

SFDR PRODUCT DISCLOSURE

NIKKO AM ARK POSITIVE CHANGE INNOVATION FUND

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(a) Zusammenfassung

Der Anlageverwalter wird sich auf innovative Technologien und Unternehmen konzentrieren, die voraussichtlich eine positive Wirkung auf die Umwelt und unsere Gesellschaft haben werden. Zu diesem Zweck wird er beurteilen, wie diese Technologien und Unternehmen den Fortschritt zur Erfüllung der in vier Kategorien unterteilten Ziele der Vereinten Nationen für nachhaltige Entwicklung („UN SDGs“) – ökonomische Konvergenz, robustes Wirtschaftswachstum, Umweltmaßnahmen und Infrastruktureinrichtungen für die Zukunft – beschleunigen könnten.

Die Strategie des Teilfonds stützt sich bei der Bewertung von Unternehmen auf ein internes Bewertungssystem (mit einer Punktezahl von 1 bis 10), das sieben Faktoren berücksichtigt, u. a. den Faktor „Wirkung auf die UN SDGs“, dem gegenüber den anderen sechs Faktoren am meisten Bedeutung zukommt, und den Faktor „Menschen, Management und Kultur“, mit dem Risiken Rechnung getragen wird, die sich aus einer schlechten Unternehmensführung, drohenden Rechtsklagen, einer ineffizienten Talentgewinnung und dem Ausscheiden von Schlüsselmitarbeitern ergeben können.

Das Verfahren zum Portfolioaufbau erfordert, dass die zur Auswahl in Erwägung gezogenen Unternehmen allesamt eine Wirkung auf die UN SDGs haben. Bewertungen, die auf unter 6 Punkte zurückfallen, haben außerdem zur Folge, dass die betreffende Position einer Überprüfung unterzogen wird. Der Anlageverwalter/Berater nutzt ein offenes Research-Ökosystem, mit dem Top-down- und Bottom-up-Analysen kombiniert werden. Damit sollen bahnbrechende Innovationen frühzeitig identifiziert und ein strukturierter Austausch von Erkenntnissen zwischen dem Portfoliomanager, den Research-Leitern, dem Leiter der Investmentanalyse, den Analysten, den Research Associates und externen Quellen ermöglicht werden. Ungeachtet dieses Verfahrens kann es sein, dass die erwartete Wirkung einer bestimmten Technologie auf die UN SDGs nicht eintritt, da sie letztlich auf Prognosen und Schätzungen beruht.

Die UN SDGs lassen sich nur mit zügigen technologischen Fortschritten erreichen. Aus diesem Grund konzentriert sich der Anlageverwalter/Berater auf die wichtigsten von ihm identifizierten Innovationsplattformen. Die Technologien innerhalb dieser Plattformen werden modelliert, um diejenigen genauer zu analysieren, von denen ausgegangen werden kann, dass sie sich in kritischen Phasen der Konvergenz und an Wendepunkten befinden und für umwälzende Innovationen den Ausschlag geben werden. Hierbei spielen Kriterien wie Prognosen zu Kostenrückgängen, Wirtschaftlichkeit von Einheiten, Preiselastizität der Nachfrage und die voraussichtliche mittel- und langfristige Marktdurchdringung dieser Technologien eine Rolle.

Das Ausmaß, in dem einzelne Wertpapiere einen Einfluss auf die UN SDGs haben könnten, wird anhand eines Bewertungsmechanismus beurteilt, der auf den Analysen des Anlageverwalters/Beraters zu Folgendem basiert:

- Die erwartete Wirkung einer Technologie auf die UN SDGs
- Die Unternehmensbeteiligung an einer solchen Technologie
- Die Produktausrichtung auf die erwartete Wirkung

Anschließend überprüft der Anlageverwalter sein Berater-Musterportfolio sowie die empfohlenen Änderungen in Anbetracht der Ziele des Depots, der Anlagestrategie und der

Anlagebeschränkungen. Außerdem werden Pre- und Post-Trade-Prüfungen zur Compliance in das Auftragsmanagementsystem integriert, um sicherzustellen, dass alle Bestände des Musterportfolios den Anlagebeschränkungen und -richtlinien entsprechen.

