

# 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 declined 0.5% in September, underperforming conventional global equity benchmarks, such as the MSCI All Country World and FTSE All World net total return indices, which declined approximately 0.1% in Australian dollar terms. The returns of the Fund's unhedged unit class were negatively impacted by the strengthening of the Australian dollar during the month, with the Fund's currency hedged unit class mitigating this impact and delivering a return of 1.2%.

Over the quarter to 30 September the Fund returned 4.2%, outperforming conventional global equities benchmarks by approximately 1.5%. The Fund's currency hedged unit class returned 5.5% over the same period.

The Fund's holdings delivered mixed returns during the month and were impacted negatively by the strong performance of Chinese and Hong Kong listed equities (where headline indices rose ~20% but to which the Fund has no direct exposure) in response to proposed fiscal and monetary stimulus. This was partially offset by outperformance of holdings that stand to benefit from a recovery in the Chinese economy. Similarly, there were mixed contributions from stocks exposed to the huge investment in generative AI and its potentially widespread commercial application, with progress in capturing the potential benefits of this trend emerging at different rates for different companies.

### Class A – Unhedged Units

	1 Month	YTD	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	SI p.a. <sup>1</sup>
<b>Fund Return (%)</b>	<b>(0.5)</b>	<b>20.7</b>	<b>29.9</b>	<b>24.5</b>	<b>8.9</b>	<b>11.3</b>	<b>12.7</b>
Global Equities <sup>2</sup> (%)	0.1	16.7	22.5	21.4	9.6	11.5	11.0
Value Added (%)	(0.6)	4.0	7.4	3.0	(0.7)	(0.3)	1.8

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. <sup>1</sup>
<b>Fund Return (%)</b>	<b>1.2</b>	<b>22.2</b>	<b>36.8</b>	-	-	-	<b>33.6</b>
Global Equities Hedged to AUD <sup>2</sup> (%)	1.9	18.3	29.2	-	-	-	31.5
Value Added (%)	(0.7)	3.9	7.6	-	-	-	2.2

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





The fund saw further strong gains on its exposure to increasing investment in electricity grids and renewable energy generation, led by **Siemens Energy AG** (+28%) – a leader in gas and steam turbines, grid technology and offshore wind turbines – and its recently listed US peer **GE Vernova Inc.** (+27%). US-based engineering and construction firm **Mastec Inc.** (+9%) also benefitted due to its significant level of involvement in transmission and distribution projects.




The Fund's positions in global leaders in elevators, **Otis Worldwide** (+10%) and **Kone Oyj** (+11%), performed strongly on news of stimulus in China. Declining construction volumes in China have been a major headwind to their earnings in recent years so this stimulus came as welcome relief.



Finnish company **Valmet Corp** (+15%), a leader in process technologies and automation equipment for the pulp, paper and packaging industries, performed well primarily in reaction to news of an exceptionally large €1 billion order for a new pulp mill in Brazil. Like the elevator manufacturers, this represented something of a break in trend after several quarters of weak capital equipment orders.



**Oracle Corporation** (+21%) shares rallied on a strong earnings report followed by bullish medium-term targets at its Investor Day. The driver of both was Oracle's growing presence in Cloud and AI.



The Fund's holding in **Samsung Electronics** (-15%) under-performed amid downgrades to its earnings estimates based on lower expectations for its semiconductor manufacturing business, in part due to qualification for its HBM3E high bandwidth solid state memory product, used in Gen-AI applications, taking longer than expected.






Several of the Fund's holdings that manufacture automotive electronics components underperformed as auto manufacturers reported ongoing challenges including increased competition from Chinese automakers and suppliers. BMW and Stellantis both issued profit warnings during September while Volkswagen explained the termination of a 30-year old job security program in Germany by saying "new competitors are pushing towards Europe" (Note, the Fund does not hold positions in these companies). There were also reports of non-Chinese suppliers such as Mobileye losing market share with Chinese customers. The Fund's direct exposure to the auto industry is not large but positions in several companies that serve the automotive market underperformed, including **Littelfuse** (-3%), **Texas Instruments** (-4%), **Melexis** (-8%) and **Renesas Electronics** (-16%).



