ARK INVEST

December 2025

Quarterly Thematic Update

Invest On The Right Side Of Change

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I. Introduction

At ARK Invest Europe, our mission is to help investors invest on the right side of change. As part of that commitment, we publish this Quarterly Thematic Update to share timely insights, highlight emerging opportunities, and support investors in their ongoing research and investment decisions. With markets evolving rapidly and innovation accelerating across sectors, we aim to provide clarity and perspective on the trends that matter most.

In this issue, we begin with a macroeconomic update examining how easing monetary policy, shifting inflation dynamics, and labour market softness are reshaping the backdrop for innovation-led growth. We then review European thematic ETF flows in 2025, highlighting where investor capital concentrated across defence, artificial intelligence, uranium, and selective technology themes, as well as areas that saw reduced allocations. We provide a detailed innovation update for Q4 2025, with portfolio and performance insights across ARK's UCITS strategies in artificial intelligence, innovation, genomics, and the newly launched space and defence offering. We also explore the growing intersection between AI and sustainability, alongside our forward-looking view on how sustainable investing is evolving into 2026. Finally, we conclude with ETF-specific market commentary and performance highlights across our thematic range, spanning food systems, environmental impact, sustainable infrastructure, cybersecurity, and the circular economy.

Whether you're seeking resilience during market volatility or aiming to align your portfolio with the forces reshaping the global economy, this thematic update provides the insights and tools to help you stay ahead of the curve.

About Us

ARK Invest International Ltd ('ARK Invest Europe') is a specialist thematic ETF issuer offering investors access to a unique blend of active and index strategies focused on disruptive innovation and sustainability. Established following the acquisition of RIZE ETF in September 2023 by ARK Investment Management LLC, ARK Invest Europe builds on over 40 years of expertise in identifying and investing in innovations that align financial performance with positive global impact.

Through our innovation pillar and the 'ARK' range of ETFs, we focus on companies leading and benefiting from transformative cross-sector innovations, including robotics, energy storage, multiomic sequencing, artificial intelligence, and blockchain technology. Meanwhile, our sustainability pillar, represented by the 'RIZE by ARK Invest' range of ETFs, prioritises investment opportunities that reconcile growth with sustainability, advancing solutions that fuel prosperity while promoting environmental and social progress.

Headquartered in London, United Kingdom, ARK Invest Europe is dedicated to empowering investors with purposeful investment opportunities.

II. Macroeconomic Update From Cathie Wood

Broad-based global equity indices[1] pushed higher as the markets digested and weighed the tradeoffs among tariffs, employment, and geopolitical uncertainty versus deregulation, tax incentives, and lower interest rates. In our view, the innovation space is recovering and being revalued. Headwinds that once pressured disruptive technologies are shifting into structural tailwinds, supported by a broadening out of the bull market, favourable policy shifts around crypto, AI, and healthcare, and fiscal catalysts in the OB3 (The One Big Beautiful Bill) like accelerated depreciation. Thanks to OB3, the US is likely to be one of the most tax-competitive economies globally, improving returns on invested capital (ROIC) which should attract significant foreign direct investment, bolster the dollar, reinforce surprises on the low side of inflation expectations, and push interest rates lower, creating a supportive backdrop for both risk assets and innovation-led growth. President Trump's pro-growth policies should combine with transformative breakthroughs across artificial intelligence, robotics, energy storage, blockchain, and multiomics sequencing to catalyse a new wave of productivity gains and accelerate economic growth.

Despite reports of sustained real GDP growth during the past three years, ARK's research suggests that the underlying US economy has suffered a rolling recession,[2] which began in the spring of 2022 when the U.S. Federal Reserve (Fed) raised interest rates by 22-fold in little more than a year, and created a coiled spring that could propel a productivity-driven boom in the US economy during next few years. Supporting this perspective are the following indicators:

- Despite historically strong demand for homes, buying activity has been constrained by near record low affordability. As measured by new and existing home sales, housing has dropped 40% from 7.6 million units at an annual rate in October 2020 to 4.8 million, a level last seen in July 2011.[3] Meanwhile, single-family home inventory has climbed to roughly 490,000 homes, nearing the peak of 570,000 in August 2006 which preceded the housing collapse in 2008-2009.[4] If the Fed continues to lower rates, housing could rebound sharply. Illustrating how tightly the spring has coiled, existing home sales are as low as they were in the early 1980s when the US population was ~35% lower than today.
- As measured by the US PMI (Purchasing Managers Index), manufacturing has been contracting since November 2022, despite the AI-related spending boom on data centres and power plants beginning in late 2022.
- As measured by the University of Michigan, the sentiment of low- and middle-income earners has not been this low since double-digit inflation and interest rates pushed the US economy into back-to-back recessions in the early eighties. Simultaneously, sentiment among high-income earners has capitulated, falling to levels not seen since the Global Financial Crisis (GFC).
- Signalling recession in July 2024, the employment report triggered the Sahm Rule, as the three-month moving average of the US unemployment rate rose 50 basis points above its lowest point in the last 12 months, historically an indicator that the economy has been in recession for three months. Underscoring labour market weakness, in its September benchmark revision, the Bureau of Labor Statistics issued a historic downward revision of 911,000 to nonfarm payrolls for the 12 months ending in March, the largest revision since 2000. Corroborating the labour softness,

> the Conference Board reported that the gap between respondents saying jobs are 'plentiful' and those saying they are 'hard to get' widened, signalling that jobs are becoming increasingly difficult to find. The quit rate also has declined to 1.8%, a post-COVID low, suggesting that workers are less confident about switching jobs. Moreover, the average duration of unemployment has increased 5 weeks to 24 weeks since early 2023. Because inflation stabilised at a lower level than many expected after last year's tariffs, the broad deterioration in labour conditions has prompted the Fed to cut rates by 75 basis points and has fuelled expectations for further easing ahead.

After hovering stubbornly in the 2-3% range for the last few years, inflation, as measured by the CPI, is likely to drop to a surprisingly low—if not negative—rate during the next few years. First, from its post-COVID high at ~$124 on March 8, 2022, the West Texas intermediate oil price per barrel has dropped ~53% and now is down ~22% on a year-over-year basis. New single-family home sale prices are down ~7% since peaking in June 2022, while existing single-family home price inflation has dropped from ~21% at its post-COVID peak in March 2022 to only 1.4% in the latest reading. To clear the ~490,000 new single-family houses for sale—a level not seen since December 2007, just before the Global Financial Crisis—three homebuilders cut prices significantly during the third quarter on a year-over-year basis: Lennar -10%, KB Homes -7%, and D.R. Horton -3%. Those price declines should seep into the CPI with a lag during the next few years. Meanwhile, the negative impact of tariffs on inflation has peaked and, obfuscating the impact of its appreciating yuan, China still is exporting deflation, as its PPI for goods has dropped ~17% since October 2021. Finally, one of the most powerful antidotes to inflation, non-farm productivity, has been defying the rolling recession and was up 1.9% on a year-over-year basis during the third quarter, taking the edge off the 3.2% gain in the compensation per manhour and lowering unit labour cost inflation to 1.2%. No Seventies-style cost-push-inflation in that number! Confirming its decline, inflation as measured by Truflation has declined recently to 1.7% year-over-year. If our research on technologically enabled transformative innovation is correct, convergences among major platforms like AI, robotics, energy storage, public blockchain technology, and multiomics sequencing should accelerate non-farm productivity growth to 4–6% on a year-over-year basis for both cyclical and secular reasons during the next few years. That productivity acceleration should compress unit labour cost inflation and, together with roughly 1% labour force growth and inflation between −1% and +1%, support nominal GDP growth in the 5–6% range, creating significant wealth.

About The Author

Cathie Wood
Founder, CEO & CIO

@CatherineDWood
@CathieDWood

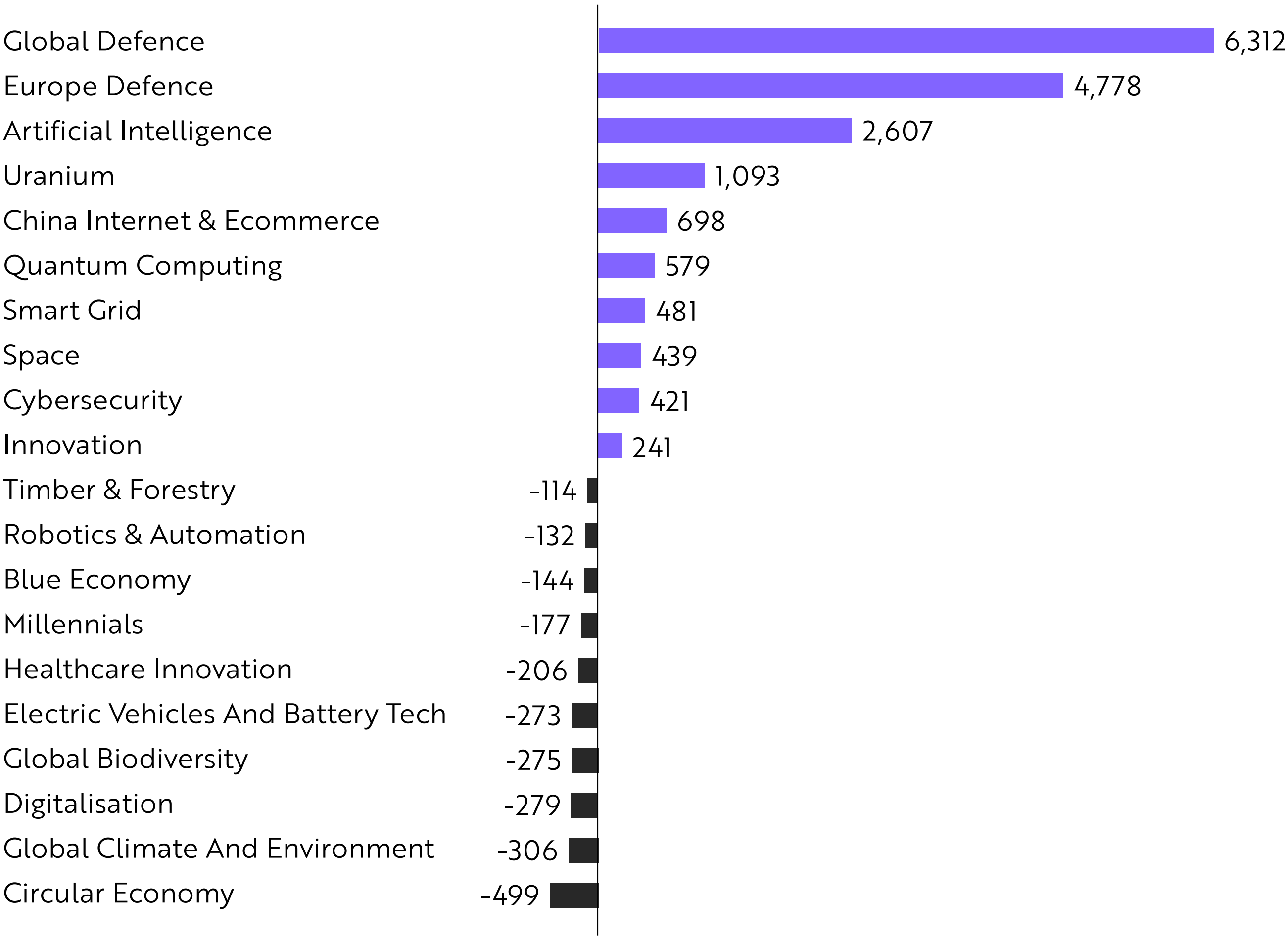
Cathie registered ARK Investment Management LLC ("ARK") as an investment adviser with the U.S. Securities and Exchange Commission in January 2014. With over 40 years of experience identifying and investing in innovation, Cathie founded ARK to focus solely on disruptive innovation while adding new dimensions to research. Through an open approach that cuts across sectors, market capitalizations, and geographies, Cathie believes that ARK can identify large-scale investment opportunities in the public markets resulting from technological innovations centred around DNA sequencing, robotics, artificial intelligence, energy storage, and blockchain technology.

As Chief Investment Officer ("CIO") and Portfolio Manager, Cathie leads the development of ARK's philosophy and investment approach and has ultimate responsibility for investment decisions.

