April 2022
Monthly Fund Update

NANUK
ASSET MANAGEMENT
Investing Sustainably, Managing Responsibly

NANUK NEW WORLD FUND

A GLOBAL EQUITIES FUND GENERATING RETURNS FROM INVESTMENTS IN A UNIVERSE OF LISTED EQUITIES EXPOSED TO THE BROAD THEMES OF ENVIRONMENTAL SUSTAINABILITY AND RESOURCE EFFICIENCY

Performance Summary

The Fund was down 1.5% in April, outperforming traditional global equities indices, such as the MSCI All Country World Net Total Return Index, by 1.3%. These returns are reported in Australian dollar terms and benefitted from the depreciation of the Australian dollar against the US dollar during a month in which global equities markets fell significantly, as discussed below.

The Fund's out-performance was primarily attributable to stock selection and the positive contribution from positions in lower growth industries within the Fund's portfolio such as paper-based packaging, building materials and timber and information services and publishing businesses. Outperformance in these areas was partially offset by the underperformance of stocks in higher growth areas such as software and by several companies being impacted by inflationary pressure and supply chain disruptions, as noted below.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**(1.5)**	**(12.1)**	**3.7**	**13.6**	**10.4**	**12.0**	**12.3**
Global Equities[2] (%)	(2.8)	(10.9)	2.8	12.7	9.1	10.6	9.4
Value Added (%)	1.3	(1.2)	0.9	1.0	1.3	1.5	2.9

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. Fund return is net of all fees and expenses. **Past performance is not indicative of future performance.**

Key Contributors to Fund Performance

Graphic Packaging Holding Company (+9%), **Packaging Corporation of America** (+3%), and **WestRock Company** (+5%) are US-based paper-based packaging manufacturers. They are enjoying strong pricing power as customers switch from plastic packaging to paper based solutions and as their competitors in Europe struggle with surging energy costs. The sector is also showing capacity discipline, with WestRock announcing it will shut one of its older facilities, despite the strong price environment. All three companies reported strong Q1 earnings. The Fund also holds a position in UK listed multinational peer **Mondi plc**, which has similarly reported strong Q1 earnings in early May.

Carlisle Companies Incorporated (+5%) produces energy efficient building material products and solutions. As noted following its last two earnings reports, its building efficiency product portfolio is enjoying strong growth and this drove record Q1 earnings, approximately 70% above consensus expectations.

West Fraser Timber Co (+7%) is a North American timber company providing lumber and a variety of engineered wood and timber building products. The company reported very strong Q1 earnings due to strong pricing amid ongoing supply constraints in the industry.

Hain Celestial Group, Inc. (-2.5%) makes natural and organic food and personal products. Hain's shares fell during the month but nonetheless outperformed, partially reversing the prior month's underperformance.

Kion Group AG (-16%) provides warehouse automation equipment and supply chain automation systems. Kion's shares continued to fall on challenges to its European equipment business from Russia's invasion of Ukraine and other supply chain disruptions.

Siemens Healthineers AG (-14%) offers medical imaging, radiation therapy, and laboratory diagnostic systems. Its shares fell amid a challenging Q1 reporting period for healthcare equipment companies. US hospitals are struggling with labour inflation which may put capital equipment budgets at risk. It should be noted Healthineers' earnings, reported shortly after month end, proved more resilient than some peers, leading to a reversal of most of its April under-performance.

New Investments

Infineon Technologies is a global leader in power semiconductors, sensors, and controllers for automotive, industrial and consumer applications. The company is well positioned to benefit from ongoing structural trends of electrification and automation across its end markets and is targeting medium term revenue growth of 9% p.a. Its shares have de-rated amid cyclical concerns about the semiconductor market and ongoing supply chain issues impacting the automotive sector, providing an opportunity to enter a position at an attractive valuation that provides potentially significant upside if medium term growth prospects are realised.

Lear Corporation is a tier 1 automotive component supplier that makes automotive electronic and seating products. Lear's e-systems business provides electrical distribution and connection systems and electronic and software systems and should benefit from the ongoing vehicle electrification trend. Shares of auto suppliers have significantly lagged as earnings have been heavily impacted by acute supply chain disruptions restricting global auto production. Lear's shares offer attractive return potential as the industry recovers from its current supply chain challenges.

