

# Cape Equity Opportunities Fund



Cape Capital SICAV-SIF II

## Fund strategy

The objective of the Fund is to create long-term capital appreciation by investing in a portfolio of global equity securities.

The portfolio is meant to assemble the best of our advisory opportunities to Cape Capital clients in a structured, concentrated manner – and to provide a complementary growth portfolio to client's classic equity exposure and private equity. The portfolio is aiming to hold 8-12 high conviction ideas with return expectations of 1.5-2x per position and generate 10-20% unleveraged return per annum on portfolio level over a 3-year cycle.

## Performance (%)



Current month	YTD	1Y (p.a.)	3Y (p.a.)	5Y (p.a.)	Since inception
-0.20	3.96	11.72	8.19	13.89	62.35

## Fund information

Date	30 June 2025
Current AUM	EUR 109m
Fund type	SICAV-SIF
ISIN	LU2407998470 Share Class I LU2407999361 Share Class II
Fund inception	18 February 2022
Minimum investment	EUR 125,000 equivalent
Available currency	EUR
Subscription	Daily / 2 business days
Redemption	Daily / 5 business days
Management fee	1.0% p.a. share class I 0.5% p.a. share class II
Performance fee	10% share class I (High-on-High) 10% share class II
Fund domicile	Luxembourg
AIFM	MultiConcept Fund Management
Central administration	UBS Fund Administration Services Luxembourg S.A.
Auditor	PwC (Luxembourg)
Depository bank	UBS Europe SE, Luxembourg Branch

## Fund statistics

Return (% , annualized since inception)	8.93
Max drawdown (% , since inception)	-26.26
Sharpe ratio	0.42
Upside/downside capture	0.96
Risk free rate <sup>2</sup>	1.34

Note: past performance is not a reliable indicator of future results.

Please see page 2 for detailed share class information.

1. Historical data from November 2019 to February 2022 shows the performance of the Cape SelEquity Certificate. Fund performance is shown based on the NAV (net of fees) of the share class Internal II EUR, inception 18 February 2022.
2. Risk free return is calculated as the annualized return of EURIBOR 3 month since the inception of the Cape SelEquity Certificate.

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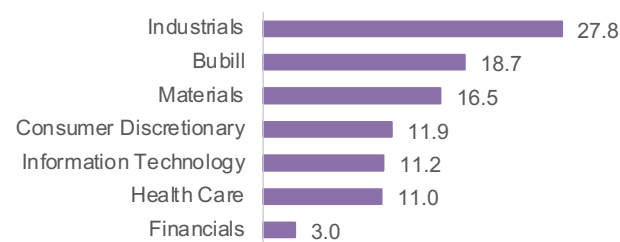
## Portfolio holdings

Company	Country	Weight (%)
Short term bond	Germany	17.5
Diversified industrial investment	Great Britain	16.3
Financial services technology	US	9.7
Gold fund	France	9.3
eCommerce fashion	Germany	6.9
Metals mining	Canada	6.1
Software & hardware	US	5.6
Pharmaceuticals products investor	US	5.2
Health care	US	5.0
Application software	US	4.9
Consumer discretionary	China	4.3
Digital consumer businesses	Sweden	2.8

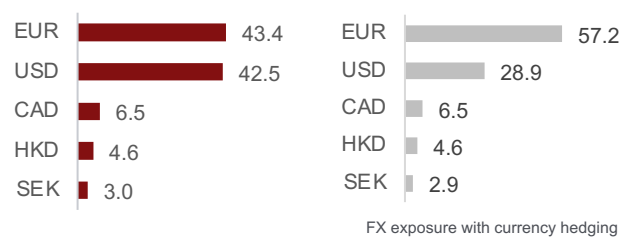
## Portfolio profile

Ratio	Weighted	Median
Market Capitalisation (\$bn)	419.6	17.4
Net Debt / EBITDA (x)	0.9	0.2
Revenue CAGR 2y (%)	11.9	9.6
EPS CAGR 2y (%)	22.3	12.1
EBITDA Margin (%)	42.6	34.6
FCF / Sales (%)	31.5	29.2
Net Profit Margin (%)	19.7	13.3
EV / EBITDA - NTM (x)	10.3	9.6
PE – NTM (x)	19.0	16.5
ROE (%)	16.7	12.8
ROCE (%)	11.1	6.6

## Sector allocation (%)



## Currency exposure (%)



All allocations are calculated based on notional exposure (excl. cash).

