# Cape L/S Equity Opportunities Fund

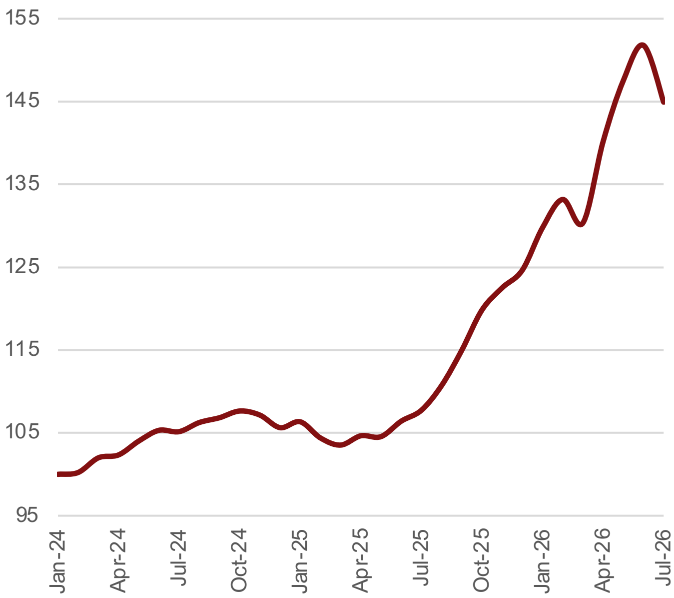
Cape Capital SICAV-SIF II

## 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 |
|---|---|---|---|---|---|
| -4.52 | 16.27 | 34.53 | N/A | N/A | 44.93 |

## Fund information

| | |
|---|---|
| Date | 31 July 2026 |
| Current AUM | USD 132m |
| Fund type | SICAV-SIF |
| ISIN | LU2723596875 |
| Bloomberg | CCLSUII LX Equity |
| Fund inception | 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) | 16.00 |
| Volatility (%, annualised) | 8.22 |
| Max drawdown (%) | -4.52 |
| Sharpe ratio | 1.27 |
| Risk free rate[1] (%, annualised) | 5.55 |

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.

# Cape L/S Equity Opportunities Fund

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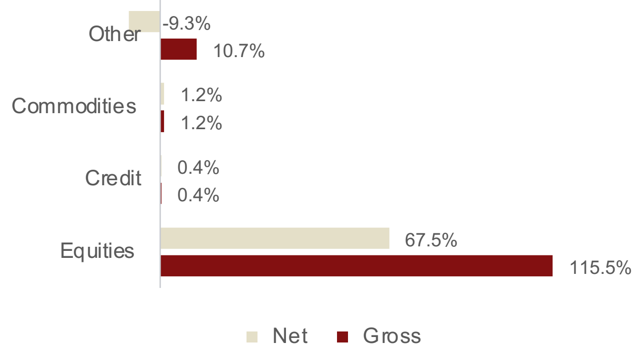
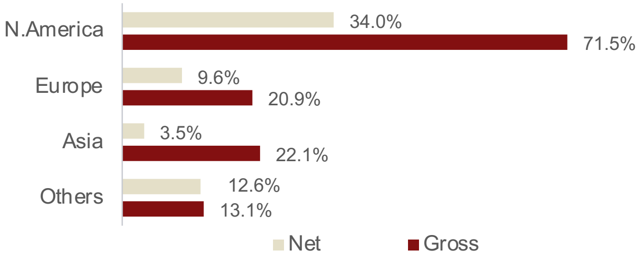
## Top holdings

| Fund | % of NAV |
|---|---|
| Hao Capital | 17.0 |
| Janus Henderson Biotech Innovation | 14.9 |
| FengHe Asia Fund | 9.7 |
| Westbeck Volta | 9.0 |
| Oceanic Hedge Fund | 7.0 |
| **Exposure** | |
| Gross exposure | 127.6 |
| Net exposure | 59.6 |

