

ARK GLOBAL DISRUPTIVE INNOVATION FUND

Net returns as at 31 July 2024

	1 month	3 months	6 months	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception*
Ark Global Disruptive Innovation Fund [‡]	4.68	4.46	3.15	-5.17	6.20	-22.91	0.10	0.76
Growth return [#]	4.68	4.46	3.15	-5.17	6.20	-22.91	0.06	0.72
Distribution return [#]	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.04
MSCI All Countries World Index [^]	3.92	7.49	13.82	20.75	18.80	10.00	12.24	11.63

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 initially rose strongly in response to better-than-expected second-quarter vehicle deliveries and record stationary energy deployments. However, later in the month, the stock gave back some of those gains after Tesla postponed its robotaxi event from August to October due to design changes for the upcoming Cybercab and reported second-quarter earnings that fell short of analysts' profit expectations. Separately, the company released a major update to its Full-Self Driving software (FSD), v12.5.1, with future updates expected to integrate the highway and city driving software stacks into a single end-to-end solution.
- **Roblox** shares traded higher after a market research firm released estimates that exceeded consensus expectations for bookings, daily active users, and engagement hours. Roblox develops and operates an online entertainment platform.
- **Beam Therapeutics**, a biotechnology company focused on developing precision genetic medicines for patients with serious diseases, saw its shares trade higher despite the announcement of a transition in the role of Chief Financial Officer.

- **Twist Bioscience** shares rose, the company announced the launch of a synthetic RNA control for H5N1 Influenza A, expanded its high-throughput IgG antibody portfolio with the introduction of CHO-expressed antibodies, and reported the clinical progression of Pure Biologics' antibody candidate discovered using Twist's antibody libraries.
- **Intellia Therapeutics** shares performed well, bolstered by the company's announcement at the end of the month that it had received authorization in the UK to initiate a Phase 1/2 clinical trial of NTLA-3001 for the treatment of Alpha-1 Antitrypsin Deficiency.

Key detractors from absolute performance:

- **Pinterest** shares declined after the company reported second-quarter earnings that fell short of market expectations. Although revenue slightly exceeded forecasts, the third-quarter guidance was below consensus, suggesting continued growth deceleration. Management attributed the weaker outlook to tougher year-over-year comparisons and a foreign exchange headwind.
- **Robinhood Markets** shares traded lower on the back of mixed cryptocurrency performance. While Bitcoin ended the month flat, the price of Ethereum fell during the period.
- **Shopify** shares weakened due to broader weakness in e-commerce stocks.

- **Teradyne** shares declined amid a broad market pullback for semiconductor stocks. Although the company reported second-quarter earnings that surpassed analysts' expectations, it provided weaker-than-expected guidance for the third quarter, due to anticipated softness in semiconductor testing for automotive, mobile, and industrial.
- **Block** shares traded lower over the month. An internal memo by CEO Jack Dorsey detailed further reorganization of its staff to enhance cross-org collaboration.

Market outlook

Broad-based global equity indices appreciated during the month even as the U.S. Federal Reserve (Fed) refrained from committing to the timing and pace of future rate cuts. Relative to the MSCI World Index, the Real Estate, Utilities, and Financial Services sectors outperformed on balance in July, while the Technology, Communication Services, and Consumer Discretionary 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 our 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 and a harder-than-expected landing. The US economy seems to have been in a rolling recession, depressing sectors like housing, autos, and commercial real estate while inventories continue to build.

Top 10 holdings (underlying Fund*)

Security Name	% of Fund
Tesla Inc	9.4
Coinbase Global Inc	6.9
Roku Inc	6.2
ROBLOX Corp	6.1
Block Inc	5.2
Palantir Technologies Inc	4.9
Robinhood Markets Inc	4.5
Shopify Inc	4.3
Meta Platforms Inc	3.5
CRISPR Therapeutics AG	3.2

Sector exposure (underlying Fund*)

Element	Exposure (%)
Health Care	24.0
Information Technology	22.3
Communication Services	21.2
Financials	17.8
Consumer Discretionary	14.1
Industrials	0.6

Portfolio composition (underlying Fund*)

Element	Exposure (%)
Intelligent Devices	18.9
Next Gen Cloud	15.4
Digital Wallets	13.1
Precision Therapies	10.7
Neural Networks	9.6
Autonomous Mobility	9.2
Multiomic Technologies	7.9
Cryptocurrencies	4.3
Programmable Biology	3.4
Smart Contracts	3.1
Adaptive Robotics	2.3
Advanced Battery Technologies	1.8
3D Printing	0.4

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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\$45.1 mn as at 31 July 2024	
APIR code	NIK1854AU	
Estimated management cost	1.35% p.a.	
Buy/sell spread	+/- 0.20%	
Platform availability	Asgard BT Panarama Hub24 Macquarie Wrap Mason Stevens Netwealth	OneVue Praemium uXchange Wealth02

Applications and contacts

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

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