B CAPITAL FUND

MONTHLY REPORT

SUMMER OUTLOOK 2023

WWW.BCAPITALFUND.COM

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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 the money by diversifying the portfolio and to maximize the returns over the medium to long term.

We aim to achieve these numbers by adopting Macro investment strategies and analysis, combined with 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 by 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 or you can contact us directly on the various social accounts such as LinkedIn or Instagram.

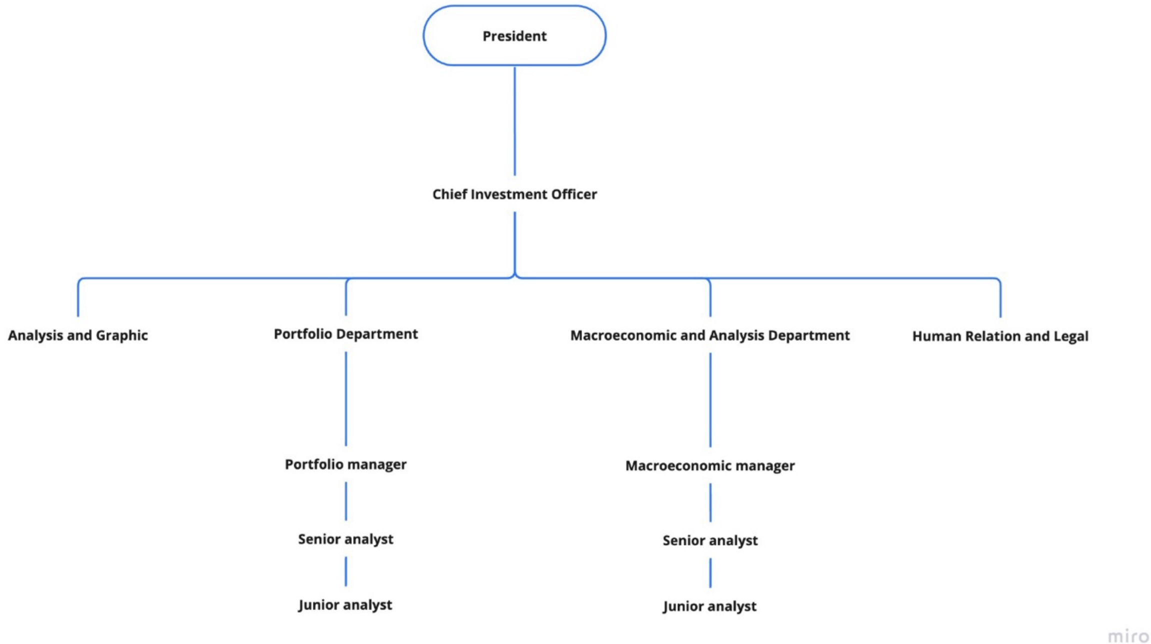
We appreciate your confidence, and we are sure that we can increase the fund's investments.

Sincerely,

President
Roberto Restelli

Vice-President
Eraldo Bausano

Organizational chart



Portfolio and Investment strategy

Kind investors,

Welcome back to our summer outlook about the development 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.

In July we reached a solid performance +3,88% after a positive +5% in June, then in August we registered a -0,07 due to the market fluctuations of the last of the month.
We also took the opportunity to add to our portfolio STMicroelectronics, that we acquired for 42.9$ a share, following our belief that it could be an important and profitable asset for the next few months, considering the important position of STM in the market.

We also cashed two out three positions in banks: Citigroup and UniCredit.
The Portfolio team decided to reduce our exposure to banks due to the non-performing loans situation in the US market. We took a loss of -6.15% in Citigroup, making it the first loss on a stock of the fund, although the decision to liquidate the position has shield us from further significant losses that C experienced in the weeks that followed.
Instead, Unicredit reached our price target, making +13%, and we sold the position to have more liquidity to expand our portfolio.

Lastly, in these two months, Buzzi Unicem took off, realizing near 30% in just only five months.

The fund is satisfied by the progress that has made this summer and will examine new investment opportunities thanks to the stored liquidity of nearly 650K, but we remain watchful on the markets trends towards the end of the year.

