Cape Select Bond Fund

Cape Capital SICAV-UCITS

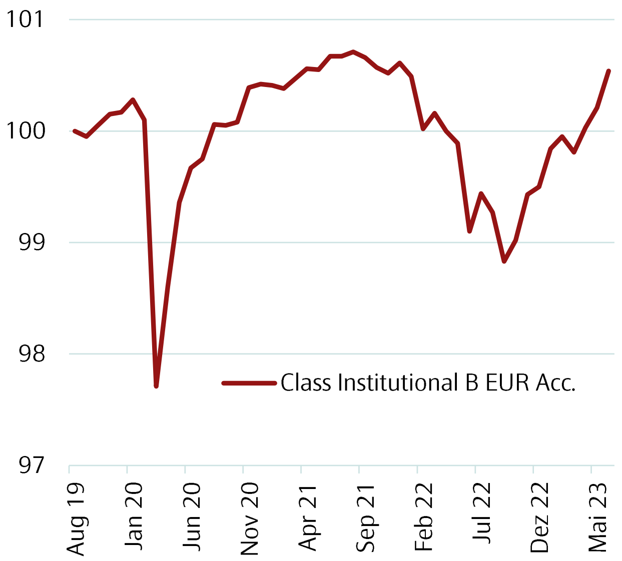
Cape Capital

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 2023	1 year p.a.	3 year p.a.	5 year p.a.	Since inception
0.33	1.05	1.45	0.27	NA	0.54

FUND INFORMATION

Date	30 June 2023
Current AUM	EUR 185 MM
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
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.

FUND STATISTICS

Average Maturity (months)	6.19
Current Running Yield (%, EUR)	4.7
Return (%, annual. since inception)	0.14
Return Benchmark (%, annual. since incept.) [3]	0.22
Max Drawdown (%, since inception)	-2.56
Volatility (%, annualized) [2]	1.58
Sharpe ratio	-0.05

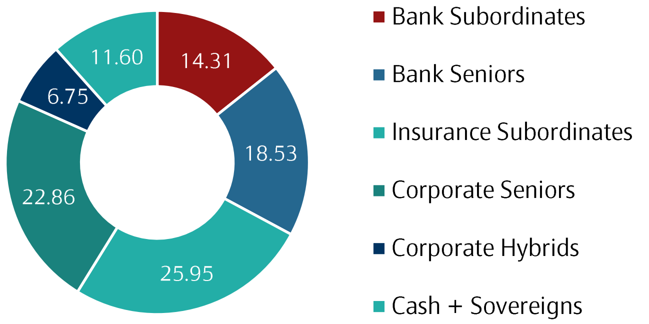
Past performance is not a reliable indicator of future results. Please See page 2 for detailed share class information.

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.

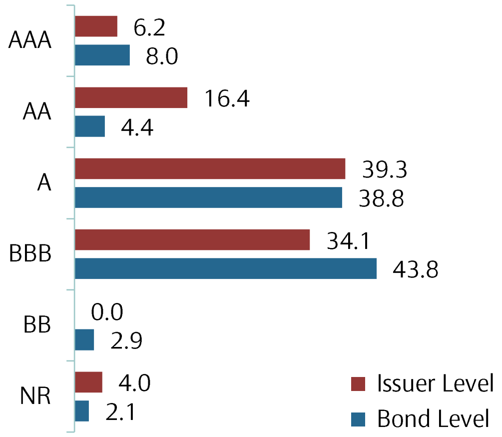
Cape Select Bond Fund

Cape Capital SICAV-UCITS

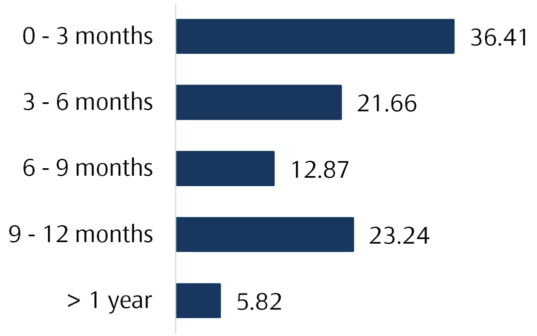
RISK ALLOCATION (%)



