

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 1.2% in April, underperforming traditional global equities benchmarks, such as the MSCI All Country World Net Total Return Index (ACWI), by 1.6%.

The Fund's performance was impacted by the underperformance of environmental equities, reflected by indices such as the FTSE Environmental Opportunities All Share Total Return Index, which declined by 0.5% (in Australian dollar terms). Sectors in which the Fund has little or no exposure, such as Energy and Financials, outperformed, whereas sectors such as manufacturing and electronic technology, in which the Fund is overweight, underperformed. The Fund's exposure to more defensive areas, such as information services, healthcare technology and waste management, contributed positively to returns.

Stock specific contributions were mixed, with notable contributors discussed below.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a. ¹
Fund Return (%)	1.2	14.5	6.0	4.8	11.0	9.0	11.5
Global Equities ² (%)	2.8	11.7	9.8	6.2	11.7	9.9	9.4
Value Added (%)	(1.6)	2.8	(3.8)	(1.4)	(0.7)	(0.9)	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



Companies with AI exposure contributed positively for a third consecutive month. **Microsoft Corporation** (+6%) delivered a quarterly earnings report marginally above consensus estimates and again highlighted its impressive innovation pipeline, led by AI products.



Wolters Kluwer NV (+5%) and **Relx plc** (+4%) offer information services, and analytics and decision tools, which should benefit from the application of AI technologies, also contributed positively.



Medtronic Plc (+13%) and **Siemens Healthineers AG** (+8%) respectively offer medical technology including equipment for minimally invasive procedures, medical imaging, radiation therapy, and laboratory diagnostic systems. The healthcare sector had a strong month in April but these two did better than the sector. Several companies have commented that procedure volumes are recovering from Covid impacted labour shortages. Two Medtronic divisions received positive decisions from the Food and Drug Administration, while Healthineers saw positive earnings updates by its peers Philips and GE Healthcare.





Taiwan Semiconductor Manufacturing Co., Ltd ('TSMC') (-9%) 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's shares fell following a quarterly financial report amid tough industry conditions, as its customers, primarily PC and smartphone manufacturers, are struggling with declining revenues and high inventory levels. Previously resilient server demand has also moderated.

The Fund has a number of smaller holdings across the semiconductor value chain, almost all of which lagged the market during April.

One exception, however, was solid state memory semiconductor manufacturer **Micron Technology** (+7%). Competitor Samsung Electronics, also a holding of the Fund, announced a cut in production, supporting expectations that the downcycle in the memory sector has bottomed.



Carrier Global Corp. (-9%) offers HVAC and fire & safety products and services. Its shares fell after announcing a \$13b acquisition, equal to roughly one third of its market value. The target is Viessmann, a leading European supplier of HVAC and other home energy efficiency products and services, including batteries and solar. The acquisition will be 20% equity-funded and Carrier also plans to sell its fire & safety and commercial refrigeration (which offers products such as supermarket fridges) units, which fit less well with its building efficiency strategy and will offset the increase in leverage from the purchase of Viessmann. The company concurrently reported its 23Q1 result, which was modestly ahead of street estimates.



CDW Corporation (-13%), provides "value added reselling" of technology products and services, mainly in the US. Its shares fell after a profit warning. The company has performed very consistently over the decade through steady market share gains and margin expansion, but recent demand has weakened significantly.

New Investments



Capgemini SE is a technology consultancy. The company is an enabler of efficiency-enhancing digital transformation. The company has a good record of growth and, in particular, margin expansion, delivering a return on tangible capital of well above 50%. Its shares have underperformed recently amid expectations of a demand slowdown in its industry. Our analysis finds signs of demand being more resilient than consensus expectations, providing an attractive entry-point.



PerkinElmer Inc. offers life science and diagnostics products and services. The company's diagnostic technologies enable more precise and therefore efficient healthcare provision and the company targets double digit revenue growth and EBIT margins above 30%. The company has undergone a very substantial transformation, divesting non-medical businesses which formerly comprised 40% of its revenue, with far less attractive growth and margin profiles. The company's peer group has also underperformed as the COVID driven demand surge in diagnostics falls away and our analysis indicates PerkinElmer has relatively low exposure to the worst-affected niches, such as emerging biopharma and bioprocessing.

