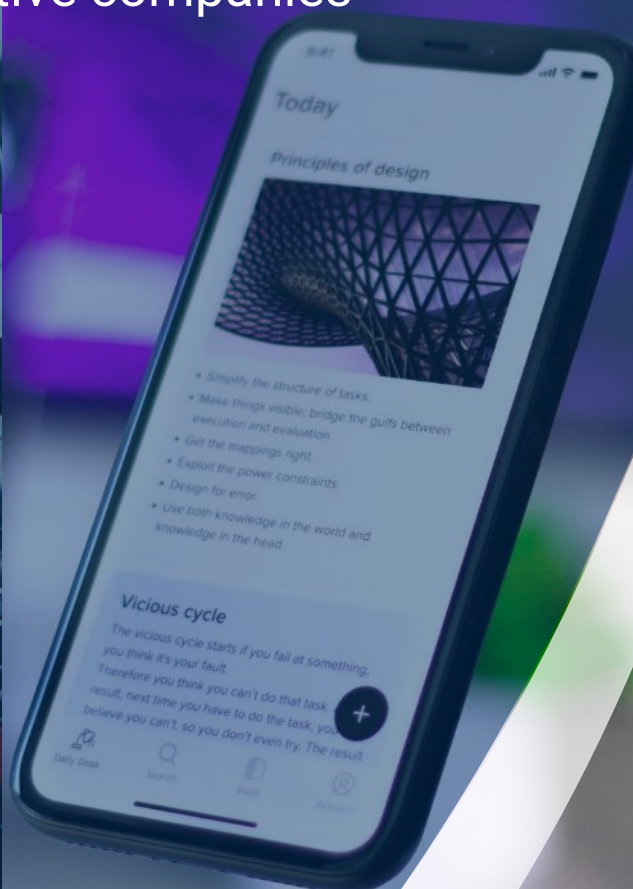


# Ellipsis Disruption Convertible Fund

Investing in disruptive companies  
What about you ?

July 2023



## Advertising communication

This is an advertisement. Please refer to the fund's prospectus and key information document or key investor information document before making any final investment decision.

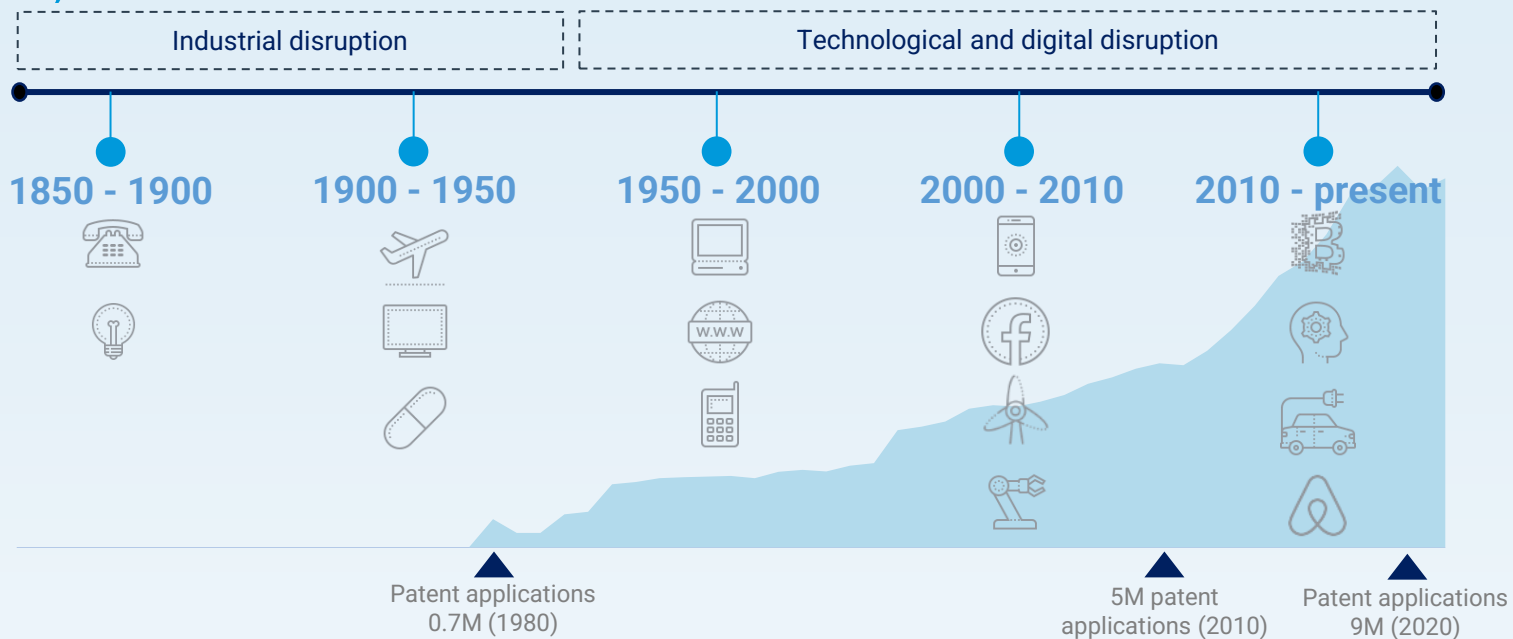
[www.ellipsis-am.com](http://www.ellipsis-am.com)



