

Factsheet 30 June 2023

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

- Broad-based global equity indexes appreciated despite mixed economic signals.
- Relative to the MSCI World Index, the Consumer Discretionary, Industrials, and Materials sectors outperformed in June. Utilities, Communication Services, and Consumer Staples sectors lagged, but still had positive performance.
- US consumer sentiment remains at levels slightly above those last seen during the 2008-2009 Global Financial Crisis (GFC) and the early 1980s recessions.

Fund Highlights

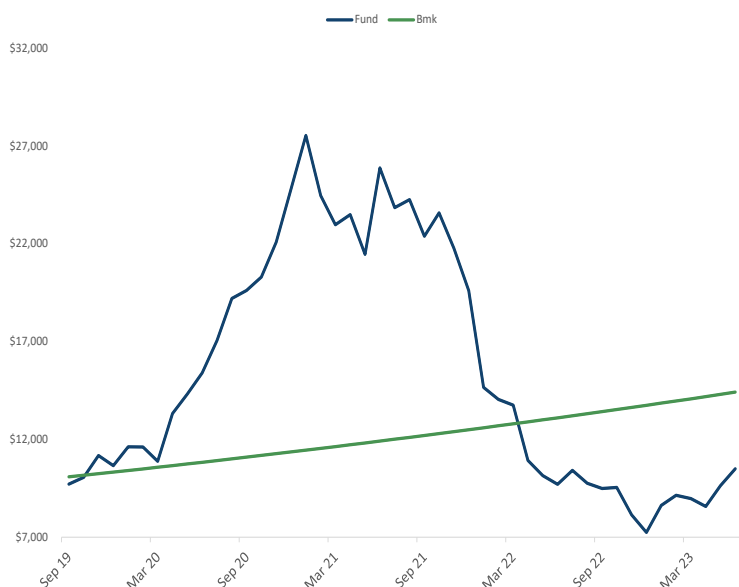
- The fund posted a solid return for the June month and quarter.
- The top contributors include Tesla (TSLA), Unity Software (U), Coinbase (COIN).
- The top detractors include CRISPR Therapeutics (CRSP), Twilio (TWLO), PagerDuty (PD).

Performance

	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	7.09%	12.70%	13.92%	
Retail ³	9.05%	17.02%	8.26%	-11.98%
KiwiSaver ³	9.10%	17.13%	8.34%	
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 Cumulative Performance \$10,000 invested^{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.

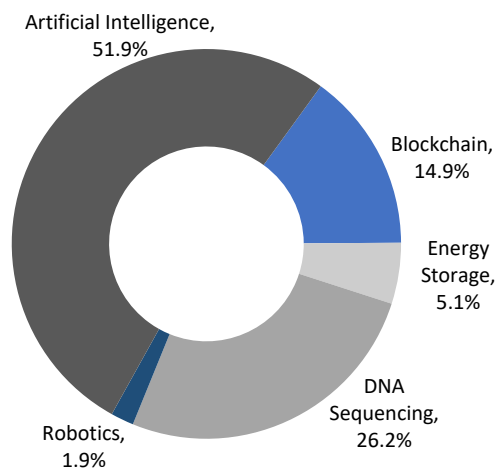
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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	15.6	Molecular Diagnostics	3.2
Digital Media	14.6	Energy Storage	3.0
E-Commerce	8.8	Social Platforms	2.8
Gene Therapy	7.4	Bioinformatics	2.0
Big Data & Machine Learning	7.1	Robotics	1.7
Instrumentation	7.0	Targeted Therapeutics	1.2
Blockchain & P2P	6.4	Autonomous Vehicles	1.1
Mobile	5.5	3D Printing	1.1
Internet of Things	5.3	Development of Infrastructure	0.9
Beyond DNA	4.5	Next Generation Oncology	0.7

Top 10 Holdings (Underlying Fund*)

	%	Country
Tesla Inc	8.78	United States
Roku Inc	7.14	United States
Zoom Video Comm. Inc	6.48	United States
Coinbase Global Inc	5.95	United States
Square Inc	5.66	United States
Unity Software Inc	4.31	United States
DraftKings Inc	3.93	United States
UiPath Inc	3.79	United States
Shopify Inc	3.63	Canada
Exact Sciences Corp	3.49	United States

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes appreciated despite mixed economic signals. Relative to the MSCI World Index, the Consumer Discretionary, Industrials, and Materials sectors outperformed in June, while the Utilities, Communication Services, and Consumer Staples sectors lagged, but still had positive performance. 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.

US consumer sentiment remains at levels slightly above those last seen during the 2008-2009 Global Financial Crisis (GFC) and the early 1980s recessions. According to Federal Reserve Economic Data (FRED), the consumer saving rate has collapsed from 33% to 4.6% suggesting that consumers do not have the means for significant real consumption growth. Recent economic data and comments from the U.S. Federal Reserve indicate a slower pace of interest rate cuts. Investors now expect just two more rate hikes before interest rates start to decline, and if the slowdown turns into a hard landing, the interest rate decline could steepen. In ARK’s view, deflation is a more significant risk than inflation, with commodity prices and leading economic indicators falling. If ARK is correct in their assessment that growth, inflation, or both will surprise on the low side of expectations, scarce double-digit growth opportunities should be rewarded accordingly. The adoption of new technologies typically accelerates as concerned businesses and consumers change their behaviour more rapidly than otherwise would be the case, giving new leadership an opportunity to surface in the equity market.

Fund Commentary

The top contributors include Tesla (TSLA), Unity Software (U), Coinbase (COIN), Roku (ROKU), and Schrödinger (SDGR). Shares of Tesla rallied after the company opened its Supercharger network to General Motors and Ford. SAE International, an automotive industry body that sets and reviews engineering standards, announced that it would standardize Tesla’s North American Charging Standard connector. Shares of Unity soared after the company unveiled its AI marketplace. The stock was also upgraded to “outperform” by an analyst, citing a meaningful mobile cross-sell opportunity, cost synergies, and an increasing total addressable market. Shares of Coinbase and other crypto-related companies appreciated after a large investment company filed an application for a spot bitcoin ETF in the U.S. ARK maintains conviction in Coinbase being a leader in various parts of the crypto ecosystem.

Shares of CRISPR Therapeutics detracted from performance this month. CRISPR and Vertex Pharmaceuticals (VRTX) announced that their Biologics License Applications (BLA) for gene-edited blood disorder candidate exa-cel has been accepted by the FDA. The FDA has issued a Priority Review for its BLA in severe sickle cell disease with a target action date on December 8, 2023, and a standard review for that in transfusion-dependent beta-thalassemia (TDT) with a target action date on March 30, 2024.

Shares of Twilio depreciated following very little company specific news. The company agreed to sell its Value First business and allocate its resources to other strategic priorities. Twilio is a leading provider of customer-focused IP and programmatic communications with developer-friendly APIs, global connectivity, and industry-leading reliability. PagerDuty shares detracted from performance this month, despite delivering strong first quarter results. In ARK’s view, as artificial intelligence (AI) increases the efficiency and productivity of software developers, demand for automated incident support software will increase. Thanks to its proprietary data and early adoption of AI, ARK believes PagerDuty is positioned to be a prime beneficiary of this trend. PagerDuty is a SaaS provider that helps companies manage alerts, ensuring high service quality and uptime.

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	\$66m
	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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