



Why Invest in the Next Generation Internet?

For Informational Purposes Only | As of September 30, 2020

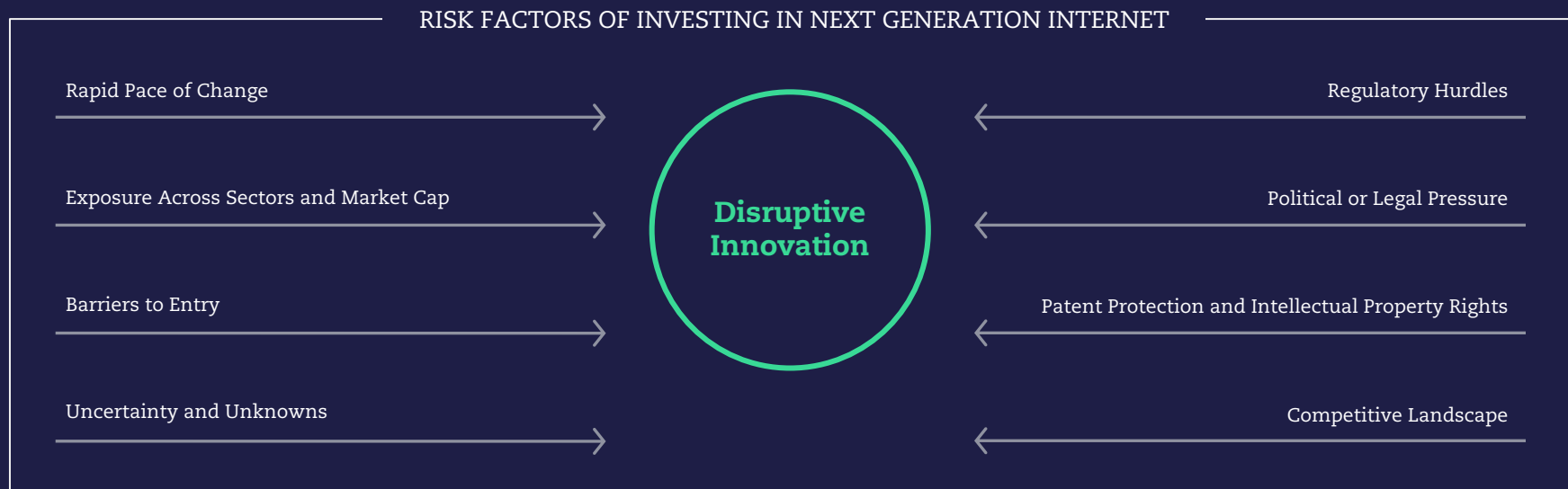
www.ark-funds.com

The ARKW fund symbol, consisting of the letters "ARKW" in a large, bold, white sans-serif font. The background is a dark blue gradient with glowing, ethereal light patterns and vertical columns of binary code (0s and 1s) on the right side, suggesting a digital or technological theme.

ARKW

Risks of Investing in Next Generation Internet

Please note, companies that ARK believes are capitalizing on disruptive innovation and developing technologies to displace older technologies or create new markets may not in fact do so. ARK aims to educate investors and seeks to size the potential investment opportunity, noting that risks and uncertainties may impact our projections and research models. Investors should use the content presented for informational purposes only, and be aware of market risk, disruptive innovation risk, regulatory risk, and risks related to certain innovation areas. **Please read risk disclosure carefully.**



→ Aim for a cross-sector understanding of technology and combine top down and bottom up research.

