

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2015

Generali CEE Dynamic Balanced Fund

The Investment objective of the Fund

How the Fund achieves its investment objective

The investment objective of the Fund is to achieve long-term capital appreciation and to reduce the portfolio's overall volatility through investments in a diversified and actively managed portfolio of transferable securities.

In seeking to achieve the Fund's objective, the asset allocation, parameters and composition of the portfolio may be adjusted (within investment limits) by the Investment Manager in order to profit from the development of individual markets. The Investment Manager will use a variety of techniques including fundamental analysis of issuers, analysis and prediction of macro-economic indices, interest rates, commodity prices, foreign exchange rates, yield curve and analysis of regional political situation. In addition with regards to fixed income securities the decision making process of the Investment Manager is particularly focused on the price, yield to maturity, rating, fundamentals of the issuer, the country and other parameters of securities such as maturity and whether the security is fixed or floating rate etc. In the final step of its analysis, the Investment Manager checks the appropriateness of the proposed investments, e.g. if the bond is listed on a Recognized Exchange. With regards to equities, the Investment Manager will employ mainly a bottom-up approach to investing, and will typically consider factors such as a company's position on its chosen market, its comparative advantages over competitors, the implications of any vertical fundamental analysis (stability of the company's financial indicators over time) and any horizontal fundamental analysis (comparison with other companies in the sector) of particular stocks.

The target/neutral allocation consists of:

- Equities and equity related securities at between 60% and 65% of NAV.
- Bonds at between 30% and 35% of NAV, with a regional allocation in EE and CIS, of which ½ will be corporates and ½ government and quasi-sovereign bonds.

The derivatives used by the Fund include foreign exchange forwards and swaps (currency forwards and currency swaps) and are used for hedging purposes in the range of 85–105%. Details of the derivatives which may be used are set out in the derivatives risk management process filed with the Central Bank of Ireland. The Fund reinvests all income and gains and does not intend to declare dividends.

Over the first half of the year US equity markets, which represent the main part of the Fund's equity exposure, recorded a 1% gain after moving in a tight range, as negative factors (weak GDP and earnings growth) were offset by corporate equity buybacks and the extension of zero-interest-rate-policy. European equity markets rebounded strongly during the first quarter 2015 in expectation of the ECB quantitative easing programme and earnings recovery supported by an economic recovery. Emerging markets underperformed developed markets, as commodity prices remained weak along with a slowdown in Chinese economy and as a number of emerging economies faced country-specific fiscal and/or monetary problems. In the late summer global equity markets experienced a double digit double-bottom correction, triggered firstly by a Chinese Yuan devaluation and secondly by the Fed's worries over the global economy, as chair Yellen indicated that global developments overshadowed signs of strength in United States. Market sentiment on equity markets significantly improved in October, mainly thanks to central bank (ECB, Fed, PBoC) actions so equities managed to erase most of their recent losses. US earnings season also contributed positively, as many companies (mainly from the IT and healthcare sectors) surprised positively. Global equity markets were further supported by the ECB, as Draghi said that lowering of the deposit rate was discussed and the Council indicated that it may consider adding monetary stimulus at its December meeting. In December, market volatility started to rise along with investors' nervousness regarding the Fed's outlook for the pace of interest rate hikes in 2016. EU markets also reacted sharply negatively to an ECB decision that disappointed, as the market was apparently hoping for bolder action (expansion of monthly asset purchases). The market reaction to the first interest rate hikes in the US in almost 10 years was rather positive, as the FOMC expects only gradual increase in the Fed funds rate and the statement emphasized the conditional nature of the outlook, despite the fact, that the indicated path remains above current market expectations, that include only around two rate hikes in 2016.

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Generali CEE Dynamic Balanced Fund (continued)

The Investment objective of the Fund

How the Fund achieves its investment objective (continued)

US equity markets represented by the S & P 500 index finished the year with 4% gain, while the STOXX Europe 50 Index managed to deliver a 11% gain, despite some losses incurred in 2H. Emerging markets as represented by the broad-based MSCI Emerging Markets index, lost 14% driven down by the negative development of commodity-exporting economies, weak commodity prices and local currency devaluations.

