

## 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>	15/07/2009
<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>	LU0438548280
<b>BLOOMBERG CODE</b>	GSTECBC LX
<b>VALUATION</b>	
<b>AUM</b>	198.85 M EUR
<b>NAV PER SHARE</b>	126.66 EUR
<b>HIGHEST NAV OVER THE LAST 12 MONTHS</b>	126.90 EUR
<b>LOWEST NAV OVER THE LAST 12 MONTHS</b>	115.11 EUR
<b>FEES</b>	
<b>SUBSCRIPTION FEE</b>	max. 5%
<b>MANAGEMENT FEE</b>	0.35%
<b>CONVERSION FEE</b>	max. 5%
<b>REDEMPTION FEE</b>	max. 1%
<b>PERFORMANCE FEE</b>	n.a.
<b>ONGOING CHARGES</b>	0.51%

## CATEGORY AND RISK PROFILE

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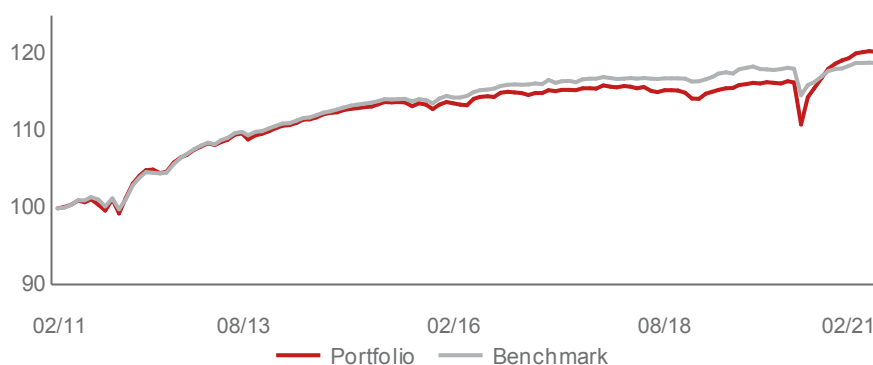
1	2	3	4	5	6	7
Lower risk Potentially lower rewards			Higher risk Potentially higher rewards			

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 26 FEBRUARY 2021



	1M	YTD	1YR	3YR	5YR	3YR P.A.	5YR P.A.
Portfolio	-0.08	0.03	3.43	3.88	6.13	1.28	1.20
Benchmark	-0.04	-0.02	0.64	1.65	3.72	0.55	0.73
Excess return	-0.04	0.05	2.79	2.24	2.41	0.73	0.46

	SI	SI P.A.	2020	2019	2018	2017	2016
Portfolio	26.75	2.06	3.48	1.75	-1.30	0.67	1.18
Benchmark	28.27	2.16	0.69	1.34	-0.24	0.51	1.58
Excess return	-1.52	-0.10	2.80	0.41	-1.06	0.16	-0.40

	02/21-02/20	02/20-02/19	02/19-02/18	02/18-02/17	02/17-02/16
Portfolio	3.43	1.05	-0.60	0.41	1.74
Benchmark	0.64	0.92	0.09	0.25	1.79
Excess return	2.79	0.13	-0.68	0.17	-0.05

## 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 February we put in place the following trading strategies:

- We started the month with a significant portion of liquidity to be ready to capture some primary opportunity or secondary flows. We remained on the sidelines for all the month, and we decided to partially enter at month end adding 3 small positions. We will continue to explore opportunities in the short end of the curve as they materialize.

- Concerning derivatives, we still hold a short on Lufthansa (leverage usage 0,8%) and a hedging strategy on X-Over (leverage usage 7.5%).

Portfolio positioning would continue to show a small overweight in terms of credit risk while slightly short in terms of interest rate duration (close to 1,82 years). The risk come from a significant allocation to BBB names and an amount of selected BB bonds equal to 11,4% 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 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 cyclicals, 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 February the monthly "excess return" of Euro Investment Grade (IG) corporate bonds have been 0,31%, while the 1-3 year maturity bucket segment returned +0,17%. Year to date excess return figures are in positive territory (0,32% and 0,24% respectively for the entire market and the 1-3 segment).

