Disruption Fund Alpha

Capturing the full innovation cycle

February 2024

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

Go fast and break things. With AI at full throttle, the breaking has begun. Already in January, AI drove a revenue inflection point at the hyperscalers (AWS, Azure, Google Cloud), with a surge in inferencing workloads happening far earlier than expected only 3 months prior. In February, the trend continued, visible through the AI capex boom serving Nvidia and all of IT hardware, notably computing and storage servers (Dell, HP, SuperMicro, Pure Storage, NetApp). Nvidia claims 40% of its AI GPUs are used for real world applications; Microsoft says that all of its reported AI revenues are real world use cases and exclude machine learning and model building for clients like OpenAI. AI is here, AI is hot, but so too is the breaking.

The first broken narrative is the Magnificent 7. Two months into the year, Nvidia, Microsoft, Amazon and Meta continue to drive a blistering rally, but Apple, Tesla and Alphabet are underperforming significantly. This AI bifurcation permeates the entire Tech ecosystem. Alphabet's launch of Gemini AI was a disaster; Tesla's self-driving car is nowhere to be seen; Apple's 10 year old car project has been cancelled with engineers reallocated to AI development. Meanwhile, Nvidia alone is capturing near 80% of the early AI value chain with revenue estimates rising yet again, past $100b for CY2024, and now near $200b in CY2027. We continue to hold Nvidia, ASML and AMD, but it's getting frothy; we sold ARM as it doubled on its earnings release.

The second broken narrative is that the AI winds will lift the entire Cloud. AI is indeed a major new tech cycle, but it requires a massive retooling of the tech stack. Perhaps more than we even imagined a few months ago. Across Applications, Infrastructure software, Cybersecurity and DevOps, companies have been reporting bifurcating fortunes reflecting the chaotic scramble for AI-readiness. So while software companies reported significant RPO growth (net revs + bookings), management teams are reluctant to project much AI acceleration far into 2024. The demand is there, but so too is the disruption. The 15 year trend of Cloud transition is being upended by a reassessment of privacy, walled gardens and on-premise data lakes. Snowflake, for example, which services massive data warehouses, reported record new customers and grew RPO +41%, yet the company guided to a timid 23% rev growth, down from 30%+, with AI workloads expected to only reach 3% of revenues in CY24. Elastic saw a similar slowdown. AI is the priority, prompting a review of data storage rules and query pricing; non-AI work is to be optimized yet again. Confluent and Palantir on the other hand, saw strong upticks in AI workloads. Engineers are scrambling for resources, redesigning data center and computing architecture from the ground up, looking to reduce energy intensity, rewriting databases for vector search and retrieval augmented generation, deploying high bandwidth memory directly on the GPU chiplet. Retool, rewrite and reprice. Yes, post-Covid optimizations are behind us, but a wave of AI data curation has begun, and it's creating crosscurrents of winners and losers. Beyond Microsoft, we continue to hold database and data monitoring companies MongoDB, Elastic, Confluent, Snowflake, Datadog and Palantir.

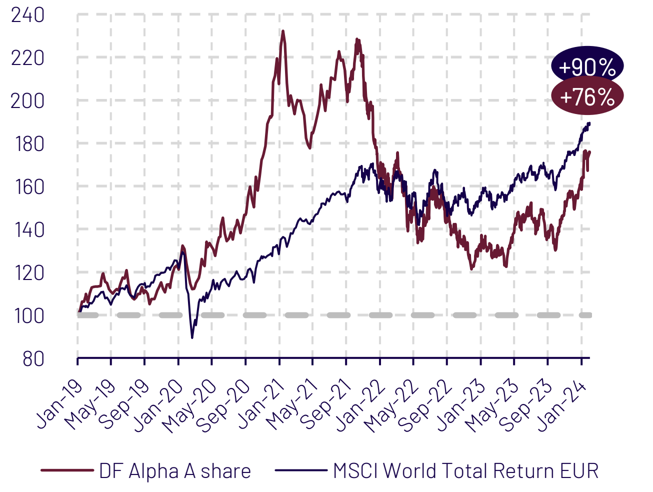
We also landed on the Moon this month. Our adventurous space explorers at Intuitive Machines reached the lunar south pole, prompting a strong rally in their stock price, and helping to contribute 217bp to the month. In healthcare, the obesity reducing phenomenon of GLP-1 drugs continues with Novo Nordisk and Eli Lilly making new highs. Goldman Sachs economists this month predicted that these two drugs alone could boost US GDP by 100bp by 2030. For February, *Disruption Fund Alpha* rose 11.1%, while *Disruption Fund Master* was up 11.2%. Nasdaq Composite USD rose 6.12%, EuroStoxx EUR rose 4.93% and MSCI World Total Return EUR rose 4.63%. Our top contributors were Intuitive Machines, ARM, Nvidia, Confluent and Snowflake; our laggards were Adobe, Global-e Online, Palo Alto, PayPal and Datadog.

