

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 4.4% during March, outperforming traditional global equities benchmarks, such as the MSCI All Country World Index (ACWI), by 0.6%. Out-performance largely reflected the absence of exposure to the Financials sector which underperformed in a month when Silicon Valley Bank and Signature Bank failed in the US and Credit Suisse was taken over by UBS with support from the Swiss government. Notable contributions from individual stocks are highlighted below.

For the quarter ending 31 March 2023, the Fund returned 13.2%, outperforming traditional global equities benchmarks such as the MSCI All Country World Net Total Return Index by 4.5%. The quarterly outperformance reflected both a reversal of sector headwinds experienced during 2022 – with areas outside the Fund’s focus such as Energy and Financials underperforming - and positive stock specific contributions from European industrials and US technology stocks that performed strongly during the quarter.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a. ¹
Fund Return (%)	4.4	13.2	3.1	5.3	11.0	8.8	11.4
Global Equities ² (%)	3.8	8.7	3.8	6.3	11.9	9.9	9.1
Value Added (%)	0.6	4.5	(0.7)	(0.9)	(1.0)	(1.1)	2.3

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



Companies with AI exposure were strong contributors for the second month in a row. **Microsoft Corporation** (+16%) led the gains, with another well received PR event showcasing the planned generative AI features for its popular Office 365 productivity suite.



Wolters Kluwer NV (+9%) and **Relx plc** (+7%), which were also discussed last month, provided more modest gains. They both offer information services and analytics and decision tools, which are well suited to application of AI technologies.



Infineon Technologies AG (+16%) is a leading provider of power semiconductors to the automotive and industrial markets. The company announced that it expected revenues and margins this year to be meaningfully above its previous guidance.





EMCOR Group, Inc. (-3%), **Compagnie de Saint-Gobain SA** (-5%) and **Carrier Global Corp.** (+2%) all have non-residential construction exposure; respectively electrical and mechanical design and installation services, building materials, and HVAC and fire & safety. This end-market is expected to slow, impacted by higher interest rates and tighter credit conditions and potentially more cautious business decision making.



CDW Corporation (-4%), **Cognizant Technology Solutions Corporation** (-3%), and **Accenture** (+8%) all provide technology services; consulting for Accenture and Cognizant, and “value added reselling” for CDW. This is another cost category that companies may cut back on in case of slower economic growth. Accenture’s performance incorporates a jump on earnings, when, against expectations, it maintained its FY Aug-23 guidance.



Stericycle, Inc. (-9%) fell after issuing weak 2023 guidance, with its Shred-It secure information destruction division, inhibited by weak market volumes.



New Investments



Ciena Corporation makes data network equipment and is a global leader in coherent optical transceivers. We believe continued investment in fibre-optic data networks and data centre upgrades to keep pace with growing data volumes are likely to result in the company's medium-term growth surprising positively.



Soitec SA provides engineered semiconductor wafers to foundries and IDMs (Integrated Device Manufacturers). It is the global leader in Silicon-on-Insulator (SOI) wafers, whose exposure to trends such as 5G and EVs supports strong double-digit growth. The stock has under-performed on weakness in the smartphone end-market and a messy CEO transition and we now view it as attractively valued.



Texas Instruments Incorporated designs and manufactures analog and embedded semiconductors with almost two-thirds of revenue from industrial and automotive markets. The company looks attractive from a valuation perspective as it enters a higher growth phase driven by increasing internalization of manufacturing and strong growth in IC demand from automotive and industrial markets.



SGL Carbon SE offers graphite and carbon fibre products, components and solutions. We expect it to grow earnings ahead of market expectations from sales of consumable graphite products used in the production of silicon carbide (SiC); SiC production is growing quickly, aided by increasing usage of highly efficient SiC power semiconductors in electric vehicles.



Waste Connections, Inc. is a North American waste management company. We view the company as attractive from a valuation perspective given its solid organic and inorganic growth profile. The company has a strategy of serving rural clients with exclusive arrangements to achieve strong pricing. As a result, the company generates a strong return on capital.

Exited Positions and Other Portfolio Changes

The Fund exited its position in US paper-based packaging company **WestRock Company**, which is facing a more difficult pricing environment due to increased capacity and waning demand for corrugated boxes and has not improved operational performance relative to peers as expected. The Fund's position in **Westinghouse Air Brake Technologies Corporation (Wabtec)** was reduced following strong share price performance. The Fund's position in technology consultancy **Cognizant Technology Solutions Corporation** was reduced, with the Fund's position in industry leader **Accenture** increased correspondingly after a period of share price underperformance.

