Disruption Fund Alpha

Capturing the full innovation cycle

October 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

The deed is done. Trump 2.0 is the new operating system of the global economy for the next four years. More than ever, a US presidential election is upending the status quo across geopolitics, policy, trade and finance. The big picture of the so-called Trump Trade is lower taxes, deregulation, protectionism, inflation and higher-for-longer long term interest rates, offset by higher US GDP growth and both corporate and individual earnings. As we have said before, deglobalization is inflationary; to what extent, we can only guess. Technology is America's most strategic export, and we expect a deepening trade war with China to hurt Apple, Tesla, Microsoft and the overall IT hardware supply chain, especially the semiconductor industry, but we also think the pain will be offset by a relaxed attitude on Big Tech antitrust and M&A pressure. Trump has had issues with the left-leaning culture of Big Tech, but he does like to instrumentalize them as projections of American power overseas. We also expect friction with Europe to probably pressure the automobile and energy sectors there. Lastly, we further expect Cleantech to lose subsidies and face import tariffs across their supply chains, hurting both the solar power and battery industries. But we are not in 2016. Cleantech is competitive with fossil fuels in many regions, and American "red states" are now the biggest beneficiaries of the industry, as exemplified by Texas being the largest renewable power producing US state. Decarbonization is not dead; it will be measured on its economic merits, under the leadership of Elon Musk, potentially even reducing its inflationary impact. Net net, the Tech and Cleantech devils have morphed into frenemies, if not outright allies of the new administration, with possibly good outcomes.

Where we are most optimistic however, is in the unlocking of the US innovation economy's massive potential. For better or worse, many Silicon Valley power players have become Trump supporters, and their investment funds have become enormous. We anticipate a reboot of the VC industry, driven by both a buoyant stock market and strategic M&A, bringing long needed liquidity to $5 trillion of VC/Growth assets locked up in PE funds, half of which in the form of 730 unicorns. The recycled capital could well fund the surge in capex needed for the emerging AI economy. With Elon Musk in the White House, we expect a "go fast and break things" attitude towards government procurement, healthcare reform, regulations in all its forms, as well as a loose leash on innovation, including robotaxis, electric airplanes, SMR nuclear, crypto-assets, psychedelic drug treatments and more.

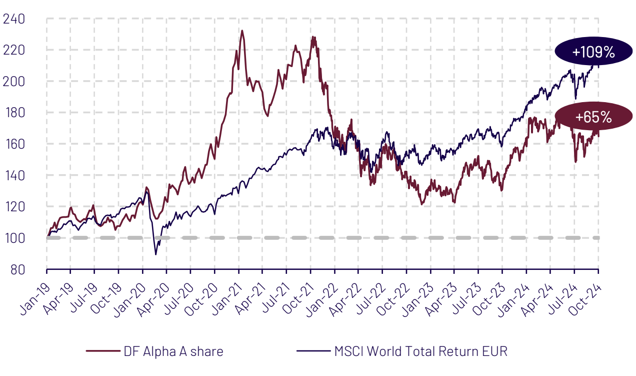
October also marked Big Tech Q3 earnings. Hyperscaler results sustained the momentum of previous quarters, but their outlook was conspicuously vague, with Google, Meta and Microsoft offering more adjectives than numbers: 2025 will be "up", "higher" and should "increase significantly". By how much, we don't know. The uncertainty stems from the colossal logistical challenge of building physical datacenters, accessing the electric grid and timing Nvidia's Blackwell transition. A 1GW datacenter normally takes 3 years to commission, build and switch on. Last July, Elon Musk's xAI went live with a 100k GPU supercluster in Memphis, the largest in the world and a herculean feat, yet it became fully operational only this month. He now expects to open a follow-up 300k GPU datacenter in summer 2025, but delays are a near certainty. Microsoft, despite partnering with Oracle for faster GPU access, conceded that Azure's forward guidance softness was due to datacenter capacity constraints. They can't build them fast enough. We should expect more, not fewer, such delays. Indeed, the US FERC declined to approve the Talen Energy/Amazon nuclear agreement signed in March. It will take time, but motivation is not an issue. As Larry Page quipped: *"I am willing to go bankrupt rather than lose this race."*

For the month, our top performers were Nvidia, on the back of strong Blackwell commentary; Dell, benefiting from the demise of SuperMicro; ServiceNow and Datadog, supported by AI enthusiasm and channel checks. We also saw a strong performance by SMR nuclear suppliers GE Vernova, Oklo and Nuscale, as well as electric grid tech leaders Siemens Energy and Scheneider Electric. Our underperformers were First Solar, pressured by the Trump Trade; KLA Corp and ASM Intl, pressured by China's slowing orders; and Novo Nordisk, suffering again from a mild deceleration is obesity scripts.

