



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

June 2020

Terms	
Size (€):	5.4bn
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 (SRR) 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%.

Contact Us

Call: +44 (0) 203 196 2450
 Email: algebrisIR@algebris.com
 Visit: www.algebris.com

Fund Information		Performance Analytics	
No. of Bonds/ No. of Issuers	131/43	Return Since Inception	72.7%
Effective Duration	2.7 yrs	Annualised Return	7.2%
Avg. Credit Rating	BBB-	Annualised Volatility	6.9%
Current Yield (Gross)	5.5%	Sharpe Ratio	1.1
Yield to Worst (Gross)	4.7%	2019 Annual Distribution	5.4%

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

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 – up to 1.0%). 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) 2015 – Present

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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	0.15	1.12	1.56	1.06	1.23	15.62
2020	1.31	-0.12	-11.05	8.36	2.87	1.75							2.09

Note: Returns are net of management fees, incentive fees and operating expenses but exclude ADL (Anti-Dilution Levy – up to 1.0%). 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

- Despite growing geopolitical tensions and a rise in COVID-19 contagion rates, June was another positive month across risk assets as lockdowns eased, monetary policy remained conducive and economic data surprised to the upside. The recovery in global manufacturing activity and production was particularly beneficial to commodities, pushing up Brent +16.5% and copper +11.9%. Across equities, Europe outperformed the US with the Eurostoxx closing +6.5% against a +2% in the S&P 500, and European banks particularly outperforming in June, +9.3%, as one of the sectors that had lagged the broader market recovery. The US tech sector remains impervious as the best performing +12.7% YTD after gaining 6.1% in June.
- Compression across European rates and tighter spreads drove credit performance in June with higher beta securities lagging better-quality assets as flight to quality dominated. Spreads rallied up to 30bps across AT1, T2 and Senior, closing June on average at 670bps, 240bps, and 130bps, respectively. These outright spread levels remain well above pre-Covid ones and therefore continue to be relatively attractive, especially so for higher quality entities given all the efforts undertaken by regulators and Central Banks.
- Regulatory pragmatism continues to be a key tailwind for credit investors across the financials landscape. To mitigate the economic consequences of COVID-19, the EU Parliament approved several changes to the capital requirement regulation (CRR), including the favourable treatment of SME and infrastructure loans, as well as those backed by pensions and salaries. In addition, banks will see a capital uplift from lower deduction of software intangibles. Importantly, the possibility of potential restrictions on AT1 coupons proved to be unsubstantiated; in fact, statements and references by regulators to the appropriateness and resiliency of bank capital buffers remains supportive not only to AT1s but the more broader financials' credit space.
- Another positive development for the European financial sector was a publication by the ECB around the topic of M&A. Although this theme has been softly touched upon by key members as banks struggle to remain as profitable (and viable) in a lower-for-longer rate world, this new guide is the clearest indication yet that there is a growing willingness for consolidation to take place, most likely within national borders first. M&A is always an idiosyncratic thorny quagmire with several degrees of complexity beyond what regulators can ultimately facilitate but having clarity around combined capital requirements, favourable treatment of goodwill, and bridge period for internal models should foment other transactions like Intesa's purchase of UBI.
- The combination of the aforementioned clarity around AT1 coupons, ongoing central banks' asset purchasing programs compressing spreads, impeding blackout periods ahead of second quarter results, and upcoming calls into what could be a more geopolitically uncertain period for financial markets led to a significant uptick in financial issuance. At EUR35bn, June's new issuance by leading European banks was the third highest month over the past 12 months. This was especially the case with subordinated instruments which accounted for almost 25%, in line with some of the strongest months over the past few years and ahead of the YTD cumulative percentage of c15%.
- Senior issuance was equally as robust from a relative standpoint with primary deals printing very close to secondary fair value and we expect ongoing demand to keep driving spreads tighter over the next months. Considering the above, we maintained a very disciplined stance on new deal participation given what we believe to be some low risk premia starting to get priced in once again for more challenged banking franchises.



