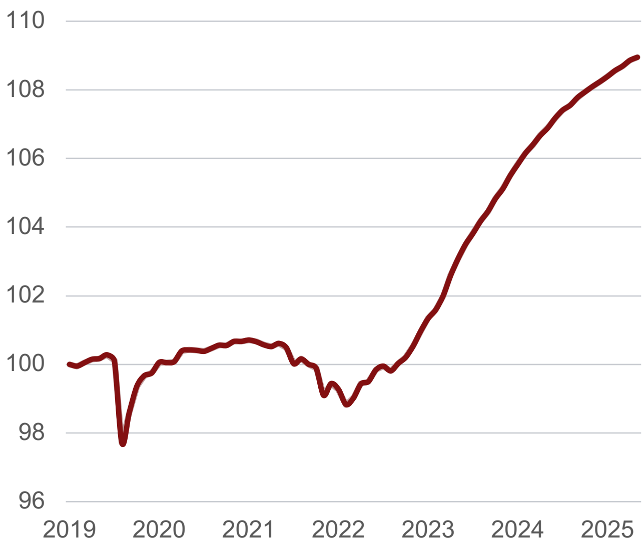
Cape Select Bond Fund

Cape Capital SICAV-UCITS

Fund strategy

The Cape Select Bond Fund is an enhanced short-term bond strategy and alternative to holding cash, seeking to deliver higher returns over traditional money market funds and other short-term credit investments. The fund mainly invests in a mix of very short-term callable or bullet subordinated, or senior bonds issued by high quality Investment Grade rated issuers. Any FX exposure is fully hedged.

Performance (NAV[1])



Current month	YTD	1Y (p.a.)	3Y (p.a.)	5Y (p.a.)	Since inception
0.08	1.93	1.93	3.07	1.64	8.95

Fund information

Date	31 December 2025
Current AUM	EUR 45m
Fund type	SICAV-UCITS
ISIN	LU1968842036
Bloomberg	CSBIBEA LX Equity
Fund inception	02 September 2019
Minimum investment	EUR 5,000
Available currency	EUR, CHF, USD
Redemption	Daily by 3pm C.E.T
Management fee	0.25% p.a.
Share class	Institutional B EUR Accumulating
Fund domicile	Luxembourg
Management company	MultiConcept Fund Management
Central administration	UBS Fund Administration Services Luxembourg S.A.
Auditor	PwC (Luxembourg)
Legal advisor	Arendt & Medernach
Depositary bank	UBS Europe SE, Luxembourg Branch

Fund statistics

Average maturity (months)	4.56
Current running yield	2.36
Return (%, annualized since inception)	1.36
Return benchmark (%, annualized since inception)[3]	1.34
Volatility (%, annualized)[2]	1.32
Max drawdown (%, since inception)	-2.56
Sharpe ratio	0.02

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

Please see page 2 for detailed share class information.

1. Share class Institutional B EUR Acc., monthly NAV net of fees since fund inception 02 September 2019, indexed to 100.
2. Annualized standard deviation using monthly return since inception.
3. Risk free / Benchmark is calculated as the annualized return of EURIBOR 3 month since the inception of the Fund.

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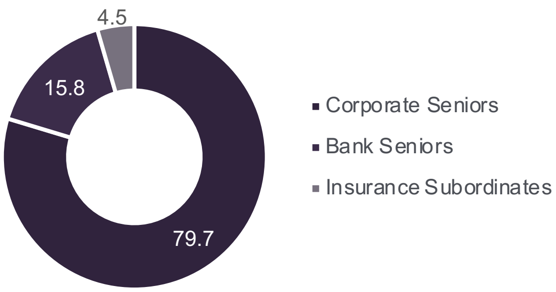
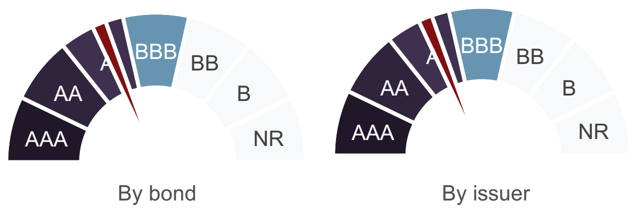
Risk allocation (%)

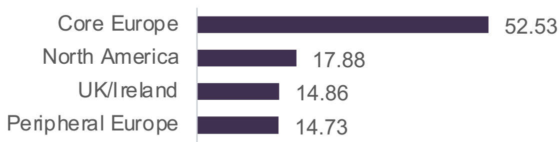


Rating distribution



Maturity split/exposure (%)

Geographic exposure (%)