→ Aim to understand the regulatory, market, sector, and company risks. (See Risk and Disclosure at the end)

Deep Learning Is Powering the Next Generation of Computing Platforms

Conversational Computers



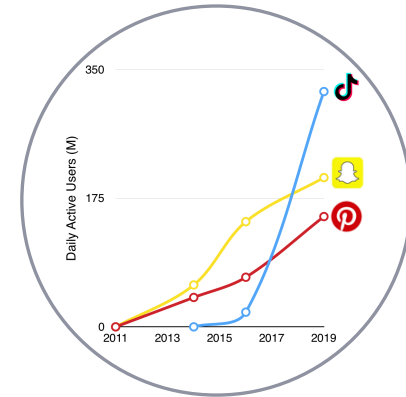
In 2019, smart speakers responded to 100 billion commands and questions, a number that increased 50% in just one year.¹

Self-Driving Cars



Waymo vehicles have traveled more than 20 million fully autonomous miles.²

Consumer Apps

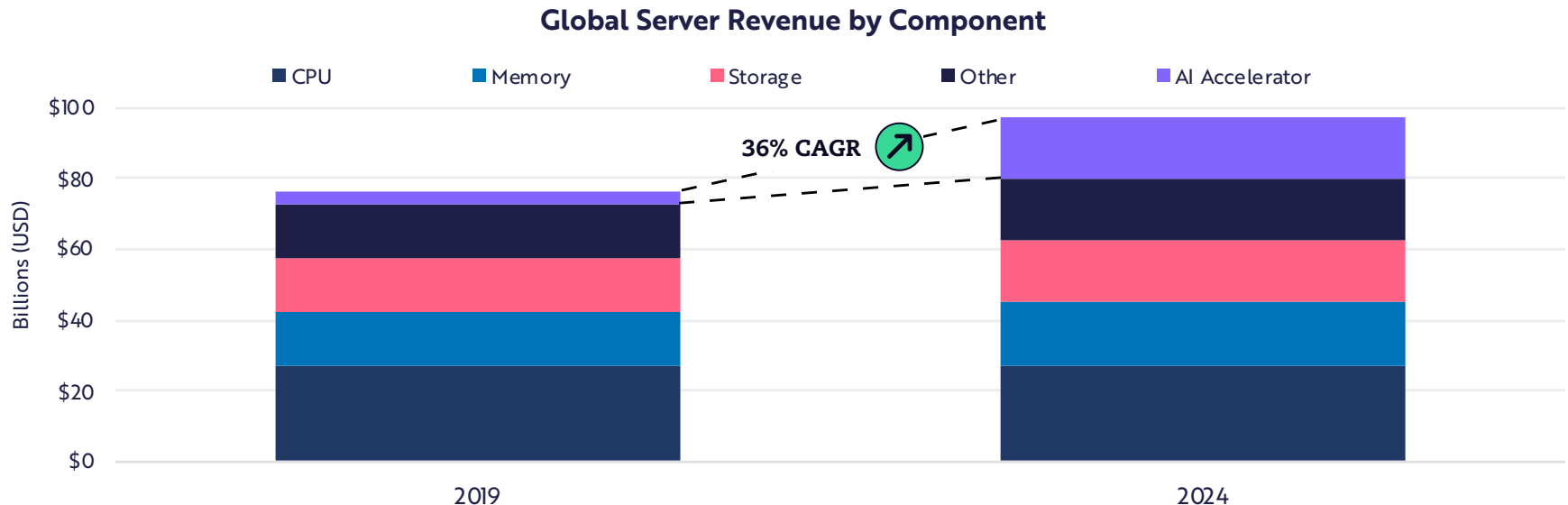


TikTok uses deep learning for video recommendations and is growing its user base 10x faster than is Snapchat.¹

[1] Source: ARK Investment Management LLC, 2019; Based on company derived statistics. [2] Kyle Wiggers, "Waymo's autonomous cars have driven 20 million miles on public roads", VentureBeat [arkinv.st/2N5fC4D](https://venturebeat.com/2019/05/20/waymo-autonomous-cars-20-million-miles/). This is not a recommendation in relation to any named securities and no warranty or guarantee is provided. Any references to particular securities are for illustrative purposes only.