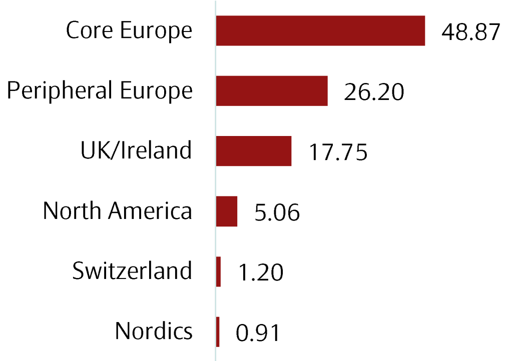
RATING DISTRIBUTION (%)



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.

SHARE CLASS INFORMATION

Share class	Bloomberg	ISIN	Inception	Fee p.a. (%)	Current NAV
Institutional B EUR Acc.	CSBIBEA LX Equity	LU1968842036	02/09/2019	0.25	100.54
Institutional B USD Acc.	CCSBIBD LX Equity	LU1968842119	07/10/2019	0.25	106.63
Institutional B CHF Acc.	CCSBIBC LX Equity	LU1968842200	27/12/2019	0.25	98.7
Institutional A EUR Acc.	CACSBIA LX Equity	LU1968841145	24/01/2020	0.20	100.43
Institutional A CHF Acc.	CSELBIA LX Equity	LU1968841491	18/05/2021	0.20	98.90
Retail A CHF Acc.	CACSBAC LX Equity	LU1968844164	07/02/2020	0.35	98.26

Cape Select Bond Fund

Cape Capital SICAV-UCITS

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							1.05
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							2.17
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							0.17
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	0.33
2023	0.35	0.11	-0.13	0.22	0.19	0.33							1.08
Institutional A CHF Acc.													
2021					0.09	0.10	-0.01	0.02	-0.06	-0.11	-0.06	0.10	0.07
2022	-0.13	-0.48	0.13	-0.17	-0.14	-0.79	0.40	-0.16	-0.46	0.17	0.34	-0.08	-1.38
2023	0.24	0.00	-0.27	0.06	0.01	0.17							0.21
Retail A CHF Acc.													
2020		-0.20	-2.43	0.85	0.75	0.26	0.07	0.27	-0.04	0.00	0.28	0.00	-0.22
2021	-0.04	-0.07	0.06	0.07	-0.02	0.10	-0.03	0.01	-0.08	-0.11	-0.08	0.08	-0.11
2022	-0.14	-0.49	0.12	-0.19	-0.15	-0.80	0.38	-0.17	-0.48	0.17	0.32	-0.09	-1.54
2023	0.22	-0.01	-0.29	0.05	-0.01	0.16							0.12

Cape Select Bond Fund

Cape Capital SICAV-UCITS

MONTHLY COMMENT – JUNE 2023

Michael Lienhard: michael.lienhard@capecapital.com
Edina Rozinka: edina.rozinka@capecapital.com
Sarah Zhu: sarah.zhu@capecapital.com

Policy lag and demographics

- Low Vol regime and "everything delayed"-mentality helps the risk sentiment
- All-in yields in corporate bonds remain attractive, even in a scenario of "no cuts"
- Central bankers are worried about the monetary policy lag – (Very) hawkish comments in combination with a rate skip

Market Comment

In our view, the Low VIX, "OK" risky assets and range-bound interest rate levels (albeit with a strong flattening/inversion trend) do not adequately reflect the relatively important monetary and geopolitical events that occurred during June-23.

After markets have started to prepare for the traditional summer lull the recent Central Bank meetings made clear that policy makers are starting to worry about the "policy lag." Some policy makers and many market participants had expected that the sharp interest rate hikes over the past 18 months would lead to more credit problems and a more effective slowdown of inflation (…paid for by a non-linear deceleration of growth).

However, Covid savings and loose fiscal policy have buffered the effects of the rising rates. Because there is (was?) a buffer it seems more difficult to determine the speed and intensity of the policy transmission. Hence, central bankers are starting to worry about the "lag" in both directions, i.e., 1.) that growth will slow down, with a lag, too fast and too strong, or 2.) that additional powerful factors (i.e. demographics) will further prolong the "lag" while growth will remain resilient.

