

Destination Value Total Return Fund[^] Q3 Commentary | September 2023

The fund closed the quarter with a return of -0.07% for the USD institutional share class, and a return of +297% for the EUR institutional class (exchange rate in the month EUR/USD: -3%). The return for the EUR-Hedged, IH and IXH, share classes (whose hedging acts on the variation in the exchange rate relative to all non-EUR-denominated assets) was +0.94% for both. In the quarter, interest rates continued to rise despite the Fed pause putting pressure on all risky assets, while the positive trend related to the oil price rally and the recovery of the energy sector benefited our Portfolio Strategies and primarily the Macro Strategy, once again confirming our long-term thesis.

Portfolio Update and Changes

Market View**

After a favorable start of the quarter for financials markets, due to the July equity rally driven by the "**Magnificent 7**" (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla), August and September gave up some of those gains, driven by weak economic data and growing concerns about the strength of the major economies. **Rates** have continued to rise despite the Fed's pause and the latest signal from the ECB, which to date considers them at a sufficiently restrictive level. After the ECB's latest increase in policy rates by 25 basis points, the rate on main refinancing operations was raised to 4.5% (the highest historical level) at the end of the quarter.

U.S. **inflation**, after declining in July, rebounded over the rest of the period, while in the Eurozone the inflation rate declined, especially in its core components, due to weak economic data: this led to negative market sentiment about its economic outlook at the end of the quarter. However, despite Central Banks being less aggressive and despite growing fears of recession, yields moved higher, partly driven by a substantial rally in oil prices - which ended the quarter up more than 10% (Crude WTI 91.15 USD). The risk of further inflationary spirals challenged the soft-landing scenario that had driven markets higher in previous months.

On the **equity** side, The MSCI ACWI ended the quarter down 3.9%. Rising rates triggered a substantial correction in the growth - and interest-rate-sensitive sectors - with the technology and utilities sectors performing the worst at the close of the quarter (-5.3 and 6.2%, respectively, at the end of September). The **energy** sector was the only one in positive territory. In **China**, difficulties in the real estate sector remained the central theme throughout the analysis period, but the Beijing government wanted to show support for the



real estate giant by easing banks' reserve requirement ratios; in the specific case of our Fund, this indirectly impacted industrial commodity exposures.

Overall **fixed income markets** ended the quarter with negative returns, especially for long duration indices, with the yield on the 10-year German Bund rising by more than 30 basis points, similarly to the 10-year Treasury, which rose by 50 basis points. On the **currency front**, after the U.S. dollar trended downward in July - following the release of lower-than-expected U.S. inflation levels - during the quarter the relative strength of the U.S. economy contributed to its appreciation against the euro.

Plenisfer Destination Value Total Return Fund

The Fund closed the quarter with a return of **-0.07%** for the **USD institutional share class**, and a return of **+2.97%** for the **EUR institutional share class** (exchange rate in the month EUR/USD: -1.58%) The return of the EUR-Hedged, **IYH** and **IXH** share classes (whose hedging acts on the variation in the exchange rate relative to all non- EUR-denominated assets) was **+0.94%** for both. In the retail classes, there isn't USD share classes available, therefore, the **SX EUR** share class had a return in the quarter of **+2.71%**, while the **SXH EUR** hedged class of **+0.68%**. (See the end of this document for complete performance information.)

For the **IX** share class in dollars, the **volatility** since launch was **8.64%** while for the **IYH EUR** hedged and **SX EUR Retail** share classes was **7.14%** and **7.87%**, respectively.