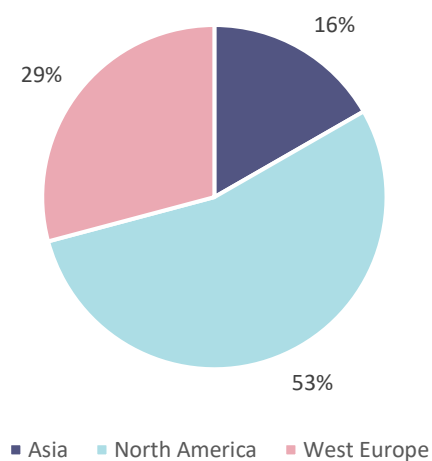


Top 10 Holdings

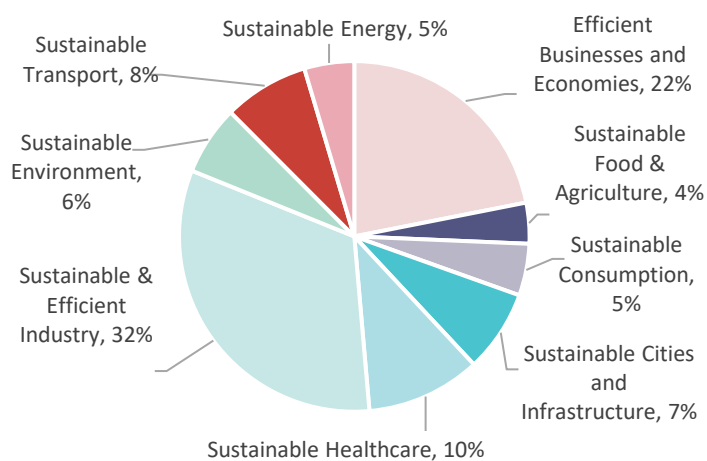
Security Name	Weight (%)	Country	Sector
Siemens Aktiengesellschaft	4.2	GERMANY	Sustainable & Efficient Industry
Microsoft Corporation	4.0	UNITED STATES	Efficient Businesses and Economies
Garmin Ltd.	3.9	UNITED STATES	Sustainable Healthcare
International Flavors & Fragrances Inc.	3.7	UNITED STATES	Sustainable Food & Agriculture
RELX PLC	3.4	UNITED KINGDOM	Efficient Businesses and Economies
Taiwan Semiconductor Manufacturing Co., Ltd.	3.1	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
CDW Corporation	3.0	UNITED STATES	Sustainable & Efficient Industry
Zebra Technologies Corporation Class A	2.9	UNITED STATES	Sustainable & Efficient Industry

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities rose during March despite significant issues in the banking sector in both the US and Europe. The MSCI All Country World Net Total Return Index rose 3.1% in USD terms.

Equities market gains coincided with a sharp decline in bond yields as central banks acted to stabilize the banking sector and the potential impacts of the banking crisis on economic growth and inflation were factored in. The US and German 10-year sovereign bond yields were down 45 and 35bps respectively. Major regional equities indices all rose, with the US' S&P 500 Index up 3.5%, Europe's Stoxx 50 Index up 1.8%, Japan's Nikkei 225 up 2.2%, and Hong Kong's Hang Seng up 3.1%.



