

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 was down 5.4% in during August, lagging conventional global equities indices, such as the MSCI All Country World Net Total Return Index (AUD), by 1.8% amidst a significant fall in global equities markets.

The Fund's under-performance was primarily due to negative contributions from several stocks that underperformed amid the weakening outlook for economic growth, detailed below. Factor risk was also a modest headwind as Financials, in which the Fund's eligible investment universe is significantly under-weight, out-performed, while Industrials, which the Fund is overweight, lagged.

It should be noted that the Australian dollar depreciated by 6.5% against its US counterpart in the month, resulting in a benefit to the Fund (whose foreign currency denominated assets are held unhedged) and supporting the Fund's reported return during a month in which international equities markets fell around 10%. Stock returns shown below are in local currency terms.

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a. ¹
Fund Return (%)	(5.4)	(22.5)	(16.7)	4.2	3.2	7.6	9.6
Global Equities ² (%)	(3.6)	(15.9)	(10.9)	6.2	5.4	8.7	7.9
Value Added (%)	(1.8)	(6.6)	(5.8)	(2.0)	(2.2)	(1.1)	1.6

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



Shares of Indian solar farm developer and independent power producer **Azure Power Global** (+54%) recovered some of their under-performance during August following the surprise resignation of its recently appointed CEO amidst a whistleblower complaint alleging safety and procedural allegations, discussed in last month's



report. The company is investigating the allegations and has reiterated that its historical accounts and ongoing operational activities are unaffected by these events and the Fund continues to hold its shares which we believe have traded at a significant discount to the value of its assets.



International Flavours and Fragrances (-17%) is a leading global provider of ingredient solutions to the food and personal care industries. Whilst there was no specific negative news, IFF has a global footprint and is likely to be negatively impacted by the strengthening US dollar and weaker equity markets are likely to impact proposed divestment announced by the company. The Fund has reduced its holding in response to these concerns.



WestRock Company (-24%) is a North American leader in cardboard packaging and paper products and is well positioned to benefit from the ongoing shift from plastic to paper packaging solutions. Its shares fell on fears that an economic slowdown will lead to reduced industry capacity utilization and profitability for the corrugated cardboard packaging industry.



Kion Group AG (-50%) provides warehouse automation equipment and supply chain automation systems. The company revealed it has been unable to mitigate cost inflation and supply chain disruption, particularly in its supply chain business, leading to both a decline in project margins and a delay in project completion, wiping out the division's profitability and contributing to a major increase in free cash outflow. The CEO has already been replaced and a search for a new CFO is underway, and the shares are currently pricing in profitability well below historical average.



Taiwan Semiconductor Manufacturing Company (-17%) is the world's leading semiconductor foundry, producing a wide range of advanced semiconductors including leading edge processors for the likes of AMD and Apple. Its shares declined amid ongoing tensions in the Taiwan strait and weakness in consumer electronics sales despite registering August monthly sales up 56% year on year.



New Investments



Global Payments Inc. provides integrated software and payment technology services to merchants and card issuers, mainly in North America. The company offers an attractive valuation, with a below-market multiple despite above average growth prospects at high returns on capital. This valuation reflects a fear of share loss, but our analysis indicates the company's competitive position is robust.

Exited Positions and Other Portfolio Changes

The Fund exited its position in US organic foods producers **Hain Celestial Group** as the company struggles to execute on its growth strategy in a challenging inflationary environment. The Fund modestly increased its positions in global industrial technology leader **Siemens**, minimally invasive spinal surgery solution provider **NuVasive, Inc.** and biosimulation software leader **Certara, Inc.**

