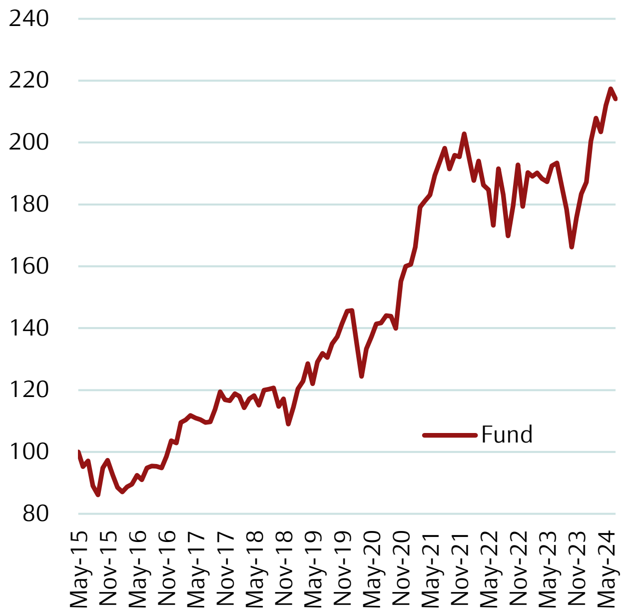
Cape Equity Fund

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 be distributed through dividends or share buybacks on a sustainable basis. ESG considerations are integrated into the investment process.

PERFORMANCE (%)



	Current month	YTD 2024	1Y (p.a.)	3Y (p.a.)	5Y (p.a.)	Since inception
Fund[1]	-1.51	16.78	10.68	3.40	10.18	114.09

FUND INFORMATION

Date	31 July 2024
Fund AUM	EUR 494MM
Fund Type	SICAV-UCITS
Fund Inception[2]	01 June 2015
Minimum Investment	5,000 EUR
Available Currency	EUR, CHF
Redemption	Daily by 3pm CET
Fund Domicile	Luxembourg
Mgmt Company	MultiConcept Fund Management
Central Administration	Credit Suisse Fund Services
Auditor	PwC (Luxembourg)
Legal Advisor	Arendt & Medernach
Depositary Bank	Credit Suisse (Luxembourg) S.A.

Please see page 2 for detailed share class information.

FUND STATISTICS

	Fund[1]
Return (%, annualized since inception)	8.66
Volatility (%, annualized) [3]	14.09
Max Drawdown (%, since inception)	-18.05
Sharpe ratio	0.59
Risk free rate [4]	0.39

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

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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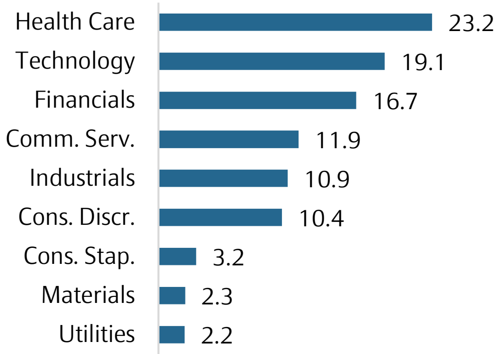
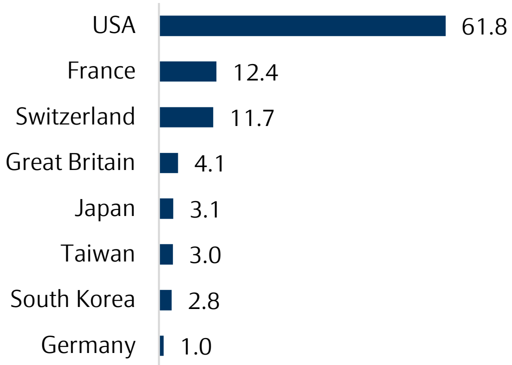
TOP HOLDINGS

Company	Country	Weight (%)
Thermo Fisher	USA	4.61
JPMorgan	USA	4.54
Intercontinental Exchange	USA	4.51
Alcon	Switzerland	4.47
Corning	USA	4.38
No. of positions		28

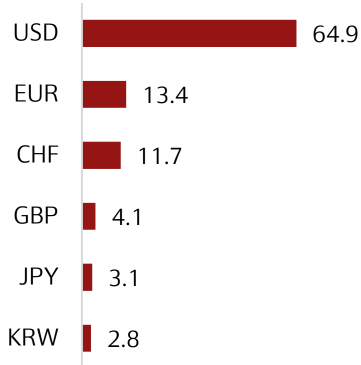
SECTOR ALLOCATION (%)



GEOGRAPHIC DISTRIBUTION (%)



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
Internal A EUR Acc.	CSCVEII LX Equity	LU1200255203	01/06/2015	0.50	71.9	214.09
Institutional B EUR Acc.	CACEIBE LX Equity	LU1200254495	31/01/2020	1.00	118.4	143.86
Internal A CHF Acc.	CCSCEAC LX Equity	LU1200255385	08/07/2023	0.50	74.0	111.98
Internal A USD Acc.	CSCVIAU LX Equity	LU1200255625	22/07/2024	0.50	N/A	99.26

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						16.78

Cape Equity Fund

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MONTHLY COMMENT – JULY 2024

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From leading to dragging

Equity markets

Despite expectations for a relatively calm summer, the month of July was quite eventful. The S&P 500 rose only 1.1%, but there was significant activity beneath the surface, with a notable shift towards SMID stocks. The Russell 2000 surged by 10% in July, while large-cap tech stocks, particularly the Mag 7, experienced widespread weakness.

