

Generali International Global Managed Funds Investment Performance - October 2004

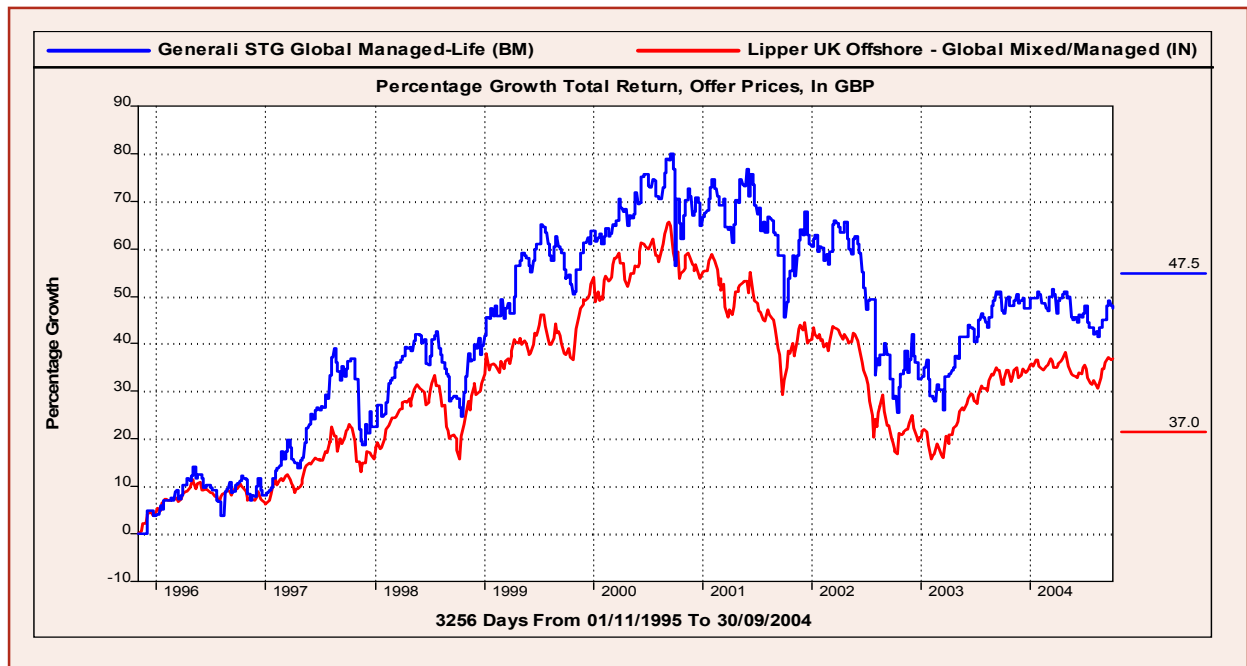
(Statistics as at 30.09.04)

Sterling Global Managed Fund

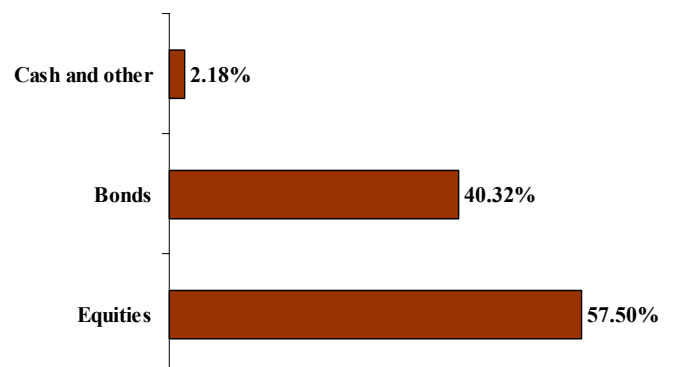
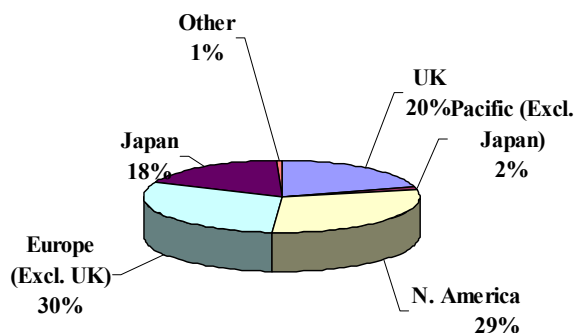
4.40% p.a.