US Treasury yields moved slightly up in 2015. However, as the Fed hesitated to start its key rate cycle, the extent was less than expected at the start of the year. Long-dated euro area core yields were very volatile in 2015. After the QE induced duration shock triggered a fall to 0.05% in 10-year Bund yields in April, the strongest sell-off for years drove 10-year Bund yields close to 1% in June. Since then, core yields have drifted down. In contrast, yields at the short end of the curve have moved further into negative territory mainly driven by the purchases of the ECB and the decision to lower the deposit rate to -0.3% in December.

The performance of developed markets corporate bonds fell short of expectations in 2015 for a number of reasons. Some fundamental figures (debt leverage, interest coverage, etc.) have started to deteriorate since 2H 2015, not only due to depressed commodity prices but also due to equity-friendly policy, finally leading to the rise in global speculative-grade default rate to 3.4% at the end of 2015, up from 2.2% recorded a year ago. In addition, increasing risk aversion on global equity markets and elevated volatility significantly contributed to the widening in credit spreads on both developed and emerging markets. Despite the number of adverse headwinds, corporate bonds contributed positively to the fund's performance. We took advantage of the high carry of EU non-investment grade bonds and kept significant exposure to high-yield i) Russian corporate bonds, profiting from the "Minsk agreement" and a ceasefire on Eastern Ukraine and also from balance sheet deleveraging in some cases, ii) Chinese developer's bonds, profiting from easing in PBoC monetary policy and ii) Kazakh quasi sovereign bonds. On the equity side, we have been keeping an underweight position (c.a. 7 % NAV) in emerging markets, in favour of developed markets (c.a. 50% NAV) via selected global brand names. As regards individual stock exposure, we preferred stocks whose brand value we expect to grow at an above-average pace and with relatively low valuation (based on P/E, P/CF, etc.) in comparison to sector peers.

GENERALI CEE DYN BALANCED A EUR			
Date	NAV per Share	Market Value (EUR)	Market Value (EUR)
31/12/2013	-	-	-
31/12/2014	10.20	2,575,935.80	2,575,935.80
31/01/2015	10.20	2,577,736.43	2,577,736.43
28/02/2015	10.49	2,655,027.67	2,655,027.67
31/03/2015	10.48	2,655,195.00	2,655,195.00
30/04/2015	10.57	2,669,022.65	2,677,815.41
31/05/2015	10.48	2,854,295.64	2,664,955.05
30/06/2015	10.30	2,853,841.36	2,853,841.36
31/07/2015	10.30	2,858,555.59	2,858,555.59
31/08/2015	9.80	2,721,916.75	2,721,916.75
30/09/2015	9.57	2,661,016.83	2,661,016.83
31/10/2015	10.14	2,817,452.77	2,817,452.77
30/11/2015	10.21	2,836,589.36	2,833,762.96
31/12/2015	9.93	2,756,265.91	2,756,265.91

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2015
Generali CEE Dynamic Balanced Fund (continued)

GENERALI CEE DYN BALANCED A CZK			
Date	NAV per Share	Market Value (CZK)	Market Value (EUR)
31/12/2013	-	-	-
31/12/2014	279.92	15,836,305.41	571,392.17
31/01/2015	279.32	44,697,571.71	1,611,402.01
28/02/2015	287.52	55,691,688.77	2,026,082.18
31/03/2015	287.13	63,191,041.56	2,293,175.81
30/04/2015	289.37	67,275,832.65	2,450,374.89
31/05/2015	286.96	70,663,398.24	2,571,744.26
30/06/2015	281.86	76,033,526.46	2,789,260.83
31/07/2015	281.66	79,651,328.24	2,941,083.03
31/08/2015	267.70	79,379,059.57	2,935,572.90
30/09/2015	261.15	78,761,859.05	2,898,295.31
31/10/2015	276.37	85,422,446.77	3,152,739.07
30/11/2015	278.28	88,616,462.64	3,273,970.25
31/12/2015	269.95	89,392,966.33	3,308,189.84

