

## ARK GLOBAL DISRUPTIVE INNOVATION FUND

### Net returns as at 30 November 2024

|  | 1 month | 3 months | 6 months | 1 year | 2 years<br>p.a. | 3 years<br>p.a. | 5 years<br>p.a. | Since<br>inception* |
|--|---------|----------|----------|--------|-----------------|-----------------|-----------------|---------------------|
| Ark Global Disruptive Innovation Fund <sup>‡</sup> | 25.54   | 34.55    | 40.15    | 33.47  | 29.16           | -13.54          | 4.49            | 5.01                |
| Growth return <sup>#</sup>                         | 25.54   | 34.55    | 40.15    | 33.47  | 29.16           | -13.54          | 4.44            | 4.98                |
| Distribution return <sup>#</sup>                   | 0.00    | 0.00     | 0.00     | 0.00   | 0.00            | 0.00            | 0.05            | 0.04                |
| MSCI All Countries World Index <sup>^</sup>        | 4.31    | 8.08     | 12.83    | 28.36  | 20.48           | 10.75           | 12.19           | 12.13               |

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.

<sup>‡</sup>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).

<sup>#</sup>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.

<sup>^</sup> 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:

- **Coinbase**, a leading cryptocurrency exchange, and trading platform operator **Robinhood**, shares surged after Donald Trump's victory in the 2024 U.S. Presidential election. This, coupled with a broader rally in cryptocurrency markets—especially Bitcoin reaching a new all-time high—has fuelled optimism. Investors expect Trump's pro-crypto position to foster a more favourable regulatory environment for cryptocurrency-related companies.
- **Palantir Technologies**, a data analytics company, shares traded higher following the release of its third-quarter earnings. The company saw continued revenue growth, driven by strong U.S. Commercial performance and unexpected gains in U.S. Government revenue compared to the previous quarter. Palantir also announced plans to relist on the Nasdaq exchange, potentially paving the way for further gains. Additionally, it revealed a partnership with two leading industry firms to provide AI models to U.S. intelligence and defence agencies.
- **Tesla** shares climbed higher after the U.S. election results led to stock upgrades by Wall Street analysts, who cited Elon Musk's involvement in the new administration as a positive factor. Analysts believe

that a potential shift in autonomous vehicle regulation from state to federal level could accelerate Tesla's planned autonomous ride-hail rollout in California and Texas next year.

- E-commerce platform operator **Shopify**, shares were up after the company reported strong third-quarter earnings, with revenue surpassing Wall Street expectations. Shopify also posted its fifth consecutive quarter of over 20% growth in Gross Merchandise Value (GMV).

Key detractors from absolute performance:

- **Roblox**, a popular online gaming platform, saw its shares finish the month slightly lower despite positive developments, including updates to its safety systems and parental controls, and an analyst upgrade suggesting the game platform's shares could more than double.
- **Exact Sciences**, a life sciences company focused on early cancer detection, shares were sold off after reporting its third-quarter earnings and lowering full-year revenue guidance, citing weaker-than-expected growth in Cologuard testing. However, total revenue and adjusted EBITDA showed year-over-year increases.
- **Pinterest**, a visual discovery and social media platform, shares declined after the company issued fourth-quarter guidance below analysts' expectations.
- **Illumina**, a biotechnology company specializing in DNA sequencing and genomics, saw its shares dip

after reporting its third-quarter earnings, with core revenue declining year-over-year and management lowering the fiscal year 2024 core revenue guidance. The company did announce a new version of its cancer research assay for comprehensive genomic profiling.

- **Advanced Micro Devices (AMD)**, a semiconductor company, shares traded lower after its third-quarter earnings report. While revenue growth accelerated, particularly in the Data Center segment, full-year estimates were in line with high expectations. Additionally, AMD announced a workforce reduction to focus on growth opportunities and a partnership with IBM to power WatsonX with AMD GPUs.

## Market outlook

Broad-based global equity indices rallied following the U.S. election, as expectations of reduced regulatory and tax burdens created an environment likely to benefit the market broadly and innovation specifically. Relative to the MSCI World Index, the Consumer Discretionary, Financial Services, and Energy sectors outperformed on balance in November, while the Materials, Health Care, and Utilities 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.

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. Many global company bellwethers have corroborated the weakness in economic activity, reporting declines in revenues on a year-over-year basis in their most recent quarters.

## Top 10 holdings (underlying Fund\*)

| Security Name             | % of Fund |
|---------------------------|-----------|
| Tesla Inc                 | 9.1       |
| Coinbase Global Inc       | 8.4       |
| Palantir Technologies Inc | 7.7       |
| Roku Inc                  | 5.5       |
| ROBLOX Corp               | 5.4       |
| Shopify Inc               | 4.9       |
| Robinhood Markets Inc     | 4.8       |
| Block Inc                 | 4.3       |
| Meta Platforms Inc        | 3.8       |
| DraftKings Inc            | 2.9       |

## Sector exposure (underlying Fund\*)

| Element                | Exposure (%) |
|------------------------|--------------|
| Information Technology | 22.4         |
| Health Care            | 20.8         |
| Communication Services | 20.6         |
| Financials             | 19.3         |
| Consumer Discretionary | 15.8         |
| Industrials            | 1.1          |

## Portfolio composition (underlying Fund\*)

| Element                       | Exposure (%) |
|-------------------------------|--------------|
| Intelligent Devices           | 17.9         |
| Next Gen Cloud                | 17.1         |
| Digital Wallets               | 13.9         |
| Neural Networks               | 10.8         |
| Multiomic Technologies        | 9.9          |
| Autonomous Mobility           | 8.9          |
| Precision Therapies           | 5.9          |
| Cryptocurrencies              | 4.9          |
| Smart Contracts               | 3.8          |
| Programmable Biology          | 2.7          |
| Advanced Battery Technologies | 2.1          |
| Adaptive Robotics             | 2.1          |

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## Features

|  |   |                                   |
|--|---|-----------------------------------|
| <b>Investment objective</b>              | 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. |                                   |
| <b>Recommended investment time frame</b> | 7+ years  |                                   |
| <b>Fund inception</b>                    | August 2018   |                                   |
| <b>Fund size</b>                         | A\$51.5 mn as at 30 November 2024   |                                   |
| <b>APIR code</b>                         | NIK1854AU   |                                   |
| <b>Estimated management cost</b>         | 1.35% p.a.  |                                   |
| <b>Buy/sell spread</b>                   | +/- 0.20%   |                                   |
| <b>Platform availability</b>             | Asgard<br>BT Panarama<br>Hub24<br>Macquarie Wrap  | Netwealth<br>Praemium<br>uXchange |

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## Applications and contacts

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

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