



**B
CAPITAL
FUND**

MONTHLY REPORT
SEPTEMBER – OCTOBER 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,

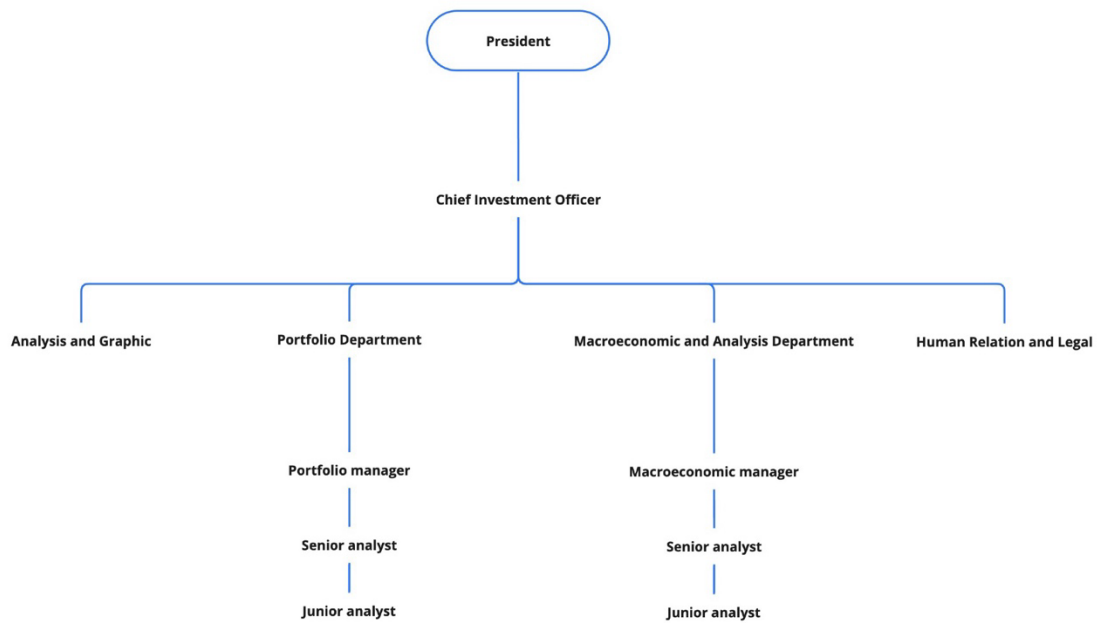
President
Roberto Restelli

A handwritten signature in blue ink, appearing to read 'Roberto Restelli'.

Vice-President
Eraldo Bausano

A handwritten signature in blue ink, appearing to read 'Eraldo Bausano'.

Organizational chart



miro

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.

BUZZI UNICEM

Buzzi continues to be one of the most profitable and solid assets of our entire portfolio. At the end of December, the stock price reached 28\$, near the price record that was achieved back in August. This shows the confidence of the market and of the shareholders into the company that gained +22,54% in six months and +49,22% from January 2023.

We maintain our position and we remain long on Buzzi, pending the preliminary information exercise, that the company will publish the 9th February, expecting more revenues and a solidification of their cash flow.

MUFG

Mitsubishi UFJ Financial Group performance remained stable during November and December.

We opened this position with a long perspective, over the year, involving the Japanese economy and to work on a new market opportunity.

Mufg's Morgan Stanley, a company associated to MUFG, gained a record year thanks to easing of the Bank of Japan's policy on bond yields, and will surpass Nomura Holdings in 2024, becoming Japan's leading broker: this will be definitely a plus for MUFG to extend its business and participation over the country, besides assets.

The bank has posted already a record for its first half earnings: up to 21% of net operating profits with a target of 7.5% ROE, despite inflation, and the gross profit increased by 7%, with marginal interest from loans, deposits, fees and trading.

In addition, MUFG will register its Q3 profit in February, we are confident in an improvement over 2022.

We remain long on this position believing in a great performance in 2024 and to balance the portfolio.

STM

STMicroelectronics closed 2023 with a positive +5,23% after a tough October.

The fund decided to invest in STM thanks to its importance and position into the segment of semiconductors, believing that the market is underperforming the stock.

The company is solid due to its revenue's growth and very low debt levels, also maturing every year a strong level of cash flow.

The stock was at his peak in August at 50\$ per share, and after two months, is improving its position in the market.

We are confident that besides the market of consumer electronics and electronic devices, the company will receive more support thanks to the automotive and an increase in turnover, that will boost the stock.

