Cape Equity Fund

Cape Capital SICAV-UCITS

Fund strategy

The objective of the Cape Equity Fund is to create long-term capital appreciation by investing in a global portfolio of equity securities. The Fund holds 20-30 large-cap global quality firms which are leaders in their industries, hold strong franchises, have moderate debt, and generate solid cash flows that can either be distributed through dividends and/or share buybacks on a sustainable basis. The fund focuses on investing in profitable, growing and reasonably valued companies. ESG considerations are integrated into the investment process.

Performance (%)

Current month	YTD	1Y (p.a.)	3Y (p.a.)	5Y (p.a.)	Since inception
2.38	10.86	16.26	13.01	6.24	168.24

Fund information

Date	31 August 2026
Current AUM	EUR 418m
Fund type	SICAV-UCITS
Fund inception[2]	01 June 2015
Minimum investment	EUR 5,000
Available currency	EUR, CHF, USD
Redemption	Daily by 3pm C.E.T
Management fee	0.50% p.a.
Share class	Internal A 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[1]

Return (%, annualized since inception)	9.17
Volatility (%, annualized)[3]	14.11
Max drawdown (%, since inception)	-18.05
Sharpe ratio	0.60
Risk free rate[4]	0.74

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

1. Fund performance is shown based on the NAV (net of fees) of the share class Internal A EUR, inception 01 June 2015.
2. Fund inception in June 2015 as Cape Capital SICAV-SIF. Converted to Cape Capital SICAV-UCITS in July 2017.
3. Annualized standard deviation using monthly return since inception.
4. Risk free return is calculated as the annualized return of EURIBOR 3 month since the inception of the Fund.

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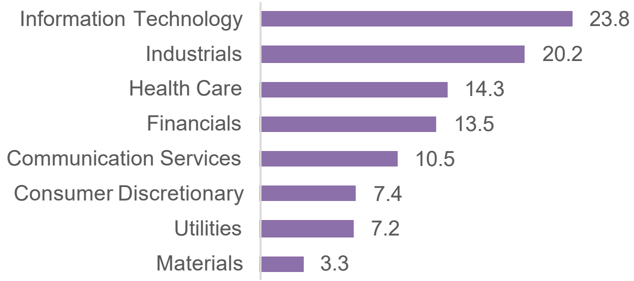
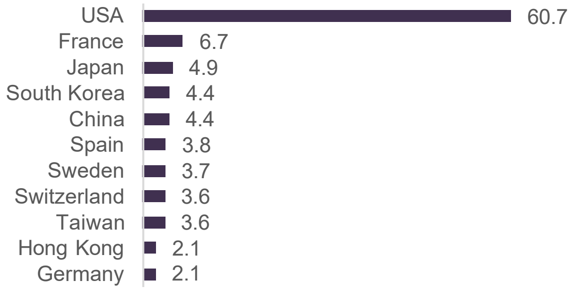
Top holdings

Company	Country	Weight (%)
Amazon	USA	5.13
Thermo Fisher Scientific	USA	5.09
Microsoft	USA	5.02
Hitachi	Japan	4.86
Alphabet	USA	4.78
No. of positions		27

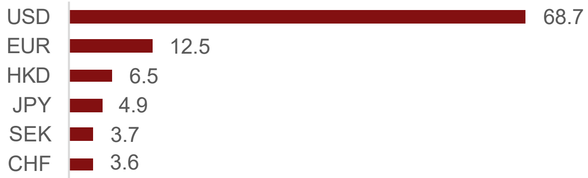
Sector allocation (%)



Geographic distribution (%)



Currency exposure (%)



Top 5 holdings shown as % of total portfolio including cash.
Other 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
Internal A EUR Acc.	CSCVEII LX Equity	LU1200255203	01/06/2015	0.50	69.0	268.24
Institutional B EUR Acc.	CACEIBE LX Equity	LU1200254495	31/01/2020	1.00	115.0	178.57
Internal A CHF Acc.	CCSCEAC LX Equity	LU1200255385	08/07/2023	0.50	68.0	134.06
Internal A USD Acc.	CSCVIAU LX Equity	LU1200255625	22/07/2024	0.50	72.0	129.15

