

CLARITY GLOBAL SHARES FUND

Monthly Commentary

Equities climbed higher in January as headline inflation in the US fell to 6.4%, dragged lower by falling energy and vehicle prices, lower health insurance rates and lower airline fares. This has been taken as a positive sign that we are past peak inflation, and that the Federal Reserve may therefore be able to soften their stance on future interest rates rises. Some of the stocks that suffered most last year - spanning across sectors from technology to cruise lines—were January’s largest winners, but focus should continue to remain on the corporate earnings outlook. The Fund performed well returning 6.6%, outpacing the benchmark by 0.9%.

Travel technology company Booking Holdings (+21%) rallied strongly over the month and is currently up over 50% since October. The business is benefitting from a substantial improvement in booking trends as travel demand continues to recover. Growth has been seen across key areas of car rentals, airline tickets and room nights booked. German pharmaceuticals and biotechnology company Bayer (+18%) contributed positively with various hedge funds initiating large stakes in the company recently. Investors were excited by Bayer’s announcement that a new experimental drug aimed at targeting blood clots could reach peak sales of US\$5.4 billion.

Detractors from performance included Pfizer (-13%) as it faces declining revenue from its Covid related drugs and some uncertainty over near-term product launches.

Performance

| As at 31 January 2023 | 1 Mth | 3 Mth | 1 Yr | 3 Yrs p.a. | 5 Yrs p.a. | Since Inception p.a. |
|-----------------------------|-------|-------|-------|------------|------------|----------------------|
| Clarity Global Shares Fund* | 6.6% | 3.1% | -2.6% | 8.1% | 7.7% | 9.0% |
| Benchmark Index** | 5.7% | 3.6% | -7.1% | 6.6% | 7.3% | 8.8% |

*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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