

# Chrysalis Investments Limited As at 30 June 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 30 June 2023)

Shares in Issue:	595,150,414
Share Price:	68.60p
NAV per share:	136.86p
Market Cap:	£408m
Total Net Assets:	£815m
Share Price Premium/(Discount):	-49.9%
Listing:	Premium Segment Main Market LSE
Ticker:	CHRY
LEI:	213800F9SQ753JQHSW24
ISIN:	GG00BGJYPP46
Incorporation:	Guernsey

Managed by

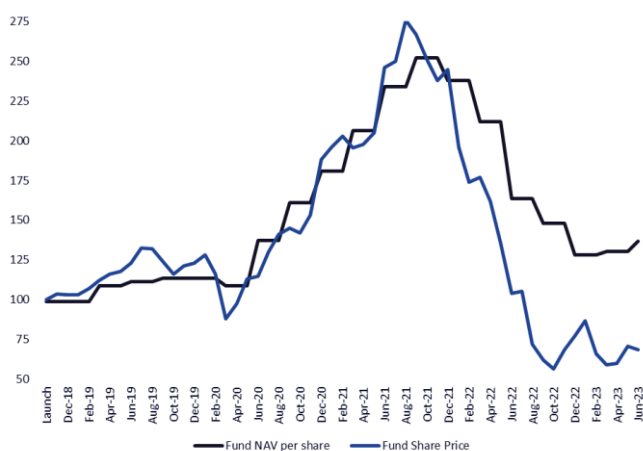


**Nick Williamson**  
Portfolio Manager

**Richard Watts**  
Portfolio Manager



## NAV and Share Price



## Cumulative Performance (%)

	3 month	1 year	3 year	SI
Fund NAV	5.3	-16.3	-0.3	38.5
Fund Share Price	16.9	-34.0	-40.1	-31.4

## Discrete Performance (%)

	12 months to 30/06/2023	12 months to 30/06/2022	12 months to 30/06/2021	12 months to 30/06/2020
Fund NAV	-16.3	-30.1	70.4	23.5
Fund Share Price	-34.0	-57.7	114.8	-6.9

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

The Company announces that as at 30 June 2023 the unaudited net asset value (“NAV”) per ordinary share was 136.86 pence.

The NAV calculation is based on the Company’s issued share capital as at 30 June 2023 of 595,150,414 ordinary shares of no par value.

June’s NAV represents a 6.84 pence per share (5.3%) increase since 31 March 2023.

Movement in the fair value of the portfolio accounted for approximately 9.28 pence per share, with foreign exchange generating an adverse movement of approximately 2.20 pence per share. Fees and expenses make up the balance.

## Portfolio Activity

Investment activity continues to be focussed on the existing portfolio and the following transactions took place over the period:

- Early in the quarter, the Company invested £12.5 million in Smart Pension in a \$95 million Series E fundraise led by Aquiline Capital Partners.
- In June 2023, a further £2 million was invested in Tactus to strengthen its balance sheet, support the refinancing of its bank facilities and ultimately enable the company to accelerate trading.
- Over the course of June 2023, the company trimmed its position in Wise following a positive results announcement. The shares were sold at an average price of 623.24 pence per share. Chrysalis’ total cash-on-cash return on Wise currently stands at 2.9x.

## Portfolio Update

Portfolio growth momentum continues to be strong, particularly in the Company’s larger positions. Focus remains on reaching profitability and further progress has been made across the portfolio in the quarter, with 85% of the portfolio either profitable or funded to anticipated profitability.

### wefox

wefox had a strong first half of the year and is trading ahead of plan. Progress towards achieving run rate profitability in 2023 remains on track.

In May 2023, wefox announced it had secured a \$55 million credit facility with JP Morgan and Barclays, following the second close of its Series D fundraise, with the funding earmarked to further strengthen the company’s insurance and distribution capabilities and to further develop its technology platform.

Following the launch of its global affinity business in early May, wefox has announced a new partnership with PROPUP, an Austrian proptech start-up. By partnering with wefox, PROPUP is now able to offer customers access to a wide range of insurance solutions and advice via its own platform. The affinity business serves to increase wefox’s existing distribution channel, delivering insurance through partner products.

### Starling

In May, Starling released its annual financial results for the year to 31 March 2023. Progress has been impressive, with very strong growth in revenue and profits, assisted by ‘Buy to Let’ mortgage origination via Fleet Mortgages and by an increase in yields on cash and debt securities, following increases in the Bank of England base rate and its impact on wider market yields. Total revenue for the year was £452.8 million, up 109%, with profit before tax of £194.6 million, a 6x increase on the prior year.

At the same time, after a decade at the helm, Anne Boden announced her intention to step aside as CEO of Starling. At the end of June, Anne handed over her responsibilities to John Mountain, who was appointed Interim CEO. John has been at Starling for seven years as a pivotal member of its executive team, previously acting as COO.

### Brandtech

In early June, the company completed the acquisition of Jellyfish, the digital media and marketing group. The combined group is expected to generate more than \$1 billion in annual revenues, with over 7,000 employees, working for eight out of ten of the world’s largest advertisers, and 49 of the top 100.

The company also acquired 100% of Pencil, which operates in the generative AI marketing space. Built on Open AI’s GPT large language models, Pencil generates channel-ready ads and copy at a significantly lower cost. Pencil complements Brandtech’s existing capability in the AI space.

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## Smart

The filing of Smart's Consolidated Financial Statements in June showed that revenue in 2022 rose by 32%. Following its recent fundraising, Smart Pension announced the acquisition of Evolve Pensions in June, paving the way for one of the largest master trust consolidations of 2023. The merger of Evolve's master trust, the Crystal Trust, will bring AUM of the Smart Pension Master Trust to over £4 billion.