Global payment processing technology and services business **Global Payments Inc.** (-8%) lagged on issuance of below-expectations medium-term targets at an Investor Day. The company plans to grow faster than GDP, but questions were raised as to whether it is growing fast enough to keep up with competitors.



## New Investments



### Agilent Technologies

**Agilent Technologies, Inc.** provides laboratory instruments, software, services and consumables to the life sciences, diagnostics and applied chemical markets. It is eligible for the Fund's investment universe as its analytical and diagnostic technologies enhance efficiency within healthcare and other industries. Agilent's earnings have declined as customers work off a COVID-era spending binge, and we believe are set to recover more than the market expects as this process concludes. Its valuation is relatively undemanding and its track record of organic growth and particularly margin expansion is impressive.



### Rockwell Automation

**Rockwell Automation, Inc.** is an industrial automation company, offering products such as controllers and drives, embedded and cloud-based software, and supporting services. It is eligible for the Fund as its automation offerings enhance industrial efficiency. We expect Rockwell's earnings to also recover ahead of market expectations. Its customers are working off prior over-ordering, in Rockwell's case in reaction to supply chain shortages in late 2021 and 2022. In addition, Rockwell has a very strong position in the US and should benefit as the factory construction wave the Inflation Reduction Act helped catalyse in the US completes and factories enter the production phase. Its valuation is also relatively undemanding.

## Exited Positions and Other Portfolio Changes

The Fund exited its position in Japanese sustainable housing developer Sekisui House following good performance. The Fund's holding in US diversified industrial products business Dover Corporation was reduced to fund the two new positions mentioned above.

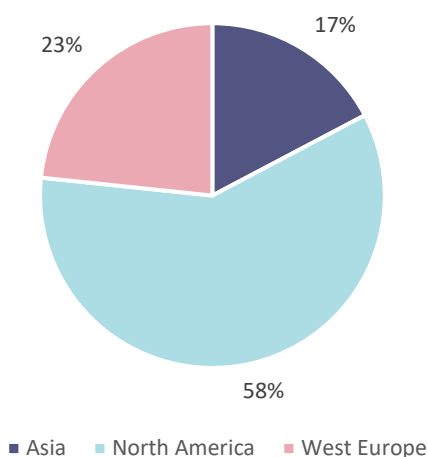
## Top 10 Holdings

Security Name	Weight (%)	Country	Sector
Microsoft Corporation	4.9	UNITED STATES	Efficient Businesses and Economies
CDW Corporation	4.8	UNITED STATES	Sustainable & Efficient Industry
Taiwan Semiconductor Manufacturing Co., Ltd.	4.4	TAIWAN	Sustainable & Efficient Industry
Otis Worldwide Corporation	4.1	UNITED STATES	Sustainable Cities and Infrastructure
Littelfuse, Inc.	4.1	UNITED STATES	Sustainable & Efficient Industry
Zebra Technologies Corporation Class A	4.0	UNITED STATES	Sustainable & Efficient Industry
Texas Instruments Incorporated	3.1	UNITED STATES	Sustainable & Efficient Industry
Bureau Veritas SA	2.9	FRANCE	Sustainable & Efficient Industry
NVIDIA Corporation	2.6	UNITED STATES	Sustainable & Efficient Industry
Valmet Corp	2.3	FINLAND	Sustainable Consumption

