

CLARITY GLOBAL SHARES FUND

Monthly Commentary

February was another strong month for global share markets. Economic data also proved resilient, with the US composite Purchasing Managers' Index suggesting activity continued to expand over February and the US economy adding 353,000 jobs in January. Earnings season was well received contributing to year-to-date gains.

The Clarity Global Shares Fund continued its run of strong performance returning +4.9% over the month. It is worth noting the Fund has returned +14.1% per annum over the last three years, +3.5% ahead of benchmark.

Fund holding Nvidia (+29%) continued to drive markets higher when their fourth quarter results came in strong. Operating income of US\$14.7 billion exceeded the already lofty market expectations by +12%. More importantly, forward guidance of US\$15.9 billion was also ahead of expectations for their next fiscal quarter with management quoting strong demand. We can see evidence of this as other mega-cap technology companies increase their long-term investments in AI.

Palo Alto Networks (-8%) had its biggest one-day decline to date and sparked a sell off in other cybersecurity stocks when it lowered its full year billings and revenue guidance. Shares fell more than -26% on the day, putting it on course to erase nearly US\$30 billion in market capitalisation. The result was due to a deliberate shift towards a more aggressive bundling and billing strategy, with a goal of driving higher net new customer growth through "platformisation". Through consolidating a complex set of products and features into a platform with unified data and management, the company's payoff is an end-to-end platform more valuable than the sum of its parts.

Performance

As at 29 February 2024	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	4.9%	12.4%	26.1%	14.1%	12.7%	11.2%
Benchmark Index**	5.1%	10.9%	24.5%	10.6%	11.8%	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 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

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