



# Algebris Financial Credit Fund (UCITS)

## July 2016 Factsheet

Fund Terms	
Size (€):	2.4bn
Domicile:	Ireland
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 31.07.2016

Fund Information	
No. of Bonds/ No. of Issuers	105/ 45
Effective Duration	3.4 yrs
BLP Composition Rating	BB+
Current Yield (gross)	6.2%
Yield to Maturity (gross)	8.1%
Yield to Worst (gross)	6.3%

Source: Bloomberg LP, Algebris Investments (UK) LLP

Performance Analytics	
Return Since Inception	36.9%
Annualised Return	8.4%
Annualised Volatility	4.9%
Sharpe Ratio	1.6

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). This Share Class is used as it provides the longest track record. The returns of the R or Rd EUR Share Classes may differ from the I EUR (Accumulating) Share Class. 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
2016	-1.57	-3.41	3.74	1.73	1.42	-2.00	3.60						3.31

Note: Figures are available on Bloomberg, daily. This Share Class is used as it provides the longest track record. The returns of the R or Rd EUR Share Classes may differ from the I EUR (Accumulating) Share Class.

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
<ul style="list-style-type: none"> <li>The Algebris Financial Credit Fund was up 3.60% in July, bringing the performance for the year to 3.31%. Top contributors to the fund's performance were BBVA and Lloyds</li> <li>Whilst June was dominated by the broadly unexpected result of the UK's EU referendum, July was a very positive month for financial credit, benefitting from the European Central Bank's (ECB) clarification of the interaction between SREP and Pillar 2. The strong stress test results released at month-end are supporting the market further into the new month. Best performers in the AT1 space in July were the names in Spain, Italy and the UK</li> <li>At month end, following the market close, the EBA released the results of the stress test on the largest 51 European banks. Some of the more important points that came out of the test included: i) EUR 180bn of capital built by the banks since the last test, conducted 2 years ago. Compared to the current market cap of the European bank sector of around EUR 740bn, that is an impressive 24% of the market cap generated; ii) thanks to the additional capital built, banks started the test with an average capital ratio (Common Equity Tier 1) of 12.6%, 2.7% higher than in 2013; iii) the drawdown of capital in the stress test scenario was 3.4%, which is comparable to the US CCAR adverse stress test scenario; and iv) the starting leverage ratio was much improved at 5.2% vs 3.1% previously. The one expected 'failure' despite no formal pass/fail threshold, was MPS in Italy. A EUR 5bn capital raise was announced by MPS the same night of the stress test results, as well as an agreed sale of their entire NPLs book, to be closed by year-end. While uncertainties remain, the implications of MPS shortfall on the rest of the sector should be minimal</li> <li>The stress test disclosure is particularly important for bank credit, as it enclosed two supportive messages for bonds. First, not a single bank's AT1s would trigger in the adverse scenario of the test, confirming the idea that triggers are in fact very remote. Second, as we have discussed before, the ECB officially clarified and reduced the MDA (Maximum Distributable Amount) threshold. For capital requirements as part of the SREP process, the ECB is going to split Pillar 2 capital in two components – a Pillar 2 Requirement and a Guidance component – with the latter being excluded from the MDA threshold. The impact of creating a guidance piece of pillar 2 is likely equivalent to at least an additional €100bn of cushion across the banks with AT1s outstanding before coupons would be at risk. We do not expect explicit disclosures as to the split of Pillar 2 but it is a very material improvement for the risk embedded in AT1s</li> </ul>

