

# 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 1.4% in August, fractionally underperforming conventional global equity benchmarks, such as the MSCI All Country World and FTSE All World net total return indices, which declined approximately 1.3% in Australian dollar terms – with the decline attributable to a strengthening of the Australian dollar during the month.

The month saw significant divergences in sector and regional performance, discussed in the market commentary below. The Fund similarly experienced a wide variation in individual stock returns but industry and geographic diversification led to an outcome in line with broader indices.

### 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>(1.4)</b>	<b>21.3</b>	<b>24.2</b>	<b>21.4</b>	<b>7.4</b>	<b>11.8</b>	<b>12.9</b>
Global Equities <sup>2</sup> (%)	(1.3)	16.6	17.8	19.2	8.4	12.0	11.1
Value Added (%)	(0.0)	4.8	6.5	2.2	(1.0)	(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. <sup>1</sup>
<b>Fund Return (%)</b>	<b>1.3</b>	<b>20.8</b>	<b>29.2</b>	-	-	-	<b>23.2</b>
Global Equities Hedged to AUD <sup>2</sup> (%)	1.7	16.1	22.3	-	-	-	<b>21.1</b>
Value Added (%)	(0.4)	4.7	6.9	-	-	-	<b>2.1</b>

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.**

Since Inception numbers for both fund and global equities corrected due to initial calculation error



## Key Contributors to Fund Performance

### Medtronic



ResMed



The Fund benefited from the strong performance of several positions in the medical technology sector in August, all of which delivered earnings reports that led to upgrades to forward financial estimates. These included **Medtronic Plc** (+10%) which has a highly diversified portfolio including equipment for minimally invasive procedures; sleep apnoea and chronic obstructive pulmonary disease (COPD) manufacturer **ResMed Inc.** (+15%); **Shimadzu Corporation** (+12%) which offers analytical instruments, most notably chromatographs and mass-spectrometers; and **Tandem Diabetes Care, Inc.** (+17%) which produces automated insulin delivery systems.



**Fortinet, Inc.** (+32%) provides firewall and other secure networking products. Its share price rose after June-quarter results where both revenue and margins exceeded expectations despite a market environment management indicated remains challenging - but that they expect to improve next year. This resulted in a major increase to 2024 guidance and future year earnings estimates.



As in July, performance of the Fund's positions exposed to artificial intelligence (AI) was varied. Japanese automated test equipment leader **Advantest Corp.** (+14%) was a notable contributor. The advanced high-performance computing and AI chips which are being aggressively deployed are increasingly complex and require intensive testing, driving demand for Advantest's services which led to an upgrade to its March-2025 financial year guidance. The Fund's holdings in the cloud infrastructure giants **Amazon.com, Inc** (-4%) and **Microsoft Corporation** (0%) underperformed, as did memory semiconductor manufacturer **Samsung Electronics** (-9%).

## New Investments



**Melexis NV** provides analog semiconductors primarily for the automotive sector, including sensors, wireless communication, and power management. Its share price has fallen on expectation of a significant decline in sales as recently experienced by many of its peers. We believe commentary from suppliers, customers and distributors indicates that the probability of this outcome is low, positioning the stock to materially outperform.



### Exited Positions and Other Portfolio Changes

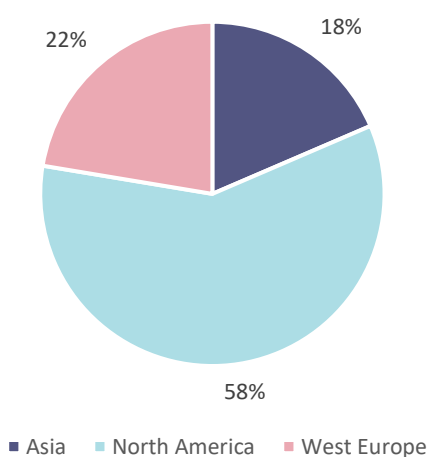
The Fund did not exit any positions during August. The Fund’s position in Swedish security products leader Assa Abloy was reduced while positions in IT solutions and services leader CDW, paper-based packaging specialist Graphic Packaging and advanced semiconductor capital equipment supplier ASML were increased following declines in their respective share prices.