(Compound Annual Growth Rate Since Launch)

The fund decreased by 0.36% over the quarter. The fund underperformed the International Managed Sector by 1.34%. The bid price on 30th September 2004 was £2.739 and the fund has appreciated 47.50% since inception on 1st November, 1995.



Asset Allocation & Geographic Spread As At 30 September 2004



This document is for Independent Financial Advisers only

Source: Generali International and Lipper Limited, a Reuters Company. Past performance is not a guide to the future. Prices can go down as well as up.

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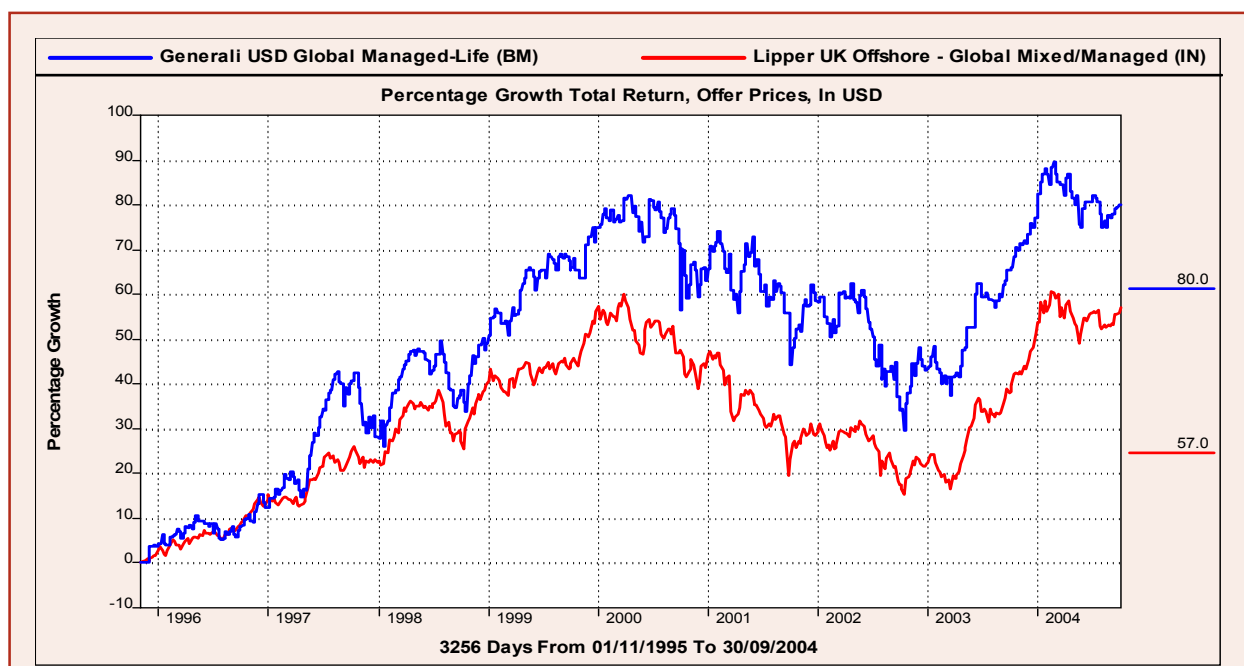
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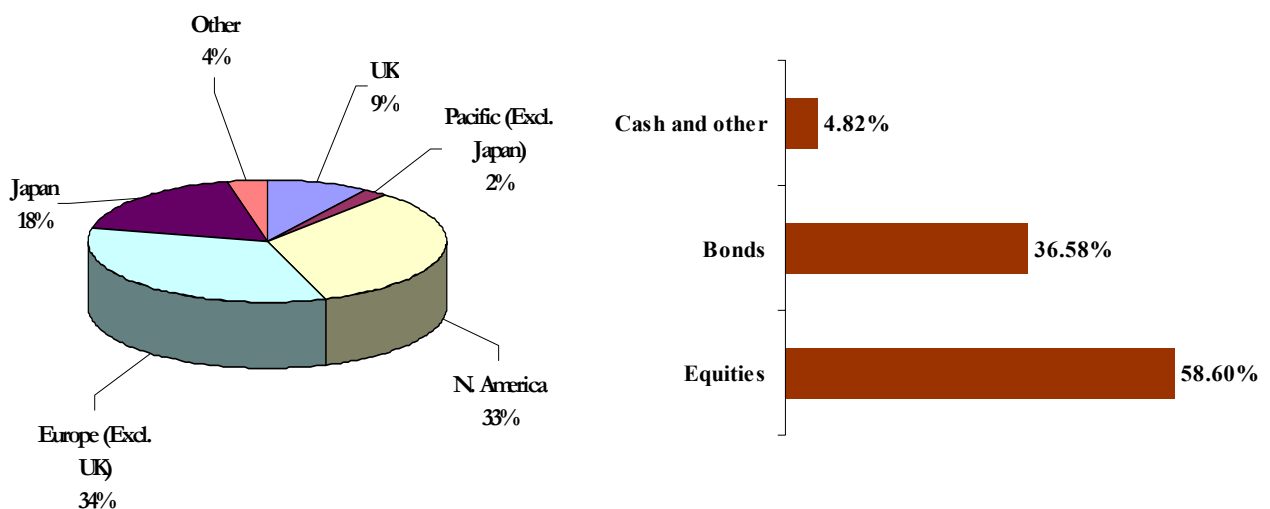
US Dollar Global Managed Fund 6.75%

