July 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 2.2% for July, underperforming conventional global equities indices, such as the MSCI All Country World and FTSE All World net total return indices, by approximately 0.2%.

Global equities markets continued to perform strongly during the month and the relative performance of the Fund was modestly impacted by the outperformance of the Financials and Energy sectors, which broadly fall outside of the Fund's remit, and the strong performance of large cap technology stocks Alphabet and Meta, which are not in the Fund's investment universe. Those effects aside, the Fund's monthly performance reflected a mix of stock specific out and under performers, with the notable contributors discussed below.

Class A – Unhedged Units

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**2.2**	**19.0**	**12.5**	**1.5**	**11.9**	**9.2**	**11.6**
Global Equities[2] (%)	2.4	18.7	16.9	5.0	12.7	10.4	10.2
Value Added (%)	(0.2)	0.3	(4.4)	(3.6)	(0.9)	(1.2)	1.4

Notes (1) Inception date 2 November 2015 (2) Global Equities Return is represented by the average of monthly returns of the MSCI ACWI Net Total Return USD Index and the FTSE All World Index Total Return Net Tax, using data derived from Bloomberg. USD indices are converted to AUD using rates at 4pm London fix sourced from FactSet, consistent with Fund NAV calculations. Fund return is net of all fees and expenses. **Past performance is not indicative of future performance.**

Class H – Currency Hedged Units

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a.[1]
Fund Return (%)	**3.1**	**-**	**-**	**-**	**-**	**-**	**5.4**
Global Equities Hedged to AUD[2] (%)	3.1	-	-	-	-	-	7.8
Value Added (%)	(0.0)	-	-	-	-	-	(2.4)

Notes (1) Inception date 30 May 2023 (2) Global Equities Return (Hedged to AUD) is represented by adjusting the average of monthly returns of the MSCI ACWI Net Total Return USD Index and the FTSE All World Index Total Return Net Tax, by adding the estimated currency impact and hedging costs (assuming 1 month forward contracts rolled monthly), using data derived from Bloomberg and FactSet. USD indices are converted to AUD using rates at 4pm London fix sourced from FactSet, consistent with Fund NAV calculations. **Past performance is not indicative of future performance.**

Key Contributors to Fund Performance

TANDEM DIABETES CARE

Tandem Diabetes Care, Inc. (+42%) is a medical device company producing a market leading automated insulin delivery system used by diabetes patients as an alternative to self-administered injections. Tandem's shares rose strongly after winning FDA approval to release a new product.

Carrier

Carrier Global Corp. (+20%) provides HVAC and fire & safety equipment and services. Carrier's share price continued continue its strong performance from June amid record global temperatures (discussed below) and a modestly above expectations June quarter earnings report.

Nordex SE (+17%) is a leading European wind turbine manufacturer. Nordex reported a significant sequential improvement in margins consistent with improving pricing in the industry observed over the past 18 months, and an improvement in order volume.

Micron Technology, Inc. (+13%) is a leading manufacturer of DRAM and NAND memory semiconductor devices. The memory industry remains in a period of significant overcapacity and low (and negative) profit margins, and we believe Micron's shares offer upside as structural demand growth leads to a recovery in utilisation and margins. Micron's shares benefitted during the month from further evidence of production cuts and a recovery in memory prices.

Microsoft Corporation (-1%) primarily offers software for productivity, cloud, and personal computing. Its shares lagged after its June quarter earnings report, where encouraging news on generative AI products failed to offset deceleration of growth in the remainder of its business.

Valmet Corporation (-5%) offers capital equipment, service and automation, primarily to the paper industry, which despite short term challenges from slowing demand is likely to benefit longer term from the structural shift away from plastic and towards paper based packaging solutions. Valmet's shares underperformed after downgrading its outlook at its June quarter earnings report, reflecting paper industry weakness discussed in last month's report.