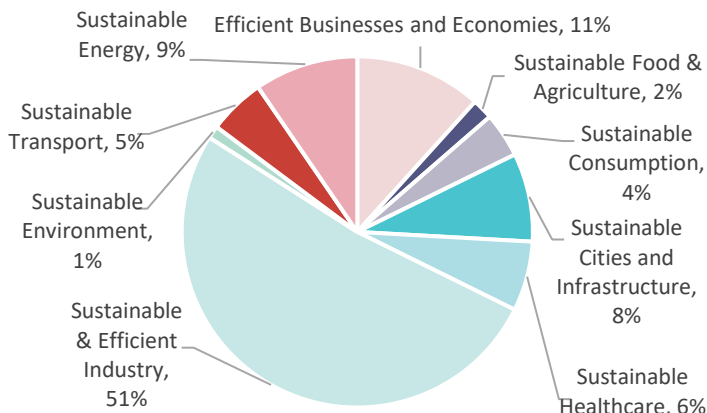


## Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



## Market Commentary

Global equities indices such as the MSCI All Country World and FTSE All World net total return indices rose by approximately 2.3% during September. US equities rose similarly, with the S&P 500 index up 2.0% and the technology heavy Nasdaq Composite index up 2.7%. Smaller capitalisation companies continued to underperform with the Russell 2000 index rising only 0.6%. European equities also rose, with the STOXX 50 index up 0.6%. Asian equities were mixed. The Chinese and Hong Kong equity markets rallied strongly, with Hong Kong’s Hang Seng index up 17.5% and China’s Shanghai Shenzhen Composite index up 21%, whereas Japan’s Nikkei 225 index declined during the month.

Moves in monetary settings by the US Federal Reserve, the European Central Bank and the People’s Bank of China impacted equity, fixed income and foreign exchange markets during the month.

The strong rally in Hong Kong and Chinese shares came after a range of both monetary and fiscal stimulus measures were announced in China prior to the end of the month. China has seen weakening economic growth and the country’s real estate sector remained under pressure. It is not yet clear whether the announced stimulus will be sufficient, but the moves served to catalyse positive equity returns in China’s share markets while also boosting the share price for developed market companies where China is a critical end market.

The RBA’s lack of policy easing served to move the Australian dollar higher during the month. The Chinese stimulus announcements also contributed to this move as China is such a key trading partner for Australia and with an upward move in key commodities, such as iron ore.

Politics were also in the news with Japan announcing a new Prime Minister, Shigeru Ishiba, which had an impact on Japanese financial markets due to expectations of increased corporate tax rates. The two US Presidential candidates held what is likely to be their only debate of this election cycle, but this had little impact on markets or the expected outcome of a very closely contested election.

## Notable Industry Developments

Climate Change and government policy

- Trade tensions with China continued.
  - The EU said it will act to limit the purchase of Chinese electrolyzers, used to produce so called green hydrogen, to 25% of capacity in an upcoming €1.2 billion auction.



- The US proposed a ban on Chinese content in American vehicles. Officials indicated a goal to enact the rule by January 2025 with enforcement beginning in 2026 for software and 2029 for hardware.
- China's Chery Automobile said it was delaying plans to assemble partially built EVs imported from China in Spain by a year in response to EU tariffs on Chinese EVs.
- European automakers warned below-expectations EV sales put them at risk of billions of euros in fines for failing to hit emissions reduction targets, asking for the targets to be eased. Meanwhile Italy's Energy Minister called for the EU's 2035 ban on internal combustion powered vehicles to be delayed.
- The UK said it would require 1.2 million rented homes, or about 4% of its housing stock, to improve their energy efficiency from an E rating to at least a C on a scale of G to A.
- The UK achieved a landmark, positive climate milestone, closing its last remaining coal-fired power station during the month. The Ratcliffe-on-Soar power station in Nottinghamshire had been operating since 1967
- The continental US experienced its most lethal hurricane, Helene, since Katrina in 2005, with at present over 200 reported fatalities and almost 700 people missing. Economic losses are projected, at this time, to be more than US\$200 billion. US President Joe Biden and Federal Emergency Management Administration (FEMA) head Deanne Criswell both said climate change contributed to the storm's heavy toll. Note Hurricane Maria killed almost 3,000 people in the US territory of Puerto Rico in the Caribbean in 2017.

