Cape L/S Equity Opportunities Fund

Cape Capital SICAV-SIF II

Fund strategy

The objective of the fund is to deliver sustainable long-term capital appreciation, predominantly through investments in a diversified portfolio of 8 to 15 long/short equity funds, managed by reputable investment managers.

The Fund provides exposure to the global equity markets, while ensuring diversification across regions, sectors, and investment strategies. The Fund aims to provide differentiated alpha sources in various overlooked themes – Asia dominance, Energy Transition, shipping, biotech etc. - with multi-year opportunities.

Performance (%)

Current month	YTD	1Y (p.a.)	3Y (p.a.)	5Y (p.a.)	Since inception
5.25	18.35	41.10	N/A	N/A	47.52

Fund information

Date	31 May 2026
Current AUM	USD 134m
Fund type	SICAV-SIF
ISIN	LU2723596875
Bloomberg	CCLSUII LX Equity
Fund inception[2]	01 February 2024
Minimum investment	USD 125,000
Available currency	USD
Subscription	Monthly / 10 business days
Redemption	Quarterly / 90 business days
Management fee	0.50% p.a.
Fund domicile	Luxembourg
AIFM	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

Return (%, annualised)	18.15
Volatility (%, annualised)	7.50
Max drawdown (%)	-3.82
Sharpe ratio	1.66
Risk free rate[1] (%, annualised)	5.68

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

1. Risk free return is calculated as the annualised return of SOFR 3-month USD since February 2024.

Please see disclaimer last page

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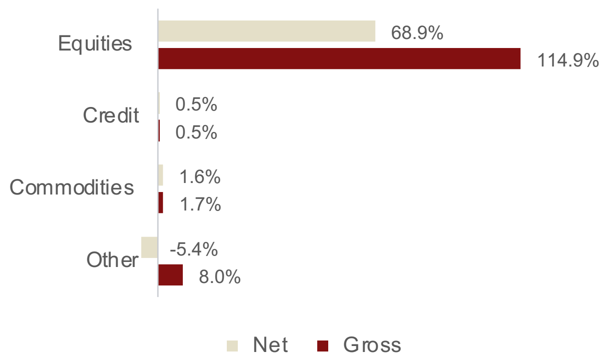
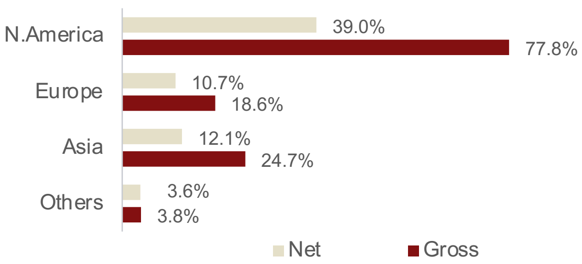
Top holdings

Fund	% of NAV
Hao Capital	18.5
Janus Henderson Biotech Innovation	13.0
FengHe Asia Fund	9.9
Westbeck Volta	9.2
Oceanic Hedge Fund	7.0
Exposure	
Gross exposure	124.9
Net exposure	65.4

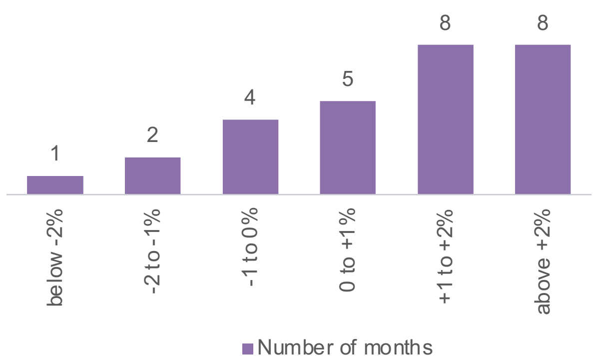
Asset type exposure (%)



Geographic exposure (%)



Distribution of returns



Gross, Net, and Regional Exposure are calculated based on weighted average of underlying long short equity funds.
The Total Expense Ratio (TER) presented in this document reflects final TER of the previous year.

