

BPI OPPORTUNITIES FUND

PERFORMANCE REVIEW

In the last quarter global equity markets reversed the third quarter narrative and registered significant positive returns. Despite the troubled start related to the emergence of geopolitical tensions, the growing expectations of a reduction in interest rates in 2024 sooner than previously expected by the main central banks, combined with positive corporate earnings, gave support to a strong rally at the end of the quarter.

In the US, inflation data continues to point to softer inflationary pressures and economic evidence suggests that a "soft landing" will be possible to achieve, reinforcing market expectations that the Fed has finished its rate hiking cycle and will move towards cuts in 2024. In Europe, the latest inflation data also confirmed the benign trajectory of previous months, reaching 2.4% in November, the lowest level since July 2021. Although the ECB has not yet alluded to rate cuts in 2024, the futures market was discounting a reduction of 160 basis points by the end of 2024.

In terms of sectors, technology companies led the quarterly gains, with all the companies in the portfolio delivering returns above 8%. Particularly noteworthy the good performances of the fund's companies from the semiconductor industry, such as KLA and ASML, which posted gains of over 20%. Also of note were some names of the more cyclical sectors such as Home Depot and Booking from the consumer discretionary sector and Fastenal and Atlas Copco in the industrial sector. On the other hand, the portfolio's holdings from the more defensive sectors such as consumer staples or pharmaceuticals performed more modestly, given the preference for riskier assets over the month.

FUND INFORMATION

Portfolio Managers:

Luís Alvarenga
Rui Araújo

Strategy AUM (€):

182.4 Million

Share Class:

Class I

Minimum Investment:

EUR 250 000

Strategy Inception Date:

November 2018

Fee Structure:

Management Fee: 1%

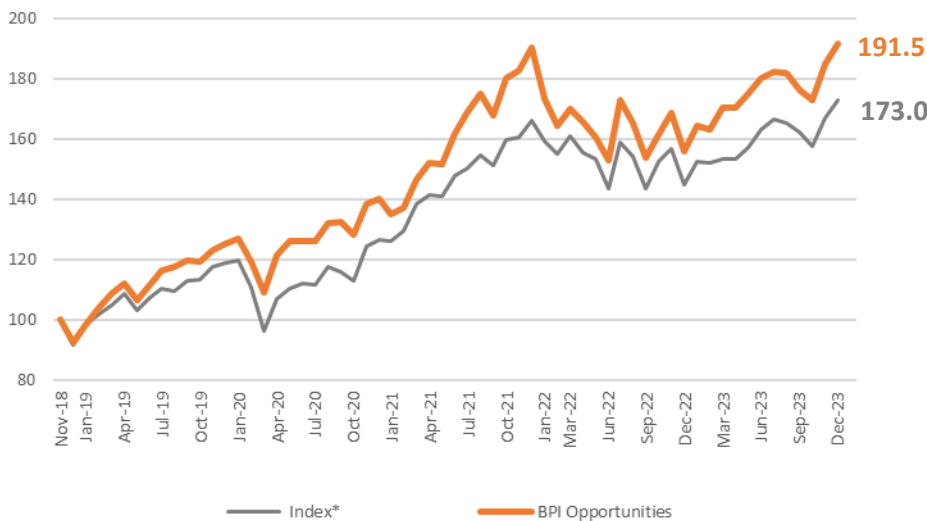
Bloomberg Code:

BPIOPPI LX Equity

ISIN Code:

LU0220377575

EVOLUTION SINCE STRATEGY INCEPTION



*: The fund has no official benchmark. The reference index is the MSCI World Net Total Return (MSDEWIN Index)

INVESTMENT CASES

1. The Hershey Company

Hershey is a global confectionery leader known for making chocolate, sweets, mints and other great tasting snacks. Hershey is the largest producer of quality chocolate in North America, a leading snack maker in the United States and a global leader in chocolate and nonchocolate confectionery. It's main product offerings include chocolate and non-chocolate confectionery products, gum and mint refreshment products and protein bars, snack items such as popcorn, pretzels, spreads, snack bites and mixes, and pantry items, such as baking ingredients, toppings and beverages. The company markets, sells and distributes its products under more than 100 brand names in approximately 80 countries worldwide. The business is divided in three segments: 1) the North America Confectionery segment is responsible for the chocolate and non-chocolate confectionery market position in the United States and Canada. This is Hershey's most important segment, accounting for 82% of the net sales in 2022; 2) The North America Salty Snacks segment is responsible for the salty snacking products in the United States. This segment accounts for 10% of the net sales; 3) the international segment includes all other countries where the company currently manufacture, import, market, sell or distribute chocolate and non-chocolate confectionery and other products. International accounted for 8.2% of the net sales in 2022.

