

# GENERALI INVESTMENTS SICAV

## ABSOLUTE RETURN MULTI STRATEGIES - BX

### 30 July 2021



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>	23/04/2009
<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>	LU0260159362
<b>BLOOMBERG CODE</b>	GISEHSM LX
<b>VALUATION</b>	
<b>AUM</b>	134.49 M EUR
<b>NAV PER SHARE</b>	116.06 EUR
<b>HIGHEST NAV OVER THE LAST 12 MONTHS</b>	119.62 EUR
<b>LOWEST NAV OVER THE LAST 12 MONTHS</b>	114.75 EUR
<b>FEES</b>	
<b>SUBSCRIPTION FEE</b>	max. 5%
<b>MANAGEMENT FEE</b>	0.5000%
<b>CONVERSION FEE</b>	max. 5%
<b>REDEMPTION FEE</b>	max. 1%
<b>PERFORMANCE FEE</b>	n.a.
<b>ONGOING CHARGES</b>	0.6500%

#### CATEGORY AND RISK PROFILE

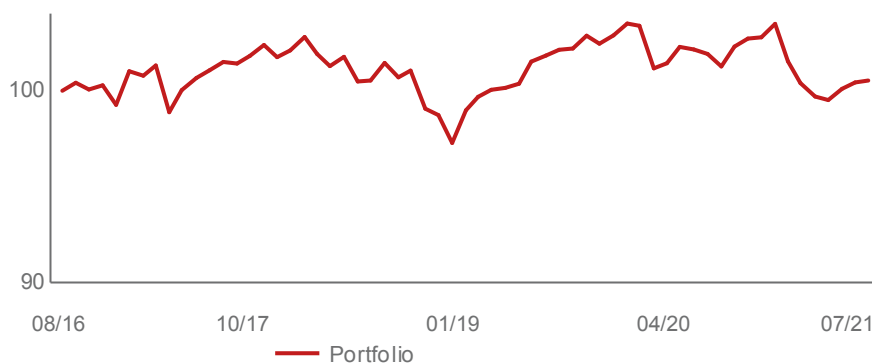
CATEGORY		Absolute Return				
1	2	3	4	5	6	7
Lower risk		Higher risk				
Potentially lower rewards			Potentially higher rewards			

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 Fund seeks an increase of the value of your investment over 3-year higher than the EONIA rate. The portfolio average duration ranges from minus 5 years to plus 7 years. The Fund may not invest more than the following percentages of its net assets in: 50% in stocks, 40% in short term debt instruments, 70% in quality corporate bonds with a rating equal or above Baa3 from Moody's and BBB- from Standard & Poor's, 35% in bonds traded on less developed markets, 35% in financial derivatives based on commodity.

#### PERFORMANCE ANALYSIS AT 30 JULY 2021



	1M	YTD	1YR	3YR	5YR	3YR P.A.	5YR P.A.
Portfolio	0.10	-2.83	-1.35	-0.89	0.47	-0.30	0.09

	SI	SI P.A.	2020	2019	2018	2017	2016
Portfolio	16.06	1.22	0.58	5.73	-4.71	1.07	1.41

	07/21-07/20	07/20-07/19	07/19-07/18	07/18-07/17	07/17-07/16
Portfolio	-1.35	0.08	0.38	-0.05	1.43

#### 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

### Market View

The path to normalcy of many economies has been questioned by a surge in coronavirus cases caused by the highly contagious Delta variant. Europe's tourism sector is at risk as Spain, Portugal and Greece registered a spike in cases, and adopt measures accordingly. The US will not lift travel restrictions either, whilst the UK government opened its borders to fully vaccinated travelers from the U.S. and the European Union. Above the spread of COVID-19, Europe is now worrying about floods too as the death toll reaches 188.

