

# Destination Value Total Return Fund<sup>^</sup>

## Monthly commentary

*The fund posted a negative performance over the month (-1.15% for Eur hedged share class, -0.38% for the SX EUR retail share class), and returned +11.95% since inception \*. After the July rebound in risky assets, August has been a negative month both for equities and bonds asset classes, which have negatively impacted our Compounder and Income strategies, while the Macro, Hedge and Special Situations performed relatively well.*

### Market View of the month

After the strong rebound in risky assets in July, August has been overall a **negative** month both for **equities** and for **bonds**.

In the first part of the month equity indexes consolidated their gains, helped by a marginally positive US CPI, which came out at 8.5% year over year (flat month over month), after the historical high of 9.1% in June. On the other hand, the Eurozone **inflation dynamic** continued to be even more challenging, with the August CPI print at 9.1%. Economic activity kept slowing down, especially in Europe, where the manufacturing PMI came out at 49.6 after the 49.8 in July (figures below 50 indicate a contraction). The US manufacturing PMI was 51.5, slightly lower than the July 52.2.

At the end of the month the risk-off sentiment was triggered by the hawkish speech of the Fed Chair Powell at Jackson Hole, who highlights again the strong commitment to bring inflation back to the Fed's target.

On the **rates** side, US Treasury yields increased across all maturities, especially in the front-end. The curve remained inverted with the yield on the 2 years at 3.49% while the 10 years at 3.19%, suggesting strong recessionary risk. Similar path also in the Eurozone, with the German bund up by more than 70 bps from 0.8% to 1.52%. The market is now pricing significant hikes also on the ECB side, with a terminal rate above 2%.

On the **Equity** side, Value kept outperforming growth, with the top performing sectors being energy, utilities and financials. On the other hand, the worst performing sectors have been Real Estate, Information Technology and Health Care, with the relevant MSCI ACWI indexes down by 5.4%, 5.7% and 5.9% respectively.



<sup>^</sup> Complete name of the Fund : Plenisfer Investments SICAV – Destination Value Total Return Fund  
\* for the Eur hedged share class. Cumulative performance since the Fund's launch. For the annualized performance since launch the related volatility please refer to the performance table at the end of the document, as well as for any additional information. Data source: Plenisfer Investments SGR. \*\* Source of all the data: Bloomberg.



**Emerging Markets** equity outperformed in August, with a strong outperformance of LATAM Countries. In China, the Hang Seng closed the month down by almost 1%, with fears among increasing Covid cases and relatively weak economic data.

On the **currency** side, the Dollar continued its massive appreciation with the dollar index (which is an indicator of the dollar strength against a basket of foreign currencies) again up during the month (+13% YtD). The gas crisis in Europe weighted also on the currency, with the EUR that depreciated vs the US Dollar from 1.02 to below parity.

## Portfolio Update and Changes

**Plenisfer Destination Value Total Return Fund:** since inception, the EUR hedged share class delivered a cumulative net return of **+11.95%** and an annualized performance of +4.97%, with a return over the month of **-1.15%**. The SX EUR Retail share class (launched in June 2021) delivered an annualized net return since launch of **+4.90%**, and a cumulative net return since inception of **+6.10%** (Please, refer to page 5 for the complete set of performance information). For the EUR hedged share class, annualized volatility since inception is **7.00%**, resulting in a Sharpe ratio of 0.78 and a Sortino Ratio of 0.74.

### Portfolio monthly contribution to performance by Strategy (Gross):

Strategy	Sum of P&L MTD
Alternative Risk Premia	-0.24%
Cash Management	-0.68%
Compounders	-2.26%
Hedge	+0.89%
Income	-0.50%
Macro	+0.93%
Special Situations	+0.22%

Data as at 31/08/2022. Source: Plenisfer Investments.

In August the Fund had a positive contribution from Macro, Hedge and Special Situations strategies. The rate hike pursued by Central Banks negatively impacted on the Income strategy. The turbulence on the markets in the second half of the month has negatively affected our Compounder Strategy, especially in the last week of August.

