

Factsheet 31 December 2019

NIKKO AM ARK DISRUPTIVE INNOVATION FUND

Market Overview

- During December, broad-based global equity indexes - as measured by the MSCI World - continued to advance, not only in response to monetary easing around the world but also to a steepening in the positively-sloped yield curve as long term Treasury yields moved up while short term yields stabilized in the US.
- Relative to the MSCI World Index, Energy, Technology, and Materials all outperformed, while Industrials, Real Estate, and Communication Services lagged.

Fund Highlights

- The portfolio benefited from sizeable moves in Tesla (TSLA), Zillow (Z), Stratasys (SSYS), Illumina (ILMN), and Syros Pharmaceuticals (SYRS)
- Detracting from performance were Invitae (NVTA), CRISPR (CRSP), Square (SQ), Intellia (NTLA), and Roku (ROKU).

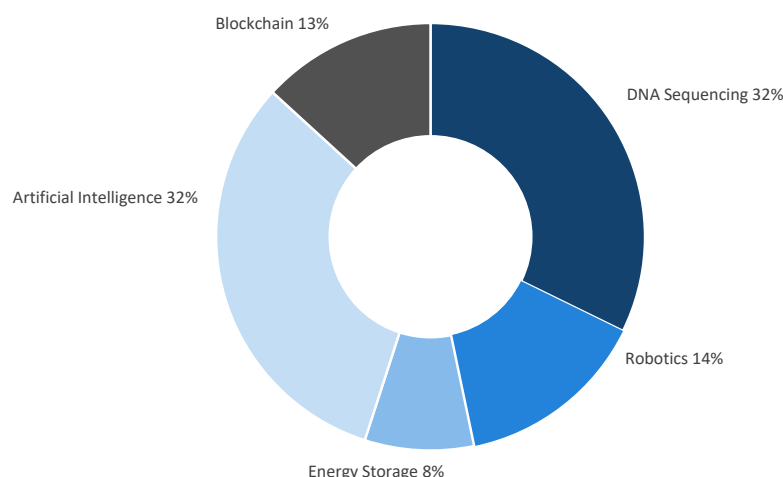
Performance

| | One month | Three months | One year | Three years (p.a) | Five years (p.a) | Ten years (p.a) |
|------------------------|-----------|--------------|----------|-------------------|------------------|-----------------|
| Retail ¹ | -4.63% | 9.73% | | | | |
| Benchmark ² | 0.80% | 2.41 | | | | |

1. Returns are before tax and after the deduction of fees and expenses and including tax credits (if any). Based on change in unit price.

2. Absolute return of 10% per annum. No fees, expenses or 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

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.

Portfolio Composition (Underlying Fund*)

| | % | | % |
|-----------------------------|--------|-------------------------------|-------|
| E-Commerce | 11.77% | Bioinformatics | 4.04% |
| Gene Therapy | 11.55% | Beyond DNA | 3.04% |
| 3D Printing | 9.37% | Energy Storage | 2.95% |
| Big Data & Machine Learning | 8.97% | Targeted Therapeutics | 2.68% |
| Instrumentation | 7.69% | Mobile | 2.49% |
| Molecular Diagnostics | 6.70% | Social Platforms | 1.98% |
| Cloud Computing | 5.28% | Blockchain & P2P | 1.44% |
| Internet of Things | 5.02% | Development of Infrastructure | 1.10% |
| Digital Media | 4.47% | Next Generation Oncology | 0.75% |
| Autonomous Vehicles | 4.45% | Stem Cells | 0.01% |
| Robotics | 4.26% | | |

Top 10 Holdings (Underlying Fund*)

| | % | Country |
|-----------------------------|-------|-------------|
| Tesla Motors, Inc. | 9.80% | US |
| Illumina, Inc. | 7.07% | US |
| Square, Inc. Class A | 6.53% | US |
| Crispr Therapeutics Ag | 5.02% | Switzerland |
| Invitae Corp | 4.90% | US |
| Stratasys Ltd_ | 4.35% | US |
| 2U, Inc. | 3.97% | US |
| Editas Medicine Inc | 3.90% | US |
| Nanostring Technologies Inc | 3.33% | US |
| Zillow Group, Inc. Class C | 3.05% | US |

