



Algebris Financial Credit Fund

February 2015 Factsheet

Fund Terms

Size (\$):	553m
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 28.02.2015

Fund Objective

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.

Currency exposure will be systematically hedged.

Investment in the Fund may be suitable for investors with a medium to long term investment horizon.

Fund Information

No. of Bonds/ No. of Issuers	91/36
Effective Duration (OAD)	4.0yrs
BLP Composition Rating (BLP Rating)	BB+
Gross Coupon Rate (Cpn)	6.1%
Gross Yield to Worst (YTW)	5.1%
Gross Yield to Maturity (YTM)	5.6%

Source: Bloomberg LP, Algebris Investments (UK) LLP

Performance Analytics

Return Since Inception	29.5%
Annualised Return	10.9%
Annualised Volatility	3.0%
Sharpe Ratio	3.4

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											3.08

Please see note above. Figures are available on Bloomberg, daily.

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

Commentary

The Algebris Financial Credit Fund returned 1.50% in February and is now up 3.08% for the year. The fund's performance was enhanced in particular by long positions in UBS, which included the recent three tranche new issues; Lloyds and UniCredit were also top contributors.

Much of February's news flow focused on Greece and whether their newly elected Prime Minister, Alexis Tsipras, could execute his key campaign pledge to roll back some austerity measures and get more leeway with Europe to run a smaller fiscal surplus. At the eleventh hour, the Greek Finance Minister, Yanis Varoufakis, was able to secure a four month extension on Greece's €172 billion bailout. The extension does not cover looming maturities in July and does not provide much cushion in the interim for any cash flow shortfall against the budget. Greek banks continue to be completely reliant on European Central Bank liquidity to replace the deposit outflows. We remain focused on any broader risks around Greece, although we believe that the situation has been stabilized for now and Greece has been isolated from Europe in the sense of broader contagion risks.

In February, the US 10-year Treasury yield rose from below 1.7% to slightly above 2%. The selloff followed a very strong January employment report. We continue to remain on alert for a change in Federal ('Fed') policy beyond the timid path the market is pricing. Recent remarks from Janet Yellen, the US Federal Reserve's Chairwoman, and James Bullard, President of the Federal Reserve Bank of St. Louis, suggest a lift off in rates is possible following the June 16th/17th meeting. The Fed is attempting to prepare markets for the possibility of a rate increase at this meeting, which, even though well telegraphed, is still met with much scepticism. Atlanta's Fed President, Dennis Lockhart, echoed their sentiments in a Wall Street Journal interview published on the 26th February, stating "I continue to believe that all meetings from June onward should be on the table" with regards to hiking rates.

Contact us

For questions regarding the
Algebris Financial Credit Fund

Call: +44 (0)20 7851 1740

Email: algebrisR@algebris.com

Visit: www.algebris.com

February was a very active month for new issues in the CoCo space with several large transactions after earnings reports. Banco Popular placed their second AT1 deal and was quickly followed by BBVA, Danske, Swedbank, Nykredit, UBS and Svenska Handelsbanken. The UBS deal was by far the most compelling of the series of transactions, as they issued their first CoCos in Additional Tier 1 format with both high and low triggers. Increased focus on the leverage ratio was a primary driver of the transaction. We established a core position across all three bonds and continue to see good value in the bonds.



Algebris Financial Credit Fund

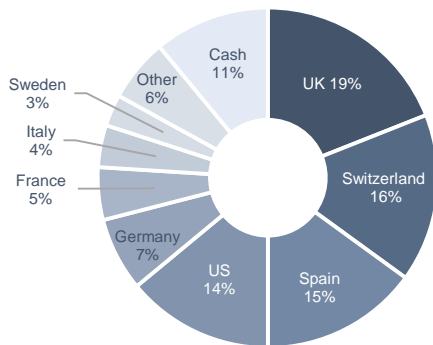
February 2015 Factsheet

Top 10 Bond Issuers by Exposure

Rank	Name	Total	Rank	Name	Total
1	Lloyds	9%	6	Barclays	5%
2	Credit Suisse	8%	7	Unicredit	4%
3	UBS	7%	8	Crédit Agricole	3%
4	BBVA	6%	9	HSBC	3%
5	Banco Santander	6%	10	Citigroup	3%

