

# Nanuk New World Fund (TGM Low Vol Overlay)



**NANUK**  
ASSET MANAGEMENT  
Investing Sustainably  
Managing Responsibly



**A low volatility “new world”  
global equity fund with  
reduced drawdowns and low  
market correlations**



- Australian firm, founded in 2009
  - Specialist focus – global environmental sustainability and resource efficiency
  - Long only and long-short global equity products
  - Based in Sydney, Brisbane and London
- Leading global overlay firm, founded in 1997
  - Specialist focus - rebalancing and currency overlays, low volatility equities strategies and systematic global macro and currency alpha strategies
  - Based in Brisbane and London
  - Over AUD\$35b FUA/M



## Product Overview

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- The Nanuk New World (TGM Low Vol Overlay) strategy combines investment in Nanuk's New World global equity strategy with a TGM managed low volatility overlay
- The strategy aims to provide equity like returns with significantly reduced volatility and drawdowns and low correlation to traditional equity products

### Nanuk New World Strategy

- Actively managed global equity strategy investing in industries related to sustainability
- Diversified, unhedged global portfolio
- Track record of outperformance
- RIAA rated Ethical Investment

### TGM Low Vol Overlay

- Active management of equity market exposure
- Structured and managed to limit drawdowns and reduce volatility
- Separately implemented via equity and bond futures and cash
- Optimized to underlying fund investments



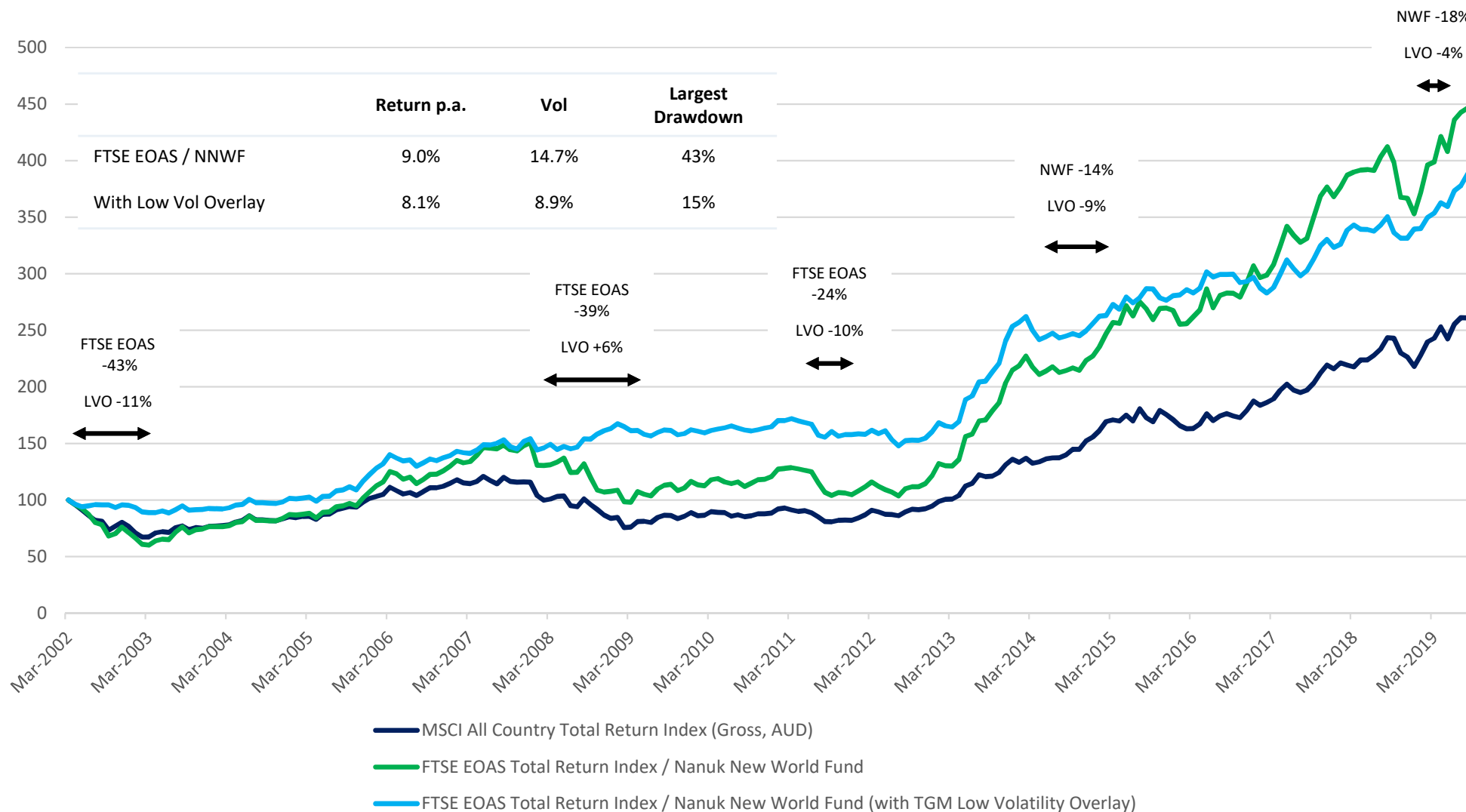
## How Does The Overlay Work?

