

GENERALI INVESTMENTS SICAV

SUSTAINABLE WORLD EQUITY - EX

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	Andrea SCOTTI
BENCHMARK	100% MSCI WORLD (NR)
FUND TYPE	Sicav
DOMICILE	Luxembourg
SUB-FUND LAUNCH DATE	26/07/2006
SHARE CLASS LAUNCH DATE	22/11/2006
FIRST NAV DATE AFTER DORMANT PERIOD	No dormant period
CURRENCY	Euro
CUSTODIAN BANK	BNP Paribas Securities Services Luxembourg
ISIN	LU0260159107
BLOOMBERG CODE	GENDVEQ LX
VALUATION	
AUM	374.19 M EUR
NAV PER SHARE	174.29 EUR
HIGHEST NAV OVER THE LAST 12 MONTHS	175.98 EUR
LOWEST NAV OVER THE LAST 12 MONTHS	132.32 EUR
FEES	
SUBSCRIPTION FEE	max. 5%
MANAGEMENT FEE	2.2000%
CONVERSION FEE	max. 5%
REDEMPTION FEE	max. 3%
PERFORMANCE FEE	n.a.
ONGOING CHARGES	2.3800%

CATEGORY AND RISK PROFILE

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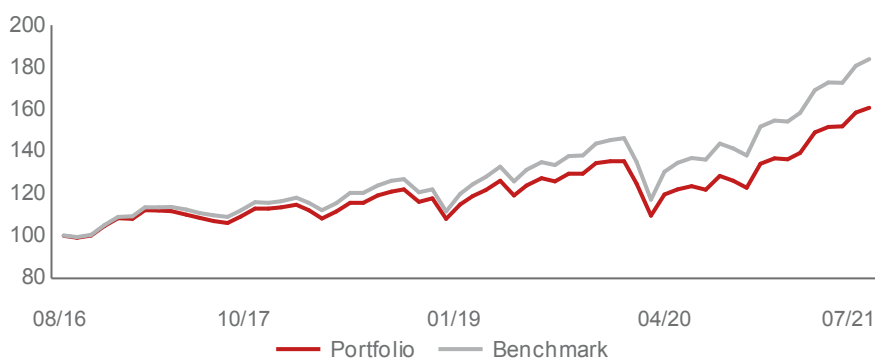
1	2	3	4	5	6	7
Lower risk			Higher risk			
Potentially lower rewards			Potentially higher rewards			

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 shall essentially invest in equities. Equity exposure privileges direct investments in large capitalization, but small and mid-sized capitalizations are not excluded. The Fund may also invest on an ancillary basis in cash, money market instruments, debt securities, equity-linked securities. 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	1.46	17.55	31.72	34.64	61.00	10.42	9.98
Benchmark	1.80	18.74	34.70	48.09	83.76	13.98	12.93
Excess return	-0.34	-1.19	-2.98	-13.45	-22.77	-3.56	-2.94

	SI	SI P.A.	2020	2019	2018	2017	2016
Portfolio	74.29	3.85	0.94	25.17	-4.87	4.71	8.10
Benchmark	-	-	6.33	30.02	-4.11	6.82	10.64
Excess return	-	-	-5.39	-4.85	-0.77	-2.10	-2.54

	07/21-07/20	07/20-07/19	07/19-07/18	07/18-07/17	07/17-07/16
Portfolio	31.72	-4.30	6.80	11.34	7.40
Benchmark	34.70	0.97	8.89	12.74	10.07
Excess return	-2.98	-5.26	-2.09	-1.40	-2.67

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 review

Markets began the second half of the year with a reasonably strong performance in July as the MSCI World Index rallied +1.7% in July (+1.6% in €). Sentiment was supported by reassuring comments from central banks officials and good corporate earnings, which helped to outweigh growing concerns about the spread of the more-infectious Delta variant in numerous countries, as well as a regulatory crackdown in China that led to a large selloff in Chinese equities.

From a macroeconomic standpoint, 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%.

Focusing on equity markets, global equities rallied in July which was the sixth consecutive positive monthly return. The positive signal from strengthening earnings globally outweighed the negatives of the spread of the Covid Delta variant and the China regulatory crackdown on technology and education sectors. The US (MSCI US +2.3% in \$) and Europe (MSCI Europe +1.8% in €) rallied during the month, while the fall in the China's equity market weighed heavily on Asia and Emerging Markets (MSCI EM -7% in \$). From a sector standpoint, the global Tech and Health Care sectors led performance (+3.6% and 3.5%, resp.) while a mix of defensive (Utilities) and cyclical sectors (Materials) also outperformed. The global Energy sector (-6.4%) was the worst performer during the month, and the fall in the US 10-year bond yield weighed negatively on the performance of the global Banks sector (-2.4%).

Portfolio activity

In July we seized the opportunity to rebalance the equity portfolio after the good performance of the last months. We stay loyal to our investment philosophy, tilting the portfolio towards high quality companies that exhibited a lower volatility and drawdown in the recent past when compared to the market. We also despise companies that are too leveraged, preferring those with sound balance sheets, positive profits and sustainable growth profiles. Alongside financial analyses, we include also Environmental, Social and Governance criteria in order to favor companies with best-in-class ESG metrics industry-wise. More specifically, during the month we took profit on some names that performed very well in the second quarter realigning the portfolio to our principles and taking into account the developments of the last months. From a sector standpoint, we slightly decreased the exposure to Energy and Industrials while adding to Materials. We slightly decreased also the exposure to Japan whilst slightly adding to Europe.

