



# MONTHLY REPORT

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## Letter to Stakeholders:

Dear B Capital Stakeholders,

B Capital is an investment fund run by Bocconi students that invest in stocks and obligations with an initial equity of 1 mln US dollars.

The main goal of the fund is to manage money by diversifying the portfolio and to maximize the returns over the medium to long term.

We will aim to achieve these numbers by adopting a Macro investment strategies and analysis, combined to the experience and knowledge of the Portfolio Department.

Based on our knowledge we always aim to enrich our investment strategies and to grow experience by keeping informed and studying the market, in addition to the preparation that our university provides us.

Our team is composed of five different departments, each one with precise instructions and duties, and operates according to the rules of a specific statute.

If you want to get in touch with the fund, you can fill out the form on the website [www.bcapitalfund.com](http://www.bcapitalfund.com) or you can contact us directly on the various social accounts such as LinkedIn or Instagram.

We appreciate your confidence, and we are sure that we can increase the fund's investments

Sincerely,

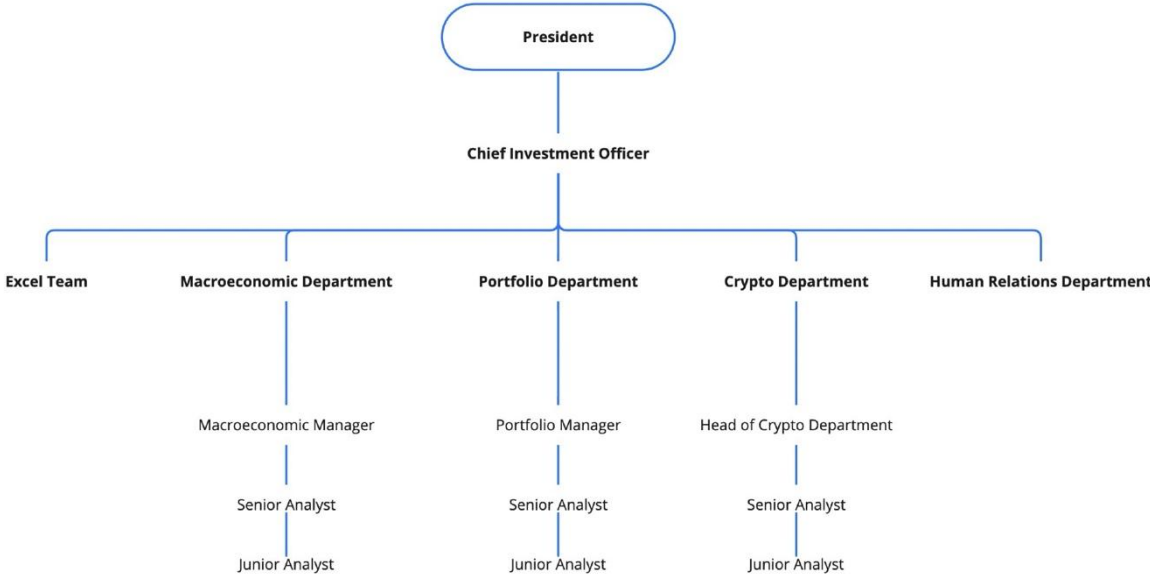
**Roberto Restelli**  
President



**Eraldo Bausano**  
Vice-president



# Organizational Charts



miro

## Portfolio and Investment Strategy

Kind investors,

Welcome to our first monthly report of B-Capital. It is our pleasure to guide you through our operations and explain the investment strategies we adopt and the results these will yield.

Our first month of operations has so far proved successful. Our investments, notwithstanding a couple of minor exceptions, have all yielded positive returns. Only time will tell if our strategies will function enough to deliver superior performance over a sustained period, but for the moment we will settle for a more than decent +3.98% for the period ended Friday, December 9<sup>th</sup>.

The main drivers behind the performance of the fund have been Taiwan Semiconductors, with a whopping +29.3% return, Enel Power Company, currently at +16.9%, and Assicurazioni Generali, at +13.2%. Our position in American Express has delivered decent returns as well, closing at +6.6%. Our remaining open positions have not shown any significant variation. We have liquidated our position as well in Blackrock, having reached our target price, collecting a roughly 17% premium over our average buying price.

