



# Why Invest in Transparency?

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For Informational Purposes Only | As of March 31, 2022

**CTRU**



## Risks of Investing in Transparency

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



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

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



# Transparency is Part of ARK's DNA

Disruptive innovation demands an open-source approach to gain a deeper understanding of the convergence and full market potential. ARK uses an Open Research Ecosystem that combines top-down and bottom-up research. It is designed to identify disruptive innovation early, allowing for an organized exchange of insights between the portfolio manager, director of research, analysts, and external sources.

## OPEN RESEARCH ECOSYSTEM



Data Sources



Analyst Teams



Portfolio Management



Theme Developers

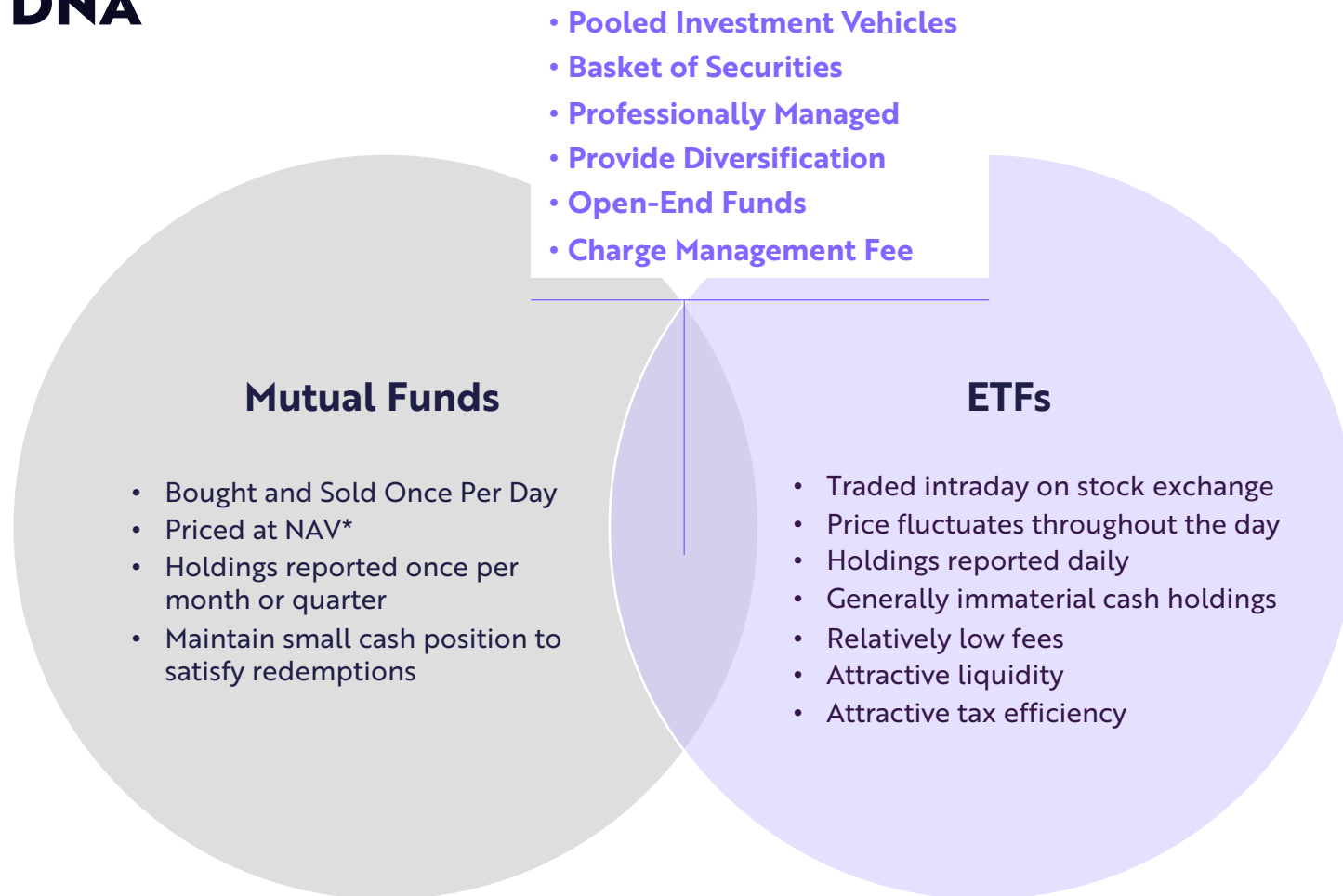




# Transparency is Part of ARK's DNA

Initially, ARK Invest centered its business on a suite of transparent equity Exchange Traded Funds (ETFs) focused solely on disruptive innovation.

