

ARK GLOBAL DISRUPTIVE INNOVATION FUND

Net returns as at 31 October 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 [‡]	3.35	3.46	8.07	31.96	11.92	-22.16	2.73	1.28
Growth return [#]	3.35	3.46	8.07	31.96	11.92	-22.16	2.69	1.24
Distribution return [#]	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.04
MSCI All Countries World Index [^]	3.54	2.25	9.91	28.36	19.66	10.42	12.19	11.53

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

Key contributors to absolute performance:

- **Roblox**, a video gaming platform operator, saw its shares surge after reporting a strong third-quarter earnings report, which highlighted an increase in daily active users (DAUs), higher hours played, and robust growth in bookings.
- **Palantir Technologies**, a company that specializes in software platforms for big data analytics, despite limited company-specific news its share price climbed higher, likely due to momentum from September's announcement of its inclusion in the S&P 500 and the positive second-quarter earnings results reported in August. Additionally, Palantir announced a partnership with L3Harris in October aimed at accelerating L3Harris' digital transformation.
- **SoFi Technologies**, a personal finance company, shares traded higher, on the announcement that the company was entering into a \$2 billion agreement with Fortress Investment Group to enhance its loan platform capabilities. SoFi also reported strong third-quarter earnings, with adjusted net revenue increasing year-over-year and surpassing Wall Street expectations.

- **Block**, a financial technology company known for its payment solutions, shares benefited from overall strength in fintech equities.
- **Trade Desk**, which provides a technology platform for real-time advertising, saw an uptick in its share price on positive analyst notes, despite no major company announcements.

Key detractors from absolute performance:

- **Tesla**, an electric vehicle and clean energy company, shares were down after third-quarter vehicle deliveries fell short of estimates. Additionally, the "We, Robot" event, which unveiled the Cybercab robotaxi, disappointed analysts due to a lack of detailed information. However, the company recovered some losses after reporting better-than-expected third-quarter profitability, driven by record-low vehicle costs, additional revenue from Full Self-Driving software, and significant growth in energy storage and services. Management reaffirmed plans to introduce a low-cost vehicle in the first half of 2025 to support its target of 20-30% vehicle growth and announced plans to launch a ride-hail service in California and Texas next year.
- **Teradyne**, a company specializing in automated test equipment, saw its shares trade lower, despite reporting better-than-expected third-quarter results. Management issued a cautious outlook, citing challenges in the automotive and industrial markets.

- **Intellia Therapeutics**, a biotechnology company focused on gene editing, saw its shares drop following the release of data from its Phase 2 trials for NTLA-2002, an in-vivo CRISPR-Cas9 therapy for hereditary angioedema (HAE). The trial results showed that NTLA-2002 at the 50mg dose level reduced mean monthly attack rates by 77% and 81% during weeks 1-16 and 5-16, respectively, compared to placebo, with no serious adverse side effects. Importantly, eight out of eleven patients experienced no attacks. While management believes that the three patients who self-reported attacks will likely report fewer once the study is unblinded, some investors are concerned that these results may suggest NTLA-2002 is not viewed as a cure—a view the Ark does not share.
- **10X Genomics**, a company that develops gene sequencing and analysis solutions, shares traded lower after announcing its third-quarter earnings that showed a year-over-year decline in revenue, primarily due to reduced instrument sales. Management attributed this decline partly to cautious capital spending in North America. Revenue in the Americas fell compared to the previous year due to unexpected disruptions related to a sales force realignment and changes in the company's commercial strategy. Historically focused primarily on research, 10X Genomics is evolving its strategy to focus on larger and less budget constrained pharma and biotech companies. Notably, revenue in EMEA and APAC increased year-over-year, and global consumables and services revenue also grew year-over-year, suggesting that competition was not the main reason for the third-quarter shortfall.
- **Roku**, a streaming platform and digital media company, shares struggled to perform following a mixed third-quarter report. Despite strong revenue growth and beating consensus estimates, the stock slumped on weak guidance for the future.

Market outlook

Broad-based global equity indices declined during the month due to a revision of the optimistic inflation outlook and a drop in expectations of a significant interest rate cut.