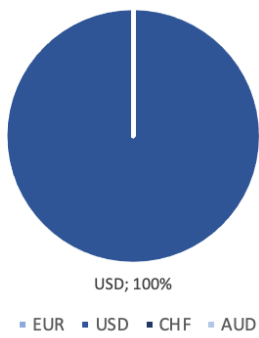
The strong performance in our long-equity positions has been mitigated by the large size of our cash holding, which occupies 58% of the whole portfolio. We believe in keeping a cushion of dry power to use without restraint if the right opportunities arise, although we will diminish our cash holdings and enlarge our equity position as we manage to analyze more companies to invest in.

Given the macro-economic environment we find ourselves in, we have chosen to invest in companies that have been able to generate sizable cash flows over the last years with good profit margins, and to adopt a mid-long term investment strategy. As interest rates rise worldwide and inflation looms, old-fashioned companies that can generate cash and distribute them to shareholders should deliver superior performance overgrowth stocks, in our opinion. That is why we have chosen to invest in companies with a good dividend record. We have not invested in companies that directly extract and sell oil as we believe that the upside, following the strong rebound in oil stocks, is now much more limited than the downside.

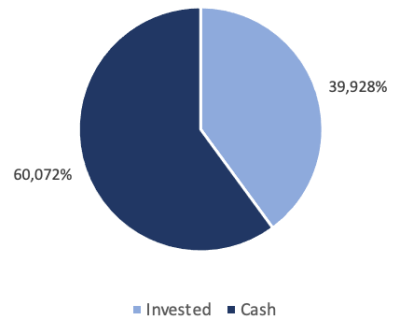
We will keep you informed of any further developments and will be glad to answer any pertinent questions.

# Portfolio Analysis

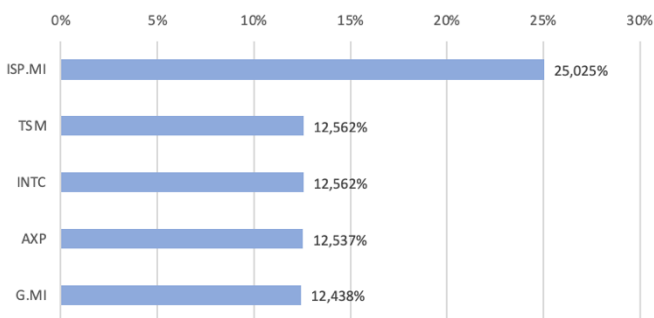
Currency exposure



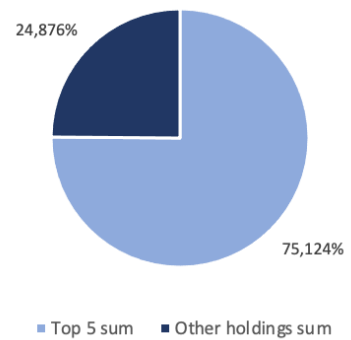
Invested percentage

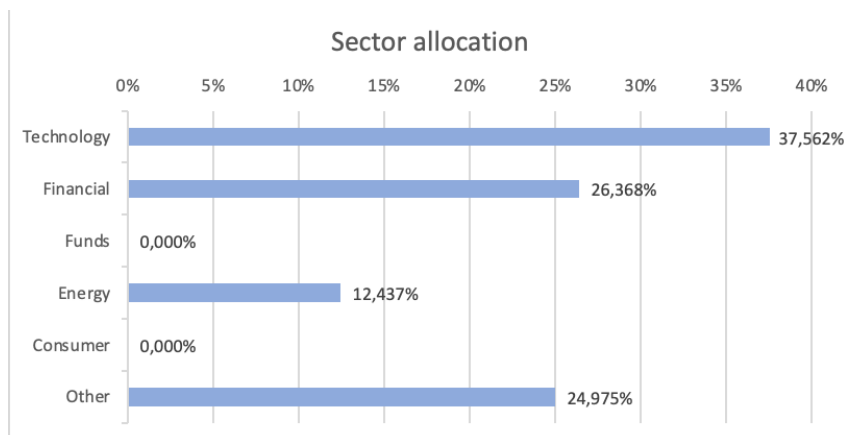


Tot 5 holdings



Influence of top 5





## CURRENT HOLDINGS

STOCK TICKER	LAST PRICE (\$)	SHARES	COST (\$)	COST PER SHARE (\$)	UNREALIZED GAIN/LOSS (\$)	UNREALIZED GAIN/LOSS % (\$)
ISP.MI	2,061	4927,60000	100600,000	2,063	-320,760	-0,330%
TSM	80,690	80,82586	50500,000	62,480	14790,920	29,310%
INTC	28,240	180,22841	50500,000	28,020	430,250	0,860%
AXP	153,900	34,92966	50400,000	144,290	3320,880	6,600%
G.MI	17,300	322,22000	50000,000	15,380	6610,700	13,230%
VZ	37,400	132,87271	50000,000	37,640	-330,220	-0,660%
ENEL.MI	5,220	1132,53000	49999,780	4,510	8470,400	16,950%