ETFs are pooled investment vehicles that trade throughout the day on stock exchanges. They offer several benefits relative to mutual funds and other "wrappers", among them low fees, superior liquidity, increased tax efficiency and, of course, transparency.<sup>1</sup>



Diversification does not assure a profit.

[1] A mutual fund manager must often sell fund securities to honor redemptions, potentially triggering capital gains which then trickle down to the fund's investors. There are however certain traditional mutual funds managed to be tax efficient. In general, ETFs can be tax efficient. ETFs are subject to capital gains tax and taxation of dividend income. However, ETFs are structured in such a manner that taxes are generally minimized for the holder of the ETF. An ETF manager accommodates investment inflows and outflows by creating or redeeming "creation units," which are baskets of assets. As a result, the investor usually is not exposed to capital gains on any individual security in the underlying portfolio. However, capital gains tax may be incurred by the investor after the ETF is sold. Information on the types of fees, charges and expenses of mutual funds and ETFs can be found in the prospectus. For mutual funds, transaction fees may include sales loads, charges or redemption fees that are paid directly by investors. ETF transactions generally include brokerage commission just like a stock trade which are paid directly by investors. Brokerage commissions will reduce returns. The expense ratio represents the operating costs of a fund divided by the average dollar value under management as of the fund's fiscal year end and includes the management fee. Other aspects of these operating costs can include custodial services, recordkeeping, legal expenses, acquired fund fees and expenses (if the fund invests in other funds), accounting and auditing fees, or a marketing fee (called a 12b-1 fee). These expenses are taken out of the fund itself and therefore lower the return to the investors.

\*NAV: Net Asset Value is calculated as total value of assets minus liabilities. Represented as a per share/unit price for MFs.



# Impact Investing From the Top Down

The Transparency Index™ utilizes an **exclusionary screening process** to remove what the index describes as non-transparent industries. The index excludes the following Global Industry Classification Standard (GICS) industries:



Alcohol



Fossil Fuel Transportation



Oil & Natural Gas



Banking



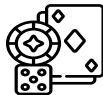
Chemical



Confectionary



Tobacco



Gambling



Metals & Minerals



## Why Investors Should Consider The ARK Transparency ETF (CTRU)

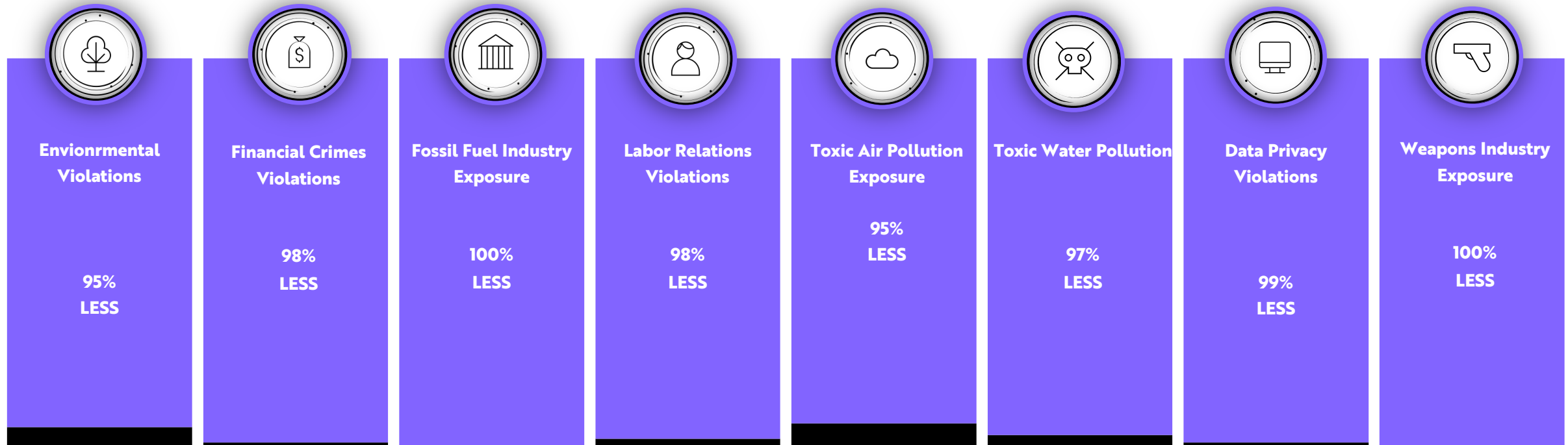
- 1. Invest with Impact:** ARK believes that transparency enhances the performance of companies while benefiting the well-being of all. Transparency implies openness, communication, and accountability.
- 2. Growth Potential:** The ARK Transparency ETF seeks to provide investment results that closely correspond, before fees and expenses, to the Transparency Index™ (TRANSPCY), which is designed to track the stock price movements of the 100 most transparent companies globally. ARK believes transparent companies have less friction which could lead to exponential growth opportunities.



