

GENERALI INVESTMENTS SICAV

SRI SUSTAINABLE WORLD EQUITY - CX

28 February 2022



Marketing communication for Professional investors

KEY DATA

MANAGEMENT COMPANY	Generali Investments Luxembourg S.A.
INVESTMENT MANAGER	Generali Investments Partners S.p.A Società di gestione del risparmio
FUND MANAGER	Andrea SCOTTI
BENCHMARK	100% MSCI WORLD (NR)
FUND TYPE	Sicav
DOMICILE	Luxembourg
SUB-FUND LAUNCH DATE	26/07/2006
SHARE CLASS LAUNCH DATE	26/07/2006
FIRST NAV DATE AFTER DORMANT PERIOD	No dormant period
CURRENCY	Euro
CUSTODIAN BANK	BNP Paribas Securities Services Luxembourg
ISIN	LU0260158042
BLOOMBERG CODE	GENDICX LX

VALUATION

AUM	587.41 M EUR
NAV PER SHARE	233.47 EUR
HIGHEST NAV OVER THE LAST 12 MONTHS	253.77 EUR
LOWEST NAV OVER THE LAST 12 MONTHS	196.22 EUR

FEES

SUBSCRIPTION FEE	max. 5%
MANAGEMENT FEE	1.00%
CONVERSION FEE	max. 5%
REDEMPTION FEE	max. 1%
PERFORMANCE FEE	n.a.
ONGOING CHARGES	1.14%

CATEGORY AND RISK PROFILE

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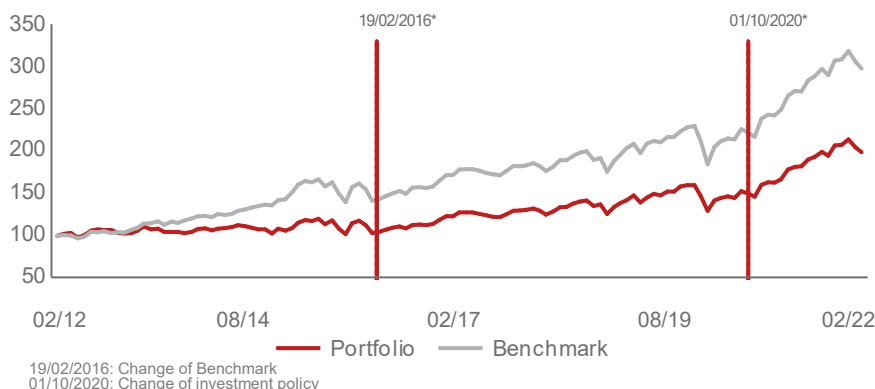
1	2	3	4	5	6	7
Lower risk					Higher risk	
Potentially lower rewards					Potentially higher rewards	

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 and to provide a long-term capital appreciation investing in the equity markets in major developed areas (qualifying as Regulated Markets). The Fund is totally unconstrained in terms of allocation by region and will consider both financial and extra-financial criteria when selecting equity securities. The Fund shall invest at least 90% of its net assets in equities, privileging direct investments in large capitalization. As the Fund shall invest at least 90% of its net assets in equities, this ESG selection process will cover at least 90% of the Fund's portfolio. The issuers of stocks in which the Fund may invest will be subject to a proprietary ethical filter. Global equities will then be selected based on a "Best in class" approach per sector taking into account controversies and relevant material ESG criteria for each given industry sector. The ESG selection process aims at excluding at least 20% of the initial investment universe to guarantee an effective selection of stocks from companies in the investment universe that best meet the relevant material ESG criteria within a given industry sector and, therefore, the ESG quality of the Fund's portfolio.

PERFORMANCE ANALYSIS AT 28 FEBRUARY 2022



	1M	YTD	1YR	3YR	5YR	3YR P.A.	5YR P.A.
Portfolio	-2.81	-7.17	19.28	43.12	55.35	12.68	9.20
Benchmark	-2.72	-6.54	19.68	51.95	66.65	14.95	10.75
Excess return	-0.09	-0.64	-0.40	-8.83	-11.30	-2.27	-1.54

	SI	SI P.A.	2021	2020	2019	2018	2017
Portfolio	133.47	5.58	31.14	2.20	26.73	-3.68	6.01
Benchmark	-	-	31.07	6.33	30.02	-4.11	6.82
Excess return	-	-	0.07	-4.13	-3.29	0.42	-0.81

