

# GENERALI INVESTMENTS SICAV

## ABSOLUTE RETURN MULTI STRATEGIES - CX

### 28 February 2022



Marketing communication for Professional investors

#### 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>	S. Bruno - L. Colussa - A. Scotti
<b>FUND TYPE</b>	Sicav
<b>DOMICILE</b>	Luxembourg
<b>SUB-FUND LAUNCH DATE</b>	03/07/2006
<b>SHARE CLASS LAUNCH DATE</b>	26/07/2006
<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>	LU0260159792
<b>BLOOMBERG CODE</b>	GISEHSC LX

#### VALUATION

<b>AUM</b>	107.48 M EUR
<b>NAV PER SHARE</b>	115.72 EUR
<b>HIGHEST NAV OVER THE LAST 12 MONTHS</b>	120.10 EUR
<b>LOWEST NAV OVER THE LAST 12 MONTHS</b>	115.64 EUR

#### FEES

<b>SUBSCRIPTION FEE</b>	max. 5%
<b>MANAGEMENT FEE</b>	0.70%
<b>CONVERSION FEE</b>	max. 5%
<b>REDEMPTION FEE</b>	max. 1%
<b>PERFORMANCE FEE</b>	20% p.a. of the yearly performance above the EONIA rate increased by 0.50%
<b>ONGOING CHARGES</b>	0.83%

#### CATEGORY AND RISK PROFILE

<b>CATEGORY</b>	Absolute Return
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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 the €STR Index over medium term under all market conditions pursuing an absolute return strategy. To achieve its objective, the Fund performs an active asset allocation into a diversified portfolio of debt related securities consisting of fixed rate and floating rate bonds of primarily public sector and sovereign issuers, money market instruments, as well as equities, UCITS, UCIs and Exchange Traded Funds on major markets and currencies. In case the Investment Manager has a negative view on a particular asset class, it may implement a synthetic short position through the use of derivatives. The max exposure of the following asset classes in relation to the NAV will be: - 100% in unhedged currency exposure - 50% in equities - 40% in money market instruments - 70% in corporate bonds having Investment Grade Credit Rating - 35% in emerging markets bonds - 35% in derivatives based on eligible financial indices on commodities.

#### PERFORMANCE ANALYSIS AT 28 FEBRUARY 2022



	1M	YTD	1YR	3YR	5YR	3YR P.A.	5YR P.A.
Portfolio	-2.17	-2.94	-3.38	-3.07	-5.00	-1.03	-1.02

	SI	SI P.A.	2021	2020	2019	2018	2017
Portfolio	15.72	0.94	-3.43	0.38	5.53	-4.90	0.87

	02/22-02/21	02/21-02/20	02/20-02/19	02/19-02/18	02/18-02/17
Portfolio	-3.38	-3.06	3.49	-2.38	0.40

#### KEY FEATURES

- Top-down macroeconomic approach to identify market trends and fundamental analysis to support stock selection
- New strategy from January 2019 aimed at maintaining low volatility and monitoring drawdowns
- Portfolio diversification and low correlation through investing in the main asset classes
- True multi-asset approach with a dedicated Management Team

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

### Portfolio Activity

In February, the Fund suffered a 215-bps loss as the escalation of tensions in Ukraine hit the exposure to Central & Eastern European bonds and FX. Losses were also recorded in VIX option structures and corporate bonds, as spreads widened further.

In the equity space, we kept a marginally positive net exposure (+1.2%). The core portfolio (exposed to High Quality / Low Volatility factors) suffered during the first half of the month, but then reversed the underperformance vs the overall market as concerns over the Ukrainian conflict favored a rotation back from Value to Growth and Quality. The Value-driven part of the portfolio performed in the opposite way. The relative trade Banks vs Stoxx 50 performed poorly, more than reversing year-to-date gains, while the Travel & Leisure vs Stoxx 50 was marginally up. Given the unpredictability of the conflict over Ukraine, we preferred to unwind the short call positions on VIX.

In the fixed income part, we maintained a limited exposure to developed government bonds, mostly in Italian inflation linkers (BTP Italia). We kept a large exposure to EM sovereign bonds (22.8% of NAV), which has suffered particularly after the start of the war in Ukraine. We increased the exposure to local-currency bonds in Hungary (2.7%) and Poland (1.6%) and kept the one in Chinese bonds (2.0%). The hard-currency part sums to 16.4%, with a large exposure to Romania EUR-denominated bonds (4.6%). On corporate bonds (35.1%), we maintained a high degree of diversification outside EUR bonds, with 35% of the overall duration exposure in bonds denominated in AUD, GBP, USD and ZAR (all currency hedged).