We remain long on STM, seeing a price perspective of 45/50\$ in 2024.

ENEL

Enel stock entered November trading very closely to 6 Euros per share and has since begun a steady climb that lasted throughout December, reaching 6.71 Euros per share. Although the current interest rate environment is not favorable to highly indebted companies like utilities, we believe that expectations of rate cuts for 2024 are driving higher the stock price of firms like Enel, which are seen as a safe haven for dividend seeking investors in a declining interest rate environment. In addition, we support the Enel's management strategy to divest non core assets and pay down a significant portion of debt.

ISP

Intesa Sanpaolo stock started November at around 2.50 Euros per share and closed December at around 2.65 Euros per share. Intesa Sanpaolo has not seen any spectacular rise in its share price although being positioned as one of the best banks to benefit from high interest rates in Italy. Net Interest Income has increased substantially and we expect it to continue on this trajectory for a while. Although we are past the peak in interest rates, Net Interest Income will likely stay higher than usual for a long time, providing a sizeable stream of earnings. While revenue has climbed, costs have thankfully stagnated (actually declined by a small percentage). We think that ISP stock is well positioned to increase further in the future and break the 3 Euros per share barrier.

TSM

Taiwan Semiconductor Manufacturing opened November at TWD528 per share and closed December at TWD593 (note that our holding is composed of ADRs, which means that the currency we invested in is USD). The more or less gradual rise in the months of November and December is to be attributed to the gradual improvement in expectations regarding the outlook of the semiconductor industry. We bought TSMC because we believed that we were near the bottom of the cycle for the semiconductor industry (which is cyclical) and that demand was more likely to increase than to decrease further. Apparently, the market has begun to accept this narrative, and TSMC has risen consequentially. We still believe that is further room

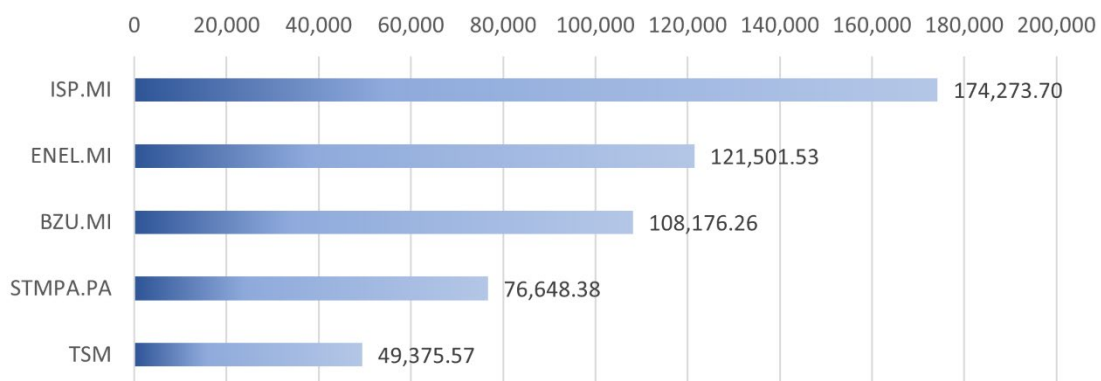
for improvement. In addition, semiconductor manufacturers such as TSMC should benefit from possible lower interest rates, given their high level of capital expenditures.