The major theme of the month was the shift towards SMID stocks alongside weakness in Big Tech. This rotation was initially sparked by an encouraging inflation report, which increased the likelihood of a first-rate cut—historically beneficial for SMID stocks. Additionally, a Trump presidency appeared more likely following an embarrassing debate performance by Biden and an assassination attempt on Trump, prompting investors to favour smaller, domestically oriented firms and "old economy" industries over tech giants. As a result, the Russell 2000 index of small-cap stocks surged from roughly flat year-to-date, to a rise of 10%, while the tech-heavy Nasdaq experienced its largest one-day percentage decline since 2022, losing around USD 1 trillion in market cap.

Up until mid-July, big tech names had driven the market, but since then they have seen significant declines and are now in correction territory. The rotation into SMID stocks, with value stocks outperforming growth stocks and leveraged sectors like financials, utilities, real estate, and industrials leading the way, triggered a sell-off.

Additionally, investor scepticism about AI led to a broader sell-off in the tech sector. Investors who once eagerly funded big tech companies investing in AI are now more cautious. As a result, Microsoft, Amazon, Alphabet, and Meta have seen their stocks fall by an average of 11% from their early July record-highs. These tech giants are investing heavily in AI, but it has yet to become a significant revenue source.

Given their high valuations, analysts worry that it will be harder for tech companies to impress investors in the second half of the year. Meanwhile, signs of earnings growth broadening are supporting the broader rotation into SMID stocks.

Fund Performance

In July, the Fund returned -1.51%, reversing some of the gains made so far this year. As explained above, Tech companies have been hit over the course of the month and the fund holdings were not exempt from the broad sell-off such as Meta (-6.6% in EUR), Alphabet (-6.4%), and Microsoft (-7.2%). Moreover, companies linked to the AI supply chain such as SK Hynix were especially hit, returning -18% in euro terms. Unloved companies have been supported by the latest rotation, with companies such as Blackrock (+10.2% in EUR), ThermoFisher (+9.8% in EUR), and Essilor Luxottica (+5.2% in EUR) performing particularly well.

Portfolio activity

The team made a few changes over the course of the month, cutting back on some French exposure and adding ICE and Nestle.

Bought ICE

ICE stands as a paragon of market leadership, particularly with its ownership of the New York Stock Exchange, a symbol of financial prestige. ICE's brand is synonymous with financial innovation and reliability, attracting a global clientele that relies on its exchanges and data services. The company's leadership in the derivatives market further solidifies its position as a linchpin in the financial ecosystem. Moreover, the company benefits from a wide moat due to:

- High cost and complexity of switching to competitor platforms
- Long-standing relationships
- Network effects
- One of the most comprehensive and indispensable data sets on the market

The company's recurring revenues (>50%) are positioned to grow at an attractive clip with transaction revenues poised to deliver in most environments, with room for upside in all business segments. The core drivers for a multiples rerating are the company's underappreciated growth story in its energy offerings, and the untapped analogue mortgage industry, ripe for digitalization.

ICE has been focused on building its mortgage technology business through strategic acquisitions to enhance its offering and continues to gain share in a ~$14bn TAM. The mortgage industry, supported by strong tailwinds such as: rising homeownership, population aging in the median age of household formation, potential new home buyers being tech-native, and the fragmented nature of the industry.

The ICE Experience 2024 conference highlighted the mortgage industry's need for, and benefit from, automating and digitizing what many stakeholders (employees, originators, underwriters, vendors, administrators, and regulators) acknowledge is a highly manual and inefficient system. ICE is best positioned to lead this transformation with its decades of expertise from driving efficient workflows across other asset classes (such as commodities, fixed income).

The growth story for ICE's exchange business seems underappreciated, according to analysts and management; the energy business in particular should be benefiting from the strong structural trends. To that point, while the exchange's core commercial customer group provides a solid base for growth, the energy business in particular could be a source of upside through energy transition, with ICE's 90%+ share in environmental products.

In the near term, ICE is well positioned to benefit from healthy volatility, particularly supply and demand dynamics, geopolitical concerns such as the ongoing situation in Ukraine, Israel, etc., and upcoming elections, such as the potential election of Donald Trump in the US. In the longer term, ICE could benefit from continued globalization of the energy markets, and the secular shift towards cleaner energy sources.

ICE is a strong collection of highly complementary businesses across trading, clearing, data, and mortgage technology with a high growth profile on both the top- and bottom-line for attractive multiples compared to its peers.

Bought Nestlé

Nestlé is the world's largest food manufacturer with operations in more than 70 countries. It has a strong focus on emerging markets. Divisions include Beverages; Milk Products, Nutrition, and Ice Cream; Prepared Dishes and Cooking Aids; Chocolate, Confectionery and Biscuits; Pet Care and Pharmaceuticals Products. Nestlé also controls 26.9% of L'Oréal.

The company has derated significantly over the past 12 months compared to its consumer staples peers which provides a good entry point for a defensive name with a historically healthy organic growth. Nestle has a dominant global position in high growth products: core coffee, pet care, high protein packaged foods, nutrition, and bottled water.

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