

KEY DATA

MANAGEMENT COMPANY	Generali Investments Luxembourg S.A.
INVESTMENT MANAGER	Generali Investments Partners S.p.A Società di gestione del risparmio
FUND MANAGER	Mauro VALLE
BENCHMARK	100% JPM EMU GOVERNMENT 1-3Y (TR)
FUND TYPE	Sicav
DOMICILE	Luxembourg
SUB-FUND LAUNCH DATE	05/11/2008
SHARE CLASS LAUNCH DATE	04/11/2008
FIRST NAV DATE AFTER DORMANT PERIOD	17/10/2016
CURRENCY	Euro
CUSTODIAN BANK	BNP Paribas Securities Services Luxembourg
ISIN	LU0396182908
BLOOMBERG CODE	GEBOTAC LX
VALUATION	
AUM	610.62 M EUR
NAV PER SHARE	0.00 EUR
HIGHEST NAV OVER THE LAST 12 MONTHS	104.19 EUR
LOWEST NAV OVER THE LAST 12 MONTHS	0.00 EUR
FEES	
SUBSCRIPTION FEE	max. 5%
MANAGEMENT FEE	0.1000%
CONVERSION FEE	max. 5%
REDEMPTION FEE	max. 1%
PERFORMANCE FEE	n.a.
TER	0.24%

CATEGORY AND RISK PROFILE

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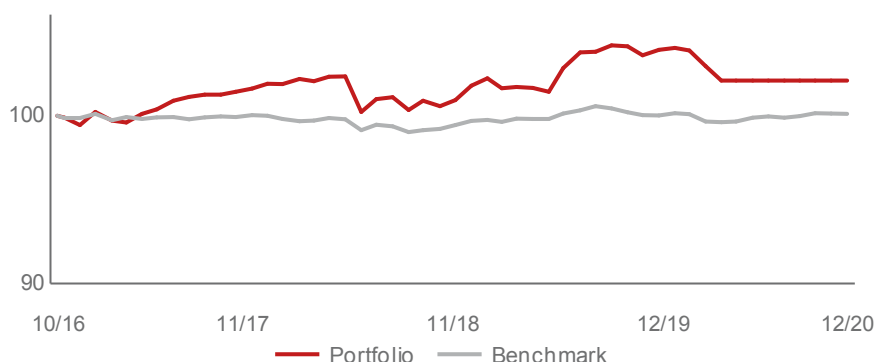
1	2	3	4	5	6	7
Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards

The risk and reward category shown is not guaranteed to remain unchanged and the categorisation of the sub fund may shift over time. For more information about risk, please see the KIID and Prospectus.

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to outperform its Benchmark investing in quality debt securities denominated in Euro resulting in a weighted average portfolio maturity ranging from 1 to 3 years. The Fund shall essentially invest in debt securities denominated in Euro with Investment Grade Credit Rating. The Fund shall mainly invest in government bonds. The Fund may invest on an ancillary basis in money market instruments and bank deposits and hold on an ancillary basis government agencies, local authorities, supranational, corporate bonds and asset-backed securities having Investment Grade Credit Rating, denominated in Euro. Investment Grade Credit Rating is credit rating from AAA to BBB- for Standard & Poors or from Aaa to Baa3 for Moody's or from AAA to BBB for Fitch or an equivalent credit rating by a recognised credit rating agency or an equivalent credit rating as deemed by the Investment Manager. The Fund may use financial instruments and derivatives for hedging purposes, for efficient portfolio management purposes and for investment purposes.

PERFORMANCE ANALYSIS AT 31 DECEMBER 2020



	1M	YTD	1YR	3YR	3YR P.A.
Portfolio	-	-1.76	-1.76	0.20	0.07
Benchmark	-0.02	0.08	0.08	0.30	0.10
Excess return	0.02	-1.84	-1.84	-0.10	-0.03

	SI	SI P.A.	2019	2018	2017
Portfolio	2.09	0.49	2.09	-0.10	1.65
Benchmark	0.11	0.03	0.34	-0.12	-0.31
Excess return	1.98	0.47	1.76	0.02	1.96

	12/20-12/19	12/19-12/18	12/18-12/17	12/17-12/16
Portfolio	-1.76	2.09	-0.10	1.65
Benchmark	0.08	0.34	-0.12	-0.31
Excess return	-1.84	1.76	0.02	1.96

KEY FEATURES

- Does not take bets on non-Euro currencies which, in case, represent a marginal share of the portfolios, both in terms of risk and performance contribution
- Follows a risk-cautious approach
- Invests mainly in Euro area government bonds, focusing on the 1/3 years bucket of the yield curve
- Portfolio management implemented through duration strategies and curve positioning
- Risk-controlled approach with active management of country risk exposure

