

GENERALI INVESTMENTS SICAV

EURO CORPORATE BOND - CX

30 July 2021



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	Fabrizio VIOLA
BENCHMARK	100% BARCLAYS EURO AGG CORPORATE (TR)
FUND TYPE	Sicav
DOMICILE	Luxembourg
SUB-FUND LAUNCH DATE	02/04/2002
SHARE CLASS LAUNCH DATE	05/10/2005
FIRST NAV DATE AFTER DORMANT PERIOD	29/03/2007
CURRENCY	Euro
CUSTODIAN BANK	BNP Paribas Securities Services Luxembourg
ISIN	LU0145483276
BLOOMBERG CODE	GENECCX LX
VALUATION	
AUM	146.52 M EUR
NAV PER SHARE	162.97 EUR
HIGHEST NAV OVER THE LAST 12 MONTHS	162.97 EUR
LOWEST NAV OVER THE LAST 12 MONTHS	156.64 EUR
FEES	
SUBSCRIPTION FEE	max. 5%
MANAGEMENT FEE	0.6000%
CONVERSION FEE	max. 5%
REDEMPTION FEE	max. 1%
PERFORMANCE FEE	n.a.
ONGOING CHARGES	0.7500%

CATEGORY AND RISK PROFILE

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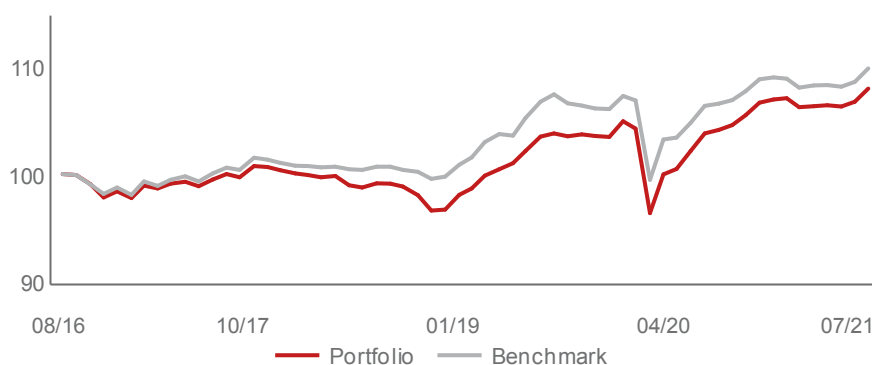
1	2	3	4	5	6	7
Lower risk						Higher risk
Potentially lower rewards						Potentially higher rewards

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 corporate debt securities denominated in Euro. The Fund shall essentially invest in corporate bonds 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	1.14	0.93	3.99	8.83	8.33	2.86	1.61
Benchmark	1.14	0.75	3.23	9.02	10.23	2.92	1.97
Excess return	-0.01	0.19	0.75	-0.20	-1.91	-0.06	-0.35

	SI	SI P.A.	2020	2019	2018	2017	2016
Portfolio	62.97	3.46	3.35	6.95	-3.62	1.95	4.00
Benchmark	71.24	3.82	2.77	6.24	-1.25	2.30	4.85
Excess return	-8.28	-0.36	0.58	0.71	-2.36	-0.35	-0.85

	07/21-07/20	07/20-07/19	07/19-07/18	07/18-07/17	07/17-07/16
Portfolio	3.99	0.29	4.35	-0.36	-0.10
Benchmark	3.23	-0.35	5.98	0.62	0.49
Excess return	0.75	0.64	-1.63	-0.98	-0.59

KEY FEATURES

- Active approach to investments in high quality, Euro denominated, IG corporate bonds
- Benefits from the expertise of our renowned credit team
- Disciplined risk control with below-the-average volatility over the long term
- Value added through securities' selection 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

FUND MANAGER'S COMMENTS

During July we put in place the following trading strategies:

o After the important rebalancing occurred last month, inspired by relative value considerations, during the month we have limited the turnover and let the portfolio capture the carry.

o Concerning derivatives, we still hold a short on Lufthansa (leverage usage 0,7%). 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 is long with respect to pure credit risk and slightly short on interest rate duration (-0.09 years). The risk come from an overweight to BBB against single A and the addition to a small percentage of BB high Yield names (6.6%). In terms of curve positioning we are concentrated into the 3-5 and 7-10 year part, while we have an underweight on the longest part of the curve 10+. Subordination levels are also an important element to look at and under this respect we continue to like corporate hybrids and selectively T1 financials. We are positively allocated to T2 and long now also on senior non-preferred bonds (T3) but we aim to add more those if they become cheaper, especially the ones with the green label that could prove to be more stable if volatility arrives. Finally, looking at the sector distribution, financials is the sector where we have done the greatest selection efforts, as it represents the first sector in terms of credit risk. Within financials we actually prefer to take risks on Insurance subordinated paper and high beta T1. Within non-financials we essentially favor corporate hybrids into materials, energy and utilities and underweight cyclical, heavy industries and capital goods. 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 %
NESTLE FIN INTL 1.125 04/01/26	Consumer Staples	AA-	3.28%
AIB GROUP PLC 05/30/31	Financials	BB+	1.77%
STATE GRID OSEAS 1.75 05/19/25	Utilities	A+	1.74%
HONEYWELL INTL 0 03/10/24	Industrials	A	1.72%
CNH IND FIN 1.875 01/19/26	Industrials	BBB-	1.62%
MAPFRE 1.625 05/19/26	Financials	BBB+	1.57%
STANDARD CHART 0.75 10/03/23	Financials	BBB+	1.53%
PRAXAIR INC 1.625 12/01/25	Materials	A	1.49%
ARGENTA SPBNK 1 10/13/26	Financials	BBB	1.42%
NORDEA BANK 0.375 05/28/26	Financials	AA-	1.42%
Total Top 10 (%)			17.56%
Total Top 20 (%)			29.55%