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- The TGM Low Vol overlay is an option replication strategy that creates a put-option type protection for the underlying equity holdings
- 90% of NAV is invested directly in the underlying Nanuk New World fund and 10% held in cash to support margins for futures exposures
- The 'neutral' position is to be fully invested
- The overlay seeks to protect the fund's value from falling below a predetermined floor (in this case 85%) by using futures to shift exposure from equities to cash and bonds as the 'cushion' between the value of the fund and the floor falls (and vice versa).
- TGM's proprietary approach uses a variety of refinements to improve the long term returns achievable with this strategy
- The strategy differs from most 'low volatility', 'minimum volatility' or 'managed volatility' strategies which seek to reduce volatility and drawdowns through the selection of stocks with low volatility and low correlations.



# How Does it Compare?



Sources: Nanuk, TGM, Bloomberg, FTSE Russell, \$A. The New World Strategy and Fund performance constitutes the following: (1) Nanuk New World Fund net return since launch on 2 Nov 2015, (2) New World Fund Model return since 3 March 2015 net of estimated fees and expenses of 2.5% p.a. and (3) performance series based on the long book of the Nanuk Global Alpha Fund less an annualized expense ratio of 2.9% from 31 Jul 2012 to 13 March 2015. For the period from 1 April 2002 to 31 July 2012 the New World Strategy track record is illustrated by the gross performance of its benchmark index, the FTSE Russel Environmental Opportunities All Share Total Return Index. Past performance is not an indicator of future performance.

## Summary

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- Collaboration between two leading global equity and overlay managers
- Long run equity like returns
- Lower volatility and reduced drawdowns
- Low correlation with traditional indices and equity funds
- Sustainably themed, ethically rated, global equity portfolio

# Fund Overview

<b>Name</b>	Nanuk New World Fund (TGM Low Volatility Overlay)
<b>Type</b>	Low volatility global equities
<b>Investment Manager</b>	Nanuk Asset Management
<b>Low Volatility Overlay Manager</b>	Tactical Global Management Limited
<b>Custodian/Administrator</b>	RBC Investor Services Trust
<b>Investment Objective</b>	To provide superior risk adjusted returns to global equities over the longer term
<b>Performance Benchmark</b>	MSCI All Countries World Index
<b>Suggested Time Period</b>	Suggested minimum investment timeframe of 5 years
<b>Fund Currency</b>	AUD
<b>Investments</b>	Direct investment in Nanuk New World Fund, cash, fixed income and equity market index futures
<b>Distributions</b>	Annual distribution of income (30 June)
<b>Fees &amp; Expenses</b>	[120] bps including management fee and administration expenses
<b>Applications &amp; Redemptions</b>	Daily
<b>Minimum Investment</b>	\$50k via IPDS or direct wholesale investors
<b>Platform Access</b>	Platform availability will be based on demand. New World Fund currently on 15 platforms
<b>Research</b>	[TBC]

