

ARK GLOBAL DISRUPTIVE INNOVATION FUND

Net returns as at 30 September 2024

	1 month	3 months	6 months	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception* p.a.
Ark Global Disruptive Innovation Fund [‡]	3.70	4.79	-6.73	15.72	11.44	-21.70	2.11	0.75
Growth return [#]	3.70	4.79	-6.73	15.72	11.44	-21.70	2.06	0.72
Distribution return [#]	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.04
MSCI All Countries World Index [^]	0.07	2.63	3.14	22.57	21.42	9.54	11.55	11.07

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

[‡]Effective April 2023, the Fund was renamed from the Nikko AM Ark Global Disruptive Innovation Fund to the Ark Global Disruptive Innovation Fund. There was no change to the Fund's investment team, philosophy or process. The Fund gains exposure to global equities by investing in the Nikko AM ARK Disruptive Innovation Fund (Underlying Fund), a sub-fund of the Nikko AM Global Umbrella Fund. The Underlying Fund is an open-ended investment company (Company) established under Luxembourg law as a 'société d'investissement à capital variable' (SICAV).

[#]Growth returns are measured by the movement in the Fund's unit price, ex-distribution. Distribution return is the proportion of the total return which is paid to unitholders by way of distribution. It does not include distribution amounts deemed as capital distributions.

[^] Reference Index shown for illustrative purposes only: MSCI All Countries World Index (with net dividends reinvested) expressed in Australian Dollars (unhedged).

* Inception date of the ARK Global Disruptive Innovation Fund: August 2018.

Portfolio review

The Fund outperformed broad based global equities during the month (net).

Key contributors to absolute performance:

- **Tesla** shares rose in anticipation of the upcoming October robotaxi event and analysts' forecasts of better-than-expected third quarter vehicle deliveries. The company's AI team also released its roadmap for Full Self-Driving software updates from now through the first quarter of 2025, achieving all September milestones.
- **Palantir Technologies**, known for its big data analytics software platforms, saw its shares rally after the announcement of its inclusion in the S&P 500. Later in the month, the company also received a \$100 million extension to its Maven Smart System contract with the U.S. military.
- **Robinhood Markets**, a financial services company, shares traded higher on reporting its August 2024 metrics, which showed a year-over-year increase in equity trading volume.
- **Roku's** shares responded positively following the launch of its new Ads Manager platform, a self-service solution that enables advertisers to create, manage, and measure their TV streaming ad campaigns directly on Roku's platform. The Ads Manager offers access to Roku's first-party data and proprietary ad products, allowing advertisers to effectively reach its

large audience. By streamlining the advertising process and providing advanced targeting capabilities, Roku aims to capture a greater share of the expanding TV streaming ad market.

- **Unity Software**, a video game development company, saw its shares rise after announcing the cancellation of its controversial Runtime Fee. The company will return to a traditional subscription-based pricing model, addressing the widespread backlash from game developers. This decision, made by new CEO Matthew Bromberg, is viewed as a strategic effort to mend relations with Unity's core customer base. The elimination of the unpopular fee structure, which had caused considerable unrest in the developer community, was positively received by the market.

Key detractors from absolute performance:

- Biotechnology firms **Beam Therapeutics** and **Intellia Therapeutics** experienced declines in their share prices following a general market pullback in the genomics sector, despite the absence of specific news related to either company.
- Moderna, a pharmaceutical and biotechnology company, shares were sold off following a further reduction in revenue guidance. The company also eliminated five early-stage pipelines and postponed its filing for an individualized neoantigen therapy for melanoma. However, during the month, Health Canada approved Moderna's updated COVID-19

vaccine, SpikeVAX, and the company announced a joint agreement with Cenra Healthcare to market its mRNA respiratory vaccine portfolio in Taiwan.

- **Coinbase**, a cryptocurrency exchange platform operator, saw its share price dip as global digital asset exchange volumes were subdued compared to August levels, even though digital asset prices experienced a modest increase.
- **Recursion Pharmaceuticals** shares traded lower after the company announced Phase 2 data for REC-994, its orally bioavailable, superoxide scavenger small molecule, currently under development for the treatment of symptomatic Cerebral Cavernous Malformation (CCM). Investors seem concerned about the efficacy of this drug, as neither patients nor physicians reported improvements in the first 12 months. That said, MRI-based measurements did show improvements.

Market outlook

Broad-based global equity indexes appreciated during the month as the FED cut interest rates sharply by 50 basis points and expectations of a soft landing for the U.S. economy increased. Relative to the MSCI World Index, the Consumer Discretionary, Utilities, and Material sectors outperformed on balance in September, while the Energy and Health Care sectors lagged.

Some of the largest beneficiaries of the rotation to cyclicals—Energy and Financial Services—could be disrupted significantly during the next five years. In Ark’s view, autonomous electric vehicles and digital wallets—including blockchain technologies, cryptocurrencies, and decentralized financial services (DeFi)—will disrupt and disintermediate both Energy and Financial Services.

While the consensus forecast is for a soft landing, ARK still expects that a loss of pricing power will force corporations into employment cutbacks that will perpetuate the rolling recession that began in the spring of 2022 when the Fed embarked on a 22-fold increase in interest rates. In response, housing, autos, commercial real estate, and capital spending have capitulated as inventories continue to build.

Top 10 holdings (underlying Fund*)

Security Name	% of Fund
Tesla Inc	9.7
Roku Inc	7.4
ROBLOX Corp	6.3
Palantir Technologies Inc	6.3
Coinbase Global Inc	6.1
Robinhood Markets Inc	5.0
Shopify Inc	4.9
Block Inc	4.7
Meta Platforms Inc	4.3
DraftKings Inc	3.2

Sector exposure (underlying Fund*)

Element	Exposure (%)
Communication Services	23.6
Information Technology	22.6
Health Care	21.1
Financials	17.0
Consumer Discretionary	15.3
Industrials	0.4

Portfolio composition (underlying Fund*)

Element	Exposure (%)
Intelligent Devices	20.8
Next Gen Cloud	15.6
Digital Wallets	13.7
Neural Networks	10.7
Autonomous Mobility	9.4
Multiomic Technologies	9.2
Precision Therapies	7.7
Cryptocurrencies	3.9
Smart Contracts	2.7
Programmable Biology	2.5
Adaptive Robotics	2.1
Advanced Battery Technologies	1.6

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Features

Investment objective	The Fund aims to achieve a target average total return (before fees, expenses and taxes) of 10% to 15% per annum over a rolling five year period.	
Recommended investment time frame	7+ years	
Fund inception	August 2018	
Fund size	A\$43.2 mn as at 30 September 2024	
APIR code	NIK1854AU	
Estimated management cost	1.35% p.a.	
Buy/sell spread	+/- 0.20%	
Platform availability	Asgard BT Panarama Hub24 Macquarie Wrap	Netwealth Praemium uXchange

Applications and contacts

Investment into the ARK Global Disruptive Innovation Fund can be made by Australian resident investors only.

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