

# GENERALI INVESTMENTS SICAV

## European Equity Recovery



Fund Factsheet as at 31/05/2017 - CY Distribution Shares

### Investment objective and policy

The objective of the Fund is to outperform its benchmark and to provide a long-term capital appreciation, investing in equities listed on South European markets. The Fund shall invest at least 75% of its net assets in Eurozone equities and will mainly invest in equities by companies, listed on stock exchanges of any South European country being a participating member state of the Eurozone (qualifying as Regulated Markets). Focus is given to Countries facing economic recovery driven by financial supranational organizations and/or structural reforms to be enforced in the medium/long-term. The Fund may also invest on an ancillary basis in equity-linked securities such as, but not limited to, debt securities convertible into common shares, preference shares and warrants on transferable securities of European issuers. The Fund may use financial instruments and derivatives for hedging purposes, for efficient portfolio management purposes and for investment purposes.

### Category and Risk profile

Category: Equity Fund

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

### Key data

**Mgmt. co.:** Generali Investments Luxembourg S.A.  
**Investment manager:** Generali Investments Europe S.p.A. Società di gestione del risparmio  
**Sub-fund manager(s):** François Gobron  
**Benchmark:** Euro Stoxx Net Return Index \*  
**Fund type:** SICAV  
**Domicile:** Luxembourg  
**Launch of sub-fund:** 02/12/2013  
**Launch of share class:** 09/01/2014  
**First NAV date after dormant period:** no dormant period  
**Currency:** EUR  
**Custodian:** BNP Paribas Securities Services S.C.A.  
**ISIN:** LU0997480446  
**Bloomberg code:** GIERECI LX

### Valuation

**AuM:** 460.40 mil EUR  
**NAV per share:** 109.84 EUR  
**Highest NAV over the last 12 months:** 110.31 EUR  
**Lowest NAV over the last 12 months:** 77.91 EUR

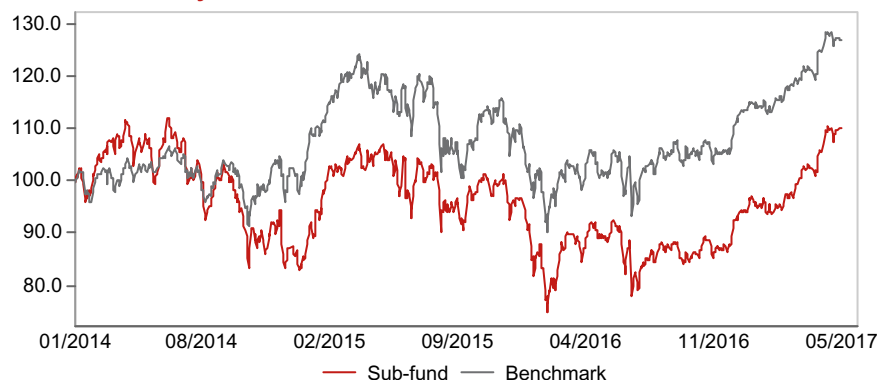
### Fees

**Subscription fee:** max. 5%  
**Management fee:** 1.00%  
**Conversion fee:** max. 5%  
**Redemption fee:** max. 1%  
**Performance fee:** n.a.  
**Ongoing charges:** 0.72% (31/12/2016)

### Dealing details for professional investors

**Cut off time:** T-1 at 2pm (T being NAV date)  
**Settlement:** T+3  
**Valuation:** Daily  
**NAV Calculation:** T (T-1 end of day close)  
**NAV Publication:** T

### Performance analysis



### Performance

	1 month	3 months	YTD	1 year	3 years	5 years	3 years p.a.	5 years p.a.
Sub-fund	4.11 %	15.62 %	16.69 %	19.05 %	3.55 %	-	1.19 %	-
Benchmark	1.72 %	9.99 %	11.81 %	19.53 %	21.40 %	-	6.79 %	-

	Since inception	2016	2015	2014	2013	2012
Sub-fund	9.84 %	-2.48 %	12.64 %	-	-	-
Benchmark	26.71 %	3.13 %	8.88 %	-	-	-

	Q01/2016-Q01/2017	Q01/2015-Q01/2016	Q01/2014-Q01/2015	Q01/2013-Q01/2014	Q01/2012-Q01/2013
Sub-fund	14.42 %	-14.07 %	-4.08 %	-	-
Benchmark	17.38 %	-14.51 %	17.80 %	-	-

