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 or you can contact us directly on the various social accounts such as LinkedIn or Instagram.

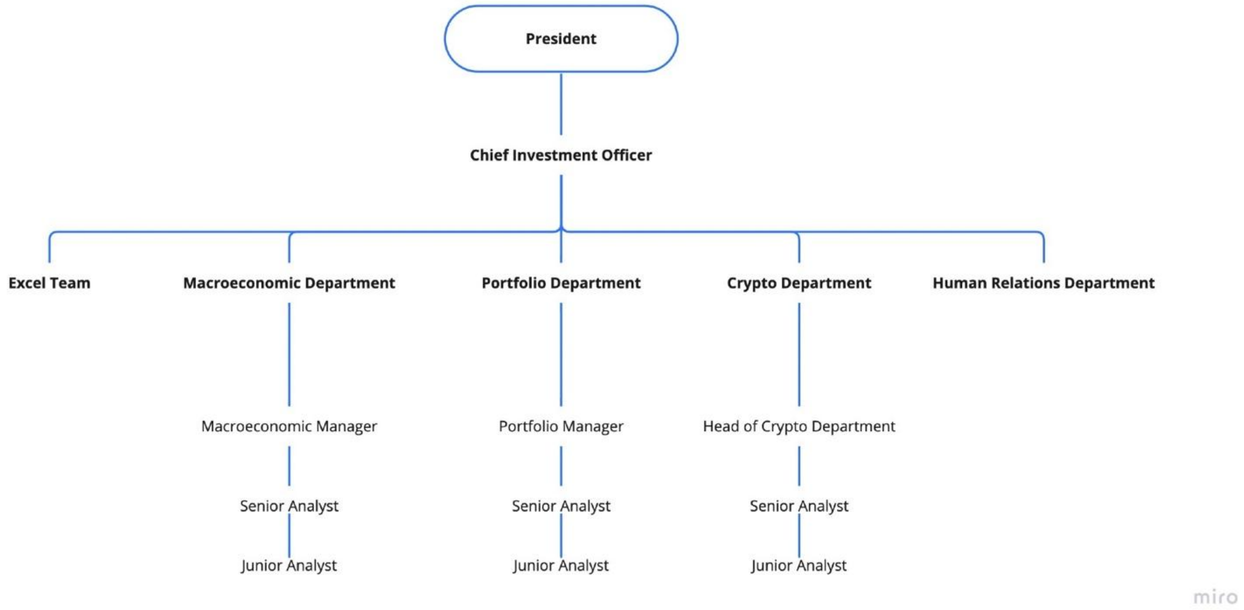
We appreciate your confidence, and we are sure that we can increase the fund's investments

Sincerely,

Roberto Restelli
President

Eraldo Bausano
Vice-president

Organizational Charts



Portfolio and Investment Strategy

Kind investors,

Welcome back to our monthly report 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.

Our second month of operations has proved the stability and steadfastness of our holdings compared with the market's up-and-down trend in December with a solid +2,18%.
Following the publication of interest rates by the BCE and the higher-than-expected inflation in America, we plan to make minor investments to take advantage of the current situation, employing part of the liquidity of the fund.

The leading driver behind our performance in December has been Taiwan Semiconductors with a solid return, empowered by the acquisition of a large number of shares by legendary investor Warren Buffett and the announcement of a new plan to expand production in Europe, opening a new factory in Dresden, Germany, to manufacture 22/28 nanometer-chips with the intention of capitalizing on the increasing demand from the automotive industry. In addition, Enel Power Company and Assicurazioni Generali confirmed themselves among the most profitable holdings of the fund.

G.MI
Assicurazioni Generali completed this month its buyback program of 500 mln shares with a 16,98€ average price per share for 1.697.877 shares, for a total of 28.832.196€. The company remains in the top sport in Italy in client service and leader in insurance sustainability with a AAA rating. The company strengthened its alliance with Banco BMG in Brazil.
We remain long on Assicurazioni Generali, as we believe that new opportunities and the company's (in our opinion) undervalued stock could boost our returns.