Share class	Launch date	Performance Q3	Performance 1 year rolling (29.09.22-29.09.23)	Performance 3 years (cumulative)
IX USD institutional	04/06/2020	-0.07%	+13.87%	+11,64%
IX EUR institutional	28/03/2022	+2.97%	+5.04%	-
IYH EURHDG	04/05/2020	+0.93%	+7.98%	+10,22%
SX EUR Retail	06/05/2021	+2.71%	+3.95%	-
SXH EURHDG Retail	06/05/2021	+0.68%	+6.87%	-



Portfolio quarterly contribution to performance by Strategy (Gross):

Strategy	Sum of P&L QTD
Alternative Risk Premia	-0.43%
Cash Management	0.01%
Compounders	-2.26%
Hedge	-0.33%
Income	-0.05%
Macro	2.41%
Special Situations	0.35%
Total	-0.30%

Data as at 29/09/2023. Source: Plenisfer Investments.

During the quarter, **interest rates** continued to rise despite the Fed's pause, putting pressure on all risky assets, while the positive trend related to the rally in **oil** prices continued – closing September up more than 10% – positively affecting our portfolio performance. The quarter was also marked by the **recovery** of our allocations in **energy stocks**, mainly driven by this strong rally in oil prices following the recent production cuts and the underlying tightness in demand: **this confirms our long-term thesis** focused on sectors where the structural supply scarcity is predominant (energy companies, commodities used in the energy transition) as long as long-term trends such as those related to semiconductors and industrial transformation in Europe. In fact, the performance contribution in the quarter of the **whole energy sector** stands at **+2.45%**, solidly supported also by the brilliant performance of **uranium**, which represents the first position in our Fund during the period.

Among the **5 Strategies** underlying our portfolio management, **Macro** ranked as the best performance contributor for the quarter, with a return of **+2.41%**, mainly driven by the return of our positions in **energy stocks**. These gained +2.15%, especially thanks to our position in **Uranium** (SPROTT PHYSICAL URANIUM TRUS) with +1.33%, followed by oil-related positions such as SHELL PLC (+0.24%), OCCIDENTAL PETROLEUM CORP (+0.30%) and TOTALENERGIES SE (+0.29%). The performance of our positions in **Curve Steeping** was also very positive at +0.52%, since in the market we witnessed an increase in the long end of the curve (10 years) – which we benefited from during the period. Our allocations in **copper-related mining/metals** companies negatively affected the portfolio as a result of the increase in real rates and the rise in the long end of the curve, which put pressure on all risky assets.

This is followed by the **Special Situations** strategy with a positive return of **+0.35%** during the quarter, mainly thanks to the **Stressed & Distressed** category (+0.43%). Among the most impactful stocks, there is DTEK Renewables, which rose about 15 basis points during



the quarter as the market revalued Ukraine. The company showed remarkable resilience during the war and continued with the installation of new capacity in Ukraine and Romania. DTEK is followed by MSU ENERGY SA, which is currently repaying its 2024 bond in installments and whose presidential election outcome should further support the stock, and MHP GROUP whose first-half results were very strong having managed to increase the margin on its products by shifting production to higher value-added products. It is also planning to increase production capacity by building a new plant in Saudi Arabia.

Special Situations is followed by the **Income Strategy**, which gave up **-0.05%**. Allocations in financial securities were positive for the period by +0.14%: despite the rise in rates, the credit portion proved resilient without negatively impacting our portfolio, thanks to our short duration position. As a general approach, we remain exposed to the short end of the yield curve, which benefits from a good yield relative to the asset class history by taking advantage of the rise in yields to invest cash on credit (short end of the curve 1-5 years). Negative, however, was the performance of **energy-related securities** (-0.08%) while the TIPS portion remained almost flat.

The **Alternative Risk Premia Strategy** gave up **-0.43%**, primarily due to our **gold** positions that suffered in the wake of the strong U.S. dollar and rising rates. Overall they lost -0.18% but we continue to believe that as a real asset it can provide a form of protection from inflation and decorrelation from other asset classes.

Compounders was the **Strategy** that performed the least in the quarter in the same way as the considerations made in the previous paragraphs about real rates and the rise of the long end of the curve, which put pressure on all risky assets. Performance stood at **-2.26%**, driven by the more cyclical stocks such as CNH INDUSTRIAL NV, AUTOSTORE HOLDINGS LTD and SALCEF GROUP SPA.

