



# Disruption Fund Master

Capturing the full innovation cycle

March  
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 goldilocks stalemate continues. March delivered slightly lower inflation, still resilient growth, and the worst banking panic since 2008. Yet, despite the collapse of SVB, Signature Bank and the mighty Credit Suisse, ignoring markets and the news might have been the best strategy. Indeed, the EuroStoxx50 EUR closed +1.7% on the month, while the SP500 USD rose +3.5% and Nasdaq Composite USD +6.7%. What these banks had in common was an idiosyncratic weakness exposed by rising rates. They were Warren Buffet's proverbial naked swimmers; they were not emblematic of a broader systemic failure. SVB suffered from extreme duration mismatch in their bond portfolio, Signature had excessive crypto lending exposure, and Credit Suisse faced a combination of investor and regulator fatigue; so while they did provoke a deep selloff in bank equities and a temporary CDS panic, we think the funding and credit quality of the banking system are stronger than in 2008. And to our overall benefit as Tech and Growth investors, the crisis may mark the peak in long term interest rates. Or at the very least it lets some steam off the Fed's tightening cycle, buying time for the doves, and boosting Tech and Growth at the expense of Cyclical and Value. Still, banks are in the credit crunch phase of their tightening cycle, reducing liquidity, and accentuating the outperformance of mega caps vs mid caps. In 1Q23, the top 15 names in the SP500 added \$1.8 trillion in market cap, while all other names combined lost \$21b. We hold a number of mega caps such as Tesla, Microsoft and Nvidia, but valuations are stretched. As soon as the interest rate cycle turns, we expect strong outperformance from Software, eCommerce, Biotech, New Media and Cleantech midcaps which are now the cheapest in over 10 years.

Overall, DF Master rose a modest +2.53% in March, and +12.62% in Q1, helped by strong performance of our top sector weight in Semiconductors, rising +2.03% as a group, led by AMD, ASM Intl, AMSL and Nvidia. Cleantech had a mixed March, costing us -63bp, driven by a wide performance dispersion with First Solar's +31% and SMA Solar's +35% due to rising demand and significant margin expansion, offset by Alfen's rising EV charger inventories causing margin pressure as well as SQM's excessive selloff due to modest lithium price softness. In healthcare, the steady outperformance of diabetes powerhouse Novo Nordisk also continued, rising to the top of the portfolio through performance alone, driven by the growing expectation of full reimbursement for Wegovy as a weight loss treatment; we recently added their competitor Eli Lilly for their own drug Mounjaro, the second stallion in this two-horse race, during a pullback related to challenges in their Alzheimer program. A small position in disruptive sustainable sportswear brand ON also grew into the top 20 fund names by reporting 41% revenue growth and raising guidance by 26%. Across the fund, over the last 6 months, our best alpha generation was from stocks with strong operational performance and positive earnings revisions, while often times the short-term performance can be attributed to factor rotation and macro just as much as fundamentals. In some cases, underperformance can arise from unpredictable events such as levered M&A at Chart Industries, a short report against Block, or simply multiple compression as with Enphase despite having beaten earnings expectations every quarter we have held it. Earlier in Feb, Cybersecurity picks CrowdStrike and Palo Alto each reported strong ARR growth, showing the resilience of their models, yet their performance didn't begin to rally until this month.

Throughout this first quarter, the market was a tough read, and the performance challenge wasn't so much about stock picking as much as market cap picking: In other words, the market is currently draining liquidity into the largest market caps, something we expect to reverse soon as the interest rate cycle turns.

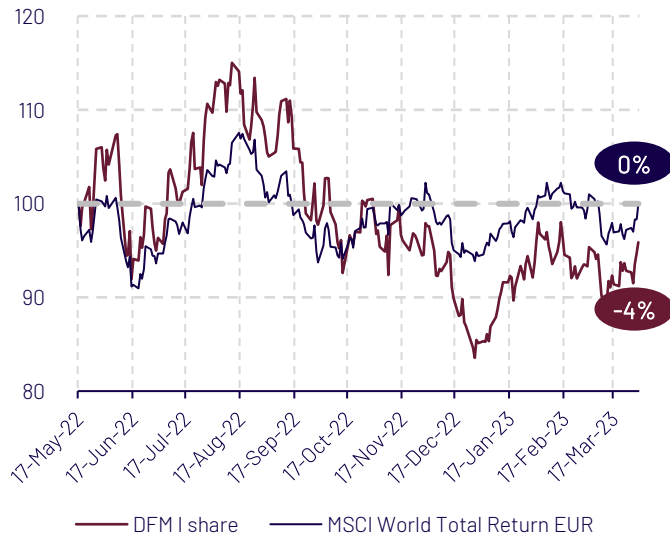
Data as of March 31st, 2023.