# Appendix



# Nanuk New World Fund

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- **A diversified, actively managed, global equity fund**
  - 65-70 stocks, high active share
  - Objective to provide long term outperformance of traditional global equity benchmarks
- **Investing in industries related to global sustainability and resource efficiency**
  - Differentiated portfolio offering risk and diversification benefits
- **Attractive portfolio characteristics reflecting Nanuk's fundamental investment approach**
  - Focus on quality, growth and valuation, mid-cap bias
- **Simple structure**
  - Unhedged, fully invested, no performance fee
  - PDS, platform and mFund accessible
- **A sustainable and ethical investment product**



## Portfolio Characteristics

*Characteristics consistent with investment approach and universe*

	New World Fund	FTSE EOAS (benchmark)	MSCI All Country World Index
Number of Stocks	70	483	1,414
Weighted Median Market Cap (US\$bn)	19.8	28.6	58.3
PE Ratio (FY1)	18.1	19.1	16.4
ROE (FY0)	20.3%	17.2%	18.9%
Forecast EPS growth (FY1 > FY3)	10.8%	11.6%	12.7%
Dividend Yield	1.8%	2.1%	2.5%
Turnover (trailing 12 mths)	81.8%		
Predicted Volatility (USD returns)	13.0%	12.4%	12.0%
		vs EOAS	vs MSCI ACWI
Predicted Tracking Error		4.4%	4.3%
Active Share		83%	92%
Upside / Downside Capture ( <i>since inception</i> )		103% / 92%	116% / 87%



# Nanuk New World Fund Performance

<b>Nanuk New World Fund (AUD, %) 30 Sep 2019</b>	<b>1 mth</b>	<b>YTD</b>	<b>1 yr</b>	<b>2 yr (pa)</b>	<b>3 yr (pa)</b>	<b>Since Fund Inception<sup>1</sup> (pa)</b>
<b>New World Fund Return (%)</b>	<b>1.7</b>	<b>28.8</b>	<b>14.6</b>	<b>14.4</b>	<b>17.6</b>	<b>14.6</b>
<b>FTSE EOAS Benchmark Return<sup>2</sup> (%)</b>	<b>3.3</b>	<b>24.8</b>	<b>12.9</b>	<b>13.7</b>	<b>15.8</b>	<b>12.6</b>
<b>Value Added (%)</b>	<b>(1.6)</b>	<b>4.0</b>	<b>1.8</b>	<b>0.7</b>	<b>1.8</b>	<b>2.0</b>
<b>MSCI ACWI Return<sup>3</sup> (%)</b>	<b>2.0</b>	<b>21.3</b>	<b>8.8</b>	<b>13.8</b>	<b>14.4</b>	<b>9.8</b>
<b>Value Added (%)</b>	<b>(0.3)</b>	<b>7.5</b>	<b>5.9</b>	<b>0.6</b>	<b>3.2</b>	<b>4.8</b>

Sources: Factset, SQM, Nanuk, Fund Performance: Notes (1) Inception date November 2, 2015 (2) Benchmark = FTSE EOAS TR \$A (3) MSCI ACWI TR \$A. Past performance is not an indicator of future performance



