

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 2.8% during January, underperforming conventional global equities benchmarks, such as the MSCI All Country World and FTSE All World net total return indices, by approximately 1.0%.

Global equities indices rose modestly (in reported US dollar terms), but variations across markets and market segments were significant. Size effects were notable, with smaller capitalisation stocks underperforming and larger capitalisation growth stocks outperforming during the month and presenting a headwind to the Fund's performance. The Fund did however benefit from the relatively strong performance of its Japanese holdings with that market continuing to outperform in January following its strong year in 2023.

Significant individual contributors to the Fund's monthly performance are highlighted below.

The Australian dollar depreciated by 3.6% against the US dollar in January, bolstering the Fund's reported return in Australian dollar terms.

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 (%)	2.8	2.8	19.3	3.2	9.9	12.3	11.6
Global Equities ² (%)	3.8	3.8	22.2	6.1	11.5	12.3	10.3
Value Added (%)	(1.0)	(1.0)	(3.0)	(2.8)	(1.7)	(0.1)	1.3

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 (%)	0.5	0.5	-	-	-	-	9.9
Global Equities Hedged to AUD ² (%)	1.2	1.2	-	-	-	-	12.4
Value Added (%)	(0.6)	(0.6)	-	-	-	-	(2.5)

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






Stocks exposed to artificial intelligence had another strong month. Software giant **Microsoft Corporation** (+6%) surpassed Apple to become the world's most valuable listed company (with a capitalisation exceeding US\$3 trillion). Microsoft reported above expectations December quarter earnings and raised its financial year profit guidance. This was driven by increasing AI-related revenue, which doubled quarter on quarter. The result addressed concerns about the ability to generate profit from AI applications and services. Higher up the AI industry value-chain, **NVIDIA Corporation** (+28%), the dominant provider of AI processors, saw its share price rise as earnings expectations continued to increase. **Taiwan Semiconductor Manufacturing Co., Ltd** ('TSMC') (+9%), which manufactures NVIDIA's GPUs, rose after it too reported above expectations December quarter earnings and upgraded its 2027 guidance for AI-related revenue. **Advantest Corp** (+17%), which provides the advanced semiconductor test equipment used to test NVIDIA's GPUs, also benefitted. Advantest also holds leading market positions in advanced semiconductor testing equipment for memory semiconductors and advanced 'system on chip' semiconductors and reported strong earnings at the end of the month.



Zebra Technologies (-12%) is the global leader in barcode printers and handheld scanners and related software solutions. The company's share price has fluctuated in recent months despite limited company specific news flow. A significant proportion of its customers operate distribution businesses with high levels of inventory and are yet to see inventories return to normal levels after periods of significant supply chain disruption followed by demand weakness resulting from interest rate increases. We believe this normalisation process will continue during 2024 with a resulting improvement for Zebra's business.



Ciena Corporation (+18%) makes data network equipment and is a global leader in coherent optical transceivers. Its shares rallied after peer Juniper Networks was acquired by Ciena's major competitor Cisco Systems (in which the Fund also has a small holding).



Johnson Controls plc (-9%) provides equipment and services, focused on building management systems, heating, ventilation and air conditioning (HVAC), and fire and safety (F&S). Its share price fell following a downgrade to its September year-end financial guidance at its Dec-quarter results. The company is considering a sale of its less competitive product lines which had contributed to the weak full-year guidance.



Infineon Technologies AG (-12%) is a leading provider of power semiconductors to the automotive and industrial markets. Infineon's share price lagged amid evidence of slowing growth in some of its end markets, most notably the EV market.



New Investments



Littelfuse, Inc is a global leader in products for circuit protection, power control and sensing. Its wide product range includes fuses, suppressors, resistors, transistors, and sensors. The company contributes to electrical energy efficiency in industry and transportation (where it benefits from vehicle electrification); as well as participating in the growth of renewable energy. Its market is in a severe cyclical downturn and our analysis indicates the company is well positioned to exceed currently low expectations in future years as demand normalises.

Exited Positions and Other Portfolio Changes

The Fund exited its position in Garmin Ltd. whose share price had risen without a commensurate improvement in its financial performance or outlook, as well as the remainder of its holding in Korean auto component manufacturer Hyundai Mobis Co., Ltd. The Fund's position in Mobis had had been reduced in prior months on increasing concerns about the lack of improvement in profitability accompanying the company's strong growth in electric vehicle component sales. The Fund's holding in technology consulting leader Accenture Plc was also reduced following strong share price performance.

