Clarity Funds Management

# MONTHLY FUND COMMENTARY

**July 2026**

# CLARITY GLOBAL SHARES FUND

## Monthly Commentary

The Clarity Global Shares Fund delivered a return of -0.4% for the period, outperforming its benchmark return of -1.8% by 1.4%.

Despite weaker overall market returns, the US earnings season remained supportive. Around 60% of S&P 500 companies had reported by month-end, with approximately 87% exceeding earnings expectations. Corporate earnings growth remained strong at around 27% year-on-year, while continued AI investment remained a key market driver. The Magnificent Seven (Mag 7) continued to lead gains, supported by accelerating AI-driven growth and resilient cloud demand.

The Fund's top contributor was Microsoft (+24.6%), contributing +0.56% to performance. Azure revenue grew 43% year-on-year and surpassed US$100 billion in annual revenue for the first time. Strong cloud and productivity growth, alongside Microsoft 365 Copilot exceeding 30 million paid users, reinforced confidence in its AI investments. Microsoft subsequently added approximately US$500 billion in market value in a single session, the largest one-day increase on record. Amazon (+13.8%) was the second-largest contributor following another strong earnings result. AWS revenue grew 37%, its fastest pace in over four years, driven by demand for AI infrastructure and cloud computing. Its AI and custom chip businesses both exceeded an annual revenue run rate of US$25 billion, while expanding margins highlighted attractive returns on AI investment. Apple (+6.6%) also contributed positively as sentiment improved around its AI strategy and continued resilience across its devices and services ecosystem.

The Fund's largest detractor was Alphabet (-6.4%), which lost approximately US$265 billion in market value following its results. Despite 24% revenue growth, 82% growth in Google Cloud and strong AI momentum, investors focused on increased 2026 capital expenditure guidance of US$195-205 billion and the potential impact on near-term free cash flow. Longer-term confidence remained evident, with its subsequent US$25 billion bond issuance attracting approximately US$115 billion of demand. Intel also detracted despite earnings ahead of expectations, as investors remained cautious about elevated investment requirements and the time needed to generate sustainable earnings growth. Caterpillar was another detractor as concerns over slowing global industrial activity and softer construction demand weighed on sentiment, despite a longer-term outlook supported by infrastructure and energy and data centre investment.

## Performance

| As at 31 July 2026 | 1 Mth | 3 Mth | 1 Yr | 3 Yrs p.a. | 5 Yrs p.a. | Since Inception p.a. |
|---|---|---|---|---|---|---|
| Clarity Global Shares Fund* | -0.4% | 7.4% | 25.6% | 22.3% | 15.8% | 13.9% |
| Benchmark Index** | -1.8% | 4.6% | 21.8% | 19.3% | 12.9% | 13.1% |

*These returns are after deductions for charges and before tax. **Benchmark returns reflect no deduction for charges and tax. The Fund incepted 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[1] 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.

[1]MSCI 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**