FX exposure refers to the currency denomination of the security.

The Total Expense Ratio (TER) presented in this document reflects final TER for the previous year.

## Share class information

Share class	Bloomberg	ISIN	Inception	Fee p.a. (%)	TER (bp)	Current NAV
EUR Class I (External)	CACEOIE LX Equity	LU2407998470	18/02/2022	1.00	186.0	121.45
EUR Class II (Internal)	CACEOIA LX Equity	LU2407999361	18/02/2022	0.50	154.0	123.19

## Investment returns<sup>1</sup>

in %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019											-1.23	2.15	0.89
2020	-1.75	-8.23	-18.22	11.87	2.40	-0.58	-1.95	11.81	-0.40	-0.73	11.58	3.26	4.87
2021	10.07	6.17	7.42	2.36	-2.12	4.51	0.24	0.30	-5.81	3.94	-2.01	2.61	30.09
2022	-1.89	-1.68	-2.29	3.11	-0.76	-3.43	9.01	-0.78	-8.37	6.21	5.25	-4.86	-1.84
2023	4.25	-1.05	-3.44	-2.23	1.26	3.67	2.70	-1.45	-3.26	-5.74	8.71	4.25	6.94
2024	-1.23	1.63	6.71	-3.59	1.33	-3.86	-0.10	-0.29	2.06	0.91	7.44	-2.50	8.09
2025	7.06	0.49	-3.87	-2.91	3.75	-0.20							3.96

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# Cape Equity Opportunities Fund

## All for nothing?

Alex Vukajlovic: [alex@capecapital.com](mailto:alex@capecapital.com)

### Market update

U.S. equities continued their impressive run in June, with both the S&P 500 and the Nasdaq reaching fresh all-time highs, underscoring the market's resilience in the face of geopolitical volatility and growing macroeconomic uncertainty. The rally, which began in earnest after the April lows, has once again been led by large-cap technology names, particularly those linked to artificial intelligence and cloud infrastructure, as investor appetite for structural growth stories remains robust. Despite dramatic headlines mid-month—most notably the escalation of tensions in the Middle East following U.S.-led airstrikes on Iranian nuclear facilities—market reactions were surprisingly muted, with oil prices initially spiking before falling sharply and equity markets broadly unfazed. This ability to absorb geopolitical shocks with minimal disruption speaks to the current underlying strength of U.S. risk sentiment, which has been supported by a combination of improving liquidity conditions, light investor positioning, and a gradual shift in Fed rhetoric toward potential rate cuts later this year. Economic data toward the end of the month began to soften, particularly in the labor and housing markets, prompting some Fed officials to publicly suggest that the case for monetary easing may now be building.

Against this backdrop, investors appear willing to look through near-term uncertainties and focus instead on the longer-term narrative of U.S. economic exceptionalism and corporate innovation leadership. While questions remain around trade policy, political risks, and the sustainability of valuations, the market's ability to rally in the face of both domestic and international headwinds suggests that, for now, momentum remains firmly with the bulls—especially as investor positioning remains far from euphoric, leaving room for further upside should sentiment continue to improve.

European markets, by contrast, struggled to keep pace in June, with major indices remaining flat to slightly negative as political and macroeconomic headwinds weighed on sentiment. While improving PMI data offered glimpses of a cyclical rebound, renewed uncertainty in France and the lack of a clear growth engine left investors on the sidelines. The ECB's early rate cut in June failed to provide a lasting boost, as markets remained more focused on political risk and a still sluggish earnings backdrop. Compared to the US, Europe continues to lack exposure to high-growth themes like AI and cloud infrastructure, which dominated global equity flows this month. As a result, the Euro Stoxx 600 underperformed the S&P 500 by nearly 500 basis points, eroding its year-to-date outperformance. Without a strong narrative to counterbalance global volatility, European equities remain largely reactive and at the mercy of external developments.

### Fund performance

The Cape Equity Opportunities Fund (in EUR) posted a loss of -0.2% in June, resulting in a year-to-date performance of +4.0% and a significant outperformance compared to the MSCI ACWI (EUR), which recorded a loss of -2.9% since the beginning of the year. Since inception in November 2019, our annualized return has been 8.9%. Overall, we are pleased with the Fund's low downside correlation during challenging periods, such as in 2022 and this year.

