



Algebris Financial Income Fund (UCITS)

July 2015 Factsheet

Fund Terms		Fund Information		Performance Analytics											
Size (€):	262m	No. of Bonds/ No. of Issuers	54/31	Return Since Inception	27.0%										
Domicile:	Ireland	No. of Stocks	58	Annualised Return	12.8%										
Retail Share Classes:		Duration of Bond Allocation (OAD)	4.59 yrs	Annualised Volatility	6.2%										
R (Accumulating)		Av. Rating of Bond Allocation	BB+	Sharpe Ratio	1.9										
Rd (Distributing)		Bonds: Gross Yield to Worst	6.23%	Note: Figures based on net returns for B EUR (Accumulating) class assuming admin, management and excluding ADL (Anti-Dilution Levy – currently 12.5bps). The actual price at which an investor subscribes or redeems shares in the fund will vary, depending on the swung price based on the ADL applied on the day in question. Further information is contained in the Prospectus. Inception date: 13 August 2013. Source: Bloomberg LP, Algebris Investments (UK) LLP											
Liquidity:	Daily	Equity: Gross Dividend Yield	4.35%												
Management Fee:	1.80%	Fund: Gross Yield	5.16%												
Incentive Fee:	None	Source: Bloomberg LP, Algebris Investments (UK) LLP													
Bloomberg Ticker:															
AFIREUR ID / AFCIRDE ID															
ISIN (R/Rd EUR Share Classes):															
IE00BCZQ7T48 /															
IE00BCZNX202															
Data as of 31.07.2015															
Fund Objective		Performance Information (Net) % – B EUR (Accumulating)													
<p>The Algebris Financial Income Fund can invest in the capital structure of financial companies globally, in both equities and fixed income.</p> <p>The objective of the Fund is to maximise income and generate superior risk adjusted returns over an investment cycle by investing in high dividend yielding stocks and bonds.</p> <p>Furthermore, the Investment Manager aims to identify mispricing opportunities to generate capital appreciation of the Fund through fundamental bottom up analysis of a company's intrinsic value.</p> <p>The Fund invests in equities and subordinated debt capital instruments of financial institutions globally, including hybrid capital instruments, preference shares and contingent convertible bonds (CoCos), with fixed and variable interest rates, which may be rated investment grade or below investment grade.</p> <p>Investment in the Fund may be suitable for investors with a medium to long term investment horizon.</p> <p>*Index returns in constant currency :USD.</p>		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
		2013								-1.41	1.48	4.05	2.08	2.32	8.69
		2014	0.49	2.89	1.32	-0.28	0.48	0.35	-0.25	1.23	-1.13	0.50	1.58	-0.66	6.63
		2015	0.82	4.48	1.91	1.08	1.14	-1.89	1.55						9.35
		Please see note above. Figures are available on Bloomberg, daily.							Source: HSBC Securities Services (Ireland) Ltd, Algebris Investments (UK) LLP						
Commentary															
		<ul style="list-style-type: none"> Performance of the Fund this month was dominated by Europe. Top contributors to performance were Santander, BBVA and Banco Popular. The Main detractor to performance was Popular Espanol Bank The first week of July was dominated by Greece. With a non-trivial possibility of an accident leading to Grexit, and heightened volatility, our risk management process led us to reduce our net exposure to the Eurozone to protect performance. Capital controls remain in place which will place the economy under continued pressure As Europe's leaders came up with an agreement that removed some of the bigger tail risks within Europe, we re-built the book with our favourite names. Looking forward to the second half of the year, the improving macro environment, low oil prices and the lower Euro should provide a helpful tailwind for markets China quickly grabbed investors' attention with a continuation of the market rout that started in June. The Shanghai Composite Index fell 13.6% in July. This was stopped in its tracks by some heavy handed policy action but the intra-day and monthly volatility has hurt market confidence. We are doggedly sitting on our hands waiting to deploy capital into good quality companies at washed out valuations China's impact on commodity markets and the ongoing sell-off in oil have been key drivers behind the selloff in HY markets. US HY spreads widened by 35 bps in July In the US, the market is focused on the timing of the first rate hike and the pace thereafter. The Fed has made the incoming data critical to their decision process. The market continues to shift the probabilities assigned to a September hike versus December or a push back to 2016 We see limited impact on our portfolio from the resolution of the first rate hike debate. More relevant will be the duration and magnitude of the rate hiking cycle. We agree with market pricing that the Fed will be cautious in their pace over the next 18 months unless the economic data or inflation accelerates substantially One important emerging feature is M&A. Despite \$7trn of M&A in the last 19 months, the financial sector has largely been absent since 2009. However, deals in the sector have recently exploded. In July alone we have seen ACE buy Chubb, CIT buying OneWest and Japanese insurers continue to buy US counterparts at hefty premiums. In Europe, Zurich is looking at RSA and Mitsubishi UFG in Japan is hunting globally for asset managers. This provides an increasingly compelling backdrop for investor attention especially as the acquirers' stocks are also lifting After a relatively quiet June and July, the end of the month saw UBS come with another high trigger AT1, RBS announced a roadshow for their first AT1 issue and Barclays also tapped the market in early August for a 7 year Sterling deal 													

Contact us

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Top 5 Equity Holdings	
Rank	Issuer name
1	BNP Paribas
2	Sumitomo Mitsui
3	HSBC
4	KKR
5	Lloyds

Source: Algebris Investments (UK) LLP

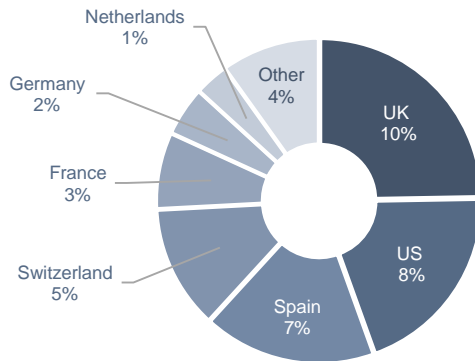
Top 5 Bond Holdings	
Rank	Issuer name
1	Santander
2	Lloyds
3	UBS
4	BBVA
5	Citigroup

Source: Algebris Investments (UK) LLP

Portfolio Composition (Asset Allocation)	
	Allocation
Equities	49%
Bonds	41%
Hedges (delta)	-5%

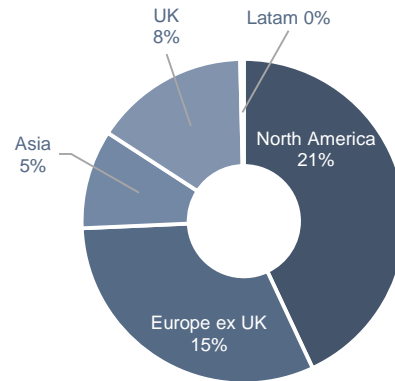
Exposure is calculated on a delta adjusted basis for option positions and on a full notional basis for all other instruments.
Source: Algebris Investments (UK) LLP

Bonds – Exposure by Country



Allocation may not add up to 100% due to rounding.
Source: Algebris Investments (UK) LLP

Equities – Exposure by Region



Allocation may not add up to 100% due to rounding.
Source: Algebris Investments (UK) LLP

About Algebris

Algebris Investments (UK) LLP is an investment manager specialised in the global financial sector. Algebris invests across the capital structures of financial institutions, in both credit and equity, on behalf of long only and hedged strategies. Algebris has a team of 15 investment professionals and manages ~\$2.6bn, split between credit and equity investments (data as of 31 July 2015). With offices in London, Singapore, Boston and Milan, it is registered with the SEC, MAS and the FCA. Affiliated to TCI Fund Management Limited.

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