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

After a strong recovery in October and November, global equities markets retreated again during December. The Fund was down 5.0% for the month, slightly outperforming traditional global equities benchmarks such as the MSCI All Country World Net Total Return Index, which was down 5.1%. The Fund finished the quarter ending 31 December 2022 up 4.8%, outperforming the MSCI All Country World Net Total Return Index by 0.8%.

Sustainably themed equities underperformed broader traditional benchmarks in December as technology stocks underperformed and sectors in which the Fund's investment universe has limited exposure, such as financials, consumer staples and pharmaceuticals, outperformed. The major contributors to the Fund's monthly performance are discussed below.

The Fund finished the calendar year down 18.7%, underperforming traditional global equities such as the MSCI All Country World Net Total Return Index by 6.2% - reversing the majority of the Fund's outperformance in 2021.

2022 was a challenging year for investors and this was particularly the case for sustainably themed strategies such as the Nanuk New World Fund which typically have little or no exposure to the sectors that performed strongly, such as energy (i.e oil & gas), defence and financials. The Fund's sustainably themed investment universe was down 19.8%* over the year (in Australian dollar terms), underperforming traditional global benchmarks by 8.1%. Whilst the Fund's outperformance of this internal reference point is of little consolation to investors, the factors that drove the underperformance of sustainably themed equities – large variations in sector performance and the significant underperformance of higher growth and smaller capitalisation stocks are unlikely to be repeated this year at least to the same extent and are, in time, likely to reverse.

Positive contributions to the Fund's annual performance came from a variety of more defensive companies including education and information services business Pearson PLC, which demonstrated progress of its turnaround strategy, US energy efficient building materials company Carlisle Companies, German industrial conglomerate Siemens AG, US rail equipment supplier Westinghouse Air Brake Technology and paper based sustainable packaging leader Graphic Packaging Holding Company. The major negative contributors have all been discussed at some length in previous monthly reports, and included Kion Group which saw profits on multi year contracts in its warehouse automation systems business collapse in the face of supply chain disruptions and rising input costs, US organic food manufacturer Hain Celestial Group, which suffered from sharply rising input costs and a consumer shift away from its premium products, Indian solar farm developer and independent power producer Azure Power Global, which saw senior leadership turnover amidst a whistleblower complaint at one of its projects and digital technology consultancy Cognizant Technology Solutions, which suffered persistent labour shortages and rising costs.

2022 presented companies and financial markets with significant challenges, including the first major inflation shock in 40 years, rising interest rates, significant supply chain disruptions related to both a war in Europe and ongoing COVID related restrictions, geopolitical tensions, particularly between the US and China (that extended to the imposition of significant export restrictions aimed at controlling China's access to advanced semiconductor technology), labour shortages, and declining economic growth. Despite these headwinds, earnings are likely to have increased in aggregate in 2022 when companies finish reporting their results. The downturn we have witnessed in markets being driven by a de-rating in company valuations.

It is likely that the investment environment will remain challenging in 2023, although some of the difficulties of the last year are notably abating with easing supply chain disruptions, retreating commodity prices and China abandoning its zero-COVID policies.

Notwithstanding the ongoing challenges, key sustainable technologies saw continued progress, with record global solar installations and continued upscaling of multi billion-dollar investments in electric vehicle development and production capacity.

On a more positive note, we have seen major policy developments for sustainable technologies, encouraged by high energy prices as well as a severe set of droughts and heatwaves in Europe, China and to a lesser extent the US over their summer. The EU responded to Russia's invasion of Ukraine with legislation and proposals at both a country and EU-level, aimed at improving resource independence as well as sustainability. Perhaps the most notable was the agreement to ban the sale of internal combustion vehicles from 2035. In the US, the Inflation Reduction Act represented the largest federal investment in clean energy in the nation's history, of $370 billion. It was followed by several announcements of billion dollar investments in US solar manufacturing capacity. The US "CHIPS" Act, predominantly aimed to increase US semiconductor manufacturing, prompted announcements of investments by each of Intel, Micron and TSMC of over $10b in new fabs in the US. One notable development on both sides of the Atlantic was an increased focus on reducing red tape for project permitting, which has been a key bottleneck in building the infrastructure needed for a sustainable economy, from transmission lines, to solar and wind parks. The Fund's new position in Nordex, discussed below, is a likely beneficiary of this trend.