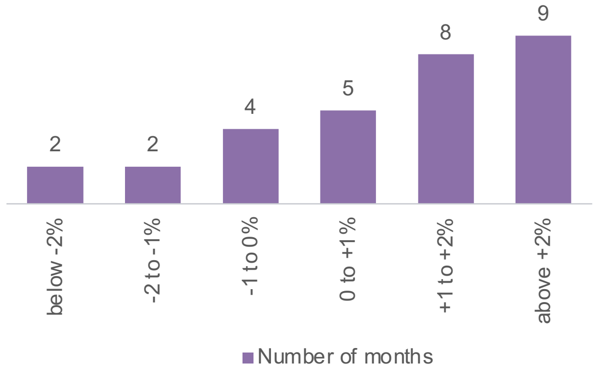
## Asset type exposure (%)




## 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 | 144.93 |

## 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 | 2.89 | -4.52 | | | | | | 16.27 |

Cape Capital

MONTHLY COMMENT – JULY 2026

# Cape L/S Equity Opportunities Fund

## AI stumbles, diversification cushions

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### Equity markets

July was a complicated month, fuelled by extended geopolitical uncertainty in the Middle East, an earnings season with unclear winners and losers, a divided Fed, and a final crescendo in the form of an AI correction and margin calls in Korea toward the end of the month.

American equities had a slow start to the second half; the S&P 500 posted its first negative July since 2014, and the month ended roughly where it began. Mid-month, the market turned on its own leaders, with a sharp sell-off in memory and AI-infrastructure names as three forces converged: intensifying Chinese competition, unease over the financing of the build-out, and doubt about whether the spending can be sufficiently monetized. The unwinding found an accelerant in Situational Awareness, an AI-focused hedge fund swollen to $45bn on roughly fourfold leverage, which was caught wrong-footed on both its infrastructure longs and its software shorts; unable to meet its margin calls, it was forced to hand its entire public book to Citadel, a fire sale that deepened the rout before it removed the seller. Money did not so much leave the market as move house within it, with investors rotating toward quality, favouring industrials, financials and the like. Whether that rotation marks a healthy broadening of the rally, as the optimists insist, or the first tremor of a reckoning for the AI trade, only the coming months will reveal. The macro backdrop offered no relief: thirty-year Treasury yields climbed to levels last seen in 2007, leaving investors to wonder whether Kevin Warsh has the stomach to tame inflation, a doubt his committee did little to dispel, splitting three ways in favour of a hike. Add a sticky conflict with Iran and jumpy oil prices, and the month's serenity looks less like tranquillity than a market holding its breath. To round it off, Amazon and Microsoft leapt by double digits on booming cloud earnings, a theatrical finish to a month that, for all the drama, ended largely flat.

Europe suffered more from heatwaves than from market performance, as companies continued to post solid earnings and the broader market was pushed to a fresh record despite renewed geopolitical tensions and sharp swings in energy prices, ending the month slightly up. The concentration of returns, however, is approaching all-time highs. Investors piled into European AI names as enthusiasm spread from the US hyperscalers to global semiconductor stocks, opening the second half with a greater risk of concentration and violent swings, and with technology expected to remain firmly in the driver's seat. The ECB held rates steady but paired the decision with hawkish commentary, prompting a brief repricing of hopes for lower rates and some drawdowns in the back half of the month. Aerospace and defence names delivered standout performances, consistent with the year's structural spending theme. Asia's aggregate was mostly flat, though the calm surface hid one of the most polarized months in memory. Korea dominated the global headlines, as the worldwide sell-off in chips sent its main index plunging, giving back a chunk of a historic rally in a matter of weeks even as investors kept trying to buy the dip in AI names. The market's fortunes had become inseparable from a handful of memory giants, and the concentration that had powered the ascent now worked ruthlessly in reverse, with retail leverage turning a correction into a rout and leaving policymakers scrambling to steady sentiment. China offered the month's central paradox: the very forces convulsing Seoul, a cheaper homegrown challenge to American AI and a resurgent domestic chip sector, were sources of national pride at home, even as Chinese technology leaders continued to trade at a fraction of the multiples enjoyed by their Western counterparts and the market as a whole lagged. Japan, the standout of the year, was not spared, its record-setting run interrupted by the same turbulence while a persistently weak currency went on flattering exporters and keeping the authorities on intervention watch. With global investors still underweight the region and Asia the source of both the month's scare and its cheapest expression, it remains where the argument over value is loudest and, as July made plain, where the fault lines run deepest.