During June, it was challenging for the Fund to keep pace with the equity rally observed in U.S. markets. From a top-down perspective, our overweight exposure to European equities detracted from performance, as major markets ended the month flat or slightly negative after political and macroeconomic headwinds weighed on the optimism seen earlier in the year. While this had a minor effect, our unhedged USD exposure (approximately 25% of the portfolio) also contributed negatively to performance, as the dollar continued to depreciate against the euro (by about 2.7% over the month).

In terms of “bottom-up” performance, the largest positive contributor was our position in the German e-commerce fashion company, as it continued to benefit from positive investor sentiment following the Q1 2025 earnings report and momentum in technology-related stocks. Additionally, the company announced strategic developments in its platform and logistics business. Another positive was our exposure to the US financial technology services provider, which saw a positive re-rating from analysts and several upgrades. Conversely, our exposure to the Chinese technology conglomerate was a detractor after the company issued a disappointing earnings report, missing expectations for both revenue and net income. The basket of gold miners also detracted from performance as gold prices pulled back from all-time highs.

## Our positioning

At times, it can be prudent to refrain from taking too many actions in the portfolio, especially as we have remained active since the beginning of the year—most notably in April and May. Over the course of June, we preferred to observe how geopolitical tensions unfolded, making only minor sizing adjustments to the portfolio.

### Top down – Hedges, cash management and FX:

- We maintained a hedging for half of our USD denominated positions into EUR, while the rest remains unhedged as of now. This means our net exposure to USD stood at ~25%, which we see as reasonable for the time being.
- Like as at end of May, we finished the month with a cash exposure of about 24% (including ~17% in German T-bills). Even though, we adjusted a few positions sizing, overall cash levels remained stable.

### Bottom-up - Single names:

- We increased our exposure to healthcare names by approximately 4%, as we see significant unrealized alpha in these two positions. Having built a small position in the leading healthcare data company at the end of May, we increased this allocation from 2.5% to 5% as our conviction grew. This move was funded by decreasing our exposure to one of the Magnificent 7. While we maintain a sizeable position in one of the hyperscalers (5.6%), we see more upside in this AI proxy healthcare position. We also rounded up our position in the pharmaceutical product investor—part of our value arbitrage “bucket”—to 5% by allocating approximately 1.5% of our cash.
- We reduced (from 7.5% to 5%) our exposure to one of the major US application software companies after investors continued to sell off the name following its quarterly earnings announcement. Indeed, the company delivered a beat-and-raise quarter, and the Q2 report did not reveal anything concerning about the company's quality business model—with double-digit top-line growth as well as improvements in gross and operating margins. That said, investors continue to remain skeptical about the company's ability to benefit from AI monetization. We remain positive, as in our view, the company can be a creative AI one-stop shop, but we prefer to decrease risk as momentum is against us for the time being.

Although tariff negotiations—and thus uncertainty—may resurface in July, political tensions have eased for the time being. Furthermore, we do not foresee any concrete negative catalysts in the coming weeks and do not want to miss potential upside, as we did in June. Therefore, it is likely that we will look to reduce our cash exposure by adding to existing names. That said, we have so far refrained from purchasing put options, given the momentum-driven rally observed over the past month. We will consider buying put options again if U.S. equities continue to rally.

## Portfolio construction

Our portfolio does not mirror the market in any way; it is concentrated and does not hold any of the mega caps that dominate global benchmarks (which has been unfortunate over the last two years). It demonstrates revenue growth above inflation and is likely to achieve double-digit earnings growth in the next two years. Last but not least, it is attractively valued, trading at a significant discount to historical market averages and current market valuations. We believe that, given these characteristics, we can afford to be both concentrated and optimistic for the months and quarters ahead, as we expect value to be unlocked.

Beyond our concentration in the 11 positions (including the two thematic baskets), we are positioned for a variety of outcomes and will continue to remain agile, making adjustments as we see fit.