# A Social Impact Comparison Between The Transparency Index™ And the S&P 500 As of 12/31/2021

● Transparency Index™

● S&P 500®



Because of an exclusionary screening process, the Transparency Index™ differentiates itself from the S&P 500®. Excluded GICS industries include Alcohol, Banking, Chemical, Confectionary, Fossil Fuel Transportation, Gambling, Metals & Minerals, Oil & Natural Gas, Tobacco.

[1] Source: YourStake.org, S&P 500®. The data shown is calculated quarterly and is as of December 31, 2021. **The Transparency Index™** is composed of equity securities and American Depositary Receipts ("ADRs") traded on U.S. public securities exchanges that are considered the 100 most transparent companies in the world based on a proprietary scoring methodology provided by Transparency, LLC. The Index is unmanaged, which means that the companies included in the Index are selected according to a proprietary algorithm of Transparency Invest that serves as the basis of the Index methodology. The Index is equal weighted, which means that the 100 companies included in the Index each represents approximately 1% of the Index – with variations due to market performance. **The S&P 500®** Index is a widely recognized capitalization-weighted index that measures the performance of the large-capitalization sector of the U.S. stock market.



# Transparency Index™ Funnel







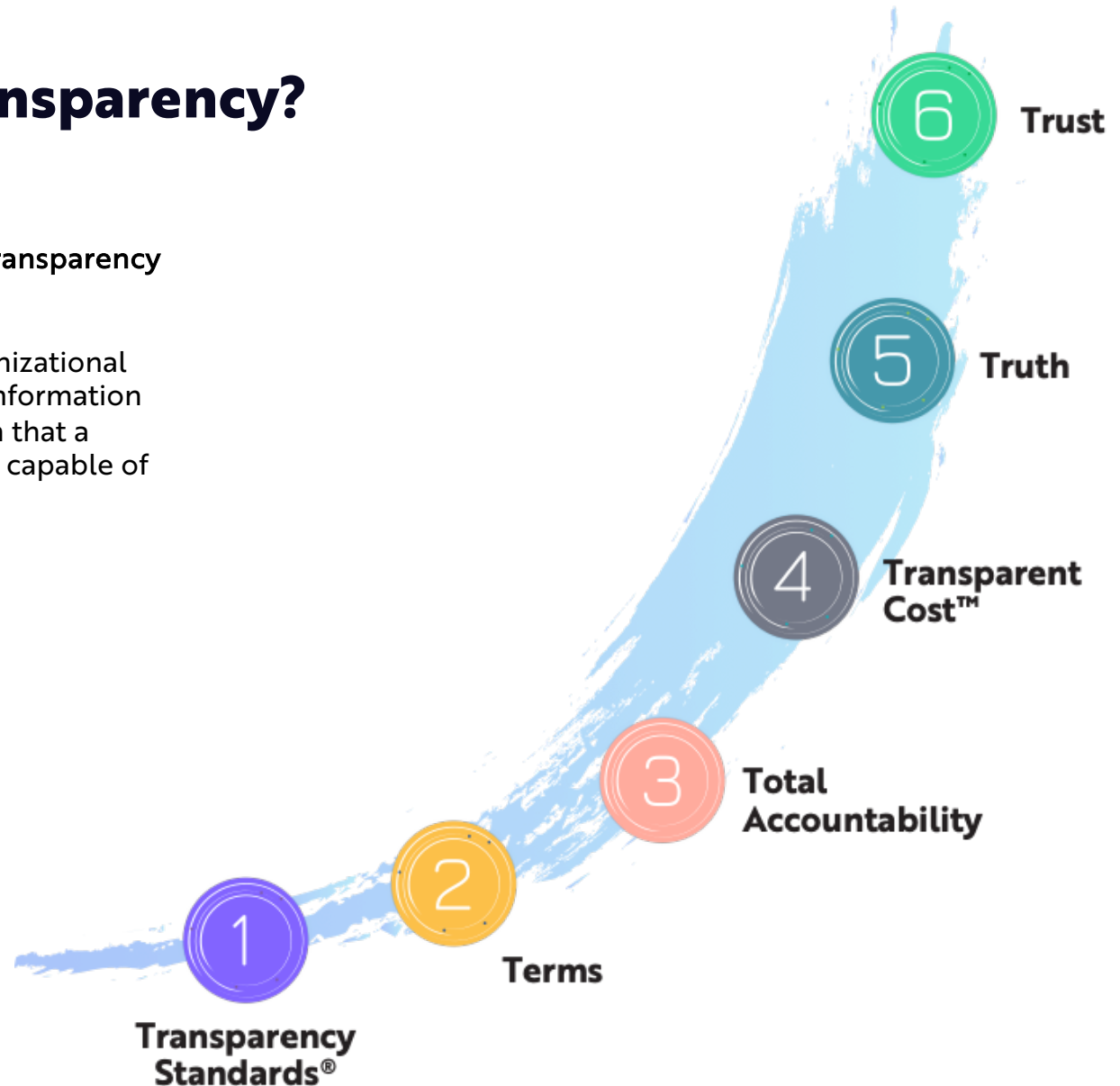
# How to Measure the Level of Transparency?