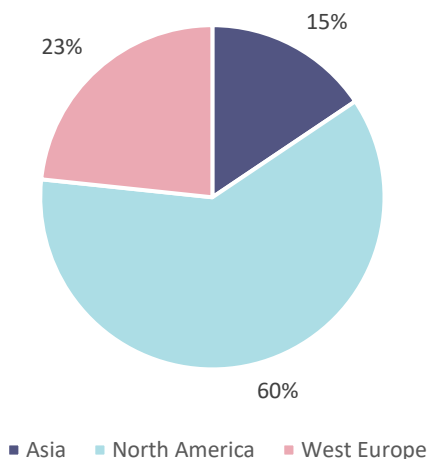
Top 10 Holdings

Security Name	Weight (%)	Country	Sector
Taiwan Semiconductor Manufacturing Co., Ltd.	4.8	TWIWAN	Sustainable & Efficient Industry
Microsoft Corporation	4.8	UNITED STATES	Efficient Businesses and Economies
Zebra Technologies Corporation Class A	4.5	UNITED STATES	Sustainable & Efficient Industry
CDW Corporation	4.3	UNITED STATES	Sustainable & Efficient Industry
Otis Worldwide Corporation	3.7	UNITED STATES	Sustainable Cities and Infrastructure
Valmet Corp	3.7	FINLAND	Sustainable Consumption
Siemens Aktiengesellschaft	3.3	GERMANY	Sustainable & Efficient Industry
Littelfuse, Inc.	3.0	UNITED STATES	Sustainable & Efficient Industry
Micron Technology, Inc.	2.9	UNITED STATES	Sustainable & Efficient Industry
Dover Corporation	2.6	UNITED STATES	Sustainable & Efficient Industry

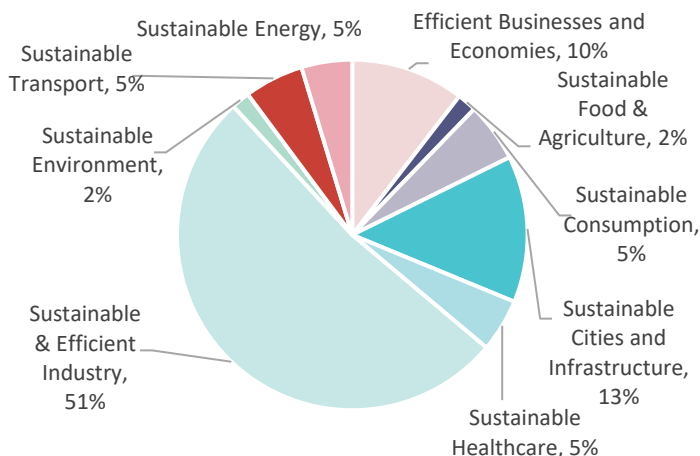


Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Global equities markets were mixed in January and accompanied by meaningful moves in foreign exchange rates. Conventional global equities indices, such as the MSCI All Country World and FTSE All World indices, rose approximately 0.5% in US dollar terms. The US S&P 500 Index rose 1.6%, led by the strong performance of some of the larger capitalisation technology stocks. Smaller capitalisation US stocks underperformed, with the Russell 2000 Index down 3.9%. Europe’s Euro STOXX 50 Index rose 2.8% as the Euro weakened against the US dollar by 2.0%. Similarly, Japan’s Nikkei 225 Index rose 8.4%, with US dollar denominated returns diminished by a concurrent 4.2% weakening of the yen. Chinese equities continued to underperform, with the mainland Shanghai-Shenzhen Composite Index down 6.3% and Hong Kong’s Hang Seng Index down 9.2%.

The wars in Gaza and Ukraine continued but did not appear to impact markets significantly despite signs of the former conflict spreading into neighbouring countries, drawing the US and its allies into military action and increasing disruption to shipping in the Middle East. Oil price futures remain below their 50-day and 200-day moving averages.

