



# Algebris Financial Credit Fund

## November 2014 Factsheet

Fund Terms	
Size (\$):	464m
Domicile:	Ireland
Institutional Share Classes:	I (Accumulating) Id (Distributing)
Liquidity:	Daily
Management Fee:	0.50%
Incentive Fee:	10%
Bloomberg Ticker:	AFCIEUR
ISIN (I EUR Share Class):	IE00B81TMV64

Fund Information	
No. of Bonds/ No. of Issuers	88/36
Effective Duration (OAD)	4.0 yrs
BLP Composition Rating (BLP Rating)	BB+
Gross Coupon Rate (Cpn)	6.3%
Gross Yield to Worst (YTW)	5.2%
Gross Yield to Maturity (YTM)	5.7%

Source: Bloomberg LP, Algebris Investments (UK) LLP

Performance Analytics	
Return Since Inception	26.0%
Annualised Return	10.8%
Annualised Volatility	2.9%
Sharpe Ratio	3.4

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 25bps). 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.

Data as at 30 November 2014

Source: Bloomberg LP, Algebris Investments (UK) LLP

### 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.

### 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		8.08

Please see note above. Figures are available on Bloomberg, daily.

Source: HSBC Securities Services (Ireland) Ltd, Algebris Investments (UK) LLP

### Commentary

The Algebris Financial Credit Fund returned 0.65% in November and is up 8.08% YTD. Top positive contributors to the fund's performance included our positions in Lloyds, Santander, and Barclays.

November's activity was marked by the accelerating sell-off in oil prices and efforts by global central banks – excluding the US Federal Reserve – to stimulate inflation by committing to further easing. The backdrop led to continued deflationary fears of a slowing global economy. 10-year German Bunds fell to a record low of 70bps and France became the latest Euro area government to see its 10-year bond yield dip below 1%, joining Germany, Finland, Austria, Netherlands and Belgium. For perspective, the US 10-year rallied some in November and its yield came in slightly lower at 2.20%, coupled with a rising dollar vs the Euro and other major currencies. Weakness in energy hit the High Yield market and the High Yield Energy Index was down -0.73% for November. Leading the charge lower were the oil servicers (down 6.76%) and the independents (down 4.38%). Lastly, in equities, we were surprised that the S&P 500's volatility was 4.1, the lowest volatility level for a calendar month in over 50 years (September 1964). We will certainly monitor this development as we get closer to the mid 2015 Fed target for the first rate hike.

The European Central Bank made a further commitment in November to increase the size of their balance sheet back towards the size of early 2012, implying nearly €1trn of purchases. The existing covered bond and ABS purchase plans are unlikely to allow for such a sizeable increase alone. Consequently, market expectations have moved towards a purchase plan including corporate and sovereign bond purchases. While CoCos would be excluded from these purchases, the resulting lower spreads and technical pressures in a large percentage of European credit markets are likely to be very supportive for the asset class in the medium term.

The new issue market showed some signs of life in November with AT1's issued by new entrants Skandinaviska Enskilda Banken ('SEB') and Aareal Bank AG. Deutsche Bank issued another AT1 and has nearly reached the 1.5% of RWA target. The SEB deal is investment grade rated and should appeal to a broader set of investors, providing additional stability to the issue.

### Contact us

For questions regarding the Algebris Financial Credit Fund

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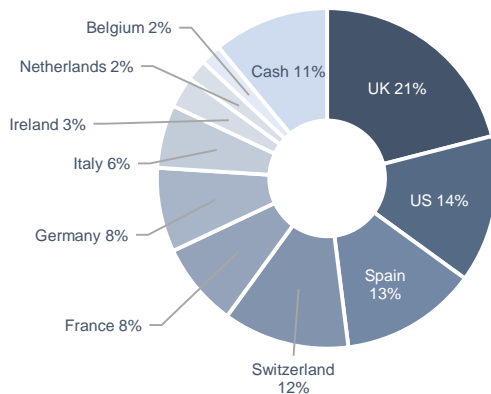
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### Top 10 Bond Issuers by Exposure

Rank	Name	Total	Rank	Total	Total
1	Lloyds	9%	6	BBVA	5%
2	Credit Suisse	9%	7	Unicredit	4%
3	Banco Santander	7%	8	JP Morgan	4%
4	Barclays	6%	9	Commerzbank	4%
5	Crédit Agricole	5%	10	Deutsche Bank	3%

Source: Algebris Investments (UK) LLP

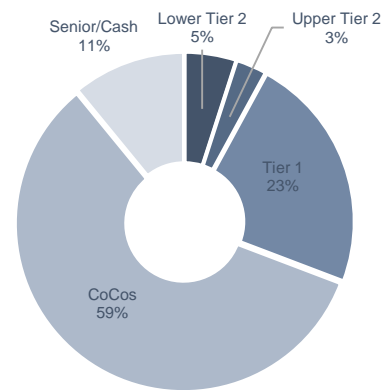
### Country Exposure



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 specialising 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 10 investment professionals and manages ~\$2bn, split between credit and equity investments (data as of 30 November 2014). With offices in London, Singapore, Boston and Milan\*, it is registered with the SEC, MAS and the FCA. Affiliated to The Children's Investment Fund Management (UK) LLP.

\*Milan office opening in Q1 2015

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