

# GENERALI INVESTMENTS SICAV

## EURO CORPORATE SHORT TERM BOND - CX

### 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>	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>	01/09/2009
<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>	LU0438548363
<b>BLOOMBERG CODE</b>	GSTECCC LX

#### VALUATION

<b>AUM</b>	207.42 M EUR
<b>NAV PER SHARE</b>	122.91 EUR
<b>HIGHEST NAV OVER THE LAST 12 MONTHS</b>	122.91 EUR
<b>LOWEST NAV OVER THE LAST 12 MONTHS</b>	120.50 EUR

#### FEES

<b>SUBSCRIPTION FEE</b>	max. 5%
<b>MANAGEMENT FEE</b>	0.6000%
<b>CONVERSION FEE</b>	max. 5%
<b>REDEMPTION FEE</b>	max. 1%
<b>PERFORMANCE FEE</b>	n.a.
<b>ONGOING CHARGES</b>	0.7600%

#### CATEGORY AND RISK PROFILE

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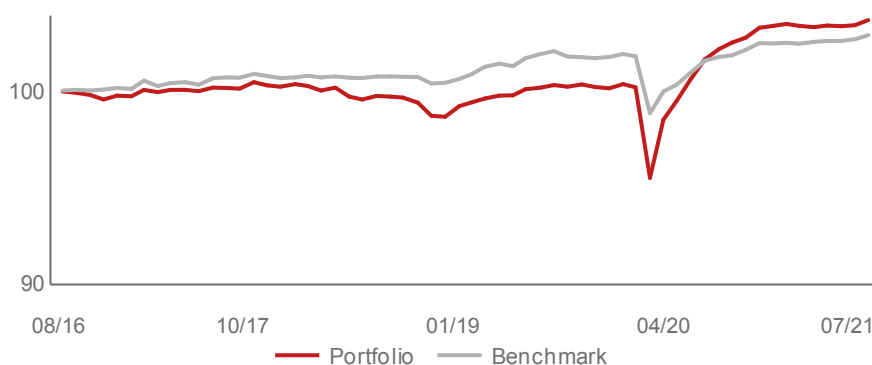
1	2	3	4	5	6	7
Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards

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 30 JULY 2021



	1M	YTD	1YR	3YR	5YR	3YR P.A.	5YR P.A.
Portfolio	0.25	0.29	2.00	3.94	3.79	1.30	0.75
Benchmark	0.22	0.42	1.31	2.13	3.03	0.71	0.60
Excess return	0.03	-0.13	0.69	1.81	0.77	0.59	0.15

	SI	SI P.A.	2020	2019	2018	2017	2016
Portfolio	22.91	1.75	3.22	1.49	-1.55	0.46	0.97
Benchmark	26.16	1.97	0.69	1.34	-0.24	0.51	1.58
Excess return	-3.24	-0.22	2.54	0.15	-1.31	-0.04	-0.61

	07/21-07/20	07/20-07/19	07/19-07/18	07/18-07/17	07/17-07/16
Portfolio	2.00	1.46	0.43	-0.44	0.30
Benchmark	1.31	-0.34	1.16	0.10	0.78
Excess return	0.69	1.80	-0.73	-0.53	-0.48

#### 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:

o During the month we have invested some excess cash into new positions or roundings of existing positions. We had also a redemption of the ONGC Videsh, one the few EM positions we had into the portfolio.

o Concerning derivatives, we still hold a short on Lufthansa (leverage usage 1%). The payer spread plus receiver option strategy we had in place expired with all the legs out-of-the money, so we captured the initial net positive premium as a pure gain.

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 1,69 years). The risk come from a significant allocation to BBB names and an amount of selected BB bonds equal to 17,4% 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 July the monthly "excess return" of Euro investment grade corporate bonds have been 0,09%, while the 1-3 year maturity bucket segment returned +0,07%. Year to date excess return figures are in positive territory (1,04% and 0,73% respectively for the entire market and the 1-3 segment).

The first seven months of the year has been rather easy for investment grade credit investors.... Simply buying the beta and let the carry go. But absolute performances are negative on intermediate and longer parts of the curve, with just the short term segment that was able to return something positive, even if marginally above zero. In this environment just few asset classes are emerging, in particular Corporate Hybrids, sub-Insurance and REITs that did very well in relative terms to government bonds too. Excess returns were positive and this helped the asset class to avoid any kind of vulnerability during the periods of inflation fears or rising core rates. Those risks remain, but they seem mitigated somewhat but the attitude of Central Banks and policy makers. Growth in Eurozone is uneven and in some sectors many companies have now to face the increase of commodity prices and the consequent margin erosion as production costs are spiking up (food, metals are at all time highs).

So, to sum up, there are not major vulnerability outside to derail the carry generation capacity of credit. Thereafter there is room for a continuation of the outperformance of credit products vs govies, even if probably it will be just moderate at year end. We would still try to implement relative value switches entering segments of issuers with robust fundamentals or with the ability to pass production costs to final consumer. Financials in general continue to represent an optimal investment as they have now solid capitalization ratios and could also benefit for higher rates to generate more returns. Recent EBA stress test on Eurozone Banks shows 2 elements: first that Banks arrived to the mid of 2021 with an average CET1 ratio of 15%, historically one on the highest figures. Second, that even after applying the stress test this CET1 ration goes just close to 10%, which is still a quite robust capitalization ratio. Subordinated insurance bonds will probably be added further, while corporate hybrids will remain stable or marginally reduced, in particular the ones issued by commercial real estate operators. Considering the uncertain direction of rates we would also maintain a cautious allocation to the long-end of the curve where we actually find less value adjusted for duration. We also like adding some optionality within portfolios, and we usually find this optionality value into the T1 banking segment, in particular legacy T1 bonds that can be purchased at discount to par for high-single-digit returns if called by the issuer within the end of 2022, which is the most probable call window.

