

CLARITY GLOBAL SHARES FUND

Monthly Commentary

Equity markets continued their recovery from October's lows, with developed market equities gaining 6% and emerging market equities rallying by nearly 12%. The Fund posted a positive return of 2.6%, albeit below the benchmark.

Chinese shares rebounded strongly in November and have continued to trend upwards following the easing of various Covid-related restrictions including shortened isolation periods and no longer requiring secondary contacts to quarantine. Key performers for the Fund included China's largest cement manufacturer Anhui Conch (+40%), e-commerce company JD.com (+53%) and China Petroleum & Chemical (+18%). Elsewhere, Applied Materials (+24%), a supplier of equipment, services and software for the manufacture of semiconductor chips easily beat Q4 earnings expectations. In general, the sector has come under pressure lately as a slowing economy tends to reduce demand for computer chips. Detractors from performance included Australian software developer Atlassian (-35%). Despite posting solid quarterly revenue and earnings numbers, investors reacted negatively to indications of slowing growth and a weaker outlook for the year ahead. Software and technology stocks have had a difficult year with rising interest rates negatively impacting valuations.

High inflation, restrictive central bank policies and growing recession risks continue to dominate the macroeconomic outlook. Despite repaired supply chains and reduced commodity prices, inflation remains elevated and sticky, which will make it difficult for central banks to halt rate hikes just yet.

Performance

| As at 30 November 2022 | 1 Mth | 3 Mth | 1 Yr | 3 Yrs p.a. | 5 Yrs p.a. | Since Inception p.a. |
|-----------------------------|-------|-------|-------|------------|------------|----------------------|
| Clarity Global Shares Fund* | 2.6% | 3.6% | -0.6% | 8.3% | 7.9% | 9.1% |
| Benchmark Index** | 3.4% | 2.2% | -6.9% | 7.2% | 7.7% | 9.1% |

*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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