AI Software Should Create an \$18 Billion Market for AI Hardware

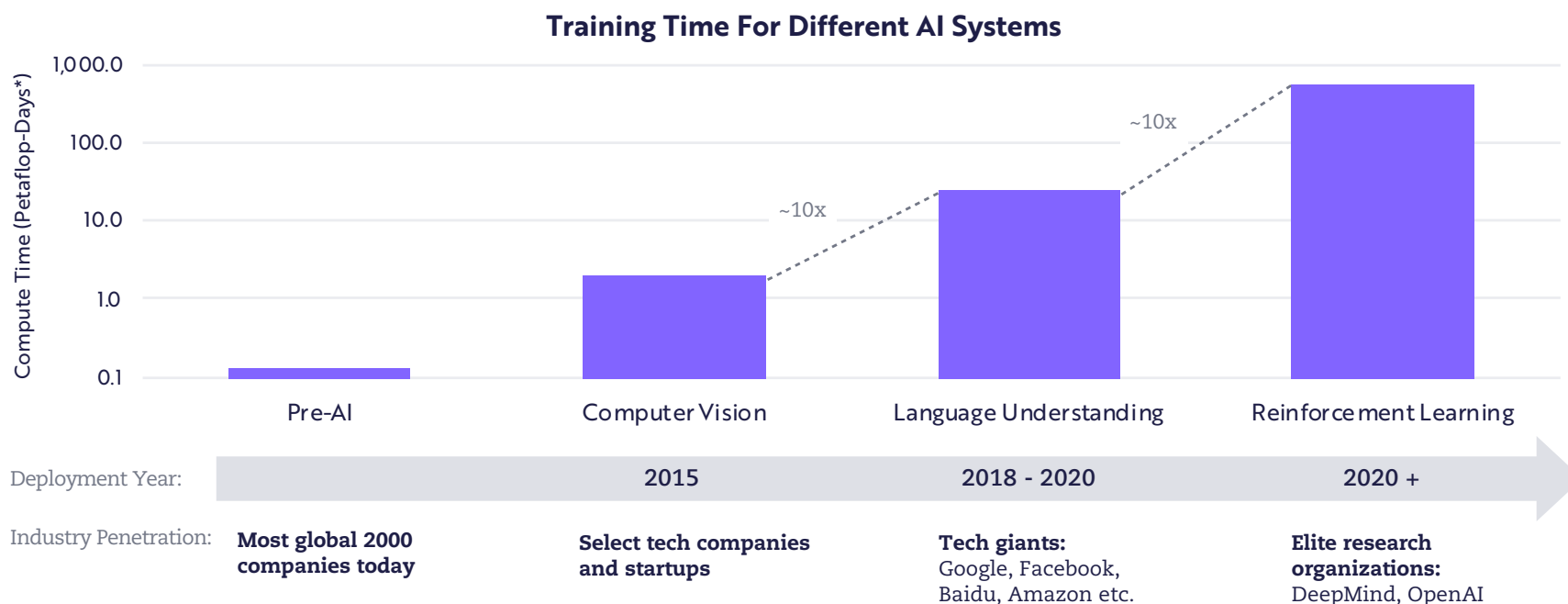
The slowdown in Moore's Law¹ means no more 'free' performance upgrades every two years. As a result, the server industry will have to invest in more computing hardware. AI accelerator chips, which optimize deep learning workloads, generated \$4 billion in revenue last year and ARK believes should grow 36% at a compound annual growth rate (CAGR) to \$18 billion in 2024.



[1] Moore's Law: Gordon Moore's prediction that the number of transistors on a chip would double every two years. Forecasts are inherently limited and cannot be relied upon. | Source: ARK Investment Management LLC, 2019; "Worldwide Server Market Revenue Declined 6.7% Year Over Year in the Third Quarter of 2019, According to IDC." IDC, 5 Dec. 2019, [arkinv.st/2ZSWcFh](https://www.arkinvest.com/2019/12/05/worldwide-server-market-revenue-declined-6-7-year-over-year-in-the-third-quarter-of-2019-according-to-idc/). Assumes 15% OEM margin.

AI Is Expanding From Vision to Language

ARK believes that 2019 was the year of conversational AI. For the first time, AI systems could understand and generate language with human-like accuracy. Conversational AI requires 10x the computing resources of computer vision and should spur large investments in the coming years.



