



# 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 the 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 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](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,

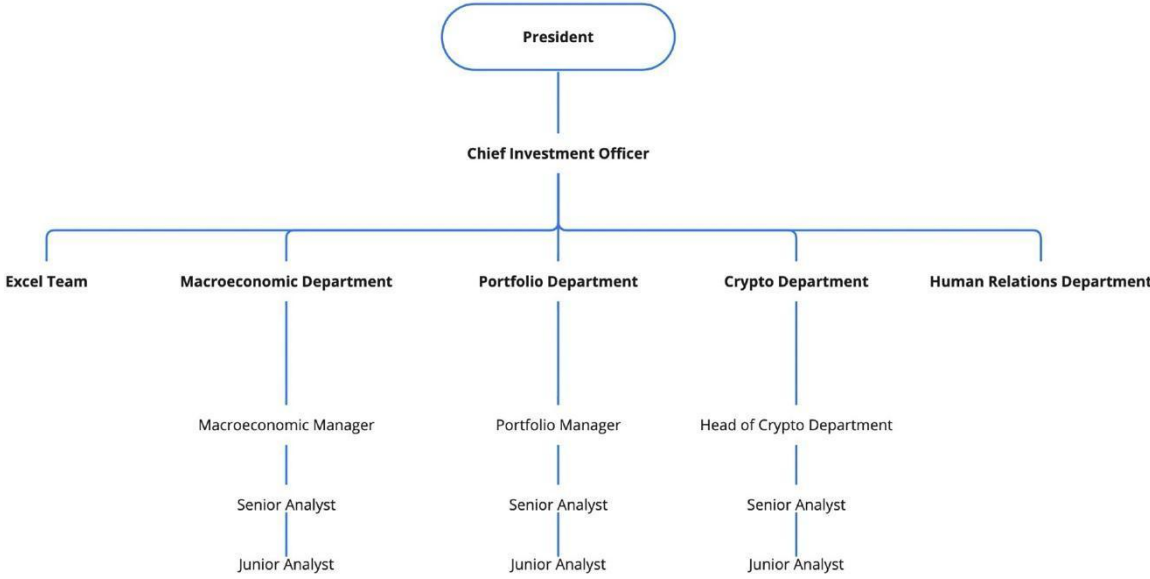
**Roberto Restelli**  
President



**Eraldo Bausano**  
Vice-president



# Organizational Charts:



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## 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 third month of operations has had the best performance since the launch of the fund in November 2022, in comparison also with the S&P 500, with a solid +5,98% over our current holdings and a realized profit of +28,23% over 3 positions that has been closed, driving up our cash holding to roughly 75% of the fund.

This month we decided to liquidate three out of our seven positions: Taiwan Semiconductors, American Express and Assicurazioni Generali; in view of the fact that we reached our target price.

### ***ISP***

Intesa Sanpaolo's stock started very well in 2023 thanks to the increase in its revenues and the expanding customer base, reaching its peak at price of 2,47 euros. The bank will also distribute 1.6 bln of dividends, which are added to the 1.4 bln paid in November 2022, and they expect net profit to increase by 4%, despite the war between Russia and Ukraine, during which the bank started to reduce its exposure to Russia by 68% (2.5 bln).

We remain long on this position believing that ISP will continue to grow its profits and to increase its value.

### ***ENEL***

Enel is one of the most profitable holdings of the fund thanks to the competitive price at which we acquired it, which allows us to maintain a solid return.

The company started the new year with new records for renewable capacity built and under construction, energy generated, and projects developed worldwide, reaching a brilliant 5.38 price per stock in mid-January.

Despite this rise, the stock lost points due to the dividend and coupon payout at the end of January. We still believe that ENEL could continue to be part of our portfolio and could still grow during 2023 thanks to their continuous research and innovation.

### ***VZ***

Verizon confirmed itself as one of the most interesting investments of the fund thanks to its steady growth and its competitive offers in the USA, which we believe could increase the price during the first month of 2023. We continue to study the rise of this stock to liquidate it when the right opportunity presents itself.

