

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 6.2% in July, outperforming conventional global equity benchmarks, such as the MSCI All Country World and FTSE All World net total return indices, by approximately 2.2%.

The latter part of July saw significant declines in technology stocks and significant outperformance of small- and mid-cap companies. The Fund benefited marginally from this, but the dominant driver of outperformance was stock specific returns. Many stocks have reacted sharply in the wake of a more volatile profit reporting season than we have witnessed in recent times.

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 (%)	6.2	23.0	26.5	19.3	9.2	12.4	13.2
Global Equities ² (%)	4.0	18.1	20.7	18.8	10.0	12.2	11.3
Value Added (%)	2.2	4.9	5.8	0.5	(0.8)	0.2	1.9

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 (%)	2.9	19.2	23.7	-	-	-	30.4
Global Equities Hedged to AUD ² (%)	1.2	14.1	17.7	-	-	-	26.8
Value Added (%)	1.7	5.1	6.0	-	-	-	3.5

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



Many AI stocks retreated in July, amid discussion of revenues failing to keep pace with high expectations and the large investments in Generative-AI data centres. The Fund has a diverse range of exposures to AI and, while some of these did well, in aggregate they detracted from returns. The largest detractors included leading semiconductor fabricator **Taiwan Semiconductor Manufacturing Co. Ltd** ('TSMC') (-5%), which fell despite reporting June-quarter earnings above expectations; GPU giant **NVIDIA Corporation** (-5%); and software leader **Microsoft Corporation** (-6%). Microsoft has a June financial year-end and its June-quarter report led to modest cuts to forward earnings estimates for the company. **Lasertec Corp.** (-21%), a Japanese manufacturer of semiconductor mask and mask blank inspection systems, performed poorly in a month when the Biden administration was reported to be considering new export restrictions which would impact semiconductor equipment sales to China.



Companies contributing to sustainable energy generation and transmission were the Fund's largest positive contributors during the month. German company **Nordex SE** (+24%), a leader in onshore wind turbines, reported improving margins and upgraded calendar year profit guidance at its earnings report, while Japanese construction subcontractor **Kyudenko Corporation** (+26%), whose portfolio includes a wide range of sustainable energy projects, handily beat expectations at its own quarterly update. **Siemens Energy AG** (+12%) which provides wind, gas and grid products; and **Prysmian S.p.A** (+11%), the leading producer of power cables, also contributed positively.



Non-AI electronic technology companies contributed positively as this sector continues to recover from a cyclical downturn, though as with AI, the Fund has a range of positions in this sector whose performance varied. The top contributor was **Zebra Technologies** (+14%), the global leader in barcode printers and handheld scanners and related inventory management software solutions, which upgraded calendar year profit guidance again at its results. **Texas Instruments Incorporated** (+5%) which offers analog and embedded semiconductors primarily to the automotive and industrial markets, and **Littelfuse, Inc** (+5%), a global leader in products for circuit protection, power control and sensing, had more modest gains on solid quarterly earnings reports.



The Fund enjoyed a strong return on its small position in the Testing, Inspection and Certification sector (TIC). The fund owns the two leading providers, **Bureau Veritas SA** (+17%) and **SGS SA** (+23%), and both saw positive share price reactions to above-expectations earnings updates, including clear progress on their shared goal of strong growth in sustainability-related services. Australia is currently in the process of raising climate disclosure requirements, reflecting a general global trend that is driving spending on sustainability assurance.



New Investments



ASML Holding NV is a leading supplier of photolithography equipment for the semiconductor industry. It is eligible for our universe as a key enabler of advanced semiconductor manufacturing which is supporting efficiency-enhancing progress across the economy. After recent share price underperformance, we view the shares as an attractive opportunity due to its technological edge, critical role in semiconductor manufacturing, and favourable industry trends.