New Investments

Horiba , Ltd. is a Japanese leader in in measurement and control technologies. Its key profit driver is its strong market position in mass flow controllers and chemical concentration monitors used in the semiconductor industry. We expect continued earnings strength as China moves towards self-sufficiency in production of mature node semiconductors. Horiba also holds a leading market position in automotive emissions testing equipment and we expect the introduction of strict Euro 7 emissions standards that come into force in 2025.

Lasertec Corp. is a Japanese manufacturer of mask and mask blank inspection systems for semiconductor fabrication – critical equipment for the manufacture of advanced semiconductors used in applications like the internet of things that are driving efficiency in industry. Lasertec is a supplier of the most advanced EUV mask and blank inspection systems and we expect its leadership in this area to support earnings growth as the industry expands production capacity for advanced semiconductors used in applications like AI.

Prysmian S.p.A. is a leader in data and energy cables and is the world's largest manufacturer of high voltage transmission cables. Prysmian is expected to benefit from the ongoing interconnection of electricity grids in Europe, government support for increased transmission investment in both Europe and the US, and the continued growth in large scale renewable energy project development – particularly offshore wind projects.

Renesas Electronics Corporation main products are microcontroller units (MCUs) and System on Chip semidoncutors (SoCs) for the auto, industrial, IoT and infrastructure sectors. Growth in the auto business is underpinned by content growth as Renesas focuses on mid-tier auto companies who are now starting to adopt more advanced features. Renesas is growing strongly in less competitive non-auto markets on the back of continued factory automation, IoT, data centre and 4/5G infrastructure growth.

Veolia Environment SA is a water and waste services provider that has recently merged with its main rival Suez. 70% of its revenue is indexed to its cost base. The remaining 30%, including Hazardous Waste, Commercial and Industrial Waste and Water Technologies is growing strongly. Its Water Technologies business is underestimated, with Veolia having patents and technologies that help to address water scarcity and reuse in industrial and mining applications. Regulation for waste is increasing and will continue to support its Hazardous Waste business.

Exited Positions and Other Portfolio Changes

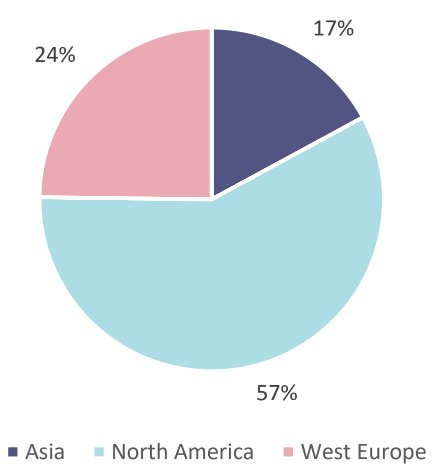
The Fund exited a small position in electricity, water and gas metering business Landis + Gyr. Landis+Gyr is a likely beneficiary of increasing adoption of second generation advanced metering infrastructure however the stock has performed well in the last year and we don't believe its valuation reflects the risk that inflationary cost pressures on its existing supply contracts will negatively impact profitability. The Fund also exited residual positions in information services business RELX plc and US specialty waste management company Stericycle.

