

Nikko AM ARK Disruptive Innovation Strategy

Monthly Update 31 January 2025

Assets are held in the Nikko AM Wholesale ARK Disruptive Innovation Fund. The Nikko AM ARK Disruptive Innovation Fund (retail) and the GoalsGetter KiwiSaver Scheme Nikko AM ARK Disruptive Innovation Fund invest in units in the wholesale fund, which the commentary refers to.

Market Overview

- Broad-based global equity indexes appreciated, driven by solid earnings announcement, growing expectations of a more favorable regulatory environment and reduced tax burdens, a rate cut by ECB and expectations of economic stimulus measures in China.
- The Communication Services, Financials, and Health Care sectors outperformed on balance in January, while the Information Technology, Consumer Staples, and Real Estate sectors lagged.

Fund Highlights

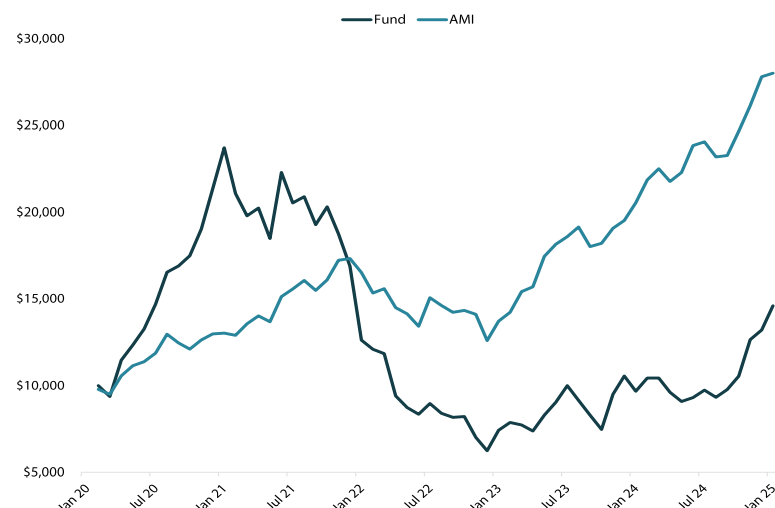
- The fund returned 10.42% over the month, well ahead of benchmark.
- Key contributors for the month include Robinhood (HOOD), Tempus AI (TEM) and Roblox (RBLX).
- Key detractors for the month include Teradyne (TER), Nvidia (NVDA) and Intellia Therapeutics (NTLA).

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)
Wholesale¹	10.42%	43.14%	57.54%	3.09%	
Retail³	10.58%	38.51%	50.94%	4.98%	7.86%
KiwiSaver³	10.56%	38.66%	51.05%	4.94%	
Benchmark²	0.80%	2.41%	10.00%	10.00%	10.00%
NASDAQ⁴	0.75%	13.56%	36.34%	19.24%	22.87%

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^{3,2}



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

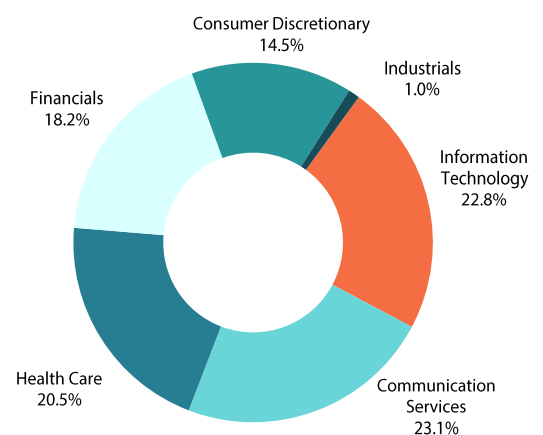
The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies. Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic 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	19.98	Humanoid Robots	2.4
Next Gen Cloud	18.14	Advanced Battery	2.0
Digital Wallets	13.13	Reusable Rockets	0.0
Neural Networks	11.27	3D Printing	0.0
Multimic Technologies	10.10		
Autonomous Mobility	7.73		
Precision Therapies	4.67		
Cryptocurrencies	4.52		
Smart Contracts	3.42		
Programmable Biology	2.68		

Top 10 Holdings (Underlying Fund*)

	(%)	Country
Tesla Motors Inc	7.65	United States
Palantir Technologies Inc	7.60	United States
Coinbase Global Inc	7.42	United States
Roblox Corp	6.79	United States
Roku Inc	5.97	United States
Robinhood Markets Inc	4.79	United States
Shopify Inc	4.40	Canada
Meta Platforms Inc	4.02	United States
Block Inc	3.89	United States
Tempus Ai Inc	3.51	United States

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes appreciated, driven by solid earnings announcement, growing expectations of a more favorable regulatory environment and reduced tax burdens, a rate cut by ECB and expectations of economic stimulus measures in China. The Communication Services, Financials, and Health Care sectors outperformed on balance in January, while the Information Technology, Consumer Staples, and Real Estate sectors lagged.

In ARK's view, the most significant near-term government actions—including deregulation, the Department of Government Efficiency's (D.O.G.E.) efforts to increase government efficiency, a change in the Securities and Exchange Commission's (SEC) attitude toward digital assets, and the Federal Trade Commission's (FTC) more open stance to mergers and acquisitions (M&A)—will create profound opportunities for innovation, particularly in autonomous mobility, multimics, and digital assets.

Fund Commentary

Key contributors for the month include **Robinhood (HOOD), Tempus AI (TEM) and Roblox (RBLX)**.

Shares of Robinhood contributed to the fund this month. Robinhood's price target was increased by a research analyst and was added to their 2025 Financials Top Picks. Shares of Tempus AI contributed to fund performance this month following the announcement of a collaboration with Genialis to enhance precision medicine and the launch of its FDA-approved diagnostic device, xT CDx. The stock saw a significant increase attributed to these developments, alongside the introduction of the AI-enabled health concierge app, olivia, which collectively reflects the company's strong growth trajectory and strategic expansion in the precision medicine sector. Shares of Roblox contributed to the fund this month, following continued momentum post its Winter Spotlight launch event, featuring 24 holiday themed games and rewards driving a surge in daily active users (DAUs) and engagement.

Key detractors for the month include **Teradyne (TER), Nvidia (NVDA) and Intellia Therapeutics (NTLA)**.

Shares of Teradyne detracted from the fund's performance during the month despite better-than-expected earnings result, as weakness in industrial automation and robotics weighed on sentiment. While near-term challenges persist, management remains confident in long-term growth, supported by strategic investments in AI, power semiconductors, and restructuring efforts. Shares of NVIDIA detracted from fund performance this month following concerns over competition from China's AI developments, particularly after the release of DeepSeek-R1. We believe these concerns are overstated, as not only should the proliferation of affordable reasoning models benefit hardware and infrastructure providers for inference workloads, but also because Nvidia's products are still best-in-class for training workloads, including being used in large numbers to train the DeepSeek models. Shares of Intellia Therapeutics detracted from fund performance this month following a strategic reorganization announcement that included the discontinuation of NTLA-3001 and a significant workforce reduction. This shift towards focusing on late-stage programs, particularly NTLA-2002 and nex-z, has created short-term uncertainty among investors, contributing to a decline in share price.

Key Fund Facts

Estimated annual fund charges (incl. GST)		Distribution:	Generally does not distribute.	Strategy Launch:	September 2019
Retail:	1.30% 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).	Strategy size:	\$67.2m
KiwiSaver:	1.45%, refer to PDS for more details.				
Hedging:	Any foreign currency exposure is unhedged.				

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