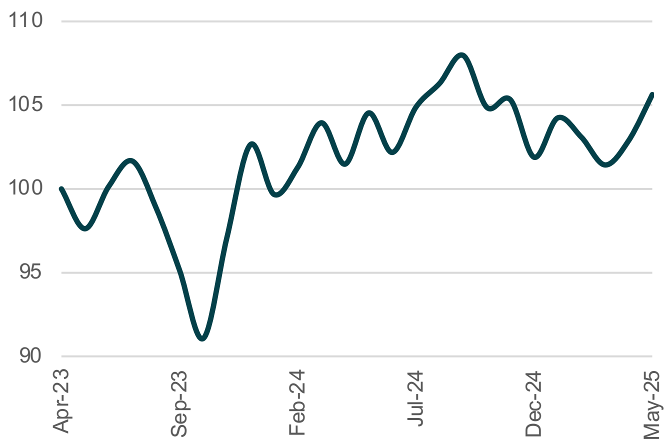
Cape Nature Positive Transition Fund

Cape Capital SICAV-SIF II

Fund strategy

The investment objective of the Fund is to deliver long term capital appreciation while contributing toward the protection and the restoration of nature by investing in other funds ("Underlying Funds") that operate investment strategies designed to positively contribute to either biodiversity/natural capital, water/oceans, circular economy or climate change. The Fund envisages exposing investors to optimal diversification across sectors, asset classes and investment strategies throughout the Underlying Funds.

Performance[1] (%)



Current month	YTD	1Y (p.a.)	3Y (p.a.)	5Y (p.a.)	Since inception
2.67	3.67	1.05	N/A	N/A	5.63

Fund risk summary

Return (%, annualised since inception)	2.66
Volatility (%, annualised)	10.39
Max drawdown (%, since inception)	-10.42
Sharpe ratio[1]	-0.26

Fund information

Date	31 May 2025
Current AUM	USD 87m
Fund type	SICAV-SIF
ISIN	LU2588911045 USD Share Class I LU2588911631 USD Share Class II
Fund inception	26 April 2023
Minimum investment	USD 125,000
Available currency	USD
Subscription	Weekly / 3 business days
Redemption	Weekly / 3 business days
Management fee	1.0% p.a. share class I 0.8% p.a. 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

Average yield to maturity (%)	5.00
Duration (years)	4.83
Average security rating	BBB
Gross exposure (%)	109.25
Net exposure (%)	83.54
Fixed income allocation (%)	29.45
Equity allocation (%)	47.86
Hedge fund allocation (%)	19.03
Cash allocation (%)	3.67

Note: past performance is not a reliable indicator of future results. Please see page 2 for detailed share class information.

1. Share class II USD, monthly NAV net of fees since fund inception 26 April 2023.

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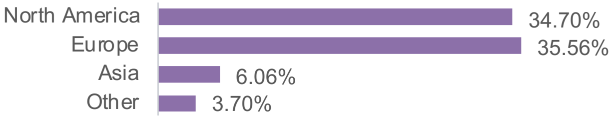
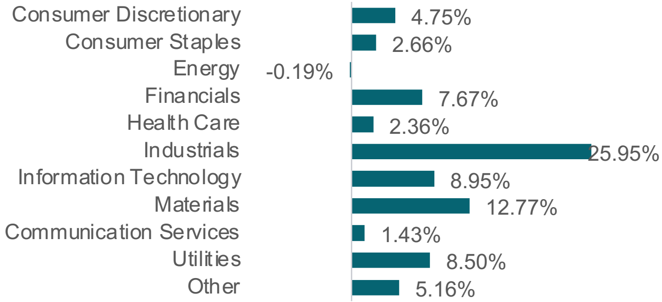
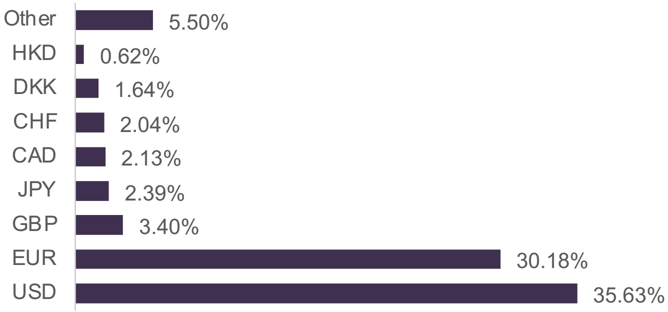
Geographic allocation (NET)



