

## ARK GLOBAL DISRUPTIVE INNOVATION FUND

### Net returns as at 31 December 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 <sup>‡</sup>	2.63	33.17	39.54	24.75	43.71	-8.90	5.91	5.38
Growth return <sup>#</sup>	2.63	33.17	39.54	24.75	43.71	-8.90	5.86	5.34
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>	2.73	10.94	13.86	29.48	25.36	11.22	12.88	12.43

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 underperformed broad based global equities during the month (net).

Key contributors to absolute performance:

- **Tesla** shares continued to rise, achieving an all-time high, driven by strong year-to-date gains and bolstered by 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.
- **Palantir** shares traded higher 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.
- Gaming platform operator **Roblox** saw gains in its shares 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.

- Digital media player company **Roku** shares rose on unconfirmed speculation about a potential acquisition or merger.
- **Teradyne**, a provider of automated test equipment used in the semiconductor and electronics industries, saw its shares rise, supported by eased concerns over semiconductor exports to China. Notably, later in the month, an analyst issued a stock upgrade and price target increase, highlighting improvements in the total addressable market for ASICs, memory, and mobility sectors, which position the company favourably for future growth.

Key detractors from absolute performance:

- Cryptocurrency exchange operator **Coinbase** shares fell 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.
- **Tempus AI**, a health-tech company, shares traded lower 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 the Tempus

ECG-AF algorithm, reducing the financial burden of using AI to improve early detection of atrial fibrillation.

- **CRISPR Therapeutics**, a biotechnology company pioneering gene-editing technologies, experienced a selloff in its shares, with no company-specific news, likely due to a continued downturn in the gene-editing space.
- **DraftKings** shares were down following speculation that Robinhood might potentially enter the betting and event contracts space.
- E-commerce platform operator **Shopify** saw its shares drop due to broader weakness across e-commerce stocks.

## Market outlook

Broad-based global equity indices (in local currency terms) fell in the last month of 2024 due to concerns about a slowdown in the pace of interest rate cuts in the U.S., worries about the political situation in France, and growing concerns about 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 public 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, which will perpetuate the rolling recession that began in the spring of 2022. In response, housing, autos, commercial real estate, and capital spending have contracted as inventories continue to build.

## Top 10 holdings (underlying Fund\*)

Security Name	% of Fund
Tesla Inc	8.9
Palantir Technologies Inc	8.5
Coinbase Global Inc	7.4
ROBLOX Corp	6.3
Roku Inc	6.1
Robinhood Markets Inc	4.9
Shopify Inc	4.6
Block Inc	4.3
Meta Platforms Inc	3.9
Teradyne Inc	2.9

## Sector exposure (underlying Fund\*)

Element	Exposure (%)
Information Technology	24.1
Communication Services	22.0
Health Care	18.8
Financials	18.3
Consumer Discretionary	15.6
Industrials	1.2

## Portfolio composition (underlying Fund\*)

Element	Exposure (%)
Intelligent Devices	19.0
Next Gen Cloud	18.5
Digital Wallets	13.4
Neural Networks	11.1
Autonomous Mobility	10.0
Multiomic Technologies	9.1
Precision Therapies	5.1
Cryptocurrencies	4.4
Advanced Battery Technologies	3.4
Smart Contracts	3.3
Programmable Biology	2.5

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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\$51.3 mn as at 31 December 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 BT Panarama Hub24 Macquarie Wrap	Netwealth Praemium uXchange

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## Applications and contacts

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

**Website** [www.yarracm.com](http://www.yarracm.com)

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