

COMPANY INFORMATION

Q·Capital AG (www.qcapital.ch) is a listed Swiss holding company aiming to generate a sustainable long-term capital appreciation with a target return of 7-12 % p.a. It invests in private and public equity, bonds, loans, real estate, currencies and in other managers. It is not restricted by a defined investment strategy. Base currency is EUR. The shares are quoted on the Bern Stock Exchange (www.berne-x.com) under the ticker QCAP SW. Q·Capital is part of the Q·ADVISERS network (www.q-advisers.com).

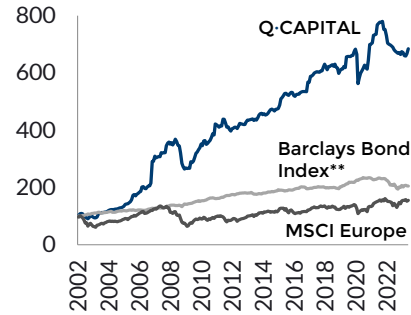
PRODUCT DETAILS

Domicile	Switzerland
External expenses	1.68% net
Success-based expenses (up to): 20% (HWM)	
Hurdle rate	3% Net-Min. Return
Investment Advisor	QINO Group Services
Website	www.qcapital.ch
ISIN	CH0017855088
WKN	1785508
SE Ticker	QCAP SW
NAV (30.06.23)	EUR 31.55
Annualized return	9.4%

TOP HOLDINGS

Informica Real Invest	20.0%
QCV Diversified	9.5%
UCP Chemicals	8.9%

PERFORMANCE CHART



INTEREST RATES & F'CASTS

	Q2'23	Q4'23e	Q4'24e
US	5.25	5.12	4.12
Euro Area	3.50	3.75	2.25
UK	4.75	4.75	3.25
Japan	-0.10	-0.10	0.00

Source: Morgan Stanley Research

PERFORMANCE SNAPSHOT

(See appendix for full track record)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015	0.4	2.5	4.4	1.1	1.2	1.4	0.2	-1.0	-0.5	1.2	0.9	-0.2	12.04%
2016	-2.0	-0.5	1.3	0.1	0.0	1.0	0.5	0.4	0.0	0.0	-0.2	6.4	6.72%
2017	-0.3	3.8	0.1	0.7	1.1	0.4	0.4	-0.3	-0.1	0.7	0.1	2.4	9.39%
2018	1.6	-1.7	-1.4	1.8	0.0	0.6	0.4	-0.9	1.1	-1.7	-0.4	-2.9	-3.63%
2019	1.7	0.7	0.2	1.3	-0.6	6.0	0.3	-0.1	-0.1	0.6	0.0	2.1	12.84%
2020	1.2	-2.6	-15.4	3.8	2.6	1.4	1.4	1.8	-1.3	-0.9	5.1	8.6	3.60%
2021	0.2	0.6	3.8	0.2	0.3	4.5	0.6	0.5	-0.2	0.6	-3.6	0.0	7.51%
2022	-2.8	-3.7	-0.6	-0.3	-0.6	-0.6	-1.4	-0.7	-0.6	-0.5	0.5	-1.0	-11.60%
2023	1.4	-0.5	-1.6	-0.2	1.3	2.6							2.97%

*Cash, cash equivalents and treasury shares | **Barclays Aggregate Bond Index (EUR) | NB: Monthly NAVs are calculated in EUR net of all fees

ADVISOR COMMENTARY

Q·Capital AG gained 3.0% net in H1'23. The NAV (EUR) stood at EUR 31.55 per share vs EUR 30.64 as per 31 December 2022. The bond market rose by 2.1% while equities advanced 8.4% as per the Barclays Aggregate Bond and MSCI Europe indices, respectively.

HY1 was characterized by the US regional smaller bank crisis, which allegedly was a result of deeply restrictive monetary policy and poor risk-management. Nonetheless, the high interest rates are promoting a notable contraction in consumption and investment spending. This has not become apparent yet in US Q1 earnings. They showed no large negative surprises. After a 30% slump (Nasdaq) in 2022 results of technology companies combined with a new retail megatrend "Artificial Intelligence" has propelled a tech-rally. It has concentrated however within a narrow universe of mega-cap names. Stocks of US Banks, Industrials, Energy have all been negative for the year. European Banks and Autos have been the winners in Europe. Recession now seems to be a more remote scenario as interest rates in the US appear seem to have peaked.

REVIEW OF THE FIRST HALF OF THE YEAR

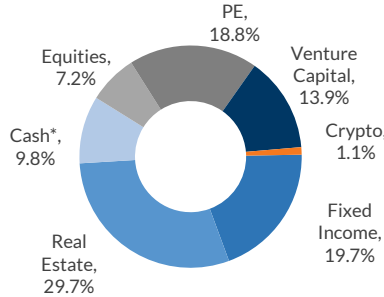
We have been keeping relatively low equities weighting (10-15% instead of normalized 30%) in the first half, as we wanted to preserve liquidity and have a cushion for some SQ Energy Projects as well as unexpected chances in Q4.

