

# Nikko AM ARK Disruptive Innovation Strategy

Monthly Update 31 December 2024

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 declined during the previous month due to concerns about a slowdown in the pace of interest rate cuts in the U.S., concerns about the political situation in France, and growing concerns about the U.S. tariff policy.
- Relative to the MSCI World Index, the Consumer Discretionary, Communication Services, and Information Technology sectors outperformed on balance in December, while the Energy, Real Estate, and Materials sectors lagged.

## Fund Highlights

- The fund returned 2.97% over the month, well ahead of the benchmark return of 0.80%.
- Key contributors for the month include Tesla (TSLA), Palantir (PLTR) and Roblox (RBLX).
- Key detractors for the month include Coinbase (COIN), Tempus AI (TEM) and CRISPR Therapeutics (CRSP).

## Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)
<b>Wholesale<sup>1</sup></b>	2.97%	35.36%	29.49%	-6.16%	
<b>Retail<sup>3</sup></b>	4.40%	35.09%	25.18%	-7.86%	7.56%
<b>KiwiSaver<sup>3</sup></b>	4.40%	35.31%	25.21%	-7.92%	
<b>Benchmark<sup>2</sup></b>	0.80%	2.41%	10.00%	10.00%	10.00%
<b>NASDAQ<sup>4</sup></b>	6.34%	19.50%	42.42%	17.08%	24.45%

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

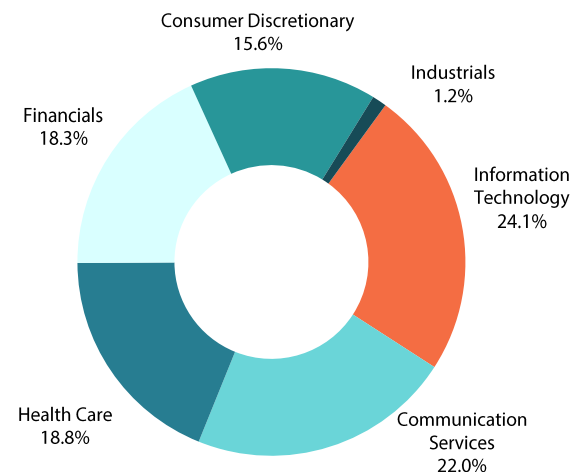
The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies. Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic 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	19.01	Programmable Biology	2.53
Next Gen Cloud	18.55		
Digital Wallets	13.41		
Neural Networks	11.12		
Autonomous Mobility	9.99		
Multiomic Technologies	9.15		
Precision Therapies	5.09		
Cryptocurrencies	4.44		
Advanced Battery Technologies	3.41		
Smart Contracts	3.31		

## Top 10 Holdings (Underlying Fund\*)

	(%)	Country
Tesla Motors Inc	8.47	United States
Palantir Technologies Inc	8.17	United States
Coinbase Global Inc	7.00	United States
Roblox Corp	6.12	United States
Roku Inc	6.02	United States
Robinhood Markets Inc	4.65	United States
Shopify Inc	4.43	Canada
Block Inc	4.04	United States
Meta Platforms Inc	3.77	United States
Teradyne Inc	2.76	United States

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

Broad-based global equity indexes declined during the previous month due to concerns about a slowdown in the pace of interest rate cuts in the U.S., concerns about the political situation in France, and growing concerns about the U.S. tariff policy. Relative to the MSCI World Index, the Consumer Discretionary, Communication Services, and Information Technology sectors outperformed on balance in December, while the Energy, Real Estate, and Materials sectors lagged.

In ARK's 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 **Tesla (TSLA)**, **Palantir (PLTR)** and **Roblox (RBLX)**.

Shares of Tesla contributed to the fund's performance this month, driven by strong year-to-date gains and the achievement of an all-time high share price, bolstered by continued momentum following the U.S. election results. The rollout of Tesla's Full Self-Driving (FSD) v13.2 software further strengthened confidence in its planned initial deployment of ride-hailing in 2025, showcasing advancements in autonomous driving technology. Additionally, the growing adoption of electric and hybrid vehicles in the U.S. continues to reinforce the company's market leadership and long-term growth prospects. Shares of Palantir contributed to fund performance this month, following a series of strategic partnerships and contract wins. Notably, Palantir secured a significant army contract, partnered with L3Harris Technologies and Booz Allen Hamilton to drive technology development and defence mission innovation, and announced plans to form a consortium with other tech groups, including SpaceX and OpenAI, to bid for Pentagon contracts. Shares of Roblox contributed to the fund's performance this month after the company announced a special deal on Robux, its proprietary in-game currency. In a post on its Creator Forum, Roblox said it would offer users discounts of up to 25% when purchasing Robux through its gift cards, app, or website. Shares of Roku contributed to fund performance this month.

**Key detractors** for the month include **Coinbase (COIN)**, **Tempus AI (TEM)** and **CRISPR Therapeutics (CRSP)**.

Shares of Coinbase detracted from the fund this month after the post-election rally in bitcoin lost momentum. Despite the downturn, Coinbase's international derivatives trading volume surged four times higher than the previous month, and the company introduced Apple Pay support for fiat-to-crypto transactions. Shares of Tempus AI detracted from fund performance this month, despite signed agreements for in-network provider status with Blue Cross Blue Shield of Illinois, Blue Shield of California, and Avalon Healthcare Solutions, a laboratory benefit manager. Additionally, the company announced a new decision establishing reimbursement for the clinical use of Tempus ECG-AF algorithm, reducing the financial burden of using AI to improve early detection of atrial fibrillation. Shares of CRISPR Therapeutics detracted from fund performance this month on no company specific news, but likely due to a continued selloff in the gene editing space.

## 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>	\$62.5m
<b>KiwiSaver:</b>	1.45%, refer to PDS for more details.				
<b>Hedging:</b>	Any foreign currency exposure is unhedged.				

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