

CLARITY GLOBAL SHARES FUND

Monthly Commentary

Global markets continued to face significant volatility in September as central banks further hiked interest rates while rising geopolitical tension around the Ukraine war put upwards pressure on the commodity market. Both the S&P 500 and the Nasdaq notched a third consecutive quarterly loss and marked the longest quarterly losing streak since 2009. Despite a negative absolute return of -4.4% for the month, the Fund continues to perform well against its benchmark, and is ahead 5.7% over the past year.

Key contributors for the Fund included US biotechnology company Biogen (+37%). Biogen specialises in the development and delivery of therapies for the treatment of neurological diseases. Towards the end of the month, the company announced that its new Alzheimer's drug delivered promising results in a clinical trial. The drug is said to target a plaque that builds up in the brain and is linked to the disease, with patients who took the drug seeing a 27% decrease in plaque build-up. The surge in share price more than erased any losses incurred this year. The Biogen news was also a positive read through for fellow holding Eli Lilly (+7%) which rose in sympathy as it too has developed a drug aimed at treating Alzheimer's. Software company Adobe (-26%) was weak after announcing the purchase of design platform Figma for \$20 billion, of which half would be funded by cash and half by stock. The deal is expected to close in 2023 with some analysts lowering their earnings per share growth forecasts as a result of the dilution. Despite the poor performance over the month, Adobe continues to maintain a sector leading position in its Creative Cloud segment.

Performance

As at 30 September 2022	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-4.4%	0.2%	-5.0%	6.7%	7.5%	7.8%
Benchmark Index**	-5.5%	-1.5%	-10.7%	5.7%	7.5%	7.8%

*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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