## Hedge funds

July marked a sharp reversal from the strong first half, as crowded AI, technology and momentum positions came under significant pressure. Global hedge funds fell 0.9% during the month, while long/short funds declined 1.8%, bringing year-to-date returns to 9.1% and 11.1% respectively. Long alpha fell 7.5%, its worst month in more than fifteen years, while the long/short spread declined 6.1%, erasing more than half of the alpha generated through June. Dispersion also widened materially, with the strongest funds continuing to generate positive returns while the weakest suffered significant losses.

The US was at the centre of the unwind, experiencing its second-largest long/short de-grossing event since 2010. Managers initially rebuilt much of the AI exposure reduced in late June and early July, before cutting risk again during the sharp late-month momentum reversal. Gross leverage fell to 207%, its lowest level in twelve months, although net exposure remained broadly unchanged as short covering offset long selling. There were some signs of broadening into cyclicals, industrials, software, transports and financials, but much of the activity outside AI remained driven by short covering rather than meaningful additions to long books.

Europe proved considerably more resilient. Long/short funds were broadly flat during the month, despite managers reducing gross exposure in almost every session. De-grossing was more measured than in the US and Asia and was concentrated in crowded areas including aerospace and defence, luxury and financials. Importantly, managers did not capitulate on European semiconductors and continued adding selectively to longs, while also increasing exposure to energy, airlines, insurance, real estate and software.

Asia was the weakest region as crowded high-beta, momentum and AI-related positions reversed sharply. Long/short funds fell 2.5%, while the regional long/short spread declined by almost 19%, including particularly severe reversals in Japan and China. Net exposure across Japan, Korea and Taiwan fell materially from first-half peaks, although the reduction in Korea was driven largely by market moves rather than active selling. Japan experienced a more substantial unwind, reversing more than three months of buying, despite momentum exposure remaining elevated by historical standards.

Overall, July represented a significant normalization of the positioning and crowding that had built through the first half. Global de-grossing was the third largest on record, behind only March 2020 and January 2021, and spread from crowded long positions into a broader reduction in risk across regions and strategies. While managers reduced leverage substantially, there is still limited evidence of a decisive rotation away from the themes that drove first-half performance. The result is a cleaner and less crowded hedge fund book, but one where managers remain selective in redeploying risk.

**Event-driven** strategies posted a modest decline for the month, with weakness concentrated in special situations and multi-strategy managers. Special situations strategies were pressured by exposure to catalyst-driven equities as the broader market sell-off weighed on more directional positions, while activist strategies proved more resilient. Despite continued activity across deal-related and corporate catalysts, heightened equity market volatility and geopolitical uncertainty created a more challenging backdrop. Taken together, event-driven performance held up better than most other hedge fund strategies, though results were more uneven beneath the surface.

**Relative-value arbitrage** strategies declined modestly for the month, again showing greater resilience than more directional strategies. Rising interest rates created a mixed environment across fixed-income and rate-sensitive positions, with performance varying across underlying approaches. Fixed-income multi-strategy managers generally held up better, while sovereign fixed-income strategies faced greater pressure as yields moved higher. The relatively contained decline overall reflected the hedged nature of these approaches despite a more volatile environment across rates and risk assets.

**Macro and CTA** strategies detracted from performance, with losses concentrated in systematic trend-following managers. Currency markets remained an important area of activity, as the US dollar weakened against most major currencies, reversing its move from the previous month. Commodities delivered stronger performance as escalating geopolitical tensions pushed energy prices higher, with oil leading gains alongside aluminium and agricultural commodities. Commodity-focused strategies benefited from these moves, but gains were more than offset by weakness in systematic CTA managers as reversals across currencies and other established trends proved challenging for trend followers.

