



Disruption Fund Alpha

Capturing the full innovation cycle

April
2023

Disruption Fund Alpha is a feeder fund of Disruption Fund Master.

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

In this Spring of 2023, the bulls wear AI colored glasses and the bears see "optimization" everywhere. An AI productivity boom vs spending cuts and doing more with less. The global macro continues to sound challenging, yet the data remains consistent with the Goldilocks scenario of the last 6 months. The worst isn't playing out, neither in inflation nor with recession. Still, higher interest rates continue to cause US bank failures and a liquidity crunch in commercial real estate, housing, and industry, while resilient employment and excess savings also continue to support consumer spending, across all cohorts, with better-than-expected results from the widest spectrum, including Amazon Retail, Meta, Alphabet, Uber, Marriott, LVMH and McDonalds. Expectations were low but the April earnings season was quite a minefield for midcaps where we invest the most, accentuating investor portfolio concentration in mega cap growth aristocrats seen to be defensive despite high valuation. The favorite names are in Tech and Pharma, where we own Microsoft, Nvidia, Novo and Lilly, but also in Consumer Staples and Luxury where we own nothing. Even in Tech, the Nasdaq Composite's top 7 companies account for 43% of the index and 13.4% of its 17.1% YTD perf. In market cap terms, the Russell 2000 index of smaller companies is +0.8% YTD vs Nasdaq 100 +21.3%. This performance concentration is due to the central bank liquidity drain, but deep in the trenches of tech disruption the fundamentals are strong enough to keep us put despite this frustrating performance.

Technology innovation continues to disrupt many key and strategic industries such as semiconductors, batteries, biology, space exploration, quantum computing, plastic recycling, and none more so than 'generative AI', the ultra-large language based computing models epitomized by chatGPT. Microsoft's GPT4 is frighteningly powerful, growing reinforcement learning and parameter capabilities at a *double exponential* rate, faster than any previous technology adoption wave; already EdTech leader Chegg (not in the fund) is blaming chatGPT for a collapse in subscriptions; MSFT claims GPT is already adding 100bp to their June Q Azure rev growth rate. Of course, MSFT's \$10b investment in OpenAI is self-serving, coming right back to them in the form of Azure spend, but it is also triggering an AI race, helping Nvidia see a surge in GPU sales for machine learning and inference, and leading to shortages and price gouging (\$40k for an H100 GPU on eBay!). 1Q23 earnings conf calls saw a 20x increase in AI mentions across all sectors. Our view is that a surge in AI cloud workloads should begin to offset the e-commerce, crypto and startup ecosystem liquidity crunch sometime this summer. We think hyperscale noSQL databases, data lake and DevOp tools should benefit; we added Microsoft and Snowflake, bought both MongoDB and Gitlab, and sold AMD and Aixtron. AWS's April update was a cold shower on the Azure and Google Cloud strength, but still, we think 2Q is the inflection point. In cybersecurity, the optimization trend hurt Cloudflare, Tenable and CheckPoint (not in the fund), yet one of the first victims of AI is likely to be data security; given their low valuation and strategic value, we are holding on to Palo Alto Networks, CrowdStrike and Splunk. In Cleantech, silicon carbide semiconductors for inverters in EVs, large scale batteries and solar installations remain in chronic shortage; Wolfspeed's (not in the fund) production problems at month's end hurt our conviction stocks Soitec, STMicro, ASM Intl. and Aehr Test; but not all semis are the same; updates by Onsemi and ASM confirmed a 100% TAM growth rate in SiC in 2023, and a 40% CAGR into 2030; and even if memory and PCs are in a recession, AI is enormously silicon intensive, with a cloud inflection point likely this summer as well. Elsewhere in Pharma; the use of GLP1 semaglutide injections for weight loss treatment has continued to rise faster than any treatment since Viagra; our early exposure here with both Novo and Lilly has grown into our largest positions, and we expect more upside from Lilly's Alzheimer program in May.