Concerning high grade credits there are not many material elements to add. We are always more in favor of a theory of the "trading range" for many asset classes, including spread products, even a tight range with little dispersion inside sectors. All are waiting for a catalyst or some new macro data confirming if the trend is deflationary or inflationary, together with a bit of GDP growth at least, which is necessary to support current valuations. To note the overperformance of Italian related assets after the appointment of Draghi as PM, subordinated financials and BBB rated bonds, a trend that could even continue together with the repricing of the BTP curve. From the analysis of major credit indexes highlighting where they stand in terms of duration and spread appears the non-advantage of going long in credit spread duration terms, the low dispersion between BBB and single-A rated issuers and the good relative value of corporate hybrids versus subordinated financials (predominantly T2 in the Investment Grade space).

At present the two major risk factors are the vaccine roll-out and the fear of sell-off driven by sharp repricing of rates and/or break-even inflation. While the first element seems under control even if slightly behind the curve in some countries, the second element is disturbing investor's minds. Which is the tolerance level for rates increases before to capitulate and sell IG bonds? Normally slightly higher rates or moderate jumps of inflation expectations are good for credits as they signal a better economic outlook, but in present market conditions where IG spread are quite stretched, this relation seems fragile. In any case, we should start to be really concerned if one or more of those three elements materialize:

1. Major shift in policy by Central Banks: this has a very low probability as Central Bank are providing greater attention to rates volatility, especially on the long end that they would like to anchor even more.
2. Disruptive jumps in inflation: this seems under control. Recent upward move of nominal rates was driven only by a repricing of real rates to express a better economic outlook. Inflation rates are flat for the time being, even forward rates, indicating few pressures on consumer prices or salaries. We cannot exclude inflation in certain segments and products, but it will be because of bottom-neck in the supply chain and not because of increases of final demand, and in any case, they will be short-lived episodes.
3. Real money and liability driven investors refuse to step-in waiting for marginal better entry points: with the abundant liquidity around it's difficult to see such investors remaining on the sidelines for so long.

In this context and considering above elements, we think that the attitude toward risky spread products will remain constructive, maybe adding risk at any sell-off. Therefore, we would maintain a moderate positive view on financials T2 (bank and Insurance, apart UK names) and an opportunistic view on more subordinated capital bonds (At1 if issued at cheap levels to secondary, legacy instruments). Within non-financials we would approach a partial/moderate risk reduction-profit taking attitude starting from highly leveraged players in Auto, Industrial, Materials, Chemicals and Media sectors. Corporate hybrids are still a stable portion of the portfolio given their stability, extra carry over senior bonds and the absence of regulatory risk that could put at risk callability or other contractual elements.

## HOLDINGS & TRANSACTIONS

### TOP 10 FIXED INCOME

HOLDING	SECTOR	RATING	GROSS %
INMOBILIARIA COL 2.728 06/05/23	Real Estate	BBB	3.54%
ALLIANZ SE 4.75 PERP	Financials	A	3.39%
TOTAL SE PERP	Energy	A	3.17%
AVIVA PLC 07/05/43	Financials	BBB+	2.96%
AXA SA 5.125 07/04/43	Financials	BBB+	2.88%
MBANK 1.058 09/05/22	Financials	BBB-	2.55%
LLOYDS BK GR PLC 01/15/24	Financials	BBB+	2.55%
BARCLAYS PLC 0.625 11/14/23	Financials	BBB	2.55%
SES PERP	Communication Services	BB	2.19%
VOLVO TREAS AB 03/10/78	Industrials	BBB	2.18%
<b>Total Top 10 (%)</b>			<b>27.95%</b>
<b>Total Top 20 (%)</b>			<b>47.31%</b>