### Top 10 Holdings

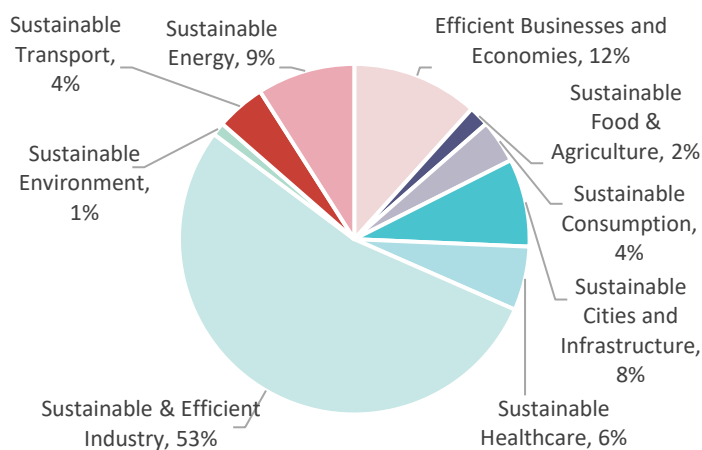
Security Name	Weight (%)	Country	Sector
Microsoft Corporation	4.9	UNITED STATES	Efficient Businesses and Economies
Taiwan Semiconductor Manufacturing Co., Ltd.	4.5	TAIWAN	Sustainable & Efficient Industry
Zebra Technologies Corporation Class A	4.3	UNITED STATES	Sustainable & Efficient Industry
CDW Corporation	4.2	UNITED STATES	Sustainable & Efficient Industry
Littelfuse, Inc.	4.2	UNITED STATES	Sustainable & Efficient Industry
Otis Worldwide Corporation	4.0	UNITED STATES	Sustainable Cities and Infrastructure
Texas Instruments Incorporated	3.6	UNITED STATES	Sustainable & Efficient Industry
Bureau Veritas SA	3.0	FRANCE	Sustainable & Efficient Industry
Dover Corporation	2.9	UNITED STATES	Sustainable & Efficient Industry
NVIDIA Corporation	2.7	UNITED STATES	Sustainable & Efficient Industry

### Portfolio Positioning

Regional Weights (%)



Sector Weights (%)



## Market Commentary

Global equities markets experienced increased volatility in August, with the VIX US market volatility index rising dramatically in the early days of the month. Conventional global equities, such as the MSCI All Country World and FTSE All World net total return indices, rose approximately 2.4% in US dollar terms – however strong headline returns were bolstered by a notable weakening of the US dollar against other major currencies and disguised major moves in other markets.

Significant equity market moves coincided with varied actions taken by prominent central banks and weaker than anticipated economic data in the US. The Bank of England cut benchmark interest rates, the US Federal Reserve flagged a likely cut in September whereas the Bank of Japan (BoJ) lifted rates. The latter led to a continued strengthening of the Japanese Yen, which moved from a low of ¥162/US\$ in early July to ¥144 by the first week of August. The Japanese Nikkei 225 index fell by around 25% over the same time frame. However, by the end of August, the index had recovered around 2/3 of that fall in local currency terms and a greater amount taking into account the strengthening of the Yen.

The US S&P 500 index rose 2.3%, however the technology focused Nasdaq Composite Index lagged, up only 0.6%, and the smaller capitalisation Russell 2000 index was down 1.6%. European equities rose, with the Euro STOXX 50 index up 1.7%, and in US dollar terms 4.0% due to the strengthening of the Euro against the US dollar. Asian equity markets were mixed, with Japan's Nikkei 225 index down 1.2% in local currency terms and Hong Kong's Hang Seng Index up 3.7%.

As highlighted above the US dollar declined during August, falling around 2.6% using the broad US dollar index (which measures the move against a basket of major world currencies). The Australian dollar rose 3.4% against the US dollar, which has the effect of reducing the return of the unhedged unit class of the Fund. The opposite applies during periods in which the Australian dollar weakens against other major currencies. The Fund's currency hedged unit class uses forward currency contracts to substantially offset the direct impact of such movements in the Australian dollar with the objective that the returns of this class more closely reflect the performance of the Fund's holdings in their local currencies.

## Notable Industry Developments

### Climate Change and sustainability policy

- Reduced air pollution over the decade to 2022 has increased life expectancy in China by two years, estimated researchers from the University of Chicago. The World Health Organisation estimates that air pollution is associated with seven million premature deaths annually across the globe.