Innovation makes ripples. Today, AI is at a nuclear moment, making the *Dehumanization* theme the most visible, yet it also accelerates *Deglobalization* or the rise of a multipolar world, itself an accelerator of *Decarbonation*, all of which complexifies our work with policy and trade wars beyond interest rates and competitive commerce. We are early in the AI, GPU, EV and SiC S-curves and despite the midcap challenge, growth valuations are at 10 year lows; we believe our positioning is right and thank you for your patience.

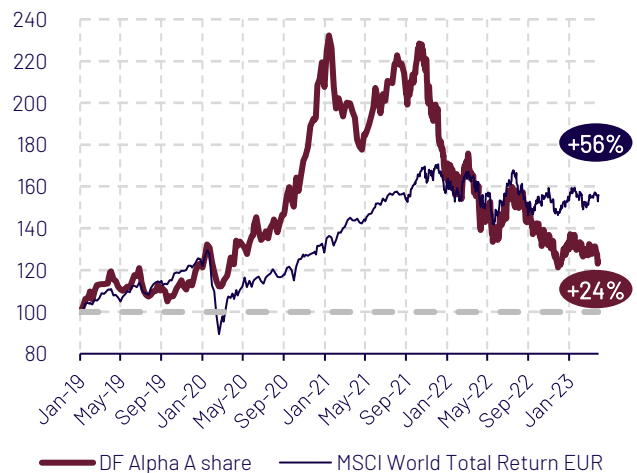
Data as of April 28th, 2023.

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 Alpha are detailed in the KIDs (key information documents) and prospectus available on www.quadrilcapital.com. The KID must be made available to the investor prior to subscription.

PERFORMANCE

	Since Inception*	YTD	Month April
Disruption Fund Alpha (A)	+23.9%	+1.27%	(6.43%)
MSCI World TR EUR	+56.0%	+5.97%	+0.14%

Disruption Fund Alpha** performance since January 31st, 2019*



TOP 20 HOLDINGS OF DFM***

Novo Nordisk A/S	4.20%	Crowdstrike Holdings Inc	2.92%
Microsoft Corp	3.88%	ASML Holding NV	2.85%
SolarEdge Technologies Inc.	3.86%	Celsius Holdings Inc	2.77%
Eli Lilly & Co	3.78%	NVIDIA Corp	2.75%
Airbnb Inc	3.60%	Snowflake Inc	2.67%
Alphabet Inc	3.29%	SOITEC	2.66%
Palo Alto Networks Inc	3.29%	ASM International NV	2.61%
Splunk Inc	3.11%	Wise plc	2.49%
MongoDB Inc	3.03%	First Solar Inc	2.47%
ON Holding Class A	2.92%	Gitlab Inc	2.35%

*Disruption Fund Alpha performance since January 31st, 2019 (starting date of new investment strategy).

**Disruption Fund Alpha FCP became a feeder fund of Disruption Fund Master on July 29th, 2022.

***As % of NAV of Disruption Fund Master.



FUND CHARACTERISTICS

About the fund

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

Practical Information

Currency	EUR
ISIN code - B share	FR0012770162
Ref. index	MSCI World Total Return EUR
Valuation frequency	Daily
Cut off time	9am (D-1 valuation day)

Investor Information

Recommended investment period	5 years
Minimum investment	€100,000

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 - B SHARE

Max. subscription/redemption fees	3.2%
Management fees	1.5%
Performance fees	15%*