### TOP 3 SALES OVER THE LAST MONTH

No Sales for this period

### TOP 3 PURCHASES OVER THE LAST MONTH

RAIFFEISEN BK IN 6 10/16/23  
SOCIETE GENERALE 4 06/07/23  
DVB BANK SE 1.25 06/16/23

## RATIOS

### PERFORMANCE AND RISK ANALYSIS - SYNTHESIS

	1YR	3YR	5YR	SI
Standard Deviation Ptf	5.42	3.17	2.48	1.90
Standard Deviation Bmk	2.39	1.43	1.14	1.18
Tracking Error	3.41	2.01	1.57	1.09
Alpha	0.03	-0.00	-0.01	-0.01
Beta	2.06	1.98	1.91	1.88
R-squared	0.82	0.79	0.77	0.77
Information Ratio	0.82	0.37	0.30	-0.10
Sharpe Ratio	0.70	0.53	0.63	0.56
Treynor Ratio	1.82	0.53	-0.08	-0.60
Sortino Ratio	0.97	0.72	0.85	0.77

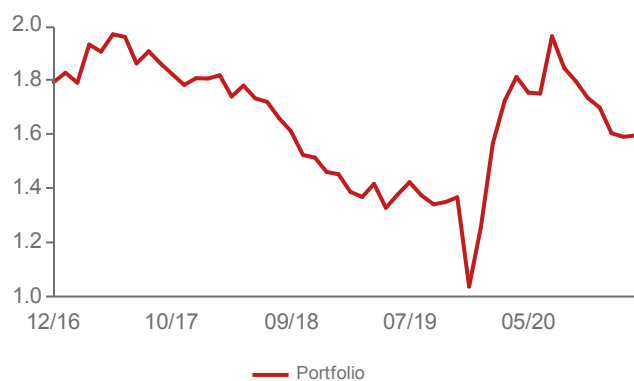
### DRAWDOWN

	SINCE INCEPTION
Maximum drawdown (%)	-5.6
Peak to trough drawdown (dates)	Feb 20 - Mar 20
Length (in days)	28
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	15.57	44.19
DTS (Duration Times Spread)	26.39	86.58
Average Rating (2nd best)	BBB	A-
Modified Duration	1.60	1.91
Effective Duration	1.89	1.89
Average Time to Maturity	5.04	2.02
Yield to Maturity	1.75	0.13
Current Yield	2.55	0.12
Average Coupon	2.64	1.62

### MODIFIED DURATION EVOLUTION



## BREAKDOWNS

■ Fund ■ Benchmark ■ Relative

COUNTRY	NET		RELATIVE	
United Kingdom	17.1%	9.6%	7.4%	
Germany	16.3%	16.1%	0.2%	
France	15.0%	17.8%	-2.8%	
Spain	11.5%	5.3%	6.3%	
Italy	10.5%	4.7%	5.8%	
Netherlands	4.4%	7.1%	-2.6%	
Austria	3.6%	1.1%	2.5%	
Others	16.2%	38.4%	-22.2%	
Cash	5.4%			

SECTOR	NET		RELATIVE	
Financials	56.1%	43.9%	12.2%	
Energy	7.8%	3.5%	4.4%	
Utilities	7.6%	6.5%	1.1%	
Consumer Discretionary	6.6%	13.1%	-6.5%	
Communication Services	5.3%	5.4%	0.0%	
Real Estate	4.6%	2.3%	2.3%	
Industrials	2.2%	8.8%	-6.6%	
Others	4.4%	16.5%	-12.1%	
Cash	5.4%			

RATINGS (2ND BEST)	NET		RELATIVE	
AA	1.8%	10.1%	-8.3%	
A	14.4%	36.4%	-22.1%	
BBB	65.7%	53.1%	12.6%	
BB	13.5%	0.3%	13.2%	
Not Available	-0.8%		-0.8%	
Cash	5.4%			

MATURITY	NET		RELATIVE	
0-1Y	22.5%	4.3%	18.2%	
1-3Y	62.6%	95.7%	-33.1%	
3-5Y	8.7%		8.7%	
5-10Y	1.7%		1.7%	
Not Available	-0.8%		-0.8%	
Cash	5.4%			

#### 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. It is recommended to look over the regulation, available on our website [www.generali-investments.com](http://www.generali-investments.com). The client shall carefully read the KIID, which must be delivered before subscribing the investment, and the prospectus which are available 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. 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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