

A long only global equities fund generating returns from investments in a universe of listed equities exposed to the broad themes of environmental sustainability and resource efficiency

August 2021 Monthly Fund Update

Performance Summary

The Fund returned 3.5% for the month of August, outperforming traditional global equities indices, such as the MSCI All Country World Net Total Return Index, by 0.4%, but underperforming environmental equities, as represented by the Fund's Reference Index, the FTSE Environmental Opportunities All Share Total Return Index, by 1.2%.

The Fund's performance was primarily driven by strong quarterly results reported by several of the Fund's technology and healthcare holdings.

The underperformance relative to the FTSE Environmental Opportunities All Share Index was primarily driven by contributions to that index's performance from its large weightings in Tesla, Microsoft and TSMC - which now collectively account for 25% of the index. The Fund holds smaller positions in Microsoft and TSMC but does not hold shares in Tesla.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a. ¹
Fund Return (%)	3.5	28.7	39.3	18.6	15.4	17.6	15.9
Global Equities ² (%)	3.1	22.4	30.2	17.6	13.9	14.9	12.2
Value Added (%)	0.4	6.3	9.2	1.0	1.4	2.7	3.7
Environmental Equities ³ (%)	4.7	19.9	39.8	29.1	21.9	19.9	17.5
Value Added (%)	(1.2)	8.7	(0.4)	(10.5)	(6.5)	(2.3)	(1.7)

Notes (1) Inception date 2 November 2015 (2) Global Equities return is the MSCI All Countries World Index Total Return Net Index in Australian dollars (3) Environmental Equities refers to the FTSE Environmental Opportunities All Share Total Return Index which is identified as the reference index for the Fund, providing a reasonable, yet approximate, reference index for the Fund's area of focus. Past performance is not indicative of future performance.

Key Contributors to Fund Performance



Navigation and personal fitness device leader **Garmin** (+11%) was a top contributor for a second consecutive month, and was discussed in July's letter. The company reported second quarter earnings over 30% ahead of analyst expectations late in July.



McAfee (+14%) is a consumer-focused cyber security company, best known for its anti-virus software. During August the company paid a special dividend representing more than 15% of its share price, returning cash from the sale of its enterprise division to shareholders. McAfee also reported a strong second quarter result, beating expectations across key metrics and raising its full year earnings guidance.



CDW Corp. (+10%) is a leading "value added reseller" of IT hardware, software and solutions to small and mid-sized enterprises in the US, UK and Canada. The company is benefitting from strong demand related to the digital transformation occurring across all industries - a trend to which the Fund has exposure through several positions including Alten and Accenture, discussed in recent monthly reports.



Inspire Medical Systems (+22%) markets the only FDA-approved implantable device to control Obstructive Sleep Apnea (OSA), a chronic illness which affects 400 million people globally. The company reported second quarter revenue over 20% above analyst expectations and upgraded its full year guidance by over 10%.

New Investments



Littelfuse is a global leader in products for circuit protection, power control and sensing. Its wide product range includes fuses, suppressors, resistors, transistors and various types of sensors. Demand for its products is growing strongly as connected devices and sensors proliferate, and demand for increased safety and sustainability from existing electronic products increases. The company has achieved double digit growth in recent years, driven by both organic growth and acquisitions, and aims to maintain this growth rate in the medium-term.

Exited Positions and Other Portfolio Changes

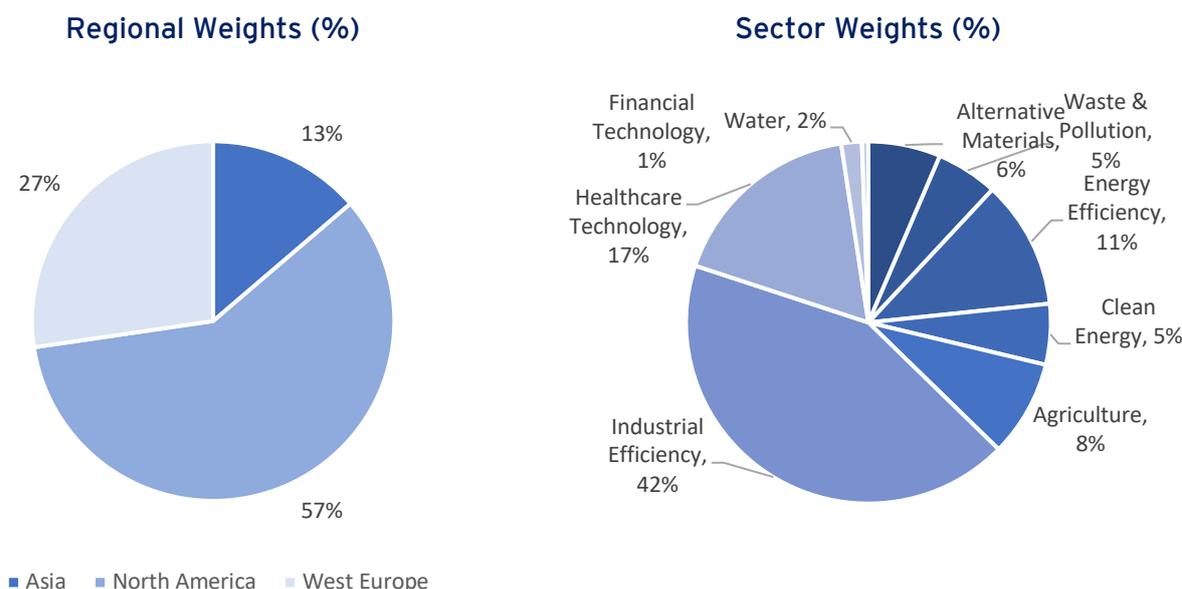
The Fund exited its position in cloud-based email security company **Mimecast**, as well as reducing its positions in **CDW**, **Garmin** and diagnostic and imaging technology leader **Siemens Healthineers**, all following strong recent share price performance.

