

Nikko AM ARK Disruptive Innovation Strategy

Monthly Update 28 February 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 depreciated, reflecting heightened uncertainty surrounding the presidential transition and increasing risk of the downside for economic growth.
- Relative to the MSCI World Index, the Consumer Staples, Real Estate, and Energy sectors outperformed on balance in February, while the Consumer Discretionary, Communication Services, and Technology sectors lagged.

Fund Highlights

- The fund returned -8.30% over the month, lagging the benchmark.
- Key contributors for the month include Palantir (PLTRP), Pinterest (PINS) and Spotify (SPOT).
- Key detractors for the month include Tesla (TSLA), Coinbase (COIN) and Block (XYZ).

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)
Wholesale¹	-8.30%	4.26%	28.70%	3.39%	
Retail³	-11.40%	2.28%	23.95%	2.28%	5.29%
KiwiSaver³	-11.47%	2.19%	23.88%	2.25%	
Benchmark²	0.80%	2.41%	10.00%	10.00%	10.00%
NASDAQ⁴	-1.36%	5.68%	26.40%	21.69%	23.08%

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

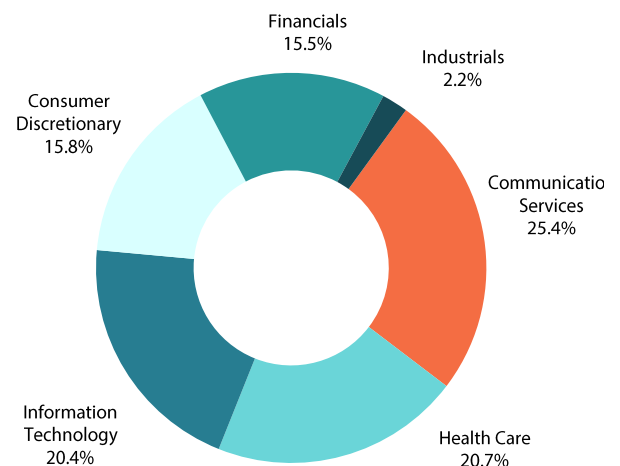
The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies. Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic 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	22.52	Programmable Biology	2.33
Next Gen Cloud	16.14	Advanced Battery	2.06
Digital Wallets	12.40	Reusable Rockets	0.00
Neural Networks	10.97	3D Printing	0.00
Multimic Technologies	9.66		
Autonomous Mobility	9.39		
Precision Therapies	5.44		
Cryptocurrencies	3.74		
Smart Contracts	2.80		
Humanoid Robotics	2.54		

Top 10 Holdings (Underlying Fund*)

	(%)	Country
Tesla Motors Inc	7.95	United States
Roblox Corp	6.77	United States
Palantir Technologies Inc	6.03	United States
Roku Inc	6.02	United States
Coinbase Global Inc	5.87	United States
Shopify Inc	4.52	Canada
Robinhood Markets Inc	4.37	United States
Meta Platforms Inc	4.18	United States
Tempus Ai Inc	3.85	United States
Block Inc	3.00	United States

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes depreciated, reflecting heightened uncertainty surrounding the presidential transition and increasing risk of the downside for economic growth. Relative to the MSCI World Index, the Consumer Staples, Real Estate, and Energy sectors outperformed on balance in February, while the Consumer Discretionary, Communication Services, and Technology sectors lagged.

While short-term uncertainty is weighing on growth, we believe that interest rates are likely to surprise to the downside, setting the stage for a rebound as the Trump administration implements pro-growth policies. Longer-term, breakthroughs in AI, robotics, energy storage, blockchain, and multimics sequencing should unleash productivity and real economic growth.

Fund Commentary

Key contributors for the month include **Palantir (PLTRP)**, **Pinterest (PINS)** and **Spotify (SPOT)**.

Shares of Palantir Technologies contributed to fund performance this month following a strong earnings report that showcased significant growth in U.S. customers and commercial revenue. The stock surged as the company reported an increase in U.S. commercial revenue year-over-year and provided an optimistic outlook for fiscal year 2025, indicating continued demand for its AI-driven platforms, particularly from government clients. Notably, concerns surrounding U.S. government budget cuts negatively impacted Palantir's share price exiting the month. Shares of Pinterest contributed to the fund this month after the company reported strong fourth-quarter earnings, including year-over-year revenue growth and an increase in global monthly active users. Shares of Spotify contributed to the fund this month after the company reported strong fourth quarter earnings, highlighted by revenue growth year-over-year on an FX neutral basis, and monthly active users (MAUs) growing year-over-year across all regions.

Key detractors for the month include **Tesla (TSLA)**, **Coinbase (COIN)** and **Block (XYZ)**.

Shares of Tesla detracted from performance during the month amid concerns about slowing EV adoption linked to Elon Musk's political involvement. Meanwhile, Tesla continued to advance its Full Self-Driving (FSD) software, launching FSD Supervised Beta in Mexico and FSD-like smart driving features in China, remaining on track to launch a commercial robotaxi service in Austin in June. Later in the month, Tesla began delivering the refreshed Model Y in China, with US deliveries set to start in early March. Shares of Coinbase detracted from the fund this month, largely tracking the decline in the price of Bitcoin over the past month. However, the company reported strong fourth quarter earnings, with net revenue growth year-over-year and trading volume growth year-over-year. The SEC also formally dropped its case against Coinbase, an important milestone that signals the end of former SEC Chair Gary Gensler's era of "regulation by enforcement" and marking a more progressive approach to digital assets regulation in the United States. Shares of Block detracted from the fund this month after the company reported fourth-quarter results, including lower-than-expected revenue growth year-over-year. That said, Square, the company's merchant platform, delivered solid performance, with Gross Payment Volume (GPV) growth accelerating year-over-year.

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:	\$60.9m
KiwiSaver:	1.45%, refer to PDS for more details.				
Hedging:	Any foreign currency exposure is unhedged.				

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