Disruption Fund Master

Capturing the full innovation cycle

SFDR Art.8

December 2022

*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

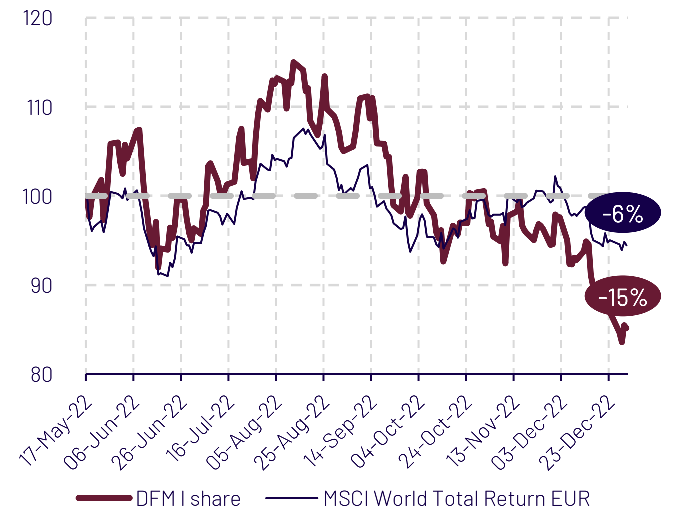
From inflation to recession, the wall of worry remains a high climb. The probability that we have hit peak inflation is rising, but so too is the chance of a recession. Stagflation, war, monetary tightening, a residual pandemic in China, are the backdrop to closing the 2022 books as the worst year in a century for combined stock and bond market performance. It is hard to make forecasts with confidence. Yet there is a constructive narrative in the weeds. China is in a Covid retreat, but their flash Omicron wave could be over by February and their reopening could be both real and sudden. Europe is in an energy shock recession, but Rotterdam gas prices are down 50% in the last 6 weeks, back to pre-war levels, with forecasts of a warm January. And while 80%+ of Wall Street economists expect a US recession by the summer, financial conditions are extremely tight and June '23 Fed Fund futures at 5% are now above inflation expectations for Q3. China reopening, cheaper energy and peak interest rates could soon surprise us. The last wall to climb is earnings risk, and with the Nasdaq 100 Index at 20x 2023 EPS it may not be cheap enough, but in our "tech" universe of smaller cap growth stocks across Software, Internet, New Media, eCommerce, Semis, Cleantech and Biotech (ex megacaps), we ended 2022 at 10 to 15 year valuation lows. We were too early in Dec, but continue to believe risk-reward is positively skewed, and now should be the time to invest. December didn't help. It was our most difficult since late 2018, with Nasdaq Composite -8.7%, finishing the year -33.1%. Our Master fund was also challenged, down -13.0% for the month, while our Alpha fund lost -10.6%. The year-end sell-off was attributed to US retail investors shedding large volumes of Apple and Tesla shares, and while we didn't own them, it affected our growth universe all the same, especially Cleantech, Semis, Software and Biotech. Schrodinger, NovoNordisk, Vallourec and SMA Solar were top performers this month, while Rivian, Aehr Test, Enphase and Airbnb underperformed the most. Europe in general outperformed the US, but the EUR hurt the Master fund by 3.4%, while hedged helped the Alpha fund by 2.3%. Entering January, tax loss selling and window dressing should be behind us. What and who, then, will lead the recovery?

While the pandemic prompted a corporate digitization race and a consumption binge, the digital space is temporarily bloated and slowing. The longer-term outlook for the post pandemic world is an acceleration of *deglobalization*, *decarbonization* and *dehumanization* (our buzzword for artificial intelligence). These three trends are inextricably intertwined and require enormous investments. The world is reorganizing around the technology and energy politics of the US and China, with Europe modestly pushing for relevance. China holds the cards to the electrification race with its dominance of the solar and battery supply chains; the rest of the world is aggressively prioritizing investments towards Cleantech independence. Western semiconductor design and tools hold the keys to cloud infrastructure and powerful artificial intelligence, yet the manufacturing footprint in all in Asia; everyone is desperately seeking semiconductor independence. Other fields such as quantum computing, nuclear fusion, gene therapy and blockchains, have also become arms races to reach maximum autonomy. The untangling of co-dependencies is the dominant theme of our 2023 outlook, with capex spending likely to outshine a global consumer made poorer by inflation. Our fund continues to be predominantly invested in Cleantech 35% (solar, batteries, EVs, energy storage tech, hydrogen, lithium and copper), Semiconductors 20% (esp semi fab equipment) and Cloud software 11% (cybersecurity and data analytics); we also hold 12% in gene therapy names (CRSPR and mRNA tech), as well as smaller holdings in Fintech and eCommerce. We believe the fundamentals are sound, with stock performance now dependent only on a macro turn. In short, we think 2023 will vindicate our thinking and now is a good entry point, before the Fed pivot.

