

GENERALI INVESTMENTS SICAV

EURO CORPORATE SHORT TERM BOND - AX

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	Fabrizio VIOLA
BENCHMARK	100% BARCLAYS EURO AGG 1-3Y CORP. (TR)
FUND TYPE	Sicav
DOMICILE	Luxembourg
SUB-FUND LAUNCH DATE	15/07/2009
SHARE CLASS LAUNCH DATE	15/07/2009
FIRST NAV DATE AFTER DORMANT PERIOD	No dormant period
CURRENCY	Euro
CUSTODIAN BANK	BNP Paribas Securities Services Luxembourg
ISIN	LU0438548108
BLOOMBERG CODE	GSTECAC LX
VALUATION	
AUM	218.53 M EUR
NAV PER SHARE	130.18 EUR
HIGHEST NAV OVER THE LAST 12 MONTHS	130.27 EUR
LOWEST NAV OVER THE LAST 12 MONTHS	127.79 EUR
FEES	
SUBSCRIPTION FEE	max. 5%
MANAGEMENT FEE	0.2000%
CONVERSION FEE	max. 5%
REDEMPTION FEE	max. 1%
PERFORMANCE FEE	n.a.
ONGOING CHARGES	0.3600%

CATEGORY AND RISK PROFILE

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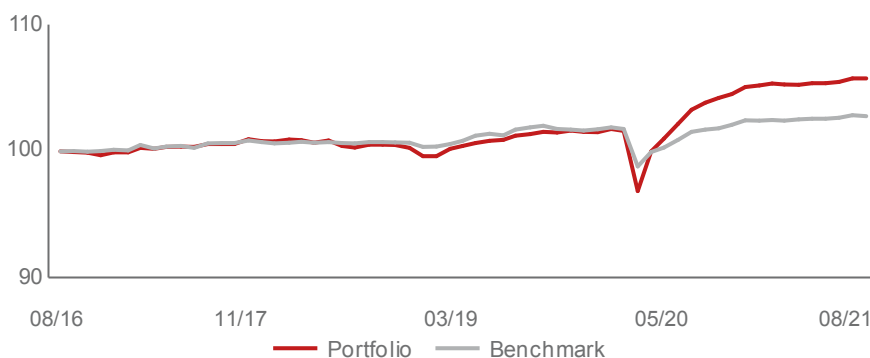
1	2	3	4	5	6	7
Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards

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 short term corporate debt securities denominated in Euro. The Fund shall essentially invest in short term corporate bonds with a maturity up to 3 years, denominated in Euro. The Fund shall mainly invest in securities with Investment Grade Credit Rating. 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 standardized credit default swaps ("CDS") and the total obligation may not exceed 25% of the Fund's net assets. The Fund may use financial instruments and derivatives for hedging purposes, for efficient portfolio management purposes and for investment purposes.

PERFORMANCE ANALYSIS AT 31 AUGUST 2021



	1M	YTD	1YR	3YR	5YR	3YR P.A.	5YR P.A.
Portfolio	0.00	0.52	1.84	5.20	5.75	1.70	1.12
Benchmark	-0.10	0.32	1.02	2.03	2.77	0.67	0.55
Excess return	0.10	0.20	0.83	3.16	2.99	1.03	0.58

	SI	SI P.A.	2020	2019	2018	2017	2016
Portfolio	30.18	2.20	3.64	1.90	-1.15	0.86	1.38
Benchmark	28.70	2.10	0.69	1.34	-0.24	0.51	1.58
Excess return	1.48	0.10	2.95	0.56	-0.91	0.35	-0.20

	08/21-08/20	08/20-08/19	08/19-08/18	08/18-08/17	08/17-08/16
Portfolio	1.84	2.27	1.00	-0.05	0.58
Benchmark	1.02	-0.29	1.30	0.05	0.67
Excess return	0.83	2.56	-0.30	-0.10	-0.08

KEY FEATURES

- Active approach to investments in high quality, Euro denominated, IG corporate bonds with max. 3 years maturity
- Benefits from the expertise of our renowned credit team
- Limited exposure to credit market volatility and interest rate risk
- Value added through securities selection and intra-sectors bets supported by proprietary bottom-up research

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

During August we put in place the following trading strategies:

o During the month we collected the redemption of an old Pemex bond and we invested some excess cash into new positions or rounding of existing positions.

o Concerning derivatives, we still hold a short on Lufthansa (leverage usage 1%). We are waiting some new catalyst to start thinking about new hedging strategies or single name trades.