Notable Industry Developments

Climate and Climate Policy

- 2024 is set to be a record year of elections globally, as regions and countries accounting for two thirds of the global economy and over four billion people hold polls – notably including the US presidency and European parliament, where shifts to the right will potentially impact sustainability related policy initiatives in the world’s major economies. In the US, a return of former president Trump would likely mark a significant change in course from policy under President Biden, for whom climate change mitigation has been a major priority. Although it seems unlikely the Inflation Reduction Act would be repealed or support for re-shoring of technology supply chains reversed entirely, Trump has indicated he would seek to remove some of the existing support. In Europe, far-right parties that have gained ground in national elections could slow the implementation of the flagship Green Deal initiatives. In India, multiple sustainability measures are awaiting detailed pronouncements following the elections, expected in April or May. Prime Minister Modi, a strong supporter of clean energy and electrification efforts, is expected to retain power. Other major economies facing elections include the UK and Mexico, however in these cases political changes would be more likely to elicit greater support for sustainability efforts.
- The level of carbon dioxide in the atmosphere was forecast to rise in 2024 at one of its fastest rates on record by the UK Meteorological Office. This reflects a combination of elevated emissions and below average CO2 absorption due to the El Niño effect. A parliamentary committee criticised the UK’s government for inadequate efforts to adapt to heatwaves the Met Office’s projections indicate are likely.
- The ice loss of the Greenland ice sheet in recent years was as much as 25% greater than previously estimated, according to an article in the journal Nature. The article estimated the loss between 1985-2022 was approximately 1 trillion tons higher than prior calculations.
- Colombia declared a national disaster and sought international support after wildfires impacted its capital Bogota and saw the army called in to support the fire service. Indonesia is mulling a US\$10 billion investment to construct a giant sea wall to prevent Jakarta sinking at an accelerating rate.



- Flying in the face of decarbonisation efforts, investment in liquid natural gas (LNG) production is at record levels, with 200 million tons p.a of natural gas liquefaction capacity under construction at a cost of hundreds of billions of dollars, primarily in Qatar and the US. The boom was spurred by Russia's full-scale invasion of Ukraine in 2022 which reduced access to Russian pipeline gas to Europe.
- Top US climate diplomat, John Kerry, announced his intent to leave the role after more than three years working to promote the fight against global warming.

Sustainable Energy

- According to Bloomberg New Energy Finance (BNEF) clean energy spending accelerated to \$1.8 trillion in 2023, 17% higher than in 2022. Spending on EVs and renewable energy were the two biggest components. BNEF estimates that the world's solar additions were 443GW in 2023, 76% higher than 2022 as the price of solar modules collapsed by almost half during the year.
- China's renewable energy deployment continued to set records, with an estimated 217GW of solar alongside 76GW of wind power deployed in 2023. China's 2023 solar installations more than doubled from 2022 and were comfortably higher than any other nation's total solar capacity, as a strategy of developing renewable energy "megabases" was implemented. BNEF forecasts solar will overtake coal as China's leading source of electricity by 2027. China's State Grid is spending \$70 billion per year as it works to deliver the output of all this capacity to population centres.
- China also had a record year for deployment of energy storage, with capacity of new energy storage technologies (excluding pumped hydro) rising almost four-fold, from 8.7 to 31.4GW. China's National Development and Reform Commission also published granular rules to facilitate integration of EVs into the grid, such as time-of-use tariffs to incentivise EVs to charge at off-peak times and bidirectional charging infrastructure that would enable EVs to provide power to the grid at times of peak demand.
- Many clean energy companies, however, continue to experience a challenging environment. Declining prices and less spectacular growth in other regions leading to high inventory levels have impacted companies throughout the solar industry. In the US, leading inverter supplier SolarEdge announced a workforce reduction of up to 16%, following news of a roughly 10% reduction at peer Enphase last month.
- In Europe, Germany's installations of wind generation remain far below target, despite increasing by almost 50% year on year. This growth has benefitted German wind turbine manufacturer Nordex, a holding of the Fund – although broader challenges in the industry persist and Nordex and its peers remain well below the targeted profitability that we hope the company will be able to achieve in coming years.
- The association of European transmission system operators, ENTSO-E, issued a report warning of a shortage of capacity to install the transmission lines required to deliver the continent's renewable energy goals. This should benefit leading high voltage cable supplier Prysmian, another holding of the Fund. Wind power in the US, however, showed some signs of recovery after a number of cancellations and delays in 2023 with SunZia securing \$11 billion of funding and awarding large orders to turbine manufacturers Vestas and GE. New Jersey announced a successful offshore wind auction at notably higher prices than the cancelled projects.
- Carbon capture goals are also proving tough to meet. A \$2.5 billion project in the UK proposed by UK electricity utility Drax Group, which operates biomass fuelled generating capacity that began life as coal power plants, appeared "unsustainable economically" according to analysts at Citigroup. Late last year, the Navigator carbon capture pipeline in the US was cancelled in the face of regulatory difficulties.
- The nuclear sector also had a busy month. The French nuclear fleet is recovering from two difficult years which exacerbated the energy crisis induced by Russia's full-scale invasion of Ukraine. The fleet's availability in January was the highest in three years. Recovering generation in 2023 helped return France to its status as a major net exporter of electricity after spending 2022 as an importer. In the US, the Biden administration is poised to lend \$1.5 billion to restart a previously shuttered reactor in Michigan. In less encouraging news, the UK's Hinkley Point C nuclear project, first slated in 2010, announced a cost over-run of approximately \$11 billion, or 30%, as well as a delay of 2-4 years, with commercial operation now scheduled between 2029-2031.

