



## **Part 2A of FORM ADV**

### **Firm Brochure**

#### **ARK Investment Management LLC**

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August 22, 2017

This Brochure provides information about the qualifications and business practices of ARK Investment Management LLC (“**ARK**”). If you have any questions about the contents of this Brochure, please contact us at 1-212-426-7040 or through [www.ark-invest.com/contact](http://www.ark-invest.com/contact) or at the address listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. ARK is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about ARK is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 MATERIAL CHANGES

The following section only discusses material changes since the last annual update to this Brochure on March 30, 2017:

Item 4. On August 2, 2017, NAMA Investment Partners, Inc. ("NAMA"), a subsidiary of Nikko Asset Management Americas, Inc., a federally registered investment adviser, and ARK Investment Management LLC ("ARK") completed a transaction whereby NAMA acquired a 16% minority interest in ARK Investment Management GP LLC, and ARK Investment Management LP, a managing member of ARK. This transaction did not result in a change in control of ARK, the day to day management of ARK, or its investment products.

Item 4. Discretionary assets under management increased to \$1,321,450,460 billion as of July 31, 2017.

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## ITEM 4 ADVISORY BUSINESS

### Description of the Advisory Firm

ARK Investment Management LLC (“**ARK**”) is a Delaware limited liability company with headquarters at 155 West 19<sup>th</sup> Street, Fifth Floor, New York, NY 10011. ARK was formed in June 2013 and is an independent, woman-owned and controlled firm that has been registered with the U.S. Securities and Exchange Commission (“**SEC**”) as an investment adviser since January 2014. ARK began managing assets on September 30, 2014.

ARK is owned by two entities: its managing member, ARK Investment Management LP (which owns approximately 99% of ARK) (“ARK IM LP”), and ARK Investment Management GP LLC, its general partner, (which owns approximately 1% of ARK) (“ARK IM GP LLC”). Resolute Investment Managers, Inc., the parent company of American Beacon Advisors, Inc., and NAMA Investment Partners, Inc., a subsidiary of Nikko Asset Management Americas, Inc., are minority owners of ARK IM LP and ARK IM GP LLC as of July 2016 and August 2017, respectively. However, both ARK IM LP and ARK IM GP LLC remain principally owned and controlled by Catherine D. Wood.

ARK’s founder and principal owner, Catherine D. Wood, is the portfolio manager responsible for managing client assets. Ms. Wood has over 35 years of experience in theme-based investing, and was named the 2016 Markets Choice Award Winner for Outstanding Contribution by Women in Finance. Ms. Wood launched ARK after spending the previous 12 years at AllianceBernstein, where she served as Chief Investment Officer for its global thematic portfolios, managing approximately \$5-6 billion. Previously, in 1997, Ms. Wood co-founded Tupelo Capital Management, which became the largest women-run hedge fund in the world in 2000. Prior to Tupelo, Ms. Wood held numerous positions, including research analyst and portfolio manager, in her 18 years at Jennison Associates. During her career, Ms. Wood has tracked technologies that enabled the development of new industries, such as cell phones and database publishing, from their nascent stage to their full realization for the benefit of her investors and clients.

ARK (an acronym of “Active, Research and Knowledge”) is focused on theme-based investing with a fresh take on fundamental analysis. ARK invests in themes that participate in disruptive innovation across several sectors. ARK defines “disruptive innovation” as the introduction of a technologically enabled new product or service that will potentially change an industry landscape. It typically involves declining cost structures, increased productivity and increased unit growth. Despite its potential, ARK believes the full magnitude of disruptive innovation and the investment opportunities it creates are often unrecognized or misunderstood by traditional investors.

ARK’s goal is to invest at the pace of innovation based on the belief that technologically enabled change is occurring at an accelerated rate, challenging benchmarks and index-based products to adjust to this rapid pace of change. ARK’s differentiated investment strategy is to find and invest in the companies that are poised to transform the global economy. ARK seeks to bring balance back to portfolios that have become increasingly benchmark-sensitive. ARK believes that passive investing generally cannot (i) capitalize on investment opportunities created by disruptive innovations or (ii) produce the returns investors can achieve through truly active equity management.

*ARK Investment Ecosystem:* ARK recognizes that research analysts, by focusing narrowly on individual sectors, create inefficiencies in the financial markets both in understanding the market potential of disruptive innovations and in sizing investment opportunities appropriately. ARK's cohesive team of research analysts and portfolio managers ("**ARK Team**") seek to identify the best companies within their respective themes (and the elements within those themes) to power ARK's investment decisions. ARK's distinctive and dynamic investment research ecosystem ("**ARK Investment Ecosystem**") is rooted in classical investing but is distinguished by the ability of ARK to access and harness the vast amount of information available through social media and traditional research sources to support ARK's investment decisions. The ARK Investment Ecosystem powers the distinctive and dynamic investment process that enables ARK to understand and keep pace with the power of technologically enabled innovation. A collaborative open source research approach drives the ARK Investment Ecosystem, as information is gathered through traditional research, crowdsourced insights and perspectives gained through social media interactions.

*ARK Open Source Research Process:* The ARK Open Source Research Process is the unique and patent pending process through which data and information are evaluated, modeled and exchanged to fuel ongoing thematic research, start creative discussions around burgeoning research ideas, gather data and information from multiple sources, and drive the modeling, evaluation and conclusions leading to ARK's theme-based research decisions.

The ARK Team first introduces an idea or concept that requires investment research and analysis, determines the overarching direction of the research and then pulls together and analyzes information, insights and data from numerous sources. ARK's open source research process, as described in the patent, begins with internal deliberations and iteration of disruptive innovation ideas generated from ARK's discerning use of traditional and social media sources. Once the ARK Team believes an idea is ripe for deeper external analysis and comment, the appropriate ARK Team members communicate and collaborate, online within ARK Labs, with relevant Theme Developers (as defined below) about the particular idea.

This intense and deep exploration often results in "living research" articles that are prepared by the ARK Team members, which are published on our external research website ([www.ark-invest.com](http://www.ark-invest.com)) and pulled by third party firms to other investment websites and various social media sites. This living research is available for open source discussion and feedback and may be subject to potential revisions, refinements and enhancements by the ARK Team and publication of further refined research. The knowledge and insights gained throughout this Open Source Research Process enables ARK to modify its portfolio positions accordingly, feeding the ARK Investment Ecosystem.

*ARK Lab:* **ARK Lab** is the virtual collaboration platform used by the ARK Team and Theme Developers to participate in an open source research process. This platform allows for an organized exchange of insights and ideas between ARK Team members and external Theme Developers, working together, to determine the information, insights and ideas that have the most potential to lead to investable concepts for ARK.

*ARK Theme Developers:* **Theme Developers** are thought leaders and experts from a variety of fields who offer meaningful insights, experience, and knowledge about one of ARK's research themes, and/or professionals in many fields of expertise that have a deep understanding of ARK's disruptive innovation themes. The ARK Team actively engages with these Theme Developers in its Open Source Research Process. ARK's Theme Developers do not receive any form of compensation for participating in the ARK Open Source Research Process and are only benefited through the exchange of ideas, knowledge and research. ARK also contractually obligates Theme Developers to, among other things: not exchange material

non-public information; not share confidential information about ARK and/or its clients; and disclose all potential or actual conflicts of interest to ARK's Chief Compliance Officer ("**CCO**") initially and on an ongoing basis with respect to serving as a Theme Developer for ARK.

## **Types of Advisory Services**

*Advisory Services to the ARK ETFs:* ARK currently provides investment advisory services to the ARK ETF Trust, a registered investment company. The ARK ETF Trust currently has six separate series (each, an "**ARK ETF**", and collectively, "**ARK ETFs**"), which are exchange-traded funds. ARK serves as the investment adviser to each ARK ETF, subject to the general supervision of the Board of Trustees of the ARK ETF Trust. ARK's duties as adviser to each ARK ETF include furnishing a continuous investment program for the ARK ETF and determining what investments or securities will be purchased, held or sold. After the initial two-year period following commencement of operations of the relevant ARK ETF, the ARK ETF Trust's Board of Trustees annually reviews and evaluates the services provided by ARK under the investment advisory agreement ("**Advisory Agreement**") and is asked to approve the agreement for an additional one-year period.

Pursuant to a management and supervision agreement between ARK and the ARK ETF Trust, with respect to each ARK ETF ("**Management and Supervision Agreement**"), and subject to the general supervision of the Board of Trustees of the ARK ETF Trust, ARK also provides or causes to be furnished, all management, supervisory and other services reasonably necessary for the operation of each ARK ETF and bears the costs of various third-party services required by the ARK ETFs, including administration, certain custody, audit, legal, transfer agency, and printing costs. The Management and Supervision Agreement requires ARK to provide investment advisory services to the ARK ETFs pursuant to the Advisory Agreement.

Additional information regarding the services provided by ARK to the ARK ETF Trust can be found in the ARK ETFs' prospectuses and Statement of Additional Information, which are publicly available at [www.ark-funds.com](http://www.ark-funds.com), on the EDGAR Database on the SEC's website ([www.sec.gov](http://www.sec.gov)) or by contacting the ARK ETFs' principal underwriter, Foreside Fund Services, LLC at Three Canal Plaza, Suite 100, Portland, ME 04101 or by calling 855-406-1506.

*Advisory Services to Separately Managed Accounts, Pooled Investment Vehicles and Other Clients:* ARK currently provides investment advisory services to certain separately managed accounts for U.S. institutions (which may include retirement plans, tax-exempt entities, public funds, foundations, endowments, insurance companies and their separately managed accounts, emerging manager programs, and financial institutions and their customers and clients). ARK expects to provide the same investment advisory services to non-U.S. institutions, high net worth clients (which may include individual investors, trusts and smaller employee benefit plans), pooled investment vehicles, unaffiliated mutual funds and other registered investment companies (such as unit investment trusts ("**UITs**") and closed-end funds), and unregistered funds on a sub-advisory basis ("**Sub-Advised Funds**"). ARK may also organize and sponsor its own mutual funds and closed-end funds ("**Other Registered Investment Companies**").

Such accounts will be managed in accordance with investment objectives, guidelines, strategies, policies and restrictions established by each client and documented in a written advisory agreement (and related documents) with, or on behalf of, each client and ARK. ARK may execute purchases and sales of securities for these accounts either through firms that the client directs ARK to use or through broker-dealer firms ARK selects including firms that may furnish ARK with investment research and other brokerage services. In

executing trades for institutional accounts where the client authorizes ARK to choose broker-dealers, ARK will seek to obtain the best available price and most favorable execution. Certain clients may choose to execute their own portfolio transactions based on advice and/or information provided by ARK (including through the provision of model portfolios to certain institutional clients). Additional detail about each of the client types for which ARK may provide advisory services is provided in Item 7.