Labour force shortage comes to forefront

Indeed, during the last ECB press conference it became apparent that new issues had moved to the forefront - wage growth and unit labour costs in the context of the overriding demographics challenge.. So far, net immigration is not compensating the shrinking labour force. Hence, additional questions (…not new ones…) around unit labour costs and competitiveness among European countries have risen to the policy-maker level.

This ultimately spills over into the narrative of wage-growth and consumer-strength-forever, and this makes Central Bankers fearful, since monetary policy cannot solve the issue of a "physically constrained" labour force pool. You simply can't be born today and transform into a 25-year old specialist overnight.

This is by no means a new challenge. During the labour force shortage of the 1960s, countries like Switzerland organised recruitment and information campaigns in Southern Europe and worked with local agents, TV/Radio stations, etc. to attract workers. Hence, it screens intuitive that bringing down inflation from 4% to 3% will be much more difficult than going from 8% to 4%, simply because fiscal policy would have to support the CBs in fighting inflation.

Regular readers recall that our longer-term view is and remains that: both restrictive monetary policy and restrictive fiscal policy are needed to bring down inflation to the old target. Hence, we can equate this to the question of whether politicians and parliamentarians are able or willing to cut fiscal support while food inflation is so high; the answer is no – hence, the only channel left is monetary policy, which increases funding costs. Since the accident risk is very apparent, CBs might have to stop hiking before fulfilling their price-stability mandate. Hence, we view 2.5-4% inflation in EU as a new normal.

Credit problems arriving slower than expected

The policy mix of fighting inflation in a "lukewarm" manner, in combination with an OK-ish consumer, can create a relatively benign environment for risky assets, as long as credit/default problems do not accelerate too fast (second half of2023?).

The widespread bearish narrative has been built on the expectation that credit problems will accelerate fast, as a consequence of the tightening of the lending standards in the US (credit channel, fast transmission) and the rate hikes (rates channel, slow transmission). This bearish narrative is now confronted with a reality which is moving slower and has left some participants underinvested. It is observable that surveys/verbal expressions deviate significantly from price actions as global investors follow price actions rather than conviction, in a year which feels "bearish on macro" and "bullish on technicals".

Cape Select Bond Fund

Cape Capital SICAV-UCITS

Fixed income still offering decent value

The fixed income trajectory that people were expecting at the beginning of the year has not yet materialized - but there is rising conviction that slightly lower trending yields in combination with a stellar carry offers decent value, especially comparing with other asset classes.

The Cape Select Bond Fund experienced a range-bound/low-vol in the month of June. We further increased our overweight in subordinated bonds issued by insurance companies, while we remain rather selective in banks. The primary market was quite active and we participated in a few new deals which offered some new issue premium.

Corporate Hybrids of Utilities and Telecom companies, i.e. the “defensive” sectors, still offer good carry within a resilient segment and we continue to believe that this is the space with the best risk/reward in a world with rising recession fears (rates markets price in a 60% probability) in combination with an only gradually increasing default rate.

At the current level of 5-6% (EUR) these defensive Corporate Hybrids and subordinated bonds of insurance companies offer a decent return potential on a one-year horizon. Especially within the insurance sector we continue to see bondholder-friendly trends with companies optimising their debt profiles.

Rating upgrade/downgrade ratio remains positive among those financials and the coming stress-test season in Europe will help to gain further insights. We view defensive subordinated bonds as an attractive compromise for investors who don’t want to run pure interest rate risk (i.e. Govt bonds, top-rated senior bonds) but still want to be exposed to quality companies at decent carry.

Cape Select Bond Fund

Cape Capital SICAV-UCITS

DISCLAIMER

The Fund is a sub-fund of Cape Capital SICAV-UCITS, an umbrella fund regulated pursuant to part I of the Luxembourg law of 17 December 2010 on undertakings for collective investments ("Law of 17 December 2010") transposing Directive 2009/65/EC of the Capital European Parliament and the Capital Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferrable securities and authorized by the Luxembourg Supervisory Commission of the Financial Sector (Commission de Surveillance du Secteur Financier – CSSF). This is an advertising document. Cape Capital SICAV-UCITS (the "Fund") is domiciled in Luxembourg. In Switzerland, the representative of the Fund is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Credit Suisse (Switzerland) Ltd., Paradeplatz 8, CH-8001 Zurich. The prospectus, the key information documents or the key investor information documents, the articles of association as well as the annual and semi-annual reports of the Fund may be obtained free of charge from the Swiss representative ACOLIN Fund Services AG. Please note that past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units of the Fund.

