

CLARITY GLOBAL SHARES FUND

Monthly Commentary

The Fund fell a modest -0.2% over the month but less than the benchmark decline of -0.3%. Relative performance over the last 12 months remains strong with the Fund outpacing the benchmark by 5.3%. Resilient economic data out of the US and a continued hawkish stance from the Federal Reserve dampened investor sentiment over the month. The market revised expectations for the peak in US interest rates with inflation likely to take longer to bring back to the target range, largely as a result of the persistently strong labour market.

Key contributors for the Fund included Palo Alto Networks (+19%), a cybersecurity company offering a platform with advanced firewalls, and cloud-based offerings that extend those firewalls further. Shares rallied after second-quarter earnings increased by over 80%, supported by its “next-generation” cloud products. Palo Alto Networks has grown significantly over the last three years completing acquisitions worth \$3.4 billion during that period. With cybercrime and targeted online attacks becoming more frequent in recent the years the company is well placed to service the growing demand for security.

Detractors from performance included Alnylam Pharmaceuticals (-15%), a company focused on therapeutics for genetically defined diseases. Shares fell after the FDA said it will consult external experts in an advisory committee to discuss the company’s application for its medicine, Onpattro, which is used to treat a rare heart disease – previously Alnylam said it didn’t expect an advisory committee meeting.

Performance

| As at 28 February 2023 | 1 Mth | 3 Mth | 1 Yr | 3 Yrs p.a. | 5 Yrs p.a. | Since Inception p.a. |
|-----------------------------|-------|-------|-------|------------|------------|----------------------|
| Clarity Global Shares Fund* | -0.2% | 0.3% | 1.8% | 10.3% | 8.1% | 8.8% |
| Benchmark Index** | -0.3% | -0.1% | -3.5% | 8.7% | 7.8% | 8.7% |

*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 benchmark¹ 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.

¹the 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

Information and Disclaimer: This report is for information purposes only. It does not take into account your investment needs or personal circumstances and so is not intended to be viewed as investment or financial advice. Should you require financial advice you should always speak to your Financial Adviser. Before investing you should read the Clarity Product Disclosure Statements and Statement of Investment Policy and Objectives, available at www.clarityfunds.co.nz and www.companies.govt.nz/disclose. Past performance is not indicative of future results and no representation or warranty, express or implied, is made regarding future performance. Reference to taxation or the impact of taxation does not constitute tax advice. The levels and bases of taxation may change. This report has been prepared from published information and other sources believed to be reliable, accurate and complete at the time of preparation. While every effort has been made to ensure accuracy, neither Clarity Funds Management, nor any person involved in this publication, accept any liability for any errors or omission.