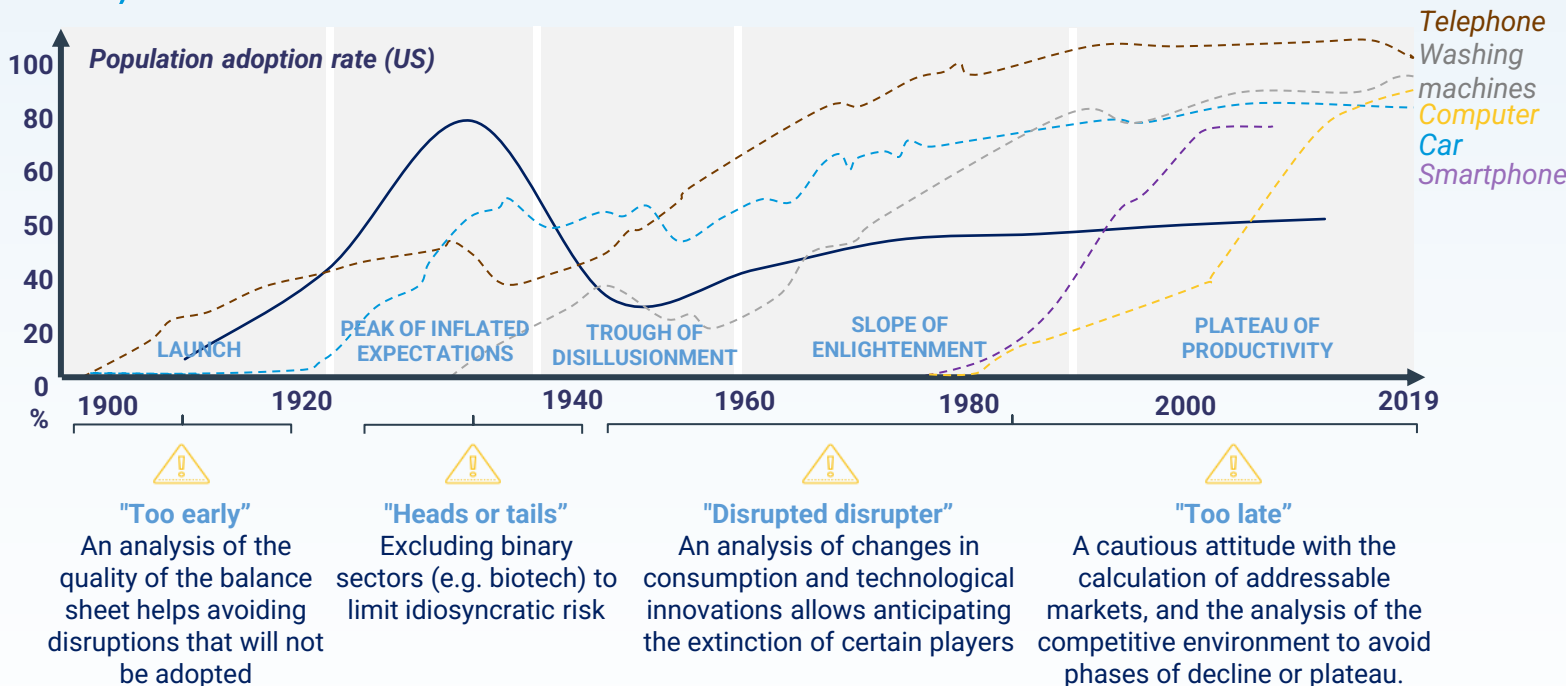
## 3 LESSONS FROM 2 CENTURIES OF DISRUPTION