Past performance is not a guide to future performance and may be misleading. The performances are shown net of fees and expenses over the relevant period. All performance figures reflect the reinvestment of dividends and do not take into account the commissions and costs incurred on the issue and redemption of shares/parts. Please see the important information at the end of this document. Investing in the fund/sub-fund involves risks including the possible loss of capital. Please read the KIIDs and the prospectus to find out about these risks. Legal information concerning the fund/sub-fund are available on the website: www.generali-investment.com

Fund Manager's Comments

December saw a new increase in global new cases of Covid-19; lockdowns and restrictions were introduced especially in Europe, to limit the spread of the virus during the winter holidays. That said, one or more vaccines have already been approved and are starting to be distributed in Europe, the USA and other parts of the world.

In the US, the FDA approved emergency use for Pfizer/BioNTech and Moderna Covid-19 vaccines. President-elect Joe Biden promised to vaccinate 100 million people in his first 100 days in office. President Donald Trump signed a \$900 billion pandemic relief bill which includes unemployment benefits and direct cash payments. Short term indicators show that purchases of services remain under strong pressure, with the services PMI down to 55.3. Manufacturing continue to be in the expansionary territory, despite slightly worsening since last month. At its December meeting, the Fed decided to maintain interest rates stable to keep supporting the economy. They also made clear that the Fed would continue its bond buying until substantial progress have been made towards maximum employment and price stability.

In the Euro Area, most countries are still under lockdown or with some restrictions in place to limit the spread of Covid-19. The EMA approved Pfizer/BioNTech vaccine and vaccinations started throughout EU on Dec. 27. Short term indicators show sign of improvement: the services PMI increased to 47.3 and the manufacturing PMI increased to 55.2. The UK and the EU reached a Trade and Cooperation Agreement that will be applicable since Jan 1, 2021. At its December meeting, the ECB announced it would increase its asset purchases by €500 billion, bringing the total stimulus program to €1.85 trillion. It also plans to extend purchases to at least March 2022.

In the past month, the US 10-year yield slightly increased by 7 bps to 0.91%, while the 10-year Bund was almost stable, decreasing by 1 bps to -0.58%. The Italian spread further tightened by 6 bps to 110 bps and the Iberian spread by 2 bps to 63 bps. In the Euro Area, Investment Grade (IG) and High Yield (HY) credit spread tightened by 1 and 14 bps, respectively.

Portfolio Activity

During the month the under exposure of the portfolio duration vs the benchmark was reduced around a third, reducing the exposure to Italian bonds, while the exposure to core rates was slightly increased, moving up the weight of German bonds. In details, the portfolio reduced its exposure to the spread Italy – Germany, after it touched the 110 bps level, to be more conservative during the end of the year period. The exposure to other peripheral bonds were unchanged, leaving Spain and Portugal at a neutral level while the Hellenic bonds were always overweighted.

Outlook

In the next weeks the core rates should continue to move inside the range observed in the previous weeks as the diffusion of the virus is still large and prolonged periods of lockdown may still be required, impacting the economic activities; the ECB and fiscal policies will continue to be very supportive, also if the administration of the vaccine has started. The Italian spread vs Germany should continue to consolidate around the 110bps, if the political discussions around a new government will not derail towards new elections.

In the coming days, the portfolio will continue to underweight the overall duration: exposure to core countries should remain underweighted, unless the Bund rate rises over the level of -0.50%. The positioning on BTPs should also remain stable, moderately overweight; in the event of a risk-off and widening of the spread over the 120 bps, it could be considered to increase the exposure.

HOLDINGS & TRANSACTIONS

TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
BTPS 0.3 08/15/23	Sovereigns	BBB-	5.00%
CCTS EU 01/15/25	Sovereigns	BBB-	3.49%
BTPS 0.65 10/15/23	Sovereigns	BBB-	3.03%
BTPS 2.5 11/15/25	Sovereigns	BBB-	2.96%
HELLENIC REPUBLI 3.375 02/15/25	Sovereigns	BB-	2.86%
HELLENIC REPUBLI 3.45 04/02/24	Sovereigns	BB-	2.80%
BTPS 0.6 06/15/23	Sovereigns	BBB-	2.69%
BTPS 0.95 09/15/27	Sovereigns	BBB-	2.59%
BTPS 2.1 07/15/26	Sovereigns	BBB-	2.21%
BTPS 1.85 07/01/25	Sovereigns	BBB-	2.16%
Total Top 10 (%)			29.78%
Total Top 20 (%)			48.89%