2022 also saw major progress in technologies that help address "hard to decarbonise" activities, including green hydrogen, bioenergy and carbon capture and storage (CCS), including direct air capture (DAC). Notably, companies such as oil extractors and chemicals manufacturers were increasingly involved. Oil major Chevron spent $3 billion acquiring a biofuel refiner while its peers BP and Shell spent $4 billion and $2 billion, respectively on renewable gas acquisitions. Total, another oil major, announced a $5 billion investment with India's Adani in green hydrogen, that could ultimately scale up to $50 billion in investments. Occidental Petroleum, a smaller oil producer, announced plans for a Net Zero 2050 strategy utilising CCS, including direct air capture to offset emissions from the use of its products, breaking ground on a 500kT/year DAC project, which it said is 100 times larger than the prior largest facility. We saw multi-billion dollars commitments to hydrogen in Korea by companies such as Korea Zinc and Lotte Chemical, as well as plans for a large "clean ammonia" plant by fertiliser company Nutrien, which would use CCS to offset emissions. Whilst at an early stage of deployment today, these areas and the industries and technologies that support them, are likely to be areas of significant investment potential and increasing focus for the Fund in coming years.

* as calculated by Nanuk based on the performance of stocks in Nanuk's eligible investment universe with capitalisations greater than US$1 billion.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**(5.0)**	**(18.7)**	**(18.7)**	**3.7**	**4.3**	**7.5**	**9.9**
Global Equities[2] (%)	(5.1)	(12.5)	(12.5)	4.9	5.3	8.3	8.2
Value Added (%)	0.1	(6.2)	(6.2)	(1.3)	(1.0)	(0.8)	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. Fund return is net of all fees and expenses. **Past performance is not indicative of future performance.**

Key Contributors to Fund Performance

Compagnie de Saint-Gobain (+8%) is a leading European supplier of energy efficient building materials and solutions. The company announced a modest divestment during December consistent with the "portfolio optimization" component of its strategy and is also a significant beneficiary of declining European energy prices.

Siemens AG (+2%) offers industrial technology focused on the manufacturing, infrastructure and transportation sectors. There was limited company specific news during December, but European equities out-performed amid relatively mild winter weather, which saw 12 month forward gas and electricity prices decline by 39 and 36% respectively.

Nihon Kohden Corporation (+6%) develops and manufactures healthcare equipment including electroencephalographs (EEGs), electrocardiographs (ECGs), treatment equipment and patient monitors. Again, company specific news during the month was limited, but its local index, the Nikkei 225, out-performed.

Micron Technology (-13%) provides solid state memory semiconductor devices. Its shares lagged after reporting weak earnings. The memory market is experiencing its deepest downturn in over twenty years, but the increasingly consolidated industry is

	responding with production and capex cuts which should help work down currently high inventory levels and a recovery in pricing in 2023 with ongoing demand growth. The Fund has increased its position in recent months and also holds a position in Samsung Electronics which is also a major player in this industry.
	Taiwan Semiconductor Manufacturing Co., Ltd ('TSMC') (-10%) is the world's leading semiconductor fabricator and produces advanced processors for the likes of Apple, AMD and NVIDIA as well as a broad range of semiconductors for industrial and consumer applications. Although the downturn in logic semiconductors is less severe than memory, industry newsflow was still negative during December with discussion of order cuts by customers, most notably in PCs and smartphones. The Fund continues to hold its position on the expectation that TSMC will be able to maintain or even increase its market share during the current industry cycle.

New Investments

Advantest Corporation is a global leader in production of automated test equipment (ATE) for the semiconductor sector – in an effective duopoly with US company Teradyne - and has been growing an already strong market share position. We expect it to achieve strong medium-term growth in excess of market expectations as rising semiconductor complexity and growth in end-markets such as the automotive industry with high quality requirements increase demand for testing, particular for system on chip (SoC) testing in which Advantest is a leader.

Landis+Gyr Group manufactures utility meters, primarily for electricity, but also of water, gas and heating. We expect Landis+Gyr to deliver strong earnings growth in coming years, supported by a cyclical recovery in installations and structural growth in metering investment as the industry transitions to next generation Advanced Metering Infrastructure capable of two way communication and control – essential to more sophisticated monitoring and control of electricity systems. This should also support improved earnings quality, supported by increased software content, where Landis' partnership with Google is a competitive advantage.