**Equity Hedge** strategies were the largest detractor for the month, with losses concentrated in technology and fundamental growth managers. Technology strategies were particularly weak as AI and semiconductor exposures reversed from strong year-to-date gains, while growth managers were also pressured by the broader unwind in high-momentum equities. Value strategies proved more resilient and generated modest gains, benefiting from their lower exposure to the areas at the centre of the sell-off. The sharp divergence between technology and value made positioning and factor exposure particularly important drivers of returns during the month.

## Cape Long/Short Equity Opportunities Fund

In July, the Cape Long/Short Equity Opportunities Fund returned -4.52%, underperforming global hedge fund indices as well as global equity indices, but still resulting in year-to-date performance of 16.27%. Since launch in August 2023, the Fund has generated an annualized return of 14.5% (up 44.9% in aggregate). During the month, both gross exposure (from 113% to 128%) and net exposure (from 50% to 60%) increased meaningfully – after already de-grossing significantly at the end of June – as managers added back some risk at the end of the month, when volatility came down.

**Our allocation to Asia and China managers was the largest detractor as the region experienced one of its most challenging months of the year.** Chinese equities continued to struggle, with investors increasingly focused on sluggish domestic demand, continued weakness in the property market and concerns over China's ability to achieve its growth objectives. Japan and Korea also weakened as a sharp momentum unwind hit many technology and AI-related names. Within Asia, a significant portion of hedge fund performance had been driven by exposure to AI infrastructure beneficiaries, including memory manufacturers, optical networking companies and semiconductor supply-chain leaders. During July, this trade reversed aggressively as investors questioned the sustainability of AI-related capital expenditures and reduced exposure to some of the market's most crowded positions. Despite the difficult backdrop, managers generally remain constructive on AI, viewing it as an unavoidable structural theme given Asia's dominant position within the global technology ecosystem. Conversely, Europe was among the strongest-performing regions. The Euro Stoxx 600 outperformed both Asian markets and the S&P 500, supported by financials, industrials and infrastructure-related companies. Latin American equities were broadly positive, supported by resilient commodity prices and improving sentiment toward select regional markets. This made our “special managers” bucket – focused on Europe, Latin America and precious metals – the second-best-**performing theme**.

Shipping was the strongest-**performing theme on an absolute basis,** supported by a sharp rebound across most shipping subsectors. Maritime equities rallied strongly in July as **renewed disruptions in the Strait of Hormuz and the Red Sea** led investors to reassess freight market fundamentals. Tankers were among the main beneficiaries as freight rates surged following the re-closure of Hormuz and disruptions to key export routes, while LPG equities were the standout performers as arbitrage opportunities and tonne-mile demand improved materially. Dry bulk also advanced on the back of strong Chinese imports of coal, iron ore and bauxite, whereas container equities delivered more modest gains as freight rates stabilized and operators continued to benefit from congestion and limited vessel availability. While shipping equities performed exceptionally well, **it was a more challenging environment for long/short managers. The speed and magnitude of the rally,** coupled with a high degree of geopolitical uncertainty, **made it difficult to maintain sufficient net long exposure, causing active managers to lag** the broader sector despite positive absolute returns. Overall, shipping was one of only three themes contributing positively during the month.