Portfolio analysis

ASSET PROPORTIONS

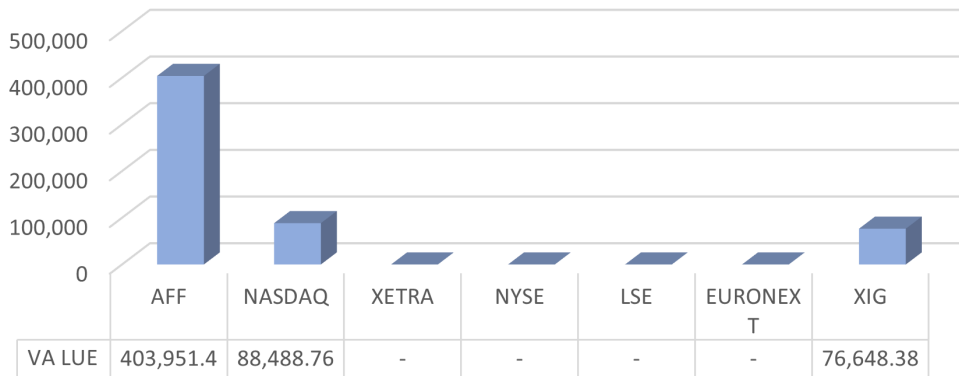


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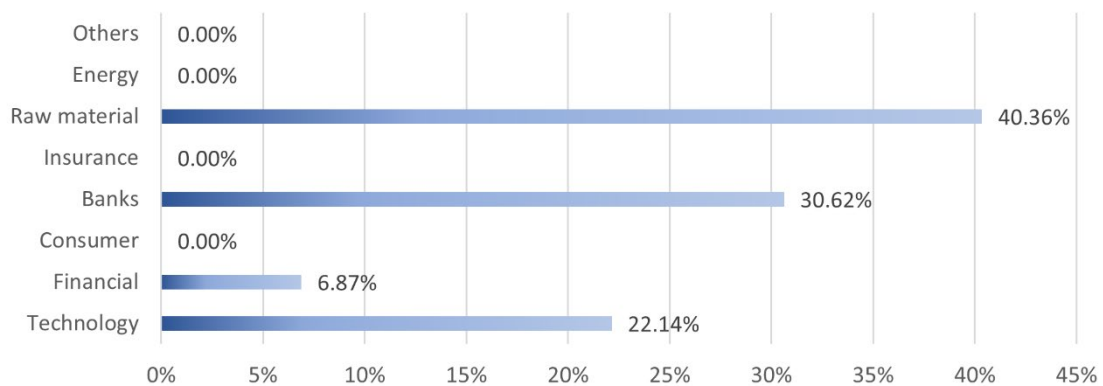


This report shows the development of B Capital Fund, the distribution is not authorized.

MARKET EXPOSURE



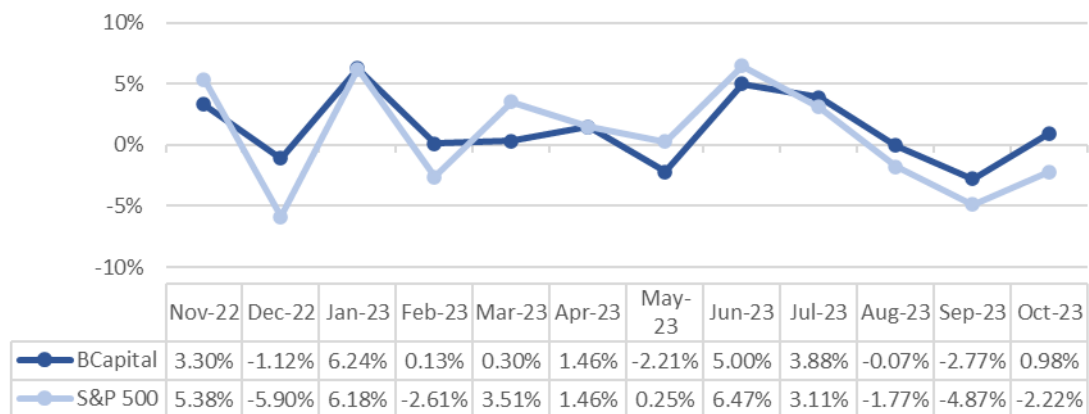
SECTOR ALLOCATION



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	24.93	93075.84	108176.26	15100.42	16.22%
ISP.MI	Banks	USD	AFF	71085.70	2.11	2.45	150253.84	174273.70	24019.86	15.99%
ENEL.MI	Raw material	USD	AFF	20345.20	4.90	5.97	99650.79	121501.53	21850.74	21.93%
STMPA.PA	Technology	USD	XIG	2140.00	42.93	35.82	91859.50	76648.38	-15211.12	-16.56%
TSM	Technology	USD	NASDAQ	572.87	87.28	86.19	50000.00	49375.57	-624.43	-1.25%
MUFG	Financial	USD	NASDAQ	4667.44	8.57	8.38	40000.00	39113.19	-886.81	-2.22%

TOTAL G/L OF THE YEAR	BCapitalFund	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
15.72%	2022											3.30%	-1.12%
	2023	6.24%	0.13%	0.30%	1.46%	-2.21%	5.00%	3.88%	-0.07%	-2.77%	0.98%		

S&P 500 COMPARISON



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

Macroeconomic analysis

MACRO MATTERS: A MODEST RECOVERY AHEAD

2023 surpassed consensus expectations across various economic and market indicators. despite widespread consensus about a global recession among investors for most of the year, major central banks concluded their tightening cycles. disinflation coupled with resilient labour market fueled global growth. before turning our attention to what lies ahead in 2024, we summarize what was an eventful past year.

