

Factsheet 30 November 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 November, broad-based global equity indexes – as measured by the MSCI World – depreciated as macro worries stalled investor confidence.
- Relative to the MSCI World Index, the Technology, Consumer Discretionary, and Materials sectors outperformed on balance, while the Energy, Financial Services, and Communication Services sectors lagged.
- The tug-of-war between growth and value stocks during the last ten months has been driven largely by uncertainty and tactical trading.

Fund Highlights

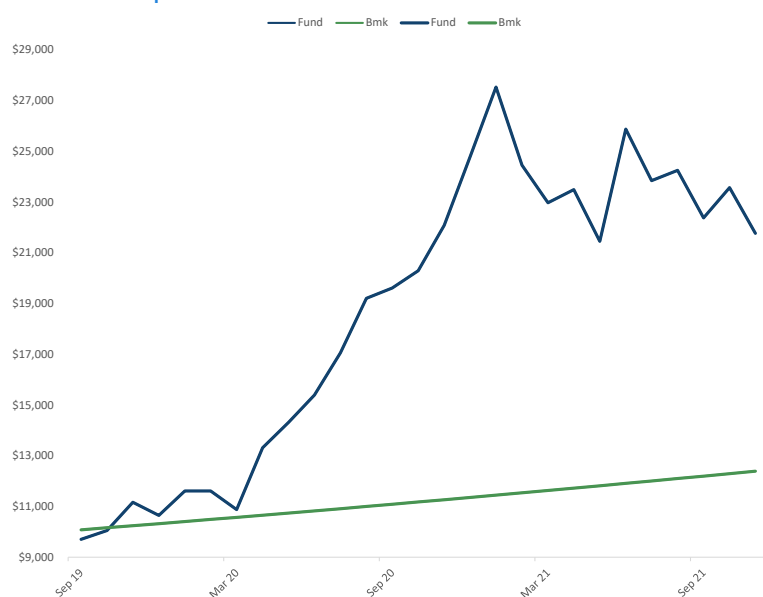
- The fund returned -8.85% for the month of November.
- The top contributors include Unity Software (U), Tesla (TSLA) Shopify (SHOP), ExOne (XONE), and TuSimple (TSP).
- The top detractors include Teladoc Health (TDOC), Roku (ROKU), Invitae (NVTX), Zillow Group (Z), and Zoom Video Communications (ZM).

Performance

| | One month | Three months | One Year | Three Years (p.a.) |
|------------------------|-----------|--------------|----------|--------------------|
| Wholesale ¹ | -8.85% | -10.21% | -1.93% | |
| Retail ³ | -7.65% | -10.24% | -1.41% | |
| KiwiSaver ³ | -7.64% | -10.23% | -3.61% | |
| Benchmark ² | 0.80% | 2.41% | 10.00% | |
| NASDAQ-100 | 7.00% | 7.25% | 36.36% | |

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 unit price.

Since Inception – Retail Fund^{3,2}



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.

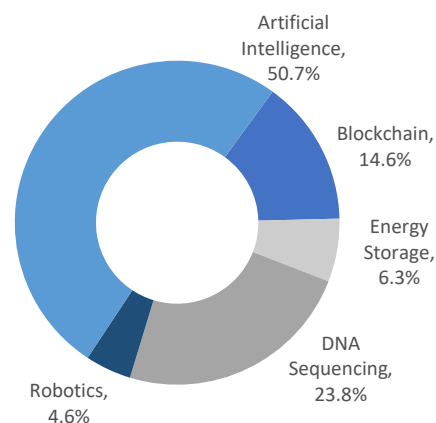
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

Objective

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

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.



Portfolio Composition (Underlying Fund*)

| | % | | % |
|-----------------------------|------|-------------------------------|-----|
| Digital Media | 15.1 | Energy Storage | 3.0 |
| Cloud Computing | 14.7 | Beyond DNA | 2.6 |
| E-Commerce | 7.7 | 3D Printing | 2.5 |
| Big Data & Machine Learning | 7.0 | Autonomous Vehicles | 2.3 |
| Blockchain & P2P | 6.8 | Social Platforms | 2.0 |
| Gene Therapy | 6.6 | Space Exploration | 1.2 |
| Instrumentation | 6.0 | Targeted Therapeutics | 1.0 |
| Internet of Things | 5.2 | Robotics | 1.0 |
| Molecular Diagnostics | 5.2 | Development of Infrastructure | 0.9 |
| Mobile | 5.0 | Next Generation Oncology | 0.6 |
| Bioinformatics | 3.6 | | |

