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# Nikko AM ARK Positive Change Innovation Fund

## June 2024 Supplementary Information

### Top 10 Holdings Commentary

#### Tesla Inc

ARK forecasts that electric vehicle sales will scale 33% at an annual rate during the next seven years, from roughly 10 million in 2023 to 74 million in 2030. Moreover, if robotaxi platforms proliferate, EVs could account for 95-100% of vehicle sales in 2030. Autonomous vehicles should reduce the number of vehicles necessary because they can be shared and the more miles they cover, the more economic sense it makes to have them be as efficient as possible. According to ARK's research, autonomous electric transport should save the ~10,000 US lives per year lost to vehicle emissions. Additionally, because of electric vehicles and autonomous taxi adoption, ARK believes oil demand will peak.

We believe Tesla contributes to the following SDG (numbers correspond to SDGs):

- (3) Good Health and Well-being: Autonomous vehicles will reduce vehicle accident rates by over 80% and reduce smog and medical conditions associated with air pollution, saving the ~10,000 US lives per year lost to vehicle emissions and more worldwide.
- (7) Affordable and Clean Energy: Autonomous electric vehicles likely will have utilization rates up to 10 times higher than today's vehicles, pushing a disproportionate number of miles travelled over to electric drivetrains vs. today's gas-powered vehicles. As a result, traffic will likely increase, but annual vehicles sold could be ~26 million units lower than industry forecasts to 2030.
- (8) Decent Work and Economic Growth: Batteries can help the world better utilize its limited resources and decouple economic growth from environmental degradation.
- (11) Sustainable Cities and Communities: ARK believes autonomous EVs could be -66% cheaper on a cost per mile basis relative to ICE cars. Additionally, autonomous vehicles could reduce the ~41,000 deaths due to car crashes in the US and more worldwide. Furthermore, replacing peaker power plants which are often located in & around cities as well as in disadvantaged communities with batteries will reduce the amount of PM (Particle Matter) 2.5 & PM 10. Tesla's solar roof could provide residential customers with a cheaper and cleaner form of electricity generation.
- (13) Climate Action: Because of electric vehicle and autonomous taxi adoption, oil demand could peak. In 2023, the

Tesla Model Y was the best-selling vehicle in the world illustrating a shift in consumer preference towards EVs. With the introduction of a low-cost next-generation platform, Tesla should unlock a new customer segment, further accelerating the adoption of electric vehicles.

Tesla has an impact score of 10 as it is not only leading in autonomous EVs, but it is putting competitive pressure on other companies to follow suit, accelerating the global transition.

#### Coinbase Global Inc – Class A

With the launch of Bitcoin, value can be stored and transferred in a permissionless and decentralized manner. Open ledgers can improve the transparency of global financial markets & institutions, thereby reducing inequalities and promoting economic growth. Coinbase is extremely mission-focused towards building easy-to-use products that lower the barriers for participation and amplify user interest across the ecosystem.

- (1) No Poverty: Public blockchains, such as the ones supported by Coinbase, have the potential to eradicate poverty by providing access to financial services for unbanked and underbanked populations. These blockchain networks enable secure and affordable financial transactions, fostering economic inclusion and reducing poverty.
- (8) Decent Work and Economic Growth: Public blockchains stimulate economic growth by fostering innovation and entrepreneurship. They create job opportunities in blockchain development, cryptography, and related fields. Coinbase, as a key player in this ecosystem, contributes to job creation and economic growth in the blockchain and cryptocurrency industry.
- (10) Reduced Inequalities: Public blockchains promote financial inclusivity by leveling the playing field. They offer accessible and affordable financial services globally, reducing financial inequalities. Coinbase's role in facilitating access to these blockchain networks helps bridge the gap between the financially privileged and underserved populations.
- (12) Responsible Consumption and Production: Public blockchains promote responsible consumption by digitizing assets and transactions, reducing the need for physical resources such as paper money. Coinbase, by supporting these blockchain networks, indirectly encourages responsible consumption and production.

- (16) Peace, Justice and Strong Institutions: Public blockchains enhance transparency and accountability in financial transactions and governance. They can help combat corruption, money laundering, and fraud by providing immutable records of transactions. Coinbase's commitment to regulatory compliance and security further strengthens the institutional framework within the blockchain and cryptocurrency industry.

Coinbase has an impact score of 10 given public blockchains' support of multiple SDGs.

### **Block, Inc. Class A –**

Digital Wallets can facilitate the economic inclusion of those who currently do not have access to financial products and reduce the costs associated with traditional financial services. Providing payment flexibility to SMBs and digital wallets to the unbanked and underbanked, SQ directly contributes to the following SDGs:

- (1) No Poverty: Block helps reduce poverty by democratizing access to financial services and empowering individuals and small businesses. Providing payment solutions that allow unbanked or underbanked individuals to participate in the formal economy, Block helps reduce poverty. Through services like Square Capital, Block provides small businesses with access to capital that might otherwise be difficult to obtain through traditional financial institutions.
- (8) Decent Work and Economic Growth: By supporting small and local businesses through its payment processing and financing services, Block indirectly contributes to job creation and economic growth. Moreover, Block's SMB tools help businesses operate more efficiently, freeing up resources that can be invested in growth and job creation.
- (10) Reduced Inequalities: By providing affordable and accessible payment processing and financial services to small businesses, Block helps these businesses compete more effectively with larger enterprises, potentially reducing economic disparities.