#### Sustainable Energy

- The Three Mile Island nuclear power generation plant in Pennsylvania said it would restart thanks to a power purchase agreement with Microsoft, whose energy needs are rising due to the huge power requirements for training and running AI models. Relatedly, Ireland held a clean-energy auction focused on meeting data centre needs, while its power network operator imposed rules that prioritised data centres able to generate their own power for connection to the grid.
- The UK held an offshore wind auction which saw prices rise 45% from the prior successful auction, in 2022. Most of the projects in 2022 have not been constructed, however, as the industry suffered with cost inflation. In 2023 the auction failed. 4.9GW of capacity will be supported via this year's auction. The improvement in pricing for offshore wind projects stands to benefit the Fund's holdings in leading offshore wind turbine manufacturers Siemens Energy and GE Vernova, and subsea cable leader Prysmian. The auction also supported 4.7GW of other sustainable generation such as 3.3 GW of solar.
- Geothermal power saw two important announcements in the month. Meta Platforms announced an agreement with Sage Geosystems to utilise its carbon free power for Meta's data centres. The Indonesian government won pledges of \$2 billion from existing and new producers to expand the country's existing, and start new, geothermal plants.

#### Sustainable Industry

- Australia released a National Hydrogen Strategy, updating a prior 2019 version. It aims to use A\$8 billion in government support to attract A\$50 billion in private capital investment in the technology, supporting production of 500,000 tons of green hydrogen annually. Australia signed a deal with the German government for \$660 million of shared investment in Australian projects as part of the initiative.

#### Sustainable Transport

- BMW said it would partner with Toyota to offer hydrogen-powered cars, with mass production starting in 2028. So far hydrogen powered passenger vehicles have fallen short of expectations, massively lagging battery powered vehicles.
- BYD continued to stand out from competitors by raising its production goal for 2024, from 3.6m to 4m vehicles. Export sales were weaker, with a goal of 450,000 slightly down from a prior target of 500,000, but still up roughly 100% from 2023.
- Chinese EV battery giant CATL highlighted its plans for heavy duty trucking at a major conference in Germany, including a battery with a 2.8m kilometre lifespan. CATL's plans include a battery-swapping network.
- Japanese battery manufacturer Panasonic, which supplies Tesla, said it was ready for mass production of its next-generation, cylindrical 4680 battery. 4680 refers to cells of a 46mm diameter and 80mm length, producing a volume roughly 5 times that of the established 2170 form-factor. It has been heralded by Tesla since its 2020 battery day and Tesla is also currently working on achieving mass production of this type of battery.
- European indigenous battery leader, Northvolt, cut 20% of staff amid discussions with its financiers aimed at accessing additional funds for operations and investment. The company delivered its first batteries more than two years ago but has struggled to scale output as intended and has seen order cancellations from the region's auto manufacturers.
- Australia miner Fortescue said it would spend \$2.8b on replacing two-thirds of its haulage trucks in Western Australia with 475 electric vehicles, of which 360 will be autonomous.
- Germany's Siemens, in which the Fund has a holding, said it would carve out its EV charging operations as a separate business in an effort to accelerate growth.



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	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 30 September 2024): \$851.0m

Product	Nanuk New World Fund (Managed Fund)		Nanuk New World Fund (Currency Hedged) Active ETF	
	Unquoted Managed Fund	ETF	Currency Hedged Unquoted Mgd Fund	ETF
<b>APIR / ASX CODE</b>	SLT2171AU	SLT2171AU / NNUK	ETL0535AU	ETL0535AU / NNWH
<b>Currency Hedging</b>	Unhedged		Hedged to AUD	
<b>Inception</b>	2 November 2015		30 May 2023	
<b>Buy/Sell Spread</b>	0.25%	ASX bid-offer spread *	0.25%	ASX bid-offer spread *
<b>Platform Access</b>	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	ASX & platforms that provide access to ASX listed investments

\* 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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