Past performance is not a guarantee of future performance.

### 1) A PHENOMENON THAT IS ACCELERATING



### 2) TIMING IS IMPORTANT



### 3) CONVERTIBLE BONDS HAVE THEIR ROLE TO PLAY

Disruptive companies have a strong interest in issuing convertible bonds: reduced interest burden, delayed dilution...

#### Consequence #1

An alignment of interests between investors and companies regarding conversion

#### Consequence #2

An investment universe of over 300 bonds, allowing for selectivity

## Dominant investment themes

Past performance is no guarantee of future performance.



### Decarbonation

x5

Renewable energy production by 2035 in the US<sup>1</sup>

50%

Proportion of electric vehicles in sales by 2035<sup>1</sup>

solar**edge**

**ENPHASE**

**PLUG POWER**



### Cloud / AI

60%

Potential adoption rate, vs. 20% today<sup>2</sup>

x3

Increase in anticipated expenditure<sup>2</sup>

**mongoDB**

**DATADOG**

**Microsoft**

**paloalto**  
NETWORKS

**CYBERARK**

**zscaler**



### Digitalisation

10%

Share of online retail sales in Brazil, compared with 25% in China<sup>3</sup>

x3

AirBnB's target increase for overnight stays by 2028<sup>4</sup>

**mercado libre**

**sea**  
accelerating the digital

**airbnb**



### Health

30

Approved gene therapies vs. 19,000 conventional treatments<sup>5</sup>

50

Cancers detected by predictive tests<sup>6</sup>

**SAREPTA**  
THERAPEUTICS

**EXACT SCIENCES**

The information relating to the instruments or issuers mentioned is for illustrative purposes only, is valid at the date of the document and does not constitute a recommendation to buy or sell. At the time of publication of this document, the portfolios managed by Ellipsis AM may or may not be exposed to the issuers mentioned and the issuers may no longer be present in the portfolio at a later date. Future management decisions are not constrained by the statements and analyses reported and may even go in the opposite direction.

## THE M&A OPPORTUNITY THROUGH DISRUPTIVE CONVERTIBLE BONDS: TOWARDS ALPHA GENERATION

Past performance is no guarantee of future performance.

### The advantageous clauses of convertible bonds in case of merger and acquisition:

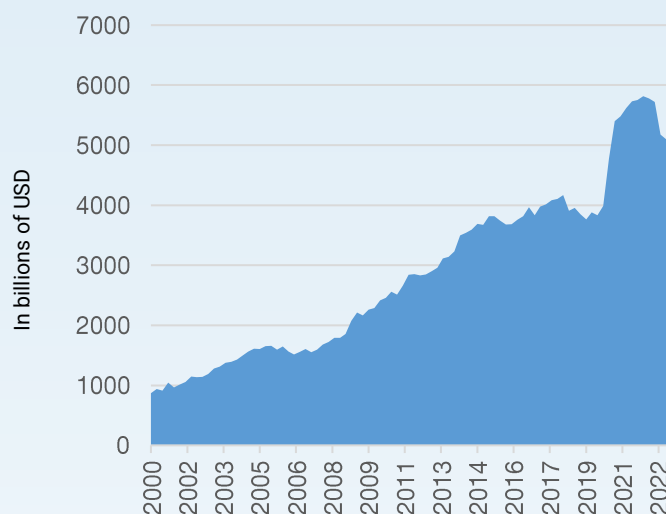
- Poison puts: early redemption at par for bond profiles
- Ratchets: improved conversion ratio for convertibles where the current price of the underlying share is higher than the conversion price of the bond

