

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 returned 6.5% during October, broadly in line with a strong recovery in global equities benchmarks such as the MSCI All Country World Net Total Return Index (which was up 6.6% in Australian dollar terms).

The Fund's performance reflected a mix of out and underperformers during the first part of a challenging quarterly reporting period in which many companies are addressing the impact of inflationary pressures, continued supply chain disruptions and signs of declining demand.

Key positive and negative contributors are highlighted below.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a. ¹
Fund Return (%)	6.5	(17.5)	(9.4)	8.1	5.6	7.8	10.4
Global Equities ² (%)	6.6	(10.3)	(6.0)	9.9	7.5	9.1	8.8
Value Added (%)	(0.2)	(7.1)	(3.4)	(1.7)	(1.9)	(1.4)	1.6

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



EMCOR Group, Inc. (+22%) is a leading provider of electrical and mechanical services to the construction industry, mainly in the US. The company has benefitted from growth in datacenter and e-commerce and warehousing markets and is likely to benefit from the 're-shoring' of manufacturing – including in the semiconductor industry which should benefit from the \$52 billion CHIPS Act. The company is also experiencing solid demand in its healthcare and water and wastewater segments. EMCOR's shares rose following its quarterly earnings report which demonstrated strong organic growth and a solid order book and outlook.





Hyundai Mobis Co. Ltd (+15%) is a Korean Tier 1 auto parts suppliers and the sole supplier of electric drivetrain modules for electric vehicles made by the Hyundai and Kia group companies. The company reported continued growth in this part of its business (up 63% year on year) as well as improvement in margins and significant order wins with international customers, including Mercedes Benz.



Westinghouse Air Brake Technology ('Wabtec') (+15%) is a global leader in rail equipment, providing locomotives as well as components for locomotives, freight and passenger cars. Wabtec reporting. The company announced a \$600 million MOU with Kazakhstan railway operator KTZ to provide battery electric locomotives and other modernization works.



Pearson PLC (+14%) is a multinational publishing and education company, providing education and business information materials. Historically a publishing company it has become a leader in the online transition of its markets. The stock performed well after the company reported solid growth in its quarterly trading update.



Graphic Packaging Holding Company (+16%) is a North American leader in sustainable, paper-based packaging solutions and is a beneficiary of the shift away from consumer plastic packaging. The company reported strong quarterly results.



Carlisle Companies Incorporated (-14%) produces energy efficient building material products and solutions, primarily building insulation products for commercial and industrial construction in North America. The company reported yet another quarter of record earnings, but indicated signs of peaking construction demand, leading to a sharp sell-off in its shares which had performed strongly in recent months. The Fund's position in Carlisle, held for over six years, had been reduced in response to the strong performance and increasingly elevated valuation.



Alteryx, Inc. (-13%) offers enterprise analytics software that enable the simplification and automation of data analytics. There was no obvious catalyst for its shares' underperformance during the month, however their significant out-performance of peers in the Nasdaq Emerging Cloud Index in the preceding twelve months may have been a contributing factor.



Taiwan Semiconductor Manufacturing Company ('TSMC') (-10%) is the globally leading semiconductor foundry and produces leading edge semiconductor chips for a wide range of major customers such as AMD, Apple, Broadcom, Nvidia and Qualcomm. TSMC's shares underperformed for a second month in a row after the US announced a raft of new measures aiming to constrain China's semiconductor sector, potentially impacting TSMC's customers, and other semiconductor companies and customers reported deteriorating outlooks in the face of an industry wide cyclical slowdown.



New Investments



Smiths Group is a UK-based industrial conglomerate comprised of four divisions which manufacture flow control solutions, detection and screening technologies, specialty tubing and electronic components for high-speed connectivity. Many of its products are utilised in applications where they contribute to improved industrial and energy efficiency. The company's diversified business model and exposure to end markets that are remaining resilient in the current economic environment provide confidence that it can sustain its current earnings, with upside should its new management team delivering its more ambitious targets.



