

GENERALI INVESTMENTS SICAV

EURO AGGREGATE BOND - AY

31 August 2021

Marketing communication



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	50% BOFA ML EMU DIRECT GOVERNMENT (TR) + 50% BOFA ML EMU CORPORATE (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	06/11/2020
CURRENCY	Euro
CUSTODIAN BANK	BNP Paribas Securities Services Luxembourg
ISIN	LU0396184276
BLOOMBERG CODE	GEBTFAD LX

VALUATION

AUM	257.48 M EUR
NAV PER SHARE	101.51 EUR
HIGHEST NAV OVER THE LAST 12 MONTHS	102.01 EUR
LOWEST NAV OVER THE LAST 12 MONTHS	99.20 EUR

FEES

SUBSCRIPTION FEE	max. 5%
MANAGEMENT FEE	0.1000%
CONVERSION FEE	max. 5%
REDEMPTION FEE	max. 1%
PERFORMANCE FEE	No
ONGOING CHARGES	0.2500%

CATEGORY AND RISK PROFILE

CATEGORY	Fixed Income
-----------------	--------------

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. The Fund shall essentially invest in debt securities denominated in Euro with an Investment Grade Credit Rating. The Fund may invest on an ancillary basis in money market instruments and bank deposits. The Investment Manager is allowed to make investments on an ancillary basis in securities with a Sub-Investment Grade Rating and/or issued by issuers located in Emerging Markets. A maximum of 15% of the assets may be invested in convertible bonds. The Fund may also hold distressed/defaulted securities (being securities having a rating CCC+ or below) as a result of the downgrading of the issuers. The unhedged non-euro currency exposure cannot exceed 20% of the net assets of the Fund. The Fund may also invest into "Rule 144A" and/or Regulation S securities. The Fund may use CDS. The Investment Manager has full discretion over the composition of the portfolio. The Benchmark is: 50% Ice BofA Eur Government Index (Net Return) + 50% Ice BofA Eur Corporate Index (Net Return).

PERFORMANCE ANALYSIS AT 31 AUGUST 2021

According to the applicable regulatory framework, performance data for funds with less than 12 months track record cannot be shown.

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

Market view

Vaccinations in the US (and increasingly Europe) are running into the speed limit of reluctant demand. Yet while resurgent Covid worries will retard the global recovery, they will unlikely derail it. Mobility trackers still recover in most advanced economies. Vaccines' protection against hospitalization and death is still supported by studies. And with the majority of people in most advanced economies vaccinated and vaccines available for elder children too, governments will not risk a fallback into harmful lockdowns.

In August, the US composite PMI remains in expansionary territory, but declined for the third consecutive month to 55.4. The Manufacturing PMI (61.2) slowed further amidst material shortages and high pressure on capacity. Similarly, the Services PMI (55.2) remains in expansion but weak, mainly due to labour shortages and the spread of the highly contagious Delta Variant. On the fiscal front, after the US\$ 1tn bipartisan infrastructure package, the Democrats pushed through the House of Representative a US\$ 3.5tn budget resolution, making a step ahead towards final approval. Inflation remains high (headline CPI at 5.3% yoy, core at 4.2%), but the few sectors responsible for the surge (like used cars or airfares) are cooling. Powell reframed the current Fed's narrative in a more explicit and hawkish way, showing a guarded optimism on the short-term risks from the new COVID strain and sharing the view that tapering could start already this year.

In the Euro Area, despite the Composite PMI (59.5) declining from July's 15-year high of 60.2, business conditions are still holding well. The Manufacturing PMI (61.4) declined amid strong capacity constraints, while Services (PMI: 59.7) was roughly stable, not diverging too much from the peak of July (59.8). Inflation keeps rising in the Euro Area, too, with an estimate of 3% yoy in August (2.2% in July).

In the past month, there has been a moderate increase in benchmark yields, with the Treasury up by 6 bps to 1.30% and the Bund up by 8 bps to -0.38%. Non-core spreads were roughly stable, with the BTP-Bund spread at 109 bps and the Bonos-Bund spread down to 72 bps. Similarly, credit spreads did not move much. In Europe, IG and HY spreads were up by 2 bps and down by 3 bps, respectively. In the US, the IG credit spread was up by 1 bps and the HY one was down by 5 bps.

Portfolio activity

During the month the portfolio maintained its duration underweight: it was always short German rates and moderately long Italy and Greece. The negative exposure to the US Treasury was unchanged. The strategy was to manage defensively the portfolio as we are always expecting higher rates in the next weeks, due to the economic recovery, higher inflation and the risk of lower purchases by the ECB.

In August the credit market was quite stable and all attention was put to the Jackson Hole event. But as expected, no disruptive news came out from the debate and the European credit, as well as US investment grade credits, should continue to benefit from this. To note the interesting observation Powell made concerning the separation between tapering and rates increases. This concept of "separation" seems to work also in Eurozone and could be the new policy goal until we exit completely from the pandemic era. This means that rates could remain very low for a long period of time, leaving further room for the search of yield using credits and credit derivatives products. In essence, current levels seem vulnerable, but there are not critical elements to generate negative volatility. The central scenario is always that a carry trade environment would be the most probable outcome, with spread that could even tighten a bit further in case of a slow-down in issuance and negative supply (highly possible). During the month trading activity has been low, we'll start to make some turnover in September, benefitting of the primary market reopening.

Outlook

In the next weeks the Bund rates should move higher as the economic trend is positive, the inflation data came out above expectations, with the headline data at 3.0% and the core at 1.6%. These numbers are quite high and the forecasts for the next few months are for further increases: it will be more difficult for the ECB to defend the idea that inflation will be transitory. In addition, there will be some uncertainty about the flow of purchases for the last quarter of the year and the issue of how they will manage the end of the PEPP. Finally, it should be noted that, in the coming weeks, the attention for the German political elections will increase. We continue to remain positive about credits, also if spreads are quite compressed, as the search for yield should continue in the next months.

