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 2.7% during February, outperforming traditional global equities benchmarks, such as the MSCI All Country World Net Total Return Index, by 1.3%.

The Fund's outperformance was supported by strong stock specific returns, discussed below, and the Fund's overweight exposure to European equities, which outperformed during the month. The significant depreciation of the Australian dollar against the US dollar also supported the Fund's positive returns during a month in which headline (US dollar denominated) global equities benchmarks declined.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**2.7**	**8.4**	**(4.4)**	**6.6**	**6.6**	**8.1**	**10.9**
Global Equities[2] (%)	1.5	4.7	(1.3)	6.6	7.2	8.9	8.7
Value Added (%)	1.3	3.7	(3.1)	0.1	(0.6)	(0.8)	2.2

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

Several of the Fund's European industrial holdings performed well. **Siemens AG** (+2%), a global leader in industrial technology focused on the manufacturing, infrastructure and transportation sectors, **Compagnie de Saint-Gobain** (+5%), a leader in energy efficient building materials and solutions, and **Valmet Corporation** (+6%), which provides capital equipment, automation solutions and related services, primarily to the paper industry, all outperformed. The continuing decline of European energy prices (12 month forward energy prices declined 15% in February) helped European industrial stocks, but all three companies also beat earnings expectations and delivered strong growth in recent results, bolstering their cases that their energy efficient solutions are benefitting from the current energy crisis. Siemens results in two of its key divisions (namely Digital Industries and Smart Infrastructure) were notable, showing 15% growth y/y and with orders more than 25% above those strong revenue figures.

Wolters Kluwer NV (+7%) and **Relx plc** (+2%) both offer information services and analytics and decision tools, while **Microsoft Corporation** (+1%) primarily offers software for productivity, cloud, and personal computing. In a month of heightened investor focus on artificial intelligence (AI), these companies' shares benefited from highlighting their AI-based offerings. Wolters Kluwer and Relx both reported above expectations results thanks to growth in analytics and decision tools which they explained are driven by years of investment in AI technologies including machine learning and natural language processing. Their focus on AI is detailed in their annual reports going back to 2017. Microsoft held a well-received media event for its generative-AI search offering, as well as highlighting AI features in other products, such as Teams.

EMCOR Group, Inc. (+13%) is a leading provider of electrical and mechanical design and installation services to the construction industry, mainly in the US. Emcor's services focus on areas such as building automation, and electrical and mechanical systems such as HVAC, and as such is a beneficiary of increasing focus on building energy efficiency. Its shares benefited from a strong earnings result and well-received additional disclosure, which highlighted its significant exposure to end-markets with high technical barriers to entry such as the semiconductor and biotech industries.

International Flavors and Fragrances Inc. (-17%) is a leading global provider of ingredient solutions to the food and personal care industries. Its shares underperformed after the company provided a 2023 outlook below expectations, attributed to weaker than expected consumer demand in its core end markets. The market's disappointment was heightened by the fact that the weak guidance occurred only months after its recent investor day in December. The company showed strong pricing power but weak volumes were a more significant factor. The Fund has since added to its position in expectation that the company will be able to reverse this decline.

Pennon Group (-12%) is a UK water utility. Its shares declined amid continued political scrutiny of sewage spills in the UK, which may require increased investment to abate.

New Investments

TIS Inc. is a Japanese IT services provider. Its shares are attractively valued after recent under-performance. TIS's developing cloud-based payment business is positioned to capture growth from the rising penetration of digital payments, which is currently very low in Japan.

