



Why Invest in Fintech Innovation?

For Informational Purposes Only | As of September 30, 2020

www.ark-funds.com

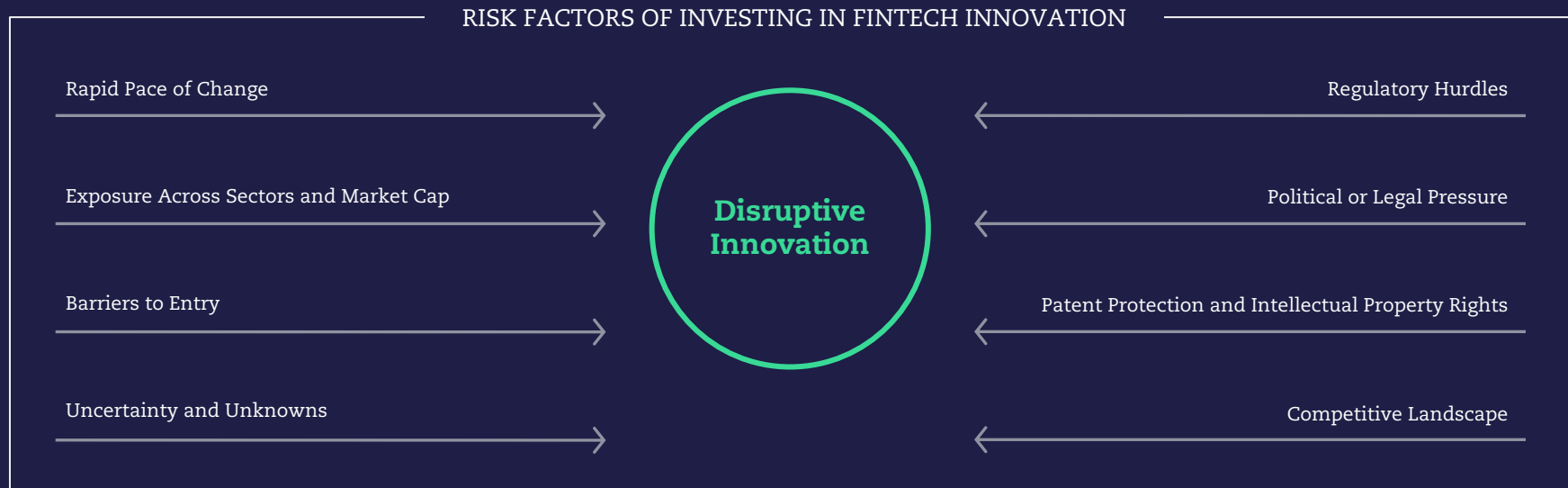
A background image showing a person's hands holding a smartphone. The phone screen displays a credit card with the text "CREDIT CARD" and "8888 0000 1234 5678". The person is also holding a physical credit card in their other hand. The entire image is overlaid with a purple tint.

ARKF



Risks of Investing in Fintech Innovation

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 of FinTech Innovation, 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 such as the Software and Internet Sectors. **Please read risk disclosure carefully.**