In July, the US Composite PMI further decreased to 59.7, moving further apart from May's record high of 68.1. The Services PMI (59.8) has fallen for 2 months in a row, amid labor shortages and declining consumer sentiment (down 5 pts). Despite PMIs being in expansionary territory, US GDP growth (6.5% qoq annualized) in Q2 was below expectations. This month, as unemployment reached 5.9% and core inflation registered its fastest gain since 1991 (4.5% yoy), Chairman Powell said the Fed is "away from making substantial progress towards stable prices and maximum employment". Accordingly, the Fed took a dovish stance, maintaining interest rates anchored near zero, while tapering talks remain at a premature stage.

In the Euro Area, the momentum in business conditions appears stronger than in the US, with the Composite PMI up to 60.6 in July from 59.5 last month, reaching its steepest pace in 15 years. Both manufacturing and services PMI are in expansion but still constrained by supply shortages. In the second quarter, GDP across the European Union rose by 13.2% compared with the same period last year, but European GDP has yet to return to its pre-pandemic level. The ECB maintains a 'persistently accommodative' stance and, in order to tackle growth and unemployment without having to worry too much about inflationary pressures, it has adjusted its inflation target to a symmetric 2% from 'below but close to 2%'.

In the past month, there has been a decrease in benchmark yields, with the 10-year US yield falling by 20 bps to 1.24% and the 10-year Bund yield by 26 bps to -0.46%. Non-core spreads slightly increased, with the BTP-Bund spread up by 6 bps, reaching 109 and the Bonos-Bund spread by 10 bps to 73. Considering Europe, the Investment Grade (IG) credit spread were little changed, while the High Yield (HY) credit spread increased by 10 bps. The US IG credit spread increased by 5 bps to 91 and the HY credit spread was up by 22 bps to 326.

Overall, global equities were positive with the MSCI World up 1.8%. Equity markets in the US performed better than in Europe with the S&P 500 up by 2.4% and the Euro Stoxx 50 up by 0.8%. The S&P 500 also outperformed the Nasdaq, which this month grew by 1.2%.

### Portfolio Activity

In July, the Fund delivered a small profit, as gains from credit and the core equity portfolio were partly offset by losses in short positions in Bunds and Treasuries.

In the equity space, we kept a marginally positive net exposure (+2%). The core portfolio, exposed to High Quality / Low Volatility factors, posted a 4.6% gain, reversing the year-to-date relative underperformance vs the Stoxx 600. On the other hand, the satellite portfolio, tilted to Value, underperformed as yields moved sharply down. On the derivative side, we reinstated the relative trade on dividend yields (long Euro Stoxx 50 / short Euro Stoxx Banks dividend yield), which posted new gains as banks' dividend suffered. We opened a relative Dow Jones vs S&P 500 trade, as the ratio moved to year-to-date lows. This trade has a Value tilt. The relative trade long Dow Jones / short S&P 500 delivered a small loss due to the rotation out of Value.

In the fixed income space, we kept a limited exposure to developed government bonds, focusing on Italian inflation linkers (BTP Italia). We maintained a large exposure to Emerging Markets bonds (24.3% of the NAV), with Romanian EUR-denominated and Chinese local-currency bonds being the largest exposures. In the corporate bond arena, we maintained a differentiation outside EUR bonds, with 42% of the duration exposure in bonds denominated in AUD, GBP, USD and ZAR (all currency hedged), as whose curves are steeper than in the euro area. On the derivative side, we took profit on the tactical steepening on 10-30Y US curve. We also opened again short positions on 5-year US and 10-year Bunds as yields moved notably lower.

The duration of the portfolio was cut from 2.09 to 0.26 years. Overall, we kept a long duration exposure to corporate bonds (+1.53 years), EM bonds (+1.45 years, of which +0.20 years in USD-denominated bonds, +1.00 years in EUR-denominated ones, +0.25 years in local-currency bonds) and BTPs (+0.29 years). We are short Bunds (-2.71 years) and US Treasuries (-0.50 years).

On the FX side, we are long CNY (3.1% via bonds) vs TWD (-3.7%), long IDR (+1.4%), short USD (-2.0%). We are broadly neutral on the EUR.