*Research Services:* ARK may from time to time, subject to applicable law, discuss with clients, potential clients or other third parties, one or more issuers (public or private) that it does not then hold in any portfolio managed by ARK and which ARK may or may not be considering for investment. Any such discussions are solely for informational purposes, will only regard public information, and are not intended to constitute investment advice (except to the extent such discussions are investment advisory services specifically contemplated by an investment advisory agreement between ARK and a client). Such discussions may include, among other things, the views of ARK's portfolio manager or analysts regarding the issuer or its securities, the issuer's financial condition or prospects, or the merits generally of an investment (or non-investment) in that issuer or any industry or sector of which that issuer is a part. ARK is under no obligation to enter into such discussions with any client or all clients, and may have such discussions only with certain clients or with third parties in its sole discretion. ARK will not, as a result of any such discussion, be limited in any way from purchasing or selling investments of any such issuer, including investments that may be or appear to be inconsistent with the views expressed in such discussion, except as required by law.

*Monthly 'mARKet Update' Conference Calls.* ARK hosts a 20 minute monthly webinar series presented by ARK's CEO/CIO Catherine D. Wood and her teams of thematic analysts. Each call offers a discussion on recent market developments, macro-economics, and new insights from thematic disruptive innovation over the last month. Each call includes a live question and answer session, where Ms. Wood and various ARK analysts take live questions via voice or text. Each call is scheduled for the second Tuesday of the month at 1:30 PM ET, and can be registered for at [www.ark-invest.com](http://www.ark-invest.com).

### **Client-Tailored Services and Client-Imposed Restrictions**

ARK generally provides advisory services to each client under the terms of an Advisory Agreement between ARK and the client.

As a general matter, ARK's management of any pooled investment vehicle or registered or unregistered fund will be in accordance with the governing documents for that vehicle or fund including the investment objective, guidelines, differentiated investment strategy or strategies, policies and restrictions for the vehicle or fund. ARK's management of such vehicle or fund is not intended to reflect the specific requirements or needs of any individual investor in the vehicle or fund.

ARK's management of a client's separately managed account will be consistent with the particular investment objective, guidelines, differentiated investment strategy or strategies, policies and restrictions the client selects for that account.

Within a given investment theme and consistent with the account or fund's stated investment objectives, investment strategies, guidelines, policies and restrictions, ARK typically has the authority to select which and how many securities and other instruments to buy or sell without consultation with the client (or, in the case of a fund, the management of or investors in the fund).

ARK may agree to manage a client's account subject to certain reasonable restrictions imposed by the client, including, without limitation, the exclusion of specific securities or types of securities, within that account, cash levels permitted in the account or techniques that may be used in managing the account. In addition, ARK may agree to manage a client's account wishes to engage in securities lending, provided that sufficient restrictions are established to mitigate the risks of such practice. However, ARK reserves the right not to enter into an agreement with a prospective client, or to terminate an Advisory Agreement with an existing client, if any proposed limitation or restriction is, in ARK's opinion, likely to impair ARK's ability to appropriately provide services to a client or ARK otherwise believes the limitations or restrictions to be operationally impractical or unfeasible.

The menu of investment themes that ARK may make available to institutional clients, and a brief description of each theme's investment objective(s), along with the investment strategies used to achieve the objective and the material risks associated with such investment strategies, is provided in response to Item 8. Other investment themes not described in response to Item 8 may be made available to institutional clients, provided that doing so does not adversely impact the time and resources needed by ARK to manage the accounts of ARK's other clients. Additional detail about each investment theme may be obtained at no charge by contacting Thomas Staudt of ARK at 1-212-426-7040 or through [www.ark-invest.com/contact](http://www.ark-invest.com/contact).

Although ARK generally exercises investment discretion for each account that it advises, the portfolio composition of accounts within the same investment theme may, at any given time, differ as to their composition. These differences in portfolio composition are attributable to a variety of factors, including, but not limited to, the type of account (e.g., manner of trade execution), client objectives, guidelines, policies, practices (e.g., securities lending,) limitations and restrictions, size of the account, date of initial funding, and significant account activity (e.g., significant number of contributions and/or withdrawals). As a result, the performance of an account within a particular investment theme may differ from other accounts having the same investment strategy.

### **Discretionary Assets Under Management**

As of July 31, 2017, ARK managed approximately \$637,055,236 million in client assets on a discretionary basis, and approximately \$684,395,224 million in client assets on a non-discretionary basis, for a total of approximately \$1,321,450,460 billion in regulatory assets under management. As of July 31, 2017, ARK provided advice on UIT assets of \$2,652,140 million.

## **ITEM 5 FEES AND COMPENSATION**

### **Fees and Compensation**

The following information describes ARK's compensation for the advisory services it provides to each type of client account.

**ARK ETFs:** In accordance with the Management and Supervision Agreement, each ARK ETF pays ARK an annual fee ("**Management Fee**") in return for providing investment management and supervisory services (including the provision of all services typically needed for the operation of the ARK ETF) under a comprehensive unitary fee structure.



Actively Managed ETFs. The annual Management Fee of 0.75% for each of the four actively managed ETFs is paid to ARK monthly in arrears based on the average daily net assets of each ARK ETF. At certain asset levels, the annual Management Fee may include breakpoints, which would lower the expense ratios of the ARK ETFs. Pursuant to the Advisory Agreement, the annual investment advisory fee payable to ARK by each ARK ETF, which fee is included within the Management Fee, is 0.55% of average daily net assets of each ARK ETF. The annual investment annual advisory fee may also include breakpoints at certain assets levels.

Index ETFs. The annual Management Fee for the current two index ETFs of 0.48% for the ARK Israel Innovative Technology ETF and 0.65% for The 3D Printing ETF are paid to ARK monthly in arrears based on the average daily net assets of each ARK ETF. At certain asset levels, the annual Management Fee may include breakpoints, which would lower the expense ratios of the ARK ETFs. Pursuant to the Advisory Agreement, the annual investment advisory fee payable to ARK by each of these index ETFs, which fee is included within the Management Fee, is 0.30% of average daily net assets of each ARK ETF. The annual investment annual advisory fee may also include breakpoints at certain assets levels.

Additional information about the fees charged to the ARK ETFs is available in the ARK ETFs' prospectuses and Statement of Additional Information, which are publicly available at [www.ark-funds.com](http://www.ark-funds.com), on the EDGAR Database on the SEC's website ([www.sec.gov](http://www.sec.gov)), or by contacting the ARK ETFs' principal underwriter, Foreside Fund Services, LLC at Three Canal Plaza, Suite 100, Portland, ME 04101 or by calling 855-406-1506.

*Separately Managed Accounts, Pooled Investment Vehicles and Other Clients:* When ARK enters into an Advisory Agreement or other agreements to provide investment management or advisory services to clients, ARK will charge each such client a fee at a specified annual percentage rate of the client's assets under management ("AUM"). Fees also may include a performance component, as discussed in Item 6.

#### Separately Managed Accounts

ARK's standard fee rates for management of separately managed accounts are normally between 0.40% and 0.60% of AUM. The fees charged to separately managed accounts are negotiable and typically will vary and may be reduced or may include breakpoints depending on a number of factors including, but not limited to: the type of client, the size of the account, the total amount of client AUM managed or advised by ARK, whether the client wishes to impose particular limitations or restrictions on ARK's discretionary investment authority (e.g., restrictions on the types of securities that ARK may acquire for the account), and other business considerations. ARK generally imposes investment minimums on separately managed accounts.

ARK's fee rates do not include fees that separately managed account clients normally pay to other third party service providers, including custodial, administrative, securities lending agent, consultant, brokerage, and exchange fees.

ARK generally will not enter into contracts with "most favored nation" clauses. However, certain institutional separately managed account clients may seek to include such clauses in their Advisory Agreements. These clauses generally would require ARK to decrease the fees charged to the "most favored nation" client if ARK entered into an advisory agreement at a lower fee rate with another similarly situated institutional client. The applicability of a "most favored nation" clause may depend on the degree of similarity between institutional

clients, including the amount of AUM and the particular investment objective, strategy, guidelines, limitations, restrictions, policies, and practices applicable to each client. ARK will not agree to “most favored nation” clauses in all circumstances where institutional clients are similarly situated.

#### Model Portfolios

ARK may also enter into agreements with certain institutional clients to provide them with periodic investment instructions or model portfolios based on the AUM of the portfolio in question. ARK’s standard fee rates for such services normally are between 0.25% and 0.70% of AUM. These fees are negotiable and will depend on a variety of factors, including customary rates of other similar advisers for providing substantially the same advisory services in the jurisdiction in question.

#### Pooled Investment Vehicles.

ARK’s fees for providing management and advisory services to pooled investment vehicles, which may include performance based fees, are described in the offering documents for such vehicles. Further information about performance based fees is described below in response to Item 6.

#### Sub-Advised Funds.

The fees charged to any Sub-Advised Funds are negotiable and ARK may receive fees from Sub-Advised Funds that are different from those it receives for managing separately managed accounts. For funds that ARK sub-advises, the respective fund’s adviser (not ARK) typically provides administrative, regulatory compliance, distribution, marketing and shareholder services, including any necessary disclosures to and communications with shareholders. ARK’s fee will be a component of the total investment advisory fee paid by an investor in the specific sub-advised fund. Additional detail about the fees charged to an investor in any such Sub-Advised Fund will be available in (i) the sub-advised fund’s then-current prospectus and Statement of Additional Information (if the fund is a U.S. registered investment company), (ii) in the offering document for an unregistered fund or (iii) similar disclosure documents for a non-U.S. sub-advised fund.

#### Other Registered Investment Companies Organized and Sponsored by ARK.

ARK’s fees for providing management and advisory services to mutual funds and closed-end funds, which may be organized and sponsored by ARK, are described in the prospectus for each such registered fund. Investors in such registered funds are normally subject to various other fees and expenses, with respect to the administration, operation, service and distribution of such funds, which are described in the prospectus for each such registered fund.

### **Payment of Fees**

The Management Fee paid by the ARK ETFs to ARK is calculated daily and paid monthly in arrears based on the average daily net assets of the relevant ARK ETF.

ARK will bill separately managed account clients quarterly in arrears generally based on the average market value of assets in the account as of the last day of each calendar month during such quarter.

Firms receiving investment instructions or model portfolio services will be billed in arrears generally based on the average market value of assets in the relevant portfolio as of the last day of each calendar month.

Pooled Investment Vehicles, Sub-Advised Funds and Other Registered Investment Companies may accrue asset-based management, advisory or sub-advisory fees daily and pay such fees to ARK monthly, quarterly or periodically in arrears (as described in the prospectus, offering document or other disclosure document) for the vehicle, fund or investment company.

