

Chrysalis Investments Limited As at 30 September 2022

RICHARD WATTS, PORTFOLIO MANAGER | NICK WILLIAMSON, PORTFOLIO MANAGER

Investment Opportunity

Aims to provide access to returns available from investing in later stage private companies with long-term growth potential, an investment class that has traditionally been difficult to access for individual investors.

Key Facts (As at 30 September 2022)

Shares in Issue:	595,150,414
Share Price:	61.70p
NAV per share:	147.79p
Market Cap:	£367m
Total Net Assets:	£880m
Share Price Premium/(Discount):	-58.3%
Listing:	Premium Segment Main Market LSE
Ticker:	CHRY
LEI:	213800F9SQ753JQHSW24
ISIN:	GG00BGJYPP46
Incorporation:	Guernsey

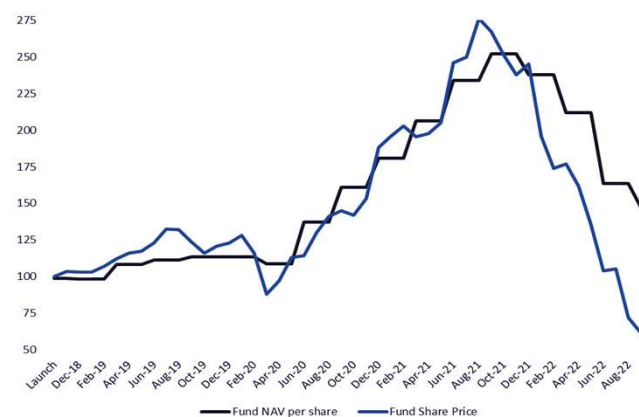
Managed by



Nick Williamson
Portfolio Manager

Richard Watts
Portfolio Manager

NAV and Share Price



Cumulative Performance (%)

	3 month	9 month	1 year	SI
Fund NAV	-9.6	-37.9	-41.3	49.5
Fund Share Price	-40.7	-74.8	-76.9	-38.3

Discrete Performance (%)

	12 months to 30/09/2022	12 months to 30/09/2021	12 months to 30/09/2020
Fund NAV	-41.3	56.5	42.0
Fund Share Price	-76.9	84.1	16.9

Past performance is not a guide to future performance. The Company NAV per share is calculated on a quarterly basis. The Share Price is available daily, source London Stock Exchange. Since inception (SI) is from 6 Nov 2018.



Utilising permanent capital to invest in crossover opportunities to help de-risk future IPOs. Jupiter Investment Management Limited (JIML) has the scale, expertise and relevance to be a crossover investor.



To generate long-term capital growth through investing in a portfolio consisting primarily of equity or equity related investments in unquoted companies.



The Company is advised by JIML's award-winning UK small- and mid-cap desk.

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Overview

September's NAV represents a 15.69 pence (9.6%) decrease since 30 June 2022 and a 41% decline over the Company's financial year to 30 September 2022. Private assets contributed to a 71.86 pence decline in the NAV per share over the financial period to 30 September 2022 with listed assets contributing to a 31.90 pence decline. The Company's NAV is therefore £880m which includes £67m of cash and £13m of listed assets.

Portfolio Commentary

The Company's largest holdings continued to make excellent progress and trade well against a challenging backdrop, during the quarter to 30 September 2022. Revenue growth across the portfolio was strong over the financial year and is projected to be 53% on a weighted average one-year forward basis.

Five portfolio companies have raised a total of approximately \$1.5bn over the calendar year to date. Despite extremely difficult funding markets, portfolio companies have continued to attract significant investment, including from new holders. The Investment Adviser believes this demonstrates the strength of the underlying investment cases. Of these five rounds, only that of Klarna was undertaken at a level below its prevailing carrying value, this having been written down by approximately 35% before the down-round.

Chrysalis has a robust balance sheet. As at 17 November, the Company held approximately £67m in cash and also had a £13m position in Wise, resulting in total liquid assets of £80m. The portfolio is well funded, with 35% of the portfolio now profitable; 32% funded through to profitability based on company budgets; and a further 14% with a cash runway of approximately two years. This represents a substantial improvement from our previous update. On this basis, the Investment Advisor believes the foreseeable, likely future funding requirement across the portfolio is approximately £20m.

Highlights

- In July, wefox raised a \$400m Series D at a valuation of \$4.5bn, a 50% increase from its valuation a year prior
- Also in July, Klarna also raised an \$800m round at a post-money valuation of \$6.7bn, to support its continued expansion in the US, at a more than an 80% decrease in valuation versus its last round. Chrysalis committed to its pro-rata entitlement of approximately \$8.7m into the Klarna round
- In August, Featurespace completed a funding round which will likely fund the business through to profitability. The round was completed at a premium to the last round in May 2020, reflecting strong ARR progression over the period. Chrysalis invested £5m in the round
- In September, the Company completed an investment of \$17m in Deep Instinct as part of its \$62.5m primary round led by funds managed by BlackRock and existing shareholders, Unbound and Millennium. The latest investment will help accelerate the growth of Deep Instinct as it further penetrates the market with its disruptive threat-prevention cybersecurity technology
- Shares in Revolution Beauty were suspended, pending publication of its annual report & accounts, which is currently subject to an independent investigation into concerns raised by the group's auditors
- During the period, the Company exited its investment in THG plc entirely, and the proceeds from the sale were used to support investment into other portfolio assets, such as Deep Instinct
- In October, the Company received its third distribution from the administrators of Growth Street Holdings Limited. The Company has now received just over £1.3m to date as part of the winding-up process, representing a better recovery than originally anticipated.

