



# Disruption Fund Master

Capturing the full innovation cycle

SFDR Art.8

January  
2023

Disruption Fund Master is a **multi-cap fund** investing in global equities focusing on **high growth disruptive** businesses in technology, healthcare, energy, mobility and consumer sectors. The fund promotes ESG characteristics as defined by the SFDR Article 8.

Its **unique VC-derived** approach identifies disruption themes early, with a focus on tipping points in adoption and growth acceleration.

Disruption Fund Master is actively managed with a priority for speed and nimbleness, and mindful of volatility. The fund targets a **20% compound return, long-only, unlevered, with a five-year horizon.**

## COMMENTS FROM THE PORTFOLIO MANAGER

The recession never came. Despite the steepest interest rate hiking cycle in two generations, the worst combined sell-off in fixed income and equities in over a century, war, and a 10x energy spike in Europe, the widely advertised recession is still pending. Stagflation anxiety has been crushing the tech and innovation sector for almost 2 years. The last optimists on Wall Street are in hiding. Strategists are mostly bearish, modeling 2023 with negative GDP and falling revenues, margin pressure and earnings cuts. It may still happen, but most likely the deep drop will be a shallow dip. The disinflation which began in the Fall with a drop in energy prices, shifted to retail in a holiday season replete with discounting (recall the WalMart and Amazon inventory bulge), and is now shifting to technology intensive manufacturing, such as Autos and Semiconductors. Despite high financing rates, Auto OEMs are accelerating EV production, and despite rising inventories large Semiconductor manufacturers such as TSMC, Samsung and Texas Instruments are maintaining their capex plans. Both industries are now subsidized for decarbonization and strategic onshoring. Meanwhile the US Employment Cost Index released Jan 31 slowed to 1% q/q, its fourth consecutive drop, providing relief to the most difficult and sensitive part of the 2022 inflation wave, and provoking a powerful equity rally. In short, we see falling inflation, no recession, and peak interest rates. The Fed probably agrees. The Feb FOMC and ECB meetings clearly acknowledged the same narrative. Rate cuts remain a ways off, of course, but 10-year yields in US and Europe are down a third from their Oct'22 highs. Investors have been able to refocus on the attractive value of many tech sectors, while nervously weighing their return to growth stocks.

In this context, our three thematic pillars Decarbonization, Deglobalization and Dehumanization (AI) received significant attention from the media and general public. The EU Commission finally released the blueprint of a €500b European Green Deal, offering incentives for onshoring net-zero Cleantech and strategic DeepTech (Semis, Nuclear, Quantum, battery materials and more). Tesla announced 20% price cuts to qualify for subsidies, disrupting again the Auto ecosystem, soon matched by Ford, Nio and Xpeng. Samsung, Western Digital, Hynix and Micron are bleeding cash due to falling memory prices, while Azure and AWS saw falling utilization rates due to the crypto and digital funding crunch; these trends presage classic deflationary productivity gains. Meanwhile the ChatGPT phenomenon contributed to a surge in interest for AI related stocks, notably in software and semiconductors; the chatbot is already credited with cutting software coding time by 40%.

Our overweights in Cleantech and Semis contributed the most for us, notably Tesla, STMicro, ASM Intl and Aehr Test (Semis and Semi Equipment focused on the surge in demand for silicon carbide chips across EVs, solar and battery markets); in e-Commerce and Fintech, Airbnb, Block and Amazon also contributed strongly on the back of consumer resilience. Our Disruption Fund Alpha gained +7.6% and Master +10.1%, lagging the overall Nasdaq's gains of +10.6% due to a falling USD and to the very high concentration of performance in the mega caps Tesla +42%, Nvidia +34% and Amazon +23%. We do hold Telsa and Amazon but no Nvidia, having preferred AMD which is significantly cheaper and a contender to 80% market share in hyperscaler data centers, as well as a credible no.2 player in GPUs. Among the most exciting and lesser known companies in the portfolio sits Aehr Test Systems, a leader in silicon carbide; NuScale Power, a builder of mini nuclear reactors; Waga Energy, in methane capture technology; Carbios, in biodegradable plastics; and Believe, an algorithmic digital music distribution service. It's been a long wait but the outlook for 2023 is very constructive, with a resilient economy, a Cleantech capex boom, a Semiconductor war, and the wild promises of AI at a tipping point.

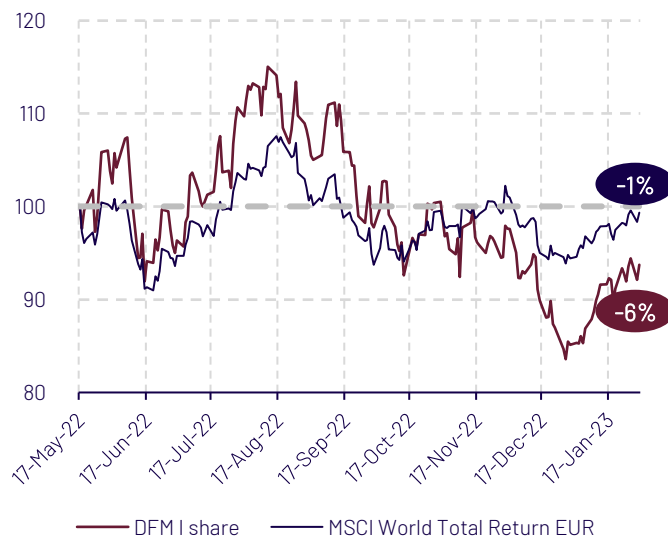
Data as of January 31st, 2023.

