

Ark Invest, Jacob and Amplify lead 12-month tech performance



Category takes \$4.6bn net over past three months, but 12 products lost \$100m+ to redemptions

Tom Wilson | May 21, 2021, 5:26 pm

Ark Invest, Jacob Asset Management and Amplify ETFs were the best performing asset managers in the Morningstar technology category over the past year, with Ark continuing to soak up the lions share of flows over the past quarter despite a downturn in performance.

On average, funds and ETFs in the category returned 72% in the past 12 months to April end as markets recovered since the market lows on March 23 2020, though the best performing fund in the category produced gains almost five times larger than the worst.

The category gained \$4.6bn net new money during the past quarter, with 19 products attracting \$100m net and 12 losing at least \$100m to net redemptions.

By performance, the \$1.3bn Amplify Transformational Data Sharing ETF (BLOK) fared best, returning 199% over the past year and 43% annualized over the past three years.

The fund, which invests in companies developing blockchain technology and counts Paypal and Square among its largest positions, was launched in January 2018, subadvised by Toroso Investments. Flows have been accelerating, with the fund taking in \$633m net new money over the past three months and \$947m in the past year.

The \$176m Jacob Internet Fund (JAMFX) was the second-best performer in the category, with one-year gains of 191% contributing to 48% annualized returns over the last three years.

Despite the fund's 2020 rally, when it ranked in the top percentile in the category, longer term performance was weaker. Fifteen-year annualized returns of 15% trail the Morningstar US Tech index by 24bps.

Ark Invest landed three slots in the top five performing funds after the Next Generation Internet ETF (ARKW), Fintech Innovation (ARKF) and the Autonomous Technology and Robotics (ARKQ) Funds gained 129%, 116% and 115% respectively. However, the funds have seen a sharp downturn in performance in the past quarter, with losses of -29%, 25% and -18%.

That was not enough to dissuade investors continuing to flock to the products, which have seen combined net inflows of \$3.2bn in the past quarter, and \$11.1bn in the past year.

Best performing tech funds - 12 months

Source: Morningstar Direct, to April end



All three of Ark's products were in the five best net-selling funds over the past quarter, alongside the \$6.6bn iShares PHLX Semiconductor ETF (SOXX), which gained \$975m net in the past three months and \$1.8bn in the past year amid 12-month returns of 81%.

Vanguard's \$50.4bn Information Technology ETF (VGT) ranked fourth by net sales, gaining \$700m over three months and \$3bn over 12 months, despite subpar 12-month returns of 57%.

BlackRock's \$8.6bn Technology Opportunities Fund, the only product rated Gold by Morningstar's analysts in the category returned 79% in the past year, coinciding with \$2.6bn net new money, including \$290m in the past three months. The fund is one of the three most-consistent performers in the category, according to Morningstar's 'batting average' measure, which indicates the fund outperformed its Morningstar-allocated index (Morningstar Technology) 75% of the time on a monthly basis over five years.

Of 96 products in the category, 12 have lost at least \$100m to net redemptions over the past quarter. All but one of these funds underperformed against the peer group average (72%) with returns ranging from 47% to 81%.

Three of those were from the Fidelity Select series, namely the IT Services (FBSOX), Technology (FSPTX) and Software & IT Services (FSCSX), which collectively lost \$708m to net redemptions over three months.

Moreover, the Fidelity Select Comms Equipment Portfolio (FSDCX) posted the worst returns of any product in the category in the past year, growing only 41%, though that only translated to \$5m net outflows from the \$176m fund. Of the funds in the category with a five year performance history, FSDCX was the only one to fail to beat its index index at least half of the time, measured monthly.

FUND FLOWS ☆

AMPLIFY ETFs **ARK INVEST**