Six Key Performance Indicators (KPIs) determine the level of transparency throughout an organization as defined by the Index Provider.<sup>1</sup>

A 2020 article in the Journal of Human Relations states that organizational transparency can be measured across the dimensions of timely information disclosure, clarity and accuracy. Furthermore, research has shown that a "measure of transparency consisting of these three dimensions is capable of explaining variation in important outcomes."<sup>2</sup>

Benefits of Organizational Transparency:

- Factor for Employee Satisfaction
- Brand Loyalty
- Client Retention
- Potential for Increased Revenue Growth





# The ARK Transparency ETF (CTRU) Tracks the Performance of the Transparency Index™ (TRANSPCY)

The ARK Transparency ETF seeks to provide investment results that closely correspond, before fees and expenses, to the Transparency Index™ (TRANSPCY), which is designed to track the price movements of stocks of the 100 most transparent companies.

**The companies in the Transparency Index™ are deemed to be the 100 most transparent companies globally by Transparency LLC, (Index Provider) based on a proprietary scoring methodology.**

## Summary of Transparency Index™

Index Classification	Thematic Index Investing
Selection Universe	Global Equities
Index Management	Passive
Listed Exchanges	NYSE, NASDAQ, AMEX (ADRS)
Index Ticker	TRANSPCY
Index Provider	Transparency, LLC
Minimum Market Cap	\$1B
Revenue Criteria	No pre-revenue companies
Security Selection	Rules Based
Number of Securities	100
Rebalancing	Quarterly
Portfolio Weighting	Equally Weighted Portfolio, 1%
Excluded GICS Industries	Alcohol, Banking, Chemical, Confectionary, Fossil Fuel Transportation, Gambling, Tobacco, Metals & Minerals, Oil & Natural Gas



# ARK Transparency ETF – CTRU

The ARK Transparency ETF seeks to provide investment results that closely correspond, before fees and expenses, to the Transparency Index™ (TRANSPCY), which is designed to track the price movements of stocks of the 100 most transparent companies. The companies in the Transparency Index™ are deemed to be the 100 most transparent companies globally by Transparency, LLC, (Index Provider) based on a proprietary scoring methodology.

- Ticker: CTRU
- Assets Under Management: \$18 Million
- Number of Holdings: 100
- Expense Ratio: 0.55%
- Benchmark: Transparency Index™
- Weighting Method: Equal Weight

TOP 10 HOLDINGS <sup>1</sup>	Weight (%)
SPLUNK INC	1.0%
FIVE9 INC	1.0%
NATURA & CO HOLDING SA	1.0%
TWIST BIOSCIENCE CORP	1.0%
OMNICELL INC	1.0%
EVOTEC SE	1.0%
SYNOPSYS INC	1.0%
AEROVIRONMENT INC	1.0%
MCCORMICK & CO INC/MD	1.0%
TWILIO INC	1.0%
	10.0%

[1] Because of the ARK Transparency ETF's rebalance schedule, all holdings as of 3/31/2022 were equal weighted at 1%. A sample of holdings are shown herein. Subject to change during the quarter due to market factors. Please visit [www.arkfunds.com](http://www.arkfunds.com) for the most current list of holdings for each ARK ETF.