- **AI Proxy Theme (~42% of NAV or 65% of invested capital)** – We are strong believers in the power of AI to redefine the corporate landscape and our lives in the years and decades to come. We are constantly searching for names that can drive and enable this transition, but at an attractive valuation—which currently limits the investment spectrum, given the run-up in prices. More importantly, we are not only looking to monetize AI through “direct enablers” (think of Google in the internet age), but also via “second-derivative beneficiaries” (think of luxury goods firms like LVMH in the internet age). We have our eyes on financials, healthcare, administrators, marketplaces, and other companies where cost-cutting can provide a boost to earnings and multiple expansions in addition to accelerating top-line growth. These are the opportunities where we can find companies that fit our philosophy and criteria: primarily, not overpaying for growth and maintaining a superior/asymmetric risk-return profile.

In addition, we are singling out a sub-theme – Electrification – as we anticipate a tailwind in spending on the energy transition in Europe, infrastructure in the US, and the onshoring of supply chains. More broadly, we see significant supply and demand imbalance ahead, leading to attractive investment opportunities.

- **European Infrastructure Reset (~16% of NAV, or 20% of invested capital)** – This new theme of ours relies on three pillars:
  - We anticipate a tailwind in spending on infrastructure upgrades as Europe needs to shift from an analogue to a digital economy.
  - The need to rebuild Ukraine will emerge as the market is bracing for some sort of peace between Russia and Ukraine in 2025, which will lead to imbalances in several infrastructure subsectors.
  - The valuation gap between European and US equities is at its widest in 20 years.

This theme is currently implemented through a basket of 15 names across different industries, such as construction and buildings, transport and logistics, electrification, infrastructure, and banks. Four out of the 15 names are traded in Austria, Turkey, and Hungary. We find the risk-reward profile very attractive, given the solid growth expectations based on “business as normal” (high single-digit top-line and bottom-line growth), low valuations of 11x forward earnings, strong profitability ratios (e.g., ROE of 12%), and a dividend yield of just under 4%. This basket was custom-made internally and is managed as an actively managed account with a third-party provider.

- **Gold Miners (~9% of NAV)** – Gold miners’ stock prices rallied in 2024, in line with the price of gold, but in our opinion, not enough, given the extraordinary cash flow generation and margin expansion. We expect the trend of European and emerging market central banks increasing their gold reserves to continue, given the political uncertainty, while investors have so far remained on the sidelines. Valuations remain attractive, with most companies in our portfolio trading at single-digit P/Es and cash flow yields above 20%. We anticipate that industry consolidation will accelerate and, as such, we prefer to own a diversified basket rather than just a few single names. Finally, by actively managing the portfolio, we ensure exposure to higher-quality companies operating in stable jurisdictions and adhering to strong environmental practices.
- **Value Arbitrage (~8% of NAV)** – As opportunism is part of the Fund’s DNA, we sometimes take positions in what we call “special situation/value arbitrage” opportunities. These are typically names whose prices have dropped significantly over the past few months as their businesses faced difficulties due to macroeconomic challenges or idiosyncratic events. However, after conducting our due diligence and identifying concrete short- to medium-term positive catalysts, we believe these names have strong potential to rebound and regain investors’ confidence. Thus far, we have mainly invested in the healthcare and technology sectors through this theme.
- **Hedges via options** – It is important to remind investors that this Fund aims to generate a target return of 10% per annum while experiencing much less downside during market corrections. Although we have delivered on this promise in the past (for example, flat performance in 2022), we recognise that our beta has been very high, particularly when markets experience sharp turns. To mitigate this, we have historically traded our existing positions, which often resulted in a loss of performance and alpha. We have tested our hypothesis over time, and the system we are now introducing should be seen more as a “volatility” trade than a true “hedge.” This approach should lead to less turnover in key positions and themes, and more “tail trading” using puts and leveraged index ETFs. Our VAR for this theme/book is 3% per annum. So far this year, it has made an important contribution by reducing the volatility of the fund during the challenging March-April period.

All that said, we remain excited about the fund's prospects and will continue to manage it in an optimistic, agile, and cautious manner as we do not like to lose money, and we prioritize absolute over relative performance.

# Cape Equity Opportunities Fund



Cape Capital SICAV-SIF II

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Alternative Investment Fund Manager: MultiConcept Fund Management S.A.

Fund type: SICAV-SIF

Domicile: Luxembourg

Central administration: UBS Fund Administration Services Luxembourg S.A.

Independent auditor: PwC (Luxembourg)

Legal advisor: Arendt & Medernach, Luxembourg

Depositary bank: UBS Europe SE, Luxembourg Branch

Swiss representative: UBS Fund Management AG

Paying agency: UBS AG

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