Outlook

The Company's largest holdings have made excellent progress over the last twelve months and continue to trade well against a challenging backdrop. This is reflected in the portfolio's strong revenue growth (estimated at over 50% on a blended average, one-year forward basis) and the well-funded nature of the majority of the Company's holdings.

While it has been a challenging period, in the form of THG's margin progression, and the unexpected audit issues at Revolution Beauty, the Company enters the financial year to September 2023 with a portfolio that is well capitalised and that continues to trade robustly, particularly among the larger holdings. Many of the Company's assets are disrupting huge addressable markets and will therefore be capable of compounding high rates of growth over the medium term; this should eventually translate into strong NAV progression and successful exits.

Although one of the possible exit routes – namely the IPO market – is broadly shut at present, the Investment Adviser notes that as the duration of low IPO market activity enters its fourth consecutive quarter, the last two significant market downturns in 2001 and 2008 saw the IPO market “close” for five and seven quarters respectively. Thus, history suggests this period of hiatus is nearer the end than the beginning.

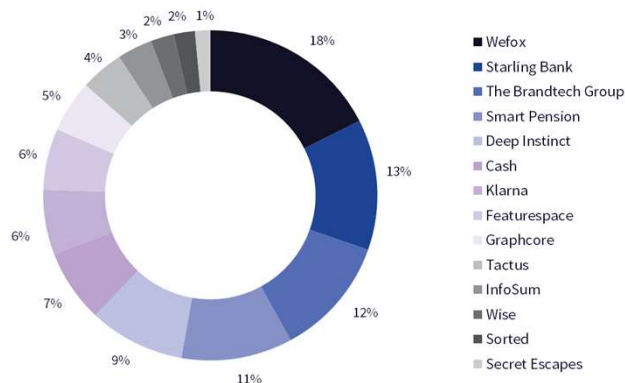
Although trade sale remains a viable exit route for certain holdings, the reopening of the IPO market could materially alter the liquidity profile of the Company, particularly given it is holding a number of businesses that could conceivably IPO over the coming years.

Extra liquidity afforded by an exit, could materially alter the regular discussions regarding capital allocation, referred to above.

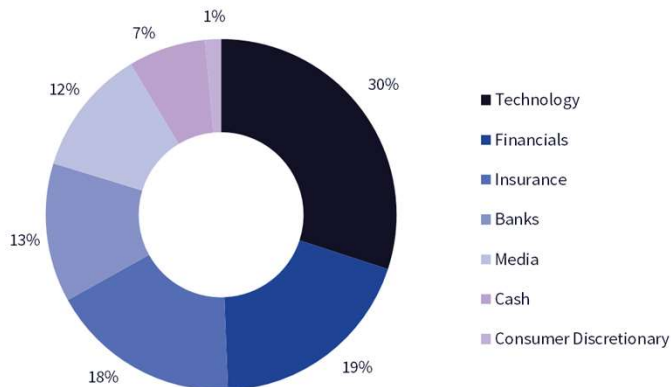
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Top Holdings



Sector Exposure



Holdings Details (As at 30 September 2022)

Name	Description
Wise	Platform payments business that aims to reduce fees associated with FX
Secret Escapes	Travel company that helps hotels minimise unsold inventory
Graphcore	Leading artificial intelligence processor business, which has developed the Intelligent Processing Unit and the related software toolchain
Starling Bank	Digital challenger bank that delivers financial services to retail and SMEs
Klarna	A leading global payments company that provides direct payments, pay after delivery options and instalment plans for customers online
Sorted Group	A global Software as a Service (SaaS) company that has developed a Delivery Management Platform which allows retailers (both digital and physical) to effectively manage their delivery / returns
wefox	Europe's largest digital insurance platform with significant existing scale in Germany, Austria and Switzerland
Featurespace	Featurespace is a world leader in financial crime risk management. The company utilises real time machine learning software risk scores events in 180 countries to reduce Fraud and AML
The BrandTech Group	A digital advertising and marketing services holding company that enables marketers to build their brands better, faster and cheaper by using technology
Smart Pension	A provider of workplace and automatic enrolment pension schemes for SMEs
Deep Instinct	A US cybersecurity company
InfoSum	Data collaboration platform
Tactus	Leading supplier of custom gaming PCs, components and accessories

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Company and Fund Information

Listing Date	06-Nov-18
AIFM	Chrysalis Investments Limited
Administrator & Company Secretary	Maitland Administration (Guernsey) Limited
Registrar	Computershare Investor Services (Guernsey) Limited
Legal Adviser	Travers Smith LLP
Auditor	KPMG Channel Islands Limited
Corporate Brokers	Liberum Capital Limited, Numis Securities Limited
Investment Adviser	Jupiter Investment Management Limited



Chrysalis Investments Limited

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Directors

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Margaret O'Connor

Important Information

As of 15th February 2021, Merian Global Investors (UK) Limited became Jupiter Investment Management Limited. This communication is issued by Jupiter Investment Management Limited ("Jupiter"), The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ, United Kingdom, authorised and regulated by the Financial Conduct Authority (FRN: 171847). Investors may only subscribe for or purchase any shares in Chrysalis Investments Limited ("CIL") on the basis of the information in the prospectus published by CIL. The prospectus and key information document are available at <http://www.chrysalisinvestments.co.uk/>. Jupiter only acts for the funds to which it provides regulated investment management and transaction services and does not act for or advise potential investors in connection with acquiring shares in CIL and will not be responsible to potential investors for providing them with protections afforded to clients of Jupiter. Prospective investors are strongly advised to take their own legal, investment and tax advice from independent and suitably qualified advisers. The value of investments may go down as well as up and you may not get back the full amount of your investment. Past performance is not a guide to future performance. Awards should not be taken as a recommendation.

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