ISP
Intesa Sanpaolo's stock has been going up-and-down recently, unlike the relatively steady rise it experienced in the previous months. It passed the SREP exams thanks to its capital structure, stronger than that required by the BCE. We expect the stock to appreciate in 2023 following the agreement on a short week for employees with the labor unions and the approval of capital requirements. We remain long on our position believing that ISP is well positioned to withstand the economic slowdown and benefit from higher interest rates.

VZ
Verizon, one of our latest investments, registered a +4,62% return thanks to a new rating valuation published by Morgan Stanley, moving from equal weight to overweight with a price tag of 44$ (+15% compared to the actual price), and the strong dividend yield, above 6%.

INTC
Intel is the only position in our portfolio that has suffered, with a -5.64%, due to the decrease in total revenues of -15.5% year-on-year to $15.3 billion. Despite this contained fall we remain on our position with a mid to long term horizon, believing in the company's solid business by being the world's largest manufacturer of microprocessors for the global PC and data center markets, benefiting from smaller costs than those of other competitors.

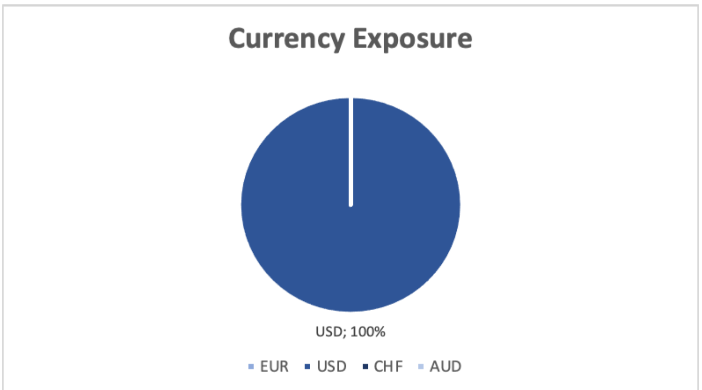
AXP
American Express registered a +2.39% return thanks to its rising revenue, increasing by 24%, and the strong demand of its services, with a solid growth in its dining and benefits services, which saw restaurants and hotels increasing billed business by 32% year over year. The fund will continue to remain long on AXP, due to the continuous growth of revenue and market share, with a 19% share of the US credit card market.

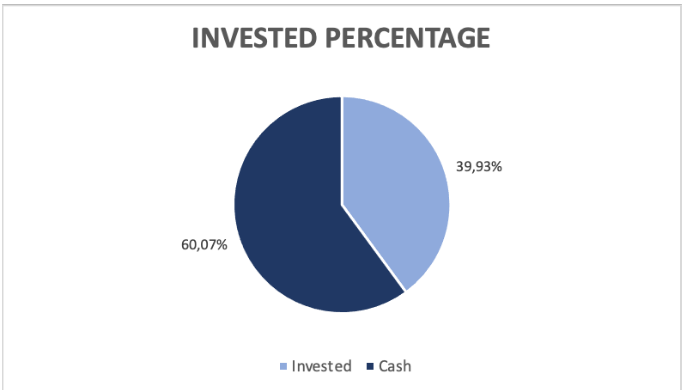
We continue to invest in companies that are able to generate sizable cash flows and pay substantial dividends despite the current macroeconomic situation, and to pursue a mid-long term investment strategy. This month the fund has not made significant investments in new companies due to the drop of the market in the last two weeks of the month. We believe that this crisis can reveal new investment opportunities in 2023.

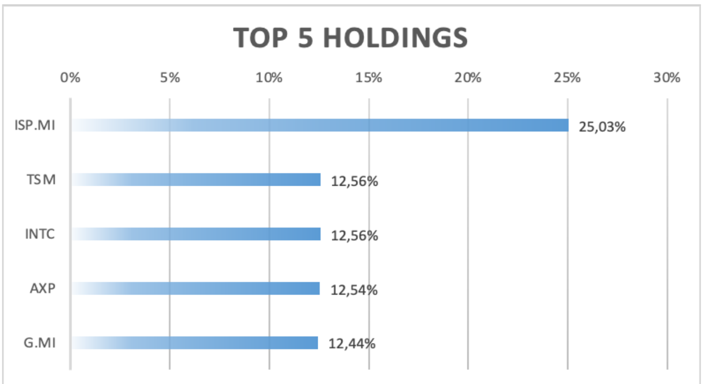
For 2023, the main goal of B-Capital will be to concentrate its investments in single companies with the same strategy that we adopted for the first two months of operations, considering that we preview a difficult year to come with an expected recession and a high inflation.