(Compound Annual Growth Rate Since Launch)

The fund decreased by 1.48% over the quarter. The fund underperformed the International Managed Sector by 2.24%. The bid price on 30th September 2004 was \$3.339 and the fund has appreciated 80.00% since inception on 1st November, 1995.



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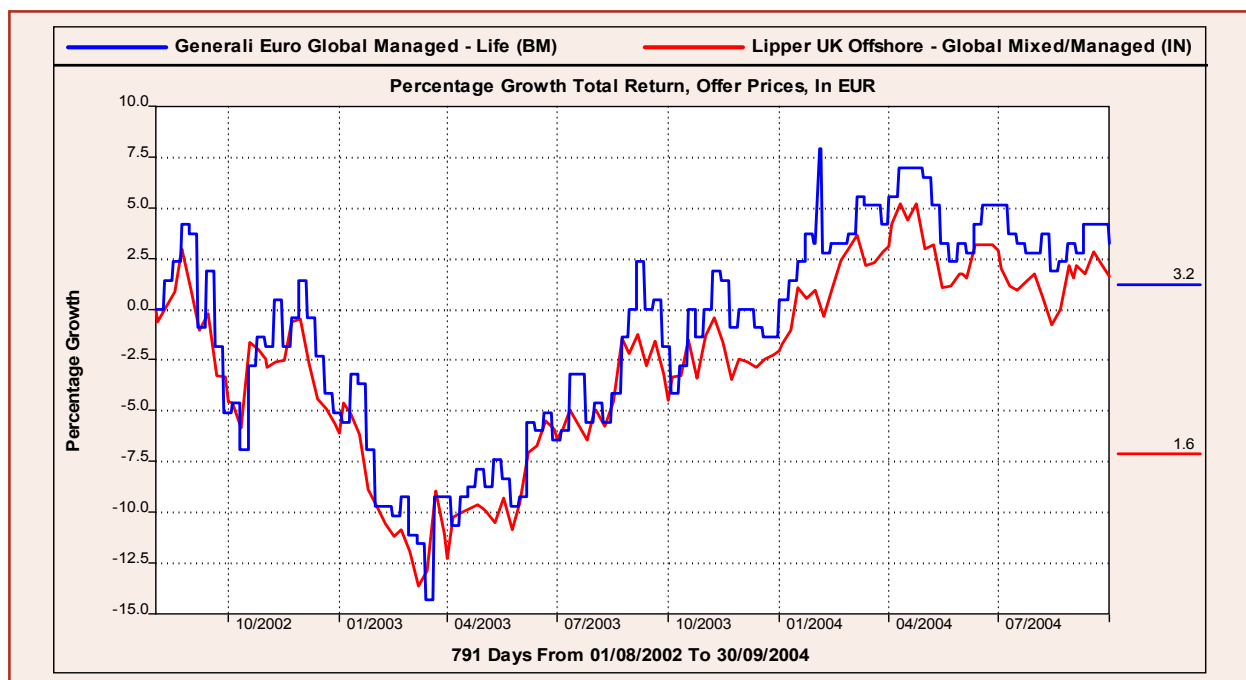
(Statistics as at 30.09.04)

