

GENERALI INVESTMENTS SICAV

Total Return Euro High Yield



Fund Factsheet as at 31/08/2018 - AY Distribution Shares

Investment objective and policy

The objective of the Fund is to preserve the invested capital and maximize the total investment return through an exposure to Euro denominated high yield debt securities. The Fund shall mainly invest in Euro denominated high yield debt and debt-related securities of any kind. The Investment Manager may temporarily increase the credit quality of the portfolio to counteract an increase in market volatility when it believes such conditions require defensive actions. Investments in contingent convertible bonds ("CoCos") are allowed up to 10% of the Fund's net assets. The Fund may hold equities following the conversion up to 5% of its net asset. The Fund may also invest in bank deposits, Money Market Instruments, high yield debt and debt-related securities denominated in non-Euro currencies. The Fund may use financial instruments and derivatives for hedging purposes, for efficient portfolio management purposes and for investment purposes.

Category and Risk profile

Category: Bond fund

Lower risk Potentially lower rewards				Higher risk Potentially higher rewards			
1	2	3	4	5	6	7	

Key data

Mgmt. co.: Generali Investments Luxembourg S.A.
Investment manager: Generali Investments Europe S.p.A. Società di gestione del risparmio
Sub-fund manager(s): Stefano Perin
Benchmark: n.a.
Fund type: SICAV
Domicile: Luxembourg
Launch of sub-fund: 30/06/2003
Launch of share class: 30/06/2003
First NAV date after dormant period: n.a.
Currency: EUR
Custodian: BNP Paribas Securities Services S.C.A.
ISIN: LU0169273769
Bloomberg code: GENEHYD LX

Valuation

AuM: 159.46 mil EUR
NAV per share: 119.38 EUR
Highest NAV over the last 12 months: 121.73 EUR
Lowest NAV over the last 12 months: 119.14 EUR

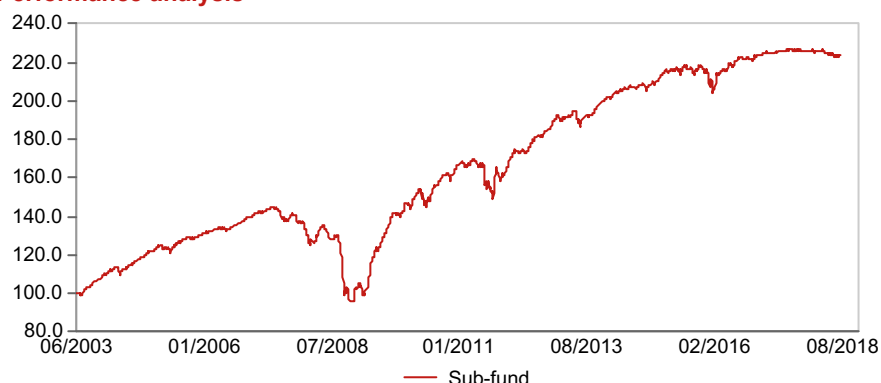
Fees

Subscription fee: max. 5%
Management fee: 0.40%
Conversion fee: max. 5%
Redemption fee: max. 1%
Performance fee: n.a.
Ongoing charges: 0.54%

Dealing details for professional investors

Cut off time: T at 1 pm (T being the dealing day)
Settlement: T+3
Valuation: Daily
NAV Calculation: T end of day close
NAV Publication: T+1

Performance analysis



Performance

	1 month	3 months	YTD	1 year	3 years	5 years	3 years p.a.	5 years p.a.
Sub-fund	-0.10 %	-0.55 %	-1.17 %	-1.33 %	3.00 %	16.27 %	1.00 %	3.12 %

	Since inception	2017	2016	2015	2014	2013
Sub-fund	123.53 %	1.18 %	3.98 %	2.38 %	4.43 %	5.21 %

	Q02/2017- Q02/2018	Q02/2016- Q02/2017	Q02/2015- Q02/2016	Q02/2014- Q02/2015	Q02/2013- Q02/2014
Sub-fund	-0.82 %	3.88 %	0.91 %	3.99 %	9.99 %

Bond Analysis

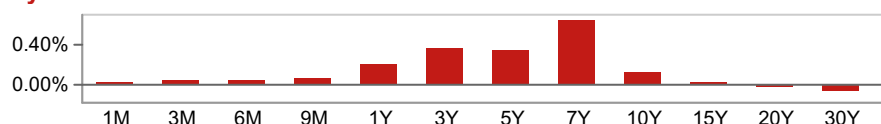
	Sub-fund
Effective Duration	1.76
Yield to Maturity	3.84
Option Adjusted Spread	299.88
Equity Delta	-0.17
Average maturity	2.79
Average rating (bonds)	BB-
% of non-investment grade bonds	75.64

Statistics

Annualized Standard Deviation*	0.95
Annualized Tracking Error*	-
Sharpe Ratio*	-1.08
Information ratio*	-
Value at Risk (20 days, 99%)	0.88