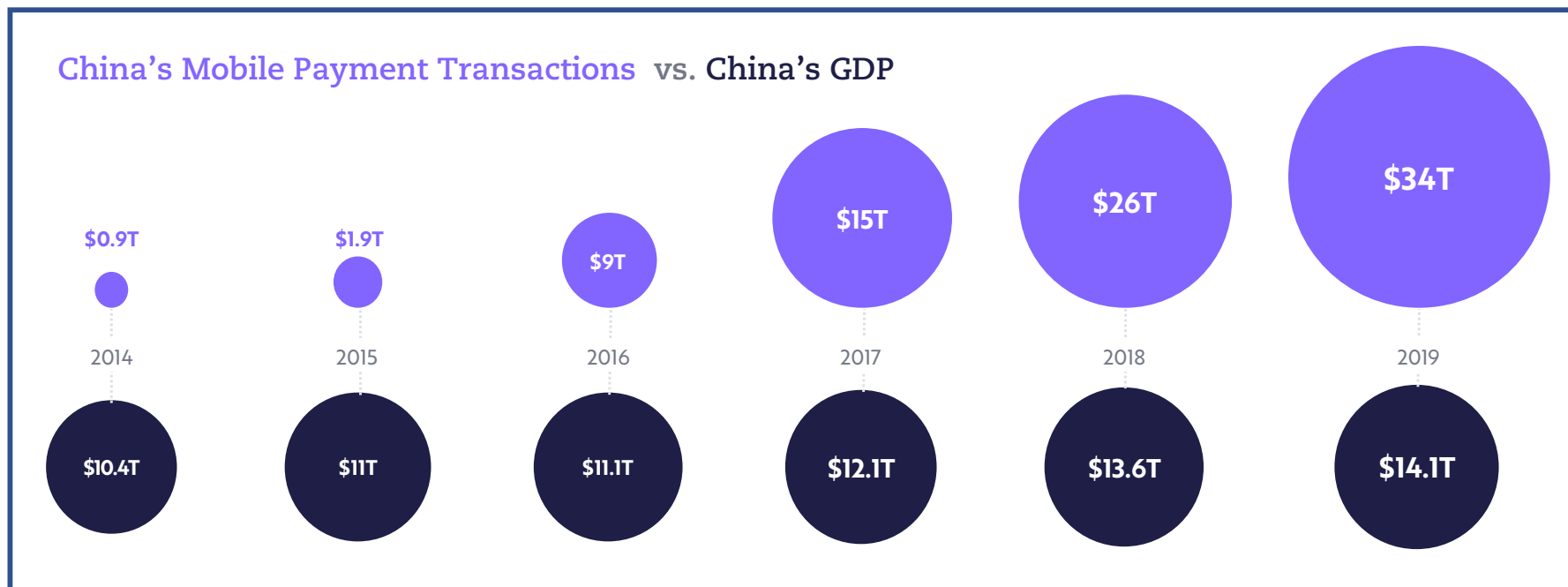
→ Aim for a cross-sector understanding of technology and combine top down and bottom up research.

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



In China, Mobile Payments Are 2.5x the Size of GDP

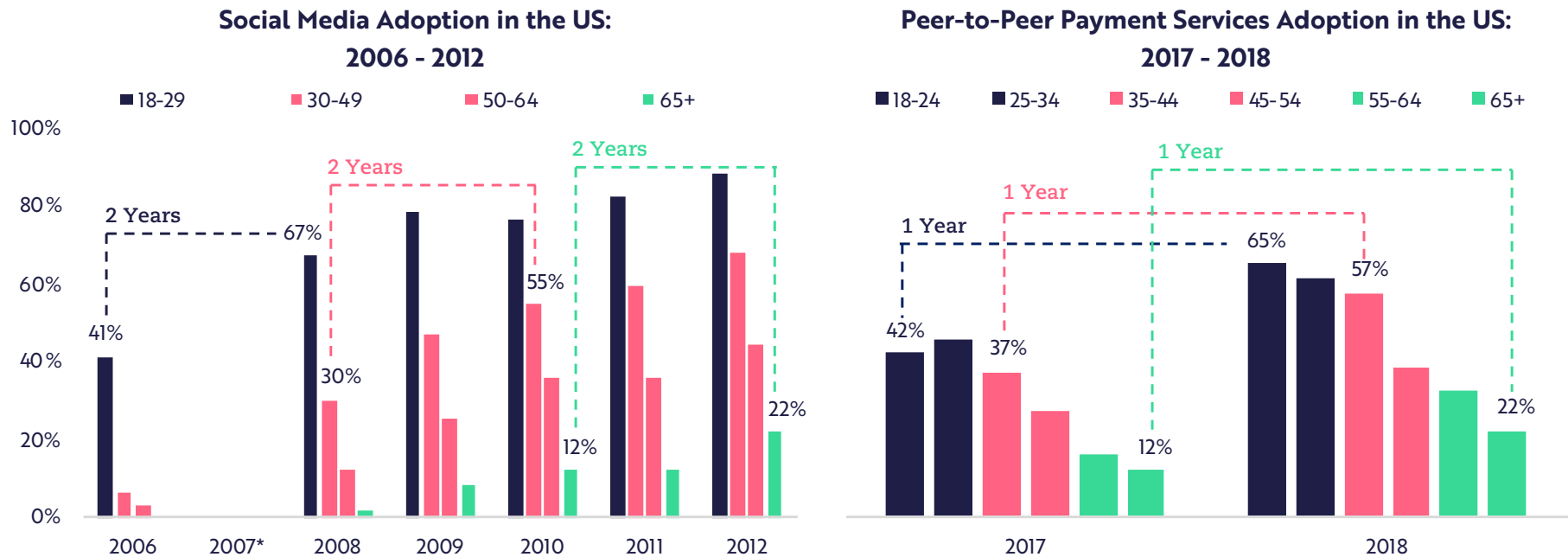
Third-party mobile payment transactions in China grew from 10% of GDP in 2014 to nearly 250% in 2019, compounding at a 107% annual growth rate. In ARK's view, global mobile payments will be a multiple of today's \$87 trillion in global GDP.