We also prepared for a more secular bull run in 2024 led by faster than expected deceleration of inflation, normalized supply chains and normalized monetary policy. We underestimated breath of the rally in Apple, Amazon and Co.

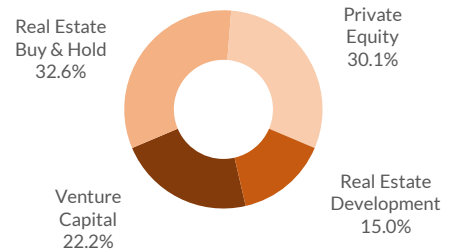
Equities (7% per 30.06) contributed gains, Bonds & Loans (20%) traded sideways. In the Private Equity (19%) companies have been good performers in a new market environment. Venture Capital (14%) was weak, negatively exceeding last years cautious valuation. Still a shaky point for the next 2 years.

In Real Estate (29.7%) we await the hand-over approval of Bellevue in Ljubljana to revalue. Projects in Q REAL need a lot of management attention with more equity needed to put on track. German Real Estate Informica posted a solid 2022 NAV is well financed and cash flow positive. SQ Energy (currently 2%) set up and is well on the way with first approved projects in the pipeline.

ASSET BREAKDOWN

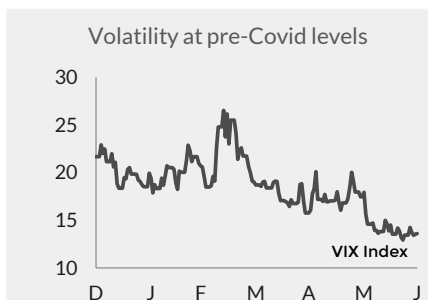
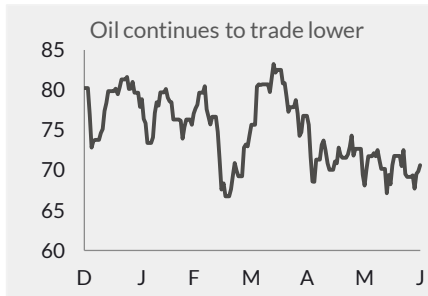
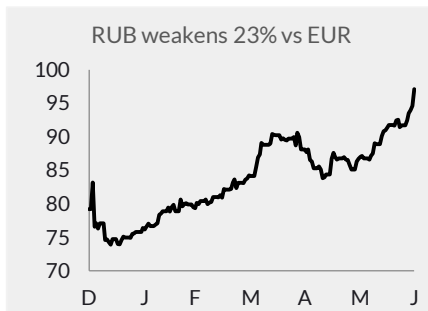
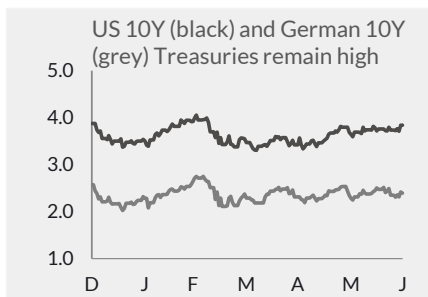
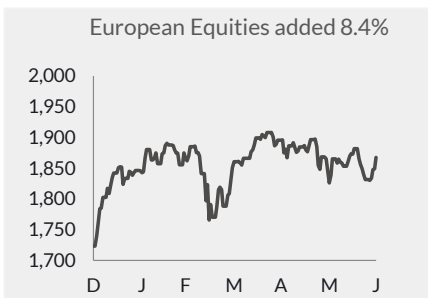
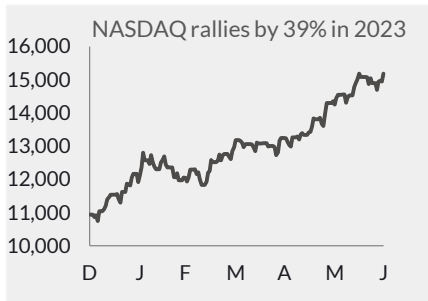


PRIVATE EQUITY HOLDINGS



ADVISOR OUTLOOK

Despite the fact that global economy is expected to slow, US equity markets seem to be driven by the "magnificent seven" (Apple, Microsoft, Nvidia, Amazon, Tesla, Meta, Alphabet) driving most of the gains, adding a tasty \$4 trillion in market cap in H1. Valuations are elevated (26x) but looks like Tech will remain dominant also in H2. We plan to raise equities and add HY defensive stocks in the next weeks, but we'll be risk-averse in illiquid PE and Venture Capital. We think a more secular bull market will become apparent in 2024. Real Estate opportunities will come up in Q4 and Q1 2024. We are long term optimistic in Alternative Energy and continue our plans in co-developing a portfolio of Photovoltaic Energy plants.