Exited Positions and Other Portfolio Changes

The Fund exited its position in Taiwanese networking equipment manufacturer **Accton Technology** and reduced its position in information services leader **Wolters Kluwer**, in both cases following periods of share price outperformance.

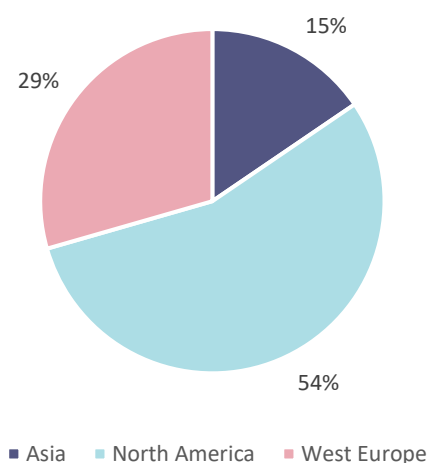


Top 10 Holdings

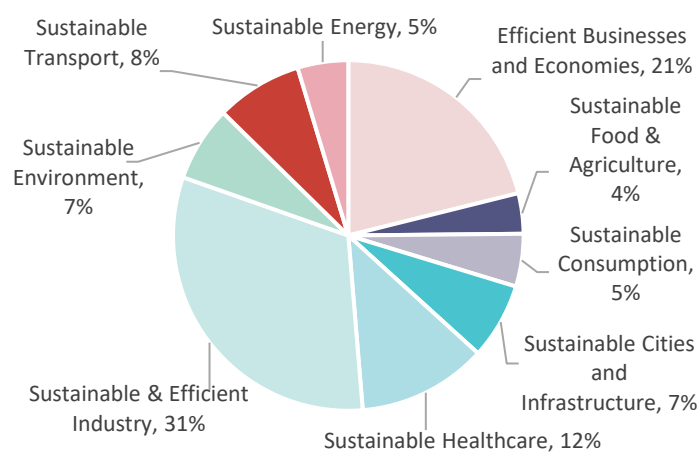
Security Name	Weight (%)	Country	Sector
Microsoft Corporation	4.4	UNITED STATES	Efficient Businesses and Economies
Siemens Aktiengesellschaft	4.3	GERMANY	Sustainable & Efficient Industry
International Flavors & Fragrances Inc.	3.7	UNITED STATES	Sustainable Food & Agriculture
Garmin Ltd.	3.5	UNITED STATES	Sustainable Healthcare
Micron Technology, Inc.	3.3	UNITED STATES	Sustainable & Efficient Industry
RELX PLC	3.1	UNITED KINGDOM	Efficient Businesses and Economies
Pearson PLC	2.9	UNITED KINGDOM	Efficient Businesses and Economies
Hyundai Mobis Co., Ltd	2.9	SOUTH KOREA	Sustainable Transport
Taiwan Semiconductor Manufacturing Co., Ltd.	2.8	UNITED STATES	Sustainable & Efficient Industry
EMCOR Group, Inc.	2.7	UNITED STATES	Sustainable Energy

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities indices rose modestly during April, with the MSCI All Country World Net Total Return Index up 1.4% in US dollar terms. The US' S&P 500 Index rose 1.5%, Europe's Stoxx 50 Index rose 1%, Japan's Nikkei 225 Index rose 2.9%, while Hong Kong's Hang Seng index fell 2.5%. The performances of other asset classes were also relatively sedate, with US and German sovereign debt yields, as well as crude oil and European energy prices almost unchanged in April following months of elevated volatility.