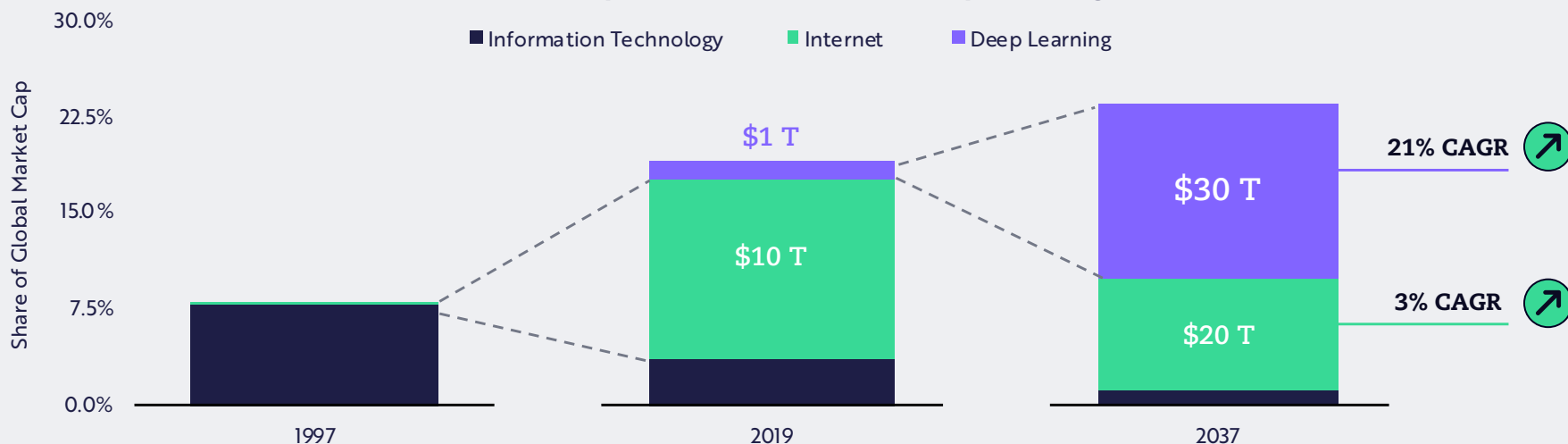
*A "Petaflop-Day" is performing a quadrillion operations per second for a day.

Forecasts are inherently limited and cannot be relied upon. | Source: ARK Investment Management LLC, 2019 This is not a recommendation in relation to any named securities and no warranty or guarantee is provided. Any references to particular securities are for illustrative purposes only.

Sizing the Opportunity

Deep learning could create more economic value than the Internet. Within two decades the Internet added roughly \$10 trillion to the global equity market cap. Since 2012, deep learning has created \$1 trillion in market capitalization. ARK believes it will add \$30 trillion by 2037.

Market Cap Creation Internet vs. Deep Learning



Historically Companies Sold Either Content or Distribution — Now They Are Vertically Integrating Through Both