Share class information

Share class	Bloomberg	ISIN	Inception	Fee p.a. (%)	TER (bp)	Current NAV
USD II	CCLSUII LX Equity	LU2723596875	01/02/2024	0.50	75.0	147.52

Investment returns[1]

in %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024		0.22	1.77	0.34	1.63	1.25	-0.15	1.05	0.55	0.76	-0.46	-1.42	5.63
2025	0.67	-1.83	-0.82	1.08	-0.10	1.78	1.24	2.77	3.85	4.23	2.24	1.75	18.00
2026	4.11	2.63	-2.13	7.53	5.25								18.35

Cape Capital

MONTHLY COMMENT – MAY 2026

Cape L/S Equity Opportunities Fund

AI Euphoria + A-Shares = Asian Alpha

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Equity markets

Iran headlines dominated May, yet investors looked straight through the noise. Offered a choice between fretting over rising inflation, swelling government debt and higher yields, or fixing their gaze on an eventual reopening of the Strait of Hormuz and a seemingly limitless AI boom, they decisively chose the latter. The result was another strong month for equities, with most major indices higher and AI and semiconductor names leading the charge.

US equities pressed higher once more in May, with the Dow, S&P 500 and Nasdaq all finishing the month at record closes, extending a remarkable two-month run that ranks among the most powerful since 1950. The advance owed almost everything to a single, increasingly dominant narrative: that artificial intelligence represents a genuine supercycle rather than a passing speculative episode. Semiconductor and memory names led from the front, with the rally broadening only modestly beyond them; for much of the month these stocks alone accounted for roughly half of the index's gains. Encouragingly for the bulls, the surge in share prices has so far been underpinned by a commensurate climb in earnings estimates, leaving some of the largest chipmakers trading on lower multiples than a year ago, a detail that lends the move at least a veneer of fundamental respectability.

Government bond yields marched higher across the developed world, with long-dated US borrowing costs touching their highest levels in nearly two decades, as investors fretted about sticky inflation, elevated energy prices and the relentless scale of government issuance. Add in mounting questions over the true cost of AI usage, an unresolved standoff with Iran, and valuation signals such as a vanishing equity risk premium, and the calm in equities began to look less like conviction and more like a deliberate choice to focus on the boom rather than the bill. Investors, for now, are happy to look through the noise.

European markets ended May firmly in the green, yet once again found themselves in the familiar position of trailing both their US and Asian counterparts. The region remains caught in a difficult bind, with persistent energy dependence weighing on the economic outlook and lingering fiscal concerns offering little reassurance, even as the global risk-on mood lifted most boats. Germany stood out as the clear leader, with the DAX posting a solid gain on the back of its industrial and export tilt, while the UK's FTSE 100 barely scraped a positive return, a reminder of how unevenly the enthusiasm was distributed across the continent. The broader story was one of a market participating in the rally without ever truly leading it: Europe lacks the concentrated exposure to the semiconductor and AI names driving gains elsewhere, and that absence continues to show in relative performance. With rising bond yields adding to the pressure on more rate-sensitive corners of the market, European equities advanced largely on the coattails of the global narrative rather than any homegrown catalyst, leaving the region looking like a passenger on a journey being charted, for now, in Silicon Valley and Asia.

Asian markets surged in May, with the regional MSCI Asia Pacific ex-Japan index notching a fresh record high on the final day of the month, propelled by the same force animating Wall Street: an insatiable appetite for anything tied to the AI buildout. The gains were concentrated where the chips are actually made, with South Korea and Taiwan the standout winners as their semiconductor and memory champions rode the wave of unrelenting global demand, lifting the Kospi and Taiex sharply higher in dollar terms. Japan joined the advance, with the Nikkei comfortably outpacing the broader market, while China proved the regional laggard, mixed and largely left behind as Hong Kong slipped and mainland bourses managed only modest progress. Elsewhere across the region the picture was patchier, with small gains and losses scattered among the smaller markets, but the overriding theme was unmistakable: in May, proximity to the AI supply chain was the single greatest determinant of returns, and Asia's chipmaking heartlands sat squarely at its center.

Hedge funds

Hedge funds operated in a still constructive environment in May 2026, with global equities extending the recovery to fresh record highs as AI and technology leadership persisted and investors positioned for a potentially record-setting mid-year IPO cycle. The S&P 500 rose around 5.3% and the MSCI ACWI advanced 5.2%, led by semiconductors and Asian markets, while oil fell sharply on progress toward a resolution of the Iran conflict and the Strait of Hormuz disruption, though it continued to trade in a wide range, as interest rates rose amid persistently elevated prices and the dollar strengthened.

May marked the second-strongest month for global long/short alpha on record, trailing only April, as long books beat the index by close to 440 basis points on roughly half the market move, while shorts proved a slight drag, appreciating about a point more than the benchmark. The monthly spread settled near 3.4%, taking the year-to-date spread above 10 points. The average global hedge fund gained 1.7% and the average global long/short fund 2.2%, again lagging the index's monthly upside and now trailing year-to-date, with top-decile funds up 8.8% against bottom-decile losses of 2.4%.

