

Factsheet 30 June 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

- Broad-based global equity indexes depreciated in June as consumers, businesses, and investors weighed the likelihood of a global recession. Innovation stocks, particularly those outside the broad-based indexes, remained volatile, swinging dramatically from week to week.
- Relative to global equity indexes, the Health Care, Consumer Staples, and Utilities sectors outperformed in June, while the Materials, Energy, and Consumer Discretionary sectors lagged. Reversing a trend, the cyclical and value-oriented sectors underperformed their growth-oriented counterparts.

Fund Highlights

- The fund posted a negative return over the quarter.
- The top contributors include Intellia Therapeutics (NTLA), Veracyte (VCYT), and UiPath (PATH).
- The top detractors include Coinbase Global (COIN), Block (SQ), and Roku (ROKU).

Performance

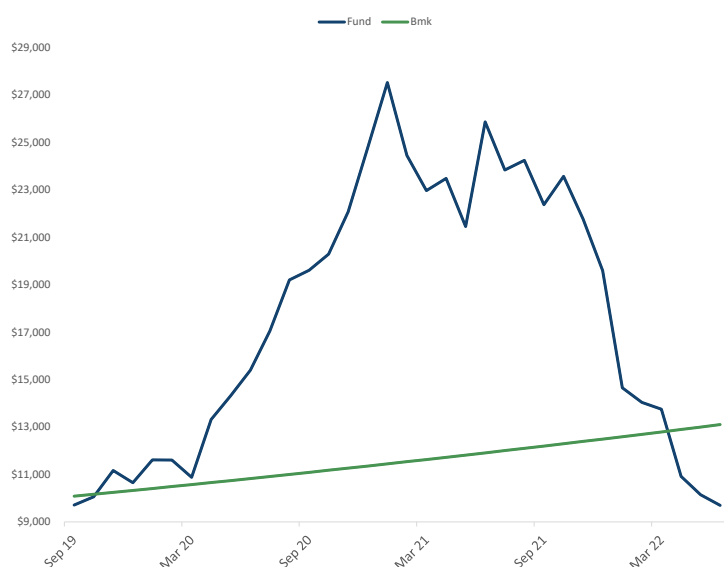
	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	-5.38%	-30.01%	-63.53%	-
Retail ³	-4.40%	-29.48%	-62.53%	-
KiwiSaver ³	-4.42%	-29.66%	-62.70%	-
Benchmark ²	0.80%	2.41%	10.00%	-

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 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.

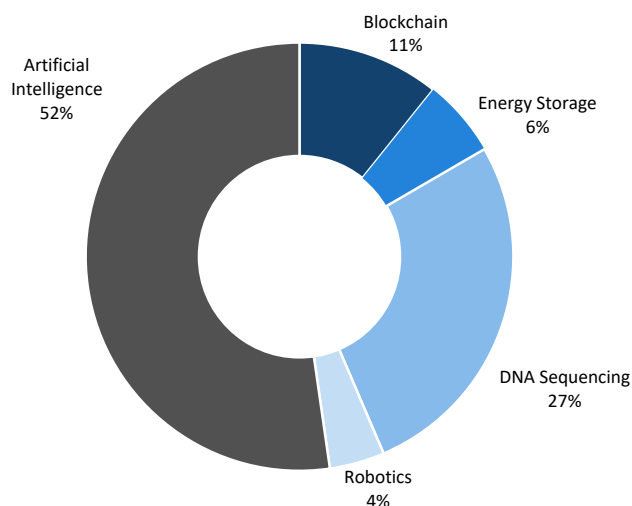
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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	18.6	Blockchain & P2P	3.8
Digital Media	13.6	3D Printing	3.5
Gene Therapy	10.4	Beyond DNA	3.2
E-Commerce	6.9	Energy Storage	2.9
Instrumentation	6.4	Autonomous Vehicles	2.1
Big Data & Machine Learning	5.5	Social Platforms	1.6
Internet of Things	5.4	Dev. of Infrastructure	0.9
Mobile	5.1	Robotics	0.7
Bioinformatics	5.0	Targeted Therapeutics	0.3
Molecular Diagnostics	3.9	Next Generation Oncology	0.2

Top 10 Holdings (Underlying Fund*)

	%	Country
Zoom Video Comm	8.72	US
Tesla Motors Inc	8.40	US
Roku Inc	8.30	US
Crispr Therapeutics Ag	5.40	Switzerland
Teladoc Health Inc	4.42	US
Uipath Inc	4.41	US
Square Inc	4.25	US
Intellia Therapeutics Inc	4.23	US
Exact Sciences Corporation	3.83	US
Unity Software	3.55	US

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes depreciated in June as consumers, businesses, and investors weighed the likelihood of a global recession. Innovation stocks, particularly those outside the broad-based indexes, remained volatile, swinging dramatically from week to week. If the markets remain volatile and the economy continues to plunge into recession, shares of companies in the disruptive innovation space offering scarce growth opportunities and improving fundamentals should benefit, especially as businesses and consumers seek solutions that solve problems, drive efficiencies, and reduce costs. Relative to global equity indexes, the Health Care, Consumer Staples, and Utilities sectors outperformed in June, while the Materials, Energy, and Consumer Discretionary sectors lagged. Reversing a trend, the cyclical and value-oriented sectors underperformed their growth-oriented counterparts. Some of the largest beneficiaries of the rotation to cyclicals during the past seventeen months, 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.

Fund Commentary

The fund posted a negative return over the quarter. The top contributors include Intellia Therapeutics (NTLA), Veracyte (VCYT), and UiPath (PATH). NTLA contributed to performance. The company’s recent receipt of an orphan drug label designation for NTLA-5001, which targets acute myeloid leukemia, is a positive development. Veracyte demonstrated the efficacy of its Afirma Genomic Sequencing Classifier to improve the accuracy of thyroid cancer diagnosis. The pioneer in gene expression-based prognostic testing is one of the most vertically-integrated molecular testing companies on the market. In ARK’s view, its decentralized testing portfolio (assays and instruments) should position the company to win a significant share within and beyond the US. In June, UiPath (PATH) was added to the Russell 3000 Index and raised its full year non-GAAP operating income guidance while reaffirming revenue guidance.

The top detractors include Coinbase Global (COIN), Block (SQ), and Roku (ROKU). Shares of Coinbase (COIN) depreciated amidst a broad crypto selloff triggered by events including the collapse of Terra/Luna, and liquidity issues at Celsius, among others. ARK maintains conviction in Coinbase being a leader in various parts of the crypto ecosystem. Shares of Block fell alongside general fintech weakness. Apple’s expansion into the “Buy Now, Pay Later” market and Block’s exposure to crypto have some investors worried. ROKU traded down this month as part of a larger selloff across equities related to streamed content and/or digital ads. ARK retains high conviction in Roku’s potential to become the dominant CTV OS provider and believes that its shares’ detraction reflects investor misunderstanding of Roku as another digital content platform.

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	\$46m
	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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