

Factsheet 30 April 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 Consumer Staples, Energy, and Health Care sectors outperformed in April, while the Materials, Technology, and Consumer Discretionary 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

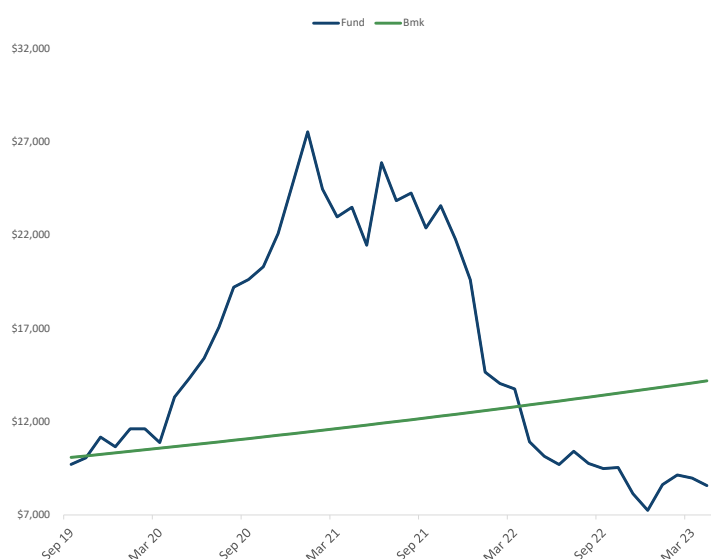
- The fund posted a negative return of 8.73% over April.
- The top contributors include DraftKings (DKNG), CRISPR Therapeutics (CRSP), Schrodinger (SDGR), Teladoc Health (TDOC), and Intellia Therapeutics (NTLA).
- The top detractors include Tesla (TSLA), Zoom Video Communications (ZM), Roku (ROKU), Coinbase (COIN), and UiPath (PATH).

## Performance

	One month	Three months	One Year	Three Years (p.a.)
Wholesale <sup>1</sup>	-8.73%	-4.27%	-18.23%	
Retail <sup>3</sup>	-4.48%	-0.62%	-21.53%	-13.66%
KiwiSaver <sup>3</sup>	-4.51%	-0.61%	-21.64%	
Benchmark <sup>2</sup>	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<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.

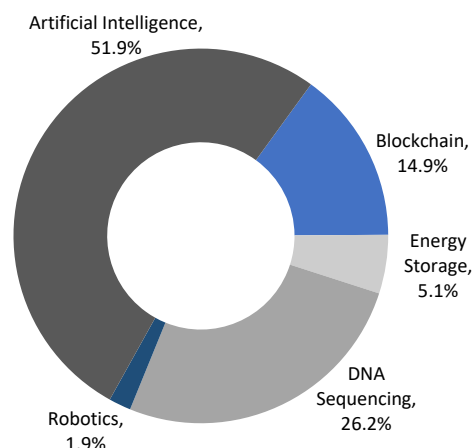
Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic sector by providing greater simplicity, accuracy, customisation and accessibility while driving down costs.

## 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\*)

	%		%
Cloud Computing	16.6	Beyond DNA	3.4
Digital Media	14.3	Energy Storage	3.0
E-Commerce	9.3	Bioinformatics	2.5
Gene Therapy	8.5	Social Platforms	2.3
Instrumentation	7.6	3D Printing	1.3
Big Data & Machine Learning	6.6	Autonomous Vehicles	1.2
Blockchain & P2P	5.6	Targeted Therapeutics	0.9
Mobile	5.5	Development of Infrastructure	0.9
Internet of Things	5.3	Next Generation Oncology	0.7
Molecular Diagnostics	3.8	Robotics	0.6

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

	%	Country
Tesla Motors Inc	8.67	US
Roku Inc	7.72	US
Zoom Video Comms Inc	6.94	US
Square Inc.	5.77	US
Coinbase Global Inc	5.09	US
DraftKings Inc	4.36	US
Exact Sciences Corporation	4.13	US
Uipath Inc	4.09	US
Crispr Therapeutics	4.04	Switzerland
Teladoc Health Inc	3.90	US

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

Relative to the MSCI World Index, the Consumer Staples, Energy, and Health Care sectors outperformed in April, while the Materials, Technology, and Consumer Discretionary 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 DraftKings (DKNG), CRISPR Therapeutics (CRSP) and Schrodinger (SDGR). DraftKings shares appreciated on the back of Wall Street analysts becoming more optimistic about the company’s first quarter earnings. Given its plans to launch in Puerto Rico, ARK believes DraftKings will deliver another year of rapid growth. DraftKings is a sports betting, iGaming, and fantasy sports platform. Shares of CRISPR Therapeutics and other gene-editing names, like Intellia Therapeutics, rallied as Wall Street analysts issued bullish views, noting that the sector had been disproportionately punished. Moreover, the company, alongside Vertex Pharmaceuticals, also completed a rolling submission of a Biologics License Application to the FDA for exagamglogene autotemcel (exa-cel) for sickle cell disease and transfusion-dependent beta-thalassemia. Schrodinger shares rallied on the back of little company-specific news. Schrodinger specializes in developing computational tools and software for drug discovery and materials science.

The top detractors include Tesla (TSLA), Zoom Video Communications (ZM) and Roku (ROKU). Shares of Tesla declined amidst a series of concerns by Wall Street analysts about the potential impact on margins after Tesla cut prices for some of its Model Y and Model 3 vehicles in the U.S. for the sixth time this year. Tesla remains one of ARK’s highest conviction names. They believe Tesla is the leader in EVs by a wide margin across range, performance, safety, and, importantly, technology, in particular its focus to achieve full-self driving (FSD). Shares of Zoom depreciated after an analyst report cited increased competition and negative data points that could affect the company’s growth rate. ARK maintains high conviction in Zoom and its potential to become a leading communications platform for enterprise-to-enterprise communication. Shares of Roku declined on relatively little company specific news. Management reported the company’s financial results for the first quarter. Although gross profit declined year over year, the company reported growth for both active accounts and streaming hours year over year.

### 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 KiwiSaver: 1.25% refer to PDS for more details	4 September 2019	\$49.7m

**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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