THE EURO-MEDITERRANEAN INVESTMENT FORUM

Investments in the Euro-Med area in the post-Covid era

September 1, 2020
Speaker: Luca Colussa, Generali Investments Partners S.p.A. Società di gestione del risparmio
Covid-19: Big 3 and the Balkans the most affected countries so far

Covid-19: Cases and deaths
per 1 million population, data as of Aug 21

Source: Datastream, August 21, 2020
Fatality rate drifting lower, but new cases in the Balkans in the spotlight

Covid-19: New cases and deaths
per 1 million population, last 4 weeks, data as Aug 21

Source: Datastream, August 21, 2020
Positivity rate: A better metric to track the pandemic

COVID-19: Daily tests vs. Daily new confirmed cases per million

The figures are given as a rolling 7-day average.

Source: Testing data from official sources collated by Our World in Data, confirmed cases from ECDC. Note: Comparisons of testing data across countries are affected by differences in the way the data are reported. Daily data is interpolated for countries not reporting testing data on a daily basis. Details can be found at our Testing Dataset page.

Source: https://ourworldindata.org/coronavirus-testing, August 21, 2020
Unprecedented collapse in real GDP as lockdown and travel restrictions hit output and tourism receipts

Sharp revision in real GDP forecasts

Source: IMF WEO April 2020 vs October 2019

Covid-19 cases per million population, since inception

Source: IMF World Economic Outlook, Datastream, August 21, 2020
Tourism receipts a key economic driver in the region, second wave of Covid-19 a main risk to the recovery.

Tourism travel receipts: 2019
Source: IMF, % of GDP

Source: IMF, Datastream, August 21, 2020
Public debt set to rise further, sustainability concerns to be tackled when the Covid-19 crisis ease

General government debt ratio

Source: IMF World Economic Outlook, in % of GDP as of end-2019

Source: IMF World Economic Outlook, Datastream, August 21, 2020
Agencies cut credit assessment, several countries face downside risks

<table>
<thead>
<tr>
<th>Country</th>
<th>Second best rating</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>BBB-</td>
<td>-</td>
<td>-</td>
<td>Outlook from positive to stable</td>
</tr>
<tr>
<td>Cyprus</td>
<td>BBB-</td>
<td>-</td>
<td>-</td>
<td>Outlook from positive to stable</td>
</tr>
<tr>
<td>France</td>
<td>AA</td>
<td>Outlook from positive to stable</td>
<td>-</td>
<td>Outlook from stable to negative</td>
</tr>
<tr>
<td>Greece</td>
<td>BB-</td>
<td>-</td>
<td>Outlook from positive to stable</td>
<td>Outlook from positive to stable</td>
</tr>
<tr>
<td>Italy</td>
<td>BBB-</td>
<td>-</td>
<td>-</td>
<td>Downgrade from BBB to BBB- (stable outlook)</td>
</tr>
<tr>
<td>Malta</td>
<td>A</td>
<td>-</td>
<td>-</td>
<td>Outlook from positive to stable</td>
</tr>
<tr>
<td>Slovenia</td>
<td>A</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Spain</td>
<td>A-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Albania</td>
<td>B+</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bosnia &amp; Herz.</td>
<td>B</td>
<td>-</td>
<td>Outlook from positive to stable</td>
<td>-</td>
</tr>
<tr>
<td>Egypt</td>
<td>B</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Israel</td>
<td>A+</td>
<td>Outlook from positive to stable</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lebanon</td>
<td>D</td>
<td>Downgrade to C</td>
<td>Downgrade to D</td>
<td>Downgrade to RD</td>
</tr>
<tr>
<td>Montenegro</td>
<td>B+</td>
<td>Outlook from positive to stable</td>
<td>Outlook from stable to negative</td>
<td>-</td>
</tr>
<tr>
<td>Morocco</td>
<td>BBB-</td>
<td>-</td>
<td>-</td>
<td>Outlook from stable to negative</td>
</tr>
<tr>
<td>Tunisia</td>
<td>B</td>
<td>-</td>
<td>-</td>
<td>Downgrade from B+ to B (stable outlook)</td>
</tr>
<tr>
<td>Turkey</td>
<td>B+</td>
<td>-</td>
<td>-</td>
<td>Outlook from stable to negative</td>
</tr>
</tbody>
</table>

Source: Bloomberg, August 21, 2020. Algeria, Libya and Syria are not rated.

Source: EU Commission, Bruegel, Datastream. % of GDP

2020 Next Generation EU: Grants

Source: EU Commission, Bruegel, Datastream. % of GDP

Bulgaria, Croatia, Greece, Latvia, Romania, Slovakia, Spain, Lithuania, Portugal, Poland, Italy, Cyprus, Hungary, Estonia, Slovenia, Czechia, Malta, France, Germany, Belgium, Finland, Sweden, Netherlands, Austria, Denmark, Ireland, Luxembourg

---

ECB and EU Recovery Fund helped ease tensions on sovereign spreads

Sovereign spreads: EU Med vs Other Med
5-year bond spread vs Germany (rebased Jan 31, 2020 = 100)

Source: Datastream, August 21, 2020
EU Med = Croatia, Cyprus, France, Greece, Italy, Slovenia
Balkans and MENA spreads still rather wide compared to pre-crisis levels

Recovery Fund a game changer for spreads
% change in 5-year bond spread vs Germany (4-year bond for Israel, Morocco and Tunisia. Lebanon defaulted)

-50% 0% 50% 100% 150% 200% 250%

Last (Aug 31) vs Jan 31
May 15 (before Recovery Fund) vs Jan 31

Source: Datastream, August 21, 2020
Thank You.

The information contained in this document is only for general information on products and services provided by Generali Investments Partners 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 Partners S.p.A. Società di gestione del risparmio shall in no event be liable for any damages or losses resulting from or caused by an improper use of the information contained in this press release or by defects or omissions in its contents. Certain information in this publication has been obtained from sources outside of Generali Investments Partners S.p.A. Società di gestione del risparmio. While such information is believed to be reliable for the purposes used herein, no representations are made as to the accuracy or completeness thereof. Generali Investments Partners S.p.A. Società di gestione del risparmio 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. The position and opinion of Generali Investments Partners S.p.A. Società di gestione del risparmio may change over time. More information on Generali Investments Partners S.p.A. Società di gestione del risparmio is available on our website www.generali-investments.com/.