Mowi ASA is the world's largest salmon farmer with operations spanning the value chain from feed production to sales. Following a period of share-price underperformance, we view it as positioned to out-perform as a sustainability, innovation and scale leader in a market enjoying growth in demand for sustainable and healthy food but where supply growth is limited.

Exited Positions and Other Portfolio Changes

The Fund exited its position in precision analytical instrument company Mettler-Toledo International following strong share price performance as well as smaller holdings in ingredients and flavouring business International Flavors & Fragrances Inc. and Taiwanese lithium battery pack supplier Simplo Technology Co.

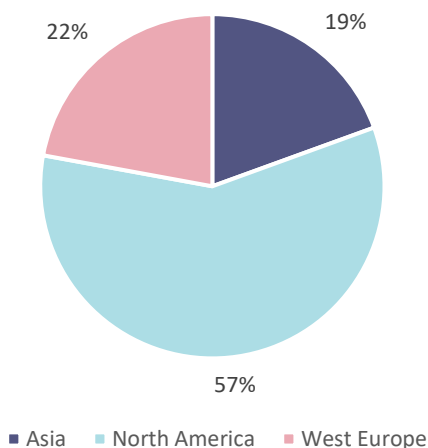
Top 10 Holdings

Security Name	Weight (%)	Country	Sector
Microsoft Corporation	4.7	UNITED STATES	Efficient Businesses and Economies
Zebra Technologies Corporation Class A	4.7	UNITED STATES	Sustainable & Efficient Industry
Taiwan Semiconductor Manufacturing Co., Ltd.	4.5	TAIWAN	Sustainable & Efficient Industry
Littelfuse, Inc.	4.3	UNITED STATES	Sustainable & Efficient Industry
Otis Worldwide Corporation	3.8	UNITED STATES	Sustainable Cities and Infrastructure
Texas Instruments Incorporated	3.8	UNITED STATES	Sustainable & Efficient Industry
Dover Corporation	3.4	UNITED STATES	Sustainable & Efficient Industry
CDW Corporation	3.3	UNITED STATES	Sustainable & Efficient Industry
Bureau Veritas SA	3.2	FRANCE	Sustainable & Efficient Industry
NVIDIA Corporation	2.7	UNITED STATES	Sustainable & Efficient Industry

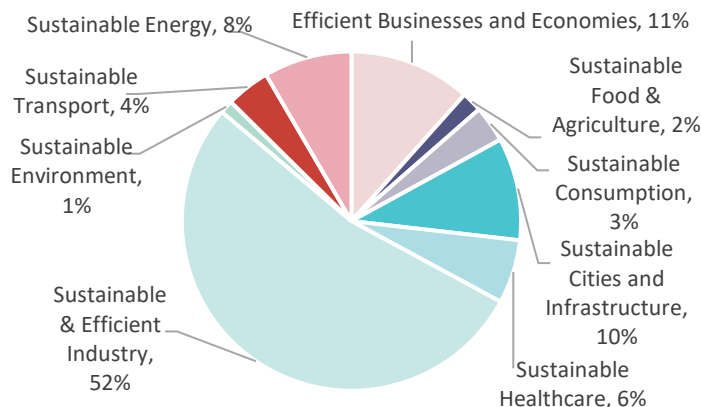


Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



Market Commentary

Conventional global equities benchmarks such as the MSCI All Country World and FTSE All World net total return indices rose approximately 1.6% in July in US dollar terms. In a stark turnaround from 2023 and the June quarter of 2024, large capitalisation growth companies fell sharply and were a significant drag on returns, underperforming the overall market by more than 3%. As discussed above, uncertainty about the rate of growth in AI services and several companies failing to meet lofty expectations when releasing results led to declines across a broad range of companies exposed to this theme.