Exited Positions and Other Portfolio Changes

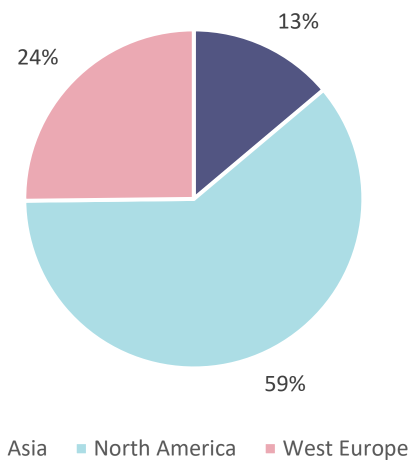
The Fund did not exit any positions during April. The new positions were accommodated via reductions in the Fund's positions in global industrial gas leader, **Air Liquide SA**, US data analytics software business **Alteryx Inc.** and technology consultancy **Cognizant Technology Solutions Corporation**, following the recent outperformance of these stocks.

Top 10 Holdings

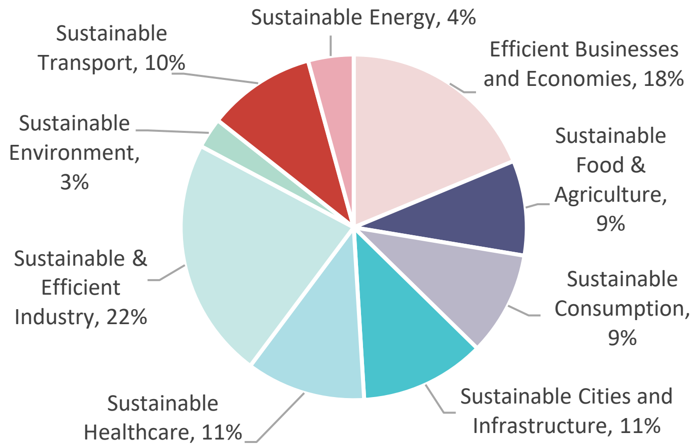
Security Name	Weight (%)	Country	Sector
WestRock Company	4.7	UNITED STATES	Sustainable Consumption
Hain Celestial Group, Inc.	4.7	UNITED STATES	Sustainable Food & Agriculture
Cognizant Technology Solutions Corporation Class A	4.2	UNITED STATES	Efficient Businesses and Economies
Carlisle Companies Incorporated	3.8	UNITED STATES	Sustainable Cities and Infrastructure
Microsoft Corporation	3.3	UNITED STATES	Efficient Businesses and Economies
Siemens Healthineers AG	3.1	GERMANY	Sustainable Healthcare
Medtronic Plc	2.8	UNITED STATES	Sustainable Healthcare
CDW Corp.	2.6	UNITED STATES	Sustainable & Efficient Industry
Carrier Global Corp.	2.5	UNITED STATES	Sustainable Cities and Infrastructure
KION GROUP AG	2.4	GERMANY	Sustainable & Efficient Industry

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities markets fell significantly in April. The MSCI All Country World Net Total Return Index declined by 8.1% (in US dollar terms) with all major regional equities indices also falling. The US dollar strengthened against most currencies, resulting in US dollar denominated returns significantly lower than locally denominated and reported returns. The US S&P 500 index fell 8.8%, with the Nasdaq Composite Index down 13.3% - reflecting the significant underperformance of higher growth and technology stocks. Europe's Stoxx 50 index fell 2.6% (7.2% in US dollar terms), Japan's Nikkei 225 fell 3.5% (10.4% in US dollar terms) and Hong Kong's Hang Seng Index was down 4.1% (4.3% in US dollar terms).

Markets continue to be impacted by concerns about inflation, exacerbated by the impact of the Ukraine war on commodity and energy prices, rising interest rates and further supply chain disruptions – particularly in China where the government's attempts to curtail COVID are having a significant impact. Long-term inflation expectations in the US rose from 2.4% to 2.5% despite an increase in the US 10-year yield from 2.3% to 2.9%.

Environmental equities, the Fund's primary area of focus, underperformed the broader market, reflecting the underperformance of higher growth and technology stocks during the month

Notable Industry Developments

- The UN Intergovernmental Panel on Climate Change (IPCC) released its most recent report focused on the state of mitigation of climate change globally. The report highlights the slowing of growth in greenhouse gas emissions in recent years, but also the need for emissions to peak at the latest by 2025 and to fall dramatically by 2030 if the current goal to limit warming to 1.5 degrees is to be achieved. The report highlighted significant reductions in the cost of decarbonisation solutions over the past decade, but focused on the need for dramatically higher investment and pace of change and the inadequacy of current nationally determined contributions (NDCs) towards decarbonisation and the policies to achieve them.
- Despite a favourable long term outlook driven by policy momentum and increased focus on energy independence, renewable energy industries are currently facing significant short term challenges. Leading wind turbine manufacturers such as Siemens Gamesa Renewable Energy and Vestas (neither of which is held by the Fund) have reported losses in the

face of rising input costs and logistical challenges. In the solar industry, the supply of solar panels to the large US market has been significantly restricted.