ISP

Intesa Sanpaolo is the largest position in our portfolio, and it will remain so for the foreseeable future. There are several factors that make ISP one of our favorite holdings. First of all, higher interest rates for longer. Intesa SanPaolo's investment and corporate banking operations have suffered significantly (but still reported a large increase in net income due to the absence of value adjustments that characterized last year following the start of the Russia-Ukraine conflict), but higher rates have been by far more beneficial than damaging for the rest of the bank. The positive effect of higher rates has been shown in the June results; Net Income as of June 2023 was up more than 80% compared to a year earlier, costs rose minimally (less than 1%) and provisions for bad loans fell by two-thirds. Even if rates will fall next year, as most market participants expect, there is little chance that they will fall to the low levels that have characterized the past decade. ISP is well positioned to benefit from higher rates. We have faith in the current management and expect strong results for the coming quarter.

UNICREDIT

We closed our position in Unicredit at a decent 13% profit. We believe that Unicredit lost its momentum, although it could still offer good opportunities if it manages to maintain the current level of profitability. Just like Intesa Sanpaolo, Unicredit has benefited from higher rates. We still monitor Unicredit and we do not rule out a possible future investment in the firm.

CITIGROUP

We closed our position in Citigroup in July at a 6% loss. Citigroup has not been able to capture value from the rise in interest rates like other banks and is still facing massive costs from its restructuring efforts. While we have a benign view on Citigroup's CEO Jane Fraser and her efforts to turn around the troubled financial conglomerate, we think that as of now Citigroup is not among the most attractive investments.

ENEL

We continue our investment strategy on Enel, holding the stock and staying on a long-term vision thanks also to his performance of +26% at the end of August.
We believe that the company has more to offer and can grow to a target price of 7$ as we analyzed in June.

BUZZI UNICEM GROUP

Finally, during July and August the stock increased its value arriving at a peak of 28$, thanks to the first result of 2023, published the 3rd of August with +19,5% earnings and valuing our position at +29%.
The company is still solid with also important news about acquiring the final stake of Nacional Ciementos in Brazil, where the company has already the 50%.
The fund remains on a hold position seeking new opportunities in the nearly future.

STMICROELETRONICS

STM is an Italian-Switzerland based semiconductor company, it develops and manufactures discrete and standard commodity components, and application-specific integrated circuits for analog, digital and mixed-signal applications.
Thanks to the profitable sector and the drop of the price, we took the opportunity to open a new asset (opening a 100K position) and diversify our portfolio.
STM demonstrated an up and down performance in the few months but a strong evolution during the years, making it leader in the sector and satisfying the ratings.
The fund remains on a long position.

POTENTIAL INVESTMENTS:

Roche Holding

Roche Holding, the Swiss multinational that operates as a research health company trades 34% below the “fair” value estimate of $56. The company’s drug portfolio and the leading industry diagnostics provide a significant competitive advantage in the market in which it operates. With its biological focus and innovative pipeline, we expect Roche to continue achieve growth as its blockbusters face competition.

o **Price/fair value:** 0.66
o **Industry:** Drug manufacturing
o **BCapital Confidence Rating:** Good

Taiwan Semiconductor Manufacturing

The stock of the largest contract chip manufacturer stands out as one of the best stocks to buy this month. After our analysis, we believe Taiwan Semiconductor will be one of the greatest beneficiaries in high-performance computing. It is keen to mention that we advise to stay bullish long-term. The stock currently trades 31% below the estimated fair value of $137. We previously had this asset in the portfolio at the beginning of the fund and we liquidate it gaining a return of +48,85%

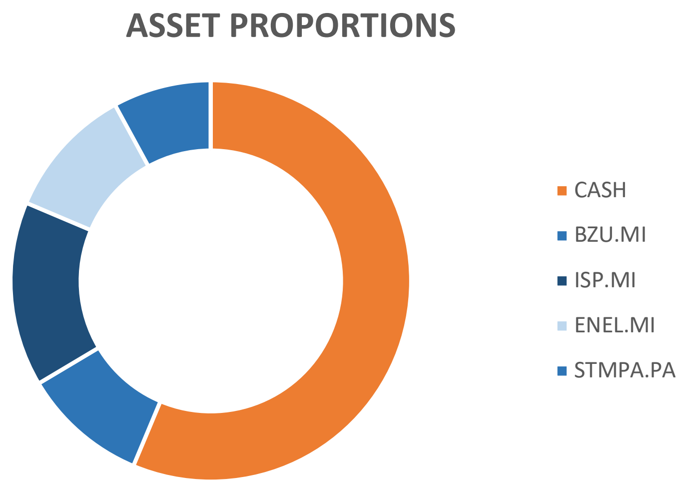
o Price/fair value: 0.69
o Industry: Semiconductors
o BCapital Confidence Rating: Medium