### ***INTEL***

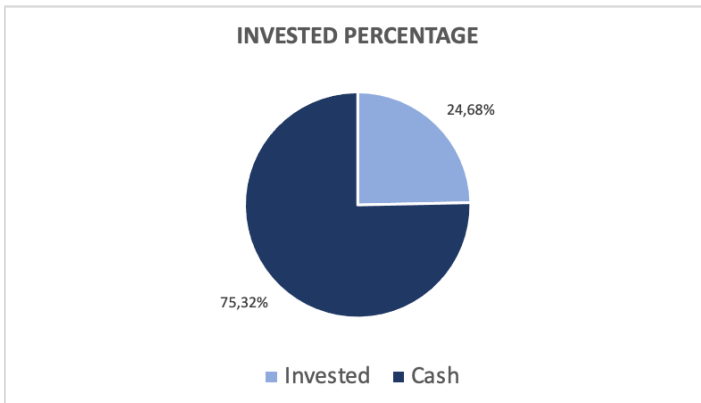
Intel is the only position that has suffered as of December. The stock continues its up and down fluctuations due to the meager 8 bln net profit in 2022, a reduction of 60% compared with 2021. Intel closed the year with revenues for 63.1 bln, a reduction of one-fifth compared to the previous year.

Our current opinion is that the market is at a critical point: it will either fall further or bounce back sharply. A lot of liquidity is waiting to be deployed, with many looking for a market downfall to invest. But money managers are paid to invest liquidity, not to wait (although waiting could be a far smarter choice than investing in certain circumstances). If market conditions do not deteriorate, we may see certain valuations reach the peak of a few months ago.

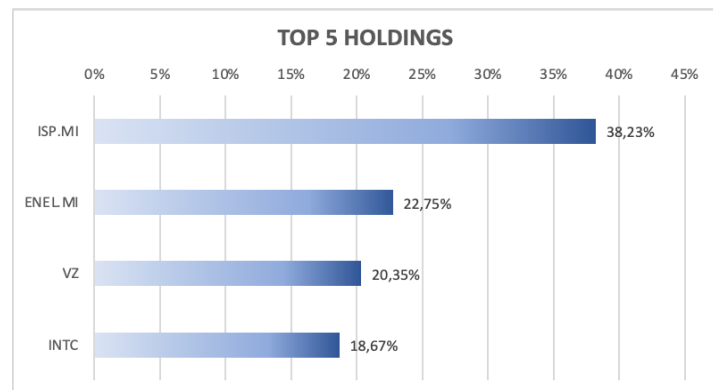
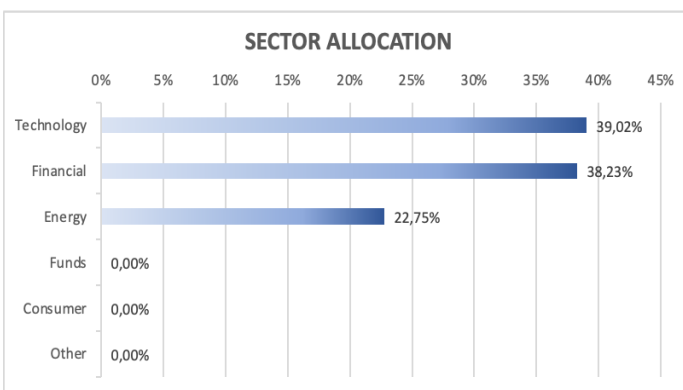
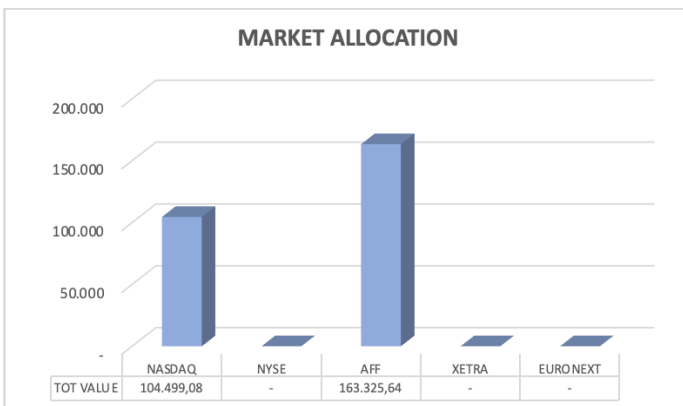
The investment team is currently working to identify suitable opportunities to deploy our liquidity, with a focus on investing in large and concentrated positions that we believe will provide superior returns in the future. In the next months our aim is to invest in new positions and create new specific funds, that will also include our crypto assets, for a new environment and better positions.