PERFORMANCE

	Since Inception*	YTD	Month October
Disruption Fund Alpha (A)	+64.7%	+5.33%	+1.77%
MSCI World TR EUR	+109%	+18.5%	+0.76%

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



TOP 20 HOLDINGS OF DFM***

NVIDIA Corp	6.57%	*Dell Technologies*	3.50%
GE Vernova Inc	5.12%	*Zscaler Inc*	3.33%
ServiceNow Inc	4.75%	*Meta Platforms Inc*	3.21%
Intuitive Surgical Inc	4.28%	*Tesla Inc*	3.18%
Datadog Inc	4.26%	*Adyen NV*	3.07%
salesforce.com Inc	4.12%	*PayPal Holdings Inc*	2.69%
Siemens Energy AG	4.04%	*Snowflake Inc*	2.60%
Amazon.com Inc	3.96%	*Novo Nordisk A/S*	2.51%
Schneider Electric SE	3.86%	*AeroVironment Inc*	2.43%
CyberArk Software Ltd	3.52%	*CBOE Global Markets Inc*	2.42%

**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.*

Disruption Fund Alpha

Capturing the full innovation cycle

October 2024

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 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

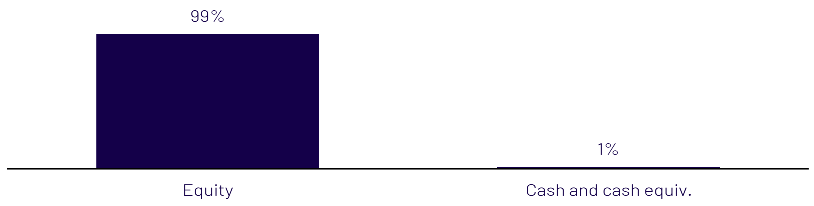
Lower risk — *Higher risk*

Typically lower rewards — *Typically higher rewards*

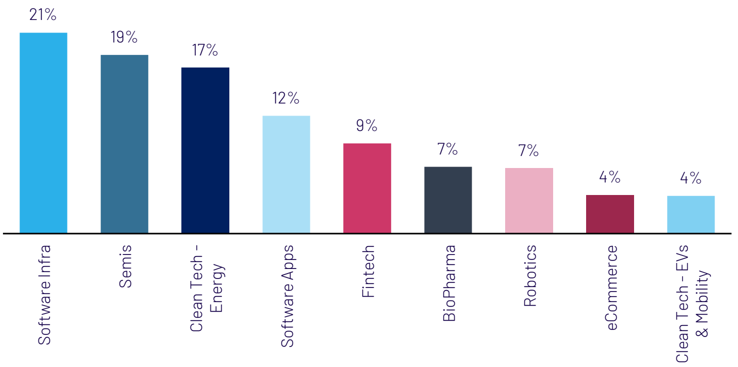
1	2	3	4	**5**	6	7

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.