Top 10 Holdings

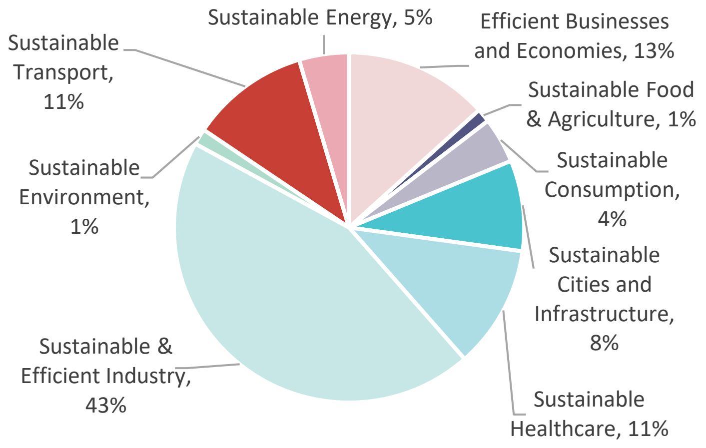
Security Name	Weight (%)	Country	Sector
Zebra Technologies Corporation Class A	4.9	UNITED STATES	Sustainable & Efficient Industry
Microsoft Corporation	4.3	UNITED STATES	Efficient Businesses and Economies
Siemens Aktiengesellschaft	4.3	GERMANY	Sustainable & Efficient Industry
Carrier Global Corp.	3.5	UNITED STATES	Sustainable Cities and Infrastructure
Garmin Ltd.	3.5	UNITED STATES	Sustainable Healthcare
Hyundai Mobis Co., Ltd	3.3	SOUTH KOREA	Sustainable Transport
Taiwan Semiconductor Manufacturing Co., Ltd.	3.2	UNITED STATES	Sustainable & Efficient Industry
CDW Corporation	3.1	UNITED STATES	Sustainable & Efficient Industry
Micron Technology, Inc.	2.8	UNITED STATES	Sustainable & Efficient Industry
Revvity, Inc.	2.7	UNITED STATES	Sustainable Healthcare

Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Equity markets continued to rise strongly in July despite US 10-year bond yields again rising to slightly above 4%, with conventional global indices, such as the MSCI All Country World and FTSE All World, up approximately 3.6% in US dollar terms. The US' S&P 500 index rose 3.1%, Europe's Stoxx 50 index was up 1.6%, Hong Kong's Hang Seng index rose 6.1%, and Japan's Nikkei 225 fell 0.1% in local currency terms but rose 1.5% in US dollar terms.

Responsible Investment – Sustainability In Focus

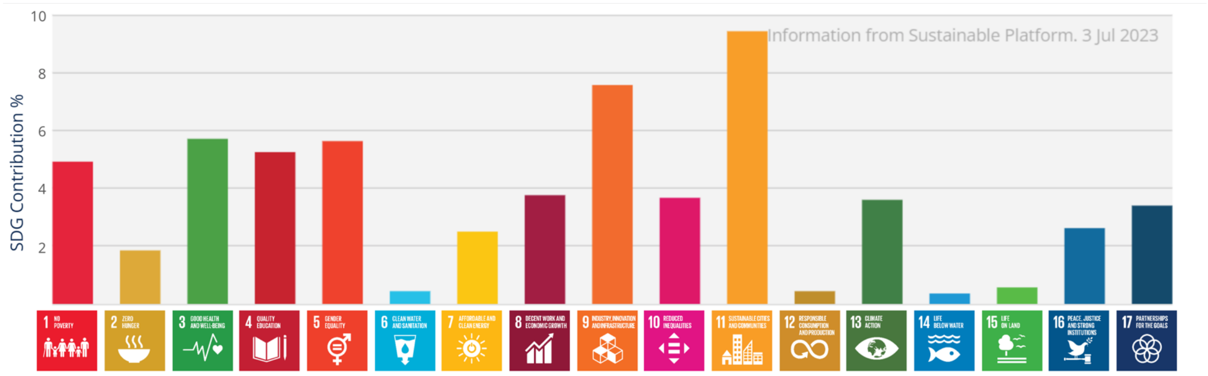
The Nanuk New World Fund invests in companies involved in a broad range of industries and technologies that we believe are contributing to or benefiting from improving global environmental sustainability and resource efficiency. This includes companies involved in areas such as sustainable energy, sustainable transport and environmental services as well 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. Below we highlight the alignment of the portfolio to the SDGs using data from independent data provider, Sustainable Platform. Founded in 2017 and based in Perth, Australia, Sustainable Platform is a SaaS database providing access to crucial and transparent ESG & SDG performance data for 22,000+ global companies.