## Portfolio and Investment Strategy:

**LIQUID ALLOCATION:** percentage of cash liquidity gained, and cash invested during January

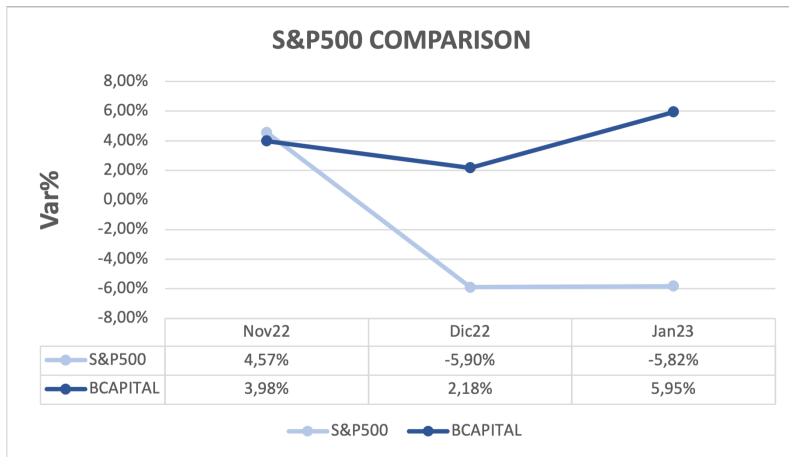


**HOLDINGS ANALYSIS:** The remaining four holdings are part of these two markets, following the respective sector



## CUMULATIVE PERFORMANCE COMPARED TO S&P 500:

We achieved a solid performance comparing it to the S&P 500. We expect a good performance for the future of the fund





## Portfolio Analysis:

### CURRENT HOLDINGS:

CURRENT HOLDINGS	LAST PRICE (\$)	SHARES	COST (\$)	COST PER SHARE (\$)	UNREALIZED GAIN/LOSS (\$)	UNREALIZED GAIN/LOSS % (\$)
ISP.MI	2,08	49276,00	100523,04	2,04	1872,49	1,86%
ENEL.MI	5,38	11325,30	49944,57	4,41	10985,54	22,00%
VZ	41,02	1328,70	49998,98	37,63	4504,29	9,01%
INTC	27,74	1802,30	50500,45	28,02	-504,64	-1,00%

### SOLD HOLDINGS:

SOLD HOLDINGS	LAST PRICE (\$)	SHARES	COST (\$)	COST PER SHARE (\$)	REALIZED GAIN/LOSS (\$)	REALIZED GAIN/LOSS % (\$)
TSM	93,00	808,30	50502,58	62,48	24669,32	48,85%
AXP	174,35	349,30	50400,50	144,29	10499,96	20,83%
G.MI	17,31	3322,20	49999,11	15,05	7508,17	15,02%