In the US, Digital Wallet Adoption is Occurring 2x Faster Than Social Media Took Off

With network effects that appear stronger than those of social media, digital wallets are penetrating different age groups in the US in half the time that it took social media 10 years ago. Children seem to welcome parents into their payment ecosystems.



*Note: Pewresearch.org did not release data on the social media adoption in the US for the year of 2007

Source: ARK Investment Management LLC, 2019. "2018 TSYS U.S. Consumer Payment Study". TSYS.com TSYS. 18 April 2019; "Social Media Fact Sheet".

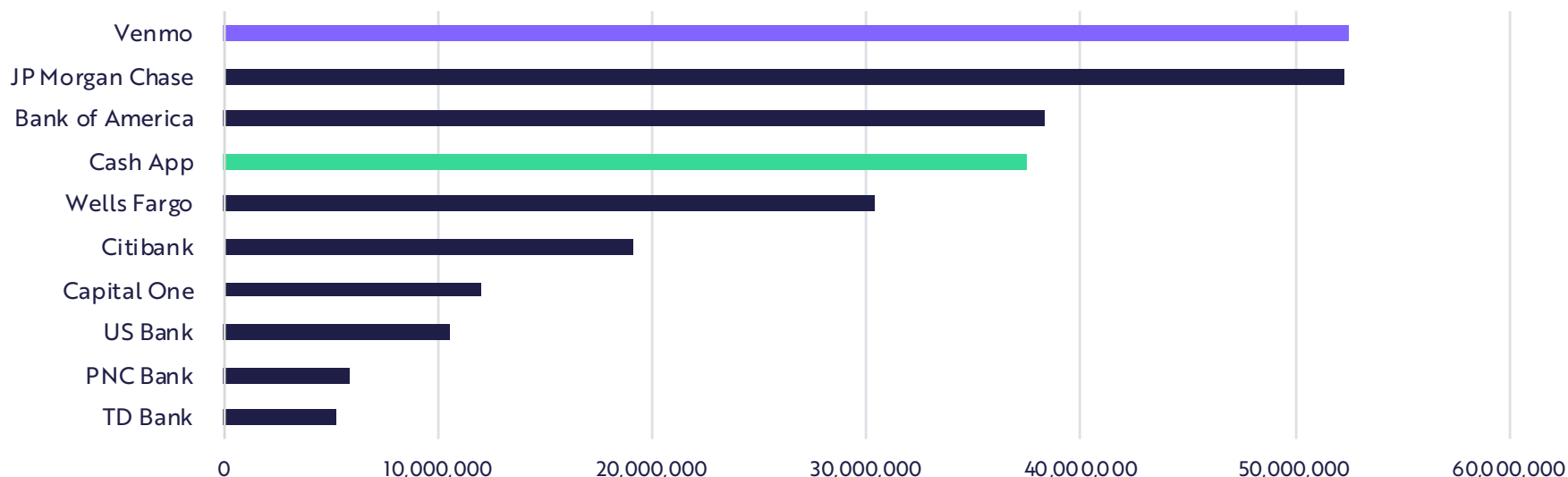
Pewresearch.org. Pew Research. 12 June 2019.