It is noteworthy that at the end of June, relative to Global Equities, the Nanuk New World Fund:
- 7% higher contribution to Sustainable Development
- 46% lower exposure to Controversial Industries
- Lower Carbon Risk, Reputational Risk and Greenwashing Risk

New World Fund portfolio weighted contribution to UN Sustainable Development Goals



SDG Contribution is the assessed proportion of sales contributing to the UN Sustainable Development Goals, as assessed by Sustainable Platform.

Source: Sustainable Platform, Nanuk. As at 30 June 2023. Global Equities based on holdings of iShares MSCI ACWI ETF.

Notable Industry Developments

- Climate change news flow dominated headlines during July, which became the hottest month on record. Weather events were dramatic and research findings disturbing, highlighting the risk of rapidly worsening climate effects and the need for far more drastic action on both climate change mitigation and adaption.
  - António Guterres, UN secretary-general, announced "The era of global warming has ended; the era of global boiling has arrived," as regional heatwaves affected China, Europe, Japan and North America and daily temperature records broken repeatedly around the globe. Phoenix, Arizona, as an example, experienced temperatures above 110 degrees Fahrenheit every day of July (approximately 43 degrees Celsius).
  - Meteorologists also highlighted changes in regional weather systems. The northern hemisphere "jet stream" of wind flows was "unusually stuck in place", leading to floods in the northeast US alongside the heatwaves in its southeast. India and China also experienced flooding during this month of temperature records with El Niño underway in the equatorial Pacific.
  - A new peer reviewed study, from the University of Copenhagen, found that global warming threatens the collapse of Atlantic currents this century. The ocean circulation in the north Atlantic is likely to collapse sooner than expected as a result of climate change, causing further upheaval in weather patterns.

- Scientists also expressed concern that Antarctica's sea ice has failed to replenish as normal during this winter. According to an analysis by the US National Snow and Ice Data Center (NSIDC), as of mid-July, there was an Argentina-sized chunk of ice missing. The implications of these climate patterns are widespread. For example, in the US, emergency rooms saw a surge of heat-related illnesses, while its largest regional grid, PJM Interconnection, declared an emergency to incentivise all generation plants to operate at full capacity. China's Sichuan province, a major industrial base which uses hydropower extensively, has reduced production at steel and cement plants.

- Sustainable energy
    - The offshore wind industry has been hit hard by inflation. Iberdrola cancelled a contract to develop an offshore wind farm in the US, Vattenfall cancelled plans for a project in the UK, and Orsted wrote down the value of an existing project in the US in response to rising costs. Inflation has increased project costs while rising interest rates have lifted financing costs, which government incentive scheme have yet to accommodate.
    - Ontario, Canada, announced two projects in July to add nuclear power generating capacity. Nuclear energy is gaining significant momentum in Ontario, with new plans to expand an existing nuclear plant to become the world's largest and a pledge to add three small modular reactors to a site where another is already being built. This marks the first large-scale nuclear build in Canada in over three decades. The province is home to all but one of the country's 19 nuclear reactors, most of which were built from the 1960s to 1980s.
    - Geothermal energy developer Fervo Energy has completed a performance demonstration of its commercial pilot. The Houston-based company wrapped up a full-scale, 30-day well test at its site in northern Nevada, which was able to generate 3.5 megawatts of electricity. In 2022, US Energy Secretary Jennifer Granholm announced the Enhanced Geothermal Shot, a target to reduce the cost of enhanced geothermal by 90% to $45 per megawatt hour by 2035.
    - US solar manufacturer First Solar announced plans for another 3.5GW of solar panel capacity in the US, supported by the Inflation Reduction Act.

- Sustainable industry
    - Korean steel giant POSCO said it would invest $93b by 2030 in green steel, batteries, and hydrogen, with investment plans developed through 2050.
    - Germany's leading steelmaker ThyssenKrupp won EU approval for a €2b state aid package to support its green steel efforts.

- Carbon Capture and Storage
    - ExxonMobil, a leading oil & gas producer, made a $5b acquisition of Denbury, a CO2 pipeline network operator expected to benefit from efforts to increase the capture of industrial emissions.