### PORTFOLIO PERFORMANCE:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dic
2022											3,98%	2,18%
2023	5,95%											

## Macroeconomic analysis on the market and on the assets:

### MARKET OUTLOOK:

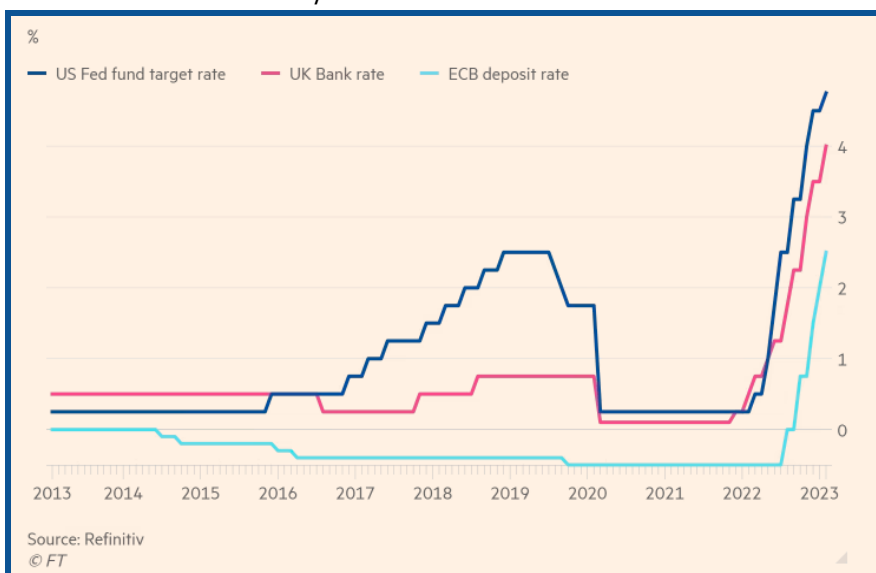
#### Start of 2023 rally

Equities have experienced a strong rally since the start of the year both in Europe and in the USA, with exchanges such as Milan, Madrid and Paris rising 12.2%, 9.7% and 9.4%, respectively and with the S&P500 having risen more than 13% since its mid-October low.

It was the best start since 2013, with many sectors such as automotive, real estate, tech and energy started above 1%

Stocks and bonds are soaring as investors, after the recent announcements, bet that rates are close to the peak. As a matter of fact, both the ECB and BoE raised interest rates by 0.5%, this happened as the Fed slowed its interest rate rise to 0.25%, stating that the US was winning its own battle against soaring inflation.

#### Central Banks rate comparison

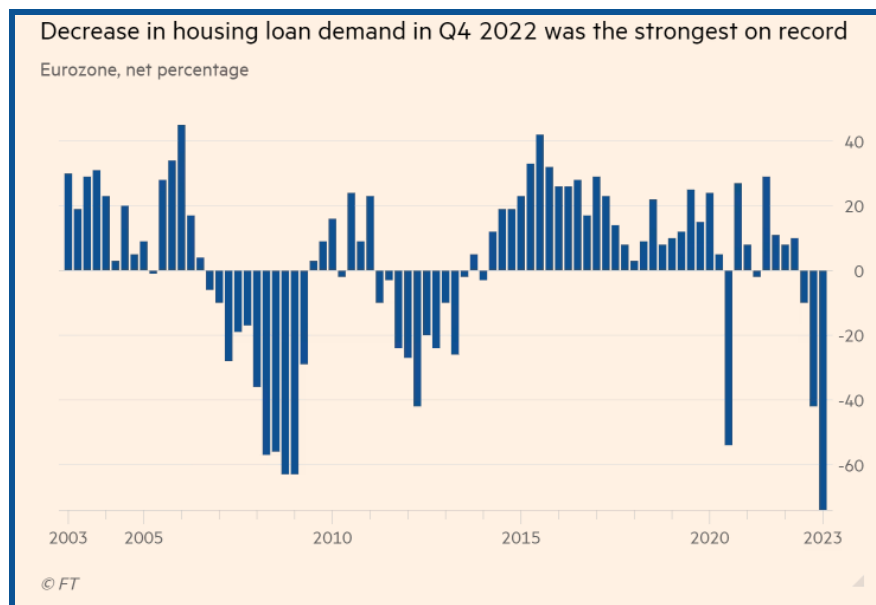


Such enthusiasm comes despite Christine Lagarde's recent statement that there will be a further 0.5% rise in March, with further hikes to come given that core inflation (excludes

changes in food and energy prices) in the eurozone remains at an all-time high of 5.2%. On the other side, headline inflation fell from 9.2% to 8.5%.