### Statistics

	Sub-fund	Benchmark
Beta*	1.12	1.00
Correlation*	0.95	1.00
Information ratio*	-0.27	-
Sharpe Ratio*	0.96	1.22
Annualized Tracking Error*	6.33	0.00
Annualized Standard Deviation*	20.04	17.09
Value at Risk (20 days, 99%)	10.34	7.35

\*calculated over a 1-year period

### Top 10 holdings (absolute weights)

	Sector	Weight %
Leonardo SpA	Industrials	4.73
Mapfre SA	Financial: Non-Banks	4.04
APPLUS SERVICES S.A.	Industrials	3.40
Telecom Italia Rsp	Telecommunication Services	3.20
Indra Sistemas, S.A. Class A	Information Technology	3.06
NOS SGPS SA	Consumer Discretionary	2.95
Sociedade de Investimento e Gestao SGPS SA	Materials	2.77
Danieli & C.Officine Meccaniche SPA Az. di risp. Non Conv.	Industrials	2.76
Hellenic Telecommunications Organization SA	Telecommunication Services	2.56
Mota-Engil SGPS SA	Industrials	2.51

\*The benchmark was changed from Price Index to Net Return Index in February 2016. Past performance provides no guarantee for the future. No express or implied liability or guarantee is assumed that the future performance will correspond to the performance described above. The value of and income from fund units or sub-fund units ("Units") may rise or fall. No guarantee can be assumed that the investment objectives of the fund will be achieved. The performance of and income from the Units have to be reduced by costs and taxes. Legal information concerning the funds, in particular the prospectus, is available from Generali Investments Europe S.p.A. Società di gestione del risparmio or on the website: [www.generali-invest.com](http://www.generali-invest.com)

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## European Equity Recovery

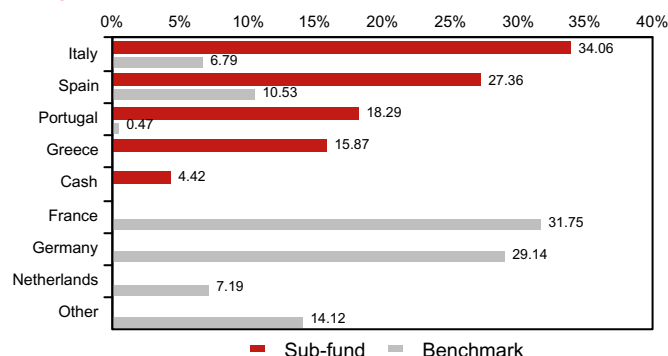


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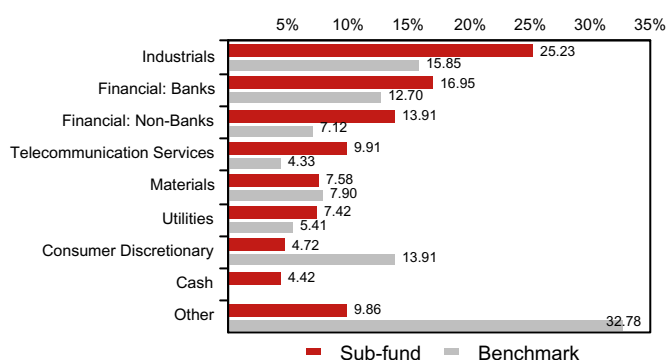
### Financial ratios

	Sub-fund
P/Book Value	1.00
LTM P/E	19.10
NTM P/E Median	13.24
ROE (%)	5.80
Dividend Yield (%)	1.30
3 Year Earnings Growth (%)	-6.80

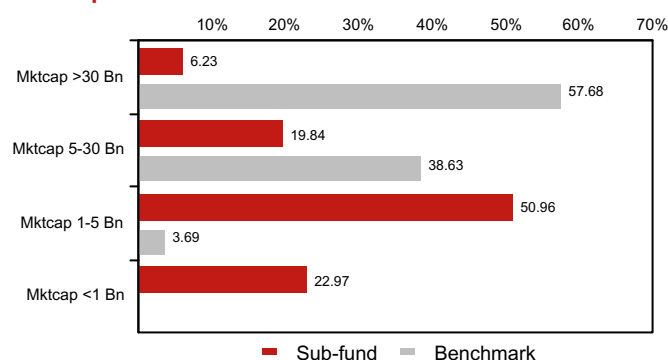
### Country breakdown



### Sector breakdown



### Market cap breakdown



### Key features

- Exploits high return potential (50%+) over 3-5 years offered by selected Southern European companies (mainly focusing on Spain, Italy, Portugal and Greece)
- Takes advantage of economic recovery of selected markets, re-rating of specific countries and companies' restructuring
- Selects strong conviction companies based on key inputs from both external research and proprietary analysis (in-house macroeconomic and equity research)
- Leverages on proven competences of an experienced team with sound stock picking skills and proprietary valuation model based on discounted cash flows.

