GENERALI INVESTMENTS SICAV
Euro Bond 1-3 Years

Fund Factsheet as at 31/05/2019 - AY Distribution Shares

GENERALI INVESTMENTS

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.

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 Partners S.p.A. Società di gestione del risparmio
Sub-fund manager(s): Mauro Valle
Benchmark: J.P. Morgan EMU 1-3 Years Index
Fund type: SICAV
Domicile: Luxembourg
Launch of sub-fund: 04/11/2008
Launch of share class: 04/11/2008
First NAV date after dormant period: n.a.
Currency: EUR
Custodian: BNP Paribas Securities Services S.C.A.
ISIN: LU0396183039
Bloomberg code: GEBOTAD LX

Valuation

AuM: 523.68 mil EUR
NAV per share: 102.13 EUR
Highest NAV over the last 12 months: 103.85 EUR
Lowest NAV over the last 12 months: 101.36 EUR

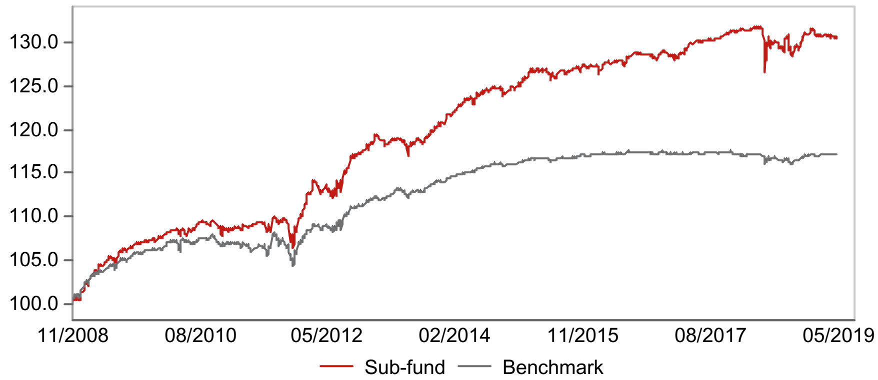
Fees

Subscription fee: max. 5%
Management fee: 0.10%
Conversion fee: max. 5%
Redemption fee: max. 1%
Performance fee: n.a.
Ongoing charges: 0.23% (31/12/2018)

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	-0.23 %	-0.20 %	-0.36 %	1.20 %	1.98 %	5.69 %	0.67 %	1.13 %
Benchmark	0.00 %	0.17 %	0.12 %	0.67 %	-0.09 %	1.60 %	-0.03 %	0.32 %

	Since inception	2018	2017	2016	2015	2014
Sub-fund	30.50 %	-0.10 %	1.65 %	1.32 %	1.82 %	3.42 %
Benchmark	17.16 %	-0.12 %	-0.31 %	0.44 %	0.75 %	1.86 %

	Q01/2018-Q01/2019	Q01/2017-Q01/2018	Q01/2016-Q01/2017	Q01/2015-Q01/2016	Q01/2014-Q01/2015
Sub-fund	-0.60 %	2.20 %	0.84 %	0.86 %	2.92 %
Benchmark	-0.05 %	0.06 %	-0.04 %	0.50 %	1.43 %

Bond Analysis

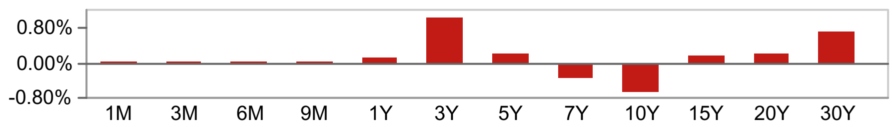
	Sub-fund	Benchmark
Effective Duration	1.59	2.03
Yield to Maturity	1.45	-0.20
Option Adjusted Spread	-	-
Equity Delta	0.00	0.00
Average maturity	4.79	2.07
Average rating (bonds)	BBB	A
% of non-investment grade bonds	-	-

Statistics

Annualized Standard Deviation*	3.17	0.92
Annualized Tracking Error*	2.37	-
Sharpe Ratio*	0.26	0.98
Information ratio*	-0.03	-
Value at Risk (20 days, 99%)	0.91	0.14