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 KIDs (key information documents) and prospectus available on [www.quadrillecapital.com](http://www.quadrillecapital.com). The KID must be made available to the investor prior to subscription.

## PERFORMANCE

	Since Inception*	YTD	Month March
Disruption Fund Master (I)	(4.12%)	+12.6%	+2.53%
MSCI World TR EUR	(0.07%)	+5.83%	+0.63%

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



## TOP 20 HOLDINGS\*\*

SolarEdge Technologies Inc	3.75%	Palo Alto Networks Inc	3.29%
Novo Nordisk A/S	3.65%	Splunk Inc	3.16%
Advanced Micro Devices Inc	3.55%	CrowdStrike Holdings Inc	3.05%
STMicroelectronics NV	3.50%	Eli Lilly & Co	3.00%
ASM International NV	3.49%	Schlumberger Ltd	2.91%
NVIDIA Corp	3.43%	SOITEC	2.90%
Airbnb Inc	3.42%	First Solar Inc	2.69%
Tesla Inc	3.42%	Adyen NV	2.61%
ASML Holding NV	3.35%	Aehr Test System	2.55%
Microsoft Corp	3.32%	ON Holding Class A	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%

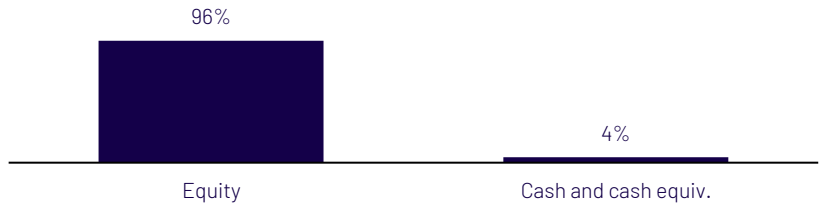
## RISK AND REWARD PROFILE

Lower risk Higher risk  
Typically lower rewards Typically higher rewards

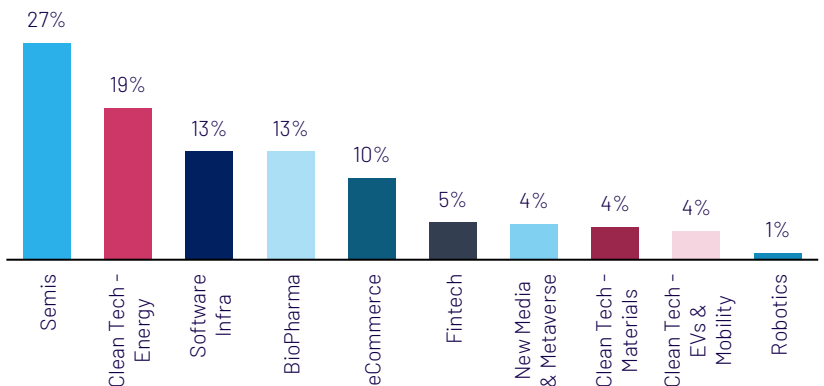


The Fund is ranked 5 on the synthetic risk indicator scale, which is based on the Fund's allocation to equity markets. The risk category shown is not guaranteed and may shift over time.

