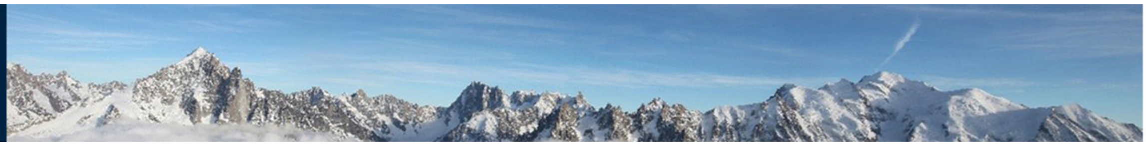

Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating) — **July 2019**

Terms

Size (€): 4.6bn

Fund Inception: 3 September 2012

Fund Domicile: Ireland

Fund Base Currency: EUR

Dealing Frequency: Daily

ISIN: IE00B81TMV64

Management Fee: 0.5%

Incentive Fee: 10%

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 preference shares and hybrid capital instruments (e.g. Additional Tier 1 securities), 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.

Risk Profile

Lower Risk	Higher Risk
Typically lower rewards	Typically higher rewards

1	2	3	**4**	5	6	7

Note: The synthetic risk and reward indicator (SRRI) is based on the historical data and may not be a reliable indication for the future. It is calculated using the volatility of the Fund's weekly performance over a five-year period. A score of 4 means the Fund's historic volatility is between 5% and 10%.

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Email: algebrisIR@algebris.com
Visit: www.algebris.com

Fund Information

No. of Bonds/ No. of Issuers	89/35
Effective Duration	3.0 yrs
Avg. Credit Rating	BB+
Current Yield (Gross)	5.4%
Yield to Maturity (Gross)	5.4%
Yield to Worst (Gross)	4.7%

Note: Avg. Credit Rating is calculated using an internal model and includes all rated bonds and cash. Liquidity funds are excluded.
Source: Bloomberg LP, Algebris (UK) Limited

Performance Analytics

Return Since Inception	60.7%
Annualised Return	7.1%
Annualised Volatility	4.7%
Sharpe Ratio	1.5
2018 Annual Distribution	5.5%

Note: Figures are based on returns for the I EUR (Accumulating) share class, net of management fees, incentive fees and operating expenses and excluding ADL (Anti-Dilution Levy – currently 25bps). The actual price at which an investor subscribes or redeems shares depends on the ADL applied on the relevant dealing day. Further information is contained in the Prospectus. Past performance is not a guarantee of future results.
Annual Distribution refers to the equivalent distributing share class (Id EUR).
Share class inception date: 3 September 2012
Source: HSBC Securities Services (Ireland) DAC, Morningstar

Performance History (Net) % - I EUR (Accumulating) 2014 – Present

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	1.26	2.07	0.61	1.46	1.20	0.70	-0.29	0.66	-1.87	1.40	0.65	-0.35	7.70
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	3.73	1.73	1.41	-2.00	3.60	1.49	-1.09	1.96	-1.30	2.55	7.03
2017	1.02	1.47	0.61	2.01	0.86	-0.21	1.85	-0.27	0.24	2.37	-0.20	0.17	10.32
2018	1.58	-0.54	-1.23	0.35	-3.10	-1.24	2.15	-1.07	0.53	-1.80	-2.55	0.35	-6.51
2019	3.51	1.18	0.54	2.50	-1.97	3.11	0.71						9.89

Note: Returns are net of management fees, incentive fees and operating expenses but exclude ADL (Anti-Dilution Levy – Currently 25bps). The actual price at which an investor subscribes or redeems shares depends on the ADL applied on the relevant dealing day. Further information is contained in the Prospectus. Prices are published daily on Bloomberg. Past performance is not a guarantee of future results.
Source: HSBC Securities Services (Ireland) DAC, Morningstar

