

Factsheet 30 November 2022

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

- Relative to the MSCI World Index, the Materials, Industrials, and Financial Services sectors outperformed in November, while the Energy, Consumer Discretionary, and Health Care sectors lagged.
- Some of the largest beneficiaries of the rotation to cyclicals – Energy and Financial Services – could be disrupted significantly during the next five years.

Fund Highlights

- The fund returned -7.37% over the month of November.
- The top contributors include Exact Sciences (EXAS), Unity Software (U) and Shopify (SHOP).
- The top detractors included Twilio (TWLO), Tesla (TSLA) and Coinbase (COIN).

Performance

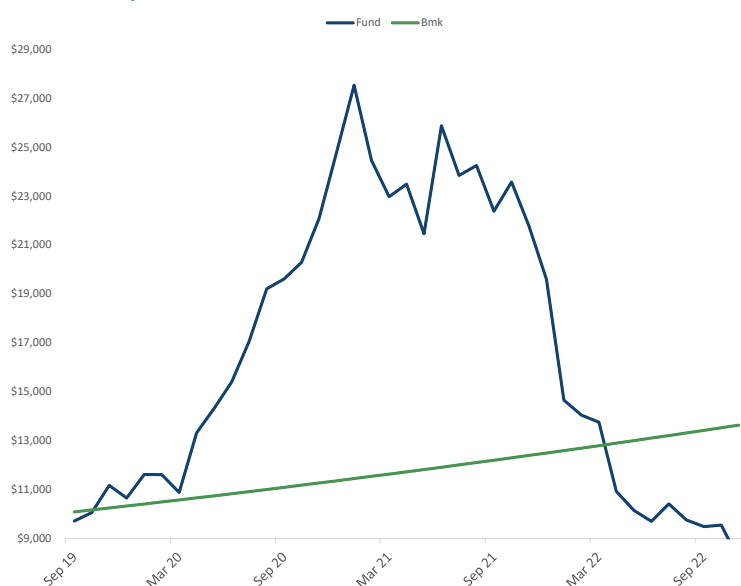
	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	-7.37%	-10.19%	-59.15%	-
Retail ³	-14.68%	-16.57%	-62.61%	-10.01%
KiwiSaver ³	-14.78%	-16.67%	-62.83%	-
Benchmark ²	0.80%	2.41%	10.00%	10.00%

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.

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.

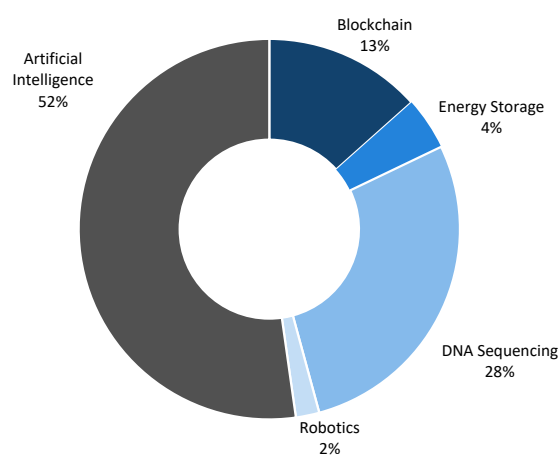
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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*)

	%		%
Cloud Computing	18.5	Blockchain & P2P	3.9
Digital Media	14.7	Energy Storage	2.8
E-Commerce	9.5	Bioinformatics	2.4
Gene Therapy	9.1	Social Platforms	1.7
Instrumentation	7.5	3D Printing	1.4
Big Data & Machine Learning	6.0	Autonomous Vehicles	0.9
Molecular Diagnostics	5.5	Dev. of Infrastructure	0.8
Mobile	5.2	Robotics	0.6
Internet of Things	4.9	Targeted Therapeutics	0.5
Beyond DNA	4.0		

Top 10 Holdings (Underlying Fund*)

	%	Country
Zoom Video Comms	8.22	US
Roku Inc	8.04	US
Tesla Motors Inc	7.52	US
Exact Sciences Corporation	5.60	US
Square Inc.	5.22	US
Shopify Inc	4.56	CA
Unity Software Inc	4.52	US
Crisper Therapeutic	4.25	Switzerland
Teladoc Health Inc	4.05	US
Uipath Inc	4.03	US

Market Commentary (source: ARK Investment Management LLC)

Relative to the MSCI World Index, the Materials, Industrials, and Financial Services sectors outperformed in November, while the Energy, Consumer Discretionary, and Health Care sectors lagged. Some of the largest beneficiaries of the rotation to cyclicals – Energy and Financial Services – could be disrupted significantly during the next five years. In ARK’s view, autonomous electric vehicles and digital wallets – including blockchain technologies, cryptocurrencies, and decentralized financial services (DeFi) – will disrupt and disintermediate both Energy and Financial Services. Dominating most broad-based indexes, several mega-cap stocks seem to have lured risk-averse benchmark-sensitive investors into crowded trades and away from emerging growth opportunities centered on disruptive innovation. In ARK’s view, investors in broad-based equity indexes seem to be shorting truly disruptive innovation, perhaps inadvertently and, if history is any guide, to their detriment. As a result, they could be missing investment opportunities for companies that invested aggressively at the expense of short-term profits.

Fund Commentary

The top contributors include Exact Sciences (EXAS), Unity Software (U) and Shopify (SHOP). Shares of Zoom rallied on relatively little company-specific news. Exact Sciences delivered strong third quarter results and boosted its revenue guidance for the remainder of the year, causing its stock to rally. ARK believes with its breadth of oncology offerings, Exact will remain a leader within the early disease detection space. Shares of Unity saw gains after a better-than-expected CPI print brought about a broader market rally. A better-than-expected CPI print earlier in November along with record Black Friday/Cyber Monday results caused shares of Shopify to rally. Shopify is a leading provider of software that makes it easy for any business to list their inventory online and seamlessly sell through their own site and other e-commerce channels.

The top detractors include Twilio (TWLO), Tesla (TSLA) and Coinbase (COIN). Shares of Twilio traded down after the company reported third quarter earnings. Though Twilio surpassed Wall Street estimates for both revenue and earnings, management said that revenue growth would slow from 33% on a year-over-year basis to 18-19%. ARK maintains their long-term conviction in Twilio’s potential to power modern enterprise-to-customer communications as global mobile phone adoption increases. Shares of Tesla declined from a combination of concerns over demand in China, and Musk’s involvement with Twitter. ARK’s conviction in Tesla remains strong as we believe its vertical platform can propel two profound transformations in the automotive industry: electrification and automation. Despite concerns, the Tesla Model Y is one of the best selling SUVs in China. Shares of Coinbase depreciated as the cryptocurrency market came under downward pressure against a backdrop of a broad risk-off session. ARK maintains conviction in Coinbase being a leader in various parts of the crypto ecosystem.

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	4 September 2019	\$48.1m
	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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