



Algebris Financial Credit Fund (UCITS)

November 2016 Factsheet

Fund Terms

Size (€):	2.9bn
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

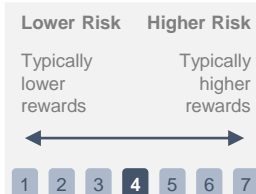
Data as at 30.11.2016

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 (SRR) 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%.

Contact us

For questions regarding the Algebris Financial Credit Fund
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Fund Information

No. of Bonds/ No. of Issuers	104/ 43
Effective Duration	3.3 yrs
BLP Composition Rating	BB+
Current Yield (gross)	6.4%
Yield to Maturity (gross)	7.9%
Yield to Worst (gross)	6.8%

Source: Bloomberg LP, Algebris Investments (UK) LLP

Performance Analytics

Return Since Inception	38.3%
Annualised Return	7.9%
Annualised Volatility	4.8%
Sharpe Ratio	1.6

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). This Share Class is used as it provides the longest track record. The returns of the R or Rd EUR Share Classes may differ from the I EUR (Accumulating) Share Class. 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	1.73	1.42	-2.00	3.60	1.49	-1.09	1.96	-1.29		4.38

Note : Figures are available on Bloomberg, daily. This Share Class is used as it provides the longest track record. The returns of the R or Rd EUR Share Classes may differ from the I EUR (Accumulating) Share Class. The I EUR (Accumulating) Share Class charges a 0.50% management fee and 10% performance fee.
Source: HSBC Securities Services (Ireland) Ltd, Algebris Investments (UK) LLP

Commentary

- The Algebris Financial Credit Fund was down -1.29% in November, bringing the performance for the year to 4.38%. Top detractors to the fund's performance were Intesa Sanpaolo and BBVA
- November was dominated by the US presidential election and its aftermath, as markets continued to price in higher growth and inflation. 10-year yields widened by 56bps in the US and by 11bps in Germany. Bank equities were also strong performers with the MSCI World Financials up 8% as key beneficiaries of a higher nominal growth outlook. The combination of the rates increase and political uncertainties outweighed the spread compression from a better environment for financial companies, with hybrids generating negative returns across European and US markets this month. The Barclays Global Bond index lost 4% in November
- Italy was once again in the spotlight, as Prime Minister Renzi announced his resignation following the rejection of his Constitutional Reform (60% of the population voted against on a strong 65% turnout) at the December 4th referendum. Approval by the President of the Republic is needed for Renzi's resignations to become effective. Credit markets largely shrugged off the referendum result, with the initial knee jerk reaction lower (Unicredit 1.5pts lower, other names 0.25-1pt lower) soon reversing and the day closed broadly flat to even a touch better in places. Meanwhile, we are closely following the MPS recapitalisation. As the initial plan for a market-led recapitalisation is likely to be unsuccessful, we keep waiting for the next steps from the management team and the regulators
- As expected, the European Commission (EC) released details of the CRR/CRD4 review, due to be approved by the Parliament. All major changes highlight a growing regulatory pragmatism, and act as a tailwind for financial hybrids and CoCos in particular. Among other items, the reviewed rules harmonize MREL requirements with global TLAC requirements, split Pillar 2 into a "Requirement" and a "Guidance" component, and introduce a new class of non-preferred senior debt (i.e. Tier 3 debt, which French banks will start issue in the coming future). Specifically for the hybrid space, these rules exclude securities issued out of special purpose entities from AT1 and Tier 2 eligibility after 2021, which increases the probability of these legacy securities being redeemed. They also confirm the application from 2018 of a 3% minimum leverage ratio. From the AT1 holder's perspective, the new rules significantly decrease coupon risk. We expect the Pillar 2 split to increase the MDA headroom between +1% and +2.25%, based on the French and Spanish banks' disclosure of 2017E SREP ratios, while the new rules also assign priority to coupon payments over dividends and bonuses in case an issuer breaches the MDA threshold
- Finally, the Bank of England released the results of its annual stress tests during the month. The test was more severe than previous exercises, and included a higher hurdle rate (6.6%). The domestically focused banks (NWIDE, SANUK, LLOYDS) performed strongly as did HSBC. Only RBS failed the test, post-management actions and AT1 conversions, ending with a CET1 ratio of 6.7%, which was above the 6.6% hurdle rate but below the systemic reference point (7.1%). As such, the bank was required to submit a capital plan, which was then accepted by the UK supervisor. Overall, the strong fundamentals of UK banks, good asset quality and capital buffers (raised £23bn of AT1s with 7% trigger), reinforce our strong fundamental view on these names.