In North America, concentration reached extremes as market breadth hit record lows, with funds running three times more long than short across semiconductors, hardware and power against the most bearish tilt on remaining US equities in a decade, and single-name longs at ten-year lows in favor of index hedges. In Europe, again the regional laggard with long/short funds up around 1.6%, EU-based managers bought back roughly 80% of the exposure cut between mid-March and mid-April, though gross exposure held at 2010 lows and the top ten positions now exceed 30% of regional nets. Asia remained the standout, with long/short funds up 2.0% and roughly 12.5% year-to-date, as Japan ranked the most net-bought market globally with longs outpacing shorts by some 20 points and APAC net exposure reached a record near 32% of the global book.

The character of the rally stayed exceptionally narrow. Technology produced by far the widest gap between long and short returns of any sector, its longs now ahead nearly 70% for the year, and the combined semiconductor and hardware complex expanded past 35% of global net exposure, twice its weight entering 2026. Funds nonetheless became net buyers of world equities for the first time this year, almost entirely via APAC, taking Japan, South Korea and Taiwan beyond 20% of the aggregate book, while tentative rotation appeared late in the month as AI-linked industries were pared and software saw net demand for the first time since last July. Investor appetite has not wavered, though with crowding this extended, books carry little margin for error should market leadership falter into the half-year mark.

Equity hedge strategies were the largest contributors for the month, with gains across fundamental growth, value and market-neutral approaches as global equities advanced to record highs, led by semiconductors and AI-related sectors and supported by positioning ahead of a potentially record-setting mid-year IPO cycle. Growth managers outperformed once more, with gains concentrated in small-cap US and European equities, while value managers benefited from exposure to large-cap names across both regions. Market-neutral strategies added only marginally, with mean-reverting, factor-based models posting small gains in a market dominated by strong directional leadership.

Macro and CTA strategies also contributed to performance in May, buoyed by gains from systematic trend-following managers. Currency markets remained a key area of activity, as the US dollar strengthened against most major currencies, providing a tailwind for macro positioning. Commodities delivered mixed performance, with strength in cocoa and aluminum offset by sharp declines in oil, coffee and rubber, as positive developments toward a resolution of the Iran conflict and the Strait of Hormuz supply disruption weighed on energy prices, though oil continued to trade within a wide and volatile range. The dollar's move higher, alongside rising interest rates amid persistently elevated prices, provided fresh directional impetus for trend-following programs over the period, even as commodity signals proved more mixed.

Event-driven strategies posted positive returns, supported by gains in both special situations and merger arbitrage. Special situations managers benefited from exposure to global, catalyst-driven fundamental value positions, while merger arbitrage strategies added more modestly, aided by continued M&A deal activity as AI and technology led equity market gains. As a result, performance across event-driven approaches continued to reflect a constructive backdrop for deal-related and idiosyncratic opportunities.

Relative value arbitrage strategies gained modestly for the month, again trailing other segments amid the broader risk-on environment. Convertible arbitrage strategies were once more a notable contributor as volatility declined further over the month, extending a supportive backdrop, while multi-strategy relative value managers added more modestly as interest rates rose, generating movement in capital structure and rates-related positions. Despite the constructive environment, the typically lower directional exposure of relative value approaches tempered gains across capital structure and rates-related trades.

Cape Long/Short Equity Opportunities Fund

In May, the Cape Long/Short Equity Opportunities Fund returned 5.25%, outperforming global hedge fund indices while performing in line with global equity indices, and resulting in year-to-date performance of 18.35%. Since launch in August 2023, the Fund has generated an annualized return of 16.1% (51.0% up in aggregate). During the month, gross exposure was stable (from 123% to 125%), while net exposure increased from 61% to 65%.

Regional allocation remained the strongest contributor, led once again by Asia and AI-related equities. Asian markets continued their outperformance in May, with **Korea rising c. +8–10%**, driven by the strength of the AI memory trade and semiconductor stocks, while **Japan gained c. +4–5%** on continued export and technology resilience. China delivered more modest gains (**c. +1–3%**), though **A-shares continued their recovery**, supported by improving domestic liquidity and growing investor confidence in high-quality domestic champions. Active managers significantly outperformed regional benchmarks, benefiting from concentrated exposure to **AI memory, optical components, semiconductors and selected A-share opportunities**, a dynamic that also benefited our managers. In contrast, our European allocation detracted. The **Euro Stoxx 600 was broadly flat to slightly positive**, materially lagging both Asian markets and the **S&P 500 (+5–6%)**, as utilities, consumer and industrial names underperformed amid higher rates and weaker earnings momentum. As a result, our Europe-focused special situations bucket was a detractor.