The divergence in returns across markets and sectors is highlighted by the relative performance of the tech heavy US Nasdaq Composite index which fell 0.8% (the NYSE FANG+ index was down 1.3%) and the Euro STOXX Industrial Goods and Services Index which rose 3.3%. The performance of the Russell 2000 Index of smaller companies, returning 10.1% for the month was indicative of this change in sentiment and performance. The overall performance of the US S&P500 index, which rose 1.1%. Europe’s STOXX 50 index was down 0.4%, Hong Kong’s Hang Seng Index down 2.1% and Japan’s Nikkei 225 Index down 1.2%. The Australian dollar declined against the US dollar while the Japanese yen rallied significantly and the Euro and British Pound also rose.

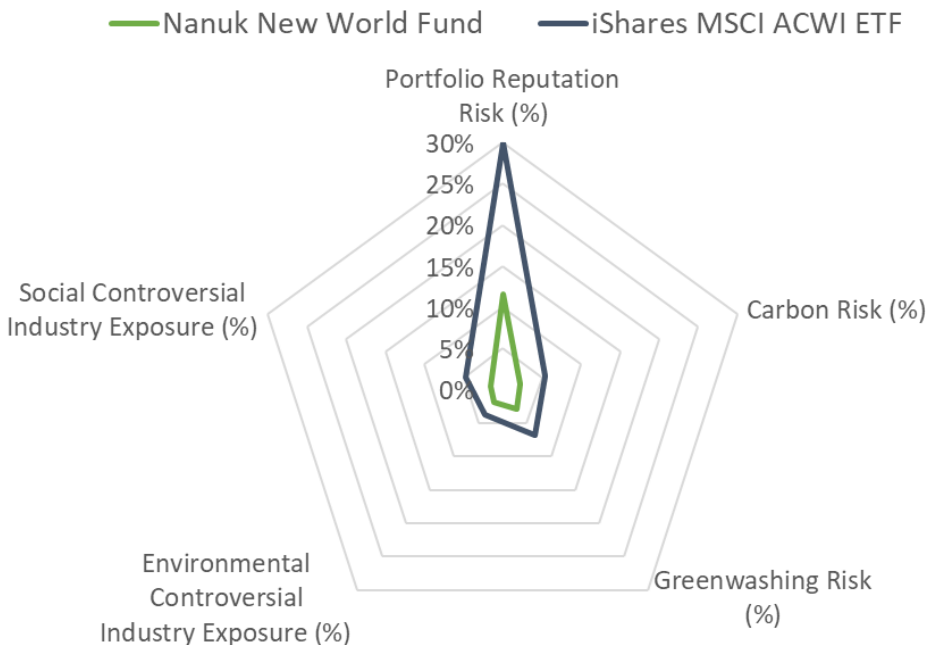
Responsible Investment

The Fund’s eligible investment universe is identified using both positive screening (for exposure to selected industries and technologies) and negative screening (that seeks to reduce or avoid exposure to activities that are deemed by Nanuk to be misaligned with improving global environmental sustainability, certain controversial activities and severe violations of norms for responsible business practices). The applicable materiality thresholds vary from 0% to 30% of revenue depending on the nature and severity of the relevant activities. For more details, please refer to Nanuk’s ESG Policy, available on our website.

Although the Fund does not have specific sustainability or impact targets, the selection of investments from this universe is likely to result in a portfolio that demonstrates greater alignment with global sustainability outcomes, lower levels of exposure to companies involved in producing or using fossil fuels and lower levels of exposure to controversial activities (such as tobacco production and gambling operations) than conventional passive global equities portfolios.

Nanuk uses third-party data from independent providers, such as Sustainable Platform, to analyse this alignment and to illustrate the characteristics of the Fund’s portfolio. The diagram below compares statistics for the Nanuk New World Fund with the holdings of the iShares MSCI ACWI ETF as at 30/06/2024.





