

CLARITY GLOBAL SHARES FUND

Monthly Commentary

Market sentiment in March was dominated by disruption in the banking sector. The failure of Silicon Valley Bank (SVB) and subsequent actions by US regulators to assume control of both SVB and Signature Bank was followed by the negotiated takeover of Credit Suisse by UBS. Central banks have acted promptly to ensure confidence and stability in the banking sector and while the sector took a decent hit over the month, the wider market saw positive returns for March. It is worth noting the Fund manager MFS has a wide investment team of 22 experienced fundamental analysts providing coverage of the financial services and banking sector.

Key contributors for the month included US software company Adobe (+19%). The company's quarterly earnings report exceeded expectations both in terms of revenue and profit and saw a buyback of 5 million shares over the period. Most pleasing to investors was management indicating no deterioration in the demand backdrop from three months ago and lifted guidance for full year average recurring revenue. The Fund's largest holding, Microsoft (+16%), also performed well as investors reacted favourably to the news that UK regulators officially dropped some of their concerns regarding the planned acquisition of gaming leader Activision Blizzard. The takeover target has a market capitalisation in excess of US\$60 billion and is most well-known for its Call of Duty and World of Warcraft game franchises.

The Fund was negatively impacted by various bank holdings including Wells Fargo (-20%), BNP Paribas (-17%), and JP Morgan (-9%) which all suffered from negative sentiment towards the sector despite no indications of any company specific issues. Pleasingly however the Fund had zero exposure to the failed banks (Silicon Valley Bank, Signature Bank, and Credit Suisse).

Performance

As at 31 March 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	1.1%	7.5%	1.9%	16.1%	8.7%	8.9%
Benchmark Index**	2.3%	7.8%	-2.2%	14.1%	8.7%	9.0%

*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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