Commentary

- Central banks were once again firmly in the spotlight in July, as markets eagerly anticipated their course of action to wrestle with stubbornly low inflation. In the US, the FED delivered its first rate cut in over 10 years and terminated its balance sheet reduction a couple of months earlier than expected. Despite ongoing robust data signalling that economic growth remains expansionary, the FED noted that ongoing trade policy headwinds, weakening global growth and lack of domestic inflationary pressures warranted a 25bps “mid-cycle adjustment” with an ambiguous potential second 25bps cut in September turning out more hawkish than markets expected. In Europe, the ECB fell short of direct action but left a strong signal that it intends to engage in another round of easing measures after the Summer, which could entail more QE, a tiered system for banks’ reserves, or more forceful forward guidance. The combined effects saw sovereign rate 2s10s curves bull flatten by another 10bps on average, taking YTD flattening to 60bps; the notable exceptions in July were a sharper 30bps move tighter in Italian 2s10s and a 10bps bear flattening in the US after the FEDs press conference. Global equity indices were mixed with Europe the clear laggard (unchanged versus FSTE, Nikkei, S&P +1/2%) and European banks once again underperforming their US peers, -2% versus +4%. Financial hybrids instead performed generally well, in line with broader credit, benefitting from the rates moves and ongoing strong technical backdrop.
- The second quarter results season for European banks was a rather tepid one, with very few entities exceeding expectations; for domestic periphery and UK banks, the forward lower guidance around net interest margins was in most cases the overarching driver of underperformance. For credit, the generic ongoing improvement in asset quality and capital was sufficient to prevent any significant decompression, adding to the ECB’s ongoing rhetoric for new measures post summer that underpinned demand for assets yielding over-and-above their respective sovereign benchmarks.
- On the single name front, the most noteworthy highlight came from Deutsche Bank’s new strategic plan that involves the re-cut of the divisions into a less markets’ sensitive bank with c20% of the Group’s risk weighted assets placed into a run-off unit that should be significantly curtailed by the end of 2020. Meanwhile, Unicredit was active on the corporate front having sold out entirely of its remaining equity stake in Fineco, with an expected 30bps capital benefit, and the bank’s Tier 2 were also upgraded, providing firm support to our exposures. We remain positive on Unicredit ahead of the announcement of its new 3-year strategic plan, despite the generalised NIM pressure characterising European banks.
- A number of positive rating actions by the major agencies confirmed the progress achieved by European banks (and their host sovereigns) over recent quarters. In our view these actions, that have so far mainly impacted Tier 2 and Senior notes, should gradually spill-over into AT1 increasing the number of Investment Grade securities and providing further support to our investment thesis.

Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

July 2019

Commentary - continued

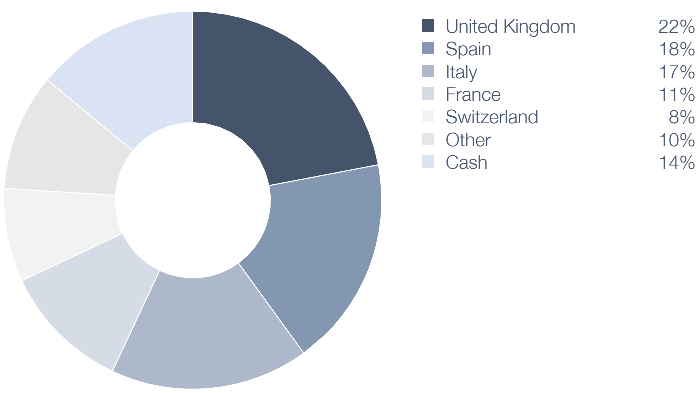
- Issuance for the month of July was somewhat subdued at just under EUR25bn for the leading European banks. Focus was yet again on the senior part of the capital structure with c85% across NonPreferred (c35%), Preferred (c35%), and Secured (c15%); only a handful of deals came in Subordinated format, of which just one notable AT1 that was the debut issuance of Commerzbank. The latter reaffirms that as far as the asset class goes, any new issuance should be rather limited with the vast majority in 2H19 aimed at refinancing deals that are up for first call in 1H20, with the window potentially live from the last week of August onwards.

Top 10 Bond Issuers by Exposure

Name	Total	Name	Total
Unicredit	9%	BBVA	5%
Santander	8%	CaixaBank	5%
Barclays	8%	Credit Suisse	5%
Intesa Sanpaolo	7%	Crédit Agricole	5%
Société Générale	5%	Lloyds	5%

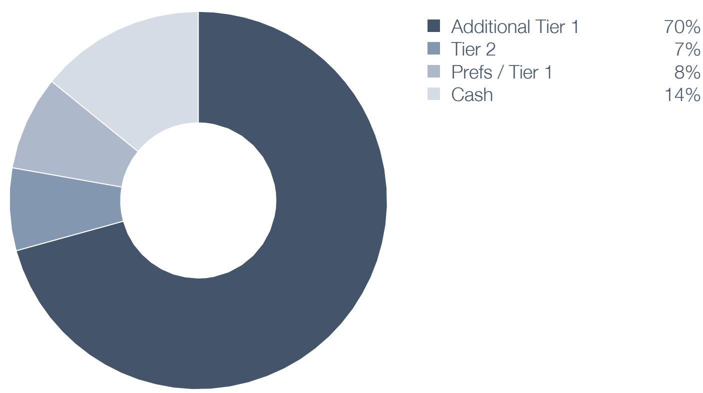
Note: Figures are rounded to the nearest percentage point.
Source: Algebris (UK) Limited