Nihon Kohden develops and manufactures healthcare equipment including electroencephalographs (EEGs), electrocardiographs (ECGs), treatment equipment and patient monitors. Its products are used in emergency care, testing, diagnosis, treatment, rehabilitation and home care. The company's business is expected to be resilient in the current economic environment with the potential for profitability to improve as product mix improves against the backdrop of favourable trends in the Japanese healthcare system and ageing demographics.

Exited Positions and Other Portfolio Changes

The Fund increased its position in global database management company **Oracle Corporation**, as well as solid state memory semiconductor leader **Micron Technology**, whose market we believe is well below mid-cycle and whose shares are trading close to tangible book value. The Fund exited three positions where economic conditions presented increasing risks to earnings. These were US telecommunications network equipment leader **Ciena Corporation**, aseptic sustainable packaging company **SIG Group** and North American waste management company **Waste Connections**. The Fund also reduced positions in **Canadian National Railways** and **Lear Corporation** after relative outperformance and reduced its position in North American cardboard packaging business **Westrock Company** which is likely to see industry utilization levels fall as cardboard carton demand slows with a slowdown in e-commerce.

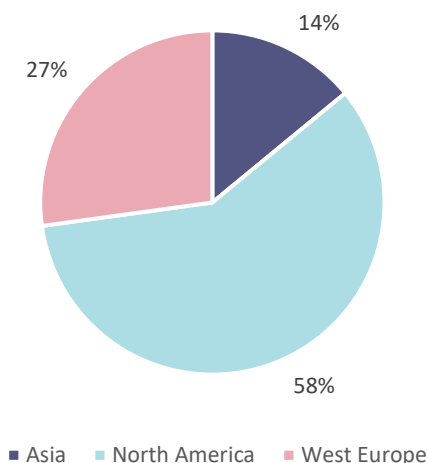
Top 10 Holdings

Security Name	Weight (%)	Country	Sector
Cognizant Technology Solutions Corporation Class A	4.5	UNITED STATES	Efficient Businesses and Economies
Garmin Ltd.	4.0	UNITED STATES	Sustainable Healthcare
Microsoft Corporation	4.0	UNITED STATES	Efficient Businesses and Economies
Siemens AG	3.8	GERMANY	Sustainable & Efficient Industry
CDW Corp.	3.3	UNITED STATES	Sustainable & Efficient Industry
Siemens Healthineers AG	3.3	GERMANY	Sustainable Healthcare
Oracle Corporation	3.3	UNITED STATES	Efficient Businesses and Economies
Carrier Global Corp.	3.2	UNITED STATES	Sustainable Cities and Infrastructure
Hyundai Mobis Co., Ltd	3.1	SOUTH KOREA	Sustainable Transport
Pearson PLC	2.9	UNITED	Efficient Businesses and Economies

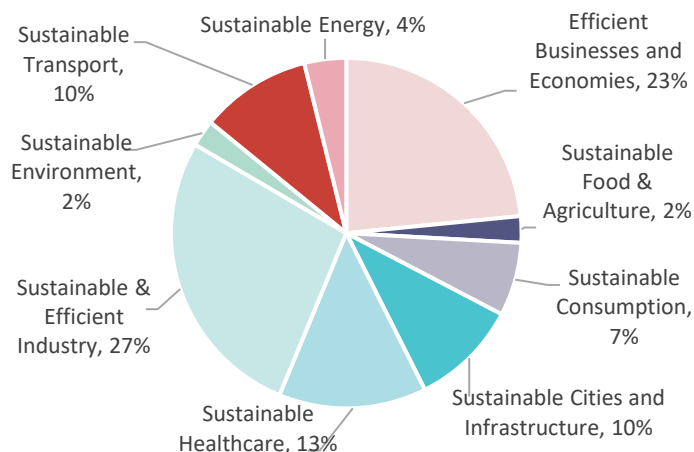


Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities markets generally rose strongly during October, with the MSCI All Country World Index rising 6.0% (in US dollar terms). Europe’s Stoxx 50 index rose 9.0% as energy prices in Europe fell marginally. The US’s S&P 500 Index rose by 8.0%, although the technology heavy Nasdaq Composite Index was up only 3.9% as a number of large technology stocks stumbled – with Meta Platforms (Facebook) down 31% and Amazon down 9.3%. Japan’s Nikkei 225 Index rose by 6.4%, but in contrast Hong Kong’s Hang Seng Index fell 14.7% as China’s COVID control measures continued to impact the outlook for its economy.