The **main contributor** to the Fund's performance in the month has been the **Macro Strategy**. It overall generated **+0.93%**, thanks to our *Energy stocks* and *Negative duration*



expositions. The sub-strategy of *Energy Stocks* returned +0.59% with *OCCIDENTAL PETROLEUM CORP* and *SPROTT PHYSICAL URANIUM TRUS*, thanks to the good monthly performances of the energy and utilities sectors. Positive contribution also from the sub-strategy *Negative Duration*, thanks to our short positions in the Bund futures. We took a new position in the Norwegian government bond in August, to have a positive exposure to the local currency supported by a good carry component and by the country stability and high sovereign rate.

Our **Hedge Strategy** returned **+0.89%** of performance over the month and consists of short positions on Futures, as well as a put option structure on the US and European equity markets. We still maintain a market-neutral beta exposure.

Our **Special Situation** strategy returned **+0.22%** of overall performance over the month, thanks to our Stressed & Distressed exposition. August has seen a marked recovery in our Argentinian positions. This is mainly due to politics: the markets now expect a more orderly year in the run up to presidential elections at the end of 2023. There could be even a relaxation of export controls, which should further benefit our positions. Away from Argentina, we have seen upticks in three restructuring positions that are due for resolution before the end of the year, namely *TV Azteca*, *Emirates REIT* and *Vic Properties*. During the month, our position in *CHINA TELECOM CORP LTD-H* has been closed, to reduce our exposition in the country, affected by fears among increasing Covid cases and relatively weak economic data.

**Gold** stocks, which was the best performer of our **Alternative Risk Premia** strategy in the first part of the year, had a negative contribution of -0.23% for the month, mainly due to the continuous uptrend in real rates. The overall performance of the strategy has been **-0.24%**, but the *volatility* sub-strategy - *CBOE VIX FUTURE Oct22* - delivered a positive result. During the month, our position to *BARRICK GOLD CORP* has been closed, in order to decrease our exposition to gold, now at around 6%. While we remain convinced of the strategic role of gold in the long term, in the short term the price could be impacted by a strong dollar.

Our **Income** strategy lost ground (**-0.50%**) in the month, mainly due to our *Subordinated Financial* positions and *Telecom* sub-strategy, where *VODAFONE GROUP PLC* took -0,13% of performance. Rising yields and widening spreads continue to be the two headwinds for the bond portfolio. A new position in *GLENCORE FUNDING LLC 4.125% 03/12/24 SR:REGS* has been opened this month, due a good yield opportunity.



Finally, our **Compounder strategy** lost **-2.26%** of performance, mainly influenced by the negative trend of the market in the last week of August. This has been reflected in our sub-strategies of *Best in class*, which returned -1.53% with *AUTOSTORE HOLDINGS LTD*, *SIEMENS AG-REG* and *NVIDIA CORP*, as well as *Cloudification* and *Electrification* sub-strategies.

## Monthly Outlook

After a positive summer for financial markets – thanks of the conviction in financial players that inflation is somewhat a self-managed issue, leading to softening if not to a reverse in the current tightening – markets had a sudden wakeup call with the Jackson Hole speech from J. Powell.

This confirmed our position that Central Banks will prioritise fighting inflation and will therefore continue their policy of raising interest rates. In fact, we expect a continuation of a low real GDP growth scenario and persistent inflation. We expect corporates margins to remain under pressure because of the rebalancing between wages and profit (increasing cost of labour). In addition, profits are at further risk if a recession will materialize.

In our opinion, rates normalization will be a painful but needed process to tame core inflation. In addition, the structure of inflation sources is very different in the US and Europe, calling for somewhat different responses from monetary and fiscal authorities which effects are yet not clear.

Our approach for the coming months is to be careful and monitor what is going on with inflation and monetary policy reaction. We persist in our conviction that core inflation will be higher than what the market expects. We still remain beta neutral, with the expectations that most of the return will come from alpha choices as opposed to positive markets trends and that a significant part of the risk budget must be still devoted to downside protection.



