



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

March 2019

Terms	
Size (€):	4.4bn
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 Information	
No. of Bonds/ No. of Issuers	90/38
Effective Duration	3.4 yrs
Avg. Credit Rating	BB+
Current Yield (Gross)	6.1%
Yield to Maturity (Gross)	6.5%
Yield to Worst (Gross)	5.5%

Performance Analytics	
Return Since Inception	54.0%
Annualised Return	6.8%
Annualised Volatility	4.7%
Sharpe Ratio	1.4
2018 Annual Distribution	5.5%

Note: 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.
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 – 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

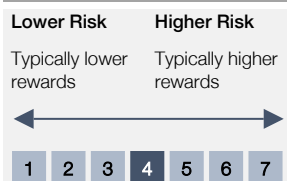
Fund Objective

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 (SRRRI) 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%.

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										5.30

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

- Top contributors to the fund performance for the month of March were Intesa Sanpaolo and Unicredit, while BBVA was the only material detractor.
- March was an eventful and positive month for risk assets across geographies. A new dovish Fed meeting and downgrades by the ECB drove rates lower, triggering a positive repricing in credit markets. IG bonds outperformed HY across the US (+2.7% vs +1%) and Europe (+1.6% vs +1%), as concerns around economic slowdown benefitted higher quality names. The Chinese market continued to lead the rally in equity (+5.1%), benefitting from the trade-related repricing. Europe grew +2.2% despite the disappointing PMIs, while the SPX was up another +1.9% approaching its all time highs. The move in rates was negative for bank equities across the US (-6.3%) and Europe (-3.6%), whereas financial hybrids closed broadly positive in total return terms thanks to the favourable credit backdrop, mostly offsetting the pressure on spreads coming from rising Brexit and AML concerns. The ECB announced a new round of TLTRO, which was also positive for bank credit.
- A marked increase in headlines around AML issues put significant pressure on spreads in March, mostly in Northern and Eastern European names. Headlines originated from a report on the alleged Troika Laundromat, covering 1.3m transactions worth \$470bn and involving Dutch as well as other European banks. AML is clearly becoming a priority for regulators, but as mentioned by the authorities, doesn't necessarily lead to monetary sanctions. Particularly as banks have shown full cooperation and measures to prevent future cases
- March saw a significant acceleration of primary, with ~€32bn of gross supply across AT1, Tier 2 and Senior, bringing total supply YTD to ~€86bn. In AT1 we had 7 deals worth €7bn from Barclays, BBVA, BNP, Nordea, Unicredit, CYBG and Erste Bank. With the exception of the last two, we participated to all new deals, as they came from core names where we hold strong conviction at attractive levels.
- Despite the large amount of new supply, demand for financial hybrids remained strong through the month. We expect this to become an increasingly supportive technical, particularly for AT1s, as 2019 will mark the end of new supply for most issuers. For instance, out of the €25bn AT1 gross supply expected this year (€14bn already issued YTD), only €10bn should represent net new supply with the remaining part be used for refinancing of upcoming calls

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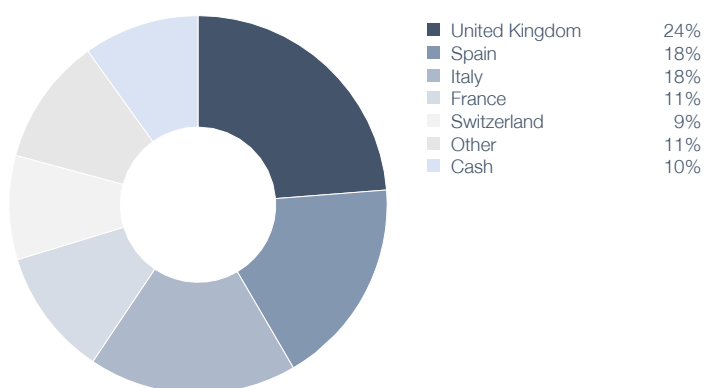
March 2019

Top 10 Bond Issuers by Exposure

Name	Total	Name	Total
Unicredit	9%	Société Générale	5%
Barclays	8%	Crédit Agricole	5%
Santander	8%	CaixaBank	5%
Intesa Sanpaolo	8%	Credit Suisse	5%
BBVA	6%	Lloyds	4%

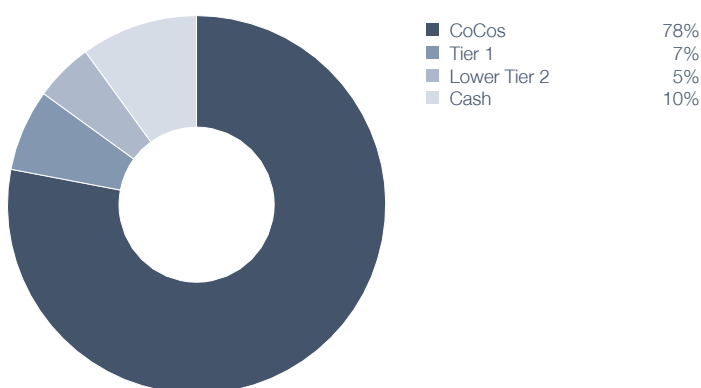
Note: Figures are rounded to the nearest percentage point.
Source: Algebris (UK) Limited

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. 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 10.5bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31.03.2019).

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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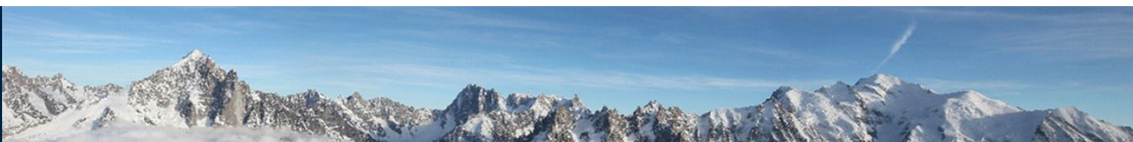
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Fund Details				
Share Classes			Identifiers	
Class	Currency	Minimum Initial Investment	ISIN	BBG ticker
I	EUR	€ 500 000	IE00B81TMV64	AFCIEUR ID
	GBP	GBP equivalent of €500,000	IE00B85LPZ38	AFCIGBP ID
	USD	USD equivalent of €500,000	IE00BK017B22	ALGIUS 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

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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 ('CoCos'). CoCos 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 CoCos may fluctuate. Additional risk factors associated with CoCos 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 Zurich. 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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