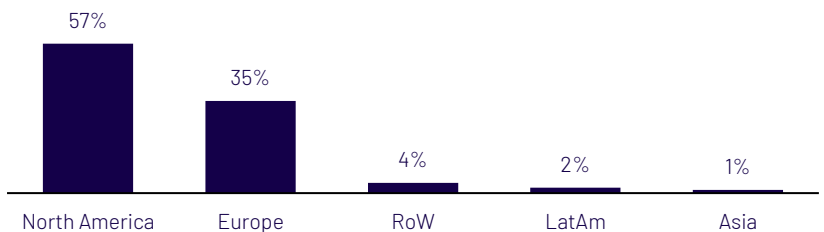
## ASSET ALLOCATION



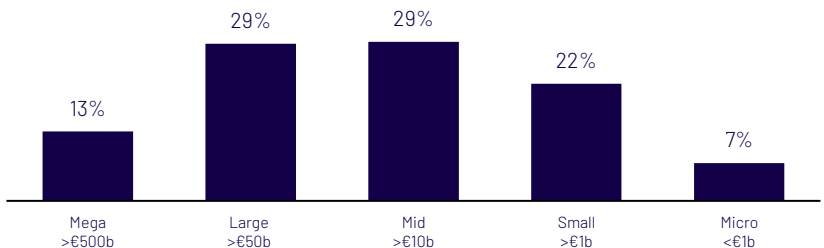
## SECTOR ALLOCATION\*



## GEOGRAPHIC ALLOCATION\*



## CAPITALISATION ALLOCATION\*



## RISK MEASURES

Period: 17/05/2022 - 31/03/2023

Sharpe Ratio	(0.19)
Max Drawdown	(27.3%)
Annualized Volatility	31.2%

\*As % of equity holdings.

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## ESG CHARACTERISTICS

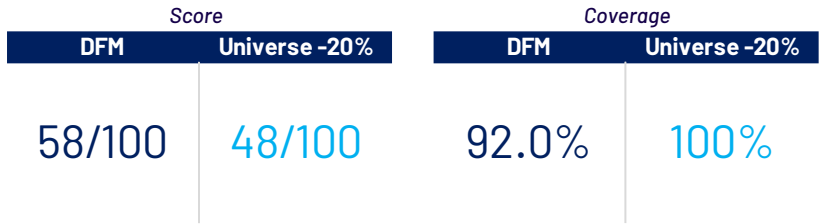
### About the fund

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

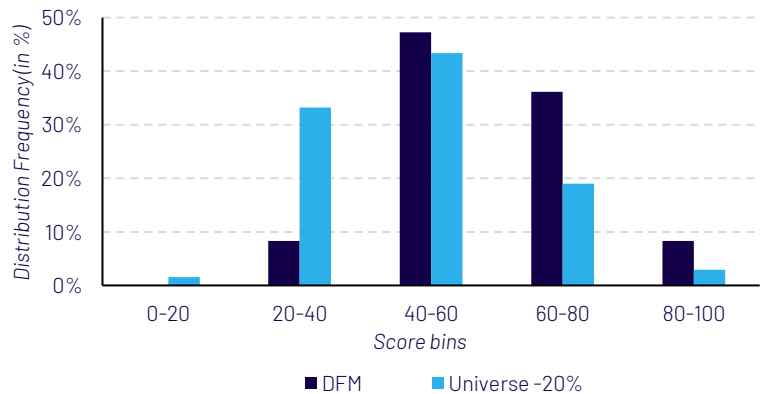
The fund seeks to select issuers that combines growth potential, profitability and ESG characteristics. A methodology has been developed to capture ESG opportunities and manage related risks: it systematically integrates sustainability criterias in its investment approach through a proprietary ESG analysis 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 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.

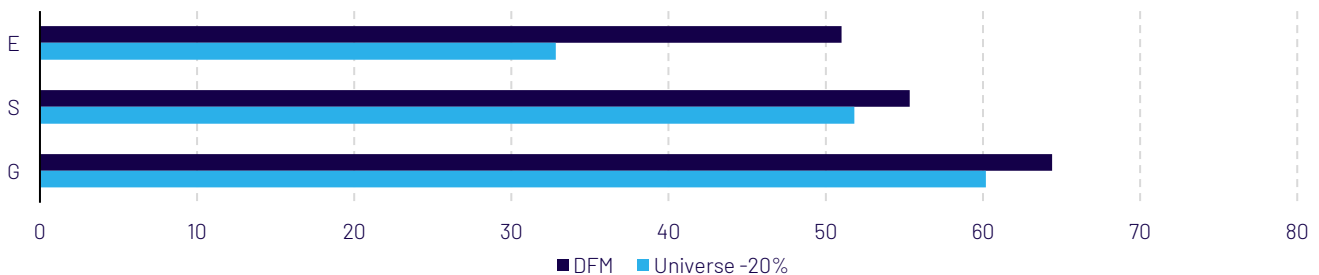
## TOP 5 ESG SCORES\*

Company Name	Score	% of NAV
Carbios	90	1.34%
SMA Solar Technology AG	84	1.86%
Palo Alto Networks Inc	81	3.29%
NVIDIA Corp	80	3.43%
ASML Holding NV	79	3.35%

## BOTTOM 5 ESG SCORES\*

Company Name	Score	% of NAV
Tesla Inc	33	3.42%
Wise plc	34	1.77%
Pinduoduo Inc	37	1.25%
Alphabet Inc	40	2.14%
Moderna Inc	41	2.02%

## 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 worst ESG scores. 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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