Die Strategie des Teilfonds sieht keine Mitwirkung bezogen auf Umwelt- und Sozialfragen vor, und es wurde kein Referenzwert bestimmt, der mit den ökologischen oder sozialen Merkmalen übereinstimmt, die durch den Teilfonds beworben werden.

(b) No sustainable investment objective

This financial product promotes environmental and/or social characteristics but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product'

The investment manager will focus on innovative technologies and companies that are likely to have a positive impact on the environment and our society.

The ability of a company to deliver positive environmental and/or social impact through innovation is assessed by dimensioning the impact that its rapid technological progress could have on accelerating progress towards the United Nations Sustainable Development Goals ('UN SDGs') which have been categorised into four broad global sustainable ambitions:

1. Economic Convergence: No Poverty, Zero Hunger, Reduced Inequalities, Partnership for the Goals, Peace, Justice, and Strong Institutions.
2. Healthy Economic Growth: Decent Work and Economic Growth, Good Health and Well-being, Responsible Consumption and Production, Gender Equality.
3. Environmental Action: Affordable and Green Energy, Climate Action, Life Below Water, Life on Land.
4. Infrastructure for the Future: Industry, Innovation and Infrastructure, Sustainable Cities and Communities, Clean Water and Sanitation, Quality Education.

(d) Investment strategy

Environmental or social characteristics

The Sub-Fund strategy relies on a proprietary scoring system to value companies. The scoring process considers the following seven factors:

1. People, management, and culture
2. Execution
3. Moat/barriers to entry
4. Product and service leadership
5. Valuation
6. Thesis risk

7. Impact on UN SDGs

The environmental and social characteristics of the Sub-Fund are implemented through the 'Impact on UN SDGs Score', which takes precedence over the other six factors.

The score assesses the degree to which a company's technologies, products, and business model are likely to accelerate material progress towards meeting each UN SDGs, as measured on a 1 (lowest) to 10 (highest) scale.

Good governance

Within the Sub-Fund company scoring system, governance considerations are acknowledged in the 'People, management, and culture' factor. This score allows the Sub-Fund to consider risks that may be generated as a result of poor governance, threat of legal action, inefficient talent acquisition, and departure of key personnel.

In addition to the scoring mechanism, controversies that may be related to management structures, employee relations, remuneration of staff, and tax compliance are monitored to ensure a company's behaviour remains coherent with governance practices.

(e) Proportion of investments

The Sub-Fund product promotes environmental and/or social characteristics but without having a sustainable investment objective and does not commit to make sustainable investments.

The portfolio construction process will require that companies considered for selection have an impact on UN SDGs through their technologies, products, or business model. All invested assets, therefore, will be aligned with the Sub-Fund environmental and social characteristics.

(f) Monitoring of environmental or social characteristics

The investment manager advisor continuously monitors its portfolio companies and Directors of Research and Analysts will adjust scores according to quantitative and qualitative inputs. Any score downgraded to 6 or lower would trigger a position review.

In terms of UN SDG's impact, a downgrade could be triggered by a downward revision of the expected technology impact based on the investment manager advisor's top-down research or a change in the company's product/service alignment with the specific UN SDG outcomes that were selected as part of the portfolio construction process.

(g) Methodologies for environmental or social characteristics

The investment manager advisor shall ensure that each company selected remains exposed to a technology, product, or business model that is likely to accelerate progress to meeting at least one of the UN SDGs.

To that end, during the investment process each company is allocated an 'Impact on UN SDG Score'.

The Sub-Fund disaggregates major innovation platforms (such as Robotics, Artificial Intelligence, Energy Storage, DNA Sequencing, and Blockchain Technology) into their

underlying technologies, each with cost decline and demand elasticity curves that can be quantified, helping to dimension their commercial potential and their potential impact on the UN SDGs.

The ability of a holding to contribute to reaching an UN SDG is based on fundamental research into the business model and technologies of the company and how it can impact a particular SDG.

The conclusion of the research is expressed in the Impact on UN SDG Score component, which has a one-third weight in a proprietary scoring system.

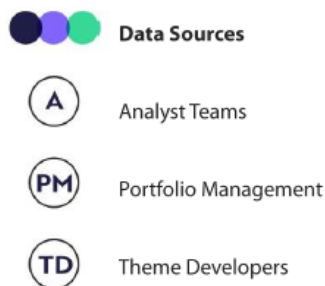
The next step is to determine if there is product alignment with the SDGs at the company level, in which the investment manager advisor will evaluate whether the financial success and product lines of the company are intrinsically tied to the UN SDGs.

