

#### KEY DATA

<b>MANAGEMENT COMPANY</b>	Generali Investments Luxembourg S.A.
<b>INVESTMENT MANAGER</b>	Generali Investments Partners S.p.A Società di gestione del risparmio
<b>FUND MANAGER</b>	Fabrizio VIOLA
<b>BENCHMARK</b>	100% BARCLAYS EURO AGG 1-3Y CORP. (TR)
<b>FUND TYPE</b>	Sicav
<b>DOMICILE</b>	Luxembourg
<b>SUB-FUND LAUNCH DATE</b>	15/07/2009
<b>SHARE CLASS LAUNCH DATE</b>	17/07/2017
<b>FIRST NAV DATE AFTER DORMANT PERIOD</b>	No dormant period
<b>CURRENCY</b>	Euro
<b>CUSTODIAN BANK</b>	BNP Paribas Securities Services Luxembourg
<b>ISIN</b>	LU1376389679
<b>BLOOMBERG CODE</b>	GSTECGX LX
<b>VALUATION</b>	
<b>AUM</b>	171.84 M EUR
<b>NAV PER SHARE</b>	0.00 EUR
<b>HIGHEST NAV OVER THE LAST 12 MONTHS</b>	102.25 EUR
<b>LOWEST NAV OVER THE LAST 12 MONTHS</b>	0.00 EUR
<b>FEES</b>	
<b>SUBSCRIPTION FEE</b>	max. 5%
<b>MANAGEMENT FEE</b>	0.30%
<b>CONVERSION FEE</b>	max. 5%
<b>REDEMPTION FEE</b>	max. 1%
<b>PERFORMANCE FEE</b>	n.a.
<b>TER</b>	0.45%

#### CATEGORY AND RISK PROFILE

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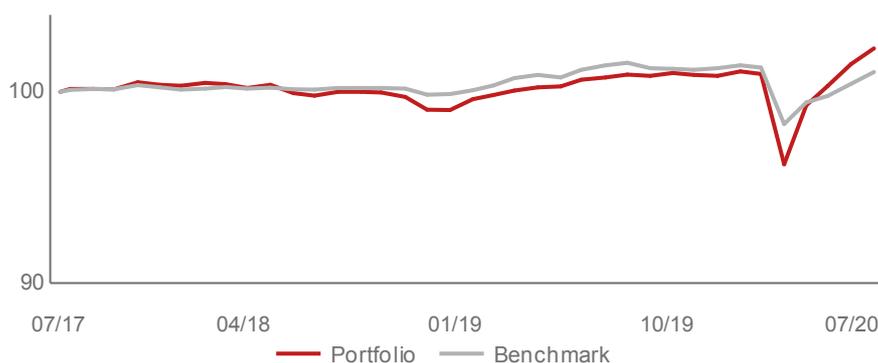
1	<b>2</b>	3	4	5	6	7
Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards

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 JULY 2020



	1M	YTD	1YR	3YR	3YR P.A.
Portfolio	0.80	1.41	1.50	2.11	0.70
Benchmark	0.61	-0.20	-0.34	0.92	0.30
Excess return	0.18	1.60	1.84	1.19	0.39

	SI	SI P.A.	2019	2018
Portfolio	2.25	0.73	1.80	-1.25
Benchmark	1.02	0.33	1.34	-0.24
Excess return	1.23	0.40	0.46	-1.01

	07/20-07/19	07/19-07/18	07/18-07/17
Portfolio	1.50	0.73	-0.14
Benchmark	-0.34	1.16	0.10
Excess return	1.84	-0.43	-0.23

#### 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](http://www.generali-investment.com)

## Fund Manager's Comments

During July we put in place the following trading strategies:

a) In the first part of July we had inflows to invest and we picked up a mix of bonds with optionality value together with some cheap senior short term corporate. In the second half of the month, we had a redemption that triggered some sales and we took this opportunity to rebalance down the entire risk profile of the portfolio consolidating some recent gains. Duration is maintained neutral to benchmark and slightly below 2 years.