III. End Of Year 2025 European Thematic ETF Flows

In this section, we break down the biggest developments in European thematic ETFs over the year-to-date period, from key trends, shifts in investor flows, to anything that sparks curiosity.

Top 10 / Bottom 10 ($USD in millions)



Source: Data from etfbook.com 31.12.2025. Classification based off internal ARK Invest Europe Megatrend Sub Theme Classification.

- **Total thematic net flows for the period (01 January 2025 – 31 December 2025) stand at +$15.8 billion, reinforcing investor conviction in key megatrends.** Defence led allocations for the year, while investors also directed flows towards AI, uranium, and selective China tech exposures.
- **Global Defence ETFs** led year-to-date with **+$6.31 billion** in net flows. Investors maintained allocations as governments increased budgets and prioritised replenishment, modernisation, and next-generation capabilities, including drones, surveillance, and cyber-resilience.
- **Europe Defence ETFs** rank second with **+$4.78 billion** in net flows. Allocations remained elevated as Europe accelerated procurement and domestic production, supporting companies with exposure to defence electronics, intelligence systems, and strategic manufacturing.
- **Artificial Intelligence ETFs** secured the third-highest net flows with **+$2.61 billion.** Investors kept allocations positive but more measured, with interest focused on scalable AI infrastructure and practical deployment across software, semiconductors, and robotics.

- **Uranium ETFs** ranked fourth with **+$1.09 billion** in net flows. Investors increased exposure as energy security considerations and the push for low-carbon baseload power supported interest in nuclear fuel supply chains and contracting discipline.
- **China Internet & Ecommerce ETFs** ranked fifth with **+$698 million**. Investors allocated selectively as sentiment towards China tech stabilised, with attention on platforms showing profitability, cash generation, and disciplined investment in core commerce and logistics capabilities.
- **Circular Economy ETFs** posted the weakest YTD net flows, with a loss of **-$499 million**. Investors reduced exposure to broader transition baskets as policy momentum softened in key markets, and they favoured more targeted themes such as nuclear, clean energy, energy efficiency, and grid upgrades tied to rising power demand.
- **Global Climate and Environment ETFs** recorded the second-worst net flows at **-$305 million**. Investors continued to treat broad climate allocations cautiously amid uneven policy support and mixed performance, with flows concentrating in narrower segments where revenue visibility appears clearer.
- **Digitalisation ETFs** ranked third-worst with **-$279 million** in net flows. The theme overlapped heavily with general technology exposure, and investors appeared to prefer more specific allocations to AI, automation, robotics, and defence-linked technology rather than broad digital transformation baskets.

About The Author

Rahul Bhushan

Global Head of Investment Products

@RahulBhushan
@RahulBhushanX

Rahul joined ARK in September 2023 following ARK's acquisition of Rize ETF (now ARK Invest Europe), of which he was co-founder and director. Rahul is a Managing Director and Global Head of Investment Products as well as director on the board of the ARK Invest UCITS ICAV. An expert strategist in thematic and sustainable investments, Rahul is responsible for spearheading global systematic (self-indexed) strategies, overseeing European UCITS product strategy and implementation, and leading investment research alongside managing our product specialist team. His research focus includes the energy transition, food sustainability, and the digital economy.

Prior to ARK Invest Europe, Rahul served as Co-Founder and Director of Rize ETF, Europe's first specialist sustainable thematic ETF issuer launched in 2020. Prior to Rize ETF, Rahul served as Co-Head of ETF Investment Strategies at Legal & General Investment Management (LGIM), a platform LGIM acquired from ETF Securities in 2018.

IV. Innovation In Q4 2025: Closing The Year With Conviction

1. Macro Backdrop For Fourth Quarter 2025

The fourth quarter reminded us that markets can move quickly when investors see wisdom in re-price growth, liquidity, and policy risk continuously. After the Federal Reserve began easing in September, it continued to reduce the policy rate in both October and December, bringing the target range to 3.50%-3.75% as of its December 10 meeting.

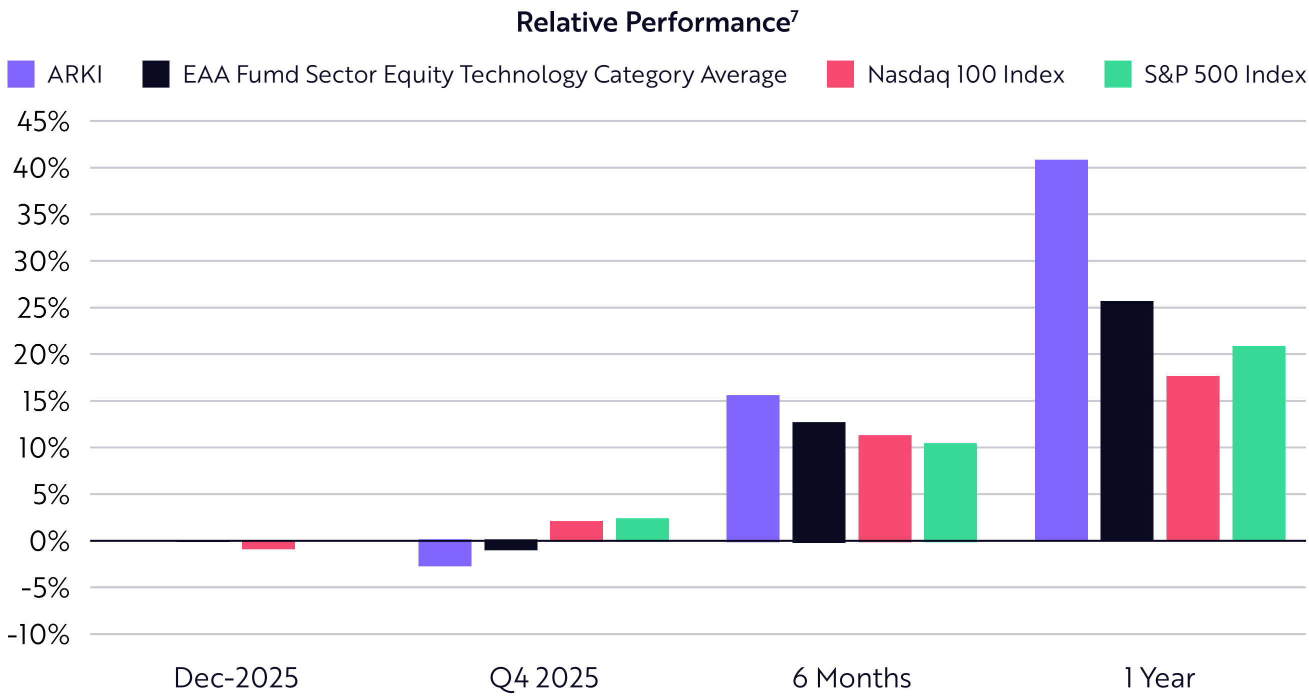
In equities, the quarter's 'signal vs. noise' dynamic last manifest as volatility: risk appetite softened materially in November, as the S&P 500 experiencing a notable pullback, before rebounding into late December, as markets regained confidence that inflation and growth data were compatible with additional easing in 2026.

The Fed's policy mix evolved beyond simple rate cuts, which mattered for liquidity conditions. In October, the Fed signalled an end to balance-sheet runoff beginning December 1, and in December it also noted that it would initiate purchases of shorter-term Treasuries 'as needed' to maintain ample reserves—an underappreciated backstop for financial conditions.

Against that backdrop, innovation-oriented equities experienced mixed returns during the fourth quarter, with ARK's UCITS strategies reflecting both the supportive impulse of easing financial conditions and the ongoing dispersion beneath the surface.

The ARK Artificial Intelligence & Robotics UCITS ETF (ARKI) returned -3.03% in Q4 2025 as investors sought to recalibrate their AI views, securing a 40.58% NAV return for 2025. The ARK Innovation UCITS ETF (ARKK) experienced a similar quarter returning -6.92% , demonstrating resilience through a choppier year-end tape, and ended 2025 with a 38.65% gain. Following a softer first half during which genomics stocks were among the primary detractors in broader innovation allocation, the ARK Genomic Revolution UCITS ETF (ARKG) saw momentum improve in the fourth quarter, returning +4.71%, and finishing 2025 with a 23.51% gain. Lastly, ARK Europe launched the ARK Space and Defence Innovation UCITS ETF (ARKX) on October 23 returning -4.08% since inception but importantly demonstrating strong resilience with a December return of 5.27%.[6]

Crucially, ARK Europe finished the year with over USD $1.1 billion in assets reflecting client conviction in innovation – **with $570 million in net inflows** into the four actively managed funds – and the strong performance of innovation-oriented equities. For the year, pure-play innovation significantly outpaced conventional benchmarks and thematic peers, as shown below.



2. Why The Quarter Mattered: Liquidity Improved, Dispersion Remained High

With the Fed cutting rates multiple times in 2025 and ending quantitative tightening, the environment became incrementally more constructive for long-duration assets.

But the market's internal dynamics remained selective; investors rewarded clear earnings delivery and scalable AI monetisation, while punishing crowded exposures and 'story' equities that could not translate innovation into near-term operating leverage.

That dispersion is precisely where an active, research-driven approach can add value. As we highlighted last quarter, a meaningful portion of AI's advancement sits outside traditional index construction, and ARK's innovation strategies are designed to capture those underrepresented opportunities—not simply to mirror megacap weights.

3. AI & Robotics (ARKI): Broadening Leadership, Moving From "Models" To "Deployment"

In Q4, AI optimism increasingly rotated from 'capex headlines' toward tangible deployment: enterprise copilots, verticalised models, edge inference, and automation-first workflows. That mattered, because it broadened the set of potential winners beyond the most visible infrastructure providers, reinforcing the case for diversified exposure across the AI value chain. A late-quarter re-acceleration in AI sentiment also was supported by high-profile results and guidance from key semiconductor and memory companies, helping re-anchor the 'AI spend' narrative after November's risk-off move.

A recurring concern from clients during the quarter was whether the AI tide has lifted all boats, including those without durable advantages. We believe that winner-take-most dynamics will favour companies with real data moats, differentiated models, and defensible distribution. Consistent with our positioning framework, we continue to emphasize diversified contributors rather than dependence on any single 'megacap bet'. As shown in last quarter's attribution work, ARKI's return profile historically reflected multiple complementary exposures across the platform layer, applications, and robotics/automation, supported by a high active share versus conventional benchmarks.

The lesson for us and our clients is that deep, active research is important, and so is building concentrated, high-conviction portfolios—not broad-based baskets including anything labelled 'AI'. We expect that the market will continue to fluctuate in 2026, creating unique areas of investment opportunity for active managers that are far more focused than generic 'AI exposure'.

4. Addressing The "AI Bubble" Narrative: Capex Today, Revenues Later?

Relatedly, we've seen a wave of commentary arguing that AI is 'another bubble' and pointing to the scale of datacentre and compute investment relative to current, narrowly defined AI revenues. In our view, this framing can miss three important dynamics:

First, revenue measurement is often too narrow. Much of AI's economic impact is manifesting outside of standalone 'AI model' line items, instead embedded in cloud services, software subscriptions, and usage-based pricing across platforms and applications. As enterprises incorporate AI into workflows, the monetisation footprint expands well beyond one category of AI revenue.

Second, revenue and productivity typically lag infrastructure buildouts. History suggests that major general-purpose technologies often look 'overbuilt' early until adoption and new business models catch up. AI still appears to be in the deployment and workflow-integration phase, where value creation begins as productivity gains and cost savings before it fully manifests as clearly labelled revenue streams. That dynamic is consistent with the idea that AI and automation are becoming strategic imperatives, not just speculative technologies.

Third, today's spend is building tangible capacity, not abstract hype. Data centres, networks, and accelerators are long-lived productive assets that enable inference, cloud services, storage, and robotics. The buildout also reflects a strategic race for compute access and reliability— an 'asset layer' that can support multiple monetisation pathways over time, from enterprise copilots and inference APIs to agentic workflows, vertical applications, and embodied AI (robotics and autonomous systems).