	02/22-02/21	02/21-02/20	02/20-02/19	02/19-02/18	02/18-02/17
Portfolio	19.28	12.92	6.26	7.20	1.25
Benchmark	19.68	17.05	8.47	7.57	1.96
Excess return	-0.40	-4.13	-2.21	-0.37	-0.71

KEY FEATURES

- Investment primarily in large cap companies listed in global developed markets
- Selection of securities integrating an ESG approach, active management and optimisation of the portfolio to limit the tracking error
- SFDR Classification - Art. 8: The fund promotes, among other characteristics, environmental or social ones, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

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

In February, the world has been shocked by Russia's invasion of Ukraine. Markets reacted violently to the incursion: the ruble and Russian equities plummeted on news of the aggression, and risk premia and energy prices soared on fears of new supply disruption threatening both the energy complex and the global recovery. As military operations intensify, diplomacy is struggling to retake control. To deescalate, President Putin is asking for the demilitarization of Ukraine, a permanent commitment of the country to neutrality (i.e. no joining of NATO) and the recognition of Russian sovereignty over Crimea. This is, however, a non-starter for Ukraine and Western allies, who imposed unprecedented sanctions on Russia.

In the US, the small reliance on energy import and limited trade as well as financial links with Russia reduce the direct impact from the war in Ukraine. The main threat is that the surge in commodity prices adds to the unabated domestic inflationary pressures. Therefore, despite some tentative signs that supply bottlenecks are easing, we expect CPI inflation to stay above 7% yoy for the next couple of months at least. High prices (especially for fuels and commodity, but recently also food) are heavily affecting consumer confidence, which has dropped to an 8-year low in February. That said, labor market fundamentals remain supportive to domestic demand, as well as the decline in Covid cases. Geopolitics should not derail the Fed's monetary normalization path, with the first rate hike expected in March. The process may be paused or delayed only if an escalation triggers a global recession or threatens financial conditions.

In the euro area, the Russian invasion of Ukraine deteriorated the outlook. The direct trade link is relatively small but soaring energy prices will significantly lift inflation and dent purchasing power. Bottlenecks in certain industrial sectors are likely. That said, as Covid-19 measures have been relaxed during the month, the composite PMI rose to 55.8, the strongest reading since September. The labor market is in good shape, households still have huge pandemic-related excess savings they can deploy, and the further unwinding of stringency measures will also support activity. Inflation reached a new high in February, at 5.8%, and is likely to persist at high level. Yet, headwinds to activity, deteriorating financing conditions and huge uncertainties will likely make the Governing Council less decisive on the future policy path. Fiscal spending is also set to increase marginally versus previous estimates.

In the past month, 10-year Bund yields rose by 15 bps and 10-year US yields by 6 bps. The upward movement in yields has been more pronounced in peripherals countries. The Italian spread increased by 25 bps and the Spanish one by 26 bps. Both the European Investment Grade (IG) credit spread and the High Yield (HY) one widened by 41 and 78 bps, respectively. In the US movements were more contained: the IG spread increased by 20 bps and the HY one by 14 bps. As the Ukraine crisis turned to the worse, equity market had another negative month. The MSCI World was down by 2.5%, the S&P500 by 3.0% and the Euro Stoxx 50 by 5.9%. Currently, earnings and margins remain safe, but risks are tilted to the downside given the chance to see lower GDP growth ahead, triggered by even higher energy prices and inflation hurting sentiment.

Portfolio Activity

In February, the fund delivered a 2.79% loss compared to the 2.72% decline in the benchmark (MSCI World net return in EUR). Also in February, ESG names underperformed the overall index on average, as shown by the underperformance of the MSCI World ESG Leaders index (-3.28% in net EUR terms, -56 bps vs the overall index).

At the end of the month, the portfolio remained aligned with our investment philosophy, favoring high-quality companies that exhibit – on average – lower volatility and drawdowns when compared to the broader market. We also despise companies with a worrying level of leverage, preferring those with sound balance sheets, positive profits, and sustainable growth patterns. Alongside financial criteria, we include also Environmental, Social and Governance factors to favor companies with best-in-class ESG profiles industry-wise.

Outlook

The breakout of the conflict between Russia and Ukraine adds to the uncertainty in financial markets. For equities, 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.