### Outlook

Growth peaking scares and dovish Powell at the Fed triggered a massive decline in real yields in July. Market-based 10-year real yields are at the lowest level on record in both the US and the Euro Area. At the same time, equities kept moving higher, with the US posting new record highs as long-term EPS growth estimates exceeded 21% per annum, almost twice the historical median since mid-1980s and even above the peak reached during the Dot Com bubble. Such a dichotomy looks more and more striking, although it largely reflects the willingness of central banks to create inflation and support growth by flooding the system with liquidity and suppressing rates. We believe that the loose monetary policy conducted by the Fed and the ongoing recovery in the labor market will push underlying inflation higher in coming months, up to a point triggering the awaited tapering by the Fed. Depending of the speed of this process, this should create bouts of volatility in the coming months.

Given the extremely low level of real yields and the sharp reversal in the Value recovery on a one hand, and our conviction that rising underlying inflationary pressures amid recovering labor market will weaken the "transitory" argument on price dynamics, we support a more aggressive short duration stance than before. We implement this via a short positioning in the belly of the curve in US Treasuries and German Bunds on the rate side and with the exposure to the Value factor in equities (along with a Quality factor that still provide a hedge). We continue to favor carry strategies in corporate bonds (with low duration) and selected Emerging Market bonds, that have lagged the recent downward movement in yields.

## HOLDINGS & TRANSACTIONS

### TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
ROMANIA 4.625 04/03/49	Sovereigns (Frqn Curr)	BBB-	2.82%
COM BK AUSTRALIA 9 04/18/28	Financials	AA-	2.04%
AFRICA FINANCE 3.75 10/30/29	Supranationals	A-	1.99%
ROMANIA 3.875 10/29/35	Sovereigns	BBB-	1.77%
ROMANIA 3.624 05/26/30	Sovereigns (Frqn Curr)	BBB-	1.73%
N MACEDONIA BOND 5.625 07/26/23	Sovereigns (Frqn Curr)	BB-	1.64%
ALBANIA 3.5 10/09/25	Sovereigns (Frqn Curr)	B+	1.63%
AFRICA FINANCE 3.125 06/16/25	Supranationals	A-	1.31%
UKRAINE GOVT 7.75 09/01/21	Sovereigns (Frqn Curr)	B	1.30%
INDONESIA GOV'T 7 05/15/27	Sovereigns	BBB	1.18%
<b>Total Top 10 (%)</b>			<b>17.41%</b>
<b>Total Top 20 (%)</b>			<b>26.49%</b>

### TOP 10 EQUITY

HOLDING	SECTOR	GROSS %
RECORDATI INDUSTRIA CHIMICA (REC IM)	Health Care	0.17%
GEBERIT AG-REG (GEBN SE)	Industrials	0.16%
LEG IMMOBILIEN SE (LEG GY)	Real Estate	0.16%
GJENSIDIGE FORSIKRING ASA (GJF NO)	Financials	0.16%
HERMES INTERNATIONAL (RMS FP)	Consumer Discretionary	0.16%
L'OREAL (OR FP)	Consumer Staples	0.16%
ROCHE HOLDING AG-GENUSSCHEIN (ROG)	Health Care	0.15%
SANOFI (SAN FP)	Health Care	0.15%
AMUNDI SA (AMUN FP)	Financials	0.14%
Put 20210915 22 VIX Index	Derivatives	0.11%
<b>Total Top 10 (%)</b>		<b>1.52%</b>
<b>Total Top 20 (%)</b>		<b>2.45%</b>

### TOP 3 SALES OVER THE LAST MONTH

#### FIXED INCOME

No Sales for this period

### TOP 3 PURCHASES OVER THE LAST MONTH

#### FIXED INCOME

No Purchases for this period

### TOP 3 SALES OVER THE LAST MONTH

#### EQUITY

INVESTOR AB-B SHS (INVEB SS)  
CRODA INTERNATIONAL PLC (CRDA LN)  
HEXAGON AB-B SHS (HEXAB SS)

### TOP 3 PURCHASES OVER THE LAST MONTH

#### EQUITY

LEG IMMOBILIEN SE (LEG GY)  
NN GROUP NV (NN NA)  
RECORDATI INDUSTRIA CHIMICA (REC IM)