- Sustainable Transport
    - In July 2022, US Senators Manchin and Schumer announced a surprise deal that would become the country's landmark climate law, the Inflation Reduction Act. In the last 12 months, automakers, battery manufacturers and other stakeholders have announced $72 billion in new North American EV investments. Most of the spending – around $43 billion – is directed toward battery manufacturing. EV manufacturing and battery-component production combined make up another $20 billion in pledges.
    - Seven established auto manufacturers announced plans for 30,000 EV charger network in North America using both Tesla's NACS charging standard and the competing Combined Charging System (CCS) standard.
    - Stellantis and Samsung SDI signed an agreement for a second battery facility in the US, following a $2.5b facility to be built in Indiana. Tata Group's Jaguar Land Rover Automotive said it will build a $5b facility in the UK.
    - Volkswagen announced that it was acquiring a 5.0% stake in Xpeng, a Chinese EV manufacturer listed in Hong Kong, for $700m. VW's Audi brand also signed an agreement to extend its cooperation with SAIC, a leading Chinese auto manufacturer.
    - Ford announced a delay in its plans to ramp up EV volumes because of a dramatic increase in price competition in the industry.
    - Tesla CEO said the automaker is spending over $1b on a "Project Dojo", a supercomputer for video processing and recognition in supports of its autonomous driving efforts.
    - Mining giant Vale announced a partnership with Wabtec, in which the fund holds a position, to reduce emissions from its rail fleet. This includes the acquisition of Wabtec's battery electric locomotives and testing of ammonia-fuelled locomotives.
    - The International Maritime Organization adopted the 2023 IMO Strategy on Reduction of GHG Emissions from Ships, with enhanced targets to tackle harmful emissions. The revised IMO GHG Strategy includes an enhanced common ambition to reach net-zero GHG emissions from international shipping close to 2050, a commitment to ensure an

uptake of alternative zero and near-zero GHG fuels by 2030, as well as indicative checkpoints for 2030 and 2040. Whilst these commitments represent an important milestone for member states, the details of how this will be achieved have not been finalised.

- Australia
    - Australia's federal government will support 1 gigawatt (GW) of electrolyzer capacity by 2030. The recently released consultation paper for its A$2 billion ($1.3 billion) Hydrogen Headstart program revealed that it will begin payments from fiscal year 2027, and support large-scale green hydrogen projects through competitive production credits via long-term contracts.

- Sustainability Policy
    - China hosted US Climate Envoy John Kerry. The talks were cordial, a positive given several areas of disagreement between the two countries in recent years; but substantive progress did not materialise.
    - Germany has released an update to its national hydrogen strategy. The new plan doubles the country's 2030 domestic electrolyzer target to 10 gigawatts, offers more support for blue hydrogen (H2), and aims to establish Germany as a hydrogen technology provider. It is not clear, however, whether demand for hydrogen will keep pace with the targeted increase in supply.
    - The US' Federal Energy Regulatory Commission (FERC) approved reforms designed to accelerate permitting of clean-power projects. The US Department of Energy (DOE) proposed a rule tightening energy efficiency requirements on residential water heaters, estimating these would save consumers $11b a year by 2030. DOE also produced a "notice of intent" to provide $1b for hydrogen hubs.
    - Leading LNG producing and consuming nations, including Australia, the EU, Japan and South Korea and the US, announced efforts to reduce methane emissions in the LNG supply chain. Details were scant but the initiative was hailed as "unprecedented cooperation" by Japan's Minister of Economy, Trade and Industry, Yasutoshi Nishimura.

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 July 2023)	AUD 729.7m
Platform Access	AMP North, BT (Panorama, Asgard), CFS (Edge, FirstWrap & FirstChoice), FNZ, Hub24, Insignia (Expand Extra, Grow Wrap, Voyage Wrap & Rhythm), Macquarie Wrap, Mason Stevens, MLC (Wrap & Navigator), Netwealth, OneVue, Powerwrap, Praemium, WealthO2 and Xplore Wealth.		

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