Nordex is a leading manufacturer of wind turbines generators. The company has performed poorly in recent years as the industry has struggled with price competition, overcapacity and supply chain disruption. We expect more rational industry behaviour and increased wind turbine deployment in the US and Europe as well as the growth of its service business to support significantly improved margins.

Valmet Corporation offers capital equipment, service and automation, primarily to the paper industry, where it is the global number one. We anticipate that the company will resume growth as declines in the declining printing paper market are offset by growth in packaging, aided by plastic substitution, and tissue paper. Although growth expectations are modest, Valmet has a track record of consist share gains, especially in service and automation where its market share remains less than half of its share in capital equipment, as well as margin expansion, which, in conjunction with its high return on capital, should support continued strong value creation.

Exited Positions and Other Portfolio Changes

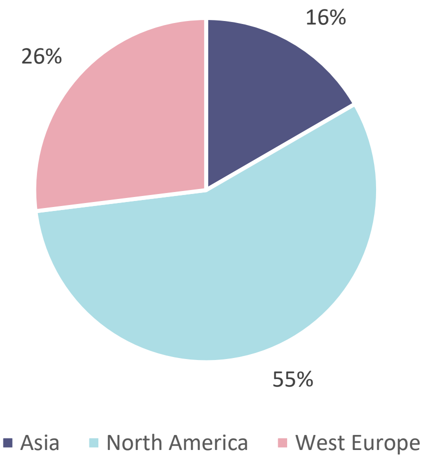
The Fund exited its positions in Kion Group, which had recovered significantly after previously discussed share price declines following two major profit warnings, industrial gas leader Air Liquide and a small residual position in paper packaging company Mondi plc. The Fund reduced its positions in US paper based packaging leader Westrock Company which has a high level of debt and faces deteriorating industrial utilization rates as demand for corrugated board falls and in database software leader Oracle.

Top 10 Holdings

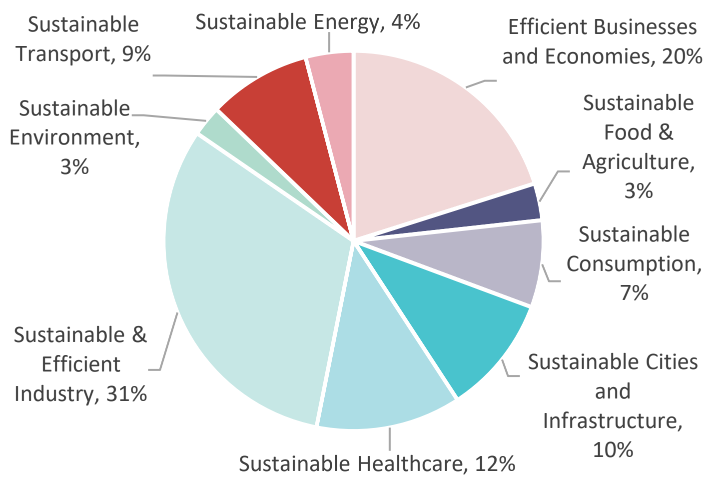
Security Name	Weight (%)	Country	Sector
Siemens AG	4.5	GERMANY	Sustainable & Efficient Industry
Microsoft Corporation	4.2	UNITED STATES	Efficient Businesses and Economies
Cognizant Technology Solutions Corporation Class A	4.2	UNITED STATES	Efficient Businesses and Economies
Garmin Ltd.	4.0	UNITED STATES	Sustainable Healthcare
Carrier Global Corp.	3.2	UNITED STATES	Sustainable Cities and Infrastructure
CDW Corp.	3.2	UNITED STATES	Sustainable & Efficient Industry
Taiwan Semiconductor Manufacturing Co., Ltd.	3.1	UNITED STATES	Sustainable & Efficient Industry
International Flavors & Fragrances Inc.	3.1	UNITED STATES	Sustainable Food & Agriculture
Hyundai Mobis Co., Ltd	3.1	SOUTH KOREA	Sustainable Transport
Pearson PLC	3.0	UNITED KINGDOM	Efficient Businesses and Economies

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities indices declined in December, led by US markets where optimism about declines in headline inflation gave way to concerns about more persistent underlying inflation and led to bond yields rising towards 4% again. Large cap technology stocks in particular suffered, with the likes of Apple, Alphabet and Amazon all down more than 10%. The US S&P 500 index was down 5.9% and the Nasdaq Composite down 8.7%.