1980–2010

Content



Distribution



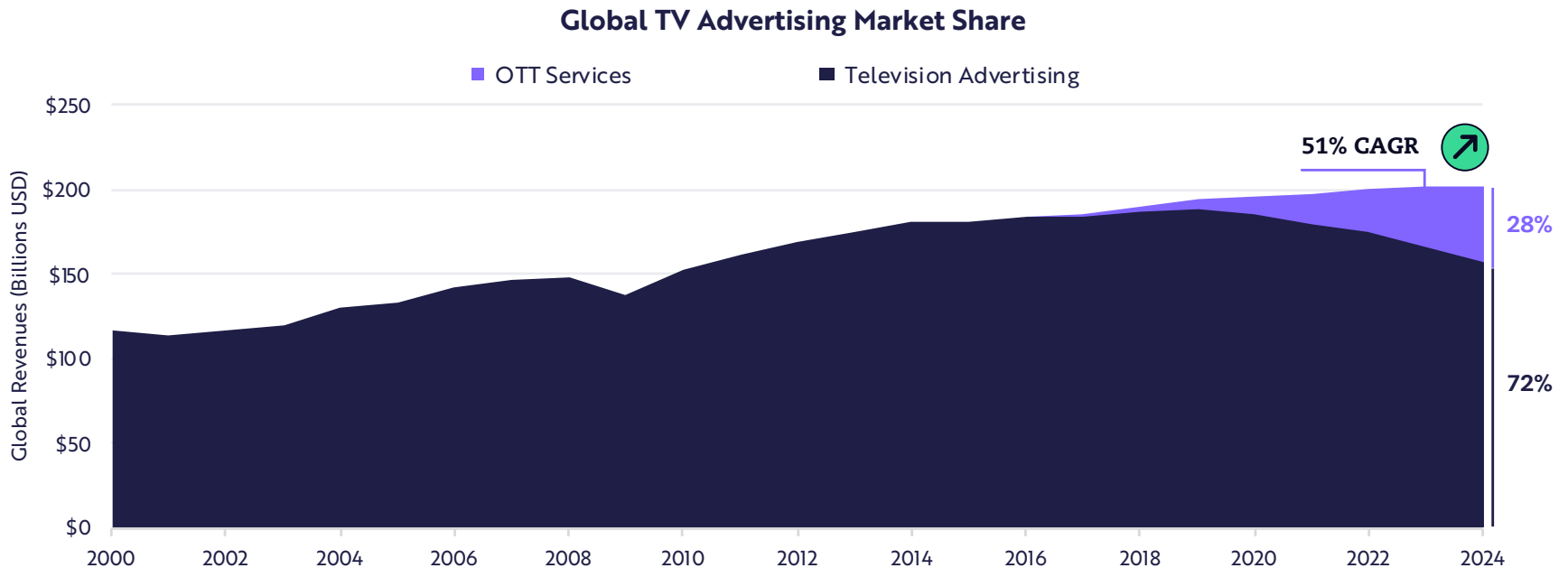
2010+

Content & Distribution



Linear TV Advertising Is Approaching a Cliff

Ad-supported over-the-top (OTT) streaming channels should gain significant market share during the next few years. According to ARK's research, OTT ad revenues could increase more than 7x during the next five years, from nearly \$6 billion in 2019 to roughly \$44 billion in 2024.

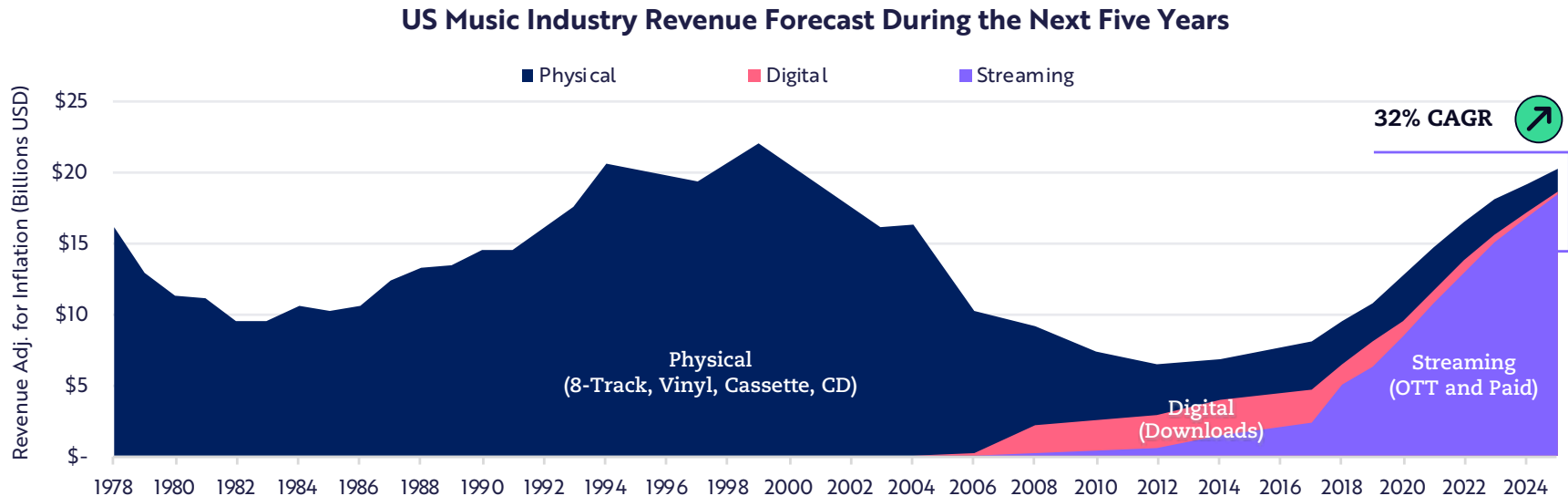


Forecasts are inherently limited and cannot be relied upon.