PERFORMANCE

	Since Inception*	Month Dec.
Disruption Fund Master (I)	(14.86%)	(13.05%)
MSCI World TR EUR	(5.57%)	(7.62%)

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



TOP 20 HOLDINGS**

KLA Corp	4.93%	*Advanced Micro Devices I*	3.03%
SolarEdge Technologies Inc	4.80%	*ASML Holding NV*	3.01%
BioNTech SE ADR	4.13%	*Block Inc*	2.94%
Enphase Energy Inc	3.96%	*Splunk Inc*	2.79%
SOITEC	3.96%	*Aehr Test System*	2.63%
Airbnb Inc	3.64%	*STMicroelectronics NV*	2.63%
Schlumberger Ltd	3.60%	*Palo Alto Networks Inc*	2.61%
Novo Nordisk A/S	3.30%	*Chart industries Inc*	2.58%
Wise plc	3.29%	*Crowdstrike Holdings Inc*	2.56%
Alfen Beheer BV	3.19%	*Amazon.com Inc*	2.51%

Disruption Fund Master performance since May 17th, 2022.
*****As % of NAV.***

Data as of December 30th, 2022

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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

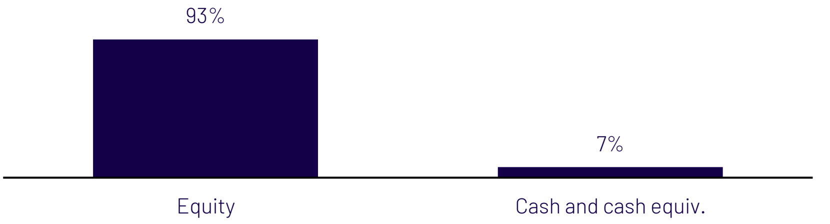
Lower risk — *Higher risk*

Typically lower rewards — *Typically higher rewards*

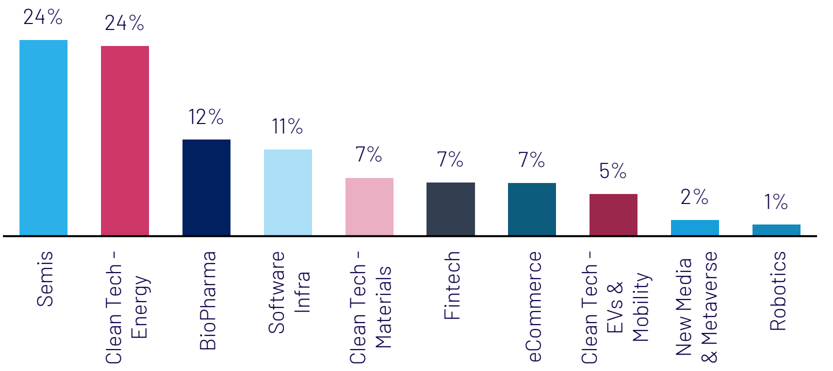
1 | 2 | 3 | 4 | 5 | **6** | 7

The Fund is ranked 6 on the synthetic 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.

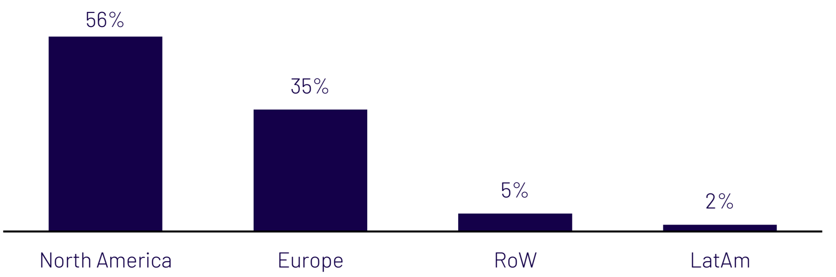
ASSET ALLOCATION



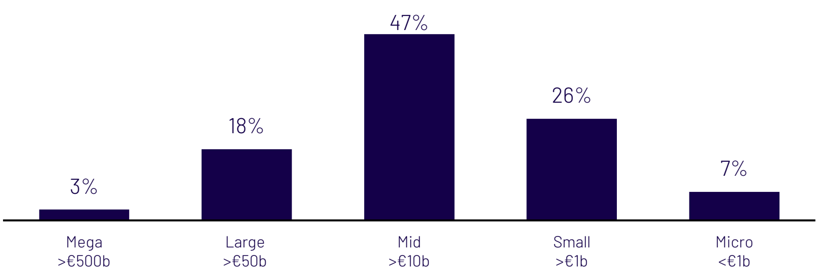
SECTOR ALLOCATION*



GEOGRAPHIC ALLOCATION*



CAPITALISATION ALLOCATION*



RISK MEASURES

Period: 17/05/2022 - 30/12/2022	
Sharpe Ratio	(0.66)
Max Drawdown	(27.3%)
Annualized Volatility	33.9%

**As % of equity holdings.*

Data as of December 30th, 2022

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. The KIID must be made available to the investor prior to subscription.

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