Finally, with regard to the **Hedging overlay Strategy**, at the end of the quarter of analysis we have in place two positions in EURUSD and GBPUSD forward contracts, which aim to partially hedge the portfolio's currency risk. Relative to credit risk, we have in place hedging positions through CDX on Europe and the US.



Outlook: what do we expect in the markets in the coming months?

Markets consider the fight against **inflation** as almost won, but we remain less optimistic in this new era of "*higher for longer*" rates, reminding ourselves that inflation remains a very volatile economic variable that proceeds in waves, and in the past has required much higher real rates than we have today in the United States. Persistent factors such as wage dynamics, imbalances in the supply and demand for strategic commodities, and recent developments in global value chains (such as the relocation of some activities) will help keep it higher than expected between now and the end of 2023.

On the **equity** side, we believe that equity risk should be monitored and managed with caution in the coming months because 2024 could be a year of economic weakness. Our management team remains focused on companies that will benefit from the **new market paradigm**, characterized by a structural rise in the cost of money and the need to reconvert part of the global supply chain, especially on the energy front. In particular, the structural scarcity of supply in the commodity sector used in the **energy transition** is a key issue for long-term investment theses. In fact, the focus allocations in our portfolio remain **energy sector, industrial stocks, and commodities**. Our focus now is precisely on commodity prices, particularly oil. Rising energy costs, which many are underestimating, will affect disposable income and thus growth in 2024. We do not believe in a **no-landing**, even though it is becoming the central narrative in the markets at the moment, because despite the interest rate hike both the U.S. economy and the stock markets have held up well for now. In the face of a restrictive monetary policy, the U.S. has implemented a very expansionary fiscal policy, which is unlikely to lead to a recession in a scenario where we see such a large fiscal maneuver. This may not exclude a possible recession in 2024, which will be an election year for the U.S. presidential election: one must also keep in mind the lagged effects of monetary policy.

Also in equities, we remain focused on opportunities related to **themes** such as:

- **oil stocks**, which are investing in the energy transition or in emission capture technologies;
- **uranium**, because we look at nuclear power as a good solution in the long run to solve the problem of replacements for traditional energy sources;
- **reshoring**, with the reorganization of logistics supply chains, particularly investing in companies that optimize logistics rather than the robotization of agriculture;
- **artificial intelligence**, although it has been a central theme in the technology rally in the first half of the year: we think we are just at the beginning of a new technological



transformation and are trying to understand how AI can impact existing businesses. One example is the Japanese company *Advantest*, one of two in the world to conduct testing for semiconductor companies. This example well represents our approach focused on riding secular trends and non-mainstream investment ideas.

Turning to the **bond** front, we see good opportunities in Europe: we are particularly interested in both the financial and energy sectors. U.S. corporate bonds seem riskier to us because the spread does not reflect the risk of the U.S. economic slowdown. Our portfolio also has an important bond component on **emerging countries** as well as **global energy**. In particular, on emerging we see opportunities in Latin America where you can find dollar issues that yield 6/7 percent, competitive values compared to equities. Countries like Mexico and Brazil have had higher yields than bonds in Western bond markets because of their economic resilience and have not lowered rates to zero, defending the strength of their currencies.

Finally, the escalation of tensions in the **Middle East** following the terrorist attack on Israel are likely to open a new front of war and geopolitical risk, possibly affecting oil prices and risky assets.