### A favourable environment:

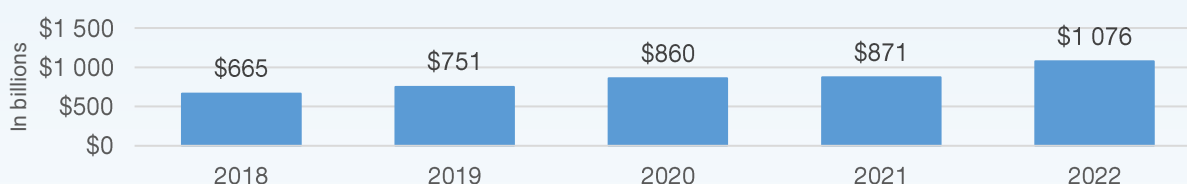
- Drastic correction in the valuations of disruptive companies (divided by 3 since 2021)
- Record levels of liquidity in U.S. corporate balance sheets
- A lot of cash still uninvested by funds investing in non-listed companies (private equity): "Dry Powder".

### Numerous targets identified on the market of convertible bond: Splunk, Okta, Unity, Confluent, etc.

### S&P500 Cash Level



### Private Equity: Dry Powder



### Latest key transactions

Date	Target	Acquirer	Deal Value (\$m)	Pre T/O price	T/O Price	Premium
Jan-20	Slack Technologies Inc	Salesforce.com Inc	25,766	114	150	32%
Dec-20	RealPage Inc	Thoma Bravo LLC	9,753	165	212	28%
Dec-20	Pluralsight Inc	Vista Equity Partners	2,862	89	100	12%
Apr-21	Proofpoint Inc	Thoma Bravo LLC	10,298	107	129	20%
Aug-21	Afterpay	Block Inc	26,598	85	100	18%
Dec-21	Nuance Communications	Microsoft Inc.	17,241	233	290	24%
Apr-22	Sailpoint Technologies	Thomas Nravo LLC	6,130	180	232	29%
Apr-22	Twitter Inc	Elon Musk	36,760	85	100	18%
Jun-22	Zendesk Inc	Hellman & Friedman	10,200	105	125	19%
Jul-22	1Life Healthcare	Amazon Inc.	3,691	83	100	20%
Aug-22	Avalara Inc.	Vista Equity Partners	8,400	79	100	27%
Aug-22	Global Blood Therapeutics	Pfizer Inc	4,618	123	224	82%
Oct-22	Zynga	Take-Two Inc.	12,006	105	123	17%
Dec-22	Coupa Software Inc	Thoma Bravo LLC	6,150	79	100	27%
Feb-23	Oak Street Health Inc	CVS Health Corp	10,273	77	100	30%

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# ELLIPSIS DISRUPTION CONVERTIBLE FUND

Thematic fund on global disruptive convertibles

## SELECTION OF DISRUPTIVE COMPANIES<sup>1</sup> & CONVERTIBLE ASYMMETRY

### Key data at 05/07/2023



Average rating

**BB+**



Portfolio

**39** positions



Capitalizations

~45% large caps

~55% small & mid caps



Diversification

~60% US

~20% Europe

~20% other

### Management process

#### DISRUPTION FILTER

Identification of secular disruptions, based on the convictions of the management team, supported by appropriate external research

#### CREDIT FILTER EXTRA-FINANCIAL FILTER

PASS OR  
FAIL

Exclusions based on financial and extra-financial metrics (including governance)