Performance data shown represents past performance and is no guarantee of, and not necessarily indicative of, future results. Performance target is based on market assumptions taken by the fund management company and under no circumstances constitute a promise of return or performance. The risks, fees and recommended investment period for Disruption Fund Master are detailed in the KIIDs (key investor information documents) and prospectus available on [www.quadrillecapital.com](http://www.quadrillecapital.com). The KIID must be made available to the investor prior to subscription.

## PERFORMANCE

	Since Inception*	Month January
Disruption Fund Master (I)	(6.25%)	+10.11%
MSCI World TR EUR	(0.64%)	+5.22%

### Disruption Fund Master performance since May 17th, 2022\*



## TOP 20 HOLDINGS\*\*

SolarEdge Technologies Inc	4.77%	Novo Nordisk A/S	2.99%
Airbnb Inc	4.20%	Enphase Energy Inc	2.94%
KLA Corp	3.91%	ASM International NV	2.92%
Amazon.com Inc	3.42%	Wise plc	2.88%
Schlumberger Ltd	3.40%	Datadog Inc	2.79%
ASML Holding NV	3.26%	Splunk Inc	2.76%
Advanced Micro Devices Inc	3.12%	Chart industries Inc	2.67%
STMicroelectronics NV	3.11%	Palo Alto Networks Inc	2.63%
Alfen Beheer BV	3.06%	BioNTech SE ADR	2.63%
Teck Resources Ltd	3.05%	Aehr Test System	2.55%

\*Disruption Fund Master performance since May 17th, 2022.

\*\*As % of NAV.



## FUND CHARACTERISTICS

### About the fund

Headquarters	Paris
Fund manager	Quadrille Capital SAS
Legal structure	FCP UCITS
SFDR Classification	Art. 8

### Practical Information

Currency	EUR
ISIN code - I share	FR0014007W31
Ref. index	MSCI World Total Return EUR
Valuation frequency	Daily
Cut off time	10am (D-1 valuation day)

### Investor Information

Recommended investment period	5 years
Minimum investment	€1,000,000

## PORTFOLIO MANAGER



Jean-Edwin Rhea

- 20-year experience of equity capital markets in tech and healthcare
- MBA from HEC Paris and Columbia University and BA in Anthropology from Princeton University

## FEES AND EXPENSES - I SHARE

Max. subscription/redemption fees	0%
Management fees	1.5%
Performance fees	0%

## RISK AND REWARD PROFILE

Lower risk Higher risk  
Typically lower rewards Typically higher rewards

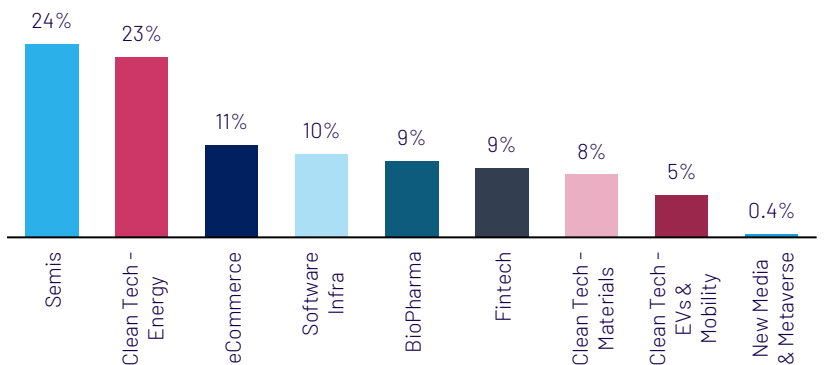


The Fund is ranked 5 on the summary risk and reward indicator scale, which is based on the Fund's allocation to equity markets. The risk category shown is not guaranteed and may shift over time.

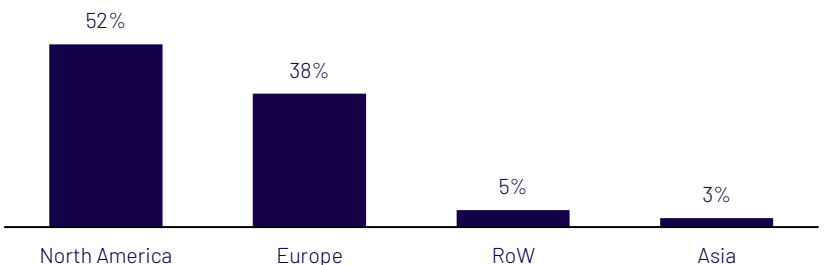
## ASSET ALLOCATION



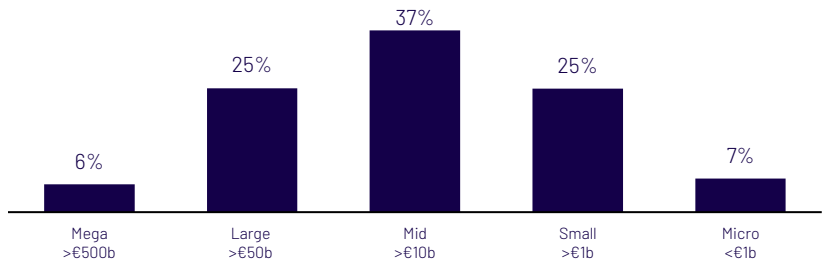
## SECTOR ALLOCATION\*



## GEOGRAPHIC ALLOCATION\*



## CAPITALISATION ALLOCATION\*



## RISK MEASURES

Period: 17/05/2022 - 31/01/2023

Sharpe Ratio	(0.27)
Max Drawdown	(27.3%)
Annualized Volatility	32.6%

\*As % of equity holdings.

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