Source: ARK Investment Management LLC, 2019; "Booming Internet Ads Power Faster Global Adspend Growth." Zenith, 21 Mar. 2019, arkinv.st/36juELP.

Music Streaming Services Are Reviving the Industry, and Reshaping It

Thanks to streaming, the music industry is recovering from more than a decade of declining revenues. According to ARK's research, music streaming revenue in the US could grow at an average annual rate of 18%, from \$8 billion in 2019 to \$18 billion in 2024.

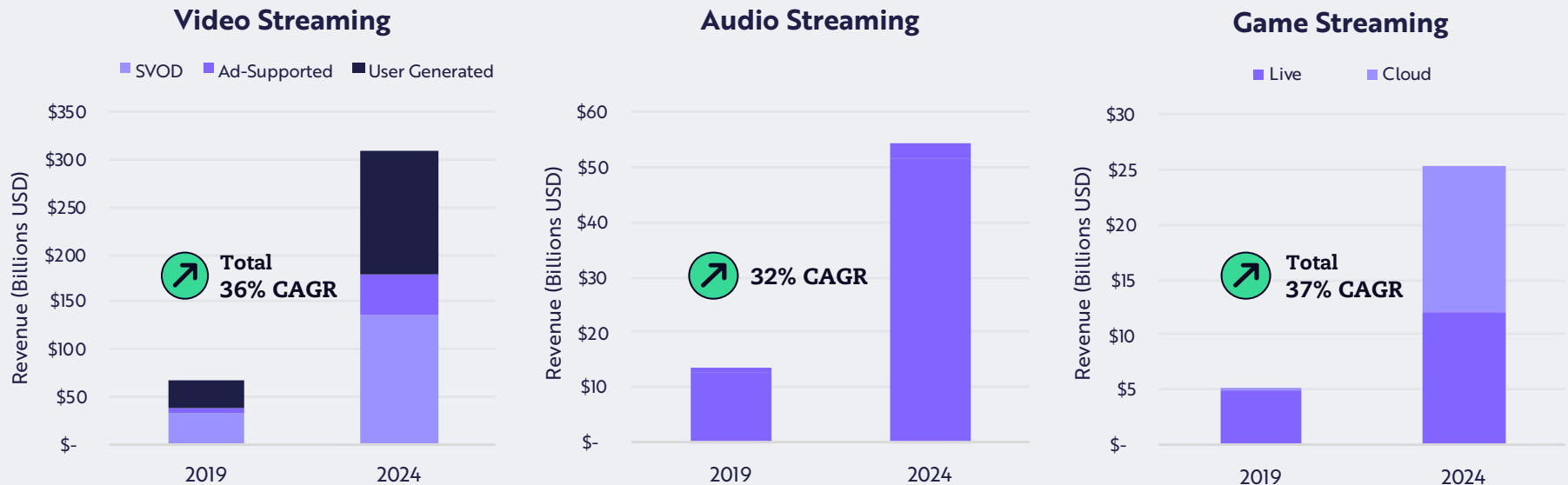


Forecasts are inherently limited and cannot be relied upon.

Source: ARK Investment Management LLC, 2019; "2018 RIAA Music Industry Revenue Statistics: RIAA." RIAA, arkinv.st/39BdB9S.

Sizing the Opportunity

Total streaming revenue could grow 35% at an annual rate, from an estimated \$86 billion in 2019 to roughly \$390 billion in 2024.