The company generates the majority of its sales in its three core brands: Hershey's, Reese's, and Hershey's Kisses. The customers are mainly wholesale distributors, chain grocery stores, mass merchandisers, chain drug stores, vending companies, wholesale clubs, convenience stores, dollar stores, concessionaires and department stores. Hershey's dominant position in the U.S. confectionery industry is illustrated by the fact that it holds about 45% share of the chocolate aisle compared with about 30% for its closest competitor, Mars/Wrigley, and just a low-single-digit share for private label.

Hershey is better positioned than peers due to its leading share position and top-tier brand equities in the less disrupted confectionery category. Many of the confectionery and salty snack brands enjoy wide consumer acceptance and are among the leading brands sold in the marketplace in North America and certain international markets. This translates into enviable inelasticity and brand stickiness, leading to relative pricing power, repeat purchasing, and resilience even during difficult economic periods. Hershey has the ability of changing prices and weights of its products when necessary to accommodate changes in input costs, the competitive environment and profit objectives, while at the same time maintaining consumer value.

The firm remains a trusted brand not only with consumers, who are reluctant to sacrifice taste with an unproven supplier, but also with retailers, as they prefer to stock brands that will drive traffic into their outlets and may be less inclined to expend shelf space on unproven suppliers that likely lack the resources to satisfy supply chain needs.

Hershey maintains a cost edge, which should ensure it can fund investments to support its leading brand mix and retail relationships to a greater extent than new entrants with limited budgets, ultimately leading to a barrier to entry. The broad domestic manufacturing and distribution network enables Hershey to operate with lower unit and distribution costs, as well as greater supply chain efficiency and an enhanced ability to leverage brand spending, than smaller peers. As a result, Hershey can replicate competitive products and ultimately offer it to retailers at a lower cost than its smaller peers. This stands to limit the potential shelf space (and scale) new entrants can amass.

The strength of its competitive position is evident on the stable and consistent return on invested capital above 20%, averaging 24% over the past five years. Hershey also generates margins that are consistently above its peer group, with gross margins at ~45%, which primarily reflect the scale of its business in a limited number of product categories and geographic markets. Hershey continues to look to optimize its cost structure by eliminating SKUs, using a disciplined approach to increase its ROI on advertising investments and better leveraging data and technology. This has allowed for better capital allocation with increased focus on Hershey's highest ROI investments and better discipline to divest low-margin businesses.

Hershey also consistently generates strong and stable cash flows averaging a FCF margin of 17% in the last 5 years and continues to exhibit low debt levels despite some acquisitions made over time. It has demonstrated a track record of conservative financial policy and has consistently operated as an A-rated or higher company through its history. Hershey's sound balance sheet, with a net debt/EBITDA of 1.7 times and an interest coverage holding in above 16 times, allows the company to weather a volatile macroeconomic and competitive landscape ahead. Additionally, Hershey has demonstrated a long-standing commitment of returning excess cash to shareholders.

The company aims to be a leading snacking powerhouse focusing on driving growth in its core confection business, expanding internationally, leveraging on advanced data capabilities to get consumer insights and supply chain efficiencies and increase its competitive advantages, and maintaining a commitment to sustainability and responsible operations. Hershey's expects top-line growth to be driven by innovation to address diverse preferences, effective marketing to stand out in a crowded marketplace, holiday activation timing, capacity expansion and through investments in e-commerce.

Hershey has diversified its product base over time to become a leading snack maker in the US through a series of acquisitions in the faster-growing better-for-you segment of the market. The firm's portfolio mix shift towards more on-trend categories, like healthy snacks following the acquisitions of Amplify and Pirate Brands, has been prudent, given these offerings align with consumer preferences for healthy and convenient fare. Despite macro trends towards more of a focus on health and wellness, overall growth in chocolate and non-chocolate candies has remained robust in recent years.

PERFORMANCE

	1Y	3Y	Strategy Inception
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Net Total Return**

BPI Opportunities	23.0%	10.9%	13.6%
Reference Index*	19.6%	11.0%	11.4%

Volatility

BPI Opportunities	10.6%	17.1%	16.7%
Reference Index*	9.6%	14.2%	16.2%

Information Ratio

BPI Opportunities	0.67	0.07	0.37
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*: The fund has no official benchmark. The reference index is the MSCI World Net Total Return (MSDEWIN Index). All information is provided by Bloomberg and the representative weights are taken from the iShares MSCI World ETF;
 **: Returns for time periods of more than one year are historical annual compounded total returns while returns for time periods of one year or less are cumulative figures and are not annualized.