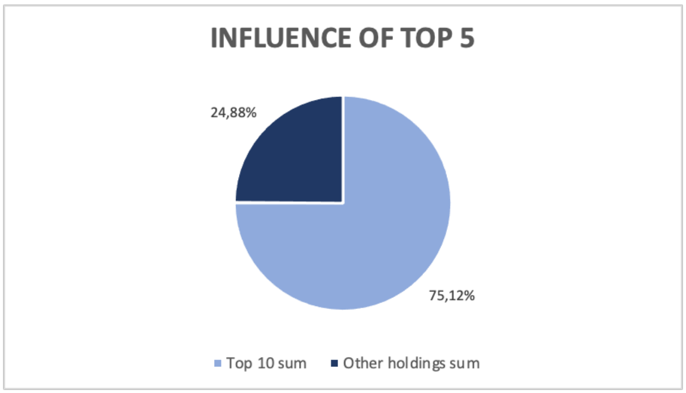
We will keep you informed of any further developments and will be glad to answer any pertinent question.

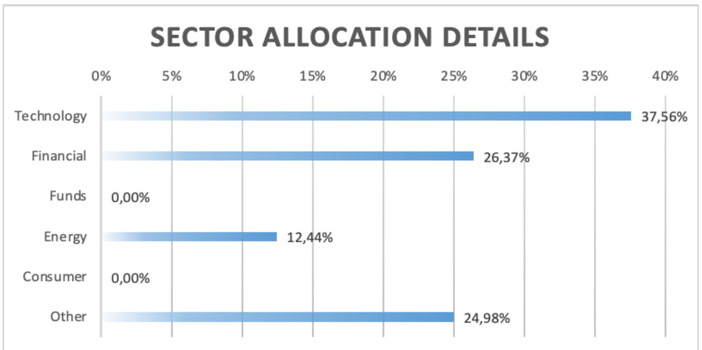
Portfolio Analysis











Portfolio Analysis

CURRENT HOLDINGS

STOCK TICKER	LAST PRICE ($)	SHARES	COST ($)	COST PER SHARE ($)	UNREALIZED GAIN/LOSS ($)	UNREALIZED GAIN/LOSS % ($)
ISP.MI	2,082	4927,60000	100600	2,06	773,60	0,77%
TSM	74,49	80,82586	50500	62,48	9731,40	19,27%
INTC	26,43	180,22841	50500	28,02	-2847,60	-5,64%
AXP	147,75	34,92966	50400	144,29	1205,10	2,39%
G.MI	16,58	322,22000	50000	15,38	4260,60	8,52%
VZ	39,40	132,87271	50000	37,64	23120,00	4,62%
ENEL.MI	5,04	1132,53000	4999,8	4,51	6414,80	12,83%

PORTFOLIO PERFORMANCE

	Jan	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dic*
2022											3,98%	2,18%