Between these two pillars, the Impact on UN SDG Score for each company is calculated. Each Impact on UN SDG Score is evaluated annually but can be re-evaluated if there are any meaningful business changes.

(h) Data sources and processing

The investment manager advisor uses an open research ecosystem that combines top-down and bottom-up research. It is designed to identify disruptive innovation early, allowing for an organised exchange of insights between the portfolio manager, directors of research, director of investment analysis, analysts, research associates, and external sources.

OPEN RESEARCH ECOSYSTEM



Data Sources include social media, traditional sources, and crowd
Analyst Teams are organised by cross-sector disruptive innovation themes
Portfolio Management evaluates research, fundamentals, and bottom-up characteristics, and market movements
Theme Developers are external thought leaders across innovations, including academia, think tanks, and venture capital

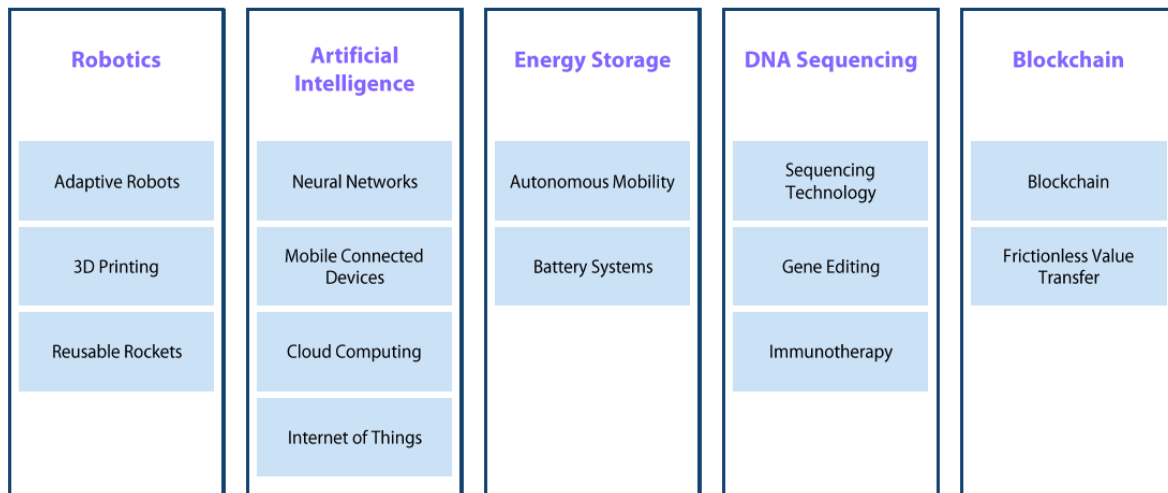
Source: ARK Investment Management LLC

(i) Limitations to methodologies and data

The expected impact of a specific technology on UN SDGs are based on the investment manager advisor forecasts and estimations which may not materialize.

(j) Due diligence

With the view that UN SDGs can be achieved only with rapid technological progress, the investment manager advisor focuses on major innovation platforms:



Source: ARK Investment Management LLC

The technologies within the identified innovation platforms are modelled to assess those that can be expected to be at critical stages of convergence and inflection and that serve as key drivers of disruptive innovation, utilizing criteria such as cost decline forecasts, unit economics, price elasticity of demand, and likely penetration of these technologies over the medium and long term.

The degree to which individual securities could be expected to impact UN SDGs is assessed through a scoring mechanism that is based on the investment manager advisor analysis of:

- A technology expected impact on UN SDGs
- The company exposure to that technology
- The product alignment with the expected impact

The Investment Manager then reviews its advisor model portfolio and the recommended changes in light of the objective of the account, the investment strategy and investment restrictions. Additionally, pre- and post-trade compliance checks embedded in the order management system ensure all holdings of the model portfolio comply with the investment restrictions and guidelines.

(k) Engagement Policies

Engagement is not specifically performed in the context of Nikko AM ARK Positive Change Innovation Fund environmental or social investment strategy.

(l) Designated reference benchmark

The Sub-Fund has not designated a reference benchmark that is aligned with the environmental or social characteristics it promotes.