A client may pay fees directly to ARK or may instruct its custodian to pay fees from the client's account. In instances in which a client has authorized direct billing, the client's "qualified custodian" for purposes of the Custody Rule (as defined below) sends periodic statements, no less frequently than quarterly, showing all transactions to the account in accordance with Rule 206(4)-2 ("**Custody Rule**") under the Investment Advisers Act of 1940, as amended ("**Advisers Act**"). Clients may also request that billings be made directly to the client or a designated third party if authorized in writing by the client. Under no circumstances will ARK receive fees that are not in compliance with the Custody Rule.

### **Third-Party Fees**

Clients pay brokerage commissions and any other costs associated with the trading, maintenance, and operations of their accounts. Please see Item 12, "Brokerage Practices," for additional information about ARK's brokerage practices.

Separately managed account clients generally engage their own custodians and are responsible for fees and other charges associated with their custodians. Separately managed account clients may also engage their own administrator, securities lending agent, and consultants and are responsible for fees and other charges associated with the services provided by such entities.

If ARK invests a client's assets in a mutual fund or exchange-traded fund, the client may incur expenses and fees as a shareholder of those mutual funds or exchange-traded funds. These expenses may include: advisory/management fees, service and/or distribution fees, administrative expenses, and other fund operating expenses. Clients wishing to obtain more information about the fees and expenses that may apply due to investing in mutual funds or exchange-traded funds should contact ARK. Clients may also obtain more information by reviewing the relevant prospectuses for the underlying mutual funds or exchange-traded funds in which the clients' assets are invested.

### **Pre-Payment of Advisory Fees**

Certain separately managed account clients may choose to pay their advisory fees up to one quarter in advance. If a client with a separately managed account terminates its Advisory Agreement with ARK before the end of the period through which the advisory fee has been paid, the fee previously paid will be prorated based on the number of days elapsed in that period prior to the termination, and the unearned portion will be refunded by ARK to the client.

### **Outside Compensation for the Sale of Securities**

Neither ARK nor its supervised persons accept or receive compensation for the sale of securities or other investment products outside of their association with ARK.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

ARK may offer performance fee arrangements when allowed by law. A performance fee arrangement is a method of compensating an investment adviser on the basis of a share of the gains or appreciation of the client's assets under management. ARK typically will require that performance fee accounts have a minimum account size of \$20 million. The fee structure will consist of a base fee and a performance fee. Performance fee rates will be negotiable. A client may negotiate the base fee rate, performance fee rate, the index used to calculate the performance fee, or the use of no index in calculating the performance fee. Performance fee arrangements may not be available for all investment themes and must be approved by ARK on a case-by-case basis. Any performance fee that ARK charges is intended to comply with requirements of Rule 205-3 under Adviser's Act.

Performance fee arrangements may be perceived as providing an incentive for ARK to seek to maximize the investment return of accounts paying performance fees by making investments that are subject to greater risk or are more speculative than would be the case if ARK's compensation were not based upon the investment return of such accounts. Under such arrangements, ARK's performance will be contingent upon the return experienced by the client, which is computed based upon unrealized and realized appreciation of assets in the client's account. Accounts participating in a performance fee arrangement may pay ARK more compensation when compared to standard fee rates. Consequently, ARK may be perceived to have an incentive to favor performance fee accounts in allocating profitable investments or to devote more resources toward such accounts' management.

ARK has a fiduciary duty to act in the best interests of its clients. Nevertheless, because ARK has multiple clients, its duty of loyalty to one client may conflict with its duty of loyalty to another, particularly with respect to allocating trades. To resolve this conflict of interest, ARK has adopted a policy to provide fair and equitable treatment to its clients over time, consistent with ARK's duty of loyalty. ARK and its personnel endeavor to ensure that: each client is treated fairly as to the securities purchased or sold for its account; each client is treated fairly with respect to priority of execution of orders; and each client is treated fairly in the allocation of investment opportunities.

Because of the diversity of investment goals, risk tolerances, tax situations, and differences in the timing of capital investments/contributions and redemptions/withdrawals, investment positions in client accounts inevitably will differ among client accounts. All allocations of securities among client accounts are intended to be consistent with each client account's investment goals and financial situation, and the foregoing principles. ARK intends to apportion or allocate business opportunities among client accounts on a basis that is fair and equitable to the maximum possible extent.

In addition, ARK seeks to mitigate the potential conflicts of interest that may arise from managing accounts that bear a performance fee by monitoring and diligently enforcing its policies and procedures, including those related to investment allocation, and complying with Rule 205-3 under the Advisers Act as stated above.

## ITEM 7 TYPES OF CLIENTS

### ARK ETFs

ARK is the investment manager and provides management and supervisory services to the ARK ETFs:

- ARK Genomic Revolution Multi-Sector ETF (ARKG)
- ARK Industrial Innovation ETF (ARKQ)
- ARK Disruptive Innovation ETF (ARKK)
- ARK Web x.0 ETF (ARKW) -- Winner of the 2016 Fund Action ETF Innovative Product of the Year Award (Performance)
- ARK Israel Innovative Technology ETF (IZRL)
- The 3D Printing ETF (PRNT)

The ARK ETFs are exchange-traded funds. Each ARK ETF is a non-diversified, open-end management investment company registered under the Investment Company Act of 1940, as amended ("**1940 Act**"), whose shares are registered for sale under the Securities Act of 1933, as amended ("**1933 Act**").

ARK's services to each ARK ETF are supervised by the governing board of the ARK ETF Trust, currently composed of four Trustees. Additional information about each ARK ETF, including the services that ARK provides and the ARK ETFs' investment objectives, strategies and risks, can be found in the ARK ETFs' prospectuses and Statement of Additional Information, which are publicly available at [www.ark-funds.com](http://www.ark-funds.com), on the EDGAR Database on the SEC's website ([www.sec.gov](http://www.sec.gov)) or by contacting the ARK ETFs' principal underwriter, Foreside Fund Services, LLC at Three Canal Plaza, Suite 100, Portland, ME 04101 or by calling 855-406-1506.

*ARK Quarterly ETF Webinar.* ARK holds a Quarterly call following the completion of each calendar quarter to discuss the performance of the ARK ETFs. During the Quarterly call, performance, composition, outlook, and commentary will be provided for each of the ARK ETFs, followed by a live Question and Answer session. Archived calls and materials will be posted to the ARK website for at least a quarter, and can be found at [www.ark-funds.com](http://www.ark-funds.com). All interested parties can obtain more information or sign up for the calls at [www.ark-funds.com](http://www.ark-funds.com).

### Separately Managed Accounts, Pooled Investment Vehicles and Other Clients

ARK currently provides investment advisory services to certain separately managed accounts for U.S. institutions (which may include retirement plans, tax-exempt entities, public funds, foundations, endowments, insurance companies and their separately managed accounts, emerging manager programs, and financial institutions and their customers and clients). ARK expects to provide the same investment advisory services to non-U.S. institutions, high net worth clients (which may include individual investors, trusts and smaller employee benefit plans), pooled investment vehicles, Sub-Advised Funds (as described more fully above in response to Items 4 and 5) and Other Registered Investment Companies (such as mutual funds and closed-end funds) organized and sponsored by ARK. ARK typically will require that accounts have a minimum account size of \$75,000 dollars.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

ARK offers the following multi-sector, theme-based investment strategies to clients by, under normal circumstances, investing primarily in U.S. and non-U.S. equity securities of companies that are relevant to each differentiated theme. In selecting companies that ARK believes are relevant to a particular investment theme, it seeks to identify, using its own internal research and analysis, companies capitalizing on disruptive innovation or that are enabling the further development of a theme (or elements of a theme) in the markets in which they operate. ARK's internal research and analysis leverages insights from diverse sources, including social media, external research and the input of ARK's Theme Developers, to advance and refine its investment themes and identify and take advantage of trends that have ramifications for individual companies or entire industries.

ARK's distinct investment process is described more fully in response to Item 4. Please refer to Item 4 for more information.

ARK currently focuses on the following themes:

<b>Theme</b>	<b>Portfolio Manager</b>
FinTech Innovation	Catherine D. Wood
Genomic Revolution	Catherine D. Wood
Industrial Innovation	Catherine D. Wood
Next Generation Internet	Catherine D. Wood
Disruptive Innovation	Catherine D. Wood
3D Printing	Catherine D. Wood
Israel Innovative Technology	Catherine D. Wood

ARK may manage accounts with investment themes that are different from those listed above. In such cases, each client account will be managed in accordance with the investment objective, guidelines, strategy or strategies, policies and restrictions established by each client and documented in a written Advisory Agreement (and related documents) with or on behalf of each client and ARK.

A brief description of each multi-sector, disruptive innovation theme and the investment objective and general investment strategies typically used in managing client assets, including the methods of analysis, and the material risks associated with investing in each disruptive innovation theme are provided below.

There is no guarantee that ARK's investment process and strategies will meet the investment objectives and goals of its clients. Additionally, the investment strategies and techniques ARK uses with respect to each investment theme might vary over time depending on various factors. ARK may give advice and take action for clients that may differ from advice given or the timing or nature of action taken for other clients with different goals. ARK is not obligated to initiate transactions for clients in any security that its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

ARK generally manages accounts with full investment discretion. However, clients may place reasonable limitations and restrictions on the management of their accounts. Clients may also direct ARK to sell, or to avoid selling, particular securities for the purpose of realizing a capital loss or avoiding a capital gain.

Summaries of investment objectives, principal investment strategies and material risks that are provided below are necessarily limited, and are presented for general information purposes in accordance with regulatory requirements. Consequently, these summaries are in all instances qualified and superseded by the descriptions of objectives, guidelines, strategies, limitations, restrictions, and risks, and any portfolio reports and other communications that are provided to each client in connection with the creation and maintenance of the client's own account with ARK. Additional detail about each theme can be obtained at no charge by contacting Thomas Staudt of ARK at 1-212-426-7040 or through [www.ark-invest.com/contact](http://www.ark-invest.com/contact).

Investing in securities involves the risk of monetary loss, and clients investing their money with ARK should be prepared to bear that loss. None of the accounts, investment vehicles, funds or investment companies for which ARK provides portfolio management services is a deposit in any bank, nor are those accounts, investment vehicles, funds or investment companies insured or guaranteed by the Federal Deposit Insurance Corporation or any other U.S. governmental agency.

*Suitability Considerations for Separately Managed Account Clients:* Separately managed account clients should bear in mind that ARK's investment themes may involve moderately high turnover ratios (share turnover rates of generally less than 100%, and name turnover of approximately 15-20%). Thus, the potential for high volatility and increased transaction costs (including increased brokerage and taxes) exists.

*Tax Considerations:* Tax efficiency is generally a consideration in the management of ARK accounts, unless tax management for a particular account (or types of accounts) is not necessary or appropriate. Certain investments utilized may have unique and significant tax implications. Clients should consult with a tax professional prior to investing.