Following the launch of The Chancellor of the Exchequer's Mansion House Reforms in July, Smart Pension became a signatory to the Mansion House Compact, an expression of intent to increase investment in unlisted equities. The reforms also encourage a merging of smaller pension schemes to allow them to develop the scale and expertise needed to invest in private equity. Smart Pension is expected to be a direct beneficiary of the reforms.

## Klarna

Klarna continues its drive towards profitability, with its 1Q23 results showing adjusted operating losses falling by over 78% since the same quarter last year. Lower operating costs, driven by Klarna's cost cutting programme and improving credit losses, imply that run rate profitability should be achievable in the second half of the year. The company also continues to grow strongly with retailer revenues increasing by 17% year-on-year and outperforming GMV growth of 13% year-on-year.

Despite the valuation of the underlying asset being written up in the period, foreign exchange movements meant the carrying value was slightly marked down.

## Cash Update

As of 30 June, the Company had net cash of approximately £30 million and a position in Wise of £10 million, to give a total liquidity position of approximately £40 million.

Since the period end the Company has invested a further £6.5 million in Secret Escapes as part of a wider £31.7 million fundraising to support the refinancing of existing debt facilities and investment for the next phase of its growth strategy.

## Outlook

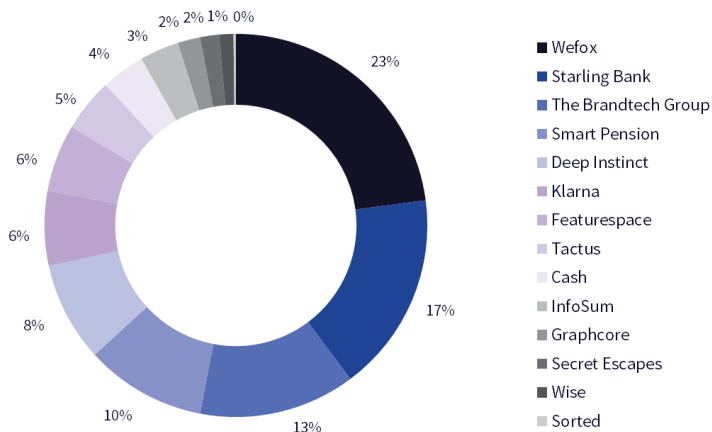
With equity markets faring better than most people had anticipated year to date, an improved backdrop for companies looking to IPO is emerging, with a slight tick-up in IPO activity over the quarter, and with increased speculation around assets such as ARM listing in New York. The company has several later-stage assets that are either profitable, or funded to anticipated profitability, and should make excellent IPO candidates in due course. The Investment Adviser continues to assess the most appropriate exit strategy for these assets to optimise investor returns over the medium term.

The portfolio companies are largely well positioned, having proactively managed their cost base and raised the funds necessary to ensure that they can continue growing strongly and/or achieve profitability. The Investment Adviser has worked closely with the portfolio companies to achieve this, while carefully managing the Company's own liquidity position, to enable it to respond to unforeseen eventualities if they arise.

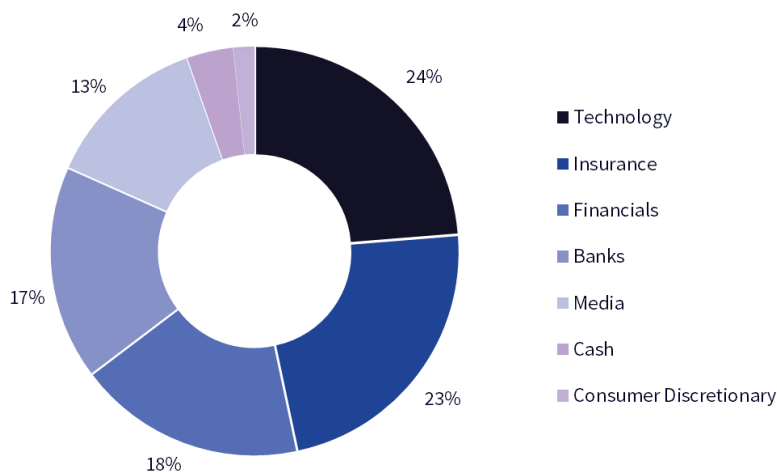
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## Top Holdings



## Sector Exposure



## Holdings Details (As at 30 June 2023)

Name	Description
<a href="#">Wise</a>	Platform payments business that aims to reduce fees associated with FX
<a href="#">Secret Escapes</a>	Travel company that helps hotels minimise unsold inventory
<a href="#">Graphcore</a>	Leading artificial intelligence processor business, which has developed the Intelligent Processing Unit and the related software toolchain
<a href="#">Starling Bank</a>	Digital challenger bank that delivers financial services to retail and SMEs
<a href="#">Klarna</a>	A leading global payments company that provides direct payments, pay after delivery options and instalment plans for customers online
<a href="#">Sorted Group</a>	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
<a href="#">wefox</a>	Europe's largest digital insurance platform with significant existing scale in Germany, Austria and Switzerland
<a href="#">Featurespace</a>	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
<a href="#">The BrandTech Group</a>	A digital advertising and marketing services holding company that enables marketers to build their brands better, faster and cheaper by using technology
<a href="#">Smart Pension</a>	A provider of workplace and automatic enrolment pension schemes for SMEs
<a href="#">Deep Instinct</a>	A US cybersecurity company
<a href="#">InfoSum</a>	Data collaboration platform
<a href="#">Tactus</a>	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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### For Information

[ClientServices@jupiteram.com](mailto:ClientServices@jupiteram.com)  
[www.chrysalisinvestments.co.uk](http://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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