### Impact of rates hikes on fixed/variable loans

A study by the Independent Federation of Italian Bankers highlights the impact of high-rate hikes on consumers incurring some form of debt which relates to the majority of countries undergoing tight monetary policy conditions. Fixed-rate mortgages have doubled, rising from an average rate of 1.8% all the way to the current 4% whilst variable-rate mortgages have risen almost 24% all the way to a 2.6% average, from a 0.6% at the end of 2021. This will have an impact on a 20-year 150k euros mortgage of 160 euros, raising the monthly interest coupon payment from 825 all the way from 665.



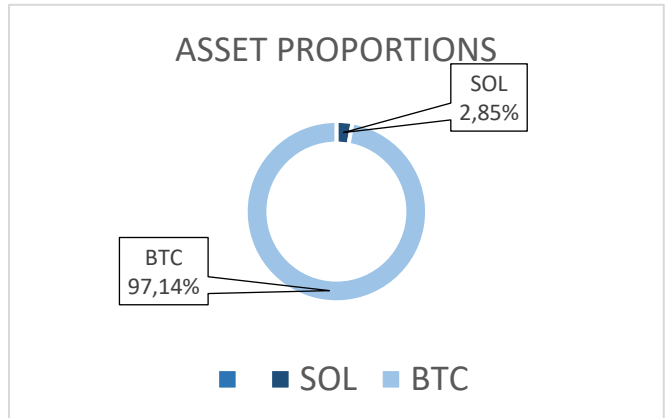
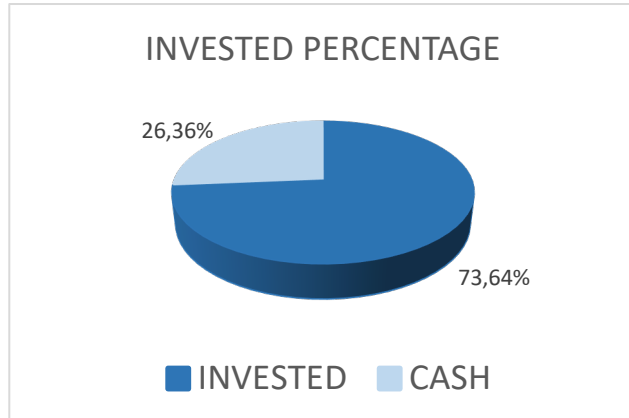
As a matter of fact, banks reported that demand for housing loans decreased at its largest rate on record with a net percentage of minus 74%. Such statistics are justified by the sharp rise in interest rates which as explained above, led to a significant monthly increase in monthly interest coupons in both fixed and variable-term loans. According to Oxford Economics this will lead to a further 5% drop in house prices in many European countries, including Germany and the Netherlands.

These estimates confirm the data collected by the Association of German Pfandbrief Banks which announced a 1.8% drop in German residential property prices in the fourth quarter of 2022.

## Crypto analysis:

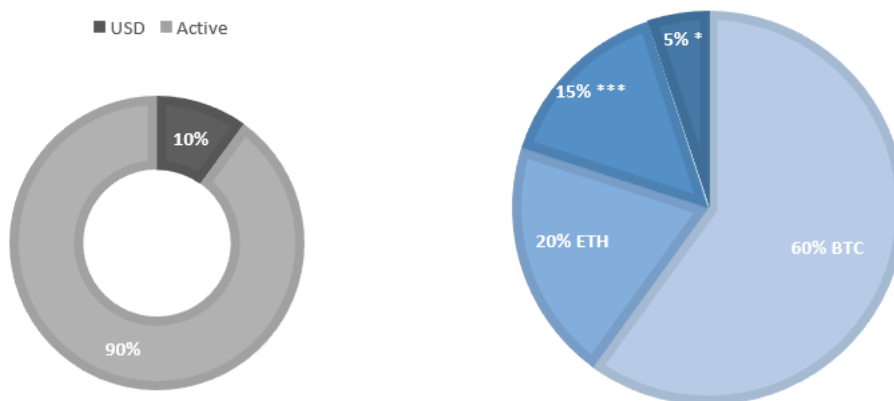
### CURRENT HOLDINGS:

CURRENT HOLDINGS	LAST PRICE (\$)	SHARES	COST (\$)	COST PER SHARE (\$)	MKT VALUE (\$)	UNREALIZED GAIN/LOSS (\$)	UNREALIZED GAIN/LOSS % (\$)
SOL	23,62	31,88	778,40	24,42	752,93	<b>-25,47</b>	<b>-0,025</b>
BTC	22862,25	1,49	34782,36	23335,43	34077,06	<b>-705,29</b>	<b>-0,0705</b>



## Investment strategy

The investment approach focuses on trading cryptocurrencies, with a primary emphasis on Bitcoin (BTC). We aim for Bitcoin to make up 60% of my open positions, with 20% comprised of Ethereum and the remaining 20% split between other standard cryptocurrencies and high-risk cryptocurrencies. The department decided to keep 10% of our portfolio liquid in USDT. We have established profit targets before opening each position to reduce the influence of market sentiment on our decisions.



Our trading strategy is based on market sentiment, but we use AI tools to make our approach as objective as possible and minimize the impact of biased judgement. We make use of tools such as [Look into Bitcoin](#) and [Augmento AI](#) to gain insight into market sentiment and make data-driven decisions. The market sentiment strategy involves analyzing market emotions to gain insight into the current state of the market and make informed investment decisions. Market sentiment can be influenced by various factors such as economic data releases, news events, and investor behavior, and it can have a significant impact on the direction of asset prices.

The Bitcoin Fear and Greed Index, for example, provides a simple way to understand the market's emotions by ranking them on a scale from 0 to 100, with 0 being extreme fear and 100 being extreme greed. Similarly, Augmento AI uses natural language processing and machine learning to analyze news articles and social media posts to determine market sentiment.

This contributes to stay focused on my investment goals and reduces the risk of making impulsive decisions based on market sensationalism.

## Sentiment analysis limits

- *Lack of diversification: By focusing exclusively on market sentiment, an investor may overlook other important factors, such as diversification and asset allocation, leading to an unbalanced portfolio.*
- *Emotional reactions: Market sentiment can be volatile, and it's easy to become emotional and make impulsive decisions based on short-term market movements.*

- *Short-term focus: The market sentiment strategy is focused on short-term market movements, which can lead to missed opportunities for long-term growth.*
- *Lack of fundamentals: The market sentiment strategy relies on market sentiment but overlooks the fundamental factors that drive the cryptocurrency market, such as the technology, adoption, and regulatory environment.*
- *Market noise: Market sentiment can be influenced by market noise, such as news events and rumours, which can lead to irrational market movements.*
- *Lack of data quality control: There may be a lack of quality control for the market sentiment data used in the market sentiment strategy, leading to incorrect investment decisions.*
- *Unforeseen events: The market sentiment strategy may not consider unforeseen events that can impact the cryptocurrency market, such as regulatory changes, security breaches, and economic downturns.*
- *Timing risk: The market sentiment strategy involves making investment decisions based on short-term market movements, which can result in timing risk and missed opportunities for long-term growth.*
- *Overconfidence: The market sentiment strategy can lead to overconfidence in one's investment decisions, leading to missed opportunities for diversification and risk management.*
- *Confirmation bias: The market sentiment strategy may lead to confirmation bias, where an investor focuses on data that supports their investment decisions and disregards information that contradicts their beliefs.*
- *Misinterpretation of market sentiment: The market sentiment data used in the market sentiment strategy may be misinterpreted, leading to incorrect investment decisions.*

### Core-satellite

In addition to the market sentiment strategy, we also employ a "core-satellite" investing approach. This involves dividing our investment portfolio into two parts: a "core" and a "satellite." The core portfolio consists of a larger, more stable portion of my investments, typically composed of well-established cryptocurrencies, such as BTC or ETH. The satellite portfolio, on the other hand, is a smaller portion of investments that are more volatile and higher risk.