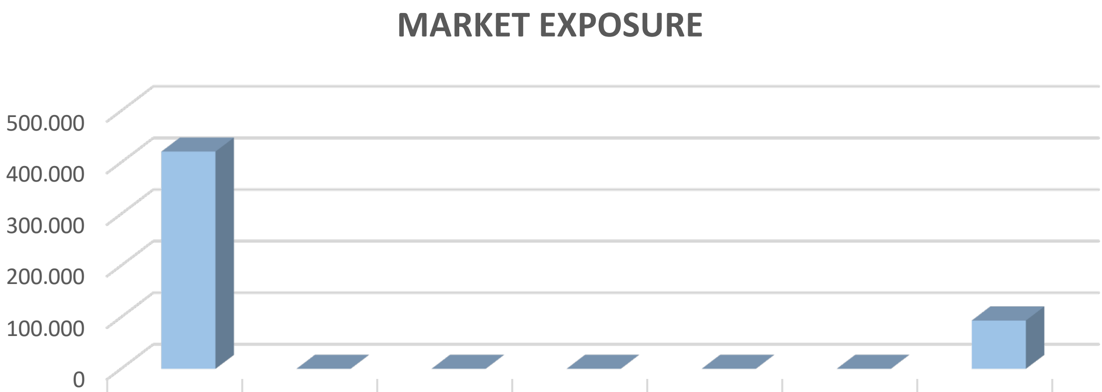
Zimmer Biomet

Zimmer Biomet designs, manufactures, and markets orthopedic reconstructive products with the integrated digital and robotic technologies. The company has recently witnessed a CEO change; however, we don’t expect the new management to bring wholesale changes. Based on our estimates, the company is currently trading 32% lower than fair value ($175 per share).

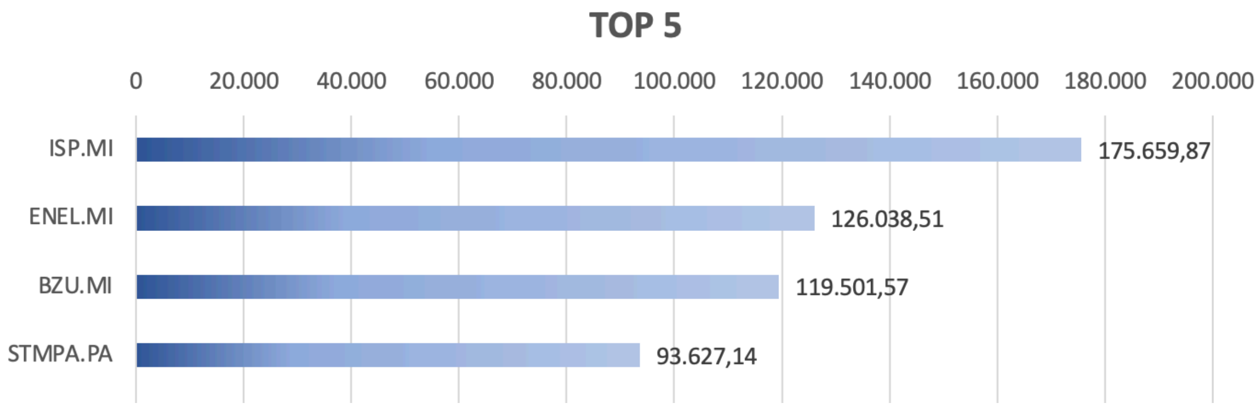
o **Price/fair value:** 0.68
o **Industry:** Medical devices
o **BCapital Confidence Rating:** Medium