b) On credit derivatives we explored market dislocation in single names, implementing a positive basis on Klepierre and Unibail as their CDS spread went far away from the cash spread levels for 5 year equivalent bonds (leverage usage 5%). We also tried to protect from the excess volatility of the raw material prices, buying protection of a weak name like Stora Enso, also a fallen angel candidate (leverage usage 0.7%). We still hold a long on ITRX Main S32 (leverage usage 48%) and a short on Lufthansa (leverage usage 1,5%).

### Portfolio Activity

Portfolio positioning would continue to show a material overweight in terms of credit risk while neutral in terms of interest rate duration (close to 1,93 years). The risk comes from a significant allocation to BBB names and an amount of selected BB bonds equal to 6,8% of total. Allocation by rating has to 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 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 cyclicals, 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. At present, as indicated above, we have some active position on the central European RE sector (long risk Unibail and Klepierre), a long ITRX Main IG versus ITRX X-over (decompression trade IG vs HY) and two naked shorts on Lufthansa and Stora Enso (weakest Airlines and Pulp&Paper names).

### Market and outlook

At the end of July the year to date "excess return" of Euro investment grade corporate bonds remained negative but improving at -1,0%, recovering a strong 1,26% during the month. The 1-3 year maturity bucket segment recovered too in excess return terms in July (+0,61%) turning positive on a year to date level at 0.02%. Worthless to say that the global sanitary emergency is still affecting all sectors of the economy and is still posing a severe doubt about the growth trajectory. But even if a severe recession continues to be the central scenario, there are signs of recovery around the globe, at least in some sectors where final demand could resurface after the lock-down. After the greatest total return draw-down in history (-8,5% peak to trough) we are now assisting to this partial rebound, leaving open the hopes for a U-shaped recovery (or better a "swoosh-shaped" one). In this context, we would favor a moderate constructive approach to the market, avoiding adding bonds subject to regulatory risk (subordinated bank bonds), consumer durables, autos, airlines and favoring sectors linked to services, on-line businesses, food and consumer staples. Senior bank bonds are still a safe haven while senior non-preferred are a buy on deeps. Corporate hybrids and insurance subordinated paper are always a must have into corporate IG portfolios, but selection and timing on entry are important considerations to make.

What are we monitoring here:

- a) Short term on markets: the evolution of new issue premia (NIP) and the amount of tender offers from issuers eliminating paper from the screens.
- b) The presence of outflows from the IG asset class as a whole as a strong bearish signal. For the time being we assisted to outflows but they are still manageable.
- c) As a catalyst: coordinated Central Bank interventions, liquidity injections and/or coordinated fiscal policies within the Eurozone or in US. The path of the European Recovery Fund will also be key.
- d) Default rates into the more leveraged high yield market, making the appropriate distinction among segments of the markets and the Covid-19 direct or indirect consequences.

## HOLDINGS & TRANSACTIONS

### TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
INMOBILIARIA COL 2.728 06/05/23	Real Estate	BBB	4.04%
AVIVA PLC 07/05/43	Financials	BBB+	3.32%
AXA SA 5.125 07/04/43	Financials	BBB+	3.27%
BARCLAYS PLC 0.625 11/14/23	Financials	BBB	2.93%
LLOYDS BK GR PLC 01/15/24	Financials	A-	2.93%
SES PERP	Communication Services	BB	2.55%
BPCE 11/30/27	Financials	BBB+	2.48%
RAIFFEISEN BK IN 6.625 05/18/21	Financials	BBB-	2.47%
VOLVO TREAS AB 03/10/78	Industrials	BBB	2.45%
BNP PARIBAS 10/14/27	Financials	BBB+	2.44%
<b>Total Top 10 (%)</b>			<b>28.88%</b>
<b>Total Top 20 (%)</b>			<b>50.99%</b>

