

Algebris Financial Credit Fund (UCITS)

June 2018 Factsheet

Fund Terms

Size (€):	5.0bn
Fund Inception:	3 September 2012
Domicile:	Ireland
Share Classes:	I (Accumulating) Id (Distributing)
Liquidity:	Daily
Management Fee:	0.50%
Incentive Fee:	10%
Bloomberg Ticker:	AFCIEUR ID / AFCIDEU ID
ISIN (I/Id EUR Share Classes):	IE00B81TMV64 / IE00B7SR3R97
Data as at 30.06.2018	

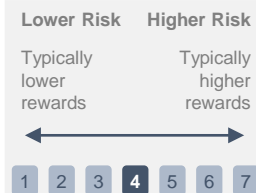
Fund Objective

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.

Risk Profile



Note: The synthetic risk and reward indicator (SRRI) is based on 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%.

Fund Information

No. of Bonds/ No. of Issuers	99/ 45
Effective Duration	4.0 yrs
Avg. Credit Rating	BB+
Current Yield (gross)	5.9%
Yield to Maturity (gross)	6.7%
Yield to Worst (gross)	5.4%
2017 Annual Distribution	4.6%

Avg. Credit Rating is calculated using the average of the top two credit ratings from S&P, Fitch and Moody's and includes all rated bonds and cash. Liquidity funds are excluded. Annual Distribution refers to the Id EUR share class. Source: Bloomberg LP, Algebris (UK) Limited

Performance Analytics

Return Since Inception	49.9%
Annualised Return	7.1%
Annualised Volatility	4.7%
Sharpe Ratio	1.5

Note: Figures are based on net returns for I EUR (Accumulating) class including admin, management and incentive fees and excluding ADL (Anti-Dilution Levy – Currently 50bps). 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. Past performance is not a guarantee of future results.

Inception date: 3 September, 2012.

Source: Algebris (UK) Limited

Performance History (Net) % – I EUR (Accumulating) (2013 – Present)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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	1.49	-1.09	1.96	-1.29	2.55	7.04
2017	1.01	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							-4.18

Note : Figures are available on Bloomberg, daily. Past performance is not a guarantee of future results. Fund inception date: 3 September, 2012

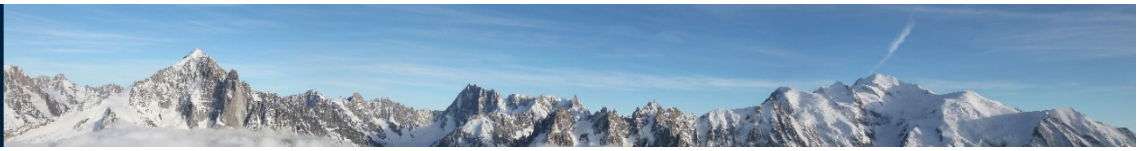
Source: HSBC Securities Services (Ireland) DAC, Algebris (UK) Limited

Commentary

- The Algebris Financial Credit Fund closed down -1.24% in June, bringing the performance for the year to -4.18%. Top detractors to the fund's performance were Unicredit, Intesa, Société Générale and HSBC
- June was another challenging month for risk assets, as global politics continued to drive market volatility. Concerns over Italian politics softened following the announcement of the new Lega/M5S government and reassuring comments by the Finance Minister Tria, which resulted in spreads tightening on 5 and 10-year BTPs to 2.4% (-13bps) and 2.0% (-24bps) respectively. Italy continued to make headlines however, as PM Conte crusaded for a common effort on migration at the June European Summit, bringing the controversial topic back at the centre of the EU political debate. President Trump's intention to impose new tariffs on foreign autos and China imports, as well as to exit NAFTA, were particularly negative for Emerging Markets (-4.1% MoM), while European stocks limited losses to -0.8% (SXXP). Financials posted negative returns across geographies, with EU banks down -0.6% on the back of a dovish ECB, and US banks and insurers down -1.6% and 2.5% respectively. Spread on financial hybrids continued to widen in June, affected by the broad weakness
- Despite the short term negative, we maintain a strong conviction on our core, high quality credit names as the recent sell-off, combined with unchanged fundamentals, offers increasingly attractive entry points. There is an overhang of possible supply that has prevented the market from rallying strongly on days where risk assets have rebounded but this has set up a situation where we think supply that comes over the next few months should be a very good combination of reset spreads and all in yields
- Regulation continues to be a tailwind for financial hybrids in Europe. All European banks subject to the US stress test (CCAR), except DB, passed this year's exercise, despite harsher adverse assumptions. Meanwhile, the higher countercyclical buffer applied by French (+25bps) and Danish (+50bps) regulators, also considered by the Central Bank of Ireland, had little impact as banks maintain ample capital buffers. Finally, the ECB's focus on NPLs is on the path to achieving the intended results. Italian banks have accelerated NPL disposals, with BAMI in particular well on track to over-deliver on its de-risking plan. Meanwhile, Sabadell received offers for €10.8bn of real estate assets (NPL and foreclosed) that once concluded should meaningfully improve the bank's asset quality. Caixabank also surprised the market with an announcement to sell its entire real estate portfolio which contributed to the improved performance of the bonds
- Supply picked up in June, as banks and insurers lined up to issue ahead of the Q2 earnings black-out period. In Europe we had one AT1 from Danske as well as Tier 2s issued by Caixa Geral and Novo Banco. Danske issued a \$750m equity conversion callable in 7 years and every 6 months thereafter, carrying a 7% coupon and 4.13% backend. So far this year we have seen gross supply of €13bn in both AT1 and Tier 2, against a €25bn expectation for the full year.