*calculated over a 1-year period

Key rate durations



Key features

- Flexible unconstrained approach
- Consistent risk controlled returns across a market cycle with a lower volatility than traditional fund
- Target risk level: 5% VaR across the market cycle
- The Fund combines at the same time a high conviction approach (through stock selection and single stock CDS) and overlay strategies against market risk (macroeconomic, correlation between asset classes, etc.)
- Geographical portfolio diversification to optimize asset allocation
- Exposure to non-European issues but denominated in Euro
- A transparent (UCITS IV), dynamic and flexible investment solution

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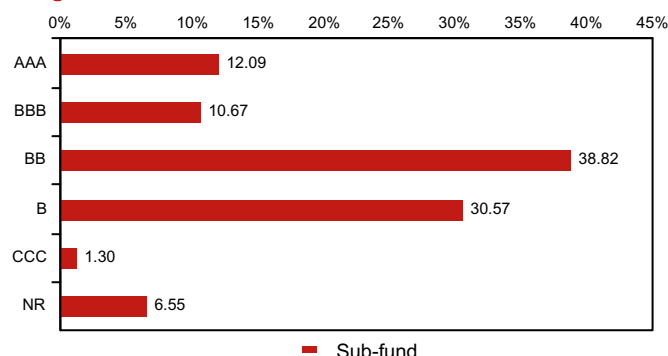


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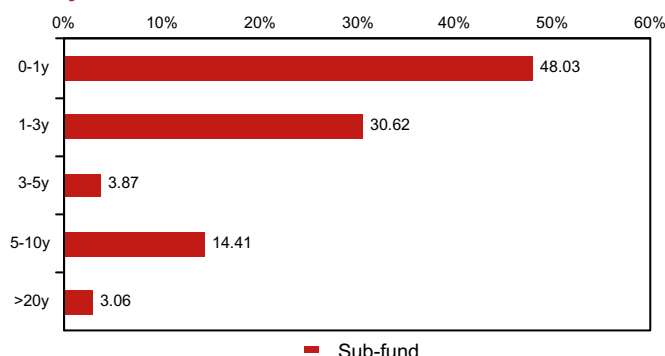
Breakdown by asset class

Asset class	Sub-fund
Corporates	63.04 %
Sovereign	23.05 %
Cash	13.92 %

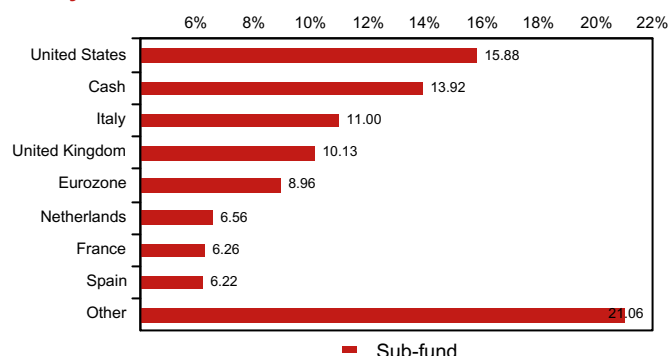
Rating breakdown



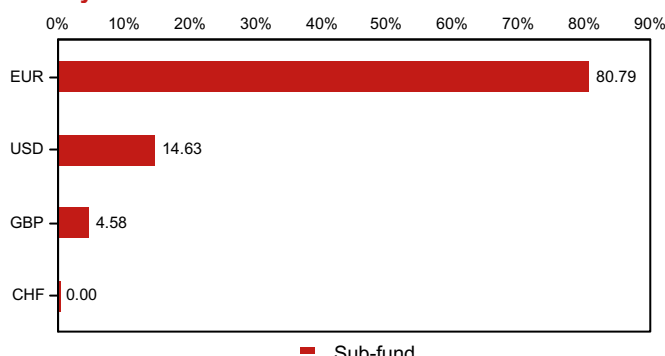
Maturity breakdown



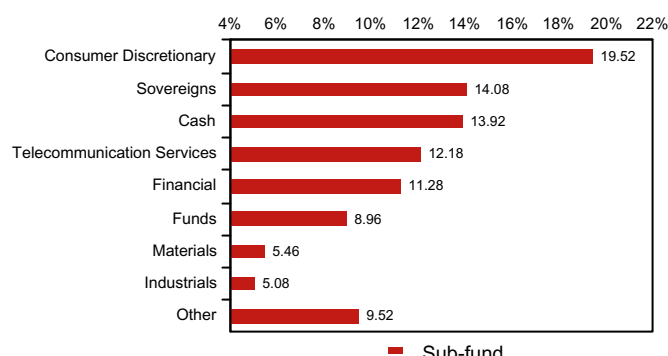
Country breakdown



Currency breakdown



Sector breakdown



Top 10 holdings (absolute weights)

GENERALI TRESORERIE(GENTRSR FP)

Government Of The United States Of America 2.5% 30-jun-2020

Government Of Italy 0.0% 28-dec-2018

Government Of The United States Of America 2.875% 31-may-202...