5 REASONS INVESTORS SHOULD CONSIDER ARKW

1. **Exposure To Innovation:** Thematic multi-cap exposure to innovative internet technologies including cloud computing, big data, digital media, streaming, e-commerce, bitcoin and blockchain technologies, and the Internet of Things (IoT).
2. **Growth Potential:** Aims to capture long-term growth with low correlation of relative returns to traditional growth strategies and negative correlation to value strategies.
3. **Tool For Diversification:** Offers a tool for diversification due to little overlap with traditional indices. It can be a complement to traditional value/growth strategies.
4. **Grounded In Research:** Combines top-down and bottom-up research in its portfolio management to identify innovative companies and convergence across markets.
5. **Cost Effective:** Seeks to provide a lower cost alternative to mutual funds with true active management in an exchange traded fund (ETF) that invests in rapidly moving themes.

ARK Next Generation Internet ETF (ARKW)

The internet is transforming every sector of the economy. ARKW is focused on the disruptive innovations that are changing the way the world manages information, analyzes data, purchases goods, and communicates across the globe.

- Ticker: ARKW
- Fund AUM: \$2.4 Billion
- Holdings: 35-50 U.S. Equities/U.S.-listed ADRs
- Expense Ratio: 0.76%
- All cap, cross-sector exposure
- Conviction-weighted equities

TOP 10 HOLDINGS	Weight
TESLA INC	11.0%
ROKU INC	6.4%
SQUARE INC - A	6.2%
ZILLOW GROUP INC - C	3.4%
FACEBOOK INC-CLASS A	3.3%
PINTEREST INC- CLASS A	3.0%
SEA LTD-ADR	2.8%
LENDINGTREE INC	2.7%
2U INC	2.7%
HUYA INC-ADR	2.7%
	44.3%

MARKET CAPITALIZATION

Mega (\$100B+)	28.3%
Large (\$10-\$100B)	53.7%
Medium (\$2-\$10B)	15.0%
Small (\$300M-\$2B)	2.9%
Micro (\$50-\$300M)	0.0%

PORTFOLIO COMPOSITION

Cloud Computing	18.7%
E-Commerce	18.7%
Big Data & Machine Learning	15.3%
Digital Media	14.3%
Internet of Things	11.7%
Social Platforms	9.0%
Mobile	8.8%
Blockchain & P2P	3.3%

SECTORS

Information Technology	38.9%
Communication Services	32.8%
Consumer Discretionary	17.5%
Financials	4.6%
Health Care	4.2%
Not Classified	2.1%

Holdings are subject to change and should not be considered as investment advice, or a recommendation to buy, sell or hold any particular security. The securities identified do not represent all of the securities purchased, sold or recommended for client accounts. It should not be assumed that an investment in the securities identified was or will be profitable.

Source: ARK Investment Management LLC; All data as of September 30, 2020.

Thematic Strategies Focused on Disruptive Innovation



ARKK
ARK Innovation ETF



PRNT
The 3D Printing ETF



ARKW
ARK Next Generation Internet ETF *



IZRL
Israel Innovative Technology ETF



ARKQ
ARK Autonomous Tech. & Robotics ETF *



ARKG
ARK Genomic Revolution ETF



ARKF
ARK Fintech Innovation ETF

*Effective as of November 4, 2019, the name of the ARK Web x.0 ETF changed to the "ARK Next Generation Internet ETF" and the name of the ARK Industrial Innovation ETF changed to the "ARK Autonomous Technology & Robotics ETF."