5. Actively Positioning AI & Robotics In This Environment

The "AI bubble" debate is exactly why we think deep, active research matters, and why we prefer speculative debate around 'the AI bubble' underscores both our commitment to active, rigorous research and our preference for concentrated, high-conviction portfolios rather than broad baskets that include anything labelled 'AI'. Policy and regulatory developments continue to underscore AI's strategic importance and can accelerate adoption in both the public and private sectors.

At the same time, we expect volatility and dispersion to persist into 2026, creating opportunities that likely will be more specific than generic 'AI exposure'; those opportunities will be most accessible to investors willing to underwrite company-by-company durability, unit economics, and competitive moats. The fourth-quarter attribution table for the ARK AI & Robotics UCITS ETF (ARKI) exemplifies that point. Going into the quarter, ARK had allocated a meaningfully higher weight to Advanced Micro Devices (AMD) than to Nvidia (NVDA) (roughly 2x, based on starting weights), which is the opposite of what one typically sees in cap-weighted benchmarks and many benchmark-oriented active strategies, where Nvidia typically dominates AI exposure. Our positioning proved important when AMD announced a major strategic partnership with OpenAI in early October—an event that helped to validate AMD's role in next-generation AI infrastructure and supported its strong stock performance during the quarter.

As important, ARKI's robotics and autonomous technology exposure helped to diversify returns beyond 'AI-only' narratives: names like Rocket Lab (RKLB) contributed meaningfully as enthusiasm around space infrastructure accelerated into year-end (a theme we expand on below),[8] reinforcing our view that the opportunity set is increasingly AI plus robotics, not AI in isolation.

Attribution Breakdown By Stock	Start % Wgt	Avg % Wgt	End % Wgt	Contrib. to Return (%)	Total Return (%)
ARK Artificial Intelligence & Robotics UCITS ETF					**-3.03**
Teradyne	5.22	5.99	6.77	1.91	40.73
Rocket Lab	2.59	2.91	3.58	1.17	45.61
Advanced Micro Devices	4.14	5.62	5.60	1.13	32.37
Alphabet	2.01	2.54	3.13	0.57	28.93
Shopify	3.46	3.76	3.92	0.33	8.48
Taiwan Semiconductor	3.23	3.38	3.63	0.29	9.09
Unity Software	1.91	1.94	2.17	0.21	10.31
Tesla	9.95	9.48	9.22	0.21	1.12
Symbotic	1.63	2.06	2.17	0.16	10.39
Intuitive Surgical	0.47	0.56	0.61	0.12	26.64
Amazon.com	2.65	2.75	2.87	0.11	5.12
Salesforce	0.54	0.51	0.51	0.05	11.96
Deere & Co	1.54	1.96	2.20	0.03	2.17
Qualcomm	0.97	1.00	1.03	0.03	3.34
Baidu		0.65	1.14	0.01	-9.83
Kodiak AI		0.00	0.25	0.00	0.92

Nvidia Corp	2.34	2.32	2.41	-0.02	-0.04
Synopsys	1.12	1.00	1.10	-0.03	-4.80
Iridium Communications	1.51	0.92		-0.04	8.02
Rubrik		0.56	1.00	-0.05	-7.22
Strata Critical Medical	1.12	1.06	1.09	-0.06	-4.94
Microsoft	1.02	0.99	0.99	-0.07	-6.45
Crowdstrike Holdings	1.85	1.92	1.83	-0.10	-4.41
Datadog	1.43	1.58	1.41	-0.10	-4.50
Block	1.15	1.10	1.13	-0.10	-9.93
Alibaba Group		0.62	0.98	-0.13	-21.71
BYD Co Ltd – Unsponsored	1.08	0.97	0.95	-0.14	-14.05
Recursion Pharmaceuticals	1.07	1.13	1.05	-0.16	-16.19
Pinterest	0.96	0.92	0.90	-0.18	-19.52
Cloudflare	2.10	2.06	1.99	-0.19	-8.13
Palantir Technologies	8.16	7.34	6.92	-0.22	-2.56
Aurora Innovation	1.13	0.95	0.83	-0.30	-28.76
Figma	1.16	1.00	0.86	-0.31	-27.95
Spotify Technology	1.92	1.71	1.65	-0.33	-16.80
Pure Storage	1.65	1.66	1.45	-0.35	-20.05
Joby Aviation	2.09	1.97	1.76	-0.36	-18.22
Gitlab	2.24	1.99	1.58	-0.36	-16.75
Meta Platforms	4.44	4.09	4.31	-0.36	-10.04
Archer Aviation	2.39	2.31	1.93	-0.47	-21.50
Aerovironment	2.90	2.73	2.19	-0.62	-23.18
Kratos Defense & Security	5.83	4.71	4.42	-0.79	-16.92
Coreweave	2.21	1.82	1.77	-1.01	-47.67
Roblox Corp	5.53	4.25	3.41	-2.25	-41.50

ARK's portfolio actions in ARKI further demonstrated its forward-looking approach. The investment team had been reassessing thesis-level risks across portfolios considering the evolving geopolitical landscape. Recent developments including the Chinese Communist Party's pivot from the theme of 'common prosperity' to 'new productive forces', ongoing negotiations between Presidents Trump and Xi, and rapid technological progress in China have prompted a re-evaluation of our exposure to Chinese equities including Alibaba (BABA) and Baidu (BIDU). While ARKI has maintained a long-standing position in electric vehicle innovator BYD Company (BYD), the team has been building conviction in Chinese equities that we have been tracking closely for the last decade as reflected in October's portfolio activity. New portfolio names and exits emphasise how the AI landscape is shifting:

Enter Alibaba (BABA)	**October**	China is home to over a quarter billion knowledge workers and half of the world's AI researchers. We believe that demand for AI infrastructure and cloud compute more broadly will continue to grow in China as AI proliferates. Alibaba is well positioned to benefit from this trend as the largest cloud services provider in China and one of the leading model developers, with open weight models that regularly top leaderboards within their class. Combined with continued strength in their core ecommerce business, we believe Alibaba could return to double-digit revenue growth in the near future.
Enter Baidu (BIDU)	**October**	Baidu's Apollo Go leads China's commercial robotaxi market. Our research suggests that as of Q2 2025, Apollo Go is completing ~120,000 autonomous miles per day. According to management, the company has achieved positive unit economics in China, and by August 2025 had expanded to over 1,000 robotaxis with a presence in 15 cities globally. The company's international expansion phase is underpinned by strategic partnerships with Uber and Lyft to deploy thousands of autonomous vehicles across Europe, the Middle East, and Asia in the coming years.
Enter Rubrik (RBRK)	**October**	Industry estimates by Gartner suggest that the data security & recovery and cloud security markets will grow 13% at a compound annual rate, from $36.3 billion in 2024 to $52.9 billion by 2027. Rubrik's mission is to secure the world's data. Rubrik delivers cyber resilience through its advanced Zero Trust Data Security platform, Rubrik Security Cloud (RSC). The platform is built to protect data across a variety of environments, including enterprise systems, cloud-based applications, and SaaS solutions, utilizing a cloud-native SaaS architecture. Rubrik's approach is designed not only to defend against but also recover from sophisticated cyberattacks, particularly ransomware, a critical capability, as traditional cybersecurity measures and legacy backup systems often fall short in this area.
Exit Iridium (IRDM)	**December**	Iridium, which operates the Iridium satellite constellation, appears to be in 'value mode' and must demonstrate progress on growth initiatives. As such, we exited the name in ARKI to reallocate proceeds in areas of higher conviction.

Beyond enters and exits, ARK's portfolio team continued to reorient the portfolio by topping up or trimming names. As discussed in prior quarters, the investment team continued to take profits in this environment by trimming Palantir's (PLTR) weight from 8.2% to 6.9% over the quarter, despite the name's flat performance, based on the name's relatively high valuation. That said, strong performance did not necessitate trims in all cases, with Alphabet (GOOG) serving as a great example. The team increased ARKI's weight in GOOG from 2.0% to 3.1% through a combination of performance and active positioning, reflecting our view that Alphabet is strengthening its competitive position across the AI stack, from chips and TPUs to models and cloud, while also representing a new entry to ARKK (discussed below). Lastly, the team has also maintained Tesla (TSLA) as a top position, given our high conviction in the commercialisation of its robotaxi business, which continues to gain momentum and investor attention.

6. Navigating Q4 Dispersion With Diversified Exposures In The ARK Innovation UCITS ETF

As a reminder, the ARK Innovation UCITS ETF (ARKK) invests across five innovation platforms including AI, robotics, energy storage, blockchain technology, and multiomics.

In Q4 2025, market conditions became more rotational and volatility picked up, with performance dispersion widening across innovation. Digital assets and crypto-adjacent equities retraced, giving back some of the strong gains made earlier in the year, as investors shifted to a more risk-off posture and scrutinized near-term monetisation and balance-sheet dynamics across the space. As a result, our blockchain-themed exposure, which had been supported by improving adoption and institutional engagement earlier in 2025, was a headwind for ARKK during the quarter, including positions tied to the evolving digital-asset ecosystem, such as Coinbase (COIN) and other digital infrastructure-oriented names. In fact, 5 of the top 10 detractors are represented by the blockchain innovation platform.

At the same time, two important offsets began to emerge within the portfolio. First, multiomics showed signs of life into year-end, as sentiment improved and investors increasingly differentiated companies with tangible platform progress and stronger balance-sheet durability—an inflection we discuss in more detail in the ARKG section below. Six of the top 10 contributors represented the multiomics innovation platform, an interesting change from prior quarters.

Second, while AI experienced its own shake-up during the quarter, we believe that volatility reinforced a key takeaway for clients: the equity opportunity is real, but the market is becoming more selective by rewarding durable advantages and credible paths to monetisation while challenging 'AI-labelled' exposures without defensible moats. New entries discussed below underscore that point.

ARKK remains positioned as a high-conviction, actively managed expression of disruptive innovation rather than a broad, index-like basket of themes. In our view, the combination—short-term volatility in crypto, early signs of recovery in genomics, and ongoing dispersion—underscores the wisdom of that approach. The impact of those dynamics on the portfolio is reflected in the quarter's attribution.[9]

Attribution Breakdown By Stock	Start % Wgt	Avg % Wgt	End % Wgt	Contrib. to Return (%)	Total Return (%)
ARK Innovation UCITS ETF					**-6.92%**
Advanced Micro Devices	4.17	5.23	4.87	1.18	32.37
Exact Sciences	1.22	0.73		0.82	84.85
Teradyne	2.29	2.63	2.93	0.82	40.73
10x Genomics	1.51	2.13	2.48	0.67	39.52
Illumina	1.42	1.82	2.20	0.53	38.11
Beam Therapeutics	2.53	2.91	3.63	0.47	14.22
Roku	5.82	5.59	5.89	0.39	8.35
Natera	0.94	1.10	1.13	0.39	42.32
Shopify	4.11	4.37	4.63	0.37	8.48
Veracyte	1.22	1.37	1.43	0.29	22.63

Twist Bioscience	1.90	2.28	2.68	0.28	12.72
Pacific Biosciences Of Calif	0.41	0.72	0.81	0.20	46.09
Tesla	9.79	9.31	8.87	0.14	1.12
Airbnb	0.99	1.02	1.18	0.11	11.78
Taiwan Semiconductor	1.12	1.19	1.31	0.10	9.09
Cameco	0.89	0.96	1.05	0.07	9.42
Cerus	0.22	0.24	0.31	0.07	29.56
Amazon.com	1.77	1.85	1.99	0.07	5.12
GeneDx Holdings	0.44	0.77	0.95	0.05	20.72
Deere & Co	1.05	1.14	1.29	0.02	2.17
Baidu		0.70	1.16	0.00	-9.83
Nvidia	1.34	1.45	1.68	-0.01	-0.04
Coreweave		0.54	1.31	-0.01	-0.06
Iridium Communications	0.66	0.36		-0.01	8.02
Alphabet		0.18	0.48	-0.01	-2.98
Sofi Technologies	0.76	0.81	0.81	-0.02	-0.91
Gitlab	1.23	0.72		-0.10	-8.92
Meta Platforms	1.40	1.32	1.40	-0.11	-10.04
Alibaba Group		0.67	0.83	-0.13	-21.71
Palantir Technologies	3.86	3.50	3.28	-0.14	-2.56
Block	1.61	1.62	1.84	-0.15	-9.93
Kratos Defense & Security	1.11	1.00	0.99	-0.18	-16.92
Recursion Pharmaceuticals	1.25	1.31	1.31	-0.21	-16.19
Pinterest	1.44	0.68		-0.23	-19.89
Trade Desk	1.18	1.13	1.18	-0.28	-22.55
Pagerduty	1.71	1.52	1.46	-0.36	-20.64
Archer Aviation	2.00	2.00	1.78	-0.42	-21.50
Bullish	1.10	1.26	1.55	-0.48	-40.47
Circle Internet Group	1.77	2.11	2.71	-0.68	-40.19
CRISPR Therapeutics	4.90	4.98	5.02	-0.94	-19.09
Intellia Therapeutics	2.28	1.97	1.59	-1.10	-47.94
Tempus AI	4.18	4.33	3.73	-1.14	-26.84
Robinhood Markets	7.17	6.11	5.80	-1.34	-21.01
Bitmine Immersion	2.97	2.54	2.16	-1.45	-47.70
Coinbase Global	6.29	5.73	5.04	-2.11	-32.99
Roblox	6.00	4.09	3.29	-2.14	-41.50

7. Portfolio Actions In ARKK Underscore Active Management During AI Sentiment Shifts

In Q3, we deliberately re-oriented ARKK toward emerging opportunities in digital assets, including new positions in BitMine Immersion Technologies (BMNR) and Bullish (BLSH), as we believe the backdrop for institutional adoption continues to strengthen despite market volatility. Importantly, that period also reinforced a core element of our process: active portfolio management involves not only identifying innovation winners, but also sizing positions and maintaining discipline in our valuation practice, including trimming exposures when prices run ahead of fundamentals as reflected in our bottom-up scoring framework.