Disruption Fund invests in innovation. We are witnessing generational changes in technology, medicine and resource scarcity, and we find it especially remarkable how much of the ongoing innovation is available for us to invest in.

PERFORMANCE

	Since Inception*	YTD	Month February
Disruption Fund Alpha (A)	+76.0%	+12.5%	+11.1%
MSCI World TR EUR	+89.6%	+7.68%	+4.63%

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



TOP 20 HOLDINGS OF DFM***

Advanced Micro Devices Inc	4.88%	Adyen NV	3.64%
ASML Holding NV	4.56%	Micron Technology Inc	3.62%
MongoDB Inc	4.33%	ServiceNow Inc	3.56%
Meta Platforms Inc	4.18%	Datadog Inc	3.49%
Wise plc	4.09%	Amazon.com Inc	3.46%
Crowdstrike Holdings Inc	3.96%	salesforce.com Inc	3.20%
Novo Nordisk A/S	3.84%	Global-e Online Ltd	3.12%
Elastic NV	3.70%	Eli Lilly & Co	3.08%
Adobe Inc	3.68%	Palantir Technologies Inc	2.89%
NVIDIA Corp	3.65%	Palo Alto Networks Inc	2.86%

**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 31st, 2022.*
****As % of NAV of Disruption Fund Master.*

Data as of February 29th, 2024.
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.quadrillecapital.com. The KID must be made available to the investor prior to subscription.

Disruption Fund Alpha
16, Place de la Madeleine, 75008 Paris
Phone: + 33 (0)1 79 74 23 40

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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

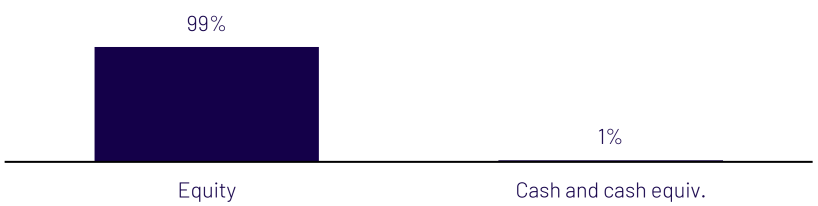
Lower risk | *Higher risk*

Typically lower rewards | *Typically higher rewards*

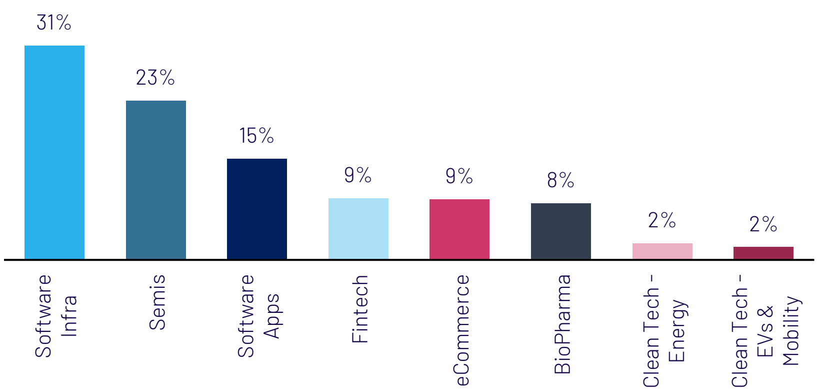
1 | 2 | 3 | 4 | **5** | 6 | 7

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.