*above reference index

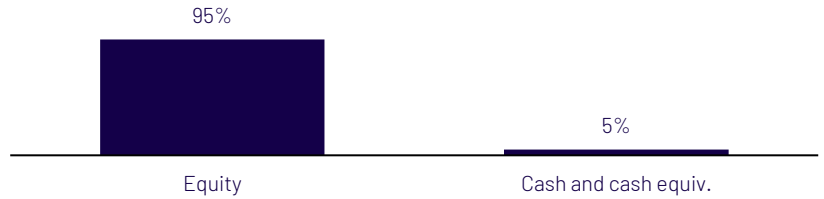
RISK AND REWARD PROFILE

Lower risk Higher risk
Typically lower rewards Typically higher rewards

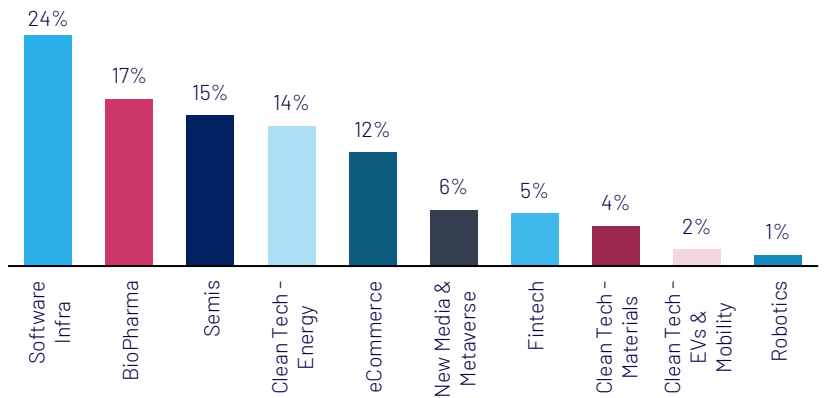


The Fund is ranked 5 on the synthetic risk indicator scale, which is based on the Fund's allocation to equity markets. The risk category shown is not guaranteed and may shift over time.

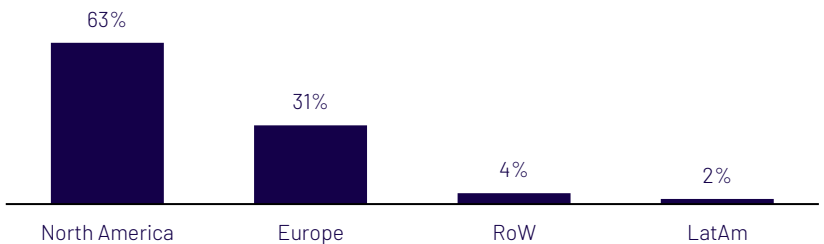
ASSET ALLOCATION*



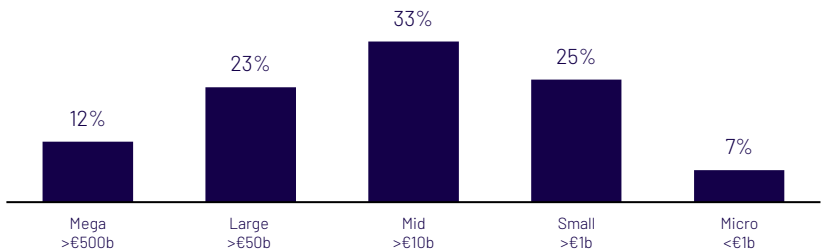
SECTOR ALLOCATION**



GEOGRAPHIC ALLOCATION**



CAPITALISATION ALLOCATION**



RISK MEASURES

Period: 31/01/2019 - 31/03/2023

Sharpe Ratio	0.22
Max Drawdown	(47.8%)
Annualized Volatility	24.0%

*As % of NAV of Disruption Fund Master.

**As % of equity holdings of Disruption Fund Master.

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ESG CHARACTERISTICS

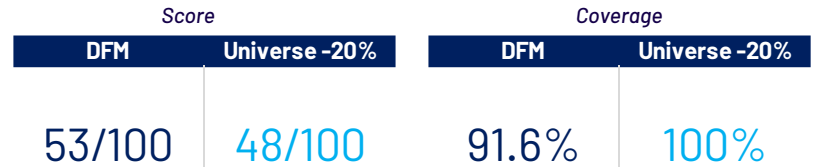
About the fund

SFDR Classification	Art. 8
ISR Label	No
Impact strategy	No
Principle Adverse Impact Indicators (PAI)	No
Taxonomy Alignment	0%
Exclusion policy	Yes
Vote policy	Yes
Constrained universe	Yes