In Q4, entries and exits increasingly were shaped by the dynamics of the AI race and our view that value creation is likely to be uneven across the stack as winners separate from 'AI-labelled' laggards. Our entry into Alphabet (GOOG) demonstrates that ARK is not structurally 'anti-megacap' and that we allocate across traditional categories, including market cap, sector, and style, when it makes sense to do so: when a company's innovation trajectory, competitive positioning, and long-term optionality become sufficiently compelling, we are willing to express that thesis, even in larger, more established names. In other words, our investment activity highlights how we execute on valuation and timing. We viewed November's sell-off, and the accompanying 'AI bubble' narrative, as an opportunity to initiate and/or add exposure to CoreWeave (CRWV) at what we believe was a more attractive entry point, consistent with our emphasis on valuation as a key input into portfolio decision-making. We funded that CoreWeave position in part by reallocating proceeds from Gitlab (GTLB), reflecting our willingness to make active trade-offs, even within themes where we remain constructive. While we continue to view AI-assisted software development as an early and durable use case, we evaluate opportunities case by case; in this instance, we believed the relative risk/reward and near-term value capture in AI infrastructure was more compelling.

Enter Alphabet Inc. (GOOG)	**November**	Alphabet's strengthening competitive position in AI is unlocking multiple new vectors for durable, long-term growth. The company is transforming Search into a multimodal, generative discovery platform, powered by rapid Gemini adoption, expanding AI-native search modalities, and early momentum in agentic capabilities. Meanwhile, Google Cloud continues to gain traction as enterprises shift toward AI-driven workloads. At the infrastructure layer, sustained investment in TPUs enhances Google's cost and performance advantages, improving internal model development efficiency and meeting growing external demand for specialized compute. With end-to-end control of data, algorithms, hardware, and cloud services, we believe Google offers true full-stack AI exposure, positioning it to innovate and deploy at scale with greater agility and competitive advantage.
Enter CoreWeave (CRWV)	**November**	Relatively higher conviction that value will continue to accrue to the infrastructure layer of the stack in the near term. CoreWeave has consistently received high praise for its AI cloud by leaders in the space and continues to be one of the highest-performing infrastructure providers for training and inferencing large language models. In addition, the stock has traded down in recent months, creating an attractive entry / top-up.

Exit Reddit (RDDT)	**November**	Shares of Reddit have done well since the company went public. We have not lost confidence in Reddit, but we took profits and consolidated into higher conviction names during this period of market indigestion.
Exit Pinterest (PINS)	**November**	Consolidated the portfolio into higher conviction names during a market selloff, as we typically do.
Exit Exact Sciences (EXAS)	**November**	Please see genomics section below.
Exit Iridium (IRDM)	**December**	Please see AI section above.
Exit Gitlab (GTLB)	**December**	While we maintain our conviction that GitLab will be a beneficiary of the proliferation of AI-generated code, the flagship fund has limited space that reflects our highest conviction stocks. As a result, we decided to swap into CoreWeave, given our relatively higher conviction that value will continue to accrue to the infrastructure layer of the stack in the near term. As discussed above, CoreWeave has consistently received high praise for its AI cloud by leaders in the space and continues to be one of the highest-performing infrastructure providers for training and inferencing large language models.

8. Genomics (ARKG) - From Re-Rating To Fundamentals

After a slow start to the year—when genomics and precision therapeutics were among the more notable detractors in broader innovation portfolios—the multiomics complex began to regain traction in the third and then fourth quarter. The ARK Genomic Revolution UCITS ETF (ARKG) returned 4.71% in Q4 and finished 2025 up 23.51%, reflecting improving sentiment as investors increasingly differentiated between companies with real platform progress and those still reliant on distant 'optionality'.

Importantly, Q4 felt less like a simple 'beta re-rating' and more like a gradual return to fundamentals. In our view, the market's focus has begun to shift toward measurable execution: clinical readouts, regulatory clarity, improving unit economics for diagnostics-enabled platforms, and balance-sheet durability. While many multiomic and therapeutics names faced multi-year headwinds, including long-duration cash flows, heightened sensitivity to financing costs, and a slower M&A backdrop, the underlying science has continued to compound. Advances across base and prime editing, multiomic diagnostics, and in-vivo approaches have quietly reduced technical risk for key platforms, even as valuations and investor positioning remained volatile.

We believe this is why the group's tone improved into year-end: as capital cycles normalise and the cost of capital becomes less punitive, the market is beginning to reward companies that can translate innovation into nearer-term evidence of adoption and operating leverage. Said differently, the conversation is moving from 'will this work?' to 'who is executing and how quickly can they scale?' We continue to view multiomics as one of the most underappreciated innovation platforms today, and increasingly as a potential upside surprise within broader innovation exposure as fundamentals reassert themselves.

At quarter end, multiomics represented 24.5% of ARKK's innovation exposure, and we expect dispersion within the group to continue creating opportunities for active selection. As shown in the attribution table below, approximately two-thirds of ARKG's holdings delivered positive absolute returns—similar to the prior quarter—despite the elevated market volatility in November. Notably, returns were highly polarised: only 2 of 35 holdings finished in a narrow band around flat performance (approximately -10% to 10%), underscoring the degree of re-pricing underway across a complex and often misunderstood segment of the market.[10]

Attribution Breakdown By Stock	Start % Wgt	Avg % Wgt	End % Wgt	Contrib. to Return (%)	Total Return (%)
ARK Genomic Revolution UCITS ETF					**4.71%**
Guardant Health	3.36	3.80	4.34	1.73	63.48
Natera	4.43	4.75	4.34	1.69	42.32
Nurix Therapeutics	1.41	2.06	2.86	1.43	105.30
10x Genomics	3.20	4.00	4.48	1.35	39.52
Illumina	3.23	4.02	4.82	1.25	38.11
Exact Sciences	1.17	0.84		1.07	84.85
Personalis	4.30	5.26	4.91	1.02	22.09
Butterfly Network	1.07	1.40	2.02	1.01	96.89
Caredx	3.02	3.16	3.62	0.84	29.57
Beam Therapeutics	5.02	4.99	5.87	0.77	14.22
Veracyte	3.48	3.66	3.85	0.76	22.63
Ionis Pharmaceuticals	3.57	3.28	2.76	0.67	20.93
Twist Bioscience	5.56	5.87	6.34	0.61	12.72
Pacific Biosciences Of Calif	1.29	1.80	1.85	0.60	46.09
Absci	3.34	3.74	3.78	0.42	14.80
Adaptive Biotechnologies	3.56	2.91	2.40	0.28	8.56
Cerus	0.92	0.93	1.14	0.26	29.56
Amgen	1.26	1.32	1.40	0.22	16.80
Compass Pathways	1.18	1.16	1.35	0.21	20.42
Regeneron Pharmaceuticals	0.80	0.48	0.19	0.21	37.44
Incyte	1.22	1.25	1.28	0.19	16.46
Vertex Pharmaceuticals	0.99	1.01	1.09	0.15	15.76
Genedx Holdings	0.76	1.58	2.15	0.02	20.72
Standard Biotools	0.34	0.33	0.32	0.00	-1.54
Caris Life Sciences	0.90	0.85	0.97	-0.09	-10.81
Quantum-Si	0.95	0.94	0.64	-0.14	-21.99
Veeva Systems	1.19	0.99	0.85	-0.30	-25.07
Schrodinger	2.96	2.65	2.83	-0.34	-10.87

Atai Beckley	0.99	1.16	1.14	-0.40	-22.68
908 Devices	1.65	1.22	0.94	-0.64	-40.07
Prime Medicine	2.39	1.77	1.43	-0.82	-37.36
Recursion Pharmaceuticals	5.15	4.90	4.38	-0.85	-16.19
CRISPR Therapeutics	9.18	8.28	8.01	-1.69	-19.09
Arcturus Therapeutics	2.89	1.85	1.29	-2.04	-66.74
Tempus AI	8.30	8.01	6.92	-2.24	-26.84
Intellia Therapeutics	4.98	3.81	2.77	-2.34	-47.94

In terms of key contributors:

- Shares of Guardant Health contributed to fund performance during the fourth quarter after the company reported strong third-quarter earnings—including revenue growth of 39%—and raised the midpoint of fiscal-year 2025 revenue guidance by 5%.

- Shares of Natera appreciated during the fourth quarter after the company's released data from its IMvigor011 trial in muscle-invasive bladder cancer. Results indicated that patients who were Signatera-positive following cystectomy and who were randomized to receive atezolizumab had a statistically significant improvement of greater than 2x in median disease-free survival and a 41% increase in overall survival vs. placebo.[11] Those results are notable, because atezolizumab previously failed to demonstrate a statistically significant benefit when all patients were randomized post-cystectomy, regardless of Signatera status, indicating that Signatera and ctDNA status can be used to identify patients more likely to respond to treatment escalation. Additionally, Natera reported strong third-quarter earnings, including revenue that surpassed consensus estimates by 15%. Finally, Natera benefited from increasingly positive sentiment in the genomics tools and diagnostic space following Abbott's acquisition of Exact Sciences.

Among the top detractors were:

- Shares of Tempus AI traded down during the fourth quarter after investor expectations peaked in early October following a 6-month price increase of ~175%. Although third-quarter earnings exceeded consensus, investors may have been disappointed by the magnitude of the beat following the strong earnings report of Guardant Health the previous week.

- Shares of Intellia Therapeutics detracted from fund performance during the fourth quarter after the company provided an update on its phase 3 nex-z programme, including the death of a patient that had previously experienced Grade 4 liver transaminase and bilirubin elevation, leading to a clinical hold. The company has suspended its nex-z milestone guidance, pending feedback from the FDA.

Portfolio turnover in ARKG was limited during the fourth quarter. The acquisition of Exact Sciences (EXAS) (see below) triggered a share price increase of more than 40%, reinforcing our view that many genomics-oriented companies are trading at meaningful discounts to intrinsic value. While this event contributed positively to quarterly performance, we believe the broader opportunity remains compelling: several holdings combine durable innovation leadership with attractive valuations and are positioned to re-accelerate as the market environment improves in 2026.

Exit Exact Sciences (EXAS)	**November**	In November 2025 Abbott Laboratories announced that it is acquiring Exact Sciences (maker of Cologuard and Oncotype DX) for approximately $21 billion ($105 per share), a deal expected to close in the second quarter of 2026, bringing Exact Sciences' cancer diagnostics into Abbott's portfolio to boost its diagnostics business. We exited the name after the announcement and price movement.
Exit Regeneron (REGN)	**November**	We took advantage of market volatility to consolidate into higher conviction during the sell-off, largely exiting the name.

