

# Cape Equity Opportunities Fund



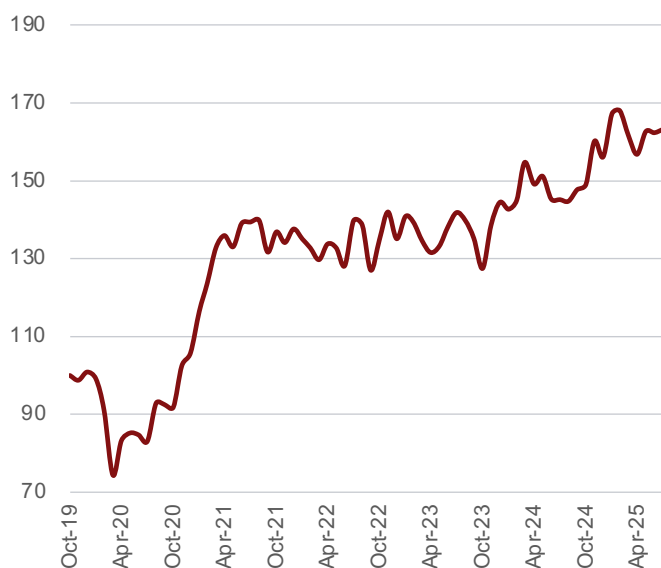
Cape Capital SICAV-SIF II

## 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
0.55	4.53	12.45	5.32	14.47	63.25

## Fund information

Date	31 July 2025
Current AUM	EUR 110m
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)	8.90
Max drawdown (% , since inception)	-26.26
Sharpe ratio	0.43
Upside/downside capture	0.95
Risk free rate <sup>2</sup>	1.35

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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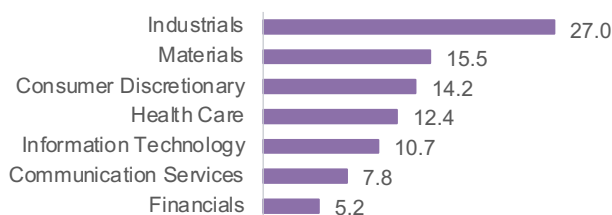
## Portfolio holdings

Company	Country	Weight (%)
Diversified industrial investment	Great Britain	16.5
Financial services technology	US	10.0
Gold Fund	France	9.7
Pharmaceutical products investor	US	8.2
Search Provider	US	7.6
Short Term Bond	Germany	7.1
eCommerce Fashion	Germany	7.0
Consumer Discretionary	China	6.9
Software & Hardware	US	6.0
Metals mining	Canada	5.6
Digital consumer businesses	Sweden	5.1
Application software	US	4.5
Health care	US	4.0

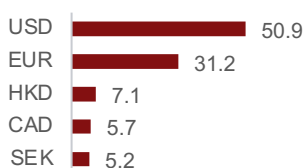
## Portfolio profile

Ratio	Weighted	Median
Market Capitalisation (\$bn)	591.6	75.4
Net Debt / EBITDA (x)	1.1	0.1
Revenue CAGR 2y (%)	12.3	10.2
EPS CAGR 2y (%)	21.1	12.1
EBITDA Margin (%)	47.6	35.2
FCF / Sales (%)	33.3	36.3
Net Profit Margin (%)	22.0	13.3
EV / EBITDA - NTM (x)	10.4	10.1
PE - NTM (x)	17.6	15.2
ROE (%)	16.8	12.9
ROCE (%)	12.2	7.8

## 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	122.08
EUR Class II (Internal)	CACEOIA LX Equity	LU2407999361	18/02/2022	0.50	154.0	123.87

## 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	0.55						4.53

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.

MONTHLY COMMENT – JULY 2025

# Cape Equity Opportunities Fund

## Momentum rule

Alex Vukajlovic: alex@capecapital.com

### Market update

Global equities extended their gains in July, led once again by strength in the US and Asia. While European markets underperformed, they still closed the month with modest gains. Since the April lows, global stocks have staged a notable rebound, appearing largely unfazed by negative headlines.

US Big Tech remained the standout, with the Mag 7 index surging 5.81% in July and nearly 30% over the past three months. The rally was fueled by easing trade tensions, a strong start to earnings season, a resilient macro backdrop, renewed optimism around AI-driven growth, increased deal activity, and relief after the Big Beautiful Bill passed earlier this month. However, some are questioning the sustainability of the rally as investors juggle a growing list of concerns, including reduced odds of rate cuts given the resilient economic data, hawkish takeaways from the July FOMC meeting, persistent inflation, and the expected delayed impact of tariffs, as well as debt and deficit concerns following the passage of the OBBB.

The US and EU struck what President Trump called “the biggest deal ever” after brief talks in Scotland. The agreement imposes a 15% tariff on EU imports to the US (50% for steel and aluminum), while US goods face no new tariffs in Europe. In return, the EU pledged to buy more US products. The outcome was widely seen as a diplomatic defeat for Europe—divided, economically weaker, and unable to counter Washington’s hardball tactics. However, markets barely reacted, suggesting the deal was either priced in or considered not material enough to derail the strong momentum the region has delivered so far this year.

European equities have rallied-up 22% year-to-date for the DAX and 9% for the Stoxx 600—but some caution is emerging, especially as U.S. markets surge. Still, there is room for optimism. A stronger euro may hurt exporters, but domestic demand—fueled by lower rates and rising consumption—remains robust. Despite the rebound, investor skepticism persists; yet that very underweight positioning could set the stage for continued European outperformance.