Environmental equities benchmarks underperformed the broader market during the month, led down by Tesla which fell 14% amidst a range of issues from litigation into CEO Elon Musk’s compensation to investigations into claims made by the company about its self driving technology.

Notable Industry Developments

- Industrial decarbonization was prominent during the month
 - Occidental Petroleum announced it would break ground on a record breaking direct air capture (DAC) carbon capture project later this month. Capacity is slated to be 500kT of CO2 per year, 120 times larger than the largest existing facility, with operations commencing in 2024. The company hopes to create a lasting market for ‘net-zero oil’ by capturing and permanently storing more CO2 than is released in extracting and burning the fuel.
 - Fellow oil producer BP announced a \$4 billion acquisition of Archaea, a biogas producer.
 - ArcelorMittal, the world’s largest steel producer, announced a multi-year carbon capture trial in conjunction BHP at its Ghent, Belgium facility. Mitsubishi Heavy is the technology provider.
 - A.P. Moller-Maersk A/S, one of the world’s largest oil consumers, ordered six large container ships that can sail on green methanol as part of the transport giant’s plan to become carbon neutral. Maersk has set a goal to become carbon neutral in 2040, when including its own emissions, and plans to cut emissions by 50% in 2030. The company has identified green methanol (produced from green hydrogen) as one of the most viable fuels to de-carbonize shipping.



- Recent newsflows in the automotive industry have focused on the failure of full autonomous driving programs to achieve real world success, although lower levels of driver assistance (ADAS) continue to be adopted on an increasingly widespread basis
 - Notably Argo AI, Ford and Volkswagen’s autonomous vehicles (AV) joint venture, announced it is shutting down. Ford will impair assets worth \$2.7b in relation to Argo.
 - Meanwhile, Mobileye, the leader provider of driver-assistance (ADAS) vision systems, completed its IPO. It remains majority owned by Intel.
 - Volkswagen, the namesake brand of the VW group, announced it will phase out making combustion cars in Europe completely starting in 2033 at the latest. The VW division will launch 10 new electric models by 2026, including an entry-level model the automaker wants to sell for less than €25,000. VW also announced a €2.4b investment in Horizon Robotics, a Chinese ADAS and AV systems developer.
 - Renault and Stellantis each announced targets for €2b of revenue from automotive recycling by 2030.
- Policy focus is currently on this month’s UN COP27 Climate Summit in Egypt, where world leaders are grappling with the increasing likelihood that the global commitment to limiting warming to 1.5 degrees will not be achieved. In other policy news:
 - Brazil’s elections were won by Luiz Inácio Lula da Silva, defeating incumbent Jair Bolsonaro. During Lula’s prior tenure, the rate of deforestation in the Amazon had almost halved, while during Bolsonaro’s tenure it had increased by more than half.
 - Australia joined the Global Methane Pledge. This requires a 30% reduction of methane emissions from a 2020 baseline by 2030. Methane’s “global warming potential” per ton is roughly 25 times that of CO2. The federal government also announced a long-awaited funding scheme for a transmission cable to export renewable power from Tasmania to Victoria, in conjunction with both states’ governments. A final investment decision for the project is still pending.
 - Singapore announced a net zero 2050 target.

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 (31 October 2022)	AUD 638.7m
Platform Access	AMP North, BT (Wrap, Panorama, Asgard), CFS FirstWrap, Hub24, IOOF OnePath, Pursuit & Rhythm Macquarie Wrap, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium, WealthO2 and Xplore Wealth		



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