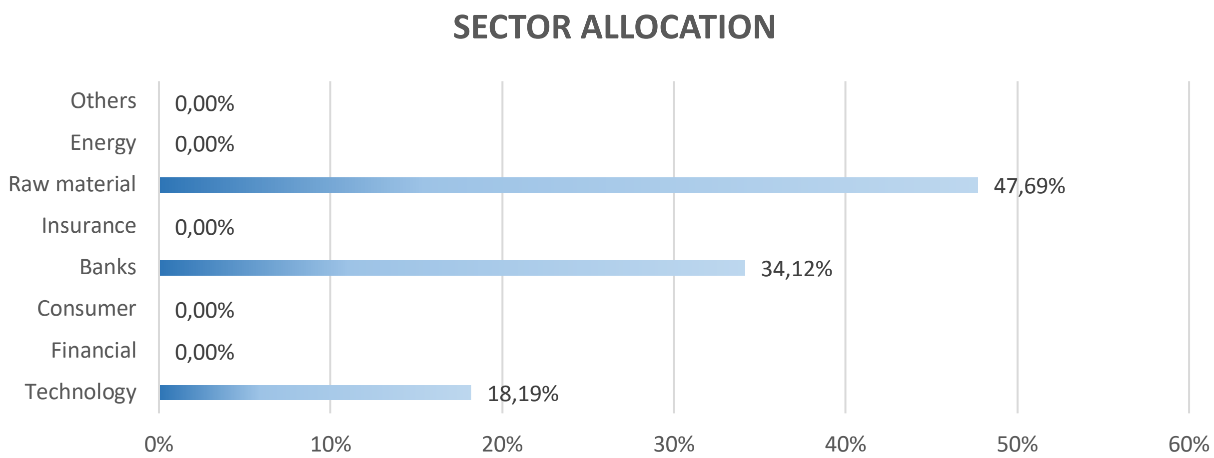
Portfolio analysis





	AFF	NASDAQ	XETRA	NYSE	LSE	EURONEXT	XIG
VA LUE	421.199,96	-	-	-	-	-	93.627,14

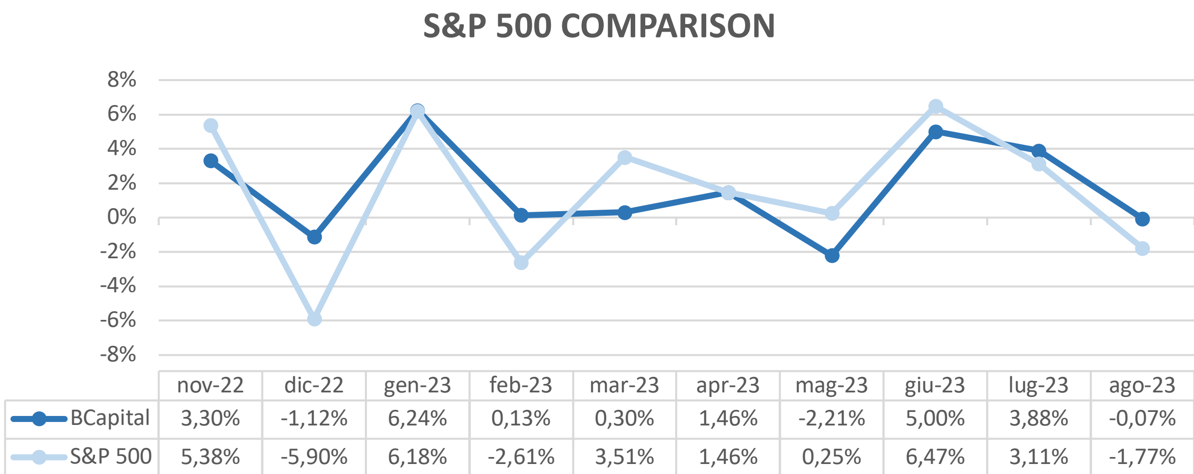

TOP 5
0
20.000
40.000
60.000
80.000
100.000
120.000
140.000
160.000
180.000
200.000
ISP.MI
175.659,87
ENEL.MI
126.038,51
BZU.MI
119.501,57
STMPA.PA
93.627,14


SECTOR ALLOCATION
Others
0,00%
Energy
0,00%
Raw material
47,69%
Insurance
0,00%
Banks
34,12%
Consumer
0,00%
Financial
0,00%
Technology
18,19%
0%
10%
20%
30%
40%
50%
60%

CURRENT HOLDINGS	SECTOR	CURRENCY	MARKET	SHARES	OPEN PRICE	LAST PRICE	COST	MARKET VALUE	G/L	G/L %
BZU.MI	Raw material	USD	AFF	4339,20	21,45	27,54	93075,84	119501,57	26425,73	28,39%
ISP.MI	Banks	USD	AFF	71085,70	2,11	2,47	150253,84	175659,87	25406,03	16,91%
ENEL.MI	Raw material	USD	AFF	20345,20	4,90	6,20	99650,79	126038,51	26387,72	26,48%
STMPA.PA	Technology	USD	XIG	2140,00	42,93	43,75	91859,50	93627,14	1767,64	1,92%