MAJOR HOLDINGS AND CHANGES IN H1 2023

Cash & equivalents (9.8% from 26.3%) With cautious optimism in mind, we started putting cash back to work as Q1 earning season, especially among Big Tech names, proved the recessionary scenario is less likely. The USD exposure varied between 3-5% long. We increased the treasury shares holding to 2.4%.

Bonds & Private Loans (19.7% from 7.1%) We like the US Treasury yields at 5%+ and hold a sizable position in short-term government bonds. We took the opportunity in oversold financials and added positions in **BNP Perpetual** (7.3% yield), **ND Landesbank 2024** (10.2%) as well as **National Bank of Greece 2027** (9.2%). We also added to **DNO** exposure with 2026 issue (10.8%) and bought **Romanian 2049** sovereign (6.5% yield). Following price recovery in **Kernel 2027** (company taken private), we halved the position realizing a healthy profit. We continue to price the Russian bank exposure at depressed levels as they remain untradable.

Equities (7.2% from 3.3%) Equity volatility has been steadily falling, particularly over Q2 and reached sub 14% levels, unseen since 2019 (pre-Covid). Markets have bounced considerably, particularly in the US, whereby four big tech names made up more than 60% of S&P's YTD performance. We continue to approach the market on sectorial basis using strict stop loss policy. **Technology** names (Apple, Microsoft, Google and Nvidia) contributed most. **DO&CO** has been a stellar performer as it benefited from post-pandemic demand revival. **LVMH** shined among luxury consumer stocks while **Mercedes** added within automotive offering an attractive 7% dividend yield. We traded in **Banks** (UCG, Erste Bank, ING) with decent success. We were less fortunate with **Energy** (OMV, XOP, OIH) as oil&gas prices normalized following a steady decline. We employed derivative hedges (futures or long index put options) to protect performance in strongly overbought periods.

Crypto (1.1%) We hold long-term exposure to crypto via Blockchain Capital Fund (100% invested) and Scytale Horizon II (60% invested).

Main Private Shareholdings

Private Equity: 18.8%, Venture Capital: 13.8%, Real Estate: 29.7%

This section has always been the main driver of the portfolio performance. We have either substantial holdings and/or strong board positions in the companies

UCP Chemicals AG (8.9%, board seat for Q-Capital AG, 7.3% of the company). The first 4 months of 2023 were characterised by higher margins (23% EBITDA) earned from smaller volumes (EUR 25.4m) but fuelled by the low level of prices for key raw materials. Quotes for raw materials have meanwhile bottomed out in Q1 2023 and are again on the rise. While the business environment remains challenging, the company so far do not expect material changes in the performance of the UCP Group companies in the remaining months of 2023. With 4m net result at EUR 3.6m, UCP is on the right path to deliver another year of EUR 10m+ bottom line. Most importantly, the company paid the 2022 dividend at a high, 23% yield.

SQ Energy (2.0%) has been working extensively in H1 2023 to structure and develop its Italian JV SQ Energy Italia. We have set up an office in Bolzano, secured the exclusivity for our first two PV projects and are reviewing three 3 additional projects. The project pipeline is now 32 MW and are actively screening ready-to-build projects to accelerate growth. We utilized the capital to secure the grid connection and process a downpayment under the exclusivity agreement. Furthermore, SQ Energy Italia is currently negotiating a cooperation agreement with a local PV developer to define a joint development framework.

REAL ESTATE (29.7%)

Q-BELL (4.6%) Our residential development project is nearly completed, and we await the hand-over approval to be able to deliver more than 50% of all flats to the new owners. We expect this to happen in Q3, which is later than initially expected. Nonetheless, Bellevue shall be able to return full capital employed to its shareholders by the end of summer.

Q-REAL (3.4%) Luxus Chalet "Place to see" in Kirchberg is under construction, shell and roof of the building is already finished. Due to rising construction costs the budget had to be adjusted. Additional funding has been secured and completion is planned in spring 2024. During summer we focus on selling the luxury apartments "marina arvid" at the Wörthersee in Carinthia. Construction starts in Spring 2023. We also work on the building permits for our residential properties in "Dellach - Millstätter See" in Carinthia and "Brunn am Gebirge" near Vienna.

Informica Real Invest AG (20.0%, board seat; 15.3% stake) continues to be very reserved given the current Real Estate market dynamics and is focussing on the project developments. They recently received two building permits for projects in Berlin and now intend to go into sales. The residential portfolio runs smoothly (507 residential units, totalling 46,245 m² of rented space). 2022 NAV stood at EUR 5.01 and we adjust it with 10% liquidity discount. The company is well financed. Q Group companies own close to 40% of Informica.