The MSCI All Country World Net Total Return Index fell by 3.9% in US dollar terms. Europe's STOXX 50 index was down 4.3% and Japan's Nikkei fell 6.7% but both performed relatively better in US dollar terms as the Euro and Yen strengthened against the US dollar during the month. Hong Kong's Hang Seng index continued its strong rally, rising by 6.4% as China continued to shift away from its zero COVID policy stance.

Sustainably themed equities performed poorly, largely due to the underperformance of technology stocks and outperformance of sectors such as financials and consumer staples. The FTSE Environmental Opportunities All Share index fell by 10% and finished the year down 25.5%.

Tesla, in particular, underperformed significantly down 37% during the month and down 63% for the year as the company cut pricing to stimulate sales in the face of a challenging market in China and increasing competition in other markets, whilst CEO Elon Musk continued to sell stock as he grapples with his recent acquisition of Twitter.

As discussed above the combination of factors that drove the underperformance of sustainably themed equities in 2022 are unlikely to be repeated in 2023 and the strengthened policy support and now significantly lower valuations provide for a more attractive investment outlook.

Notable Industry Developments

- COP15, the UN Biodiversity Conference (not to be confused with the Climate Change COP27 completed in November) concluded in Montreal in December. The most notable outcome was a pledge by almost every country to protect 30% of land and oceans by 2030, aka 30 by 30 along with 22 other targets to reduce biodiversity loss.

- The US Department of Energy announced $3.7 billion in funding to grow the direct air capture (DAC) carbon capture and storage industry. The funding did not come from the Inflation Reduction Act, but from the Bipartisan Infrastructure Law enacted in 2021

- Brazil's new President-Elect, Luiz Inacio Lula da Silva, announced the intention of transforming Petrobras, Brazil's national oil champion, into a renewable energy provider. Lula also re-affirmed his intent to stop the deforestation of the Amazon. Pemex, Mexico's national oil company, committed to $12 billion over years in investments in reducing emissions.

- France and Spain announced plans for a €2.5 billion pipeline at a meeting attended by the Spanish and Portuguese Prime Ministers, and the Presidents of France and the European Commission. The industry logic is to produce green hydrogen using Spain's abundant solar energy and export it to France.

- Europe's winter heat records smashed records while the UK set a new record for wind generation in December, contributing to a record of 87% of grid electricity coming from renewables and nuclear energy at one point during the month.

- Vietnam signed a $15.5 billion funding deal with a consortium of government and private sector lenders to transition away from coal generation, under the "Just Energy Transition Partnership" structure agreed during COP27.

- The New South Wales and Australian federal governments announced A$7.8 billion of investment in grid infrastructure to support increased renewable generation. Federal Climate Change and Energy Minister Chris Bowen also announced Australia's first offshore wind power zone was to be off the Gippsland coast in Victoria also awarding fast track status to the 2.2GW Star of the South offshore wind farm.

- Nuclear fusion achieved an important milestone during the month with government scientists at the National Ignition Facility of the Lawrence Livermore National Laboratory achieving net energy output from a controlled fusion reaction. This was the first time that energy breakeven had been achieved with the fusion energy output exceeding the energy input to create and control the fusion reaction. This is obviously critical to the use of fusion as an energy source, however in this instance the total energy required to power the lasers used to control the reaction was still very significantly greater than the energy output. Commercial application of the technology remains many years away and the longer term economic viability of the technology is far from certain in the face of increasingly cheap renewable generation and energy storage. Notwithstanding, it is likely that fusion projects will continue to attract significant investment in coming years. Perhaps a more near-term sign of progress for nuclear energy was Rolls Royce's announcement that it had finalised a short list of locations for its Small Modular Nuclear reactor factory.

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 (via 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 December 2022)	AUD 624.7m
Platform Access	AMP North, BT (Wrap, Panorama, Asgard), CFS FirstWrap and FirstChoice, Hub24, IOOF OnePath, Pursuit & Rhythm Macquarie Wrap, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium, WealthO2 and Xplore Wealth		

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