### Fund performance

The Cape Equity Opportunities Fund (in EUR) posted a gain of 0.6% in July, bringing its year-to-date performance to +4.5%, and marking significant outperformance compared to the MSCI ACWI (EUR), which has recorded a loss of -1.0% since the beginning of the year. Since its inception in November 2019, our annualized return has been 9%. Overall, we are pleased with the Fund’s low downside correlation during challenging periods, such as in 2022 and this year.

July largely echoed June’s market dynamics. U.S. equity markets continued their rally, with both the S&P 500 and Nasdaq 100 reaching all-time highs, driven by investor optimism around AI following strong Q2 earnings reports from tech giants and ongoing fiscal stimulus. While European markets performed positively—mainly led by industrials and banks—they underperformed the U.S. From a top-down perspective, putting some cash to work by decreasing our cash exposure at the beginning of the month proved to be a good decision. Increasing our technology exposure toward month-end was also accretive. That said, our exposure to the European infrastructure theme marginally weighed on returns. Our allocation to gold miners was a detractor as the price of gold stabilized during the month (approximately -1%). This can be explained by a slight strengthening of the U.S. dollar in combination with investors taking some profits after a long bull run. This led to a slightly larger decline in gold miners, which usually exhibit higher beta on the downside, despite a solid start to earnings season.

In terms of “bottom-up” performance, the largest positive contributor was our exposure to one of the hyperscalers (Microsoft), which, in addition to benefiting from the broad tech-led rally, issued an impressive earnings report. The company exceeded expectations on revenues and EPS, driven by 27% growth in its cloud business. Other areas such as LinkedIn, gaming, and commercial bookings also demonstrated positive momentum. Moreover, Copilot witnessed strong usage intensity and rapid uptake. The second largest driver of returns was our copper position, supported by an increase in the copper price as well as a strong report. The company showed record production and operational results, cost efficiency, and the ability to reach strategic milestones (e.g., the Mantoverde permit and project). On the negative side, our exposure to the US health insurance sector was a drag. The sector is facing elevated medical costs, impacting margins across the industry. Additionally, the company—while expected—disappointed with earnings and its fresh 2025 outlook. Another negative was our German e-commerce fashion position, as consumer sentiment and potential competitive pressure (from inexpensive TikTok retailers) weighed on the stock. We view these as short-term and not well-founded concerns, and retain our conviction in the position.

## Our positioning

Throughout July, we deployed cash at the very beginning of the month, remained steady for most of the period, and made a few adjustments during the final days of the month.

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

- We closed the hedge for half of our USD-denominated positions into EUR. This means our net exposure to USD stood at approximately 51%. While we still see the USD depreciating over the longer term, the continuous flow into US equities and the Fed's reluctance to adjust rates for the time being could lead to a period of consolidation. Thus, we prefer to remain nimble in the meantime and keep our USD exposure unhedged.
- As we deployed cash at the beginning and end of the month, our cash exposure decreased from approximately 24% to around 9% through the sale of Bbills. Even though we remain sceptical about certain current valuations, we see opportunities in targeted names at reasonable valuations. This was something we aimed to do, as mentioned in the monthly letter, especially as political tensions and tariff negotiations have eased for the time being.

### Bottom-up – Single names:

- At the beginning of the month, we increased exposure to three names in which we continue to have conviction and which have been showing positive momentum: 1) a digital consumer investor (as we see the IPO pipeline improving toward the end of the year), 2) a German e-commerce platform (with integration of an acquisition and various analyst upgrades), and 3) a pharmaceutical product investor (on the back of a recent deal).
- As part of our conviction that AI will be one of the main drivers of GDP growth, we sought to increase our exposure to direct AI plays. This led us to buy another of the Magnificent 7 (Alphabet — 7.5% position) and to increase our exposure to one of the Chinese tech conglomerates. Regarding Alphabet, we believe the market underappreciates its potential to integrate AI into its search engine. At the same time, search results have remained convincing, implying a gradual shift from one business model to another. Moreover, Alphabet remains the most reasonably valued tech giant, while still demonstrating strong growth prospects.

While we are comfortable with a lower cash exposure for the time being, this is something we will monitor closely in case market volatility arises. Indeed, August is not known to be a strong month from a technical perspective, and no one can predict Trump's next tariff move, even if these have been fairly tame up until now. That said, we have so far refrained from purchasing put options, given the momentum-driven rally observed over the past two months.

## 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 over the next two years. Last but not least, it is attractively valued, trading at a significant discount to both historical market averages and current market valuations. Given these characteristics, we believe we can afford to be both concentrated and optimistic for the months and quarters ahead, as we expect value to be unlocked.

In addition to our concentration in the 12 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 (~52% of NAV)** – 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 attractive valuations—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 through “second-derivative beneficiaries” (think of luxury goods firms like LVMH in the internet age). We are focusing 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 opportunities allow us to find companies that fit our philosophy and criteria: primarily, not overpaying for growth and maintaining a superior/asymmetric risk-return profile.

Additionally, we are highlighting a sub-theme—Electrification—as we anticipate a positive momentum in spending on the energy transition in Europe, infrastructure in the US, and the onshoring of supply chains. More broadly, we foresee a significant imbalance between supply and demand ahead, which will lead to attractive investment opportunities.

**European Infrastructure Reset (~17% of NAV)** – 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 (~10% 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 (~13% 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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