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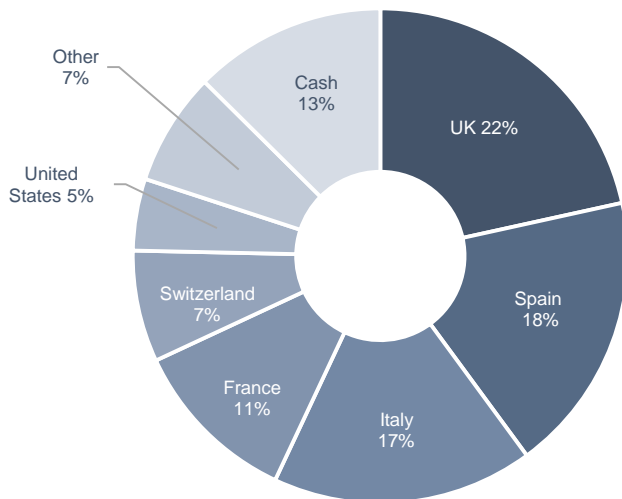
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Top 10 Bond Issuers by Exposure

Name	Total	Name	Total
Unicredit	9%	BBVA	5%
Santander	8%	Société Générale	5%
Intesa Sanpaolo	7%	HSBC	5%
Barclays	7%	Crédit Agricole	5%
CaixaBank	5%	UBS	4%

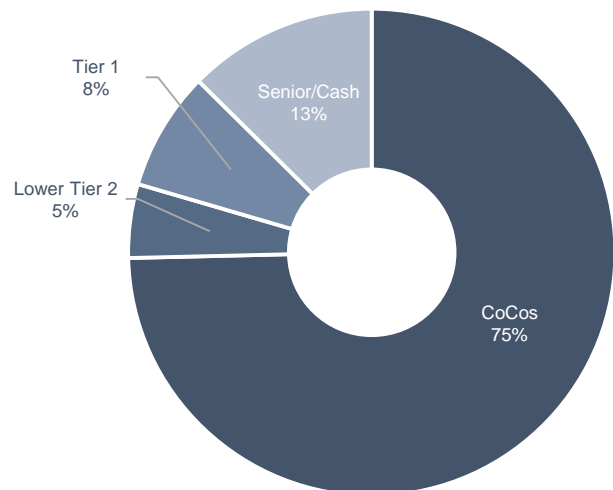
Note: Figures are rounded to the nearest percentage point.
Source: Algebris (UK) Limited

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. Algebris has a team of 24 investment professionals and manages EUR 11.9bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 30 June 2018).

Algebris (UK) Limited is authorised and regulated by the Financial Conduct Authority. Algebris Investments (US) Inc. is a SEC registered Investment Adviser. Algebris Investments (Asia) Pte Ltd is a Licensed Fund Management Company with the MAS.

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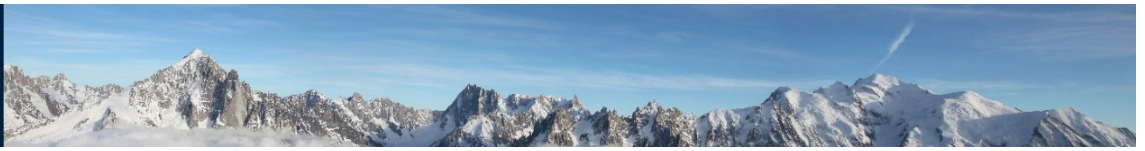
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Fund Details				
Share Class			Identifiers	
Class	CCY	Min Investment	ISIN	BBG ticker
I	EUR	€ 500,000	IE00B81TMV64	AFCIEUR ID
	GBP	GBP equivalent of €500,000	IE00B85LPZ38	AFCIGBP ID
	USD	USD equivalent of €500,000	IE00BK017B22	ALGFIUS ID
	CHF	CHF equivalent of €500,000	IE00B8HNZW49	AFCICHF ID
	SGD	SGD equivalent of €500,000	IE00BYYJY973	N/A
	JPY	JPY equivalent of €500,000	IE00BD71W999	N/A
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	N/A
	JPY	JPY equivalent of €10,000	IE00BD71WC24	N/A
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	N/A
	JPY	JPY equivalent of €500,000	IE00BD71WB17	N/A
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	N/A
	JPY	JPY equivalent of €10,000	IE00BD71WD31	N/A

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The State of the origin of the Fund is Ireland. In Switzerland, the Representative is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying agent is Vontobel Ltd, Gotthardstrasse 43, 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.

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