



Algebris Financial Credit Fund (UCITS)

October 2017 Factsheet

Fund Terms

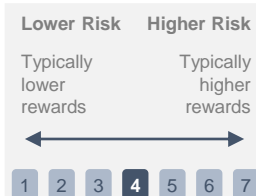
Size (€):	4.6bn
Fund Inception:	3 September, 2012
Domicile:	Ireland
Share Classes:	I (Accumulating) Id (Distributing)
Liquidity:	Daily
Management Fee:	0.50%
Incentive Fee:	10%
Bloomberg Ticker:	AFCIEUR ID / AFCIDEU ID
ISIN (I/Id EUR Share Classes):	IE00B81TMV64 / IE00B7SR3R97
Data as at 31.10.2017	

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 (SRRI) 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	111/ 43
Effective Duration	3.3 yrs
BLP Composite Rating	BB+
Current Yield (gross)	5.2%
Yield to Maturity (gross)	6.1%
Yield to Worst (gross)	3.7%
2016 Annual Distribution*	6.1%

*Annual distribution data refers to the Id EUR share class
 Source: Bloomberg LP, Algebris (UK) Limited

Performance Analytics

Return Since Inception	56.5%
Annualised Return	9.1%
Annualised Volatility	4.6%
Sharpe Ratio	1.9

Note: Figures are based on net returns for I EUR (Accumulating) class including 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.
 Source: Algebris (UK) Limited

Performance History (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	2.55	7.04
2017	1.01	1.47	0.61	2.01	0.86	-0.21	1.85	-0.27	0.24	2.37			10.35

Note: Figures are available on Bloomberg, daily.
 Source: HSBC Securities Services (Ireland) DAC, Algebris (UK) Limited

Commentary

- The Algebris Financial Credit Fund was up 2.37% in October, bringing the performance for the year to 10.35%. Top contributors to the fund's performance for the month were Unicredit, Intesa Sanpaolo and Santander
- October was positive month for financial hybrids, with spreads and yields moving tighter across geographies and durations. European AT1s continued to outperform the broader credit market, benefitting from the low level of new supply, Macro and regulatory tailwinds as well as superior yields. We maintain our positive outlook on AT1s as they offer the best return profile. Volatility picked up slightly in the month, though remaining below September highs. GBP closed flat, recovering from the -1.2% fall following the Bank of England's policy actions. Rates continued to increase in the US following the Fed's hawkish statements, with the 10-year testing long term trend lines and closing at 2.4%
- Central banks continued to hold centre stage in October. The BOE raised rates by +25bps alongside the publication of its inflation report. As expected, markets were underwhelmed by the BOE's move, perceived as a one-off withdrawal of last year's Brexit inspired rate cut, rather than the beginning of a sustained tightening cycle. Contributing to the disappointment was also the BOE's publication of its potential long-run growth estimate for the UK economy, suggesting 1.5% per year is the new normal. The ECB delivered a dovish extension to its QE policy during the month, indicating that tapering is due to start next year but rate hikes should come later on into 2019. Despite this, economic data in the Eurozone continue to improve, offering support for an earlier ECB move. The US Federal Reserve (Fed) and the Bank of Japan (BoJ) left their monetary policy unchanged. The FOMC statement implies that the Fed is on track to deliver a December rate hike, while the downward revisions to the BoJ's inflation projections to further below 2% reinforce the view that the BoJ will continue to adopt an accommodative stance into 2018. In early November, Jay Powell was appointed the next Fed Chairman to replace Janet Yellen. William Dudley, who was another key member of the FOMC under Janet Yellen, also announced his retirement to take place in mid 2018
- October brought some mixed regulatory news for financial hybrids. Positively for banks, despite recent press commentaries, the 'Basel 4' agreement looks still far from a done deal. Carve-outs on mortgage and small business lending requirements requested by the French and the need for US banks to proceed with the fundamental review of the trading book are likely to further delay and water down the effects of the final agreement. Meanwhile, on October 4th the ECB published for consultation provisioning requirements for banks' new non-performing exposures (NPE) recognized after January 2018. Under the new proposal, banks would be required to fully provision unsecured NPEs within 2 years and secured ones within 7 years, with no value assigned to existing collaterals thereafter. While this is negative for a number of smaller peripheral institutions, we view it as credit positive for our core positions, such as Unicredit and Intesa, where the asset quality issues have already been successfully addressed
- Political uncertainty in Catalonia did not dent the AT1 market in October, despite causing some volatility on the two Catalan names. CaixaBank saw a moderate loss of customer funds following the referendum, despite separatists' groups asking their supporters to withdraw cash from Catalan banks. Outflows halted and deposits saw new inflows as CaixaBank moved the legal headquarters to Valencia. Following the application of Article 155 by the Spanish government and the removal of former president Puigdemont, new elections will take place in Catalonia on December 21st. The hope is that a quick election results in a political dialogue that may restore economic activity back to normal
- Primary markets saw a pick-up in US preferred issuance in October, with four new deals from Charles Schwab, Discover Financials ('DFS'), JP Morgan and Goldman Sachs. The DFS perpetual bond was most interesting, with a size of \$570m, 5.5% coupon and 3.08% backend. October also saw a new CoCo AT1 deal from Bank Nova Scotia, while no new AT1 deal was printed in Europe