Macroeconomic analysis on the market and on the assets

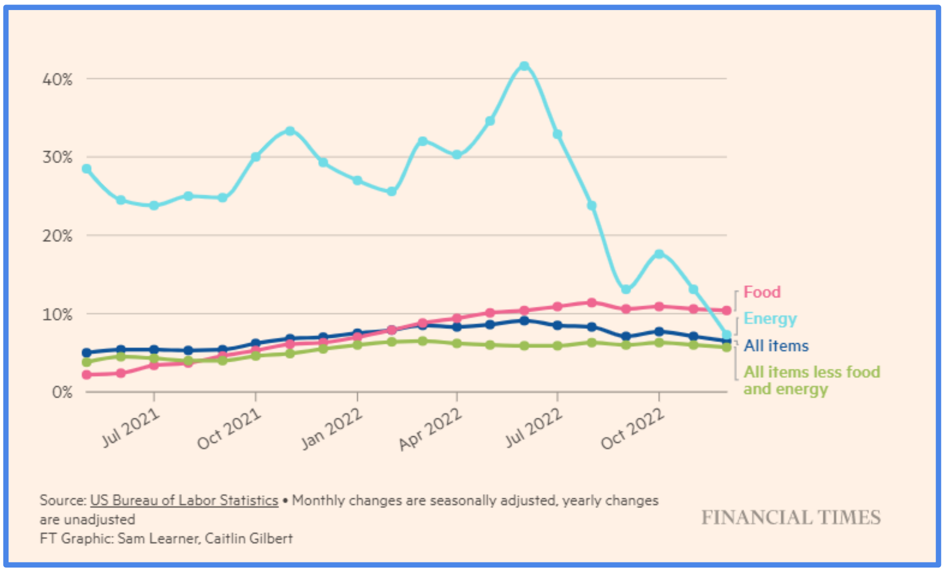
MARKET OUTLOOK:

Growth in the major developed world economies has been slowing since the middle of 2021 and with inflation still high and interest rates continuing to push higher, this slowdown in momentum has further to run in our view. The worldwide economy still suffers the effect from Covid-19, in the field of production and supply chain, and from the war between Russia and Ukraine that affected the global economy with inflation causing a continuous rise of rates and the energy crisis.

US economy and inflation

However, the impact of the energy crisis on the US is somewhat lower, when compared to Europe and the UK for example, primarily due to its ample supply of domestic energy and its partial isolation from global gas markets due to limited export capacity. However, the hit to real incomes, combined with the sharp rise in interest rates is likely to be enough to see the US enter recession in early 1H23. The recession is likely to be mild and short, however, by both recent and longer-run historical standards, and strong signal of this came from this week's inflation data coming from the US.

As a matter of fact, the US CPI declined to its lowest level since October 2021 to 6.5%.



% Change in consumer price index for all urban consumers, across items

This might very much start influencing the very aggressive rates rise approach of the Federal Reserve.
Having stepped down to a half-point rate rise last month following four consecutive 0.75 percentage point increases the central bank is considering whether it can revert to a more typical quarter-point speed at its next policy meeting. Additionally, as a positive inflation data, US stocks and Treasuries rallied in the first part of January easing pressure on the Federal Reserve to make further sharp interest rate rises.

ECB and interest rates

On the other side, if the US wasn't hit particularly hard by the energy crisis, Europe was. The energy crisis and inflation have severely impacted real incomes and by extension consumer sentiment and spending. In the UK consumer sentiment is now at a three-decade low and consumer spending is collapsing (Figure 15), while in the Euro area it looks as though consumer spending peaked in November (Figure 16).

Figure 15:
The UK consumer is depressed and spending has collapsed

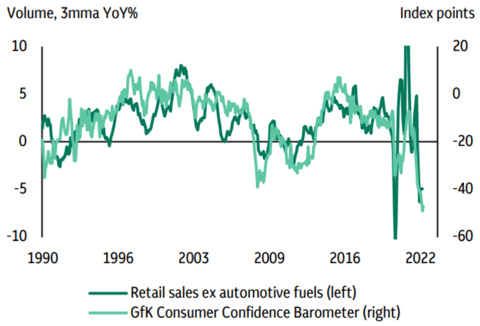
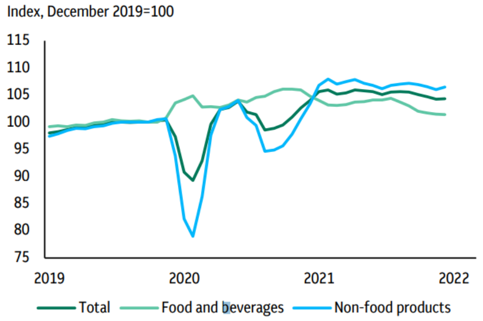


Figure 16:
Euro area retail sales: Declining real incomes are eating into consumer spending



However, European inflation is also starting to see a light at the end of the tunnel, with inflation in the Eurozone falling more than expected in December on the back of lower energy prices ending a two-month period of double-digit rates as economic sentiment improved across the single currency bloc. Although, there is still a core inflation problem given that it still rose to a new high of 5.2 per cent, exceeding economists' expectations that the figure would remain at the 5 per cent rate recorded in November. Our view us that this is the factor that might make it unlikely to convince the European Central Bank to stop raising interest rates just yet, with markets still pricing in a series of increases by officials in Frankfurt over the course of 2023.