Block has an impact score of 10 as its core services and initiatives do have a positive impact on addressing poverty, promoting decent work and economic growth, and reducing inequalities.

### **Robinhood Markets Inc.**

Robinhood is an app-based online broker, currently enabling over 24 million funded accounts with commission-free stock, options, and crypto trading. ARK believes that the company has revolutionized retail investing, built a strong consumer brand, continues to acquire new users at a rapid pace and can sell users new financial products, such as retirement vehicles and its newly launching credit card. Robinhood is committed to providing competitive financial services that are mobile-first and easy-to-use, democratizing access to investing.

- (8) Decent Work and Economic Growth: Robinhood supports economic growth by fostering an inclusive financial environment where individuals, particularly the youth and those new to the investing world, can engage in stock trading and other financial activities without the barrier of commission

fees. This encourages entrepreneurship and promotes job creation.

- (10) Reduced Inequalities: Robinhood is helping to reduce inequality within and among countries by providing services that were previously accessible only to the well-off or financially knowledgeable. By removing the cost barrier and simplifying the investing process, Robinhood is making financial markets and services more accessible to a broader demographic, thereby promoting social and economic inclusion

Robinhood has an impact score of 9 because of the above justifications.

### **Roku, Inc. Class A**

Roku provides the CTV OS that is disrupting the linear TV market around the world, and we believe that Roku accelerates the replacement process of legacy TV systems, onboarding households around the world to streamed content. While the usage of Roku today revolves primarily around entertainment, we believe that access to the latest and widest library of news through CTVs benefits Partnerships For The Goals, Peace, Justice, and Strong Institutions, and Industry, Innovation & Infrastructure.

- (1) No Poverty: Roku contributes to reducing poverty by providing affordable entertainment options to a global audience. Its streaming devices and services allow people to access a wide range of content without the need for expensive cable subscriptions. This accessibility to entertainment can improve the quality of life for individuals in low-income households by providing affordable entertainment options.
- (2) Zero Hunger: Roku offers entertainment hardware and content at affordable prices, freeing up incremental capital for households to allocate on other resources.
- (4) Quality Education: The Roku Channel provides a diverse slate of content, including educational content, spanning over 80K movies and TV shows for free.
- (5) Gender Equality: The Roku Channel provides a diverse slate of content spanning over 80K movies and TV shows for free.
- (8) Decent Work and Economic Growth: Roku plays a role in providing decent work and stimulating economic growth by creating jobs in the technology and media sectors. The company also supports content creators by providing a platform for them to reach a global audience, thus generating economic opportunities for content producers and actors.
- (9) Industry, Innovation and Infrastructure: Roku provides innovative streaming technology and infrastructure.
- (10) Reduced Inequalities: Roku reduces inequalities by democratizing access to entertainment and information. Its affordable streaming devices bridge the digital divide, ensuring that people from various socioeconomic backgrounds can access the same content and information.

Roku has an impact score of 8 as it lowers the barriers to digital information and entertainment. The

### **Trimble.**

Trimble is enabling autonomous solutions that save time and resources and improve efficiency. Trimble's positioning

products are used across autonomous vehicles and drones. Trimble's automated solutions in construction reduce time, errors, and rework which reduces emissions. It's transportation data can be used to track and address pollution.

- (3) Good Health and Well-being: Trimble's autonomous solutions can support good health and well-being by optimizing resource usage and reducing hazardous human labor, thus fostering safer work environments, and promoting sustainable food production. Through precise data analytics and automation, Trimble's technologies can mitigate health risks, enhance food security, and contribute to the overall well-being of communities.
- (7) Affordable and Clean Energy: Trimble facilitates the construction of electric power transmission lines to enable clean energy growth and provide low-cost clean energy, especially in rural and remote areas, through programs like the Transmission Facilitation Program and Energy Improvement Initiative.
- (11) Sustainable Cities and Communities: Trimble's positioning products are used across autonomous vehicles and drones, and highly utilized autonomous electric vehicles could dramatically reduce oil demand as more miles travel over electric platforms.
- (13) Climate Action: Through its joint venture with AGCO, Trimble has exposure to Connected Climate Exchange, a carbon marketplace that connects businesses with farmers to participate in sustainable agriculture practices.

Trimble has an impact score of 9, as it enhances health and well-being through safer agricultural and construction practices, facilitating clean energy access and growth, promoting sustainable urban development through autonomous mobility solutions, and advancing climate action by fostering efficient, low-carbon construction processes.