GENERALI CEE DYN BALANCED A PLN			
Date	NAV per Share	Market Value (PLN)	Market Value (EUR)
31/12/2013	-	-	-
31/12/2014	43.45	80,831.56	18,806.39
31/01/2015	43.46	81,350.47	19,428.23
28/02/2015	44.78	77,571.73	18,690.73
31/03/2015	44.79	84,270.94	20,694.87
30/04/2015	45.17	88,481.52	21,944.42
31/05/2015	44.84	116,924.14	28,399.15
30/06/2015	44.12	128,253.23	30,606.50
31/07/2015	44.19	119,243.52	28,740.40
31/08/2015	42.06	108,740.82	25,723.78
30/09/2015	41.13	107,277.50	25,273.86
31/10/2015	43.57	114,515.47	26,911.37
30/11/2015	43.95	115,520.67	27,048.89
31/12/2015	42.77	111,495.20	25,991.12

The future market outlook for the Fund

Looking ahead, we anticipate 2016 to be characterized by a mediocre, albeit resilient economic recovery in the EU, driven by the ECB's QE, low commodity prices and the weak euro. The US economy is starting to look fragile, due to accelerated deterioration in the manufacturing sector (driven down by the fall in oil prices, somewhat weaker export demand from emerging markets (EM) and a strong USD) and more recently also due to weakening in some service sectors. The economic outlook for commodity importing emerging economies is mixed. While Asian economies are negatively influenced by an ongoing slowdown in China, the CEE region profits from EMU economic recovery. On the other hand, commodity-exporting emerging economies are set to contract further, given to the broad-based commodity oversupply contributing to depreciation in local currencies, an increase in inflation and hence restrictive monetary policies in many cases. Low energy prices and a still negative output gap will continue to keep underlying inflation low in developed economies.

Regarding central bank policy, we expect ongoing strong support from major central banks, including the ECB, the Bank of Japan and the People's Bank of China. In case of the Fed, given the accelerated deterioration in the US economy, the recently announced gradual normalization of monetary policy is increasingly uncertain.

INVESTMENT MANAGER'S REPORT for the financial year ended 31 December 2015
Generali CEE Dynamic Balanced Fund (continued)

There are a number of risks. Apart from uncertain global economic development, the major risk relates to the Fed. While it is likely to proceed extremely carefully in normalizing its key rate, there remains a clear risk that markets will overreact. In this case, US bonds and EM assets seem likely to suffer most. There is also a greater risk that European integration will face more severe setbacks, given the UK's forthcoming referendum on EU membership, political uncertainty in the periphery and ongoing migrant issue risks eroding political cohesion over the medium term.

The challenges for bond investors remain substantial. Core yields on both sides of the Atlantic are likely to remain in a narrow trading range in 2016 as concerns about global growth and an accommodative monetary policy stance persist. With yields on government bonds and IG credit already depressed, the only way to achieve an attractive total return is to invest in non-investment grade credits. Unfortunately, there are a number of reasons to remain bearish for credit for 2016. Firstly, concerns about the global economy are unlikely to vanish. Secondly, increasing volatility on equity markets generally widens credit spreads. Thirdly, Moody's forecast that the global speculative-grade default rate will continue to rise to 3.9% by the end of 2016, driven by the commodity sectors. In this environment the investment strategy will be based mainly on a selection of fundamentally strong and liquid credit names. Similar to past years we are also going profit from high carry of non-investment grade credits, where we will offset the higher fundamental risk by shorter duration. Moreover, we have already implemented and are going to continue with a more active tactical strategy, i.e. we will alter the Fund's composition and average duration depending on short-term market influences.

We see upside potential for equities in the euro area, underpinned by higher earnings, a weaker euro, decent valuations and dividend yield of around 3%. For the US, however, the equity cycle appears more mature, with already decreasing earnings and the normalization of monetary policy creating some headwinds to valuations. We continue to be cautious on the EM but at some time in 2016 there could be opportunities to buy as we think they are experiencing their greatest capitulation phase. The asset allocation, parameters and composition of the equity part will be adjusted in order to profit from the development of individual markets. In terms of risk/return profile we will keep a diversified and balanced portfolio.