Investment returns[1]

in %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015						-4.74	1.96	-8.31	-3.31	10.07	2.71	-4.91	-7.43
2016	-4.36	-1.69	1.91	0.94	3.26	-1.53	4.17	0.62	-0.12	-0.52	4.00	5.05	11.89
2017	-0.65	6.37	0.76	1.36	-0.75	-0.44	-0.91	0.26	3.61	4.99	-2.14	-0.27	12.50
2018	2.01	-0.74	-3.14	2.55	0.87	-2.65	4.28	0.26	0.27	-4.94	2.16	-6.96	-6.46
2019	5.06	5.11	2.06	4.62	-5.08	5.80	2.15	-1.01	3.43	1.71	3.09	2.84	33.53
2020	0.10	-7.38	-7.83	7.20	2.96	2.97	0.25	1.67	-0.17	-2.70	10.83	3.15	9.91
2021	0.38	3.52	7.73	1.15	1.05	3.44	2.27	2.35	-3.41	2.31	-0.27	3.85	26.81
2022	-4.03	-3.58	3.35	-3.97	-0.84	-6.25	10.58	-4.35	-7.29	5.79	7.31	-7.00	-11.61
2023	6.13	-0.63	0.59	-0.98	-0.57	2.76	0.51	-3.92	-4.03	-6.79	5.71	4.32	2.24
2024	2.13	7.08	3.68	-2.14	4.23	2.52	-1.51	1.50	0.27	0.72	5.45	0.01	26.26
2025	5.07	-0.83	-9.57	-5.05	5.51	1.73	4.92	-1.07	3.54	4.27	-2.11	-0.77	4.53
2026	2.42	2.12	-7.61	8.39	5.12	-1.49	-0.15	2.38					10.86

MONTHLY COMMENT – AUGUST 2026

Cape Equity Fund

Climbing the wall of fiscal worry

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Market update

August was a month of two halves: a powerful early rally, fuelled by softer payrolls, resumed US-Iran talks and a stellar earnings season, gave way to a rate-driven fade after a hawkish Jackson Hole. Most markets still finished higher, and Europe capped one of its strongest summers in decades. The deeper story was fiscal: Washington intervened in both the yen and the Treasury market, and investors answered by buying gold.

American equities had their best fortnight of the year, then spent the rest of the month defending the gains. The early strength came from a soft jobs report, which pared expectations of a September rate rise, and from renewed talks between Washington and Tehran, which sent oil sharply lower. The bond market then took over the story. Long-dated Treasury yields rose to their highest levels in nearly two decades, driven by a stubborn deficit, sticky inflation and the vast borrowing needs of the AI buildout. The Treasury's surprise decision to double its bond buybacks steadied them for barely a day; investors read the move as a sign of fiscal strain rather than strength, selling the dollar and buying gold. Equities, remarkably, held their ground. A strong earnings season, capped by another exceptional set of results from Nvidia and a sharp recovery in software, kept the S&P 500 near its record highs and the AI trade alive. But the last word belonged to the Fed. In his Jackson Hole debut, Chair Warsh argued that policy is not restrictive, and the month ended with markets pricing a 60% chance of a September hike.

Europe was the summer's quiet winner. At one stage the market rose in twelve of fifteen sessions, capping its fifth-strongest summer rally in twenty-five years and closing much of the performance gap to Wall Street in dollar terms. Lighter exposure to the AI trade helped rather than hurt. So did the flows: hedge funds took their European exposure from the 22nd to the 98th percentile of its five-year range, American investors bought European ETFs for a tenth consecutive week, and buybacks set an August record. Leadership was refreshingly broad, spanning banks, industrials, insurance and healthcare. The exception was France. With budget negotiations looming and election polls unsettling investors, French bonds now yield more than Italy's, and Paris has replaced Rome as the market's principal European worry.

Asia's month was one of recovery and rotation. Japanese equities advanced despite the 10-year yield touching 3% for the first time since 1996, led by banks positioning for a Bank of Japan hike rather than the chipmakers that have carried the market all year. South Korea led the region, whipsawed by the memory cycle but propelled by a strengthening shareholder-return story and a recovering won that lifted gains to nearly 7% in dollar terms. China lagged, with Hong Kong giving back July's leadership under the weight of weak consumption, though the symbolic moment of the month belonged to Beijing: memory-maker CXMT overtook Tencent as China's most valuable company.

Fund performance

The Cape Equity Fund returned +2.38% in August, against global equity markets at +2.58%.

The month's defining rotation was into software. After a spring derating that had left the sector out of favour, strong second-quarter results from across the group triggered the largest single day of software buying in a year, and the fund's positioning was rewarded. ServiceNow (+32.9%) was the best performer in the portfolio, with Microsoft (+12.5%) extending July's gains as Azure continued to show AI spending converting into revenue. The contrast with the other platforms was stark: Alphabet (−2.0%) and Amazon (−0.5%) both beat headline estimates yet drifted lower, as investors looked past the paper gains on equity stakes that flattered their profits and focused instead on free cash flow being consumed by capex. The market is no longer paying for AI spending alone; it wants to see the return.