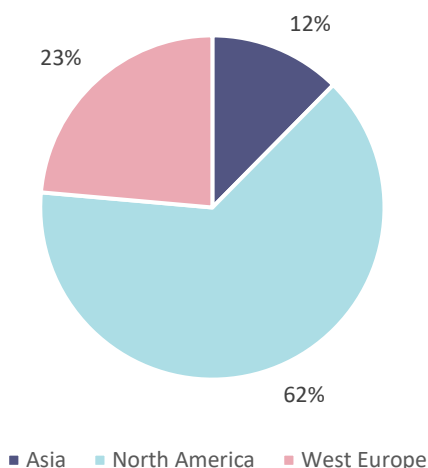
Top 10 Holdings

Security Name	Weight (%)	Country	Sector
Cognizant Technology Solutions Corporation Class A	4.2	UNITED STATES	Efficient Businesses and Economies
WestRock Company	4.1	UNITED STATES	Sustainable Consumption
Garmin Ltd.	3.8	UNITED STATES	Sustainable Healthcare
Siemens AG	3.6	GERMANY	Sustainable & Efficient Industry
Carlisle Companies Incorporated	3.6	UNITED STATES	Sustainable Cities and Infrastructure
Microsoft Corporation	3.5	UNITED STATES	Efficient Businesses and Economies
Taiwan Semiconductor Manufacturing Co., Ltd.	3.1	UNITED STATES	Sustainable & Efficient Industry
International Flavors & Fragrances Inc.	3.0	UNITED STATES	Sustainable Food & Agriculture
CDW Corp.	3.0	UNITED STATES	Sustainable & Efficient Industry
Carrier Global Corp.	2.8	UNITED STATES	Sustainable Cities and Infrastructure

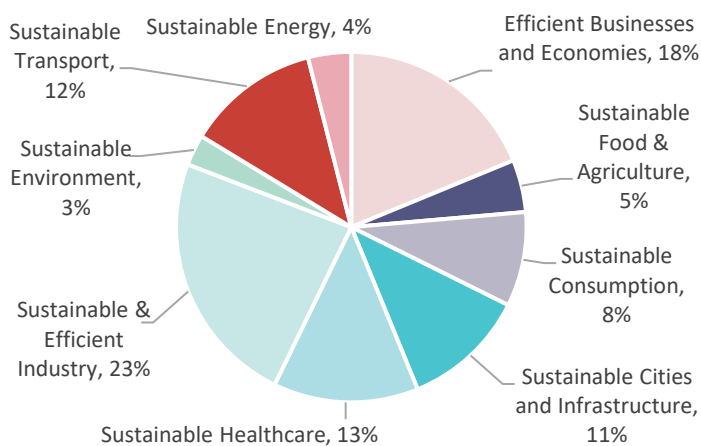


Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

September was a very weak month for global equities markets, with significant declines across regional indices and the MSCI All Country World Index falling by 9.7% in US dollar terms.

Rising bond yields contributed to declining equities prices with the US 10 year treasury yield rising above 3.8% for the first time since 2010 as inflationary pressures drove the US central bank to continue tightening rates. The US' S&P 500 Index fell 9.3% with the technology focused Nasdaq Composite Index down 10.5% and sectors such as Semiconductors falling by as much as 15%. The US dollar continued to strengthen against most major currencies and in Europe and Japan these currency moves saw material divergence between US dollar and local currency performance of equities indices: Europe's Stoxx 50 Index fell 5.7% and Japan's Nikkei 225 Index fell 7.7%, but translated to US dollar terms these indices were down 8.1% and 11.5% respectively. Hong Kong's Hang Seng Index was down 13.7% and Korea's KOSPI Index fell 18%.

The Fund's eligible investment universe was impacted by the weak performance of technology stocks and underperformed the broader market, as did most environmental equities indices.

Notable Industry Developments

- Energy transition
 - France is working on measures in response to the ongoing energy crisis following Russia's invasion of Ukraine. Grid operator RTE said it expects to ask retail, business and government energy users to reduce demand "occasionally" over winter. Meanwhile the cabinet drafted new legislation to accelerate approval times for renewable projects, with permitting emerging as a key bottleneck to accelerate renewable development. Similar issues in Germany have also prompted federal government intervention.
 - Both Nordstream pipelines, which had supplied Russian gas to Germany before the Russia-Ukraine war, suffered explosions during September. The explosions occurred in international waters near Denmark and Sweden and their governments said the explosions were deliberate sabotage. The damage strengthens the need for Europe to transition its energy supply even if the war ends. In the short term, it has led to increased NATO military activity in Norway's gas fields, a key supply source gas now Russia is offline.