Exited Positions and Other Portfolio Changes

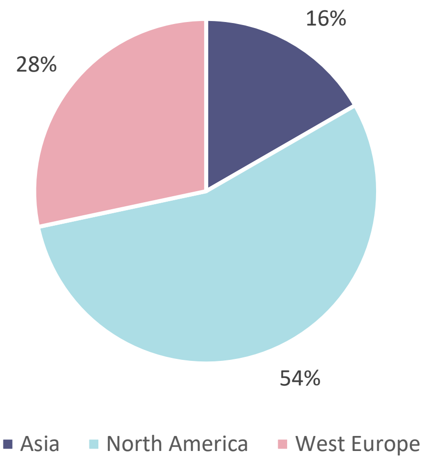
The Fund exited its long-held position in US industrial conglomerate **Carlisle Companies**, following strong share price performance. Carlisle's business is primarily focused on efficient building materials for commercial construction in the US, a market that is anticipated to slow as interest rate rises that began last year start to impact the construction industry. The Fund also exited positions in spinal surgical solutions provider **NuVasive**, after it announced an agreed takeover offer, as well as small holdings in Japanese engineering and construction company **Shimizu Corporation** and sustainable textile business **Lenzing**. The largest additions were to existing holdings **Emcor Group** and **Wolters Kluwer** (in both cases, before their strong earnings reports, discussed above).

Top 10 Holdings

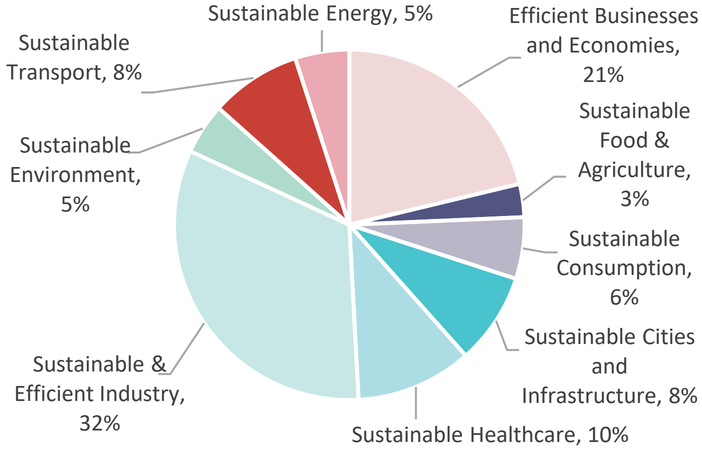
Security Name	Weight (%)	Country	Sector
Siemens Aktiengesellschaft	4.6	GERMANY	Sustainable & Efficient Industry
Microsoft Corporation	3.9	UNITED STATES	Efficient Businesses and Economies
Garmin Ltd.	3.9	UNITED STATES	Sustainable Healthcare
Cognizant Technology Solutions Corporation Class A	3.7	UNITED STATES	Efficient Businesses and Economies
CDW Corporation	3.3	UNITED STATES	Sustainable & Efficient Industry
Taiwan Semiconductor Manufacturing Co., Ltd	3.2	UNITED STATES	Sustainable & Efficient Industry
Carrier Global Corp.	3.1	UNITED STATES	Sustainable Cities and Infrastructure
Pearson PLC	3.0	UNITED KINGDOM	Efficient Businesses and Economies
International Flavors & Fragrances Inc.	3.0	UNITED STATES	Sustainable Food & Agriculture
EMCOR Group, Inc.	2.9	UNITED STATES	Sustainable Energy

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities retreated during February, with the MSCI All Country World Net Total Return Index declining by 2.9% in US dollar terms. Persistently high inflation data saw both US and German 10-year sovereign bonds yields rise approximately 40bps and a reversal of the equity market gains in January when yields had fallen. The US' S&P 500 Index declined 2.6%. Europe's Stoxx 50 Index rose 1.8% in Euro terms, but fell 0.6% in US dollars terms. Leading Asian markets were also mixed with Japan's Nikkei 225 Index rising 0.4% in local currency terms but falling 3.5% in US dollar terms, and Hong Kong's Hang Seng Index continuing its volatile recent performance with a 9.4% decline.