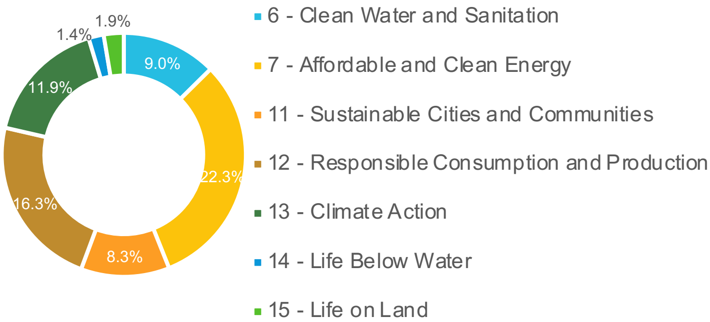
Sector allocation (NET)



Currency exposure (NET)



Key SDG alignment (NET, %)



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
USD Class I	CPNATPI LX Equity	LU2588911045	27/04/2023	1.00	123.0	105.22
USD Class II	CPNATII LX Equity	LU2588911631	26/04/2023	0.80	102.0	105.63

Investment returns[1]

in %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023					-2.38	2.58	1.52	-2.73	-3.79	-4.28	6.60	5.74	2.65
2024	-2.90	1.63	2.63	-2.38	3.02	-2.26	2.64	1.35	1.57	-2.87	0.43	-3.26	-0.74
2025	2.31	-1.10	-1.61	1.43	2.67								3.67

Cape Capital

MONTHLY COMMENT – MAY 2025

Cape Nature Positive Transition Fund

Value at risk: the European economy is not drought-proof

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Portfolio performance

The Fund returned 2.67% in May. Since its inception in April 2023, it has achieved a net return of 5.63%.

Equity markets posted strong gains in May, with the S&P 500 recording its best month since November 2023 at 6.2%, continuing its V-shaped recovery from the trough in early April, when it lost 18% due to Trump initiating his tariff war. In Europe, although the Stoxx 600 underperformed the S&P 500 for the first time this year, it gained 4.0%, making this month the best May in more than 20 years.

The 10-year US Treasury yield rose by 24 basis points to 4.40%, while the 30-year yield briefly exceeded 5%. Yields on 10-year German government bonds increased more modestly, by 6 basis points to 2.49%.

Our Fixed Income bucket returned 1.03%, outperforming the broader iShares Global Corp Bond UCITS ETF, which added 0.16%.

Government bond market returns were predominantly negative in May. Government bonds are increasingly seen as overly "political," and rising fiscal deficits have elevated sovereign credit risk. The US House passed a tax-and-spending bill projected to add trillions to the federal deficit, leading to Moody's downgrading the US government's credit rating from AAA to AA1, becoming the last of the three major rating agencies to do so. On the other side of the Atlantic, the European Central Bank also hinted at another rate cut in June, contingent on confirmation of the disinflationary trend. European high-yield bonds advanced +1.30% in May, rebounding strongly after April's tariff-driven volatility.

All our underlying funds outperformed the benchmark. Our Total Return Fund was the best performer, generating 1.84% net of fees this month, with the top and bottom 10 positions contributing +12 bps. This performance was supported by strong results from core holdings such as Colisée, EVRi, and Aroundtown, which together added +10 bps. The Multi-Credit Fund returned 1.46%, as convertible bonds and high-yield securities contributed the strongest to its performance, followed by investment-grade bonds. On a top-down level, a key contributor was the tactical increase in the delta exposure of convertible bonds from 12% to 17.4% at the start of the month. Government bonds and the regional focus on Europe, at the expense of US positions, slightly weighed on the returns.

Our Equity bucket added 5.02%, lagging the Global equities return of 5.75%. Global performance was largely driven by the US-China agreement to ease trade tensions, which served as a major upside catalyst. Reduced trade war risk lowered recession fears and lifted forward-looking consumer confidence indicators. IT and communication services rallied. Growth sectors generally performed well, as did industrials, financials and consumer discretionary.

Eurozone stocks added nearly 6% but remained fragile amid weak domestic demand and uncertainty surrounding U.S. tariffs as Donald Trump threatened to impose a 50% tariff on the EU starting in June (only to be delayed again). On the positive side, expectations of increased German fiscal spending have been key catalysts behind the recent outperformance of German - and broader European - equities.

All our underlying funds posted positive gains this month but only our Energy Fund managed to outperform the benchmark with a stellar 10.45% return, benefiting from first House draft of the so-called "One Big, Beautiful Bill," which included IRA cuts that were substantially better than expected for most renewable energy tax credits. The largest lagger, although still contributing positively to performance, was the Timber Fund (2.18%), citing detractions from its exposure to Timberland, Wood Products, and Containerboards.