Source: Sustainable Platform, Nanuk. As of 30th June 2024. This analysis compares the holdings of Nanuk New World Fund against the holdings of MSCI ACWI ETF. Further details available at <https://www.sustainableplatform.com/docs/metrics>. Portfolio Reputation Risk is measured by the number of companies that have more than the global database average exposure to controversial industries or have more than the average number of corporate or environmental fines. Environmental Controversial Industry Exposure is the sum of Controversial Industry exposure that risks the wellbeing of the environment. i.e. defence, deforestation, fossil fuels, GM, nuclear. Social Controversial Industry Exposure is the sum of Controversial Industry exposure that has been known to negatively impact society or the health of people. i.e. adult industries, alcohol, defence, fossil fuels, gambling, nuclear, opioids and tobacco. Greenwashing Risk represents the company’s exposure to controversial industries related to the environment and takes into account any environmental fines against the company. Carbon Risk is a single metric used as a proxy for combined Scope 1, 2 & 3 reporting. It is calculated from fossil fuel exposure within a portfolio as a proportion of company revenue.

Notable Industry Developments

Climate Change and sustainability policy

- Britain’s newly-elected Labour government took early action by approving 1.3GW of solar capacity in its first week in office, as well as increasing subsidies in a capacity auction focused on offshore wind. The government’s Great British Energy company announced a partnership with King Charles III’s Crown estate, owners of the UK’s seabed to further the roll-out of offshore wind.
- Germany’s cabinet approved draft legislation to reduce subsidies to renewable generators after their estimated cost in 2024 doubled from €10 billion to €20 billion. Declining wholesale power prices relative to the prices guaranteed to renewable producers increases the state’s liability. Bild, Germany’s leading tabloid, complained of “electricity madness”.
- Natural catastrophe-driven insured losses were 70% above average during the first half of 2024, according to reinsurer Munich Re. The reinsurer said climate change was a clear contributor, citing unusual events such as floods in Dubai. The loss in the period was \$120b.
- 21 July was the hottest day ever recorded according to the EU’s Copernicus Climate Change Service, capping twelve months in a row of breaching the aspirational threshold of a 1.5 degree temperature rise.
- Taiwan shut down its second last nuclear power plant, at Maanshan. Taiwan is pivoting from coal and nuclear power towards LNG. This arguably hurts Taiwan’s energy security: LNG is more difficult to store than coal or nuclear fuels, meaning running on LNG will reduce Taiwan’s ability to withstand a blockade.

Sustainable Energy

- State Grid of China was reported to increase spending by 13% in 2024 while its smaller peer China South Power Grid will increase spending on network upgrades by 50% by 2027. China continues to increase renewable generation, often in



locations distant from load centres. During the month a vast 29GW offshore wind project off the coast of Shanghai was approved.

- The US' PJM Interconnection transmission grid, which covers 13 states in the eastern US, saw a record price at a capacity auction, providing generators with a fixed payment for guaranteeing future supply. The price for 2025/26 capacity was set at \$270/MW-day, compared to a prior record of \$174 for the 2010/11 year and \$29/MW-day for 2023/24. The increase reflects closure of older generation plants amid robust demand growth from sources such as data centres. Data centre developers in Texas are requesting so much power capacity that politicians from both parties as well as utility executives expressed concern about managing the growth. The Texan grid is not connected to grids elsewhere in the US. The Fund's investments in transmission cable manufacturer Prysmian, grid hardware leaders Siemens Energy and GE Vernova, and US engineering and construction specialist Mastec stand to benefit from increasing investment in transmission and distribution infrastructure to address some of these challenges.
- SunPower, a former leading panel manufacturer and installer in the US, filed for bankruptcy. Founded in 1985, the company has long struggled to compete with newer entrants and cheaper manufacturing in Asia. In 2020 it ceased manufacturing operations to focus on installation but rising interest rates and subsidy cuts created challenges to this business too.
- The US offshore wind energy industry suffered an unfortunate setback when part of a blade from one of the few turbines in the US failed. The manufacturer, GE Vernova, a Fund holding, said it would inspect all its turbines. The turbine was located off Nantucket, a very affluent community, whose representatives have already indicated plans for legal action after nearby beaches were temporarily shut.
- Luxcara, which is developing an offshore wind project in Germany, signed a preferred turbine supplier arrangement with Chinese producer, Ming Yang to supply 16 of the company's 18.5MW turbines.
- In a setback for its nuclear Small Modular Reactor (SMR) efforts, Electricite de France announced that it would work on a new design for its SMR reportedly because it chose the "wrong design" for the steam generator in its initial efforts.