SECTORS	(%)
Information Technology	45.9%
Consumer Discretionary	16.9%
Health Care	12.0%
Industrials	11.0%
Communication Services	6.0%
Consumer Staples	4.0%
Materials	2.0%
Financials	2.0%
Not Classified	0.3%

MARKET CAPITALIZATION	(%)
Mega (\$100B+)	11.0%
Large (\$10 - \$100B)	40.9%
Medium (\$2 - \$10B)	44.9%
Small (\$300M - \$2B)	3.0%
Micro (\$50 - \$300M)	0.0%

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

Source: ARK Investment Management LLC; All data as of March 31, 2022.



# Thematic Strategies Focused on Disruptive Innovation



**ARKK**  
ARK Innovation ETF



**ARKW**  
ARK Next Generation Internet ETF



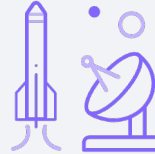
**ARKQ**  
ARK Autonomous Tech. & Robotics ETF



**ARKG**  
ARK Genomic Revolution ETF



**ARKF**  
ARK Fintech Innovation ETF



**ARKX**  
ARK Space Exploration & Innovation ETF



**PRNT**  
The 3D Printing ETF



**IZRL**  
Israel Innovative Technology ETF



**CTRU**  
ARK Transparency ETF



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

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*Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus and summary prospectus, which may be obtained by visiting [www.ark-funds.com](http://www.ark-funds.com). Please read the prospectus carefully before you invest.*

*Investing in securities involves risk and there's no guarantee of principal.*

The principal risks of investing in ARK's Index ETFs include equity, market, concentration and non-diversification risks, as well as fluctuations in market value and net asset value ("NAV"). The principal risks of investing in CTRU: **Equity Securities Risk.** The value of the equity securities the Fund holds may fall due to general market and economic conditions. **Foreign Securities Risk.** Investments in the securities of foreign issuers involve risks beyond those associated with investments in U.S. securities. **Index Tracking Risk.** The returns of the ETF may not match the returns of the underlying index that the ETF is designed to track. **Consumer Discretionary Sector Risk.** Companies in this sector may be adversely impacted by changes in domestic/international economies, exchange/interest rates, social trends and consumer preferences. **Industrials Sector Risk.** Companies in the industrials sector may be adversely affected by changes in government regulation, world events, economic conditions, environmental damages, product liability claims and exchange rates. **Information Technology Sector Risk.** Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on profit margins. Detailed information regarding the specific risks of CTRU ETF can be found in the prospectus. Additional risks of investing in CTRU include equity, market, management and non-diversification risks, as well as fluctuations in market value and NAV. An investment in an ETF is subject to risks and you can lose money on your investment in an ETF. There can be no assurance that the ETF will achieve its investment objective. The ETF's portfolio is more volatile than broad market averages. Shares of CTRU are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. ETF shares may only be redeemed directly with the ETF at NAV by Authorized Participants, in very large creation units. There can be no guarantee that an active trading market for ETF shares will develop or be maintained, or that their listing will continue or remain unchanged. Buying or selling ETF shares on an exchange may require the payment of brokerage commissions and frequent trading may incur brokerage costs that detract significantly from investment returns. **Disruptive Innovation Risk.** Companies that ARK believes are capitalizing on disruptive innovation and developing technologies to displace older technologies or create new markets may not in fact do so. 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. These companies may also be exposed to risks applicable to sectors other than the disruptive innovation theme for which they are chosen, and the securities issued by these companies may underperform the securities of other companies that are primarily focused on a particular theme.

**Index Descriptions: The Transparency Index™** is composed of equity securities and American Depositary Receipts ("ADRs") traded on U.S. public securities exchanges that are considered the 100 most transparent companies in the world based on a proprietary scoring methodology provided by Transparency, LLC. Transparency, LLC has contracted with Solactive AG to maintain the Index rules and methodology, calculate the Index and disseminate information about the Index including the performance shown herein. Solactive does not manage actual assets. The Index is unmanaged, which means that the companies included in the Index are selected according to a proprietary algorithm of Transparency Invest that serves as the basis of the Index methodology. The Index is equal weighted, which means that the 100 companies included in the Index each represents approximately 1% of the Index – with variations due to market performance. Solactive rebalances the Index back to a 1% weight for each index constituent at the end of every quarter using the Index methodology explained herein.

ARK Investment Management LLC is the investment adviser to the ARK ETFs.

Foreside Fund Services LLC, distributor.

Not FDIC Insured — No Bank Guarantee — May Lose Value