On the derivative side, in the first part of the month we took profit on the crash structure (long US and UK bonds vs Italian and German ones) and successfully played a tactical re-steepening of the German curve (5-30 and 10-30 years). At the end of the month, we opened a long position in 30-year US Treasury and short 2-year BTPs as yield approached the zero line again. We kept the relative trade with long protection on US HY vs short protection on EM sovereign risk.

The duration was increased a bit further to 2.35 years from 1.77 years before. Overall, we kept a long duration exposure to corporate bonds (+1.33 years), EM bonds (+1.13 years, of which +0.18 years in USD-denominated bonds, +0.69 years in EUR-denominated ones, +0.26 years in local-currency bonds) and US Treasuries (+0.73) and a short one to German Bunds (-0.57) and Italian BTPs (-0.59). On the FX side, we are long HUF (2.7%), CNY (2.0%), CZK (2.0%), PLN (1.6%) and BRL (1.4%), short EUR (-6.2%), TWD (-3.9%) and USD (-1.3%). We also opened a relative trade long JPY (3.4%) and short AUD (-3.0%).

### Outlook

The breakout of the conflict between Russia and Ukraine adds to the uncertainty in financial markets. For risky assets, the main question is about the growth impact, which is likely to come also due to skyrocketing energy and commodity prices. On the other hand, markets have materially repriced the rate hike path for central banks, in particular for the ECB, with the pricing of rate hikes by end-2022 having faded. The equilibrium looks particularly precarious. The Ukrainian crisis has significantly increased the risk of stagflation, so it will be difficult for central banks to ignore inflation for longer, but the downside risks posed by the conflict can also favor a less hawkish stance than just though a few weeks ago.

In this context, it is important to rethink the duration strategy, balancing the downside risks in rates in case of an escalation of the conflict and the scenario of a rebound in yields in case of a de-escalation. US Treasuries can likely offer a better protection in relative terms, while the sharp drop in European short-dated yields suggests a more cautious stance there. Wider spreads in IG credit (already close to 2016 and 2018 peaks) suggests there is some value there (duration hedged) than in High Yield, whose spreads have widened but remain far from previous crisis peaks. In equities, a cautious stance is recommended as uncertainties remain elevated. Option strategies on EU banks can be considered to play a de-escalation of the conflict.

## HOLDINGS & TRANSACTIONS

### TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
BTPS 0 11/29/22	Sovereigns	BBB	3.74%
HUNGARY GOVT 2.5 10/24/24	Sovereigns	BBB	2.84%
COM BK AUSTRALIA 9 04/18/28	Financials	AA-	2.58%
N MACEDONIA BOND 3.675 06/03/26	Sovereigns (Frgrn Curr)	BB-	1.94%
ALBANIA 3.5 10/09/25	Sovereigns (Frgrn Curr)	B+	1.91%
ROMANIA 4.625 04/03/49	Sovereigns (Frgrn Curr)	BBB-	1.85%
AFRICA FINANCE 3.75 10/30/29	Supranationals	A-	1.66%
AFRICA FINANCE 3.125 06/16/25	Supranationals	A-	1.66%
POLAND GOVT BOND 0.25 10/25/26	Sovereigns	A	1.66%
SERBIA REPUBLIC 3.125 05/15/27	Sovereigns (Frgrn Curr)	BB+	1.40%
<b>Total Top 10 (%)</b>			<b>21.24%</b>
<b>Total Top 20 (%)</b>			<b>32.54%</b>

### TOP 10 EQUITY

HOLDING	SECTOR	GROSS %
UCB SA (UCB BB)	Health Care	0.16%
ROCHE HOLDING AG-GENUSSCHEIN	Health Care	0.15%
GJENSIDIGE FORSIKRING ASA (GJF NO)	Financials	0.15%
GEBERIT AG-REG (GEBN SE)	Industrials	0.14%
ADMIRAL GROUP PLC (ADM LN)	Financials	0.14%
INDUSTRIVARDEN AB-A SHS (INDUA SS)	Financials	0.13%
RECORDATI INDUSTRIA CHIMICA (REC IM)	Health Care	0.13%
CHOCOLADEFABRIKEN LINDT-REG (LISN)	Consumer Staples	0.09%
BAE SYSTEMS PLC (BA/ LN)	Industrials	0.09%
KONINKLIJKE KPN NV (KPN NA)	Communication Services	0.09%
<b>Total Top 10 (%)</b>		<b>1.26%</b>
<b>Total Top 20 (%)</b>		<b>2.12%</b>

### TOP 3 SALES OVER THE LAST MONTH

FIXED INCOME
MOROCCO KINGDOM 1.375 03/30/26

### TOP 3 PURCHASES OVER THE LAST MONTH

FIXED INCOME
POLAND GOVT BOND 0.25 10/25/26
HUNGARY GOVT 2.5 10/24/24
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### TOP 3 SALES OVER THE LAST MONTH

