Quarterly Report – June 2021

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 theme of environmental sustainability. 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.

Performance Summary[1] (AUD)

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**4.3**	**17.3**	**27.9**	**14.5**	**13.5**	**16.5**	**14.5**
Global Equities[2] (%)	4.5	15.4	27.7	15.3	14.0	14.4	11.4
Value Added (%)	(0.2)	1.8	0.2	(0.8)	(0.4)	2.1	3.0
Environmental Equities[3] (%)	3.7	9.9	40.8	24.0	20.5	19.2	16.3
Value Added (%)	0.6	7.3	(13.0)	(9.5)	(7.0)	(2.6)	(1.8)

Fund Commentary

The Fund returned 4.3% during June, underperforming traditional global equities indices such as the MSCI All Country World Net Total Return Index by 0.2% but continuing its recent outperformance of environmental equities indices including the Fund's reference index, the FTSE Environmental Opportunities All Share Index (EOAS), by 0.6%.

It was a relatively uneventful month for the Fund's holdings, with relative performance more significantly impacted by the variation in returns seen across markets and key segments within the market – most notably the very strong

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.

performance of large cap growth stocks to which the Fund and EOAS index have limited exposure. The Fund benefitted from the depreciation of the Australian dollar during the month, contributing around 3% to the reported return (although not significantly impacting its returns relative to the indices noted above, which are also reported in Australian dollar terms).

The Fund returned 7.0% for the second quarter of 2020, underperforming traditional global equities benchmarks as growth stocks, and particularly large cap US growth stocks, recovered strongly from underperformance during the first quarter, and outperforming environmental equities indices as many pureplay stocks in areas such as renewable energy continued to underperform as their prospects fail to live up to the expectations embedded in very lofty valuations. The Fund has maintained low exposures to these areas in recent months but opportunities are emerging as share prices decline.

Year to date, the Fund has returned 17.3%, outperforming the MSCI All Country World Net Total Return Index by 1.8% and outperforming its environmental equities reference index, the FTSE Environmental Opportunities All Share Total Return Index, by 7.3%. The performance year to date reflects a strong contribution from stock selection as well as the substantial reversal of the outperformance of environmental equities towards the end of 2020.

The major positive contributors to the Fund's performance in June included diagnostic and imaging technology leader Siemens Healthineers, electronic design and testing equipment supplier Keysight Technologies and French technology consulting and engineering company Alten. Other notable contributors included cloud-based email security provider Mimecast and a new position in US company Zuora, an enterprise software company that creates and provides software for businesses to launch and manage subscription-based services.

The major detractors included positions in Austrian sustainable textiles manufacturer Lenzing, US cardboard packaging manufacturer WestRock and North American integrated wood products business West Fraser Group. The performance of these stocks, and others such multi-industrial conglomerate Carlisle Group, a leader in building insulation products, reflected the broad underperformance of more cyclical and economically sensitive sectors such as basic materials.

There was limited company specific news during the month. Consulting and professional services leader Accenture reported a strong quarterly result that saw earnings estimates raised by around 5%. The stock's recent performance has been strong and it barely moved on this latest impressive result.

There were a number of changes to the Fund's holdings during the month. New positions included GN Store Nord A/S, a Danish manufacturer of audio equipment, Hyundai Mobis, an automotive component supplier within the Hyundai-Kia group, Copart, a provider of online vehicle auction services, Samsung Electronics and software company Zuora, mentioned above.

As well as being a leader supplier of hearing aids, GN is the world's leading manufacturer of enterprise grade audio equipment, demand for which has accelerated from changing work practices due to the COVID pandemic. The company has done an excellent job capturing this opportunity, with organic growth of 82% in its most recent quarter, four times as good as its main competitor. Backed by partnerships with communication platforms such as Microsoft Teams and Zoom, GN is targeting continued, if more modest, double digit growth from selling to these platforms' hugely enlarged user bases.

Hyundai Mobis is a key parts supplier to Hyundai Motors, Korea's flagship auto manufacturer as well as its partner company Kia. Mobis has won the majority of electric vehicle business from the group in recent years and is set to benefit from its position as a sole supplier of drivetrain components and battery management systems for the new Hyundai and Kia EVs. The company's EV related business is already approximately 15% of revenue, and the company will supply parts which it did not supply for previous internal combustion engine models. The company is very attractively priced compared to most stocks with potential to benefit from the accelerating shift towards electric vehicles. To some extent this reflects its complex ownership structure, with significant cross shareholdings with other group companies, and question marks over the company's governance – however, we believe that the company has recognised the importance of addressing these issues and there is potentially significant upside if improvements are made.

The investment in Samsung Electronics is a more attractively valued replacement for the Fund's previously held position in US company Micron Technologies, also a leader in memory semiconductors for which demand continues to grow strongly.

The Fund exited its position in information and analytics company RELX Group. In part, this reflected better opportunities elsewhere, but we were also disappointed by the company's slow progress during the economic recovery from COVID. Given its events business should be recovering rapidly from a heavily loss-making position, this indicated difficulties in its core data services divisions. The Fund also exited positions in Hong Kong transit system operator MTR Corporation, whose property development operations have been impacted by events in that country, and semiconductor capital equipment leader Applied Materials, which had performed strongly.