Venmo Hosts the Largest Consumer Finance Application in the US

According to ARK's research and with more than 52 million annual active users, PayPal's Venmo has become the largest consumer finance application in the US. Square's Cash App ranks as number four, behind JP Morgan and Bank of America.

Top 10 Financial Institutions by Number of Active Digital Users (2019)*

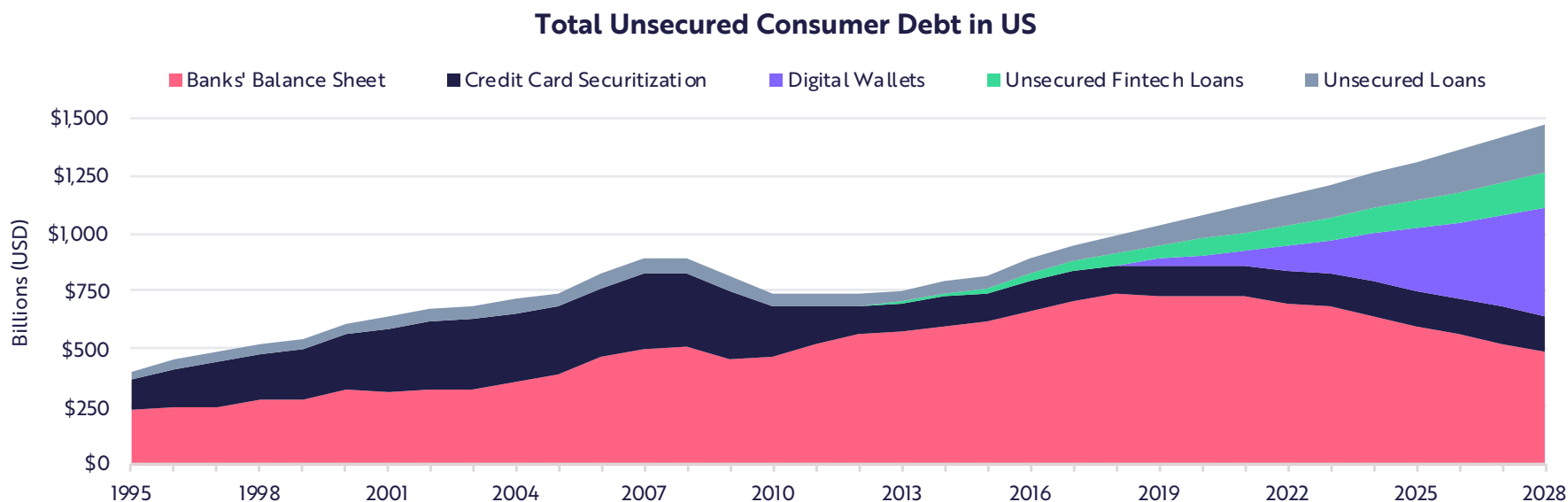


*Data Source: Estimate of Annual Active Users for Venmo, Bank of America, Cash App, Citibank, Capital One, US Bank, PNC Bank, TD Bank. Estimate of Quarterly Active Users for JPMorgan Chase, Wells Fargo. This is not a recommendation in relation to any named securities and no warranty or guarantee is provided. Any references to particular securities are for illustrative purposes only. Source: ARK Investment Management LLC, 2019. Company information and ARK estimates. Estimate of Annual Active Users for Venmo, Bank of America, Cash App, Citibank, Capital One, US Bank, PNC Bank, TD Bank.



Digital Wallets Are Taking Share in the Consumer Credit Market

Fintech companies like LendingClub and Sofi appear to have captured 39% of the unsecured consumer loan market. According to ARK's research, digital wallets should reduce the amount of revolving credit card debt sitting on bank balance sheets from \$740 billion in 2018 to \$483 billion by 2028. As a result, interest income on banks' credit cards could be cut in half during the next five to ten years.

