

Nikko AM ARK Disruptive Innovation Strategy

Monthly Update 31 March 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 amid weakening economic data and unresolved tariff risks.
- Relative to the MSCI World Index, the Energy, Utilities, and Consumer Staples sectors outperformed on balance in March, while the Information Technology, Consumer Discretionary, and Communication Services sectors lagged.

Fund Highlights

- The fund returned -14.10% over the month, lagging the benchmark.
- Key contributors for the month include Advanced Micro Devices (AMD), PagerDuty (PD), and Twist Bioscience (TWST).
- Key detractors for the month include Coinbase (COIN), Roku (ROKU), Tesla (TSLA), Robinhood (HOOD), and DraftKings (DKNG).

Performance

	One month	Three months	One year	Three years (p.a.)	Five years (p.a.)
Wholesale¹	-14.10%	-13.02%	10.53%	0.97%	
Retail³	-11.09%	-12.89%	10.28%	-0.97%	4.19%
KiwiSaver³	-11.21%	-13.09%	10.07%	-1.05%	
Benchmark²	0.80%	2.41%	10.00%	10.00%	10.00%
NASDAQ⁴	-8.81%	-9.37%	11.98%	17.37%	21.56%

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

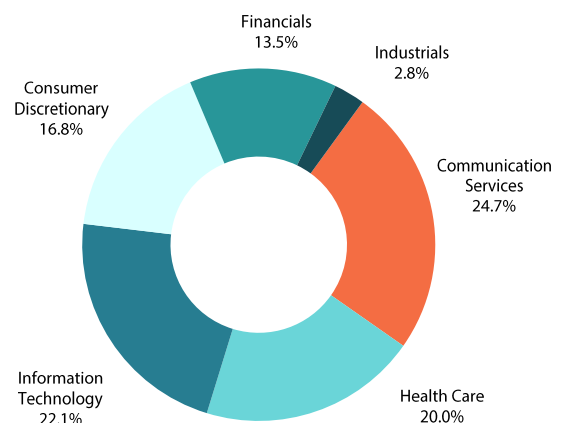
The fund provides access to a global share portfolio that offers thematic exposure to disruptive innovation across a number of sectors and geographies. Disruptive innovation is caused by the introduction of new technologically enabled products or services that permanently change an industry or economic 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	22.01	Programmable Biology	2.61
Next Gen Cloud	17.54	Adaptive Robotics	2.38
Neural Networks	11.18	Reusable Rockets	0.00
Digital Wallets	10.86	3D Printing	0.00
Autonomous Mobility	10.46		
Multiomic Technologies	9.11		
Precision Therapies	4.86		
Cryptocurrencies	3.58		
Smart Contracts	2.71		
Advanced Battery Technologies	2.70		

Top 10 Holdings (Underlying Fund*)

	(%)	Country
Tesla Motors Inc	9.15	United States
Palantir Technologies Inc	7.40	United States
Roblox Corp	7.02	United States
Roku Inc	5.97	United States
Coinbase Global Inc	5.82	United States
Robinhood Markets Inc	4.82	United States
Shopify Inc	4.67	Canada
Tempus Ai Inc	4.48	United States
Meta Platforms Inc	3.92	United States
Amazon Com Inc	2.78	United States

Market Commentary (source: ARK Investment Management LLC)

Broad-based global equity indexes depreciated, reflecting heightened uncertainty amid weakening economic data and unresolved tariff risks. Relative to the MSCI World Index, the Energy, Utilities, and Consumer Staples sectors outperformed on balance in March, while the Information Technology, Consumer Discretionary, and Communication Services sectors lagged. Slowing money velocity, guidance cut from a major US retailer, and a sharp drop in high-income consumer sentiment corroborate a pullback in spending by both consumers and corporations, signalling that the final stage of the rolling recession is playing out. While short-term uncertainty is weighing on growth, ARK Investment Management 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 multiomics sequencing should unleash productivity and real economic growth.

Fund Commentary

Key contributors for the month include **Advanced Micro Devices (AMD)**, **PagerDuty (PD)**, and **Twist Bioscience (TWST)**.

Shares of Advanced Micro Devices contributed to fund performance this month on little company-specific news, despite turbulence in semiconductor markets attributed to a competitor's product announcements, China's ability to produce competitive large language models, and concerns over the impact of tariffs from the US. Shares of PagerDuty contributed to fund performance this month following the announcement of their fourth-quarter and full-year fiscal 2025 financial results, which highlighted a year-over-year revenue increase for the quarter and the introduction of a \$150 million share repurchase program. The company also launched new AI offerings in their Operations Cloud, reinforcing their focus on operational excellence and innovation, despite some anticipated short-term moderation in enterprise sales as they reorient their sales teams to focus on large customers. Shares of Twist Bioscience contributed to fund performance this month after the company announced that, for a limited time, all Twist Express Genes orders placed by academic customers globally will be shipped in as few as four days without incurring a premium for the rapid turnaround time, reinforcing its commitment to supporting researchers amidst funding challenges.

Key detractors for the month include **Coinbase (COIN)**, **Roku (ROKU)**, **Tesla (TSLA)**, **Robinhood (HOOD)**, and **DraftKings (DKNG)**.

Shares of Coinbase, Roku, Robinhood, and DraftKings detracted from the fund this month, following a broader market sell-off driven by concerns over tariffs weighing on the economy and escalating recession fears, rattling investor sentiment. Technology and consumer discretionary sectors were among the hardest hit. Coinbase was hit disproportionately relative to Bitcoin, perhaps due to rising competition from both peers like Robinhood and traditional financial institutions gearing up to enter the crypto markets following a March 7th statement from the OCC clarifying that U.S. banks were permitted to engage with digital assets. Shares of Tesla detracted from fund performance this month following significant stock declines attributed to falling sales and backlash against CEO Elon Musk's political involvement. Concerns were exacerbated by a lowered delivery forecast from surveys indicating that a majority of investors believe Musk's political activities are negatively impacting the company's fundamentals.

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:	\$50.7m
KiwiSaver:	1.45%, refer to PDS for more details.				
Hedging:	Any foreign currency exposure is unhedged.				

Contact Us

www.nikkoam.co.nz | nzenquiries@nikkoam.com

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