

Factsheet 31 March 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

- Relative to the MSCI World Index, the Technology, Communication Services, and Utility sectors outperformed in March, while the Finance, Real Estate, and Energy 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 Highlights

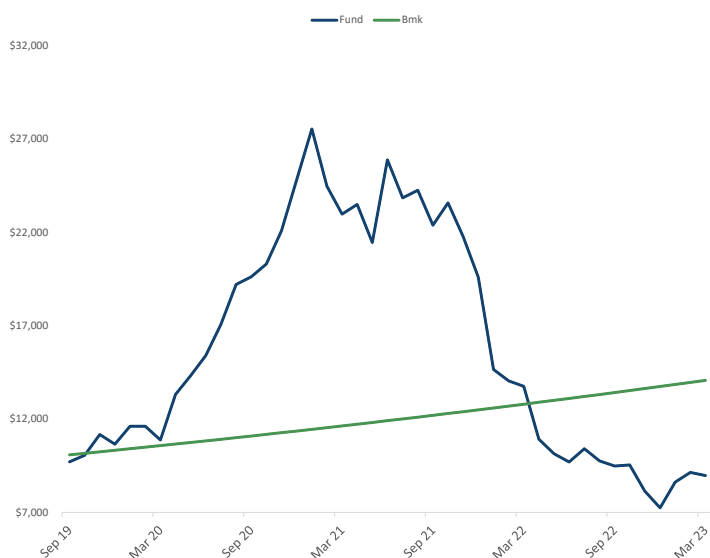
- The fund posted a return of 29.55% over the quarter, outperforming the benchmark by 27.14%.
- The top contributors include UiPath (PATH), Roblox (RBLX) and Shopify (SHOP).
- The top detractors include Block (SQ), Invitae (NVTA) and CRISPR Therapeutics (CRSP).

Performance

	One month	Three months	One Year	Three Years (p.a.)
Wholesale ¹	1.45%	29.55%	-29.25%	
Retail ³	-1.88%	23.85%	-34.76%	-6.22%
KiwiSaver ³	-1.89%	24.07%	-34.94%	
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.

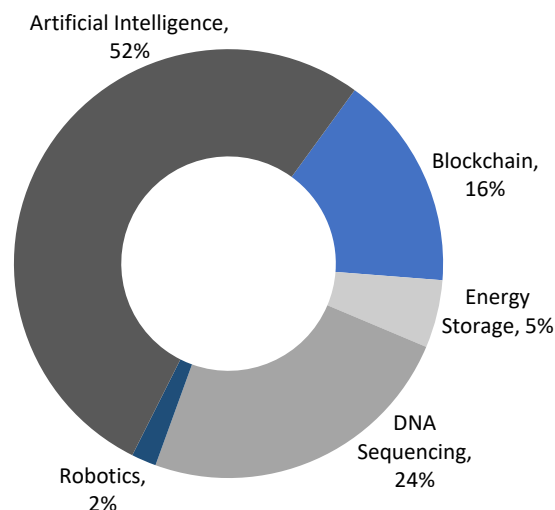
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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	17.6	Beyond DNA	3.1
Digital Media	14.0	Energy Storage	3.0
E-Commerce	10.1	Social Platforms	2.4
Instrumentation	8.0	Bioinformatics	2.2
Gene Therapy	7.0	3D Printing	1.2
Big Data & Machine Learning	6.3	Autonomous Vehicles	1.1
Blockchain & P2P	6.1	Development of Infrastructure	0.9
Internet of Things	5.5	Targeted Therapeutics	0.7
Mobile	5.5	Robotics	0.7
Molecular Diagnostics	3.7	Next Generation Oncology	0.4

Top 10 Holdings (Underlying Fund*)

	%	Country
Tesla Motors Inc	8.85	US
Roku Inc	8.05	US
Zoom Video Comms Inc	7.46	US
Square Inc.	5.84	US
Coinbase Global Inc	5.63	US
UiPath Inc	4.61	US
Shopify Inc	4.57	CA
Exact Sciences Corporation	4.36	US
Roblox Corp	3.61	US
Draftkings Inc	3.59	US

Market Commentary (source: ARK Investment Management LLC)

Relative to the MSCI World Index, the Technology, Communication Services, and Utility sectors outperformed in March, while the Finance, Real Estate, and Energy 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 UiPath (PATH), Roblox (RBLX) and Shopify (SHOP). UiPath shares rallied on the back of strong fourth quarter results. Revenue rose 6.5% year-over-year and while its Annualized Renewal Run-rate (ARR) rose 30% year-over-year. At its 2023 AI Summit in March, UiPath introduced several new products that leverage generative AI to make it easier for organizations to create and customize automations. UiPath provides a suite of robotic process automation (RPA) products that automates complex processes under specified compliance and governance. Roblox shares appreciated as the stock was upgraded by a Wall Street analyst, who noted its growing revenue and net bookings, as well as strong user metrics. Daily active users rose 22% on a yearly basis to 67.3 million. Hours engaged during the month were 4.6 billion, up 24% year-over-year. Shopify shares appreciated after the company announced its platform integration with Google Cloud’s Discovery AI solutions, which will allow for AI-driven solutions in search, personalization, and recommendation functions. Earlier in the month, Shopify announced plans to integrate Deliverr, an eCommerce fulfilment and storage system, to build a more cost-effective distribution network while providing elastic warehouse capacity to bring down fixed costs.

The top detractors include Block (SQ), Invitae (NVTX) and CRISPR Therapeutics (CRSP). Block shares slid on a research report alleging the company of fraudulent activities. Upon reading the piece and speaking with former employees as well as other analysts and investors, ARK believes that the vast majority of the allegations are unfounded, and they do not see a material impact on their conviction in Block. Shares of Invitae traded down after the company announced not only fourth-quarter and full-year earnings results but also a convertible debt offering. In response to substantial restructuring and product portfolio optimization during the last eighteen months, Invitae continued to improve operating margins, grow revenue, and lower cash burn, trends ARK expects to extend through 2023. In ARK’s view, the stock traded down in response to the convertible note exchange, led by Deerfield Management, even though it will retire ~96% of Invitae’s debt obligations due in 2024. While the transaction removes a near-term liquidity risk, if converted to equity, the new notes would dilute existing shareholders substantially. Shares of CRISPR Therapeutics and Twist Biosciences declined on relatively little company specific news and amidst a sell-off among many gene-editing names. ARK believes CRISPR Therapeutics will continue to be at the vanguard of precision medicine and generating cures for otherwise intractable diseases, while gaining financial and research support from larger pharmaceutical entities. ARK believes that Twist will be the preeminent provider of synthetic biology tools, particularly oligonucleotides, to both the translational research and clinical end markets.

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	\$54.4m
	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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