## 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	04/05/2020	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%	-1.67%	-1.15%	-0.38%	-1.24%	Annual volatility Calendar year: Jan-Dec 2021	5.88%	6.20%	-	-	-
Cumulative performance YTD (net) as of 31 Aug 2022	-8.30%	-11.04%	-8.34%	-0.23%	-8.99%	Annual volatility 12 months 31 Aug 2021 – 31 Aug 2022	8.06%	8.93%	8.12%	9.38%	8.22%
Annual performance (net) Calendar year: Jan-Dec 2021	8.72%	8.21%	-	-	-	Annual volatility Since inception	7.00%	7.70%	7.48%	8.81%	7.83%
Annual performance 12 months (net) 31 Aug 2021 – 31 Aug 2022	-8.26%	-11.50%	-8.34%	+2.53%	-9.31%	Sharpe Calculated on daily returns since inception	0.78	0.33	-	0.58	-
Annualized performance since inception (net)	+4.97%	+2.82%	-2.15%	+4.90%	-6.45%	Sortino Calculated on daily returns since inception	0.74	0.31	-	0.54	-
Cumulative performance since inception (net)	+11.95%	+6.44%	-3.15%	+6.10%	-7.93%	DrawDown (current)	-11.0%	-13.84%	-11.04%	-4.13%	-11.62%

Source: Plenisfer Investments. NAV Date: 31/08/2022. **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.

## Sub-Fund Facts

**Investment objective and policy:** The objective of this Fund is to achieve a superior risk adjusted total return over the market cycle. Realising long term capital appreciation and underlying income through a long term focus on valuation and the market cycles is paramount to achieving the 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

**Benchmark for Performance Fees calculation only:** SOFR Index (for calculation of performance fees)

**Subscription/redemption process:** Valuation day, 1pm Luxembourg time/ Redemption: Valuation day 1pm Luxembourg time + T5

**Minimum Subscription:** 500.000€ I shareclass; 1.500€ R shareclass

**Currency:** USD

**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 note the specific risk warnings contained in section 6 of this Prospectus and more particularly those regarding: • **Interest rate risk.** • **Credit risk.** • **Equity risk.** • **Emerging markets (including China) risk.** There is no predetermined limitation to emerging markets exposure. Emerging market risk could at times therefore be high. • **Frontier markets risk.** • **Foreign exchange risk.** • **Volatility risk.** • **Liquidity risk.** • **Derivatives risk.** • **Short exposure risk.** • **Distressed Debt Securities risk.** • **Securitized debt risk.** • **Contingent capital securities ("CoCos") risk.**

## Destination Value Total Return

### RISK AND REWARD PROFILE (Class IYH EUR Dis)



This indicator represents the annual historical volatility of the Fund over a 5-year period. Its aim is to help investors understand the uncertainties attached to gains and losses that may have an impact on their investment. Significant risk(s) for the Fund not taken into account in this indicator include the following:

**Counterparty Risk:** The Fund primarily concludes derivatives trades with various contracting parties. There is a risk that counterparties may no longer be able to honour their payment or settlement obligations.

**Credit Risk:** The Fund invests a substantial portion of its assets in bonds. The issuers may become insolvent, whereby the bonds may lose a major part of their value or their value entirely.

**Derivative Risk:** The Fund uses derivative instruments to achieve higher performance through speculation on rising or falling prices. Increased opportunities may lead to increased risk of losses.

**Liquidity Risk:** Risk related to a limited market activity that could not allow the Fund to sell or buy underlying investments in suitable conditions.

**Geopolitical Risk:** Risk related to the investments in geographic areas or sectors that may be sensitive to any event of economic, geopolitical or regulatory nature or any other events beyond the control of the Management Company that could expose the Fund to losses.

**Operational Risk and Depositary Risk:** The Fund may fall victim to fraud or other criminal acts. It may also incur losses due to misunderstandings or errors by employees of the management company, the depositary or external third parties. Finally, its' management or the custody of its' assets can be adversely affected by external events such as fires, natural disasters etc.

The net asset value of the shares is subject to a high volatility, which may result in major latent short-term losses. The use of leverage may increase the risk of potential losses or increase return potential.

**Compartment subject to High volatility. The Fund is not a guaranteed product, risk of losing some or all of your initial investment.**

For more information about the risk factors please refer to section 6 and the compartment Risk Factors section of the Prospectus.