Cape Capital AG is an independent asset management firm based in Zurich, Switzerland, and is regulated by FINMA (www.capecapital.com). For eligible investors only. This fact sheet is no legally mandatory document but for information and promotional purposes only.

IMPORTANT NOTICE AND DISCLAIMER
This confidential presentation and the information set out herein (the «Presentation») is summary in nature only and is qualified in its entirety by the information set out in the offering document or other formal disclosure document (the "Disclosure Document") relating to the potential opportunity described herein. The prospectus, annual financial statements, KIIDs, and legal documents can be obtained from the representative in Switzerland. FOR INVESTORS IN GERMANY: The information agent in Germany is ACOLIN Europe GmbH, with registered office at Reichenaustraße 11a-c, 78467 Konstanz. The basic documents of the Fund, including the prospectus (in English) and the KIID (in German) may be obtained free of charge at the registered office of the German Information Agent. FOR INVESTORS IN THE UNITED KINGDOM: The Fund and certain of its Sub-Funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000. UK investors should read the Appendix for UK investors in conjunction with the Fund's Prospectus which are available from the Facilities Agent. The Prospectus of the Fund and the KIIDs can be obtained on www.fundinfo.com. FOR INVESTORS IN SPAIN: The Prospectus of the Fund and the KIIDs can be obtained on www.fundinfo.com.

The information provided is not intended to be used by any person or entity in any country or jurisdiction where the provision of information and subsequent potential commercialisation would be illegal. The Presentation does not constitute an offer for sale in the United States of America. The information provided by this Presentation is not intended for U.S. persons. The fund shares described in this Presentation may not be offered or sold in the United States or to U.S. persons or for the account for the benefit of a U.S. person.

This Presentation has been provided to the recipient by Cape Capital AG as portfolio manager (the "Portfolio Manager") of Cape Capital SICAV-UCITS for informational purposes for the personal use and is only intended to assist eligible investors in deciding whether they wish to consider reviewing the Disclosure Document. This Presentation is meant for use in one-on-one presentations with eligible investors. However, the contents of this Presentation are not to be construed as investment, legal or tax advice or recommendation and do not consider the particular circumstances specific to any individual recipient to whom this presentation has been delivered. The recipient should make its own appraisal and should obtain advice from appropriate qualified experts. This Presentation is furnished on a strictly confidential basis to eligible investors. None of the information contained herein may be reproduced or passed to any person or used for any purpose other than the purpose of considering the potential opportunity described in the Presentation.

Any opinions, forecasts, projects or other statements, other than statements of historical facts that are made in this Presentation are forward-looking statements. Although the Portfolio Manager believes that expectations reflected in such forward-looking statements are reasonable, they do involve a number of assumptions, risks and uncertainties. Accordingly, the Portfolio Manager does not make any express or implied representation or warranty, and no responsibility is accepted with respect to the adequacy, accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts or other information set out in this Presentation or any further information, written or oral notice, or other document at any time supplied in connection with this Presentation, and nothing contained herein or in the Disclosure Document shall be relied upon as a promise or representation regarding any future events or performance. Past returns are no guarantee for future returns.

The recipient's attention is specifically drawn to the risk factors identified by Cape Capital SICAV-UCITS's investment fund manager and Portfolio Manager as set out in the Disclosure Document. The Portfolio Manager also advises that the potential investments described herein are speculative, involve a degree of risk and there is no guarantee of performance or a return of any capital with respect to any investment. By accepting delivery of this Presentation, the recipient accepts the terms of this notice and agrees, upon request, to return all materials received by the recipient from the Portfolio Manager, including this Presentation without retaining any copies thereof. This Presentation, layout, copyright materials and trademarks featured in the Presentation may not be used or copied or otherwise reproduced by any unauthorized third party.