9. ARK Invest Europe Launches ARKX As Space Exploration And Defence Converge

In Q4 2025, ARK Invest Europe launched the ARK Space & Defence Innovation UCITS ETF (ARKX), designed to give European investors access to a strategy that ARK has actively managed since 2021 and in which we maintain very high conviction. ARKX is designed to capture the convergence of next-generation defence capabilities and space infrastructure, as breakthroughs in AI, autonomy, robotics, and energy systems reshape both national security and the economics of operating beyond Earth.

2025 was a breakout year for defence stocks, as clients increasingly re-envisioned defence not as a legacy industrial category but as a technology-driven domain defined by autonomy, drones, software, sensing, and electronic warfare. This shift has been reinforced by the growing emphasis in defence planning and procurement on AI and autonomous systems, accelerating investor focus toward firms enabling modern deterrence and resilient supply chains.

In our view, that reframing—away from 'steel and platforms' and toward 'compute, autonomy, and precision'—is structural, not cyclical. At the same time, space exploration and commercialization gained major momentum into year-end 2025. The cadence and reliability of launch continued to improve dramatically; SpaceX alone reported 165 orbital launches in 2025, highlighting how reusability and scale are compressing cost curves and expanding what's economically feasible in orbit. Public-sector programs also advanced, with NASA emphasizing progress toward Artemis II and a longer-duration lunar-to-Mars roadmap heading into 2026.

Together, those trends are accelerating demand for launch services, satellites, ISR architectures, and space-enabled communications while reinforcing the 'dual-use' nature of many of the most important technologies. Reflecting this opportunity set, ARKX provides exposure to companies we believe sit at the intersection of these tailwinds with names like Rocket Lab (RKLB), Kratos Defense & Security (KTOS), and AeroVironment (AVAV), among others. We will provide a quarterly update next quarter once we have a full three months' worth of data.

Heading into 2026, we believe ARKX is positioned for dual tailwinds: (1) the continued modernisation of defence through AI-enabled autonomy and next-gen systems, and (2) the accelerating commercialisation of space as launch and in-orbit capabilities scale.

10. From Rockets To Racks: Space-based Compute Emerges

Beyond the convergence of space and defence, an adjacent opportunity is beginning to emerge at the intersection of space infrastructure and rising demand for AI compute.

What once sounded like science fiction—orbital data centres and space-based compute—have become the topic of serious investor conversations. Announcements from firms like Alphabet (GOOG), SpaceX, and Nvidia (NVDA), combined with constraints in terrestrial power (e.g., long turbine backlogs and nuclear lead times), compel clients to think of space as a potential extension of the energy and compute stack. The convergence of robotics, launch economics, and AI workloads is reframing 'space' from a niche theme to a possible future pillar of digital infrastructure. As investors ponder a SpaceX IPO in the next year or two, we believe heightened attention on the convergence of space exploration and AI will continue.

Space is one of the numerous developments that excite us going into 2026.

11. Looking Ahead: From Year-End Positioning To 2026 Set-Ups

As we move into 2026, we see three high-level conditions that could remain supportive for innovation-oriented equities:

- Easier monetary policy and improved liquidity as the Fed cuts rates and shifts its balance-sheet policy and reserve management.
- AI-driven productivity gains are becoming more visible, moving from experimentation to deployment across sectors.
- A broader opportunity set beneath index concentration, where active share and bottom-up selection can matter most.

While risks surely remain— policy surprises, valuation compression, and renewed volatility—the combination of platform progress and a more supportive rate regime continues to strengthen the long-term case for selective exposure to disruptive innovation.

Rapid productivity gains driven by artificial intelligence, automation, and digitalisation will continue to reshape the global economy, potentially marking the early stages of a new efficiency cycle. Policy tailwinds could accelerate that shift even further: renewed discussions around R&D-focused tax incentives under a Trump administration could channel additional investment directly into the technologies that anchor innovation strategies—from advanced semiconductors to intelligent robotics and beyond. Importantly, after another period of market adjustment in the fourth quarter, valuations across ARK's innovation strategies largely have reset to more normalised levels, which could offer an attractive entry point going into 2026. True to its mandate, ARK's strategies remain positioned to capture long-term value creation at the forefront of technological transformation.

About The Author

Thomas H-Boyce, CFA
Global Head of Investment Solutions

@THBoyce

Thomas Hartmann-Boyce joined ARK in June 2021. As Global Head of Investment Solutions, Thomas works directly with ARK's investment team to communicate in-depth knowledge of investment-level detail to internal and external clients.

Prior to ARK, Thomas was Vice President, Lead Portfolio Manager within the multi-asset solutions business at Goldman Sachs Asset Management for over five years where he managed customised portfolios for institutional clients. Prior to joining Goldman Sachs in 2015, Thomas held various client-facing positions at MSCI Inc. over the span of four years, with a key emphasis on business development within the exchange-traded funds team. Thomas is a CFA charterholder, and earned his Bachelor of Arts in International Affairs and Management & Business from Skidmore College.

V. AI & Sustainability: The Co-Revolution Investors Can't Ignore

In 2026, AI will force sustainable investors to confront a problematic reality: digital growth has a physical footprint. The result is uncomfortable but investable: AI progress is now partially bounded by power, permitting, hardware supply chains, and cooling infrastructure.

1. The Constraint: AI's Physical Footprint

The scale of this uncomfortable reality is no longer theoretical. The International Energy Agency (IEA) estimates that global data centre electricity consumption reached ~415 Terawatt-hours (TWh) in 2024 (about 1.5% of global electricity), and projects it to double to ~945 TWh by 2030[12] in its base case, driven in large part by accelerating AI workloads. That is the energy system turning up at the door of the digital economy. And it is not only about electrons. Water is becoming a parallel constraint. The 2024 U.S. Data Centre Energy Usage Report estimates that direct data-centre water consumption rose to 66 billion litres in 2023, with hyperscale and colocation representing the large majority, and forecasts hyperscale direct water consumption of 60-124 billion litres by 2028.[13] Upon that sits an even larger 'indirect' footprint via power generation; the same report estimates an indirect water footprint of nearly 800 billion litres for U.S. data centres in 2023 based on regional grid mixes.[14]

2. The Upside: AI As An Efficiency And Transition Lever

None of this is an argument against AI, but in 2026, sustainable investors need to stay pro-innovation while becoming more precise about inputs and trade-offs. AI has genuine potential to accelerate the transition, not just to consume it. The IEA highlights that AI applications can help optimise complex energy systems, including improving efficiency, enabling higher renewable integration, and even 'unlocking' additional transmission capacity on existing lines. In its climate analysis, the IEA estimates that widespread adoption of existing AI applications across end-use sectors could enable ~1,400 Metric tons of CO_2 emissions reductions in 2035 (subject to enabling conditions and with real uncertainty around net effects).[15] The punchline is not 'AI is green' but that AI is becoming a powerful lever whose climate outcome depends on infrastructure and the incentives that govern its use.

3. The Investable Layer: Infrastructure, Resources And Governance

This is where AI's infrastructural requirements become intrinsically dialectical. The build-out creates new constraints (power, cooling, water, grid connection), which then pull forward investment into the very systems that relieve them (clean generation, storage, grid equipment, thermal management, water efficiency). In other words, AI and sustainable infrastructure are now a form of co-revolution:

each expands the frontier for the other, and each can become a mutual bottleneck, if neglected.

Finally, 2026 is when the 'E' conversation about compute collides more visibly with the 'G' conversation. Governance is moving from soft principles to harder expectations. The European Commission's AI Act timeline underscores that the European Union is already in phased implementation, with key transparency rules coming into effect in August 2026, alongside high-risk system obligations on a staggered timetable.[16] That matters for sustainable investors, because AI risk is not confined to 'tech' holdings. It runs through procurement, labour, content integrity, cybersecurity, surveillance exposure, and decision-making accountability across sectors.

In 2026, the AI conversation in sustainable investing extends beyond innovators and adopters to the infrastructure and resources that enable deployment at scale. A key investment consideration is whether AI-led growth can be supported without placing undue pressure on power, cooling, water, and governance frameworks. This naturally brings enabling exposures into focus alongside AI beneficiaries, including grid and flexibility solutions, power management, high-efficiency semiconductors, advanced thermal management, water stewardship and reuse, and industrial software that improves energy and resource efficiency. Framed in this way, AI is not a separate 'digital' theme, but a driver of sustainability-relevant demand across multiple real-economy systems.

VI. What We Expect Sustainable Investing To Be In 2026

Reading the headlines in 2025, one might conclude that sustainability had been pushed into the back seat. Global sustainable funds swung to sizeable net outflows, with ~$55 billion USD leaving in the third quarter alone,[17] after a period of generally positive net flows earlier in the decade. From a distance, it all looks like 'ESG fatigue'.

But the more accurate read of 2025 is that the market for sustainability became less tolerant of ambiguity. Investors continued to care about climate, nature, and social outcomes, but they became less willing to accept weak product design, inconsistent stewardship, and impact narratives that could not be defended when challenged.

Policy signals reinforced that shift. Taken together, the moves sent a powerful signal to the industry: rather than adding more rules, regulators are streamlining the framework, and sustainability now must stand on its own merits in investment terms.

Viewed through that lens, 2025 did not mark the end of sustainable investing. It marked the end of the phase where broad sustainability claims carried weight and the beginning of the phase in which a higher standard bubbled to the forefront. 2026 is where that new phase becomes operational.

1. Regulation Becomes A First-pass Filter For Sustainability

In 2026, the regulatory story is less about grand expansion and more about enforceable clarity. Europe is moving away from a disclosure regime that became a labelling shortcut and toward clearer conditions for sustainability claims. The European Commission's SFDR reform proposal strengthens SFDR as a framework for product claims by linking the use of ESG wording in fund names and marketing to meeting defined category criteria, with the objective of reducing investor confusion and mitigating greenwashing risk.[18] For investors, the direction is clear: SFDR is being positioned less as a disclosure exercise and more as a practical screen on product claims and design.

In tandem, supervisors have tightened the 'names and claims' perimeter to reduce the gap between a fund's label and what it actually holds. ESMA's fund name guidelines effectively have pushed managers to make a choice: either strengthen portfolio alignment to support ESG language or remove the language.[19] That dynamic already has manifest in the market. By mid-May 2025, Morningstar estimated that around 880 funds (~19% of those in scope) had already changed their names in response, most often by dropping ESG-related terms altogether.[20]

Two knock-on effects matter for investors. First, product ranges are likely to simplify, as managers streamline naming, classifications, and disclosures to reduce ambiguity and legal risk. Some will remove ESG terminology even where elements of the process remain, which means that names alone become a less reliable signal. Second, the gap between sustainability claims and portfolio reality should narrow for products that continue to use sustainability language, because maintaining those claims increasingly requires clearer portfolio rules and more consistent evidence. Overall, this should make it easier for investors to distinguish between strategies that are tightly aligned to their stated objective and those that are not.

For thematic investors, it's a useful shift. Regulation increasingly acts as a first-pass filter on claims. The opportunity in 2026 is to use that filter to narrow the universe, then go deeper on what it cannot validate: exposure integrity, construction discipline (including investability screens where relevant), and whether the sustainability proposition is supported by a credible evidence base.

2. Investors Test Sustainable Claims With Evidence

Regulatory tightening is one reason why claim quality is being tested more directly. Another reason is investor behaviour. A shift in what investors reward was a clear theme by the end of 2025; now, there's less emphasis on positioning and more emphasis on evidence. In 2026, credibility increasingly is tied to a manager's ability to explain methodology clearly, to show how sustainability intent is implemented in portfolio construction, and to support key claims with traceable inputs.

For many allocators, that became a process of 'quiet separation'. They were no longer willing to give managers the benefit of the doubt when the story and the strategy diverged. Where they felt that genuine sustainability had been relegated to the back seat— when ESG resources were cut, climate alliances abandoned, or exclusions weakened, for example—they responded in the most direct way possible: they pulled capital or refused to allocate new money. That instinct carries into 2026, with more explicit emphasis: moving from assessing intent to demanding evidence that can stand up to internal oversight and external scrutiny.