Source: Algebris Investments (UK) LLP

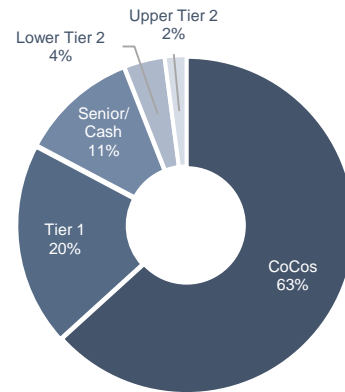
Country Exposure



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 10 investment professionals and manages ~\$2bn, split between credit and equity investments (data as of 28 February 2015). With offices in London, Singapore, Boston and Milan, it is registered with the SEC, MAS and the FCA. Affiliated to The Children's Investment Fund Management (UK) LLP.

Contact Us

London
Algebris Investments (UK)
7 Clifford Street
London W1S 2FT

Tel: +44 (0)20 7851 1740
Email: algebrisIR@algebris.com
Visit: www.algebris.com

Milan
Algebris (Italy)
Via Fatebenefratelli 10
20121 Milano
Italy

Singapore
Algebris Investments (Asia)
50 Raffles Place #38-07
Singapore Land Tower
Singapore 048623

Boston
Algebris Investments (US)
581 Boylston Street
Suite #321
Boston MA 02116

Private & Confidential

This document has been prepared and is provided by Algebris Investments (UK) LLP who is the Investment Manager to the Algebris Financial Credit Fund. Algebris Investments (UK) LLP is authorised and regulated by the Financial Conduct Authority. All figures, unless stated otherwise, are as at the last business day of the relevant month showing above. Some of the figures shown in the tables are estimates, provided by Algebris Investments (UK) LLP. This document does not constitute or form part of any offer to issue or sell, or any solicitation of an offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on, in connection with, any contract therefore. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by any of Algebris Investments (UK) LLP, its partners or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. The information included herein and other materials provided to you are intended only for discussion purposes. This information is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. You should consult your tax, legal, accounting or other advisors about the issues discussed herein. A potential investor expressing an interest to invest in the transaction will be provided with an offering memorandum and subscription agreement (together, the "Fund Documents") for the investment and an opportunity to review the documentation relating to the investment. Prospective investors must review the Fund Documents, including the risk factors, before making a decision to invest and should rely only on the information contained in the Fund Documents in making their investment decision. This document is being issued by Algebris Investments (UK) LLP and is for private circulation only. Distribution of this information to any person other than the person to whom this information was originally delivered and to such person's advisors is unauthorised and any reproduction of these materials, in whole or in part, or the divulgence of any of their contents, without the prior consent of Algebris Investments (UK) LLP in each such instance is prohibited. Notwithstanding anything to the contrary herein, each shareholder (and each employee, representative, or other agent of such shareholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) Algebris Investments (UK) LLP and (ii) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the shareholder relating to such tax treatment and tax structure. This document is being communicated by Algebris Investments (UK) LLP only to persons to whom it may lawfully be issued under The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 including persons who are authorised under the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations and partnerships, trustees of high value trusts and persons who qualify as certified sophisticated investors. This document is exempt from the prohibition in Section 21 of the Act on the communication by persons not authorised under the Act of invitations or inducements to engage in investment activity on the ground that it is being issued only to such types of person. Investing in financial markets and securities involves risk. Past performance is not a guarantee of future results. Investment losses may occur from time to time and investors could lose some or all of their investment. The strategy employed may result in the NAV exhibiting a high level of volatility and so is suitable for professional investors only. Algebris Investments (UK) LLP, 7 Clifford Street, London, W1S 2FT, UK.