

f3x capital

Investor Letter 22
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THE FINAL OUTRO

This is the last investor letter for f3x euroflex (formerly CCA European Opportunities). After deep consideration, I have decided to return investor money. Technically, the fund will be “terminated”. The official notification has already come on 16 August 2022 from the fund administrator “Universal Investment” to the inboxes of your respective brokerage account, financial advisor, or wealth manager. This approach was necessary as legally it is required that all investors receive the notification simultaneously. The only way to assure this is a message through the banking/brokerage system. The notice period of the fund termination is six months. This is the time available to investors to redeem/sell the fund holding. Some investors might choose to hold the fund shares longer given that we might currently be in a very depressed state of capital markets, some investors might choose to redeem immediately. There are no cost asymmetries between investors who choose to redeem earlier versus those who choose to redeem later. The regulatory nature of a UCITS fund assures this. Thus, it ultimately becomes a question of market timing, which is to be answered by each individual investor her or himself. The fund is almost fully invested (78%) in highly liquid positions, so redemptions depending on individual timing preference can be met easily. I also have long-term conviction in these positions. A full list of holdings can be found in the table on page 4.

Please send me an e-mail or give me a call should you have any questions on the procedures described above. All regulatory documents such as factsheet, KIID, annual report are available for download on [our website](#), as well as on the [website of our fund administrator](#), Universal Investment.

You will find more context on the following page.

THE FINAL OUTRO (CONTINUED)

How did this decision come about? For active fund managers today there are two clear reasons for existence.

The first is to control capitalism and influence capital allocation. This means active exercise of voting rights, shareholder engagement and activism. The passive investment industry cannot do this.

Second, to represent the moral compass, which means to perform social-ecological capital allocation. The passive investment industry cannot do this.

Over the summer, I studied the flood of European regulatory proposals regarding a sustainable transformation of the European financial industry. This includes documents such as the Disclosure Regulation, Taxonomy Regulation, Regulatory Technical Standards and the associated consultations between regulators and market participants. These were the 1,000 most boring yet insightful pages I have ever read.

My conclusion is that the regulatory standards are getting stricter year after year. I mean this in a purely technical, bureaucratic way. It is not a judgment regarding the social-ecological impact of such regulation. Compliance with these increasingly stringent requirements necessitates rather blunt administrative budgets. The f3x fund is too small for that. Personally standing up for sustainable and ethical investments is a good thing, but the practical reality is that you actually have to comply with the so-called Article 9 formalities (impact funds) of the Disclosure Regulation to be investable at all for ESG capital allocators. We might be able to pull ourselves up to the fund size required for this in the next 3 - 5 years, but I don't want to let that time drag on.

Moreover, the UCITS fund format in which f3x euroflex finds itself has become increasingly impracticable. Shareholder engagement, or activism, as a small fund can only be implemented in an indirect way. One is blocked by the indirectness created by the system of fund administrator (KVG) and voting advisors. A UCITS fund is a rather undemocratic vehicle in the capitalist system.

Now, if f3x cannot serve either of the two elementary dimensions of active fund management in the current situation, then it is time to withdraw from the field.

I would like to express my deepest gratitude to all supporters and companions of the last years.

Yours, Felix

Full Fund Holdings

| <i>Company</i> | <i>Weight</i> | <i>Business</i> |
|------------------------------------|---------------|--|
| SLM Solutions Group AG | 8.6% | Manufacturer of 3D printers |
| Modern Times Group MTG AB | 7.2% | Mobile gaming developer |
| ADTRAN Holdings Inc. (zuvor: ADVA) | 6.4% | Networking infrastructure equipment |
| Ocado Group PLC | 5.4% | Logistics technology |
| Zalando SE | 4.9% | Online fashion marketplace |
| Bitcoin Group SE | 4.6% | Crypto exchange |
| Vossloh AG | 4.5% | Railway components |
| BioNTech SE | 4.5% | Developer of novel therapies for cancer |
| Moonpig Group PLC | 4.1% | Online gifting and postcards |
| Eurofins Scientific SE | 4.1% | Provider of analytical testing and laboratory services |
| Amadeus FiRe AG | 3.9% | Human resource and employment services |
| NVIDIA Corporation | 3.9% | Developer of graphic processors and chip sets |
| SAP SE | 3.3% | ERP software |
| United Internet AG | 3.2% | Internet services |
| Sartorius AG Pref Shares | 3.1% | Laboratory equipment and consumables |
| Scout24 SE | 2.0% | Real estate online market place |
| THG PLC | 2.0% | Direct-to-consumer beauty products |
| Naked Wines PLC | 1.8% | Direct-to-consumer wine retail |
| Total | 78% | |

as of 15 August 2022