TOP 3 SALES OVER THE LAST MONTH

WPP FINANCE 2.375 05/19/27

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	1.58	4.75	3.85	3.49
Standard Deviation Bmk	1.62	3.89	3.23	3.21
Tracking Error	0.39	1.60	1.28	1.21
Alpha	0.02	-0.01	-0.01	-0.01
Beta	0.95	1.16	1.13	1.12
R-squared	0.94	0.90	0.90	0.89
Information Ratio	1.93	-0.03	-0.28	-0.29
Sharpe Ratio	2.80	0.67	0.51	0.60
Treynor Ratio	4.55	2.27	0.35	-0.24
Sortino Ratio	5.58	0.84	0.65	0.79

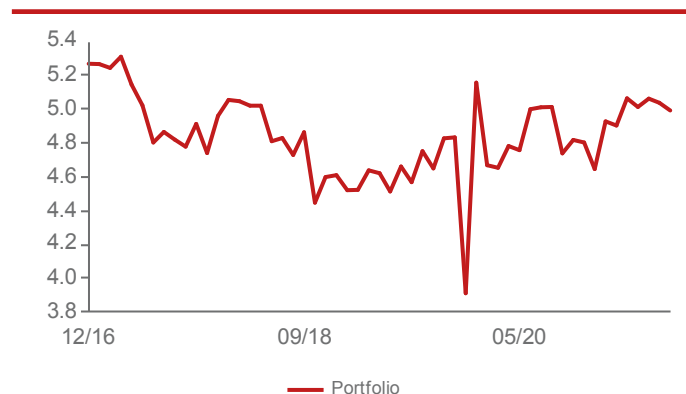
DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-9.6
Peak to trough drawdown (dates)	Feb 20 - Mar 20
Length (in days)	28
Recovery Period (in days)	210
Worst Month	March 2020
Lowest Return	-7.5
Best Month	April 2020
Highest Return	3.7

FINANCIAL RATIO - FIXED INCOME

	FUND	BENCHMARK
Z-Spread	97.42	46.04
DTS (Duration Times Spread)	562.35	246.23
Average Rating (2nd best)	BBB	BBB+
Modified Duration	4.99	5.30
Effective Duration	5.20	5.27
Average Time to Maturity	5.44	5.70
Yield to Maturity	0.96	0.31
Current Yield	1.67	0.08
Average Coupon	1.81	1.45

MODIFIED DURATION EVOLUTION



BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET	RELATIVE
France	15.8% 20.2%	-4.4%
United States	14.8% 20.2%	-5.4%
United Kingdom	14.7% 8.6%	6.1%
Spain	7.1% 5.8%	1.3%
Germany	7.0% 14.0%	-7.0%
Italy	6.9% 5.0%	1.9%
Switzerland	6.0% 3.2%	2.8%
Others	26.7% 22.9%	3.8%
Cash	0.9%	

RATINGS (2ND BEST)	NET	RELATIVE
AAA	0.3%	-0.3%
AA	6.6% 5.9%	0.7%
A	25.6% 35.3%	-9.7%
BBB	56.9% 58.5%	-1.6%
BB	10.0% 0.0%	10.0%
Not Available	0.0%	0.0%
Cash	0.9%	

SECTOR	NET	RELATIVE
Financials	45.7% 36.3%	9.4%
Real Estate	10.1% 5.0%	5.0%
Consumer Staples	8.0% 8.4%	-0.3%
Energy	5.9% 4.6%	1.2%
Utilities	5.7% 7.4%	-1.6%
Industrials	5.7% 8.6%	-2.9%
Health Care	4.9% 5.9%	-1.0%
Others	13.1% 23.8%	-10.7%
Cash	0.9%	

MATURITY	NET	RELATIVE
0-1Y	3.9% 1.0%	2.9%
1-3Y	20.0% 25.6%	-5.6%
3-5Y	28.0% 26.1%	1.9%
5-10Y	42.8% 37.7%	5.2%
10-20Y	3.0% 9.1%	-6.1%
Over 20Y	1.2% 0.4%	0.8%
Not Available	0.0%	0.0%
Cash	0.9%	

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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), 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-Italiche.

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