The hardware side of the trade found its footing. Nvidia (+9.5%) ended a seven-session losing streak with results and guidance well above already lofty expectations, and its print pulled the memory and optical complex up with it: Samsung (+9.3%) and Corning (+5.4%) recovered part of July's sharp losses. The rebound was welcome but incomplete, and both names remain well below their June levels.

Healthcare provided the fund's second engine. The mid-month spike in bond yields sent investors toward defensives just as Moderna's cancer-vaccine readout rekindled enthusiasm for the sector, and the life- science tools names, unloved for most of the year, finally caught a bid. Thermo Fisher (+10.4%) and Danaher (+9.1%) both rallied, while Pfizer (+13.4%) led the pharma recovery.

China was the clearest drag. Weak consumption data and mounting concern over the returns on Chinese AI capex weighed on Hong Kong technology, and Alibaba's $10bn share placement added dilution to the mix. CATL (−8.4%), Tencent (−6.9%) and Alibaba (−3.2%) all fell, reversing July's rally. Tencent's month was capped by the symbolic loss of its position as China's most valuable company to memory-maker CXMT, a marker of how the market's attention has shifted from internet platforms to AI hardware.

Elsewhere, the rise in long-dated yields hit the fund's rate-sensitive infrastructure names, with Veolia (−5.4%) and Iberdrola (−2.8%) both lower as utilities were the worst-performing global sector.

Fund Actions
We sold Broadcom and Meta in August. The mandate obliges us to own quality; it does not oblige us to own technology, and at present we see better quality, more cheaply, elsewhere. Our concern is as much macroeconomic as microeconomic. Rates look likely to stay higher for longer, and may yet come back into play in earnest. Nothing punishes a long-duration equity quite like a higher discount rate: when the cash flows that justify the price sit five and ten years out, a move in the risk-free rate does more damage than any earnings miss.

Broadcom, at some 35 times forward earnings, is about as long-duration as a profitable company gets. The business itself is not the problem. Revenue grew 48% in the second quarter, artificial-intelligence chip sales rose by 143%, and the order book now stretches into 2028. But the market has signed up for all of that and more, while the quality of the growth quietly deteriorates: gross margins have fallen from 79.4% a year ago to 77.0%, with 74% guided for the current quarter, because the fastest-growing dollar of revenue is also the least profitable one. Add a $35bn financing vehicle, assembled with Apollo and Blackstone, through which Broadcom underwrites its own customers' leases, and the revenue looks less pristine than the headline growth rate suggests.

Two company-specific developments hardened the decision. Broadcom's premium has always rested on being a generation ahead in high-speed interconnect, yet a delay in maturing its 448G technology cost it the design of Google's next processor to MediaTek; one broker now expects its share of Google's custom-chip revenue to fall from roughly 95% this year to 65% by 2028. Losing a socket on price is commercial life. Losing one on the engineering roadmap goes to the moat. Meanwhile, the VMware software franchise, long the ballast that made Broadcom feel defensive in a downturn, grew just 9% year on year and faces its first large renewal cliff this autumn, with rivals reporting their strongest customer additions in eight years and Brussels taking a close interest. Pricing power that decays at every renewal is being harvested rather than compounded. So the defensive leg is weakening precisely when we would want to lean on it, and the cyclical leg is being repriced by a rate environment that is no longer accommodating. With capital rotating out of technology and towards the quality that has been left behind, we would rather own the latter and revisit Broadcom at a price that pays us for the risks.

Meta's trouble is not that people have stopped looking at its adverts. Revenue grew 28% in the second quarter, and the business remains one of the great money machines of the age. The trouble is what happens to the money afterwards. Free cash flow fell 91% as capital spending, now guided at $130–145bn for the year, swallowed almost everything the adverts brought in, and Meta has begun financing its data centres through joint ventures in which it owns a fifth of the equity but signs a twenty-year lease, keeping the debt off its balance sheet without keeping the risk off its shareholders. Investors are thus asked to fund an open-ended AI programme with no stated return, at the very moment the discount rate is rising. A company that used to be valued on the cash it generated is now valued on the cash it promises to generate one day; that is a different, and dearer, proposition.

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Management Company: MultiConcept Fund Management S.A.
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
Paying agency: UBS AG

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