Portfolio positioning would continue to show a clear overweight in terms of credit risk while slightly short in terms of interest rate duration (close to 1,68 years). The risk come from a significant allocation to BBB names and an amount of selected BB bonds equal to 16,4% of total (almost all subordinated bonds issued by high quality issuers rated investment grade). Allocation by rating must be read in conjunction to the active selection made on T2 bonds and Corporate Hybrids having a short call date. We are selectively positive to T1 and Lt2, while under allocated to senior non-preferred bonds but we aim to add more if they would become cheaper. Those selection choices have an influence also on the sector distribution, where we have a strong over allocation to financials and a moderate over allocation to cyclical, compensated by underweights to industrial and consumer non-cyclicals. CDS strategies are also used for hedging and relative value ideas between indexes and single names.

Market and outlook

During August the monthly "excess return" of Euro investment grade corporate bonds have been 0%, while the 1-3 year maturity bucket segment returned +0,06%. Year to date excess return figures are in positive territory (1,03% and 0,79% respectively for the entire market and the 1-3 segment). Market levels indicates that the yield to worst of Euro IG bonds stands at 0,23% with little dispersion inside the different sectors. Subordinated financials stands at 0,42% while corporate hybrids at 1,26%. The yield curve shows a steepness contained in 100 bps, with the 1-3 year segment yielding -0,15% and the 10+ years yielding +0,86%.

August have been really a stable month and all attention was put to the Jackson Hole event. But as expected, no disruptive news came out from the debate. European credit, as well as US investment grade credits, should continue to benefit from this, in particular the interesting observation they made concerning the separation between tapering and rate 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.

Other elements to note were: the fact that spreads of AT1 reached a level similar to the one of HY bonds, and this occurred just few times in the past in other stretched market conditions, but this time it's the very low level of spread that makes the difference; positive signs from the earning season of eurozone companies with improving balance sheet data and the increased emphasis on ESG considerations to score better in the ESG tables; the record amount, again, of bonds worldwide with negative yield.

To conclude, current levels seem vulnerable, but there are not critical elements to generate negative volatility. With profits at the peak, markets at the peak and credit spread at the bottom it seems very difficult to call for further overperformance of risky assets. Nevertheless, we are living in an environment where only very positive or very negative news will create the conditions for having a clear market direction. In the middle, which is the base case, carry trade 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).

HOLDINGS & TRANSACTIONS

TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
ALLIANZ SE 4.75 PERP	Financials	A	3.13%
VODAFONE GROUP 01/03/79	Communication Services	BB+	2.92%
BERTELSMANN SE 04/23/75	Communication Services	BB+	2.88%
TOTALENERGIES SE PERP	Energy	A-	2.80%
GAS NAT FENOSA F PERP	Utilities	BB+	2.76%
AVIVA PLC 07/05/43	Financials	BBB+	2.57%
AXA SA 5.125 07/04/43	Financials	BBB+	2.52%
MBANK 1.058 09/05/22	Financials	BBB-	2.33%
BARCLAYS PLC 0.625 11/14/23	Financials	BBB	2.32%
LLOYDS BK GR PLC 01/15/24	Financials	BBB+	2.32%
Total Top 10 (%)			26.54%
Total Top 20 (%)			45.90%