Sustainable Transport

- The electric vehicle industry's growing pains continued. Germany's automotive industry association, the VDA, forecast a double-digit decline in sales for 2024, an EV industry-first. General Motors said it would resume sales of hybrid EVs in North America, as EV adoption has not progressed as quickly as expected. Rental operator Hertz said it would sell a third of its EV fleet, citing weak demand and elevated repair costs. Additionally, many automakers, large and small, have missed volume targets. Capital market enthusiasm for the sector has also cooled, and both Renault and Volkswagen have suspended plans to list EV/battery subsidiaries.
- The continued growth of the sector is reliant on the arrival of cheaper EVs to penetrate the larger lower price point market segments. BNEF projects models below \$50,000 from BMW's Mini brand, Fiat, GM's Chevrolet brand, Honda and Volvo will arrive in the US in 2024. Fiat's 500e is projected to cost just \$32,500 and has been a hit in Europe.



- The EV growth slow-down has become visible upstream, with lithium miner Albemarle deferring investment at multiple facilities amid a 20% reduction in capital expenditure in 2024 and multiple smaller miners announcing production cuts or investment deferrals.
- In another transition in the auto industry, China became the leading automotive exporter for the first time, aided by rapid growth in exports to Russia amid sanctions placed on other producers. Amid trade tensions and active investigation into Chinese exports, celebration of the landmark by the Chinese auto industry was muted.
- A 350m container ship powered by green methanol was unveiled in Korea. The Ane Maersk was built by Hyundai Heavy Industries and will be operated by Moller-Maersk. Maersk said targets 25% of its capacity to run on green fuels by 2030.
- A world-first ethanol-to-jet fuel facility opened in the US. The relatively small facility, built by LanzaJet, will have annual production capacity of 10m gallons of sustainable aviation fuel (SAF) and renewable diesel, and cost \$200 million. The cost was subsidised by the US government. During the month Cathay Pacific's head of procurement said the SAF industry is yet to meet the airline industry's demand, with project capacity below airlines' desire to make 10% of their fuel sustainable by the end of the decade, while costs remain very high.

Sustainable Industry

- Sweden's H2 Green Steel signed financing agreements for more than €4 billion to develop its integrated green steel plant which will be integrated with green hydrogen and green iron production facilities. Veolia Environment, the world's #1 environmental services company and a holding of the Fund, highlighted "local decarbonising" as a growth sector, via measures including district heating, bioenergy and building efficiency. Veolia intends to grow its capacity in the sector by 50% by 2030.

Australia

- According to the Australian Electricity Market Operator booming clean electricity generation surged in the December quarter, reaching 43% of total generation and helping to cut average wholesale prices by around 48% year-on-year, raising the prospect of potential retail price relief from 1 July.



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.



Nanuk New World Fund

Type: Global Equities	Distribution frequency: Annually as of 30 June
Responsible Entity: Equity Trustees Limited	Currency: AUD
Total Management Costs: 1.1% p.a.	AUM (AUD as at 31 Jan 2024): \$773.7m

Product	Nanuk New World Fund		Nanuk New World Fund (Currency Hedged)
	Unquoted Managed Fund	ETMF	Currency Hedged Unquoted Managed Fund
APIR / ASX CODE	SLT2171AU	SLT2171AU / NNUK	ELT0535AU
Currency Hedging	Unhedged		Hedged to AUD
Inception	2 November 2015		30 May 2023
Buy/Sell Spread	0.25%	ASX bid-offer spread *	0.25%
Platform Access	AMP North, BT (Asgard, Panorama), CFS (Edge, FirstChoice, FirstWrap), Dash, FNZ, Hub24, Insignia (Expand, Grow Wrap, MLC, Rhythm, Voyage), Macquarie Wrap, Mason Stevens, Netwealth, Powerwrap, Praemium	ASX & platforms that provide access to ASX listed investments	BT (Asgard, Panorama), CFS (Edge, FirstWrap), FNZ, Hub24, Macquarie Wrap, Netwealth, Praemium

* Bids and offers are set by the Fund's market maker based on an indicative net asset value per unit (iNAV)

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