SOLD HOLDINGS	SECTOR	CURRENCY	MARKET	SHARES	OPEN PRICE	CLOSE PRICE	COST	MARKET VALUE	G/L	G/L %
C	Banks	USD	NASDAQ	2044,38	50,92	49,59	104100,00	101380,97	-2719,03	-2,61%

TOTAL G/L OF THE YEAR	BCapitalFund	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
17,87%	2022											3,30%	-1,12%
	2023	6,24%	0,13%	0,30%	1,46%	-2,21%	5,00%	3,88%	-0,07%				



The fund's performance is compared to S&P 500 index as it is the main benchmark in financial markets.

Macroeconomic analysis

No recovery before mid-2024

The global economy still struggles to recover from the energy crisis, even as the full impact from tighter monetary policy is yet to materialize. Even though we continue to expect a drag from the cumulative impact of monetary tightening on economic activity and employment, growth projections for certain major economies, USA, and Europe, have proved to be very resilient and thus revisiting growth projections. In this revision of what happened in 1H 2023, we will be looking at how these two economies specifically are behaving in a global economic environment characterized by uncertainty.

US

<u>US Economy is performing better than expected – a recession could be avoided.</u>

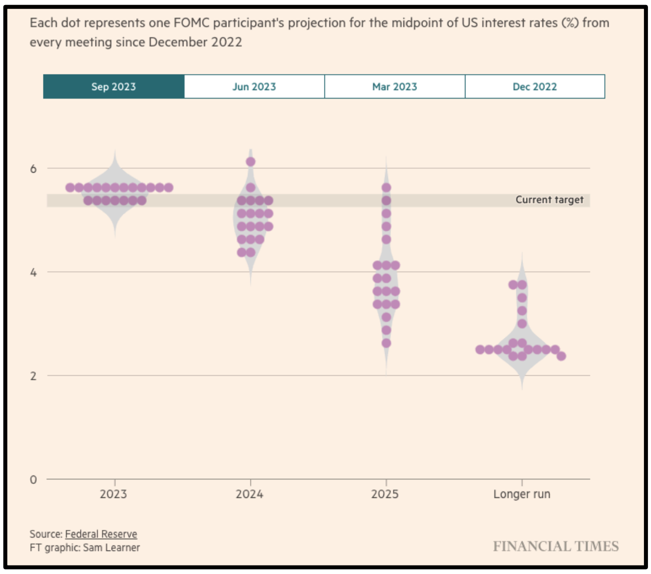
In real GDP terms, the US economy has expanded at an estimated 2% to 2.4% annualized pace through the first half of the year. While business sentiment was downbeat and business investment (inventory, equipment) was slow to start the year, there are indications this is turning the corner. Consumer spending, which drives 65% of GDP, has been resilient throughout. If consumer spending moderates in the second half, growth could slow to low levels by early next year. Additionally, looking at analysts' updated forecasts, we see real GDP to expand at a 2% pace in the second half of 2023 and 0.5% for the first half of 2024.

<u>Additionally, setting further optimism on projected future global growth, the Fed's fastest hiking cycle in decades is coming to an end…</u>

The Fed has raised rates a sharp 525bp since March 2022 to a 5.25-5.5% target range, marking one of the steepest hiking cycles in four decades. We expect the Fed to be on hold through the middle of next year, provided inflation continues its downward glide path. Quantitative tightening, or the Fed's process to shrink its balance sheet, is ongoing at a pace of approximately $100 billion per month, effectively removing that amount of liquidity from the markets and economy.

<u>… HOWEVER, The Fed decided to skip on its last rate rise, however signaling one more to come this year, and more significantly hardening its commitment to “higher for longer” interest rates.</u>

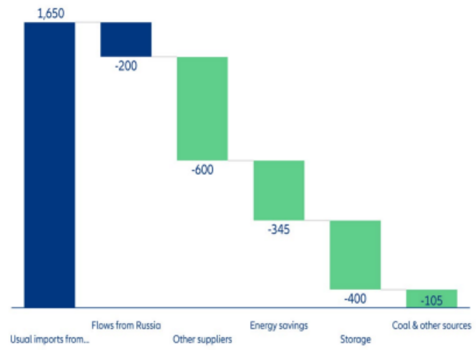
The median estimate of the Fed’s 19 policymakers is for the bank’s benchmark rate to fall to just 5 per cent to 5.25 per cent next year. That was significantly higher than the 4.5 per cent to 4.75 per cent they signaled when the dot plot was last updated in June. By 2026, it was still forecast to be between 2.75 per cent and 3 per cent *(Financial Times,2023)*



EUROPE

<u>The Eurozone economy has fallen into a mild technical recession (since Q4 2022) and still struggles with high inflation as tighter financing conditions weigh on domestic activity</u>.