TOP 3 SALES OVER THE LAST MONTH

DVB BANK SE 1.25 06/16/23

TOP 3 PURCHASES OVER THE LAST MONTH

BALDER 1.875 03/14/25
GLENCORE FINANCE 1.75 03/17/25
SAMHALLSBYGG 1.75 01/14/25

RATIOS

PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	0.57	3.17	2.47	1.86
Standard Deviation Bmk	0.38	1.42	1.13	1.15
Tracking Error	0.43	2.00	1.57	1.07
Alpha	0.02	-0.00	-0.01	-0.01
Beta	0.98	1.99	1.92	1.87
R-squared	0.43	0.80	0.77	0.77
Information Ratio	1.91	0.51	0.36	0.09
Sharpe Ratio	4.17	0.67	0.61	0.67
Treynor Ratio	2.29	0.77	-0.05	-0.56
Sortino Ratio	11.17	0.90	0.83	0.91

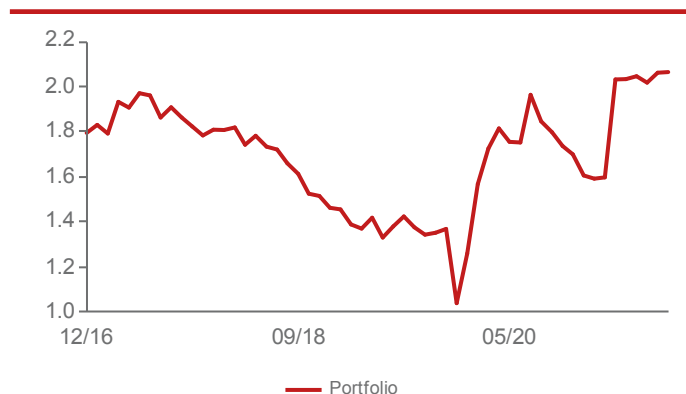
DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-5.6
Peak to trough drawdown (dates)	Feb 20 - Mar 20
Length (in days)	28
Recovery Period (in days)	77
Worst Month	March 2020
Lowest Return	-4.7
Best Month	April 2020
Highest Return	3.2

FINANCIAL RATIO - FIXED INCOME

	FUND	BENCHMARK
Z-Spread	78.39	28.96
DTS (Duration Times Spread)	167.28	55.88
Average Rating (2nd best)	BBB-	A-
Modified Duration	2.06	1.97
Effective Duration	1.78	1.92
Average Time to Maturity	1.79	2.02
Yield to Maturity	1.26	0.04
Current Yield	2.25	0.11
Average Coupon	2.38	1.49

MODIFIED DURATION EVOLUTION



BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET		RELATIVE	
United Kingdom	19.5%	9.1%	10.3%	
France	13.5%	17.7%	-4.2%	
Germany	13.3%	14.8%	-1.5%	
Italy	12.5%	5.0%	7.4%	
Spain	9.1%	5.8%	3.3%	
Sweden	6.7%	3.7%	3.0%	
Netherlands	5.7%	5.3%	0.4%	
Others	14.9%	38.5%	-23.6%	
Cash	4.8%			

RATINGS (2ND BEST)	NET		RELATIVE	
AAA	0.1%		-0.1%	
AA	0.7%	8.6%	-7.9%	
A	12.1%	37.0%	-24.9%	
BBB	65.5%	54.2%	11.3%	
BB	16.2%		16.2%	
NR	0.6%	0.1%	0.6%	
Not Available	0.0%		0.0%	
Cash	4.8%			

SECTOR	NET		RELATIVE	
Financials	52.4%	44.3%	8.1%	
Consumer Discretionary	10.0%	12.6%	-2.7%	
Utilities	7.4%	6.0%	1.3%	
Communication Services	5.8%	5.6%	0.2%	
Real Estate	5.6%	2.8%	2.8%	
Energy	4.1%	3.4%	0.8%	
Industrials	3.9%	7.3%	-3.3%	
Others	6.0%	18.0%	-12.0%	
Cash	4.8%			

MATURITY	NET		RELATIVE	
0-1Y	17.5%	3.9%	13.6%	
1-3Y	63.4%	96.1%	-32.6%	
3-5Y	12.0%		12.0%	
5-10Y	2.2%		2.2%	
Not Available	0.0%		0.0%	
Cash	4.8%			

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.

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