- Europe's newest nuclear reactor, Olkiluoto-3 in Finland, achieved its full generating capacity of 1.6GW on September 3. At that time, the Olkiluoto site met 40% of Finland's power consumption. Construction of Olkiluoto-3 began in 2005.
 - The US is also being impacted by the energy crisis sparked by Russia's invasion, albeit to a lesser extent. In August, US retail electricity prices rose by 16%, the highest rate since 1981. The Biden administration is also working to increase domestic nuclear enrichment capacity, to reduce US nuclear reactors' reliance on Russian fuel.
 - California used storage and demand response to avoid a blackout during a record heatwave. In mid-September, the state experienced a record-breaking heatwave and the grid operator declared an emergency consistent with rolling blackouts. This was averted thanks to "several" gigawatts of energy storage, 1 GW of industrial demand response (where large users are paid to reduce usage) and up to 3 GW of consumer demand response – people responding to texts, tweets and other communications asking them to reduce usage. The state also passed a 5-year environmental spending package, with \$54 billion to be spent on a wide range of measures from agriculture to zero-emission vehicles.
 - Queensland announced a target of 80% renewable energy by 2035, as part of an ambitious "Energy and Jobs plan" announced by Premier Annastacia Palaszczuk at the State of the State address. The plan includes heavy investment in hydrogen and the world's largest pumped-hydro storage facility. Significant effort will be required to deliver the plan – Queensland was not on track to deliver its prior, less ambitious goal of 50% renewable energy by 2030.
 - Victoria announced a target of 6.3GW of energy storage by 2035, with initial financial support of A\$157m to two projects.
- Transport
 - Air Canada said it will purchase 30 electric-hybrid aircraft from start-up Heart Aerospace for short-haul routes beginning in 2028. EasyJet said it would replace carbon offsets in its net zero 2050 plan with technology such as sustainable aviation fuel.
 - Ford commenced construction on a \$5.6 billion EV manufacturing complex in Tennessee, the largest factory investment in the company's history.
 - Honda, the world's leading motorbike manufacturer, will launch 10 electric motorbike models by 2025.
 - Jaguar Land Rover said it would train 60% of its workforce for EV production.
 - Volkswagen agreed a €2.9 billion battery cathode JV with Belgian chemicals producer Umicore.
 - New York's governor said her state would follow California's example by enacting regulation requiring vehicles sold from 2035 to be zero emission. Although the regulation must still be written, the necessary legislation was enacted last year.
 - Hydrogen
 - EU President Ursula von der Leyen announced €3 billion of funding to scale the continent's hydrogen sector.
 - The International Council on Mining and Metals announced plans to deploy 50 test sites for testing hydrogen and other sustainable technologies, while Norwegian fertiliser manufacturer Yara will work with state energy company Equinor to develop electrolyser technology.
 - Corporate sustainability
 - Samsung Electronics said it would spend 7 trillion Won (roughly US\$5 billion) by 2030 as part of a Net Zero 2050 effort.
 - Fortescue Metals said it would spend \$6.2 billion by 2030 to reduce emissions, mostly focused on renewable energy, but also including lower emissions vehicles and demand response.



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 (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 September 2022)	AUD 604.1m
Platform Access	AMP North, BT (Wrap, Panorama, Asgard), CFS FirstWrap, Hub24, IOOF OnePath, Pursuit & Rhythm Macquarie Wrap, Mason Stevens, Netwealth, OneVue, Powerwrap, Praemium, WealthO2 and Xplore Wealth		



Investment Manager

Nanuk Asset Management Pty Ltd
Level 23, Australia Square, 264 George Street
Sydney NSW 2000, Australia
Tel: +61 2 9258 1600
Fax: +61 2 9258 1699
Email: contact@nanukasset.com
www.nanukasset.com

Unit Registry

Automic
GPO Box 5193
Sydney NSW 2000
Email: hello@automic.com.au

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