Fund's ESG Strategy

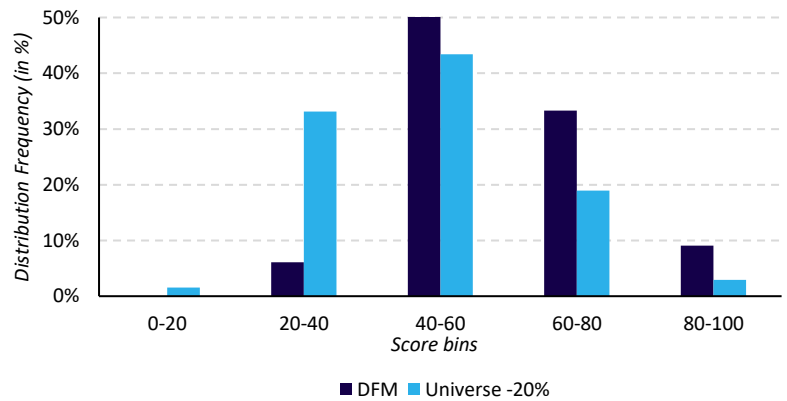
The fund seeks to select issuers that combines growth potential, profitability and ESG characteristics. A methodology has been developed to capture ESG opportunities and manage related risks: it systematically integrates sustainability criterias in its investment approach through a proprietary ESG analysis matrix to ensure the fund only invests in companies whose solutions are addressing sustainability standards and goals. Finally, the fund exercises active ownership through sustainability-based voting and engagement.

ESG SCORE AND COVERAGE*



Note: DFM's score is calculated using a weighted average. Coverage of DFM only includes issuers with a score as a % of DFM's NAV. The fund's objective is to consistently keep its score above the universe score.

ESG SCORE FREQUENCY DISTRIBUTION*



Note: The score frequency distribution calculated above compares frequency of score ranges (bins). The fund aims to keep (best effort basis) a negatively skewed distribution relative to the constrained universe.

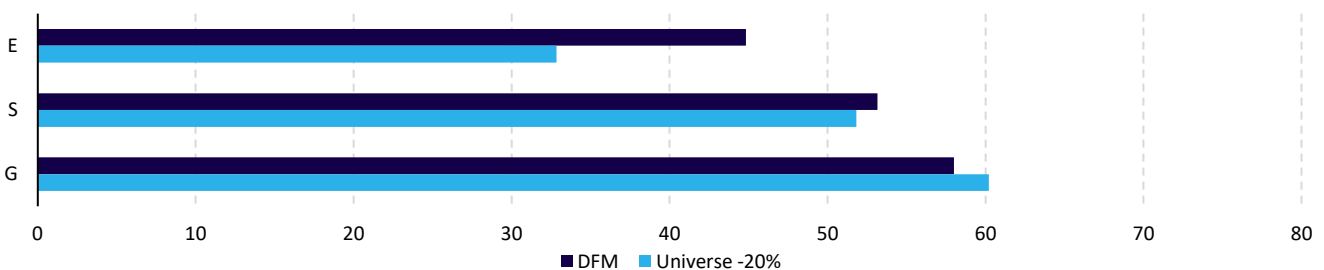
TOP 5 ESG SCORES*

Company Name	Score	% of NAV
Carbios	90	1.31%
SMA Solar Technology AG	84	2.04%
Palo Alto Networks Inc	81	3.29%
NVIDIA Corp	80	2.75%
ASML Holding NV	79	2.85%

BOTTOM 5 ESG SCORES*

Company Name	Score	% of NAV
Tesla Inc	33	1.48%
Wise plc	34	2.49%
Alphabet Inc	40	3.29%
Moderna Inc	41	1.92%
SOITEC	43	2.66%

ESG AVERAGE SCORE PER PILLAR*



*The Quadrille Capital's rating scale ranks issuers from 0 to 100, with 0 being the worst issuers and 100 the best. "Universe -20%" corresponds to a constrained universe excluding 20% of the worse ESG scores. ESG data illustrated above relates to the Disruption Fund Master fund ("DFM") holdings. The ESG methodology is detailed in the fund's prospectus and on Quadrille Capital's website (<https://www.quadrillecapital.com/esg>). Source: Sustainalytics.

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