

Generali Investments Sicav- Absolute Return Global Macro Strategies

Investment policy

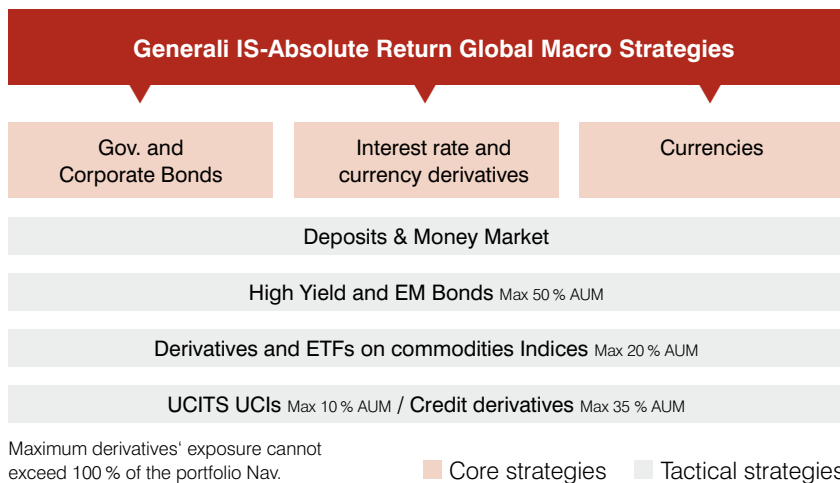
Generali IS-Absolute Return Global Macro Strategies aims to generate an absolute return above the EONIA rate through fixed income and currency investment strategies. The portfolio manager follows **active strategies to manage:**

- **Interest rate risk:** momentum, duration (-5 and +7 years) and relative value strategies
- **Currencies:** carry-trade, momentum and macro-economic strategies
- **Credit risk:** marginal exposure

The fund invests into a diversified portfolio of fixed rate and floating rate international debt. Investments decisions reflect the portfolio manager's view on the global macro-economic situation and its impact on financial markets. The fund's return could be volatile over the short term as investment decisions take some time before they produce the expected results. Therefore it is important to have an investment horizon that is not too short to fully profit from the fund's investment approach and potential. A strict risk monitoring is implemented to limit losses and downside risk in the portfolio.



Investment universe and limits

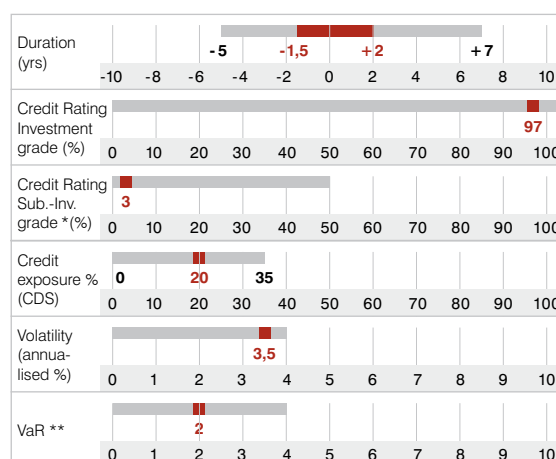


A three-step investment process.

1. In-depth macro-economic analysis: macro-economic data are evaluated on the basis of independent analysis combined with in-house and investment banks research to identify likely scenarios. Asset classes analysis is then carried out on the basis of the set macro framework to identify attractive investment opportunities. The possibility to use interest rate, currency and credit strategies allows some flexibility in identifying the most effective investments.

Profile Box

Strategic positioning objectives



* Credit Rating, Sub-investment grade and emerging markets
 ** VaR limit max. 4% daily with 99% confidence level

■ Fund range objective
 ■ Average fund focus

Key features

- Invests tactically in international fixed income markets and currencies
- Follows top-down approach based on in-depth macro-economic analysis to identify market trends and catch investments opportunities worldwide
- Strictly monitors risk exposure through daily VaR calculation and stop-loss mechanisms

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However, the fund is not a simple sum of single bets but it is moulded into a general view of the global economy; once single bets in the different asset classes are identified, the correlation among them is measured and hedging positions are put in place to protect invested capital.

2. Strategies definition: once opportunities are spotted the best instruments to implement the following strategies are used:

- Interest rate strategies: momentum, duration and relative value strategies implemented through short term bonds (funded portfolio) and futures (unfunded portfolio).
- Currency strategies: implemented through investments in currencies with yields higher than the Euro (carry-trade strategies for the funded portfolio) and forwards, reflecting both macro-economic forecasts and momentum strategies (unfunded portfolio).
- Credit strategies: very conservative approach focusing on highly liquid issuers, short term maturities, usually less than 1 year, and high credit quality. The credit risk of the single sub-investment grade company is limited to approx. 1 % of the fund and total share of this asset class is less than 15 %. Technical analysis aimed at identifying the investment idea that best allows the portfolio manager to profit from our view on the markets and on the different asset classes are used to define entry levels, targets and stop-loss for each strategy.

3. Risk management: risk management and monitoring activities are key parts of the investment process. First of all, the portfolio manager diversifies fund's positions and respects investments limits, maximum exposure limits to each investment rarely amount to more than 15 % - 20 % of the fund. He also monitors each strategy on the basis of market trends and new macro information available. Furthermore, a maximum 4 % VaR limit (calculated daily with a 99 % confidence level) is applied. The VaR sets the extreme limit that should not be exceeded and the investment strategy is to have lower average portfolio volatility than the one corresponding to 4 % VaR. In general, the portfolio's VaR is between 2 % and 3 %. Finally, stop-loss mechanisms are in place for each strategy. All the above is associated with ex ante analysis to evaluate the correlation among positions and avoid extreme exposures to specific asset classes and macroeconomic variables.

Management team

The fund is managed by Stefano Fiorini, 10 years of experience as manager of global macro portfolios and currencies and fixed income trader, MBA at UNC Kenan- Flagler Business School. In his activity Stefano is supported by Federica Tartara, 9 years of experience, Master in Economics and CFA Holder, and Simone Zottarel, 4 years of experience and Master in Finance and Risk Management.

General information

Launch date	3 July 2006
Portfolio Manager	Stefano Fiorini
Base Currency	Euro
Benchmark	EONIA
Fund type	Lux. domiciled SICAV

Share classes details

Share class	B	C	D
Launch date	13 Feb 2007	18 Oct 2006	22 Sep 2006
Aggregate fee	0,50 %	0,70 %	0,85 %
Performance fee	n.a.	20 % on Out-performance (EONIA + 60 %)	20 % on Out-performance (EONIA + 20 %)
ISIN	LU0260161004	LU0260161269	LU0260162077
Bloomberg	GENGLBX	GENGLST	GENGLDX

For further information on Generali Investments Sicav and its funds please visit our website:

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