This is where impact measurements move from an optional extra to a more established expectation—not because impact is suddenly easy to quantify, but because stakeholders increasingly want transparency on assumptions, traceable data sources, and a consistent logic for how claims are formed. In 2026, strategies that hold up best are likely to be those that can explain their sustainability objectives, the economic exposures they provide, and the indicators they use to monitor whether outcomes are consistent with those propositions.

For thematic investors, it is ultimately a coherence test. Reporting works best when it reflects how a portfolio is built. Where a strategy is designed around exposure to real-economy solutions, it helps when measurement focuses on what those businesses do in practice and then rolls up into understandable portfolio-level indicators, rather than relying primarily on generic ESG scores. We have taken the same approach in our own impact work across the Rize by ARK Invest sustainable thematic range, using a transparent mapping of company activities to themes and indicators. The emphasis is less on any single tool and more on maintaining clarity, traceability, and consistency over time.

3. US Policy Uncertainty Continues, But Sustainability Still Shows Up As Risk

2026 will not bring a truce in the US 'ESG war'. If anything, it becomes more institutionalised. The White House has already moved to put proxy advisers and the machinery of shareholder voting under closer scrutiny, explicitly framing this through a fiduciary and 'pecuniary interest' lens for retirement plans.[21] The SEC also voted in March 2025 to end its legal defence of the climate disclosure rules adopted in 2024, a reminder of how quickly the policy pendulum can swing.[22]

This matters even for investors outside the US, because it changes incentives. Managers with global franchises will keep calibrating language, governance processes and public commitments to reduce legal and political exposure. Stewardship will become more financially explicit and more process-driven, with greater emphasis on documenting rationale, escalation pathways, and decision-making discipline. In some cases, the public posture will become quieter, even where the underlying investment approach is unchanged.

This should not be read as a collapse in demand for sustainability as an investment lens. Rather, sustainability is increasingly being framed through financial materiality, risk management, and resilience, with greater emphasis on physical climate resilience, resource security across water and materials, health and productivity outcomes, and infrastructure themes with clear economic rationale.

The dynamic is likely to separate further values-led ESG packaging from strategies anchored in measurable real-economy constraints. While political debate can shape narratives, the economics of energy systems, water stress, and climate-related risks continue to be reflected in capital allocation.

4. 2026 Playbook For Thematic Sustainable Investors

In 2026, the investor conversation shifts from whether a fund *sounds* sustainable to whether its labels, holdings, and evidence line up. Sustainable investing increasingly is assessed through real-economy constraints and observable exposures, with greater attention to whether portfolio construction and supporting evidence are robust under scrutiny. The market is moving from broad ESG packaging to tighter definitions, more contested claims, and more attention to what sustainable capital is actually financing. Five implications stand out for investors:

A. Treat sustainability Language As Regulated Territory

In 2026, the key discipline is alignment: what a fund is called, what it holds, and what it discloses. Funds that cannot keep names, holdings, and disclosures aligned will either rebrand or be challenged. The practical edge goes to strategies that are explicit about inclusion logic, exclusions, and how exposures are maintained over time.

B. Stop Thinking In Single Themes; Think In Systems

The strongest thematic allocations in 2026 will be multi-thematic by design, because the constraints are linked: energy demand pulls water demand; industrial reshoring pulls materials; digital infrastructure growth pulls power, cooling and grid capex; resilience pulls infrastructure and efficiency. The question for investors is whether a portfolio captures those linkages coherently or simply collects themes without an organising framework.

C. Make Investability Part Of The Sustainability Argument

Liquidity, volatility, and concentration are not ‘financial overlays’ that dilute a sustainability thesis. In 2026, they are integral to product credibility. A strategy that is difficult to hold through cycles, or that is difficult to scale, will struggle to remain a core allocation, even if the theme is compelling. Robust construction increasingly separates durable thematic allocations from product packaging.

D. Evidence Will Matter Most Where Narratives Are Loudest

As politics continue to pressure the language of ESG, the strategies that hold up will be those that can show, simply and consistently, what they finance and why it is relevant. That does not require one universal impact template. It requires a reporting structure that links the sustainability objective to economic exposure and then to measurable indicators. The goal is not perfection, but defensibility.

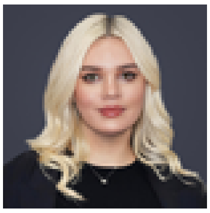
E. Expect "New Demand Themes" To Come From Infrastructure, Not Ideology

The investable sustainability themes of 2026 will be pulled forward by constraints, not slogans: grid reinforcement, efficiency, water systems, circular inputs, resilient built environments, and the enabling layer behind digital infrastructure. They may be less headline-driven, but they are where transition and resilience capex is forced to land. That is precisely why they are likely to attract sustained capital and policy attention, regardless of the headline ESG narrative.

Viewed through this lens, 2026 is likely to reward coherence over slogans. Sustainable strategies will be judged less by how they are positioned and more by whether portfolio construction, investability, and evidence are aligned. Where those elements line up, sustainability remains a practical, investable way to access real-economy transitions and constraints under a higher level of scrutiny.

If you would like to explore what impact your investment in our sustainable ETFs could achieve, or to see how the RIZE Impact Calculator can support your reporting and client communications, please contact us at info-europe@ark-invest.com.

About The Author



Kate Naumova
Associate Director – Sustainability
@Eknaumova

Kate joined ARK in July 2024 as an Associate Director – Sustainability. Kate's main responsibilities are managing the integration of ESG principles across investment activities, including portfolio construction, fund rebalancing, regulatory compliance, and leading the stewardship initiatives. Prior to ARK, she worked in various sustainability-focused roles, having spent two years at Berenberg as an ESG Research Associate and just under two years at Union Bancaire Privée as an Analyst for an impact-focused fund.

Kate holds a Masters of Science in Investment and Finance and a Bachelors in Economics and Politics from the Queen Mary University of London. In 2022, she completed the CFA Certificate in ESG Investing.

VII. Our Range Of ETFs - Market Commentaries And Performance Highlights

Fund Name	Code	ISIN	AUM ($ million)	MSCI ESG Rating	SFDR Classification	Inception Date
ARK **Genomic Revolution** UCITS ETF	ARKG	IE000O5M6XO1	27.6	BBB	Article 8	12/04/2024
ARK **Artificial Intelligence & Robotics** UCITS ETF	ARKI	IE0003A512E4	307.9	A	Article 8	12/04/2024
ARK **Innovation** UCITS ETF	ARKK	IE000GA3D489	310.9	BBB	Article 8	12/04/2024
ARK **Space & Defence Innovation** UCITS ETF	ARKX	IE000AON7ET1	4.0	PENDING	Article 8	23/10/2025
RIZE **Cybersecurity and Data Privacy** UCITS ETF	CYBR	IE00BJXRZJ40	111.7	A	Article 8	12/02/2020
RIZE **Circular Economy Enablers** UCITS ETF	CYCL	IE000RMSPY39	2.3	A	Article 9	24/05/2023
RIZE **Environmental Impact 100** UCITS ETF	LIFE	IE00BLRPRR04	120.6	AA	Article 9	14/07/2021
RIZE **Global Sustainable Infrastructure** UCITS ETF	NFRA	IE000PY7F8J9	68.3	A	Article 9	17/08/2023
RIZE **Sustainable Future of Food** UCITS ETF	FOOD	IE00BLRPQH31	82.0	A	Article 9	27/08/2020
RIZE **USA Environmental Impact** UCITS ETF	LUSA	IE000QUCVEN9	8.8	A	Article 9	17/08/2023

Source: Bloomberg as of close 31 December 2025.

About The Author

Tom Barker, CAIA
Product Specialist

@Tbarks

Tom Barker, CAIA joined ARK in October 2021. As a Director and Product Specialist, Tom works closely with clients and the sales team to promote an understanding of the ARK product range.

Prior to ARK, Tom was an ETF Product Strategist at Invesco and worked at Jupiter Asset Management as well as holding a Senior Analyst position at alternative assets data provider Preqin. Tom is a CAIA charter holder and a graduate of Newcastle University with a Bachelor of Arts in Economics.

ARKK

ARK INNOVATION UCITS ETF

Market Commentary

The fourth quarter's "signal vs. noise" dynamic showed up clearly in volatility: risk appetite softened materially in November before rebounding into late December as markets regained confidence that inflation and growth data were compatible with additional easing in 2026. With the Fed cutting rates and ending quantitative tightening, the environment became incrementally more constructive for growth equity and ARK's five innovation platforms continued to advance.

In our view, the combination of short-term volatility in crypto, early signs of recovery in genomics, and ongoing dispersion in AI highlights why ARKK remains positioned as a high-conviction, actively managed expression of disruptive innovation rather than a broad, index-like basket of themes.[23]

Performance Highlights

The ARK Innovation UCITS ETF returned -6.92% in Q4 2025.

In Q4 2025, **the top performing stock for the ARK Innovation UCITS ETF was Exact Sciences Corp, returning at +84.45%.** Shares rose after Abbott announced an agreement to acquire the company for $105 per share, a 51% premium to the prior close and an implied equity value of $21 billion. Expected to close in Q2 2026, the transaction is the largest diagnostic acquisition on record and the largest healthcare deal in the past two years. The announcement reinforced confidence in Exact Sciences' leadership in cancer detection and monitoring, driving a sharp re-rating during the quarter.

In Q4 2025, **the bottom performing stock for the ARK Innovation UCITS ETF was Intellia Therapeutics Inc, returning at -47.94%.** Shares declined after the company reported clinical updates that failed to meet investor expectations, weighing on sentiment across gene-editing names. The stock also came under pressure amid a broader sell-off in high-growth biotech, as investors reassessed valuation and clinical risk, leading to a sharp de-rating during the quarter.[24]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Contributors	Avg. Weight	Contribution to Returns	Bottom 5 Contributors	Avg. Weight	Contribution to Returns
Exact Sciences	0.73%	+84.85%	Circle Internet	2.10%	-40.19%
Pacific Biosciences	0.72%	+46.09%	Bullish	1.26%	-40.47%
Natera Inc	1.10%	+42.32%	Roblox	4.08%	-41.50%
Teradyne Inc	2.62%	+40.73%	Bitmine Immersion Technologies	2.53%	-47.70%
10X Genomics Inc	2.12	+39.52%	Intellia Therapeutics	1.97	-47.94%

ARKI

ARK ARTIFICIAL INTELLIGENCE & ROBOTICS UCITS ETF

Market Commentary

AI sentiment shifted in the quarter from headline capex spending toward real-world deployment, including enterprise copilots, vertical models, and automation-led workflows. This broadened the opportunity set beyond infrastructure leaders and reinforced the importance of diversified exposure across the AI value chain. In our view, much of AI's economic impact is showing up outside of standalone "AI model" line items - embedded in cloud services, software subscriptions, and usage-based pricing across platforms and applications.

We continue to believe that long-term returns will favour companies with durable data advantages, differentiated technology, and strong distribution. As a result, our approach emphasised active, high-conviction positioning across multiple AI layers rather than broad, indiscriminate exposure, particularly as market volatility creates more targeted opportunities ahead.[25]

Performance Highlights

The ARK Artificial Intelligence & Robotics UCITS ETF returned -3.03% in Q4 2025.

In Q4 2025, the **top performing stock for the ARK Artificial Intelligence and Robotics UCITS ETF was Rocket Lab Corp, returning at +45.61%**. Shares rose after the company reported better-than-expected third-quarter results and announced, multiple new launch agreements. Rocket Lab also secured its largest contract to date, an $816 million deal to provide 18 missile warning and tracking satellites, with launches expected from 2029, supporting confidence in execution and growth.