In the next future, the portfolio will continue to underweight the overall duration; the underexposure should be reduced if core rates will move well inside the range of the past months. The positioning in peripherals countries will be always overweighted. The exposure to corporate bonds should be increased, if new opportunities will arise from primary market after the summer break.

HOLDINGS & TRANSACTIONS

TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
BTPS 1.5 04/30/45	Sovereigns	BBB-	2.91%
HELLENIC REPUBLI 0 02/12/26	Sovereigns	BB	2.73%
SPANISH GOV'T 5.75 07/30/32	Sovereigns	A-	2.34%
BTPS 3.85 09/01/49	Sovereigns	BBB-	2.34%
BTPS 5 09/01/40	Sovereigns	BBB-	2.22%
BTPS 6.5 11/01/27	Sovereigns	BBB-	2.18%
HELLENIC REPUBLI 1.875 02/04/35	Sovereigns	BB	1.78%
ITALY GOV'T INT 3.875 05/06/51	Sovereigns (Frng Curr)	BBB-	1.68%
FRANCE O.A.T. 5.75 10/25/32	Sovereigns	AA	1.65%
HELLENIC REPUBLI 3.45 04/02/24	Sovereigns	BB	1.64%
Total Top 10 (%)			21.47%
Total Top 20 (%)			34.59%

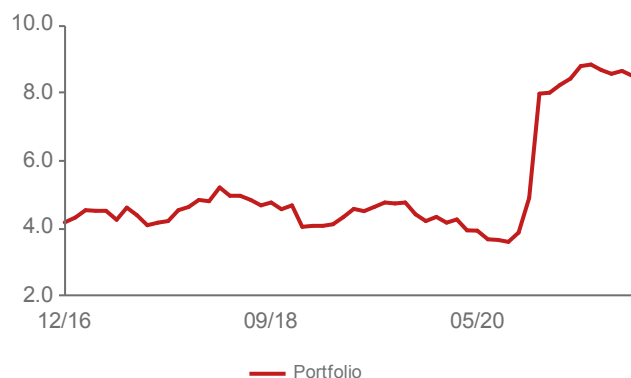
TOP 3 SALES OVER THE LAST MONTH

No Sales for this period

TOP 3 PURCHASES OVER THE LAST MONTH

KBC GROUP NV 12/07/31
MUNICH RE 1 05/26/42

MODIFIED DURATION EVOLUTION



DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-1.7
Peak to trough drawdown (dates)	Apr 21 - May 21
Length (in days)	42
Recovery Period (in days)	28
Worst Month	February 2021
Lowest Return	-0.6
Best Month	November 2020
Highest Return	0.0

FINANCIAL RATIO - FIXED INCOME

	FUND	BENCHMARK
Z-Spread	88.95	35.58
DTS (Duration Times Spread)	776.03	250.72
Average Rating (2nd best)	BBB	A
Modified Duration	8.51	7.01
Effective Duration	3.64	6.99
Average Time to Maturity	10.23	7.95
Yield to Maturity	1.06	0.35
Current Yield	1.71	0.13
Average Coupon	2.07	-

BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET		RELATIVE	
Italy	31.3%	14.0%	17.3%	
France	12.9%	22.8%	-9.9%	
Greece	10.0%	0.0%	10.0%	
Spain	10.0%	9.8%	0.2%	
United Kingdom	8.1%	3.9%	4.2%	
United States	5.7%	9.1%	-3.4%	
Germany	3.6%	16.0%	-12.4%	
Others	15.4%	24.4%	-9.0%	
Cash	2.9%			

RATINGS (2ND BEST)	NET		RELATIVE	
AAA	1.6%	11.3%	-9.7%	
AA	8.3%	21.4%	-13.1%	
A	15.3%	26.9%	-11.6%	
BBB	50.4%	40.3%	10.1%	
BB	20.3%	0.0%	20.3%	
B	0.6%		0.6%	
NR	0.5%	0.0%	0.5%	
Cash	2.9%			

SECTOR	NET		RELATIVE	
Sovereigns	52.4%	50.0%	2.5%	
Financials	16.5%	17.5%	-1.0%	
Real Estate	4.8%	2.3%	2.5%	
Consumer Discretionary	4.8%	4.1%	0.6%	
Energy	3.8%	2.3%	1.5%	
Communication Services	3.7%	3.3%	0.4%	
Utilities	2.8%	4.8%	-2.1%	
Others	8.3%	15.6%	-7.3%	
Cash	2.9%			

MATURITY	NET		RELATIVE	
0-1Y	1.0%	0.6%	0.4%	
1-3Y	11.3%	21.9%	-10.6%	
3-5Y	22.3%	21.9%	0.3%	
5-10Y	33.3%	34.1%	-0.8%	
10-20Y	12.2%	14.6%	-2.4%	
Over 20Y	17.0%	6.9%	10.1%	
Cash	2.9%			

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. Before adopting any investment decision the client shall carefully read, if applicable, the subscription form, and the offering documentation (including the KIID, the prospectus, the fund regulation or by-laws as the case may be), which must be delivered before subscribing the investment. The offering documentation is available at any time, free of charge and in the relevant languages 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. An hardcopy of the offering documentation may also be requested to the Management Company, free of charge. 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-Italiche.

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. Certain information in this publication has been obtained from sources outside of Generali Investments Partners S.p.A. Società di gestione del risparmio. While such information is believed to be reliable for the purposes used herein, no representations are made as to the accuracy or completeness thereof.