2023 ECONOMIC SUMMARY

January: the US unemployment rate falls to 3.4%, the lowest level since May 1969

February: Russia suspends participation in nuclear arms reduction treaty

March: SVB collapse and banking turmoil, UBS buys Credit Suisse for \$3.2B

April: India surpasses China as the world's most populous country

May: WHO declares end of COVID-19 global emergency

June: the US federal government avoids default by signing the Fiscal Responsibility Act

July: July is the hottest recorded month for global average surface air temperature

August: Fitch downgrades the US credit rating from AAA to AA+. BRICS to add Argentina, Ethiopia, Egypt, Iran, UAE, and Saudi Arabia in 2024

September: United Auto Workers strike begins

October: attacks on Israel and start of Israel-Hamas war

November: Xi Jinping visits the US for the first time since 2017

December: Shipping firms suspend Red Sea activity after Houthi militants' attacks

US

MONETARY POLICY:

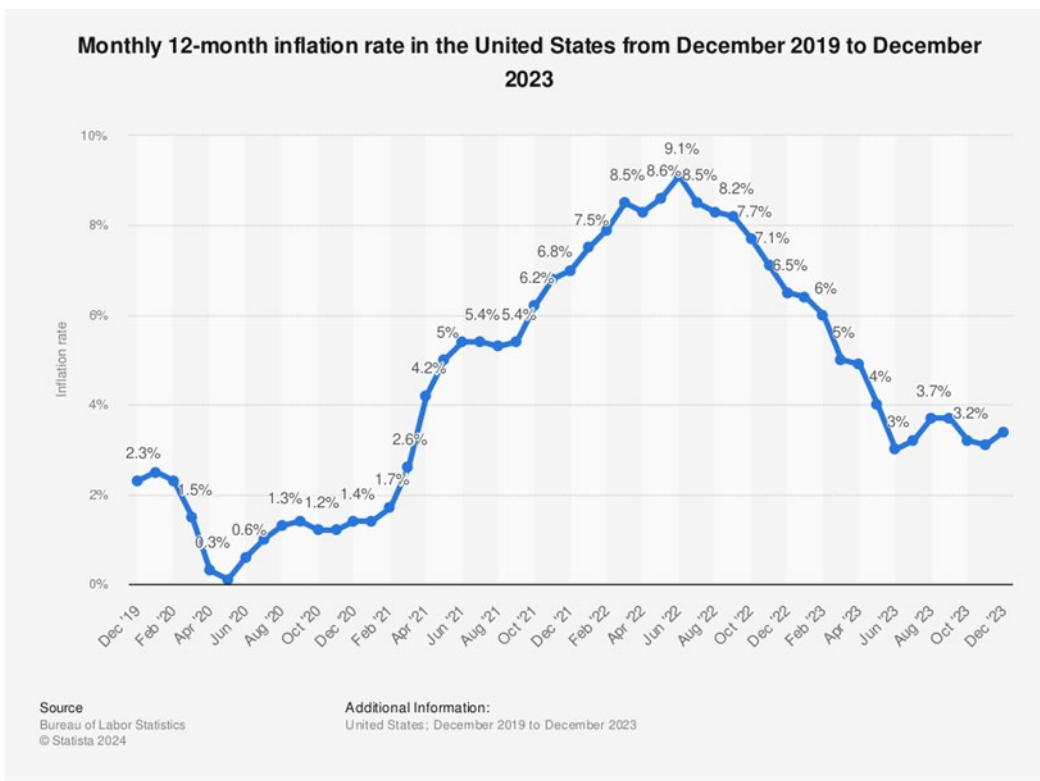
Last year, Fed Chairman Powell repeated a focus on making decisions one meeting at a time. Although inflation slowed as supply bottlenecks eased and energy prices declined, it remains well above the Federal Open Market Committee's (FOMC) objective of 2%. It is easy to forget that the Fed was holding the federal funds rate at around zero as recently as the first quarter of 2022. Over the last 16 months, the central bank has raised the fed funds rate by more than five percentage points.

Date of Rate Change	Rate Change (bps)	Rate (%)
February 1, 2023	+25	4.50 - 4.75
March 22, 2023	+25	4.75 - 5.00
May 3, 2023	+25	5.00 - 5.25
July 26, 2023	+25	5.25 - 5.50 (Current Target Range for the Fed Funds Rate)

GROWTH:

Defying pessimistic forecasts, US economy growth has progressed at a significant pace over the course of 2023, driven by strength in consumer spending, a revival in manufacturing structures investment and increased state and local government purchases. In addition, the economy added 2.7 million jobs in 2023. Today, the U.S. Commerce Department's Bureau of Economic Analysis (BEA) reported fourth quarter real gross domestic product (GDP) increased at an annual rate of 3.3 percent in the fourth quarter of 2023 exceeding expectations.