Market Commentary (source: ARK Investment Management LLC)

During December, broad-based global equity indexes - as measured by the MSCI World - continued to advance, not only in response to monetary easing around the world but also to a steepening in the positively-sloped yield curve as long term Treasury yields moved up while short term yields stabilized in the US. As Phase 1 of the trade deal between the US and China took shape, purchasing manager indices around the world seemed to stabilize, curbing the flight to dollar-related safety. Consumer spending, especially in the US and China, continued to move forward at a surprisingly strong pace, suggesting that businesses may have become too cautious and that inventory liquidation is setting the global economy up for a cyclical rebound during the next year. As the dollar weakened, emerging markets and commodities also enjoyed a boost. Relative to the MSCI World Index, Energy, Technology, and Materials all outperformed, while Industrials, Real Estate, and Communication Services lagged. In our view, although time is short between now and the US election next year, real GDP growth in most regions of the world will regain momentum and surprise on the high side of expectations. As the economy reaccelerates, productivity gains should offset the impact of accelerated wage gains in the developed world and China, limiting inflation, while the combination of tax reform and deregulation in the US continues to boost returns on invested capital. Income tax and tariff cuts also should breathe new life not only into China and, thereby, the Asia-Pacific but also into Europe and North America. Now that fears of recession associated with the US-China trade conflict and the inverted yield curve have dissipated, following the recent move in long-term interest rates, short-term interest rates are likely to turn up in response to stronger than anticipated real growth. That said, future increases in long rates probably will lag those in short rates thanks to continued surprises in inflation to the low side of expectations, reintroducing a flattening to inverted yield curve over time.

Fund Commentary

The Portfolio benefited from sizeable moves in Tesla (TSLA), Zillow (Z), Stratasys (SSYS), Illumina (ILMN), and Syros Pharmaceuticals (SYRS). In December a number of analysts published reports citing Tesla's manufacturing prowess, its competitive edge in electric vehicle battery technology, and the efficiency of its capital spending. Tesla secured \$1.6 billion from state-backed lenders in China for the Shanghai Gigafactory, which scaled to produce over 1,000 cars per week in December. Eventually, Tesla plans to produce more 3,000 cars per week in China and 500,000 per year in Berlin. Zillow (Z) continued to recover from its recent low as it rolled out Zillow Offers, its iBuyer business, in Los Angeles and Orange County. After a year and a half search, Stratasys appointed a new CEO in December. Yoav Zeif will join Stratasys in February after holding a number of management roles across industries from micro-irrigation to crop protection. During the month, Stratasys also added channel partners in Australia and New Zealand. Stratasys continues to be a leader in composite and plastic parts for next generation aircraft. Detracting from performance were Invitae (NVTX), CRISPR (CRSP), Square (SQ), Intellia (NTLA), and Roku (ROKU). After a significant run-up in the second half, CRISPR Therapeutics responded to Bluebird bio's (BLUE) competitive threats in sickle cell disease and beta-thalassemia. During ASH, Bluebird bio released data demonstrating more than four years of durable transfusion independence, stable total hemoglobin levels and reduced liver iron concentrations. CRISPR offers a potential one-and-done curative approach and should command premium pricing as long as the safety profiles are comparable. After a strong run following third quarter earnings, Square (SQ) dropped back after CEO Jack Dorsey announced that he will spend a good deal of time in Africa in 2020, inviting calls for him step down from one of his two CEO positions. While Square's stock price declined, Cash App's downloads in December hit a record high: more than 3 million people downloaded it, an increase of 31% on a year over year basis and 26% relative to its last high of 2.3 million in July. Intellia Therapeutics seemed to react to controversy over CRISPR-Cas9 as Chinese authorities sentenced Dr. He Jiankui to three years in jail for using it to edit the genomes of twin girl embryos. Dr. Jiankui no longer can practice medicine involving any traits that can be passed down to future generations. Intellia is not involved in such germline stem cell research, just somatic stem cell research.

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: 1.33%, refer PDS for more details | 4 September 2019 | \$0.187m |
| 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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