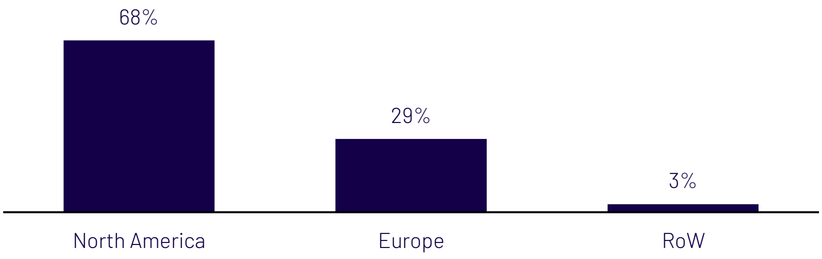
ASSET ALLOCATION*



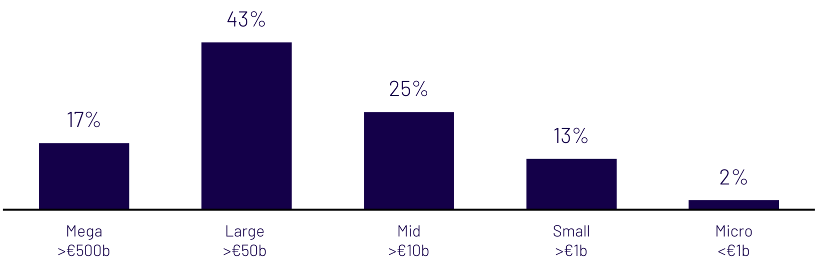
SECTOR ALLOCATION**



GEOGRAPHIC ALLOCATION**



CAPITALISATION ALLOCATION**



RISK MEASURES

Period: 31/01/2019 - 29/02/2024	
Sharpe Ratio	0.50
Max Drawdown	(47.8%)
Annualized Volatility	23.4%

**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]

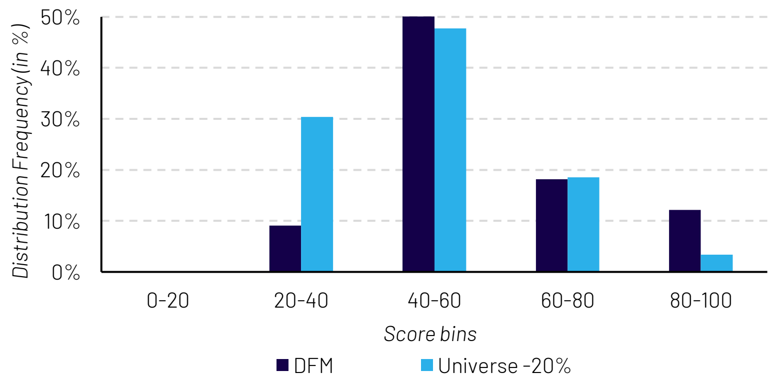
The fund seeks to select issuers that combines growth potential, profitability and ESG characteristics. A methodology has been developed to capture ESG opportunities and manage related risks: it systematically integrates sustainability criterias in its investment approcah through a proprietary ESG analysis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

ESG SCORE AND COVERAGE*

Score		*Coverage*	
DFM	**Universe -20%**	**DFM**	**Universe -20%**
56/100	49/100	92.8%	100%

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 it's 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.

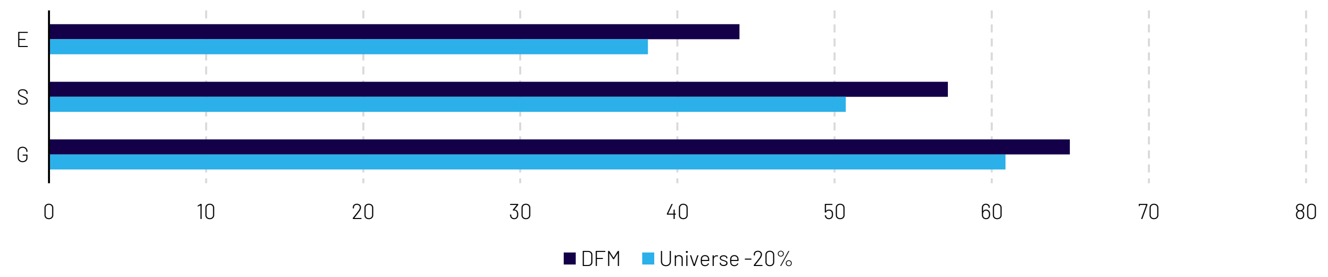
TOP 5 ESG SCORES*

Company Name	Score	% of NAV
ASML Holding NV	82	4.64%
Joby Aviation Inc	81	0.70%
NVIDIA Corp	81	3.92%
Palo Alto Networks Inc	80	3.45%
SMA Solar Technology AG	76	1.85%

BOTTOM 5 ESG SCORES*

Company Name	Score	% of NAV
Micron Technology Inc	31	3.80%
CBOE Global Markets Inc	38	1.97%
Alphabet Inc	40	3.57%
Wise plc	44	3.29%
MongoDB Inc	45	4.29%

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/our-impact).*
Source: Sustainalytics.

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