

Factsheet 31 December 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 (as measured by the MSCI World) declined in December. Fear of the future is palpable these days, but crisis historically has created opportunities. According to the latest BofA Fund Manager Survey, cash levels have not been this high since the 9/11 crisis in 2001, and investors are overweight bonds for the first time since April 2009.

Fund Highlights

- The fund returned a negative 23.44% over the quarter.
- The top contributors included Exact Sciences (EXAS), PagerDuty (PD) and UiPath (PATH).
- The top detractors included Tesla (TSLA), Roku (ROKU) and Intellia Therapeutics (NTLA).

Performance

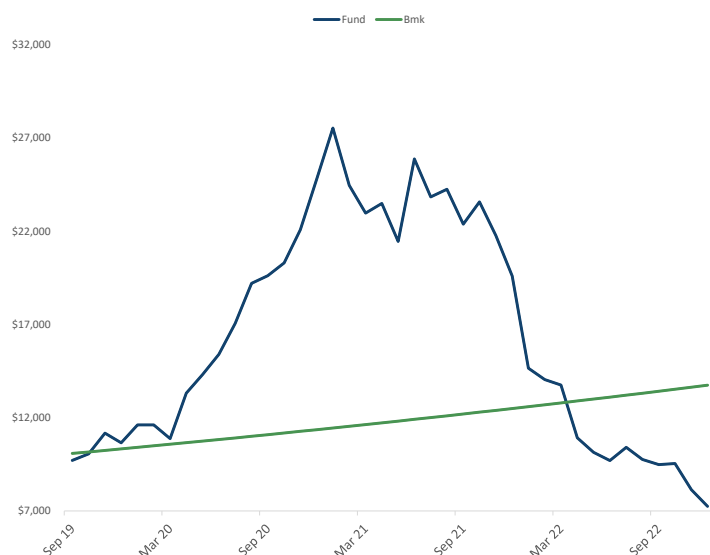
	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	-16.82%	-23.44%	-61.87%	-
Retail ³	-11.00%	-23.62%	-63.04%	-12.06%
KiwiSaver ³	-11.08%	-23.77%	-63.28%	-
Benchmark ²	0.80%	2.41%	10.00%	10.00%

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.

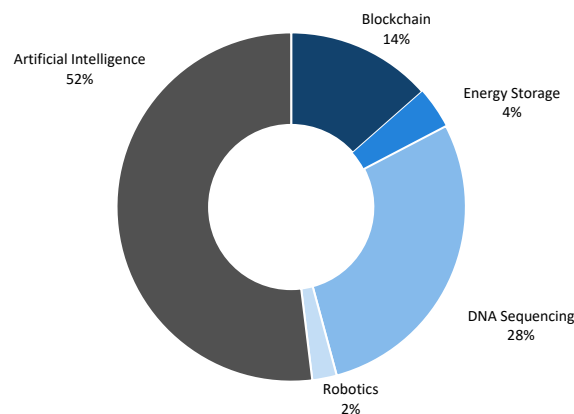
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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	20.9	Blockchain & P2P	3.8
Digital Media	12.5	Bioinformatics	2.4
E-Commerce	9.7	Energy Storage	2.3
Gene Therapy	8.4	Social Platforms	1.8
Instrumentation	7.9	3D Printing	1.5
Big Data & Machine Learning	6.2	Autonomous Vehicles	0.8
Molecular Diagnostics	5.4	Robotics	0.8
Mobile	5.3	Targeted Therapeutics	0.7
Beyond DNA	4.4	Development of Infrastructure	0.7
Internet of Things	4.1	Next Generation Oncology	0.5

Top 10 Holdings (Underlying Fund*)

	%	Country
Zoom Video Comms	8.68	US
Roku Inc	6.47	US
Tesla Motors Inc	5.94	US
Exact Sciences Corporation	5.81	US
Square Inc.	5.72	US
UiPath Inc	4.54	US
Shopify Inc	4.25	CA
Teladoc Health Inc	3.93	US
Crisper Therapeutic	3.76	SWI
Unity Software Inc	3.69	US

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes (as measured by the MSCI World) declined in December. Fear of the future is palpable these days, but crisis historically has created opportunities. According to the latest BofA Fund Manager Survey, cash levels have not been this high since the 9/11 crisis in 2001, and investors are overweight bonds for the first time since April 2009. In December, the CBOE equity put/call ratio surged above 2.0, the highest level on record, surpassing the ratios in both the tech and telecom bubble and the Global Financial Crisis. In hindsight, both of those times were terrific opportunities to put funds to work in highly differentiated ways. To the extent investors have reserves of cash to put to work, ARK believes that this time will be no different and that innovation strategies will be prime beneficiaries when equity markets recover.

Relative to the MSCI World Index, the Utility, Health Care, and Consumer Staples sectors outperformed in December, while the Consumer Discretionary, Technology, and Communication Services 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.

Fund Commentary

The top contributors include Exact Sciences (EXAS), PagerDuty (PD) and UiPath (PATH). Shares of Exact rose after its competitor, Guardant Health, published disappointing top-line data for a blood-based cancer drug test. ARK believes with its breadth of oncology offerings, Exact will remain a leader within the early disease detection space. Shares of PagerDuty rallied after the company issued better than expected guidance in its third quarter results, citing a 31% YoY revenue growth. PagerDuty is a SaaS company that helps companies manage alerts and ensure high service quality as well as uptime. Shares of UiPath rallied on the back of a third quarter earnings beat. The company reported YoY revenue growth. The company also cited improved gross margins from more disciplined capital allocation and cost management. UiPath provides a suite of robotic process automation (RPA) products that automates complex processes under specified compliance and governance standards.

The top detractors include Tesla (TSLA), Roku (ROKU) and Intellia Therapeutics (NTLA). Shares of Tesla declined as sell-side price targets were lowered based on concerns about demand and amid worries that CEO Elon Musk’s recent purchase of Twitter could create an ongoing distraction. In 2022, US auto sales are expected to decline 8% from the previous year. Tesla’s US auto sales increased roughly 49% year over year. Shares of Roku declined on relatively little specific company news. ARK believes Roku is a dominant player in the connected TV space, and it continues to operate the most successful independent TV OS in the U.S. Shares of Intellia Therapeutics declined over the course of Q4 2022. Several sell side analysts slightly reduced their price target for NTLA over the course of the quarter. At the end of November, NTLA priced an underwritten public offering of 6.5 million shares of common stock at \$45.80 a share.

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	\$40.7m
	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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