

## Generali Investments SICAV (GIS) SRI Ageing Population Fund

Celebrating its 5th year anniversary  
...and the best is yet to come

December 2020



**Olivier Cassé, CFA**

Senior Fund Manager,  
GIS SRI Ageing Population

19 years of experience

Sycomore AM



**Giulia Culot, CII/CESGA**

Senior Fund Manager,  
GIS SRI Ageing Population

10 years of experience

Sycomore AM

**GIS SRI Ageing Population has reached the milestone of five years. How do you see the results over this period?**

GIS SRI Ageing Population was launched in 2015 and, over five years, we consider that it has been a commercial success, raising around EUR 500 million from both institutional and private investors that have placed their trust in us.

In terms of performance, GIS SRI Ageing Population has delivered what we believe to be strong returns despite the difficult economic environment over the period (2016's Brexit vote, China-US tensions that began in 2018 and the COVID-19 pandemic).

All in all, GIS SRI Ageing Population has enabled our clients to achieve a positive performance while giving purpose to their savings, thanks to a clear thematic focus and the sound integration of ESG (Environment, Social and Governance) criteria in its investment process.

**2020 has been dominated by the COVID-19 pandemic. What has its impact been on the theme?**

Firstly, at the beginning of the year, given the highest incidence of mortality was among senior citizens, we might have wondered called into question. However, as governments decided to prioritise health above everything else, this was not the case. Moreover, ageing populations are a massive phenomenon: in 2050<sup>1</sup>, there will be two billion senior citizens in the world, twice as many as today.

Secondly, lockdowns have impacted many industries, and only a few have escaped unscathed, such as the pharmaceuticals industry or those involved in the sale of vitamins and dietary supplements. As the economy has regained momentum globally, certain products, including hearing aids, skincare products or savings products, have seen a strong rebound in demand.

Lastly, the COVID-19 pandemic could be seen as an opportunity, in the sense that it has led to a growing awareness among governments of the importance of healthcare infrastructure, as they have realised that it should not be seen as a cost, but more as an investment in a strategic asset. For individuals, "health is the new wealth".

### Performance analysis in % - BX Share

	1M	YTD	1Y	3Ypa	5Ypa	SI
<b>Sub-fund</b>	11.33	-4.83	-3.40	4.04	4.11	33.53
<i>MSCI Europe Net Total Return*</i>	13.95	-5.56	-3.61	2.38	2.74	21.74

Source: Generali Investments Partners S.p.A. Società di gestione del risparmio as of 30.11.2020

\*Please note that starting from July 10th 2017 the sub-fund no longer has a formal benchmark. From July 10th performance vs. MSCI Europe Net Total Return is displayed to compare the strategy's returns to those of European equity markets over time.

<sup>1</sup>Source: United Nations, Department of Economic and Social Affairs, World Population Prospect, the 2019 Revision

**In 2020 the fund management team joined Sycomore Asset Management, part of Generali Investments multi-boutique platform. How did this impact your investment process?**

Sycomore AM is one of the leaders in Socially Responsible Investing in France, and has helped our investment team to further strengthen its understanding and its analysis of companies' non-financial practices, with the aim of investing in "responsible" companies. Within Sycomore AM, there is a conviction that a company can only deliver long-term sustainable performance if the value created is shared with all its stakeholders. In this sense, its fund managers assess the companies' relationships with their suppliers, their customers and even their employees, while taking into account the company's social and environmental contribution.

Regarding GIS SRI Ageing Population more specifically, beyond the company's overall assessment, a new customer-focused analysis has been developed. Indeed, the companies we invest in predominantly sell solutions, products or services to an ageing clientele that may be in a vulnerable situation. In this context, we felt it was essential to evaluate companies' practices in terms of quality of services or products offered, product safety and distribution, responsible marketing, and thus, global customer satisfaction.

Through this approach, we can see that financial and non-financial goals can converge, since a company that fulfils both is most likely to benefit from strong momentum, and ultimately, from an appreciation in its share price over the medium and long term.

**Could you please share with us some of your investment decision rationales and your outlook on investment opportunities?**

Prevailing uncertainties related to the COVID-19 crisis and market momentum/style rotation reinforce our existing conviction in favour of a diversified portfolio built on three investment pillars (Healthcare, Pensions & Savings and Consumers), concentrated on high-conviction names.

In the healthcare sector, long-term growth prospects continue to be supported by multiple factors (ageing of the population, developing markets and innovation with new medicines such as immuno-oncology) that are amplified in the short term with specific needs in terms of diagnostics, ICU equipment and medical research. Risks for the industry are mainly focused on potential US healthcare reforms and accelerating pricing pressure due to generics/biosimilars. Accordingly, we have recently cut our exposure to Roche and strengthened our positions in a number of players that are more immune to these concerns, such as Carl Zeiss Meditec and Essilor-Luxottica.

Within the Pensions & Savings pillar, structural opportunities are confirmed in developed markets, ensuring additional revenues for retirees, and in emerging markets, due to the under-penetration of protection, health and pensions products. Solution providers in these segments that benefit from the ageing of the population from a financial point of view may be impacted in the short term by Brexit and financial market shocks. Hence, exposure to the UK has been reduced over the last few months (Schroders, St James's Place Wealth, Standard Life Aberdeen).

Concerning the Consumers component, the crisis has triggered structural change in terms of consumer behaviour. As already outlined, we have seen the population and governments take a keen interest in what nutrition can do for our health (micronutrients contribution, deficiencies, etc.). As a world leader in this field, DSM is among our core holdings in the portfolio. 2020 has also seen the acceleration of e-commerce penetration in several markets; with more than 20% of online sales for the group, L'Oréal remains our top conviction in the personal care segment. Conversely, we have reduced our exposure to hotels and travel due to the inherent risk of this activity for senior citizens in the coming months.

Past performance is not a guide to future performance and no guarantee is given on the latter. The above holding is neither representative of the overall portfolio's performance nor does it represent the performance of other holdings held within the portfolio.

## General information

Launch date	12 October 2015
Fund Managers	Olivier Cassé - Giulia Culot
Management company	Generali Investments Luxembourg S.A.
Investment manager	Sycomore Asset Management
Base currency	Euro
Fund type	Luxembourg domiciled SICAV (UCITs)

	Institutional investors	Retail investors
Share class	B Acc.	D Acc.
Launch date	16 Oct 2015	16 Oct 2015
Management fee	0.75%	1.50%
ISIN	LU1234787205	LU1234787460
Bloomberg	GLSRIBX LX	GLSRIDX LX

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

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