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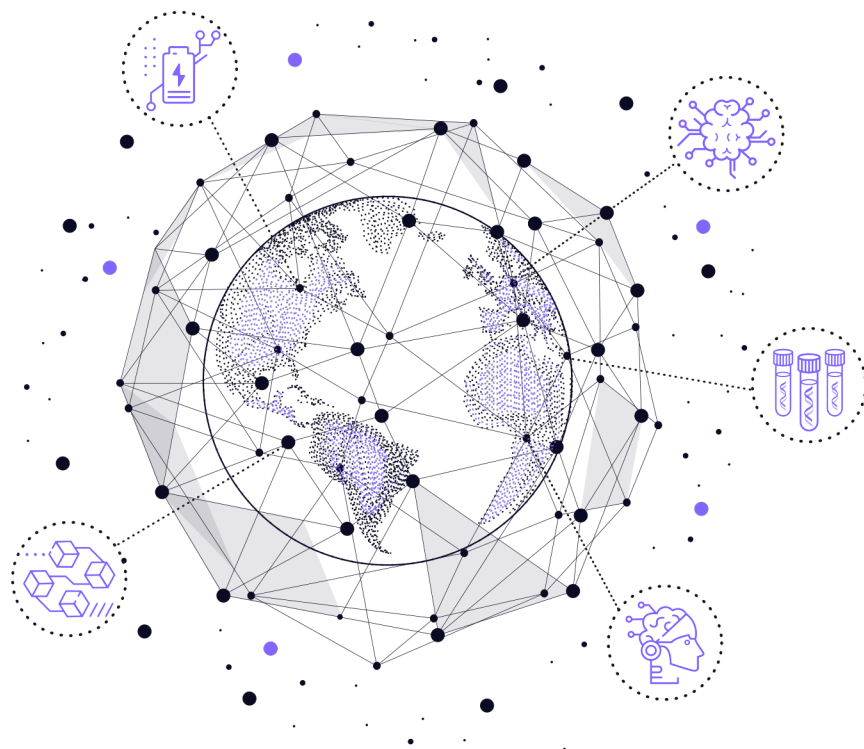
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Factsheet, prospectus, and latest performance reports are available for download on our website: ark-funds.com/investor-material

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Fund Risks: The principal risks of investing in the ARKW include: **Equity Securities Risk.** The value of the equity securities the Fund holds may fall due to general market and economic conditions. **Information Technology Sector Risk.** The information technology sector includes companies engaged in internet software and services, technology hardware and storage peripherals, electronic equipment instruments and components, and semiconductors and semiconductor equipment. Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. Information technology companies may have limited product lines, markets, financial resources or personnel. The products of information technology companies may face rapid product obsolescence due to technological developments and frequent new product introduction, unpredictable changes in growth rates and competition for the services of qualified personnel. Failure to introduce new products, develop and maintain a loyal customer base, or achieve general market acceptance for their products could have a material adverse effect on a company's business. Companies in the information technology sector are heavily dependent on intellectual property and the loss of patent, copyright and trademark protections may adversely affect the profitability of these companies. These companies may also be exposed to risks applicable to sectors other than the disruptive innovation theme for which they are chosen. **Cryptocurrency Risk.** Cryptocurrency (notably, bitcoin), often referred to as "virtual currency" or "digital currency," operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. The Fund may have exposure to bitcoin, a cryptocurrency, indirectly through an investment in the Bitcoin Investment Trust ("GBTC"), a privately offered, open-end investment vehicle. Cryptocurrency operates without central authority or banks and is not backed by any government. Even indirectly, cryptocurrencies may experience very high volatility and related investment vehicles like GBTC may be affected by such volatility. As a result of holding cryptocurrency, the Fund may also trade at a significant premium to NAV. Cryptocurrency is also not legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers or malware. Detailed information regarding the specific risks of ARKW ETF can be found in the prospectus. Additional risks of investing in ARKW include foreign securities, market, management and non-diversification risks, as well as fluctuations in market value and NAV.

The Fund's exposure to cryptocurrency may change over time and, accordingly, such exposure may not always be represented in the Fund's portfolio. Many significant aspects of the U.S. federal income tax treatment of investments in bitcoin are uncertain and an investment in bitcoin may produce income that is not treated as qualifying income for purposes of the income test applicable to regulated investment companies, such as the Fund. GBTC is expected to be treated as a grantor trust for U.S. federal income tax purposes, and therefore an investment by the Fund in GBTC will generally be treated as a direct investment in bitcoin for such purposes. See "Taxes" in the Fund's SAI for more information.

Shares of ARKW are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. ETF shares may only be redeemed directly with the ETF at NAV by Authorized Participants, in very large creation units. There can be no guarantee that an active trading market for ETF shares will develop or be maintained, or that their listing will continue or remain unchanged. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions and frequent trading may incur brokerage costs that detract significantly from investment returns.

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