### TOP 3 SALES OVER THE LAST MONTH

FCE BANK PLC 1.528 11/09/20
BANCO SANTANDER 1.375 03/03/21
COMMERZBANK AG 7.75 03/16/21

### TOP 3 PURCHASES OVER THE LAST MONTH

AMERICAN HONDA F 1.95 10/18/24
COOPERATIEVE RAB PERP
TOYOTA FIN AUSTR 1.584 04/21/22

## RATIOS

### PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	SI
Standard Deviation Ptf	5.40	3.15	3.12
Standard Deviation Bmk	2.39	1.42	1.41
Tracking Error	3.39	1.99	1.97
Alpha	0.03	-0.01	-0.01
Beta	2.04	1.98	1.98
R-squared	0.82	0.80	0.80
Information Ratio	0.53	0.19	0.20
Sharpe Ratio	0.35	0.33	0.34
Treynor Ratio	0.90	-0.24	-0.25
Sortino Ratio	0.47	0.44	0.46

### DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-5.6
Peak to trough drawdown (dates)	Jan 00 - Jan 00
Length (in days)	0
Recovery Period (in days)	0
Worst Month	March 2020
Lowest Return	-4.7
Best Month	April 2020
Highest Return	3.2

### FINANCIAL RATIO - FIXED INCOME

	FUND	BENCHMARK
Z-Spread	132.13	99.87
DTS (Duration Times Spread)	685.03	221.13
Average Rating (2nd best)	BBB	A-
Modified Duration	1.96	1.93
Effective Duration	2.27	1.94
Average Time to Maturity	2.10	-
Yield to Maturity	1.93	1.36
Current Yield	2.40	0.06
Average Coupon	2.49	-

### MODIFIED DURATION EVOLUTION



## BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET		RELATIVE	
United Kingdom	20.5%	9.1%	11.3%	
France	13.9%	18.3%	-4.4%	
Germany	10.9%	9.9%	0.9%	
Italy	9.3%	3.0%	6.3%	
Spain	7.6%	4.9%	2.8%	
Netherlands	6.9%	14.3%	-7.3%	
Sweden	5.4%	4.0%	1.4%	
Others	24.2%	36.5%	-12.3%	
Cash	1.3%			

SECTOR	NET		RELATIVE	
Financials	55.7%	44.4%	11.3%	
Consumer Discretionary	11.3%	11.4%	-0.1%	
Energy	6.5%	3.8%	2.6%	
Utilities	6.1%	6.0%	0.1%	
Communication Services	4.9%	5.6%	-0.7%	
Real Estate	4.7%	2.4%	2.3%	
Industrials	2.5%	7.8%	-5.4%	
Others	7.0%	18.4%	-11.4%	
Cash	1.3%			

RATINGS (2ND BEST)	NET		RELATIVE	
AAA	0.5%		-0.5%	
AA	2.1%	13.0%	-10.9%	
A	20.0%	37.4%	-17.4%	
BBB	63.4%	48.6%	14.8%	
BB	12.5%	0.6%	12.0%	
Not Available	0.7%		0.7%	
Cash	1.3%			

MATURITY	NET		RELATIVE	
0-1Y	25.9%	2.1%	23.8%	
1-3Y	61.4%	97.9%	-36.4%	
3-5Y	8.5%		8.5%	
5-10Y	2.1%		2.1%	
Not Available	0.7%		0.7%	
Cash	1.3%			

#### DEALING DETAILS

<b>CUT OFF TIME</b>	T at 1 pm (T being the dealing day)
<b>SETTLEMENT</b>	T+3
<b>VALUATION</b>	Daily
<b>NAV CALCULATION</b>	Day +1
<b>NAV PUBLICATION</b>	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](http://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](http://www.generali-investments.com)), on Generali Investments Luxembourg S.A. (Management Company of Generali Investments SICAV) website ([www.generali-investments.lu](http://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-Italiche.

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