

Chrysalis Investments Limited As at 31 March 2023

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 March 2023)

Shares in Issue:	595,150,414
Share Price:	58.70p
NAV per share:	130.02p
Market Cap:	£349m
Total Net Assets:	£773m
Share Price Premium/(Discount):	-54.9%
Listing:	Premium Segment Main Market LSE
Ticker:	CHRY
LEI:	213800F9SQ753JQHSW24
ISIN:	GG00BGJYPP46
Incorporation:	Guernsey

Managed by

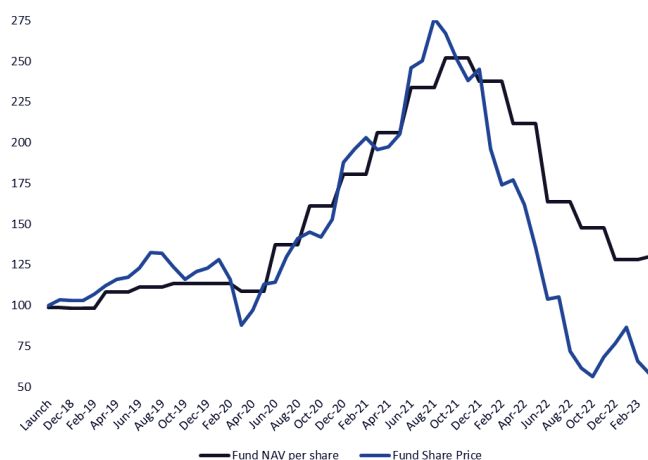


Nick Williamson
Portfolio Manager

Richard Watts
Portfolio Manager



NAV and Share Price



Cumulative Performance (%)

	3 month	1 year	3 year	SI
Fund NAV	1.4	-38.6	19.7	31.5
Fund Share Price	-23.7	-66.8	-33.3	-41.3

Discrete Performance (%)

	12 months to 31/03/2023	12 months to 31/03/2022	12 months to 31/03/2021	12 months to 31/03/2020
Fund NAV	-38.6	2.7	89.7	0.2
Fund Share Price	-66.8	-9.5	122.2	-21.4

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

March's NAV represents a 1.8 pence (1.4%) increase since 31 December 2022 to 130.02 pence. Movements in fair values of the portfolio accounted for approximately 3.1 pence per share, with foreign exchange generating an adverse movement of approximately 1.2 pence per share. The Company's NAV is therefore £770m which includes £43m of cash and £12m of listed assets.

Portfolio Commentary

As previously articulated, the Investment Adviser remains focused on the current portfolio and has not been actively pursuing new investment opportunities, albeit the origination process continues to generate leads. Over the period, the Company invested €4 million in wefox in an extension of its US\$400 million Series D funding round, which had valued wefox at US\$4.5 billion post money. As announced in February 2023, the Company also purchased £20 million of equity in Starling via a secondary market transaction led by an existing, third-party shareholder.

As of 31 March, the Company had net cash of approximately £43 million and a position in Wise of £12 million, to give a total liquidity position of approximately £55 million. The Investment Adviser believes that its guidance of likely primary follow-on capital of approximately £20 million is still appropriate. As a result, the Investment Adviser believes the Company remains in a strong liquidity position.

Highlights

Revenue growth and the move towards profitability are key priorities, but the portfolio continues to mature in other ways, with a focus on strengthening governance:

- wefox generated approximately €600m of revenue in FY22, making it one of the largest Insurtech assets globally. The company's strong momentum has continued through Q1, and we believe that the company is on track to reach profitability by the end of FY23, a milestone that few listed peers have been able to achieve.
- Featurespace has announced the appointment of John Shipsey as Chief Financial Officer (CFO). John was CFO at Smiths Group from 2017 to 2022 and the CFO of Dyson, the global technology group, from 2005 to 2017.
- In March, Starling announced the location of its new northern base in St. Peter's Square, Manchester, creating up to 1,000 roles in the north of England across its operations, engineering, data science and cybersecurity functions. Starling already employs 2,500 across its London, Cardiff, Southampton, and Dublin locations.
- Smart continues to grow strongly, both in the UK through Smart Pension, and globally through its Keystone technology platform. Smart Pension has become a signatory to the Stewardship Code, highlighting its commitment to high standards of stewardship, engagement, and responsible investing. To become a signatory to the Code, organisations must submit to the FRC a Stewardship Report demonstrating how they have applied the Code's 12 Principles in the previous 12 months. The Smart Pension Master Trust has grown AUM by more than 2,000% over four years, and now serves one million members and 70,000 employers.
- Deep Instinct has announced its inclusion in the 2022 Gartner Magic Quadrant for Endpoint Protection Platforms (EPP); the only new vendor to be recognised for EPP. Magic Quadrants compare vendors based on Gartner's standard criteria and methodology, influencing the buying decisions of companies of all sizes globally.
- February saw the release of Klarna's FY22 results, with Gross Merchandise Value ("GMV") up 22% year-on-year. Adjusted operating losses improved 44% in H2 vs H1, demonstrating Klarna's continued progress towards profitability; reducing credit losses and costs, whilst continuing to drive growth. The credit loss rate improved by 30% versus the same quarter last year to 0.58%.

