NANUK NEW WORLD FUND

NANUK
ASSET MANAGEMENT
Investing Sustainably, Managing Responsibly

Quarterly Report – March 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.	Since Inception p.a.[1]
Fund Return (%)	**6.9**	**9.6**	**23.2**	**15.9**	**11.1**	**15.8**
Global Equities[2] (%)	4.4	5.9	24.2	13.1	12.3	13.4
Value Added (%)	2.6	3.6	(1.1)	2.8	(1.2)	2.4
Environmental Equities[3] (%)	5.0	4.3	46.4	24.8	19.1	19.0
Value Added (%)	1.9	5.3	(23.2)	(8.9)	(8.0)	(3.2)

Fund Commentary

The Fund returned 6.9% during March, outperforming traditional global equities indexes, such as the MSCI All Country World Net Total Return Index, by 2.6% and outperforming environmental equities, as represented by the FTSE Environmental Opportunities All Share Total Return (EOAS) Index, by 1.9%. Over the first quarter of 2021 the Fund returned 9.6%, outperforming the MSCI All Country World Net Total Return Index by 3.6% and the FTSE EOAS Index by 5.3%.

The Fund's strong performance in March was driven by a high 'hit-rate' with over 70% of the Fund's holdings outperforming during a period in which many higher growth stocks saw significant share price falls. In particular, the result was supported by the strong performance of holdings within lower growth industries such as waste management and building materials

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.

which have become increasingly attractive from a valuation perspective as stocks in higher growth areas have risen significantly in recent months and which stand to benefit from the ongoing and rapid economic recovery around the world.

Larger contributors to performance included US waste management leaders Waste Management and Waste Connections, building insulation manufacturer Carlisle Companies, building security leader ASSA Abloy, building HVAC leader Carrier Global Corp, cardboard packaging leader Westrock Company and global industrial gas leader Air Liquide. Detractors from returns included some of the Fund's higher growth positions, such as email security specialist Mimecast, sleep apnoea device maker Inspire Medical and semiconductor fabricator Taiwan Semiconductor, as well as sustainable textile leader Lenzing and diagnostic technology leader Siemens Healthineers. Lenzing fell 10% after a six-month period in which the share price has tripled and Siemens Healthineers declined after completing a large equity raising to finance its previously announced acquisition of Varian Medical Systems.

The Fund entered new positions in COMSYS Holdings and Medtronic Plc. COMSYS is a Japanese engineering company focused on the construction of telecommunication, IT and electrical facilities and is a beneficiary of 5G rollout, data centre construction and renewable energy development. Medtronic is one of the world's top medical device companies and generates almost 30% of revenue from minimally invasive therapies that offer significant efficiencies in the management of chronic conditions.

The Fund reduced its position in Intel Corporation after recent strong share price performance following the appointment of a new CEO, Pat Gelsinger. Gelsinger hosted a star-studded strategy unveil during March. The headline news was Intel is committing to entering the foundry business, where it will manufacture chips for other companies. The event featured supporting words from the CEOs of Microsoft and IBM and the Governor of Arizona, where Intel is building two new fabs. While it is encouraging to see this level of customer and government support, both the new foundry and the core business will rise and fall over Intel's ability to recover its cutting-edge manufacturing capability. While Gelsinger spoke very positively about progress on this front, he did not share any significant new information.

The Fund exited small holdings in Keyence Corporation, Emerson Electric Co., Eaton Corp and Republic Services corporation following recent share price performance and consequently declining return potential.

Market commentary

Global equity markets enjoyed a strong month in March. In US dollar terms, the MSCI All Country World Net Total Return Index rose 2.7%. Europe's Stoxx Index 50 led the way with a rise of 7.8%, while the US' S&P 500 Index rose 4.2%. Asian markets were weaker, with Japan's Nikkei 225 up 0.7% while Hong Kong's Hang Seng index fell 2.1%. There were significant reversals in recent sector performance. Many technology stocks saw significant pull backs during March, leading the tech-heavy US Nasdaq 100 Index, up 1.4%, to underperform, while the industrials-heavy Dow Jones Industrial Average rose 6.6%. The Australian dollar weakened relative to the US dollar during the month, contributing positively to the Fund's reported Australian dollar denominated returns.

Environmental equities, as represented by the Fund's Reference Index, the FTSE Environmental Opportunities All Share Index, outperformed broader benchmarks by around 0.6%. This was led by the strong performance of industrial groupings in the environmental index such as waste management, industrial gases and building products, offset to some degree by the underperformance in areas such as Japanese high speed rail transport and electric vehicles.

Container freight enjoyed a rare spell in the headlines in March after the Suez Canal was temporarily closed by an errant container ship. It transpires shippers were already lamenting a container "crisis", with the World Container Index compiled by supply chain specialists Drewry at more than triple its pre-COVID range. This primarily reflects COVID-driven supply chain disruptions leaving containers in the wrong place and is gradually being alleviated. As a result the price of containers fell in the month despite the canal closure.