Our Hedge Fund bucket returned -0.49%, below the broader Global Equity Hedge Fund Index, which gained 2.63%. The market-neutral Climate Impact Long/Short strategy added 0.58%. The largest contributors this month were a German industrial company, an Italian electric cable manufacturer, and a US solar company. The largest detractors included a Chinese electric bicycle manufacturer, a US insulation manufacturer, and a US insulation installer.

The Renewable Opportunity Fund detracted by -2.18% this month, citing overly cautious positioning at the start of the month and significant volatility in solar stocks. The Short book was a severe drag on performance (-9.6%), offsetting gains from the Long sleeve (7.4%). Its Solar theme detracted 5.4% of NAV while the best performers, benefitting from renewed momentum in the powering AI trade, were ‘Grid Services’ and ‘Grid Equipment’, adding 2.1% and 1.6% respectively.

Fund changes

In May, the Biodiversity Equity Fund was fully divested, following a lengthy review period with the manager dating back to Q3 2024. Despite strong performance this year—which followed a long stretch of underperformance in both 2023 and 2024 (mostly driven by a concentrated universe with a high tilt toward European small- and mid-cap names)—we decided to redeem our investment in full, given the continued lack of traction on the fundraising side as well as significant outflows. This resulted in us owning too large a stake in the fund, which we could not maintain from a risk management perspective.

Nature Positive highlights

Nature Value at Risk: from Corporate Sustainability to Financial Instability

An Opinion article in the Financial Times from Oregon State University professor Rajat Panwar, argues that corporate sustainability is evolving beyond climate action to embrace **nature-positive strategies**. Nature loss—including deforestation, biodiversity decline, and ecosystem degradation—now poses major risks to supply chains and long-term value. The author argues that business leaders are increasingly integrating biodiversity into procurement, product design, and investment strategies to future-proof their businesses.

This shift is underpinned by three developments:

1. **Scientific and economic clarity**: Reports like the Dasgupta Review highlight how natural ecosystems provide essential services — carbon capture, pollination, water regulation — that underpin economic stability, making ecosystem degradation a material business risk.

2. **Institutional action**: Institutional actors and governments are advancing frameworks like natural-capital accounting and biodiversity finance, enabling companies to quantify and explicitly report nature’s contributions alongside traditional balance-sheet assets.

3. **Investment innovation**: Biodiversity markets and nature-linked bonds are emerging. Funds like HSBC-Pollination’s USD 1bn natural capital fund and Mirova’s regenerative finance vehicles are slowly driving capital into restoration and sustainable land use.

Companies such as Unilever, Patagonia, and VF Corporation are advancing **regenerative agriculture**, while others like Holcim and Kering are developing tools to quantify ecological impacts. Despite political headwinds — particularly in the US and EU — this **nature-centred paradigm** is set to become a competitive strategy for resilience and long-term value creation.

As biodiversity metrics and disclosure tools (e.g. TNFD) gain traction, there is a space for nature to shift from an externality to a **core pillar of business strategy**, opening pathways toward a bioeconomy rooted in regeneration rather than extraction.

Echoing this view, Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, gave a keynote speech at the Naturalis Biodiversity Center, focused on the financial risks posed by water scarcity to the European economy:

"The risk posed by water scarcity is not hypothetical, we are already experiencing the impact today. I am sure that many of you remember when the summers of 2018, 2019 and 2020 brought severe droughts and heatwaves even to the Netherlands. In 2018 alone, economic losses in the Netherlands were up to €1.9 billion for agriculture and €155 million for shipping, with widespread but hard-to-quantify damage to ecosystems. This year's drought is especially alarming: spring 2025 is on track to become the driest ever recorded in the Netherlands, likely surpassing the previous record set nearly 50 years ago. And droughts are only projected to increase further as the climate crisis continues to develop. Worryingly, in the driest scenario an average summer in the 2040s will be about as dry as an extremely dry summer now."

Following this, the ECB published an article stating that the European economy is not drought-proof. Among the highlights, it states that ECB research shows 72% of euro area firms are critically dependent on ecosystem services, while these same firms account for 75% of all corporate bank lending in the region, making it a matter of financial stability. In particular, water scarcity can increase the probability that firms will be unable to repay their loans, in turn amplifying banks' loan exposures. The ECB analysed the loans of 2,500 euro area banks that were granted to non-financial corporations at a sectoral level and found that more than 34% of their total outstanding nominal amount—over €1.3 trillion—is currently extended to sectors exposed to high water scarcity risk. This research demonstrates that the degradation of natural ecosystems has the potential to slow growth and lead to financial instability, while also contributing to the "higher-for-longer" inflation theme.

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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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Updated in May 2025