SCHEDULE OF INVESTMENTS as at 31 December 2015
Generali CEE Dynamic Balanced Fund

Description	Quantity	Currency	Acquisition cost EUR	Fair Value EUR	% of Net Assets
Listed securities : equities					
BELGIUM					
Anheuser-Busch InBev SA/NV	710	EUR	54,673	81,224	1.33
			54,673	81,224	1.33
CANADA					
Thomson Reuters Corp	2,900	USD	102,563	101,045	1.66
			102,563	101,045	1.66
FRANCE					
LVMH Moët Hennessy Louis Vuitton SE	700	EUR	92,334	101,430	1.67
			92,334	101,430	1.67
GERMANY					
Allianz SE	470	EUR	62,294	76,869	1.26
Bayerische Motoren Werke AG	1,250	EUR	115,272	122,038	2.00
HUGO BOSS AG	1,100	EUR	114,496	84,260	1.38
Porsche Automobil Holding SE	2,520	EUR	166,152	126,025	2.07
Siemens AG	1,200	EUR	115,591	107,856	1.77
			573,805	517,048	8.48
GREAT BRITAIN					
BP PLC	2,000	USD	69,585	57,553	0.95
			69,585	57,553	0.95
INDIA					
Tata Motors Ltd	4,000	USD	144,576	108,515	1.78
			144,576	108,515	1.78
JAPAN					
Toyota Motor Corp	820	USD	78,814	92,877	1.52
			78,814	92,877	1.52
SOUTH KOREA					
Samsung Electronics Co Ltd	160	USD	77,332	78,284	1.29
			77,332	78,284	1.29
SWITZERLAND					
Nestlé SA	1,700	EUR	109,261	118,422	1.94
			109,261	118,422	1.94

SCHEDULE OF INVESTMENTS as at 31 December 2015
Generali CEE Dynamic Balanced Fund (continued)

Description	Quantity	Currency	Acquisition	Fair Value	% of Net
			cost EUR	EUR	Assets
UNITED STATES OF AMERICA					
3M Co	340	USD	46,836	47,149	0.77
Apple Inc	1,150	USD	89,224	111,432	1.83
AT&T Inc	3,600	USD	96,478	114,035	1.87
Boeing Co	830	USD	84,363	110,476	1.81
Coca-Cola Co	2,000	USD	66,165	79,094	1.30
eBay Inc	3,450	USD	68,855	87,274	1.43
Exxon Mobil Corp	950	USD	70,408	68,169	1.12
FedEx Corp	800	USD	121,816	109,723	1.80
Goldman Sachs Group Inc	700	USD	101,035	116,138	1.92
Harley-Davidson Inc	2,230	USD	113,533	93,178	1.53
Intel Corp	1,000	USD	31,982	31,713	0.52
Johnson & Johnson	760	USD	53,880	71,865	1.18
MasterCard Inc	630	USD	37,269	56,464	0.93
Microsoft Corp	1,400	USD	47,499	71,501	1.17
NIKE Inc	1,400	USD	37,644	80,549	1.32
Oracle Corp	3,170	USD	102,087	106,600	1.75
PayPal Holdings Inc	1,450	USD	33,364	48,320	0.79
Procter & Gamble Co	1,520	USD	99,826	111,114	1.82
Wal-Mart Stores Inc	1,500	USD	81,457	84,645	1.39
Walt Disney Co	600	USD	58,969	58,039	0.95
Wells Fargo & Co	2,550	USD	104,261	127,606	2.10
			1,546,951	1,785,084	29.30
Total listed securities : equities			2,849,894	3,041,482	49.92
Listed securities : bonds					
AUSTRIA					
JBS Investments GmbH 7.75% 28/10/2020	200,000	USD	183,524	177,667	2.92
			183,524	177,667	2.92
CROATIA					
Croatia Government International Bond 5.875% 09/07/2018	200,000	EUR	219,772	217,959	3.58
			219,772	217,959	3.58
GREAT BRITAIN					
International Personal Finance PLC 5.75% 07/04/2021 EMTN	100,000	EUR	101,730	92,600	1.52
			101,730	92,600	1.52
IRELAND					
Alfa Bank AO Via Alfa Bond Issuance PLC 7.875% 25/09/2017	100,000	USD	94,069	96,675	1.59
Novolipetsk Steel via Steel Funding Ltd 4.45% 19/02/2018	200,000	USD	189,057	182,456	3.00
			283,126	279,131	4.59

SCHEDULE OF INVESTMENTS as at 31 December 2015
Generali CEE Dynamic Balanced Fund (continued)