  - Panels made in Chinese-owned plants in Cambodia, Malaysia, Thailand and Vietnam, accounting for 75% of US supply in 2021, are being impacted by a US Commerce Department investigation into a lawsuit alleging these manufacturers are circumventing tariffs on Chinese panels by running products primarily made in China through finishing facilities in those countries.
  - Panels made in China panels are being detained by US customs following restrictions enacted late in 2021 on products made in Xinjiang, on human rights concerns. Manufacturers have the right to prove their products did not involve human rights abuses, but this is a costly and time consuming process.
  - NextEra energy, the most valuable utility in the US, said about 2.1-2.8GW of projects may be deferred to 2023, representing a majority of its solar development pipeline for the year. It is part of an industry effort to lobby against further tariffs on panel imports.

- Oil & Gas company investment in renewable energy assets continues in earnest, with TotalEnergies acquiring Core Solar, whose portfolio includes more than 4 GW of utility-scale solar and energy-storage projects at various stages of development across several U.S. states and Shell Plc buying Indian renewable power producer Sprng Energy for $1.6 billion. The acquisition comprises 1.6GW of solar and 0.5GW of onshore wind plants and 0.8GW under-construction projects in India
- The drive towards electrification continues in the auto sector. Honda held an investor update providing details of its electrification strategy. It committed to spend $40 billion and to develop 30 electric vehicles by 2030 as well as to phase out internal combustion cars by 2040 and motorcycles by 2045, before achieving net zero in 2050. Chinese auto manufacturer BYD, the third largest producer of electric vehicles globally in 2021 behind Tesla and VW, became the first traditional automaker globally to end production of internal combustion-powered vehicles. It will only produce electric vehicles (EV), including battery-electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV), from now on.
- Japan set ambitious new targets for battery manufacturing in order to maintain global market share and competitiveness, namely domestic lithium-ion battery manufacturing capacity of 150 gigawatt-hours by 2030, global manufacturing capacity of 600 gigawatt-hours at Japanese companies by 2030, and commercialization of solid-state batteries around 2030. The government is offering up to 100 billion yen ($783 million) to support investment in domestic battery manufacturing. Meanwhile South Korean battery leader LG Energy Solution (LGES) has signed a partnership agreement with Indonesian state-owned miner Aneka Tambang (Antam) and Indonesia Battery Corporation (IBC) for a $9 billion, vertically integrated, 'mines-to-manufacturing' battery project in Indonesia.
- Heightened energy security concerns are supporting a recommitment to nuclear energy – a sharp reversal of current policy around the world and at a time where shutdowns in the ageing fleet are exacerbating current electricity generation shortages. UK Prime Minister Boris Johnson has committed to building as many as eight nuclear plants by 2050 in the energy security strategy he announced last month. South Korea's President-elect Yoon Suk Yeol plans to embrace nuclear energy in a bid to accelerate the nation's goal to zero out emissions.
- Regulators in New York approved a $4.5 billion transmission line that will deliver Canadian hydropower to New York City, a key component of the State's efforts to eliminate carbon from its power grid by 2040. The Public Service Commission also approved Clean Path NY, a project comprising more than 20 wind and solar farms and a second transmission line. New York gets about 85% of its electricity from burning fossil fuels and efforts to use more renewables have been hindered by a lack of transmission lines. The two projects, the largest approved in the state in 50 years, are expected to reduce that reliance by more than 50% in 2030
- Significant investment in direct air capture of carbon dioxide is only just beginning as it becomes increasingly apparent that global decarbonisation targets will not be achieved without widespread deployment of this solution. This month saw Swiss company Climeworks raise $650 million, the largest sum ever raised by a carbon-dioxide removal company. Climeworks will use the funds to build a 40,000-ton capture plant in Iceland, where it already operates a smaller pilot facility.

The Nanuk New World Fund is a global equities 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 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 ASX ticker: NNUK	Currency	AUD
Type	Global Equities	Subscriptions	Daily
Domicile	Australia	Minimum Subscription	AUD 50,000 Direct (ASX no minimum)
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	1.1%	AUM (30 Apr 2022)	AUD 657.9m
Platform Access	AMP North, BT (Wrap, Panorama, Asgard), CFS FirstWrap, Hub24, IOOF OnePath, Pursuit & Rhythm Macquarie Wrap, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium, WealthO2 and Xplore Wealth		

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