

## CLARITY GLOBAL SHARES FUND

### Monthly Commentary

The Fund declined 5.7% in December, slightly more than the benchmark which fell 5.2%. Despite a disappointing end to the year in absolute terms, relatively the Fund has performed very well over the last 12 months and is in line with or ahead of the benchmark over all longer time periods.

A positive contributor to relative performance for the month was an underweight in computer and personal electronics maker Apple (-12%). Shares traded lower as investors worried about recent supply chain challenges faced by Apple in relation to operations at Hon Hai's assembly facility in Zhengzhou, China. The iPhone volume supply shortfall was expected to continue through the December quarter, impacting the typical seasonal uptick in demand. Elsewhere, shares of French multinational pharmaceutical and healthcare company Sanofi (+4%) rose after a federal judge in Florida ruled that the drugmaker will not have to face thousands of lawsuits related to claims that its heartburn medication may cause cancer.

Detractors included Wells Fargo (-14%) as a regulatory fine on the company's previous mishandling of loans and investors' worry about a recession weighed on the share price. The company also announced job cuts within its mortgage business.

As we head into 2023, the macro environment remains challenging with high inflation, restrictive central bank policies and growing recession risks dominating the outlook. With many sectors undergoing earnings multiple rerates over the last year, corporate earnings will likely be the key focus and driver of equity market performance going forward.

### Performance

As at 31 December 2022	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-5.7%	2.2%	-10.1%	5.8%	6.8%	7.9%
Benchmark Index**	-5.2%	2.5%	-14.6%	5.1%	6.7%	7.9%

\*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/investor-documents>.

### 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>the MSCI All Country World ex-Tobacco Index (net dividends reinvested), measured in NZ dollars, 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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