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 EPS growth is revised upwards. Such dichotomy largely reflects the willingness of central banks to create inflation and support growth by flooding the system with liquidity and suppressing rates. The loose monetary policy conducted by the Fed and the ongoing recovery in the labor market will likely 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.

In this context, we are getting more and more cautious on equities as aggressive EPS growth estimates over the next years are coupled with PEs still close to historical highs. We also recognize the lack of alternatives to equity investments (due to low rates, likely increase in yields etc.) and therefore we believe that technical factors like positioning and flows will remain well supportive for the asset class. As a result, we remain positioned for a sideways move in equities, and we keep a barbell approach, 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" sectors which will benefit from a continuation of the reflation trade and rising bond yields. Should indeed rising yields – and in particular real rates – increase the frequency of volatility spikes and market corrections, cyclical and value sectors seem an interesting pocket were to invest given their positive correlation to rates after years of underperformance in favor of more defensives and growth sectors.

HOLDINGS & TRANSACTIONS

TOP 10 EQUITY

HOLDING	SECTOR	GROSS %
APPLE INC (AAPL UW)	Information Technology	4.24%
MICROSOFT CORP (MSFT UW)	Information Technology	4.03%
ALPHABET INC-CL A (GOOGL UW)	Communication Services	2.88%
AMAZON.COM INC (AMZN UW)	Consumer Discretionary	2.60%
NVIDIA CORP (NVDA UW)	Information Technology	1.08%
TESLA INC (TSLA UW)	Consumer Discretionary	0.86%
VISA INC-CLASS A SHARES (V UN)	Information Technology	0.85%
ACCENTURE PLC-CL A (ACN UN)	Information Technology	0.81%
ASML HOLDING NV (ASML NA)	Information Technology	0.81%
ADOBE INC (ADBE UW)	Information Technology	0.79%
Total Top 10 (%)		18.94%
Total Top 20 (%)		25.48%

TOP 3 SALES OVER THE LAST MONTH

BERKSHIRE HATHAWAY INC-CL B (BRK/B)
UNITEDHEALTH GROUP INC (UNH UN)
JPMORGAN CHASE & CO (JPM UN)

TOP 3 PURCHASES OVER THE LAST MONTH

PROCTER & GAMBLE CO/THE (PG UN)
JOHNSON MATTHEY PLC (JMAT LN)
MASTERCARD INC - A (MA UN)

RATIOS

PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	12.35	17.68	15.28	13.71
Standard Deviation Bmk	12.58	18.64	15.95	-
Tracking Error	1.12	1.67	1.40	-
Alpha	-0.03	-0.05	-0.04	-
Beta	0.98	0.95	0.96	-
R-squared	0.99	0.99	0.99	-
Information Ratio	-2.65	-2.11	-2.10	-
Sharpe Ratio	2.27	0.57	0.65	0.51
Treynor Ratio	32.79	10.43	9.16	-
Sortino Ratio	4.55	0.80	0.92	0.76

NUMBER OF STOCKS

	FUND	BENCHMARK
Number of Positions (ex derivatives)	314	1,559
Out of Benchmark positions	1	-
Active Share	50.64	-
Number of derivative positions	-	-
Total number of positions	314	1,559

DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-29.4
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	12.5

FINANCIAL RATIO - EQUITY

	FUND	BENCHMARK
P/Book value	-	3.28
P/E Ratio (current)	-	26.96
Dividend Yield (%) (current)	-	1.65
Average Market Cap (in M€)	74,791	30,324
Median Market Cap (in M€)	32,819	12,343

BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET	RELATIVE
United States	62.9% 65.3%	-2.4%
Japan	5.0% 6.6%	-1.6%
Canada	4.4% 3.3%	1.1%
United Kingdom	4.0% 4.0%	0.0%
France	3.6% 3.1%	0.5%
Germany	3.1% 2.7%	0.4%
Switzerland	3.0% 3.2%	-0.2%
Others	11.8% 11.8%	0.0%
Cash	2.2%	

SECTOR	NET	RELATIVE
Information Technology	24.9% 22.9%	2.0%
Financials	14.9% 13.3%	1.5%
Consumer Discretionary	12.6% 12.8%	-0.2%
Health Care	11.1% 11.9%	-0.8%
Industrials	9.6% 10.6%	-1.0%
Communication Services	7.6% 8.9%	-1.3%
Consumer Staples	5.2% 7.0%	-1.8%
Others	11.8% 12.6%	-0.8%
Cash	2.2%	

CURRENCY	NET	RELATIVE
USD	65.0% 67.8%	-2.8%
EUR	12.3% 9.7%	2.6%
JPY	6.2% 6.6%	-0.4%
CAD	4.5% 3.3%	1.2%
GBP	4.3% 4.2%	0.0%
CHF	3.0% 2.9%	0.1%
AUD	2.0% 2.0%	-0.1%
Others	2.8% 3.4%	-0.6%

MARKET CAP	NET	RELATIVE
Over 30 bn	66.2% 68.0%	-1.8%
5-30 bn	24.8% 23.0%	1.8%
Under 5 bn	6.7% 9.0%	-2.3%
Cash	2.2%	

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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-Italiane.

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