## HOLDINGS & TRANSACTIONS

### TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
ALLIANZ SE 4.75 PERP	Financials	A	3.29%
VODAFONE GROUP 01/03/79	Communication Services	BB+	3.07%
BERTELSMANN SE 04/23/75	Communication Services	BB+	3.03%
TOTALENERGIES SE PERP	Energy	A-	2.95%
GAS NAT FENOSA F PERP	Utilities	BB+	2.91%
AVIVA PLC 07/05/43	Financials	BBB+	2.71%
AXA SA 5.125 07/04/43	Financials	BBB+	2.66%
MBANK 1.058 09/05/22	Financials	BBB-	2.45%
BARCLAYS PLC 0.625 11/14/23	Financials	BBB	2.45%
LLOYDS BK GR PLC 01/15/24	Financials	BBB+	2.45%
<b>Total Top 10 (%)</b>			<b>27.97%</b>
<b>Total Top 20 (%)</b>			<b>48.38%</b>

### TOP 3 SALES OVER THE LAST MONTH

ENI SPA PERP
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### TOP 3 PURCHASES OVER THE LAST MONTH

STELLANTIS NV 3.75 03/29/24
AUTOSTRADA TORIN 3.375 02/13/24
NISSAN MOTOR CO 1.94 09/15/23

## RATIOS

### PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	0.66	3.17	2.47	1.87
Standard Deviation Bmk	0.38	1.42	1.13	1.14
Tracking Error	0.50	2.00	1.57	1.07
Alpha	0.01	-0.01	-0.02	-0.02
Beta	1.12	1.99	1.92	1.88
R-squared	0.42	0.80	0.78	0.77
Information Ratio	1.39	0.30	0.09	-0.21
Sharpe Ratio	3.82	0.54	0.45	0.48
Treynor Ratio	2.08	0.55	-0.24	-0.76
Sortino Ratio	10.54	0.72	0.61	0.66

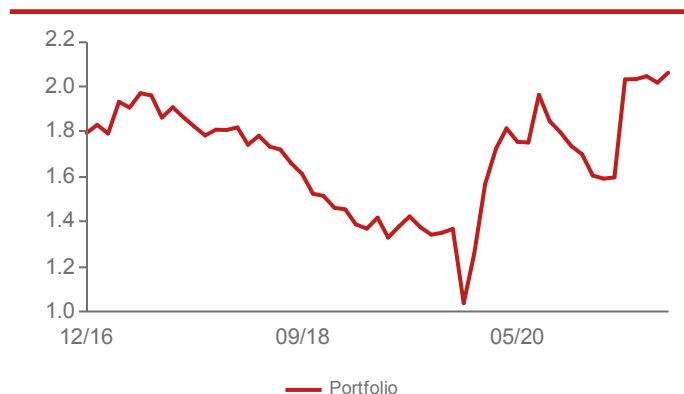
### DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-5.7
Peak to trough drawdown (dates)	Nov 17 - Mar 20
Length (in days)	868
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	79.51	25.71
DTS (Duration Times Spread)	174.95	49.97
Average Rating (2nd best)	BBB-	A-
Modified Duration	2.06	1.98
Effective Duration	1.81	1.93
Average Time to Maturity	1.75	2.07
Yield to Maturity	1.30	0.00
Current Yield	2.29	0.11
Average Coupon	2.43	1.52

### MODIFIED DURATION EVOLUTION



## BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET		RELATIVE	
United Kingdom	20.5%	8.5%	12.0%	
Germany	14.8%	14.8%	0.0%	
France	14.2%	18.1%	-3.9%	
Italy	12.1%	4.6%	7.5%	
Spain	9.4%	5.9%	3.5%	
Netherlands	5.7%	5.8%	-0.1%	
Japan	4.9%	2.2%	2.7%	
Others	13.8%	40.2%	-26.4%	
Cash	4.6%			

RATINGS (2ND BEST)	NET		RELATIVE	
AAA	0.1%		-0.1%	
AA	0.7%	8.7%	-8.0%	
A	13.5%	37.6%	-24.2%	
BBB	62.2%	53.6%	8.6%	
BB	19.0%		19.0%	
Not Available	0.0%		0.0%	
Cash	4.6%			

SECTOR	NET		RELATIVE	
Financials	53.2%	43.8%	9.4%	
Consumer Discretionary	10.5%	12.5%	-1.9%	
Utilities	7.8%	6.2%	1.6%	
Communication Services	6.1%	5.7%	0.4%	
Energy	5.3%	3.4%	1.9%	
Industrials	4.1%	7.7%	-3.5%	
Real Estate	3.3%	2.7%	0.6%	
Others	5.0%	18.1%	-13.1%	
Cash	4.6%			

MATURITY	NET		RELATIVE	
0-1Y	19.4%	3.9%	15.5%	
1-3Y	65.8%	96.1%	-30.2%	
3-5Y	8.5%		8.5%	
5-10Y	1.6%		1.6%	
Not Available	0.0%		0.0%	
Cash	4.6%			

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The above holdings are neither representative of the overall portfolios 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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