Top 10 Holdings (Underlying Fund*)

| | % | Country |
|-----------------------|------|---------|
| Tesla Motors, Inc. | 9.40 | US |
| Coinbase Global Inc | 6.50 | US |
| Unity Software Inc | 6.11 | US |
| Roku Inc | 5.44 | US |
| Teladoc Health, Inc. | 5.40 | US |
| Zoom Communicator | 4.85 | US |
| Spotify Technology Sa | 3.96 | Sweden |
| Shopify, Inc. Class A | 3.80 | Canada |
| Square, Inc. Class A | 3.73 | US |
| Twilio, Inc. Class A | 3.52 | US |

Market Commentary (source: ARK Investment Management LLC)

During November, broad-based global equity indexes (as measured by the MSCI World) depreciated as macro worries stalled investor confidence. The market is fearful that supply chain bottlenecks and labour shortages will prolong and exacerbate inflation, pushing interest rates higher sooner than expected. Relative to the MSCI World Index, the Technology, Consumer Discretionary, and Materials sectors outperformed on balance, while the Energy, Financial Services, and Communication Services sectors lagged. The tug-of-war between growth and value stocks during the last ten months has been driven largely by uncertainty and tactical trading. In ARK’s view, inflation fears have been overblown. Understandably, given the massive monetary and fiscal stimulus in the global economy, most economists and strategists are weighing the odds of inflation, while ARK remains focused on the risks of deflation. In the short-term, supply chain disruptions have pushed headline consumer price inflation into the 6% range on a year-over-year basis, a rate that ARK believes deflationary forces – good, bad, and cyclical – are likely to unwind during the next year.

Fund Commentary

The fund returned -8.85% for the month of November. The top contributors include Unity Software (U), Tesla (TSLA), Shopify (SHOP), ExOne (XONE), and TuSimple (TSP). Shares of Unity (U) appreciated after beating third-quarter revenue and earnings expectations and raising full-year revenue. Additionally, Unity acquired Weta Digital, a digital visual effect company that can potentially aid in developing Unity’s real-time 3D content. TSLA contributed to performance. This month, the biggest piece of Tesla news was Elon Musk’s Twitter poll to decide whether to sell 10% of his TSLA ownership. The Twitter audience voted ‘yes.’ Shares were volatile in the following days but finished the month positively. SHOP contributed to performance. ARK believes the company will continue to benefit from the digitization of retail, experiencing tailwinds from both omnichannel and social commerce. Shopify is building the retail operating system for merchants, enabling seamless management of back-end, front-end, and integrated services. The top detractors include Teladoc Health (TDOC), Roku (ROKU), Invitae (NVTA), Zillow Group (Z), and Zoom Video Communications (ZM). TDOC shares were negatively impacted by the broad “stay-at-home” stock selloff. ARK believes the market is missing Teladoc’s unique opportunity. In ARK’s estimation, Teladoc’s differentiators extend beyond their role as a dominant telemedicine provider. Teladoc’s accumulated talent in the data science/AI/ML field has enabled their data quality and volume-- and therefore their AI/ML generated insights-- to be best in class. This is what ARK expects will cause Teladoc to connect hospitals, doctors, patients, and insurance companies, and eventually become the data backbone of the healthcare industry. Even in a tough year-over-year comparison, Roku grew platform revenue and ARPU in the third quarter. Investors focused on a decline in operating system revenue and broader macro forces, pushing shares down and detracting from performance. ARK remains confident that Roku will benefit greatly from the shift to streaming platforms. Invitae (NVTA), a leading provider and manager of clinical genetic data, closed down sharply following its third-quarter earnings call. Despite growing revenue 66% year-over-year, Invitae missed revenue expectations and lowered its annual revenue guidance. While ARK sympathizes with investor frustration, they commend Invitae’s decision to release a 14-metric dashboard each quarter that should help analysts better understand Invitae’s increasingly complex business. ARK continues to believe Invitae’s broad testing menu, powerful digital capabilities, and technology stack makes the company a leader in genetic information management. Finally, ARK estimates that Invitae’s oncology products and completion of new production facilities should increase operating leverage and gross margin in 2022.

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: 1.30%, refer PDS for more details KiwiSaver: 1.25% refer to PDS for more details | 4 September 2019 | \$95.2m |

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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