

Destination Value Total Return Fund[^] Quarterly Commentary | Apr–Jun 2023

The fund closed the quarter with a return of -0.72% for the USD institutional share class, and a return of -1.11% for the EUR institutional class (exchange rate in the quarter EUR/USD: +0.43%). The return for the EUR-Hedged, IYH and IXH share classes (whose hedging acts on the change in the exchange rate relative to all non-EUR-denominated assets) was -1.21% for both. Yield curves continue to be inverted, and the equity rally in stocks related to the artificial intelligence bubble persists. The Chinese recovery remains more uncertain than expected, also negatively impacting commodity prices. Among the 5 Strategies underlying our portfolio management, Compounders was the best, followed by Income and Alternative Risk Premia.

Portfolio Update and Changes

Market View**

The stock market's strong performance for the quarter is due to the very **concentrated rally in U.S. equity**, which since the beginning of the year has seen the "artificial intelligence" effect drives early Nasdaq stocks: since the beginning of 2023, the S&P 500 index is up 16.9% (in USD) but the S&P ex-Technology index is down 7.5%. In our view, this has translated into an overoptimistic sentiment, even in light of valuations of the technology sector, which in some cases appear excessive.

Despite the Fed's pause, the **yield curve** in the United States has further inverted, as it has in the Eurozone, even if to a lower extent. At the moment, **central bank positioning** remains not conclusive: we do not share the generalized view that inflation is falling rapidly, and recessionary risks almost entirely averted. In the U.S., unemployment rate at historic lows, real wages still stagnant, and government spending growing strongly are all inflationary factors and not compatible with the performance recorded by U.S. stock markets. The same argument, more nuanced on the employment side, also applies to Europe.

Looking at **China**, the economic recovery is proving more uncertain than expected. Inflation is more favorable than in developed economies, but year-on-year GDP growth in the quarter fell short of the 5% target. This has also impacted **commodity prices**, which have not been fully supported by China's reopening and declined in 2023, also due to the deceleration of global economies.



Plenisfer Destination Value Total Return Fund

The Fund closed the quarter with a **-0.72%** return for the **USD** institutional share class, and a **-1.11%** return for the **EUR** institutional class (EUR/USD exchange rate for the month: +0.43%). The return on both the EUR-Hedged, **IYH** and **IXH** share classes (which hedge against exchange rate changes on all non- EUR-denominated assets) was **-1.21%** for both.

There is no USD class available in the retail classes, so the **SX EUR** share class returned **-1.36%** for the month and the **SXH EUR** hedged class **-1.47%**. (See end of document for full performance information).

For the **IX** share class in **US** dollars, the **volatility** since launch was **8.6%**, while for the **IYH EUR hedged** and **SX EUR** Retail share classes it was **7.1%** and **7.9%** respectively.

Portfolio quarterly contribution to performance by Strategy (Gross):

Strategy	Sum of P&L QTD
Alternative Risk Premia	0.21%
Cash Management	0.07%
Compounders	0.99%
Hedge	-1.20%
Income	0.57%
Macro	-0.45%
Special Situations	-0.40%
Total	-0.23%

Data as at 30/06/2023. Source: Plenisfer Investments.

Among the 5 **Strategies** underlying the management of our portfolio, **Compounders** was the best in the quarter generating a return of **+0.99%**. The best performing positions were, first among all, ADVANTEST CORP, which contributed +0.7% to the strategy, followed by MICROSOFT CORP with +0.30% in the wake of the equity rally on large tech stocks that characterized the period. SALCEF GROUP SPA and MIDEA GROUP CO LTD-A also did well, with +0.16% and 0.15%, respectively.

The Compounders Strategy was followed by the **Income Strategy**, which contributed **+0.6%** to the portfolio and was revised during the quarter with the aim of optimizing the expected return. Our positions in Financials were the best performing, contributing +0.4% to the overall strategy, followed by those in REITS by +0.14%.

The **Alternative Risk Premia Strategy** contributed **+0.21%** to the portfolio, which can be attributed to our positions in volatility management futures contracts and the S&P500



futures. In fact, the allocations in CBOE VIX FUTURE Jun23 and CBOE VIX FUTURE May23, respectively, returned 0.76%, while that in the S&P500 EMINI FUT Jun23, +0.23%.

The **Special Situation Strategy** gave up **-0.40%** in the three months of analysis, which can be attributed to *equity stress value* exposures. The two most impactful stocks in this respect were ALIBABA GROUP HOLDING and WEBUILD SPA. In contrast, the *Stressed & Distressed* category remained positive at +0.41%, partially offsetting the negative effect on the strategy.

The **Macro Strategy** gave up **-0.45%** in the quarter, mainly attributable to the performance of our allocations in **industrial commodities**, which lost 0.1% and those related to the **Curve Steepening** part, which gave up 0.70%. This negative effect was partially offset in the quarter by the positive performance of our exposure in **energy stocks**, which gained 0.3%.

Finally, with regard to the **Hedging overlay** strategy, during the months of analysis we maintained our risk assets position partially hedged through a put option on the S&P500 index and one on the Eurostoxx 600 index. In addition to these, there are two positions in EURUSD and GBPUSD forwards, which are intended to partially hedge the portfolio's currency risk, while EURUSD options to benefit from "tail" currency movements have expired. Regarding credit risk, we have hedging positions through CDX on Europe and the US.