#### THEMATIC FILTER

Selection of themes to be included in the portfolio and selection of bond issues

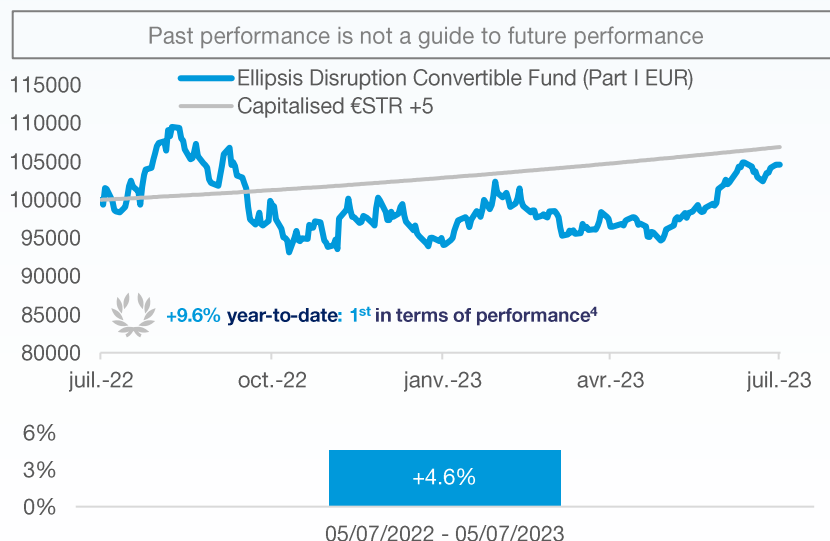
#### PERMANENT CALIBRATION

Balancing and diversification of exposures (equity, credit, liquidity, valuation, clauses)...

Sources: Ellipsis AM, 05/07/2023. 1 The strategy consists of focusing on investment opportunities presented by companies benefiting from one or more of the following characteristics: (i) a technological innovation with the potential for widespread adoption; or (ii) the creation of a product or service that responds to a societal issue or is at the origin of a new consumer habit; or (iii) a regulatory change leading to market evolution.

◀ Our focus is to invest in companies where we believe the potential for revenue and earnings growth is significantly higher than that of the overall business. The average expected sales growth of the portfolio's underlyings is 25% for 2023 compared to 3% for the S&P 500 and 6.5% for the Nasdaq<sup>2</sup>. ▶

### PERFORMANCE SINCE LAUNCH (05/07/2023)<sup>3</sup>



### RISKS<sup>4</sup>

The Fund carries a risk of capital loss and performance is not guaranteed.

More specifically, the Fund is exposed to a risk linked to changes in the value of convertible bonds held in the portfolio, which depends on several factors: the level of interest rates, changes in the price of the underlying shares, or changes in the price of the derivative embedded in the convertible bond.

The Fund is also exposed to credit risk, liquidity risk, counterparty risk and risk associated with the use of forward financial instruments.

These factors may lead to a fall in the net asset value of the fund, which is not guaranteed or protected in any way.

Source: Ellipsis AM, YTD at 05/07/2023 | 2. Source: Bloomberg, Ellipsis at 05/07/2023. 3. Performance net of fees (after deduction of ongoing costs), dividends and coupons reinvested. This chart shows the fund's performance as a percentage loss or gain per month since launch. 4. Non-exhaustive list. 5. Source: Ellipsis AM, as of 5 July 2023.



# ELLIPSIS DISRUPTION CONVERTIBLE FUND

## Characteristics

Underlying  
**Global Convertible Bonds (active management)**

Managers  
**Sébastien Caron - Nicolas Schrameck  
Pénélope Dugas - Cyril Batkin<sup>1</sup>**

Launch of the fund  
**05/07/2022**

Country of registration



Minimum recommended investment period  
**5 years**

Net asset value frequency  
**Daily<sup>2</sup>**

Assets under management  
**€66m (at 15/06/2023)**

SFDR classification<sup>3</sup>

**Article 8,**

Outperformance fees

**15% (inclusive of tax) of the Fund's annual outperformance, net of fees, compared with the benchmark money market index<sup>4</sup> in the currency of the unit subscribed to, capitalised + 5%.**

## SRI RISK INDICATOR

(Reference EUR 1 share)

1	2	3	4	5	6	7
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The risk indicator assumes that you hold the product for the recommended investment period. The actual risk may be very different if you opt to exit before maturity, and you may get less in return. The main risks to which the product is exposed are credit risk, interest rate risk and the risk associated with the subordination of certain securities. Risks linked to the low liquidity of certain securities, forward financial instruments and counterparty risks are not taken into account in the calculation of the risk indicator. As this product does not provide protection against the vagaries of the market, you could lose all or part of your investment.



