

29th February 2024

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Fund description

BrightGate Focus is a long-only fund with the aim, through an exhaustive and independent study of companies' fundamentals, of constructing a concentrated portfolio of issues with a better risk/return binomial than the market. The Fund has total investment discretion in terms of geography, asset class (equities, bonds, preferreds), currency hedging, and ratings of its fixed income issues. The strategy does not follow any benchmark.

Performance, Class I

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019												-0.3%	-0.3%
2020	-2.1%	-3.7%	-15.8%	3.3%	3.0%	1.3%	1.3%	0.8%	-2.0%	-1.6%	12.2%	4.6%	-1.1%
2021	1.2%	2.6%	2.9%	1.1%	1.9%	-1.8%	-2.3%	-0.7%	-3.8%	7.2%	-0.3%	3.1%	11.3%
2022	-2.4%	-3.9%	-3.1%	0.4%	-2.8%	-5.7%	8.4%	-1.1%	-7.4%	3.8%	4.6%	-3.8%	-13.2%
2023	11.0%	-0.4%	-3.4%	1.5%	3.1%	5.4%	3.9%	-1.8%	-0.9%	-2.5%	7.2%	8.8%	35.4%
2024	2.4%	3.9%											6.4%

Management fees are included in the calculation of past performance. Past profits do not guarantee future performance. Investment in investment funds or other financial products indicated in this document may be subject to market, credit, liquidity, interest, currency, as well as geographical and sectorial concentration risks, with the potential loss of capital invested.

Fund data	
Category	Balanced, global
Inception (Class A/I)	dic-19
Currency	Euros
NAV frequency	Daily
ISIN Class A	ES0114904008
ISIN Class I	ES0114904016
NAV A	1,563.2
NAV I	1,647.7
Management fee A	1.35%
Management fee I	1.10%
Success fee	9.0%
Depositary	0.08%
Min.	100
Deposit./Admin.	CACEIS
Inves. Manager	Brightgate Capital
Auditor	Auren Auditores
Main metrics	
Size MM€	7.7
Number of holdings	24
Top 5 holdings	33.6%
Top 10 holdings	55.1%
Cash	8.8%
YTW, bonds	7.9%
Duration	1.9
Volatility	11.6
Management team	
Javier López Bernardo, Ph.D., CFA	

Monthly Commentary

The main transaction in February was the sale of our position in Imperial Oil, which we replaced with a new position in PHINIA. Although Imperial Oil's business performance has been nothing short of outstanding since we bought two years ago and I continue to believe it is one of the best producing companies in terms of operations and balance sheet, I estimate single-digit returns at current prices, unless substantially higher oil prices are assumed. Since I never have an opinion on future commodity prices and simply use the average profitability of the last cycle as a basis for forecasting, I believe that reinvesting our Imperial earnings in PHINIA will be beneficial in the long term.

Kaspi.kz reported its full-year results during the month, and the broad outlines of the thesis I outlined almost three years ago remain intact. After a record year across the board, the company is forecasting earnings growth of 25% in 2024, with the bulk coming from the marketplace business (40% growth). While I expect the payments business to slow sharply given its dominant market share, the company's growth avenues remain broad, as evidenced by new initiatives launched such as B2B payments, Kaspi Travel, car loans or the online supermarket. With the company trading at less than 9x P/E'24 and growth remaining solid, I continue to estimate annual returns in the region of 15-20% at current prices.

Sectoral breakdown

Communications	-	Government	2.7%
Consumer, cyclical	40.1%	Industrial	4.2%
Consumer, non-cyclical	11.5%	Basic materials	-
Energy	0.0%	Technology	5.7%
Financial	27.1%	Utilities	-

Geographical breakdown

North America	72.2%
Europe	13.4%
Middle East	5.7%
Asia	-
LatAm	-
Africa	-

Asset class breakdown

Fixed income	19.7%
Preferreds	2.7%
Convertibles	-
Special situations	8.5%
Equities	60.3%
Cash	8.8%

Top holdings

Name	Weight	Sector	Asset class	Geography	Currency
LIQUIDIA CORP	8.5%	Consumer, Non-cyclical	Special situations	US	USD
ASBURY AUTO GRP	6.9%	Consumer, Cyclical	Equity	US	USD
NORTHEAST BANK	6.4%	Financial	Equity	US	USD
PHINIA INC	6.2%	Consumer, Cyclical	Equity	US	USD
JSC KASPI.KZ	5.7%	Technology	Equity	KZ	USD
DISCOVER FIN SVS	5.1%	Financial	Fixed income	US	USD
GEN MOTORS FIN	4.2%	Consumer, Cyclical	Fixed income	US	USD
TEXTRON FIN CORP	4.2%	Industrial	Fixed income	US	USD
ALLISON TRANSMIS	4.1%	Consumer, Cyclical	Equity	US	USD
AUTO PARTNER SA	4.0%	Consumer, Cyclical	Equity	PL	PLN
TOP 10 HOLDINGS	55.1%				