**Before taking any investment decision, please read the latest version of the prospectus, the Key Investor Information Documents (KIIDs).**

## Share classes list and fees

ISIN	Share Class	Currency	Inception Date	BGG	Management Fee	Performance Fee*	Countries of registration	Entry Fee	Exit Fee	Ongoing charges <sup>#</sup>
LU2087694050	I X Cap	USD	04/06/2020	DETVRIA LX	0.75%	15% with Abs HWM	Italy, Spain, France, Germany, Austria, Lux	0%	0%	0.87%
LU2087694647	IYH EUR Dis	EUR (Hedged)	04/05/2020	DETVRYH LX	0.75%	15% with Abs HWM	Italy, Spain, France, Germany, Austria, Lux	0%	0%	0.90%
LU2087694480	I XH EUR Cap	EUR (Hedged)	10/03/2021	DETVRIX LX	0.75%	15% with Abs HWM	Italy, Spain, France, Germany, Austria, Lux	0%	0%	0.90%
LU2087693672	I X EUR CAP	EUR	11/04/2022	DETVRIE LX	0.75%	15% with Abs HWM	Lux, Italy	0%	0%	0.90%
LU2185978587	RX EUR Cap	EUR	10/06/2021	THTVRRC LX	1.25%	15% with Abs HWM	Italy, Lux	5%	0%	1.43%
LU2185979049	RXH EUR Cap	EUR (Hedged)	-	-	1.25%	15% with Abs HWM	Italy, Lux	5%	0%	1.46%
LU2185979551	SX EUR Cap	EUR	06/05/2021	THTVRSE LX	1.75%	15% with Abs HWM	Italy, Lux	4%	0%	1.93%
LU2185980054	SXH EUR Cap	EUR (Hedged)	06/05/2021	THTVRSC LX	1.75%	15% with Abs HWM	Italy, France, Lux	4%	0%	1.96%

\*The performance fee is applicable on total return over SOFR and following payment of the management fee of the portfolio in any calendar year. The performance fee mechanism is subject to a Higher Water Mark: the performance fee is applied only if the NAV price in a particular calendar year is higher than the previous max NAV price in a calendar year in which a performance fee was paid.

Tax treatments depends on the individual circumstances of each client and may be subject to change in the future. Please consult your tax advisor for more details.

<sup>#</sup> As per latest KIID – April 2022.

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## Important Information

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**This document is prepared for professional investors and is not intended to be distributed to retail clients.**

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<https://www.generali-investments.lu/>. Please note that the Management Company may decide to terminate the arrangements made for marketing of the Sub-fund in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU. For a summary of investor rights and guidelines relating to individual or collective action for disputes over a financial product at the EU level and in the respective country of residence of the investor, please refer to the following links: [www.generali-investments.com](http://www.generali-investments.com) and [www.generali-investments.lu](http://www.generali-investments.lu). The summary is available in English or an authorized language in the investor's country of residence. This communication does not constitute any investment, legal or tax advice. Please liaise with your tax and financial advisor to find out whether the Fund is suitable to your personal situation and understand the related risks and tax impacts. The tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Unless otherwise stated, all the information contained in this document are provided by the Investment Manager (Plenisfer Investments SGR S.p.A.) and should not be reproduced or circulated without prior permission. Third party trademark, copyright and other intellectual property rights are and remain the property of their respective owners. Whoever wants to use such information assumes the entire risk of using the information in question.

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#### **Local Paying Agents:**

Italy: Allfunds Bank S.A.U. Via Bocchetto, 6 20123 Milano, Italia.

France: BNP Paribas Securities Services, 3 rue d'Antin, 75002 Paris, France.

Spain: CNMV n. 2018 Registro Oficial 2018, Banco Inversis S.A.

Germany: Generali Investments Partners S.p.A., Società di Gestione del Risparmio, Postfach 10 06 54, 50446 Köln. The net asset value of the Shares is published daily on <https://www.generali-investments.lu/lu/en/institutional/fund-page/plenisfer-investments-sicav-destination-value-total-return-iyh-distr-LU2087694647/>

Austria: Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, 1100 Wien

Portugal: Best – Banco Electrónico de Serviço Total, S.A.- Praça Marquês de Pombal, 3A, 3, 1250-096 Lisbon, Portugal.