Enel Spa 6.5% 10-jan-2074

Unitymedia Hessen Gmbh & Co. Kg 3.5% 15-jan-2027

Royal Kpn Nv 6.125% Perp

Tesco Plc 3.375% 02-nov-2018

Telefonica Europe Bv 6.5% Perp

Aquarius + Investments Public Limited Company @na Perp

Sector	Weight %	Rating
Funds	8.95	NA
Sovereigns	4.91	AAA
Sovereigns	4.75	BBB
Sovereigns	4.40	AAA
Utilities	2.69	BBB-
Consumer Discretionary	2.68	NR
Telecommunication Services	2.49	BB
Consumer Staples	2.39	BB+
Telecommunication Services	2.36	BB+
Financial	2.36	NR

www.generali-investments.com

Source: Generali Investments Europe S.p.A. Società di gestione del risparmio. The fund here presented is a subfund of Generali Investments SICAV (an investment company qualifying as a "société d'investissement à capital variable" with multiple subfunds under the laws of the Grand Duchy of Luxembourg) managed by Generali Investments Europe S.p.A. Società di gestione del risparmio. The information contained in this document is only for general information on products and services provided by Generali Investments Europe S.p.A. Società di gestione del risparmio. It shall under no circumstance constitute an offer, recommendation or solicitation to subscribe units/shares of undertakings for collective investment in transferable securities or application for an offer of investments services. It is not linked to or it is not intended to be the foundation of any contract or commitment. It shall not be considered as an explicit or implicit recommendation of investment strategy or as investment advice. Before subscribing an offer of investment services, each potential client shall be given every document provided by the regulations in force from time to time, documents to be carefully read by the client before making any investment choice. Generali Investments Europe S.p.A. Società di gestione del risparmio, periodically updating the contents of this document, relieves itself from any responsibility concerning mistakes or omissions and shall not be considered responsible in case of possible damages or losses related to the improper use of the information herein provided. Past performance is not a guarantee of future performance and the fund present a risk of loss of capital. No assurance is released with regard to the approximate correspondence of the future performances with the ones above mentioned. It is recommended to look over the regulation, available on our website www.generali-investments.com. The client shall carefully read the KIID, which must be delivered before subscribing the investment, and the prospectus which are available on our website (www.generali-investments.com), on Generali Investments Luxembourg S.A. (Management Company of Generali Investments SICAV) website (www.generali-investments.lu), and by distributors. If no assets are invested in the fund share class for a certain period of time ("Dormant Period"), the wording "performance data since inception" shall be read as "performance calculated as of the first date of NAV calculation after the Dormant Period". Generali Investments is part of the Generali Group which was established in 1831 in Trieste as Assicurazioni Generali Austro-Italiane. Generali Investments is a commercial brand of Generali Investments Europe S.p.A. Società di gestione del risparmio.

Fund Manager Comment

Portfolio Activity

The month of August was slightly negative for European High Yield with total return at -0.19%. Spreads widened by 16 bps contributing to a negative excess return vs. maturity-matched government bonds (-0.47%). It's fair to say that market breadth was poor, with the leadership concentrated in few issuers as an evidence that idiosyncratic risk is currently in control. On top of that, the market is significantly impacted by the developments of the Italian risk as local issuers contributed -0.26% to index return, twice as much as the next contributor. This is reflective of how much last month was dominated by political headlines, Italy and Turkey above all. The performance at single segments was as follows: BBs -0.20%, Bs +0.59%, CCCs -0.86%. US High Yield showed a material relative strength compared to Europe by posting a positive performance of +0.72% thanks to unchanged spreads and supportive rates. Demand looks fairly balanced with mutual fund flows averaging around the zero bound, while year-to-date 8% of total assets left the asset class according to EPFR data. Supply was subdued in light of summer's lull: year-to-date the overall figure is pretty much in line with the comparable period in 2017.

As the earning season for High Yield issuers reached a climax in August there was some activity linked to adjustments of the long-only portfolio in light of changed fundamentals. Direct and indirect exposure to Emerging Markets was further reduced. Italian risk was partly hedged in the first half of the month. Average duration had an uptick in light of a new trade in US bonds aimed at lowering portfolio correlation and some risk addition in the Euro long-end after a massive underperformance this year. FX-risk was actively managed with some exposure to GBP (1%) and USD (3.6%). We lowered the net portfolio exposure thanks to macro overlays.

Outlook

A healthy primary market pipeline is expected for September. It will likely be a good test for risk appetite after deals which came in June/July were very well received. Most of them came with good new issue premiums and with relatively better documentation compared to earlier on this year. This made the secondary market repricing wider. Investors are also becoming more wary about the potential resurgence of default risk in consideration of being late in the cycle. Sectors which are very discretionary in nature, such as retail, performed poorly this year. The combined effect of this two elements can help in putting a lid to the degree of potential spread compression, holding other factors constant.