Figure 2: Europe gas consumption and storage levels



Sources: ENTSO-G, Allianz Research

Overall, the economy contracted by -0.1% quarter on quarter in Q4 - Q1 and Q2. Weak consumption and investment dynamics as well as a challenging external environment are the key drivers behind the current stagnation. Despite the shutdown of Russian gas flows, a milder winter in 2022-23, decreased gas consumption (-10%) and the rapid switching to alternative energy sources prevented a stronger recession. Improving net trade and rising new orders in services offset lower.

manufacturing PMI, which resulted in a Composite PMI that would otherwise be consistent with a solid recovery.

The still relatively tight labor market has kept wage pressures high but stubbornly high inflation has chipped away at real household incomes.

Figure 1: Global real GDP growth

Growth (yearly %)	2021	2022	2023f	2024f
Global	**6.0**	**3**	**2.5**	**2.3**
USA	**6.0**	**2.1**	**1.5**	**0.7**
Latin America	**6.8**	**4**	**1.6**	**1.7**
Brazil	5.3	3.0	2.1	1.2
UK	**7.6**	**4.1**	**0.2**	**0.5**
Eurozone	**5.4**	**3.5**	**0.5**	**1.0**
Germany	2.6	1.9	-0.1	0.8
France	6.8	2.6	0.6	0.9
Italy	7.0	3.8	1.1	0.7
Spain	5.5	5.5	2.0	1.6
Russia	5.6	-2.1	1.0	1.4
Turkey	11.4	5.6	3.3	3.8
Central and Eastern Europe	**6.2**	**4**	**1.2**	**2.8**
Poland	6.9	5.1	1.5	2.7
Asia-Pacific	**6.4**	**3**	**4.5**	**4.1**
China	8.5	3.0	5.8	4.5
Japan	2.2	1.0	1.3	1.1
Middle East	**4.1**	**6.7**	**2.7**	**2.6**
Saudi Arabia	3.9	8.7	3.8	2.9
Africa	**5.8**	**3.7**	**3.2**	**3.6**
South Africa	4.9	2	0.7	1.4

Source: Allianz Research

Thus, consumers will remain cautious over the coming months amid an elevated cost of living and rising interest rates.

During the last quarter, the Eurozone economy was dragged down by lower household and government consumption. These factors offset a +0.6% rise in investment and a positive contribution from trade. Eurozone is therefore set to remain in a stagflationary phase, averaging merely +0.5% growth this year, on average.

