



Algebris Financial Credit Fund (UCITS)

December 2015 Factsheet

| Fund Terms | |
|---------------------------------------|---------|
| Size (€): | 774m |
| Domicile: | Ireland |
| Retail Share Classes: | |
| R (Accumulating) | |
| Rd (Distributing) | |
| Liquidity: | Daily |
| Management Fee: | 1.20% |
| Incentive Fee: | 10% |
| Bloomberg Ticker: | |
| AFCRREU ID / AFCRDEU ID | |
| ISIN (R/Rd EUR Share Classes): | |
| IE00B8J38129 / | |
| IE00B8XCT900 | |
| Data as at 31.12.2015 | |

| Fund Information | |
|------------------------------|---------|
| No. of Bonds/ No. of Issuers | 95/ 42 |
| Effective Duration | 3.9 yrs |
| BLP Composition Rating | BB+ |
| Gross Coupon Rate | 5.7% |
| Gross Yield to Worst | 5.2% |
| Gross Yield to Maturity | 5.4% |

Source: Bloomberg LP, Algebris Investments (UK) LLP

| Performance Analytics | |
|------------------------|-------|
| Return Since Inception | 32.5% |
| Annualised Return | 8.8% |
| Annualised Volatility | 2.9% |
| Sharpe Ratio | 2.8 |

Note: Figures are based on net returns for I EUR (Accumulating) class assuming admin, management and incentive fees and excluding ADL (Anti-Dilution Levy – Currently 25bps). 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: 3 September, 2012.
Source: Bloomberg LP, Algebris Investments (UK) LLP

| Performance Information (Net) % – I EUR (Accumulating) | | | | | | | | | | | | | |
|--|------|------|------|------|------|-------|-------|-------|-------|------|------|-------|------|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
| 2012 | | | | | | | | | 1.65 | 2.27 | 1.68 | 1.84 | 7.65 |
| 2013 | 0.34 | 0.51 | 0.46 | 2.45 | 0.02 | -2.17 | 1.15 | -0.14 | 0.96 | 2.67 | 0.88 | 0.99 | 8.33 |
| 2014 | 1.25 | 2.07 | 0.61 | 1.46 | 1.20 | 0.70 | -0.29 | 0.66 | -1.87 | 1.40 | 0.65 | -0.36 | 7.69 |
| 2015 | 1.56 | 1.50 | 0.66 | 0.25 | 0.10 | -1.19 | 1.59 | -0.40 | -1.15 | 2.34 | 0.48 | -0.29 | 5.50 |

Note: Figures are available on Bloomberg, daily.

Source: HSBC Securities Services (Ireland) Ltd, Algebris Investments (UK) LLP

| Fund Objective |
|--|
| <p>The Algebris Financial Credit Fund aims to achieve a high level of current income and modest capital appreciation by investing in senior and subordinated debt securities of the financial credit sector 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>Currency exposure will be systematically hedged. Investment in the Fund may be suitable for investors with a medium to long term investment horizon.</p> |

Commentary

- The Fund returned -0.29% in December and finished 2015 up 5.50%. Top contributors to performance in December were Société Générale, Goldman Sachs and Citigroup. Detractors to the month's performance were holdings in Santander, Lloyds and BBVA
- In December, the ECB implemented an anticipated cut in the deposit rate to -0.30% and an increase in the size of their asset purchase program. The Fed also hiked the target range for the fed funds to a range of 0.25% to - 0.50%
- Risk markets were generally weaker in the month particularly in Europe where the enthusiastic positioning ahead of the ECB meeting was unwound quickly. The S&P 500 finished the month down 1.75% and the Eurostoxx Index was down nearly 7% reversing the majority of the October and November gains
- Energy continued to be in focus particularly as the weakness continued to bleed into credit markets. The HY index was down 2.5% in December and off 4.5% for the year. Financials were the best performing subsector of the index while energy and materials were the worst. Higher quality buckets continued to outperform CCC and distressed bonds. Outflows continued to be in focus in December with three straight weeks of redemptions over \$1bn
- A deeper mid-month selloff in the HY market centered around the closure of a distressed credit fund offering daily liquidity through a mutual fund format. This event refocused attention on the potential mismatch between fund holdings and investor liquidity. Despite relatively good liquidity in the financial sector, we continue to be positioned conservatively. In our opinion, the opportunity cost of carrying more cash and being able to act calmly and decisively in a selloff outweighs the modestly higher yields that could be generated by reducing the cash position
- In late December the Bank of Portugal shocked investors by re-opening the resolution of BES and moving €2bn of senior bonds from Novo Banco back to BES. Investors were positioned in these bonds expected a sale to a higher quality trade buyer despite the auction process failing to deliver acceptable bids in late 2015. The result of the transfer was bond prices fell 75% into the end of the year. There are several potential issues that holders may use to challenge the decision but it reaffirms our approach to make sure that we are comfortable with the stand-alone fundamentals of the issuer without relying on government or M&A support to make the investment case. It is clear that senior debt and lower in the capital structure is exposed to losses in a resolution. We will keep our focus on higher quality issuers