Disclaimer

Performance information of the Fund

Past performance						Volatility and other parameters				
	IYH EURHGD Dis. share class	IX USD Share Class	IXH EURHGD Share Class	SX EUR Share Class	SXH EURHGD Share Class	IYH EURHGD Dis. share class	IX USD Share Class	IXH EURHGD Share Class	SX EUR Share Class	SXH EURHGD Share Class
Inception date	04/05/2020	04/06/2020	10/03/2021	05/06/2021	05/06/2021	04/05/2020	04/06/2020	10/03/2021	05/06/2021	05/06/2021
Cumulative Performance MTD Net	-0.97%	-1.97%	-0.97%	+0.40%	-1.05%					
Cumulative Performance QTD Net	+0.93%	-0.07%	+0.94%	+2.71%	+0.68%					
Cumulative performance YTD (net)	+1.70%	+2.47%	+1.70%	+2.53%	+0.92%					
Annual performance rolling 12 months (net) Sep 21 - Sept 22	-11.54%	-15.54%	-11.60%	-0.63%	-12.54%					
Annual performance (net) Calendar year: Jan-Dec 2021	+8.72%	+8.21%	-	-	-					
Annual performance (net) Calendar year: Jan-Dec 2022	-6.44%	-6.25%	-6.48%	-1.11%	-7.46%					
Annual performance rolling 12 months (net) Sept 22 - Sept 2023	+7.98%	+13.87%	+7.98%	+3.95%	+6.87%					
Annualized performance since inception (net)	+4.50%	+4.28%	+0.20%	+3.19%	-2.35%					
Cumulative performance since inception (net)	+16.17%	+14.94%	+0.50%	+7.82%	-5.53%					
Inception date						04/05/2020	04/06/2020	10/03/2021	05/06/2021	05/06/2021
Annual volatility Calendar year: Jan-Dec 2021						5.88%	6.20%	-	-	-
Annual volatility 12 months 29 Sept 21 - 29 Sept 22						8.02%	9.19%	8.07%	9.38%	8.18%
Annual volatility 12 months 29 Sept 22 - 29 Sept 23						7.51%	10.09%	7.51%	6.56%	7.51%
Annual volatility Since inception						7.15%	8.64%	7.47%	7.87%	7.67%
Sharpe Calculated on daily returns since inception						0.58	0.31	-	0.31	-
Sortino Calculated on daily returns since inception						0.55	0.31	-	0.29	-
DrawDown (current)						-7.65%	-6.96%	-7.69%	-2.58%	-9.32%
Target										
Target Return (annualized/Gross/Dollars/5 years horizon)*									8%	
Target volatility**									Less than 75% of the equity market volatility	

Source: Plenisfer Investments. NAV Date: 29/09/2023. **Past performance is not a reliable indicator of future results and can be misleading. All performances are presented net of fees, except any entry and exit fees (dividends reinvested for the Acc class) and do not take into account the taxation regime applicable to investors.** There can be no guarantee that an investment objective will be met or that a return on capital will be achieved. You may not get back the amount you originally invested. The currency fluctuations may have a negative impact on the net asset value, the performances and costs. Returns may increase or decrease as a result of currency fluctuations.

Fund Factsheet - Plenisfer Investments Sicav Société d'investissement à capital variable (SICAV) Luxembourg - Destination Value Total Return ("Fund" or "Sub-Fund")

Investment Objective and Policy: The objective of this Sub-Fund is to achieve a superior risk-adjusted total return over the market cycle. The goal is value creation through risk-adjusted total return. Achieving long-term capital appreciation and underlying income through a long-term focus on valuation and market cycles is key to achieving the Sub-Fund's objectives.

Legal structure: UCITS - SICAV

Investment Manager: Plenisfer Investments SGR S.p.A.

Management Company: Generali Investments Luxembourg S.A.

Launch date: 04/05/2020 (share class EUR ACCUMULATION)

Benchmark for performance fee calculation only: SOFR Index

Subscription/Redemption process: Valuation day, 13:00 Luxembourg time (T) / Redemption: Valuation day, 13:00 Luxembourg time (T) + 5

Minimum subscription: € 500,000 share class I; € 1,500 share class R

Currency: USD

SFDR classification: The Fund promotes, among other features, the environmental or social characteristics set out in Article 8 of Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector ("SFDR"). The Fund is not an Article 9 under SFDR (does not have sustainable investment as an objective). For all information on the SFDR (Sustainable Finance Disclosure), please refer to Annex B of the Prospectus ("pre-contractual document").

