

Factsheet 30 April 2021

NIKKO AM ARK DISRUPTIVE INNOVATION STRATEGY

Assets are held in the Nikko AM Wholesale ARK Disruptive Innovation Fund. The Nikko AM ARK Disruptive Innovation Fund (retail) and Nikko AM KiwiSaver ARK Disruptive Innovation Fund invest in units in the wholesale fund, which the commentary refers to.

Market Overview

- During April, broad-based global equity indexes continued to appreciate as confidence in the V-shape increased.
- The US yield curve paused its rapid steepening as the 10-year Treasury bond yield settled in the 1.60% range. On Capitol Hill, the Biden Administration continued negotiations for a new infrastructure bill funded by tax hikes.
- Since the bottom of the market during the coronavirus crisis, growth stocks - particularly those associated with companies solving problems created by the pandemic - have outperformed value stocks significantly. This divergence could be a function of the “creative destruction” that innovation is fuelling in traditional value sectors like Financial Services, Energy, and Industrials.

Fund Highlights

- The portfolio benefited from sizeable moves in Tesla (TSLA), Square (SQ), Roku (ROKU), Sea (SE), and CRISPR Therapeutics (CRSP).
- The largest detractors from performance included Invitae (NVTA), Teladoc Health (TDOC), Spotify Technology (SPOT), Proto Labs (PRLB), Materialise (MTLS).

Performance

| | One month | Three months | One Year | Three Years (p.a.) |
|------------------------|-----------|--------------|----------|--------------------|
| Retail ³ | 2.25% | -14.68% | 76.42% | |
| KiwiSaver ³ | 2.27% | -14.40% | | |
| NASDAQ-100 | 3.36% | 7.63% | 32.73% | |
| Wholesale ¹ | -2.11% | -12.64% | | |
| Benchmark ² | 0.80% | 2.41% | | |

1. Returns are before tax and before the deduction of fees.

2. Absolute return of 10% per annum. No fees, expenses or taxes.

3. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any). Based on change in unit price.

Asset Allocation by Innovation Platform*

*Weights based on Manager’s model portfolio, which may vary from the actual portfolio and does not factor in cash positions

Investment Manager

The fund invests in the Nikko AM ARK Disruptive Innovation Fund managed by Nikko AM Americas. ARK Investment Management LLC is the Investment Adviser to Nikko AM Americas. Cathie Wood is ARK’s founder and portfolio manager and is a highly experienced thematic investor.



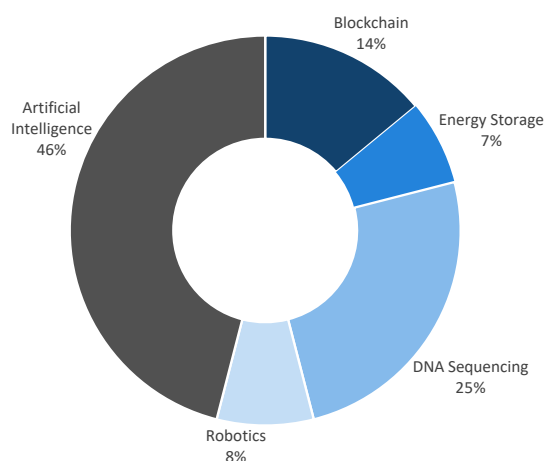
ARK’s transparent research approach is highly differentiated, seeking to capitalise on insights across multiple mediums.

The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies.

Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

Objective

The fund aims to achieve an absolute return of 10% per annum over a rolling five year period before fees, expenses and taxes.



Portfolio Composition (Underlying Fund*)

| | % | | % |
|-----------------------------|-------|-------------------------------|------|
| Cloud Computing | 11.66 | Beyond DNA | 3.50 |
| E-Commerce | 11.58 | Energy Storage | 3.14 |
| Digital Media | 10.17 | Blockchain & P2P | 2.97 |
| Big Data & Machine Learning | 7.55 | Autonomous Vehicles | 2.64 |
| Mobile | 6.98 | Targeted Therapeutics | 2.54 |
| Gene Therapy | 6.25 | Social Platforms | 2.35 |
| Molecular Diagnostics | 5.97 | Robotics | 2.08 |
| Internet of Things | 5.07 | Space Exploration | 1.10 |
| 3D Printing | 4.64 | Next Generation Oncology | 1.05 |
| Bioinformatics | 3.93 | Development of Infrastructure | 0.96 |
| Instrumentation | 3.88 | | |

Top 10 Holdings (Underlying Fund*)

| | % | Country |
|----------------------------|------|-------------|
| Tesla Motors, Inc. | 9.55 | US |
| Teladoc Health, Inc. | 5.75 | US |
| Square, Inc. | 5.10 | US |
| Roku, Inc. | 5.07 | US |
| Invitae Corporation | 3.92 | US |
| Zillow Group, Inc. | 3.55 | US |
| Crispr Therapeutics AG | 3.47 | Switzerland |
| Baidu, Inc. | 3.16 | China |
| Spotify Technology SA | 3.15 | Sweden |
| Exact Sciences Corporation | 2.95 | US |

Market Commentary (source: ARK Investment Management LLC)

During April, broad-based global equity indexes continued to appreciate as confidence in the V-shape increased. The US yield curve paused its rapid steepening as the 10-year Treasury bond yield settled in the 1.60% range. On Capitol Hill, the Biden Administration continued negotiations for a new infrastructure bill funded by tax hikes.