Description	Quantity	Currency	Acquisition cost EUR	Fair Value EUR	% of Net Assets
KAZAKHSTAN					
Development Bank of Kazakhstan JSC 4.125% 10/12/2022	200,000	USD	159,293	162,814	2.67
Intergas Finance BV 6.375% 14/05/2017	200,000	USD	180,692	188,499	3.10
KazAgro National Management Holding JSC 3.255% 22/05/2019 EMTN	200,000	EUR	189,625	188,207	3.09
KazMunayGas National Co JSC 9.125% 02/07/2018 EMTN	100,000	USD	99,652	101,580	1.67
			629,262	641,100	10.53
NETHERLANDS					
Halyk Savings Bank of Kazakhstan JSC 7.25% 03/05/2017	100,000	USD	78,162	95,111	1.56
Petrobras Global Finance BV 2% 20/05/2016	100,000	USD	88,689	90,905	1.49
Petrobras Global Finance BV 2% 20/05/2016	100,000	USD	78,270	90,905	1.49
			245,121	276,921	4.54
TURKEY					
Export Credit Bank of Turkey 5.875% 24/04/2019	200,000	USD	189,497	190,448	3.13
Turkiye Garanti Bankasi AS 4% 13/09/2017	200,000	USD	184,489	185,983	3.05
			373,986	376,431	6.18
Total listed securities : bonds			2,036,521	2,061,809	33.86
Listed securities : exchange traded funds					
IRELAND					
SOURCE MSCI EMERGING MARKETS UCITS ETF	13,150	USD	423,686	387,067	6.36
			423,686	387,067	6.36
Total listed securities : exchange traded funds			423,686	387,067	6.36
Bond interest accrued				32,860	0.54
Financial assets at fair value through profit or loss			5,310,101	5,523,218	90.68

SCHEDULE OF INVESTMENTS as at 31 December 2015
Generali CEE Dynamic Balanced Fund (continued)

Description						Fair Value EUR	% of Net Assets
Financial Derivative Instruments							
Open Forward Foreign Currency Contracts							
Maturity	Counterparty	Currency Purchased		Currency Sold		Unrealised Appreciation/ (Depreciation)	% of Net Assets
04-Jan-16	RBC IS Bank Luxembourg	EUR	-	CZK	5	-	-
04-Jan-16	RBC IS Bank Luxembourg	CZK	615	EUR	23	-	-
04-Jan-16	RBC IS Bank Luxembourg	EUR	7,730	CZK	209,091	(7)	-
04-Jan-16	RBC IS Bank Luxembourg	CZK	57,167	EUR	2,117	(1)	-
04-Jan-16	RBC IS Bank Luxembourg	EUR	35	CZK	957	-	-
05-Jan-16	RBC IS Bank Luxembourg	CZK	1	EUR	-	-	-
05-Jan-16	RBC IS Bank Luxembourg	CZK	46	EUR	2	-	-
05-Jan-16	RBC IS Bank Luxembourg	CZK	1	EUR	-	-	-
05-Jan-16	RBC IS Bank Luxembourg	EUR	19,309	CZK	521,857	(3)	-
05-Jan-16	RBC IS Bank Luxembourg	CZK	31,291	EUR	1,159	(1)	-
05-Jan-16	RBC IS Bank Luxembourg	EUR	99	CZK	2,676	-	-
19-Jan-16	RBC IS Bank Luxembourg	EUR	4,116,747	USD	4,400,000	68,135	1.12
19-Jan-16	RBC IS Bank Luxembourg	EUR	234,736	USD	250,000	4,701	0.08
29-Jan-16	RBC IS Bank Luxembourg	PLN	110,200	EUR	25,950	(298)	-
29-Jan-16	RBC IS Bank Luxembourg	CZK	87,930,153	EUR	3,261,389	(8,228)	(0.14)
29-Jan-16	RBC IS Bank Luxembourg	CZK	1,654,474	EUR	61,288	(77)	-
29-Jan-16	RBC IS Bank Luxembourg	PLN	2,269	EUR	534	(6)	-
29-Jan-16	RBC IS Bank Luxembourg	CZK	493,243	EUR	18,261	(13)	-
Net profit on open forward foreign exchange contracts						64,202	1.06
Net financial derivative instruments						64,202	1.06
Cash and other net assets						503,027	8.26
Total net assets attributable to holders of redeemable participating shares						6,090,447	100.00