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Outlook

The Investment Advisor has spent a considerable amount of time over the past twelve months working with portfolio companies to enhance their profitability, and where necessary, to raise capital. As a result of this, the Investment Advisor believes the “funding risk” in the portfolio has been substantially reduced.

As of 31 March 2022, approximately 42% of the portfolio was profitable, with none of the remaining 58% funded to profitability. As of 31 March 2023, 38% of the portfolio was profitable (the composition of this cohort being affected by changes in asset weightings, as well as the realisation of certain profitable positions, such as THG), but of the remainder, 36% was funded to profitability.

This has increased the total portfolio weighting of those companies that were either profitable or funded to profitability from 42% to 74% over the course of the last twelve months. The Investment Advisor continues to work with the remaining portfolio companies that fall outside this group and has good visibility over funding options and cash runways for a number of these holdings.

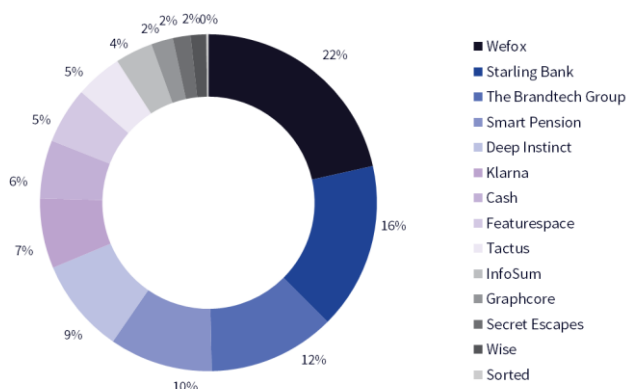
As a result of this work, the Investment Advisor believes the Company has a portfolio of assets that are growing strongly, are well-funded and attractively valued versus listed peers.

The IPO market, at least in the UK, remains very subdued: over the year to March 2023, only 27 IPOs have occurred on the LSE Main Market and AIM, and the market is now entering its sixth successive quarter of low issuance. It is easy to extrapolate past events into the future, but this lack of activity is now almost on a par with the hiatus post the Great Financial Crisis, when economic conditions were much less certain. The Company has a number of later-stage assets that the Investment Advisor believes are capable of floating, and a successful exit, whether an IPO or trade sale, could materially enhance the liquidity profile of the Company and provide a mark-to-market underpin for that holding, and by implication, the Company’s wider valuation approach.

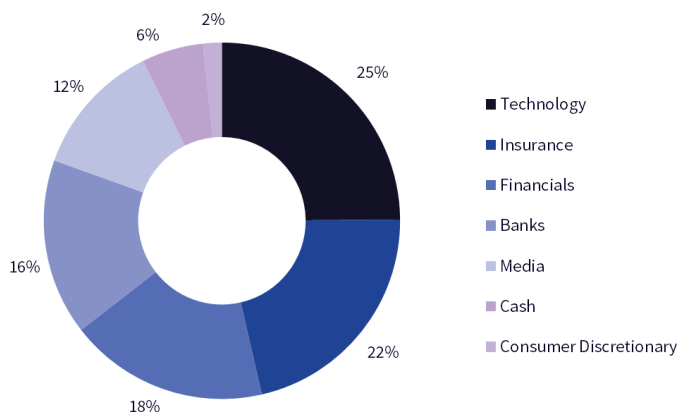
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Top Holdings



Sector Exposure



Holdings Details (As at 31 March 2023)

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

1 Royal Plaza,
Royal Avenue,
St Peter Port
Guernsey, GY1 2HL

For Information

ClientServices@jupiteram.com
www.chrysalisinvestments.co.uk

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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