*IRS Circular 230 Disclosure:* ARK, its agents and employees are not in the business of providing tax, regulatory, accounting or legal advice. This Brochure and any tax-related statements provided by ARK are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

*Note:* The narrative discussion of each investment theme includes a list of the material risks that may be associated with an investment in that theme. A description of each of the named risks is included at the end of this Item 8, following the narrative discussion of all of the investment themes.

## **Descriptions of Investment Themes**

### ***FinTech Innovation Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The FinTech Innovation theme-based investment strategy invests primarily in domestic and foreign equity securities of companies that are relevant to the investment theme of Financial Technology, or FinTech ("**FinTech Companies**"). The Advisers believe companies relevant to this theme are those that are substantially focused on and expected to benefit from shifting the bases of the financial sector and economic transactions to technology infrastructure platforms, and technological intermediaries. These companies may also include ones that develop, use or rely on innovative payment platforms and methodologies, point of sale providers, transactional innovations, business analytics, fraud reduction, frictionless funding platforms, peer to peer lending, intermediary exchanges, asset allocation technology, cryptocurrencies, mobile payments, and risk pricing and pooling aggregators.

Material Risks: Equity Securities Risk; Financial Sector Risk; FinTech Risk; Foreign Securities Risk (including Depositary Receipts Risk); Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; Small- and Medium-Capitalization Companies Risk;; Innovative Technology Risk; Next Generation Internet Companies Risk; Information Technology Sector Risk; Investable Universe of Companies Risk; International Closed Market Risk; and Concentration Risk.

### ***Genomic Revolution Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The Genomic Revolution Multi-Sector theme-based investment strategy invests primarily in domestic and foreign equity securities of companies across multiple sectors, including health care, information technology, materials, energy and consumer discretionary, that are relevant to the investment theme of the genomics revolution (“**Genomic Revolution Companies**”). The Adviser believes companies relevant to this theme are those that ARK believes are substantially focused on and are expected to substantially benefit from extending and enhancing the quality of human and other life by incorporating technological and scientific developments, improvements and advancements in genomics into their business, such as by offering new products or services that rely on genomic sequencing, analysis, synthesis or instrumentation. These companies may include ones that develop, produce, manufacture or significantly rely on or enable bionic devices, bio-inspired computing, bioinformatics, molecular medicine and agricultural biotechnology.

Material Risks: Equity Securities Risk; Foreign Securities Risk (including Depositary Receipts Risk); Future Expected Genomic Business Risk; Health Care Sector Risk; Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; and Small- and Medium-Capitalization Companies Risk.

### ***Industrial Innovation Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The Industrial Innovation theme-based investment strategy invests primarily in domestic and foreign equity securities of companies that are relevant to the investment theme of industrial innovation (“**Industrial Innovation Companies**”). The Adviser believes companies relevant to this theme are those that ARK expects to focus on and benefit from the development of new products or services, technological improvements and advancements in scientific research related to, among other things, disruptive innovation in energy (“energy transformation companies”), automation and manufacturing (“automation transformation companies”), materials, and transportation. ARK considers a company to be an energy transformation company if it seeks to capitalize on innovations or evolutions in: (i) ways that energy is stored or used; (ii) the discovery, collection and/or implementation of new sources of energy, including unconventional sources of oil or natural gas and/or (iii) the production or development of new materials for use in commercial applications of energy production, use or storage. ARK considers a company to be an automation transformation company if it is focused on humans capitalizing on the productivity of machines, such as through the automation of functions, processes or activities previously performed by human labor or the use of robotics to perform other functions, activities or processes.

Material Risks: Equity Securities Risk; Foreign Securities Risk (including Depositary Receipts Risk); Industrials Sector Risk; Information Technology Sector Risk; Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; and Small- and Medium-Capitalization Companies Risk.



### ***Next Generation Internet Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The Next Generation Internet theme-based investment strategy invests primarily in domestic and foreign equity securities of companies that are relevant to the investment theme of Next Generation Internet (“**Next Generation Internet Companies**”). The Adviser believes companies relevant to this theme are focused on and expected to benefit from shifting the bases of technology infrastructure from hardware and software to the cloud, enabling mobile and local services, such as companies that rely on or benefit from the increased use of shared technology, infrastructure and services. These companies may include mail order houses which generate the entirety of their business through websites and which offer internet-based products and services, such as streaming media or cloud storage in addition to traditional physical goods. These companies may also include ones that develop, use or rely on innovative payment methodologies, big data, the internet of things, and social distribution, cybersecurity, cryptocurrencies, and media.

Material Risks: Equity Securities Risk; Foreign Securities Risk (including Depositary Receipts Risk); Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; and Small- and Medium-Capitalization Companies Risk; and Next Generation Internet Companies Risk.

### ***Disruptive Innovation Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The Disruptive Innovation theme-based investment strategy invests primarily in domestic and foreign equity securities of companies that are relevant to the investment theme of disruptive innovation. The Adviser believes companies relevant to this theme are Genomic Revolution Companies, Industrial Innovation Companies or Next Generation Internet Companies. For accounts using this strategy, ARK will select investments that represent its highest-conviction investment ideas within the theme of disruptive innovation.

Material Risks: Equity Securities Risk; Foreign Securities Risk (including Depositary Receipts Risk); Future Expected Genomic Business Risk; Health Care Sector Risk; Industrials Sector Risk; Information Technology Sector Risk; Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; Small- and Medium-Capitalization Companies Risk; and Next Generation Internet Companies Risk.

### ***3D Printing Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The 3D Printing theme-based investment strategy invests primarily in domestic and foreign equity securities of companies that are relevant to the investment theme of 3D Printing (“**3D Printing Companies**”). The Adviser believes companies relevant to this theme are focused on and expected to benefit from the next industrial revolution of “additive manufacturing” that is collapsing the time between design and production. As technology evolves and the costs continue to decline, the technology should provide greater design complexity, accuracy, efficiency, customization, and prototyping. Performance will closely correspond, before fees and expenses, to the Total 3-D Printing Index. The Total 3D-Printing Index attempts to track the price movements of equity securities of companies involved in the 3D Printing industry. The Index is composed of equity securities and depositary receipts of exchange listed companies from the U.S., non-U.S. developed markets and Taiwan that are engaged in 3D printing related businesses within the following business lines: (i) 3D printing hardware, (ii) computer aided design and 3D printing simulation software, (iii) 3D printing centers, (iv) scanning and measurement, and (v) 3D printing materials. The index is a total return index calculated in USD, and rebalanced quarterly.

Material Risks: Concentration Risk; Foreign Securities (including Depositary Receipts Risk); Equity Securities Risk; Index Tracking Risk; Innovative Technology Risk; Investable Universe of Companies Risk; Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; Replication Management Risk; Small- and Medium-Capitalization Companies Risk; Companies Risk; Health Care Sector Risk; and Industrials Sector Risk..

### ***Israel Innovative Technology Theme***

Investment Objective: Long-term growth of capital.

Principal Investment Strategies: The Israel Innovative Technology theme-based investment strategy invests primarily in domestic and Israeli equity securities of companies that are relevant to the investment theme of disruptive innovation. Companies must be incorporated in and/or domiciled in Israel, and must publicly trade on an Israeli or United States exchange to be considered for the strategy. The Adviser believes companies relevant to this theme are Genomic Revolution Companies, Industrial Innovation Companies or Next Generation Internet Companies. For accounts using this strategy, ARK will seek to closely correspond to the ARK Israeli Innovation Index, selecting investments that represent investment ideas within the theme of innovative technology.

Material Risks: Concentration Risk; Foreign Securities Risk (including Depositary Receipts Risk); Equity Securities Risk; Foreign Securities Risk; Future Expected Genomic Business Risk; Health Care Sector Risk; Index Tracking Risk; Industrials Sector Risk; Information Technology Sector Risk; Innovative Technology Risk; Investable Universe of Companies Risk; Israel Risk; Investable Universe of Companies Risk, Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Micro-Capitalization Companies Risk; Replication Management Risk; Small- and Medium-Capitalization Companies Risk; and Next Generation Internet Companies Risk.

### **Descriptions of Material Risks**

*Concentration Risk.* The assets in the two index-based thematic investment accounts offered by ARK will be concentrated in a particular industry or group of industries to the extent the relevant index concentrates in a particular industry or group of industries. Therefore, such accounts will be subject to the risk that economic, political or other conditions that have a negative effect on one or more of the identified industries or sectors may negatively impact such accounts to a greater extent than if the assets were invested in a wider variety of industries or sectors.

*Depositary Receipts Risk.* The investment accounts may invest in depositary receipts, which involve similar risks to those associated with investments in foreign securities. Depositary receipts are receipts listed on U.S. or foreign exchanges issued by banks or trust companies that entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares. Investments in depositary receipts may be less liquid than the underlying shares in their primary trading market and, if not included in the Index, may negatively affect the accounts' ability to replicate the performance of the Index.

*Equity Securities Risk.* The value of equity securities may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities participate or factors relating to specific companies. An unfavorable earnings report or a failure to make anticipated dividend payments by an issuer may affect the value of the issuer's equity securities. Equity securities may also be particularly sensitive to general movements in the stock market, and a decline in the broader market may affect the value of equity investments.

**Financial Sector Risk.** The financial sector has a number of inherent risks. Regulatory risks significantly impact the highly regulated financial sector, because financial institutions face considerable costs for regulatory compliance and reporting. New financial regulations, domestically or abroad, will have a direct impact on this sector. In addition, the financial sector faces (i) credit risks, as sudden freezes or a loss of credit can disrupt daily operations, (ii) liquidity risk when assets or investments lose value and collateral cannot be sold in time to prevent a loss and (iii) recoupment risk if financial institutions lose their ability to recover loans and/or investments made regarding assets that have lost their value. Financial institutions also face (i) operational risks due to speculation as to how the markets will react in the future, (ii) security risks (including cybersecurity risks), and (iii) business continuity risks. Finally some financial institutions face diversification risk because they may be very concentrated in their business focus or exposed to single business lines.

**FinTech 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 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. Laws generally vary by country, creating some challenges to achieving scale. A FinTech company may not currently derive any revenue, and there is no assurance that a FinTech company will derive any revenue from innovative technologies in the future.

**Foreign Securities Risk.** Investments in the securities of foreign issuers involve risks beyond those associated with investments in U.S. securities. These additional risks include greater market volatility, the availability of less reliable financial information, higher transactional costs, potentially higher custody costs, taxation by foreign governments, decreased market liquidity and political and economic instability.

**Future Expected Genomic Business Risk.** Certain Genomics Revolution Companies do not currently derive a substantial portion of their current revenues from genomic-focused businesses and there is no assurance that any company will do so in the future.