**Contact us**

For questions regarding the  
Algebris Financial Credit Fund

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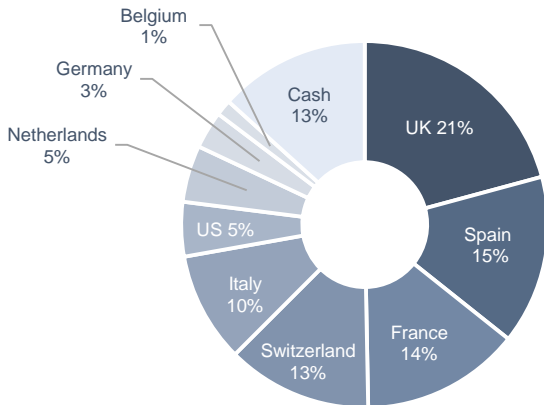
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### Top 10 Bond Issuers by Exposure

Rank	Name	Total	Rank	Total	Total
1	BBVA	8%	6	Credit Suisse	5%
2	Intesa Sanpaolo	8%	7	Santander	4%
3	Lloyds	8%	8	Crédit Agricole	4%
4	UBS	7%	9	Société Générale	4%
5	BNP Paribas	5%	10	Barclays	4%

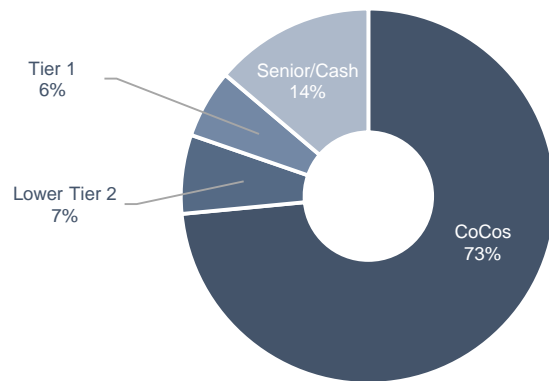
Source: Algebris Investments (UK) LLP

### 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. The firm has traditionally invested in the capital structure of financial institutions across equity and credit. We recently expanded our expertise into global credit. Algebris has a team of 18 investment professionals and manages ~\$4.6bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31 July 2016).

Algebris Investments (UK) LLP is authorised and regulated by the Financial Conduct Authority and registered with the SEC. The US office is registered with the SEC and the Singapore office is registered with MAS.

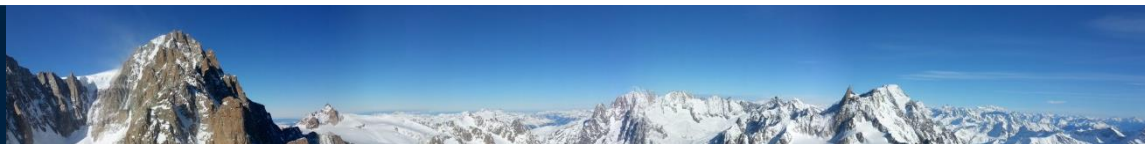
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Fund Details					
Share Class				Identifiers	
Class	CCY	Min Investment	Launch Date	ISIN	BBG ticker
I	EUR	€ 500,000	3/9/12	IE00B81TMV64	AFCIEUR ID
	GBP	GBP equivalent of €500,000	14/9/12	IE00B85LPZ38	AFCIGBP ID
	USD	USD equivalent of €500,000	N/A	IE00BK017B22	ALGFIUS ID
	CHF	CHF equivalent of €500,000	3/10/12	IE00B8HNZ49	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	IE00BMMVZ61	ALGFRGB ID
	USD	USD equivalent of €10,000	14/4/14	IE00BK017F69	AFCRUSD ID
	CHF	CHF equivalent of €10,000	30/6/14	IE00B8ZQ4Z18	ALGFCRC 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	€ 100,000	12/4/13	IE00B8XCT900	AFCRDEU ID
	GBP	GBP equivalent of €100,000	N/A	IE00BMMVW089	ALGFRDG ID
	USD	USD equivalent of €100,000	24/6/14	IE00BK017D46	AFCRDUS ID
	CHF	CHF equivalent of €100,000	N/A	IE00B7RCR403	ALGFRDC ID
	SGD	SGD equivalent of €100,000	N/A	IE00BYYJYD13	N/A

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