In Q4 2025, **the bottom performing stock for the ARK Artificial Intelligence and Robotics UCITS ETF was CoreWeave Inc, returning at -47.67%**. Shares declined as investors reassessed valuations across AI infrastructure providers, amid concerns around capital intensity, rising competition, and the sustainability of near-term growth, leading to a pullback during the quarter.[26]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Contributors	Avg. Weight	Contribution to Returns	Bottom 5 Contributors	Avg. Weight	Contribution to Returns
Rocket Lab	2.90%	+45.61%	AeroVironment	2.72%	-23.18%
Teradyne	5.97%	+40.73%	Figma	1.00%	-27.95%
Advanced Micro Devices	5.60%	+32.37%	Aurora Innovation	0.95%	-28.76%
Alphabet	2.53%	+28.93%	Roblox	4.23%	-41.50%
Intuitive Surgical	0.56%	+26.64%	CoreWeave	1.81%	-47.67%

ARKG

ARK GENOMICS REVOLUTION UCITS ETF

Market Commentary

The multiomics space showed signs of life into year-end, as sentiment improved and investors increasingly differentiated companies with tangible platform progress and stronger balance-sheet durability. The quarter marked a shift away from broad "beta" re-rating toward a renewed focus on fundamentals. Market attention has increasingly centred on execution – clinical readouts, regulatory clarity, improving unit economics, and balance-sheet strength.

As capital conditions normalise, the market appears to be rewarding multiomics companies that can demonstrate real-world adoption and operating leverage. We therefore continue to view multiomics as one of the most underappreciated innovation platforms and a potential upside contributor within broader innovation exposure.[27]

Performance Highlights

The ARK Genomic Revolution UCITS ETF returned +4.71% in Q4 2025.

In Q4 2025, the top performing stock for the ARK Genomic Revolution UCITS ETF was Nurix Therapeutics Inc, returning at +105.30%. Shares rose after the company reported strong third-quarter results and continued progress across its targeted protein degradation pipeline. Positive sentiment around the broader genomics and diagnostics space also supported performance during the quarter.

In Q4 2025, the bottom performing stock for the ARK Genomic Revolution UCITS ETF was Arcturus Therapeutics Holdings Inc, returning at -66.74%. Shares declined after the company released interim Phase 2 data for its inhaled mRNA therapeutic in cystic fibrosis, which did not demonstrate meaningful improvement in lung function by day 28. Although imaging suggested potential activity, the results raised questions about near-term clinical progress, pressuring the stock during the quarter.[28]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Contributors	Avg. Weight	Contribution to Returns	Bottom 5 Contributors	Avg. Weight	Contribution to Returns
Nurix Therapeutics	2.05%	+105.30%	Tempus AI Inc	7.97%	-26.84%
Butterfly Network	1.39%	+96.89%	Prime Medicine Inc	1.77%	-27.36%
Exact Sciences	0.84%	+84.85%	908 Devices Inc	1.22%	-40.07%
Guardant Health Inc	3.77%	+63.48%	Intellia Therapeutics Inc	3.79%	-47.94%
Pacific Biosciences	1.79%	+46.09%	Arcturus Therapeutics	1.84%	-66.74%

ARKX

ARK SPACE & DEFENCE INNOVATION UCITS ETF

Market Commentary

We are excited to introduce the newly-launched ARK Space & Defence Innovation UCITS ETF (ARKX) – bringing European investors access to a strategy ARK has actively managed since 2021 and one where we maintain very high conviction. ARKX is designed to capture the convergence of next-generation defence capabilities and space infrastructure, as breakthroughs in AI, autonomy, robotics, and energy systems reshape both national security and the economics of operating beyond Earth.

In the quarter and throughout 2025, clients increasingly re-envisioned defence not as a legacy industrial category, but as a technology-driven domain defined by autonomy, drones, software, sensing, and electronic warfare. This shift has been reinforced by the growing emphasis in defence planning and procurement on AI and autonomous systems, accelerating investor focus toward firms enabling modern deterrence and resilient supply chains. At the same time, space exploration and commercialisation gained major momentum into year-end 2025.[29]

Performance Highlights

The ARK Space & Defence Innovation UCITS ETF launched in October 2025.

In Q4 2025, **the top performing stock for the ARK Space and Defence Innovation UCITS ETF was Teradyne Inc, returning at +31.21%**. Shares rose after the company reported better-than-expected third-quarter results, driven by strong demand for AI-related semiconductor testing. Management also guided to robust demand across compute, networking, and memory, prompting analyst upgrades and supporting a re-rating during the quarter.

In Q4 2025, **the bottom performing stock for the ARK Space and Defence Innovation UCITS ETF was AeroVironment Inc, returning at -37.37%**. Shares declined after the company reported mixed results, with profitability missing expectations due to program timing, margin pressure following the BlueHalo acquisition, and the impact of the US government shutdown, weighing on near-term earnings visibility.[30]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Contributors	Avg. Weight	Contribution to Returns	Bottom 5 Contributors	Avg. Weight	Contribution to Returns
Teradyne	7.67%	+31.21%	Advanced Micro	4.44%	-17.53%
Intuitive Machines	1.60%	+26.90%	Garmin	1.79%	-18.97%
Alphabet	3.22%	+16.33%	Joby Aviation	3.80%	-19.02%
Rocket Lab	7.22%	+6.31%	Archer Aviation	3.94%	-33.69%
Taiwan Semiconductor	1.26%	+3.19%	AeroVironment	6.60%	-36.37%

CYBR

RIZE CYBERSECURITY AND DATA PRIVACY UCITS ETF

Market Commentary

Q4 2025 saw yet another high-profile example of how cybersecurity is shifting from IT risk to balance-sheet risk. South Korean e-commerce company Coupang disclosed a major customer data breach in November and, by late December, announced a compensation package worth about 1.69 trillion won (roughly $1.18 billion).[31] This remarkable sum illustrates how remediation, reputational recovery, and political scrutiny increasingly are becoming material liabilities.

On the regulatory front, the SEC's enhanced Regulation S P requirements became mandatory for larger covered institutions on 3 December 2025, raising baseline expectations for incident response programs and customer notification processes across financial services.[32] In Europe, the European Commission's 19 November Digital Omnibus proposal signalled a renewed push to simplify and adjust parts of the EU digital rulebook, including GDPR adjacent provisions.[33]

Performance Highlights

The RIZE Cybersecurity and Data Privacy UCITS ETF returned -10.59% in Q4 2025.

In Q4 2025, the top performing stock for the RIZE Cybersecurity & Data Privacy UCITS ETF was Akamai Technologies Inc, returning 15.17%. Akamai's Q3 2025 results helped drive the gain. The company posted higher revenue and a large jump in GAAP earnings, while security revenue grew double digits and cloud infrastructure services growth accelerated (including new AI inference offerings).[34] The stronger profitability profile and evidence that the pivot toward security and compute is working supported a steady re-rating through the quarter.

In Q4 2025, the bottom performing stock for the RIZE Cybersecurity & Data Privacy UCITS ETF was Truecaller AB-B, returning -52.57%. Truecaller disclosed that ad revenue began falling from mid August, after an algorithm change by its largest demand partner, compounded by a weaker advertising market in India, and guided to Q4 ad revenue of SEK 210–230 million (a ~30% constant currency decline).[35] Because advertising is a major profit engine, the update raised doubts about near-term growth and operating leverage, sending the shares sharply lower into year-end.[36]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Performers	Avg. Weight	Returns	Bottom 5 Performers	Avg. Weight	Returns
Akamai Technologies	2.09%	+15.17%	Digital Arts	1.22%	-23.32%
Gb Group	0.93%	+13.34%	Trend Micro	3.21%	-24.37%
Cognyte Software	0.68%	+11.90%	Zscaler	4.43%	-24.94%
Mitek Systems	0.96%	+7.98%	Varonis Systems	3.20%	-42.93%
Clear Secure	4.64%	+5.46%	Truecaller	0.84%	-52.57%

CYCL

RIZE CIRCULAR ECONOMY ENABLERS UCITS ETF

Market Commentary

One noteworthy trend we're seeing in circular economy activity is the growing focus on treating waste as industrial feedstock, resulting in broader industrial re-platforming and consolidation. In Italy, Eni, the country's largest integrated energy company, began the environmental approval process to convert its Priolo site in Sicily into a biorefinery, targeting 500,000 tonnes per year of biofuels produced from waste-based inputs.[37] The project also includes a plastic chemical recycling facility using Hoop technology, a process that converts mixed and hard-to-recycle plastic waste into high-quality feedstock suitable for reuse in sensitive packaging applications.

In construction materials, Holcim acquired recycling businesses in the UK, France, and Germany on 2 December, adding 1.3 million tonnes of annual recycling capacity and underscoring the margin and growth potential of circular construction.[38] Capital markets also remained engaged, as a potential partial sale of KKR owned waste manager Viridor suggested continued infrastructure appetite for contracted cash flows tied to recycling and energy from waste assets.[39]

Performance Highlights

The RIZE Circular Economy Enablers UCITS ETF returned -0.35% in Q4 2025.

In Q4 2025, **the top performing stock for the RIZE Circular Economy Enablers UCITS ETF was Verbio SE, returning +85.62%**. Momentum built as management reiterated its FY2025/26 outlook and argued that Germany's RED III implementation would reduce market distortions (including ending 'double counting') and strengthen fraud prevention.[40] Verbio also pointed to a sharp recovery in GHG-quota prices during 2025, improving biofuel economics. Its return to the SDAX from 22 December likely added incremental index-tracking demand.

In Q4 2025, **the bottom performing stock for the RIZE Circular Economy Enablers UCITS ETF was Auto Trader Group PLC, returning -25.69%**. Despite resilient demand, investors focused on decelerating monetisation: Auto Trader said H1 FY2026 ARPR growth was below its long-term average because faster stock turn reduced prominence penetration and paid stock, while Consumer Services revenue fell 9%.[41] With the shares previously priced at a premium for steady high-margin growth, the combination of slower ARPR/consumer trends and uncertainty around scaling new products (like Deal Builder) drove a de-rating into year-end.[42]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Performers	Avg. Weight	Returns	Bottom 5 Performers	Avg. Weight	Returns
Verbio	0.50%	+85.62%	Copart	2.62%	-12.94%
Wasion	0.97%	+35.43%	United Rentals	3.91%	-15.05%
Metso	4.44%	+29.89%	Dassault Systemes	2.70%	-16.43%
Herc Holdings	3.51%	+27.77%	Graphic Packaging	2.58%	-22.50%
Steel Dynamics	3.79%	+21.89%	Auto Trader Group	2.87%	-25.69%

LIFE

RIZE ENVIRONMENTAL IMPACT 100 UCITS ETF

Market Commentary

Environmental policy catalysts in Q4 2025 were dominated by The 2025 United Nations Climate Change Conference, or Conference of the Parties to the UNFCCC ('COP30') in Belém (10–21 November).

The COP30 Presidency's 'Belém Package' included decisions around scaling adaptation technology and establishing a multi-year work programme, including a stated commitment to triple adaptation finance by 2035.[43] Notably, climate adaptation solutions harden infrastructure, agriculture, and supply chains against physical climate risk. We view this as a positive development, given that the agreement stopped short of a clear fossil fuel phase out commitment.

The Presidency also advanced forest finance through the launch of the Tropical Forest Forever Facility, announcing more than $5.5 billion USD and endorsement of the launch declaration by 53 countries, a potential signal that performance-linked forest finance structures are moving from concept toward implementation.[44] Separately, the EU agreed on a legally binding 2040 target to cut emissions 90% from 1990 levels (with limited use of foreign credits), reinforcing a long-term demand signal for decarbonisation.[45]

Performance Highlights

The RIZE Environmental Impact 100 UCITS ETF returned +1.48% in Q4 2025.

In Q4 2025, **the top performing stock for the RIZE Environmental Impact 100 UCITS ETF was Planet Labs PBC ('Planet'), returning +51.93%**. Planet's surge followed a strong fiscal Q3 update. Record revenue and sharply higher remaining performance obligations and backlog signalled accelerating adoption of its Earth observation data, especially among government and enterprise customers.[46] With cash balances higher and year-to-date operating cash flow positive, the market increasingly priced Planet as a scaling data-and-analytics platform rather than a capital hungry satellite operator.

