



Algebris Financial Credit Fund (UCITS)

March 2016 Factsheet

Fund Terms	
Size (€):	1.6bn
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 31.03.2016	

Fund Information	
No. of Bonds/ No. of Issuers	110 / 45
Effective Duration	3.6 yrs
BLP Composition Rating	BB+
Current Yield (gross)	6.1%
Yield to Maturity (gross)	7.5%
Yield to Worst (gross)	6.5%

Source: Bloomberg LP, Algebris Investments (UK) LLP

Performance Analytics	
Return Since Inception	30.7%
Annualised Return	7.8%
Annualised Volatility	4.3%
Sharpe Ratio	1.7

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 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.
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										-1.37

Note : Figures are available on Bloomberg, daily.
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"> The Algebris Financial Credit Fund returned 3.74% in March to leave the fund -1.37% year to date. Like many other risk assets, the recovery from the early year selloff continued through the beginning of March before tapering into the end of the month. Top contributors to performance were positions in Intesa Sanpaolo, Santander and Crédit Agricole The ECB meeting in March delivered a package of measures to increase monetary stimulus. The ECB increased the size of the monthly asset purchases to a pace of €80bn per month and expanded the asset classes to include corporate bonds. In a bit of a relief to the banks, the further cut in the deposit rate deeper in negative territory to -40 bps was less than the market was pricing and the Euro rebounded after the announcement and press conference The ECB also appears to be newly attuned to the impact of negative rates to the profitability of the banking system. The announced TLTRO 2 provides a series of 4 year loans to the banking system at -40 bps which should work to offset the squeeze between deposit costs (as banks have been hesitant to pass along negative rates to depositors) and lending spreads to the real economy As bank credit investors focused on tail risks, the combined package appears to be very supportive of maintaining banking sector profitability and insulating banks from the further impact of low rates. In order to use the loans, the banks need to modestly increase net lending. Given recent pace of bank lending, the 2.5% hurdle rate should be an easy target to reach The most critical development for investors in the AT1 space from the ECB, EBA and EU Parliament is the further clarity on coupons. The interpretation of the interaction between SREP levels and Pillar 2 requirements was an issue in December and January and contributed to the selloff in the beginning of the year. In its harshest interpretation, it implied a hit to buffers making coupons more likely to be missed. Banks and investors pushed back and it appears the controversy caused a reassessment of the interpretation. This could potentially result in legislation that will serve to increase the certainty of AT1 coupons going forward, a major positive development that we think has been underappreciated so far

Contact us

For questions regarding the Algebris Financial Credit Fund

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Commentary - continued

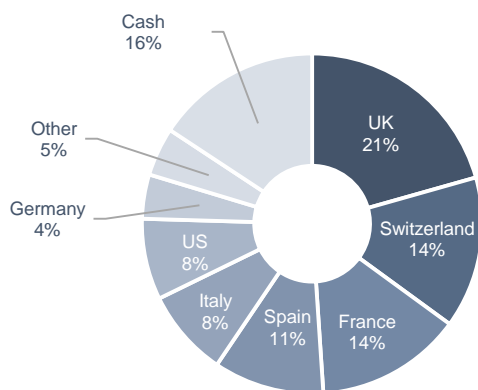
- The specific adjustments would be to decrease the level of Pillar 2 that would impact minimum capital requirements where coupons would be at risk, directly creating more cushion for bondholders. Requirements based on stress testing could be excluded from the calculation. The second change would be to increase the flexibility of banks to pay coupons in the case where they are loss making and below combined buffer requirements. While coupons remain optional, our discussions with issuing banks give us more confidence that banks will explicitly prioritize coupons over dividends, potentially introducing dividend stoppers if allowed
- March also saw the return of the primary as UBS issued a new \$1.5bn Perp NC 5 with a 6.875% coupon and reset spread of 5 year swaps +5.5%. BNP also priced \$1.5bn of Perp NC 5 with a 7.625% coupon. We think the back-end step up to 5 year swaps +631 bps will help drive performance of this bond over time

Top 10 Bond Issuers by Exposure

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

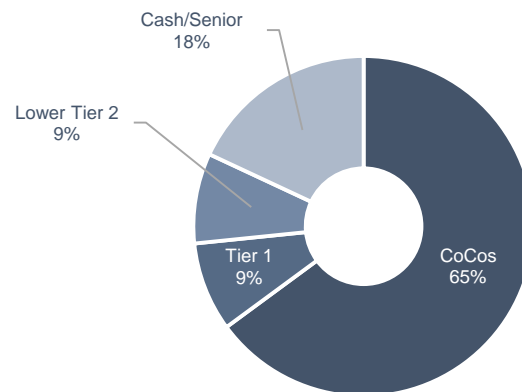
Source: Algebris Investments (UK) LLP

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. 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 15 investment professionals and manages ~\$3.7bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31 March 2016). With offices in London, Singapore and Boston, it is registered with the SEC, MAS and the FCA.

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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	ALGIUS 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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