Factsheet 28 February 2021

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

- During February, global equity indexes continued to appreciate, though strong gains in the first half of the month gave way to volatility and weakness in the second half as long-term interest rates surged and the yield curve steepened. The outlook for fiscal stimulus in the US combined with supportive monetary policies around the world initially reassured equity markets, until a sharp move up in long term Treasury yields proved unsettling.
- Relative to the MSCI World Index, Energy, Financial Services, and Communication Services outperformed on balance for the month, while Utilities, Healthcare, and Consumer Staples lagged. In other words, despite significant weakness in the equity markets during the second half of February, the bull market broadened out and strengthen for the month as a whole.

Fund Highlights

- The fund benefited from sizeable moves in Zillow (Z), Baidu (BIDU), Square (SQ), Shopify (SHOP), and Twilio (TWLO).
- Detracting from performance were Tesla (TSLA), Crispr Therapeutics (CRSP), Proto Labs (PRLB), Invitae (NVTA), and Teladoc (TDOC).

Performance

	One month	Three months	One Year	Three Years (p.a.)
Retail[3]	-11.17%	10.76%	110.64%	
KiwiSaver[3]	-11.20%	7.83%		
NASDAQ-100	-0.93%	2.14%	31.91%	
Wholesale[1]	-6.47%	13.18%		
Benchmark[2]	0.80%	2.41%		

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 or change in unit price.

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.

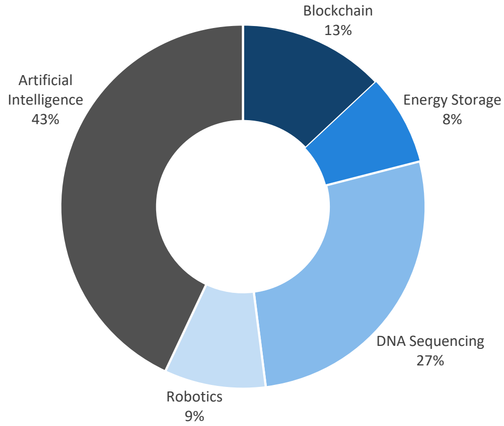
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

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



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Nikko Asset Management

Portfolio Composition (Underlying Fund*)

	%		%
E-Commerce	12.12	Beyond DNA	3.51
Digital Media	9.49	Instrumentation	3.23
Cloud Computing	8.93	Energy Storage	3.16
Big Data & Machine Learning	7.95	Targeted Therapeutics	2.83
Mobile	7.89	Social Platforms	2.34
Molecular Diagnostics	7.06	Robotics	2.15
Gene Therapy	7.03	Blockchain & P2P	1.13
3D Printing	5.69	Next Generation Oncology	1.11
Internet of Things	4.95	Development of Infrastructure	0.95
Bioinformatics	3.87	Space Exploration	0.89
Autonomous Vehicles	3.76		

Top 10 Holdings (Underlying Fund*)

	%	Country
Tesla Motors, Inc.	9.33	US
Square, Inc. Class A	5.58	US
Roku Inc	5.41	US
Teladoc Health, Inc.	4.62	US
Crispr Therapeutics Ag	4.02	Switzerland
Invitae Corp	3.89	US
Baidu Inc	3.66	China
Spotify Technology Sa	3.50	Sweden
Zillow Group, Inc. Class C	3.37	US
Intellia Therapeutics Inc	2.39	US

Market Commentary (source: ARK Investment Management LLC)

During February, global equity indexes continued to appreciate, though strong gains in the first half of the month gave way to volatility and weakness in the second half as long-term interest rates surged and the yield curve steepened. During the first half, the outlook for fiscal stimulus in the US combined with supportive monetary policies around the world initially reassured equity markets, until a sharp move up in long term Treasury yields proved unsettling. Relative to the MSCI World Index, Energy, Financial Services, and Communication Services outperformed on balance for the month, while Utilities, Healthcare, and Consumer Staples lagged. In other words, despite significant weakness in the equity markets during the second half of February, the bull market broadened out and strengthen for the month as a whole. Since the bottom of the market during the coronavirus crisis, growth stocks - particularly those associated with companies solving problems created by the pandemic - have outperformed value stocks significantly. This divergence could be a function of the “creative destruction” that innovation is fomenting in traditional value sectors like financial services, energy, and industrials. Cyclical equities around the world now are benefiting as producers catch up with consumer and housing demand, and as significant capital spending declines in energy and other disrupted industries curb supply, supporting prices. The consumer saving rate in the US dropped from a record high 34% in April but, thanks to another round of fiscal stimulus, still tops 20%, more than double the 8% recorded last year at this time, suggesting that pent-up demand will continue to support the recovery now underway. Indeed, given the low level of inventories relative to sales in the US, businesses still are scrambling to catch up, pointing to a continued V-shaped recovery in the US and Asia during the next year. At the same time, companies in the cross-hairs of disruptive innovation like Exxon are writing down fixed assets and cutting capital spending, causing a surge in oil prices as the V-shaped recovery continues to gain traction. As the coronavirus (COVID-19) strengthened its grip around the globe, we have been gratified that government policymakers were laser-focused on cushioning the blow and on partnering with companies offering innovative solutions to the problems the disease is causing. During times of fear, uncertainty, and doubt, businesses and consumers are more willing to change their behavior and seek innovative products and services that are more productive, cost-effective, faster, and/or creative. As a result, innovation takes root and typically gains significant market share during and after tumultuous times

Fund Commentary

The fund benefited from sizeable moves in Zillow (Z), Baidu (BIDU), Square (SQ), Shopify (SHOP), and Twilio (TWLO). Zillow Group (ZG) was a top contributor after a strong fourth quarter 2020 report, beating analyst estimates and guiding to first quarter numbers meaningfully above consensus. Baidu was a top contributor in February on the back of strong non-advertising revenues growth, which consists of Cloud, Intelligent Driving Group (or Apollo), and other initiatives. Baidu disclosed more details in their non-advertising side of the business this quarter in an effort to reposition the company as an AI powerhouse in China. Square (SQ) was a contributor after the stock benefited from rising bitcoin prices and several sell-side upgrades. Square posted solid fourth quarter 2020 earnings which saw the seller segment continuing to rebound, meanwhile Cash App grew Monthly Active Users by 50% and gross profit by 162%.

Detracting from performance were Tesla (TSLA), Crispr Therapeutics (CRSP), Proto Labs (PRLB), Invitae (NVTA), and Teladoc (TDOC). After a long run, Tesla's stock declined in February as investors speculated about Reddit investors' potential impact on trading. Near the end of the month, the Model 3 production line was temporarily halted for 2 days due to part shortages. Proto Lab's stock declined in February. During its fourth quarter earnings call, Proto Labs did not give earnings guidance and its unique product developer count was lower than some analysts expected due to a decline in its CNC (Computerized Numerical Control) machining business. Proto Labs is a leader in 3D printing services, which could be used to make next generation autonomous vehicles of many forms, and recently acquired 3D Hubs to expand further into 3D printing. Invitae (NVTA) declined in February after delivering 2021 revenue guidance of at least $450 million, slightly below analyst expectations. However, the company reaffirmed its guidance of 50-60% revenue growth each year for the next three years. We are increasingly confident in Invitae's competitive advantages and believe it will be the winner in a winner-take-most industry.

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 KiwiSaver: 1.25% refer to PDS for more details	4 September 2019	$80.6m

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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