Euro Global Managed Fund

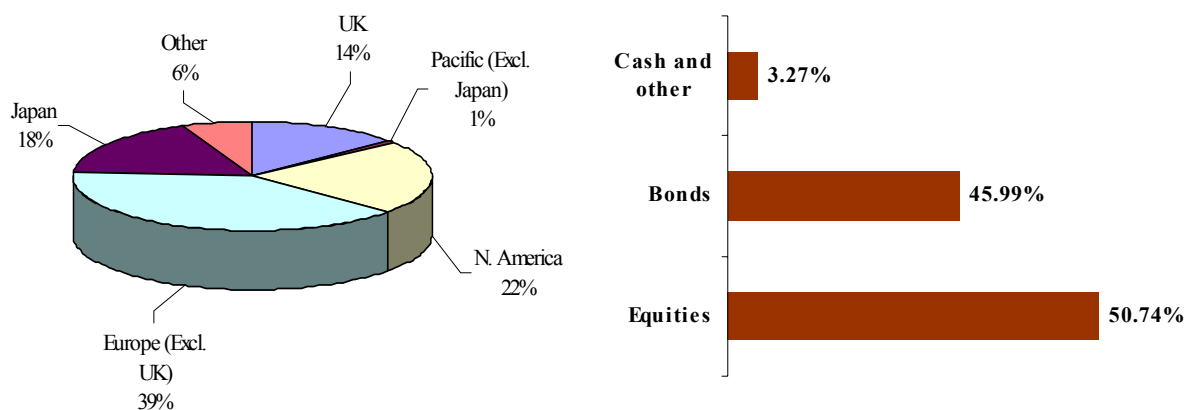
1.60%

(Compound Annual Growth Rate Since Launch)

The fund decreased by 1.43% over the quarter. The fund underperformed the International Managed Sector by 0.14%. The bid price on 30th September 2004 was €2.070 and the fund has appreciated 3.2% since inception on 1st August, 2002.



Asset Allocation & Geographic Spread As At 30 September 2004



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3rd Quarter 2004 Market Review

During July and August, the world's major equity markets fell in response to weaker economic data coming from the US, cautious future earnings guidance from companies and higher oil prices. A rally developed in mid August which saw stronger equity markets through to the end of the quarter. Overall, the FTSE world index fell by 1.3% over the three month period, reflecting poor performances from the big equity markets of USA, Japan and Germany, whilst many of the smaller markets were able to make progress.

USA

The US equity market as measured by the S&P 500 index fell by 2.3% over the quarter. The main problem has been that whilst economic data remains largely supportive of the market, the recovery is rather weaker than most commentators had been anticipating earlier in the year. Sharply higher oil prices and corporate earnings growth worries have added to the uncertainty. An air of caution continues to prevail in the equity market.

UK

The Bank of England's policy of trying to dampen both consumer demand and house-price inflation via a series of small interest rate rises appears to be working. Recent data would indicate that a slowdown is underway and interest rates may well be at or near the peak of this tightening cycle. Over the quarter UK equities performed relatively well with the FTSE 100 rising by 2.4%

Continental Europe

Over the quarter, European equities fell, largely due to the oil price, weak momentum in the US economy and weak domestic demand. Interest rates remained on hold over the quarter; however the ECB policy bias has switched to hawkish. Against a background of only sluggish domestic demand, rates are expected to remain on hold. European equity valuations look attractive relative to other areas

Japan

The Japanese market underperformed the other main equity markets as economic data testified that the economy will not be able to avoid the current global softening in the business cycle. In addition, demand from China slowed down and the oil price spikes continued to weigh heavily on a country that is one of the most exposed to higher prices. The widely followed Tankan survey, published at the end of the quarter, restored some confidence in economic recovery and overall we expect a positive return from Japanese equities in the final quarter of the year.

Asia

Having displayed some weakness in July, Asian markets recovered during July and August leaving the FT World Pacific (ex Japan) Index some 5.9% higher over the quarter. Whilst abundant liquidity provides a floor for the Asian markets, economic data and corporate earnings concerns make the outlook a little cloudy.

Outlook

A slowing US economy and higher than expected oil prices are limiting the upside for equity markets in the short term, however a number of the major equity markets are now looking attractively valued and we remain positive on a longer term view.

Fund Strategy

We intend to marginally increase our equity exposure on market weakness.