



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

September 2018

Terms	
Size (€):	4.9bn
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	97/39
Effective Duration	4.5 yrs
Avg. Credit Rating	BB+
Current Yield (Gross)	6.1%
Yield to Maturity (Gross)	6.9%
Yield to Worst (Gross)	5.6%

Performance Analytics	
Return Since Inception	52.3%
Annualised Return	7.2%
Annualised Volatility	4.7%
Sharpe Ratio	1.5
2017 Annual Distribution	4.6%

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 (I EUR).
Share class inception date: 3 September 2012
Source: HSBC Securities Services (Ireland) DAC, Morningstar

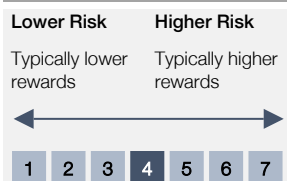
Fund Objective

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) 2013 – Present

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2013	0.34	0.51	0.45	2.46	0.02	-2.18	1.16	-0.14	0.96	2.66	0.89	0.98	8.32
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				-2.65

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 September were Unicredit and Intesa Sanpaolo, while top detractors were Société Générale and HSBC
- September was a positive month for European financials with bank and insurance stocks up by +2.3% and +3.3% respectively, to outperform the broader market (Eurostoxx 600: +0.3%). European AT1s also performed positively although gains were limited by the significant amount of new supply and a selloff driven by the Italian budget proposals on the last trading day. In the US, the combination of stronger economic data and another quarter point hike by the Fed pushed the US 10-yr rates to 3.06%, up from 2.86% in August. Emerging Markets in focus recently such as Turkey and Brazil recovered on more traditional monetary policy in Turkey with a large rate hike and optimism in Brazil around a more market friendly leadership
- Initial optimism for a positive outcome in Italy's budget plan led to gains in Italian bank AT1s and a recovery in BTP levels. The rally reverted on the very last day of the month, as the government announced an intended deficit/GDP target of 2.4% over the next three years. Although the number came higher than the expected 2%, it is significantly lower than the >3% previously announced by the leaders of M5S and Lega, and in line or lower than the deficit achieved by previous governments. The announcement caused a spike in BTP-Bund spread to close to 300bps, putting pressure on Italian AT1s. There is still considerable uncertainty around the budget both in terms of composition of revenue and spending as well as whether it will set up a protracted showdown with the Eurozone. It will continue to generate market driving headlines over the next few weeks
- New deals in September were issued by CS, HSBC, BBVA, Bankia, Rabobank and Abanca, for an overall ~€7bn followed by Lloyds in early October. Bank of China issued an AT1 and JPM issued a \$2bn \$25 par deal to fund the partial redemption of a \$6bn 2008 institutional deal. CS issued a \$1.5bn high-trigger write-down bond with first call in 7 years, carrying a 7.25% coupon and 4.33% backend. HSBC issued the first sterling deal in some time with a £1bn high-trigger equity conversion bond with first call in 8 years, carrying a 5.875% coupon and 4.28% backend
- September was one of the busiest months for AT1 issuance, with ~€10bn of supply across 9 deals. The total amount of new AT1 supply for European banks for the year is €24bn and could increase to as much as ~€30bn by year-end depending on the timing for a handful of issuers. While overall supply is in line with our expectations, we are getting closer to a steady state point in the AT1 asset class for national champion European banks that constitute the core of our portfolio. Over the past six years banks have had to build these buckets, but as we sit today, we are probably 85-90% of the way through gross supply needs
- There are still a few banks with identifiable needs for AT1 issuance but more banks are at or above the 1.5% of RWA threshold that means limited needs going forward. Lower net supply will likely be supportive for spreads. Once the US banks like Citi and Bank of America rebuilt their preferred buckets through regular supply after the 2008-09 period, it was a catalyst for spread compression across the US preferred market. We are pleased that the recent bout of supply has come in a backdrop of higher rates and spreads, setting up structurally solid bonds to own for the next few years.

Contact Details

Call: +44 (0) 203 196 2450
Email: algebrisIR@algebris.com
Visit: www.algebris.com