INFLATION:



EU

MONETARY POLICY:

In summary, the European Central Bank (ECB) maintained a conservative monetary policy throughout 2023, focusing on controlling inflation and supporting economic recovery.

Date of rate change	Rate Change (bps)	Deposit (%)	Facility (%)	MRO (%)	Marginal Lending Facility (%)
February 8. 2023	+50	2.50		3.00	3.25
March 22. 2023	+25	3.00		3.50	3.75
May 10, 2023	+25	3.25		3.75	4.00
June 21, 2023	+25	3.50		4.00	4.25
August 2, 2023	+25	3.75		4.25	4.50
September 20, 2023	+25	4.00		4.50	4.75

INFLATION:

Despite the rate hikes, inflation remained high, with the ECB's staff macroeconomic projections forecasting an average inflation of 5.6% in 2023, which was later revised to 5.1% after accounting for factors other than energy and food. According to the latest Eurosystem staff projections for the Euro Area, inflation is expected to decline gradually over the course of the next year, before approaching the Governing Council's 2% target in 2025. The past interest rate increases continue to be transmitted forcefully to the economy. Tighter financing conditions are dampening demand, and this is helping to push down inflation.

Inflation rates (%) measured by the HICP

	Annual rate							Monthly rate Dec 23
	Dec 22	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	
Euro area	9.2	5.3	5.2	4.3	2.9	2.4	2.9	0.2
EU	10.4	6.1	5.9	4.9	3.6	3.1	3.4	0.1
Belgium	10.2	1.7	2.4	0.7	-1.7	-0.8	0.5	1.1
Bulgaria	14.3	7.8	7.5	6.4	5.9	5.5	5.0	0.3
Czechia	16.8	10.2	10.1	8.3	9.5	8.0	7.6	-0.4
Denmark	9.6	3.2	2.3	0.6	-0.4	0.3	0.4	-0.5
Germany	9.6	6.5	6.4	4.3	3.0	2.3	3.8	0.2
Estonia	17.5	6.2	4.3	3.9	5.0	4.1	4.3	0.0
Ireland	8.2	4.6	4.9	5.0	3.6	2.5	3.2	0.4
Greece	7.6	3.5	3.5	2.4	3.8	2.9	3.7	0.1
Spain	5.5	2.1	2.4	3.3	3.5	3.3	3.3	0.0
France	6.7	5.1	5.7	5.7	4.5	3.9	4.1	0.1
Croatia	12.7	8.0	8.4	7.4	6.7	5.5	5.4	-0.3
Italy	12.3	6.3	5.5	5.6	1.8	0.6	0.5	0.2
Cyprus	7.6	2.4	3.1	4.3	3.6	2.4	1.9	-1.2
Latvia	20.7	6.6	5.6	3.6	2.3	1.1	0.9	-0.7
Lithuania	20.0	7.2	6.4	4.1	3.1	2.3	1.6	-0.6
Luxembourg	6.2	2.0	3.5	3.4	2.1	2.1	3.2	-0.4
Hungary	25.0	17.5	14.2	12.2	9.6	7.7	5.5	-0.3
Malta	7.3	5.6	5.0	4.9	4.2	3.9	3.7	-0.2
Netherlands	11.0	5.3	3.4	-0.3	-1.0	1.4	1.0	0.2
Austria	10.5	7.0	7.5	5.8	4.9	4.9	5.7	0.5
Poland	15.3	10.3	9.5	7.7	6.3	6.3	6.2	0.1
Portugal	9.8	4.3	5.3	4.8	3.2	2.2	1.9	-0.7
Romania	14.1	8.9	9.3	9.2	8.3	6.9	7.0	0.2
Slovenia	10.8	5.7	6.1	7.1	6.6	4.5	3.8	-0.6
Slovakia	15.0	10.3	9.6	9.0	7.8	6.9	6.6	-0.1
Finland	8.8	4.2	3.1	3.0	2.4	0.7	1.3	0.2
Sweden	10.8	6.3	4.5	3.7	4.0	3.3	1.9	0.7
Iceland	7.2	7.5	8.3	8.5	7.6	7.4	6.9	0.2
Norway	6.3	5.6	4.9	2.8	3.7	4.5	4.7	0.1
Switzerland	2.7	2.1	1.9	2.0	2.0	1.6	2.1	0.3

Source dataset: [prc_hicp_manr](#)

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.