[www.generali-invest.com](http://www.generali-invest.com)

Source: Generali Investments Europe S.p.A. Società di gestione del risparmio. The fund here presented is a subfund of Generali Investments SICAV (an investment company qualifying as a "société d'investissement à capital variable" with multiple subfunds under the laws of the Grand Duchy of Luxembourg) managed by Generali Investments Europe S.p.A. Società di gestione del risparmio. The information contained in this document is only for general information on products and services provided by Generali Investments Europe 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 Europe 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 fund present 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-invest.com](http://www.generali-invest.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-invest.com](http://www.generali-invest.com)), on Generali Investments Luxembourg S.A. (Management Company of Generali Investments SICAV) website ([www.generali-investments-luxembourg.com](http://www.generali-investments-luxembourg.com)), and by distributors. If no assets are invested in the fund share class for a certain period of time ("Dormant Period"), the wording "performance data since inception" shall be read as "performance calculated as of the first date of NAV calculation after the Dormant Period". Generali Investments is part of the Generali Group which was established in 1831 in Trieste as Assicurazioni Generali Austro-Italiane. Generali Investments is a commercial brand of Generali Investments Europe S.p.A. Società di gestione del risparmio.

### Fund Manager Comment

#### Market View

Southern European markets recorded positive performances in May and still present potential for further recovery thanks to an improving environment:

- Political uncertainties are fading away
- Unemployment is declining in all countries (Portuguese unemployment is now at 10%, back to pre-crisis levels)
- GDP growth is improving - Spanish GDP will grow by around +3% again, for the third year in a row
- In Greece, the recent agreement of structural and fiscal bailout reforms (pension cuts), is a major break-through that paves the way for the release of the latest tranches of the EU's €86bn bailout programme.

#### Fund performance

Over the month, the fund registered a positive performance that was also above our composite reference indicator (35% Italy / 35% Spain / 15% Portugal / 15% Greece) and well above the fund's benchmark (Euro Stoxx).

All countries recorded a positive month and contributed to the performance of the fund.

- In Portugal, it is worth highlighting again the very good performance of Mota Engil (+14% in May after +29% in April) after reassuring perspectives and an improving environment in oil and coal producing countries.
- In Greece, our holdings performed very well, also helped by the global environment (PPC +36%, Hellenic Telecom +16%, Hellenic Exchanges +9%).
- In Italy, Leonardo (+8%) and Banca Farmafactoring (+14% over the month) were top contributors, recovering from weaker levels in April. On Banca Farmafactoring, the market acknowledged the resilience of the activity and the quality of the results. For Leonardo, improving markets and new contracts meant that the backlog grew.

On the negative side, the fund's performance was impacted by some weaker returns: Mapfre (-5%), Almirall (-8%) and Indra, while not being exposed to very large caps such as Enel, Unicredit and Iberdrola cost us almost 70 bps in performance.

#### Portfolio Activity

We did not have much portfolio activity in May, with the exception of completing the selling down of Melia Hotels, as that stock reached its DCF-based target price.

#### Outlook

We remain strongly convinced that Southern European equity markets offer a good opportunity for investors, after difficult times, and for several reasons:

- **Valuation:** Markets in Southern Europe are definitely cheaper than in Northern Europe, and on many metrics. The Italian market contains very attractive opportunities. In particular, the banking sector was oversold by investors last year and now offers attractive upside.
- **Growth:** Economic growth will be more sustained and will increase the attractiveness of home markets for domestic companies. It is already the case in Spain and Portugal, while Italy and Greece will follow the same path over the next few quarters. As a consequence, we still favour domestic companies that are the most exposed to local GDP growth.
- **Rerating:** Political uncertainties are fading away and will drive a global re-rating of these countries. We carefully used volatility brought by unstable political situations to increase our exposure to our strongest convictions.

During the past 3 years since launching the fund, we demonstrated our strong stock picking skills despite an extremely challenging economic environment. We expect Southern European economies to continue to improve (as witnessed over the past 3 years in Spain) and financial markets to finally follow the same path.

We therefore keep our strategy unchanged, with a strong focus on domestic companies listed in Southern Europe, holding a large assets base. They will be the real beneficiaries from the local economic recovery and/or from a strong restructuring potential.

We still find new attractive opportunities in Southern Europe, due to special situations (M&A as well as deleveraging and restructuring of the balance sheet), with macro-economic tailwinds supporting stocks' performances, especially for domestic companies.