

## CLARITY GLOBAL SHARES FUND

### Monthly Commentary

After five consecutive positive months, stock market sentiment reversed in April with broad-based weakness across most regions and sectors.

Part of the move down was attributable to rising geopolitical tensions in the Middle East following news that Israel had launched retaliatory strikes against Iran. Risk sentiment recovered somewhat after Iran's state media played down the damage from the attacks raising hopes that the hostilities wouldn't escalate into a broader conflict.

Economic data was mixed in April and likely the key driver of investor sentiment in April. A stronger than expected US Consumer Price Inflation print coupled with strong nonfarm payrolls (a measure of people employed in the US) caused another reappraisal of the timing of interest rate cuts. This saw rates rally and equities fall, with the weakest sectors in the S&P 500 being those most sensitive to changes in interest rates, including real estate and information technology. US GDP and the Producer Price Inflation both came in below expectations.

The Clarity Global Shares Fund returned -2.4% over the month, broadly in line with benchmark. Portfolio holding Verisk Analytics is a leading data analytics provider serving the insurance market. They offer predictive analytics and decision support solutions. More than 80% of their revenue is recurring through a subscription model with over 95% retention rates. The shares fell -8% during the month given a declining subscription growth rate coupled with a high valuation multiple. While they detracted from Fund performance in April, the shares rebounded a day after month-end with a strong set of results showing investors that growth is still on the cards. At the time of writing shares are up +12% in May, demonstrating the benefits of being patient with an investment thesis.

### Performance

As at 30 April 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-2.4%	8.0%	25.6%	11.6%	12.5%	11.4%
Benchmark Index**	-2.5%	6.8%	21.2%	8.4%	10.8%	10.8%

\*These returns are after deductions for charges and before tax. \*\*Benchmark returns reflects no deduction for charges and tax. The Fund inception on 26 April 2017. Past performance is not necessarily indicative of future performance. The Quarterly Fund Update is available at <https://clarityfunds.co.nz/quarterly-fund-updates-and-commentaries>.

### About the Clarity Global Shares Fund

The objective of the Clarity Global Shares Fund is to provide actively managed exposure to international equities and generate a better return than the benchmark<sup>1</sup> over the medium to long term. The Fund is actively managed with a value bias which means its holdings may differ considerably from the benchmark index. Clarity has appointed global investment manager MFS as the investment manager for the Fund. MFS has constructed the portfolio in consultation with Clarity and in accordance with the Fund's objectives. Boston-based MFS, which began in 1924 as Massachusetts Investment Trust, started America's first mutual fund. The strategy uses an actively managed approach and a consistent, disciplined, bottom-up stock selection and investment process that blends proprietary fundamental and quantitative research to build a well-diversified, large-cap core global portfolio.

<sup>1</sup>MSCI All Country World Index (net dividends reinvested) in NZ dollars with 50% hedged to NZ dollars.

If you have any questions, please contact us on +64 09 308 1450 or visit our website [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz)

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