Market commentary

Global equities markets continued to rise during June, albeit more modestly and with more regional variation. The MSCI All Country World Net Total Return Index was up 1.3% in US dollar terms, led by the US' S&P 500 Index which rose by 2.2%. Europe's Stoxx 50 Index was also up, by 0.6%. In Asia however Japan's Nikkei 225 Index fell 0.2% while Hong Kong's Hang Seng Index declined by 1.1%. The significant variation in performance of large capitalisation growth stocks and more cyclical value stocks was reflected in difference between the technology focused US Nasdaq Composite Index, up 5.5%, and the S&P 500 Value Index which was down 1.3% over the month.

Despite the recovery in some higher growth stocks, notably the pureplay electric vehicle stocks such as NIO, environmental equities underperformed broader global benchmarks as renewable energy stocks, in particular, continued to underperform as the challenges of the industry evidence themselves amidst high valuations. The Fund's reference index, the FTSE Environmental Opportunities All Share Total Return Index was up 0.5% during the month in US dollar terms.

It should be noted that the FTSE Environmental Opportunities All Share Index was very significantly updated on June 21, bringing into question its integrity as a consistent measure of sector performance over time. 250 new stocks were added to the (previously) 500 stock index, accounting for 46% of the revised index. Whilst many of the additions were stocks falling within Nanuk's areas of focus, the significant step change in stock weightings and geographic exposures, as well as the continued concentration within a small number of very large capitalisation companies (now including Microsoft, Taiwan Semiconductor Manufacturing Company and Cisco – together representing more than 20% of the revised index) significantly diminish its utility as a sound benchmark and it is likely that we will discontinue its use as a reference index in coming months.

Industry commentary

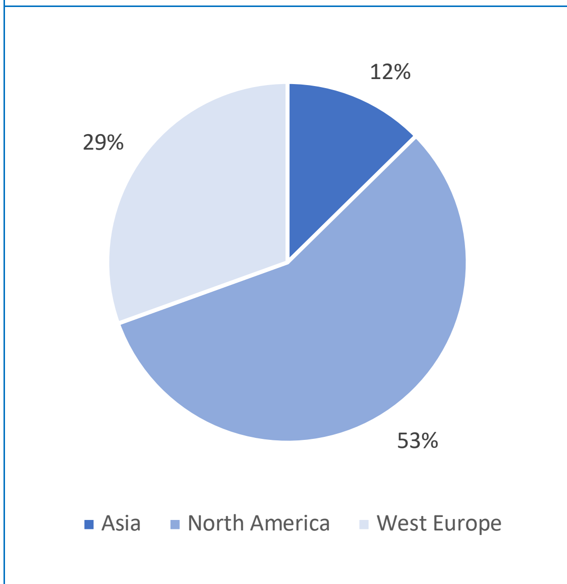
In the automotive sector, it was Renault's turn to outline huge investment plans and a slate of model launches for electric vehicles. In Renault's case, the investment will be €10b, with 10 EV models to be launched across the Renault Nissan Mitsubishi alliance by 2025. The company also highlighted efforts on a range of still emerging EV technologies, including battery recycling and solid-state batteries, which it is hoping to commercialise by 2030. These plans were backed by an agreement with six French labour unions, which even received a branded legal entity, Renault ElectriCity, which will represent a Renault's EV operations hub in Northern France. Across the Rhine in Germany, Volkswagen's head of sales forecast the end of combustion vehicle sales between 2033 and 2035 in Europe, followed shortly thereafter by the US. In recent days it has been reported that Mercedes will discontinue its internal combustion engines as soon as 2030.

June saw a lot of noise but relatively little action on the policy front. The first in-person G7 meeting since the COVID outbreak, at which Australia was an invited non-G7 participant, saw positive statements but no concrete steps on climate change policy. Canada led the event by announcing an end to permits for new coal mines, a positive but somewhat misleading step given its emissions are dominated by oil and gas production, including especially polluting oil sands extraction. In the US congressional negotiations over a climate bill continued to fail to produce results. This came as officials in California, Texas and New York asked people to conserve power amid the latest heatwave, while the Hoover Dam hydroelectric power plant was forced to cut generation due to the lowest water levels in its history. There was more tangible progress elsewhere. Maine became the first US state to require state investment funds to divest from fossil fuels. Denmark's Climate Minister reported that it is developing plans to import CO2 for storage, since the country's storage capacity is several hundred times its annual emissions. In NSW, the state government released an Electric Vehicle Strategy featuring multiple modest measures, including stamp duty exemptions, priority access to parking and car-pool lanes.