Since the bottom of the market during the coronavirus crisis, growth stocks - particularly those associated with companies solving problems created by the pandemic - have outperformed value stocks significantly. This divergence could be a function of the “creative destruction” that innovation is fuelling in traditional value sectors like Financial Services, Energy, and Industrials. That said, cyclical equities around the world now are benefiting as producers catch up with consumer and housing demand, and as significant capital spending declines in energy and other disrupted industries curb supply, supporting prices. The consumer saving rate in the US dropped from a record high 34% in April 2020 but, thanks to another round of fiscal stimulus, now is 27%, more than triple the 8% recorded prior to the pandemic, suggesting that pent-up demand will continue to support the recovery now underway.

As the coronavirus (COVID-19) strengthened its grip around the globe this past year, we have been gratified that government policymakers were laser-focused on cushioning the blow and on partnering with companies offering innovative solutions to the problems the disease is causing. During times of fear, uncertainty, and doubt, businesses and consumers are more willing to change their behaviour and seek innovative products and services that are more productive, cost-effective, faster, and/or creative. As a result, innovation takes root and typically gains significant market share during and after tumultuous times.

Fund Commentary

The fund benefited from sizeable moves in Tesla (TSLA), Square (SQ), Roku (ROKU), Sea (SE), and CRISPR Therapeutics (CRSP). Bitcoin may have helped boost Tesla’s stock price in early April when prices topped \$60,000. Tesla accepts Bitcoin as payment and earned \$101 million from selling a portion of its Bitcoin stake in the first quarter, which is now worth \$2.5 billion. Tesla also posted record earnings and increased its gross profit margin to 22% up from 20% last year in the first quarter. Square contributed to performance as digital wallets continued to gain traction with consumers and the attention of investors. Square’s Cash App continues to acquire customers at low acquisition costs through unique marketing strategies. For example, Miley Cyrus announced a recent partnership with Square. Roku rebounded after a difficult March. Wedbush upgraded Roku shares to “outperform” citing a continuation in the pandemic-driven user expansion. Sea appreciated throughout April. Sea’s self-developed global hit game, Free Fire, continues to impress. Meanwhile, their e-commerce platform, Shopee, grew average daily orders over 128% year-over-year. Crispr contributed to performance in April. The company announced an amended collaboration with Vertex Pharmaceuticals (VRTX) for CTX-001. Under the revised terms, Vertex will lead worldwide development and commercialization and will be provided with 60% of the economics, a 10% increase from the previous agreement. In exchange, CRISPR Therapeutics will receive \$900 million upfront, with an additional \$200 million in milestone payments.

The largest detractors from performance included Invitae (NVTA), Teladoc Health (TDOC), Spotify Technology (SPOT), Proto Labs (PRLB), Materialise (MTLS). Invitae detracted from performance in April. ARK believes Invitae is strategically positioned to acquire significant market share within the genetic testing market. Teladoc Health beat revenue expectations in the first quarter’s earnings report but missed earnings, causing the shares to sell off and detract from performance. ARK believes Teladoc is positioned to become a dominant player in telehealth. Spotify detracted from performance after a soft earnings report in April. Spotify’s revenue was in line with consensus but fell short on monthly active users. Proto Labs sold off throughout April on little news. ARK believes 3D printing will grow substantially over the next five years, and Proto Labs will gain market share. Materialise detracted from performance. The firm missed on earnings but beat on revenue in the first quarter. Materialise likely has the most commonly used build processor in the 3D printing industry. ARK believes Materialise will capture software revenue as well as a portion of the market for 3D printed parts through its direct manufacturing arm.

Key Fund Facts

| | | | |
|------------------------------------------------------------|--------------------------------------------------|------------------------|----------------------|
| Distributions: Generally does not distribute | Estimated annual fund charges (Incl. GST) | Strategy Launch | Strategy size |
| Hedging: Any foreign currency exposure is unhedged. | Retail: 1.33%, refer PDS for more details | 4 September 2019 | \$93.4m |
| | KiwiSaver: 1.25% refer to PDS for more details | | |

Investment Manager *The fund invests in the Nikko AM ARK Disruptive Innovation Fund (the **Underlying Fund**), a sub-fund of the Nikko AM Global Umbrella Fund - an open-ended investment company established under Luxembourg law as a société d’investissement à capital variable (SICAV).

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