## PORTFOLIO PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dic
2022											3,980%	

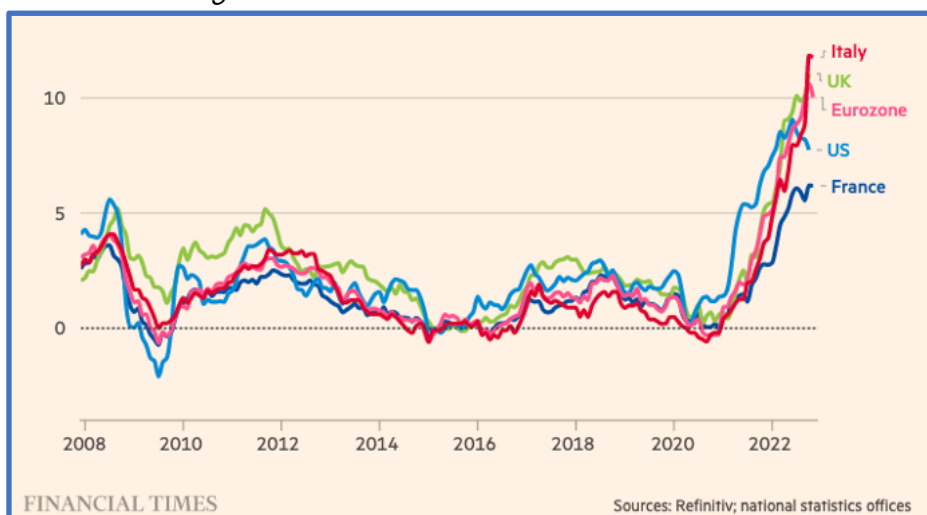
# Macroeconomic analysis on the market and on the assets

## End of 2022 and 2023 Global and Economic Outlook

2023 is going to be a challenging year for the global economy. Central Banks have been racing to catch up with inflation throughout the entirety of 2022 through a continuous rise in interest rates.

The most relevant event was the war between Ukraine and Russia, that affected the global economy with a heavy energetic crisis, not only in Europe, with consequences over the stability and relationships between countries. We preview a difficult 2023 with the continuous growth of inflation and the continuation of the war which will lead to an economic slowdown.

### *Annual % change in CPI*



As a result of this it does look like inflation is peaking in headline terms, meaning that central banks will slow the rise from here. However, this heavy increase in interest rates is starting to restrain activity, and as central banks continue to move slightly higher with such rates, it is likely the North Atlantic economies will suffer a recession in 2023.

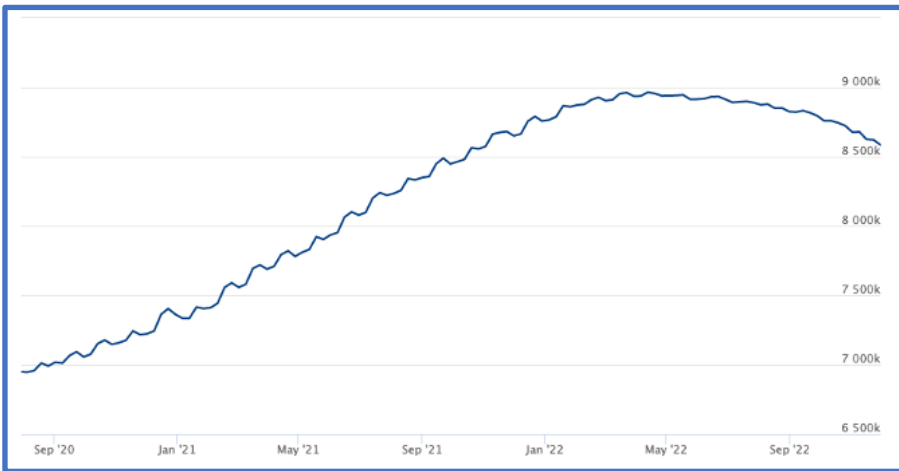
### **US**

The US economy is proving to be resilient in the near term with all-time low unemployment statistics, a strong bounce back from the Covid crisis and slightly decreasing inflation rates. However, the US is still likely to face a recession given that the Federal Reserve has increased



interest rates at the fastest pace in at least 40 years as well as continuously reducing its balance sheet through quantitative tightening activities. Additionally, such positive signs given by the economy mean more monetary tightening which means a recession later.