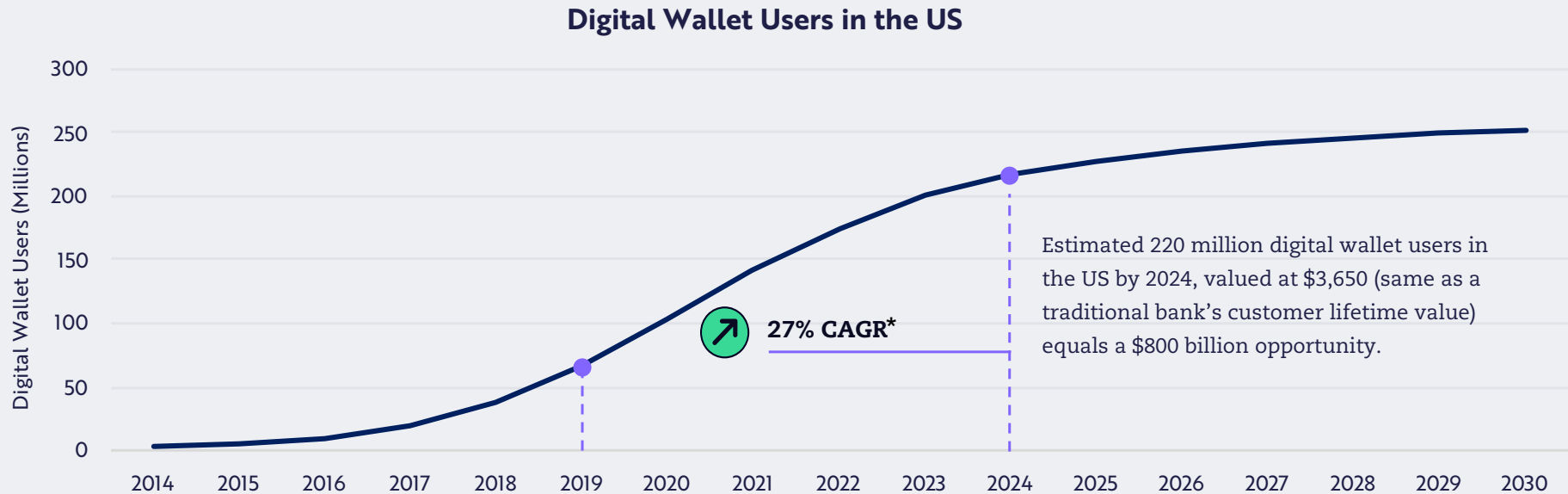


Forecasts are inherently limited and cannot be relied upon. | Source: ARK Investment Management LLC, 2019; "US ABS Issuance and Outstanding." Securities Industry and Financial Markets Association, 6 Dec. 2019, [arkinv.st/2sJ7gJf](https://arkinvest.com/st/2sJ7gJf); "Board of Governors of the Federal Reserve System." The Fed - Consumer Credit - G.19, [arkinv.st/2FrbOqe](https://arkinvest.com/st/2FrbOqe). 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

In the US, digital wallets could be valued at \$800 billion by 2024, 27x the \$29.5 billion today.





5 REASONS INVESTORS SHOULD CONSIDER ARKF

1. **Exposure To Innovation:** Aims for thematic multi-cap exposure to fintech innovations including mobile payments, digital wallets, peer-to-peer lending, blockchain technology, and risk transformation.
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 and growth strategies.
4. **Grounded In Research:** Combines top-down and bottom-up research in its portfolio management to identify innovative fintech 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 Fintech Innovation ETF (ARKF)

ARK's Fintech Innovation ETF focuses on innovations that are revolutionizing the financial industry. Regulatory changes have shifted the economics of intermediating capital, reconfiguring the value-chain and allowing exploitation by competitors. Technology is changing the ability of financial institutions to assess risk, interact with customers, and facilitate transactions.