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

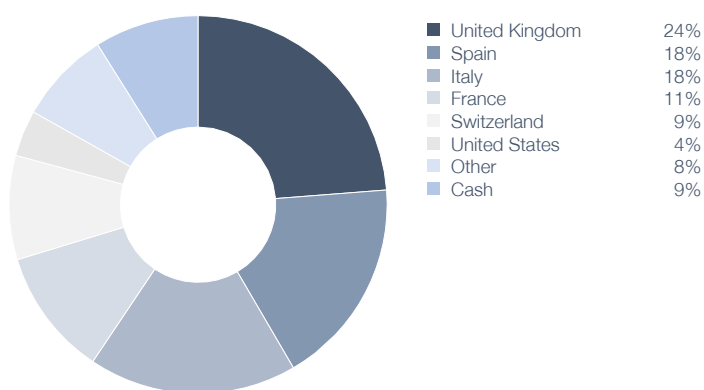
September 2018

Top 10 Bond Issuers by Exposure

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

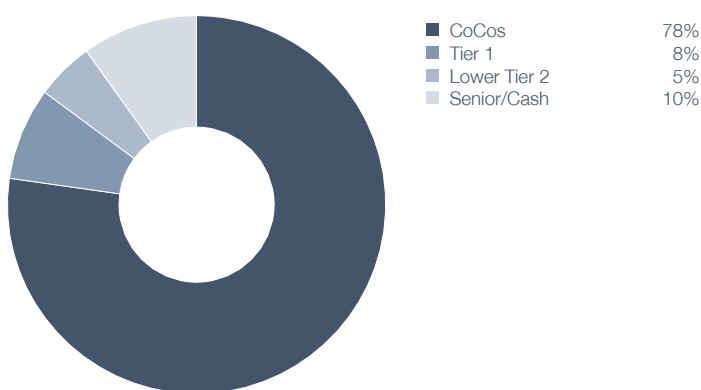
Note: Figures are rounded to the nearest percentage point.
Source: Algebris (UK) Limited

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 21 investment professionals and manages EUR 11.7bn AUM (inclusive of committed capital), split between credit and equity investments (data as of 30.09.2018).

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.

Contact Details

London
Algebris (UK) Limited
4th Floor,
1 St James's Market
London SW1Y 4AH

Singapore
Algebris Investments
(Asia) Pte. Ltd
9 Straits View, #05-08
Marina One West Tower
Singapore 018937

Boston
Algebris Investments (US) Inc.
699 Boylston Street
Boston MA 02116
United States of America

Milan
Algebris (UK) Limited -
Milan Branch
Via Fatebenefratelli 10
20121 Milano, Italy

Luxembourg
Algebris Investments
(Luxembourg) S.a.r.l.
40 Avenue Monterey
L-2163 Luxembourg

Tokyo
Algebris Investments K.K.
JA Building 12F, 1-3-1
Otemachi, Chiyoda-ku
Tokyo 100-0004 Japan

Tel: +44 (0) 203 196 2450
Email: algebrisIR@algebris.com
Visit: www.algebris.com



Algebris Financial Credit Fund (UCITS)

I EUR (Accumulating)

September 2018

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

Private & Confidential

This document has been prepared and is issued by Algebris (UK) Limited (the "Firm") who is the Investment Manager to the Algebris Financial Credit Fund. The Firm is authorised and regulated by the Financial Conduct Authority. This document and information included herein is intended for information purposes only.

This document is intended for persons to whom it may lawfully be issued under The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 including persons who are authorised under the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations and partnerships, trustees of high value trusts and persons who qualify as certified sophisticated investors.

This document is exempt from the prohibition in Section 21 of the Act on the communication by persons not authorised under the Act of invitations or inducements to engage in investment activity on the ground that it is being issued only to such types of person. Investing in financial markets and securities involves risk. Past performance is not a guarantee of future results. Investment losses may occur from time to time and investors could lose some or all of their investment.

This information is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. This document does not constitute or form part of any offer to issue or sell, or any solicitation of an offer to subscribe or purchase any investment nor shall it or the fact of its distribution form the basis of, or be relied on, in connection with, any contract therefore.

You should consult your tax, legal, accounting or other advisors about the issues discussed herein. A potential investor expressing an interest to invest in the fund will be provided with an offering memorandum and subscription agreement (together, the "Fund Documents") for the investment and an opportunity to review the documentation relating to the investment. Prospective investors must review the Fund Documents, including the risk factors, before making a decision to invest and should rely only on the information contained in the Fund Documents in making their investment decision and where necessary consult an advisor.

No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by any of Algebris (UK) Limited, its directors or employees and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

Distribution of this information to any person other than the person to whom this information was originally delivered and to such person's advisors is unauthorised and any reproduction of these materials, in whole or in part, or the divulgence of any of their contents, without the prior consent of the Firm in each such instance is prohibited.

This document is intended for Professional Investors only. All figures, unless stated otherwise, are as at the last business day of the relevant month showing above. Some of the figures shown in the tables are estimates, provided by the Firm. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be a reliable guide to future performance.

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, 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.

© 2018 Algebris (UK) Limited. All Rights Reserved. 4th Floor, 1 St James's Market, SW1Y 4AH.