Biotechnology delivered positive absolute returns, although generating alpha proved more challenging for long/short managers. The **Nasdaq Biotechnology Index gained +2.3% in May**, supported by continued clinical innovation, robust capital markets activity and sustained deal flow. A key highlight was the highly positive pancreatic cancer data from Revolution Medicines, widely viewed as one of the most important clinical readouts of the year, while M&A remained active with several acquisitions announced by Eli Lilly. Despite the departure of FDA Commissioner Marty Makary and other senior officials, the pace of regulatory approvals remained steady, helping reassure investors that the agency remains fully operational. However, **two of our three biotechnology managers underperformed the index**, making the theme one of the more difficult areas in which to generate alpha. In our view, this reflects the broad-based nature of the rally, where improving sentiment, M&A activity and positive clinical news lifted a large portion of the sector simultaneously, reducing dispersion and limiting the opportunity set for long/short managers. Active security selection remained additive, but positive stock selection was partially offset by short books that struggled in a rising market environment.

Energy Transition performance was mixed beneath the surface, with clear winners and losers across sub-sectors. Copper and broader critical materials continued to perform well, supported by tightening physical markets, tariff-related inventory shifts and ongoing electrification demand. Copper prices reached new highs for the year, benefiting miners across the complex. Rare earths also attracted interest as Chinese export restrictions continued to tighten global supply chains. In contrast, **uranium and nuclear-related equities were weak**, despite unchanged long-term fundamentals, as spot uranium prices remained rangebound and investors rotated elsewhere. Battery and storage names delivered mixed results, with companies exposed to grid-scale storage and CATL benefiting from strong demand expectations, while several EV and battery manufacturers underperformed amid competitive pressures. Grid and electrification infrastructure remained supported by accelerating investment linked to AI-driven power demand and transmission bottlenecks. Managers generally benefited from long exposure to copper, rare earths and electrification assets, although weakness in uranium and selected battery names offset part of the gains.

Shipping was broadly flat overall, although significant divergence persisted across sub-sectors. Shipping equities experienced elevated volatility during the month as investors reassessed the implications of the evolving situation in the Strait of Hormuz and subsequent ceasefire discussions. Dry bulk was the strongest area, supported by resilient commodity demand and seasonal factors, while LPG remained positive despite some retracement from recent highs. Tankers were more challenging after a strong earlier rally, as freight markets adjusted to changing expectations around oil flows. Container equities remained mixed; rising freight rates provided short-term support, but concerns around future capacity growth and the eventual reopening of Suez continued to weigh on sentiment. Our managers generally struggled to position correctly for these rapidly changing dynamics. In particular, **long dry bulk exposures and short container positions failed to deliver the expected payoff**, although these losses were partially offset by another manager that was positioned on the right side of the move in container equities. Overall, profits from dry bulk and selected relative-value trades were largely offset by weaker tanker exposure and positioning mismatches across subsectors.

We were pleased with performance, as the Fund could match equity returns with less than 10% net exposure to the technology sector. While 8 out of 11 managers delivered positive returns, just like last month, the bulk of the positive performance was essentially driven by our China/Asia theme and more specifically one manager:

Hao Capital (+32.2% performance; 18.5% weight): Performance was overwhelmingly driven by the long book (+34.1%), with shorts detracting modestly (-1.9%). Gains were highly concentrated in AI-linked semiconductor and optical names, notably memory exposure – which together represented the core of net exposure. The strategy benefited from high-conviction, concentrated positioning in structural winners, with limited hedging allowing full participation in the rally.

FengHe (+5.8% performance; 9.9% weight): Performance was driven by the long book (+9.4%), while the short book detracted (-2.4%) as equity markets continued to rally. The strongest contributions came from China A-shares and Japan. The manager showed positive stock selection among high-quality Chinese industrial and advanced manufacturing companies, with three of the top five contributors originating from the A-share portfolio. Unlike other peers, FengHe maintained relatively limited exposure to the crowded AI trade, after significantly shifting the portfolio to A-shares last month.

Praetorian (-3.3% performance; 6.7% weight): Performance was primarily driven by weakness in the fund's commodity and inflation-beneficiary exposures, which had performed very well during the first quarter but partially reversed as markets increasingly priced a reopening of Hormuz and a moderation in energy-related disruption. The manager maintained significant exposure to refiners, emerging markets and precious-metals-linked businesses, themes that were negatively impacted by the decline in oil prices and easing geopolitical risk premia. In contrast, Marex, a core position benefiting from elevated trading activity and commodity volatility, continued to perform well.

Cape L/S 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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