

Factsheet 30 September 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 September, broad-based global equity indexes – as measured by the MSCI World – depreciated as macro headwinds stalled consumer and investor confidence. The market is reacting to supply chain shortages and a slowdown in China.
- The US 10-year Treasury bond yield jumped briefly above 1.50%, though still well below the 1.74% peak posted at the end of March, steepening the yield curve.
- ARK still believes that the bond market is not corroborating the fears of inflation that have dominated headlines.

## Fund Highlights

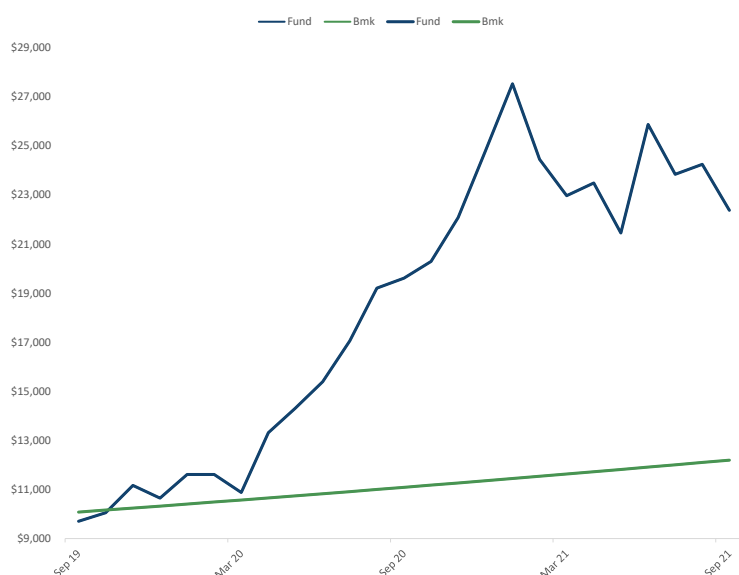
- The fund returned -6.66% for the month.
- The top contributors include Tesla (TSLA), Ginkgo Bioworks (DNA), Stratasys (SSYS), Iovance Biotherapeutics (IOVA), and Nintendo (7974.JP).
- The top detractors include Editas Medicine (EDIT), Teladoc (TDOC), Roku (ROKU), Coinbase (COIN), and Intellia Therapeutics (NTLA).

## Performance

	One month	Three months	One Year	Three Years (p.a.)
Wholesale <sup>1</sup>	-6.66%	-12.94%		
Retail <sup>3</sup>	-7.73%	-13.52%	14.11%	
KiwiSaver <sup>3</sup>	-7.75%	-13.54%		
Benchmark <sup>2</sup>	0.80%	2.41%	10.00%	
NASDAQ-100	-3.54%	2.41%	24.29%	

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 unit price.

## Since Inception – Retail Fund<sup>3,2</sup>



## 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.

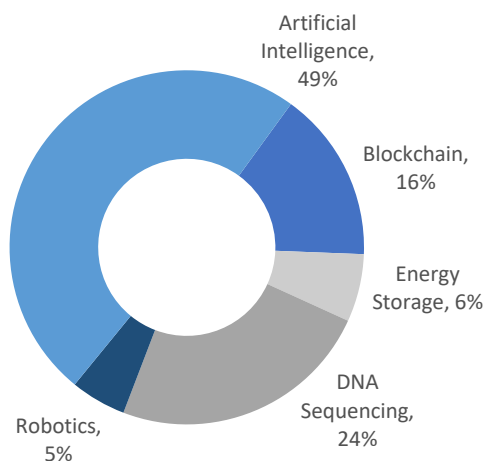
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

## 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\*)

	%		%
Digital Media	14.07	Energy Storage	3.13
Cloud Computing	13.24	3D Printing	2.95
E-Commerce	10.20	Social Platforms	2.48
Big Data & Machine Learning	7.10	Autonomous Vehicles	2.10
Gene Therapy	6.61	Beyond DNA	2.02
Molecular Diagnostics	6.38	Targeted Therapeutics	1.25
Blockchain & P2P	5.42	Space Exploration	1.14
Instrumentation	5.27	Robotics	0.98
Internet of Things	5.23	Development of Infrastructure	0.96
Mobile	5.17	Next Generation Oncology	0.69
Bioinformatics	3.60		