German headline v underline inflation

Therefore, for the ECB to change tack, rate-setters will want to see a substantial fall in the core rate and other measures of longer-term inflationary pressures, such as wage growth.

In conclusion, the ECB's contemporary ending to quantitative easing, steady increase in rates and abandoning of forward guidance risks, in our opinion, damaging the EU economies most dependent on it and that have the highest debt to GDP rates such as Italy for example, with Italian PM Giorgia Meloni saying "*It would be useful if the ECB handled its communication well… otherwise, it risks generating not panic but fluctuations on the market that nullify the efforts that governments are making*".

Crypto analysis

MARKET OUTLOOK:

Recent Events and Crypto regulation

The recent events surrounding the FTX exchange have brought the issue of regulation in the Web3 and cryptocurrency industry to the forefront. While some may view these events as a setback for the industry, it is important to recognize that regulation is crucial for the long-term growth and success of Web3 and digital assets. SEC Commissioner Hester Peirce has emphasized the need for collaboration between regulators and crypto exchanges, rather than solely focusing on punitive measures. She has also noted that 2023 is a year for setting the foundation for future legislative and regulatory activity in the industry.

However, recent events have highlighted the need for a more comprehensive and effective regulatory framework for the crypto industry. The fall of FTX serves as a wake-up call for the need of oversight and regulations in the Web3 market. It is important to note that, even if the events of FTX had not occurred, the need for regulation in the industry is paramount for the growth and development of Web3.

Moreover, lawmakers are taking a step back from enacting legislation, and it is important to see this as a positive development. The crypto lobbyists have formed a cohesive force in Washington and several members of Congress have come out in favor of bills like the pro-CFTC DCCPA and have urged the SEC to back off its antagonistic stance towards the industry. If the DCCPA bill were passed, it would result in years of rule-drafting by the CFTC to build a regulatory framework from the ground up. The industry would heavily lobby the organization and Congress to bend those rules in its favor. This highlights the need for a comprehensive regulatory framework that is not only effective but also ethical.

It is important to recognize that regulation is crucial for the long-term growth and success of the industry.

ASSET ALLOCATION:

We wanted to take a moment to explain our recent decision to hold off on investing in the crypto market, particularly in light of the recent news regarding the FTX exchange case. As you know, the crypto market can be highly uncertain and subject to significant volatility. Considering this, we have been closely monitoring the overall market conditions and the potential impact of external factors on the performance of the crypto market, especially the collapse of FTX. The recent news regarding the FTX exchange case highlights the potential impact of regulatory changes on the crypto market and serves as a reminder of the risks involved in investing in this highly volatile and unpredictable space. While this may mean sacrificing short-term profits, we believe it is important to take a cautious approach and to wait for more stable market conditions before making any new investments. We believe it is important to prioritize the long-term success and security of our investors' portfolios.

Market timing, or the ability to correctly predict the performance of a market or asset, is a crucial aspect of investing. While it may be tempting to invest in a market simply because prices seem attractive, it is important to understand the circumstances and potential risks involved. This is particularly true in the volatile and unpredictable world of cryptocurrency.
Market timing in uncertain circumstances can be a tricky proposition, and it is important to carefully consider the potential risks and rewards before making any investment decisions. In the case of cryptocurrency, there are several uncertainties that can impact the market, including regulatory changes.

Given these uncertainties, it may be better to hold off on investing, even if prices seem low. By waiting for more stable market conditions, that way we may be able to make more informed decisions and avoid the potential for significant losses. Additionally, waiting for market conditions to improve may also allow us to take advantage of lower prices and potentially realize larger gains in the long-term.

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.

Please note that 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.