### Sustainable Energy

- Australia's Energy Market Operator forecast an improved reliability outlook relative to the prior year in its annual "Electricity Statement of Opportunities" report, due to a mix of developments including increased energy storage and transmission capacity, more rooftop solar which does not consume transmission capacity, a two-year life extension for the 2.9GW Eraring coal power station, and reduced demand growth due to slower electric vehicle (EV) deployment. Wind and solar power provided 52% of midday power demand in the June quarter, up from 25% five years before.
- The Australian government cleared the first phase of Mike Cannon-Brookes' A\$30 billion project to export solar energy from north-western Australia to South-East Asia via a subsea cable.
- Britain's energy regulator Ofgem approved a \$4 billion 'electricity superhighway' under the North Sea, to help export power from windy but low-population northern Scotland to England while raising the windfall tax applied to North Sea oil and gas profits. The Fund's investments in subsea cable manufacturer Prysmian Group and grid technology and hardware suppliers Siemens Energy and GE Vernova stand to benefit from these large projects and others aimed at increasingly interconnecting electricity networks.
- China approved permits for 11 nuclear reactors, similar to 10 each of the prior two years. The investment associated with this year's round approval is said to be over \$31 billion.
- Dominion Energy, the utility serving the "Data Center Alley" in northern Virginia which has the world's largest concentration of data centres, said it expects wait times for connections for large data centres to rise by between one and three years, reaching up to seven years.
- Reliance Industries' CEO Mukesh Ambani announced new energy "will be the new jewel in Reliance's crown". The Indian conglomerate aims to install of 100 GW of renewable energy capacity by 2030, for which its existing resource-intensive operations will be ready customers.
- The city of Shanghai said it is planning to add at least 1 GW of floating energy storage alongside the 29 GW offshore wind park it is developing, discussed in last month's investor report. The city's plans also include 1 GW of floating solar panels.



### Sustainable Industry

- Two green hydrogen related initiatives were cancelled in August. Danish energy company Ørsted ceased the development of its e-Methanol facility, two years after its final investment decision to proceed with the project while Marathon Petroleum announced it was no longer pursuing its Prairie Horizon Hydrogen project.
- Porsche agreed to become a shareholder in embattled German battery maker, Varta in a deal with creditors. The company will emerge with a 32% stake in the company that provides the lithium-ion cells for the hybrid 911.
- The lithium industry saw some notable cuts to planned future production in the wake of ongoing falls in the battery material's price. Albemarle announced that one of its two processing trains at Kemerton would be put into "care and maintenance" while the plan to build a third train would be scrapped. Arcadium Lithium suspended or delayed two of its four global expansion projects. However, Australian miner Liontown Resources announced it had reached first lithium production at its 400,000 ton Kathleen Valley project and World no 2 producer, SQM, vowed to keep growing its cost-leading Chilean production.

### Sustainable Transportation

- The automotive industries continues to grapple with the impact of Chinese EV exports into major markets. The Chinese government lodged a complaint with the World Trade Organisation over EU tariffs. BYD said it aimed for exports to eventually grow to 50% of its revenue, amid announcing that it had agreed to buy its German distributor, Hedin Electric Mobility. Lotus Technology, majority owned by Chinese group Geely, cuts its 2024 delivery target by more half, blaming trade uncertainties and tariffs, as well as evolving market conditions. Geely controlled Polestar Automotive said it had moved assembly of one of its models from China to the US.
- While only one month's sales results, BMW topped the EV sales table in Europe for the first time in July, pushing Tesla back to second position. On year-to-date sales Tesla is still comfortably the leading EV marque in Europe but with sales down 12% y/y against manufacturers such as BMW (up 49%) and Volvo (up 104%) the gap is rapidly closing.
- Elsewhere the EV industry's growing pains continue. Jaguar Land Rover said it would spend a further \$4 billion on its powertrain in part because it will continue to develop ICE powertrains longer than previously anticipated, in response to a slower transition in customer demand. Market researcher J.D. Power cuts its forecast for battery electric vehicles' share of 2024 US vehicle sales to 9%, up from 7.6% in 2023 but down from the prior forecast of 12.4% amidst a slow-down in Ford's plans for its all electric product line up.
- However, penetration of EVs and plug-in hybrids continued to grow apace in China with chargeable vehicles accounting for more than 50% of sales for the first time ever in the month of July. Chinese consumers are benefiting from a hyper-competitive industry with a wide range of offerings right down to lowly priced city vehicles. Danish logistics operator DSV announced plans to buy 300 electric heavy trucks from Volvo with deliveries between 2024-26. DSV plans to own 2,000 electric trucks by 2030.



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 August 2024): \$846.3m

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)

## Investment Manager

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