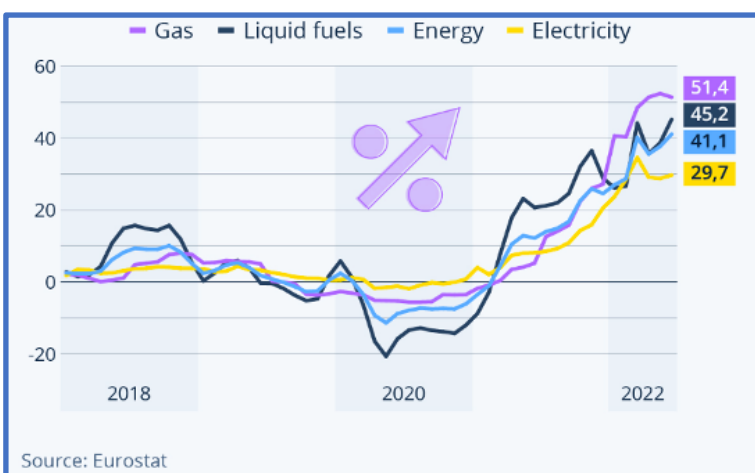
*Federal Reserve recent balance sheet trends (\$US m)*



**Europe**

Europe is having a really difficult time. The energy shock we have seen based on the war in Ukraine coupled with monetary tightening means that activity is already contracting, will lead to a European recession in 2023

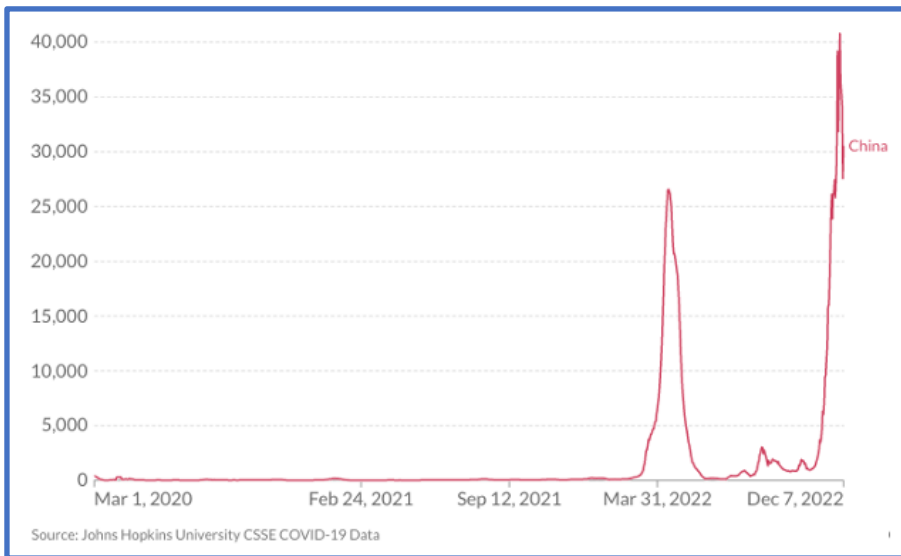
*Energy prices increase in the EU*



**China**

China is also facing a really challenging period. This is because they still have not worked out how to move away from their zero COVID policy, and as we stand here today, they are having

another surge in cases. In addition, China also has a property issue, thus they are stimulating, however, credit is still weak.



Looking at other major macro factors:

### ***The Energy Transition***

Energy prices have spiked, particularly with thermal coal and natural gas. That in the near term has meant that the economies, particularly in Europe, are burning more fossil fuels, but it also increases their incentive to move away from them, thus accelerating the transition as a result.

Egypt hosted COP27 during the end of the year, where an agreement to set up a “loss and damage” fund to help poor countries most vulnerable to a rising toll of climate-fuelled disasters, however on the central challenge of reducing fossil fuel use and carbon emissions, no agreements have been worked out.