Industry commentary

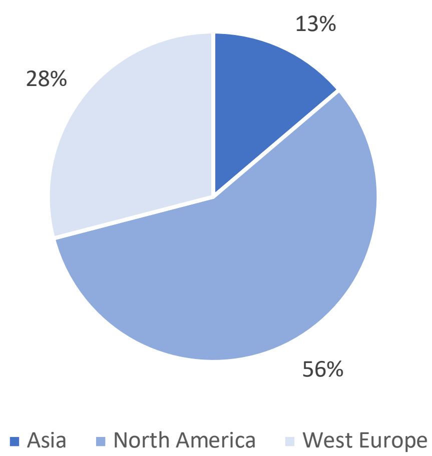
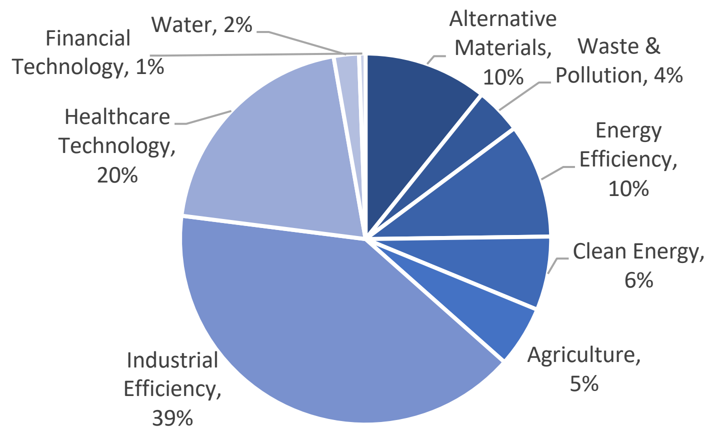
The biggest news of the month was the release of US President Joe Biden's $2.25 trillion infrastructure plan. With the qualifier that legislation is written and approved by Congress, which is debating the proposal intensely, many of the plan's elements are notable. Of general interest to equity investors, the plan proposes to raise the US corporate tax rate to 28% from its current level of 21%, as well as closing loopholes to get companies paying closer to the official rate. For sustainability exposed equities, the plan featured a range of supportive proposals. These included $174 billion in funding for the broad electric vehicle ecosystem and $100 billion in spending on America's electric grid, as well as increased tax credits and loan guarantees for renewable energy.

As climate spending grows in popularity, government commitments are coming thick and fast. Biden unveiled his plan in Pittsburgh, also known as Steel City. Not to be out-done, Sweden's Prime Minster Stegan Lofven personally broke ground at a development facility for a fossil-free steel plant in Lulea. Meanwhile Germany's Angela Merkel announced a €5 billion package for electric vehicle infrastructure in Germany by 2024.

The electric vehicle market continues to attract new entrants and new investment. Chinese phone maker Xiaomi became the latest entrant, with plans for an initial RMB10 billion investment, potentially rising to RMB100 billion over three years. Meanwhile Taiwanese contract electronics manufacturer Foxconn has indicated it expects to produce an electric bus in 2022 using a standardised EV platform that will also support passenger EVs. The company has previously indicated its ambition to capture 10% of the global EV market, either directly with its own products or as a contract manufacturer. Foxconn was recently linked as a potential manufacturing partner for US EV start up Fisker, Inc.

Investment in green hydrogen development also continues to grow. Korea's Ministry of Energy coordinated the announcement of $38 billion in spending on hydrogen by firms including Hyundai Motors and SK Group. France's Air Liquide, a leading supplier of industrial gases in which the fund holds a position, held a sustainability day during March largely focused on the hydrogen opportunity. While the investment impact of the event was limited, a lot of detailed was provided for readers interested in the hydrogen supply chain. At the more speculative end, ZeroAvia, a start-up backed by Bill Gates, raised $24 million for hydrogen powered aircraft.

Companies continued to burnish their ESG credentials. Citigroup's new CEO, Jane Fraser, announced a net-zero 2050 target for Citi's lending operations on her first day in the role. Citi competitor Wells Fargo made a similar commitment days later. German chemicals giant BASF also made a net-zero 2050 commitment backed by up to €4 billion of investment through 2030. As ESG credentials rise in importance, it is not surprising that some claims are also being contested. Chevron, a leading oil & gas producer, saw a complaint against it filed with America's Federal Trade Commission accusing it of "greenwashing" activities. Chevron also saw its efforts to continue to ignore shareholder proposals related to carbon emissions blocked by the Securities Exchange Commission, newly staffed with Biden appointees.

Regional Weights (%)	Sector Weights (%)
	

Top 10 Holdings as at 31 Mar 2021

Security Name	Weight (%)	Country	Sector
Siemens Healthineers AG	4.6	GERMANY	Healthcare Technology
Garmin Ltd.	4.2	UNITED STATES	Healthcare Technology
Air Liquide SA	3.7	FRANCE	Alternative Materials
Carlisle Companies Incorporated	3.6	UNITED STATES	Energy Efficiency
3M Company	3.6	UNITED STATES	Alternative Materials
Microsoft Corporation	3.6	UNITED STATES	Industrial Efficiency
Intel Corporation	3.4	UNITED STATES	Industrial Efficiency
Keysight Technologies Inc	3.2	UNITED STATES	Industrial Efficiency
Wolters Kluwer NV	2.7	NETHERLANDS	Healthcare Technology
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 *(31 Mar 2021)*	AUD 398.1m

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