Contact us

For questions regarding the Algebris Financial Credit Fund

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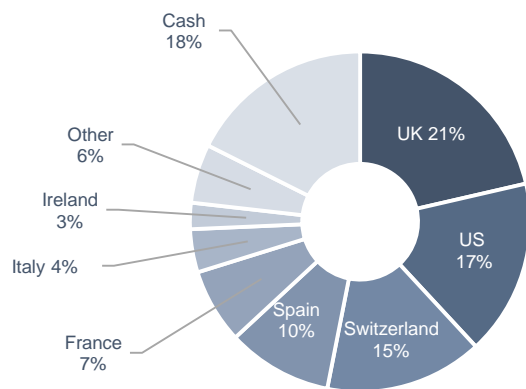
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| Top 10 Bond Issuers by Exposure | | | | | |
|---------------------------------|---------------|-------|------|------------------|-------|
| Rank | Name | Total | Rank | Total | Total |
| 1 | Lloyds | 8% | 6 | Barclays | 4% |
| 2 | UBS | 7% | 7 | BBVA | 4% |
| 3 | Santander | 7% | 8 | Intesa Sanpaolo | 4% |
| 4 | Credit Suisse | 6% | 9 | Société Générale | 3% |
| 5 | Citigroup | 5% | 10 | BNP Paribas | 3% |

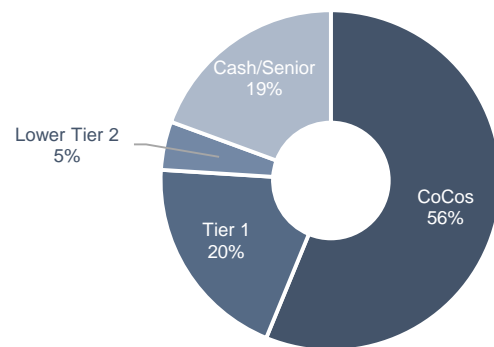
Source: Algebris Investments (UK) LLP

Country Exposure



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

Capital Structure



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 ~\$2.8bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31 December 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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Fund Details

| Share Class | | | | Identifiers | |
|-------------|-----|----------------------------|-------------|--------------|------------|
| Class | CCY | Min Investment | Launch Date | ISIN | BBG ticker |
| I | EUR | € 500,000 | 3/9/12 | IE00B81TMV64 | AFCIEUR ID |
| | GBP | GBP equivalent of €500,000 | 14/9/12 | IE00B85LPZ38 | AFCIGBP ID |
| | USD | USD equivalent of €500,000 | N/A | IE00BK017B22 | ALGFIUS ID |
| | CHF | CHF equivalent of €500,000 | 3/10/12 | IE00B8HNZW49 | AFCICHF ID |
| | SGD | SGD equivalent of €500,000 | N/A | IE00BYYJY973 | N/A |
| R | EUR | € 10,000 | 23/1/13 | IE00B8J38129 | AFCRREU ID |
| | GBP | GBP equivalent of €10,000 | 14/9/12 | IE00BMMVVZ61 | ALGFRGB ID |
| | USD | USD equivalent of €10,000 | 14/4/14 | IE00BK017F69 | AFCRUSD ID |
| | CHF | CHF equivalent of €10,000 | 30/6/14 | IE00B8ZQ4Z18 | ALGFRCR ID |
| | SGD | SGD equivalent of €10,000 | N/A | IE00BYYJY759 | N/A |
| ID | EUR | € 500,000 | 18/9/12 | IE00B7SR3R97 | AFCIDEU ID |
| | GBP | GBP equivalent of €500,000 | 5/3/13 | IE00B8DD4P49 | AFCIDGB ID |
| | USD | USD equivalent of €500,000 | 3/7/14 | IE00BK017C39 | AFCIDUS ID |
| | CHF | CHF equivalent of €500,000 | 4/10/12 | IE00B7W1NB16 | ALGFIDC ID |
| | SGD | SGD equivalent of €500,000 | N/A | IE00BYYJYC06 | N/A |
| RD | EUR | € 10,000 | 12/4/13 | IE00B8XCT900 | AFCRDEU ID |
| | GBP | GBP equivalent of €10,000 | N/A | IE00BMMVW089 | ALGFRDG ID |
| | USD | USD equivalent of €10,000 | 24/6/14 | IE00BK017D46 | AFCRDUS ID |
| | CHF | CHF equivalent of €10,000 | N/A | IE00B7RCY403 | ALGFRDC ID |
| | SGD | SGD equivalent of €10,000 | N/A | IE00BYYJYD13 | N/A |

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