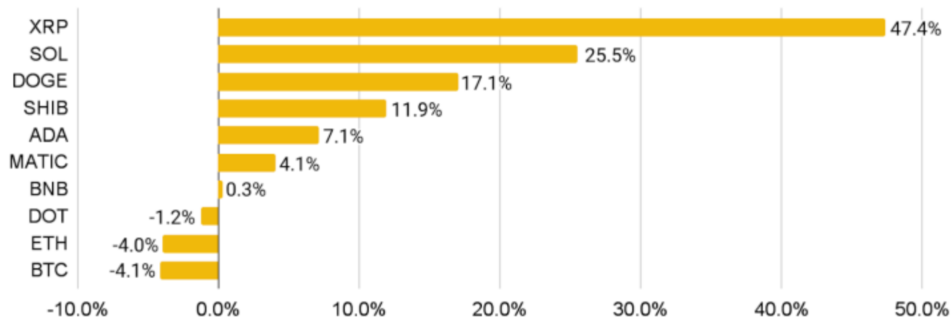
Crypto analysis

Crypto Market Analysis July 2023– August 2023

JULY

July marked a period of deceleration in the crypto markets, with major cryptocurrencies showing signs of consolidation as they awaited crucial crypto-specific events that could provide direction. Key among these events were ETF applications submitted in June. BTC and ETH exhibited a range-bound trading pattern during the month, with BTC fluctuating between US$29,000 and US$31,000, and ETH hovering within the range of US$1,800 to US$1,900. This stabilization came after the initial excitement surrounding June's developments had subsided, as investors awaited regulatory decisions that could significantly impact the market. Despite a relatively positive month, both BTC and ETH experienced marginal declines compared to the overall market. One noteworthy aspect in July was the increased activity across altcoins, particularly following the outcome of the U.S. Securities and Exchange Commission (SEC) case against Ripple. Ripple's XRP benefited substantially from positive rulings in the case, prompting investors to position themselves favorably for potential developments in the broader crypto space. This surge in altcoin activity underscored the diversity and dynamism of the crypto market.

Figure 2: Monthly price performance of the top 10 coins by market capitalization



Source: CoinMarketCap
As of July 31, 2023

AUGUST

Market Capitalization Volatility

August was characterized by dramatic swings in total crypto market capitalization, particularly notable during the period between August 17 and 18. During this time, the market witnessed a sharp decline, leading to trader liquidations and losses amounting to approximately US$1 billion. The increased volatility and liquidity challenges that have become more apparent over the past months contributed to this unsettling episode.

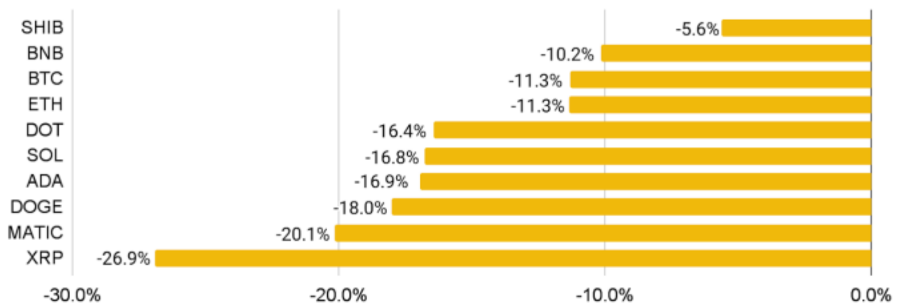
Figure 1: Monthly crypto market capitalization decreased by 8.8% in August

Monthly Change in Crypto Market Cap (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	30.4	3.4	9.3	3.2	-6.0	3.3	1.0	-8.8				
2022	-22.6	-0.3	25.3	-18.1	-25.2	-31.7	21.8	-11.4	-2.1	7.2	-18.0	-4.5
2021	33.9	39.6	31.1	11.4	-25.7	-5.9	12.5	25.2	-9.9	42.9	-1.0	-15.0
2020	35.4	-5.5	-27.7	38.8	10.0	-4.5	25.9	13.7	-7.6	14.6	37.5	39.7
2019	-11.6	12.3	11.1	17.1	55.5	30.8	-22.5	-6.5	-13.7	14.8	-14.7	-7.9
2018	-10.2	-9.0	-42.9	67.9	-26.2	-23.4	18.1	-22.9	-1.7	-8.4	-32.1	-5.5

Source: CoinMarketCap
As of August 31, 2023

Figure 2: Monthly price performance of the top 10 coins by market capitalization



Source: CoinMarketCap
As of August 31, 2023

Macro-Economic Uncertainties

Together with the crypto market turmoil, broader macroeconomic uncertainties added to investor apprehension. The Chinese economy faced turbulence, causing unease in financial markets worldwide. Additionally, the annual Jackson Hole meeting drew attention as Federal Reserve Chair Jerome Powell expressed concern about elevated inflation levels and signaled the Fed's readiness to raise interest rates further. These remarks prompted a risk-averse sentiment across financial markets, including cryptocurrencies, as yields continued to rise.

Market Sentiment Turnaround

Despite the prevailing uncertainties and risk-averse market sentiment, August ended on a positive note. A wave of optimism emerged as Grayscale, a prominent crypto asset management firm, succeeded in its lawsuit, raising the prospects of a successful conversion of the Grayscale Bitcoin Trust (GBTC) into an ETF. This development injected renewed optimism into the crypto community, potentially paving the way for further institutional participation.

Risks

FOREIGN EXCHANGE MARKETS RISK

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 RISK

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 realize 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.

Please note B Capital is run by students and not by a professional trader team, so our lack of knowledge and experience could affect our performance and our current holdings. We are not responsible for any copy trading and their consequences.