In our case, the portfolio consists of 60% Bitcoin, 20% Ethereum, while the satellite positions consist of high-risk cryptocurrencies. This approach allows the fund to benefit from the stability and security of our core portfolio while also taking advantage of the potential for higher returns in the satellite portfolio. These well-established cryptocurrencies have a proven track record and a large user base, making them less vulnerable to market volatility. By holding a significant portion in these stable cryptocurrencies, we are able to reduce our overall investment risk.

## Overall perspective

The market sentiment strategy and the "core-satellite" strategy complement each other and work well together to achieve our investment goals. By combining these two strategies, the department can make informed investment decisions that are based on both market sentiment and market conditions.

The market sentiment strategy provides valuable insight into the current state of the market, allowing us to align our investment decisions with market emotions. The "core-satellite" strategy, on the other hand, provides a framework for dividing the portfolio into stable and high-risk investments, reducing our overall investment risk.

For example, if the market sentiment is positive, the team may choose to invest a larger portion of the portfolio in high-risk cryptocurrencies. On the other hand, if the market sentiment is negative, we may choose to reduce our exposure to high-risk cryptocurrencies and focus on our core portfolio.

By using these strategies together, we are able to maximize returns in the long-term.

While the market sentiment strategy and the "core-satellite" strategy have many benefits, they also have some potential drawbacks.

- *Overreliance on a single investment: The core-satellite strategy involves investing a large portion of one's portfolio in a single, "core" investment, which can be risky if the core investment performs poorly.*
- *Market volatility: Cryptocurrency markets are known for their volatility, and the core-satellite strategy may be less effective in managing risk in a volatile market.*
- *Timing risk: The core-satellite strategy involves making investment decisions based on market conditions, which can result in timing risk and missed opportunities for long-term growth.*
- *Inadequate risk management: The core-satellite strategy may not adequately address risk management, leading to higher exposure to market downturns and other risks.*
- *Another potential drawback of the "core-satellite" strategy is that it requires careful monitoring and rebalancing. The "core-satellite" approach involves dividing your portfolio into two parts, which means that the relative proportions of each part may change over time. For example, if the high-risk investments in the satellite portfolio outperform the stable investments in the core portfolio, the satellite portfolio may grow relative to the core portfolio. This may result in an unbalanced portfolio that is too heavily weighted towards high-risk investments, increasing the overall investment risk.*
- *Finally, the "core-satellite" strategy also assumes that the distinction between stable and high-risk investments is clear. However, in the cryptocurrency market, it can be challenging to accurately distinguish between stable and high-risk investments, leading to investment mistakes.*

There is no one-size-fits-all answer to what the most successful strategy in trading cryptocurrencies is, as the success of a strategy can depend on various factors, including market conditions, investment goals, and individual risk tolerance.

However, one strategy that has proven to be successful for many cryptocurrency traders is the "buy and hold" strategy.

The "buy and hold" strategy involves purchasing cryptocurrency with a long-term investment horizon and holding onto it for an extended period of time, regardless of short-term market movements. This strategy is based on the belief that the long-term potential for growth in the cryptocurrency market is significant, and that short-term market fluctuations should be disregarded.

One of the key advantages of the "buy and hold" strategy is that it takes emotion out of the equation. When trading cryptocurrencies, it's easy to become emotional and make impulsive decisions based on short-term market movements.

Another advantage of the "buy and hold" strategy is that it can reduce overall trading costs. When you engage in frequent trading, you may incur significant transaction fees and other trading costs that can erode your investment returns. By holding onto your investments for an extended period, you can minimize these costs and maximize your investment returns.

In conclusion, the "buy and hold" strategy has proven to be a successful approach for many cryptocurrency traders and the fund will follow these steps. This strategy offers the benefits of reducing the influence of emotion and reducing overall trading costs, making it a suitable option for those with a long-term investment horizon and a low risk tolerance. However, it's important to note that this strategy may not be suitable for all traders, and it's always important to consider your individual investment goals, risk tolerance, and market conditions before making any investment decisions.



## 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 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.**