

# Nikko AM ARK Disruptive Innovation Strategy

Monthly Update 30 November 2024

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

- Broad-based global equity indexes rallied during the month following the U.S. election, as expectations of reduced regulatory and tax burdens created an environment likely to benefit the market broadly and innovation specifically.
- Relative to the MSCI World Index, the Consumer Discretionary, Financial Services, and Energy sectors outperformed on balance in November, while the Materials, Health Care, and Utilities sectors lagged.

## Fund Highlights

- The fund returned 25.90% over the month, well ahead of the benchmark return of 0.80%.
- Key contributors for the month include Coinbase (COIN), Palantir (PLTR) and Tesla (TSLA).
- Key detractors for the month include Roblox (RBLX), Exact Sciences (EXAS) and Pinterest (PINS).

## Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)
<b>Wholesale<sup>1</sup></b>	25.90%	36.87%	38.63%	-10.57%	
<b>Retail<sup>3</sup></b>	19.98%	35.71%	33.12%	-12.29%	5.63%
<b>KiwiSaver<sup>3</sup></b>	20.13%	35.97%	33.25%	-12.36%	
<b>Benchmark<sup>2</sup></b>	0.80%	2.41%	10.00%	10.00%	10.00%
<b>NASDAQ<sup>4</sup></b>	6.00%	12.75%	37.11%	14.93%	22.68%

1. Returns are before tax and before the deduction of fees and including tax credits (if any).
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.
4. NASDAQ-100 Notional Net Total Return Index Unhedged in NZD.

## Since Inception Cumulative Performance, \$10,000 Invested<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.



## Overview

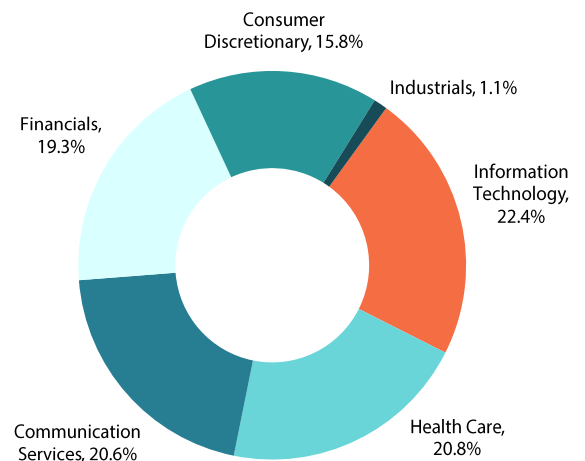
The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies. Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic 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.

## Sector Weights\*

\*Weights based on Manager's model portfolio, which may vary from the actual portfolio and does not factor in cash positions.



## Technology Composition (Underlying Fund\*)

	(%)		(%)
Intelligent Devices	17.92	Advanced Battery	2.14
Next Gen Cloud	17.05	Adaptive Robotics	2.07
Digital Wallets	13.89	Reusable Rockets	0.00
Neural Networks	10.82	3D Printing	0.00
Multiomic Technologies	9.92		
Autonomous Mobility	8.88		
Precision Therapies	5.88		
Cryptocurrencies	4.91		
Smart Contracts	3.80		
Programmable Biology	2.71		

## Top 10 Holdings (Underlying Fund\*)

	(%)	Country
Tesla Motors Inc	8.67	United States
Coinbase Global Inc	8.07	United States
Palantir Technologies Inc	7.35	United States
Roku Inc	5.42	United States
Roblox Corp	5.10	United States
Shopify Inc	4.64	Canada
Robinhood Markets Inc	4.55	United States
Block Inc	4.08	United States
Meta Platforms	3.57	United States
Draftkings	2.76	United States

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

Broad-based global equity indexes rallied during the month following the U.S. election, as expectations of reduced regulatory and tax burdens created an environment likely to benefit the market broadly and innovation specifically. Relative to the MSCI World Index, the Consumer Discretionary, Financial Services, and Energy sectors outperformed on balance in November, while the Materials, Health Care, and Utilities sectors lagged.

In our view, the most significant near-term government actions - including regulatory reforms, efforts to reduce waste in the government sector, the SEC adopting a positive stance on digital assets, and the FTC reopening M&A markets - will create profound opportunities for innovation, particularly in autonomous mobility, multiomics, and digital assets.

## Fund Commentary

**Key contributors** for the month include **Coinbase (COIN), Palantir (PLTR) and Tesla (TSLA)**.

Shares of Coinbase contributed to the fund this month, following Donald Trump's victory in the 2024 U.S. Presidential election and a broader surge in cryptocurrency markets with Bitcoin in particular reaching a new all-time high. Investors believe that Trump's pro-crypto stance will create a more favourable regulatory environment for cryptocurrency-related companies. Shares of Palantir Technologies contributed to fund performance this month after the company reported third-quarter earnings. Topline revenue growth continued to accelerate, driven by continued strength in U.S. Commercial revenue, and unexpected strength in U.S. Government revenue compared to last quarter. The company announced plans to relist on the Nasdaq exchange, which could potentially lead to further gains, and it revealed a partnership with two of the top companies in the industry to provide AI models to U.S. intelligence and defence agencies. Shares of Tesla contributed to performance during the month after the US election results prompted several stock upgrades from Wall St. analysts, citing Elon Musk's involvement in the new administration as a tailwind for Tesla. Specifically, analysts speculate that autonomous vehicle regulation may shift from state to federal level, potentially accelerating Tesla's autonomous ride-hail rollout, which is planned for initial deployment in California and Texas next year.

**Key detractors** for the month include **Roblox (RBLX), Exact Sciences (EXAS) and Pinterest (PINS)**.

Shares of Roblox detracted from fund performance this month despite various positive events, The company's mixed performance was influenced by updates to its safety systems and parental controls, as well as an upgrade from an analyst, suggesting the game platform's shares could more than double. Shares of Exact Sciences detracted from performance this month after the company reported third-quarter earnings and lowered full-year revenue guidance, citing lower-than-expected growth in the frequency of Cologuard testing. That said, total revenue and adjusted EBITDA increased year-over-year. Shares of Pinterest detracted from fund performance this month after the company reported fourth-quarter guidance that was below analysts' estimates.

## Key Fund Facts

<b>Estimated annual fund charges (incl. GST)</b>		<b>Distribution:</b>	Generally does not distribute.	<b>Strategy Launch:</b>	September 2019
<b>Retail:</b>	1.30% refer to PDS for more details	<b>Investment Manager:</b>	*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).	<b>Strategy size:</b>	\$62.6m
<b>KiwiSaver:</b>	1.25%, refer to PDS for more details.				
<b>Hedging:</b>	Any foreign currency exposure is unhedged.				

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