**Health Care Sector Risk.** The health care sector may be affected by government regulations and government health care programs, restrictions on government reimbursement for medical expenses, increases or decreases in the cost of medical products and services and product liability claims, among other factors. Many health care companies are (i) heavily dependent on patent protection and intellectual property rights and the expiration of a patent may adversely affect their profitability, (ii) subject to extensive litigation based on product liability and similar claims, and (iii) subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting. Many health care products and services may be subject to regulatory approvals. The process of obtaining such approvals may be long and costly, and delays or failure to receive such approvals may negatively impact the business of such companies. Additional or more stringent laws and regulations enacted in the future could have a material adverse effect on such companies in the health care sector. In addition, issuers in the health care sector include issuers having their principal activities in the biotechnology industry, medical laboratories and research, drug laboratories and research and drug manufacturers, which have the additional risks described below.

**Biotechnology Company Risk.** A biotechnology company's valuation can often be based largely on the potential or actual performance of a limited number of products and can accordingly be greatly affected if one of its products proves unsafe, ineffective or unprofitable. Biotechnology companies

are subject to regulation by, and the restrictions of, the Food and Drug Administration, the Environmental Protection Agency, state and local governments, and foreign regulatory authorities.

Pharmaceutical Company Risk. Companies in the pharmaceutical industry can be significantly affected by government approval of products and services, government regulation and reimbursement rates, product liability claims, patent expirations and protection and intense competition.

*Index Tracking Risk.* The returns of the index-based investment accounts may not match the return of the applicable index for a number of reasons. For example, the accounts will incur a number of operating expenses not applicable to the index and will incur costs associated with buying and selling securities, especially when rebalancing the securities holdings of the investment accounts to reflect changes in the composition of the relevant index. The accounts also bear the costs and risks associated with buying and selling securities while such costs and risks are not factored into the return of the relevant index. In addition, the accounts may not be able to invest in certain securities included in the index or may not be able to invest in them in the exact proportions in which they are represented in the index, due to legal restrictions or limitations imposed by the governments of certain countries, potential adverse tax consequences or other regulatory reasons.

*Industrials Sector Risk.* The industrials sector includes companies engaged in the aerospace and defense industry, electrical engineering, machinery, and professional services. Companies in the industrials sector may be adversely affected by changes in government regulation, world events and economic conditions. In addition, companies in the industrials sector may be adversely affected by environmental damages, product liability claims and exchange rates.

Aerospace and Defense Company Risk. Companies in the aerospace and defense industry rely to a large extent on U.S. (and other) Government demand for their products and services and may be significantly affected by changes in government regulations and spending, as well as economic conditions and industry consolidation.

Professional Services Company Risk. Professional services companies may be materially impacted by economic conditions and related fluctuations in client demand for marketing, business, technology and other consulting services. Professional services companies' success depends in large part upon attracting and retaining key employees and a failure to do so could adversely affect a company's business. There are relatively few barriers to entry into the professional services market, and new competitors could readily seek to compete in one or more market segments, which could adversely affect a company's operating results through pricing pressure and loss of market share.

*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 product rapid 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.

Internet Company Risk. Many Internet-related companies have incurred large losses since their inception and may continue to incur large losses in the hope of capturing market share and generating future revenues. Accordingly, many such companies expect to incur significant operating losses for the foreseeable future, and may never be profitable. The markets in which many Internet companies compete face rapidly evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. The failure of an Internet company to adapt to such changes could have a material adverse effect on the company's business. In addition, the widespread adoption of new Internet, networking, telecommunications technologies, or other technological changes could require substantial expenditures by an Internet company to modify or adapt its services or infrastructure, which could have a material adverse effect on an Internet company's business.

Semiconductor Company Risk. Competitive pressures may have a significant effect on the financial condition of semi-conductor companies and, as product cycles shorten and manufacturing capacity increases, these companies may become increasingly subject to aggressive pricing, which hampers profitability. Reduced demand for end-user products, under-utilization of manufacturing capacity, and other factors could adversely impact the operating results of companies in the semiconductor sector. Semiconductor companies typically face high capital costs and may be heavily dependent on intellectual property rights. The semiconductor sector is highly cyclical, which may cause the operating results of many semiconductor companies to vary significantly. The stock prices of companies in the semiconductor sector have been and likely will continue to be extremely volatile.

*Innovative Technology Risk.* Companies that are developing technologies to displace older technologies or create new markets may not in fact do so. Companies that initially develop a novel technology may not be able to capitalize on the technology. Companies that develop disruptive technologies may face political or legal attacks from competitors, industry groups or local and national governments. A company may not currently derive any revenue from innovative technologies, and there is no assurance that a company will derive any revenue from innovative technologies in the future. An innovative technology may constitute a small portion of a company's overall business. As a result, the success of an innovative technology may not affect the value of the equity securities issued by the company.

*Investable Universe of Companies Risk.* The investable universe of companies in which two index -based thematic investment accounts may invest may be limited. If a company no longer meets the criteria for inclusion in the relevant index, the accounts may need to reduce or eliminate its holdings in that company. The reduction or elimination of the holdings in the company may have an adverse impact on the liquidity of the accounts' underlying portfolio holdings and on the performance of the accounts.

*Israel Risk.* Because the Israel Innovative Technology accounts invests in securities of Israeli companies, these accounts may be exposed to special risks and considerations. There may be less information concerning the securities of Israeli companies available to the public than the securities of U.S. companies. There is also potential difficulty in obtaining or enforcing a court judgment, and the unique characteristics of securities of Israeli companies and the Israel stock market may have a negative impact on such accounts. Any major hostilities involving Israel, or the interruption or curtailment of trade between Israel and its present

trading partners, could have a negative impact on these accounts. Shares and dividends of Israeli companies are often Israeli new shekel ("ILS") denominated. Changes in the relationship of the ILS to the dollar and other currencies could have a negative impact on these accounts. The government of Israel may change the way in which Israeli companies are taxed, or may impose taxes on foreign investment. Such actions could have an impact on the overall market for securities of Israeli companies and on these accounts.

*Issuer Risk.* The value of an issuer's equity securities may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. The value of securities of smaller issuers can be more volatile than that of larger issuers. A change in the financial condition, market perception or credit rating of an issuer of securities may cause the value of its securities to decline.

*Large-Capitalization Companies Risk.* Large-capitalization companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of a large-capitalization company may not rise as much as that of a company with a smaller market capitalization.

*Management Risk.* ARK applies investment strategies, techniques and analyses in making investment decisions, but there can be no guarantee that these actions will produce the intended results. The ability of ARK to successfully implement the investment strategy will significantly influence the performance of an account.

*Market Risk.* The value of assets in an account will fluctuate as the markets in which the account invests fluctuate. The value of an account's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

*Market Trading Risk.* Market trading risks include losses from trading in secondary markets, the existence of extreme market volatility or potential lack of an active trading market.

*Micro-Capitalization Companies Risk.* Micro-capitalization companies are subject to substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses). Their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations. The shares of micro-capitalization companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities.

*Portfolio Turnover Risk.* Each investment account that is based on the performance of an index is adjusted to add or delete companies from such accounts once per quarter or upon certain extraordinary events or corporate actions affecting companies that are included in the relevant index. As companies leave and enter the relevant index, accounts based on the index will be adjusted to match the current composition of the relevant index. This process may result in the realization of capital gains or losses and may have adverse tax consequences for you as an investor if such composition changes are not treated as tax free events. Because such accounts will buy and sell securities as needed to maintain their correlation to the relevant index, portfolio turnover in such accounts may be substantial.

*Replication Management Risk.* Because an index-based investment account is not "actively" managed, unless a specific security is removed from the relevant index through quarterly rebalancing or otherwise

because it no longer qualifies to be included in the index, such an account generally will not sell a security because the security's issuer is in financial trouble. Therefore, the account's performance could be lower than accounts that may actively shift their portfolio assets to take advantage of market opportunities or to lessen the impact of a market decline or a decline in the value of one or more issuers.

*Small- and Medium-Capitalization Companies Risk.* Small- and medium-capitalization companies may be more volatile and more likely than large-capitalization companies to have narrower product lines, fewer financial resources, less management depth and experience and less competitive strength. Returns on investments in securities of small- and medium-capitalization companies could trail the returns on investments in securities of large-capitalization companies.

*Next Generation Internet Companies Risk.* The risks described below apply, in particular, to investments in Next Generation Internet Companies.

Internet Information Provider Company Risk. Internet information provider companies provide Internet navigation services and reference guide information and publish, provide or present proprietary, advertising and/or third party content. Such companies often derive a large portion of their revenues from advertising, and a reduction in spending by or loss of advertisers could seriously harm their business. This business is rapidly evolving and intensely competitive, and is subject to changing technologies, shifting user needs, and frequent introductions of new products and services. The research and development of new, technologically advanced products is a complex and uncertain process requiring high levels of innovation and investment, as well as the accurate anticipation of technology, market trends and consumer needs. The number of people who access the Internet is increasing dramatically and a failure to attract and retain a substantial number of such users to a company's products and services or to develop products and technologies that are more compatible with alternative devices could adversely affect operating results. Concerns regarding a company's products, services or processes compromise the privacy of users or other privacy related matters, even if unfounded, could damage a company's reputation and adversely affect operating results.

Catalog and Mail Order House Company Risk. Catalog and mail order house companies may be exposed to significant inventory risks that may adversely affect operating results due to seasonality, new product launches, rapid changes in product cycles and pricing, defective merchandise, changes in consumer demand and consumer spending patterns, changes in consumer tastes with respect to products, and other factors. Demand for products can change significantly between the time inventory or components are ordered and the date of sale. The acquisition of certain types of inventory or components may require significant lead-time and prepayment and they may not be returnable. Failure to adequately predict customer demand or otherwise optimize and operate distribution centers could result in excess or insufficient inventory or distribution capacity, result in increased costs, impairment charges, or both. The business of catalog and mail order house companies can be highly seasonal and failure to stock or restock popular products in sufficient amounts during high demand periods could significantly affect revenue and future growth. Increased website traffic during peak periods could cause system interruptions which may reduce the volume of goods sold and the attractiveness of a company's products and services.

## **ITEM 9 DISCIPLINARY INFORMATION**

Neither ARK, nor any of its management persons, have been the subject of any material legal or disciplinary action.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

ARK is an investment adviser registered with the SEC.

As described above, ARK is the investment adviser and provides management and supervisory services to the ARK ETFs. ARK's services for the ARK ETFs may be perceived to create potential conflicts of interest. These potential conflicts are identified in Item 6, "Performance-Based Fees and Side-By-Side Management."

