

**KATIE KOCH:** Welcome to our continuing series of Talks at GS where we have the opportunity to speak to some of the world's greatest investors. My guest for today's episode is Cathie Wood, who is the Founder, CEO, and CIO of ARK Investments, where she is one of the world's leading investors in innovation and disruption in the public equity markets.

Cathie, thanks so much for being with us today.

**CATHIE WOOD:** Oh, I'm happy to be here Katie. Thank you for having me.

**KATIE KOCH:** I wanted to start by asking you about the five platforms of innovation that you and the team have identified. And then also, briefly, how the pandemic may have impacted those.

**CATHIE WOOD:** Yes. As I always say to my team during any risk off period, I say, "Innovation gains traction during tough times." And talk about tough times. The reason it gains traction is because innovation solves problems. Better. Cheaper. Faster. More productive. More creative products and services. And we have a lot of problems right now. We've moved into the digital workplace - talk about innovation. And that's not just front office, but it's back office. We weren't prepared in many ways. And so, what we're hearing from our companies is that they are seeing clients three years ahead of when they expected to see them, or to focus on them.

So, we believe that the five innovation platforms around which we've based all of our research - so, DNA sequencing, robotics, energy storage, artificial intelligence, blockchain technology, they have all gained so much more traction during and because of the coronavirus than we could have ever imagined. Now, we believe they're on exponential growth trajectories already, it's just it's being compressed much more than we expected.

**KATIE KOCH:** Cathie, you've made the point previous that market cap weighted investing, the pendulum has really swung too far. What kind of opportunities does that create for you and the team? And what recommendations would you give to clients thinking about how to invest in public equity markets?

**CATHIE WOOD:** What's been fun about our strategy is that most, most people, most investors think that what we're doing is very niche. Very niche. Actually, we think this is the way the world's going to work. And the movement towards passive or even

benchmark sensitive is really a backwards looking strategy. The stocks in the portfolios of traditional benchmarks, especially the biggest cap stocks, they're there because of what has happened historically, because of past successes.

But if we're right and these five innovation platforms are going to disrupt every sector, every company in the world, and really transform the way the world is going to work, traditional benchmarks are in harm's way. They're being populated increasingly by value tracks.

**KATIE KOCH:** Cathie, can you talk to us a little bit about your team? One thing that I've observed is that you've hired a very diverse group of people. Was that deliberate? And why does it matter to your success?

**CATHIE WOOD:** Well, the first-- yes, we have a diverse group of people. Very young group of people, generally, mostly because they have one foot in the new world. Their education gave them the opportunity to experiment with CRISPR-Cas9. You're not going to find that in the traditional analyst space out there. So, we have engineers, computer scientists, and mathematicians, so, quantitatively oriented as well. And we've broken out their responsibilities, not by sector or industry, but by innovation platform and the 14 technologies. So, our set up is very different from other research departments.

The diversity of the team, I do consider that part of our secret sauce. Just different points of view, all of them very hungry and energetic and enthusiastic, and really wanting to be a part of changing the existing world order, particularly financial services. I don't think any one of them dreamed they would enter the financial services industry. In fact, some of them thought that was the dark side of the world. And so, I basically said to a few of them, "Look, if you want to help change the world and financial services open up, open architecture with research, move into social media and marketing, come join us. Come join us. And if you want to also maintain or remain at the leading edge of your field of expertise, come to ARK because that's where we want to invest and that's where you will extend your network, broaden your reach more than you ever dreamed possible."

And so, each of our analysts is becoming, I think, each is becoming a super star within his or her area of expertise. And that's another thing that you don't see in other financial services. They will let the portfolio manager or director of

research go out there and talk on behalf of the firm. Our analysts are out there, on Twitter, LinkedIn, Medium, Telegram, any social network that will help them engage with and become a part of the communities they're researching. So, this is very interesting to people, generally, but especially young people where social media is part of their life blood, unlike many of the rest of us out there.

**KATIE KOCH:** Cathie, you've enjoyed a lot of success as a research analyst and a portfolio manager and now, of course, as a founder, CEO, and CIO. What do you think has been the biggest determinant or the biggest contributor to your success?

**CATHIE WOOD:** Well, I've had incredible mentors. I don't think you can do it without mentors. Art Laffer, Sig Segalas, Bob Keiter [PH], Lulu Wong [PH], Tonya Modic [PH]. I think beyond that though, because of how I started in the industry, I started with economics, so big picture. Needed perspective. And I was willing in order to become an equity analyst at Jennison Associates, I was willing to buy into ideas that nobody wanted. I think that's a big part of success generally.

So, when I started following equities, Sig Segalas, bless his heart, gave me the opportunity. I wanted to grow in the business. And he said, "But I'm not going to take any stocks away from our seasoned analysts. You're going to have to find your own." So, I was like a little dog under the table looking for scraps. And I really mean that. And so, Reuters and Telerate and Vodafone, nobody wanted those stocks. They certainly didn't want the foreign ones at that time. The US was where the action was. And Database Publishing, Reuters, Telerate. Database Publishing. Tech analysts didn't want it because it wasn't pure database. Publishing analysts didn't want it because it wasn't pure publishing. And I'm saying, "I'll take that." And of course what happens? That was the precursor to the internet. A very big idea.

So, I learned very early when analysts and portfolio managers, strategists dismiss out of hand something that seems to have a kernel of excitement associated with it, you know, go investigate that.

**KATIE KOCH:** Cathie, you have a very unique perspective yourself in terms of where this industry is going and positioning yourself for success on that. What advice would you give to young people starting off in investing?

**CATHIE WOOD:** Well, first I would say, and consider the source here, but first I would say try and stay away from anything that is benchmark sensitive. I don't think that's where the real opportunity is. I think that world is being populated by value traps. And just I think the returns are going to be disappointing.

The second thing I would say is try and associate yourself directly with some performance metrics. So, you can be measured. Your performance can be measured. And no one can take that away from you. I think that's very important. If at all possible. And we are moving into a world that is evolving towards exactly that. "Okay, let me figure out the return on investment here." You know? We think about that with technologies. But I think that's going to be true when it comes to human capital. And just be willing to be adventurous. And when others are running away and it's conventional wisdom that something is not going to take off, take a closer look at it. And see if you can find any merit. I'm not saying there will always be. But if there is merit as others are dismissing the possibilities, that's where you're going to find great success.

**KATIE KOCH:** Cathie, this has been a fascinating discussion and we're very grateful to you for making the time for us.

**CATHIE WOOD:** My pleasure. Thank you very much for inviting me.

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