The Fund added to its existing position in network equipment leader **Ciena**, discussed in last month's letter, as well as US multi-industrial conglomerate **Carlisle Companies**, a leader in commercial insulation products.

Top 10 Holdings

Security Name	Weight (%)	Country	Sector
Wolters Kluwer NV	3.3	NETHERLANDS	Healthcare Technology
Siemens Healthineers AG	3.2	GERMANY	Healthcare Technology
Air Liquide SA	3.1	FRANCE	Alternative Materials
Carlisle Companies Incorporated	3.0	UNITED STATES	Energy Efficiency
Cognizant Technology Solutions Corporation Class A	2.9	UNITED STATES	Industrial Efficiency
Keysight Technologies Inc	2.9	UNITED STATES	Industrial Efficiency
Carrier Global Corp.	2.8	UNITED STATES	Energy Efficiency
Alten SA	2.7	FRANCE	Industrial Efficiency
Garmin Ltd.	2.6	UNITED STATES	Healthcare Technology
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	2.4	UNITED STATES	Industrial Efficiency

Portfolio Positioning



Market Commentary

Global equities markets generally performed strongly in August, with the MSCI All Country World Net Total Return Index up 2.5% in US dollar terms. At a regional level the US' S&P 500 Index was up 2.9% and the technology focused Nasdaq Composite Index was up 4.0%, Europe's Stoxx 50 Index was up 2.6% and Japan's Nikkei 225 Index was up 3.0%. Chinese equities fell with the Shanghai Shenzhen Composite Index down 0.1% and Hong Kong's Hang Seng Index down 0.3%. The Australian dollar depreciated by 0.4% against the US dollar during the month.

Environmental equities, as represented by the FTSE Environmental Opportunities All Share Total Return Index, outperformed the broader market, rising 4.1%, although the performance of stocks in prominent sustainable technologies such as renewable energy and electric vehicles was mixed.

Notable Industry Developments

- The United Nations' Intergovernmental Panel on Climate Change (IPCC) released what UN Secretary General Antonio Guterres called a "code red for humanity" via the first section of its Sixth Assessment Report (referred to as 'AR6'). Although the published findings do not differ materially from other climate assessments, the IPCC reports represent a gold standard in climate science, with almost 4,000 pages of findings building on well over 10,000 academic papers, which earns them heightened attention.
- BP published its annual Review of World Energy. Notably, generation from renewables excluding hydroelectricity exceeded nuclear generation for the first time.
- Australia's Energy Market Operator released its annual report. It forecast household rooftop solar will become Australia's largest source of generation by 2025, at times able to supply 100% of demand. In South Australia, rooftop solar supplying 100% of demand could happen this year.
- General Motors is facing a \$1b recall for 73,000 Bolt electric vehicles, after three recalls in nine months due to risk of batteries catching fire. The costs will be shared with LG Chem, who made the batteries.
- Leading 5G and wireless technology developer Qualcomm, in which the Fund holds a position, announced an offer to acquire autonomous vehicle technology firm Veoneer as it seeks to establish itself as a technology leader in the automotive industry.
- The first autonomous container ship tests were scheduled in Japan, for February 2022. Led by the Nippon Foundation, they serve a goal of automating 50% of Japan's fleet by 2040.

- Maersk, the world's largest container shipping line, ordered \$1.4b of methanol powered ships. Methanol can be produced from hydrogen, which in turn can be generated using renewable energy, offering a path to carbon free shipping. The vessels will enter service from 2024.
- Oil and gas extractors' latest effort at pivoting toward more sustainable activities is focused on biofuel. France's Total unveiled plans to develop a renewable fuel for motorsport use, Spain's Repsol produced its first aviation grade biofuel, while Exxon's Canadian subsidiary Imperial Oil is beginning construction of a renewable diesel facility.
- China's three leading oil and gas extractors, PetroChina, Sinopec, and CNOOC, announced modest renewable energy plans, as they work towards China's national net zero 2060 commitment made by President Xi in September 2020.
- BHP, the world's largest miner, announced it would exit oil and gas production. Its assets in the sector are being sold to Woodside Petroleum.

The Nanuk New World Fund is a long only equity fund generating its returns from investments in a universe of listed equities exposed to the broad themes of environmental sustainability and resource efficiency. The Fund invests globally in companies involved in clean energy, energy efficiency, agriculture, water, waste management, recycling, pollution control and advanced manufacturing and materials. All of these industries are undergoing significant changes as the world tries to reconcile economic growth with longer term sustainability and are a potentially rich and ongoing source of investment returns.

The Fund seeks to hold a globally diversified, yet relatively concentrated, portfolio of positions that align with Nanuk's views on security valuation and the evolving trends within these industries. The Fund aims to achieve long term capital appreciation and outperformance of traditional global equity indices while reducing volatility of returns and risk of capital loss through appropriate diversification and risk management strategies.

Fund Name	Nanuk New World Fund	Currency	AUD
Type	Global Equity	Subscriptions	Daily
Domicile	Australia	Minimum Subscription	AUD 50,000
Responsible Entity	Equity Trustees Ltd	Redemptions	Daily
Administrator & Custodian	Citi	Notice period	1 Day
Inception	2 November 2015	Buy-Sell spread	0.25%
Total management costs	1.2%	AUM (31 Aug 2021)	AUD 531.7m

Platform Access AMP North, BT (Wrap, Panorama, Asgard), CFS FirstWrap, Hub24, IOOF OnePath, Pursuit & Rhythm Macquarie Wrap, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium, WealthO2, Xplore Wealth and ASX mFunds (NUK01)

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