• Government Agency Statement</li> </ul>
Option 3	<ul style="list-style-type: none"> <li>• New Zealand full birth certificate</li> <li>• Overseas full birth certificate</li> <li>• Certificate of New Zealand citizenship</li> <li>• Overseas citizenship certificate</li> </ul>	<ul style="list-style-type: none"> <li>• New Zealand Drivers Licence</li> <li>• Overseas drivers licence (with photo)</li> <li>• 18+ card</li> <li>• Student ID, New Zealand Institution (under 18s only)</li> <li>• New Zealand Armed Forces ID</li> <li>• New Zealand Police ID</li> <li>• SuperGold card</li> </ul>
Option 4	<ul style="list-style-type: none"> <li>• Bank Statement</li> <li>• Government agency statement</li> <li>• Utility bill</li> </ul>	<ul style="list-style-type: none"> <li>• Local Authority Rates Bill</li> <li>• Insurance Policy</li> <li>• Current Vehicle Registration</li> </ul>

We may also need to ask you to provide further documentation or information to complete your application.

### What ID is required for an Attorney or person investing for a minor?

Identification is required as specified in *'What ID is required for Individuals?'* above.

- We also need a Certification of Non-revocation of a Power of Attorney; and
- A birth certificate or proof of guardianship; or
- A statutory declaration of the relationship between the minor and the person investing on their behalf to establish the relationship between the investor and the person investing on their behalf.

### Who in the Entity needs to provide ID?

All people associated with the entity, as listed below, will need to be identified in line with Individual ID requirements:

- Owners that are companies, trusts or individual shareholders that own more than 25% of the entity
- Trustees
- Executors
- Settlers
- Directors
- Partners
- Officers
- Authorised signatories
- Guardians for minors
- Attorneys (appointed under a power of attorney)
- Beneficiaries
- Anyone with the authority to act on behalf of the entity e.g. solicitor, administrator.

## HOW TO COMPLETE THE APPLICATION FORM

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### What ID is required for the Entity?

The type of documentation needed varies, depending on the entity type:

#### Trusts and Estates

- Copy of the Trust Deed; **and**
- Copy of all amendments to the Trust Deed e.g. Deeds of Retirement of Trustees (where applicable); **or**
- Copy of probate; **and**
- Bank deposit slip or bank statement in the name of the trust/estate; **and**
- Identification for all people associated with the entity as specified in 'What ID is required for Individuals?' above.

**For trusts, please also supply:**

- Named beneficiaries (please supply all the details requested on the application form for any beneficiary named in the Trust Deed who has received a distribution).
- If the trust is a discretionary or charitable trust, the classes of beneficiaries or objectives of the trust must be provided.

#### Companies / Partnerships / Incorporated or Unincorporated Societies

- Certificate of incorporation or registration numbers; **or**
- Deed of partnership/formation; **and**
- Bank deposit slip or bank statement in the name of the company, partnership or society; **and**
- Identification for all people associated with the entity as specified in 'What ID is required for Individuals?' above.

### Return Form(s)

Please send this application form and your payment details to Clarity Funds Management Limited at [info@clarityfunds.co.nz](mailto:info@clarityfunds.co.nz) or you can mail your completed forms to:

**Clarity Funds Management Limited**

PO Box 33-1106

Takapuna, Auckland 0740

Processing will take a few days. The confirmation of investment will be provided within 5 business days of relevant valuation date.

Please feel free to call us on 0800 99 00 55 or 09 308 1450 if you need any help completing the Application Form.



**Clarity Funds Management Limited** Level 1, 87 Hurstmere Road PO Box 33-1106 Takapuna Auckland 0740 New Zealand  
P: 0800 99 00 55 or +64 9 308 1450 E: [info@clarityfunds.co.nz](mailto:info@clarityfunds.co.nz)