

Factsheet 30 June 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 June, broad-based global equity indexes continued to appreciate as confidence increased in the V-shaped recovery.
- On Capitol Hill, we believe the narrow majorities in Congress have decreased the odds of a significant tax increase.
- The US yield curve flattened slightly as the 10-year treasury bond yield fell to 1.47%, well below the high point of 1.74% at the end of March. In other words, the bond market's behaviour does not seem to corroborate the fear of a significant acceleration in inflation from here. Innovation is the source of good deflation, as learning curves cut costs and increase productivity.

Fund Highlights

- The portfolio benefited from sizeable moves in Intellia Therapeutics (NTLA), Roku (ROKU), CRISPR Therapeutics (CRSP), Editas Medicine (EDIT), and Tesla (TSLA).
- The largest detractors from performance were UiPath (PATH), Materialise (MTLS), Nintendo (7974 JP), KE Holdings (BEKE), and Tencent (700 HK).

Performance

	One month	Three months	One Year	Three Years (p.a.)
Retail ³	20.61%	12.63%	68.09%	
KiwiSaver ³	20.70%	12.71%		
NASDAQ-100	10.62%	11.56%		
Wholesale ¹	20.82%	8.43%		
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 on change in unit price.

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.



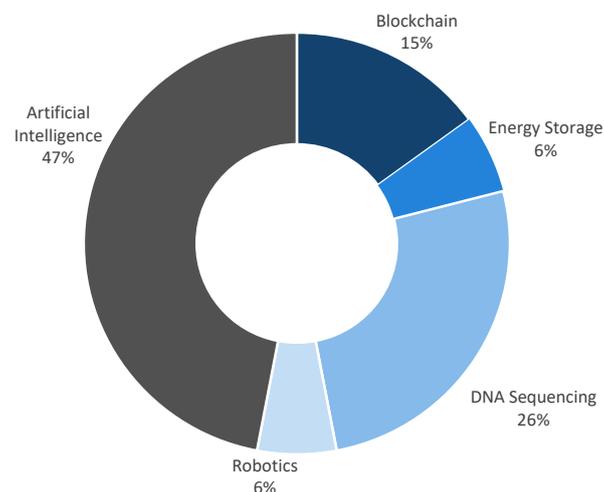
ARK's transparent research approach is highly differentiated, seeking to capitalise on insights across multiple mediums.

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*)

	%		%
Cloud Computing	12.7	3D Printing	3.3
Digital Media	12.7	Beyond DNA	3.0
E-Commerce	10.7	Energy Storage	2.8
Gene Therapy	8.0	Social Platforms	2.8
Mobile	6.5	Autonomous Vehicles	2.0
Big Data & Machine Learning	6.3	Targeted Therapeutics	2.0
Molecular Diagnostics	5.5	Robotics	1.8
Internet of Things	5.0	Space Exploration	1.1
Instrumentation	4.7	Next Generation Oncology	0.9
Blockchain & P2P	3.9	Development of Infrastructure	0.9
Bioinformatics	3.4		

Top 10 Holdings (Underlying Fund*)

	%	Country
Tesla Inc	8.60%	US
Roku Inc	6.42%	US
Teladoc Health Inc	5.45%	US
Square Inc	4.66%	US
Crispr Therapeutics	3.74%	Switzerland
Zoom Video Communications	3.68%	US
Invitae Corp	3.65%	US
Spotify Technology	3.64%	Sweden
Twilio Inc	3.57%	US
Coinbase Global Inc	3.49%	US

Market Commentary (source: ARK Investment Management LLC)

During June, broad-based global equity indexes continued to appreciate as confidence increased in the V-shaped recovery. On Capitol Hill, we believe the narrow majorities in Congress have decreased the odds of a significant tax increase. The US yield curve flattened slightly as the 10-year treasury bond yield fell to 1.47%, well below the high point of 1.74% at the end of March. In other words, the bond market’s behaviour does not seem to corroborate the fear of a significant acceleration in inflation from here. Innovation is the source of good deflation, as learning curves cut costs and increase productivity. If we are correct in our assessment that the risk to the outlook is deflation, not inflation, then nominal GDP growth is likely to be much lower than expected, suggesting that scarce double-digit growth opportunities will be rewarded accordingly. Growth stocks in general and, specifically, innovation-driven stocks could be the prime beneficiaries.

Fund Commentary

The ARK Disruptive Innovation Fund benefited from sizeable moves in Intellia Therapeutics (NTLA), Roku (ROKU), CRISPR Therapeutics (CRSP), Editas Medicine (EDIT), and Tesla (TSLA). Intellia Therapeutics made history by presenting the first data of a CRISPR Cas9 based in vivo gene editing therapy in patients with Hereditary Transthyretin Amyloidosis (hATTR). Until now, patients with hATTR faced limited curative treatment options, but Intellia’s presentation highlighted that editing the TTR gene could result in a one-time treatment, eliminating the need for chronic therapy. ARK believes this data will enter the history books, signifying that in vivo gene editing and one-time cures are possible. The presentation caused shares to nearly double over the following days and elevated the gene-editing market segment in general. CRSP rallied in response to peer Intellia’s industry breakthrough in the use of CRISPR Cas9 for in vivo gene editing. ARK believes that this data will change the landscape of gene editing. Shares of Editas Medicine, a premier CRISPR-based gene-editing company, rallied as a result of its peer Intellia releasing landmark data that showed the safety and efficacy of in vivo genome editing. TSLA bounced back materially after a disappointing month of performance in May. Sources of volatility from the prior month began to dissipate, including tweets from Elon Musk around Bitcoin and tension with Chinese regulators on autonomous driving data gathering. During June, Tesla surprised investors to the upside with the number of China-made EV deliveries and, separately, began deliveries of the premium, highly anticipated Model S Plaid.

The largest detractors from performance were UiPath (PATH), Materialise (MTLS), Nintendo (7974 JP), KE Holdings (BEKE), and Tencent (700 HK). PATH pulled back on fears of valuation despite beating first quarter estimates and upward guidance on second quarter sales. In an interview with CNBC, Daniel Dines, the CEO, said the company is experiencing an acceleration across all industries and plans to increase R&D to prepare for the next phase of growth, a positive development in ARK’s view. Nintendo shares partially gave back May’s gains potentially due to the broader shift of diminishing hours at home as economies reopen and the global shortage of semiconductors. BEKE detracted from performance. The company, commonly known as Beike, is China’s largest real estate brokerage platform. Beike is digitizing the real estate experience in China and solving historical burdens such as information asymmetry, lack of agent coordination system, and fraudulent listings. Tencent shares detracted from performance as the Chinese government continued to put pressure on large technology companies. Additionally, the Biden Administration signed an order targeting data collection by Chinese apps.

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	\$111.7m
	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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