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

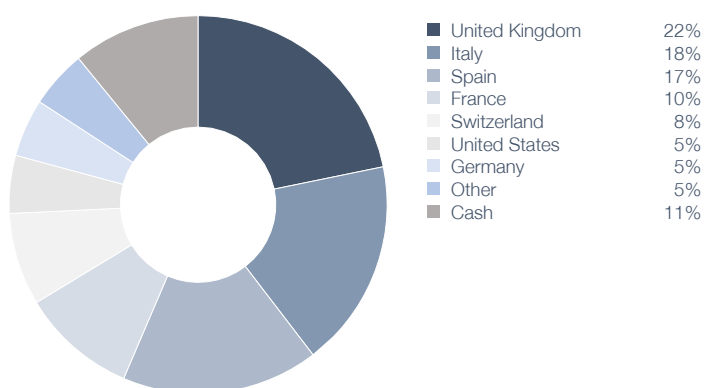
June 2020

Top 10 Bond Issuers by Exposure

Name	Total	Name	Total
Unicredit	9%	CaixaBank	5%
Santander	9%	Crédit Agricole	4%
Intesa Sanpaolo	8%	Société Générale	4%
Barclays	7%	Lloyds	4%
Credit Suisse	5%	BBVA	4%

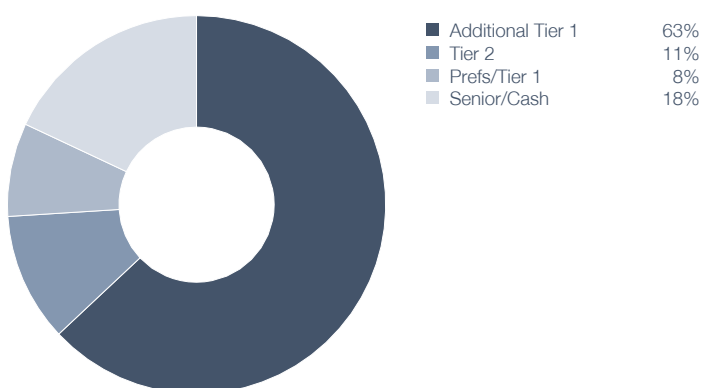
Note: Figures are rounded to the nearest percentage point.
Source: Algebris (UK) Limited

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 26 investment professionals and manages EUR 11.8bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 30.06.2020).

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. Algebris Investments K.K. is licensed by Financial Services Agency. Algebris Investments S.à r.l. is authorised and supervised by the CSSF.

Contact Us

London
Algebris (UK) Limited
4th Floor,
1 St James's Market
London SW1Y 4AH

Singapore
Algebris Investments
(Asia) Pte. Ltd
9 Straits View, #05-08
Marina One West Tower
Singapore 018937

Boston
Algebris Investments (US) Inc.
699 Boylston Street
Boston MA 02116
United States of America

Milan
Algebris (UK) Limited -
Milan Branch
Via Fatebenefratelli 10
20121 Milano, Italy

Luxembourg
Algebris Investments
(Luxembourg) S.a.r.l.
40 Avenue Monterey
L-2163 Luxembourg

Tokyo
Algebris Investments K.K.
JA Building 12F, 1-3-1
Otemachi, Chiyoda-ku
Tokyo 100-0004 Japan

Tel: +44 (0) 203 196 2450
Email: algebrisIR@algebris.com
Visit: www.algebris.com



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

June 2020

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	ALGIUS 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	IE00BMMVZ61	ALGFRGB ID
	USD	USD equivalent of €10,000	IE00BK017F69	AFCRUSD ID
	CHF	CHF equivalent of €10,000	IE00B8ZQ4Z18	ALGFRCR 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

Private & Confidential

This document has been prepared and is issued by Algebris (UK) Limited (the "Firm") who is the Investment Manager to the Algebris Financial Credit Fund. The Firm is authorised and regulated by the Financial Conduct Authority. This document and information included herein is intended for information purposes only.

This document is intended for persons to whom it may lawfully be issued under The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 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 no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Investment losses may occur from time to time and investors could lose some or all of their investment.

This information is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. 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. This is a marketing document.

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 Fund 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 and where necessary consult an advisor.

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 (UK) Limited, its directors or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

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 the Firm in each such instance is prohibited.

This document is intended for Professional Investors only. 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 the Firm. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. 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, Gotthardstrasse 43, CH-8022 Zürich. The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the Representative.

© 2020 Algebris (UK) Limited. All Rights Reserved. 4th Floor, 1 St James's Market, SW1Y 4AH.