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### **Code of Ethics and Personal Trading**

ARK has adopted a Code of Ethics in compliance with Rule 204A-1 under the Advisers Act that establishes personal trading guidelines and restrictions applicable to ARK employees, ARK consultants, and ARK employee or consultant family members (including the spouse, minor children and adults living in the same household as the employee or consultant) ("**Employees**"). These guidelines and restrictions must be followed for all transactions in all accounts in which an Employee has a beneficial interest. Employees must pre-clear all personal transactions in securities, except for certain exempt securities. Also, Employees must pre-clear all personal cryptocurrency transactions that are made during market hours (i.e., 9:30 a.m. to 4:00 p.m. EST) with an additional requirement to report cryptocurrency transactions made after market hours. Employees must submit required quarterly reports of securities and cryptocurrency transactions (or furnish brokerage statements) and must certify, at least annually, receipt of and compliance with the Code of Ethics. For a copy of ARK's Code of Ethics please call 1-212-426-7040 or write to: ARK Investment Management LLC, Attn: Chief Compliance Officer, 155 West 19<sup>th</sup> Street, 5<sup>th</sup> Floor, New York, NY 10011.

### **Recommendations Involving Material Financial Interests**

ARK may effect (but not execute) transactions between client accounts. ARK will not effect a transaction between client accounts if one of the clients is an Employee Retirement Income Security Act of 1974 ("**ERISA**") client. ARK may effect transactions between client accounts that are not registered investment companies subject to certain restrictions, including the requirements that ARK receives no compensation for effecting the transaction and the transaction is disclosed to the clients.

ARK may effect transactions between clients that are registered investment companies subject to certain restrictions, including the requirement that the transaction is effected in compliance with Rule 17a-7 under the 1940 Act and any applicable procedures adopted by the registered investment company.

### **Investing Personal Money in the Same Securities as Clients**

ARK employees may, on occasion, buy or sell securities for themselves that ARK recommends or buys or



sells for its client portfolios. However, such transactions may not be effected when they are believed to be adverse to clients' interests. All such transactions are subject to ARK's Code of Ethics.

### **Trading Securities at/around the Same Time as Clients**

ARK employees may engage in a transaction in a security at or around the same time as ARK buys or sells that same security for its client portfolios. However, all such transactions are subject to pre-clearance requirements under ARK's Code of Ethics. Generally, pre-clearance for an employee transaction typically will not be granted: (i) if the security is included in a client's portfolio, on a day when the security is being considered for purchase or sale by the client; (ii) if the security is not included in a client's portfolio but notice has been given that such security will be added to a client's portfolio, until such time as ARK completes such transactions for the applicable client's portfolio; or (iii) when the security is being considered by ARK for purchase or sale for a client. The CCO also reserves the right to revoke pre-clearance any time after it is granted and before the transaction is executed and/or deny pre-clearance of any personal securities or cryptocurrency transaction.

## **ITEM 12 BROKERAGE PRACTICES**

### **Selection of Broker-Dealers to Execute Transactions in Client Accounts**

#### *General Practices*

In exercising investment discretion over client accounts, or in responding to specific client instructions, ARK normally places orders with broker-dealers to execute transactions for the accounts. Some clients that designate ARK as the investment manager and/or adviser for their account nonetheless may place their own trades for their account based on ARK's direction. In such instances, ARK is not responsible for the execution of trades or the selection of broker-dealers for such accounts.

Clients may give ARK the authority to determine which broker-dealer will execute transactions. Other clients may select which brokerage firms should execute their transactions.

When clients grant brokerage discretion to ARK, ARK's general policy is to use its best efforts to seek to obtain best execution for all client portfolio transactions, taking into account a variety of factors such as:

- the security price;
- the commission rate;
- the size and difficulty of the order and timing of the transaction;
- the experience of the broker-dealer;
- the reliability, integrity, creditworthiness and financial condition of the broker-dealer;
- the general execution, clearance, settlement and operational capabilities of the broker-dealer;
- the confidentiality provided by the broker-dealer;
- the research capabilities of the broker-dealer; and
- the number of trading errors committed by the broker-dealer.

It is not ARK's policy to seek the lowest available commission rate where it believes that a broker or dealer charging a higher commission rate would offer greater reliability or provide better price or execution. ARK cannot assure that best execution will be achieved for each client transaction.

For accounts for which ARK has brokerage discretion, ARK will maintain a list of approved broker-dealers it will use to place client trades for execution. ARK will periodically reevaluate these broker-dealers to confirm that they meet ARK's criteria and standards, including that they provide trade execution services that ARK views as satisfactory. Upon reevaluation, ARK may add or remove broker-dealers to or from the list of approved broker-dealers.

ARK may pay, or be deemed to pay, commission rates higher than it might otherwise pay to receive research or brokerage services that ARK views as beneficial to client accounts. Research or brokerage services ARK receives for conducting transactions in a client account may benefit other accounts and a particular account may not benefit from services obtained because of transactions conducted through that account. ARK will not attempt to track or allocate the benefits of research or brokerage services it receives to the commissions associated with a particular account or group of accounts.

#### *Evaluating Reasonableness of Brokerage Commissions*

ARK will continually evaluate the reasonableness of commission rates in the marketplace for transactions executed on its clients' behalf. ARK will consider:

- the rates other institutional investors are paying, based on available public information;
- the rates quoted by brokers and dealers;
- the size of a particular transaction, in terms of the number of shares, dollar amount, and number of clients involved;
- the complexity of a particular transaction relative to execution and settlement;
- the level and type of business done with a particular firm over a period of time; and
- the extent to which the broker or dealer has capital at risk in the transaction.

Some of ARK's clients may select a broker-dealer to act as custodian for the client's assets and direct ARK to execute transactions through that broker-dealer. It will not be ARK's practice to negotiate commission rates with those broker-dealers. For clients who grant ARK brokerage discretion, ARK will seek to engage in Block Orders (as defined below) for all relevant client accounts so that all client transactions will be done at the same standard institutional rate per share.

#### *Description of Research Services Received from Broker-Dealers*

ARK may receive a wide range of research services from broker-dealers. These services may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. ARK will receive research services primarily as written reports, computer generated services, and personal meetings with security analysts.

Research services may also take the form of meetings arranged with corporate and industry spokespersons, economists, academicians and government representatives.

The research services provided by broker-dealers may be used to supplement ARK's own proprietary Open Source Research Process (as described in Item 4). Such research services will be subject to ARK's intense internal analysis and review before becoming part of ARK's Open Source Research Process. ARK may pay cash for certain external research services.

#### *Commissions to Brokers Who Furnish Research Services*

ARK has a brokerage allocation policy embodying the concepts of Section 28(e) of the Securities Exchange Act of 1934, as amended ("**1934 Act**"). This section permits an investment adviser to pay a broker-dealer that "provides brokerage and research services" to the adviser commission rates in excess of the amount another broker-dealer would charge for effecting the same transaction, if the adviser determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided, viewed in terms of either that particular transaction or the adviser's overall responsibilities to that client or other client accounts and over which the adviser exercises investment discretion. ARK may use research provided by broker-dealers for the benefit of all client accounts, not just for the account for which the transaction was made.

ARK may enter into arrangements whereby it obtains research products and services, in addition to brokerage services, from broker-dealers in exchange for directing client trades to such brokers. These arrangements are known as "soft dollar" arrangements and are common in the financial services industry. For example, ARK may use commissions from transactions for client accounts to obtain quotation equipment and tools that may assist ARK in trade execution or provide ARK with important market related news and developments. The research products and services can either be proprietary (created and provided by the broker-dealer) or third party (created by a third party but provided to ARK by the broker) and may include:

- economic research;
- industry and company research;
- industry and company computer screening ability;
- technical research;
- commodity research;
- portfolio management research;
- stock and bond quote services; and/or
- financial news and other publications.

In accordance with Section 28(e), ARK will ensure that all soft dollar arrangements pay for bona fide research services. In some cases, the products or services ARK receives may not be used exclusively for research purposes. For example, certain systems and products that can be used by ARK provide "mixed use" functions, such as accounting and record keeping, in addition to investment research. In those cases, ARK will not pay for the non-research portion of any "mixed use" service through any soft dollar arrangement. Instead, ARK will pay for the non-research function.

### *Directed Brokerage and Commission Recapture*

Clients not subject to ERISA may direct ARK in writing to execute transactions with one or more specific broker-dealers at commission rate or rates agreed upon by the client and the broker-dealer(s). A client may direct ARK to use a particular broker-dealer for a variety of reasons, including:

- the client's relationship with the broker-dealer;
- the client's evaluation of the broker-dealer and the quality of its trade execution;
- the discounts or other benefits the client receives from the broker-dealer; and/or
- the existence of a commission recapture program where the client receives the benefit of rebates or other benefits separately negotiated between the client and the broker-dealer.

Clients subject to ERISA must provide ARK with written instructions directing ARK to execute transactions with one or more specific brokers. The written notice must state that the services the broker(s) provide and the commission rate or amount is consistent with ERISA provisions and in the client's best interest. If a client account is subject to ERISA and the client directs ARK to place all transactions for the client's account with a particular broker-dealer, the following apply:

- the client retains and accepts sole responsibility for determining whether the directed brokerage arrangement is reasonable in relation to the benefits the plan receives;
- the client acknowledges and represents to ARK that the directed brokerage arrangement is used solely and exclusively for the plan's and the participants' benefit; and
- the client acknowledges and represents to ARK that the directed brokerage arrangement is permissible under the plan's governing documents.

When a client directs ARK to use a particular broker-dealer, ARK cannot negotiate commission levels or obtain discounts. Clients who direct ARK to use a particular broker-dealer may not receive commission rates or execution of transactions as favorable as clients who give ARK full discretion to select the broker-dealer for portfolio transactions. They may also incur other transaction costs or greater spreads, or receive less favorable net prices on transactions for their accounts. Moreover, when a client directs ARK to use a particular broker-dealer, ARK may not be able to aggregate the client's securities transactions with those of other clients, and therefore may not be able to obtain the potential efficiencies from trade aggregation, unless the directed broker-dealer accepts "step-out" transactions.

Some clients may direct ARK to use a particular broker-dealer as long as that broker-dealer is reasonably able to provide best price and execution for the portfolio's transactions. ARK uses its best efforts to accommodate client requests. This type of program where the client may have a consulting or other relationship with the designated broker-dealer is sometimes referred to as "commission recapture" program.

### **Aggregation and Allocation Policies**

#### *Aggregation*

ARK may determine that the purchase or sale of a particular security is appropriate for more than one client account and may aggregate client orders into one order ("**Block Orders**") for execution purposes. Block

trading can avoid the adverse effect on a security's price when simultaneous separate and competing orders are placed. When aggregating orders and subsequently allocating Block Orders (purchases and sales) to individual client accounts, it is ARK's policy to treat all clients fairly and to achieve an equitable distribution of aggregated orders.