Relative to the MSCI World Index, the Communication Services, Financial Services, and Energy sectors outperformed on balance in October, while the Materials, Health Care, and Consumer Staples 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. 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	9.2
ROBLOX Corp	7.5
Palantir Technologies Inc	7.0
Coinbase Global Inc	6.8
Roku Inc	6.4
Block Inc	5.0
Shopify Inc	4.8
Meta Platforms Inc	4.4
Robinhood Markets Inc	4.4
DraftKings Inc	3.0

Sector exposure (underlying Fund*)

Element	Exposure (%)
Communication Services	24.3
Information Technology	23.1
Health Care	19.2
Financials	18.0
Consumer Discretionary	14.9
Industrials	0.5

Portfolio composition (underlying Fund*)

Element	Exposure (%)
Intelligent Devices	21.0
Next Gen Cloud	16.6
Digital Wallets	13.8
Neural Networks	11.3
Autonomous Mobility	9.0
Multiomic Technologies	8.5
Precision Therapies	6.7
Cryptocurrencies	4.3
Smart Contracts	3.1
Programmable Biology	2.3
Adaptive Robotics	2.0
Advanced Battery Technologies	1.5

* The Fund invests 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).

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 mn as at 31 October 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.

Website www.yarracm.com

Investor Services Team 1800 034 494 (Australia) +61 3 9002 1980 (Overseas) IST@yarracm.com

Disclaimers

Yarra Funds Management Limited (ABN 63 005 885 567, AFSL 230 251) (YFM) is the issuer and responsible entity of a range of registered managed investment schemes, which includes those named in this document ('Funds'). YFM is not licensed to provide personal financial product advice to retail clients. The information provided contains general financial product advice only. The advice has been prepared without taking into account your personal objectives, financial situation or particular needs. Therefore, before acting on any advice, you should consider the appropriateness of the advice in light of your own or your client's objectives, financial situation or needs. Prior to investing in any of the Funds, you should obtain and consider the product disclosure statement ('PDS') and target market determination ('TMD') for the relevant Fund by contacting our Investor Services team on 1800 034 494 or from our website at www.yarracm.com/pdsupdates/. The information set out has been prepared in good faith and while Yarra Funds Management Limited and its related bodies corporate (together, the "Yarra Capital Management Group") reasonably believe the information and opinions to be current, accurate, or reasonably held at the time of publication, to the maximum extent permitted by law, the Yarra Capital Management Group: (a) makes no warranty as to the content's accuracy or reliability; and (b) accepts no liability for any direct or indirect loss or damage arising from any errors, omissions, or information that is not up to date. No part of this material may, without the Yarra Capital Management Group's prior written consent be copied, photocopied, duplicated, adapted, linked to or used to create derivative works in any form by any means.

YFM manages each of the Funds and will receive fees as set out in each PDS. To the extent that any content set out in this document discusses market activity, macroeconomic views, industry or sector trends, such statements should be construed as general advice only. Any references to specific securities are not intended to be a recommendation to buy, sell, or hold such securities. Past performance is not an indication of, and does not guarantee, future performance. Information about the Funds, including the relevant PDSs, should not be construed as an offer to any jurisdiction other than in Australia. With the exception of some Funds that may be offered in New Zealand from time to time (as disclosed in the relevant PDS), we will not accept applications from any person who is not resident in Australia or New Zealand. The Funds are not intended to be sold to any US Persons as defined in Regulation S of the US federal securities laws and have not been registered under the U.S. Securities Act of 1933, as amended.

References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. Holdings may change by the time you receive this report. Future portfolio holdings may not be profitable. The information should not be deemed representative of future characteristics for the strategy. There can be no assurance that any targets stated in this document can be achieved. Please be advised that any targets shown are subject to change at any time and are current as of the date of this document only. Targets are objectives and should not be construed as providing any assurance or guarantee as to the results that may be realized in the future from investments in any asset or asset class described herein. If any of the assumptions used do not prove to be true, results may vary substantially. These targets are being shown for informational purposes only.

Parts of this document have been prepared by ARK Investment Management LLC. ARK Investment Management LLC is the sub-advisor of the strategy. ARK Investment Management LLC does not hold an Australian Financial Services Licence.

This material is issued in Australia by Yarra Funds Management Limited.

© Yarra Capital Management, 2024.