Notable Industry Developments

- Sustainability
 - The UN's Intergovernmental Panel on Climate Change published its latest report. The report was broadly consistent with prior warnings from the body, noting projected emissions from existing fossil fuel infrastructure, without reducing greenhouse gases through technologies such as carbon capture and storage, would exceed the carbon budget we have left to stay below the Paris Agreement's 1.5C limit. The report was clear that greenhouse gas emissions generated by human activity have unequivocally caused global warming, and emissions have continued to rise, with some countries and groups contributing far more than others, and that the world must cut greenhouse gas emissions to 60% below 2019 levels by 2035. The report also noted that "widespread and rapid" changes to planetary systems have already taken place, their impacts disproportionately affecting the world's at-risk populations and that "deep, rapid and sustained" emissions cuts can avoid some future changes, but not others.
 - After more than a decade of negotiations, the countries of the United Nations have agreed the first ever treaty to protect the world's oceans that lie outside national boundaries. The UN High Seas Treaty places 30% of the world's oceans into protected areas, puts more money into marine conservation and means new rules for mining at sea.
- Government Policy
 - The US has launched a \$6 Billion program to slash manufacturing emissions. The US is offering \$6 billion in funding to decarbonize industrial manufacturing that accounts for 24% of the country's greenhouse gas emissions, a critical step in the Biden administration's effort to reach a carbon-free economy by 2050. The Energy Department's Industrial Demonstrations Program will provide up to 50% of the cost of first-of-a-kind or early-stage projects aimed at stripping carbon dioxide from the production of concrete, steel, chemicals and other energy-intensive materials.
 - Canada's annual budget increased net new green incentive spending by C\$20.9 billion through 2028, partly in response to the US's Inflation Reduction Act which is attracting investment away from other countries. Funding is allocated for clean electricity generation and manufacturing, carbon capture, and hydrogen production. The largest new subsidy in the budget is an investment tax credit for clean electricity producers, but it also includes credits for carbon capture systems, hydrogen production, and clean-energy manufacturing.
 - The UK government published an updated net zero plan, after a judge ruled prior plans were inadequate. New funding was modest, but subsidies for heat-pumps have been extended through 2028, though the country remains a laggard in heat-pump deployment compared to most northern European countries. In a separate measure, the government did announce funding of £20b over 20 years for carbon capture and storage.
 - French President Emmanuel Macron set out a plan to reduce national water consumption by 10% by 2030, backed with €680m per year of funding, following the severe drought experienced during the summer of 2022.
 - Two banks published research forecasting much greater take up of the climate measures in the Inflation Reduction Act, leading to higher investment levels, as well as higher cost to the taxpayer, than projected by the government. Credit Suisse and Goldman Sachs estimate the cost to the taxpayer at \$800 and \$1,200b, compared to less than \$400b forecast by the Congressional Budget Office.
- Sustainable Energy
 - Singapore is moving ahead with a plan to import clean energy inking agreements with Cambodia and Indonesia. The move signals that Indonesia will endorse exporting clean power, after the nation's officials last year debated whether to ban or restrict deliveries to keep more supply at home. Singapore, which currently generates 95% of its electricity using natural gas, seeks to import around 30% of its needs by 2035 as it decarbonizes its economy.
 - Keppel Infrastructure Holdings Pte said it obtained conditional regulatory approval from Singapore's Energy Market Authority to import 1 gigawatt of renewable capacity from Cambodia. The project will include a new subsea cable of more than 1,000 kilometers (620 miles) connecting Cambodia with Singapore. That's further than major current interconnectors such as the UK-Norway North Sea Link.
 - China's largest solar company, Longi Green Energy Technology Co., will make its first foray into US manufacturing by partnering with a local firm to produce panels in Ohio. The new facility should be operational by the end of the year, handling the manufacture of 5 gigawatts of solar modules annually. Chicago-based renewables firm



Invenenergy LLC will invest more than \$600 million in the joint venture, dubbed Illuminate USA, and is the anchor customer.

- Nuclear

- The Vogtle 3 nuclear reactor in Georgia began ramp up, 14 years after commencing construction. It is the first new US nuclear reactor since 2016.
- GE Hitachi Nuclear Energy and power companies in three countries agreed to collaborate on designing and building small reactors. Tennessee Valley Authority, Ontario Power Generation Inc. and Poland's Synthos Green Energy will invest a total of \$400 million to complete a standard design for GE Hitachi's BWRX-300 reactor. GE Hitachi's BWRX-300 design has 300 megawatts of capacity. Ontario Power is expected to complete the first modular plant in 2028, at its Darlington facility east of Toronto. TVA plans to build one at its Clinch River site in Tennessee and Synthos will install one, but has yet to finalize the location.
- Last Energy, a startup developing advanced, smaller nuclear power plants, completed four deals worth \$18.9 billion to build 34 20MW reactors in Europe. The \$18.9bn overstates the installation cost of the system as it captures revenue over the life of attached Power Purchase Agreements that can run to as long as 24 years.
- Italian energy company Eni has announced plans to have a fusion power plant online by the early 2030s. The company said that its pilot reactor is in construction and planned to be operational by 2025, and the first commercial plant should be able to feed power to the grid by the early 2030s. It's working on the project with Commonwealth Fusion Systems, a spin-out of the Massachusetts Institute of Technology.
- Newcleo, a company developing small nuclear reactors powered by radioactive waste, has started a plan to raise as much as 1 billion euros (\$1.1 billion). The London-based firm will use the new funds to further develop its lead-cooled fast nuclear reactors and its plants to manufacture fuel from nuclear waste, according to a statement. A delivery road map that will see the design and build of a Mini 30MW reactor to be first deployed in France by 2030, followed by a 200MW commercial unit in the UK two years later, the company said.