### *Allocation*

All non-holders of a given security are initially included to receive approximately equal percentage position sizes in Block Order allocations prior to purchase orders being placed. All holders of a given security are initially included in Block sale allocations prior to the orders being placed. Price averaging is used for trades executed in a series of transactions on the same day in the same theme with the same broker.

ARK will allocate Block Orders on a pro rata basis. In the event of a partial fill of a Block Order, client accounts will receive a pro rata allocation if there are enough shares executed for each account. For example, if ARK placed an order for 20,000 shares and 10,000 shares were executed, ARK would prorate the shares so that each account would get approximately half of what was entered. If for the same 20,000 shares order, ARK only executed a *de minimis* number of shares (for example, 1,000 shares), ARK would allocate the shares to accounts that had high cash (in the case of a purchase) or low cash (in the case of a sale). On the following day, ARK would repeat the order until all accounts received the appropriate allocation. Other possible criteria for allocating Block Orders may include the current concentration of holdings of the industry in question in the account.

Some types of purchase or sale transactions cannot be included in Block Orders. For instance, trades resulting from the opening and closing of accounts, or from contributions to or withdrawals from existing accounts, often must be executed on an individual basis rather than aggregated with other trades. In such cases, clients may not receive as favorable executions as they might otherwise receive from Block Orders.

### *Trade Order*

Accounts for which ARK has brokerage discretion will begin trading and all directed brokerage accounts will be randomly rotated and either traded simultaneously or interspersed with the discretionary block. Trader discretion based upon market conditions will determine how groups are brought together for execution.

### *Initial Public Offerings*

Some of ARK's investment themes may purchase securities in initial public offerings ("IPOs") or "new issues" as defined in relevant rules established by the Financial Industry Regulatory Authority ("FINRA") as part of their investment theme. Allocations of IPOs will be made fairly and in accordance with FINRA Rule 5130. Only accounts that are eligible under FINRA Rule 5130 to participate in IPO allocations will be permitted to receive such allocations. Because the market for IPOs is uneven, a portfolio manager's ability, or inability to participate in IPO allocations can have a potentially significant effect on account performance, and the shares themselves are often subject to greater volatility.

With respect to eligible accounts, ARK generally will allocate securities purchased through an IPO on a pro rata basis for each eligible account in an investment strategy. In situations where the securities allotment is insufficient to provide meaningful position sizes, ARK may allocate the securities on a rotating basis to as many accounts as practical. The portfolio manager will oversee allocations ensuring that over time, all eligible

accounts will have an equitable opportunity to participate in IPOs. If an investment theme's performance in a given year receives a substantial benefit from profitable IPO allocations, ARK may be unable to duplicate that performance in the succeeding year, because the IPO market may have shrunk, or because ARK's selections prove unsuccessful. The IPO market is risky and volatile, and clients should be willing to tolerate a higher degree of risk.

Accounts with directed brokerage will not receive allocations of securities purchased in IPOs if the underwriting syndicate does not include a broker-dealer that the client has directed ARK to use. As a general rule, ARK will only allocate securities purchased in IPOs to accounts for which ARK has discretion to select broker-dealers for transaction executions.

### **Trade Errors**

When ARK is responsible for a trading error, ARK's policy is to make the client whole by correcting the error, i.e., restoring the client's account to the position it would have been in if the error had not occurred, unless the error is so small (i.e., less than \$100) that correcting the error would cost more the amount of such error. ARK exercises due care in making and implementing investment decisions on behalf of its clients and recognizes its obligation to identify and resolve trade errors in a timely manner. ARK seeks to avoid errors; however, ARK monitors for errors and if an error occurs, ARK will endeavor to correct and reduce similar errors in the future. ARK will use reasonable efforts to cause any broker or other service provider which is responsible for a trade error to reimburse affected clients for any losses resulting from the trade error. To the extent that a trade error is attributable to the willful misconduct, negligence or fraud of ARK, ARK will restore the client to a position that is no worse than if the trade error had not occurred. Any trade error that results in a direct loss will be reimbursed to the client account in which the error was made. If a trade error results in a gain, the gain generally will accrue to the benefit of the affected client account(s).

## **ITEM 13 REVIEW OF ACCOUNTS**

### **Frequency and Nature of Periodic Account Reviews**

The ARK Team will monitor each client account on regular basis to ensure portfolio level compliance (adherence to investment strategy and client guidelines) and to determine whether to take any action for that account based on its investment objective, strategy or strategies, guidelines, policies, and restrictions and, more generally, based on ARK's review of economic and market conditions. For separately managed accounts, ARK will review each such account as agreed to with the client.

The timing and nature of account reviews for the ARK ETFs are further dictated by regulatory requirements including but not limited to the 1940 Act, Internal Revenue Code of 1986, as amended, and each ARK ETF's respective prospectus limitations and internal guidelines. The ARK ETFs are reviewed by their third party administrator and the ARK ETF Trust's and ARK's CCO.

### **Factors that Will Trigger a Non-Periodic Review of Separately Managed Accounts**

Factors that will dictate the timing and nature of separately managed account reviews will include the following: contributions or withdrawals of cash from an account; a determination to change an account's cash level; a client's request for tax-loss selling; a client's direction to refrain from purchasing a particular security

or class of securities for such client's account; a client's request for information regarding the performance or structure of an account; changes in the investment objectives, strategy or strategies, guidelines, investment policies or investment restrictions; account performance; a client's pledge of an account's assets as collateral security; and requirements imposed by court order or regulatory decree (SEC, Department of Labor, etc.).

### **Content and Frequency of Regular Reports**

ARK will provide each separately managed account client with a quarterly portfolio report, which will include:

- cash balances;
- the type, name and amount of each security; portfolio weighting of each security;
- account performance;
- current market value of the account; and
- information about any transactions that occurred during the report period.

In addition, for each separately managed account, ARK will provide all other information it has contractually agreed to provide to each such client and other persons or entities that they designate.

ARK provides reports to the Board of Trustees of the ARK ETF Trust at least four times each calendar year. Shareholder reports are issued in accordance regulatory requirements.

## **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

### **Economic Benefits Provided by Third Parties**

In transactions that involve brokerage commissions, as permitted by Section 28(e) of the 1934 Act, ARK may cause a client to pay a broker-dealer that provides "brokerage and research services" (as defined in the 1934 Act) a disclosed commission for effecting a securities transaction for the client in excess of the commission which another broker-dealer would have charged for effecting that transaction without the brokerage and research services. Other fees are disclosed more fully in Item 5.

ARK may engage in activities designed to educate consultants, broker-dealers, and other financial intermediaries (collectively, "**Consultants**") about its advisory services. These activities may include sponsoring educational events where ARK's representatives meet with Consultants and sometimes their clients. ARK may use its own resources to pay for part of the costs associated with educational events. Clients should ask their Consultant for details of any ARK payments the Consultant receives.

### **Compensation to Non-Advisory Personnel for Client Referrals**

ARK may enter into written solicitation agreements with third party solicitors whereby solicitors may introduce prospective clients to ARK. Under these agreements, ARK may agree to pay the solicitor a portion or percentage of the investment management fee ARK receives from certain investment management clients who engage ARK during the term of the agreement. A solicitor may be subject to conflicts of interest arising from these arrangements, because the payments might induce the solicitor to recommend an investment manager to a client which the solicitor might not otherwise recommend if there was no payment. ARK will enter into solicitation agreements, and pay fees under these agreements, in accordance with Rules 206(4)-

3 and 206(4)-5 under the Advisers Act. ARK and the solicitors would not be affiliated persons as defined in the Advisers Act.

ARK makes cash payments to the distributor of the ARK ETFs to provide certain sales and marketing services for the ARK ETFs. ARK makes these payments from its own resources. In addition, the ARK ETFs may, but currently do not, reimburse ARK for amounts it pays pursuant to plans and agreements that are adopted by the ARK ETFs pursuant to Rule 12b-1 under the 1940 Act ("**Rule 12b-1 Fees**"). The prospectuses and Statement of Additional Information for the ARK ETFs contain information about Rule 12b-1 Fees.

ARK may make revenue sharing payments to select financial intermediaries and/or firms that are strategic partners of ARK in connection with (i) the sale of shares of the ARK ETFs and/or interests in other investment advisory products and services provided by ARK and (ii) the servicing of the accounts of shareholders in the ARK ETFs or investors in other investment advisory products or services. ARK may receive benefits for making these payments including: placing the ARK ETFs on the financial advisor's funds sales system, possibly placing the ARK ETFs on the financial intermediary's preferred or recommended fund list, and access (in some cases on a preferential basis over other competitors) to individual members of the financial intermediary's sales force or to the financial intermediary's management. ARK may compensate financial intermediaries differently depending on the level and/or type of services the financial intermediary provides.

## **ITEM 15 CUSTODY**

Due to certain potential fee billing arrangements, ARK might be deemed to have "custody" of certain client accounts within the meaning of Rule 206(4)-2 under the Advisers Act. If ARK is deemed to have custody over a client's account, the client's custodian will send the client periodic account statements (generally on a quarterly basis) indicating the amounts of any funds or securities in the client's account as of the end of the statement period and any transactions in the account during the statement period. ARK encourages all its clients to review the custodial reports they receive directly from their broker-dealers, banks or other custodians, and to compare such reports to the reports, if any, they receive from ARK. Additionally, clients should contact ARK immediately if they do not receive account statements from their custodian on at least a quarterly basis.

## **ITEM 16 INVESTMENT DISCRETION**

ARK accepts discretionary authority to manage securities accounts on behalf of its clients. Before accepting discretionary authority, ARK enters into a written Advisory Agreement with a client. In the case of a client with a separately managed account, this Advisory Agreement may include investment guidelines or similar documents describing the client's investment objective, strategy or strategies, policies, practices (e.g., securities lending), limitations, and restrictions on ARK's management of the account, and a benchmark. See Item 4, "Advisory Business," for examples of the types of limitations and restrictions that a client may impose.

ARK reserves the right not to enter into an Advisory Agreement with a prospective client, or to terminate an Advisory Agreement with an existing client, if any proposed limitation or restriction is, in ARK's opinion, likely to impair ARK's ability to appropriately provide services to a client or ARK otherwise believes the limitations or restrictions to be operationally impractical or unfeasible. Certain investment restrictions may limit ARK's ability to execute the investment strategy and may reduce the account's performance as a result.



ARK will exercise discretionary authority with respect to the management of Pooled Investment Vehicles, Sub-Advised Funds and Other Registered Investment Companies in accordance with the objective(s), strategies, guidelines, practices, policies, limitations, restrictions, and benchmarks set forth the prospectus (and Statement of Additional Information if applicable) or offering document and/or disclosure document for each vehicle, fund or investment company.