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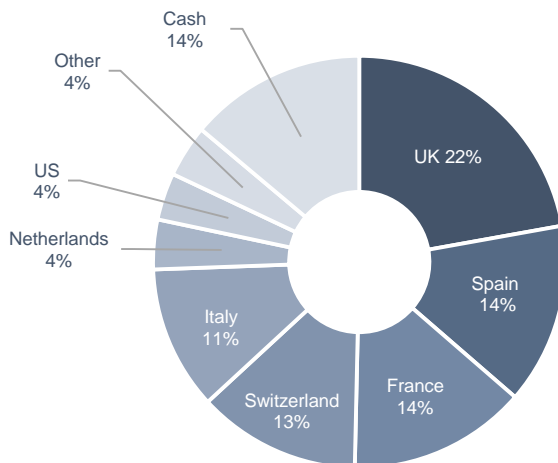
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Top 10 Bond Issuers by Exposure

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

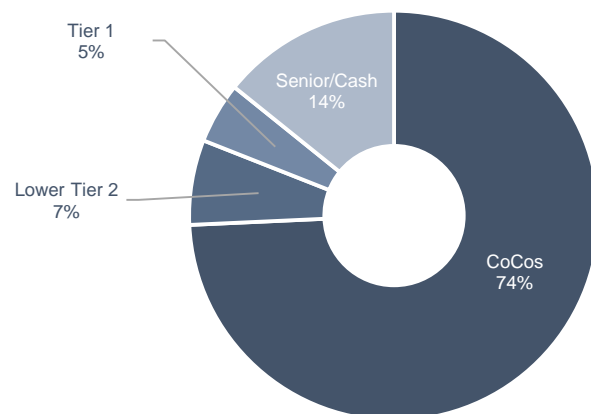
Note: Figures are rounded to the nearest percentage point.
Source: Algebris Investments (UK) LLP

Country Exposure



Allocation may not add up to 100% due to rounding. Excludes bond futures used for hedging duration.
Source: Algebris Investments (UK) LLP

Capital Structure



Allocation may not add up to 100% due to rounding. Excludes bond futures used for hedging duration.
Source: Algebris Investments (UK) LLP

About Algebris

Algebris Investments (UK) LLP is an investment manager specialised in the global financial sector. The firm has traditionally invested in the capital structure of financial institutions across equity and credit. We recently expanded our expertise into global credit. Algebris has a team of 18 investment professionals and manages ~\$5.5bn AUM (inclusive of committed capital and advisory capital), split between credit and equity investments (data as of 30 November 2016).

Algebris Investments (UK) LLP is authorised and regulated by the Financial Conduct Authority and registered with the SEC. The US office is registered with the SEC and the Singapore office is registered with MAS.

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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	10/2/15	IE00BK017B22	ALGFIUS ID
	CHF	CHF equivalent of €500,000	3/10/12	IE00B8HNZW49	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	N/A	IE00BMMVVZ61	ALGFRGB ID
	USD	USD equivalent of €10,000	14/4/14	IE00BK017F69	AFCRUSD ID
	CHF	CHF equivalent of €10,000	30/6/14	IE00B8ZQ4Z18	ALGFRCR 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	3/5/13	IE00B8DD4P49	AFCIDGB ID
	USD	USD equivalent of €500,000	3/7/14	IE00BK017C39	AFCIDUS ID
	CHF	CHF equivalent of €500,000	N/A	IE00B7W1NB16	ALGFIDC ID
	SGD	SGD equivalent of €500,000	N/A	IE00BYYJYC06	N/A
RD	EUR	€ 100,000	4/2/13	IE00B8XCT900	AFCRDEU ID
	GBP	GBP equivalent of €100,000	3/2/15	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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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 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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