

Factsheet 31 August 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

- August was a volatile month for equities as investor sentiment flipped from a potential Fed pivot to a hawkish clamp down. If the Fed missteps and the economy falls further into recession, companies in the disruptive innovation space should offer scarce growth opportunities, especially as businesses and consumers seek solutions that solve problems, drive efficiencies, and reduce costs, benefiting their share price.
- Relative to the MSCI World Index, the Energy and Utility sectors outperformed in August, while the Information Technology and Health Care sectors lagged.

Fund Highlights

- The fund returned a negative 4.49% over the month of August.
- The top contributors include Signify Health (SGFY), Unity Software (U) and Invitae (NVTA).
- The top detractors include Zoom (ZM), Exact Sciences (EXAS) and CRISPR Therapeutics (CRSP).

Performance

	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	-4.49%	-1.16%	-59.16%	
Retail ³	-6.29%	-3.82%	-59.77%	-0.82%
KiwiSaver ³	-6.34%	-3.84%	-59.96%	
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 the actual performance of the fund 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.

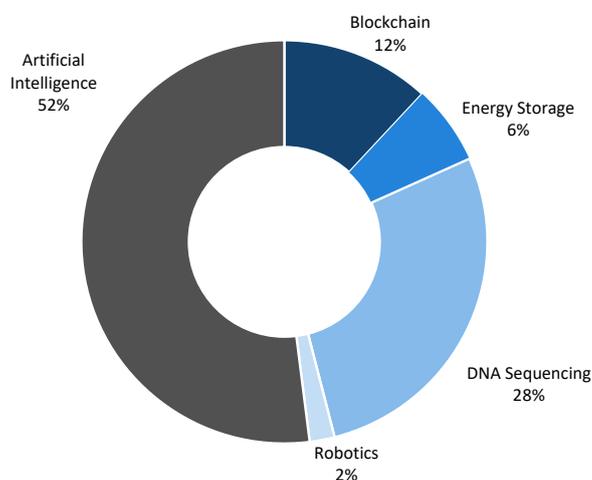
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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	17.0	Blockchain & P2P	4.1
Digital Media	15.0	Molecular Diagnostics	4.1
Gene Therapy	10.2	Energy Storage	3.0
E-Commerce	7.8	Autonomous Vehicles	2.4
Instrumentation	5.7	Social Platforms	1.6
Big Data & Machine Learning	5.7	3D Printing	1.5
Internet of Things	5.4	Dev. of Infrastructure	0.9
Mobile	5.0	Targeted Therapeutics	0.7
Beyond DNA	4.7	Robotics	0.5
Bioinformatics	4.7		

Top 10 Holdings (Underlying Fund*)

	%	Country
Tesla Motors Inc	8.83	US
Roku Inc	7.75	US
Zoom Video Comms	7.50	US
Crispr Therapeutics	5.21	Switzerland
Square Inc.	4.64	US
Unity Software	4.39	US
Intellia Therapeutics Inc	4.33	US
Teladoc Health Inc	3.99	US
Exact Sciences Corporation	3.90	US
Uipath Inc	3.90	US

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes, as measured by the MSCI World, finished lower after a volatile month, as investor sentiment flipped from a potential Fed pivot to a hawkish clamp down. If the Fed missteps and the economy falls further into recession, companies in the disruptive innovation space should offer scarce growth opportunities, especially as businesses and consumers seek solutions that solve problems, drive efficiencies, and reduce costs, benefiting their share price. Relative to the MSCI World Index, the Energy and Utility sectors outperformed in August, while the Information Technology and Health Care sectors lagged. The Energy sector was the lone positive performer. Some of the largest beneficiaries of the rotation to cyclicals during the past eighteen 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 returned a negative 4.49% over the month of August. The top contributors include Signify Health (SGFY), Unity Software (U) and Invitae (NVTX). Shares of Signify Health traded up following rumors of CVS’s interest in acquiring the company. News of the potential acquisition comes after Amazon’s recent acquisition of One Medical, suggesting an emerging pattern of consolidation in the digital healthcare space. Signify Health seeks to activate the home as central to healthcare, enabling its members to avoid inefficient and unnecessary medical costs. Shares of Unity rallied following the announcement of AppLovin’s all-stock offer to buy Unity in an attempt to stop the Unity/ironSource merger, which was set in motion in July. Unity rejected the bid, stating that the merger agreement with ironSource provided better value to Unity shareholders. Invitae reported 17.5% revenue growth this quarter. Management attribute this rapid improvement to several initiatives they have been implementing to establish Invitae as the global leader in delivering personalized, genetically-driven healthcare.

The top detractors include Zoom (ZM), Exact Sciences (EXAS) and CRISPR Therapeutics (CRSP). Shares of Zoom traded down after the company reported second-quarter earnings, which beat consensus expectations for EPS but missed on revenues. ARK maintains its high conviction in Zoom and its potential to become a leading communications platform for enterprise-to-enterprise communication. Shares of Exact Sciences traded down on relatively little company-specific news. The company posted strong second quarter results earlier in August but lowered its guidance for FY22. Exact’s Oncotype DX GPS test and its urology sales and marketing team were also acquired by MDxHealth in the same month. ARK believes with its breadth of oncology offerings, Exact will remain a leader within the early disease detection space. Shares of CRISPR Therapeutics slid on the back of an earnings miss in the second quarter. The company missed EPS and revenue by \$0.19 and \$2.04M (down 100% YoY), respectively. ARK believes that the company will continue to be at the vanguard of precision medicine and generate cures for otherwise intractable diseases while gaining financial and research support from larger pharmaceutical entities.

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	\$51m
	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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