All allocations are calculated based on notional exposures.
Issuer Level Ratings refer to senior unsecured issuer ratings, based on data from S&P, Moody's, and Fitch.
Maturity exposure is calculated using next call date for callable bonds, call date for called bonds and maturity date for bullet bonds.
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
Institutional B EUR Acc.	CSBIBEA LX Equity	LU1968842036	02/09/2019	0.25	54.0	108.95
Institutional B USD Acc.	CCSBIBD LX Equity	LU1968842119	07/10/2019	0.25	56.0	121.00
Institutional B CHF Acc.	CCSBIBC LX Equity	LU1968842200	27/12/2019	0.25	58.0	100.74
Institutional A EUR Acc.	CACSBIA LX Equity	LU1968841145	24/01/2020	0.20	48.0	108.96

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Share class performance

in %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Institutional B EUR Acc.													
2019									-0.05	0.10	0.10	0.02	0.17
2020	0.11	-0.18	-2.39	0.91	0.77	0.31	0.08	0.31	-0.01	0.03	0.31	0.03	0.25
2021	0.01	-0.03	0.09	0.09	-0.01	0.12	0.00	0.04	-0.05	-0.09	-0.05	0.09	0.19
2022	-0.12	-0.47	0.14	-0.16	-0.11	-0.79	0.34	-0.17	-0.44	0.19	0.41	0.07	-1.10
2023	0.34	0.11	-0.14	0.22	0.18	0.33	0.43	0.37	0.25	0.40	0.58	0.48	3.60
2024	0.41	0.31	0.34	0.28	0.35	0.28	0.37	0.30	0.30	0.24	0.25	0.21	3.70
2025	0.27	0.21	0.14	0.21	0.15	0.15	0.13	0.14	0.16	0.12	0.16	0.08	1.93
Institutional B USD Acc.													
2019										0.28	0.27	0.30	0.85
2020	0.29	-0.04	-2.10	1.05	0.84	0.38	0.19	0.37	0.05	0.08	0.39	0.15	1.63
2021	0.07	0.02	0.16	0.17	0.05	0.17	0.07	0.11	0.00	-0.05	-0.04	0.25	0.96
2022	-0.08	-0.44	0.27	-0.13	0.07	-0.70	0.57	0.08	-0.28	0.44	0.72	0.37	0.88
2023	0.57	0.29	0.08	0.34	0.30	0.57	0.61	0.48	0.39	0.57	0.75	0.63	5.73
2024	0.53	0.42	0.45	0.40	0.47	0.39	0.53	0.45	0.45	0.36	0.35	0.32	5.23
2025	0.40	0.35	0.28	0.42	0.34	0.37	0.35	0.34	0.36	0.30	0.32	0.28	4.20
Institutional B CHF Acc.													
2019												-0.01	-0.01
2020	0.07	-0.21	-2.41	0.86	0.76	0.27	0.08	0.28	-0.03	0.01	0.29	0.01	-0.05
2021	-0.03	-0.06	0.08	0.07	0.00	0.10	-0.01	0.02	-0.07	-0.11	-0.06	0.09	0.02
2022	-0.14	-0.47	0.12	-0.18	-0.14	-0.79	0.39	-0.16	-0.47	0.17	0.34	-0.09	-1.43
2023	0.24	-0.1	-0.27	0.05	0.01	0.15	0.29	0.17	0.11	0.22	0.36	0.28	1.62
2024	0.18	0.13	0.15	0.03	0.12	0.07	0.13	0.07	0.08	0.02	0.06	-0.05	0.99
2025	0.04	0.03	-0.05	0.02	-0.02	-0.04	-0.05	-0.04	-0.03	-0.07	-0.02	-0.13	-0.38
Institutional A EUR Acc.													
2020	0.01	-0.18	-2.38	0.91	0.77	0.31	0.09	0.31	-0.01	0.03	0.32	0.04	0.19
2021	-0.01	-0.03	0.10	0.10	-0.02	0.13	0.00	0.05	-0.04	-0.10	-0.04	0.10	0.24
2022	-0.12	-0.47	0.14	-0.15	-0.10	-0.79	0.35	-0.17	-0.44	0.20	0.41	0.07	5.45
2023	0.35	0.11	-0.13	0.22	0.19	0.33	0.44	0.37	0.25	0.41	0.58	0.48	3.65
2024	0.41	0.32	0.34	0.28	0.36	0.28	0.38	0.30	0.30	0.25	0.26	0.21	3.75
2025	0.27	0.22	0.14	0.21	0.15	0.15	0.14	0.15	0.16	0.12	0.17	0.08	1.97

MONTHLY COMMENT – DECEMBER 2025

Cape Select Bond Fund

A cautious close

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- **Conditional stability**: US growth is strong and Europe shows improvement, supported by easing conditions, but elevated valuations and unresolved fiscal and inflation risks will likely cap the upside in credit spreads.
- **Insurance, not stimulus**: Central bank easing has reduced tail risk without anchoring long-term yields, leaving curves with embedded risk premia and implying that further cuts support growth insurance.
- **Position steady, focus intact**: The Fund keeps an up-in-quality tilt, concentrates on EUR IG bonds with short- to medium maturities, and maintains its defensive positioning as long as spreads remain that tight.