EQUITY
VIFOR PHARMA AG (VIFN SE)

### TOP 3 PURCHASES OVER THE LAST MONTH

EQUITY
No Purchases for this period

## PORTFOLIO BREAKDOWNS

■ Fund

ASSET CLASS	NET	RELATIVE
Government	31.5%	
Corporate	30.4%	
Cash & Cash Equivalent	23.1%	
Equities	16.6%	
Others	-1.6%	

CURRENCY	NET	RELATIVE
EUR	94.5%	
JPY	3.4%	
HUF	2.9%	
CZK	2.0%	
Others	-2.7%	

## RATIOS

### PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	1.89	2.87	3.31	3.86
Sharpe Ratio	-1.22	-0.14	-0.16	-0.04
Sortino Ratio	-1.49	-0.17	-0.20	-0.05

### DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-9.0
Peak to trough drawdown (dates)	Jan 11 - Sep 11
Length (in days)	252
Recovery Period (in days)	385
Worst Month	July 2010
Lowest Return	-4.7
Best Month	March 2009
Highest Return	3.7

### PORTFOLIO RISK RATIO

	FUND
VaR (99% - 20days)	2.46

### FINANCIAL RATIO - EQUITY

	FUND
P/Book value	-
P/E Ratio (current)	-
Dividend Yield (%) (current)	2.17
Average Market Cap (in M€)	35,217
Median Market Cap (in M€)	16,609

### FINANCIAL RATIO - FIXED INCOME

	FUND
Z-Spread	229.78
DTS (Duration Times Spread)	666.47
Average Rating (2nd best)	BBB-
Modified Duration	3.01
Effective Duration	2.44
Average Time to Maturity	3.11
Yield to Maturity	4.12
Current Yield	2.17
Average Coupon	2.02




## EQUITY BREAKDOWNS

■ Fund

COUNTRY	NET	RELATIVE	
Luxembourg	22.8%	<div><div></div></div>	
Switzerland	14.0%	<div><div></div></div>	
United Kingdom	13.0%	<div><div></div></div>	
France	9.9%	<div><div></div></div>	
Netherlands	7.1%	<div><div></div></div>	
Germany	6.8%	<div><div></div></div>	
Sweden	6.7%	<div><div></div></div>	
Others	19.7%	<div><div></div></div>	

SECTOR	NET	RELATIVE	
Funds	22.2%	<div><div></div></div>	
Financials	16.0%	<div><div></div></div>	
Health Care	12.0%	<div><div></div></div>	
Consumer Staples	10.6%	<div><div></div></div>	
Industrials	8.9%	<div><div></div></div>	
Materials	7.7%	<div><div></div></div>	
Communication Services	5.9%	<div><div></div></div>	
Others	16.8%	<div><div></div></div>	

CURRENCY	NET	RELATIVE	
EUR	59.5%	<div><div></div></div>	
CHF	14.0%	<div><div></div></div>	
GBP	13.0%	<div><div></div></div>	
SEK	6.7%	<div><div></div></div>	
DKK	4.1%	<div><div></div></div>	
NOK	2.0%	<div><div></div></div>	
USD	0.6%	<div><div></div></div>	

MARKET CAP	NET	RELATIVE
5-30 bn	47.1% 	
Under 5 bn	32.8% 	
Over 30 bn	20.1% 	
No Market Cap	0.0% 	

## FIXED INCOME BREAKDOWNS

■ Fund

COUNTRY	NET	RELATIVE
Italy	14.4%	
United Kingdom	9.6%	
Ireland	8.2%	
Australia	7.5%	
Supranational	7.1%	
Romania	6.7%	
France	6.6%	
Others	39.9%	

SECTOR	NET	RELATIVE
Financials	25.9%	
Sovereigns (Frgrn Curr)	20.1%	
Sovereigns	19.5%	
Funds	8.2%	
Supranationals	7.1%	
Consumer Discretionary	4.1%	
Utilities	3.1%	
Others	11.9%	

RATINGS (2ND BEST)	NET	RELATIVE
AAA	2.2%	
AA	3.8%	
A	13.6%	
BBB	50.1%	
BB	16.3%	
B	6.0%	
Others	1.2%	
Not Available	6.8%	

MATURITY	NET	RELATIVE
0-1Y	6.8%	
1-3Y	18.0%	
3-5Y	38.0%	
5-10Y	25.0%	
10-20Y	1.9%	
Over 20Y	3.5%	
Not Available	6.8%	

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The above holdings are neither representative of the overall portfolio's performance nor do they represent the performance of other holdings held within the portfolio. The composition of the portfolio may change from time to time at the sole discretion of the investment manager.

#### 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](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. 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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