



**GENERALI**  
INVESTMENTS

## Generali Investments SICAV Euro Covered Bond

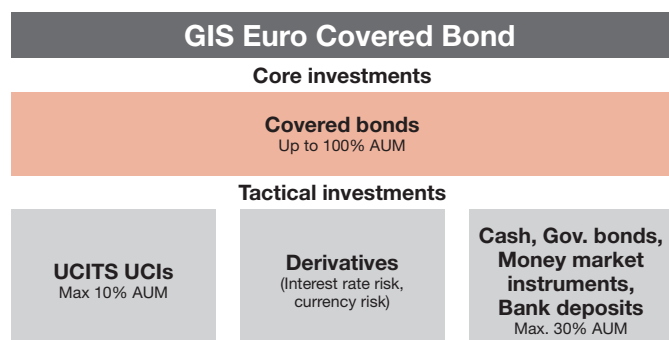


### Exploiting the interesting risk return profile offered by covered bonds

Generali Investments SICAV (GIS) Euro Covered Bond invests in Euro-denominated covered bonds. The aim is mainly to provide diversified exposure to the asset class and outperform the benchmark Markit iBoxx EUR Covered Bond Index with a low to medium tracking error. Covered bonds offer a great array of advantages to investors: a large choice of maturities, better credit quality, improved security and potentially better secondary market liquidity than comparable senior unsecured issues, along with geographic diversification and favorable regulatory treatment (in view of recent developments under Basel III and Solvency II).

On top of this, covered bonds benefit from the ECB decision to implement CBPP3 and from bail in exemption, in the context of the incoming Resolution Regime. Furthermore, due to the level of bondholder protection and to the above average quality of the collateral, covered bonds can end up being potentially less volatile than an equivalent (potentially bail-inable) senior unsecured debt, positioning for a more defensive stance in light of potential uncertainty. In the event of the issuer's bankruptcy, the bondholders would normally have a privileged claim on the dedicated asset pool: bond repayment at that point would depend on the flows generated from the dedicated collateral (directly or through potential monetization of the latter, if needed) and, in addition, covered bond holders would also benefit from a residual senior unsecured claim in several frameworks as general creditors to the insolvency estate of the defaulted bank.

### INVESTMENT UNIVERSE AND LIMITS

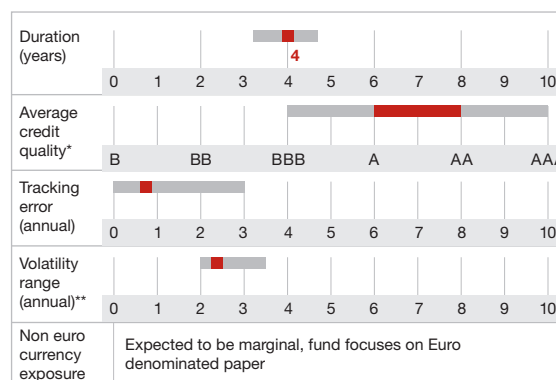


### Key features

- One of the few funds in the market dedicated to this fixed income asset class
- Benefits from Generali Investments' (GI) long and proven track record in selecting and managing covered bonds
- Offers active management benefiting from in-house research
- Exploits a positive medium term market outlook on the asset class taking into account the presence of CBPP3, the bail-in exemption associated to this instrument and the favorable regulatory treatment (under Basel III and Solvency II), while benefiting indirectly from the set up of a banking union at the EU level

### Profile Box

Strategic positioning objectives



■ Fund range objective ■ Average fund focus

\* The fund shall essentially invest in investment grade credit rating. The average credit quality might vary because of the ongoing rating review carried forward by rating agencies. \*\*Based on benchmark analysis over 1Y.

## INVESTMENT PROCESS

An important contribution to the investment process is provided by proprietary research and investment teams. When building the portfolio, the Fund Manager actively combines the input of the Teams dedicated to macroeconomic research, fixed income investments, credit research with market and relative value considerations.

GI Investment Committee defines tactical asset allocation guidelines and shared indications which the Fund Manager takes into account. He is responsible for the portfolio asset allocation and can dynamically and tactically change it to benefit from bond investment opportunities when they arise. In the process he is supported by the Generali Investments Macroeconomic Research and Credit Research Teams.

### Macroeconomic Research Team

Provides forecasts on financial markets' trends, interest rates and macroeconomic outlook that drive duration decisions

### Fixed Income Team

Identifies investment strategies, attractive sectors/securities and relative value opportunities driven by fundamentals and market valuations

### Credit Research Team

Runs fundamental analysis on credit securities that drives issuers' selection along with portfolio positioning vs benchmark

The Fund Manager acknowledges the input from the various teams within Generali Investments' strategic and tactical committees' guidelines, and actively combines them to build the portfolio. Starting from the benchmark's broad asset allocation, he sets countries / names and curve positioning under/overweights taking into account the recommendations he receives from the Banking analysts of the Credit and the Macro Research Team, in combination with an active view of market developments. Under/overweights are set based on a spread contribution approach.


## RISK MANAGEMENT

Risk is carefully managed taking into account covered bonds' quality and rating as well as liquidity risk and through portfolio diversification. The Fund Manager respects the limits set in the prospectus and can monitor them through a proprietary intranet. Disciplined Risk Management enables the fund to contain volatility over the long term. Furthermore, the Fund Manager can leverage on the risk analysis produced by Risk Metrics or other tools such as UBS delta in order to optimize the risk profile of the fund.

## FUND MANAGER

The fund is managed by Giulio Favaretto who holds a degree in Business Administration. Giulio is part of the Fixed Income Investment Team of Generali Investments since 2007. In his role of credit Portfolio Manager he mainly manages portfolios with a focus on Covered Bonds.

## General information

Launch date	6 June 2011
Fund Manager	Giulio Favaretto  
Base currency	Euro
Benchmark	Markit iBoxx EUR Covered Bond Index
Fund type	SICAV domiciled in Luxembourg

## Share classes details

	Classes for institutional investors		Classes for retail investors	
Share class	B Acc.	C Acc.	D Acc.	E Acc.
Launch date	3 Feb 2012	20 Feb 2012	27 Jan 2012	3 Nov 2011
Aggregate fee	0.30%	0.40%	0.90%	1.10%
Performance fee	not applied	not applied	not applied	not applied
ISIN	LU0629527416	LU0629527689	LU0629527846	LU0629528067
Bloomberg	GENECBC LX	GENECCC LX	GENEDCA LX	GENECEC LX

## Risk and reward profile:

Lower risk Potentially lower rewards Higher risk Potentially higher rewards

1	2	3	4	5	6	7
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- Credit Risk
- Liquidity Risk
- Counterparty Risk
- Interest Rate Risk

For further information on Generali Investments SICAV and its funds please visit our website: [www.generali-invest.com](http://www.generali-invest.com)

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