*calculated over a 1-year period

Key rate durations



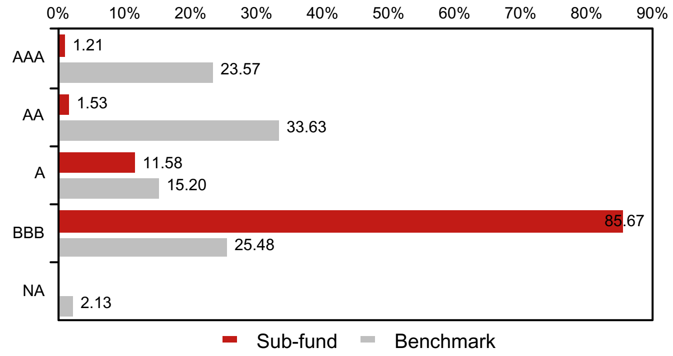
Key features

- 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
- Follows a risk-cautious approach
- 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

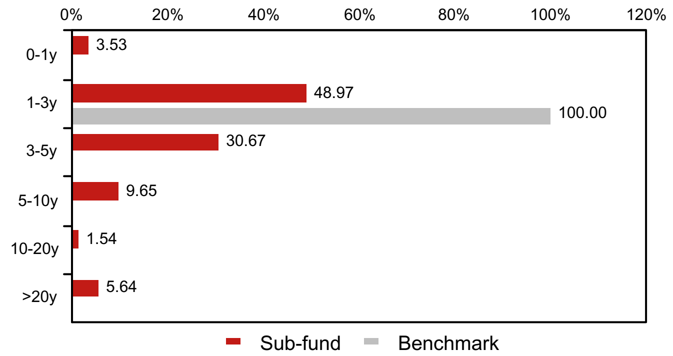
Breakdown by asset class

Asset class	Sub-fund	Benchmark
Sovereign	95.99 %	100.00 %
Cash	4.01 %	-

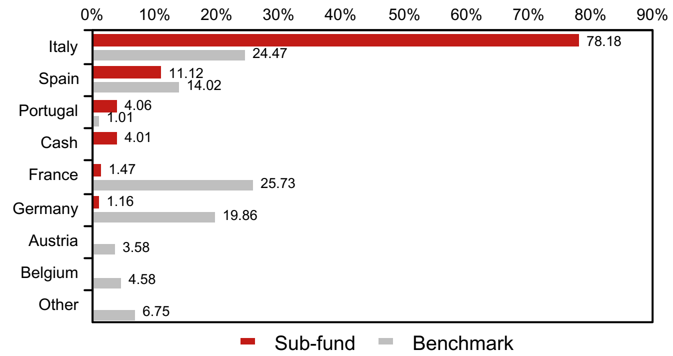
Rating breakdown



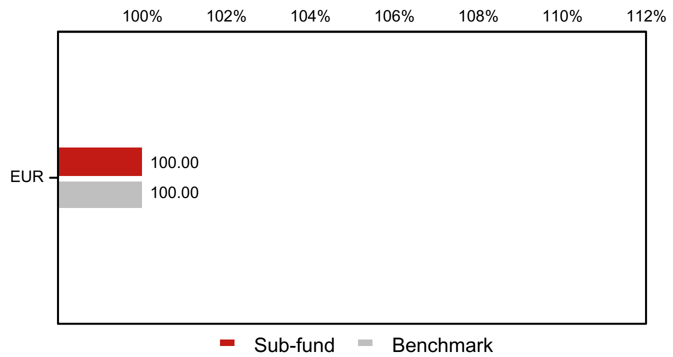
Maturity breakdown



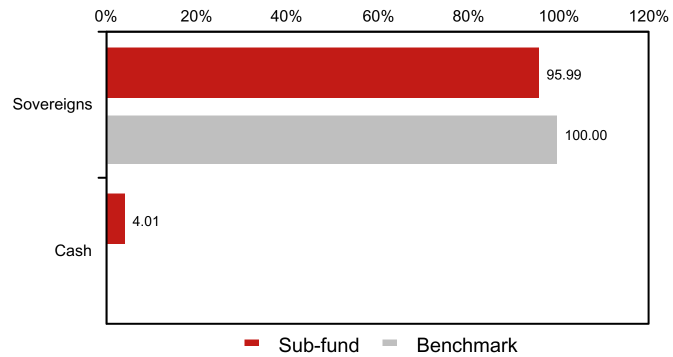
Country breakdown



Currency breakdown



Sector breakdown



Top 10 holdings (absolute weights)