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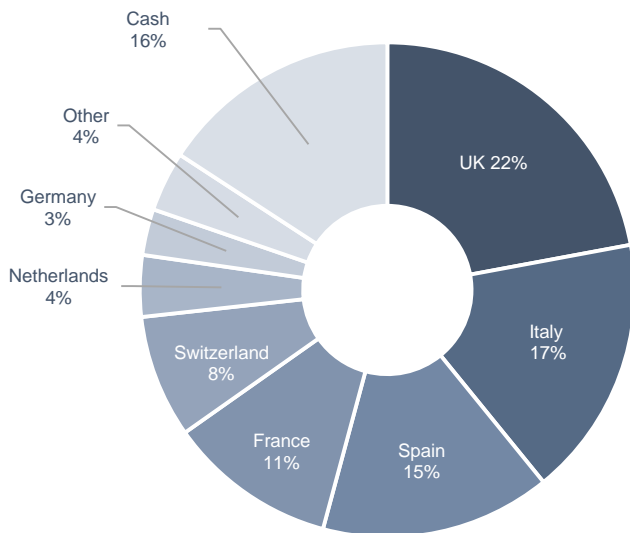
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Top 10 Bond Issuers by Exposure

Name	Total	Name	Total
Unicredit	9%	Lloyds	5%
Intesa Sanpaolo	8%	UBS	5%
Barclays	7%	Crédit Agricole	4%
BBVA	7%	Société Générale	4%
Santander	6%	BNP Paribas	4%

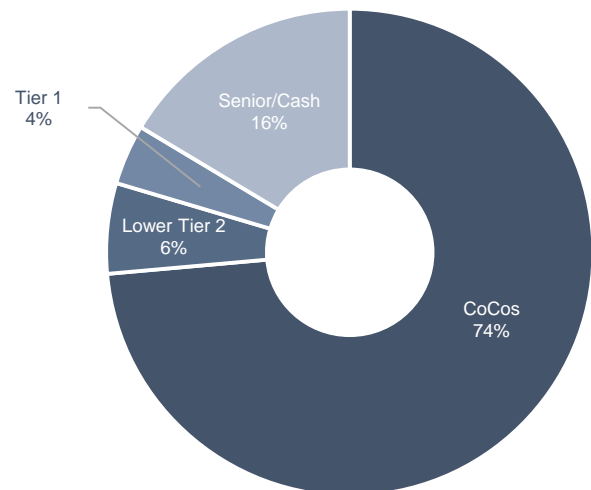
Note: Figures are rounded to the nearest percentage point.
Source: Algebris (UK) Limited

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. Algebris has a team of 23 investment professionals and manages EUR 10.2bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 31 October 2017).

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

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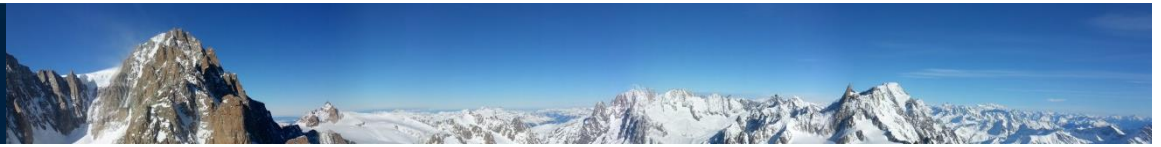
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*Algebris Srl does not conduct any regulated activities, it provides research and analysis services with respect to Italian NPLs to Algebris (UK) Limited.



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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	ALGIUS 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	5/10/16	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	ALGFCRC ID
	SGD	SGD equivalent of €10,000	13/1/17	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	AFCRIDU 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	20/2/17	IE00B7RCR403	ALGFRDC ID
	SGD	SGD equivalent of €100,000	23/3/17	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 Zürich. 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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