### Top 10 Holdings (Underlying Fund\*)

	%	Country
Tesla Inc.	9.63	US
Roku Inc.	5.56	US
Teladoc Health Inc.	5.26	US
Unity Software Inc.	4.92	US
Coinbase Global Inc.	4.83	US
Invitae Corp	4.23	US
Square Inc	4.18	US
Zoom Communications	3.84	US
Spotify Technology SA	3.68	Sweden
Shopify Inc.	3.26	CA

### Market Commentary (source: ARK Investment Management LLC)

During September, broad-based global equity indexes – as measured by the MSCI World – depreciated as macro headwinds stalled consumer and investor confidence. The market is reacting to supply chain shortages and a slowdown in China. The US 10-year Treasury bond yield jumped briefly above 1.50%, though still well below the 1.74% peak posted at the end of March, steepening the yield curve. ARK still believes that the bond market is not corroborating the fears of inflation that have dominated headlines. Gridlock remains the norm on Capitol Hill, with added intra-party tension as House Democrats negotiate the final infrastructure bill. With midterm election campaigns in the early stages, narrow majorities in both Houses of Congress are likely to prevent the passage of unpopular and onerous tax measures. Meanwhile, monetary policy also is likely to remain benign in its impact on equity markets, particularly if our outlook for inventories and inflation are correct.

### Fund Commentary

The top contributors include Tesla (TSLA), Ginkgo Bioworks (DNA), Stratasys (SSYS), Iovance Biotherapeutics (IOVA), and Nintendo (7974.JP). TSLA continued its momentum through the month after impressive electric car sales in China, preliminary approvals for its Gigafactory in Germany, Musk stating that he foresees the chip shortage as being a shorter-term issue, and increasingly positive sentiment from sell-side research analysts. SSYS contributed to performance due to general macro movement and sentiment in the 3D printing space and the expansion of its healthcare print services to include anatomical modeling and consultative services. Shares of Iovance Biotherapeutics popped mid-month after competitor Instil Bio announced an FDA clearance for a clinical trial that likely led analysts to speculate that the potency assay issues could be resolved for Iovance's lifileucel. Iovance's interim CEO, Frederick Vogt stated that it is his top priority to "address FDA feedback regarding the potency assays for lifileucel to support our planned BLA submission."

The top detractors include Editas Medicine (EDIT), Teladoc (TDOC), Roku (ROKU), Coinbase (COIN), and Intellia Therapeutics (NTLA). EDIT shares depreciated after data was announced on its first ocular in vivo genome editing therapy. The phase 1/2 study, which treats LCA-10, that causes blindness, has few participants (n=6) and appeared relatively safe and well-tolerated. However, there were mixed results regarding the efficacy of the therapy in improving vision impairment. Further data is needed to assess efficacy, long-term durability, and high dose safety. Shares of Coinbase traded down during the month, primarily due to high volatility in the cryptocurrency markets. Coinbase announced that it will enable a direct deposit feature for customers to automatically convert their paycheck into crypto. Additionally, Coinbase announced that the SEC issued a Wells notice focused on its impending Lend product, which it subsequently canceled. ARK hopes that regulators will continue to collaborate with those focused on how technology is changing the way the world will work. NTLA traded down during the month despite the FDA accepting the investigational new drug application (IND) for NTLA-5001. The company will begin screening for its Phase 1/2a study evaluating NTLA-5001, a cell therapy that is engineered to treat all genetic subtypes of acute myeloid leukemia (AML).

### Key Fund Facts

<b>Distributions:</b> Generally does not distribute	<b>Estimated annual fund charges (Incl. GST)</b>	<b>Strategy Launch</b>	<b>Strategy size</b>
<b>Hedging:</b> Any foreign currency exposure is unhedged.	Retail: 1.30%, refer PDS for more details	4 September 2019	\$98.7m
	KiwiSaver: 1.25% refer to PDS for more details		
<b>Investment Manager</b> *The fund invests in the Nikko AM ARK Disruptive Innovation Fund (the <b>Underlying Fund</b> ), 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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