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

Our basic belief remains that the **era of low interest rates** and 2% inflation is to be forgotten. In particular, in the U.S. case, it is possible that inflation will settle in the range of 4 to 5%, as moreover shown by the PCE index - that is, inflation net of energy and food costs. In this scenario, we will have to see if the **FED** will continue in further monetary tightening triggering a recession or stop in raising rates to contain the cost of debt, accepting higher inflation.

At this stage of **financial repression**, where inflation reduces the real value of debt as well as the *debt-to-GDP ratio* (as long as nominal GDP growth is greater than the cost of debt), we think **inflation** will remain a **structural economic element** for years to come. The expectation of a rate cut, in our view, is not justified, even though the market always seems to expect a return to the 2009-2021 situation of price stability, rates approaching the downturn, and moderate growth.



In fact, from our point of view, it is enough to look at some **inflationary factors** that are not consistent with the performance recorded by the U.S. stock markets: the U.S. unemployment rate at historic lows, real wages still stationary and susceptible to calls for increases, and government spending growing strongly. Should this scenario prove to be more resilient than expected, we would have consequences for stock markets and bond prices.

On the other hand, **earnings expectations** still appear to be robust while the level of corporate spreads appears to be below historical highs. For **risky assets**, we think it is appropriate to continue to focus on those sectors where the element of structural supply scarcity is predominant (energy companies, commodities used in the energy transition) and on long-term trends such as those related to semiconductors and industrial transformation in Europe. In general, we think there will be a return focus on **value** stocks over *growth* stocks, and real assets (primarily commodities), because able to protect against inflation.

On the **bond** front, government bonds still provide negative real yields, with some exceptions such as in the US. Here we are likely to see both the effects of monetary policies and Quantitative Tightening and especially to finance an already overflowing government deficit (6% of GDP) that is expected to rise further as a result of the U.S. administration's planned investments that are supposed to take government debt from the current 31 trillion to 35 over the next few years.

In **fixed income**, we therefore prefer credit risk to interest rate risk, and particularly the quality corporate segment in sectors with growth potential, such as energy (especially hybrid issues) and in some industrial sectors with good cash flow generation, or in financials.

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	04/06/2020	04/06/2020	10/03/2021	05/06/2021	05/06/2021	Inception date	04/05/2020	04/06/2020	10/03/2021	05/06/2021	05/06/2021	
Cumulative Performance MTD Net	+1.15%	+2.36%	+1.15%	-0.05%	+1.07%	Annual volatility Calendar year: Jan-Dec 2021	5.88%	6.20%	-	-	-	
Cumulative Performance QTD Net	-1.21%	-0.72%	-1.21%	-1.36%	-1.47%	Annual volatility 12 months 30 Jun 21 – 30 Jun 22	7.95%	8.55%	8.03%	9.17%	8.22%	
Cumulative performance YTD (net)	+0.76%	+2.54%	+0.76%	-0.17%	+0.24%	Annual volatility 12 months 30 Jun 22 – 30 Jun 23	7.42%	10.34%	7.42%	6.62%	7.42%	
Annual performance rolling 12 months (net) Jun 21 – Jun 22	-0.62%	-2.47%	-0.73%	+9.80%	-1.80%	Annual volatility Since inception	7.11%	8.60%	7.45%	7.92%	7.67%	
Annual performance (net) Calendar year: Jan-Dec 2021	+8.72%	+8.21%	-	-	-	Sharpe Calculated on daily returns since inception	0.62	0.38	-	0.22	-	
Annual performance (net) Calendar year: Jan-Dec 2022	-6.44%	-6.25%	-6.48%	-1.11%	-7.46%	Sortino Calculated on daily returns since inception	0.60	0.38	-	0.22	-	
Annual performance rolling 12 months (net) Jun 22 – Jun 2023	+0.15%	+3.78%	+0.15%	-1.38%	-0.89%	DrawDown (current)	-8.51%	-6.90%	-8.55%	-5.14%	-9.93%	
Annualized performance since inception (net)	+4.56%	+4.66%	-0.19%	+2.29%	-2.92%	Target						
Cumulative performance since inception (net)	+15.09%	+15.02%	-0.43%	+4.98%	-6.17%	Target Return (annualized/Gross/Dollars/5 years horizon)*						8%
						Target volatility**						Less than 75% of the equity market volatility

Source: Plenisfer Investments. NAV Date: 30/06/2023. **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.

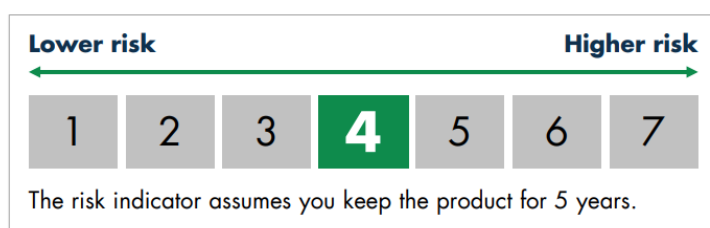
Risk profile and inherent risks

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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