Equities moved down after the recognition of the independentist republics in Donbass by Russia and the invasion of Ukraine soon thereafter. Overall, however, the losses were rather contained, with the US equity market even rising in EUR terms thanks to the appreciation of the US dollar. This can largely be attributed to the drop in real yields, which accelerated further in early March. The uncertainties over the spillover effects on growth emanating from the Ukrainian crisis can help reduce the upward pressure on yields and smoothing the monetary policy normalization. Concerns over the latter proved to be a very negative factor in January.

Going forward, however, we cannot ignore the fact that monetary policy normalization will accelerate again, in particular in the US that are less affected by the disruption of higher energy prices. We therefore believe that a prudent approach is recommended. We also confirm the barbell approach in the strategy, favoring safer segments within the equity markets (high-quality and low volatility) which bode well with the positive ESG profile of the strategy as well as some more Value-oriented sectors which will benefit in case of a refocusing towards the reflation trade and the interest rate normalization process.

HOLDINGS & TRANSACTIONS

TOP 10 EQUITY

HOLDING	SECTOR	GROSS %
APPLE INC (AAPL UW)	Information Technology	4.97%
MICROSOFT CORP (MSFT UW)	Information Technology	4.36%
ALPHABET INC-CL A (GOOGL UW)	Communication Services	2.89%
AMAZON.COM INC (AMZN UW)	Consumer Discretionary	2.54%
NVIDIA CORP (NVDA UW)	Information Technology	1.32%
TESLA INC (TSLA UW)	Consumer Discretionary	1.24%
VERIZON COMMUNICATIONS INC (VZ UN)	Communication Services	0.97%
COCA-COLA CO/THE (KO UN)	Consumer Staples	0.93%
ACCENTURE PLC-CL A (ACN UN)	Information Technology	0.85%
BANK OF AMERICA CORP (BAC UN)	Financials	0.80%
Total Top 10 (%)		20.86%
Total Top 20 (%)		28.17%

TOP 3 SALES OVER THE LAST MONTH

No Sales for this period

TOP 3 PURCHASES OVER THE LAST MONTH

No Purchases for this period

RATIOS

PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	9.59	16.86	15.22	13.48
Standard Deviation Bmk	9.76	17.72	15.89	-
Tracking Error	1.35	2.28	1.94	-
Alpha	0.00	-0.02	-0.02	-
Beta	0.97	0.94	0.95	-
R-squared	0.98	0.99	0.99	-
Information Ratio	-0.28	-0.98	-0.79	-
Sharpe Ratio	1.89	0.73	0.60	0.59
Treynor Ratio	20.28	13.11	8.04	-
Sortino Ratio	3.39	1.04	0.85	0.88

NUMBER OF STOCKS

	FUND	BENCHMARK
Number of Positions (ex derivatives)	266	1,539
Out of Benchmark positions	2	-
Active Share	52.31	-
Number of derivative positions	1	-
Equity Derivatives	1	-
Total number of positions	267	1,539

DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-29.3
Peak to trough drawdown (dates)	Feb 20 - Mar 20
Length (in days)	35
Recovery Period (in days)	322
Worst Month	March 2020
Lowest Return	-12.0
Best Month	October 2015
Highest Return	12.6

FINANCIAL RATIO - EQUITY

	FUND	BENCHMARK
P/Book value	-	3.07
P/E Ratio (current)	-	20.14
Dividend Yield (%) (current)	-	1.87
Average Market Cap (in M€)	85,226	32,280
Median Market Cap (in M€)	33,243	12,479

BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET	RELATIVE
United States	61.0% 66.2%	-5.3%
Japan	5.5% 6.4%	-0.9%
Canada	4.5% 3.6%	0.9%
United Kingdom	3.6% 4.1%	-0.5%
Switzerland	3.1% 3.2%	0.0%
Ireland	2.7% 1.5%	1.2%
France	2.7% 3.0%	-0.3%
Others	13.0% 12.1%	0.9%
Cash	3.9%	

SECTOR	NET	RELATIVE
Information Technology	24.1% 22.7%	1.3%
Financials	15.1% 14.0%	1.1%
Consumer Discretionary	11.7% 12.6%	-0.9%
Health Care	11.1% 11.8%	-0.6%
Industrials	8.6% 10.2%	-1.6%
Consumer Staples	7.0% 7.1%	-0.1%
Communication Services	6.4% 7.9%	-1.5%
Others	12.1% 13.7%	-1.6%
Cash	3.9%	

CURRENCY	NET	RELATIVE
USD	64.5% 68.7%	-4.2%
EUR	13.2% 9.0%	4.2%
JPY	5.5% 6.4%	-0.9%
CAD	4.5% 3.5%	1.0%
GBP	4.1% 4.3%	-0.2%
CHF	3.1% 2.9%	0.2%
AUD	2.4% 2.1%	0.3%
Others	2.7% 3.2%	-0.5%

MARKET CAP	NET	RELATIVE
Over 30 bn	63.6% 70.5%	-6.9%
5-30 bn	24.5% 21.0%	3.6%
Under 5 bn	7.9% 8.6%	-0.6%
Cash	3.9%	

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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.