Market

Markets closed the year still caught in a familiar tension: resilient growth in the US and renewed hopes for Europe, supported by a steadily rising M2 money supply on the one hand, and elevated valuations across most asset classes on the other. The Fed's cumulative easing in 2025 has helped to stabilise financial conditions, yet the prevailing narrative remains one of conditional confidence rather than outright relief. US growth held up into year-end, labour markets softened only gradually, and inflation continued to edge lower without delivering a decisive "all clear". As a result, rate expectations for 2026 remain finely balanced, with curves still embedding a meaningful term premium. Long-end US Treasury yields ended the year higher than where they started, underscoring that easing has reduced tail risks but not erased fiscal or inflation-related uncertainty. Foreign demand for US Treasuries remains robust, reinforcing their role as global anchor assets even at elevated yield levels.

Labour market dynamics remain central to the policy debate. Slowing job creation reflects structural constraints rather than cyclical weakness, as demographic trends continue to limit labour supply. Participation rates have stabilised, household balance sheets remain healthy, and consumption has proven more resilient than anticipated. This backdrop supports growth but complicates the disinflation narrative: price pressures are moderately easing, yet not fast enough to justify an easing path. Markets therefore continue to price a cautious policy trajectory, where cuts provide insurance rather than stimulus. In this environment, rate volatility has declined, but directionality remains limited. We continue to see any easing to translate not into lower long-term yields but rather into higher long-term yields. Hence, in an environment of "forced" or "pre-emptive" cuts we do not expect lower nominal yields in average but rather a re-distribution of higher and lower yields among the curves. In our view, the path of least resistance is a further steepening in major developed world interest rate curves.

In Europe, the picture remains one of subdued stability. Disinflation has progressed further than in the US, but growth momentum remains weak. Fiscal expectations continue to play an outsized role, particularly as political fragmentation complicates policy execution in several core countries. Germany's fiscal stance remains pivotal but constrained by implementation capacity, while France continues to trade with a semi-peripheral tone as investors demand compensation for political and fiscal uncertainty. The ECB has remained on hold into year-end, signalling patience and optionality rather than urgency. Front-end rates remained broadly stable, and EUR investment-grade spreads finished the year tight but range-bound.

Credit markets remain technically well supported as positive real rates attracts enough investors to buy into IG credit. So, inflows into investment-grade credit persisted through December, reinforcing demand despite limited valuation appeal.

US IG spreads remain near historical tights, reflecting strong demand rather than improving fundamentals. In Europe, spreads are similarly compressed, although the headline tightness continues to overstate the extent of credit richening. Elevated government yields mechanically suppress government-relative spreads, while z-spreads have been more stable, suggesting that underlying credit risk pricing has not materially tightened further. From a risk-reward perspective, upside remains limited while downside sensitivity has increased.

Looking ahead, the balance of risks in credit remains asymmetric. With valuations stretched and macro uncertainty unresolved, the margin for error is thin. Over the longer term, demographic forces will increasingly shape the macro and fiscal landscape. Ageing populations, slower labour force growth and rising dependency ratios will weigh on potential growth and place persistent pressure on public finances. These forces tend to evolve gradually but can manifest abruptly in markets if confidence in fiscal sustainability weakens. Against this backdrop, while the current environment still appears stable, it argues for discipline and selectivity rather than reach.

Portfolio and positioning

The Fund continues to provide an almost risk-free carry, which is higher than T-Bill rates. With money market curves remaining relatively flat, we continue to position the Fund in the middle of the 0–12 month range, as reflected in the current average duration of around six months. We have taken advantage of strong credit conditions and have maintained most of the exposure in corporate bonds, avoiding sovereigns. Short-duration products – particularly in EUR – offer compelling all-in yields, and our maturity profile helps us to mitigate left-tail risk and rate sensitivity. The Fund delivers a solid carry of approximately 3.0% in EUR terms (gross), derived from a diversified portfolio of roughly 25 high-quality, investment-grade, large-cap companies across developed markets. With a clear “safety-first” approach, we focus on standard bullet bonds that do not incorporate any extension risk.

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Fund type: SICAV-UCITS
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: ACOLIN Fund Services AG
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