### CRISPR Therapeutics AG

Gene editing enables repair of genetic disorders and promises curative treatments for previously untreatable rare diseases. Gene editing technologies, while still nascent, hold the potential to reduce healthcare costs and eliminate needless human suffering. CRISPR Therapeutics is a commercial stage biotech company. Leveraging the CRISPR/Cas9 gene editing technology, the company has been able to develop and commercialize CASGEVY, the first ever genome editing based therapeutics for sickle cell disease and beta thalassemia, as well as establish a plethora of pipelines for indications spanning different areas such as immune-oncology, cardiovascular diseases, and rare diseases. For instance, it is developing curative therapies for rare diseases like Duchenne's Muscular Dystrophy and cystic fibrosis, both of which only have maintenance therapy. In total, we believe that CRISPR Therapeutics is poised for growth with its proof-of-concept CASEGEVY commercialization as well as its plethora of pipeline, each potentially addressing huge unmet medical needs.

- (3) Good Health and Well-being- the company was founded to develop CRISPR/Cas-9-based treatments, which is a method of precise, targeted gene editing with the potential to transform the treatment of serious diseases

- (5) Gender Equality - CRISPR'S work in developing gene editing therapies can contribute to gender equality by ensuring that both men and women have equal access to innovative medical treatments

- (9) Industry, Innovation and Infrastructure – This company is at the forefront of innovation in the field of gene editing, contributing to advancements in the biotechnology sector.

CRISPR has an impact score of 10, as it develops therapies with CRISPR/Cas9 technology that cures diseases that could never be cured before, and improves patient outcomes while alleviates economics burden in health care.

### Shopify Inc.

Shopify is a technology provider that enables businesses to sell products and services online and offline across the world. Shopify also provides merchants with financial services across payments, lending, and banking, among others. We believe Shopify is well-positioned to become the one-stop-shop for all e-commerce operations by continuing to lower the barriers to entrepreneurship.

- (8) Decent Work and Economic Growth and (9) Industry, Innovation and Infrastructure: Shopify provides an accessible and innovative solution for small to large businesses to establish and grow their online presence. This promotes economic growth by facilitating entrepreneurship and enabling businesses to reach a wider market. Moreover, Shopify's commitment to digital infrastructure and advanced technologies fosters innovation and promotes a resilient infrastructure.

- (10): Reduced Inequalities: Shopify offers a range of pricing plans and tools that are affordable and scalable according to the needs of different businesses. This affordability ensures that even those with limited financial resources can access high-quality e-commerce solutions, contributing to a more equitable distribution of economic opportunities.

Shopify has an impact score of 9 because of the above justifications.

### Zoom Video Communications - A

Zoom remains at the forefront of a changing workforce that will embrace distributed work structures in the coming years. With hybrid work comes less commuting/traveling and increased flexibility, pointing to strengthened Climate Action and Quality Education. We believe that the normalization of decentralized work and socialization will require a communications platform such as Zoom to improve general Quality of Life.

- (4) Quality Education: Zoom's technology allowed for continuity in education during a pandemic, and is used by 46 of the top 50 global universities and 49 of the top 50 US universities, as ranked by US News, in addition to 22 of the 25 largest K12 districts in the US.
- (7) Affordable and Clean Energy: Hybrid work can reduce the need for commuting and international travel.
- (8) Decent Work and Economic Growth: ARK believes that decentralized work has the potential to increase employment opportunities while improving the quality of life of workers.

- (9) Industry, Innovation and Infrastructure: Hybrid work could reduce infrastructure demand and promote sustainable resource use, while enhancing inclusivity in employment across diverse regions, and while fostering innovation through flexible work arrangements that connect varied talent pools and potentially boost productivity.

Zoom has an impact score of 9 as it a key innovator supporting the shift to hybrid work and education.

### **Twist Bioscience Corp**

Increasingly, organizations are opting to run data-driven. Utilizing a proprietary silicon-based DNA synthesis platform, Twist Bioscience produces high-quality synthetic DNA rapidly and cost-effectively. Their product offerings include synthetic genes, oligonucleotide pools, next-generation sequencing tools, and DNA libraries, serving life sciences, pharmaceutical, and biotechnology industries. Twist Biosciences' innovative approach enables researchers and companies to develop new products and solutions faster and more efficiently.

- (2) Zero Hunger

Twist Bioscience develops products such as high throughput library prep kits that could save time and cost while improving the outcome in agriculture research, therefore could increase the likelihood of creating crops with higher yield and greater resistance to weather and disease.

- (3) Good Health and Well-being

Twist biosciences' technology could increase the chance and speed of developing better and cheaper therapeutics

- (10) Reduced Inequalities

Twist biosciences' technology could increase the chances of developing better and more accessible/cheaper medication and increasing food yield, which reduces the inequalities.

Twist has an impact score of 9 because its proprietary technology could speed up the research progress and simultaneously increase the research outcome in many different industries such as life sciences, pharmaceutical, and biotechnology, which then facilitating the technology development in those industries.



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