### ***Equities***

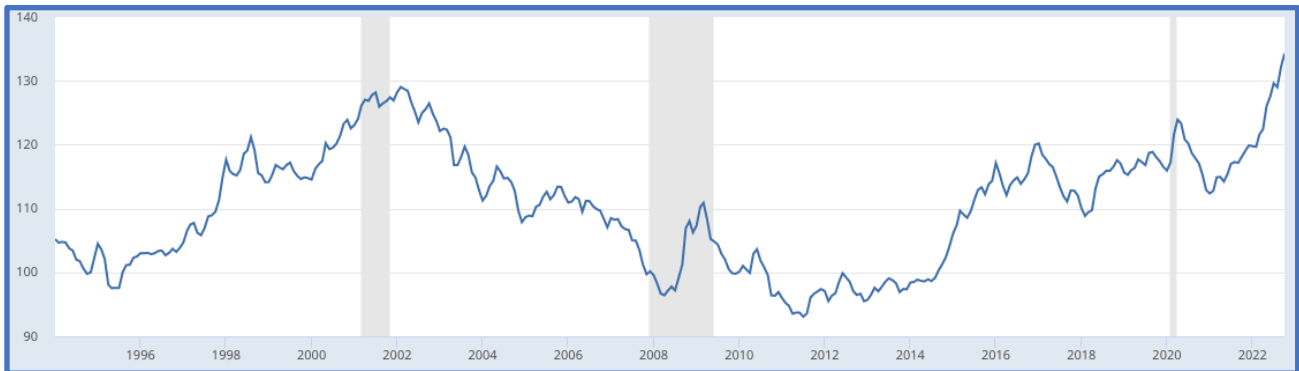
Equities have come down a lot over the course of 2022, and with a probable US and European recession next year, there will be further falls. However, if inflation starts slowing down and stabilizing towards the end of 2023, then equity markets could start picking up again and rally into the start of 2024. That said, looking at the macroeconomic premises, it looks like 2024 will be a challenging year for equity markets.

### ***Foreign Exchange***

Over the next year the US dollar is likely to continue to trade with global risk appetite. Given a forecasted US recession and drop in equity prices, in all likelihood we will see the US dollar

surge again as we move into the new year. However, if inflation comes under control and growth can bottom out towards the end of 2023, that should see a US dollar peak.

*Real Effective Exchange Rate (US)*



## Crypto analysis

Since the recent events that have characterized the crypto market in the last period, we have decided not to take a position yet but to study the future movements of it.

Here we attach our own explanation and analysis of blockchain to introduce our stakeholders to cryptocurrencies.

Considered by many the technology that powers Bitcoin, Blockchain is capable of o much more. Blockchain is short word for a “suite of distributed ledger technology that can be programmed to record and track anything”. As we already have processes to track data, digital or not, we must investigate what makes blockchain so special. Let’s divide the complex whole into its elements, which stand to revolutionize the way we interact with each other.

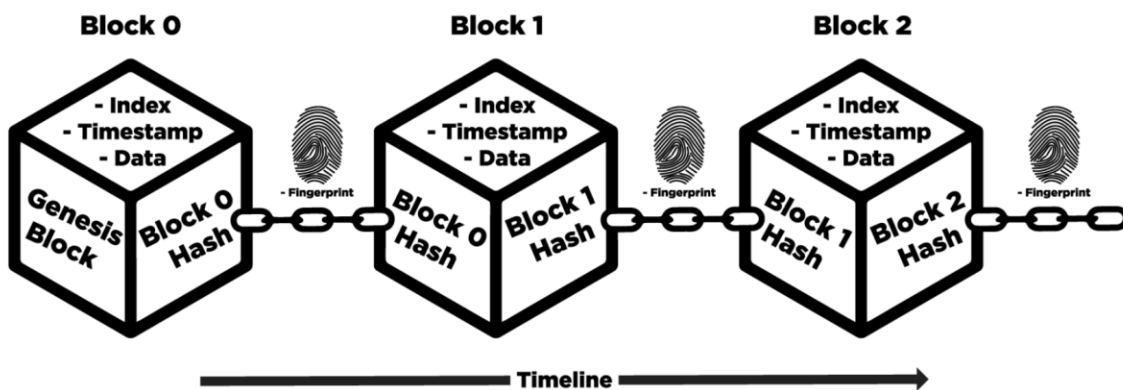
Blockchain stores information in blocks, linked together chronologically and forming a continuous line which can be visualized as a chain of blocks, not surprisingly. You can compare a hash to a fingerprint that identifies a block and all of its content.