Responsible Investment – Sustainability In Focus

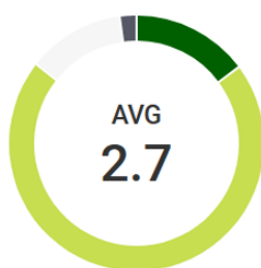
The Nanuk New World Fund invests in companies involved in a broad range of industries and technologies that we believe are contributing to or benefiting from improving global environmental sustainability and resource efficiency. This includes companies involved in areas such as sustainable energy, sustainable transport and environmental services as well as those providing products and services that improve the efficiency or sustainability of industrial activities and healthcare. The Fund's eligible investment universe is constructed using both positive screening (for exposure to selected industries and technologies) and negative screening (including for exposure to activities that are deemed by Nanuk to be misaligned with improving global environmental sustainability, certain contentious activities and severe violations of norms for responsible business practices). For more detail, please refer to Nanuk's ESG Policy which is available on our website.

Although the Fund does not have specific sustainability or impact targets, the focus on investments in these areas is likely to result in a portfolio that demonstrates greater alignment with global sustainability outcomes than broader passive global equities strategies.

The UN Sustainable Development Goals (SDGs) provide a relevant framework for assessing this alignment. Institutional Shareholder Services (ISS) provides an assessment of the positive or negative impact of the products and services of companies within a portfolio towards delivery of the UN Sustainable Development Goals. The ISS analysis below indicates the higher average level of contribution of the companies held by the Fund compared to the companies within the iShares MSCI ACWI ETF.

Nanuk New World Fund

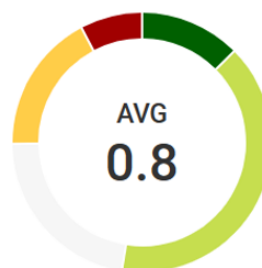
SDG Solutions Assessment



Significant Positive Impact (5.1 to 10)	14.7%
Limited Positive Impact (0.2 to 5.0)	70.4%
No Net Impact (-0.1 to 0.1)	12.2%
Limited Negative Impact (-5.0 to -0.2)	0.5%
Significant Negative Impact (-10 to -5.1)	0.0%
Not Covered	2.1%

iShares MSCI ACWI ETF

SDG Solutions Assessment



Significant Positive Impact (5.1 to 10)	12.5%
Limited Positive Impact (0.2 to 5.0)	39.6%
No Net Impact (-0.1 to 0.1)	22.2%
Limited Negative Impact (-5.0 to -0.2)	17.3%
Significant Negative Impact (-10 to -5.1)	7.7%
Not Covered	0.8%

Notes

1. Data sourced from ISS Governance, April 2023
2. Based on average holdings during 2022 calendar year

Notable Industry Developments

- Sustainable energy
 - Tesla unveiled its Master Plan Part 3 which envisaged that the world could transition to renewable energy through building 30,000 GW of renewable energy generation combined with 240,000 GWh of battery storage. Tesla also announced construction of a facility for production of grid-scale storage batteries – branded Megapacks – in China.
 - Utilities EDP and Engie signed off on a \$2.5 billion offshore wind farm in the UK while developers Ørsted and Acciona signed an agreement to commercialise floating wind.



