

CLARITY GLOBAL SHARES FUND

Monthly Commentary

The latest US Federal Reserve (Fed) policy announcement helped support market sentiment by underpinning expectations they are likely to pause in raising interest rates further. The Fed raised its cash rate target range 25-basis points to 5.0-5.25% and softened its forward guidance on further possible rate hikes. The Fed kept a tightening bias but has opened the possibility to pausing rate increases. Meanwhile, the US debt ceiling impasse was narrowly avoided with Democrats and Republicans agreeing to suspend the \$31.4 trillion debt ceiling until January 2025. Despite the politically induced volatility, the Fund performed well over the month, rising 1.1%, and is ahead of its benchmark by a similar amount over the last year.

The Fund's key contributors largely came from the technology sector with top portfolio holdings such as Alphabet (+14%), Amazon (+14%), Microsoft (+7%), and Apple (+5%) all moving higher. The standout however was Nvidia (+36%), a world leader in artificial intelligence (AI) computing briefly becoming a \$1 trillion company. The explosion of interest in AI has seen demand for its computer chips soar with its products largely considered indispensable, and ultimately resulted in company revenue forecasts surpassing consensus estimates by more than 50%. Nvidia has said it is working on generative AI with Google, Amazon, and Microsoft, and is working with cloud providers to make the technology available to smaller companies. Demand for AI computing power is reported to have surged 10-fold annually for each of the last six years and wider adoption is expected in the years to come.

Performance

As at 31 May 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%	4.6%	6.6%	13.1%	8.9%	9.2%
Benchmark Index**	0.9%	5.4%	5.5%	10.7%	8.6%	9.2%

*These returns are after deductions for charges and before tax. **Benchmark returns reflects no deduction for charges and tax. The Fund inceptioned 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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