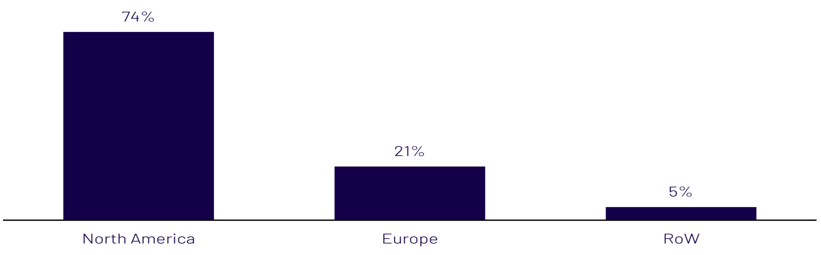
ASSET ALLOCATION*



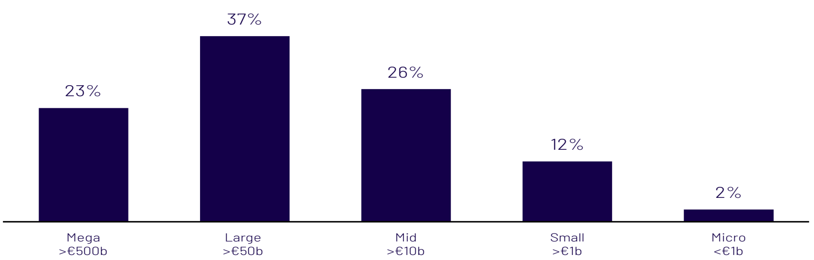
SECTOR ALLOCATION**



GEOGRAPHIC ALLOCATION**



CAPITALISATION ALLOCATION**



RISK MEASURES

Period: 31/01/2019 - 31/10/2024	
Sharpe Ratio	0.39
Max Drawdown	(47.8%)
Annualized Volatility	23.4%

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

Data as of October 31, 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.

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

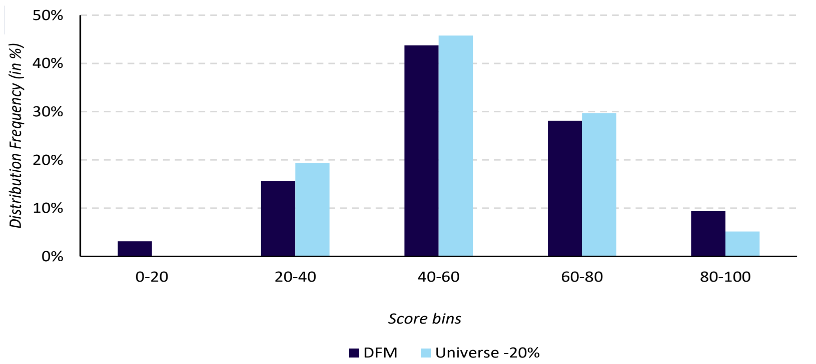
The fund seeks to select issuers that combines growth potential, profitability and ESG characteristics. A methodology has been developed to capture ESG opportunities and manage related risks: it systematically integrates sustainability criterias in its investment approcah through a proprietary ESG analysis 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%**
57/100	54/100	93.5%	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.

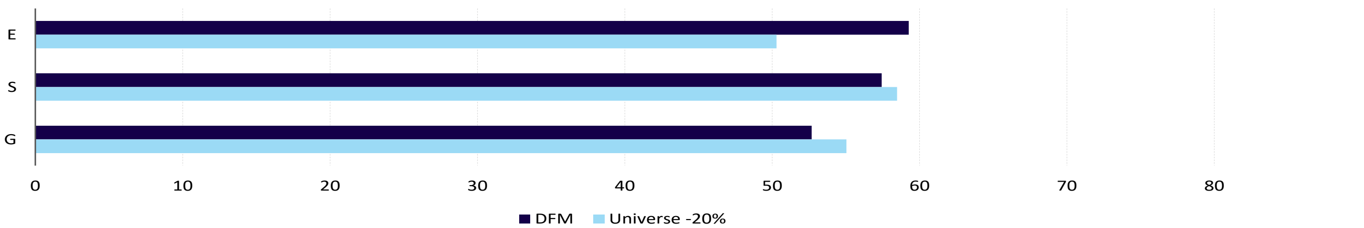
TOP 5 ESG SCORES*

Company Name	Score	% of NAV
Siemens Energy AG	93	4.04%
Schneider Electric SE	85	3.86%
Joby Aviation Inc	81	0.68%
Intuitive Surgical Inc	75	4.28%
salesforce.com Inc	74	4.12%

BOTTOM 5 ESG SCORES*

Company Name	Score	% of NAV
AeroVironment Inc	5	2.43%
Crowdstrike Holdings Inc	29	1.68%
CyberArk Software Ltd	33	3.52%
CBOE Global Markets Inc	38	2.42%
Datadog Inc	39	4.26%

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.