	Sector	Weight %	Rating
Government Of Italy 2.1% 15-sep-2021	Sovereigns	8.22	BBB
Government Of Italy 5.0% 01-mar-2022	Sovereigns	6.29	BBB
Government Of Italy 2.15% 15-dec-2021	Sovereigns	4.87	BBB
Government Of Italy 1.25% 27-oct-2020	Sovereigns	4.61	BBB
Government Of Italy 1.2% 01-apr-2022	Sovereigns	4.52	BBB
Government Of Italy 0.1% 15-may-2022	Sovereigns	4.03	BBB
Government Of Italy 3.75% 01-may-2021	Sovereigns	3.98	BBB
Government Of Italy 5.5% 01-nov-2022	Sovereigns	2.99	BBB
Government Of Portugal 2.2% 17-oct-2022	Sovereigns	2.88	BBB
Government Of Italy 2.3% 15-oct-2021	Sovereigns	2.72	BBB

Fund Manager Comment

Market View

US President Trump dashed hopes of an imminent deal with China by a series of tweets in early May. A spiral of ensuing new tariffs and technology blacklists have knocked risk sentiment globally.

In the US after a surprising strong start into the year (+3.1% ann.) activity in the second quarter dampened by resurfacing trade uncertainties. Sentiment indicators in the industries more exposed to trade took a hit, with the Manufacturing PMI down to 50.6 in May, the lowest level since May 2016. The unemployment rate at 3.6% is the lowest value in 50 years. Output per worker started rising in H2 2018 and accelerated in Q1 2019, compressing unit labor costs growth. If sustained, the growth in productivity will ease pressures on profit margins and dampen the inflationary impact of stronger wages. Inflation expectations were sustained by oil prices, which however after picking up in the first months of the year, went down in May (-11%), but remained overall subdued. The May Fed's meeting delivered few surprises and reiterated the patient approach followed since the beginning of the year.

In Euro Area, key sentiment indicators showed signs of stabilization in May, but a deeper look into the details paints a less benign picture, highlighting the vulnerability of the upswing. On the positive side, the May flash composite PMI stabilized at 51.6 while consumer confidence inched up further. On the negative, according to May PMIs, employment growth eased across sectors and even turned negative in the manufacturing sector, something last seen in August 2014. Moreover, while there was some stabilization in export orders, they still remained in contractionary territory. Considering the latest increase in trade tensions, the risks are skewed to the downside. All in all, latest indicators are in line with expectation of 0.2% qoq growth in Q2/2019.

The 2 years German rates during the period moved down from -0.58% to -0.65%.

The 2 years Italian rates increased from 0.48% to 0.70%.

The spread between Italy and Germany (2 years) widened from 106 bps to 136 bps.

Portfolio Activity

During the month, the overall portfolio's duration was always underweighted. The exposure to Italy was overweighted vs. benchmark; the exposure to other peripherals stayed unchanged. The spread Italy vs. Germany widened during the month due to the political risk linked to the European elections and the uncertainty related to the tariffs tensions. The fund increased its exposure to Italian BTPs when spreads widened towards the maximum of the year, as these levels were discounting enough the negative scenario.

The underexposure to core rates remained unchanged, despite Bund rates continued to move in negative territory. The decline was supported by the risk off factors emerged during the month, but this levels, on the other hand, are too rich if we consider the situation of the Eurozone economy (positive growth and inflation over 1%).

Outlook

In the next weeks the performance of BTPs will be determined by the government attitude towards the risk of the excessive debt procedure recommended by EU commission and the global sentiment related to the trade tensions. The present levels of spreads are discounting these factors and if investors' confidence rebounds, after the worries of past weeks, the Italian spreads should move in the lower range of the past weeks. The portfolio will continue to stay overweighted in Italian bonds, ready to be defensive if spreads volatility increase again.

Bund rates in clearly negative territory seem to price a scenario of a lower growth / weaker inflation than the forecasts and a large impact coming from the trade tensions. The core portfolio duration will continue to be underweighted; it will be increased if Bund rates rebound towards the zero level.