HISTORICAL RETURNS

	2018		2019		2020		2021		2022		2023	
	Fund	Index*	Fund	Index*	Fund	Index*	Fund	Index*	Fund	Index*	Fund	Index*
Jan	2.48%	1.48%	6.52%	7.38%	1.36%	0.67%	-3.68%	-0.29%	-8.94%	-3.92%	5.59%	5.22%
Feb	-3.09%	-2.09%	5.34%	3.80%	-6.03%	-7.64%	1.67%	2.66%	-5.27%	-2.72%	-0.70%	-0.05%
Mar	-3.19%	-2.99%	4.71%	2.74%	-8.48%	-13.14%	6.75%	6.71%	3.54%	3.72%	4.20%	0.63%
Apr	3.50%	2.96%	3.06%	3.74%	11.08%	11.12%	3.78%	2.18%	-2.66%	-3.29%	0.17%	0.14%
May	2.39%	4.15%	-5.18%	-5.23%	3.87%	3.22%	-0.47%	-0.12%	-3.03%	-1.45%	2.79%	2.52%
Jun	-0.11%	-0.07%	5.00%	4.30%	0.10%	1.66%	6.91%	4.64%	-4.67%	-6.41%	2.88%	3.63%
Jul	2.12%	2.90%	4.21%	2.79%	0.02%	-0.48%	4.56%	1.80%	13.13%	10.67%	0.99%	2.28%
Aug	2.38%	1.81%	1.16%	-0.96%	4.79%	5.48%	3.33%	2.95%	-4.45%	-2.84%	-0.15%	-0.84%
Sep	0.42%	0.73%	1.79%	3.16%	0.17%	-1.53%	-3.96%	-2.37%	-6.90%	-6.90%	-2.99%	-1.91%
Oct	-7.22%	-5.02%	-0.56%	0.21%	-3.08%	-2.42%	7.14%	5.82%	4.73%	6.24%	-2.06%	-2.74%
Nov	0.09%	1.21%	3.46%	4.00%	7.71%	9.83%	1.50%	0.56%	4.61%	2.66%	6.98%	5.96%
Dec	-7.42%	-8.48%	1.64%	1.17%	1.43%	1.91%	4.19%	3.21%	-7.66%	-7.62%	3.68%	3.62%
YTD	-8.13%	-4.11%	35.29%	30.02%	11.92%	6.33%	35.72%	31.07%	-18.17%	-12.78%	22.98%	19.60%

* The fund has no official benchmark. The reference index is the MSCI World Net Total Return (MSDEWIN Index) | The grey area marks the period since the inception of the strategy

IMPORTANT INFORMATION

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Each investment in the Funds is subject to risk of partial or complete loss. Past performance is not necessarily indicative of future results. People interested in acquiring any investments should inform themselves as to: (a) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition; (b) any foreign exchange control requirement which they might encounter on the acquisition or sale of investments; and (c) the income tax and other tax consequences which might be relevant to the acquisition, holding or disposal of the investment.

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The performance detailed above is calculated for class I (EUR). The Funds may use derivatives to protect the value of the Funds’ assets or to reduce the costs of investing, although this may not be achieved. It is not anticipated that the use of derivatives will have any significant effect on the risk profile of the Funds. If an investor’s reference currency is not Euro (e.g. Pounds Sterling) then the return may increase or decrease as a result of currency fluctuations.

The details of the up-to-date remuneration policy and complaints handling policy of CaixaBank Asset Management Luxembourg S.A., as well as the NAV and documentation of the Funds, are available on <https://www.caixabanklux.com/>

To the attention of Spanish investors:

- BPI Global Investment Fund – BPI Opportunities is a Luxembourg undertaking for collective investment in transferable securities (UCITS) authorised for cross-border distribution in Spain under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), and registered with the CNMV under number 600

To the attention of Portuguese investors:

- BPI Global Investment Fund – BPI Opportunities is a Luxembourg undertaking for collective investment in transferable securities (UCITS) authorised for cross-border distribution in Portugal under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
- The Portuguese paying agent is Banco BPI, Rua Tenente Valadim, 284, 4100-476 Porto, Portugal