ESG REPORTING

ESG COVERAGE

	FUND	UNIVERSE
Coverage	100.00%	99.81%

SCORES BY PILLAR

Pillar	SCORE
Environment	67.4 65.9
Social	57.3 51.1
Governance	55.2 50.5

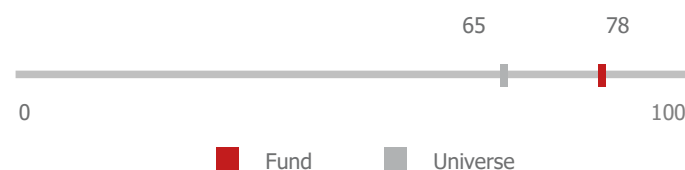
 Fund  Universe

ESG BREAKDOWN BY CATEGORY

CATEGORY	% OF PTF
Leader	28.3% 12.8%
Good	39.7% 26.9%
Above Average	25.8% 31.2%
Average	6.3% 19.4%
Below Average	0.0% 6.6%
Poor	0.0% 2.9%
Laggard	0.0% 0.1%


 Universe

ESG SCORE










CARBON INTENSITY

Carbon Intensity in t eq. CO ₂ /year/\$m of revenue	102.9 138.9
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 Fund  Universe

The ESG scores are defined with the following range:

Fund

-  Leader from 86 to 100
-  Good from 71 to 85
-  Above average from 56 to 70
-  Average from 41 to 55
-  Below average from 26 to 40
-  Poor from 11 to 25
-  Laggard from 0 to 10

ESG INDICATORS

		FUND	UNIVERSE	FUND COVERAGE
Severe controversies related to labour management	Human Rights	3.54	3.46	100.00%
Carbon Intensity (1)	Environment	102.91	138.90	100.00%
Percentage of women in the workforce	Social	39.77%	37.91%	79.86%
Independency of board of directors (2)	Governance	84.42%	79.68%	100.00%

The portfolio should show a better result on at least these two indicators relative to its initial investment universe.

(1) The first indicator with a coverage of at least 90%, (2) while the second one should be covered at a minimum of 70%.

Source: Generali Insurance Asset Management S.p.A. Società di gestione del risparmio.

The carbon intensity is a weighted average scope 1 + 2 intensity in tonnes per million USD of revenues of all issuers covered for the indicator. The coverage percentage is provided for the corporate, supranationals and agencies entities in portfolio (sovereign debt excluded).

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

ESG Glossary

ESG Coverage: Percentage of the portfolio covered by an extra-financial analysis also called “ESG analysis” as the main pillars are: Environment, Social and Governance.

Carbon intensity (tCO₂ eq./million \$): we are referring to the equivalent of the number of tons of carbon dioxide (CO₂) that it takes to a company to make one unit of revenue (1 million \$) per year. The methodology used includes both Scope 1 and Scope 2 emissions where Scope 1 covers direct emissions from owned or controlled sources while Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

ESG score: ESG scores are designed to transparently and objectively measure a company's relative extra-financial performance, commitment and effectiveness across 35 main criteria based on publicly reported data. Based on those criteria, each sector has its own materiality matrix that allows companies ESG scoring taking into account the most material issues within each sector. However, the ESG scores relies on Environment (climate change, energy efficiency...), Social (human resources management, employees' health & safety...) and Governance (composition & diversity of governance bodies, executive compensation...) pillars.

The ESG approach has the main following restraints:

- The availability of data to conduct an ESG analysis
- The quality of the data used in the assessment of ESG quality and impact as there are no universal standards related to ESG information and third party verification is not systematic
- The comparability of data, as not all companies publish the same indicators;
- The use of proprietary methodologies, which relies on the experience and skills of the asset manager's staff

For more details on the ESG investment process, ESG approach and ESG criteria, please refer to the prospectus

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-Italiane.

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