The Fund is denominated in a currency other than the investor's base currency, changes in the exchange rate may have an adverse effect on the net asset value and performance.

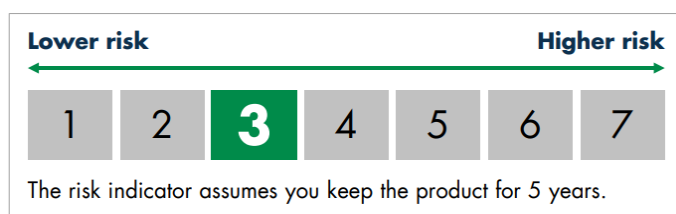
Risk profile and inherent risks

Risk factors: Investors should consider the specific risk warnings contained in section 6 of the Prospectus and more specifically those concerning: - Interest rate risk. - Credit risk. - Equity risk. - Emerging markets risk (including China). **There is no pre-determined limitation to exposure to emerging markets. Emerging market risk may therefore be high at times.** - Frontier market risk. - Foreign exchange risk. - Volatility risk. - Liquidity risk. - Derivatives risk. - Short exposure risk. - Distressed debt risk. - Securitised debt risk. - Contingent Capital Securities Risk ('CoCos').

Destination Value Total Return

RISKS

Summary Risk Indicator



Its purpose is to help investors understand the uncertainties associated with gains and losses that can impact their investment.

List of available share classes and fees

ISIN	Share Class	Currency	Inception Date	BBG	Countries of registration	Management Fee and other costs	Entry Fee	Exit Fee	Transaction costs	Last Perf. fee*
LU2087694050	I X Cap	USD	04/06/2020	DETVRIA LX	IT, ES, DE, AT, LU, CH, IE, PT	0.90%	0%	0%	0.28%	0.2%
LU2087694647	IYH EUR Dis	EUR (Hedged)	04/05/2020	DETVRYH LX	IT, ES, DE, AT, LU, CH, IE, PT	0.95%	0%	0%	0.28%	1.17%
LU2087694480	I XH EUR Cap	EUR (Hedged)	10/03/2021	DETVRIX LX	IT, ES, FR, DE, AT, LU, CH, IE, PT	0.96%	0%	0%	0.28%	0.1%
LU2087693672	I X EUR CAP	EUR	11/04/2022	DETVRIE LX	IT, ES, LU	0.95%	0%	0%	0.28%	0%
LU2185978587	RX EUR Cap	EUR	10/06/2021	-	IT, LU, PT	1.46%	5%	0%	0.28%	0%
LU2185979049	RXH EUR Cap	EUR (Hedged)	-	-	IT, LU, ES, PT	1.46%	5%	0%	0.28%	0%
LU2185979551	SX EUR Cap	EUR	06/05/2021	THTVRSE LX	IT, LU, FR, ES, PT	2.01%	4%	0%	0.28%	0%
LU2185980054	SXH EUR Cap	EUR (Hedged)	06/05/2021	THTVRSC LX	IT, LU, FR, ES, PT	2.00%	4%	0%	0.28%	0.04%
LU2185979809	SY EUR Dis.	EUR	05/12/2022	THTVRSD LX	IT	1.97%	4%	0%	0.28%	0.01%

The performance fee is calculated according to the "High Water Mark with performance fee benchmark" mechanism with a performance fee rate of 15.00% per annum of the positive return above the "SOFR Index" (the



performance fee benchmark). The actual amount will vary depending on the performance of your investment.

Tax aspects depend on the individual circumstances of each client and may change in the future. Please consult your financial advisor and your tax advisor for more details. Please refer to the countries of distribution and the website of the management company to find out if a class is available in your country and for your group of investors.

(#) Based on the latest KID - May 2023.

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