- A US Department of Energy laboratory released a study of energy projects awaiting grid connection, primarily pending permitting approvals. The total capacity exceeds 2 terawatts, has been rising, and is dominated by solar, storage, and wind.
- During the month, Germany turned off its last 3 nuclear reactors, a move long flagged for the country, delayed from 2022 by the war in Ukraine. Conversely Finland's Olkiluoto-3 reactor finished its testing phase and began its regular production, 14 years later than originally planned.
- Sustainable Mobility
 - BYD became China's best-selling car brand for the first time. The company unveiled the Seagull, a new entry-price EV costing US\$11,450, which is expected to support its competitiveness. Other Chinese vendors offer even more affordable EVs – for example, the GM-SAIC Bongo is priced at under US\$9,000. At the other end of the price spectrum, Mercedes' ultra-premium marque Maybach unveiled its first EV.
 - EV prices continue to fall in the US. Tesla CEO Elon Musk said the company is choosing volumes over margin. Tesla cut its Model Y prices by up to \$5,000, sending its price below the average for a new vehicle in the US for the first time; the higher priced but much lower volume Model S and Model X saw cuts of up to \$30,000.
 - Stellantis announced an electric version of its best-selling model, the Ram truck. The Ram Revolution will take on Ford's F-150 Lightning EV, starting in 2024. The F-series has been the US' top-selling model for decades.
 - Toyota's new CEO Koji Sato detailed elements of his effort to accelerate the company's EV sales. These were highlighted by targets for 10 new models and 1.5 million electric vehicles sold annually by 2026.
 - Contemporary Amperex Technology Limited, known as CATL and the world's #1 EV battery manufacturer, publicised a new battery chemistry it said could enable electric flight. The technology is not yet in commercial production.
 - Korean battery materials supplier Posco Future M signed an agreement to supply over \$20 billion of cathode material to battery producer LG Energy Solution from 2023 to 2029.
 - A pair of battery cell production facilities in the US were jointly announced respectively by General Motors and Samsung SDI, and Hyundai and SK On, at costs of \$3 billion and \$5 billion respectively. The facilities will be supported by incentives in the Inflation Reduction Act. In addition, the latter three companies are all Korean; early in the month, Korea announced over \$5 billion of support for its battery industry's efforts to invest in the US. Chinese battery maker SVolt announced plans to expand from its existing two European battery plants to 5, with aims to produce enough batteries annually to power 1 million EVs.
 - VW announced its first EV battery plant outside Europe would be built in Canada, assisted by a pledge of C\$13 billion of government subsidies over a decade, contingent on the US IRA remaining in force.
 - Walmart, the US' largest bricks-and-mortar retailer, announced plans to grow its EV charging network, which already numbers 280 locations.
 - In troubling signs for lithium supply, Chile announced a new policy for the country's lithium production, requiring a majority stake in new contracts to extract the mineral. Chile is currently the world's #2 supplier of lithium.
 - The EU finalised its climate friendly jet fuel targets which will require 6% share of sustainable aviation fuel by 2030 and 70% by 2050. Food crops and palm-oil products are excluded from the list of potential feedstocks.
- Government Policy
 - G7 Ministers met in Sapporo, Japan and pledged to increase offshore wind production by 150 GW by 2030 while also boosting solar production significantly. A target to reduce additional plastic pollution to zero by 2040 was set, bringing the date forward by a decade.
 - Bloomberg forecast that a tightening of emissions within the EU Emissions Trading Scheme, from 43% below a 2005 baseline to 62%, will send prices of carbon allowance to €160/t by the end of the decade.
 - The EU also agreed on major rules for renewable hydrogen, with an initial target that 42% of industrial hydrogen is renewable, along with 1% of transport fuel being hydrogen based, by 2030.
 - The governments of eight countries with North Sea coastlines held their second annual North Sea Summit, promoting offshore wind production in its waters.
 - South Korea's President Yoon Suk Yeol made a state visit to the US. Korea is a key supplier in strategic industries including batteries and semiconductors. The announcements referenced above are among many investments by Korean firms in the US; the visit coincided with several more modest announcements by US firms in Korea. The US also reportedly sought Korean support in its policy towards China's semiconductor industry. Separately, President Yoon announced US\$ 15 billion of public and private investment to commercialise solid-state batteries.



- Japan made a more modest entry in the green subsidy race, with US\$ 1.2 billion of support to Honda Motor's and GS Yuasa's battery production efforts. Its government also announced A\$400 million of subsidies for semiconductor production.
- Australia's government said it would introduce vehicle fuel-efficiency standards by the end of the year, following community and industry consultation.
- Corporate Sustainability
 - Bloomberg discussed a number of large companies directly developing carbon offset projects, following concerns about the quality of commercially available credits. The move was led by oil & gas giant Shell but has been joined by the likes of pharmaceutical producer GSK.
- Climate Change
 - The northern hemisphere has made an inauspicious exit from winter, with parts of China experiencing drought and the Iberian peninsula a heatwave.
 - Research on the harms of climate change continues. The World Meteorological Organisation published its annual State of the Global Climate report, stating 58% of the planet's ocean surface experienced a heat wave during 2022, contributing to some of the floods and droughts discussed in prior investor updates. An academic study concluded that heatwaves in India can "hinder or reverse the country's progress", a shocking prediction for what is now the world's most populous country.



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 (30 April 2023)	AUD 698.3m
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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