



Algebris Financial Credit Fund

October 2014 Factsheet

Fund Terms	
Size (\$):	457m
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 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.</p>	
<p>Investment in the Fund may be suitable for investors with a medium to long term investment horizon.</p>	

Fund Information	
No. of Bonds/ No. of Issuers	87/37
Effective Duration (OAD)	3.9 yrs
BLP Composition Rating (BLP Rating)	BB+
Gross Coupon Rate (Cpn)	6.1%
Gross Yield to Worst (YTW)	5.1%
Gross Yield to Maturity (YTM)	5.5%

Source: Bloomberg LP, Algebris Investments (UK) LLP

Performance Analytics	
Return Since Inception	25.2%
Annualised Return	10.9%
Annualised Volatility	3.0%
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 31 October 2014

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			7.37

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 +1.40% in October and +7.37% YTD. Top contributors to the fund performance included our positions in Santander, Credit Suisse and Crédit Agricole.

The month began with the European Central Bank (ECB) announcing details of the covered bond purchasing plan and an initiative to buy Asset Backed Securities. The impact of this was quickly overwhelmed as October saw heightened volatility across asset classes with a sharp selloff mid-month followed by nearly an equally strong rally. The Euro Stoxx 50 index was down over 9% mid-month before recovering to finish down 3.5%. The 10 year US Treasury traded as low as 1.86% intraday but quickly retreated to finish the month at 2.33% - not far off where October began. Poor economic data in Europe, sharp drops in energy prices (WTI was down 12% in the month) and jitters around the end of the most recent Quantitative Easing program in the US combined to drive a rally in fixed income with deflationary fears spreading across asset classes. In the face of this sharp volatility, the subordinated financials market performed well. We think this highlights the progress being made in improving bank balance sheets and the further development of the buyer base for the CoCo market.

The ECB's Comprehensive Assessment results were announced on October 26th and identified a total capital shortfall of ~€25bn across 25 banks. Net of €18.5bn of capital raised in anticipation of the results, the net findings were a shortfall of just under €10bn across 13 banks. Amongst listed banks, the shortfalls were most impactful for Banca Monte dei Paschi di Siena, Banca Carige Italia and Banco Comercial Português. German banks largely came out better than expected, as well as some of the Spanish banks. In general, the tests validated the strong capital position of the banks in our portfolio.

During the month, the fund exposure was increased to take advantage of the mid-month selloff in some of our highest conviction positions. We continue to see value in the subordinated financials asset class and expect to see banks issuing more AT1 instruments on an opportunistic basis as they look to build the required capital buffers. Issuance was non-existent in October, due to the timing of the Comprehensive Assessment results and earnings, but should pick up over the next few weeks and into the next year. The results of the total loss absorbency capacity (TLAC) discussion at the G20 meeting in November will be the next data point influencing the amount of capital banks will issue as regulators hope to end the perceived 'too big to fail' problem.

Contact us

For questions regarding the
Algebris Financial Credit Fund

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Algebris Financial Credit Fund

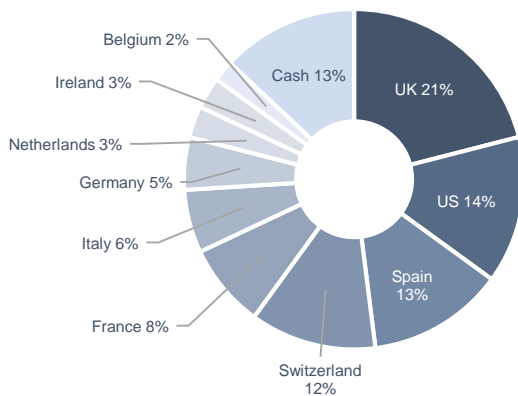
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Top 10 Bond Issuers by Exposure

Rank	Name	Total	Rank	Total	Total
1	Lloyds	10%	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	HSBC	3%

Source: Algebris Investments (UK) LLP

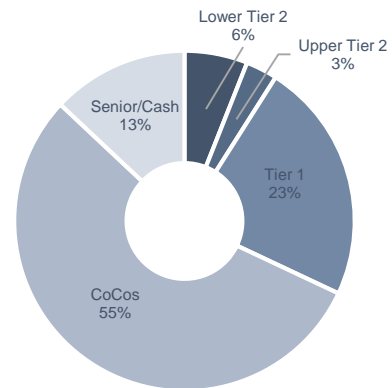
Country Exposure



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 31 October 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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