ARK exercises discretionary authority with respect to the ARK ETFs in accordance with the investment objective, strategies, policies, practices, limitations, and restrictions set forth in the ARK ETFs' prospectuses and Statement of Additional Information, which are publicly available at [www.ark-funds.com](http://www.ark-funds.com), on the EDGAR Database on the SEC's website ([www.sec.gov](http://www.sec.gov)) or by contacting the ARK ETFs' principal underwriter, Foreside Fund Services, LLC at Three Canal Plaza, Suite 100, Portland, ME 04101 or by calling 855-406-1506.

## ITEM 17 VOTING CLIENT SECURITIES

ARK recognizes its fiduciary responsibility to vote proxies solely in the client's best interests. ARK has adopted a Proxy Voting Policy as a means reasonably designed to ensure that ARK votes any shares owned by clients, which have delegated discretionary proxy voting authority to ARK, in the best interest of the clients considering all relevant factors and without regard to the interests of ARK or other related parties. For purposes of ARK's Proxy Voting Policy, the "best interests of clients" means (unless with respect to a particular client, such client has otherwise specified) the clients' best economic interests over the long term – that is, the common interest that all clients share in seeing the value of a common investment increase over time. ARK will accept directions from a client to vote the client's proxies in a manner that may result in its proxies being voted differently than ARK might vote proxies of other clients over which ARK has full discretionary proxy voting authority. ARK believes such client directions are client selected guidelines and ARK's Proxy Voting Policy does not generally apply to customized proxy voting guidelines. Of course, clients may choose to vote their own proxies or to have a firm other than ARK vote their proxies for them.

ARK has retained Broadridge Investor Communication Solutions, Inc. ("**Broadridge**") to provide proxy voting agent services. Broadridge is responsible for ensuring that all proxy ballots received for securities held in ARK client accounts are submitted in a timely manner. As part of its arrangement with Broadridge, ARK utilizes Glass Lewis & Co., LLC ("**Glass Lewis**") to recommend how to vote proxies received for client accounts. Absent a client directive to vote a proposal a certain way or a determination to override a Glass Lewis recommendation, client proxies will be voted in accordance with applicable Glass Lewis guidelines and recommendations. Because different client accounts may be voted in accordance with different guidelines, client accounts could be voted differently on the same matter. In certain instances, Glass Lewis may not provide a recommendation because ARK will need to review the issue and make a determination. In other cases, ARK may need to provide Broadridge with information in order to vote a proxy.

ARK will generally vote proxies consistent with Glass Lewis' recommendations without independent review, unless the portfolio manager does not believe that a recommendation, based on all facts and circumstances, is in the best interests of the clients. In instances where ARK separately reviews a Glass Lewis recommendation, ARK may vote differently from Glass Lewis' recommendation, if, based upon the criteria described above, ARK determines that such vote is in its clients' best interests. From time to time ARK may disagree with Glass Lewis' recommendation on how to vote proxies for one or more resolutions. However,

because ARK may have business interests that expose it to pressure to vote a proxy in a manner that may not be in the best interest of its clients, all requests to vote differently from the Glass Lewis recommendation with respect to a particular matter must be submitted to ARK's CCO for a determination as to whether a potential material conflict of interest exists between the Adviser and the clients on whose behalf the proxy is to be voted. If the CCO determines that there is no potential material conflict of interest, the portfolio manager may override the Glass Lewis recommendation and vote the proxy issue as the portfolio manager determines is in the best interest of clients. If the CCO determines that there exists or may exist a material conflict of interest, the CCO will consider the facts and circumstances of the pending proxy vote and the potential or actual material conflict and make a determination as to how to vote the proxy. In the event Glass Lewis itself has a conflict and thus, is unable to provide a recommendation, the portfolio manager will make a voting recommendation.

Conflicts may potentially arise between ARK's interests and the client's interests. For example, conflicts may exist when ARK manages a client account that invests in affiliated funds. When ARK receives proxies in its capacity as a shareholder of an underlying fund, ARK will vote in accordance with the recommendation of Glass Lewis. If Glass Lewis does not provide a recommendation, ARK then may address the conflict by "echoing" or "mirroring" the vote of the other shareholders in those underlying funds.

ARK may choose not to vote proxies if the effect on the client's economic interests or the value of the portfolio holding is indeterminable or insignificant; if the cost of voting the proxy outweighs the possible benefit; or if a jurisdiction whose laws or regulations govern the voting of proxies with respect to the portfolio holding impose share blocking restrictions which prevent ARK from exercising its voting authority. Administrative matters beyond ARK's control may at times prevent ARK from voting proxies.

Every decision to vote on a resolution in a proxy in a manner different from the recommendation of Glass Lewis is disclosed to the applicable client quarterly along with an explanation for the vote.

To obtain a copy of ARK's Proxy Voting Policy, or if you have any questions or would like to know how your shares were voted, please contact us at 1-212-426-7040 or through [www.ark-invest.com/contact](http://www.ark-invest.com/contact).

## **ITEM 18 FINANCIAL INFORMATION**

ARK does not require or solicit pre-payment of fees six month or more in advance and its financial condition is not such that it is reasonably likely to impair its ability to meet contractual commitments to clients.

## **ADDITIONAL INFORMATION**

### **Privacy Policy**

ARK is committed to protecting the confidentiality of information clients send to us. Regulation S-P adopted by the SEC requires that we provide the following information to you.

Information about you that we collect: We may collect non-public personal information about you and your transactions from the following sources: your account forms, through our website, through your transactions with us or others, email and social media.

How we use your information: As permitted by law, we may share information about you with non-affiliated third parties that provide services to us or as necessary to service your account. These parties have agreed to treat your information as confidential and not to share such information with other parties. Otherwise, we do not disclose your non-public personal information unless authorized by you in writing or as otherwise permitted by law. This policy applies to non-public information about current, former or prospective clients who are natural persons.

How we protect your confidential information: ARK has policies that restrict access to your non-public personal information to employees who need the information to provide investment services to you. We maintain physical, electronic and procedural safeguards to protect your non-public personal information.

### **Class Action Suits**

ARK retained Broadridge to take action regarding class action suits with respect to securities owned by its clients who have directed ARK to act on the client's behalf. Broadridge provides asset recovery services covering global securities class action lawsuits, bankruptcies and disgorgements. Broadridge will file the proof of claim and the required documentation directly with the claim's administrator. Broadridge will also collect and receive payment from the claim's administrator and distribute such payment back to ARK who will then redistribute such payment to the particular client. Under the terms of the agreement, Broadridge is entitled to a contingency fee of 20% of the total reimbursement of securities class actions settlements it collects for the client during the initial five (5) year term and any subsequent renewal term. ARK will not take action regarding class action suits with respect to securities owned by its clients where such clients have not directed ARK to do so on the client's behalf. Clients are advised to consult their attorney to determine their course of legal action.



## **Part 2B of FORM ADV Brochure Supplement**

ARK Investment Management LLC  
155 West 19<sup>th</sup> Street, 5<sup>th</sup> Floor  
New York, NY 10011  
1-212-426-7040  
[www.ark-invest.com](http://www.ark-invest.com)

August 10, 2017

CATHERINE D. WOOD

This Brochure Supplement provides information on about Catherine D. Wood that supplements the ARK Investment Management LLC ("ARK") Brochure. You should have also received a copy of the Brochure. Please contact us at 1-212-426-7040 or through [www.ark-invest.com/contact](http://www.ark-invest.com/contact) if you did not receive ARK's Brochure or if you have any questions about the contents of this supplement.

**Name: CATHERINE D. WOOD**

Year of Birth: 1955

## **Item 2- Educational Background and Business Experience**

### Formal education after high school:

Bachelors of Science, *summa cum laude*, in Finance and Economics from the University of Southern California

### Business background and experience for preceding years:

ARK Investment Management LLC	2013-present	Managing Member, Founder and Chief Executive Officer
ARK ETF Trust	2014-present	Chief Executive Officer, Chief Investment Officer and Trustee
AllianceBernstein L.P.	2001-2013	Senior Vice President and Chief Investment Officer of Global Thematic Portfolios
Tupelo Capital Management	1998-2001	Chief Investment Officer
Jennison Associates	1980-1998	Chief Economist, Equity Research Analyst, Portfolio Manager and Director

## **Item 3 - Disciplinary Information**

None

## **Item 4 - Other Business Activities**

None

## **Item 5 - Additional Compensation**

Ms. Wood does not receive a salary, but is the majority owner and currently owns more than 40% of all equity interests in ARK and may receive earnings from ARK. She may also receive a discretionary bonus based on the quality of the advisory services and the overall financial performance of ARK.

## **Item 6 - Supervision**

Ms. Wood does not report to anyone but consults with ARK's Board of Directors on various business-related and non-investment matters. Also, Ms. Wood is a supervised person of ARK under its Code of Ethics. Ms. Wood is also obligated to comply with ARK's Compliance Manual and Code of Ethics in terms of her conduct and activities.



## **Part 2B of FORM ADV Brochure Supplement**

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August 10, 2017

BRETT M. WINTON

This Brochure Supplement provides information on about Brett M. Winton that supplements the ARK Investment Management LLC ("ARK") Brochure. You should have also received a copy of the Brochure. Please contact us at 1-212-426-7040 or through [www.ark-invest.com/contact](http://www.ark-invest.com/contact) if you did not receive ARK's Brochure or if you have any questions about the contents of this supplement.

**Name: BRETT M. WINTON**

Year of Birth: 1978

## **Item 2 - Educational Background and Business Experience**

Formal education after high school:

Bachelors of Science in Engineering from the Massachusetts Institute of Technology

Business background and experience for preceding years:

ARK Investment Management LLC	2013-present	Director of Research
iamB Consulting	2012-present	Principal
Research Analyst	2007-2012	AllianceBernstein L.P.

## **Item 3 - Disciplinary Information**

None

## **Item 4 - Other Business Activities**

Mr. Winton dedicates at least 32 hours per week (or at least 80% of his working time) to serving as Director of Research of ARK as an employee of ARK. In such capacity, Mr. Winton works closely with Ms. Wood and each of ARK's investment analysts

In addition, Mr. Winton is Principal of iamB Consulting, which conducts bespoke thematic research, specializing in the implications of theme-based disruptive innovation for select and approved start-up businesses. Mr. Winton is not permitted to take on projects or assignment through iamb Consulting that would conflict with his duties and responsibilities to ARK.

## **Item 5 - Additional Compensation**

Mr. Winton receives a salary at a competitive rate, and owns a small equity interest (2.0%) in ARK (subject to vesting). Mr. Winton receives standard employee benefits and may also receive a discretionary bonus based on the quality of the advisory services and the overall financial performance of ARK.

## **Item 6 - Supervision**

Mr. Winton reports directly to Ms. Wood and is a supervised person of ARK under its Code of Ethics. Mr. Winton is also obligated to comply with ARK's Compliance Manual and Code of Ethics in terms of his conduct and activities.