Notable Industry Developments

- Sustainable Transport.
    - Nissan refreshed its electrification targets. The company expects to have 27 electrified models by 2030 and its proportion of sales from hybrid and full electric vehicles to rise from 75% to 98% in Europe and from 55% to 58% in Japan by 2026. Interestingly the company expects the share of electric vehicles in its sales to decline in China as local brands continue to dominate the market there.
    - Zhejiang Geely, a leading Chinese auto manufacturer, unveiled a new luxury EV brand during February, planning to launch seven models under the Galaxy tag in the next two years.
    - Tesla announced that it will build a Gigafactory in Mexico. The news was formally announced by Mexico's President, Andrés Manuel López Obrador, and confirmed by the company.
    - US-based silicon carbide semiconductor manufacturer Wolfspeed and German auto supplier ZF Friedrichshafrn announced a $3 billion electric vehicle semiconductor plant in Germany aiming to boost the continent's supply chain resilience.
    - The US Inflation Reduction Act 2022 (IRA) continued to drive new factory announcements in the US with Norwegian company Freyr announcing a $2 billion battery plant in Georgia and China's CATL and Ford a $3.5 billion battery plant in Michigan.
    - The US Energy Information Administration announced that the amount of petrol used in the US in 2022 was 6% lower than before the pandemic and anticipated a continued decline in consumption in 2023 and 2024.
    - Amazon's self-driving start-up Zoox started carrying passengers on public roads for the first time. The company's robotaxis are manufactured without human controls.
- Sustainable Energy.
    - China's Photovoltaic Industry Association forecast another record year for PV installations in China, with a range of 95-120GW. 2022's installations were 87GW, up over 50% over 2021's 54.9GW, itself an annual record at the time.
    - France, whose President Emmanuel Macron has pledged to deliver six new nuclear reactors by 2035, has been campaigning on the energy source's behalf. Its government called for nuclear to become eligible for European Investment Bank funding and succeeded in classifying hydrogen made with electricity low emissions intensity, which includes nuclear, as "fully renewable".
    - Germany announced modest easing of the permitting process for renewable projects. Permitting has been highlighted as an increasingly key bottleneck to the deployment of renewables. Plaintiffs objecting to projects will now have only 10 weeks to substantiate their claims, and projects will not have to be suspended due to rectifiable errors by authorities. These changes should benefit German wind turbine manufacturer Nordex, which is owned by the Fund.
    - Denmark granted the first permits to three private companies to store CO2 in the North Sea. The initial projects will have a capacity of 13 million tons, and Denmark will provide close to 50% of the required investment.
    - Australia's ARENA conditionally approved $45 million of grant funding for a $650 million compressed air storage project in Broken Hill, another form of "battery" system for long duration energy storage.
    - The Australian government proposed the nation's second offshore wind zone, next to NSW's Hunter region. Even before the announcement, projects amounting to 15GW of capacity have been promoted.

- Sustainable materials.
    - Apparel giant H&M has established a clothing recycling venture. The initial target is reusing or recycling 40 million garments per year.
- Policy.
    - EU officials continue to meet to progress their Green Deal Industrial Plan, a response to the US' IRA and China's already advanced green energy industrial development. The plan promises to relax state aid rules, speed up permitting, and to deliver up to €250 billion for clean energy manufacturing. While EU industry groups cheered the plan, they're calling for longer subsidy timelines and more operational cost support.
    - Meanwhile, Germany is seeking to introduce tax credits for solar, wind and grid investments in response the tax credits available in the US under the Inflation Reduction Act. While Germany's proposal is a national proposal and would require sign off from Brussels as it likely violates EU state aid rules, Germany has indicated it would support a European-wide tax credit system.
    - Germany is also seeking to have the EU allow continued use of internal combustion engines using climate-neutral fuels. The EU has already adopted regulations that will effectively ban internal combustion engines in new cars beyond 2035.
    - Poland, which uses coal for more than 70% of its electricity generation, is fighting against the approval of proposed EU regulations limiting methane emissions from coal mining.

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 (28 February 2023)	AUD 663.6m
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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