January 2023
Monthly Fund Update

NANUK ASSET MANAGEMENT

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 5.5% during January, outperforming traditional global equities benchmarks, such as the MSCI All Country World Net Total Return Index, by 2.4%.

The Fund's outperformance was primarily driven by stock specific returns, highlights of which are detailed below. The Fund also benefited from the relatively strong performance of industry groups such as electronic technology, health technology and manufacturing – in which the Fund's investment universe is overweight – while sectors such as energy and financials - which are mostly outside the Fund's investment mandate - lagged.

The Australian dollar appreciated by 3.6% against the US dollar, somewhat muting the Fund's Australian dollar denominated returns during a month in which global equities rallied strongly.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**5.5**	**5.5**	**(10.6)**	**5.4**	**4.4**	**8.2**	**10.6**
Global Equities[2] (%)	3.1	3.1	(8.0)	6.5	5.0	8.5	8.6
Value Added (%)	2.4	2.4	(2.6)	(1.1)	(0.7)	(0.3)	2.0

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

Taiwan Semiconductor Manufacturing Co., Ltd ('TSMC') (+24%) 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. TSMC has been impacted by the broad slowdown in the semiconductor industry in recent months and its stock has traded through a significant range. We believe the company's ability to grow its market share during this period will continue to support its high margins. During January the company's 22Q4 earnings and 2023 guidance showed it continuing to extend its lead against one of its major competitors, Intel.

Cognizant Technology Solutions Corporation (+17%) provides technology consulting and has been a larger position in the Fund for the past year on expectations that its operational performance is likely to be improved over time. Its shares jumped in January on the appointment of a new CEO. The company's shares still trade at a deep valuation discount to peers' following ongoing market share losses, which the previous

CEO was not able to reverse. The new CEO comes from competitor, Infosys, which has had better recent performance.

Micron Technology (+21%) provides memory semiconductor devices. Like TSMC, it has been impacted by the slowdown in the semiconductor industry, with the relatively commoditized memory market entering a significant cyclical downturn as demand slowed after a period of significant growth. The Fund increased its position in Micron as pricing fell last year to a level that has now seen the industry reporting losses and reducing capital expenditure. Micron's shares benefited from a strong recovery in semiconductor stocks during January but also from evidence of further capacity discipline at SK Hynix, its second largest competitor.

Zebra Technologies (+23%) is the global leader in barcode printers and scanners and has leveraged that position into a leading position in "Enterprise Asset Intelligence" through providing associated software and services that help businesses manage their supply chain and workforces more efficiently. The Fund acquired a position in Zebra at what we believe was an attractive valuation last year after a significant decline in its share price. There was no significant company specific news during the month.

Compagnie de Saint-Gobain (17%) is a leading European supplier of energy efficient building materials and solutions. The company's shares rose as the outlook for European energy prices improved.

New Investments

Republic Services, Inc. is America's second largest waste management company. Over 40% of US waste is still collected by local and regional players, and with the US labour market forecast to remain tight, Republic's superior automation and standardisation gives it a labour productivity advantage which is driving robust earnings growth. It is also benefiting from growing demand for recycling and for "renewable" natural gas collected from its landfills.

Exited Positions and Other Portfolio Changes

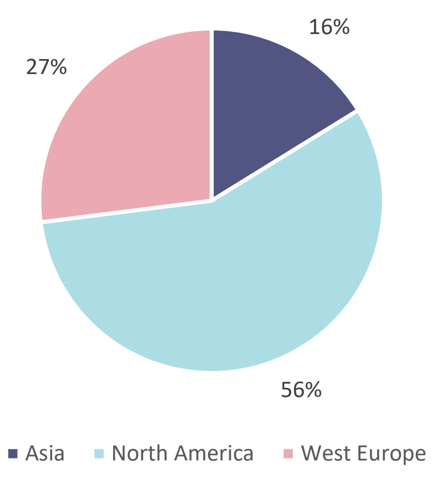
The Fund did not exit any positions during January. The Fund's new position was funded with reductions in US paper based packaging company Westrock Company, which faces an increasingly challenging outlook as falling e-commerce volumes flow through to lower capacity utilization and lower pricing in the corrugated carton industry, European sustainable textile manufacturer Lenzing and medical device manufacturer Medtronic, which continues to struggle with a slower than anticipated recovery to normal levels of elective surgery and delayed new product launches.

Top 10 Holdings

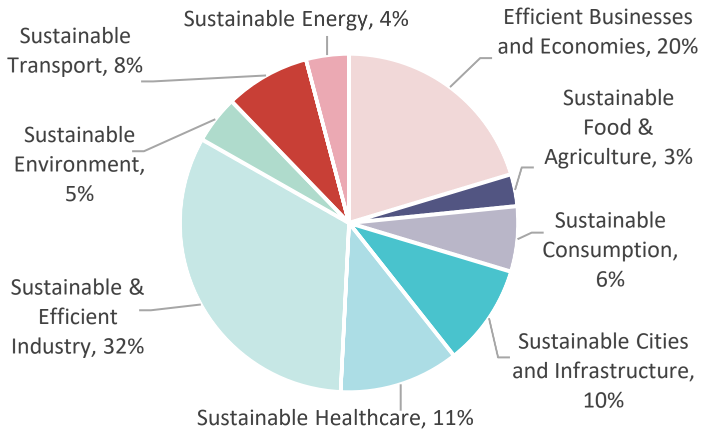
Security Name	Weight (%)	Country	Sector
Siemens Aktiengesellschaft	4.5	GERMANY	Sustainable & Efficient Industry
Cognizant Technology Solutions Corporation Class A	4.0	UNITED STATES	Efficient Businesses and Economies
Microsoft Corporation	4.0	UNITED STATES	Efficient Businesses and Economies
Garmin Ltd.	4.0	UNITED STATES	Sustainable Healthcare
Taiwan Semiconductor Manufacturing Co., Ltd.	3.3	UNITED STATES	Sustainable & Efficient Industry
CDW Corp.	3.2	UNITED STATES	Sustainable & Efficient Industry
Zebra Technologies Corporation Class A	3.1	UNITED STATES	Sustainable & Efficient Industry
Micron Technology, Inc.	3.1	UNITED STATES	Sustainable & Efficient Industry
Carrier Global Corp.	3.1	UNITED STATES	Sustainable Cities and Infrastructure
International Flavors & Fragrances Inc.	3.0	UNITED STATES	Sustainable Food & Agriculture