If there is any change in the information stored in a particular block, the transformation is stored in a new block, leaving the preceding unaltered. If you try to make a change to one of the blocks, it will make the following invalid in a domino effect, as every subsequent block stores some info (similar to a “screenshot”) of the previous one. We can say that blockchain is a reliable and unchallengeable way to track changes over time. But what makes it so reliable? Let’s take a closer look at a block.

Blockchain stores information in batches, called blocks, that are linked together in a chronological fashion to form a continuous line, a chain of blocks. If you make a change to the information recorded in a particular block, you don’t rewrite it, instead the change is stored a new block, with all the information about the change. Blockchain is a non- destructive way to track data changes over time.

Here’s one example. Let’s say there a dispute over Tony and Soprano over who owns a piece of land that’s been in the family over the years, because technology uses the ledger method, there’s an entry in the ledger that someone, which we’ll call Adam, first owned the property, when Adam sold the property 2000BC a new entry was made in the ledger, then he might have sold it to Eve, a new entry was made in the ledger, and so on. Any change of ownership in this property is represented by a new entry ledger. Up until Tony bought it from hir father in 2022. The current owner is visible in the history of the ledger. Guess what? Blockchain has refrained Tony and Soprano from spending time, or even worse, money on lawyers to find out who is the rightful owner of that piece of land.

Here's where things get interesting. Unlike the age-old ledger method, originally a book, then a data-based file stored in a single system, blockchain was designed to be decentralized and distributed across a large sector of computers, this decentralizing of information reduces the ability for data tampering and brings us to the second factor that makes blockchain unique. It creates trust in the data. Before a block can be added to the chain a few things have to



happen. First a cryptographic puzzle must be solved thus the creating the block. The computer that solves the puzzle shares the solution to all the other computers in the network. This is called proof of work. The network will then verify this proof of work and if correct, the block will be added to the chain. The combination of these complex math puzzles and verification by many computers ensures that we can trust each and every block on the chain because the network does the trust building for us, we now have the opportunity to interact directly with our data. In real time.

That brings us to the third reason why blockchain is such a game changer. No more intermediaries. Currently when doing business to one another we don't show the other person our financial and business record, instead we rely on trusted intermediaries such as a bank or lawyer to view our record and keep the info confidential-. These intermediaries build trust between the parties and are able to verify, for example, that yes. Tony is the owner. This approach limits exposure and risk but adds another step to the exchange. More time and money spent. This type of trusted peer to peer interaction with our data can revolutionize the way we access, verify, and transact with one another. Because blockchain is a type of tech and not a single network it can be implemented in many different ways. Some blockchains can be public and open to everyone to view and access. Others can be closed to a select group of authorized users. Such as your company, a group of banks, or government agencies. There are also hybrids. In others everyone can see all the data but only some have access to add new data. A court, for example, could use a hybrid system to record the boundaries of Tony's property and the fact that he owns it by keeping his personal info private. It is the combination of all these factors:

decentralizing of the data, building trust on the data, and allowing us to interact directly with one another and the data that gives blockchain technology its potential.

## Risks

- FOREIGN EXCHANGE MARKET RISKS- Restrictions imposed on trading limits or restrictions on the amount by which the price of certain Foreign Exchange rates may vary during a given period, the volume which may be traded, or restrictions or penalties for carrying positions in certain foreign currencies over time may prevent trades from being executed during a given trading period. Such restrictions or limits could prevent the Portfolio Manager from promptly liquidating unfavorable positions and therefore could subject the Fund to substantial losses.
- SECURITIES RISKS- Investments in securities involves the following risks: Market Price Risk, Currency Risk - Investments in non-listed securities may expose the Fund to the following additional risks: Lack of Regulatory Framework, Lack of a Formal Market, Pricing and Liquidity Risks, Difficulty to realise Profits.
- OTHER RISKS - Investors are to refer to the risk warnings made under the section titled Specific Risk Factors in the Offering Supplement. These risks also include Allocation of Assets, Derivatives, Futures, Options, Leveraging using derivatives, Investment Vehicles and Funds, Insolvency, Volatile Markets, Illiquidity, Sector, Counterparty, Service Providers' Limitation of Liability and Indemnity and Conflict of Interest.

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