

THE ARK INVESTMENT PROCESS

We Seek To Capture Long-Term Growth Through Disruptive Innovation

www.ark-invest.com



Investment Philosophy

Innovation Is Key To Growth

ARK aims to identify long-term investment opportunities by focusing on public companies that we believe are the leaders, enablers, and beneficiaries of disruptive innovation.

We believe the opportunities resulting from disruptive innovation are often undiscovered or misunderstood by traditional investment managers who focus too much on sectors and short-term price movements, losing focus on long-term impacts and growth potential.

ARK's investment process recognizes that true disruptive innovation triggers rapid cost declines, cuts across sectors and geographies, and has the power to spawn further innovation, offering growth over expansive time horizons.

Aiming to offer long-term growth and capital appreciation, ARK's thematic investment strategies consist of concentrated portfolios of companies that we believe are best positioned to capture growth opportunities resulting from innovation.

Why invest in innovation?

"Over time, innovation should displace industry incumbents, increase efficiencies, and gain majority market share, offering growth opportunities for investors.

More importantly, disruptive innovation impacts and concerns all of our lives and changes the way the world works."

Catherine D. Wood
Founder, CEO & CIO
ARK Investment Management LLC

DISRUPTIVE • INNOVATION

/dɪsˈrʌptɪv/ • /ɪnəˈveɪʃ(ə)n/

ARK defines "disruptive innovation" as the introduction of a technologically enabled product or service that changes an industry landscape by creating simplicity and accessibility while driving down costs.

We believe disruptive innovation must meet three criteria:

01

Experience **significant cost declines** and unleash waves of **incremental demand**

02

Cut **across sectors** and **geographies**

03

Serve as a platform atop which **additional innovations** can be built

ARK's Iterative Investment Process Combines Top-Down And Bottom-Up Research



Top-Down Research to define the investment universe and evaluate the opportunity

ARK's Open Research Ecosystem allows for organized exchange of insights between the portfolio manager, directors of research, analysts, and external sources. It enables a deeper understanding of disruptive innovation. ARK's team of analysts are organized by cross-sector innovation themes to capitalize on the convergence of research. As a result, ARK models cost curves and price elasticity of demand to identify entry points for tech-enabled disruption, allowing us to anticipate and quantify multi-year value-chain transformations and market opportunities.



Bottom-Up Analysis to refine the opportunity, identify companies, and manage portfolios

As part of its research process, ARK's investment team creates investment briefs and valuation models, informed by top down and bottom up inputs. ARK uses a proprietary scoring system to evaluate stocks and to monitor the underlying investment thesis. New research insights, changes in conviction, and adjustments in company scores are discussed weekly during stock meetings and inform ARK's active portfolio management.

Weekly Schedule

ARK structured its investment process to accommodate the accelerating pace of disruptive innovation and believes that collaborative and interdisciplinary information flow provides unique insights. ARK’s weekly schedule combines creative idea sharing with detailed top down/bottom up analysis and stock discussions.



Scoring Process

ARK’s portfolio manager works with the research team on a daily basis but is the ultimate decision maker regarding investment portfolios. As part of ARK’s investment process, the team uses a proprietary scoring system (“ARK Portfolio Tracker”), valuation models, and investment briefs to monitor the underlying investment thesis. ARK scores potential investments based on the following six key metrics:

Key Scoring Metrics – What Could Trigger Score Adjustments?



ARK’s analysts adjust scores during stock meetings based on quantitative and qualitative inputs from various sources. The portfolio team monitors scores continuously for warning signs, triggering stock reviews when necessary.

ARK Open Research Ecosystem

Designed To Identify Innovation Early

ARK is founded on the belief that transparent, collaborative, and interdisciplinary information flow will provide unique insights. ARK's Open Research Ecosystem leverages multiple data sources, both internal and external, to produce timely, original analysis. At the center of its research process, ARK's virtual collaboration platform allows for an organized exchange of insights and ideas among team members and external thought leaders ("Theme Developers").

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Data Sources include social media, traditional sources, and crowdsourcing
- 
Analyst Teams are organized by cross-sector disruptive innovation themes
- 
Portfolio Management evaluates research, fundamentals, and market movements
- 
Theme Developers* are thought leaders from academia, think tanks, startups, venture capital, and established companies.

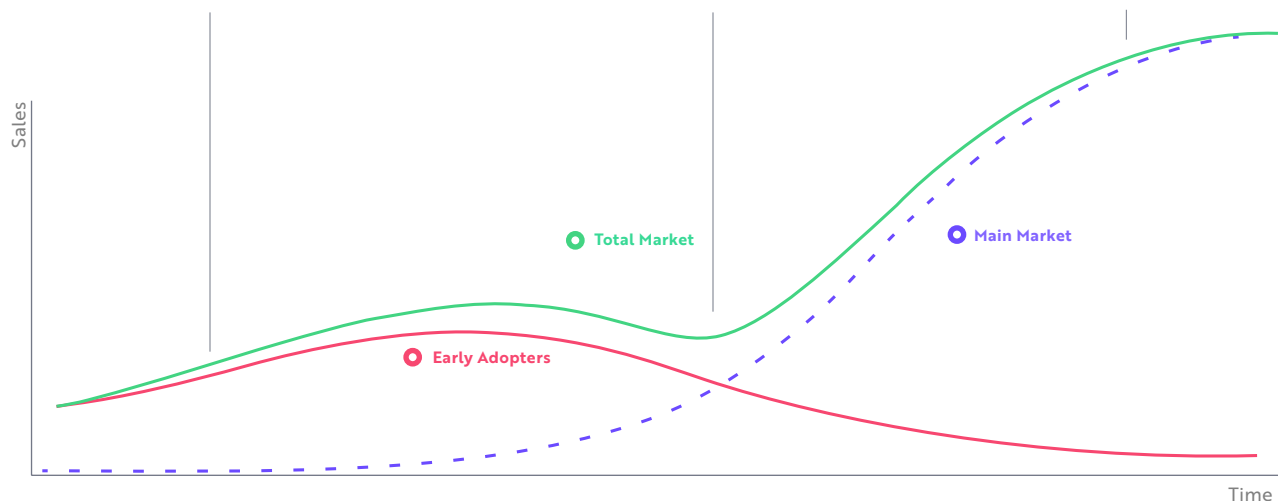


We Seek To Recognize The Time Horizon Of Disruptive Innovation

Short-term pricing movements often reflect volatility more than a stock's underlying value.

Investors may overestimate impacts of short-term events and underestimate long-term market performance.

Investors should monitor if a company is reinvesting in future opportunities and identify possible disrupters.



Source: ARK Investment Management LLC

*ARK Theme Developers are not employees of ARK Investment Management LLC and do not receive compensation.



Contact

For further information regarding investment opportunities in disruptive innovation please contact ARK Invest at info@ark-invest.com, or call [+1 \(727\) 810-8160](tel:+17278108160).

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