- *Ticker:* **ARKF**
- *Fund AUM:* **\$674 Million**
- *Holdings:* **30-50 U.S. Equities/U.S.-listed ADRs**
- *Expense Ratio:* **0.75%**

TOP 10 HOLDINGS	Weight
SQUARE INC - A	12.3%
MERCADOLIBRE INC	4.5%
ZILLOW GROUP INC - C	4.3%
PINTEREST INC- CLASS A	4.2%
TENCENT HOLDINGS LTD-UNS ADR	4.0%
SEA LTD-ADR	4.0%
LENDINGTREE INC	3.9%
INTERCONTINENTAL EXCHANGE IN	3.7%
ADYEN NV	3.7%
ALIBABA GROUP HOLDING-SP ADR	3.6%
	48.3%

MARKET CAPITALIZATION

Mega (\$100B+)	26.3%
Large (\$10-\$100B)	59.3%
Medium (\$2-\$10B)	12.6%
Small (\$300M-\$2B)	1.6%
Micro (\$50-\$300M)	0.0%

PORTFOLIO COMPOSITION

Transaction Innovations	27%
Customer Facing Platforms	23%
Frictionless Funding Platforms	17%
Risk Transformations	13%
Blockchain	10%
The New Intermediaries	10%

SECTORS

Information Technology	39.8%
Communication Services	24.0%
Financials	18.3%
Consumer Discretionary	15.7%
Industrials	1.9%
Not Classified	0.3%

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."



CONTACTS

Rebecca L. Burke

Vice President | National ETF Sales
Resolute Investment Managers, Inc.
M. 978.609.0553
rebecca.burke@ambeacon.com

Matt Murphy, CFA, CAIA

Vice President | National ETF Sales
Resolute Investment Managers, Inc.
M. 214-918-3342
matt.murphy@ambeacon.com



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

ARK Investment Management LLC

3 East 28th Street, 7th Floor
New York, NY 10016



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Investors should carefully consider the investment objectives and risks as well as charges and expenses of an ARK ETF before investing. This and other information are contained in the ARK ETFs' prospectuses, which may be obtained by visiting www.ark-funds.com. The prospectus should be read carefully before investing.

Fund Risks: The principal risks of investing in ARKF: **Equity Securities Risk.** The value of the equity securities the Fund holds may fall due to general market and economic conditions. **Foreign Securities Risk.** Investments in the securities of foreign issuers involve risks beyond those associated with investments in U.S. securities. **Financial Technology Risk.** Companies that are developing financial technologies that seek to disrupt or displace established financial institutions generally face competition from much larger and more established firms. Fintech Innovation Companies may not be able to capitalize on their disruptive technologies if they face political and/or legal attacks from competitors, industry groups or local and national governments. A Fintech Innovation Company may not currently derive any revenue, and there is no assurance that such company will derive any revenue from innovative technologies in the future. Technology companies may have limited product lines, markets, financial resources or personnel. The products of 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. **Blockchain technology** is new and many of its uses may be untested. Blockchain and Digital commodities and their associated platforms are largely unregulated, and the regulatory environment is rapidly evolving. Because blockchain works by having every transaction build on every other transaction, participants can self-police any corruption, which can mitigate the need to depend on the current level of legal or government safeguards to monitor and control the flow of business transactions. As a result, companies engaged in such blockchain activities may be exposed to adverse regulatory action, fraudulent activity or even failure. Digital assets that are represented and trade on a blockchain may not necessarily benefit from viable trading markets. For other risks regarding the fund please see the prospectus.

Shares of ARKF 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.

Index Descriptions: The S&P 500® Index is a widely recognized capitalization-weighted index that measures the performance of the large-capitalization sector of the U.S. stock market. The MSCI World Index represents large and mid-cap equity performance across 23 developed markets countries. Securities in the ETF's portfolio will not match those in any index. The active ETFs are benchmark agnostic and corresponding portfolios may have significant non-correlation to any index. Index returns are generally provided as an overall market indicator. You cannot invest directly in an index. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's returns. An indication of interest in response to this advertisement will involve no obligation or commitment of any kind.

Portfolio holdings will change and should not be considered as investment advice or a recommendation to buy, sell or hold any particular security. Please visit www.ark-funds.com for the most current list of holdings for the ARK ETFs.

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