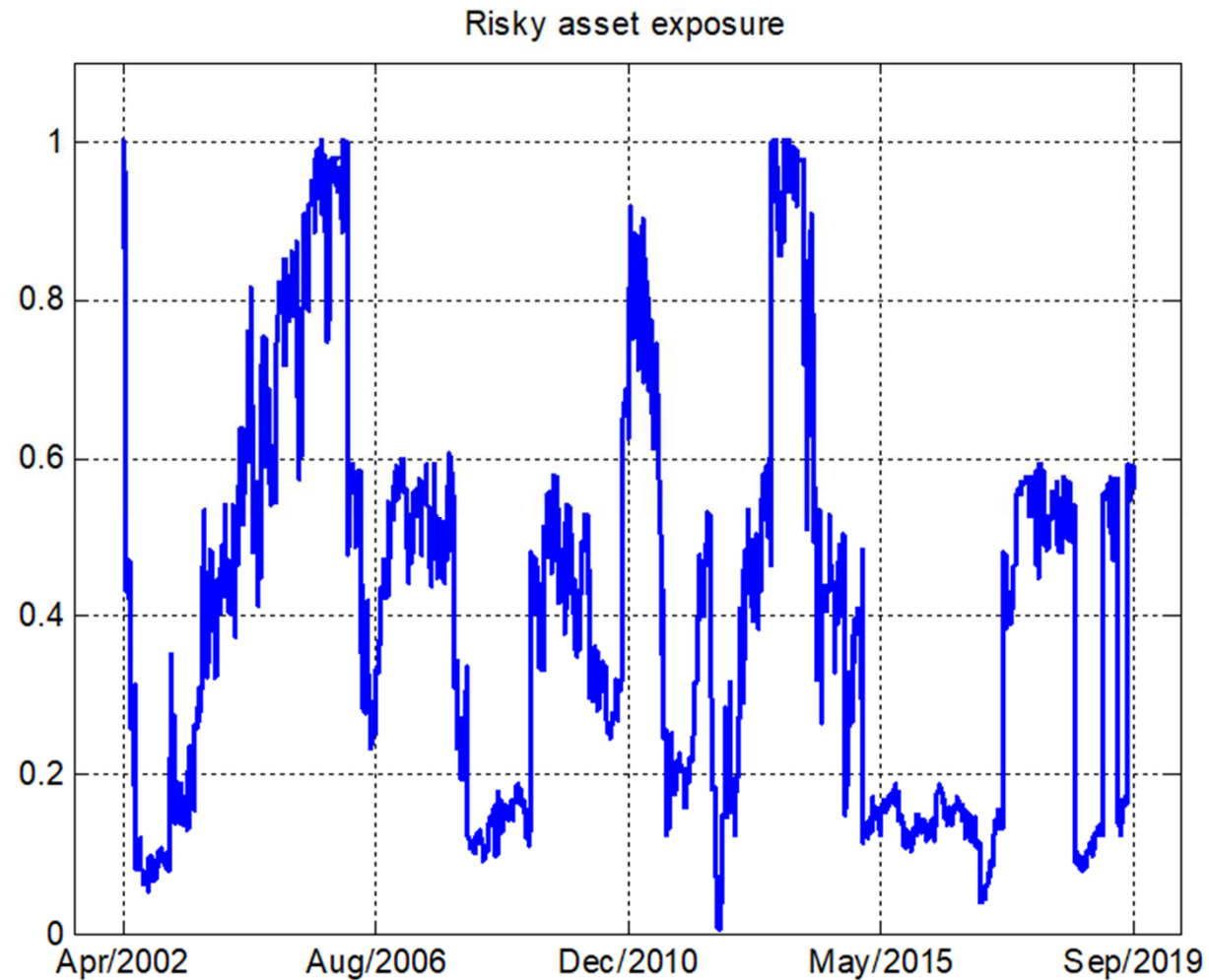
## 'Low Volatility' Products

Fund Name	Inception	Retail	FUM (AUDm)	Strategy	Currency Hedged	Beta*	Vol*	Performance Q4 2018
BetaShares Managed Risk Global Share Fund	12/16/2015	Yes	62	Overlay (Milliman)	No	0.4	9%	- 9%
Vanguard Global Minimum Volatility	7/6/2015	Yes	26	Stock selection	Yes	0.6	8%	- 7%
Lazard Global Managed Volatility	1/31/2017	Yes	117	Stock selection	No?	0.4	9%	- 6%
Acadian Global Managed Volatility Equity	1/19/2012	Yes	342	Stock selection	No	0.4	8%	- 9%
Fidelity Global Low Volatility	12/15/2017	No		Stock selection	No	0.4	8%	- 6%
MFS Low Volatility Global Equity Trust	2/26/2015	No	4	Stock selection	No	0.4	9%	- 6%
Nanuk New World Fund (TGM Low Volatility Overlay)		Yes		Overlay (TGM)	No	0.1	9%	up 1%

\* for period from relevant inception date to 30 June 2019. Note calculations periods differ.

Data source: SQM Research

## *Nanuk New World + TGM Low Volatility Overlay Exposure to Equities*





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