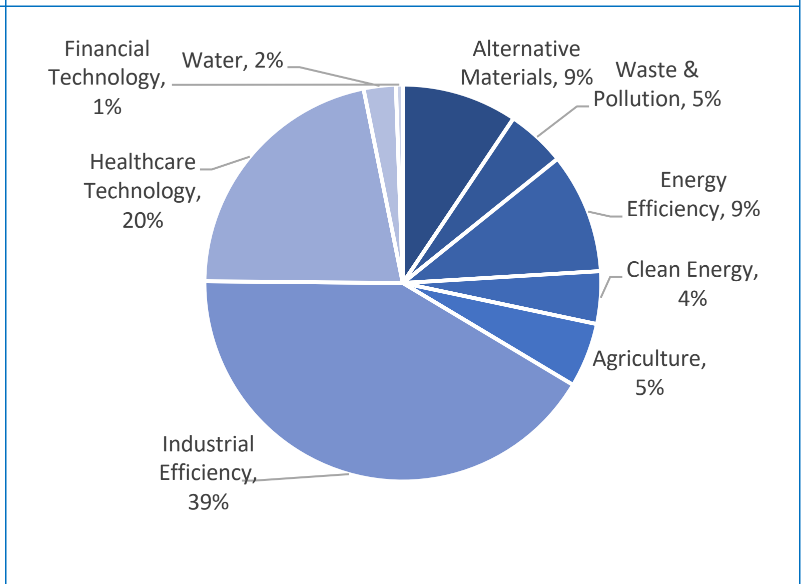
In renewable energy, India's NTPC, formerly known as National Thermal Power Company, almost doubled its renewable capacity investment plans by 2032, from 32GW to 60GW.

Meanwhile, leading corporations continued to burnish their ESG credentials. Toymaker Lego publicised progress in its ambition to make its bricks from recycled plastic. Jeff Bezos spent part of his last month as Amazon CEO highlighting a raft of renewable power purchase agreements on its journey to 100% renewable power by 2025 and net zero emissions by 2040. Carnival, the world's largest cruise operator, unveiled a net zero 2050 plan. Similar to other emission intensive sectors such as air travel or steel production, it will be technically challenging for Carnival to deliver net zero emissions. This makes commitments from these sectors all the more important, as the effort to meet them will drive significant innovation.

Regional Weights (%)



Sector Weights (%)



Top 10 Holdings as at 30 June 2021

Security Name	Weight (%)	Country	Sector
Siemens Healthineers AG	4.7	GERMANY	Healthcare Technology
Garmin Ltd.	3.8	UNITED STATES	Healthcare Technology
Air Liquide SA	3.4	FRANCE	Alternative Materials
Wolters Kluwer NV	3.3	NETHERLANDS	Healthcare Technology
Keysight Technologies Inc	3.0	UNITED STATES	Industrial Efficiency
CDW Corp.	3.0	UNITED STATES	Industrial Efficiency
3M Company	3.0	UNITED STATES	Alternative Materials
Carlisle Companies Incorporated	2.8	UNITED STATES	Energy Efficiency
Alten SA	2.8	FRANCE	Industrial Efficiency
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	2.7	UNITED STATES	Industrial Efficiency

Fund Details

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 *(30 Jun 2021)*	AUD 472.6m

Contact Details

Investment Manager	Administrator
Nanuk Asset Management Pty Ltd	Citigroup Pty Ltd
Level 23, Australia Square, 264 George Street	GPO Box 764
Sydney NSW 2000, Australia	Melbourne VIC 3001
Tel: +61 2 9258 1600	Fax: 1300 714 621
Fax: +61 2 9258 1699	
Email: contact@nanukasset.com	
www.nanukasset.com	

Legal Notice

This publication is prepared by Nanuk Asset Management Pty Ltd ('Nanuk') (AFS Licence no. 432119) for wholesale clients only. The information contained in this publication is of a general nature only, does not take into account the objectives, financial situation or needs of any particular person and is not to be taken into account as containing any personal investment advice or recommendation. Before making an investment decision, you should consider whether the investment is appropriate in light of those matters. While this publication has been prepared with all reasonable care, no responsibility or liability is accepted for any errors, omissions or misstatements however caused. No warranty is provided as to the accuracy, reliability and completeness of the information in this publication and you rely on this information at your own risk. Any prospective yields or forecasts referred to in this publication constitute estimates which have been calculated by Nanuk's investment team based on Nanuk's investment processes and research. To the extent permitted by law, all liability to any person relying on the information contained in this publication is disclaimed in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information. Any past performance information in the publication is not a reliable indicator of future performance. This publication should not be construed as an offer to sell or the solicitation of an offer to buy any financial services or financial products. This document is confidential, is intended only for the person to whom it has been delivered and under no circumstance may a copy be shown, copied, transmitted or otherwise given to any person other than the authorised recipient. Performance results are shown for illustration and discussion purposes only.

*Equity Trustees Limited ('EQT') (ABN 46 004 031 298) AFSL 240975 is the Responsible Entity for the **Nanuk New World Fund.** This publication has been prepared to provide you with general information only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. **We do not express any view about the accuracy or completeness of information that is not prepared by us and no liability is accepted for any errors it may contain**. Past performance should not be taken as an indicator of future performance. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should obtain a copy of the product disclosure statement before making a decision about whether to invest in this product.*