- Hydrogen

- German Chancellor Olaf Scholz announced a doubling of the country's 2300 hydrogen electrolysis capacity target, to 10GW.
- Nippon Steel Corp. is exploring a project outside its home market that may cost an estimated 100 billion yen (\$733 million) or more, according to Takahiro Mori, executive vice president who oversees global operations. Australia and Brazil are among possible sites, where high-grade iron ore is accessible along with cheaper electricity than in Japan. To meet its carbon goal, Nippon Steel plans to boost the use of hydrogen in existing blast furnaces, as well as building 100% hydrogen-based so-called direct-reduction plants. In addition, it's making more recycled metal by remelting scrap in electric-arc furnaces.
- Elsewhere, South Korean rival Posco recently announced a plan to invest \$40 billion in hydrogen manufacturing as well as green steel with partners in Australia by 2040.

- Sustainable Transport

- In a sign of a maturing industry, China's EV sector is in the midst of a price war, with numerous automakers including BYD, Tesla and VW slashing prices.
- According to BNEF the average range of EVs for sale in the US was almost 300miles, setting a new record, almost 4 times the average from 2011 and reaching the range that two-thirds of consumers surveyed by Bloomberg viewed as "sufficient".
- Mitsubishi unveiled its EV strategy, with \$13b of spending through 2030 and full electrification by 2035.
- Volkswagen said it aims to bring a €25,000 EV to market by 2025. It also announced its first battery Gigafactory outside Europe in Canada (cost or capacity were not disclosed); and a \$2b factory for Scout, its new brand for off-road capable EVs, in South Carolina.
- EV penetration into industrial applications is accelerating, with every major heavy-equipment manufacturer is putting electric models front and center on the exhibition floor at North America's biggest machinery conference. Caterpillar Inc., Deere & Co., Komatsu Ltd. and Volvo AB are among the hundreds of household names and niche companies showing off fully electric excavators, skid-steer loaders and wheel loaders. "We will have the products ready for when our customers want them," Caterpillar Chief Executive Officer Jim Umpleby said in an interview



on the sidelines of the event. “Yes, there is some pull for that, yes, there is some demand. The question is how quickly will it ramp and how quickly will it be adopted globally given the global footprint we have. It’s going to take some time.”

- LG Energy Solution announced plans for a \$5.5b battery production complex in Arizona while Amprius selected Colorado for its first factory for its silicon anode batteries and Maxell announced plans to mass produce solid state batteries for industrial applications in Kyoto.
- Battery recycler Li-Cycle received a US\$374m loan offer from the Biden administration for the expansion of a lithium-ion battery recycling factory.
- Albemarle, a leading lithium producer, announced plans for a \$1.3b lithium hydroxide facility in South Carolina. It will be able to process multiple feedstocks, including recycled batteries.
- Carbon Capture and Storage
 - INEOS and Wintershall Dea (owned by BASF) undertook the first injection of CO₂ below Denmark’s North Sea. The project off the west coast of Denmark, known as Project Greensand, is storing CO₂ that’s brought in by ship from Belgium. Using an existing oil platform, the CO₂ is injected in liquid form about 2 kilometers below the seabed. Over time, it reacts with the rock and mineralizes, storing it permanently in a solid form.
 - Chevron Corp. and its joint venture partners announced that they will more than triple the geological storage space at their Bayou Bend carbon capture project in Texas.
- Corporate Sustainability
 - The Net-Zero Asset Owner Alliance, whose members oversee \$11t, tightened guidelines on oil & gas investing. One new guideline precludes lobbying against climate action.
- Australia
 - The Australian government approved its key climate policy bringing the country’s top 215 industrial emitters within a safeguard mechanism whereby they will be required to reduced emissions by 4.9% p.a. through to 2030. There were adjustments made to the legislation in a deal with the Greens around a limit on the use of carbon offsets and a requirement for new gas fields to fully offset their emissions from the start of production. More than 200 facilities will need to reduce their pollution by 4.9% a year by 2030 from July 1. The facilities covered under the safeguard mechanism, ranging from liquefied natural gas plants to coal mines and aluminium smelters, account for around a quarter of Australia’s pollution. Planned curbs would deliver about 205 million tons of abatement by the end of this decade. Major polluters will be required to justify their reasoning for relying on carbon credits to meet more than 30% of their emissions cuts.
 - Australian utility Origin Energy agreed to a A\$15b takeover offer from a consortium led by Brookfield Asset Management. The consortium advertised plans for A\$20b in clean energy investment.
 - NSW’s government has offered A\$1.5bn of incentives for Green Hydrogen while Japan’s Green Innovation Fund plans to allocate A\$2.4bn for coal to hydrogen with CCS for export to Japan.



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 March 2023)	AUD 693.2m
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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