

Chrysalis Investments Limited As at 31 December 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 31 December 2022)

Shares in Issue:	595,150,414
Share Price:	76.90p
NAV per share:	128.26p
Market Cap:	£458m
Total Net Assets:	£763m
Share Price Premium/(Discount):	-40.0%
Listing:	Premium Segment Main Market LSE
Ticker:	CHRY
LEI:	213800F9SQ753JQHSW24
ISIN:	GG00BGJYPP46
Incorporation:	Guernsey

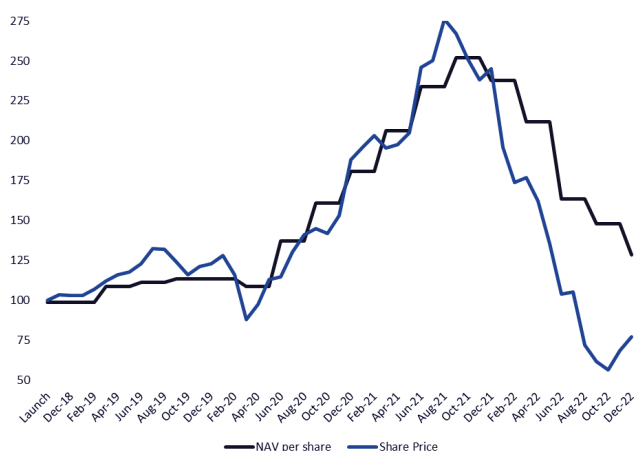
Managed by



Nick Williamson
Portfolio Manager

Richard Watts
Portfolio Manager

NAV and Share Price



Cumulative Performance (%)

	3month	9month	1 year	SI
Fund NAV	-13.2	-39.4	-46.1	29.8
Fund Share Price	24.6	-56.6	-68.6	-23.1

Discrete Performance (%)

	12 months to 31/12/2022	12 months to 31/12/2021	12 months to 31/12/2020	12 months to 31/12/2019
Fund NAV	-46.1	31.6	59.3	15.1
Fund Share Price	-68.6	30.3	52.8	19.4

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

December's NAV represents 19.53 pence (13.2%) decrease since 30 September 2022. The movement in fair value of the four holdings which declined the most (on a constant currency basis) during the period represented 11.40 pence per share of the decrease. Much of this was driven by the external valuer and the independent Valuation Committee's transition towards a more "market-based approach", and away from a "price of recent investment" approach, given the general market changes and time elapsed since the last funding round for these assets.

Foreign exchange was the second largest detractor to the NAV over the period overall, with foreign exchange impacting the NAV per ordinary share by 3.30 pence per share.

The Company's NAV is therefore £763m which includes £72m of cash and £12m of listed assets.

Portfolio Commentary

There was limited portfolio activity over the quarter given several portfolio assets raised primary capital through H1 2022.

The Company sold approximately £5.9 million of Wise shares in October and announced in November that it had sold its entire stake in Revolution Beauty for approximately £5 million in an off-market transaction (as the shares were suspended at that point).

As announced at the Company's last quarterly update, the Investment Adviser estimated that there was a likely further funding requirement in the portfolio of approximately £20 million. This position remains unchanged.

Highlights

Wefox has had a very strong last twelve months. The company generated approximately €600m of revenue in FY22 and should be profitable within the next twelve months; this would make wefox one of the largest and most profitable Insurtech assets globally. The company has also matured from a governance perspective and recently announced the appointment of Helen Heslop to the board as Chair of the Audit Committee, and Laura Eschricht as Chief Marketing Officer; this follows several other senior hires across the group over the course of 2022. In October, wefox also announced it would continue its investment in AI and innovation with a new technology hub opening in Milan, Italy. Wefox already has technology hubs in Paris, France and Barcelona, Spain and utilises AI to increase broker productivity and reduce fraud. In Milan, wefox will invent and build new technology to accelerate its embedded insurance products through its affinity partnerships.

Brandtech continues to grow strongly driven by best-in-class organic growth and selective M&A. The company recently disclosed that it has entered into exclusive negotiations with Fimalac to potentially acquire global digital marketing company, Jellyfish. Jellyfish is headquartered in the UK but has 40 global offices with 2,250 employees. Jellyfish describes itself as a digital partner for some of the world's leading brands such as Aviva, Duracell, Google and Toyota and has generated a compound annual growth rate of 45% since 2013.

Starling - In January 2023, Anne Boden – Starling CEO – noted that for the month of December 2022 the company generated annualised revenue of nearly £600 million and PBT of over £250 million, with a deposit book of £10.7 billion. This compares with annualised figures of £331.2 million in revenues and PBT of £92 million, both as of June 2022.