Country Exposure



Allocation may not add up to 100% due to rounding. Excludes bond futures used for hedging duration and index options.
Source: Algebris (UK) Limited

Capital Structure



Allocation may not add up to 100% due to rounding. Excludes bond futures used for hedging duration and index options.
Source: Algebris (UK) Limited

About Algebris

Algebris (UK) Limited is a global investment manager with a historical focus on the financial sector across the capital structure. Founded in 2006, Algebris has gradually expanded its expertise and entered the global credit and Italian securities space to capture a broader set of value opportunities. Most recently, Algebris on-boarded a quant team that has embraced a statistical arbitrage strategy based on mean reversion. Algebris has a team of 26 investment professionals and manages EUR 10.7bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31.07.2019).

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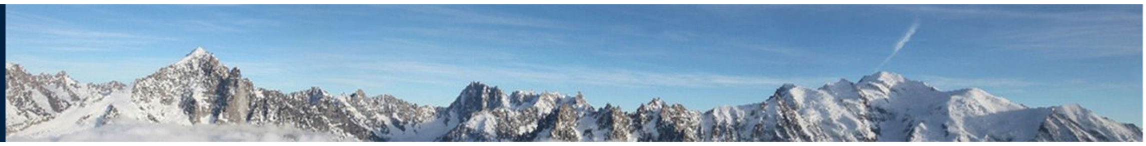

Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating) **July 2019**

Fund Details

Share Classes			Identifiers	
Class	Currency	Minimum Initial Investment	ISIN	BBG ticker
I	EUR	€ 500 000	IE00B81TMV64	AFCIEUR ID
	GBP	GBP equivalent of €500,000	IE00B85LPZ38	AFCIGBP ID
	USD	USD equivalent of €500,000	IE00BK017B22	ALGFIUS ID
	CHF	CHF equivalent of €500,000	IE00B8HNZW49	AFCICHF ID
	SGD	SGD equivalent of €500,000	IE00BYYJY973	AFCISGD ID
	JPY	JPY equivalent of €500,000	IE00BD71W999	AFCIJPY ID
Id	EUR	€ 500 000	IE00B7SR3R97	AFCIDEU ID
	GBP	GBP equivalent of €500,000	IE00B8DD4P49	AFCIDGB ID
	USD	USD equivalent of €500,000	IE00BK017C39	AFCRIDU ID
	CHF	CHF equivalent of €500,000	IE00B7W1NB16	ALGFIDC ID
	SGD	SGD equivalent of €500,000	IE00BYYJYC06	ALGFIDS ID
	JPY	JPY equivalent of €500,000	IE00BD71WB17	AFCIDJP ID
R	EUR	€ 10 000	IE00B8J38129	AFCRREU ID
	GBP	GBP equivalent of €10,000	IE00BMMVVZ61	ALGFRGB ID
	USD	USD equivalent of €10,000	IE00BK017F69	AFCRUSD ID
	CHF	CHF equivalent of €10,000	IE00B8ZQ4Z18	ALGFCRC ID
	SGD	SGD equivalent of €10,000	IE00BYYJY759	ALGFCRS ID
	JPY	JPY equivalent of €10,000	IE00BD71WC24	AFCRJPY ID
Rd	EUR	€ 10 000	IE00B8XCT900	AFCRDEU ID
	GBP	GBP equivalent of €10,000	IE00BMMVW089	ALGFRDG ID
	USD	USD equivalent of €10,000	IE00BK017D46	AFCRDUS ID
	CHF	CHF equivalent of €10,000	IE00B7RCR403	ALGFRDC ID
	SGD	SGD equivalent of €10,000	IE00BYYJYD13	ALGFRDS ID
	JPY	JPY equivalent of €10,000	IE00BD71WD31	AFCRDJP ID

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The strategy employed may result in the NAV exhibiting a high level of volatility. This Fund may invest in contingent convertible securities. These securities have unique risks, for example, due to equity conversion or principal write-down features which are tailored to the issuing entity and its regulatory requirements, which means the market value of the securities may fluctuate. Additional risk factors associated with contingent convertible securities are set out in the Fund's Prospectus.
The State of the origin of the Fund is Ireland. In Switzerland, the Representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the Paying agent is Vontobel Ltd, Gotthardstrasse43, CH-8022 Zürich. The basic documents of the Fund such as the Prospectus, the key investor information document (KIID), the articles of association as well as the semi-annual and annual reports may be obtained free of charge at the office of the Swiss Representative.