## PORTFOLIO BREAKDOWNS

■ Fund

ASSET CLASS	NET	RELATIVE
Government	30.9%	
Corporate	29.3%	
Cash & Cash Equivalent	20.4%	
Equities	19.5%	
Others	-0.2%	

CURRENCY	NET	RELATIVE
EUR	98.7%	
IDR	1.2%	
USD	1.0%	
DKK	0.9%	
Others	-1.7%	

## RATIOS

### PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	3.00	3.08	3.31	4.11
Sharpe Ratio	-0.28	0.05	0.14	0.12
Sortino Ratio	-0.32	0.06	0.18	0.17

### DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-9.1
Peak to trough drawdown (dates)	Jan 11 - Sep 11
Length (in days)	252
Recovery Period (in days)	343
Worst Month	July 2010
Lowest Return	-4.9
Best Month	August 2010
Highest Return	3.2

### FINANCIAL RATIO - EQUITY

	FUND
P/Book value	-
P/E Ratio (current)	-
Dividend Yield (%) (current)	1.95
Average Market Cap (in M€)	34,902
Median Market Cap (in M€)	17,591

### PORTFOLIO RISK RATIO

	FUND
VaR (99% - 20days)	0.40

### FINANCIAL RATIO - FIXED INCOME

	FUND
Z-Spread	156.17
DTS (Duration Times Spread)	501.61
Average Rating (2nd best)	BBB-
Modified Duration	3.95
Effective Duration	0.05
Average Time to Maturity	3.96
Yield to Maturity	2.25
Current Yield	1.95
Average Coupon	2.08





## EQUITY BREAKDOWNS

■ Fund

COUNTRY	NET	RELATIVE
Luxembourg	19.7%	
France	15.0%	
Switzerland	13.9%	
Germany	11.5%	
United Kingdom	8.4%	
Sweden	7.8%	
Netherlands	6.8%	
Others	17.0%	

SECTOR	NET	RELATIVE	
Funds	19.7%	<div><div></div></div>	
Financials	15.9%	<div><div></div></div>	
Industrials	12.5%	<div><div></div></div>	
Health Care	11.0%	<div><div></div></div>	
Materials	8.0%	<div><div></div></div>	
Consumer Staples	7.5%	<div><div></div></div>	
Consumer Discretionary	7.2%	<div><div></div></div>	
Others	18.2%	<div><div></div></div>	

CURRENCY	NET	RELATIVE	
EUR	60.8%	<div><div></div></div>	
CHF	13.9%	<div><div></div></div>	
GBP	8.4%	<div><div></div></div>	
SEK	7.8%	<div><div></div></div>	
DKK	5.2%	<div><div></div></div>	
USD	2.0%	<div><div></div></div>	
NOK	1.9%	<div><div></div></div>	

MARKET CAP	NET	RELATIVE	
5-30 bn	43.2%		
Under 5 bn	31.8%		
Over 30 bn	24.2%		
No Market Cap	0.9%		

## FIXED INCOME BREAKDOWNS

■ Fund

COUNTRY	NET	RELATIVE
Italy	12.3%	
Ireland	10.0%	
Romania	9.4%	
United Kingdom	9.2%	
Australia	6.6%	
Netherlands	6.1%	
France	6.1%	
Others	40.2%	

SECTOR	NET	RELATIVE
Sovereigns (Frng Curr)	25.0%	
Financials	19.0%	
Sovereigns	16.1%	
Funds	10.0%	
Utilities	5.2%	
Supranationals	5.0%	
Consumer Discretionary	3.4%	
Others	16.2%	

RATINGS (2ND BEST)	NET	RELATIVE
AA	4.1%	
A	10.5%	
BBB	56.6%	
BB	10.4%	
B	7.9%	
NR	1.0%	
Others	0.1%	
Not Available	9.3%	

MATURITY	NET	RELATIVE
0-1Y	3.8%	
1-3Y	11.1%	
3-5Y	27.7%	
5-10Y	40.4%	
10-20Y	2.6%	
Over 20Y	5.0%	
Not Available	9.3%	

**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. 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.

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). 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.