In Q4 2025, **the bottom performing stock for the RIZE Environmental Impact 100 UCITS ETF was SOITEC, returning -40.10%**. Soitec's half-year results underscored that its wafer end-markets remained weak: revenue fell sharply year-on-year, and management pointed to a complex demand environment and ongoing inventory corrections in parts of the value chain.[47] The company also gave a softer near-term outlook, keeping visibility limited and intensifying concerns about underutilisation and margin pressure.[48]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Performers	Avg. Weight	Returns	Bottom 5 Performers	Avg. Weight	Returns
Planet Labs	2.28%	+51.93%	BTS Group	0.55%	-21.76%
Nordex	1.38%	+33.49%	Itron	0.91%	-25.45%
Cpfl Energia	1.15%	+31.24%	Renew Energy Global	0.44%	-26.62%
Dowa Holdings	1.15%	+29.73%	Aecom	1.08%	-26.79%
Samsung Sdi	1.50%	+27.86%	SOITEC	0.65%	-40.10%

NFRA

RIZE GLOBAL SUSTAINABLE INFRASTRUCTURE UCITS ETF

Market Commentary

Sustainable infrastructure in Q4 2025 saw a widening gap between clean asset pipelines and the physical or operational capacity needed to connect them. Great Britain is an interesting case study. Its renewable project approvals hit record levels in 2025 (about 45GW), led by battery storage and offshore wind, yet grid connection queues and transmission bottlenecks remain binding constraints.[49] This has prompted reforms to address grid congestion by prioritising projects that support system needs directly and have planning, financing, near-term delivery certainty.

We also saw accelerating software-as-infrastructure dynamics. UK utility Octopus Energy announced the spin-out of its Kraken operating platform at an $8.65 billion valuation following a $1 billion investment, an example of how AI-enabled utility software can improve grid flexibility, billing, and customer engagement as energy systems decentralise.[50]

In emerging markets, Argentina's largest private renewable energy company, Genneia, inaugurated a $180 million 180MW solar park in Mendoza in late December, adding utility-scale capacity in a market where macro volatility historically has constrained long-duration infrastructure investment.[51]

Performance Highlights

The RIZE Global Sustainable Infrastructure UCITS ETF returned +3.39% in Q4 2025.

In Q4 2025, **the top performing stock for the RIZE Global Sustainable Infrastructure UCITS ETF was Solaria Energía y Medio Ambiente, returning +66.48%**. Solaria's nine-month update showed net profit up 148% and EBITDA up 75% as new plants came online and financing costs improved; the company also said that it expects to exceed its 2025 EBITDA target.[52] The combination of rapidly improving earnings power and management confidence on full year profitability brought buyers back into the stock, driving strong year-end performance.

In Q4 2025, **the bottom performing stock for the RIZE Global Sustainable Infrastructure UCITS ETF was Alexandria Real Estate Equities, returning -41.30%**. With financing still expensive and lab leasing muted, investors reacted negatively when Alexandria cut its quarterly dividend by 45% to preserve cash and strengthen the balance sheet.[53] The move reinforced worries that higher-for-longer rates and slower life-science demand could pressure funds-from-operations and constrain development spending, weighing on the REIT's valuation through quarter-end.[54]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Performers	Avg. Weight	Returns	Bottom 5 Performers	Avg. Weight	Returns
Solaria Energia Y Medio Ambi	2.09%	+66.48%	Firstgroup	0.78%	-10.86%
Extendicare	0.55%	+45.90%	Healthpeak Properties	1.71%	-14.54%
Cpfl Energia	1.82%	+29.27%	Guangshen Railway	0.77%	-14.61%
Brookdale Senior Living	1.23%	+26.38%	Renova	0.86%	-35.79%
Cia Saneamento Minas Gerais	2.39%	+26.12%	Alexandria Real Estate Equities	1.19%	-41.30%

FOOD

RIZE SUSTAINABLE FUTURE OF FOOD UCITS ETF

Market Commentary

In Q4 2025, both positive and negative developments shaped the alternative-protein and climate-smart agriculture landscape.

The Abu Dhabi Investment Office announced a partnership with The EVERY Company and Vivici to explore a four million litre industrial scale fermentation facility.[55] The development exemplifies how governments are willing to catalyse the biomanufacturing capacity needed to reduce the cost of animal free proteins. Meanwhile, a potential commercialisation headwind emerged in Europe. In early October, the European Parliament backed an amendment that would restrict meat associated terms (such as 'burger' or 'sausage') to products containing meat—a change that could mandate the relabelling of products and raise customer acquisition costs for plant-based and cultivated alternatives.[56]

At The 2025 United Nations Climate Change Conference or Conference of the Parties to the UNFCCC ('COP30') in November, governments also discussed the issues associated with agricultural methane and nitrous oxide abatement.[57] We see that as a supportive backdrop for measurement, feed additives, improved manure management, and low emissions fertiliser practices.

Performance Highlights

The RIZE Sustainable Future of Food UCITS ETF returned -1.20% in Q4 2025.

In Q4 2025, **the top performing stock for the RIZE Sustainable Future of Food UCITS ETF was SIG Group AG ('SIG'), returning +38.73%.** After a sharp September sell-off on a profit warning, sentiment improved as governance catalysts emerged. SIG appointed incoming CEO Mikko Keto, and UBS Fund Management disclosed a 10%+ voting stake.[58] Those positive signals of tighter oversight and a new approach to execution helped investors re-rate the aseptic-carton packaging group into year-end.

In Q4 2025, **the bottom performing stock for the RIZE Sustainable Future of Food UCITS ETF was FMC Corp, returning -58.52%.** The sell-off followed FMC's late-October update, which showed a steep revenue drop and large India-related actions as it prepared that business for sale, alongside ongoing pricing pressure and weaker demand in key regions.[59] Management also cut the quarterly dividend to $0.08 and lowered free-cash-flow expectations to a negative range to prioritise debt reduction.[60]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Performers	Avg. Weight	Returns	Bottom 5 Performers	Avg. Weight	Returns
SIG	2.39%	+38.73%	Graphic Packaging	2.13%	-22.50%
Cascades	0.38%	+32.46%	Lamb Weston	3.42%	-27.44%
Fuso Chemical	0.74%	+22.49%	Oatly	0.48%	-34.01%
Neogen	2.41%	+22.42%	Ag Growth International	0.28%	-34.84%
O-I Glass	3.49%	+13.80%	FMC	1.70	-58.52%

LUSA

RIZE USA ENVIRONMENTAL IMPACT UCITS ETF

Market Commentary

Environmental policy catalysts in Q4 2025 were dominated by The 2025 United Nations Climate Change Conference, or Conference of the Parties to the UNFCCC ('COP30') in Belém (10–21 November).

The COP30 Presidency's 'Belém Package' included decisions around scaling adaptation technology and establishing a multi-year work programme, including a stated commitment to triple adaptation finance by 2035.[61] Notably, climate adaptation solutions harden infrastructure, agriculture, and supply chains against physical climate risk. We view this as a positive development, given that the agreement stopped short of a clear fossil fuel phase out commitment.

The Presidency also advanced forest finance through the launch of the Tropical Forest Forever Facility, announcing more than $5.5 billion USD and endorsement of the launch declaration by 53 countries, a potential signal that performance-linked forest finance structures are moving from concept toward implementation.[62] Separately, the EU agreed on a legally binding 2040 target to cut emissions 90% from 1990 levels (with limited use of foreign credits), reinforcing a long-term demand signal for decarbonisation.[63]

Performance Highlights

The RIZE USA Environmental Impact UCITS ETF returned 0.66% in Q4 2025.

In Q4 2025, the top performing stock for the RIZE USA Environmental Impact UCITS ETF was Fluence Energy Inc, returning +83.15%. Shares rallied after fiscal-year results and an upbeat FY2026 outlook.[64] Management initiated 2026 guidance, implying a sharp revenue step-up, and emphasised strong customer demand for grid-scale storage deployments. Improving gross profit margins and liquidity helped investors look past a softer recent-quarter revenue print and focus on accelerating project delivery and contracted growth.

In Q4 2025, the bottom performing stock for the RIZE USA Environmental Impact UCITS ETF was American Superconductor Corp, returning -51.54%. The decline was sparked by November results, including revenue that came in below expectations and near-term guidance that underwhelmed after the stock's prior run-up.[65] Investors also focused on profit pressure, despite higher sales, raising concerns that project timing and mix could cap near-term margins, even with supportive long-run themes in grid reliability and wind controls.[66]

Q4 2025 Stock Returns

Source: Bloomberg as of close 31 December 2025.

Top 5 Performers	Avg. Weight	Returns	Bottom 5 Performers	Avg. Weight	Returns
Fluence Energy	3.15%	+83.15%	Trex Company Inc	0.71%	-32.11%
Planet Labs	2.41%	+51.93%	Purecycle Technologies	1.04%	-34.68%
Enviri	1.62%	+41.21%	Evgo Inc	0.84%	-38.48%
Enersys	1.33%	+30.14%	Chargepoint Holdings	0.54%	-39.19%
Steel Dynamics	1.18%	+21.89%	American Superconductor	1.13%	-51.54%

VIII. References

1. Broad-based global equity indexes are defined as the S&P 500 Index and the MSCI World Index.

2. A type of recession that affects different sectors of the economy at different times—not simultaneously.

3. National Association of Realtors. Data as of August 2025.

4. U.S. Department of Housing and Urban Development. Data as of August 2025.

5. A basis point (bp) is a unit of measurement used to quantify the change between two percentages. It is equal to 1/100th of 1%, or 0.01%.

6. ARK Invest, Bloomberg. Data through December 31, 2025. Peer Group funds are available upon request and represent a broad range of funds that relate to AI & Robotics. ARK UCITS ETFs represent the USD share class. All performance data throughout this presentation represent sourcing from ARK Invest and Bloomberg as of December 31, 2025.

7. ARK Invest, Morningstar. Data through December 31, 2025. The EAA Fund Sector Equity Technology category comprises funds that invest primarily in equity securities of companies operating in the technology sector, as defined by Morningstar's sector classification framework. ARK UCITS ETFs represent the USD share class. For more details, please refer to the performance disclosures at the end of this document. Past performance is not a guide to future returns. Fund returns are presented net of investment management fees, trading commissions and administrative fees. The benchmarks are used for comparative purposes only. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon.

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Marketing Communication / Financial Promotion:

Fund involves significant risk and is subject to the volatility of companies in the renewable energy, energy efficiency, electric vehicles, water, waste and recycling sectors and associated technologies. The Rize Circular Economy Enablers UCITS ETF replicates the Solactive RIZE ETF Circular Economy Enablers Index. An investment in the Fund involves significant risk and is subject to the volatility of companies that provide circular products and services (e.g. recycling activities) or products and services that support other companies to enhance circularity within their own businesses. The Rize USA Environmental Impact UCITS ETF replicates the Solactive RIZE ETF USA Environmental Impact Index. An investment in the Fund involves significant risk and is subject to the volatility of companies involved in the renewable energy, energy efficiency, electric vehicles, water, waste and recycling sectors and associated technologies. The Rize Global Sustainable Infrastructure UCITS ETF replicates the Solactive RIZE ETF Global Sustainable Infrastructure Index. An investment in the Fund involves significant risk and is subject to the volatility of companies involved in the renewable energy, energy efficiency, electric vehicles, water, waste and recycling sectors and associated technologies and emerging market political and economic risks. The ARK Innovation UCITS ETF, ARK Artificial Intelligence & Robotics UCITS ETF, ARK Genomic Revolution UCITS ETF and ARK Space & Defence Innovation UCITS ETF are actively managed funds, investment in which involves significant risk and is subject to the share price volatility of technology-focused companies, the risk of failure of new technologies to replace existing ones or to be approved by governments / regulators or to achieve their aim, the failure of individual companies to successfully capitalise on new technologies and reach profitability, competition, government intervention or excessive regulation, delays to approvals or lack of financial support; and legal attacks from competitors. The fund(s) referenced above are offered by ARK Invest UCITS ICAV ("**UCITS ICAV**"). The UCITS ICAV is an open-ended Irish collective asset management vehicle which is constituted as an umbrella fund with variable capital and segregated liability between its sub-funds (each, a "**Fund**") and registered in Ireland with registration number C193010 and authorised by the Central Bank of Ireland as a UCITS. The prospectus (including the fund-specific supplements and other supplements), the KIIDs/KIDs the constitutional document of the funds and the latest annual and semi-annual reports of the funds, the latest Net Asset Values of the funds and details of the underlying investments of the funds (together, the "**Fund Information**") are available at https://europe.ark-funds.com/. Any decision to invest must be based solely on the Fund Information. Investors should read the fund-specific risks in the relevant prospectus, fund-specific supplements and the KIIDs/KIDs. 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