Klarna - In November, Klarna announced its 3Q 2022 results. Gross Merchandise Volume ("GMV") grew +22% organically over the first nine months of 2022 to \$60.2m, with the US growing at +92%. The Investment Adviser views this as a strong result given a decline in global e-commerce sales and is despite the company adopting a more cautious underwriting approach earlier in the year. Impairment rates fell as a percentage of GMV to 0.7% in 3Q22 from the prior quarter, which drove a material improvement in operating losses, which fell \$169 million in 3Q22 on a sequential basis. As a result of these encouraging trends, Klarna stated that it expects to hit run rate profitability during 2H23. Klarna also unveiled significant improvements in its mobile app which will provide an even better shopping experience for its 150 million customers globally. Klarna has launched an intelligent, unbiased in-app search tool in the US, UK, and the Nordics that saves consumers time and money by comparing prices across thousands of retailers, offering a credible alternative to the established tech giants. Klarna now also automatically adds available coupons at checkout in the US and UK with further markets to follow, making money-saving effortless while allowing consumers to collect rewards through its in-app digital wallet for loyalty cards.

Featurespace - Over the quarter, Featurespace continued to win awards for its innovative product, including its partnership with TSYS winning the "Best Use of Payments Data or AI in Financial Services" at the PAY360 awards.

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Outlook

As detailed at the recent Capital Markets Day, the portfolio is well capitalised, with approximately 80% of companies either profitable, funded to profitability, or with a two-year cash runway. As detailed above, the Investment Adviser believes that the Company remains in a strong liquidity position to enable it to fund likely capital calls, while retaining an adequate buffer with which to deal with any unforeseen events.

The Investment Adviser notes that medium-term US bond yields have fallen over the last three months, despite the US yield curve remaining inverted, suggesting expectations of a recession. While a recession is typically not a helpful backdrop, the Investment Adviser believes the growth dynamics of the Company's holdings are less likely to see an impact, relative to the wider market. In addition, lower yields are typically supportive of growth valuations.

With this in mind, the Investment Adviser notes that certain stock markets, including "tech-heavy" ones such as the NASDAQ 100, are beginning to show some signs of stability.

The Investment Adviser believes a recovery in market sentiment and market price levels is likely to have two main effects:

- It would support portfolio company valuations; and
- It could lead to the IPO market reopening.

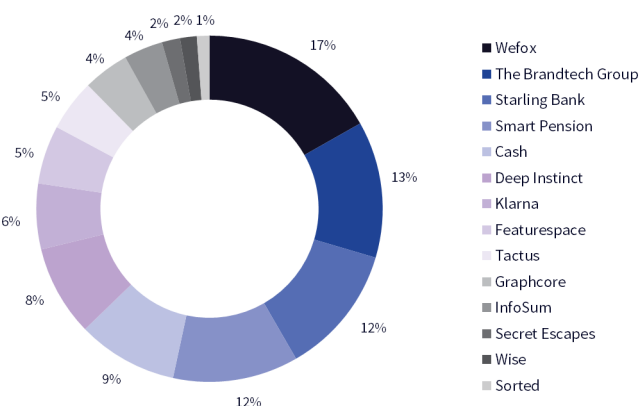
The IPO market has endured four quarters of low issuance over 2022, on the back of a reasonably strong year – relative to recent history – in 2021. While there is no guarantee that any of the Company's portfolio companies would look to IPO if there was an opportunity in 2023, it does potentially open this possibility for some of the later stage assets.

An IPO – which the Investment Adviser views as an important "exit" route for the Company – in the portfolio would materially boost the Company's liquidity position and provide a clear underpin to valuation for the pertinent company.

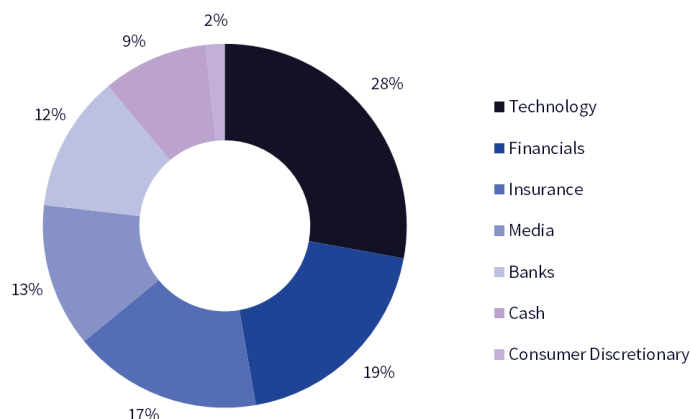
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Top Holdings



Sector Exposure



Holdings Details (As at 31 December 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

Andrew Haining (Chairperson),
Stephen Coe,
Simon Holden,
Anne Ewing,
Tim Cruttenden,
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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