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Equity markets began 2023 strongly, with the MSCI All Country World Net Total Return Index up 7.1% in US dollar terms in January. All major regional indices were up. The US S&P 500 Index was up 6.2%, led by a recovery in technology stocks evidenced by a 10.7% rise in the Nasdaq Composite Index. Europe's Stoxx 50 Index rose 9.7%, Japan Nikkei 225 Index rose 4.8% and Hong Kong's Hang Seng index rose 10.4%. Moves in other asset classes were supportive, with US and German 10-year government bond yields declining by 37 and 28bps respectively. Notwithstanding the fall in long duration bonds yields in January it was notable that early in the month the phenomenon of bonds with negative yields ended with all bonds globally with a maturity greater than one year back to a positive yield. As mentioned above, the outlook for European energy prices improved, with 12 month forward gas and electricity prices declining 28 and 26% respectively.

Notable Industry Developments

- Bloomberg New Energy Finance noted that 2022 was the first year with more than US$1tn invested in the new energy transition, also making it the first year where investments in these technologies - primarily renewable energy and electric vehicles - exceeded those in fossil fuels.
- Sustainable mobility.
    - The Electric Vehicle (EV) market is experiencing its first significant price reductions. Ford joined Tesla in slashing EV prices in response to market conditions and the price limits for US government incentives within the US Inflation Reduction Act (IRA).
    - US allies including South Korea and EU members are struggling to respond to the subsidies offered by the IRA, whose local content requirements put vehicles manufactured in those geographies at a disadvantage when selling in the US. This includes both increasing their own subsidies, with Germany expanding its support for battery manufacturing by €1b during January, and a flurry of diplomatic lobbying seeking adjustments to the US' local content requirements.
    - The Chair of the US National Transportation Safety Board highlighted EVs while expressing concerns about the safety risks from increasingly large and heavy vehicles. The GM Hummer EV's battery pack weighs as much as a Honda Civic.
    - Stellantis, which owns the Chrysler and Fiat brands, turned its data and connected services operations into an independent business unit, Mobilisights. Mobilisights aims to sell data and connected services to external customers including other automakers. The move is similar to Volkswagen's creation of Cariad as an automotive software business unit, albeit with a narrower scope.
- Sustainable energy
    - China's JA Solar signed an agreement with the government of Ordos, in China's Inner Mongolia province, to build a $6 billion solar manufacturing base including 20GW of Wafer, 30GW of Cell and 10GW of modules. To put that into perspective, ten years ago the total global market was 30GW.
    - Hanwha Qcells became the latest manufacturer to commit to expanding solar production capacity in the US since the enactment of subsidies in the IRA. It plans 3.3GW of ingot, wafer, cell and panel production capacity.
    - The wind sector is also experiencing some growing pains. Failures rates are up at leading manufacturers such as Vestas, Siemens-Gamesa and GE, as they roll out giant new turbines. Vestas' CEO said the focus should pivot from designing larger turbines to scaling production of existing models. This should be favourable for Fund investment Nordex, which has a competitive existing platform that it has been able to successfully adapt to a range of end markets.
    - Spain launched a set of energy storage subsidies to significantly boost the number of grid attached storage projects to help support the country's strong renewable generation assets.
    - GE Hitachi signed a deal to deploy a small modular nuclear reactor in Ontario, Canada. The 300MW facility is likely to commence generating power in around 2029.
    - Jera, Japan's largest electric utility, signed memorandums of understanding with a subsidiary of Yara International ASA and CF Industries Holdings this week to jointly develop and import blue ammonia, made from steam methane reforming utilising carbon capture and storage. Jera aims to blend the ammonia produced on the

US Gulf Coast at a coal-fired power plant in Japan from 2027. Whilst there is much discussion of hydrogen being used for electricity generation the high costs and logistical challenges of transporting hydrogen mean than ammonia is likely to be favoured for this application, particularly where transport distances are significant and pipeline transport is not possible.

- Sustainable agriculture.
  - Danone, a leading European food manufacturer, pledged to reduce methane emissions from its milk supply chain by 30% by 2030.
  - Relatedly, Rumin8, an Australian startup working on livestock additives which reduce methane emissions, completed a funding round led by the Bill Gates-led Breakthrough Energy Ventures.
- Sustainable Buildings.
  - British Gas has begun offering heat pumps at a similar cost to gas-fired boilers, the legacy technology heat pumps are replacing. Britain's government is subsidising heat pump installation due to their high energy efficiency achieved by making use of heat in the surrounding environment. Heat pump installations in the UK are currently constrained by capacity, particular of installation engineers, more than demand.
  - In Finland, purchases of heat pumps rose 50% year on year, as consumers responded to higher energy prices.

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 January 2023)	AUD 651.4m
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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