TOP 3 SALES OVER THE LAST MONTH

No Sales for this period

TOP 3 PURCHASES OVER THE LAST MONTH

CCTS EU 01/15/25
HELLENIC REPUBLI 3.75 01/30/28
PORTUGUESE OT'S 2.125 10/17/28

RATIOS

PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	SI
Standard Deviation Ptf	1.69	2.32	2.03
Standard Deviation Bmk	0.86	0.82	0.73
Tracking Error	1.15	1.74	1.55
Alpha	-0.04	-0.01	-0.00
Beta	1.54	2.26	2.12
R-squared	0.61	0.63	0.57
Information Ratio	-1.52	-0.01	0.31
Sharpe Ratio	-0.78	0.19	0.42
Treynor Ratio	-0.92	-0.05	-0.31
Sortino Ratio	-0.88	0.29	0.64

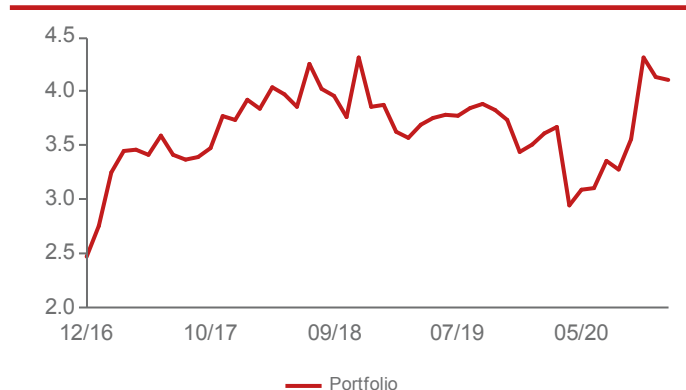
DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-2.9
Peak to trough drawdown (dates)	May 18 - Jun 18
Length (in days)	35
Recovery Period (in days)	378
Worst Month	May 2018
Lowest Return	-2.1
Best Month	June 2019
Highest Return	1.4

FINANCIAL RATIO - FIXED INCOME

	FUND	BENCHMARK
Z-Spread	57.78	8.14
DTS (Duration Times Spread)	248.53	-
Average Rating (2nd best)	BBB-	A+
Modified Duration	4.11	1.94
Effective Duration	1.36	1.94
Average Time to Maturity	4.88	2.01
Yield to Maturity	0.22	0.62
Current Yield	1.31	0.43
Average Coupon	1.49	2.21

MODIFIED DURATION EVOLUTION



BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET		RELATIVE	
Italy	81.0%	25.4%	55.6%	
Greece	7.7%		7.7%	
Spain	2.2%	12.3%	-10.1%	
Portugal	1.7%	2.0%	-0.2%	
France	1.0%	24.8%	-23.7%	
Ireland	0.9%	1.5%	-0.6%	
Germany	0.1%	18.5%	-18.4%	
Others	15.5%		-15.5%	
Cash	5.4%			

RATINGS (2ND BEST)	NET		RELATIVE	
AAA	0.1%	23.6%	-23.4%	
AA	1.0%	35.2%	-34.2%	
A	3.1%	13.9%	-10.8%	
BBB	82.7%	27.4%	55.3%	
BB	7.7%		7.7%	
Cash	5.4%			

SECTOR	NET		RELATIVE	
Sovereigns	94.6%	100.0%	-5.4%	
Cash	5.4%			

MATURITY	NET		RELATIVE	
1-3Y	35.7%	100.0%	-64.3%	
3-5Y	36.8%		36.8%	
5-10Y	16.9%		16.9%	
10-20Y	0.6%		0.6%	
Over 20Y	4.6%		4.6%	
Cash	5.4%			

DEALING DETAILS

CUT OFF TIME	T at 1 pm (T being the dealing day)
SETTLEMENT	T+3
VALUATION	Daily
NAV CALCULATION	Day +1
NAV PUBLICATION	Day +1

Important Information

The sub-fund is part of Generali Investments SICAV (an investment company qualifying as a “société d’investissement à capital variable” with multiple sub-funds under the laws of the Grand Duchy of Luxembourg) managed by Generali Investments Luxembourg S.A. who appointed Generali Investments Partners S.p.A. Società di gestione del risparmio as investment manager. The information contained in this document is only for general information on products and services provided by Generali Investments Partners 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 Partners 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 sub-fund presents 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. Generali Investments is a commercial brand of Generali Investments Partners S.p.A. Società di gestione del risparmio, Generali Insurance Asset Management S.p.A. Società di gestione del risparmio, Generali Investments Luxembourg S.A. and Generali Investments Holding S.p.A.. Generali Investments is part of the Generali Group which was established in 1831 in Trieste as Assicurazioni Generali Austro-Italiane.

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