## Available shares

SHARES	ISIN CODE	LAUNCH	MIN. OF SUB. INITIAL	ORIGINAL NET ASSET VALUE	MANAGEMENT FEES
I EUR	FR0014009MK9	05/07/2022	1 000 000 EUR-CHF-USD	100 000 EUR-CHF-USD	Max. 1.00
I CHF	FR0014009ML7	05/07/2022			
I USD	FR0014009M98	05/07/2022			
J EUR	FR0014009MA0	05/07/2022	No	10 000 EUR-CHF-USD	Max. 1.20% interest
J CHF	FR0014009MC6	Open for subscription			
J USD	FR0014009MB8	Open for subscription			
P EUR	FR0014009MD4	Open for subscription	No	1 000 EUR-USD	Max. 1.90% interest
P USD	FR0014009ME2	Open for subscription			
S EUR	FR0014009MI3	Open for subscription	2 000 000 EUR-CHF	100 000 EUR-CHF	Max. 0.85
S CHF	FR0014009MJ1	07/07/2022			

## WARNINGS

This advertising document is for information purposes only and does not constitute investment advice on financial products. Due to its simplified nature, the information contained in this document may only be partial. It may be subjective and is subject to change without notice. All information has been compiled in good faith on the basis of market information. No guarantee can be given as to the accuracy of any information obtained from external sources.

The investment is in units of a collective investment scheme and not in the underlying assets. UCIs do not offer a capital guarantee.

The offer of units of UCIs may be restricted or prohibited by law in certain jurisdictions. Before making any offer, it is advisable to check in which countries the UCI(s) referred to in this document are registered for marketing. The UCI may not be subscribed or held by a Non-Eligible Person or by a Non-Eligible Intermediary (see the section on "Eligible subscribers" in the prospectus).

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### Additional information for Switzerland :

The fund's country of origin is France. In Switzerland, the representative is Acolin Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, and the paying agent is Banque Cantonale de Genève, quai de l'île 17, CH-1204 Geneva. The prospectus, the basic information sheets resp. the key information for investors, the regulations and the annual and semi-annual reports may be obtained free of charge from the representative.

1. Management team as at 07/07/2023, subject to change during the life of a fund. 2. Excluding French public holidays, days on which TARGET is closed and days on which the New York Stock Exchange is closed. 3. European regulation (EU) No 2019/2088 known as Sustainable Finance Disclosure (SFDR). For more information on our ESG policy (environmental, social and governance criteria): [https://www.ellipsis-am.com/publication/ComplianceDoc/Fr\\_Rapport-LEC-Ellipsis-AM.pdf](https://www.ellipsis-am.com/publication/ComplianceDoc/Fr_Rapport-LEC-Ellipsis-AM.pdf) | 4. benchmark money market index + 5% (15% incl. tax) of the fund's annual outperformance net of fees compared with €STR capitalised +5% (EUR units) - SARON capitalised + 5% (CHF units) - SOFR capitalised + 5% (USD units). A fee is deducted from the annual outperformance, net of costs, of the Fund compared with the performance of the benchmark index, once the underperformance of the last 5 years has been offset. The performance fee is calculated on the basis of the Fund's financial year, is provisioned on each net asset value and is deducted annually after the end of the calculation period. The provision is deducted in the event of disinvestment during the calculation period.





**"MAKE THE DIFFERENCE"**  
UN ADN CONVICTIONS/RISQUES  
Plus de 19 ans d'expertise de gestion

Ellipsis AM  
112 Av. Kléber, 75116 Paris

**20** years  
management expertise

**2.2** billion  
euros of AUM\*

**25**  
employees\*.

\* At 30/06/2023