Sustainable Industry

- Germany approved €4.6 billion in subsidies to hydrogen infrastructure projects around the country, under an EU programme announced earlier in 2024.
- Conversely, Fortescue announced that it was scaling back its green hydrogen endeavours, cutting 700 jobs.
- Google has ceased claiming to be carbon neutral, and now says it is working towards net zero by 2030. Its prior claims relied on the usage of carbon credits. A recent study raised question marks over the effectiveness of carbon credits.
- Microsoft and Occidental signed a carbon credit deal whereby the oil producer will sell carbon credits from its first Direct Air Capture project in West Texas, due to come online in 2025.
- PepsiCo signed an agreement with fertiliser producer Yara to supply progressively rising volumes of green ammonia by 2030.

Sustainable Transportation

- Air New Zealand became the first airline to abandon 2030 emissions targets, citing insufficient supply of sustainable aviation fuel (SAF), as well as full production schedules for more efficient aircraft at leading suppliers Airbus and Boeing. Executives from Air NZ and multiple other airlines have discussed the difficulty of delivering on 2050 targets given the current trajectory for SAF production. Fund holding, Darling Ingredients, updated the status on its upcoming SAF refinery, affirming that production is expected to start this year and signing a first contract with Jet Blue at JFK airport.
- BYD took several steps to increase its sales outside China. The company began the process of seeking approval to sell its EVs in Canada, despite Canada's government being in the process of applying tariffs to Chinese EVs. It also announced a deal with ride-hailing service Uber to offer favourable terms to Uber drivers with a goal of putting 100,000 BYD EVs on Uber's platform. The deal will be rolled out across most of the globe including Australia and New Zealand, but not the US. Additionally, it announced an agreement to build a factory in Turkey, which has a customs agreement with the European Union.
- European indigenous battery manufacturer, Northvolt, told the Financial Times that new factories could be delayed reflecting difficult operating and profit performance at its first facilities. Similarly, Umicore delayed plans for a battery materials plant in Canada, citing consumer adoption that has fallen short of the company's expectations.
- Korean operators, Hyundai and LG Energy Solutions started operating a battery plant in Indonesia's West Java province, three years after first announcing the project.
- Tesla CEO said on its June-quarter earnings call that "the value of Tesla overwhelmingly is autonomy" in a report one broker titled 'trying not to be a car company'. The company plans to hold a (delayed) robotaxi reveal event in October. The Wall Street Journal unveiled an investigation into the company's crash history accessing autopilot data that the company has not released publicly.



- Baidu, which provides maps to Tesla in China, already has a robotaxi offering in China and recently held its own event to highlight its progress. Google announced during their results presentation that it was contributing a further \$5 billion to Waymo, its self-driving project.
- The UK's Network Rail said it would invest £2.8 billion to improve the network's climate resiliency, noting severe weather had been its greatest challenge in the last year. The month saw commuter trains across the US Northeast operate under speed restrictions or even cancelled due to high temperatures.
- Volkswagen (VW) said that under its previously announced collaboration agreement with Chinese EV manufacturer Xpeng the companies will jointly develop electrical and electronic architecture for VW's China-made vehicles. This agreement is similar to a recent agreement VW signed with US EV pure-play Rivian.



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.



SUSTAINABLE PLUS

CERTIFIED BY RIAA

Nanuk New World Fund

Type: Global Equities
Responsible Entity: Equity Trustees Limited
Total Management Costs: 1.1% p.a.

Distribution frequency: Annually as of 30 June
Currency: AUD
AUM (AUD as at 31 July 2024): \$856m

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	ETL0535AU
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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