**Biotechnology demonstrated the benefits of the long/short approach and was the best-performing theme despite a weaker backdrop for biotechnology indices.** Following June's strong rally, biotechnology stocks retreated in July as profit-taking and a broader decline in risk appetite weighed on the sector. Nevertheless, regulatory momentum remained supportive, with several important FDA approvals announced across ADHD, ophthalmology, nephrology and oncology. M&A activity also remained robust, highlighted by Vertex's acquisition of Crinetics Pharmaceuticals, Johnson & Johnson's transaction with Sail Biotechnology, and Eli Lilly's acquisition of AtaiBeckley. While long-only biotechnology strategies generally struggled alongside the underlying indices, our long/short managers delivered positive performance through superior security selection and effective alpha generation on both the long and short sides. In particular, managers benefited from idiosyncratic positions linked to takeover activity and from avoiding several high-profile earnings disappointments. The month illustrated how stock dispersion, rather than broad sector direction, remains the key driver of returns for specialist biotechnology hedge funds.

**Energy Transition remained mixed as strong commodity fundamentals were overshadowed by a severe momentum-driven sell-off in thematic equities.** Copper was one of the better-performing areas, supported by declining inventories, supply disruptions and ongoing electrification demand. Rare earths also continued to benefit from tightening ex-China supply chains, while policy developments further reinforced the strategic importance of grid infrastructure and electrification. However, lithium prices extended their decline following the restart of certain Chinese production assets, despite very strong growth in battery storage demand. Battery-related equities displayed highly divergent performance. The nuclear theme also remained challenging, as uranium-related equities failed to reflect improving fundamentals despite uranium term prices reaching multi-year highs. Long/short managers generally struggled within the theme as the market experienced one of the most significant momentum reversals in recent years, resulting in sharp declines across many high-quality electrification beneficiaries even as the underlying investment cases continued to strengthen.

While the Fund delivered its largest monthly negative return since launch, underperforming both global equity and hedge fund indices, we see the drawdown as within expectations considering our China/Asia managers' exposure to AI-related names. It is also worth reminding investors that both managers had a tremendous year, with the theme as a whole up ~65% as at the end of July. In addition, both managers were agile in repositioning and taking risk off the table. Hence, we retain conviction. More broadly, seven of eleven managers still delivered positive returns. From that perspective, the bulk of the negative performance was essentially driven by our two Asia/China managers – which together represent ~27% of NAV:

**Hao Capital (-21.1% performance; 16.7% weight):** The negative performance essentially originated from the long book. We saw a sharp reversal in the fund’s core technology positioning, particularly within AI infrastructure, memory and optical networking names, which had been the primary contributors earlier in the year. Despite having already reduced concentration and net exposure during June, with the Top 5 positions falling from roughly 60% to 30–35% of the portfolio, the fund remained exposed to the memory cycle and optical infrastructure themes, both of which experienced substantial multiple compression during the month. At the same time, the manager's selective long exposure to Chinese A-shares and export-oriented industrial champions was insufficient to offset the weakness in AI-related positions.

**FengHe (-6.6% performance; 9.27% weight):** Performance was driven almost entirely by the long book (-7.8%), while the short book was broadly flat and provided only limited protection (-0.2%). The drawdown was concentrated in Information Technology (-7.3%). The manager had already reduced exposure to memory and AI-related names during June, having exited positions such as SK Hynix and Samsung Electronics. However, Kioxia remained the largest single detractor as investors aggressively sold AI infrastructure, memory and optical networking beneficiaries. More defensive positions in healthcare and industrials generated positive returns, but these gains were insufficient to offset the weakness in technology. The month also exposed shortcomings in the short book, as several shorts rallied during the broad market deleveraging phase.

**Janus Henderson (3.8% performance; 14.9% weight):** Performance was driven by strong stock selection on both the long and short sides in a month when biotechnology indices declined following June’s sharp rally. The manager benefited from exposure to Crinetics Pharmaceuticals, whose shares surged after Vertex Pharmaceuticals agreed to acquire the company for approximately $10 billion, validating the value of its commercial franchise and endocrine disease pipeline. The fund also benefited from short exposure to several lower-quality biotechnology companies and from avoiding major disappointments such as Alnylam Pharmaceuticals, whose shares fell sharply following weaker-than-expected Amvuttra sales and a reduction in full-year guidance. On the downside, positions in PTC Therapeutics and an underweight allocation to Regeneron Pharmaceuticals detracted.

# 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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