

CLARITY GLOBAL SHARES FUND

Monthly Commentary

The Clarity Global Shares Fund delivered a strong return of +3.3% during the month, outperforming its benchmark.

January was an eventful month across global equity markets. Within the US, December job growth was much stronger than expected, with the gain of 256,000 jobs further raising concerns that the Federal Reserve could stay on hold for an extended period or contemplate rate increases should inflation prove stickier than expected. Markets subsequently experienced a relief rally when the US Core CPI inflation came in a notch below expectations at 3.2% year-on-year. On the 20th of the month, President Donald Trump was inaugurated. Within a day investors got a taste of things to come over the next four years, with some off-the-cuff comments during a signing of executive orders that jolted the market. When asked by a reporter about tariffs he said he was thinking in terms of 25% tariffs on Mexico and Canada and "I'll think we'll do it on February 1st".

Meanwhile, the quarterly earnings season got off to a positive start after the US banks posted better-than-expected earnings and issued stronger guidance on net interest income for 2025. Within the Fund, JP Morgan Chase was a key contributor to performance, returning +12%.

Other Fund holdings with stronger than expected earnings were Meta (+18%) and Spotify (+23%). Meta made \$48.4 billion in sales during the quarter, above the high-end of its guided range. The strong results were driven by increased advertising revenue, as well as significant advancements and the adoption of AI, with Meta AI users expected to reach over 1 billion in 2025. Spotify made progress towards profitability. Investors were optimistic about the music streaming service's strategic initiatives, such as a potential new premium service tier and product enhancements. Clothing company PVH (United States) detracted from the Fund's relative performance. Shares declined -15% in January on concerns about the company's China business as it was put on the Chinese government's "Unreliable Entities List".

Performance

| As at 31 January 2025 | 1 Mth | 3 Mth | 1 Yr | 3 Yrs p.a. | 5 Yrs p.a. | Since Inception p.a. |
|-----------------------------|-------|-------|-------|------------|------------|----------------------|
| Clarity Global Shares Fund* | 3.3% | 7.1% | 27.3% | 14.2% | 14.1% | 12.6% |
| Benchmark Index** | 2.8% | 8.0% | 27.2% | 11.8% | 12.7% | 12.2% |

*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.

¹MSCI 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

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